

NEWS: EUROPE

Albanian rebels strengthen grip

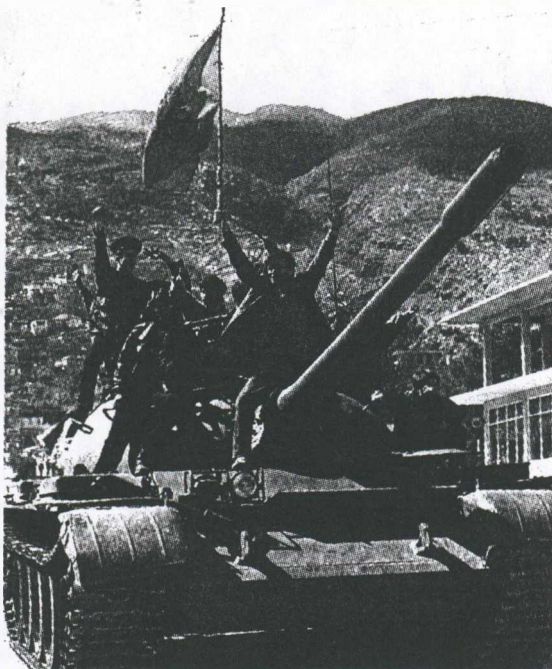
By Guy Dinmore
in Ballsh, Albania

Rebel forces strengthened their grip on southern Albania yesterday, sending bands of fighters northwards to the oilfields surrounding the town of Ballsh, where western companies are planning joint exploration and drilling projects.

The rebels have moved to within about 100 km of the capital Tirana and residents of Ballsh said they were ready to join anti-government forces once they reached the town, the site of an oil refinery. Gunfire could be heard there overnight and residents said some members of the local police force were resisting reinforcements sent from northern Albania by President Sali Berisha.

Mr Berisha's announcement yesterday that he was willing to form an interim coalition government appeared unlikely to stop the rebel advance, however, and the opposition parties admit they have no control over the insurrection.

Just hours before Mr



Rebels parade a seized tank in Gjirokastra yesterday Reuters

Berisha spoke, the hills around Ballsh echoed with sporadic machine gun and artillery fire. About 150

troops and police, backed by four old Russian tanks, held the road in a vulnerable valley just south of the town.

The government has lost control over about a tenth of Albania and cannot count on the allegiance of its own army and police forces in the south. Rebels took over the southeast town of Gjirokastra and seized tanks and heavy weapons from a big army base there at the weekend, driving off a helicopter attack.

The unrest in southern Albania was triggered by the government's closure in January of fraudulent pyramid investment schemes which had sucked in the life's savings of many people. The popular revolt threatens to reawaken ancient north-south ethnic enmities in Albania and plunge the country into civil war, only five years after the end of more than four decades of communist rule.

Twisting ravines and steep, terraced hillsides provide ideal terrain for guerrilla warfare around Ballsh. Hundreds of oil wells dot the wider valleys, polluting fields and rivers with their spillage.

The international oil industry has invested more

than \$150m in oil and gas exploration in Albania since the early 1990s. The southern revolt threatens to dash the government's hope of building an economic lifeline for the future.

Premier Oil of the UK is engaged in joint development of the Patos Marinza oil field, which it has described as "the largest onshore oil field in Europe in terms of original in-place reserves".

The Australian Kitari group has an agreement on enhanced oil recovery in the Ballsh-Hekal field.

The government had hoped to agree on concessions in the second onshore licensing round by June. Albania imports around 50 per cent of its oil following a sharp decline in production since the early 1980s to 500,000 tonnes a year.

Villagers who have taken up arms in Fratar, the northernmost front line, said they were ready to fight to the end if Mr Berisha abandoned his declared policy of seeking a peaceful solution to the conflict and sent in the army.

Greece eyes crisis over the border

A steady flow of frightened Albanian women and children into Greece at the weekend has underscored fears that any attempt by the Albanian army to recapture the southern border region from armed rebels would trigger a massive exodus of refugees into northern Greece.

Members of the ethnic Greek minority in southern Albania were among family groups pushing on to ferries leaving the rebel-held port of Sarande for Corfu or arriving at the Kakavia frontier post, often without valid passports or visas.

Mr Yannis Kranidiotis, Greek deputy foreign minister, flew to Tirana on Saturday to offer humanitarian assistance and reinforce European pressure for an early general election to resolve Albania's mounting political crisis.

Like the envoys from the EU and the OSCE, he urged President Sali Berisha to extend yesterday's deadline for the rebels to hand over their weapons and to sanction an all-party government to prepare for the vote.

But Mr Kranidiotis also stressed particular Greek concerns about a mass emi-

gration by desperate Albanians and the safety of ethnic Greeks in Sarande and surrounding villages. Greek-owned homes and businesses have been attacked by armed gangs and there are fears that the minority may become a scapegoat for the Albanian authorities.

"The political situation will clearly take some time to resolve. We're worried that in the meantime militant opposition groups and local criminal elements will become entrenched in a zone up against our border where many Greeks live," a senior Greek official said yesterday.

Albanians flocked across the border after the Stalinist regime collapsed in 1991 and are now predominant among the eastern European immigrants who make up over 10 per cent of Greece's labour force.

More than 250,000 Albanians work in Greece, mainly in the underground economy on farms and construction sites.

The \$500m the Albanians send home each year in goods and remittances underpins flourishing cross-border trade as well as a substantial volume of smuggling across the mountain-

ous border and by speedboat to Sarande, according to Greek border police.

Greece is the second-largest investor in Albania after Italy, with more than \$60m mainly in small-scale joint ventures in agro-processing, clothes and textile manufacturing and construction.

Improved political relations have brought the opening of two Greek banks in Tirana, which have seen deposits soar in both lek and foreign currency over the past two weeks as Albanian companies sought a haven for their funds.

Increasing lawlessness in the past few days has forced small Greek companies with a precarious foothold in retailing and contract manufacturing of clothes around Sarande to close.

Greek-owned shops and factories were looted at the weekend but the crisis is not expected to deter Titan Cement, a large Greek producer listed on the Athens bourse, from bidding today and tomorrow for 70 per cent stakes in a cement factory and quarry at Elbasan in central Albania, which are due to be privatised in sepa-



A friendship treaty was signed last year and Greece is preparing to offer temporary work permits for up to 150,000 Albanian immigrants a year. The Greek government has been less successful in allaying Albanian suspicions after the border incident that Greece's former territorial claim on much of southern Albania could be revived.

Unlike their Italian and Kuwaiti counterparts, Greek hotel companies and food processors have been unable to buy land on the southern coast, while Greek banks have not yet been allowed to open a branch in a southern town.

Nonetheless, Greek investors are preparing for the long haul. The Euromerchant Albania Fund, a new venture capital fund which includes the European Bank for Reconstruction and Development among its investors, has received commitments of \$15m, against a target of \$10m.

The fund is sponsored by Euromerchant Bank, a private Greek bank controlled by the London-based Latsis shipping group.

Kerin Hope

rate auctions at the finance ministry in Tirana.

"We're worried about the situation in Albania, we want to renegotiate the bidding terms, and we have scarcely any official information about the company, let alone a financial statement," says Ms Alexandra Papalexopoulos, Titan's director of strategic planning.

"Greek investors have benefited from their Socialist government's determined efforts to improve relations after an extremist Greek nationalist group staged a border incident in 1994 in which three Albanian conscripts were killed.