

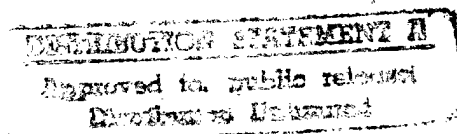
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28 June 1983

Southeast Asia Report

No. 1305



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DEFENSE BUILDUP IN NORTH EXAMINED

Melbourne THE AGE in English 6 May 83 p 16

[Article by Patrick Walters]

[Text]

LONG neglected by defence planners, the North of Australia is fast assuming a more vital role in Australia's defence.

With defence planning now firmly based on a policy of the defence of Australia and its vital interests, the problem of how to defend the North has become a real issue for the Defence Department.

The Federal Government has already poured millions of dollars into defence projects in the Territory, and investment in the North will accelerate through the mid-eighties.

The biggest single investment in the next few years will involve the establishment of a permanent base for 75 Squadron's F-18s in the Territory. The Government will have to decide by the middle of 1984, whether Darwin or Tindal, 350 km south near Katherine, will become the home for the new fighters.

The RAAF wants to make Tindal the permanent northern base for the F-18s. At present, Tindal is little more than a 3,000-metre runway and about \$100 million will have to be spent in the first stage of work to enable it to take a detachment of fighters.

The cost of moving 75 Squadron to Tindal would be enormous - around \$400-\$500 million - and a final decision will be determined as much by cost estimates as by the results of feasibility studies now being undertaken.

In the meantime, Darwin's population is set to increase by more than 1,000 later this year when 75 Squadron's Mirage fighters return from Butterworth. About \$7 million is being spent on refurbishing Darwin RAAF

base to take an extra 330 RAAF personnel. One hundred new houses are being built in the suburbs. By 1984, the RAAF will be spending more than \$28 million a year in Darwin.

The F-18s are due to arrive in early 1987 and, if Darwin rather than Tindal becomes the permanent fighter base, a further \$100 million would have to be spent on airport redevelopment.

The most exciting defence project still under development in the Territory is the Jindalee over-the-horizon radar located north of Alice Springs.

Using transmitters and receivers at separate sites, the \$30 million system is designed to detect targets approaching Australia by reflecting high-frequency waves off the ionosphere.

The two-stage development of the radar has been successful to the point where the Federal Government will soon have to decide whether to allow Jindalee to become fully operational.

Stage A of the program was completed in 1978, at a cost of \$6 million. It was a low-powered radar with non-steerable beam which successfully tracked aircraft and ships approaching from the north-west. Stage B, which began in 1979, involved the development of an experimental radar with a steerable beam and automatic tracking capability.

The new stages' component systems were commissioned late last year and an experimental trials program has begun and will continue for several years. Beam steering has already been achieved, and aircraft have been detected up to 3,000 km from the north-west of Australia. Future trials will include ship detection, automatic detection and tracking, electronic

counter-measure trials and exercises with military aircraft and ships.

Eventually it is hoped that Jindalee will become a major part of a national surveillance system which would include both civil and military microwave radars.

Jindalee could also prove itself in non-military applications. Experimental tests will include the mapping of mid-ocean surface conditions to help forecast changes in the weather, particularly cyclonic movements.

The RAN has acquired a new patrol boat base at Darwin at a cost of \$25 million. Set into a cliff at Larrakeyah Cove, the base is at present home for four patrol boats — two of the Fremantle-class and two of the older Attack-class. Two new Fremantle-class boats are due to arrive at the end of 1983.

A vertical lift can raise vessels up to 750 tonnes and will enable the patrol boats to be lifted right out of the water for maintenance or cyclone protection. The four patrol boats spend up to six weeks on patrol keeping watch on 3,000 km of coastline from Port Hedland to Thursday Island. They also have responsibility for fisheries surveillance and regularly venture 300 km out to Ashmore Reef to monitor the activities of Indonesian subsistence fishermen.

The Army has also stepped up its activity in the North with the establishment in 1981 of Norforce, a specialised army reserve unit.

Norforce, the North-West mobile force, is a special surveillance and land reconnaissance unit. Its present strength is 36 Regular Army personnel and 400 reservists.

Based in Darwin, Norforce is being organised and trained to conduct surveillance and reconnaissance tasks in northern Australia mostly using small patrols of six men. Norforce will use light vehicles, small boats, and animal transport and patrols will be capable of conducting independent operations for at least 14 days.

The unit will work closely with local Aborigines and it will improve the Army's topographical knowledge of the North.

Although the Defence Department won't contribute a cent towards its cost another important strategic asset for the defence forces in the North will be the 1,440 kilometre Alice Springs to Darwin railway.

The Labor Government has promised to complete the rail link as part of its capital works program and construction work should begin early next year. The \$550 million project will provide employment for 1,250 people and could be completed by 1988.

Pine Gap — the top-secret satellite tracking facility near Alice Springs has also been upgraded in the past year. The United States Government spent millions of dollars on new equipment to upgrade US satellite intelligence gathering.

In addition to new computers and other equipment more than \$1 million has been spent on new buildings at the base which employs around 500 people. Twenty houses have been built in Alice Springs for new personnel who will be working at Pine Gap.

While much of the new technology has been supplied by specialised US contractors a big computer maintenance contract has been awarded to Digital Equipment Australia.

HAYDEN ON RELATIONS WITH JAPAN

Sydney THE SYDNEY MORNING HERALD in English 6 May 83 pp 1, 2

[Article by Peter Hastings]

[Text]

Australia, South-East Asia and the South Pacific will have to face the prospect of a re-armed Japan some time in the future, Australia's Foreign Minister, Mr Hayden, told the Herald in an exclusive interview following his recent ASEAN tour.

"This was a message I got very clearly in ASEAN centres during my visit," he said.

Japanese rearmament was only one of a number of subjects Mr Hayden covered during the interview, including Australia's relations with China, a nuclear-free Pacific and Vietnam.

On Japanese rearmament . . .

"Future Japanese rearmament is not without its problems, and it certainly arouses fears in some ASEAN countries with vivid memories of Japanese war-time occupation," Mr Hayden said.

"But as I heard it, there is a counterbalancing feeling that a strong Japanese presence is needed in the area, and because of its carefully regulated economic relations with the region, Japan is not likely to become a resurgent military power again.

"But the message went something like this, Australia, while low in numbers, is a strong country and through its presence in the region, and by actively contributing to it, has a reassuring role to play.

"This is especially so because on the part of some there is a

belief that US political will is weakening and its industrial strength is waning.

"You can agree or disagree with this, but some Asian leaders believe that the US cannot continue to carry all the load and that the time may come, for instance, when it has to leave Subic Bay and Clark Field in the Philippines, which means it will be out of the region as a military presence.

"The argument goes that Japan, through its sheer economic strength, its economic presence in the region, will be obliged to assume America's regional role and to re-arm, not immediately, but sooner or later.

"There is a new generation coming up in Japan which will have no memory of the war and which see re-arming as a natural consequence of Japan's political and economic position in the world, and of American policies urging Japan to assume a great share of its own and regional defence.

"This South-East Asian view holds strongly that ASEAN economies are developing strongly and their political systems achieving increasing stability, but that ASEAN countries are still unsure of themselves and need a strong presence in the region, which Japan can increasingly provide and, in a different fashion, Australia.

On Australia and ASEAN . . .

"Japan's aid to the ASEAN region, for example, is about

\$700 million annually, ours is only \$15 million, but it's untied, of course.

"And yet Australia is greatly respected in the area, where it is pointed out often enough that despite our traditional links with the US and Europe, both increasingly have vastly different preoccupations and priorities. ASEAN needs Australia and Australia needs ASEAN.

"For that reason it was very strongly represented to me that we should leave a RAAF presence at Butterworth. I used to be opposed to this. I used to think we should pull out. Now I'm not so sure. Perhaps we should think again."

(According to Canberra sources the Government is divided on the issue. It's not a question of leaving the Mirages in Butterworth — they are becoming obsolescent — but of replacing them with the F-111 squadron.

(There is also a question of maintenance costs in straitened times. Butterworth costs Australia \$18 million annually. Together with our PNG and Indonesian defence aid Australia's overseas defence aid bill is well above \$35 million annually.)

On relations with China . . .

"They are excellent, I believe. Mr Whitlam founded them and the Fraser Government cemented them. We shall expand them.

"When the Chinese Premier, Mr Zhou Ziyang, was here he was emphatic in declaring China's admiration and respect for Australia's place in the region.

"I even read somewhere that Zhou asked us to mediate between the People's Republic of China and the US in an effort to overcome their deteriorating regulations. It's very flattering but it isn't

But he did ask me to let the Americans how some of Pegin's thoughts on current problems in the Sino-Soviet relationship.

"Zhou wanted us to tell the Americans, to make clear to them, China's profound concern over deteriorating Sino-US relations. He made the following points.

"Rapprochement between the People's Republic and the USSR remains a long way off. China can stand alone if it has to. It regards the US, especially in the Middle East as like the USSR, increasingly hegemonistic. China can work for peace with most Western countries but not with the US.

"It feels that over matters like access to higher technology the US treats it the same way as it treats the USSR, when China is a better friend.

"It regards the Taiwan Relations Act, under which the US provides weapons to Taiwan, as intolerable, as it does hearing by US courts on claims for payment by US holders of Chinese railway bonds issued in 1911, in pre-revolutionary times."

On a Pacific nuclear-free zone . . .

Well, we have a nuclear free zone policy, although it's going to take donkey's years to get it going. But we share South Pacific resentment over French nuclear testing and therefore at the South Pacific Forum I propose we adopt a nuclear free zone with the provision that US warships have freedom of movement.

"I'm aware of a paradox here. Can a zone be nuclear free if you permit transit of US ships which may be carrying nuclear warships?

"But if you try to enforce that ban then the whole thing becomes impracticable. So the declaration of a nuclear free zone will aim at least at stopping French nuclear testing.

"And it will also seek to make sure regional countries don't become harnessed to nuclear energy. After all, Australia is one Pacific country that could have that capacity. So, in various ways, it is a substantial start.

On Vietnam . . .

"The pitch I got from everywhere in South-East Asia, with great force and clarity, was that we should not resume aid to Vietnam.

"The Chinese were totally emphatic that resumption of aid to Vietnam, which is after all only symbolic, would encourage it to persist in its present policies over the occupation of Kampuchea.

"The Chinese view was that if Vietnam is serious in its protestations of peace and withdraws from Kampuchea, then China will negotiate its differences, but not before.

"The ASEAN view is similar. There must be a withdrawal of Vietnamese troops followed by some form of political settlement.

CONSTITUTIONAL CONVENTION ENDORSES FIXED PARLIAMENT TERM

Sydney THE SYDNEY MORNING HERALD in English 29 Apr 83 p 3

[Article by Richard McGregor]

[Text]

ADELAIDE. — The Australian Constitutional Convention endorsed yesterday a proposal for four-year terms for Members of Parliament, with simultaneous Upper and Lower House elections — but opposed the Labor Government's plan for fixed terms.

The Federal Attorney-General, Senator Evans, said later that the convention's decision would not deter the Government from going ahead with a referendum proposing a fixed term.

He indicated, however, that it was likely to be for a three, rather than four-year, fixed term — a proposal the Government feels may be more acceptable to the electorate.

The Government has indicated that it would be prepared to back down on the length of the term, but has remained firm on a fixed term.

Under the fixed-term proposal a government would run its full term with two exceptions — a vote of no confidence in the Lower House or a double dissolution. The four-year plan endorsed by the convention yesterday would not carry this provision.

The Government is not bound to put to a referendum proposals passed at the convention, but only to consider them.

The Prime Minister, Mr Hawke, described the fixed-term as Labor's most pressing constitutional reform priority.

Senator Durack, the Liberal shadow attorney-general, proposed the motion to the convention for four-year terms.

But Mrs Elaine Darling, a Queensland Labor MP, successfully moved an amendment to include a provision for simultaneous elections of both Houses.

The amendment succeeded with the support of New South Wales and Victorian Liberals, despite the opposition of Coalition groups from the Commonwealth and the remaining four States.

It is understood that a compromise was very nearly reached with the New South Wales and Victorian Liberals to get their support for a fixed term at a Federal level.

The result as it stands represents a partial victory for Senator Evans as the convention has endorsed half of his proposal for constitutional reform, despite the non-Labor majority on the floor.

His proposal and official Labor policy is for four-year fixed terms.

However, the fixed-term pro-

posal guarantees simultaneous elections, which was endorsed by the convention.

Mr Hawke, said the fixed-term proposal was a moderate and constructive attempt at constitutional reform which had struck a responsive chord in every section of the community.

He said: "Business believes it would provide a more stable commercial environment, and ordinary voters believe the country would be better off with regular election cycles."

However, Mr Sinclair, the Federal National Party MP, said the fixed-term proposal was not a genuine reform, but a political ploy by Labor to keep government for as long as possible.

Mr Sinclair's fierce opposition to fixed terms signalled that the Coalition will campaign hard against it when a referendum is held later this year.

Senator Evans said last night that some of the conference had been a "farce" because of the way the Queensland and Tasmanian delegations had stacked their delegations with non-Labor people.

Senator Evans said that the fixed-term proposal would go to Cabinet in the next few weeks.

Cabinet will finally decide when the referendum should be held and whether it should include a second question for four-year terms.

PEACOCK BACKS STATES RIGHTS

Melbourne THE AGE in English 29 Apr 83 p 17

[Article by Michelle Grattan]

[Text]

ADELAIDE. — The Federal Opposition Leader, Mr Peacock tied himself firmly to the States' rights cause yesterday by leading the Tasmanian and Queensland Government's attack at the Constitutional Convention on the wide Commonwealth use of external affairs' power.

Mr Peacock said the future of Australia's federation was at stake in the issue.

He was moving a Queensland proposal which declared that the traditional balance of powers between the Commonwealth and States might be destroyed by an expansionary interpretation of the Federal power over foreign affairs. The spirited debate highlighted the party political differences at the convention and saw Mr Peacock closely aligned with the Tasmanian Premier, Mr Grey, and the Queensland Premier, Mr Bjelke-Petersen, on the issue.

The Prime Minister, Mr Hawke, told the convention: "We have revealed the trio of Joh and Robin and Andrew."

Mr Gray renewed his attack on the Federal Government over the Franklin dam. He said the talk about Australia's international obligation on the south-west Tasmanian issue was "nonsense".

"Let's look at some of the signatories to that decision (to put the area on the World Heritage List) in Paris last December," he said.

"It has got the Argentine. You

know all about the Argentine. You have got Brazil, Bulgaria, Libya, Colonel Gadaffi. And this is the sort of international obligation that you think we ought to be tied into."

Mr Bjelke-Petersen said the survival of Australia as a federation was at risk if the Commonwealth Government pursued a course of using its external affairs powers to override the policies of State Governments.

The NSW Premier, Mr Wran, said the conservatives were seeking to reduce Australia to a "series of squabbling banana colonies".

Both the Peacock proposal and the Federal Government agreed that the question of the external affairs' power should be examined by a committee. But Mr Hawke said the committee should do its work free from the "fetters" imposed by the emotive language in the motion proposed by Mr Peacock.

A NSW amendment to refer the external affairs' power question to a committee devoid of the strong language in the non-Labor motion was defeated. The Peacock motion was carried by the convention, where the non-Labor parties have a majority because the Queensland and Tasmanian Governments took the majority of places in their State delegations.

QUEENSLAND OVERRULED ON PIPELINE DEAL

Melbourne THE AGE in English 5 May 83 p 5

[Article by David Broadbent]

[Text]

BRISBANE. — The Treasurer, Mr Keating, has overruled Queensland's decision to give a Korean consortium 25 per cent control over the \$125 million Jackson-Moonie oil pipeline.

The Queensland Premier, Mr Bjelke-Petersen, last night described Mr Keating as "the abominable no-man" and said it was clear the Federal Government was anti-development and anti-Queensland.

Mr Keating said yesterday there were no convincing reasons why the South Korean ICC construction company should be involved in the project to pipe oil 795 kilometres across south-west Queensland.

The decision, announced three weeks after work on the project had begun, has enraged Mr Bjelke-Petersen and the Queensland Treasurer, Dr Edwards, who both described it as "despicable".

While Mr Bjelke-Petersen and Dr Edwards said the decision would not delay the project and agreed that another partner could be found, they said it would threaten Queensland's growing trade relations with Korea.

Mr Keating said Korean investment would bring no special benefits to Australia when there were a number of Australian companies keen to be involved which had the necessary expertise.

Mr Bjelke-Petersen said the decision could wreck the special relationship his State was developing with Korean traders and could cost "hundreds of jobs on the Queensland coal fields".

He said Mr Keating did not understand that Queensland could not go on selling its coal and other products to Korea without giving something in return.

In March this year the Queensland Cabinet awarded ICC a 25 per cent share in the project in partnership with the Moonie pipeline company (25 per cent) and the Nacowlah block parties, including Santos and CSR (50 per cent).

Work began on the pipeline last month even though the arrangement had not been given formal approval by the Foreign Investment Review Board.

The pipeline will carry oil from the Jackson and Jackson South oil wells on the South Australian border, 795 kilometres east to Moonie, where it will join the Moonie to Brisbane pipeline.

Mr Keating said there were several Australian groups with the ability, finance and desire to enter the project.

Industry sources said last night the Australian partners had always wanted a large share of the project but had encountered Mr Bjelke-Petersen's dogged insistence that the Koreans had to get a significant share.

While Mr Bjelke-Petersen and Dr Edwards said yesterday that the issue would be a disaster for the State's Labor Party, there had been growing discontent among Australian steel producers and steel fabricators over the State's apparent policy of giving preference to Korean construction groups if they offered to buy Queensland coal.

Dr Edwards said he had never seen such a despicable act and said the Federal Government's "anti-Queensland stance" would reduce the State ALP to "a cricket team" at the next election.

Dr Edwards and Mr Bjelke-Petersen said the Federal decision could threaten Korean involvement in a program to keep open the Cook underground coal mine in central Queensland which BHP announced it would close last September.

Dr Edwards said a deal had been negotiated to sell up to 600,000 tonnes of coking coal from the mine to a group of Korean companies.

He said the deal, worth at least \$30 million a year to the State, would reopen the 280 jobs which had been lost at the mine when the closure was announced.

BHP intended to close the mine about Christmas but had extended operations until the end of this month.

HAWKE WAFFLES ON FIXED PARLIAMENT TERM

Canberra THE AUSTRALIAN in English 4 May 83 p 1

[Article by Russell Schneider]

[Text]

THE Federal Government yesterday backed away from forcing a quick referendum for a fixed term of federal Parliament.

Instead, the Prime Minister, Mr. Hawke, has asked State Labor leaders for their views on when the referendum should be held.

And Labor backbenchers have insisted the referendum proposal be reviewed by a backbench committee on constitutional reform.

A number of Labor MPs are understood to be worried about the political consequences of forcing a referendum on the fixed term proposal.

Outside the Caucus Labor MPs said they felt it would be unwise for the Government to rush into a referendum.

They said it was almost certain to fail given the opposition to the proposal from the Liberal Party at last week's convention. The referendum would give the Opposition a

forum to attack the Government, they said.

Last week's constitutional convention rejected Government demands that it approve a referendum for a fixed parliamentary term.

At the time the Attorney-General, Senator Evans, indicated the Government could hold a referendum on the idea in July or August.

A number of backbenchers at yesterday's Caucus meeting urged the Government to defer a final decision until it has been reviewed by the appropriate Caucus committee.

The Prime Minister told the Caucus he now awaited recommendations from State Labor leaders on when the referendum should be held.

Victorian Liberal Senator David Hamer yesterday circulated a paper saying Senator Evans' proposal needed some improvement, but added that the Liberals should give the fixed term concept serious consideration.

CSO: 4200/618

BOWEN'S KAMPUCHEA PEACEKEEPING PLAN SCORED

BK311329 Sydney THE AUSTRALIAN in English 17 May 83 p 8

[Editorial: "This Silly Idea Must Be Forgotten"]

[Text] The best approach which the Federal Government can take to Mr Lionel Bowen's suggested solution to the problems of Kampuchea is to forget the whole silly idea as quickly as possible, and to hope that it is not long remembered by countries with whom Australia has to deal.

Not only is it impossible that the Deputy Prime Minister's proposal has the slightest chance of being accepted by the governments concerned, but the nature of his suggestion is such as to cause the rest of the world to have the gravest doubts about our government's understanding of the facts of international life.

Addressing a Labor Party conference, Mr Bowen offered his plan whereby, in return for the withdrawal of the Vietnamese army from Kampuchea, the surviving Khmer Rouge forces will be disarmed. (The Deputy Prime Minister apparently did not mention the guerrillas loyal to Sihanouk and Son Sann, but one has to presume that they, also, would have to give up their arms before the Vietnamese withdrew.)

The Kampucheans would then, we are told, be able to perform the act of self-determination which has so far been denied them. While this is taking place the peace would be kept by a force of Australian and Japanese troops.

As numerous commentators have already pointed out, Mr Bowen seems to have overlooked the fact that, even if the Japanese Government were anxious to take part in such a venture, Japan's Constitution seems to preclude the use of its forces for anything other than self-defence, which this clearly would not be. If he subscribes to a differing interpretation of Japanese constitutional law, he is yet to justify his alternative view.

Even if there were no constitutional difficulties and no obstacles raised by the Japanese peace treaty, it seems hardly likely that any Japanese government would want to send its soldiers back to the jungles of South-East Asia. A peace-keeping force has to face the possibility that it may have to shoot at recalcitrant locals.

The prospect of a Japanese army exchanging gunfire with any group of Indo-Chinese would be no more welcome to the Japanese than to anyone else in the region.

We can well be puzzled as to how Mr Bowen reconciles his insistence that Australia should not take part in the Sinal peace-keeping force--because it is not under the auspices of the United Nations--with his apparent readiness to send Australian soldiers to Kampuchea under a similarly private arrangement. Other features of his proposal are equally puzzling.

Is it possible to imagine that Hanoi would accept a peace-keeping force consisting of the armies of two nations, both close to the West and, in particular, to the United States, without any representation from the Soviet bloc or non-aligned nations? To suggest a force based in Australia and Japan shows an extraordinary lack of awareness of Vietnam's view of the international ideological balance. Yet Mr Bowen makes no suggestion that any other nation should play a role in his grand design.

But, beyond these difficulties, and the domestic political problem for the Labor Party, which brought Australian soldiers home from Indo-China, in trying to send them back again, there is a basic issue which Mr Bowen has failed to deal with. This criticism may be equally made of Mr Hayden's hope that sweet reason will, of itself, lead Vietnam to surrender its conquered territory.

There are no grounds whatsoever for the Government's optimistic belief that Hanoi would be prepared to allow Kampuchea to decide its own future, unless external pressure forces it to do so. Vietnam has clearly shown that it is not prepared to see an independent government in Kampuchea. If this were not the case, it would have allowed democratic elections, or some other form of self-determination, to take place long before now.

Unless it is apparent that it will suffer international repercussions if it continues its colonialist policy, Vietnam, supported by Russia, will remain unpersuaded that it should give up what it has taken. It will not change its mind merely to please Australia or its Labor government.

Unless we are willing to act in concert with our friends in ASEAN, and refuse to offer encouragement to Vietnam until it puts an end to its invasion, Australia's efforts will be doomed to futility.

CSO: 4200/621

BRIEFS

LABOR LEFT WING SUFFERS LOSS--Canberra--The Left wing of the Labor Party suffered crushing defeats in caucus polls yesterday to elect members to crucial parliamentary committees. Their defeat in bids for membership of the joint standing committee on foreign affairs and defence signals an easier time for the Foreign Minister, Mr Hayden, in bringing about changes to Labor's East Timor policy. Lobbying by Mr Hayden and poor organisation by the Left were given as major reasons for their defeat. The Left had run three candidates for the powerful foreign affairs and defence committee, and all were defeated. They were Senator Gordon McIntosh (WA), Mr Ken Fry (ACT) and Mr Lewis Kent (Vic.)--all strong critics of the Indonesian take-over of East Timor and supporters of present ALP policy. Senator McIntosh stood for a position as one of four senators on the committee. He polled last with 52 votes, Senator Kerry Sibraa (NSW) topped the poll with 94 votes. Mr Fry and Mr Kent stood for two of eight positions from the House of Representatives. They came equal bottom with 49 votes each, and Mr Bill Morrison (NSW) and Mr Ralph Jacobi (SA) came equal top with 98 votes. "The Left got done like a dinner," one NSW Right-winger said after the ballot. "We were thrashed," one Victorian Left-winger said. [Text] [Brisbane THE COURIER-MAIL in English 4 May 83 p 3]

CSO: 4200/618

RADIO KAWTHULAY ANNOUNCES BATTLE RESULTS

17 May Report

BK171057 (Clandestine) Radio Kawthulay in Burmese to Burma 0430 GMT 17 May 83

[Text] Battle area No 1, No 1 Brigade, Thaton District area battle news: On 27 April 1983 a frontline mobile unit of the No 1 Battalion of the Karen National Liberation Army [KNLA] laid in wait and attacked a mercenary unit from the enemy's 32d Infantry Regiment which was approaching (Naing Naw San). The attack killed four enemy soldiers and wounded seven others. There were no casualties on our side.

On 3 May our unit attacked enemy troops stationed at [name indistinct]. During this battle, 5 of our members sacrificed their lives for the country and the people and lost 1 G-2 and 10 rounds of M-79 ammunition to the enemy. Enemy casualties are as yet unknown.

Battle area No 3, No 3 Brigade, Nyaunglebin District area battle news: On 3 April an enemy unit intruded into our territory. When it reached (Zi-aw Kho), one of the members of the unit was killed instantly by a mine we had planted.

On 29 April a mercenary unit from the 57th Infantry Regiment intruded into our territory. When it reached Kyaukpya, one of the unit's members was critically wounded by a mine we had planted.

Battle area No 6, No 7 Brigade, Pa-an District battle news: On 31 March, a frontline mobile unit of the KNLA's No 7 Brigade clashed with enemy troops at (Lukawkye-Nawngtagwe). During this battle, 4 enemy soldiers were killed and 27 were wounded. There were no casualties on our side.

On 2 April, our unit clashed at close quarters with enemy troops at the (Kawgo) rubber plantation. During this clash, eight enemy soldiers were killed and two were wounded. There were no casualties on our side.

On 13 April, our unit clashed with enemy troops at (Hmataung). We had an advantage over the enemy in fighting this close-range battle. As a result, a total of 17 enemy soldiers were killed and 8 others were wounded. There were no casualties on our side.

Karen nationals and indigenous people: On 10 and 13 May we reported on battles fought between the KNLA and the Ne Win-San Yu mercenary troops between 16 and 22 April. However, the enemy casualty report was not given at the time of the announcement because a definite account of enemy casualties had not been received yet. However, we have received the following report from the Military Operations Department of the Central Military Headquarters:

On 16 April the KNLA clashed with the Ne Win-San Yu mercenary troops at (Damanhta) village in Hlaingbwe Township, Pa-an District. During this battle, 8 enemy soldiers were killed and 12 were seriously wounded.

On 21 April, our KNLA clashed with the Ne Win-San Yu mercenary troops at (Myinmaing) village in Hlaingbwe Township, Pa-an District. During this battle, a total of 30 enemy soldiers were killed and about 80 were critically wounded.

On 22 April, our unit clashed with enemy soldiers at (Kyakkalon). During this battle, three enemy soldiers were killed and four, including a major, were wounded.

According to a report on the (Kyikekyaw) battle, five enemy mercenary soldiers were killed and four were wounded. It was reported that we seized another carbine from the enemy during this battle.

Battle area No 6, No 7 Brigade, Papun District battle news: At 0430 on 29 April, our unit attacked enemy troops at (Kyete Kyidat-aw), killing an enemy soldier and wounding two others.

Battle news of the No 101 Special Battalion: At 0900 on 22 April an enemy soldier was wounded when he stepped on our mines planted on Myawadi Road. On the same day, three other enemy soldiers were injured by our mines.

24 May Report

BK241104 (Clandestine) Radio Kawthulay in Burmese to Burma 0430 GMT 24 May 83

[Text] Battle area No 1, No 1 Brigade, Thaton District area battle news: At 0900 on 2 May 1983, two enemy soldiers were wounded when our unit attacked enemy troops between (Taung-u Ni) and (Tanpho).

Battle area No 2, No 2 Brigade, Toungoo District area battle news: On 10 April an enemy soldier was wounded when enemy troops stepped on one of our mines between (Kalesalu) and (Lulo). On 14 April an enemy soldier was killed when our unit opened fire at the enemy in (Kalesalu). On 15 April, a corporal was killed and a lance corporal was wounded when enemy troops stepped on our mines planted between (Kalesalu) and (Pakutta). On 28 April, another enemy soldier was killed by one of our mines in (Kalesalu). On 29 April, one of our mines between (Ban-ala) and (?Mo Pada) killed an enemy soldier and wounded another.

Battle area No 3, No 3 Brigade, Nyaunglebin District area battle news: On 27 March a brutal and despicable unit from the enemy's 57th Infantry Regiment came to Pohta and opened fire for no reason at innocent villagers, wounding two innocent villagers. On 30 March, a unit, which is a partner in crime of Ne Win and San Yu, opened fire at villagers in (Huitanho) village, killing a villager. The very same enemy mercenary unit clashed with our unit on 3 April. The battle lasted 10 minutes during which two enemy soldiers were killed and another was wounded. There were no casualties on our side. On 7 April enemy troops came to (Sa-aw Khi) village and opened fire for no reason at villagers, killing a female villager. These enemy troops looted and consumed paddy stored by the villagers in six granaries without giving any compensation. Furthermore, they looted villagers' property and burned down newly cultivated fields. On 22 April, an insolent enemy unit came to (Lukhi) village and opened fire at villagers, killing a villager.

On 29 April an enemy soldier was seriously wounded when enemy troops stepped on our mine in (Mohtan).

On 30 April our unit clashed with enemy troops at upper (Hohtan). While there were no casualties on our side, one enemy soldier was killed and another was wounded. On 1 May two porters of the enemy were hit by our mine on a road off (Sao Kokhi).

Battle area No 6, No 7 Brigade, Pa-an District area battle news: On 2 May, the 1st Company from the Central Military Headquarters of the Karen National Liberation Army clashed with enemy troops at (Kawlukho-Taduse). Our unit captured one rifle and 50 rounds of ammunition from the enemy during this battle. While enemy casualties are as yet unknown, there were no casualties on our side.

Battle News for January

BK241426 (Clandestine) Radio Kawthulay in Burmese to Burma 0430 GMT 24 May 83

[Text] News of battles fought between the Karen National Liberation Army [KNLA] and the Ne Win-San Yu mercenary troops between 1 and 31 January 1983 are announced as follows:

The first announcement concerns each battle area and this will be followed by a comprehensive account of battles fought by all brigades in all districts.

Battle areas:

Battle area No 1, No 1 Brigade, Thaton District area battle news: In January, there was only one small-scale battle as a result of enemy offensives against us. Our offensives against the enemy resulted in 3 small-scale battles, 5 small unit actions, 5 skirmishes and 15 mine attacks.

Our units captured 1 carbine, 1 G-4, 3 mess kits, 325 rounds of assorted ammunition, 10 assorted magazines, 1 2-inch mortar and 7 knapsacks. Our side lost one AR, one revolver, one .22 firearm and one AK rifle.

A total of 20 enemy soldiers were killed and 14 others were wounded in the battles. Six from our side laid down their lives for the country and people, while six others were wounded. The enemy took one of our men prisoner, while one civilian was killed. It was learned that among the enemy soldiers killed was a second lieutenant. A cart belonging to the enemy was also destroyed.

Battle area No 2, No 2 Brigade, Toungoo District area battle news. In January, there was only one small-scale battle as a result of enemy offensives against us. In the same period, our side made one mine attack on the enemy.

During the battle, our side captured 1 G-3, 140 rounds of assorted ammunition and 7 assorted magazines. A total of 15 enemy soldiers were wounded in the battles. One enemy soldier, who had come to see the truth, surrendered to the KNLA.

Two civilians from our side were killed and another was wounded. Our units were able to blow up and destroy an electricity generating plant in Thandaung.

Battle area No 3, No 3 Brigade, Nyaunglebin District area battle news:

The enemy did not conduct any offensives against us in January. Our offensives against the enemy resulted in one small-scale battle, five small unit actions, two skirmishes and six mine attacks.

During the campaign, 13 mines from our side were captured by the enemy. The enemy suffered eight killed and four wounded. Two from our side gave up their lives for the country and people. Two civilians were killed and three others were wounded. The enemy mercenary troops burned and destroyed 13 houses of the people. Our mines destroyed two enemy vehicles.

Battle area No 4, No 10 Battalion, Mergui-Tavoy District area battle news: There were no offensives by the enemy in January. Our units, however, conducted offensives, including one small unit action, two skirmishes and two mine attacks. The enemy suffered two killed. Three from our side laid down their lives for the country and people, and four others were wounded. One civilian was also wounded.

Battle area No 5, No 6 Brigade, (Duklaya) area battle news: In January, a small-scale battle broke out as a result of the enemy offensive against us. Our offensives resulted in one small-scale battle and one skirmish. Our unit captured 1 carbine and 25 rounds of assorted ammunition in the battles.

The mercenary army suffered one killed. On our side, two civilians were killed and two others were wounded.

Battle area No 6, No 7 Brigade, Pa-an District area battle news: There was only one small-scale battle as a result of offensives conducted by the enemy in January. However, our offensives led to one major battle, four small-scale battles, three small unit actions and two mine attacks.

In these clashes, our side captured 1 barrel for a Browning, 4 G-2's, 20 mess kits, 2,128 rounds of assorted ammunition, 8 assorted magazines, 3 hand grenades and 40 knapsacks. A total of 276 enemy soldiers were killed and 76 others were wounded. Six from our side laid down their lives for the country. Our units also captured important military maps, one chest of documents, two crates of medicines and one box of Browning ammunition.

As a result of barrages from our heavy weapons, 5 porters of the enemy were killed and 28 others were wounded.

A brief comprehensive account of battles fought in January by all units and in all battle areas:

In January, as a result of the offensives conducted by the enemy, there were four small-scale battles. Our offensives in that period resulted in 1 major battle, 9 small-scale battles, 15 [as heard] small unit actions, 10 skirmishes and 26 mine attacks.

Our units captured 1 barrel for a Browning, 2 carbines, 4 G-2's, 1 G-3, 1 G-4, some parts of a submachinegun, 53 [as heard] mess kits, 2,618 rounds of assorted ammunition, 25 magazines, 1 2-inch mortar, 3 hand grenades and 47 knapsacks. Our side lost 1 AR, 1 revolver, 13 mines, 1 .22 firearm and 1 AK rifle.

The enemy suffered a total of 307 dead and 109 wounded. One from the enemy side, who had come to see the truth, surrendered to our KNLA. A total of 17 from our side laid down their lives for the country and people and 10 others were wounded. One from our side was taken prisoner by the enemy. Seven civilians from our side were killed and nine [as heard] others were wounded.

Battles in February

BK311231 (Clandestine) Radio Kawthulay in Burmese to Burma 0430 GMT 31 May 83

["Monthly News Bulletin on Comprehensive Account of Battles Fought From 1 to 28 February"]

[Text] News of battles fought between the Karen National Liberation Army [KNLA] and the Ne Win-San Yu mercenary troops between 1 and 28 February is as follows:

In order to provide a clear report on the battles, the first announcement will only concern each battle area. This will be followed by a comprehensive account of battles fought by all brigades in all districts.

Battle areas:

Battle area No 1, No 1 Brigade, Thaton District area battle report: In February, the enemy did not conduct any offensive against us. However, as a result of our offensive against the enemy there were one engagement and one mine attack. Two enemy soldiers were killed and two others were wounded in the battle. There were no casualties on our side.

Battle area No 4, No 10 Battalion, Mergui-Tavoy District area battle news: In February, as a result of the enemy offensive, there was one major battle. As a result of our offensive, there were four minor battles, four skirmishes and one engagement. A total of 36 enemy soldiers were killed and 5 others were wounded. Eleven on our side laid down their lives for the country and nine others were wounded. We captured 3 G-4's, 17 assorted magazines, military supplies and 3 sets of equipment [preceding word in English]. Our side lost six AR's and one M-72.

During this month, our troops destroyed all the enemy's machinery at (Tattawle), as well as the buildings at (Khanauk). Thus, we successfully destroyed about 4.2 million kyat worth of enemy property.

The Ne Win-San Yu mercenary troops destroyed all the houses in (Mita) village, including 1,000 baskets of paddy.

Battle area No 6, No 7 Brigade battle news: The enemy did not conduct any operations against us in February. Our units conducted offensives which resulted in five skirmishes and one engagement. A total of 10 enemy soldiers were killed and 28 others were wounded. One soldier from our side was taken prisoner. One villager was killed and three others were wounded. One carbine, 29 rounds of assorted ammunition and 1 magazine were seized from the enemy. It was learned that among the enemy dead was an officer of the rank of captain.

A monthly comprehensive account of battles fought in February by all units and in all battle areas:

In February, as a result of the offensive conducted by the enemy, there was one major battle. Our offensives against the enemy resulted in four minor battles, nine skirmishes, three engagements and one mine attack. During this period, we captured 1 carbine, 3 G-4's, 29 rounds of assorted ammunition, 18 assorted magazines, and 3 sets of equipment [previous word in English]. Our army lost six AR's and one M-72.

During this month-long period, the enemy suffered 48 dead and 35 wounded. Eleven men on our side laid down their lives for the country and 9 others were wounded. One man was taken as prisoner by the enemy. One of our civilians was killed and three others were wounded.

CSO: 4211/29

VOPB REPORTS ON PEOPLE'S ARMY, KIA, SSA OPERATIONS

Combat in Central Shan State

BK201320 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT
20 May 83

[Text] Combat news: On 20 March an attack conducted by a small People's Army unit against the military government's mercenary 15th Light Infantry Division at Nawngwo, central Shan State, killed two enemy soldiers including a mercenary officer.

During the same period, two more members of the military government's mercenary 15th Light Infantry Division were killed during an attack by a small People's Army unit.

On 4 April an attack conducted by a small People's Army unit in Mong Kung killed two enemy soldiers.

On 4 May, an attack against the military government's mercenary 15th Light Infantry Division at (Htwina) killed an enemy soldier.

People's Army, KIA Combined Unit

BK271023 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT
27 May 83

[Text] Combat news of a combined unit of the People's Army and the Kachin Independence Army [KIA]: On 26 April a combined unit of the People's Army and the KIA conducted an attack against the military government's mercenary 4th Kachin Rifles Regiment on (Lwechet) road near (Mongti) in Kutkai Region. During this battle, the enemy suffered 4 dead and nearly 20 wounded. The wounded included two mercenary lieutenants. A G-4 and over 1,700 rounds of G-4 ammunition were seized from the enemy.

Another attack by the combined unit on 6 May against the military government's mercenary 10th Infantry Regiment and 103d Light Infantry Regiment at Na-We near (Mongti) killed an enemy soldier and wounded 11 others.

People's Army, SSA Joint Actions

BK290949 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT
29 May 83

["Combat news of the combined force of the People's Army and the Shan State Army"]

[Text] On 9 April, a combined unit of the People's Army and the Shan State Army [SSA] attacked the enemy at (Wan Kyant) in Mong Yai township. The attack killed one enemy soldier.

On 13 May, a combined unit blew up and destroyed a bridge being used by the mercenary army and located at a place between Hsipaw and Namlan. On 14 May, a combined unit of the People's Army and the SSA made an attack on the military government's mercenary 67th Infantry Regiment stationed at (?Loingen) in Mong Yai township. Several enemy soldiers were killed or wounded in the battle and one was taken prisoner. One Sten gun and more than 1,400 rounds of assorted ammunition were captured from the enemy.

On 17 May, an enemy soldier, who was taken prisoner, was released unharmed.

On 15 May, a combined unit of the People's Army and the SSA attacked the military government's mercenaries who were brutalizing the village people in the neighborhood of their camp at (Hkamsai) in (Sinkyauk) region. In this battle, 7 enemy soldiers, including 1 mercenary officer, were killed and 11 others were wounded. The enemy soldiers fled. One G-2, one G-4, one 90-mm bazooka, ammunition and military supplies were captured from the enemy.

Mong Ton, Keng Tung Battles

BK041500 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT
4 Jun 83

[Text] Combat news: On 27 January 1983, an attack conducted by a small People's Army unit in Mong Ton-Mong Hsat region killed three enemy soldiers and wounded three others. Six carbines, 2 hand grenades, 3 landmines, nearly 150 rounds of ammunition, and some military equipment were seized from the enemy. During a battle, which took place near Nammaw, some enemy soldiers were killed and wounded and 2 carbines and 40 rounds of carbine ammunition were seized from the enemy. On 15 May, an enemy soldier was killed and three others wounded when a small People's Army unit conducted an attack near (Mankyaing) located east of Keng Tung. On the next day, 16 May, a mine attack by the People's Army killed three more enemy soldiers near (Mankyaing).

Combat news from the Shan State Army [SSA]: On 23 May, the enemy suffered four dead and eight wounded when a small SSA unit attacked (Ta Hka Young Yawng) ferry landing near (Lat Long Chaung).

People's Army, SSA Activities

BK050910 (Clandestine) Voice of the People of Burma in Burmese 0030 GMT
5 Jun 83

[Text] On 20 May, the People's Army ambushed the No 1 Company of the military government's mercenary 21st Infantry Regiment at (Chaungbaw) Bridge near Hpala village, between Chipwi and Sawlaw' northeast of Myitkyina. According to incomplete reports, 16 enemy soldiers were killed and many others were wounded in this battle. A total of 6 G-2's, 2 G-4's, 1 carbine, 2 hand grenades, almost 1,000 rounds of assorted ammunition and some military supplies were seized from the enemy.

Battle news of the combined force of the People's Army and the Shan State Army [SSA]: On 26 May, a combined force of the People's Army and the SSA made two attacks on the military government's mercenary 23d Infantry Regiment--once on Hsipaw-Hsawngke Road and another at Namyang. The attacks killed five enemy soldiers and wounded three others. On the same day, in another attack on (Konghaw) camp, between Kyaukme and Nawngpeng Road and the rail lines, the combined force captured one firearm and some military supplies. Another weapon and some military supplies were again seized in an attack on the enemy's (Konghing) camp in (Kongwo) area.

Combat news of the SSA: During May, small SSA units conducted guerrilla warfare against the military government's mercenary 67th Infantry Regiment in Mong La region. It was learned that four enemy soldiers were killed and eight others were wounded in the attacks.

CSO: 4211/29

CORRUPTION OF KAREN REBEL LEADERS REPORTED

BK051122 Rangoon BOTATAUNG in Burmese 15 May 83 p 8

[Article by Saw Win Aung of Kawkareik: "From the Darkness to the Light"]

[Excerpt] Twelve members of the Karen National Union's [KNU] No 1 Company of the No 16 Battalion under the No 6 Brigade were summoned by the KNU headquarters because a robbery was committed on Kyondo-Kawkareik Road without the permission of KNU headquarters. The most senior among the 12 men was Sergeant Saw Kyaw Lay. Although KNU Sgt Saw Kyaw Lay was away on a trip when the robbery was committed, the KNU headquarters was of the opinion that he was responsible for the robbery and, thus, all of them were summoned.

Before the interrogation at the KNU headquarters, KNU Sgt Saw Kyaw Lay asked his KNU men:

"Why did you commit robbery without my consent or the consent of KNU headquarters?"

KNU Private Phakalaik said: "Our families have nothing to eat, so we have to rob. We have no other choice."

"You cannot do it without permission."

"But Sir, please consider this. They are getting rich because of extortion money and therefore they do not need to commit any robbery. For example, just look at Major Shwe Saing. He does not have to rob because he is very wealthy. He has four Datsun engine fitted boats which he uses to smuggle out timber and ferry black market goods."

"Stop it, Phakalaik. Watch your mouth or we'll all be killed," said Saw Kyaw Lay.

But KNU Lance Corporal Lay Pwe said: "Phakalaik, all you know about Maj Shwe Saing is his four boats and his smuggling activities. Listen to me. He has a total of six cars--three Datsuns and three Toyotas--ferrying passengers between Mae Sot and (Phalu Waw) village. In addition to this, Maj Shwe Saing has over 60 acres of land in (Kwikalon), Taunggale and

(Kyaw Khwa) villages in Azin Region. His land is being worked by convicts and KNU men. Therefore our KNU masters, who are earning in millions every year, need not rob. They do not want to surrender because they are afraid to lose such luxuries."

KNU Private Kyaung Hpaw then said: "Maj Shwe Saing's wealth compared to Bo Mya [KNU president] is nothing. Forget about his cars and boats; just look at the way he has monopolized the smuggling trade. If we were landlords and multimillionaire controllers of the smuggling trade, we wouldn't also consider committing robberies for nickels and dimes. Am I right Saw Kyaw Lay?"

KNU Lance Corporal Saw Wa He then commented: "Those are the reasons why they do not want to surrender. They are using racism as a smokescreen to enrich themselves. In fact, they are much worse than ordinary robbers."

CSO: 4211/29

ARTICLE VIEWS CURRENT POLITICAL SITUATION

BK290145 Bangkok BANGKOK POST in English 29 May 83 p 5

[Article by Wichit Wongwain]

[Excerpt] What is most significant in the recent fall from grace of Tin U [former Council of State member once deemed as possible successor to Ne Win] and Bo Ni, the home minister, is that both have long been involved with the MIS [Military Intelligence Service], and are presumably the leading lights of this faction. Very puzzling too, as the MIS had been, even before the 1962 coup, Ne Win's sword and shield, as well as watchdog. In fact, the MIS was and has been the Burmese leader's main prop, a personal instrument existing solely to keep him in the saddle.

Diplomats in Rangoon and a handful of Burma-watchers are of the opinion, paradoxical as it may seem, that the MIS faction is the best bet for a liberal swing since its personnel by virtue of the privileges they enjoy--access to foreign publications, movies, television programmes, video cassettes, medical reports, etc.; opportunities for foreign travel (for training purposes, health treatment, on various missions and even for holidays); and freedom to meet and mix with foreigners and diplomats--are, if not very broad-minded, then at least more knowledgeable of the outside world.

At any rate, MIS people are more sophisticated than Head of State San Yu's adherents, party General Secretary Aye Ko's stalwarts, or even the faction grouped round Gen Kyaw Htin, the defence minister--the majority of whom are either xenophobic nationalists or dogmatic party hacks, and at best, well-meaning but hopelessly-insular figures.

It is believed that the weakening, if that is the case, of the MIS faction does not bode well for Burma. However, Burmese politics being these two decades, and in essence, a deadly and merciless struggle behind locked doors, and Burma a very complicated jigsaw with half the pieces missing, it is very difficult to predict which way the weathervane will turn. But Burmese astrologers have for several months been predicting, albeit in guarded and barely audible whispers, the rise of the CPB's [Communist Party of Burma] star in Burma.

Such predictions would, say, two years ago have seemed pretty farfetched. But, with the crumbling of the independent stance of various non-communist anti-Rangoon rebel movements due to the dual pressure of the CPB on one hand, and of Washington (stemming from the alleged involvement of these rebels in the opium and narcotics business) on the other hand--resulting in their falling into the CPB's arms (i.e. the Kachin Independence Army, the Shan State Army, Pa-O Liberation Army, the Palaung Liberation Organisation, Lahu National Liberation Army, the Wa National Army, Kokang Revolutionary Force, the Kayan Newland Army, within the past five or six years)--the CPB's position has improved considerably.

Militarily, it has gained more than 7,000 well-armed and experienced jungle fighters. Politically as well, the CPB has made much headway at grassroots level following the collapse of the alternative nationalistic platforms espoused by non-communist rebels.

Burmese military sources, usually contemptuous of the CPB, are now expressing unease. Many senior military officers have privately admitted that the CPB now holds the military initiative, and is poised to spill over on to the Burmese plains. It is reported that CPB units are now active in their former strategic stronghold, the Pegu Yoma--less than 160 kilometres from Rangoon.

Whether the words of Burmese astrologers are just imaginative mumbo-jumbo, or whether the CPB is really on its way to winning a very long war, it is difficult as yet to say for sure.

However, one and only one thing is certain. That is, the war between Rangoon and the CPB is sure to grow in fury and scope, the implication of which for the Burmese situation will indeed be very serious. More so, when the jockeying for supremacy in Rangoon has begun in earnest, and will probably continue for many more months to come, lasting perhaps even years. One cannot help but wonder: Will Burma after Ne Win take the road trodden by South Vietnam after Diem and Nhu?

CSO: 4200/622

CURRENT CONDITIONS IN EAST TIMOR EXAMINED

Brisbane THE COURIER MAIL in English 30 Apr, 2-6 May 83

[Article by John Hamilton]

[30 Apr 83, p 1]

[Text]

FLIGHT 612 — a twin jet Fokker F-28 — is at the end of its daily run from Denpasar, Bali, by way of Kupang, West Timor.

The leg from Kupang to Dili in East Timor takes just 40 minutes. There are three Indonesian soldiers on board and 20 civilians as the jet touches down on a new all-weather airstrip and taxis up in front of a new terminal building.

Out on the tarmac is a big welcoming committee, a row of officials in fawn and grey safari suits and two girls wearing Timorese national costume, holding woven tapestry welcoming garlands.

An official comes on board. He is seeking the Canadian Ambassador, who, I learn later, was supposed to be on Flight 612. No Ambassador. Minor consternation on the tarmac. Hurried consultation. Official comes back on board.

"Mr. Hamilton? Would you please accompany me."

Down the steps to be garlanded by the girls, greeted by the Governor, hand shakes from a dozen officials. Face is saved! I am led off, discreetly, to the terminal as the official motorcade moves off without me.

The arrival in Dili is in complete contrast to when I last arrived here seven years and seven months ago. Then I flew in aboard a chartered light aircraft from Darwin and taxied in to a terminal building that had

been ripped by machine gun fire and mortar fragments.



And then the welcoming committee consisted of one Fretilin soldier with a sub-machine gun and a publicity officer who drove up in a jeep and politely offered me a press release

Today, Mariano Lopez Da Cruz, Director of Information and a former UDT supporter, drives me into town in his Toyota.

My immediate impressions — the roads are all made and there are new sign posts. They are in Indonesian, although the old street names are still in Portuguese, with an Indonesian "Jalan" for street, as prefix.

There are traffic lights too, and in the centre of Dili, the traffic has become so heavy they have instituted a one-way road system.

We pass the old airstrip which has now become a helicopter terminal. There are three unarmed helicopters on the strip and one civilian helicopter which is on charter to the Red Cross and the provincial government.

The terminal also serves as a relay station — one of six in East Timor — for the official Indonesian television, which comes direct from Jakarta. Mariano Lopez Da Cruz tells me his budget includes money for the provision of television and radio sets to towns and villages throughout East Timor.

Later I am to see solitary television sets hooked up in the centre of tiny

villages so that each night the villagers can squat down and watch official news and cultural programs from Indonesia, in Indonesian. Radio Dili also reaches the remotest village and is listened to through the officially-distributed radios.



We pass new housing estates on the edge of Dili, and an army barracks with a squad of troops drilling. Mariano says there are now two Timorese infantry battalions in East Timor, trained and commanded by Indonesians. We also pass a military police patrol — six MPs with steel helmets and guns in a truck. The military presence in Dili is obvious, but not oppressively so when compared to other places in Indonesia, including Jakarta.

I check into a modest government-run hotel in the middle of Dili. Its former owner, I am told later, was a Portuguese, killed in the civil war, whose body was found in a mass grave in the mountains.

After lunch I call on Governor Mario Carrascalao, aged 45, a Portuguese-educated engineer, former UDT supporter, who has been Governor of the Province of East Timor since September last year.

Tall, urbane and friendly, the Governor speaks good English and has his office decorated with the obligatory portrait of President Suharto flanked by the red and white of two Indonesian flags, and the Indonesian Garuda (eagle) crest on the wall.

"You can go wherever you like and see what you like," is the Governor's introduction.

"The only restriction is that if you make a helicopter flight you must return to Dili before 12.30 pm. The weather closes in at noon and we lost a helicopter two weeks ago, killing the pilot and a doctor, when it crashed, trying to find its way back here through the clouds."

We get down to talking specifics.

Fretilin resistance — "There is no resistance left. There is no fighting going on now. This is a very quick development. Until December last year we had trouble. But there is no more shooting. You can go anywhere now, with no trouble. There are a few people left in the jungle. I think they are just waiting for the right opportunity to give up."

The Governor goes on to say most of the Fretilin have been resettled. One of their military leaders is now driving a truck for a living. I should meet him. (Later, I do.)

I ask him about Atauro Island, 23 kilometres from Dili, where former Fretilin and their supporters and relatives have been interned.

"We believe that by the end of October this year, there will be no more people left on Atauro. People will go back to their former villages where we are rebuilding their houses where necessary."

"More than 600 people have recently been moved back to Los Palos in the east. Our problem is that we have to feed them for another three months or so until they get their gardens established again."

I ask if I can visit Atauro Island and this request is agreed to. The Governor says his main problems continue to be food and transportation.

"Two months ago I was very, very pessimistic about the food situation. But now, if our late rains continue, I think we will be all right. I don't believe we will be self-sufficient this year — perhaps in two years time."

"Our need is 65,000 tonnes of rice a year. At present we can only produce 45,000. We are working on increasing food production, particularly in the Maliana region, which has top priority."

"We are putting in a new irrigation scheme there and if we can work 17,000 hectares there we will get 85,000 tonnes of rice from one crop. We are looking to the time when we will get two to three crops a rice from Maliana and a time when we will actually be exporting food from East Timor."

The Governor has an annual budget now of \$58 million. Roads get first priority, followed by education, health services and agriculture. The budget is \$10 million a year more than next door West Timor and nearby islands, which has four times the population.

In 1974, a Portuguese census gave East Timor's population as 650,000.

In 1980 the census gave the figure as 555,000. The latest official estimate is that the population is now 583,000.

Does this mean that at least 95,000 people died in the civil war and its aftermath?



Governor Carrascalao — "Some 40,000 crossed the border into West Timor during the fighting. Some stayed. Some came back. There are 5000 who went to Australia. So the exact figure of how many who died is hard to assess. Most of those who died however met their deaths in August-September 1975, when whole villages were wiped out.

"It was a real massacre. You will not find one Timorese who did not lose at least one relative. There were terrible atrocities. At Sare, for example, a grenade was thrown into a school. There was one survivor.

"Then there was Aillieu . . . how many mass graves are there? We still, to this day, don't know how many were killed or why. For example the owner of the hotel where you are staying was a Portuguese, with nothing to do with politics, nothing to do at all, but yet his body was found in a mass grave."

I ask the Governor, directly, what happened to the five Australian newsmen killed in October 1975 in Balibo.

"During the fighting around Balibo, there were some four separate parties involved and some 'volunteers'.



"Who exactly killed the Australians, we don't know.

"At the time I myself was at Batu-gade, 17 kilometres from Balibo. We heard that the Australians were in the house and that in the house there had been some shooting. Also in the house was some gasoline and the house burnt down.

"What we saw when we arrived in Balibo was a burnt-out house with an Australian flag painted on one of its walls. We were told that a Portuguese TV team had been with the Australians, but they had run away.

"We don't know why the Australians did not go with them. Were they told something different? Also, did they paint the flag on the wrong wall? In other words, were they attacked from the opposite direction, from a direction where they were not expecting an attack?

"I went in 1977 with a first secretary from the Australian Embassy to Balibo to investigate. There was sup-

posed to have been a Chinese who witnessed it, who had been left behind when the incident happened.

"But we found (and the Governor tapped his head meaningfully) that the Chinese did not know and could not help us."

In spite of this legacy of the past, the Governor is cheerfully optimistic about future relations between Australia and East Timor.

"I believe that in two years time Australian tourists will be coming back here. Besides the hotel accommodation problem, I don't see any difficulties.

"Our present hotels are now full of visiting officials and the temporary homeless. And our main preoccupation now is getting enough food for our own people — which means we are not at the stage when we could serve fancy salads in tourist hotels.

"But we have an international air strip and good beaches. The potential is here."

I leave the Governor's office for another office in the old Portuguese administration building near Dili's waterfront. For an hour I am bombarded with facts and figures by half a dozen Timorese public servants concerned with the reconstruction of East Timor.

Administratively East Timor is divided into 13 districts, 64 sub-districts and 1170 villages. The new rulers have divided the province up additionally into four development zones. The economic planners believe that East Timor could be completely self-sufficient in five to 10 years time. And exporting products ranging from coffee to sugar and rice.

Meanwhile Indonesia continues to pour money into the place. Since 1976, they say, Indonesia has spent \$158 million on East Timor and currently grants from Indonesia equal \$250 a year per person.

I compare this to the average annual income of a West Timorese of between dollars \$112 and \$120 a year.

"Yes," says the director of economic planning, "but you must remember, Mr. Hamilton, in 1976, we started with exactly zero per head."

[Text]

OUTSIDE my hotel, scores of children are making their way to school. Many are dressed in school uniforms of red and white, the national colors of Indonesia.

In the park opposite a high school, about 400 boys and girls start the day with mass exercises.

As the kids bend and stretch, the streets of Dili are alive with people. Fishermen are making their way up from the waterfront with rows of silver fish strung on hoops made from palm leaves and carried at the ends of a bamboo pole.

Women carry food and vegetables in bags and in baskets on their heads. Elderly Timorese, catching sight of me, remember their former European rulers and bob their heads deferentially and murmur "Good morning" in Portuguese.

At the police station opposite a row of Timorese in khaki uniforms line up to be inspected. There is a constant roar of motor bikes and scooters with girls riding modestly side saddle as pillion passengers.

The place is bustling, busy. A complete contrast to 1975 when the streets were almost deserted and the people scurried by, scared, as jeeps roared past full of gun-toting Fretilin troops.

There was very little food then either, and the shops, like the schools, remained closed.

Today, my first stop is at a building with a faded sign in Portuguese — "Liceu Dr Francisco Machado" — an old Portuguese high school, now flying the red and white Indonesian flag.

It is still a high school — and headquarters for Dr Ignateus Soeparto, the Indonesian head of the department of education and culture. He administers a budget of \$3.32 million and tells me that East Timor now has 376 primary schools attended by between 90,000 and 100,000 children.

There are also 28 junior high schools with 5594 students and

five senior high schools with 1053 students. There are also two teacher training colleges and a school specialising in economics.

Dr Soeparto says that when "integration" occurred in 1976, there were only 47 primary schools and two high schools. The Portuguese not only neglected education, they seemed to have had a deliberate policy of keeping illiteracy in East Timor around 93 percent.

Dr Soeparto says the transition from Portuguese to Indonesian in the schools has not been easy, but local Timorese are being trained as teachers and they are permitted to use the local dialects to teach children when they first arrive at school, aged between seven and 12.

Sixty percent of East Timorese children now attend school and as I am to witness shortly, the "Indonisation" of the children begins with youngsters, even in tiny village schools, learning Indonesian as a priority, under the omnipresent portrait of President Suharto.

They attend flag-raising ceremonies too, and chant the "Pancasila" — the philosophy of Indonesia embodied in five fundamental principles ranging from "belief in the one Supreme God" to the "unity of Indonesia".

Dr Soeparto says that promising students after leaving high school are attending universities in Jakarta and elsewhere, and the first East Timorese graduates have recently returned home. A university for East Timor is now in the planning stage.

I leave Dr Soeparto and go on to inspect a couple of other schools. The first is a high school specialising in economics where 306 students are sitting for exams. I am told that job opportunities are good for school leavers, particularly in the ever-growing public service.

The second is the Paul VI junior Catholic high school, where in the school library Bahasa Indonesian text books are lined up next to a rack of Bibles.

This school was opened in 1979 and has 434 pupils. It is funded mainly by the church which has just paid for a new classroom block. The state stepped in with funds to add a laboratory.

Next stop is a new hospital, being built in two stages, on the outskirts of town. Dili already has an old hospital which I visited in 1975 when a team, including some Australians, were working in primitive conditions to tend the civil war wounded. I particularly remember being shown one dying patient, with terrible injuries, who had forgotten to throw a hand grenade after removing the firing pin.

In the new Dili hospital two Indonesian doctors tell me their main problems are dealing with malaria, respiratory diseases and epidemics of gastro-enteritis.

They work with seven other doctors, including four specialists, in a bright, modern 200-bed hospital, which treats 5000 outpatients a month. All medical treatment is free.

There is a change of scene and pace after lunch when I am driven 24 km east of Dili along a road up into the hills and down again, past some minor landslides, to the coast again and the village of Metimaro (population 1644).

The village headman says Metimaro consisted of only three or four buildings in a Portuguese sub-district before the war. During the war, he says, people in the surrounding area were "obliged to follow Fretilin" and when the Indonesians arrived in Dili in December 1975, the people had fled to the hills.

In 1978, as a result of an amnesty, 15,000 people came down to Metimaro where they spent three months receiving medical care and treatment for malnutrition before being resettled.

The village itself was "reconstructed" and the villagers live in neat rows of huts, each with its own patch of maize.

A couple of kilometres from Metimaro is a similar village called Hera, where 13 teachers

are instructing 229 schoolchildren. I saw a class of 20 ten-year-olds learning Indonesian from a blackboard with the sentences translated as "The W.C. is behind the school. After using the W.C. I must wash my hands".

We go back to Dili and then set out westwards for the town of Liquica, which I have particularly requested to see again, as I visited the place in 1975 soon after it had been taken by Fretilin after a fight with the UDT.

The town then had been ransacked and looted, there were fresh graves on the outskirts of town and we had been hurried away after seeing three badly beaten-up and trussed prisoners and hearing shooting. I wanted to see Liquica under Indonesian rule.

However, I am defeated by the elements. Heavy rains in the mountains meant a flooded river and a ford too deep to pass.

Instead of turning back we deviate northwards to visit the "model" village of Bogoro (population 654). The place is all neat fences, neat houses, gardens and even flowers. There are plans for 26 of these model villages to be built, I am told, with ten already completed.

A beaming headman shows me around, accompanied by a 22-year-old Indonesian veterinary student from Lombok university called Dewi Hariani.

She is one of a corps of Indonesian volunteers who spend three months at a time in villages like this throughout Indonesia teaching village women skills such as sewing and child care.

Near Bogoro is a spot where, the locals says, Australian troops ambushed and killed a number of Japanese in World War II. Near Bogoro, too, is the mournful remains of an Old Portuguese jail, the cells nearly overgrown by the jungle.

Prisoners were even brought here from Portuguese colonies in Africa, say the locals. Nobody knows now many died or rotted away here.

On the road back to Dili there are other small villages

whose livelihood depends entirely on making salt. Brackish water is trapped in an estuary, evaporated, and then boiled away in iron tubs over open fires.

The salt is then scraped into small boxes made out of palm leaves, which then sell for about 50c each in East Timor's market places. A good salt maker can manufacture \$30 worth of salt a month.

When I travelled along this road in 1975 the villages of the salt makers were abandoned

and many of their huts destroyed. Today the villages are inhabited and working again.

There is one interesting vignette. One of the salt-makers is wearing a commemorative T-shirt.

It shows an Indonesian paratrooper coming down to land on a map of East Timor with some place names marked. The legend reads "R.I. (Republic of Indonesia), Maunisse, Tim-Tim." Maunisse, south of Dili, was once a Fretilin stronghold.

[3 May 83 p 1]

[Text]

I MAKE two attempts this morning to reach Ailieu, about 65km south of Dili. I had particularly wanted to visit Ailieu because it was a Fretilin stronghold, under the command of a Portuguese-trained sergeant in 1975 when I spent the night there.

It was also the source of many of the weapons used in the civil war and later the scene of alleged Fretilin massacres and mass graves. Further on, at Maubisse, I had also seen several hundred starving children queuing for food.

But I didn't make Ailieu today, despite our party travelling in two four-wheel-drive vehicles. The exercise reminds me how terribly difficult it is to move around Timor and the great problems that exist with roads and communications.

Our first sortie ends about 15 kms from Dili, half way up a mountain when we round a bend to discover about 50 metres of the entire road has tumbled down the mountain in a landslide.

We try another route, and on the way out of Dili pass the former Portuguese Governor's mansion, ransacked during the civil war, but now restored, complete with Indonesian coat of arms over the front door, as a guest house for VIP's, including President Suharto, who came here in 1978.



After an hour's climbing up into the mountains we come across another stretch of road, almost washed away, and after one of the vehicles becomes bogged down, almost to the door handles, we abandon the attempt and turn back.

About 10 kms up the mountainside is a checkpoint manned by a tough looking Javanese paratrooper in red beret and camouflage battledress carrying a sub-machine gun. He has about half a dozen local militia with him. He inspects our vehicles carefully on the way back to Dili.

The damage to the roads was caused two nights ago after continuous heavy rain.

The "wet", which generally goes from December until the end of March here, did not begin until February and is still continuing.

Our failure to get to Ailieu means there is now time on my hands, so after lunch I set out for a detailed tour of Dili.

I am taken first to Marinir village (886 people) on the outskirts near the new airport. This is another of the 26 traditional villages which is being upgraded, with Indonesian students living in along the lines of the old US Peace Corps.

A 21-year-old student teacher, again from Lombok university, shows me around, with about a dozen village women and 20 small children following behind. All seemed well nourished, but very curious and wary.

Under one shelter in the village about 24 small children are being taught the Catholic catechism, chanting the responses.

Closer into town we tour new housing projects. About 100 houses and single quarters have been built for the Indonesian public servants who have been sent here (there are now about 5000 public servants stationed in East Timor).

Further on is an estate of 578 cement brick houses being built for the ordinary Timorese. I call in on one — very basic indeed with just two rooms, a kitchen and a primitive bathroom. The Timorese who lives here pays \$28 a month in repayments and \$3 a month for electricity.

He has to put one year's repayments down before moving in. It is unclear what the capital price of the dwelling is and the Timorese seems a bit vague as to how long he has to pay it off. But although the dwelling is primitive by our standards, it would be far better to live in than a traditional thatched hut when the rain pelts down in the wet.

Dili's population is now around 60,000. Its population in 1975 was 25,000 — although this figure could be low, because people then tried to avoid being counted in a census. Once registered they had to pay a poll tax to the Portuguese.

I see a new Roman Catholic church, a new Protestant church and a new mosque in the suburbs — all built, I am told, with special grants from the government to demonstrate there is equality of religion under Indonesian rule.

Then along a road lined with new government buildings (departments of health and finance and regional headquarters for Radio Indonesia) to the Dili market.

The market is crowded with around 2000 people in a late afternoon shopping crowd. The contrast with the same place in 1975 is quite extraordinary.

Then a few hundred desperate people were vying for small amounts of food and selling their most treasured possessions such as carvings, and silver Portuguese escudo coins.

Today there is plenty of food and other goods in the market. Some sample prices — a glass of peanuts \$1; five ears of corn \$1; pork \$2 kilo; a large can of milk powder \$2.50; eggs, 10c each.

The most expensive item seems to be potatoes — I am quoted \$2.50 for about one dozen small potatoes, with the explanation that they have had to be fetched in from a place 80kms away.

Throughout my tour of the market I am trailed by a curious crowd of around 100 people and I realise I am the first European they have seen since the Portuguese left in 1975.

On the edge of the market there is a new addition to the Dili scene — small brightly colored buses called "bemos." The drivers tout for business and a ride to any part of town costs a flat 10c.

Another point should be made here. There have been allegations that food and medicines sent to East Timor through aid agencies such as the Red Cross have been waylaid by the authorities and sold through shops and markets.

However, I am to visit the Dili market twice during my stay in East Timor, once without my Indonesian escorts, and I also visit shops and stalls by myself. I see nothing to suggest that food or medicines are being sold illegally and nobody approaches me to offer black market goods.

[4 May 83 p 1]

[Text]

At breakfast, a meeting with the Economic Development Director, Jose Gonzalves.

He says the food situation remains optimistic if the rains stop soon. The late "wet" has brought with it the problems of bugs and weevils in the maize crop.

He says "some people" in the remoter mountain areas may still be hungry, but communications remain the problem. He tells me of a truck, loaded with supplies for one centre, trapped between landslides for several days.

I go to the old Dili airstrip. Now the patched-up control tower is under military command, with a couple of orange-suited Indonesian army pilots about to take off in a Sikorsky chopper being readied by a ground crew. The pilots wear side arms.

But I am travelling in a civilian helicopter and our pilot, Toby, also a civilian, has to have his blood pressure checked before he can take off.

He has already flown four missions this morning in the Bell, on charter to the provincial government and the Red Cross. The last flight was to take a Japanese insurance investigation team to the site of a helicopter crash two weeks ago which killed the pilot and a doctor and seriously injured two others.

At 9 a.m. we take off and are soon over some of the most rugged country in the world. Tiny thatched villages cling to razor back ridges. Little Portuguese churches, red tile roofs and white-washed walls stand out on hilltops.



There are waterfalls, huge rushing rivers, 30 metre high trees shielding flat green coffee plantations, and the mountains rear suddenly upwards and then fall away to reveal deserted sweeping Lost Horizon valleys.

Guerrillas could hide in this country for ever and never be found. But we fly confidently at between 500 to 2000 feet and there is obviously no safety requirement to stay beyond rifle shot as we fly over East Timor.

First stop is Maliana, 175 kms by road from Dili, a flat and very fertile valley. Here a new irrigation scheme is being developed to divert river waters to new rice paddies. And here too, in a neat row of 100 houses are 50 farmers, brought here with their families from the island of Bali, intermingled with 50 Timorese and their families.

The Balinese experts are showing the locals by example how to grow not only rice, but everything from cucumbers to beans, turnips and peanuts in the rich red soil.

The project is one year old. Each farmer receives two hectares of land. A quarter of a hectare is used for his home and vegetable garden, one hectare for a rice paddy and three quarters of a hectare left over for further cultivation. The farmers are each given a grant of \$3,000; free food, seeds, fertiliser and supplies for a year, and then they are on their own.

I talked to a Balinese and a Timorese farmer and they were both well satisfied with their lot. The Balinese said he wanted to spend the rest of his life here because the soil was so fertile, although he planned to go back sometime for a holiday to see his family.

The first crop from the project in December was a success and they are getting ready for a second rice harvest. It is an encouraging start to the plan to make Maliana the major food producer for a self-sufficient East Timor.

Up again and at 10.25 we land at Balibo on an oval in the middle of town with a couple of hundred schoolchildren shrieking with excitement and a tethered deer trying desperately to escape from the noise of the helicopter.

Here is the border town where five Australian newsmen died in October 1975. Today Balibo has a population of 13,224 and is the district headquarters for seven surrounding villages.

The local headman and Indonesian military commander meet me and escort

me up a hill to an old house where we have a short, if somewhat strained conference, with a score of local people poking their heads through windows to try to hear what is going on.

I ask where the Australians were killed. A touch of nervousness apparent as my question is translated. The translation back — nobody knows exactly where. Nobody knows how many people were killed in the fighting.

Everybody ran away across the border when the fighting began. Balibo was a no-man's land sometimes. There was the Fretilin and there was the "combined forces" — UDT, Apodeti and some Indonesian "volunteers."

When I ask if anybody knows where there is a building with an Australian flag painted on it, I hear the Indonesian military commander, who is possibly a senior NCO or junior officer, ask the Indonesian journalist who is accompanying me for my name. He writes this down on a piece of paper as the headman replies to my question that nobody knows where there is a building with an Australian flag on it.

Nobody can remember such a building. It must have been destroyed. We go up the hill further to look at the old house of the Portuguese administrator, surrounded by a stone wall and an arched gateway which dominates the town. The house has been patched up, but I could still see what looked like the pock marks of a burst of machine gun fire across one side.

I walked down into the centre of the town, a small dusty place with a signpost and some goats and dozens of very curious children. It would take a house-to-house search to try to find the place where the Australians died and there is no time for that.

I am disappointed. I hoped to find something, perhaps a chance remark, that might, at last, lay the mystery to rest.

But I found nothing except a dusty town and a lot of happy schoolkids. I don't think the mystery at Balibo will ever be solved properly. There was simply too many deaths in East Timor in 1975.

Up again, and at 11.15 we land at the small hamlet called Sare, which is 90 kms from Dili. This is the site of the biggest joint aid program in East Timor.

The Catholic Relief Service is spending US\$5 million over four years in a project to increase the food production

and living conditions for 400 families. By the end of the four years, 1,200 hectares will be under intense cultivation. Here the new and the old are side by side — a shed full of agricultural machinery is next to a small paddock full of tiny hard working Timorese ponies.

We fly back towards Dili and already the weather is closing in. We hover momentarily over a ridge, wait for a gap in the cloud and dart up, over and down.

At Dili airport I find 15 Timorese about to leave on the first leg of their journey to Australia under the family reunion scheme, which seems to be moving again since the visit of Australian Foreign Minister Bill Hayden to Jakarta.

I speak to four of them — Rui Antoreio Madeira Valadares and his wife Maria and her two brothers Roberts and Daniel. They are going to join another brother Francisco Lopez de Santos in Darwin. He went there in 1975 as a refugee. They decided to join him in 1978, but it has taken five years for approval to be given.

The three men are all driver-mechanics, but none seems to have a clue about what to expect from Australia or to know very much about it. The gulf could be as wide as flying from Lapland to Hong Kong. Yet Darwin is only 500 kilometres away and in Dili you can listen to the

ABC's Country Hour, broadcast from Perth.

In the afternoon another specific request is met when I am taken to the Dili Jail — the old Portuguese jail which I saw in 1975 crammed full of prisoners-of-war of Fretilin, housed in cramped and fetid conditions.

The difference is impressive. I am met by the jail's chief officer, a cheerful Indonesian called Sulistijo in khaki uniform, his warders in grey.

With the aid of charts he tells me he has 90 prisoners — 86 men and four women. Most of them (53) are in for periods of up to a year for offences such as stealing. But there are 33 murderers, most of them wife-killers.

He says his establishment is the only jail in East Timor and that there are no political prisoners.

Sulistijo led me on a conducted tour of the jail. First to the women's section with cells opening onto a courtyard with a small garden. The women, including one heavily pregnant, all looked clean and well fed, not afraid, but curious.

They are housed, two or three together, in good sized cells. All were quite clean. On the walls, former prisoners, including Portuguese, had scratched or written messages and rough calendars with days to go marked off.

[5 May 83 p 1]

[Text]

AT 9 a.m. we take off by helicopter again and this time head out eastwards over the mountains.

At 9.25 we land at the little village of Ostico, about 100 km from Dili.

The village has a total population of 790 — all former Fretilin fighters and supporters, and as the dust swirls upwards as we land, a burly brooding man with dark curly hair steps forward to greet me.

This is Porfirio Cursino de Araujo, 32, married with three children, the former Fretilin military commander for the area.

The people of the village seem curious and nervous as they follow Commandante de Araujo and me as we walk up the main street of the village between rows of thatched houses, each with its own small garden. We pass a commemorative cairn erected by Indonesian Army engineers who helped rebuild Ostico.

There is no sign of any regular Indonesian Army troops, but a couple of youths walking with us are carrying guns. I am told these are two of the 26 armed men who guard the village.

Each house has a rich vegetable garden, growing everything from beans to tobacco. Some rice paddies are near the village.

At the end of the main road is the Commandante's house and we sit down in the front veranda — underneath a portrait of President Suharto and, incongruously, a calendar featuring a white baby and a chimpanzee. De Araujo appears to be half Portuguese and he is wary.

He says he came to Ostico on February 2, 1979 with 1000 people. Two

hundred of them were carrying weapons. He says he was a public servant before the civil war, working in the Governor's office.

Joined

He joined Fretilin and took part in the fighting against the UDT in Dili.

In December 1975 "I was in the area near here when I heard that Indonesian troops had arrived in Dili.

"About December 10, three days after they landed in Dili, the troops began to arrive in Baucau, 17 km from Ostico, so we ran away to the mountains."

Did he have many fights with the Indonesian troops?

"There was not much fighting in this area, but sometimes in the mountains we had contact with them."

How many men did he lose?

"About 20 men during the four years."

Why did he surrender?

"In 1977-78 we heard that a lot of the commandantes in the western part had started to surrender. We ourselves had a lot of problems in the mountains and we decided to surrender too.

"There was no food and no medicines and we had to care for the children born in the mountains."

Did he or his followers receive any punishment from the Indonesians for being followers of Fretilin?

"We have not been harassed since we gave up. We started to get a new life. The government built us houses and we started to make new gardens."

"We needed food at first and we were given some by the government. But after 1980, after the people started to make their gardens and grow things, we have been self-sufficient."

De Araujo is now a contractor and drives a truck for a living. He drives to the nearby main town of Baucau, and ferries supplies between Dili and Baucau to Ostico — including materials needed for building a health centre and a school.

De Araujo says there are no Indonesian troops quartered in this village, only the local representative of the military, a policeman and the 26-man civil guard.

Integration, he says, "was the best thing that was to happen to us."

I feel as we walk together back through the village that the commandante seems rather resigned to his fate — being put on show as a reformed Fretilin leader is the price he has to pay for now being allowed to drive a truck for a living.

The helicopter lifts off again, and we fly over a long, international-length airstrip, built during Portuguese times, before setting down in the centre of Baucau, East timor's second biggest town. We land next door to a packed Sunday market and, as I step out of the helicopter, I am engulfed by scores of curious people who crowd around me as though I have just arrived from Mars.

Baucau is the administrative centre for a 1600 square km district in which 85,000 people live; 24,000 in Baucau itself. I go to an office building to speak to one of the local Timorese administration officials, and as I walk to the building, I notice a nearby military headquarters — with a camouflaged satellite receiving-dish pointing skywards.

I am taken off for a quick tour of "New Baucau", which is being built back from a cliff top overlooking the old Portuguese town. Again, thousands of dollars are being spent on projects ranging from a new 200-bed hospital, a new junior high school, government office blocks, and new houses for 320 public servants and their families. There is quite obvious pride displayed by my Timorese escorts as they show me around.

The Baucau market is worth a look. It is full of people and full of food supplies — peanuts, rice, cooking oil, vegetables and meat — all in plentiful supply. The people look happy and well nourished.

Because it is noon, and the cloud has come down over the mountains, we fly back to Dili hugging the coastline and following an Indonesian Army Sikorski helicopter flying below us, also returning to base

[Text]

AT 8 a.m. I put a yellow life jacket on and climb into the helicopter for the 27 km trip across the sea from Dili to the island of Atauro.

This is the place to where the Portuguese Governor and his troops fled when civil war erupted in 1975.

As we fly closer, the island seems a rugged, forbidding place. This is the place chosen by the Indonesians to isolate and hold Fretilin supporters.

We fly over a neat-looking village by the water's edge and land on an oval. Two smartly uniformed men step forward. The first is the military commander of Atauro, Captain of Artillery A. K. Sardjono, and by his side the head of the police force here, Lt. R. Lili Soetisna.

We walk to a hut where the captain, with the aid of detailed charts, gives me a briefing.

There are 5628 people living on Atauro Island. Local inhabitants number 2022. But outnumbering them are the 3600 people brought here from the mainland, together with six babies born to them here.

The maximum number of exiles held here, says the captain, was 4900 last year. The first people to be brought here arrived in 1980. The last people to arrive were a batch of 58 from a town called Manatutu in January this year.

They are guarded by seven regular army, 14 police, and 42 civil militia (Hansip). There are also 11 civil servants.

Who is being held here?

"Some of them are Fretilin, some are supporters, some are relatives," says Captain Sardjono.

"Gradually all will be sent back to the mainland. Most of them will go back to their former villages, but others will go with local transmigration programs to places like Maliana, to be resettled to raise more crops."

The captain says there are now 23 teachers and five primary schools for the children here. There is a health centre, and there used to be a permanent doctor, but he was killed in a helicopter crash two weeks ago. Other doctors from Dili come to the island for clinics. So do Red Cross workers, who man a special food centre and kitchen.

Does he have any problems guarding the Fretilin?

"No, no problems — they don't want to fight any more.

"The people here just want to develop their gardens. There is a plan to close Atauro down this year, but many of the people say they want to stay here. They like it better than the villages they have come from."

Supplies reach Atauro from Dili by landing-barge. Adults receive a daily ration of half a kilo of corn. Every fortnight they get rations of green beans, pork, salt, canned milk, and cooking oil.

Every day a special kitchen prepares food, including meat, soup, milk and eggs for children under five, people suffering from malnutrition, and pregnant and breast-feeding women.

The captain seems very frank with his answers. He says almost all the people had some kind of health problem or were suffering from malnutrition when they surrendered or were picked up by the Indonesian forces.

He takes me on a tour of the village. The people seem well fed and healthy. I see no signs of distended bellies or children with bad eyes, the most obvious signs of malnutrition.

There is no escaping the fact that people are being held here in contravention of basic human rights. But it must also be said that they are fed and housed well, inspected regularly by delegates from the International Red Cross, and there is not the slightest feeling that this is a concentration camp.

I am shown two store rooms, full of cartons of canned milk, sacks of dried fish, bags of salt, and many other supplies. There is no shortage of food here.

It is while we are touring the settlement that I am introduced to the local village headman, Manuel Do Rego. Another local man had told me the Portuguese once had an underground prison on Atauro.

I ask Do Rego — who promptly confirms it. He was a prisoner there!

He leads the way to a plot of maize under a cliff face. We walk through the tall corn until we reach a spot where Do Rego points down to the outline of stone walls. Half hidden nearby in

some bushes are the remains of some water tanks, also made of stone.

Do Rego says the Portuguese imprisoned people here from 1946 to 1952. He was a prisoner on this devil's island for two years and two months, accused of collaborating with the Japanese during the war.

During the daytime, he and his fellow prisoners were sent to work making roads. At night, they were imprisoned naked in these underground cells.

Do Rega says that of 2000 prisoners who passed through here, 1000 died. He says they are buried, sometimes 10 to a grave, in the mountain area. "They are there, beyond the church, in unmarked graves," he says.

The captain and the lieutenant salute goodbye, and we lift off from that awful place, back across the sea to Dili.

Before I leave Dili I make a farewell courtesy call on Governor Mario Carrascalao. His energy and optimism about East Timor and its future are again marked.

I ask him about the possibility of Australian aid for East Timor. He says all Australian aid, which has been welcomed, has been channelled through the Red Cross and other international agencies. But he believes it would be helpful some time in the future if Australia could advise on agricultural projects, particularly dry land farming techniques.

Would he welcome a visit to East Timor by a parliamentary delegation, or even by the Prime Minister, Mr Hawke, when he comes to Indonesia?

"I hope his excellency could come, very much. So far his information on what is happening here is second or third hand. We would very much like him to come and see for himself."

And, yes, a parliamentary delegation would be welcomed too.

"You must come back and see us again," he tells me. "Come back again, and see what we are doing."

"Come back to East Timor — any time!"

CSO: 4200/617

'INDONISATION' OF EAST TIMOR REPORTED COMPLETE

Brisbane THE COURIER MAIL in English 27 Apr 83 p 1

[Article by John Hamilton]

[Text]

THE Indonisation of East Timor is complete.

The red-and-white flag of the Indonesian republic flies outside the headquarters of the 13 districts and the 64 sub-districts of this remote and mountainous land.

It flies from makeshift flagpoles in 1170 villages. It flies outside barracks and police stations, new administration buildings, health centres and hospitals.

Above all, it flies above the schools. When the Portuguese ruled East Timor, there were 47 primary schools and two high schools. Illiteracy was estimated to be 93 percent.

Today between 90,000 and 100,000 Timorese children, in red-and-white school uniforms provided by the government, attend 376 primary schools. Another 6600 attend 35 high schools. The first Timorese have just graduated from universities elsewhere in Indonesia.

And in towns and villages throughout the 27th Province of Indonesia, the land they call "Timor Timur" or "Tim Tim", the children bend over their exercise books, learning Indonesian, while a portrait of President Suharto, in each classroom, stares benignly down.

Indonesian is now the lingua franca of East Timor, Indonesian customs and procedures are its way of life. The process of "integration" is complete. East Timor is part of Indonesia. We might not agree with the way integration was achieved, but like it or not, Timor Timur, the 27th Province of the Republic, is now a fact of life.

I have just spent six days in East Timor. From Dili, the capital, by four-wheel-drive vehicle and by helicopter, I visited nine other towns and villages to the west and to the east.

In September, 1975, at the height of the civil war and with the Fretilin movement in nominal control, I spent the same amount of time in East Timor. I thus have some basis for comparison. In addition, on my way to Dili, I spent two days in West Timor, part of another Indonesian province which has become East Timor's poor neighbor.

The difference between East Timor 1975 and East Timor 1983 is a little like trying to describe a picture show in which the first half is an adventure movie about a revolution in a banana republic followed by a long interval and a second movie which is a documentary about social change in an agrarian society.

In 1975 I flew to Dili from Darwin aboard a chartered twin-engine light plane and landed on a strip littered with spent bullet shells and unexploded mortar bombs, lying beside a control tower blasted by machinegun fire.

In 1983 I flew to Dili from Kupang aboard a scheduled daily jet service which landed on a new all-weather airstrip and taxied to a new air-conditioned air terminal.

In 1975, accompanied by a member of Fretilin toting a sub-machinegun, I drove on an unmade road into the almost-deserted town of Dili, where shops were closed and shuttered and the only traffic was the occasional truck or Jeep, loaded with Fretilin soldiers heavily armed from the arsenal

of weapons the Portuguese had left behind.

In 1983, a Timorese public servant in a Toyota drove me into Dili along made roads thronged with cars, trucks and motorbikes, past new housing estates, new administration buildings and stopping only for the traffic lights and the one-way road system which has been installed to cope with the traffic.

A desperate, frightened little town of about 25,000 people has been transformed into a bustling little provincial city, going about its business. Law and order have replaced anarchy and apprehension. There are still guns to be seen. They are carried by the civil and military police and a civil-defence force called Hansip. They are also carried by the men of the two battalions of Indonesian-trained, East Timorese troops.

The best intelligence estimate, according to a reliable diplomatic source, is that there are now 7000 men under arms in East Timor. They maintain law and order among a population now officially estimated to be 583,000.

There appear to be no large concentrations of Indonesian troops left in East Timor. The only air activity I sighted was three army helicopters operating from the old airstrip in Dili. The helicopters were unarmed. The only naval activity appeared to consist of two landing barges, used to ferry supplies between Dili and the island of Atauro.

I had no sense, during my visit, that I was living in an armed camp — in stark contrast to my experiences in 1975. That is not to say that a military presence was not apparent in 1983.

Under the Indonesian system of government, power is shared by the civil authority and the military. This meant, for example, that in every village I went to, the local civilian head man would be accompanied by the local military representative.

THE unseen army at work in East Timor is the army of Indonesian civil servants.

There are now 5000 of them in the province, administering a budget of \$58 million a year.

Since "integration" became official in 1976, Indonesia has poured more than \$150 million in aid into East Timor.

More than \$2 million was spent between 1976 and 1977 on "rehabilitation" — in other words, repairing war damage.

You have to look very, very carefully in Dili today to find any evidence that a civil war was fought here, or that the town was subject to a landing by Indonesian troops in December 1975. It was only by going to buildings that I knew had been shot up or mortared in 1975, and looking carefully at the plaster and paint work, that I could occasionally detect a faint scar of war.

Poor neighbor

The East Timor budget of \$58 million is the envy of other Indonesian provinces — in particular West Timor, its poor neighbor on the other end of the island.

There Governor Ben Mboi rules a population, including those people on neighboring islands, of 2.7 million people with an average income of \$10 a month. The total annual budget for this province is \$48 million. So, in other words, East Timor, with a population one fifth that of its neighbor, is getting \$10 million a year more in funds.

The three priorities in East Timor are education (\$3.32 million), transport (\$1.26 million), public works, including roads (\$1.6 million) and health (\$1.09 million).

By contrast, in 1974, the Portuguese budget for its territory was \$12 million, in addition to the cost of garrisoning 2000 troops on the island.

The Indonesian Government, by pouring aid and experts into East Timor and building schools, houses, hospitals, welfare centres and roads, is, of course, consolidating its "integration" of the province. The funds are employed with an almost-missionary zeal, and the daily jet to Dili disgorges a constant stream of top Indonesian department heads and ministers, anxious to see for themselves how their pet projects are coming along.

Is there still resistance to Indonesian rule?

No, says Governor Mario Carascalao, 42, a Timorese engineer and former member of the pro-integration UDT.

"There is no fighting going on now. This is a very quick development. Until December last year we

had trouble. But there is no more shooting. You can go anywhere now with no trouble. There are a few Fretilin people left in the mountains. I think they are just waiting for the best time to give up."

'Nuisance gangs'

An Indonesian military source in Jakarta said there were "only a few nuisance gangs left with, at most, 200 to 300 guns."

The feeling that the fighting has stopped may be borne out by the situation at Atauro Island. I flew by helicopter the 27 km to the island to see for myself the place to where the Indonesians forcibly removed thousands of Fretilin supporters and relatives from villages on the mainland. The Indonesians maintain that many of these people were removed for their own safety so they would not get caught in the crossfire during fighting.

Last year there were 4900 detainees on the island. Today the figure stands at 3606. The Indonesians say the last batch of 58 detainees came to the island in January this year and there has been none since.

The Indonesians also say that they are stepping up repatriation.

"We believe that by the end of October there will be no more of these people on Atauro," Governor Carrascalao told me. "The people will go mostly back to their former villages where we are rebuilding their houses where necessary. We will also have to feed them and look after their other needs for at least three months after they return, until they get their gardens established."

The 3606 people on Atauro are guarded by seven soldiers, 14 police and 42 militiamen. The island is visited regularly by the International Red Cross. I saw two storehouses full of food and Red Cross workers handing out rations to small children and mothers.

Dressed in rags

Many of the children were dressed in rags and living conditions in "dormitories" with corrugated-iron roofs and plywood sides with partitions made of black plastic sheeting are primitive and leave much to be desired.

But many families are living together in new thatched palm huts and have planted new gardens of maize and vegetables. I was told that some did not want to leave Atauro.

Certainly there are no barbed-wire fences and not the slightest feeling that this is a concentration camp. I saw no signs of malnutrition and the people did not seem cowed. Most of the men carried parangs — bush knives — and if there was any animosity, the small Indonesian force on Atauro could easily be overcome before any reinforcements arrived from the mainland.

On my arrival in East Timor, Governor Carrascalao invited me to "go wherever you like and see whatever you like".

In practice, this proved easier said than done, and here I should mention the constraints under which I operated in East Timor.

Firstly, I do not speak Indonesian, Portuguese or Tetum (the local language) and I therefore had to rely on Indonesian interpreters to translate my questions and replies from the Timorese.

Secondly, my visit to East Timor was organised by the Indonesian Centre for Strategic and International Studies in Jakarta and in East Timor. I was accompanied most of the time by an Indonesian journalist, Mr Yop Pandie of Swara Karya, the country's third-biggest newspaper, together with local representatives from the provincial government, including one man who took notes of most of my interviews.

Travel hard

The third and biggest constraint was the sheer physical task of moving around East Timor. The rugged mountainous nature of the country makes travel difficult and this was compounded by the late wet season.

Two weeks before I arrived in East Timor, the only civilian helicopter available crashed in bad weather trying to find its way back to Dili, killing the pilot and doctor aboard.

A replacement helicopter, in which I travelled, was under strict instructions not to be airborne after midday, when cloud comes down

and blankets the Timorese mountains. This necessarily somewhat restricted the range of my travels.

Similarly, I specifically asked my hosts if I could visit the provincial towns of Liquica, to the west of Dili, and Aileu, through the mountains to the south.

I had visited both towns in 1975 — Liquica soon after it had been captured from the UDT by Fretilin forces and Aileu when it was a Fretilin stronghold (and later the scene of alleged massacres and mass graves).

We set out on two separate days by road to reach these towns — but on each occasion failed to reach our objectives because of flooded rivers, landslides and washaways.

Balibo visit

The Indonesian authorities met most of my requests — including a flight to Balibo, the small town near the border with West Timor where five Australian newsmen were killed in October 1975.

This was to be the major disappointment of my visit. Although I questioned villagers and the local civil and military heads closely, no one could guide me to the spot where the Australians were killed, nor could anyone remember a wall with an Australian flag painted on it. I don't think anyone was hiding anything. Most of the villagers had run away when the fighting was on and they had returned to find many homes destroyed. No one seemed to know anything about the deaths. It was too long ago . . . too many deaths ago.

The only specific request that met a blank was an interview with the Indonesian military commander in East Timor. I also asked to meet the Roman Catholic Apostolic Administrator in Dili, but when I arrived on his doorstep he said he was too busy to see me.

On the other hand, a request to visit the Dili jail was promptly agreed to. Ninety prisoners are housed in decent, clean conditions in the old Portuguese jail — the same place I had visited in 1975 when it was filled with prisoners of war taken by Fretilin, a place dirty and miserably overcrowded.

No famine

The most-optimistic note concerns food production in East Timor. There is no famine, no food shortage now, and the late rains are expected to help the situation further. East Timor needs to produce 65,000 tonnes of rice a year to be self-sufficient. At present it can produce only 45,000.

But a new irrigation project at a place called Maliana, staffed by experienced farmers imported from Bali, means that within two years East Timor could be self-sufficient in food.

Governor Carrascalao speaks even more optimistically about other projects for the future. He says he can see no reason Australian tourists should not be visiting East Timor within the next two years — once some new hotels are built. There is already an international-length strip at Baucau to the east of Dili, and the strip at Dili also could be lengthened.

But that is in the future — the priorities now are education, roads, health care and agricultural projects.

As long as Indonesia continues pouring aid into East Timor, its future — at last — seems bright. After more than 300 years of Portuguese neglect, and enduring not only a world war, but a civil war as well, the place deserves a break.

Timor-Timur, 27th Province of the Republic of Indonesia, is now a fact of life.

INDONESIA

TIES ESTABLISHED WITH YAR; ENVOY APPOINTED

BK311235 Jakarta ANTARA in English 0909 GMT 31 May 83

[Text] Jakarta, May 31 (ANTARA-OANA)--The governments of the Republic of Indonesia and the Arab Republic of Yemen (North Yemen) [YAR] have agreed to open diplomatic relations on ambassadorial level, the Foreign Office announced Tuesday.

It said the agreement for the diplomatic ties between the two countries was also announced in Sanaa, the capital of the Arab Republic of Yemen.

The opening of the diplomatic relations between the two countries is based on the desire of both sides to promote cooperation and friendly relations pursuant to the UN Charter, as well as strengthen relations between the two nations as members of the Islamic Conference and the non-bloc movement, the Foreign Office said. The government Tuesday also announced its approval on the appointment of Ahmad Qa'id Barakat as the new ambassador of the Arab Republic of Yemen to Indonesia. Barakat will be his country's first ambassador to this country.

Barakat was born in Sanaa, Yemen, in 1934. He got his B.SC Degree from the Birmingham University, London, in 1958, and a D.I.C. from the Imperial College, also in London, in 1959.

He had previously been Yemeni ambassador to West Germany and Yemen representative to the European Commission.

He was a state minister in the Yemeni cabinet from 1978 to 1981.

His latest position before being appointed as ambassador to Indonesia was as Yemeni ambassador to Japan.

He is married with three children, two boys and one daughter.

CSO: 4200/623

TIN PACT WITH THAILAND, MALAYSIA EXPECTED

BK311041 Jakarta ANTARA in English 0826 GMT 31 May 83

[Text] Jakarta, May 31 (ANTARA-OANA)--Indonesia, Malaysia and Thailand are expected to sign the instruments on establishment of the Association of Tin Producing Countries (ATPC) soon.

The three countries, the world's major tin-producers, were earlier reported to be planning to do the signing last May but informed sources here said Tuesday the time has now been set at early June.

At a ministerial meeting of tin-producing countries in London on 28 and 29 March 1983 it was decided that the ATPC would automatically come into being when the countries that had signed instruments for its establishment represented at least 66 percent of total world tin-production.

Malaysia's tin production accounts for 34.81, Indonesia's 20.5 and Thailand's 18.29 percent of world production.

At the London meeting it was also stipulated that tin-producing countries would have 2 months' time since 1 May 1983 to declare whether or not they would join the association.

Prof. Dr. Katili, director general of general mining affairs, Ministry of Mines and Energy of Indonesia, said he was optimistic that the ATPC would become a reality because Indonesia, Malaysia and Thailand combined accounted for more than 66 percent of total world production.

The informed sources said where the association would have its headquarters had not yet been discussed but that this question would be decided later.

They said the association would not be a cartel nor would it be a rival to the International Tin Council (ITC) based in London. In fact, it would complement the ITC, they said.

Once the ATPC has formally come into being other tin-producing countries with potential for tin-exports but no member of ITC, were expected to join the association also. These countries include the People's Republic of China, Burma, Brazil, Nigeria and Rwanda.

The ATPC differed from OPEC (Organization of Oil Exporting Countries) in that OPEC member countries all had equal rights while every decision was taken by consensus.

The emphasis of ATPC activity was on research and development in order to increase tin consumption in the future and help tin compete with aluminium. Supreme authority in ATPC is held by a council of ministers while its decisions are implemented through an executive board operating on non-ministerial level.

The ATPC is not designed to compete with ITC but to devise ways of ensuring the stability of the income of tin-producing countries, the sources said.

CSO: 4200/623

CONFUSION ON ISLAM'S ROLE IN MALAYSIA

East Burnham ARABIA THE ISLAMIC WORLD REVIEW in English May 83 pp 32-33

[Text]

In this cautious, perhaps pessimistic, assessment of the real outcome of the Islamic attitude of Prime Minister Mahathir and Anwar Ibrahim, *Hussin Muthalib* finds too much religiosity and not enough real revival in Malaysia

☉ The former prime minister of Malaysia, Tengku Abdul Rahman, in a speech marking his 80th birthday, cautioned the Singapore government against turning Singapore into a Chinese state and reminded the Malaysian government not to turn Malaysia into an Islamic state. For a man whose work for Islam has gained him international acclaim (recently he won the Hijrah as well as the King Faisal Islamic awards), to appear to reject the capacity of Islam to resolve man's perennial problems of nation-building today is, to say the least, a paradoxical and an unintelligible act.

The Malaysian media has offered no substantial response to the speech. It seemed inappropriate for the media to mar Tengku's birthday celebrations by criticising his lack of faith in the Islamic alternative to Malaysia's plural society. It could also be said that harsh words against the "Father of Independence," amid the public praise and the apology by Prime Minister Mahathir to Tengku, would have been an injustice to Mahathir too.

The nature of Mahathir's accolades – and his subsequent apology to Tengku for previous misunderstandings – however, have to be seen

in the context of the intricacies of the Malaysian political system. It is highly probable that, in acting the way he did, Mahathir was behaving as a genuine Muslim leader should behave: forgive and forget, especially when one is in power.

Other factors could have guided Mahathir's speech: that it was delivered at the Malaysian Chinese Association (MCA) building; that Tengku symbolises non-Malaysian sentiments; that something had to be done to soothe the sense of insecurity that many Malaysians harbour as a result of the current government's emphasis on Islam in the country, and related considerations.

As an established statesman and first secretary-general of the Islamic Secretariat in Jeddah, as well as the current chairman of Perkim (the Muslim Welfare Association of Malaysia), Tengku could have been more judicious in his remarks that Malaysia should never be an Islamic state. If his aim is to convince the present Malaysian leadership that they must always value Malaysia's multi-racial population in the formation of their policies, it is a fair remark. To convey this concern by calling for a halt to the government's Islamisation efforts, leading to a meaningful and just Islamic society, is to misconceive the Islamic faith and what it can offer humanity.

To imply that an Islamic state endangers the rights of non-Muslims is too simplistic – and even distorted – an approach towards Islam. If Islam is the best religion, then it is a religion for all mankind and for all societies, be they heterogeneous like Malaysia or homogeneous like those of some European communities.

This kind of pseudo-conceptualisation of Islam arises out of various factors, among them the lack of material on the Islamic alternative in governing a state; the vagueness of what an "Islamic state" is; and the deliberate attempts

by western Orientalists to distort Islam by claiming that it was spread through the sword, and more recently, by equating it with the excesses that have taken place in countries such as Iran, Pakistan, Saudi Arabia and Libya – much of the garbage that is printed in the western press about Iran, for instance, is being blindly swallowed.

It may be useful to specify what is meant by an "Islamic state." An Islamic state is any state that preaches and practises the commandments of Allah as enshrined in the Quran and the Hadith. These define man's relationship with God; his position and role with his fellow man – and they encompass the execution of universal aspects of justice and equality in the state's programmes.

Ideally, an Islamic state has God as the fountain-head of all its ideas and actions; securing God's acceptance (Keredhaan) must always be the guiding framework from which all the state's policies are formulated and implemented. Government posts in key ministries should be in Muslim hands, as we see today in Malaysia. In an Islamic state, God Almighty is the guiding principle, unlike other political systems where leaders are only answerable to the masses. Since God is the guiding element in an Islamic state, the question of the Islamic state posing a threat to non-Muslims – or to anybody – does not arise; God cannot be a threat, although it is conceded that leaders who implement God's laws can be.

In fact, properly conceived and executed, Islamic policies are advantageous to any country, be they countries where Muslims are in a majority or in a minority. The problem here is that most Muslims do not fully understand Islam and that many of the so-called "Muslim leaders" are chosen to lead "Muslim countries," not in accordance with the Islamic principles of piety to God. Only when we have leaders with this quality can we produce a society to the benefit of everyone, be they Muslim or not – and this is applicable to Malaysia too.

So long as Muslims do not make a concerted effort to come to grips with the fundamental concepts of Islam and so long as Muslims do not practise Islam fully, we should not blame non-Muslims for viewing Islam and the current reassertion of Islamic norms and principles as a threat to their interests and security.

Let us return to the Malaysian scene. What some of the Malaysian leaders are doing now – Anwar Ibrahim and Mahathir in particular – is not only appropriate towards ensuring a better future for all Malaysians, irrespective of race and religion, it is also in congruence with the Malaysian constitution, which upholds Islam as the only official religion of the country; they are not acting *ultra vires*, that is, contrary to

the spirit of the constitution. Given the high level of ignorance of the Islamic ideological spirit, all that is being done in Malaysia today – such as the Islamic Bank, the Islamic University, Islamic pawnshops, and general laws prohibiting Muslims from side-stepping their religious duties as Muslims and responsible human beings, is viewed with awe and suspicion by some. Sometimes, genuine Muslim leaders and personalities are subject to a stream of criticism labelling them as "fundamentalists."

It is perhaps opportune to restate that unlike other religions, in Islam there is no demarcation between the worldly and the spiritual. Claims by some leaders that Muslims should not get involved in politics are symptomatic of the level of understanding. Often, these political leaders see Islam as a threat simply because they themselves do not practise Islam but prefer to amass their economic and political power for their vested interests.

To a Muslim, accepting Islam means accepting his responsibility to build a society based on justice and equality. Therefore it is inconceivable that he should be oblivious to all the corruption and abuse of power that is present in his society. To be a Muslim does not stop at praying five times a day, or fasting.

Thus, seen in this light, to put it into meaningful practice the official status of Islam as the "official religion" in Malaysia, it is obviously legitimate for the government to embark on a programme to gradually Islamicise the major institutions in the country. There is not much sense for a Muslim anyway, to accept Islam as the official religion of the country if that ends at the building of mosques. It is an unfortunate colonial legacy that many Muslims have had to live with this kind of Islamic mentality and orientation for such a long time.

Things have changed as the relevance and significance of Islam are beginning to be unveiled in more meaningful forms within the last few decades. However, much more has to be done to drive home the message that Islam is relevant to the modern man of today. In Malaysia, this message is being vigorously pursued by movements like Abim (Malaysian Youth Islamic Movement) and Darul Arqam, the former in particular. Despite their efforts, the true Islamic spirit has not permeated large segments of the general masses. What is the explanation for this state of affairs?

One must understand that the contemporary reassertion of the Islamic ethos internationally has different impacts upon different categories of people – the elites and the masses. While the majority of Muslims, however, share a sense of dignity and pride in this rise of Islam in the global political arena, Islam has not struck them in more profound ways. In many countries today, including Malaysia, what is

happening is not so much the revival of Islam but the reassertion of religiosity; there is a marked difference between the two in terms of one's level of understanding and commitment to Islam. It is accepted that religiosity is a necessary stimulant which acts as the foundation of Islamicity, but it is only the first phase towards accepting Islam as a way of life.

It is hoped that Abim and similar Islamic movements and institutions will continue to inculcate the Islamic spirit among Muslims in Malaysia and will continue to be the dais (propagators) of the Truth. But the obstacles and challenges that lie ahead are immense. These include the constitutional limitations; the existence of so-called Muslim leaders who are in fact using Islam for their economic and political ends; or those whose way of life makes them view Islam as unpalatable and, invariably, a threat to their status and power; the fragility of ethnic relations in the country; the ignorance of Islam by the majority of the Malaysian people; and related constraints.

Thus, much more has to be done in the way of explaining, clarifying and above all, inculcating the Islamic philosophical spirit among Muslim leaders in particular, and the masses. Muslims must first understand and practise Islam and improve their personality and integrity before they can be an example to others, before they can convince others that in Islam their security is safeguarded and even enhanced. If this aspect of socialisation is ignored, one will continue to hear remarks, such as Tengku's, that Islam, even if practised wholly, is not a feasible and viable panacea towards resolving man's perennial problems.

CSO: 4200/620

VOMD COMMENTARY ON JAPAN'S DEFENSE POLICY

BK171054 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 12 May 83

[Unattributed commentary: "Beware of Japan's Remilitarization!"]

[Summary from poor reception] "Today, when the two superpowers, the Soviet Union and the United States, are intensifying their contest for world hegemony, the expansionist ambition of the Soviet Union is threatening the security of Asian countries. The peoples of Asian countries, including ours, who suffered much from Japanese military aggression in World War II, sympathize with the Japanese people and believe that it is necessary for them to build strong armed forces to protect their country's security. At the same time, Asian people are very much concerned that Japanese militarists will take advantage of the opportunity."

People ask: Is Japan strengthening its military only to face foreign aggression, or is it doing so in preparation of another southward thrust to realize its old dream of a "Greater East Asia Coprosperity Sphere"? Japanese Prime Minister Yasuhiro Nakasone recently likened Japan to an unsinkable aircraft carrier, causing greater apprehension among the public at large. "Is the Japanese military expansion being carried out to deal with aggression from the north or is it in preparation of a southward thrust to expand its influence? Indeed, that is the real question!"

It is generally believed in Southeast Asia that it is an urgent task of Japan to strengthen its defense and self-defense forces by its own strength, because Soviet aircraft and ships with nuclear arms on board have "continuously" appeared in Japanese airspace and waters. "The four northern islands under Soviet occupation have been turned into a Soviet frontline, strategic base to expand Soviet influence in the Far East."

The Nakasone administration, however, is "engrossed in drawing benefits from U.S. cooperation." It says that "matters of state defense are only considered on the basis of the Japanese-U.S. security treaty." In running its air force, Japan has always kept in mind its plan to protect its sea-lanes up to 1,000 nautical miles offshore. "The Southeast Asian countries, which are located on these sea-lanes, are very much concerned and restless about the defense policy." Following his rise to power, Nakasone has made this a basic defense policy.

"The public at large in ASEAN countries say that a distance of 1,200 nautical miles, or 1,600 kilometers [as heard], measured from Tokyo, will actually reach far outside Japanese waters, extending the reach of the Japanese Navy and Air Force as far as the South China Sea and putting Taiwan, the Philippines, and Indonesia within the Japanese sphere of influence."

"Philippine President Marcos has said that Japan still harbors the ambition to control Asia economically, politically and militarily, in that order." Nobody can say for sure that Japan will not launch aggression against Asia with the arms supplied by the United States.

"It is not without reason that Asian countries, ASEAN countries in particular, are always vigilant toward the revival of Japanese militarism, a hidden danger, the existence of which is proven by objective evidence." Japan has become the number two economic power in the capitalist world. As a large raw materials importer, Japan is seeking to dominate the Strait of Malacca, because the problem of navigation safety has become for Japan a matter of life and death. Hence, the 1,000-nautical-mile defense has been conceived.

Under the Liberal Democratic Party, 80 percent of the Japanese economy depends on four big capitalist groupings: the Japanese Economic Federation [Kesatuan Ekonomi Jepun], the Japanese Federation of Economic Organizations, the Japanese Chambers of Commerce and Industry, and the Economic Federation [Kesatuan Ekonomi]. "All government policies are shaped according to the wishes of these capitalist groupings. In view of the current world economic crisis and to protect their own interests, the big capitalist groupings may again resort to foreign aggression, disregarding the safety of the nation." Japan's modern industry can easily be converted into a military one. Japan now has 43,900 arms factories as against 120 before World War II.

Extreme rightists in Japan are seeking to revive militarism. "Yasuhiro Nakasone, the present prime minister, is a Liberal Democratic Party leader who is very close to the radical military group." "He was very close to Yukio Mishima, a notorious militarist writer." In Parliament, 26 of the 49-man Nakasone group are anticommunist and pro-Taiwan.

Any sign of military revival in Japan will be closely followed by the people in Asia. "Last February, Nakasone dispatched a special envoy to China to openly declare that the war launched against China in the past was an act of aggression. Later, Nakasone himself gave assurances to ASEAN countries that Japan would not dispatch its navy to Southeast Asia. These gestures may be appreciated, but the attitude and assurances cannot bring relief to the concern of the people in this region."

So long as the big capitalist groupings are in control of Japanese politics, "Asian peoples, in fact, the whole world are closely following every step and development launched by Japan in its attempt to strengthen its defense."

CSO: 4213/522

PRIME MINISTER INTERVIEWED BY SAUDI PAPER

PM271100 Riyadh AL-JAZIRAH in Arabic 23 May 83 p 27

[Interview with Prime Minister Dr Mahathir bin Mohamed by Dr 'Umar Khan in Kuala Lumpur--date not given]

[Excerpt] Question: Mr Prime Minister, how are the relations between Malaysia and the Arab world?

Answer: We are a developing country and historically we have much in common with the Arab world. Islam entered this part of the world with Muslim Arab merchants. Those merchants guided us to the light of Islam by themselves setting a good example. At present our relations with the Arab world, and Saudi Arabia in particular, are excellent.

Although we may not be able to offer technology or higher education or any other advanced item, we believe that we can certainly exchange trade with each other. Malaysia offers good investment opportunities. In the field of investment God has granted Malaysia many natural resources. What we can do is to enter into trilateral participation that ensures investment funds from Saudi Arabia, resources, sites, and manpower from Malaysia, and, finally, technology from a third country such as Japan.

Malaysia itself, along with Asia and the Pacific and Japan in particular, represents a big market for selling products. Let me assure you that we have many things in common with our brothers, particularly our Saudi brothers.

Question: Mr Prime Minister, how do you evaluate the recent regional conference of Asian and Pacific countries which the United Nations held in order to discuss the Palestinian problem, and was there anything new?

Answer: Let me assure you that the conference held in Kuala Lumpur during the first week of May was different. The outcome was not mere resolutions but a plan and method for action by the United Nations and the Security Council. One of the prominent and influential facts about this meeting was the plan and method of action, which were unanimously approved by the 42 countries represented at the conference by heads of state, prime ministers, or senior officials. These countries represented two-thirds of the

world population, which clearly indicates to other world countries the scope of the Asian continent in solving the Palestinian problem peacefully, not militarily. We hope that this will encourage the United States to bring pressure to bear on Israel to make it accept the reality of a Palestinian Arab state established entirely on Arab land regained from Israel. We will go to Paris in August in order to attend the international meeting to be held there under UN sponsorship to discuss the Palestinian problem.

Question: We hear a lot about the Strait of Malacca, through which oil tankers and other vital supplies pass in both directions. What is your comment?

Answer: Allow me to interrupt you. The strategic Strait of Malacca has been our property throughout history. I mean that responsibility for it falls on the countries around it.

We can defend the strait. It is important that I point out that the Strait of Malacca at this end of Asia and the Strait of Hormuz in the Arab Gulf historically have been important outlets for the spice trade. We all, Arabs and Malaysians, should face the attempts by the colonialists with courage, because oil and other important commodities now pass through these straits, so the Arabs and Malaysians must once again show that they are capable of defending their straits by themselves.

Historically we Malaysians have learned and absorbed Islamic Arab values. We believe that Malaysia faces problems similar to those faced by the Arab world. Therefore we must cooperate and help one another so that we are strong enough to repel any danger to us. In today's world we face similar threats and therefore should share the same solutions.

Question: The developing countries export raw materials, and the advanced countries want these materials, but not in manufactured form. Will this situation ever change?

Answer: Well, we do not want to become raw material exporters. We want to produce and sell manufactured goods, and at the same time we do not want to compete with the industrialized countries. What will happen is that some industries will shift from the developed countries to the developing countries, and the result will be that the developing countries will become advanced and rich and offer wider markets for the other advanced countries. For this reason I believe that this transfer will be of common benefit to both sides.

Question: You have raised the slogan of looking eastward, that is, learning and benefiting from the Japanese experiment. Will you further explain this to us?

Answer: Nobody can exactly copy others, but we can certainly learn from others. We have learned from the Arabs, and the Arabs learned from the Malaysians, as well as from Europe and India. What is important is that we

learn what is right and suitable for us. When we look eastward it does not mean that we are about to become Japanese. What we want to learn from Japan are the criteria that enabled it to succeed, and then we want to develop and adapt these criteria to suit our conditions so that they lead to our success as well. Naturally, during this process we will not copy aspects of Japan that do not agree with our Islamic, social, and moral values. Therefore I repeat that we will not exactly become Japanese, and this is not our course. We are Malaysians.

Question: You met with Japanese Prime Minister Yasuhiro Nakasone 9 and 10 May. At the end of this month he will attend the industrialized states' summit in the United States. Will he carry the developed countries' views to this meeting?

Answer: Yes. We and the leaders of a number of other developing countries which he visited discussed with him the views of the developing countries. We want the developed countries to have flourishing economies and to open their markets not only for the raw materials we export but also for the finished products. Also we want to improve the balance of payment with the North. We here in Malaysia asked Mr Nakasone to submit our views regarding the need to revitalize the world economy, solve the Palestinian problem, and deal with the problem of the oil slick in the Gulf and disarmament. This is in addition to other matters and to the steps that should be taken to make the world a better place for our children and future generations.

Question: Do you believe that modern technology and science are contrary to Islamic values?

Answer: Islam's contribution to mankind is an undeniable fact. My answer to the question is certainly no. Islam is the best and most accomplished way of life in the modern age. What happened is that we forgot our values and went on forgetting them. More than 400,000 Muslims live in non-Islamic countries in order to learn modern science and technology. It is my hope that we, the Islamic countries, will once again become a source of science and technology for mankind within a short time.

In order to achieve this objective we must reevaluate our way of life and follow Islamic teachings in everything. I also believe that technology is a knowledge that we should learn. Muslims should not look under their feet. They should look to the ancient past in order to learn its lessons, to the future, and to the world around them. They must adhere to Islamic teachings and establish real and not just verbal fraternal relations among themselves. I, as a modest Muslim, deeply believe in Islam and am confident that His Majesty King Fahd ibn 'Abd al-'Aziz shares with me the same belief, for he is a strong Muslim leader. I would also like to thank AL-JAZIRAH for this interview.

CSO: 4404/410

MINISTER SPEAKS ON MALAYSIA'S 'LOOK EAST' POLICY

BK290859 Kuala Lumpur International Service in English 0600 GMT 29 May 83

[Text] The minister in the Prime Minister's Department, Datuk Abdullah Ahmad Badawi, says Malaysia's Look East policy must be a reciprocal program with an earnest attempt by Japan to speed up the transfer of technology to the country. He feels the acquisition, use and development of appropriate technology are essential to Malaysia to serve as the springboard towards greater industrialization.

Opening a 3-day seminar on the Japanese Experience, Lessons for Malaysia, in Penang, Datuk Abdullah says a recent survey showed that only half of the more than 600 Japanese companies with investment in Malaysia said they thought the country had benefited significantly in terms of technology transfer. Another 40 percent stated that their investment had contributed only some degree of transfer, while the remainder provided very little or no transfer of technology. What was also revealing, they said, was that all these investments had been profitable. The minister stressed that the Look East policy has to be a two-way traffic.

Some 100 participants comprising business leaders, government planners, academicians and opinion leaders from throughout Malaysia are attending the seminar. It is jointly organized by the Malaysian Economic Association's northern branch, the Malaysian-Japanese Society and the Penang-Japan Association.

CSO: 4200/624

CPM USING SOUTHERN THAILAND AS SANCTUARY

BK311324 Hong Kong AFP in English 0240 GMT 31 May 83

[Text] Penang, Northwestern Malaysia, May 31 (AFP)--The outlawed Communist Party of Malaya (CPM) is believed to be using the Betong area in southern Thailand as its base of operation, according to the general-officer-in-command of Peninsular Malaysia, Maj. Gen. Datuk Hashim Mohamed Ali.

He said that a group of between 10 and 15 communist insurgents had been harassing Company C of the Sixth Brigade of the Royal Malay Regiment in Bukit Berapit Kroh last month.

The insurgents believed to be from the CPM Third Division, normally attacked the camp at night and opened fire at random, he told reporters here, yesterday.

The CPM Third Division had an estimated strength of about 100 men and were using special jungle routes to escape after coming in contact with Malaysian forces.

Maj. Gen. Hashim said: "The raid on the Bukit Berapit camp showed that the communist terrorists are still around despite several successes made by the Thai Army in capturing the camps there."

He said more exercises and patrols would be carried out in the Bukit Berapit-Betong areas to flush out the rebels and destroy their camps to cripple CPM movements.

But combined operations between Malaysian and Thai forces would not be carried out at the moment as both sides were concentrating on unilateral and coordinated exercises.

CSO: 4200/624

VOMD CRITICIZES NEW FISHING LICENSE SYSTEM

BK271020 (Clandestine) Voice of Malayan Democracy in Malay 1215 GMT 23 May 83

[Unattributed commentary: "New Licensing System Causes Hardship to Fishermen"]

[Text] The National Front regime has enforced implementation of a provisional fishing act which was bitterly opposed by fishermen when a new licensing system was introduced. The consequences of this act are that more and more peninsular fishermen are losing the right to earn a living. When issuing licenses for fishing with dragnets in September last year, Agricultural Minister Abdul Manan Othman admitted that the provisional fishery act, stipulating that the mesh size should not be smaller than 1.5 inch, had severely reduced fishermen's income. He further stated that the government would not enforce the implementation of the aforementioned rule as long as fishermen complied with the regulation to fish in areas beyond 5 miles from the beach. The authorities would also issue more licenses for trawlers.

However, toward the end of last year, Chin Hon Ngian, the deputy minister of agriculture, reinterpreted the rule on mesh size in a new light which inflicted losses on the fishermen. He stated that trawlers weighing less than 40 tons were permitted to catch fish only in areas beyond 5 miles from the beach and they must use nets with a mesh size larger than 1.5 inch.

According to official records, there are 4,777 trawlers in the peninsula and the number of fishermen suffering from the licensing system is estimated at 20,000. If their family members are included, about 100,000 persons will have their livelihood affected.

In the past, when a fisherman wished to transfer his license to another fisherman, all he needed to do was simply report it to the state fishery office. Now, however, that practice is no longer permitted. Even when a father wants to transfer his fishing license to his children, he will have to undertake a complicated procedure.

A fishing license must be renewed annually. In the past such a renewal permit was issued by a state fishery officer after a routine check, but now the state fishery officer wants not only to measure the vessel's

length, but also stipulates that the vessel must be repainted and its engine enclosed in a box. Even then, the state fishery office still cannot decide whether a new permit will be granted. According to the directive of the Agriculture Ministry, all fishing license applications throughout the country are to be granted by the ministry. In fact, Agriculture Ministry officials are incapable of processing the renewal permit applications of tens of thousands of fishermen in the country within a short period of time. Normally, it takes months for fishing permit applications to be granted. The result is that fishermen dare not go fishing at sea while their renewal application is lodged for fear of being arrested or fined by the marine police.

The majority of our country's fishermen are poor. Traditionally, before buying new vessels they will sell their old ones to earn a little money to fix the new vessels. However, one of the requirements to renew licenses nowadays is that old vessels must be destroyed. It is understood that old vessels normally cost between 500 to 1,000 ringgit each. Does not the new rule to destroy old vessels make the fishermen's burden heavier?

The new licensing system stipulates that the government will revoke all fishing permits for trawlers which operate in areas within 15 miles from the beach by 1985. This move is allegedly designed to encourage fishing vessel crews or lease fishermen to have vessels with their own licenses. Actually, the lease fishermen are those who are unable to buy their own vessels and fishing equipment. The state must provide assistance for them to own vessels and fishing equipment, otherwise they will certainly become unemployed as soon as the licenses expire or the vessels they lease are withdrawn.

According to Agriculture Ministry officers, boat owners whose licenses are revoked will be encouraged to buy ships for fishing on the high seas. The state will assist them to obtain loans from the banks to enable them to buy the needed equipment. Their words sound very attractive, but the fishermen cannot trust them. The facts so far have repeatedly proven that the National Front regime has provided facilities to capital investors only, both foreign and domestic, to catch fish on the high seas, while poor fishermen are always discriminated against and harassed. Even smaller fishery organizations do not receive assistance from the authorities. Therefore, fishery circles are very disappointed over the state's actions despite their putting forward slogans on promoting this country's fishing on the high seas.

CSO: 4213/522

BRIEFS

ENVOY TO SOLOMON ISLANDS--Malaysia today established diplomatic relations with the Solomon Islands to promote and strengthen bilateral cooperation. This is the eighth country in the Pacific islands with which Malaysia has diplomatic ties. A statement by the Ministry of Foreign Affairs says that Mr Kamaruddin Abu has been appointed Malaysia's High Commissioner to the islands. Based in Papua New Guinea, he is also accredited to Vanuatu. Solomon Islands will accredit a nonresident high commissioner to Malaysia from Honiara, the capital of the islands. [Text] [BK121254 Kuala Lumpur International Service in English 0600 GMT 11 May 83]

TRADE DEFICIT WITH JAPAN--Malaysian Finance Minister Razaleigh Hamzah, after meeting with Japanese Finance Minister Noboru Takeshita in Kuala Lumpur on 6 May, said that Malaysia's trade deficit with Japan has grown from 775 million ringgit in 1981 to 1,537 million ringgit in 1982. [BK071254 Kuala Lumpur Domestic Service in English 1130 GMT 6 May 83]

CSO: 4200/624

MELANESIANS PLEDGE LOYALTY TO FRANCE

Auckland THE NEW ZEALAND HERALD in English 9 May 83 p 2

[Text]

Noumea

Fears of communist influence and Australian "imperialism" were expressed by more than 1200 Kanaks who turned out at a mass rally on Saturday to express loyalty to France.

The rally was called by a self-professed high priestess of the Kanak (Melanesian) people, Mrs Jacqueline Bouteille, and it is being acclaimed as a success by those who wish to show that most Melanesians want to retain a French connection with the territory.

The rally was addressed by 12 Melanesian chiefs, mostly from the Loyalty Islands, and after a petition was delivered to the French Commission at Noumea.

The petition expressed fears of communist influence in New Caledonia and of Australian "imperialism," as

well as expressing pro-French sentiments.

About 5000 people turned out for the demonstration, but the number of Melanesians was estimated at between 1200 and 2000.

Mrs Bouteille wanted to get at least 1200 Kanaks on the streets, as she had claimed the largest turnout of Kanaks in support of independence was only about 300.

The majority of people who turned out for Mrs Bouteille were women.

Mrs Bouteille is a Melanesian married to a European, and is something of a mystic, claiming she is descended from a very ancient people who were in New Caledonia about 3000 years ago — before the big Melanesian migration from South-east Asia took place.

CSO: 4200/627

STATE FOREIGN DEBT EXCEEDS 10 BILLION

Auckland THE NEW ZEALAND HERALD in English 27 Apr 83 p 1

[Text] The Prime Minister, Mr Muldoon, yesterday provided the first official confirmation that public foreign indebtedness exceeds \$10 billion.

Mr Muldoon last year questioned the competence of *New Zealand Herald* journalists who in November assessed the foreign indebtedness of the Government, the Reserve Bank and state corporations at \$10,099.3 million.

But he produced figures in Parliament yesterday showing that at the end of 1982, foreign debts amounting to \$10,162.5 million were outstanding against the Government, the Reserve Bank, wholly owned Government organisations and organisations in which the Government has majority ownership.

Mr Muldoon gave more up-to-date figures for overseas borrowing by the Government, showing that \$441 million had been raised since December 31 last year, when the Government's "official" total foreign debt stood at \$6832.7 million.

First Assessment

This did not include a sterling loan announced yesterday for the equivalent of \$236 million.

The figures produced by Mr Muldoon yesterday in reply to a written parliamentary question by the Labour Party finance spokesman, the Hon R. O. Douglas, are believed to

provide the first assessment by the Government of the foreign debts for which the public is liable.

The Government normally quotes only its own borrowing or debt level, excluding funds raised offshore by the Reserve Bank and state corporations.

Misleading

The Government argues that the corporations use their loans for self-funding investments which do not go through the Government accounts.

But many economists say this is misleading because the public is equally liable for servicing the debts which the corporations incur.

In addition to its calculation of the true public overseas debt, the *Herald* also made a conservative assessment of private overseas indebtedness in November, indicating this was at least \$3119 million.

The country's total overseas indebtedness was therefore shown to be \$13.2 billion.

Private Indebtedness

But Mr Muldoon was unable yesterday to provide Mr Douglas with an estimate of private sector foreign debts.

He said the Statistics Department would shortly finalise arrangements for surveying total private sector overseas indebtedness and would produce its first results—for the present financial year—after March 31, 1984.

In reply to further questions by Mr Douglas, Mr Muldoon provided figures showing the growth in Government and Reserve Bank overseas borrowing over the past 11 years.

Net Government borrowing increased from \$61 million in 1972 to \$2100.9 million in 1982.

Net borrowing by the Reserve Bank increased from zero in 1972 to \$544 million in 1982.

The foreign debt figures quoted by Mr Muldoon for December 31, 1982, were: Government, \$6832.7 million; Reserve Bank, \$1371.4 million; wholly owned Government organisations, \$1400 million; organisations in which the Government has majority ownership, \$558.4 million.

● The Government will issue £100 million of stock in nominal, or face value (about \$NZ236 million) dated 2008 through a public offering, NZPA-Reuter reports.

The stock will be offered on a yield basis. The yield will be 1.3 per cent above the gross redemption yield on British 13.5 per cent Treasury stock dated 2004-08.

The gross redemption yield on such British Treasury stock at last report was about 10.643 per cent.

CSO: 4200/626

STATE ASSETS OFFSET FOREIGN DEBT

Auckland THE NEW ZEALAND HERALD in English 30 Apr 83 p 5

[Text]

The Government and state corporations have solid assets to offset their combined \$10 billion overseas debt, the Associate Minister of Finance, Mr Falloon, said yesterday.

The total public debt level was revealed by the *New Zealand Herald* last November and confirmed by figures supplied to Parliament by the Prime Minister, Mr Muldoon, this week.

Mr Falloon said the *Herald's* analysis left the impression that because state corporation loans were guaranteed by the Government there was some special risk to the taxpayer.

If a state trading corporation became bankrupt the Government would be liable, Mr Falloon said, but that did not mean that Air New Zealand should refrain from borrowing to finance its jumbo jet purchases, or that the Shipping Corporation and Railways should not use international credit facilities at good terms to finance ships, rolling stock and ferries.

Import Bill

The *Herald* had failed to analyse the debt position in "positive economic terms," he said.

"We have tangible assets to offset against the debt,

which will earn overseas exchange or reduce our import bill significantly through export substitution.

"Many of these investments will continue to earn for generations, such as the power and energy projects and agricultural and fishing development. And the debt load will diminish in real terms.

"Loans raised recently have been at very good rates."

"A recent Euro-yen loan issue of 15 billion yen was raised at rates equivalent to the World Bank and below Finland and the Asian Development Bank. The annual servicing cost of the New Zealand loan is \$NZ719,000 less than that of the loan to Finland of the same amount."

Strong Inflow

Mr Falloon said overseas borrowing had been used positively to help the development of the economy and to reduce the immediate impact of adverse overseas events.

"Our unemployment is 6 per cent compared with 11 per cent for the OECD average. New Zealand also now has a strong inflow of capital, which in the February, 1982 year, reached \$980 million, used to fund private investment and exports.

"Overseas reserves are also at a satisfactory level

and were \$1.5 billion in March this year, a rise of \$338 million since December. They represent a liquid asset invested in earning stocks or accounts, giving us flexibility in loan raising.

"The total overseas debt must be related to export earnings which have risen substantially, whereas the percentage of export earnings required to pay the interest on New Zealand's public and Reserve Bank overseas debt rose only from 4.7 per cent for the year ended March, 1976, to 6.7 per cent in 1982."

Wider Base

Mr Falloon said total current receipts had risen from \$2.8 billion in March, 1976, to \$8.2 billion in March, 1982, and \$8.6 billion in December, 1982, in spite of adverse terms of trade.

"It is important to recognise that a large amount of the money borrowed has been spent on producing a wider base for export industries and a capital structure which is poised to take

advantage of any improvement in our terms of trade.

"Had this not been done our whole economy would be significantly smaller, with very high unemployment, and our future prospects would be abysmal."

The minister added that a *Herald* article this week contained "one major factual error which distorts the facts."

"Net Government borrowing is quoted as having increased from \$61 million in 1972 to \$2100.9 million in 1982. In fact the latter figure relates to gross borrowing which does not take account of repayments. Net Government borrowing in 1982 was \$824.3 million.

"Our terms of trade in 1972-74 averaged about 105 compared with 74 today. We have to run faster just to stand still.

"That is why the Government is moving to make our economy more competitive (and to) encourage exports and a wider import substitution base.

"It is a matter of survival and we have to work together to achieve it."

CSO: 4200/626

'KNOCKERS' BLAMED FOR CREDIT RATING LOSS

Wellington THE EVENING POST in English 2 May 83 p 1

[Text]

New Zealand's loss of a triple-A credit rating has left the Prime Minister, Mr Muldoon, angry and disappointed, but he doubts it will harm New Zealand's interests in the usual loan markets.

Reacting last night, Mr Muldoon accused investigators from the credit rating agency, the New York-based Standard and Poors Corporation, of preferring the views of "knockers" to those given to them by the Treasury.

Suspected

Mr Muldoon said he did not know the list of people outside the Treasury who had been consulted by the investigators on their visit.

However, he said, they would certainly have seen some of the "knockers" who had been critical of the New Zealand economy, and they had preferred their views to those of Treasury people.

"I am angry and disappointed," he said. "Treasury did its best to persuade them the earlier rating was still warranted. The Treasury people are the best qualified to make that assessment."

Distressed

The Treasury had already made its views on the loss of the AAA rating known to the American agency, he said.

Officials were "very distressed" at the way the new assessment had been done.

Mr Muldoon in the past has consistently pointed to the triple-A rating in answer to critics of massive overseas borrowing.

In 1978 he was reported as stating the triple-A rating meant New Zealand could borrow at slightly lower interest rates than other countries which had only an A or AA rating.

Comparison

In 1981 Mr Muldoon was reported as claiming that in comparison with other international borrowers, New Zealand remained a sound investment.

New Zealand's credit rating, then still AAA, was not under threat.

Last year, after two days of private talks with international bankers attending the International Monetary Fund-World Bank conference in Canada, Mr Muldoon said New Zealand's international credit rating had seldom been better.

There was a long queue of bankers lining up wanting to lend money to New Zealand.

• Economic and political consequences, page 8.

CSO: 4200/626

EDITORIAL EXAMINES EFFECTS OF CREDIT RATING LOSS

Wellington THE EVENING POST in English 2 May 83 p 2

[Text]

NEW ZEALAND'S LOSS of a triple A credit ranking provides good opportunity for a stocktaking and a setting of long-term economic goals.

In the past the Prime Minister, Mr Muldoon, has made political use of the triple A rating. He has made that rating seem so important and reassuring that he can hardly expect to escape unscathed from any slip in it.

Mr Muldoon's assumption that the New York-based credit assessment firm has spoken to "some of the knockers we've got here," should not be allowed to divert attention from the reality of a range of economic indicators. These regularly show our low economic growth, rising unemployment, a rise in interest repayments overseas in comparison with our export earnings, and big internal and external deficits before borrowing.

Nobody can conceal the worrying nature of such economic indicators. Instead of referring to "knockers" the Government should be taking the rest of the country with it in a cool assessment and then the setting of realistic goals to be achieved over the next five years.

While such a programme should not be inflexible, it should do away with ad hoc switches and changes which confuse and which detract from long-term planning throughout the community.

Loss of our triple A rating and the reasons for that should be taken as a warning bell by all concerned in the Government and private sector, but without causing panic.

The very firm that reduced our credit rating says that New Zealand's long-term prospects remain favourable because of abundant natural resources, and large investment projects designed to better use those resources.

Hopeful signs of economic recovery overseas is good news for a country like ours which is so dependent upon trading and the prosperity of its customers.

The credit rating news has come at a time when the Government is planning its annual budget, and at a time when it is joined with employers and the trade unions in vital talks on phasing out the wage-price freeze, and designing long-term wage-fixing procedures.

Those parties now have extra cause to find ways other than the trade union demand for a \$20 a week general pay increase. Wages are not the only ingredient for inflation. Government policies, including the size of its deficit, are major contributors but wages are an important element.

The Government must carefully weigh its economic programme and set goals. The level of incentives and supports for various sectors and social services has to be reconsidered whether they be export incentives, supplementary minimum prices, or national superannuation.

If further tax reductions except for the low income groups now seem impossible, further tax reform and reduced interest rates to encourage investment in productive enterprise seem essential.

The unions might be more prepared to accept continued restraint on wage increases if they had explained to them in clear terms the need for such restraint and if they could be convinced that such sacrifice is shared fairly for a limited time in pursuit of good economic goals.

Attainment of those goals would benefit all New Zealanders, the Government must explain; but first, let us have a clear exposition of what those goals might be.

CSO: 4200/626

LIGNITE DEPOSITS TO FUEL NEW ZEALAND

Wellington THE EVENING POST in English 4 May 83 p 1

[Article by Brian Woodley]

[Text]

A new town in Central Otago may be built to service what could be New Zealand's biggest Think Big project — conversion of vast lignite deposits to transport fuels.

The proposal was contained in a major report released today by the Liquid Fuels Trust Board, suggesting that nine lignite sites in Central Otago and Southland could, by the mid-1990s, be supplying nearly 60 percent of the nation's transport fuels.

The project, likely to be sponsored by the Government after further research, would give a tremendous boost to the economics of both areas, requiring road and rail upgrading and new facilities at the ports of Bluff and Port Chalmers.

\$550m costs

Road, rail, transport, storage and settlement costs have been estimated as costing \$320 million in Central Otago and \$230 million in Southland.

Lignite conversion using known chemical theories is expected to become commercially viable by the mid-1990s and, by that time, procedures should be available to cope with major environmental problems, including the lowering of ground water tables surrounding mine developments, and possible air and water pollution.

The latest trust board studies indicate nine lignite deposits that are potentially mineable, and six of these could each support a major fuels conversion operation. More detailed studies are still needed, but there appears to be a total of at least 5.3 billion tonnes of technically recoverable lignite.

Lignite is coal which has been subjected to a low degree of coalification and is commonly found close to the earth's surface. Due to its high reactivity, it is particularly suited to the production of liquid fuels by direct liquefaction or via production of gas.

The trust board, a government agency specialising in examining New Zealand transport fuels alternatives, spent two years preparing today's report.

The estimated costs of producing transport fuels from lignite are comparable to present petrol and diesel prices at the refinery gate, the board said.

It looked at building a processing facility, at a site yet to be chosen, to convert about 10 million tonnes per year. Such a plant would take about six years to build and could cost up to six times that of a conventional oil refinery.

However, the economics of the project — the key part of the trust board's study — appeared to be viable.

5000 workers

A peak construction workforce of three to five thousand would be needed, and up to 1600 people would be needed to operate the project. They would be housed in two main areas — the city of Invercargill and in a new Central Otago township.

The board said the next step should be to investigate possible conversion processes in more detail, and to look at the possibility of processing coal liquids at the Marsden Point oil refinery. The national benefits were sufficient to justify further study.

The Minister of Energy, Mr Birch, described the report as "a milestone for New Zealand energy development and planning" and said he would recommend to the Government that the board's proposed investigation work be carried out. He would also ask energy officials to place "considerable emphasis on forming a development strategy for the lignite resource."

Mr Birch said the extent of the lignite reserves was significantly higher than had previously been thought.

LABOR LEADER SUFFERS NUCLEAR VOTE SETBACK

Auckland THE NEW ZEALAND HERALD in English 2 May 83 p 1

[Text] Delegates to the Labour Party's Wellington regional conference at the weekend roundly rejected the call by the party leader, Mr Lange, for the party to make allowances for visits by nuclear-powered ships under the Anzus treaty.

The conference passed resolutions specifically excluding nuclear-powered vessels, as well as those nuclear armed.

Opening the two-day conference, Mr Lange appealed for "realism and commitment" on vexed issues like those surrounding the party's quest for a Pacific nuclear-free zone.

'Idealistic'

But he did not stay long enough to witness the complete rejection of the idea by the Wellington rank and file.

Afterwards the chairman, Mr Geoffrey Woolford, described the conference as "very anti-nuclear." While Mr Lange was looking at practicalities, he said, the conference was in an idealistic mood.

Wellington Labour activists are considered within the party to be more resistant to pragmatism than most but it was not the first regional conference to play havoc with Mr Lange's strategy for victory at the polls next year.

The recent Waikato-Bay of Plenty conference was similarly unprepared to water down the anti-nuclear planks for electoral consumption.

Applause

Yesterday the party president, Mr J. P. Anderson, won wild applause from the Wellington gathering with a declaration that New Zealand under Labour would lead other small nations in a campaign to send the nuclear powers to "international Coventry."

Mr Lange, in his address, was careful to avoid specific references to his proposal to allow visits by nuclear-powered ships provided they were not nuclear-armed.

"Let's not be sidetracked by the issue of nuclear propulsion," he told delegates. The establishment of a nuclear-weapons-free zone was an important first step in their shared goal of a nuclear-free Pacific.

The zone could be established, he said, within the first term of a Labour government.

EDITORIAL OPTIMISTIC ON CREDIT RATING CHANGE

Christchurch THE PRESS in English 2 May 83 p 20

[Text]

New Zealanders who express alarm because the country has lost its triple-A rating for credit-worthiness, in the eyes of one major American broking firm, might reflect on what the results would have been had the country attempted to maintain the top credit rating at all costs. The Government and State organisations borrow partly to finance development, and partly to finance day-to-day spending. Without the development projects New Zealand would have fewer jobs now and, in the longer term, fewer resources. Borrowing to pay for part of the costs of development is a way of ensuring that New Zealanders in the future, who will benefit from the projects, will also help to pay for them by repaying the loans.

Borrowing abroad to help pay for the general expenditure of the State appears less desirable. Money spent on such matters as health, education, and welfare does not necessarily increase the country's assets or its ability to earn foreign exchange to repay the loans. Without such borrowing the standard of living of many New Zealanders, and the number of jobs, must have declined further. Recent discussion about the effects of the freeze on incomes and prices on the country's standard of living indicates that few people are prepared to accept any decline in that standard, however awkward the country's economic problems.

New Zealand has been caught for a decade between poor returns for its exports, on the one hand, and the need to pay higher prices for imports such as liquid fuels, on the other. Once export prices improve, the proportion of the country's income from abroad that has to be spent to service loans will decline. As new industries substitute local manufactures for imports that must be paid for with foreign exchange, less borrowing will be needed to maintain the standard of living.

Mr Muldoon, as Minister of Finance, remarked last November that "in the future, we will have very very large sums of overseas borrowing that will be related to projects that will earn the overseas funds to service the debt and a good deal more besides. There is no alternative." Borrowing abroad to pay for projects that will eventually reduce the country's dependence on imports, and increase employment in New Zealand, must meet with general approval, even if there is room for much disagreement about which projects offer the best returns. Without such borrowing in the past New Zealand would have much less industry, and a much lower standard of living, than it enjoys now.

The loss of the triple-A rating means that New Zealand may find it a little more difficult to raise loans abroad, and may have to pay a slightly higher rate of interest on loans. While unfavourable terms of trade persist, and while spending on development is high, a case might be made for restraints on borrowing for other purposes such as payment for non-essential imports. Agreement about which imports are essential, is not likely to be reached easily. Obvious targets for restraint might be unlimited fuel for private motoring and ready access to foreign exchange for private travel. Would New Zealanders who object to the country's level of borrowing abroad be prepared to accept, as alternatives, a degree of petrol rationing, or of restraint on foreign holiday travel?

Restraints on imports of consumer goods by import licensing or by tariffs, devices used in earlier times of economic difficulty, would not be easy to apply. Under the new C.E.R. agreement with Australia, New Zealand is obliged to give easier access to imports from Australia, an important source of manufactured goods. When New Zealand is desperate to improve its exports in other markets, any

increase in the controls on imports carries the risk of retaliation against this country's exports. Probably the only place where significant savings in foreign exchange could be made, without damage to New Zealand, would be in restraint on foreign travel.

Such restraints have been proposed from time to time, perhaps in the form of a surcharge on funds for foreign travel. In effect, this would lead to a situation where New Zealand operated two exchange rates — one for dollars spent on the import of goods and services, and another for dollars required for travel abroad. Such arrangements are not unknown elsewhere, but they are always clumsy and unpopular. Applying such restraints on travel, or further restraints on any spending of foreign exchange, would also be one more step along the road to a totally State-managed economy. To many New Zealanders, the country has already advanced too far on the road to State management.

No-one can take much joy from the present situation. A country of 3,100,000 people has total official foreign debts that may be as high as \$10,000 million, or about one third of its annual gross domestic product. But the sheer size of the debt is less important than the country's potential ability to repay from its resources. Loss of the triple-A rating is a warning that should not go unheeded. The rating could be restored quickly enough if returns for exports improve, or if the investments in such projects as synthetic fuels and the Marsden Point refinery expansion produce the benefits promised from them. In the meantime, suggestions about how best spending on imports might be reduced — without loss of jobs, or a lower standard of living, or loss of freedom to travel abroad — would, no doubt, be welcomed by the Government.

CSO: 4200/626

PRIME MINISTER SAYS WAGE-PRICE FREEZE TO CONTINUE UNTIL END OF 1983

Wellington THE EVENING POST in English 12 May 83 p 1

[Text]

LONDON, April 11. — The present wage-price freeze will continue until about the end of the year, the Prime Minister, Mr Muldoon, said today.

"There's no doubt whatever that the freeze will continue at least for a period of about six months," he said.

The Prime Minister, who was talking to journalists after he arrived here for lunch with Prime Minister Margaret Thatcher, said he had put three options to the Federation of Labour, which had been rejected.

These included a continuation of the freeze.

The cabinet had not yet made a decision, but Mr Muldoon said: "What we

- *No final decision yet*
- *Lower paid in line for something*

decide will be one or other of those options."

The best option was probably to continue the freeze until about the end of the year and provide for lower-paid, full-time wage-earners in the budget tax tables.

There would be minor changes to the present freeze regulations to deal with anomalies.

"I'm hopeful that the Federation of Labour and the employers will work in with us to get an acceptable breakout from the freeze," Mr Muldoon said.

CSO: 4200/626

EXPORT SLOWDOWN CUTS SURPLUS

Auckland THE NEW ZEALAND HERALD in English 6 May 83 p 3

[Text]

Wellington

A slowdown in export receipts was mainly responsible for a lower trade surplus of \$489 million in the year to March, compared with \$688 million in the March 1982 year.

Export receipts at \$6972.9 million were only 4 per cent higher than last year with meat, dairy and forest products worst hit by slow overseas sales and low prices.

However wool export receipts were 5 per cent higher than March 1982 levels.

Import payments of \$6484 million were only 7 per cent higher than to March last year, and their progressive decline over the past six months has helped to offset the impact of poor export returns on the balance of trade transactions.

The deficit on invisibles or non-trade transactions of \$2132 million was 18 per cent higher than the \$1808.7 million to March last year, with invisible payments at \$3984 million and receipts (\$1852

million) also growing 18 per cent. The Reserve Bank has expressed concern at this "relatively rapid deterioration" in the invisibles deficit.

The effect was to leave New Zealand with a current account deficit of \$1643.3 million for the March year (\$1140.6 million a year earlier). That compared slightly more favourably with the February year deficit of \$1679 million (this figure having been adjusted downwards as a result of an improvement in the invisibles deficit in January).

A continuing strong surge in private overseas borrowing and investment in the latest March year helped to boost the total net capital inflow from overseas to nearly \$2.5 billion.

Private borrowing and investment offshore accounted for \$1284 million of that, compared with only \$143 million in the year to March last year.

The latest private capital account figures

recorded in the Reserve Bank's overseas exchange transactions are more than 30 per cent higher than the \$980 million inflow in the 12 months to February this year.

As a result, official reserves have risen to \$1744 million at the end of March, compared with \$836 million last year.

The private capital inflow outweighed even net Government borrowing which contributed \$1175 million to the total net capital inflow of \$2459 million for the latest March year.

For March alone the net private capital inflow was \$411 million, easily offsetting an unusual net official capital outflow of \$141 million.

The Reserve Bank says most of the private capital receipts were attributable to Meat Board trade financing and to borrowing for development work for the major projects.

OVERSEAS BORROWING 'LESS THAN FORECAST'

Christchurch THE PRESS in English 3 May 83 pp 1, 6

[Text]

Wellington

New Zealand's external borrowing in the next 12 months will be about \$800 million less than forecast at the start of the year, said the Prime Minister, Mr Muldoon, yesterday.

"It's going to be a great deal less than it looked like even five or six months ago," Mr Muldoon told journalists.

He was commenting on the drop in New Zealand's credit rating, saying it "curiously" came at a time when the Government was revising its various forecasts "substantially upwards."

The external current account deficit has just been revised nearly \$500 million better for the June, 1983, year than the forecast in November last year.

The current account deficit for June 1983 was now revised \$800M better than the November forecast, Mr Muldoon said. The provisional figure for the internal deficit's March, 1983, year was below \$1800M.

"That is to say, it is below the budgeted figure."

Mr Muldoon also said that

inflation in New Zealand was running "well below every estimate from every outside source."

Referring to the decision by the New York brokers, Standard and Poor, to downgrade New Zealand from a Triple-A credit rating to AA plus, Mr Muldoon said: "It is rather unfortunate that this move has been taken on earlier forecasts at a time when there is a considerable improvement which in the view of Treasury will affect our results at least up until the middle of next year."

He said he doubted whether the market would be affected by the changed credit doing."

"It only affects directly American borrowing and Euro-dollar, which we are not doing."

Mr Muldoon produced figures which he said showed that the Japanese market knew New Zealand,

and "was consistently rating us better than other Triple-A borrowers."

On two lists of 13 international receivers of yen bond issues between January and March this year, "the Japanese market rated New Zealand above all of them in one case, and only slightly below the (top-rated) Asian Development Bank in the other."

New Zealand paid 0.246 per cent above the Japanese Government rate for one issue, and 0.157 per cent for the other. Most countries paid margins of between 0.3 per cent and 0.7 per cent, and ranging up to 0.830 per cent.

One list showed that Triple-A borrowing cost Austria and a French Government-guaranteed loan higher rates than AA plus-rated Denmark.

"So in terms of the cost of borrowing, one shouldn't make too much of it (New Zealand's downgrading). Nevertheless one has to say it's a great disappointment that this change should have been made."

Mr Muldoon said New Zealand would not adopt a policy of avoiding borrowing from the United States and Euro-dollar markets.

"We'll carry out our programme as we have in the past. We borrow on the markets most suited to our requirements, but so that we get an adequate spread."

He said that the financial penalty would be minimal; "We're talking about very, very tiny amounts. A much more important aspect of it is relative exchange rates over the life of a loan."

Wellington financiers and international bankers said yesterday that the drop in rating might have a slight effect on the level of interest charged.

JAPAN REDUCES IRON SAND IMPORTS BY 50 PERCENT

Christchurch THE PRESS in English 17 May 83 p 2

[Text]

Tokyo
Japan has halved the quantity of ironsand it will import from Waipipi, south of Auckland, in the next two years and is expected to slash the price.

Steelmakers, led by the Nippon Steel Corporation, have halved the import contract to 500,000 tonnes a year for two years from April 1.

Tokyo traders say continuing price negotiations are "very difficult."

"The price will depend on our Australian iron ore contracts, and we still can't agree on these," one iron importer said.

Australia supplies 48 per cent of Japan's iron imports and observers in Tokyo say it seems likely Australia will have to accept a price cut of almost 15 per cent.

Negotiators from the Hammersley and Mount Newman mines in Australia are due to return to Tokyo

this week for the seventh round of price talks. They are reported to be reluctant to accept Japanese demands for a 14.7 per cent price cut.

The West Australian premier, Mr Brian Burke, left Tokyo on Saturday after urging steelmakers to be reasonable in their price-cutting demands.

Waipipi ironsand price talks will resume here after the Australian price is set. The delayed price, to apply from April 1, seems certain to fall in line with world trends. Japan has already forced down the price it pays another big iron supplier, Brazil.

Utah International, negotiating on behalf of Waipipi Ironsands, Ltd, is said to have reluctantly accepted the halving of the Waipipi supply to ensure the continuation of the contract.

Japanese steelmakers are believed to have made it clear that they are stockpiling both lump ore and sand,

and have plenty of willing suppliers.

Taharoa, the other New Zealand ironsand supplier, holds a long-term contract which is not up for renegotiation.

The Waipipi contract calls for 500,000 tonnes a year to be shipped on a c.i.f. basis in the Japan Line's 124,589-tonne vessel Taharoa Venture.

Nippon Steel will take 270,000 tonnes, Kobe Steel 100,000 tonnes, Nisshin Steel 50,000 tonnes, Nippon Kohan 30,000 tonnes, Kawasaki Steel 20,000 tonnes, and Sumitomo Metal 30,000 tonnes.

Taharoa Venture will make 12 voyages over the two-year period and the contracted shipper, Utah Far East, will charter space for both Waipipi and Taharoa sands. The first Waipipi shipment of 80,000 tonnes is due to leave in late June or early July.

CSO: 4200/626

INCREASED IRANIAN OIL IMPORTS SEEN

Wellington THE EVENING POST in English 29 Apr 83 p 1

[Article by Peter Bale]

[Text]

New Zealand is to increase imports of Iranian oil — complementing increased lamb and wool exports.

The Government has asked oil companies to review their sources of supply to see if greater Iranian imports can be accommodated. An announcement is expected within a fortnight that about 100,000 tonnes of Iranian crude oil worth \$30 million will arrive here in the middle of the year.

The deal comes after the Minister of Trade, Mr Cooper, visited Iran in December and is seen as a gesture towards offsetting

the balance of trade, heavily in New Zealand's favour.

Before the 1979 Iranian Revolution, New Zealand imported a lot of Iranian crude, but has since changed its requirements towards crudes lighter than Iran can offer. It is also expected that the introduction of a hydro-cracker at the Marsden Point refinery will further reduce need for Iran-type oil.

Government officials say the Iranian's understand the reduced need for their oil, but expect New Zealand will source whatever oil of that type it needs from Iran.

They stress the deal is not directly related to any specific commodity deals and is in the oil companies' hands.

CSO: 4200/626

MEAT, WOOL PROSPECTS HEARTENING

Auckland THE NEW ZEALAND HERALD in English 2 May 83 p 5

[Article by P. J. Freeth]

[Text] As New Zealand heads into winter the country is experiencing a heartening break in the marketing gloom which pervaded the meat and wool industries until a short time ago.

While lamb remains the black spot, with heavy subsidies and the probability of large unsold surpluses, beef prices have lifted clear of the necessity for taxpayer support and the wool market has been heading that way over the past few weeks.

The Dairy Board, central marketing agency for all dairy products, will finish the season with a substantial trading profit. Market prices so far remain comfortably above the minimum guarantee set by the Government.

Subsidies

Several men closest to the pastoral production and marketing say that despite earlier forecasts of disaster and huge Government subsidies, New Zealand is not about to sink under the sea.

While the Government spent more than \$340 million on farm subsidies last season under the supplementary minimum prices scheme, inquiries show that the figure this year is not likely to be

much more—perhaps \$360 million.

And that is chickenfeed compared with the sums spent on export incentives for secondary industry or the cost of protection from imports.

Farmers, hit by severe drought over a large part of eastern New Zealand, will find incomes well down in many cases.

Farming morale generally has been described by the Minister of Agriculture, Mr MacIntyre, as at low ebb. But with the market lift in wool and beef the picture is far from being all gloom.

So far this season the Government has spent about \$287 million on farm price support—about \$160 million on wool, about \$100 million on lamb, \$18 million on beef and \$9.3 million on mutton.

Improvement

Last season beef subsidies cost the Government \$53.3 million, but devaluation in March and a substantial market improvement in the United States, the main outlet, have now hoisted market returns clear of the subsidy level.

Wool is still attracting a subsidy. But with an improved world demand and a sharp market uplift at April sales it is at a far lower level — 6 to 8 per

cent instead of the 24 and 25 per cent being paid earlier — and the stockpile has eased.

Prices are still close to 300c a kilogram compared with the Government guarantee of an average of 320c.

Despite the drought, dairy production for the season is expected by the Dairy Board to be about 290 million kilograms of milkfat — little short of the 1979-80 record of 291 million kilograms.

At this stage the total payout to dairy farmers for the season is expected to average about 350c a kilogram of milkfat.

That would be a 20c increase on last year and comfortably above the Government guarantee of 325c. But increased costs — despite the wage-price freeze — will eat heavily into the farmer return.

Payout

Exporters say prices for new season's New Zealand lamb on the British market are satisfactory, but below both the Meat Board and the Government minimum.

All the season lamb has been attracting a Government subsidy to farmers of 32c a kilogram. With much still to be exported the total Government payout for 1982-83 is likely to be much more than the \$100 million already committed.

JAPANESE AIM TO EXPAND FISHING

Auckland THE NEW ZEALAND HERALD in English 28 Apr 83 p 12

[Text] Tokyo--New Zealand and Anarctic waters have been targeted in a fishing expansion programme by Japan's largest fishing concern, Taiyo Fisheries.

According to NIKKEI SANGYO SHIMBUN (Japan Industrial and Manufacturing newspaper), Taiyo will commission a new class of trawler of 2900 tonnes to open up coastal hake fishing grounds off New Zealand.

Two of the vessels are being launched this year and two more will be built in 1985 at a cost of about \$NZ22 million each.

Southern Hauls

Their maximum speed of 14 knots, the newspaper quoted Taiyo officials as saying, was unprecedented for trawlers of this size, and they were capable of fishing all year round, in any waters and in any weather.

By operating the vessels off New Zealand, in the Antarctic, off Argentina and the east coast of North America, Taiyo was expecting to boost yearly earnings

from its southern hauls from \$39 million to \$65 million.

Antarctic Krill

Each vessel was expected to land catches worth \$13 million a year and could be depreciated for 12 years after launching. The operation was expected to become profitable in 1985.

The newspaper said the trawlers would open up

hake-fishing grounds off New Zealand in the northern autumn (September, October and November), fish for Antarctic krill in the winter months, and head for squid grounds off Argentina at the beginning of summer.

It would be possible for the vessels to traverse the four fishing grounds all year round, lifting large catches, rather than pursue grounds individually for small hauls.

CSO: 4200/626

BORDER PROBLEMS WITH INDONESIA REVIEWED

Sydney THE SYDNEY MORNING HERALD in English 2 May 83 p 7

[Text]

"NO, NOT Moresby. Jayapura. I'm going to spend a week with my husband's relatives." She answers my question in her purely accented, mission-taught English as she looks west from the border strip at Bewani, across green jungle and blue mountain ranges glowing in the afternoon sun. Irian Jaya is only a few kilometres' walk.

She is the young wife of the local MP, West Sepik politician Michael West. She is taking our Government charter, a twin Barron, from the border patrol post strip at Bewani back to Vanimo where she ran catch the weekly Friendship service to Sentani across the border.

She is typical of the new generation of border crossers emerging on the northern frontier between PNG and Indonesia. There are two categories of border crossers. One includes mainly traditional PNG villagers who cross to see Irianese relatives, to exchange goods or perhaps to tend a garden or sago patch on common clan land.

Traditional crossers require no passports, but need a written pass from the nearest PNG patrol post kiap (officer) identifying the person or group and stating the purpose and duration of the visit. Irianese observe the same requirements when crossing into PNG.

The other group, to whom Mrs West belongs, is made up of semi-educated townies from Vanimo or other small PNG north coast settlements, like Wutung and Sissano, who go in increasing numbers to Jayapura, mainly by powered canoe, to see the bright lights or to buy trade store items, even limited for housing, and other commodities at sometimes almost half PNG prices.

Not all that many people live along the border, which runs 800 kilometres from the Bismarck Sea to the Torres Strait through dense jungle and razor-edged, bottle-shaped hills in the north, limestone

mountains in the centre, and in the south, in the trans-Fly area, some of the most extensive, dismal swamps known.

Extending 32 kilometres east and west of the border from north to south is a quarantine zone. On the PNG side there is supposed to be constant watch against importation of animal diseases, foot and mouth disease in particular, and some plant diseases, from Indonesia.

Within the zone north to south are about 50,000 Papua New Guineans — about the same number of Irianese live on the other side — whose villages are among the least developed in the country. Crops are few, economic opportunities restricted, and PNG Government talk about development largely a matter of rhetoric.

Because of the border terrain most clan and linguistic linkages are east-west, that is trans-border, not north-south. Therefore, while Irianese-Papua New Guinean traditional links are close, they in fact only extend in terms of villages and common gardens a few kilometres either side of the border — one of the most inadequately marked in the world. There are 14 border markers along the entire length of the frontier where there should be several hundred.

In Dutch times, before and after World War II, there was a steady movement of Melanesians between Hollandia, — as Irian Java was then called — and north New Guinea coastal centres, based on inter-marriage, educational and church links. At least two early members of the PNG Parliament were educated in Hollandia.

In the 1950s Hollandia had the same attractions for coastal Papua New Guineans as Jayapura does today. It was the big smoke. Then, as now, the nearest PNG town with comparable attractions was Lae, 800 kilometres east.

The bad days in the early 1960s immediately after Indonesia's occupation of Irian Jaya, when neglected, often ill-treated Irianese looked east to PNG as a secure land of plenty, are long gone. Moreover, the tough policies now properly adopted by PNG towards permissive residents no longer make PNG towns pleasant to live in.

Townies from Vanimo and Aitape travel to Jayapura for a variety of reasons, including, fun. Irianese visit PNG border towns usually for funerals.

In the late forties and throughout the fifties, anxious Australian kiaps in Wewak warned the administration in Port Moresby that "natives" on the Australian side of the border should be discouraged from visiting Hollandia, lest they learn to prefer Dutch rule to Australian. The same predicament could well arise over the attractions offered border Papua New Guineans by Jayapura.

It is in this context that the seeds of future problems lie, rather than in the dramatically decreased activity of OPM (Free Papua Movement) guerillas coming across the border from Irian Jaya to seek sanctuary in PNG from Indonesian patrols.

The endemic Indophobia one meets among PNG's bureaucrats, politicians, police and Army personnel, whipped up on the slightest provocation by PNG's neurotically anti-Indonesian press — stirred in turn all too often by frustrated Australian expatriates — is surprisingly absent, or at least muted, on the border itself.

There are various reasons. These days the OPM is simply not what it was. Its Dutch-trained leaders, the young, bitterly frustrated evolues of the 1950, are aging fast, disillusioned men either in hiding or in exile. In the last 18 months or so there have been about 100 known OPM crossings.

The week before my conversation with Mrs West, 26 OPM guerillas led by Abraham Nyaro, an Irianese from Sentani claiming to be President of Papua Barat, crossed the border near Amenab seeking rest, food and medicines.

The PNG kiap at Amenab tells me they were very unwelcome. "I sent them some medicine and food and told them to piss off. I'm sick of them coming across the border to use this country as a rest camp." Did they leave? "Yes. They stay two days and go. Good riddance."

This is not to say there aren't plenty of anti-Indonesian Irianese

west of the border. But reports indicate they are dissatisfied with Indonesian rule increasingly within an Indonesian framework. They carry the banner of resentment rather than revolt.

But the rather fearful atmosphere which one found in border centres 10 years ago, even five, seems to have greatly dissipated. The real problem for PNG is to match Jayapura's attractions in the north, and the development which will result from alleged Indonesian intentions to settle large numbers of non-Irianese Indonesians along a network of border roads running off the so called trans-Irian highway.

Not much has been officially said about Indonesian plans, but there have been stories in the Indonesian press, and in some academic journals, that the Indonesian Government intends large-scale resettlement of mainly landless Javanese along Indonesia's borders with Malaysia, in Kalimantan Utara (North Borneo), and PNG in Irian Jaya.

There are various motives for the proposed settlements. One is a need to find land for Javanese landless. In Irian Jaya it is clearly hoped that Javanese farmers will introduce hitherto unknown skills to subsistence, garden-tending Melanesians. But the most important motive in Borneo and Irian Jaya is probably to create a network of Javanese settlements, roads, infrastructure which will act as a cordon sanitaire against dissidents, such as Irian Jaya's OPM or other undesirable border movements.

But there are problems in resettlement. There is no such thing as vacant land in Melanesia. The fact that land appears vacant does not mean it has no customary owners. Moving Javanese to apparently vacant land without paying compensation to the owners is a sure recipe for endless feuds, especially as some landowners may be Papua New Guineans across the border.

If the Indonesians go ahead with their resettlement plan it will require enormous funding.

By the same token, if Indonesian intentions to develop the western side of the border are as firm as they appear, then PNG faces a political challenge it cannot escape. The greater the development on the west side, the more it will attract PNG border dwellers and the more it will shake their allegiance to Port Moresby.

PNG inevitably faces a crisis over border loyalties if it cannot deliver the cargo in the form of roads, including a north-south "highway,"

crops and development. At present it simply doesn't have the money. Some observers think that even if it had the money, it lacks the will.

When Indonesia took over Irian Jaya in the early 1960s the Australian administration undertook a feverish border development program of new roads, new crops, first aid posts and local government councils.

After a while the program ran out of steam, partly because on the Indonesian side nothing was happening anyway, and partly because the program was not worth the money spent on it in an area with few cash crops and fewer farm-to-market roads to get them out.

There are fewer crop development programs than in Australian times, agricultural extension services are a joke and the people are probably worse off in a poor and undeveloped area than they used to be. Except for central Government funding of needed roads, venison processing, rubber extension, fisheries and crocodile projects and other bits of infrastructure, the northern border area people have not much to look forward to.

The southern border region in the trans-Fly, Western Province, is a different story. The country is even poorer. The population is only half that of the north. Actual border settlements are sparse. But it has the Ok Tedi gold and copper mine taking shape on the far northern headwaters of the Fly River.

It's an immense undertaking which will employ about 4,000 — about 3,000 of them PNG nationals — at its peak construction phase before employment drops off as the mine becomes operational.

It's not without its social problems, most of which revolve around the resentment of the locals, among the least advantaged, least educated people of PNG, at lack of job opportunities which they see going not only to foreigners, like Filipinos and Australians, but to more skilled PNG nationals.

One of the mine's spinoffs will be the creation of feeder towns like Ningerum and Kiunga, centres of activity, shops, trade stores and bright lights in an otherwise swampy wilderness.

It is interesting to speculate on the future effect of those centres on Irianese living 80 kms away along the proposed trans-Irian highway the other side of the border. The centre may yet become for them a pale version of what Jayapura is increasingly for Papua New Guineans in the north.

IRIAN JAYA GUERRILLAS TRAIN IN PAPUA NEW GUINEA

Perth THE WEST AUSTRALIAN in English 5 May 83 p 28

[Text]

PORT MORESBY, Wed: Up to 600 Irian Jayans are reported to be training as guerillas in Papua New Guinea to harass Indonesian authorities across the border.

This was revealed in the PNG Parliament by Mr Warren Dutton, whose electorate of North Fly includes a big section of the PNG-Irian Jaya southern border.

"Any illegal immigrant who comes into PNG for the purpose of training against our neighbour is inviting death and destruction upon our own people," he told Parliament.

The Irian Jayans were reported camped near a village called Kuem, about 10km inside PNG and just south of a Catholic mission called Bosat.

Mr Dutton said he was told about the incursion early last month by the provincial member for Lake Murray, Mr Semai Aitowai, who had complained that a report had been sent to the Government but no action had been taken.

The Acting Foreign Affairs and Trade Minister, Mr Tony Siaguru, told Parliament he had not been aware of the report but he would have it investigated.

Action

"If they are using our territory we will take firm action," Mr Siaguru said.

Mr Dutton said outside Parliament: "The anxiety of our people in the area is that these people are likely to have a crack at the Indonesians and come back here and hide.

"The Indonesians will almost certainly come back across in hot pursuit and won't be able to tell the difference between West Irianese and Papua New Guineans."

The PNG Government has announced a joint survey of the border with Indonesia to be completed by 1985.

This follows the discovery last month that an Indonesian-built road had crossed three times into PNG. The head of the road is in the general region of where the Irian Jayans are reported to be camped.

Mr Siaguru said PNG and Indonesia had agreed to provide security for their respective survey teams.—
AAP.

PRESIDENT MARCOS DEFENDS FOREIGN BORROWINGS

HK301502 Manila BULLETIN TODAY in English 30 May 83 pp 1, 16

[Text] President Marcos said yesterday that the government's budgetary resources are underwriting the various socio-economic programs being implemented to uplift the living conditions of the masses.

The Chief Executive was reacting to claims by his critics that the government has resorted to foreign borrowings to fund its massive socio-economic development projects.

"These critics," the President said, "still have to learn how these programs are implemented."

According to the President, these critics still harbor the wrong impression that the government today borrows from foreign institutions as indiscriminately as the past administrations before he assumed the Presidency.

He said: "We do not simply borrow from the World Bank or other foreign lenders for every program of the government."

He pointed out that funds invested in massive agricultural production programs like the "Puhunan Para as Maisan," "Maisagana, "Masagana 99," [quotation marks as published] "Biyayang Dagat," and the "Kilusang Kabuhayan at Kaunlaran (KKK)" are all drawn from the budgetary resources of government.

The Chief Executive had earlier announced that the government has earmarked a budgetary outlay of peso 5 billion for the drought-fighting program, peso 100 million for water impounding dams, peso 100 million for artesian wells, and peso 100 million for communal irrigation.

According to him, the balance of peso 200 million is earmarked for an intensive dendro-thermal program to socialize kaingineros who will become cultivators of tree plantations and orchards.

Mr Marcos explained that the government resorts to foreign borrowing only for capital expenditures needed to push through massive infrastructure programs, like multi-purpose hydro-electric projects.

He explained further that in the event the multi-purpose hydro-electric project in San Roque, Pangasinan, is pushed through, the government may also borrow from the World Bank to fund the civil works phase of the project.

"When we resort to foreign borrowing," the President said, "we see to it that the money borrowed is invested in self-liquidating projects. These funds cannot be farmed out to the people because if we do, we will have a hard time amortizing such loan."

"Neither can these foreign loans be used to pay the salaries of government officials, for the purchase of vehicles, or earmarked for allowances," the President added.

The President stressed that as a policy, the government will not resort to foreign borrowings unless the project it intends to undertake is self-liquidating.

CSO: 4200/625

VIRATA OPTIMISTIC ABOUT ECONOMIC RECOVERY

HK090638 Manila BUSINESS DAY in English 8 Jun 83 p 4

[Text] The 3 percent growth in the economy of both the United States and Japan during the first quarter makes prospects of the Philippines being able to sustain its own recovery brighter.

Prime Minister Cesar Virata made this optimistic forecast even as he noted the substantial price improvements for at least two of the country's major exports, coconut products and copper.

The lowering of interest rates in the U.S. is also a factor that would sustain the recovery of the world economy considering that the U.S. is a pacesetter in the international financial markets, Virata said.

For example, he said, Japan would like to lower its own interest rates but could not do so because it is afraid that such a move would result in a massive capital outflow that would further weaken the yen against the dollar.

The strengthening of the economies of Japan and the U.S. would support the recovery of the Philippines, considering that the two largest economies in the world are the Philippines' major trading partners.

Exports. Virata also noted some improvement in the country's exports. Central Bank [CB] data showed that the country's exports increased to \$1,347 million in the first quarter against exports of \$1,269 million in the same period last year.

The prime minister said apart from coconut products and copper, which have suffered in the last two years, sugar prices are also improving slightly.

However, he said sugar prices could not be expected to improve too much largely because of the existing surplus in the world market that has been created by the subsidy provided by the European Economic Community to their producers.

"For as long as there are surpluses," Virata said, "it will be difficult for us to get better prices for sugar."

Another positive development that is taking place abroad is the pickup in the housing starts in the U.S., which the Philippines could take advantage of through the exportation of logs and lumber.

Housing starts in the U.S. have escalated as a result of the lowering of the interest rates.

However, Virata said the country could not take advantage of the expanding market for logs because exports of logs are being limited.

Government, he said, has no choice but to restrict the exportation of logs because the country has almost exhausted its forest resources by the indiscriminate cutting down of trees in the last few years.

"There are very few trees left," Virata said, "and we would like to conserve these resources to protect our environment."

Diversification. Virata said government is now trying to further diversify the country's export mix by encouraging nontraditional products.

He noted that last year the share of nontraditional products in the export mix was already close to 50 percent.

Virata said there is a need to diversify the mix further because the country could not continue to rely heavily on traditional products whose prices have experienced sharp fluctuations in recent years.

Thus, in a gathering of businessmen last week, he urged the business sector to redirect the thrust of certain industries and reshape their basic structures so they can be made more competitive in the world market.

He also asked business to look into the expanding market in the ASEAN (Association of Southeast Asian Nations) which now has a combined population of 260 million, bigger than that of either the U.S. or Europe.

Virata said the total ASEAN market can absorb the produce of some of the country's planned projects.

But the key element in making the country's export products more competitive in the ASEAN as well as in the world markets is efficiency, he said.

This is why, he said, government is gradually removing the tariff protection for certain industries to encourage them to become more efficient and thus more competitive.

He said the country could not repeat the process of establishing highly protective industries because this would mean a major disallocation of resources. To do so, he said, will further aggravate the country's balance of payments problem.

BOP Gap. The BOP [balance of payments] deficit this year is forecast to hit only \$500 million, substantially lower than last year's \$1.1 billion. The country's BOP deficit in the first quarter was placed at \$343 million, according to CB records.

Virata said the country could expect a much lower BOP deficit in the light of the substantial improvement in commodity prices, the lowering of interest rates abroad as well as the expected increase in exports.

In addition, Virata said the capital inflow brought about by foreign borrowings for certain priority projects, the structural adjustment loans from the World Bank (a third is forthcoming), and the special assistance program adopted by the Asian Development Bank for the Philippines would enable the country to trim down the deficit.

To further improve the country's BOP position, Virata said government would try to attract more foreign investments through joint ventures.

This move will also help the country fulfill its commitment to limit its foreign borrowings to only \$2 billion this year.

The prime minister projected that the major problems encountered by business and industry in the 1970s would still linger in the present decade and in the next, particularly the threat of increased energy prices followed by increases in capital costs.

He said these two factors would remain in the 1980s and 1990s, and only those countries that can manage these two major elements can survive world competition.

CSO: 4200/625

MARCOS ORDERS SLOWING ECONOMIC GROWTH

HK040444 Manila BUSINESS DAY in English 3 Jun 83 p 16

[Text] President Marcos yesterday issued Letter of Instructions [LOI] No. 1329 which provides for draconian measures to reduce the country's huge balance of payments [BOP] deficit, cut foreign borrowings, accelerate exports, minimize imports, postpone nonvital projects and the purchase of equipment, and restrict the use of foreign exchange for nonpriority activities.

The President said that these measures are being adopted to "temporarily slow down growth while the economy makes adjustments preparatory to higher growth...."

The LOI also provides for a possible increase in the travel tax to discourage unnecessary foreign travel and outflow of precious foreign exchange.

The LOI directs various ministries and all government agencies concerned to adopt all measures possible so that foreign exchange receipts are maximized and foreign exchange outflow minimized to keep international debt to a minimum. In this way, attainment of structural adjustment program objectives and the preservation of the country's international credit standing will be ensured, the President said.

The principal features of this adjustment program include measures to increase the efficiency and the export competitiveness of Philippine exports as well as to improve energy self-reliance and increase the efficiency of savings mobilization and investment project selection.

Prohibition. Stressing the need to reduce the present huge balance payments deficit (\$343 million as of the first quarter), the President ordered the immediate prohibition of all government agencies to "go to the international capital markets for major new borrowings until further notice."

The Central Bank [CB] is to see to it that financial institutions whether owned by the government or privately, with no exception, follow existing foreign exchange regulations applicable to advances of sales of foreign exchange, including those for the importation of banned items, capital outflows or gifts or donations.

Mr. Marcos stressed the need to reduce the BOP deficit and future foreign borrowings will be "carefully screened." He pointed out that the existing level of the country's international debt has "already exceeded \$17 billion while the debt service ratio is now close to the statutory limit of 20 per-cent."

Under the LOI, government agencies will limit demand for foreign financing in their activities. The CB is to strictly observe the existing ceilings on new external debts.

The LOI further provides that no government funds be disbursed for any non-vital activities, whether undertaken by government itself or by private or quasi-public groups which would involve the purchase or disbursement of foreign exchange, whether directly or indirectly. This includes such activities as cultural, sports, goodwill or other similar missions.

Funds for these activities are to be raised by sponsors, preferably from foreign sources. The CB will also discourage private and public enterprises or individuals from making contributions that will involve the disbursement of foreign exchange.

Directives. In the same LOI, Mr. Marcos directed:

--The Ministry of Energy [MOE] through the Board of Energy, to monitor and evaluate the peso cost of energy imports, with particular emphasis on the status of the oil stabilization fund and the impact of the changing peso-dollar rate.

--The MOE to review existing oil inventories and supply contracts, in order to reduce inventories to a minimum level and to terminate less critical supply contracts.

--The Ministry of Agriculture to review existing policies and procedures governing the export of agricultural items, for the purpose of removing unnecessary requirements and facilitating exports.

--The Bureau of Customs, working hand in hand with the CB, the Ministries of National Defense, Foreign Affairs, Local Government and all other appropriate agencies of government, to strictly enforce existing regulations on the export of logs. All agencies are to see to it that full shipments and values are truly reflected as exports and foreign exchange receipts.

--The Ministry of Natural Resources to review existing regulations and procedures governing the export of fishery and aquatic resources and of other products within its jurisdiction, with the aim of facilitating such exports and maximizing the foreign exchange receipts from these sources.

--The Ministry of Tourism to analyze the actual foreign exchange receipts from the tourism program that is received by the banking system and to identify and implement in coordination with appropriate agencies, such measures as may be necessary to increase the same.

--The Ministry of Tourism to study the feasibility of increasing the present travel tax as a means to discourage unnecessary foreign travels and encourage instead domestic tourism.

--The Office of the Budget and Management of the Budget Ministry to study existing controls over the use of government funds appropriated in the general appropriations act or the public works and highways acts, for the purchase of foreign exchange for imported commodities or other items with the intention of instituting a control mechanism that will be in compliance with existing LOI No. 1307 and other similar LOIs.

--The Ministry of Foreign Affairs to assist the Office of the Budget and Management on the review of the manning and expenditures of all foreign offices of the government, including subsidiaries of government-owned corporations.

--The Ministry of Foreign Affairs to review the membership of the Philippine government and its instrumentalities, in international organizations for the purpose of limiting such membership only to the most beneficial ones in order to save expenses.

--The KKK [Kilusang Kabuhaven at Kaunlaran] secretariat to establish export and foreign exchange generation targets for the program.

--The Ministry of Labor and Employment to expedite the formation of one-stop processing centers for overseas workers and to adopt necessary measures to facilitate employment of Filipino workers overseas.

--The Office of the Budget and Management to conduct reviews of all overseas offices of the government, including government-owned or -controlled corporations and their subsidiaries. The review is to cover the staffing pattern and expenditures of foreign missions, attaches, and subsidiaries. This is to be done with the aim of reducing or eliminating totally the personnel components in places that are unable to produce the necessary results. Trade and tourism related offices are to be evaluated on the basis of results produced, specifically exports or tourism receipts, as the case may be.

Government Projects Reassessed. The President also directed that all projects of the national government, local government units, government-owned corporations including their subsidiaries and the state universities and colleges, be reassessed with the intention of limiting projects with significant imported components and only to the most urgent and essential and postponing other nonpriority projects.

The financing of the import requirements of government are to come from official development assistance sources or export credit and the government will also postpone the acquisition of equipment or other project inputs which are imported or which have significant imported components, whether these are directly imported or procured locally from indentors or manufacturers' representatives.

The LOI further stated that the Fertilizer and Pesticide Authority will immediately review its domestic fertilizer requirements, the capability of local industry to service the same and existing inventory levels for the purpose of limiting inventories to the minimum and reducing the level of current inputs.

Likewise, the LOI further provides for the National Food Authority [NFA] to review domestic requirements, manufacturing capabilities and inventory levels of food and food products and to see to it that inventory levels and current imports are kept to the minimum.

Furthermore, the NFA was also directed to establish export targets and set maximum inventory levels of food items that it procures in order to maximize exports and minimize the need for foreign or domestic financing.

To increase foreign exchange earnings, the Philippine Coconut Authority and the Philippine Sugar Commission were ordered to assist in the identification of such measures as may be necessary to increase foreign exchange receipts from the export to the two traditional products--coconut and sugar.

To insure increased exports, the Ministry of Trade and Industry was directed to lead an aggressive export drive and look for new markets so that domestic producers may be able to take advantage of the anticipated world economic recovery. (Total exports for 1982 stood at \$5,020.6 million, according to NCSO [expansion unknown] figures. Exports for the first quarter 1983 was \$1,347 million, according to CB.)

CSO: 4200/625

FIRST QUARTER EXPORT EARNINGS DECREASE

HK301552 Manila BUSINESS DAY in English 30 May 83 p 5

[Text] Philippine export earnings continued to drop in the first three months of the year as the country's top export products suffered from weak demand and low prices.

Latest statistics released by the Central Bank showed that export receipts for the first quarter declined by 7.7 percent from \$1.051 billion in 1982 to \$970 million this year.

A major reason for the drop in earnings was the 32.4 percent decrease experienced by coconut products, a traditional export, which accounted for 14.4 percent of the total exports receipts for the period. Earnings from coconut products declined from \$206 million during the first quarter 1982 to \$139 million this year.

Coconut products have been experiencing low prices in the international market since last year. The price of coconut oil, for instance, plunged to an all time low of 17 cents per pound during the fourth quarter of last year, from the 25 cents per pound at the start of 1982.

Other export products which suffered significant declines were unmanufactured tobacco which fell 53.4 percent and abaca fiber which fell by 40.9 percent.

Also reflecting the weak demand abroad were declines in the export receipts of nontraditional manufactures and unmanufactureds which, for the last few years, have consistently posted gains in earnings. Export revenues from nontraditional manufactures dropped by 12.4 percent to \$291 million this year while nontraditional unmanufactureds declined by 18.2 percent to \$21 million.

Gains

Only three of the country's major export products registered gains in receipts earned. Sugar and other sugar products grew by 14.8 percent to \$157 million, mineral products improved by 13.2 percent to \$183 million while marine products rose by 27.9 percent to \$35.2 million.

Despite the slowdown in the country's export earnings during the first quarter, it is generally believed that the prospects for Philippine exports will improve in the coming months. This optimism is largely anchored on the economic recovery of the United States, one of the country's principal trading partners, and on government's new export development strategy of promoting priority products in which the country has a comparative advantage.

Export Receipts by Major Commodity Groups
1st Quarter 1983 and 1982 (in million dollars)

	<u>1983</u>	<u>1982</u>
Coconut products	139.25	206.02
Copra	8.48	25.25
Coconut oil	107.68	135.20
Desiccated coconut	14.38	18.14
Copra meal/cake	7.60	26.36
Others	1.11	1.07
Sugar and products	157.27	137.00
Centrifugal and refined	152.49	128.75
Molasses	4.60	6.38
Others	0.18	1.87
Forest products	63.69	72.85
Logs	12.40	16.10
Lumber	35.39	36.32
Plywood	13.07	18.38
Others	2.83	2.05
Mineral products	183.16	161.86
Copper concentrates	121.34	112.42
Iron ore concentrates	0.10	--
Gold	43.92	32.26
Nickel	6.93	3.74
Others	10.87	13.44
Fruits and vegetables	70.06	99.21
Pineapple products	17.52	22.78
Bananas	30.37	56.82
Others	22.17	19.61
Abaca fibers	4.24	7.17
Tobacco unmanufactured	3.13	6.71
Petroleum products	2.05	3.56
Marine products	35.21	27.53
Nontraditional manufactures	290.72	331.94
Nontraditional unmanufactureds	20.77	25.39
Total	969.55	1050.88

Source: Central Bank

CSO: 4200/625

INCREASE IN GRAIN IMPORTS IN 1982 REPORTED

HK301550 Manila BUSINESS DAY in English 30 May 83 p 5

[Text] The country's grain imports have risen with the expansion of the livestock and poultry industry and the subsequent increase in the demand for animal feeds.

Importation of wheat, soybean meal, corn and soybeans all registered increases last year over 1981 level, a recent National Food Authority [NFA] report showed.

Wheat importation in 1982 reached 903,200 long tons, up by 9.1 percent from the previous year's 827,700 long tons.

Importation of soybean meal hit 387,500 metric tons, a 77.9 percent increase from 1981's 217,800 metric tons.

Corn importation also showed a 33.4 percent increase from 256,300 metric tons to 342,200 metric tons.

For 1982, soybean importation amounted to 31,300 metric tons, up by 1.6 percent from 1981's 30,800 metric tons.

All the importations were done by NFA, the only agency allowed by law to import grains.

Aside from providing one of the raw materials in the production of feeds, the importation of wheat is needed to keep a steady supply of wheat flour coming into the country.

The significant increase in soybean meal importation resulted from the bigger orders from the United States and Brazil. The U.S. supplied 97,200 metric tons of soybean meal in 1982, as against 4,750 metric tons in 1981. Brazil shipped 264,600 metric tons of soybean meal in 1982, compared with 213,100 metric tons in 1981.

In addition, the Philippines imported 25,700 metric tons of soybean meal from China in 1982, whereas no importation of the grain from that country was done in 1981.

CSO: 4200/625

DIRECT FOREIGN INVESTMENTS FALL IN 1982

HK240548 Manila BUSINESS DAY in English 25 May 83 p 16

[Text] Contrary to reports by other government offices that foreign investments last year reached record levels, direct foreign investments in 1982 slowed down to only \$358 million, marking a 10 percent or \$40-million decline from the \$398 million total in 1981, according to Central Bank [CB] data.

In his earlier report to President Marcos on 1982 economic developments, Jaime C. Laya, CB governor, explained that the decline was "mainly due to increased outward remittances of foreign partners in Philippine oil exploration (cost recovery) and lower inflows partly reflecting the uncertainty about business recovery."

(The CB data are considered to be the most accurate statistics on foreign investments in the country since the CB approves the investments only after the potential investor has passed through other government regulatory agencies. The CB data also excludes investors who registered with other government agencies but did not push through with their investment plans.)

U.S. investors accounted for the bulk of last year's CB-approved equity investments, bringing in \$160 million, compared to Japanese investors who brought in only \$76 million.

Last year's inflows brought the total CB-approved and registered foreign investments from the time the CB started monitoring foreign investment flows in February 1970 to \$2.228 billion, a 19 percent increase over the end-December 1981 level of \$1.871 billion.

Top Areas. In a status report on CB-approved and registered direct foreign equity investments, the CB said foreign investments approved for 1982 were largely for the manufacturing and mining sectors which accounted for \$159 million (44 percent) and \$147 million (41 percent), respectively.

The CB said foreign investments in manufacturing were channeled to the following companies: Ramie Textiles, Inc. (\$60 million); Shell Gas Philippines, Inc. (\$15 million); Ferrochrome Philippines, Inc. (\$8 million); Allied Thread Co., Inc. (\$7 million); United Coconut Chemicals, Inc.

(\$6 million); Proctor and Gamble Philippines, Manufacturing Corp. (\$4 million); Signetics Filipinas Corp. (\$3 million); Colgate-Palmolive Philippines, Inc. (\$3 million); and Wyeth-Suaco Laboratories, Inc. (\$3 million).

Foreign investments for the mining sector were channeled primarily to oil explorations firms, namely Philippine-Cities Service, Inc. (\$45 million), Shell Exploration (Phils.), Inc. (\$37 million), Husky (Phils.), Inc. (\$22 million), Husky Oil (Palawan), Inc. (\$21 million), and Amoco Philippines Petroleum Co. (\$19 million).

The report noted that some 58 percent or \$207 million of approved investments last year was registered under the Omnibus Investment Code.

The CB said approved investments last year consisted predominantly of cash (\$147 million), capitalized oil exploration expenses and technical fees (\$124 million), and profits, earnings and dividends converted to equity (\$44 million).

Of the outstanding equity investments as of the end of 1982, \$799.4 million or 36 percent was invested in enterprises registered with the Board of Investments under the Investment Incentives Act (Republic Act No. 5186, as amended), the Export Incentives Act (RA No. 6135, as amended), and the Omnibus Investments Code. Investments under RA No. 5186 and RA No. 6135, came to \$271.18 million and \$220.85 million, respectively, while investments under the Omnibus Investments Code amounted to \$307.37 million.

Investments in banks totaled \$170.23 million or 8 percent, of which \$153.35 million came in under the CB's increased capitalization program for commercial banks, and another \$16.88 million for the expanded foreign currency deposit system.

Foreign investments in CB-certified export-oriented companies amounted to \$71.37 million or 3 percent, while those for enterprises registered with the Export Processing Zone Authority amounted to \$27.58 million.

By industry, the CB report said foreign investors preferred to invest in manufacturing with some \$1,114.79 million or 50 percent going into this sector over the 13-year period.

Mining accounted for another \$476.95 million, followed by banks and other financial institutions with \$298.83 million.

CSO: 4200/625

IRAQ SUSPENDS PAYMENTS TO FILIPINO BUILDING FIRMS

HK231518 Manila BUSINESS DAY in English 23 May 83 p 2

[Article by reporter Juanito G. Vicencio Jr]

[Excerpts] With its economy torn by the long-running war with neighbor Iran, Iraq has notified the Philippines it will have to suspend payments for contracts with the Filipino construction companies in the next two years beginning this year.

Sources in the government and the private sector said the suspension could affect the multi-million dollar projects of Filipino firms in Iraq and the jobs of some 32,000 Filipino workers there.

Thus far, one official of a construction firm with contracts in Iraq said the receivables of Filipino firms from Iraq could amount of over \$200 million. Landoil Resources Corp., for instance, has estimated receivables of some \$80 million.

A Labor Ministry official said Labor Minister Blas Ople is now seeking emergency financing arrangements with the Ministry of Finance and the Central Bank to help construction firms.

The government could not afford to lose the construction market in Iraq as it is its second biggest market in the Middle East, second only to Saudi Arabia in terms of the value of the construction contracts. Records show that the total value of contracts in Iraq last year amounted to \$627 million. Projects in Saudi Arabia are estimated at over \$1 billion.

Cash Advances

Ople is specifically seeking government cash advances for the 12 Filipino construction firms in Iraq.

The Ople proposal practically endorses a recommendation made earlier by the construction companies.

An official of one of these firms told BUSINESS DAY their own proposal has been submitted to Prime Minister Cesar Virata.

Their proposal calls for the government to advance them the payment of receivables from Iraq in pesos, and then the government could collect on Iraq in the form crude oil. [sentence as published]

The official said this is the only way the construction companies could continue to operate viably in Iraq and prevent the dislocation of their 32,000 workers.

The situation now developing is causing serious concern among government officials.

Ople last Friday met with CB Governor Jaime C. Laya to thresh out some possible solutions.

That meeting with Laya was specifically sought by Ople so that solutions to the Iraq problems could be threshed out.

According to sources, the recommendation submitted by the construction companies in Iraq is being endorsed by bankers with financial exposures to their projects.

Giants

The country's construction outfits in Iraq include the giant Construction and Development Corporation of the Philippines (CDCP), Landoil Resources Corp. through its subsidiaries, the Greater Manila Land Corp. (GMLC) and the Asian Waterworks and Sewerage System (AWASS); Engineering Equipment, Inc., and Erectors, Inc.

A Landoil official said the government should recognize the urgency of this problem in Iraq and should come up with proper solutions immediately to help stabilize the financial opposition of the construction firms.

Not only construction companies will be dislocated if help does not come in time, he said. There are ancilliary industries that would be affected, such as the cement, lumber and plywood, steel products and furniture industries that are also doing business in Iraq.

CSO: 4200/625

EDITORIAL SAYS AUSTERITY MEASURES VITAL TO ECONOMIC RECOVERY

HK060306 Manila BULLETIN TODAY in English 4 Jun 83 p 6

[Editorial: "Confidence-Building Measures"]

[Text] The President's Letter of Instructions No. 1329 is meant to limit the outflow of foreign exchange, increase its inflow, and reduce government expenditures. It has been dictated by the heavy payments deficit, the high debt-service ratio which has just about reached the statutory limit of 20 percent of last year's foreign exchange receipts, and the budget deficit.

The program embodied in the letter of instructions has been called a reassessment program. It may also be called an austerity program, a production program or a mobilization-of-domestic-resources program. And, indeed, it is a combination of these and several other types of effort.

We would like to call it a confidence-building program. For any major effort must be backed up by the confidence of success. Today, even as the recovery is well under way in the industrialized countries, there are still many obstacles to overcome in those countries as well as in ours. Simply because this recovery is so unlike previous ones in that it is and will continue to be slow, we cannot expect a quick rebound for our exports. Consequently, we have to watch our balance-of-payments position constantly, reduce government expenditures, mobilize our domestic resources more than ever, and tighten our belts in the meantime.

The prescriptions embodied in the President's letter of instructions are faultless. We have no doubt that they will be faithfully implemented by the various agencies. When they are thus implemented, the pain that will be experienced in some quarters will be assuaged by the confidence of success.

In their totality, the measures are unificatory. They will tend to unite the diverse elements of the economy in a common effort to achieve the easily understood goals of the short run.

CSO: 4200/625

BULLETIN TODAY ON NATIONAL LIVELIHOOD PLAN FRAUD

HK271518 Manila BULLETIN TODAY in English 27 May 83 p 6

[Editorial: "'Economic Sabotage'"]

[Text] The law defining and penalizing the crime of economic sabotage had been a long-felt need. It was promulgated in response to the proliferation of fraud cases that in the aggregate endangered the national security.

The new crime gained prominence in 1980 shortly after frauds were committed in a rural bank and in a large conglomerate in which a great many middle-income earners had invested their hard-earned cash. On that occasion, the President ordered that the scope of the crime be widened to include frauds committed against rural banks, cooperatives, and samahang nayons, among other institutions. Now, the statute has been applied to a fraud involving P3.4 million in KKK [Kilusang Kabuhayan at Kuanlaran] money.

The crime is a grave offense. The measure of the gravity is the issuance of Presidential Commitment Orders for the arrest and detention of the suspects. Such orders rule out bail for the respondents or defendants.

Frauds are normally punished under the old provisions of the Revised Penal Code. There would not have been any need for defining and penalizing the crime of economic sabotage were it not for the fact that a more effective deterrent is needed by the times. The proliferation of massive fraud cases, their effect on the small savers and institutions, and the requirements of economic development justified strong action.

The application of the law on people who commit fraud against the KKK is timely because there are those who think that KKK loans are a doleout. Such misimpression, if not corrected reasonably, may derail the livelihood program, which the President once called the centerpiece of his administration.

There is no question the law will be as vigorously applied on the other facets of rural development.

CSO: 4200/625

TIMES JOURNAL : USE PRINCIPLES TO RESOLVE VIRATA CASE

HK061410 Manila TIMES JOURNAL in English 6 Jun 83 p 4

[Editorial: "Politics and Virata Case"]

[Text] The Virata case should be resolved on the basis of principles and not politics.

It was President Marcos who nominated Finance Minister Cesar Virata for the post of prime minister, a vital position in the government. As prime minister, Virata is also head of the Cabinet and chairman of the Executive Committee.

Virata's term of office will end when the President names his successor and submits the new nomination to the Batasang Pambansa for approval.

It now appears that events not of the making either of the government or Virata have brought down upon the prime minister the ire of political forces in the Batasan. The latest of these, after the controversial news item in the ASIAN WALL STREET JOURNAL, was the endorsement given him by businessmen at the recent Philippine Chamber of Commerce and Industry dinner.

In effect, a potent bloc in the Batasan would have Virata's head because he has the sympathy of many Filipino and foreign businessmen. It has to do also with Virata's strict compliance with basic agreements entered into between the Philippine government and foreign traders and lenders.

President Marcos' choice of Virata to carry out the economic programs and policies of his administration could not have been better made. Technocrats have had their share of public criticism, but Virata has never been a blabbermouth and has always concentrated on his work. His ideas may have been contrary to the views of many politicians in the Kilusang Bagong Lipunan but he has always been effective.

He also made it clear that he would stay not a second longer should President Marcos decide to replace him.

Since the President nominated Virata, it should be the President who will have to decide the case on the basis of Virata's performance.

The President is probably in the same situation U.S. President Abraham Lincoln was in when American congressional leaders and politicians demanded that he replace General Ulysses S. Grant, commander of the Union Army along the Potomac, for being unkempt and rude and a chain smoker and drunkard.

Lincoln stood by Grant, replying that he could continue getting drunk, keep smoking and remain unkempt and rude, provided he kept on winning victories for the Union against the Confederates under Gen. Robert E. Lee. Grant did just that and ended the war in a year's time.

Virata, of course, has none of Grant's vices. In his case, the question would be: Did Virata do his level best to serve the Marcos administration or did he serve his personal interests and let the country go down the river?

CSO: 4200/625

WALL STREET JOURNAL ARTICLE ON VIRATA CALLED 'LIBELOUS'

HK300456 Manila BULLETIN TODAY in English 29 May 83 pp 1, 5

[Text] President Marcos accused the ASIAN WALL STREET JOURNAL yesterday of "stooping down to the lowest form of yellow journalism, aimed at intriguing and interfering in the internal affairs of the government."

The President singled out an article appearing in the May 27-28 issue of the paper on Prime Minister Virata and his alleged feuds with other officials and said it not only constituted interference in the internal affairs of government but was also libelous.

"The libelous aspect of the article will be properly and urgently attended to by the legal authorities," according to a statement by the President issued by Information Minister Gregorio S. Cendana.

The President's statement follows:

"We consider articles like the one in the May 27-28 issue of the ASIAN WALL STREET JOURNAL as part of yellow journalism, aimed at intriguing and interfering in the internal affairs of the government.

"As to the claim of the superman powers given to Prime Minister Virata, this is part of the nitpicking and niggling unworthy of a newspaper like the ASIAN WALL STREET JOURNAL which stooped down to the lowest form of yellow journalism. This is an attempt to divide the leaders so they will quarrel among themselves and even in the party.

"We have no intention of allowing such misconceived neo-colonialist tendencies to, in any way, influence any of our policies. Because of this, I announce that it will not influence any of the decisions of the government and the President.

"It is my intention to keep Prime Minister Virata on the job as finance minister and prime minister and as such, the principal adviser of the Cabinet on economic management, although the decisions will be made by the President and the party in power.

"The libelous aspect of the article will be properly and urgently attended to by the legal authorities. This will serve notice that no one will be allowed to commit transgressions against the dignity and honor of the country and its leaders with impunity."

PHILIPPINES

BRIEFS

PLO ENVOY LAUDS RP SUPPORT--Palestine Liberation Organization (PLO) special envoy to Southeast Asia Ahmed Sami Dhiab lauded the importance of the Philippines in the history of the Palestinian people. Dhiab, who attended the 2nd anniversary celebration of the Ministry of Muslim Affairs [MMA], informed MMA Minister Romulo M. Espaldon that "the Philippines assumes a profound significance in the Palestinians' struggle for freedom and justice." "The Philippines is our staunch supporter," Dhiab said. The envoy stressed that it was the lone vote of Philippine Foreign Minister Carlos P. Romulo against the creation of an Israel state in Palestine in the United Nations General Assembly in 1974 that marked a pointed in the Palestine struggle. [as published] During his stay in Manila, Dhiab discussed important issues with Minister Espaldon on Philippines-Palestine relations. He also met with Foreign Affairs Deputy Minister Pacifico Castro. [Text] [HK060148 Manila BULLETIN TODAY in English 4 Jun 83 p 5]

INTERNATIONAL CREDIT RATING DROPS--The Philippines' credit rating has suffered slightly in recent months. In its March 1983 rating, INSTITUTIONAL INVESTOR, an international business journal, rated the country 62nd among the 107 nations evaluated. In the September 1982 rankings, the Philippines was 59th. The country was given a credit rating of 35.7, below the global average of 42.2. The United States topped the rankings with a credit rating of 96.1, while Uganda was last with a rating of 4. The Philippines' three-rung drop was attributed to its "large fiscal and current account deficits, heavy foreign exchange debts, depressed prices for its commodity exports, weak banking and corporate sectors and an undercurrent of political unrest." [Text] [HK301548 Manila BUSINESS DAY in English 30 May 83 p 1]

CSO: 4200/625

EDITORIAL DEFENDS U.S. BASES IN PHILIPPINES

BK040502 Bangkok BANGKOK POST in English 4 Jun 83 p 4

[Editorial: "U.S. Presence Still Needed in Region"]

[Text] Philippine President Ferdinand Marcos is unlikely to ever publicly thank his political foes for the help they gave him in exacting a \$900 million toll from the United States for continued use of military bases in his country. But however unpalatable the fact may be, the highly-vocal demonstrations mounted by the opposition to try to get rid of these facilities contributed in no small measure to American willingness to settle for a high-priced compromise.

The rallies, demonstrations and impassioned speeches have now paid off in a speedily drawn-up agreement under which Manila will receive \$900 million in grant aid and military sales credits between 1984-1989. In exchange, the U.S. is to be granted "unhampered military operations involving its forces in the Philippines" until the end of this decade. Marcos' opponents charge that he is selling out Philippine sovereignty--that claim is false. Sovereignty is paid for in blood, not dollars, and the Philippines Government retains ultimate jurisdiction of the two bases north of Manila used by the American military in defending not only the Philippines, but the whole Southeast Asian region and beyond from superpower aggression.

With the Russians expanding their facilities at the Vietnamese port of Cam Ranh Bay and a battle for naval supremacy being waged between the Russians and Americans in both the Indian and Pacific Oceans, this is no time for a massive tilt in the balance of power. This is a fact that the American Congress must consider well when it comes to ratify the agreement.

Were the Americans to lose their naval facilities at Subic Bay and air control centre at Clark, their strategic position in this part of the world would rapidly become untenable. Already threatened with the loss of their Indian Ocean base at Diego Garcia, they would have to fall back on South Korea and Japan and from there try to safeguard the sealanes and oil routes leading to the Middle East. Such a task would prove almost impossible for the U.S. Seventh Fleet and the Russians would be quick to fill the vacuum.

It is understandable that no country wants foreign bases on its soil, but reality dictates that global security can only be maintained if allies stick together and cooperate in the defence of searoutes and air routes vital to their own interests.

In matters such as these, national pride must be subjugated to the more pressing need of collective security. The very bases that concerned Filipinos fear are threatening their sovereignty are, by their very presence, defending it. And the hundreds of millions of dollars in much-needed aid provided by the U.S. in rental fees should also assist the Philippines in building up its own armed forces and in accelerating the pace of its national development.

CSO: 4200/616

BOMB EXPLOSIONS INJURE 10 IN SOUTH

BK260204 Bangkok BANGKOK POST in English 26 May 83 p 1

[Text] Ten people including six students were wounded by two bomb explosions which rocked Yala provincial town yesterday morning during a cultural festival.

No one has claimed responsibility for the blasts apparently timed to coincide with the visit of a big group of newsmen invited by the Tourism Authority of Thailand [TAT] to cover the cultural event.

The first explosion occurred at 10.35 a.m., two and a half hours after Deputy Governor Sub-Lt Anukun Suphachaiyakit opened the festival, police said.

Ten people were hurt in the explosion. Among them were six students, aged eight to 13, who travelled from Ban Nibong Rachupatham School in Muang District to see the shows.

The students and the rest of the wounded were rushed to Yala Hospital for treatment.

Police and security guards found a three-inch deep, 40-inch wide hole, parts of an alarm clock and electrical wiring at the explosion site.

As police were combing the area, another loud explosion occurred on a stage, where about 300 dancers from four regions were due to perform last night, forcing hundreds of onlookers to dive for cover. The second blast was only 300 metres from the first explosion.

Police said it was lucky that no one was on or near the stage at the time of the second blast.

Police suspected that the blast was the work of southern bandits, aimed at intimidating and scaring the people from attending the festival.

Twenty-nine reporters and photographers from Bangkok were at the festival at the invitation of TAT which is sponsoring some of the programmes.

In another incident, a powerful bomb believed planted by communists exploded on Tuesday in Nakhon Si Thammarat, seriously damaging a bridge and a military truck, Thung Song police said yesterday.

No casualties were reported.

The bomb exploded as three military trucks carrying troops to Wang Hin military base were running across the 12-metre bridge in Tambon Wang Hin in Thung Song District.

The bombing was believed to be communist retaliation against the military which is currently staging an offensive against guerrillas in the area.

CSO: 4200/616

BOT REPORTS SHARP DROP IN EXPORTS

BK310318 Bangkok BANGKOK POST in English 31 May 83 p 15

[Text] Thailand's exports in the first four months of this year dropped sharply by 16.66 percent while imports increased by 3.43 percent when compared to the same period last year, resulting in a huge trade deficit of 17,043 million baht, according to the Board of Trade [BOT].

The BOT reported that Thai exports in the January-April period this year totalled only 50,500 million baht, as against the 60,592 million baht in the same period last year. It was a drop of 10,092 million baht or 16.66 percent.

The sharp decline in the export prices of sugar, maize, tin and tapioca products in the period under review by 82.83 percent, 57.85 percent, 47.54 percent and 12.42 percent respectively resulted in a significant decline in export earnings.

In addition, the production of sugar and maize in the 1982-83 crop also dropped sharply, compared to the previous crop because of severe drought.

Meanwhile, imports in the January-April period this year went up by 3.43 percent from 65,300 million baht in the same period last year to 67,543 million baht.

As a result, Thailand suffered a trade deficit of 17,043 million baht in the same period--a sharp increase of 262 percent or 12,335 million baht from a deficit of 4,708 million baht.

The BOT urged both the Government and the private sector to get together and urgently seek measures to cope with the problems.

CSO: 4200/616

ARMY OFFICIAL NOTES COMMUNIST-INFESTED AREAS

BK030218 Bangkok THE NATION REVIEW in English 3 Jun 83 p 6

[Text] The Internal Security Operations Command (ISOC) has succeeded in reducing the number of sensitive areas in the North while the effort continues in other parts of the country, a senior military officer said yestrday.

Assistant Army Chief-of-Staff for Civilian Affairs, Lt Gen Mana Rattanakoset, said the number of communist-controlled areas in the North has diminished from five provinces to only one, under the programme carried out by the Third Army Region.

Nan is currently the only province where communists continue to operate.

ISOC has reduced its troop strength in Chiang Mai by 50 percent, he reported.

In areas under the responsibility of the First Army Region, communists remain in Prachuab Kirikhan, Phetchaburi, Ratchaburi, Chantaburi, Trat and Prachin Buri, he said.

He said their activities have been greatly reduced in other provinces in the region, including Kanchanaburi, Chachoengsao, Sing Buri, Suphan Buri, Ayutthaya, Ang Thong, Nakhon Pathom, Samut Sakhon and Samut Songkhram.

In the South, under the Fourth Army Region command, communists remain strong in Surat Thani, Nakhon Si Thammarat and Phatthalunk, and are weak in Trang, Songkhla, Pattani, Yala, Narathiwat, Chumphon, Krabi, Phang-nga, Ranong and Phuket, he said.

Lt Gen Mana described the communists as strong in Sakhon Nakhon, Nakhon Phanom, Loei, Kalasin, Ubon Ratchathani, Mukdaharn and Udon Thani--areas under the supervision of the Second Army Region.

Other provinces, where communist activities have decreased, include Nakhon Ratchasima, Buriram, Surin, Si Sa Ket, Yasothorn, Khon Kaen, Roi Et and Maha Sarakham.

He said ISOC provided 5,000 rai of land in the northeastern province of Yasothorn for communist defectors.

EDITORIAL SAYS SIHANOUK 'UNREALISTIC'

BK020122 Bangkok THE NATION REVIEW in English 2 Jun 83 p 4

[Editorial: "Sihanouk Is Again Being Unrealistic"]

[Text] Prince Norodom Sihanouk, it is accepted by everyone who has been following his activities since the time he was King of Cambodia, is a mercurial character, which is a polite way of saying that he changes his mind with the frequency of an ordinary man changing shirts. Although he periodically goes into hibernation in North Korea, it is also a known fact that he loves publicity and above all he loves controversy from which he always hopes to come out on top. His latest ploy is to threaten resignation as the President of Democratic Kampuchea because he has a bone to pick with Prime Minister Son Sann of Democratic Kampuchea--Son Sann was also Sihanouk's prime minister when Sihanouk himself was in power in Phnom Penh as chef d'etat.

But one thing in which Sihanouk is unswerving is patriotism and his love for his people and in the final analysis this may prove to be the factor which will influence his oft-changing attitudes. Coalition governments, as we in Thailand know, have a lot of stress built into them, but the Democratic Kampuchean coalition is unique in this world. First, it does not govern the country, and second the political philosophies of those concerned are as different as they can possibly be.

We are not quite sure why Son Sann is said to hate Sihanouk and hold him in contempt because of what Sihanouk says appeared in Australian newspapers. It is possible that personally Son Sann does not have much respect for Sihanouk but that shouldn't bother the prince because he is held in high respect all over the world as he should have known when he addressed the UN General Assembly last year.

Further, one would have expected it normal for Sihanouk to launch a verbal attack on the Khmer Rouge because, after all, they did hold him under house arrest for two years. But Sihanouk knows two facts clearly. The first is that the Khmer Rouge guerrillas are doing most of the fighting against both the Vietnamese and the Heng Samrin forces and, second, any strong criticism of the Khmer Rouge will not go down well in Beijing where he was speaking to journalists.

Earlier, Sihanouk came up with the proposal of the tripartite Democratic Kampuchea forming a coalition with the Heng Samrin clique and taking charge of Kampuchea. This is an idea which he has put forward before and so far as we know nobody has had any objection to such a scenario, except perhaps Hanoi which has not commented on the proposal at all. It would be actually a political solution which would be most welcome by all those who voted for Khmer freedom in the UN General Assembly. But Sihanouk does not say how such a coalition could function with the Vietnamese in occupation of his country.

ASEAN and its friends believe in a political solution by amassing world opinion against the Vietnamese occupation of Kampuchea while China, subscribing to this idea, nevertheless believes that such a solution will not work and that Vietnam has to be "bled white." It is immaterial who is right or who is wrong, since the main point is to end the Vietnamese occupation and allow the Kampucheans to decide what sort of a government they want.

This is not the time for Sihanouk to indulge in political tantrums. He has said: "The day I resign, the Vietnamese will gain very much." Is that what he wants? Does he want to cut his nose to spite his face?

CSO: 4200/616

REPATRIATION OF MONS TO BURMA TO CONTINUE

BK310149 Bangkok THE NATION REVIEW in English 31 May 83 p 1

[Text] The Burmese Government has protested to Thailand against the repatriation of ethnic Mons who illegally migrated into the Thai border and have worked in Kanchanaburi without permission for more than two decades, a senior Interior Ministry official said yesterday.

Deputy Permanent Secretary for Interior, Charoenchit na Songkhla, said Thai authorities would, however, carry on with the mission of evacuating the minority, adding that a letter of protest was recently sent to the Foreign Ministry from the Burmese Government.

About 300 ethnic Mons have so far been sent back from Thung Kang Yang in Saiyok District, Kanchanaburi and all of them will have to leave the country by August 10--the deadline set by the government last year, he said.

Charoenchit yesterday morning presided over a meeting at the Interior Ministry to thrash out the problem of minority people at the Thai-Burmese border.

He indicated that talks at senior level should be made between Thailand and Burma to reach an understanding on the necessity of repatriation.

Permanent Secretary of Interior, Phisan Munlasatsathon, in his capacity as chairman of the committee on the problem of minority people, said the next group of about 300 ethnic Mons would be sent back to Burma from Kanchanaburi.

About 1,000 minority people are left in Thailand and they will have to leave the country within the deadline, he said.

He said many minority people followed the authorities' order and sold their property before leaving the country while some resisted.

Kanchanaburi Governor M.L. Phaksuk Kamphu, contacted by THE NATION last night, said provincial authorities had been thoroughly screening the background of each ethnic Mon to ensure that they are not Thai citizens.

Phisan said some of the minority people claimed that they were Thais when they were told to return to their home country.

Interior Minister Sitthi Chirarot issued an order on October 12 last year, instructing all ethnic Mons in Thung Kang Yang of Saiyok District to leave Thailand by August 10.

The ethnic Mons have been hired to work in a huge farmland in Thung Kang Yang by an employer, identified as Phayap or Chaiyot Pinsukan, who was charged with illegally occupying the land in 1959 and later set up a company to export agricultural produce to Burma.

Phayap himself was also warned of the illegal activities at the farmland.

CSO: 4200/616

CPT COMMENTARY SEES 'CRISIS OF CONFIDENCE'

BK301226 Hong Kong AFP in English 0956 GMT 30 May 83

[Article by Amuraj Manibhandu]

[Text] Bangkok, May 30 (AFP)--The defection-plagued Thai Communist Party has admitted that its crisis of confidence has reached a critical point, according to a party publication made available here today.

But the publication itself, THE VOICE OF THE THAI PEOPLE, looks like the beginning of an effort by the outlawed party to make up lost ground.

A commentary in the publication said that "the weight of internal problems within the Thai revolutionary movement at present seems to show that the crisis of confidence has reached a critical point."

The new mouthpiece has surfaced a year after the party's troubled fourth congress.

Thousands of members of the pro-Beijing party laid down their arms following this congress, including Politburo member Udom Sisuwan. Almost all students and activists who went underground 10 years ago have surrendered.

The VOICE OF THE THAI PEOPLE replaces the Voice of the People of Thailand radio which was silenced in 1979 when China sought allies against Vietnam's moves in Indochina.

This radio station was believed to have been based in Kunming, southwest China.

Discussing the party crisis, the commentator held that it was equivalent to what Soviet revolutionary Lenin called the "third stage" in the process towards social democracy.

This "third stage" saw confusion and conflict within the party leadership which would lead to some members breaking away, though the movement continued to advance, the commentator added.

Quoting Lenin's call for an end to this stage, the commentator appealed for an end to the crisis of confidence within the Thai party.

Writing under the pseudonym of Kamla Patee (word of the world), the commentator was reviewing a recent translation of Lenin's pamphlet "What Is To Be Done."

A poem which appears in the same party publication read: "Dear friends, in water we brave and may bewilder. Before the sky clears, we naturally have to pass the dark night."

The argument put forward in the article on Lenin's writings and the message of the poem were both seen by observers as part of the party's bid to stem the defection tide and possibly draw back defectors who have voiced doubts about the Thai Government.

Many defectors, beset with economic problems, have expressed doubt about their new roles as what Thai officials call "development collaborators."

One defector called Somthop, who surrendered along with more than 70 supporters in the northeastern Thailand Province of Kalasin, remarked that "Perhaps we will have to return to the hills because we can't develop land further around here."

Others spoke of problems with local officials and expressed fears for their security.

One defector, Lon Patthali, or Comrade Banyat, was arrested on charges of attempted murder the day after he defected. Friends claimed that officials, aware that defectors had been paid for arms brought out of the jungle, had demanded cash to drop the case.

The party, which was said to have fielded about 14,000 armed men in the 1970's, is now about 2,000 strong, according to estimates by Western observers.

CSO: 4200/616

PLIGHT OF COMMUNIST DEFECTORS REPORTED

BK040945 Bangkok MATICHON SUT SAPPADA in Thai 29 May-4 Jun 83 pp 6-7

["Dispatch From Phuphan Mountain"--former communist stronghold in northeast Thailand]

[Text] "From now on the Thai people will stop killing each other. Pardon and love will replace revenge. Consultations will replace mutual suspicion. Spades and hoes will replace guns." This statement made by the leader of Zone 444 [operational area of the Communist Party of Thailand] still echoes, but the fragrance of the garlands of peace is fading away with the summer wind.

Has the magic power of Order 66/23 waned?

Were the officials in charge of the implementation of this policy sincere when they said: "Assistance will be provided so that they will be able to return to a new life in society"?

The guerrilla war in this country over the past decade resembles those Chinese films which stress on revenge. Lt Gen Han Linanon wrote in one of his articles: "Wherever government soldiers go, they often commit serious crimes such as robbery, murder, extortion, and rape, thus forcing villagers to turn to the communist guerrillas."

The commanding general is the one who has successfully used the politics-before-military tactics to defeat the communist guerrillas in the 2d [as published] Army Region. Subsequently, a large number of communist terrorists who had fled to the jungle with the hope to avenge their blood debts returned to their villages with confidence that "there will be no more revenge."

"We have faith in the policy, but are still afraid of local influence because many of us have been constantly harassed and threatened," Uncle Khanung, who led 250 terrorists under his command to surrender to government authorities on 18 January, said. He told us about the plight of defectors in the areas of Na Kae, Pla Pak and Renu Nakhon Districts of Nakhon Phanom Province. For example, Comrade Phimun, former commander of the main force (of provincial committee 333), was virtually in house arrest

for nearly a month at Nong Hi village of Pla Pak District. Comrade Narong, a native of the same village, was the target of assassination attempts twice.

Similar cases were also reported from Ubon Ratchathani Province. For example, Comrade Suwan Unchit, alias Comrade Sayan, a former soldier of the main force of provincial committee 444, was beaten up by seven defense volunteers during a religious fair at Nong Hai Noi village of Chanuman District. His family later filed a complaint with the district, but it was given only 3,000 baht and asked to keep quiet. The defense volunteers were not punished.

Another example, Lon Patthali, alias Comrade Banyat, was arrested on charge of murder attempt despite the fact that on the night when Khamtun, a villager of Phon Thong village, Senangkhanikhom Subdistrict, was assassinated he was sleeping at the living quarter of Amnat Charoen District Office where he and his colleagues were attending a rehabilitation training course. He was arrested while attending the class next day. No assistance from officials concerned was given to him. His case is still being tried in court.

"The charge against him was definitely groundless. It should be noted that some officials approached him and demanded 100,000 baht cash to drop the case. They knew that the military had paid us 1.3 million baht for the weapons we brought with us. We feel that the whole thing was a conspiracy. We are not up to their game. We do not know when our turns will come," said a former leader of the group undertaking the training course.

Safety of communist defectors has become the matter of big concern. Some defectors dare not even to return to their villages and have to live with their relatives in other places.

Comrade Sonphet, who gave himself up to Village Defense Unit 34 of Don Tan District, was assassinated soon after his surrender. Sonphet went into the jungle after his father was killed by a defense volunteer. He later came back to the village to avenge for his father by killing the defense volunteer, his wife and their infant. Relatives of the defense volunteers declared that they would kill him whenever he came out of the jungle.

Such stories of antagonism are very common in many areas. Even Withit Chandawong, who ran in the latest general elections in Sakon Nakhon Province, could not use his village in Sawang Daendin District as the center of his election campaign because his relatives feared harassment from local influential people. He had to launch his election campaign from Ban Ngon in the same district, which is the area under his responsibility when he was commander of guerrilla unit 222.

Besides the question of personal safety, communist defectors find that essential commodities as well as shelter became a big problem as they returned to their villages in the state of penniless.

"I was given 80 baht and a few clothes when I left the rehabilitation center," a young man of Phon Tum village, Na Kae District, talked about the assistance rendered to him by the 2d Army Region.

"Many of us went into the jungle because our houses were burned down. We sold our property such as land and cattle. Now that we return we have to start everything anew. We still do not know how to begin. We are now living with our relatives," a former member of guerrilla unit 111 talked about his difficult life after his return from the jungle.

"Defectors in Na Kae, Dong Luang and Sawang Daen Din Districts are all facing the same problems. When I was in the jungle, I had enough to eat. But when I came out I realized that I must have money in order to live. I was in a big trouble," a Buddhist monk of Ban Ngon Temple in Sawang Daen Din District said. He admitted that he had to enter monkhood because his family is very poor, adding that his mother and a younger brother are now living in a shack built on the land of someone else.

"I must tell you frankly that when I was in the jungle I had shoes, good clothes and some money to spend," he said with no less admiration for the Communist Party of Thailand.

Before they decided to come out of the jungle, they had been told about the difficult life they would encounter by their leaders.

"It was a pity that we did not listen to Achan Tui. We hoped our life would be much better with the military assistance," a 60-year-old lady said, adding: "Once we came out, the authorities paid very little attention to us."

Comrade Somthop, a former member of Phetchaburi District Committee who led over 70 communist terrorists to surrender to government authorities at Phon Na Di village in Khao Wong District, Kalasin Province, said: "It is possible that we might have to return to the jungle again because there is no land available for us to do farming. My colleagues said they might take the risk to clear the land in the vicinity of the December irrigation dam. They cannot survive here."

The said irrigation dam was built by Phetchaburi District Committee under the project commemorating the party's founding anniversary. The area is unsafe because bands of communist terrorists are still active in the nearby Pha Daeng mountain.

It has been known among officers of the 2d Army Region that conditions proposed by defectors of zones 333 and 44 for their surrender had been directly forwarded to Lt Gen Chaowalit Yongchaiyut. [passage illegible]

"The 2d Army Region and the Provincial Administration are not willing to implement the land allocation and new settlement projects, particularly those in the areas formerly under the control of provincial committee 444. But they have to because the agreement was made at the higher level," an official disclosed.

He said that the army region is clearing Dong Mu and Dong Pang-I areas of That Phanom and Don Tan Districts to build self-help settlements for defectors.

"We have been waiting to move into the settlements 4 months already. Meanwhile, we must continue to live with our relatives. We do not know whether the delay is intentional or not," a member of guerrilla unit 333 complained.

It was reported that defectors from guerrilla unit 444 would be resettled in the said areas in January. Permission was sought from the army region to enter the areas. In March some decided to move into the areas, but the majority continued to wait for the military to implement the land allocation project.

"The project work was so slow the cultivation season passed. Those who entered the areas started cultivation on the paddy fields formerly used by the production unit. There has been no action from either Loeng Nok Tha District or the 2d Army Region. The delay is weakening our confidence. A lot of things can happen if the authorities are not sincere in dealing with us," a defector said as if he wanted to remind the government of its promises.

Defectors are now living scatteringly in the villages of Loeng Nok Tha, Senangkhanikhom, Chanuman and Don Tan Districts.

A survey showed that defectors have been suspicious of sincerity of government officials. Therefore, they must remain vigilant.

"When we think of the past, we shudder with fear. Don't force us to leave our houses for the third time," a defector said and called for an end to antagonism.

Asked why only two groups of guerrillas--units 333 and 444--are given assistance, a military source said that the military knows that the other two groups (guerrilla units 555 and 111) are not sincere. The latter only reported themselves to authorities but refused to hand over their weapons.

Asked why guerrilla units 333 and 444 have not been given full assistance and about a trend that several projects for these groups might be shelved, the same source replied: "We have spent much time to consider this issue. We are afraid that the public might not understand the purpose. They might wonder why we have to help the communist defectors and not the people who are still poor. We cannot give them everything they ask for."

A report from Ubon Ratchathani said suppression officials in certain areas still do not accept communist defectors into the fold. Word is spread among defense volunteer and village scout groups to the effect that their patriotic moves do not get rewards whereas communist defectors, who killed many of their compatriots in the past, enjoy assistance from the government.

Suspicion and misinterpretation of the government's policy have to a certain extent revived misunderstanding and rift within the country. It is necessary that all parties hold consultations. Don't rush to welcome communist defectors just for the sake of personal fame and career future and then push them away. Otherwise, the Communist Party of Thailand will only wait for more people to join it.

The flame of war was ignited from a small village and later spread all over the country due to the wrong tactics and strategy of the past governments. Now the Thai people, including government officials and members of the Communist Party of Thailand, have succeeded in extinguishing the flame of war in most parts of the country. However, the fire is still there. Do not fan it up; otherwise, we will be sorry as we were during the past 18 years.

CSO: 4207/116

THAI RAT VIEWS GROUP'S ATTEMPTS TO ENTER LAOS

BK041714 Bangkok THAI RAT in Thai 4 Jun 83 p 3

[Editorial: "Persona Non Grata"]

[Text] Several months ago, five Americans came here to sneak into Laos for operations of a political nature. They were arrested in Nakhon Phanom on charges of the illegal possession of radio transmitters, but, after an investigation, they were not prosecuted and were allowed to leave the country as persona non grata. These people are reportedly coming to Thailand again and the Interior Ministry has instructed officials to check into this matter and prosecute them.

Persons who have been declared persona non grata are not issued visas by the embassy of the country which made the declaration. The immigration authorities have the duty to prevent such persons from entering their country. This process is used in every country, including Thailand. What we do not understand is why the immigration authorities allowed them to slip back into the country.

These Americans want to make themselves heroes by trying to enter Laos to verify if there are any Americans remaining there and, if this is so, how they might bring them out. What they do is their business, but their illegal entry into Thailand and actions inside Thai territory are unlawful and must be prosecuted in accordance with Thai law.

We said earlier that the coming of these Americans to engage in political activities would affect Thailand's relations with its neighbor. The use of Thai territory for such activities will create suspicion in the eyes of that country against Thailand. Thailand, like other countries, does not want interference in its affairs or in the affairs of others. The expulsion of such persons and declaring them persona non grata are correct and will help spare Thailand the allegations of others. However, the entrance of such persons, either by valid visas or other privileged means, is tantamount to showing that Thailand lacks full independence to deal with those individuals. It also shows their disrespect for Thai law.

We feel that the immigration division is remiss in permitting such persons, who have been declared persona non grata, to enter the country to create problems for us. We should have used existing law and power to preserve the sanctity of Thai laws.

TONGA

TONGA CONCERNED BY NEW ZEALAND, AUSTRALIAN TRADE RELATIONS

Auckland THE NEW ZEALAND HERALD in English 28 Apr 83 p 12

[Text] The Government of Tonga will be keeping an anxious eye on the closer economic relations agreement between New Zealand and Australia.

The secretary to the Government, Mr Taniela Tufui, said that if the agreement led to free trade between New Zealand and Australia, Tonga's trading future could be seriously jeopardised.

Although there was an agreement giving preferential rights to goods from the islands, Mr Tufui was still concerned over how far the safeguard would be protected.

"If free trade is reached at some stage, we (Tonga) will have to compete directly with growers from Queensland and the like.

"We will be keeping a close eye on CER to see how far it develops and the implications for the islands."

Mr Tufui led a five-member trade mission to New Zealand last week to attract businesses and manufacturers to Tonga.

CSO: 4200/629

RECRUITS OFFERED FOR NEW ZEALAND, AUSTRALIAN ARMIES

Auckland THE NEW ZEALAND HERALD in English 10 May 83 p 3

[Text]

A Western Samoan MP wants his Government to ask Australia and New Zealand to accept Samoan recruits into the armed forces to help his country's unemployment problem.

The MP, Mr Fa'aso'otauloa Sam Sali, said in Auckland yesterday that he hoped such a move would counter the serious unemployment problem in Western Samoa.

His Government has already offered Samoan recruits to the United States armed forces — a move Samoan community elders have described as "unchristian."

Mr Sali said he wanted the offer extended to include New Zealand, Australian and possibly British armed forces.

Voluntary

He said the recruitments would be on a voluntary basis. Applicants would have to pass normal physical and aptitude tests, as they would have to for the United States armed forces.

Mr Sali said it would not altogether alleviate the unemployment problem but it was just one option his Gov-

ernment should look at carefully.

He said early indications were that his colleagues supported his idea.

Meanwhile, the United States Embassy in Wellington has received no word of the offer for American armed forces to recruit in Western Samoa.

Normal Channel

The Embassy represents Washington's interests in Western Samoa as well as in New Zealand and officials say it would be the normal channel for any such request to be passed through.

An embassy spokesman, Mr Charles Bell, said yesterday: "We know nothing at all about an offer like this."

The New Zealand Herald Apia correspondent reports that the Western Samoa Premier, Mr Tofilau Eti, made the offer a few days ago. It is said to have been prompted by financial considerations.

Western Samoans serving in the United States military would be well-paid and their remittances home would help the islands' ailing economy.

MILITARY AFFAIRS AND PUBLIC SECURITY

'VONADK' ON SRV LOSSES IN CENTRAL HIGHLANDS

Fighting Reported

BK070739 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2300 GMT 6 Jun 83

[Text] On 8 March, guerrillas in Vietnam's Central Highlands attacked Le Duan's soldiers in (Kon Ha) village. Three Vietnamese soldiers were killed. The guerrillas seized 2 AK's and 36 rounds of ammunition.

On 14 March, the guerrillas attacked Le Duan's soldiers in (Kon So Tre) village. A Vietnamese soldier was killed and two others were wounded. The guerrillas seized an AR-15, 20 rounds of ammunition and 2 rucksacks.

On 25 March, the guerrillas ambushed Vietnamese soldiers on the road from (Buon Ma) to (Plei Lam I Ni). Two enemies were killed. The guerrillas seized an AK, an AR-15 and 75 rounds of ammunition.

In sum, on these 3 days the guerrillas killed six enemy and wounded two others. They seized 3 AK's, 2 AR-15's, 131 rounds of ammunition and 2 rucksacks.

Guerrilla Activity

BK080322 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 2300 GMT 7 Jun 83

[Report on guerrilla activity on the central plateau in Vietnam against the Le Duan soldiers]

[Text] On the Pleiku battlefield: On 2 March guerrillas on the central plateau of Vietnam attacked the Le Duan soldiers along the road 1 km from (Plei Pel) village, killing two enemy soldiers and seizing a number of important documents. On 11 March, at (Plei Ketel) and (Nhan), the guerrillas killed an enemy soldier and seized an AR-15 and 15 rounds of ammunition. On 20 March, near (Ea Treang) stream, 3 enemy soldiers were killed and 3 AK's and 120 rounds of ammunition were seized. On 27 March, a truck was destroyed along the road from (Chi Se) to Pleiku; 4 people on board were killed and 2 AK's, 2 AR-15's and 320 rounds of ammunition were seized. In sum, in 4 days the guerrillas on the central plateau in Vietnam killed 10 Le Duan Vietnamese soldiers, destroyed a truck, and seized 5 AK's, 3 AR-15's, 450 rounds of various kinds of ammunition, and a number of secret documents.

MILITARY AFFAIRS AND PUBLIC SECURITY

VODK REPORTS ON DEGA-FULRO GUERRILLA ATTACKS

Kon Tum, Pleiku Battlefields

BK040808 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
3 Jun 83

[Combat activities of the Dega-FULRO guerrillas on the Kon Tum and Pleiku battlefields]

[Text] The Kon Tum battlefield: On 8 March, the Dega-FULRO guerrillas attacked the Le Duan Vietnamese soldiers at (Buan Ka Sang), killing 3 and seizing 2 AK's and 36 rounds of AK ammunition. On 14 and 25 March, they attacked the Le Duan soldiers at (Kon Set Treah) and on the road leading from (Buan Ma) to (Ae Li), killing 3, wounding 6, and seizing 2 AK's, 39 rounds of AK ammunition, 2 AR-15's, 56 rounds of AR-15 ammunition and 2 rucksacks.

The Pleiku battlefield: On 2 March, the Dega-FULRO guerrillas attacked the Le Duan Vietnamese soldiers on (Pleikan) road, killing two and seizing a quantity of important documents. On 11 March, they attacked the Le Duan soldiers at (Plei Tel) and (Ngul), killing 1 and seizing an AR-15 and 15 B-41 rockets. On 20 March, they attacked the Le Duan soldiers near (Ae Treang) stream, killing 3 and seizing 3 AK's and 320 rounds. On 27 March, they ambushed a Le Duan Vietnamese enemy truck moving along the road leading from (Chi Ti) to Pleiku, destroying the truck, killing 4 Vietnamese soldiers on the truck, and seizing 2 AK's, 120 rounds of AK ammunition, 2 AR-15's and 200 rounds of AR-15 ammunition.

In sum, on these two battlefields, the Dega-FULRO guerrillas killed or wounded 22 Le Duan Vietnamese soldiers, destroyed a truck, and seized 12 assorted weapons and a quantity of ammunition and materiel.

Ban Me Thuot, Dac Lac Battlefields

BK050918 (Clandestine) Voice of Democratic Kampuchea in Cambodian 2330 GMT
4 Jun 83

[Combat activities of the Dega-FULRO guerrillas on the Ban Me Thuot and Dac Lac battlefields]

[Text] The Ban Me Thuot battlefield: On 5 March, the Dega-FULRO guerrillas attacked the Le Duan Vietnamese soldiers at (Buan Hang), killing two and seizing four rucksacks. On 14 March, they ambushed a Mercedes car of the Le Duan Vietnamese enemy moving from Quang Duc to Ban Me Thuot, destroying the car, killing 4 enemy elements, and seizing an AK, 80 AK rounds, and a pistol. On 21 and 24 March, they attacked the Le Duan Vietnamese soldiers at (Buan Tah Tin) and along the road leading from Ban Me Thuot to (Me Kang), killing 2 and seizing an AK, an AR-15 and 60 rounds.

The Dac Lac battlefield: On 1 March, the Dega-FULRO guerrillas attacked the Le Duan Vietnamese soldiers at (Buan Kak My), killing one and seizing an AK. On 18 March, they attacked the enemy soldiers at (Buan Chien Tuy), wounding two. On 30 March, they attacked the Le Duan Vietnamese soldiers at (Buan Tang Rong), killing 2, seizing 13 AK's and 306 rounds, and destroying 7 AK's.

In sum, on these battlefields, the Dega-FULRO guerrillas killed or wounded 13 Le Duan Vietnamese soldiers, destroyed a Mercedes car and 7 AK's, and seized 18 assorted weapons and a quantity of ammunition and materiel.

CSO: 4212/38

INTERNATIONAL RELATIONS, TRADE AND AID

PCF'S GREMETZ INTERVIEWED ON SE ASIA TOUR

PM081029 Paris L'HUMANITE in French 27 May 83 p 9

[Interview with PCF Central Committee Secretary Maxime Gremetz by Francoise Germain-Ribin--date and place not given]

[Text] Question: Maxime Gremetz, you made a visit to Vietnam, Kampuchea and Laos last month. Is the situation in Vietnam today as bad as the French press usually says?

Answer: The situation is far from being as bad as the press says.

Of course, to assess this situation it is necessary first to remember an essential fact; it is a country which has experienced years of war, a poor country. In addition our comrades were faced with the problem of the division between the north and south of the country which had to be reunified.

The Fifth Congress (1982), which assessed the situation, highlighted a number of difficulties. Since that congress major reforms have been implemented both in the agricultural sphere and in that of small industry and craftsmanship. These reforms have already born fruit. For instance rice production has increased by 13 percent over 1980.

They are using contracts between the producers and the state, they are calling for private initiative, and a policy which is more open to the market, provided this is done within the framework of socialism--the Vietnamese insist on that. The fundamental aim of these reforms is to make people more responsible. Moreover I would say that this is very like what is happening in China.

Another interesting element is the desire to no longer expect everything from foreign countries. Throughout the period of war against the United States habits were formed in this sphere. There was great international aid, especially from the socialist countries. That had an effect on the cadres' mentality. It is necessary to change that. Today the watchword is "self-reliance." At the same time there is an effort to obtain the cadres required by this policy. This is another important element which was stressed by our comrades.

Question: You went to Kampuchea. What is the situation, especially as regards that country's security?

Answer: I felt considerable emotion about going to Kampuchea. But when I arrived in Phnom Penh, I admit that I was very favorably surprised by life in that city. What I felt in particular was the persistent fear of a return by Pol Pot. "Never again." That is what many people we met told us. From the security viewpoint, the Kampuchians welcome Vietnam's aid which helped them to liquidate Pol Pot. And we were able to observe that they are forming their own army. They want to guarantee their own security, but that takes time.

As we saw, progress has been made in people's lives in all spheres but it would be wrong to think that international aid is no longer necessary.

International aid must be continued and cooperation established. That is the most effective way of ensuring that Kampuchea is quickly able to take full control of itself.

Question: Do you think the current level of Franco-Vietnamese relations is satisfactory and, more generally, do you not think that France could play a more important role in this region?

Answer: We want France to establish and develop good relations with all the countries in the region without discrimination: with Vietnam, Kampuchea, China and Laos. It is possible to consider that there has been progress with Vietnam. It is possible to bring about a substantial development in cooperation in the two countries' interest.

With regard to Kampuchea, for our part we think that France ought to have cooperation with that country. Some people say: "But we do not recognize that government...."

From the viewpoint of principles France does not recognize governments. Otherwise it would be impossible to understand it having relations with Chile for instance, or with a whole series of countries whose policy we oppose.

Question: What about relations with Laos?

Answer: We welcomed the fact that after a long break in relations between France and Laos, the will to resume them has been reflected by the appointment of a French ambassador to Laos and a Laotian ambassador to France. We hope that they will be developed.

Question: In the space of 1 year you have made successive visits to China and Vietnam. What do you think are the prospects for developing relations between the two countries?

Answer: During Georges Marchais' visit to China our Chinese comrades had informed us of their proposals for moving toward a political settlement between

China and Vietnam on Kampuchea. Then there were there were the proposals made at the Vientiane summit by Vietnam, Kampuchea and Laos. The latter are showing the desire to bring about a withdrawal of the Vietnamese troops from Kampuchea as that country's security is guaranteed and that is understandable.

If you look at the Chinese leaders' proposals and the Vientiane declaration, the acts which accompanied it and the latest and major withdrawal of Vietnamese forces from Kampuchea, you notice that the two approaches converge in some places. As far as we are concerned, we expressed our position in Beijing and Hanoi. We want a political settlement which requires independence and security for Kampuchea as for all the region's countries, the withdrawal of the Vietnamese forces as Kampuchean security is ensured, the rejection of anything which could help restore power to murderers in any form at all. We want the countries concerned to settle the dispute in a peaceful way. We note that the statements on all sides tend in that direction.

In our view nothing should hinder the resumption of dialogue between China and Vietnam.

Question: Did you discuss with our Vietnamese comrades the Sino-Soviet discussions and the resumption of relations between the PCF and the CPC?

Answer: We did discuss that question. Comrade Le Duan and Comrade Heng Samrin said that they regarded the talks taking place between the Soviet Union and China as positive. They also told us they thought it normal for our party to have restored relations with the CPC on clear bases, adding that they themselves were prepared to have talks with China, to open direct dialogue with it without preconditions.

For our part we support all efforts aimed at detente, peace, and the establishment of good relations among all countries in the region with security for each.

CSO: 4219/62

INTERNATIONAL RELATIONS, TRADE AND AID

UN DELEGATE EXPRESSES SUPPORT FOR SWAPO

OW021916 Hanoi VNA in English 1542 GMT 2 Jun 83

[Text] Hanoi, 2 Jun, VNA--The deputy head of the Vietnamese mission at the UN has welcomed the Security Council's decision to empower the Secretary General to conduct negotiations with various parties on a plan of returning independence to Namibia as an active step of the United Nations". [Quotation mark as received]

Speaking at the Security Council session on Tuesday, Ambassador Le Kim Chung stressed that the United Nations should consider appropriate sanctions if the South African administration stubbornly ignores the resolutions of the General Assembly and Security Council on Namibia. The Vietnamese ambassador called on other countries to increase their aid, especially military aid, to the SWAPO [South-West African People's Organization], with a view to increasing the capacity of the front-line countries of counter-attacking Pretoria's aggressive acts.

He said:

"Experience of the Vietnamese people show that the international reactionary forces, colonialism, imperialism, expansionism and hegemonism are ready at all times to use force to terrorize other nations and 'teach them lessons'.

"That is why, we must prepared [as received] to answer violence with violence because that is the price the oppressed nations have to pay if they are to win definitive victory. My delegation, therefore, fully supports the statement of SWAPO President Sam Nujoma at the May 24 meeting of the UN Security Council that 'if the UN Security Council takes no decisive measure to ensure complete withdrawal of South African troops from Namibian territory, the Namibian people will have no alternative but to continue and intensify their armed struggle.'"

CSO: 4200/640

INTERNATIONAL RELATIONS, TRADE AND AID

BRIEFS

ORDER CONFERRED ON MPR YOUTH LEAGUE--Hanoi, 2 Jun, VNA--The Council of State of Vietnam has conferred friendship order on the Revolutionary Youth League of Mongolia for its great services in mobilizing the Mongolian young people to engage in the movement in support of Vietnam's national construction and defense in the past as well as at present. The conferment was made at the opening session of the recent 18th MRYL Congress in Ulaanbaatar by Ha Quang Du, secretary of the Central Committee of the Ho Chi Minh Communist Youth Union and head of the Vietnamese delegation to the congress. [Text] [OW021920 Hanoi VNA in English 1554 GMT 2 Jun 83]

AUSTRALIA'S NORMALIZING TIES--Hanoi, 3 Jun, VNA--Bill Hayden, Australian foreign minister, has reiterated his government's wish to restore normal relations with Vietnam. He was speaking in Canberra Wednesday on the occasion of the appointment of a new Australian ambassador to Vietnam. Bill Hayden also expressed his wish that his forthcoming visit to Vietnam would help enhance the relations between the two countries. [Text] [OW031810 Hanoi VNA in English 1515 GMT 3 Jun 83]

FRIENDSHIP GROUP GREETES ETHIOPIANS--Hanoi, 8 Jun, VNA--Dao Thien Thi, president of the Vietnam-Ethiopia Friendship Association, has sent a message of greetings on the 1st anniversary of the founding of the Ethiopia-Vietnam Friendship Association (EVFA) (June 10). The message, addressed to Billegu Mandefro, acting president of the EVFA, and Tibebe Shiferan, general secretary of the Ethiopian Peace and Solidarity Committee, said that a year of effective activities of the association has contributed to strengthening the solidarity, friendship and mutual understanding between the two countries. It expressed the Vietnamese people's wish for new achievement of the Ethiopian people in their revolutionary cause, and for further consolidation and development of solidarity, friendship and cooperation between Vietnam and Ethiopia. [Text] [OW082257 Hanoi VNA in English 1517 GMT 8 Jun 83]

AMITY SOCIETY GREETINGS TO NICARAGUA--Hanoi, 9 Jun, VNA--Prof Hoang Minh Giam, president of the Presidium of the Vietnam Committee for Solidarity and Friendship with other peoples, has sent greetings to the Society of Friendship With Socialist Countries on its second anniversary (June 12). The message expressed the Vietnamese people's support for the Nicaraguan people in their struggle against the Somoza reactionaries aided by the U.S. imperialists, and in their national construction. It wished for further development of the militant solidarity between Vietnam and Nicaragua. [Text] [OW100141 Hanoi VNA in English 1531 GMT 9 Jun 83]

ECONOMIC PLANNING, TRADE AND FINANCE

ARTICLE ON CLASSIFYING DISTRICTS CONCLUDED

Hanoi NHAN DAN in Vietnamese 18 Apr 83 p 2

[Second and concluding installment of article by Nguyen Dinh Nam of the District Program Board of Directors (see NHAN DAN, 11 April 1983): "Classifying Districts." First installment published in JPRS 83649, 10 June 1983, No 1298 of this series, pp 33-36]

[Text] Ordinarily, the determination of the economic form cannot be based only the natural economic characteristics of the district, but must also be based on the plans of the large economic zones, the cities, and even the agricultural areas outside the cities. In the development process the above district economic forms will change according to the natural and economic conditions and, especially, their effect on industry.

In the initial phase of advancing agriculture a step further toward large-scale socialist production, because industry has not yet developed the predominant district economic structure is the agriculture-small industry-handicrafts structure. That type of district allows industry to affect -- directly and from the very beginning -- agriculture, the development of the handicraft trades, the rational use of the large labor pool in the rural areas, increasing the incomes of cooperatives, and improving the living conditions of the people in the district. Thus some districts of the purely agricultural type must gradually develop small industry and handicrafts. On the basis of the existing natural resources and by means of simple, easy production organization forms such districts can develop the sectors and trade, such as the production of construction materials, split bamboo weaving, the processing of agricultural and forestry products, and pharmaceuticals, while also gradually developing roads, rural markets, and marketing cooperatives, and bringing about a transformation of the economic structure.

In the future, with the formation and expansion of the areas specializing in the concentrated production of construction materials, the economic structures of districts of the second type will undergo important changes. In the sphere of a district or a group of districts there will be industrial enterprises to process agricultural products. The districts of the second type will advance to become districts of the third type. Whether that change will be rapid or slow will depend on the rate of expanding the scale of the raw materials areas and the rate of developing the agricultural processing industry and the communications-transportation network. The development of the various kinds of districts with agricultural-industrial structures will open up capabilities for

forming agricultural-industrial enterprise federations or combines based on economic areas. The agriculture -small industry-handicrafts districts will gradually become agricultural-industrial enterprises.

The classification of districts according to geographical and natural conditions and according to economic type in the final analysis principally serves agriculture (in the broad sense) and the rural areas in the sphere of the district. The highest economic goal of the districts is the increasingly greater production of commodity agricultural products and consumer goods to serve the lives of the people and export. Therefore, when studying the natural and economic forms of the district it is necessary to consider the changes of agriculture in the sphere of the district in the present phase of the transitional period and which changes are rational and irrational.

Categorizing districts according to the level of production:

In studying the situation over a 3-year period (1978-1980) in many key rice-growing districts in the north we observed the formation of districts with the following production levels. Districts with high levels of production accounted for about 12 percent of the districts studied. In that type of district the average fixed capital per hectare of cultivated land was about 1,360 dong (based on relative prices). On the average, between 15 and 20 tons of organic fertilizer and between 260 and 300 kilograms of nitrogenous fertilizer were spread on each cultivated hectare. Controllable water conservancy systems irrigate and drain 70 to 80 percent of the area. New rice varieties account for 64 to 78 percent of the area. On the average, there is a water buffalo or ox for every three cultivated hectares. Between 40 and 50 percent of the total area is plowed and harrowed by machine. There are sufficient agricultural implements for the workers. Rice production in that type of district is relatively stable, even in years in which the weather is unfavorable. Rice yields are about 38 quintals per hectare. The average output of grain per agricultural worker is 450 kilograms, and the average amount of grain contributed to the state was 11 quintals. The type of district with an average production level accounted for about 58 percent of the total number of districts studied. The average fixed capital per cultivated hectare amounted to 950 dong. Between 10 to 12 tons of organic fertilizer and 180 to 200 kilograms of nitrogenous fertilizer were spread on each cultivated hectare. Controllable water conservancy systems irrigated and drained 60 to 65 percent of the total area. New rice varieties accounted for 55 to 60 percent of the total area. On the average, there was a water buffalo or ox for every 3.5 cultivated hectares. The average yield per cultivated hectare was 29 quintals. The average grain output per agricultural worker was about 360 kilograms. An average of eight quintals per cultivated hectare were sold on an obligatory basis to the state. The type of district with a low production level accounted for about 30 percent of all districts studied. The average fixed capital for cultivated hectare was 650 dong. On the average, 7 to 8 tons of organic fertilizer and 110 to 120 kilograms of nitrogenous fertilizer were spread on each cultivated hectare. Controllable water conservancy systems irrigated and drained about 40 to 45 percent of the total area. New rice varieties accounted for 40 to 45 percent of the total area. There was one water buffalo or ox for each 4 to 4.5 cultivated hectare. There was a shortage of 40 to 50 percent of the ordinary implements. Rice production is not stable, especially when weather

difficulties are encountered. The average rice yield per cultivated hectare was 22 quintals. The average output per agricultural worker was 280 kilograms. The grain contributed to the state amounted to an average of three quintals per cultivated hectare.

On the basis of the situation of classification according to the production levels of the above districts it is possible to make a number of observations: the disparity in the production levels of districts is quite great. There are few districts with high production levels. The districts with average or low production levels account for an excessively large percentage. Our mission in developing and strengthening the district echelon is to increase the uniformity of the districts. Of course, it is not possible to, all at one, advance the districts from a low production level to a medium production level, and from a medium production level to a high production level. The main problem that must be posed is the full analysis of the production level of each type of district and the potential and path of advance of each type of district. That analysis must be carried out not only on a national scale but also in each area and province. The paths of advance of each type of district differ. The most common feature of the advance of many districts is taking the necessary steps to create favorable conditions so that the cooperatives can exploit their strengths regarding land, labor, and existing raw materials, develop production and improve living conditions, consolidate and assist the weak cooperatives, and increase the uniformity of the cooperatives in the district. On that basis, they must develop the various kinds of crops and the small industry and handicraft sectors, expand exports, and import the necessary technical materials (fertilizer, insecticides, fuel, etc.) so that reproduction can be expanded at a high level.

5616

CSO: 4209/377

HEALTH, EDUCATION AND WELFARE

VO NGUYEN GIAP ADDRESSES ENVIRONMENT DAY MEETING

OW051916 Hanoi VNA in English 1459 GMT 5 Jun 83

[Text] Hanoi, 5 Jun, VNA--A mass meeting has been held in Haiphong marking the 11th World Environment Day (June 5) and in response to the Asian Environment Year-83 initiated by the Economic and Social Committee for Asia and the Pacific (ESCAP).

The meeting was attended by Huynh Tan Phat, vice-president of the Council of State and president of the Presidium of the fatherland front Central Committee; Vo Nguyen Giap, vice-chairman of the Council of Ministers; Doan Duy Thanh, secretary of the Haiphong Committee of the Communist Party of Vietnam, and others.

Vo Nguyen Giap, in his opening speech, brought out the considerable and urgent need of environmental protection and the correct policies of the Vietnamese party and state on protecting and using the country's natural resources.

In this spirit, he continued, we join progressive mankind in warmly supporting the Soviet peace policy put forth at the 26th CPSU Congress and the recent statement on disarmament of Yu. V. Andropov, general-secretary of the CPSU Central Committee. Hoang Dinh Phu, vice chairman of the State Commission for Sciences and Technology which is also the standing office of the Vietnam World Environment Committee, summed up achievements recorded by all public offices, branches of activity and localities throughout the country in environmental protection.

A Council of Ministers decision on establishing a new national garden in Cat Ba, Haiphong, was also made public at the meeting.

CSO: 4200/640

HEALTH, EDUCATION AND WELFARE

BRIEFS

WORLD ENVIRONMENT DAY--Hanoi, 6 Jun, VNA--A meeting was held in Ho Chi Minh City recently in celebration of the 11th anniversary of the World Environment Day. Present were Doan Phuong, vice chairman of the State Commission for Sciences and Technology, vice president of the Vietnam Committee for World Environment Day, Nguyen Ho, president of the city's fatherland front committee, Vo Thanh Cong, vice president of the city's peoples committee and president of the city committee for World Environment Day and other officials. O. A. Volkov, Soviet consul general in the city, also attended. A comprehensive program was mapped out on this occasion to protect and improve the living environment in Ho Chi Minh City and a number of neighbouring areas. This includes the planting of trees to check soil erosion, the handling of industrial waste, regular survey of the pollution rate and popularization of anti-pollution and anti-erosion measures through the mass media. [Text] [OW062337 Hanoi VNA in English 1454 GMT 6 Jun 83]

CSO: 4200/640

POPULATION, CUSTOMS AND CULTURE

BINH TRI THIEN DEVELOPS NEW ECONOMIC ZONES

Hanoi NHAN DAN in Vietnamese 18 Apr 83 p 2

[Article by Anh Trang: "Binh Tri Thien Implements the Slogan 'The State and The People Work Together': Redistributing Labor, Developing New Economic Zones"]

[Text] Binh Tri Thien has nearly 1.8 million people and 1.8 million hectares of natural land. But its population is not distributed rationally. The low-land area accounts for only about 10 percent of the natural area, but most of the population is concentrated there. The hilly and mountainous areas account for more than 80 percent of the total area but their population is too sparse. On the average, there are only 10 people -- and in many places between 3 and 5 people -- per square kilometer. Nearly 200,000 hectares of agricultural land (essentially in the hilly areas) have not been developed, including 19,000 hectares of red soil. After the south was completely liberated the cadres and people of Binh Tri Thien overcame many difficulties and hardships, even sacrificing their lives (because of bombs and mines the Americans and puppets planted in the earth) in order to build new lives in a new area.

Tasks that have been accomplished:

Implementing the policy of redistributing the national population, during the past 7 years Binh Tri Thien has created conditions for sending more than 100,000 people to develop new economic zones in Dac Lac, Lam Dong, Gia Lai-Kon Tum, and Thuan Hai provinces. Because it sent people to develop new economic zones and carried out planned parenthood, during the past 7 year's Binh Tri Thien's population has stabilized at 1.8 million.

Binh Tri Thien has paid special attention to distributing the population within the province and has sent people to the hilly area to develop new economic zones. To date the districts have mobilized and sent 19,800 families including 35,077 workers and 102,929 people (nearly equal to the populations of Tuyen Hoa, Huong Hoa, and A Luoi districts added together) to the hilly area to set up 14 new economic zones, including 7 zones set up by the people themselves. In Binh Tri Thien there have been set up 28 additional new economic zones made up of 54 cooperatives, 148 agricultural production collectives, and 8 handicraft cooperatives. The new economic zones have cleared 20,695 hectares of cultivated land. All 14 new economic zones

have not only become self-sufficient in grain (the lowest per capita grain level is 350 kilograms and in the high-output areas it is more than 550 kilograms) but have also built up stocks and fulfilled their obligations to the state (principally in subsidiary food crops). The new economic zones have contributed importantly to doubling the province's subsidiary food crop output in comparison to the first year after the province was created. The ratio of subsidiary food crops increased from 26 percent in 1976 to 37 percent in 1982. Thanks to the promotion of subsidiary food crop production, during the past several years Binh Tri Thien has advanced to self-sufficiency in grain. The new economic zones have established garden economies. On the average, each garden has an area of 1,800 square meters and provides an annual income of 1,800 to 1,900 dong. All new economic zones have schools, medical clinics, stores, etc. Many zones have set up markets for the circulation of merchandise.

The state and the people work together:

The party organization and people of Binh Tri Thien understood and applied at early date the slogan "The state and the people work together" in the distribution of population and the building of new economic zones. In addition to mobilizing the families, the economic units contributed money, materials, seedstock, livestock, etc., to help the people going to build new economic zones. The districts also mobilized labor in the cooperatives and production collectives to go to the new economic zones in advance to build a number of material-technical bases to serve production and life and create favorable conditions for receiving people coming to the new economic zones so that they can begin production immediately. Only 6 months later many of the new economic zones were self-sufficient in grain. Bo Trach District sent more than 1,000 workers from 10 villages to coordinate with the central level Mechanized Landclearing Unit No 16 and the district tractor station, in accordance with the slogan of combining mechanization with manual labor to clear land, build fields, and build in advance a number of collective welfare bases for the Phu Dinh economic zone. Only then were the people sent in. The cooperatives were responsible for dismantling and transporting 370 houses to the new economic zone and for rebuilding them for the cooperative member families. Only after their living areas were stabilized did the people in the new economic zones continue to clear land, create fields, build water conservancy projects, drying patios, and granaries, and complete the collective welfare projects. With the state providing some of the funds and materials, the new economic zones in the province have cleared 20,695 hectares, including 2,136 hectares of wet rice land, and have built 78 water conservancy projects. The people have built 28 additional projects by themselves and have dug hundreds of kilometers of canals and ditches to conduct irrigation water to more than 2,000 hectares of wet rice land in the hilly area. Furthermore, the people have built hundreds of kilometers of intervillage and interhamlet roads. During the past 7 years Binh Tri Thien has invested 80.6 million dong in building material-technical bases to serve production and the people's lives in the new economic zones. The state has provided 47.9 million dong while the people have contributed 32.7 million dong.

One place, two locations:

During the recent period Binh Tri Thien has sent people to the new economic zones by many different means. Some places have from the very beginning sent entire families to such new economic zones as Route 9-Khe Sanh and O O-Hoa My. Some places have sent youths in advance to build a number of material-technical bases, and only then sent people to such new economic zones as Nam Dong, Hai Nhanh River, etc. But the best form for sending people to the hilly areas to build new economic zones is the "one place, two locations" method applied by the Nhan Hong cooperative in the Dong Le (Bo Trach) new economic zone. Nhan Hong, in the Dong Le hilly area, is still a cooperative in the Nhan Trach coastal area. Nhan Trach has little land and many people, so many difficulties are encountered in the lives of the people. Even during the years of resistance against the war of destruction waged by the U.S. bandits, Hanh Trach recruited workers in order to form a unit to clear land in the hilly area. That unit cultivated the land while producing bricks and tiles. After the liberation, Nhan Trach sent additional workers, especially those in families which will go to the new economic zones, to the Dong Le hilly area to establish gardens, clear wastelands, and expand the cultivated area. During the first few years Nhan Trach not only provided food but also gave priority to sending capable cadres and party members to the hilly area to build a new home area. At the end of 1979, after a period of clearing land, expanding the cultivated area, creating gardens to grow perennial crops, and building material-technical bases to serve production and the people's lives, Nhan Trach began to gradually send families to the new economic zones and to set up cooperatives. Therefore, the people who went to the new economic zones were less inexperienced, quickly stabilized their living conditions, and were able to begin production immediately. At present, the Nhan Hong cooperative has 251 families, 452 workers, and a total of 1,300 people. In addition to clearing 283 hectares of land to grow vegetables and subsidiary food crops, Nhan Hong baked bricks and tiles and extracted cajeput, camphor, and vervain oil. In 1982 the cooperative sold to the state 1.2 million bricks, 800,000 tiles, and two tons of essence of cajeput, camphor, and vervain oil. All of the cooperative member families built spacious tile-roofed houses. Every family had a garden green with breadfruit, pineapples, pepper, papaya, etc. On the average, each family in Nhan Hong raised 1.2 water buffaloes, two hogs, and several dozen chickens and ducks. At present the Nhan Hong cooperative still has a specialized fishing unit in its old coastal area. Therefore, although it is in a hilly area all families have stocks of salted fish, dried fish, and fish sauce.

On the basis of the experiences of Nhan Hong and Phu Dinh, Binh Tri Thien decided to transfer people from the lowlands to the hilly areas to create gardens, grow subsidiary food crops and industrial crops, carry out afforestation, build dams to create reservoirs, raise herds of water buffaloes and cattle, build material bases, and gradually bring in people to set up new hamlets and villages. Therefore, between 1983 and 1985 Binh Tri Thien, in addition to building new economic zones outside the province, endeavored to send about 50,000 people to the hilly areas in the province to create new economic zones.

It could do even better:

Immediately after the liberation many places in the province sent impetuously thousands of people to the hilly areas who did not observe regulations in clearing land, cut down forests, and denuded hills. There are still 5,691 hectares (33% of the cleared area) which do not have area dikes and field dikes to counter erosion and protect the soil. Due to inaccurate planning, some places cleared land and then left it fallow, and built houses and then dismantled them, which caused many difficulties and much waste for the state and people. During the recent period, due to difficulties regarding food the new economic zones have rushed in to grow grain crops, and especially manioc, and have not paid adequate attention to developing the strengths of the hill area regarding industrial crops, afforestation, and the raising of herds of water buffaloes and oxen, and have not yet combined agriculture with forestry. Spiritual life in the new economic zones is still too poor. There is a lack of medicine and of teachers, especially secondary school teachers.

The provincial and district sectors participating in building the new economic zones are not yet positive and there is a lack of close coordination. Many policies are not strictly implemented, which causes considerable difficulties for the people who go to develop new economic zones. Many districts have sent poor-quality cadres -- most of them old, weak, and incapable -- to develop the new economic zones. Too few key cadres, party members, and Youth Union members have accompanied the people to the new economic zones. In some places, such as Phu Vinh and Huong Phong villages in the A Luoi new economic zone.

The province and the districts must promptly set up new economic zone budgets and set aside some of the local budget to help the new economic zones overcome their initial difficulties.

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