



# ***JPRS Report***

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## **East Asia**

### ***Southeast Asia***

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# East Asia Southeast Asia

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## ECONOMIC

### Salim Group's European Strategy on Track

91GE0402A Duesseldorf *HANDELSBLATT* in German  
2 Jul 91 p 18

[Report by cp, Bangkok, 1 July: "European Expansion Continues; German Hydrogenation Plan Purchased; CEO Reviews Firm's Strategy"]

[Text] With the 100-percent acquisition of the Deutsche Hydrierwerke GmbH, Rodleben, the Indonesian Salim Group has taken another step toward becoming a competitor on the European oleochemical market. The price of the acquisition is probably between DM 80 million and DM 100 million.

Negotiations are now under way for the acquisition of a German artificial fertilizer producer, and starting up the production of motors driven with vegetable oil and, for that purpose, taking over the patent rights of a Nuremberg firm is being considered.

As Johannes Kotjo, senior executive director of the group, told *HANDELSBLATT*, the acquisition strategy in Europe reflects the group's decision to utilize cost advantages from the home base for global expansion. In the field of oleochemistry based on natural substances, the Salim Group has a natural cost advantage owing to its extensive and diversified plantation system. It is now expanding its palm oil plantations from 150,000 to 200,000 hectares and its sugar plantations from 20,000 to 100,000 hectares. Palm oil in particular turns out to be an increasingly important raw material in the plastics industry.

Also in the planning stage is the acquisition of an oleochemical plant in Italy or Spain. The group, which has about 300 subsidiaries and equity participations and 1990 sales amounting to \$8 billion, regards Germany as the EC center. To prepare and coordinate a European strategy an office was established in Neuss in 1989, which is now to be shifted to Berlin. While Germany is to be regarded as European headquarters and responsible for North Europe, South Europe is to be covered from Italy or Spain and the East from the CSSR.

Parallel to such ventures in the European oleochemical market, the group is building a new central headquarters for its global oleochemical market in Singapore, for which it started the Salim Oleochemical Southeast Asia at the end of last year and recently made a 45-percent investment in the Asia Pacific Polyol (APP), which is a joint venture with the British Innocommerce. For its part, Innocommerce is a joint venture with the British Natural Resource Group (NRG). The NRG is a leader in the field of polyurethane production. APP will produce 80,000 tons of polyol a year, 80 percent of which is to be exported to Japan and to the European subsidiaries of the Salim Group. In January the NRG granted the

exclusive right to use the NRG process for Indonesia to the Salim subsidiary P.T. Organusa Interchemica, which is located in Indonesia.

In Indonesia, Salim diversified in large-scale petrochemistry projects. It is a joint-venture partner of the Indonesian Sinar Mas Group in Unggal Inda Chemical, which produces alkyl benzene. The group's latest project is a venture with the U.S. Amoco Chemical for the production of the raw material PTA needed for synthetic textiles.

Salim is now exploring the expansion of its share in the plastics producer Lamypack located in Singapore, possibly in cooperation with the German Stollpack GmbH. Salim offers Stollpack the removal of its production facilities to the island of Batam located near Singapore but belonging to Indonesia. The removal would yield a 30-percent cost advantage. On Batam, which already has an airport of its own to handle regional air traffic, Salim, in cooperation with Singapore, is building a brand new industrial park, which is already partially ready for occupancy.

### Minister Says Nuclear Power Plant Ready by 2005

91SE0329B Jakarta *KOMPAS* in Indonesian  
16 Jul 91 p 2

[Text] Jakarta (*KOMPAS*)—Minister of Mining and Energy Drs. Ginandjar Kartasasmita disclosed that Indonesia is expected to have its first nuclear electric power plant (PLTN) by the year 2005. It must then be augmented by one PLTN unit every two years until 2015 to overcome the electricity shortage that Java will have by that time.

"The use of nuclear energy as a source of electric power, which is being used and rapidly expanded in the developed countries, is now being prepared for in Indonesia. Nuclear energy is attractive because its fuel is available in the world in large quantities, thus providing an expectation of stable price," he said in Surabaya on Monday [15 July] in a speech to a convention of the six chemistry divisions of the Indonesian Engineers Association (PII).

According to the minister, studies show that by 2010-2011 Java will suffer a severe shortage of electricity. This scenario assumes that the installed capacity of electric power plants using hydroelectric power, geothermal power, oil, and gas-steam ("combined cycle") cannot be expanded, because resources and economies of production are limited and because there are environmental problems. The shortfall in installed capacity is expected to reach 1,362 MW [megawatts] by 2010-2011 and to swell to 7,625 MW by 2015-2016.

"If that is the situation, at least one PLTN must exist by 2005 to meet this demand, and others must be steadily added at the rate of about one PLTN each 2 years until 2015," he asserted.

### Expensive

Problems are the high cost of PLTN construction and the guaranteeing of safety and security. Safety in the use of nuclear energy depends primarily on the people who handle technology and not on the technology itself. The challenge now is to develop capabilities so that by the time a PLTN is needed we will be ready. These capabilities encompass both funds and total operating proficiency.

The minister said there has been a very great increase in electricity demand during recent years, driven by a rapid industrialization process and a rising standard of living. During the development era, great advances have been seen in the electricity generation sector, but the government's ability to provide electricity is very limited. In 1991-1992, there will be a shortage of electricity in Java because the government's construction of electric power facilities cannot keep up with the growth of demand. Growth in the electric power generation sector has met the goals of REPELITA V [Fifth 5-Year Development Plan], but electricity demand has turned out to be far greater.

"Estimates of economic growth in REPELITA V have been exceeded. Because electricity planning is always long-term by nature and is based on projected national economic growth, rapid corrections are very difficult. The construction of electric power facilities always requires a long period of time. Sudden short-term changes cause problems for the electric power system," he said.

Because of the growing momentum of development, electricity consumption is expected to soar, while the government's ability to finance investment in electric power facilities is limited. Since this trend is expected to continue, it is essential to mobilize private funds to meet the part of electricity demand of industry and the public that cannot be met by the government.

### Short Term

The minister said that to deal with the current electricity crisis the government has taken steps to add capacity beyond the amount planned for REPELITA V. Beginning in April 1992, 100 MW will be added each month from the "open cycle" PLTU [steam-powered electric power plant] at Gresik, which has a capacity of 900 MW. In 1993, that plant will become "combined cycle" by the addition of 500 MW of installed capacity.

In addition, in October 1992, 100 MW will be added every month (a total of 300 MW) from the Muarakarang PLTGU [gas-steam-powered electric power plant], which will be increased by another 150 MW in 1993-1994 after it becomes "combined cycle." Furthermore, the Paiton PLTU, with two units of 400 MW each, will be completed in 1993-1994, and the 900-MW Tanjung Priok PLTGU will be finished in 1994-1995. A 60-MW PLTG in Bali will be completed in 1992-1993. With all of this construction, it is hoped that the present electricity crisis in Java and Bali will be resolved.

"REPELITA VI [Sixth 5-Year Development Plan] planning, and some of its electric power facility construction, should have been done by now. With growth at the current rate, an additional capacity of 11,000 MW is planned for REPELITA VI. This increase will exceed the entire capacity built during four REPELITA's and, therefore, is a great burden on the government. Because of that, we hope the private sector will provide about 46.33 percent," the minister added.

### Government To Protect Electronics Industry

91SE0329A Jakarta KOMPAS in Indonesian  
8 Jul 91 p 2

[Text] Semarang (KOMPAS)—Minister of Industry Hartarto says that he is investigating the truth of reports that imported electronic products are flooding domestic markets at greatly reduced prices. If this is actually occurring, the government will immediately take necessary action to protect the Indonesian electronics industry.

Hartarto stated this to reporters after opening Central Java Tourism Week (PPJT) IV in Semarang on Saturday [6 July]. According to Hartarto, the government will not hesitate to safeguard the domestic electronics industry, even if protectionist action is needed.

He said the Indonesian electronics market is still sluggish because of the effect of tight money policies. Therefore, he hopes domestic electronics industry chiefs will soon conduct a consolidation so that they can determine the steps needed for facing the problem.

As previously reported, imported electronic products are flooding the market at prices that are 10 to 20 percent lower than before. The reason for this situation is the large volume of goods available in a sluggish market.

### Handicrafts Industry

Touching on the handicrafts industry in Central Java, Hartarto said Central Java has much potential for developing the industry, because it is supported by the strengths of the various areas. If designs were improved, development would be even better. Such improvement can be accomplished by mobilizing experts from the universities.

According to Hartarto, the handicrafts industry has a special advantage over other industries, namely a strong competitiveness on foreign markets. This is especially true when the industry is supported by a capability to create designs that suit market tastes.

In his speech at the opening of PPJT IV, Hartarto said that expansion of the tourism sector has a close connection with the expansion of the industrial sector. Such mutually supportive and beneficial connections have resulted in the expansion of small industry. The growth

of the tourism industry is one of the reasons for small industry's higher production and product sales.

These mutually supportive and beneficial connections must be continued, since small industry is very strategic, especially because of its use of manpower and its contribution to the country's foreign exchange. To stimulate these relationships, the system for supervising small industry will be strengthened through such things as the "adoptive father" program. "Through the relationship of the industrial sector with other economic sectors, we hope it will help other national industries to be ready to enter the takeoff era," he declared.

Also speaking at the opening ceremony were Soetrisno, mayor of Semarang and general chairman of the PPJT IV, and Central Java Governor H.M. Ismail. The 1991 PPJT will last until next Sunday [14 July]. A number of activities are being conducted, including a handicraft exhibition, artistic and musical performances, and a variety of contests.

#### Call for Study of Coal As Oil Substitute

91SE0326A Jakarta KOMPAS in Indonesian  
10 Jul 91 p 3

[Text] Jakarta (KOMPAS)—Indonesia should conduct research on the use of coal as a substitute for oil fuel (BBM). Indonesia has large reserves of coal, but discoveries of oil and natural gas have become increasingly limited.

"If that could be done, Indonesia would not have to worry much about oil energy problems. Take South Africa as an example. When there was an oil fuel embargo, the country did not have any problem at all, because it used coal," Dr. Ambyo S. Mangunwijaya, principal director of PT [Limited Company] Bukit Asam (PT BA), said Tuesday [9 July] in Jakarta in reply to a KOMPAS question.

On a separate occasion in Bandung last week, the former member of the mining and energy minister's special staff said such research needs to be encouraged, because oil and natural gas reserves and discoveries in Indonesia are getting rarer. He estimated that, at a projected average 6.27 percent annual increase in consumption and with crude oil deposits being steadily drained, Indonesia will be a net importer of oil by the year 2000.

According to Dr. Ambyo, coal can be processed into an industrial raw material through gasification and liquefaction. The coal is first converted to a gas and then liquefied to become a BBM. South Africa, which has large coal reserves, derives about 80 percent of its BBM from coal.

He added, however, that gasification and liquefaction is a process that is not yet widely known. In some countries, research to find the cheapest process continues. South Africa uses a gasification and liquefaction technique under a "Lurgi" patent from Germany.

He said a Japanese company once conducted research on the gasification of coal obtained from Bangko, Sumatra. Unfortunately, the research went only as far as paper, because the Japanese felt the gasification of coal would be profitable only if the price of crude oil exceeded \$30 per barrel.

In reply to a question as to whether PT BA is prepared to lead the way in the gasification and liquefaction of coal, Dr. Ambyo said such a project should be delegated to public research institutes or to universities. The institutes could work with PT BA, if necessary.

#### Coal Water Mixer

The leader of PT BA, which is responsible for all coal mining in Indonesia, including mining done by foreign contractors, said that although the government has set a policy on industrial use of coal, not all domestic industries are using coal as an energy source. "The paper industry and several other industries are still using BBM, despite the fact that coal can be used in the form of 'coal water mixer' as a fuel for steam boilers. This fuel consists of fine coal mixed with water and certain chemical additives," he commented.

He added that "coal water mixer" is much used in the PRC, Japan, and a number of other industrialized countries. Although it is easier and cheaper, the technology has not yet come to Indonesia. The problem lies with the chemical additive, for which certain companies, such as Japan Gas Company (JGC) and Nissho Iwai, have a monopoly in Japan.

In response to another question about household use of coal in the form of smokeless briquets, Dr. Ambyo said the technology has not been mastered in Indonesia. "If briquets were offered as a substitute for kerosene, they would still not be commercially feasible, because they would need a special kind of brazier that is not yet available," he declared.

In 1990, Indonesian coal production reached 10.6 million tons, of which 4.8 million tons were produced by PT BA. Contractors produced 4.6 million tons, and private Indonesian coal operators with mining authority in a number of areas in Kalimantan and Sumatra produced the rest.

"The use of coal as a BBM substitute will become more important in the future, especially as some contractors continue to increase their production. In 1995, it is estimated that coal contractor production will reach 20 million tons per year, while domestic demand will be only about 13 million tons."

Dr. Ambyo said that contractors are anticipating rising coal production and limited domestic consumption by exploring export markets in Europe and the Asia Pacific area. The present FOB [free on board] prices of Indonesian coal are \$42 per ton from Kaltim Prima Coal (KPC), \$30 per ton from Arutmin, and \$38 per ton from Allied Indo Coal.

**Major Oil Discovery by Late 1990s Expected***91SE0325A Davao City MINDANAO MIRROR  
BULLETIN in English 24 Jun 91 pp 1, 8*

[Text] Manila—After decades of cycling along with pimple-sized deposits, oil exploration in the Philippines might be excused for high-speeding.

The reason: major world-class oil and gas discoveries in its Camago, West Linapacan and Octon wells off north-west Palawan province.

Camago 1 is estimated to contain recoverable reserves of 1.1 trillion cubic feet of gas. Octon well reportedly flowed gas at the rate of 12.5 million cu. ft. per day and 1,032 barrels of oil condensate daily. Meanwhile last December, West Linapacan well flowed with more than 7,000 barrels of oil.

The explorations triggered remarkable results. Suddenly the Philippines looks more tempting. Industry experts believe that the country is on the brink of becoming a magnet for foreign oil investments.

According to President Corazon Aquino, "There is really only one incentive that will get oil exploration going in the Philippines. And that is the likelihood of discovery."

"We have oil," she says. "There is oil around us—Malaysia, Brunei and Indonesia. We have found some in the Philippines. Yet our discoveries have not been anywhere comparable to our neighbors."

The Philippines is 97 per cent dependent on imported oil at a cost of over US\$1.3 billion in 1990. The daily oil output of 4,500 barrels per day accounts for 3 per cent of its average daily domestic consumption of 239,000 barrels.

But with the recent finds, foreign oil exploration groups are now expressing renewed interest over some offshore and onshore areas. British Petroleum, Shell, Occidental Petroleum and other big oil companies are all set to drill starting February, says Alfredo Ramos, president of Philodrigill, operator of the Octon well.

The Philippines is still largely unexplored, oil-wise. At least 80 per cent of its potential oil deposits remain unexplored. According to the Petroleum Association of the Philippines, only 10 million hectares of the country's 54.8 million hectares total basinal acreage has been contracted for by oil exploration firms.

A four-year study of the hydrocarbon potential of the country—made by the World Bank for the Office of Energy Affairs here—had identified at least six basins that may be rated as having good or very good prospects for the discovery of new commercial oil and gas fields. These basins are marginally explored or not at all.

Petroleum exploration in the Philippines dates back to 1896 with the first oil well drilled in Cebu province. From the 1950s to 1970s, there was widespread exploration which produced no significant discovery.

Energy Development Services Director Freddie Rillera says this was largely due to the fact that most wells were drilled based on surface mapping and oil sweeps. "Another reason was that the wells drilled were less than 1,000 meters deep and were virtually shallow test holes. Lastly, the existing system then was not conducive to the entry of expensive exploration technology," he says.

The second wave of exploration started after the passage of the Petroleum Act of 1976. The new law amended the 1949 version and adapted a service contract concept of sharing which was practised in nearly oil-producing countries like Indonesia.

The scheme was quite successful in other countries because it allowed the driller to recover cost and get profit sharing with the government. Oil exploration was accelerated after the introduction of the service contract system.

With the availability of modern exploration methods oil in commercial quantities were subsequently discovered, foremost of which was Nido, the country's first producing oilfield which started commercial operations in 1979 under the supervision of Philippine Cities Services, Inc.

But production from the celebrated oil well decreased from 40,000 barrels daily to 30,000 and 20,000. It now produces an average of 2,000 barrels per day. Down-trends in oil prices resulted in another decline in the exploration cycle.

The search for oil only gained momentum in 1987 as a result of the World Bank-financed Petroleum Exploration Promotion Project which produced a comprehensive 12-volume report on the petroleum potential of the country's sedimentary basins.

The resurgence was also attributed to the presence of a service contract system offering favorable terms and a package of incentives. Analysts consider the Philippine service contract system as one of the best if not the most attractive contractual arrangements.

This was confirmed by a Wood Mackenzie Co. Ltd. report which rated the country's contractual regime as the "most profitable" from among the nine countries in Southeast Asia and Australasia. [spelling as received] Furthermore, the report also said the Philippines has "probably the simplest petroleum tax system in South-east Asia."

This year, nine exploration and seven development wells will be drilled. In 1990, the Philippines (which drilled five wells) ranked last in Southeast Asia in the number of wells developed.

With the recent discoveries, however, the country's oil exploration prospects, industry experts say, will continue to boom.

Some say quickly, some say slowly, but the direction is clear. The day is not too far off when the Philippines will be self-sufficient in oil. "In five to six years," Ramos predicted.

#### **Investors on Full Industrialization by Year 2000**

91SE0325B Davao City MINDANAO MIRROR  
BULLETIN in English 1 Jul 91 pp 1, 11

[Text] Cebu City—Full industrialization of this province in the next 10 years is a distinct possibility.

Pushing the belief are local business empire builders, members of the Cebu Chamber of Commerce and Industry and the government sector.

Spectacular economic growth posted by the province in recent years fuels the belief. Cebu's gross domestic product grew 20 percent in 1989, such a rise believed to be higher than growth gained by other provinces in the country.

Responsible for Cebu's fast-paced industrialization effort is its manufacturing sector which is a lead contributor to domestic production and exports. Its efficiency in use of raw materials and its having the needed skilled manpower are explained by its being a pillar of the local economy in the past 30 years.

Manufacturing establishments numbered 2,876 when last counted in 1986, comprising 12 per cent of the total 24,969 registered business establishments in the province then. Firms based in urban areas totalled 16,296 while those in the rural areas counted at 8,944.

This city has the largest number of business establishments, accounting for 41.42 percent of the total. Nearby Mandaue city only has 7.9 per cent. Outside Metro Cebu, Toledo City topped with 1,559 business firms followed by the town of Bantayan with 1,162.

A study by the local chamber of commerce found that the manufacturing sector infused P7.9 million into the provincial economy in 1986, indicating that such contribution increased to the P10 billion level in the past four years.

According to the study, majority of the manufacturing firms in the province are listed as single proprietorships (62 per cent). The rest are corporations (36 per cent) and a small segment (2 per cent) consists of partnerships and cooperatives.

The manufacturing industry is predominantly of the cottage type with assets of the firms ranging from P50,000 to P500,000.

Major export market for the sector is the United States which controlled 31 per cent of the export sales in 1986, followed by the European Economic Community member-countries (22 per cent) and Japan (14 per cent).

For the domestic market, the study notes that Metro Cebu is the major domestic market of the sector. Cebu

accounts for more than half of domestic sales of 64 percent with Luzon following with 10.6 percent.

The Department of Trade and Industry (DTI) office in this city observes that while the manufacturing sector is fast expanding in the Metro Cebu area with the entry of more and more firms, specially in the 119-hectare Mactan Export Processing Zone (MEPZ) in Lapulapu which saw an increase in the number of locators from only 24 in 1986 to 37 in 1991, growth of the sector is now slowly moving to outside areas.

It attributes this location shift to incentives offered by towns outside Metro Cebu, such as lower real estate costs, cheaper labor and availability of power, water and communication facilities.

Under a government program, Cebu's five cities and 48 towns are being linked with telephone connections through the Philippine Long Distance Telephone Co. Operations of the Metro Cebu Water District, Cebu's lone water utility, are also being expanded to cover more towns and cities.

Power is now readily available in the rural areas due to the development program of Cebu electric cooperatives.

Through the initiative of the provincial government, the road network in areas outside Metro Cebu is being improved and extended.

With infrastructure development now reaching remote areas, the plan of the provincial government as espoused by Gov. Emilio R. Osmena Jr. is to disperse the manufacturing sector to rural communities in the province.

The province hopes to attain this within the next 10 years. Work starts this year with the opening of the transcentral highway that will link Cebu's west coast to this city.

Governor Osmena is eyeing the west coast for total development into a major industrial center where he would locate all the heavy industries.

The outskirts of Metro Cebu, on the other hand, will be converted into areas for soft industries.

The rest of the province, however, will be retained for soft investments in services and tourism.

#### **PNP Credibility Rides on dismantling Illegal Drug Trade**

91SE0324E Davao City MINDANAO MIRROR  
BULLETIN in English 24 Jun 91 pp 3, 11

[Text] Manila—A credible dismantling of the illicit drug trade in the country is the only way whereby the Philippine National Police (PNP) can satisfactorily prove to the public that none of its officers is involved in the multimillion-peso racket.

The opinion is shared by investigators from the PNP, National Bureau of Investigation and a Senate ad hoc committee.

Among answers to questions being sought by the investigators is how the drug racket grew to the serious national health and social problem it is today despite the "all-out" efforts being waged by the police to eliminate it.

Hearings held by the Senate committee indicate that the racket has become that well entrenched in the Philippines. Witnesses testified that ranking and plain policemen are involved in the racket. The inquiry continues.

The PNP has denied that three of its generals are tied to the racket as alleged by one of the Senate witnesses. However, the PNP admitted that certain lower ranked policemen are involved and that several have been caught while the others are under watch.

PNP is the name of the Philippine Constabulary (PC) which until last 1989 was one of the major services of the Philippine armed forces. It became the PNP when the law creating a Department of Interior and Local Government went into effect early this year.

The PC was organized in the early 1900s as a mercenary force after the American military invaded, conquered and turned the Philippines into a Far East colonial possession of the United States.

The same historical records underscore that the top job of the then American officered PC was to run down Filipino patriots waging guerrilla warfare against the U.S. military and to record the fighters slain or arrested as "bandits" or "ladrones."

A member of the technical panel assisting the Senate probers describes as "unsatisfactory" the blanket denial made by the PNP on allegations that of its ranking officers are tied to the rackets.

He explains that PNP officers who testified at the hearings failed to come up with solid explanations to explain why the drug racket continues to flourish despite the campaign being waged against it by the PNP.

Requesting anonymity, the prober recalls that the racket grew rapidly during the years when martial law was foisted on the Philippines (from late 1972 to early 1986). That period saw the PC and other major services of the armed forces "reigning supreme," being the major props to the dictator's throne.

He adds that the PC during the martial law years was the main law enforcement agency in the nation and with extra power granted it by the then dictatorial government could have easily smashed the drug racket.

On part of the investigators from the NBI, they claim that evidence is steadily being built to nail "drug lords" operating in the Metro Manila area, Metro Cebu and Metro Davao, the three leading urban centers in the country.

As NBI assessment indicates that while the drug racket is one of the most serious peace and order problems in the country today, Manila still does not qualify as one of the major drop points of the international drug ring.

An added emphasis is that drug abusers in the country are poisoning themselves with "shabu," marijuana, cough syrup and glue-sniffing. Cases of addicts into heroin, cocaine and other "heavy drugs" remain isolated ones, according to the NBI [National Bureau of Investigation].

The anti-narcotics command of the PNP admits that it is quietly investigating 88 policemen who have been linked to the drug racket. It is also looking into how suspected ringleaders were able to secure military permits and mission orders to enable the racketeers to carry firearms.

Other investigative agencies of the government, like the Ombudsman, are reported unobtrusively looking into the plush lifestyle of PNP officers and men linked to the racket. Some of the policemen are described as owning palatial homes and other assets which would be impossible for them to acquire on their salaries alone.

#### **Ex-Rebels Restless over Rehabilitation Funds**

*91SE0324D Cotabato City MINDANAO CROSS  
in English 29 Jun 91 pp 1, 2*

[Article by A. V. Rasalan]

[Text] Hundreds of rebel returnees in Central Mindanao have threatened to take up arms and go back to the hills following the reported failure of the government to release the amount of 28 million pesos intended for their rehabilitation, a ranking welfare official said.

Dept. of Social Welfare and Development (DSWD) director for Region 12 Kunesa Sekak said the amount which was appropriated earlier by the National Reconciliation and Development Program (NRDP) for its rebel rehabilitation project in Central Mindanao has yet to be released.

"The continued delay in the release of assistance has already caused problems in our office. The returnees are pestering us and some have threatened to return to the hills," Sekak told the MINDANAO CROSS Wednesday morning.

The rehabilitation fund was endorsed by the Regional Reconciliation and Development Council (RRDC) to the NRDP secretariat in Manila for approval. The amount was however reduced by the Department of Budget and Management (DBM) to 16-million pesos.



As of April this year an amount of four million pesos was received by the RRDC. The amount was personally handed by Executive Secretary Oscar Orbos during his visit to Cotabato City.

Sekak said the initial assistance was immediately released to the first batch of rebels who surrendered early this year to government and military authorities. Sekak said the amount was part of the eight million pesos promised by the budget department for livelihood programs of rebel returnees in Central Mindanao.

"Of the promised initial amount of eight million pesos only four million pesos was released," Sekak said. An additional three million pesos was also allocated by DMB for immediate funding of the RRDC projects.

Most of the returnees, according to Sekak, were former Moro rebels who operated in the provinces of Lanao Norte, Lanao Sur, Cotabato, Maguindanao and Sultan Kudarat.

Sekak blamed the secretariat of NRDP for its failure to act on the claims of rebel returnees. "The staggered release of funds by Manila and the unexpected increase of rebel-surrenderees which exceeded our projection brought about this problem."

At the same time Sekak said livelihood assistance sought by rebel returnees in Lanao Sur and Maguindanao would be facilitated by the Autonomous Region in Muslim Mindanao (ARMM) welfare agency.

DSWD-ARMM, reports said, would only pay returnees who filed welfare claims starting November last year.

DSWD-ARMM Director Bai Monera Pendatun Matalam has reportedly asked Sec. Mita Pardo de Tavera an amount of 48-million pesos to fund the claims of at least one-thousand returnees in Maguindanao, Lanao Sur, Tawi-Tawi and Sulu provinces.

#### **PNP Director on Anti-Rebel Fight Problem in Cebu**

*91SE0324A Cebu City SUN STAR in English 1 Jul 91 pp 1, 2*

[Article by Thea C. Rinen: "Nazareno Notes Problems in Anti-Rebel Fight Here"]

[Text] PNP [Philippine National Police] Director General Cesar Nazareno, during a visit to the midnorthern towns of Cebu yesterday, said logistical problems such as lack of firearms and communication equipment will be addressed.

Nazareno brought with him over 200 revolvers for Cebu city policemen.

He said new handheld radios will be delivered to boost the counterinsurgency operations of local PNP units.

Meanwhile, Nazareno visited the midnorthern towns of Cebu, hotbeds of Communist insurgency here, to see for himself the progress of the counterinsurgency operations in the area.

Nazareno was accompanied by PNP Recom 7 officials led by Chief Superintendent Triunfo Agustin aboard a Huey (UH1H) helicopter.

In a talk with reporters over lunch, Nazareno also said:

—The PNP headquarters in Camp Crame is trying to speed up the insurance and registration of police vehicles that have been distributed to PNP units all over the country.

He said the delay in the registration is because the sending of the original documents of these vehicles cannot match the rate at which these vehicles are distributed.

—Former First Lady Imelda Marcos, if she returns to the country, is "not a direct threat to the country's national security" but she can aggravate existing problems on peace and order and national interests.

—A few rounds of peace talks with Communist rebels is "always a welcome thing." But Nazareno maintained that it would always be better if the insurgents abandon Communism as an ideology because it has failed as a political and economic system in Eastern Europe.

PNP units operating in mid-northern Cebu are in the second phase of the Lambat Bitag campaign called the "holding and consolidating" phase.

This means that PNP units, while they continue to stay in an area on the lookout against rebel forces, also encourage the local residents to organize themselves against any Communist threat. This also means that a Citizens Armed Forces Geographical Unit (Cafgu) will be established.

The first phase involves "clearing the area" wherein government forces identify the affected area and conduct regular operations until an area is ready for the second phase.

Nazareno arrived in Cebu city last Saturday to attend a social engagement and talk with city officials regarding an access road that will cut through the PNP Cebu Metrodiscom camp and the adjacent housing property of some PNP personnel.

City government officials proposed the transfer of the PNP Cebu Metrodiscom to another government-owned property in Camp Marina near Beverly Hills, Cebu city in exchange for the Metrodiscom property.

Nazareno left Cebu city for Manila yesterday afternoon.

**Army Commandos Overrun NPA Camp in North Luzon***91SE0324B Cebu City SUN STAR in English 5 Jul 91 pp 14, 18*

[Text] Mount Sipitan, Bontoc—Army commandos Wednesday overran the general headquarters of the Communist Party of the Philippines and New People's Army (CPP/NPA) after a week-long ground and air assault on this heavily fortified jungle enclave.

At least 10 guerrillas were killed and 20 others wounded in the biggest battle between government troops and communist rebels this year.

Armed Forces chief of staff, Gen. Lisandro C. Abadia rushed to the area after being informed of the capture of the CPP/NPA main camp located on top of this 6,000-foot Mount Sipitan in Barangay Aguid, Sagada, Mountain Province.

"This is a big strategic blow to the CPP/NPA in our counterinsurgency operation," Abadia told Manila-based reporters who accompanied him in the one and a half hours' trek to the top of Mount Sipitan.

The CPP/NPA general headquarters had been in existence for the past nine years but the military could not pinpoint the exact location until last month.

**Secret**

The secret military operation started last 27 June when government troops from the Northern Luzon Command (Nolcom) were airlifted to the north side of Mount Sipitan with elements from the Philippine National Police (PNP) serving as blocking force.

Abadia would not reveal how the military stumbled on the main rebel camp, saying only "it's top secret."

Three government troops, two PNP personnel and one Army soldier were killed in the week-long operation.

Only two of the fatalities were identified as John Takayeng, a member of the PNP Regional Field Force, and Army T/Sgt. Eduardo Bacula who was hit by a sniper's fire.

Abadia surprised the troops when he visited the area despite the bad weather.

The terrain is so rugged and heavily forested that only one "Huey" helicopter of the Philippine Air Force (PAF) can land one at a time on a small clearing at the foot of the huge mountain.

**Ideal Haven**

Abadia was all drenched when he reached the top of Mount Sipitan but this did not deter him from inspecting the heavily fortified bunkers and foxholes built by the NPA.

The CPP/NPA headquarters was equipped with a powerful communications system that can directly contact CPP Chairman Jose Ma Sison in Utrecht in the Netherlands, Abadia said.

"Mount Sipitan is the CPP's counterpart of Camp Aguinaldo, General Headquarters of the Armed Forces," he said.

The CPP/NPA called their headquarters as Camp Venus which has several springs of potable water, making it an ideal jungle enclave.

From the air, the camp could hardly be seen as the rebels placed camouflage of trees and leaves.

One of the leaders of the assaulting troops, Capt. Sixto Decena said they initially encountered two NPA outposts on the northside slope of the mountain, delaying their attack.

**Three Days**

Decena estimated that there were more than 100 guerrillas firing at his advancing troops who were virtually pinned down.

Decena then radioed for air support on the second day of fighting when his men could not penetrate the area.

Two MG 520 helicopter gunships were dispatched immediately to support the ground troops.

Maj. Ombing Panganiban, team leader of the two helicopter gunships, said they fired an initial salvo of three air-to-ground rockets on rebel positions, followed by .50 cal machineguns.

The rebels responded with small arms fire but failed to hit the gunships.

For three successive days, the helicopters pounded the CPP/NPA general headquarters with rockets and machinegun fire.

**No Let Up**

Panganiban said they had to be precise in delivering the rockets since the imposing 6,000-foot Mount Sipitan was vantage point for the rebels armed with automatic weapons, including M60 machineguns.

Panganiban said the rebels sustained heavy casualties as one rocket has a killing radius of 30 feet.

Panganiban said a total of 99 air-to-ground rockets were delivered and another 1,900 rounds of .50 cal. machineguns were fired in 16 flying sorties.

The rebels were completely surprised in the attack that they hastily withdrew in several directions.

Abadia said the guerrillas broke into small groups of two to three to avoid being detected from the air.

Government forces are still combing the slopes of the mountain complex, including the adjoining four small mountains.

Aside from the CPP/NPA general headquarters, government troops also captured three small rebel hideouts, namely: Camp Africa located at Sagada town, Camp Buasao, part of Besao and Camp Madararo in Bontoc.

Abadia vowed that the same pattern of attack will be repeated all over the country where communist rebels are camped.

"We will not give them rest. We will attack and attack wherever they are," Abadia said.

**1000 NPAs Mass Up for Major Encounter**  
*91SE0324C Cebu City SUN STAR in English*  
*1 Jul 91 p 14*

[Text] Manila—Up to 1,000 [as published] New People's Army (NPA) rebels have moved up to Marag valley digging trenches and placing landmines and deadly booby traps in anticipation of a major battle with government troops.

Col. Robert Manlongat, commander of the 503rd Brigade, said one NPA national battalion composed of 500 fully armed men and supported by as much as 500 Militia ng Bayan, the rebels' counterpart for the military's Caggu component, have laid out a three-pronged defense perimeter in strategic areas in Marag valley.

Manlongat said the NPA's first line of defense is located at Luna, Kalinga-Apayao, and the second at Lapa. The third line of defense is at Bucuo.

The Army has deployed two battalions from the 503rd brigade and this can be increased to four battalions if the need arises, Manlongat said.

"We are inching our way to Marag using a calibrated approach with emphasis on security and development to avoid minimal casualties, particularly the civilian," Manlongat said.

Rebel snipers hiding in thick bushes fire at Army engineers working on a 11-km stretch of road from Luna to Bucuo, he said.

"I have ordered my men to be extra careful during patrol and security operation because of booby traps locally called 'Balaic' and 'Palab-og,'" Manlongat said.

Balaic is a kind of booby trap composed of spears which will be released when someone steps on a string secretly tied between two trees.

The palab-og booby trap is made up of bamboo spikes hidden in big foxholes covered with bushes.

Manlongat also said that NPAs are using improvised landmines buried in dirt road to destroy passing tanks and vehicles.

He said the snipers are more deadly because they are well-trained in hitting their targets.

Low flying helicopters are targets of sniper fire that is why air force pilots are fast in landing and taking off at Marag valley, Manlongat said.

To counter the NPA booby traps, Manlongat is using guides, mostly Isneg and Agay tribesmen who know where soldiers can pass safely.

"These guides are very effective in our operation," Manlongat said.

"We (the Army) can clear Marag Valley in due time," he said.

Manlongat said he has activated "Oplan Tarabay" in coordination with other government agencies to the initial development of Marag valley.

The government has released P14 million for the establishment of the first town hall, the first police station in Marag and the construction of a road network, school buildings and medical and dental clinic for the 250 families residing in four barangays of Marag.

Manlongat said he expects a major battle with the 1,000-strong NPA rebels once the Army would be able to penetrate the area.

He said his unit is raring to go to combat to clear Marag from communist influence and control.

Manlongat said the prohibitive rugged terrain will be difficult "but we are inching our way."

"We will use persuasive effort to convince the rebels and their supporters to go back to the fold of the law to avoid bloodshed as much as possible, Manlongat, a soft spoken Army Officer said.

He also said NPA commanders in Marag valley and the environs have prohibited their men to listen to radio broadcast for fear they would know the real score of the government's anti-insurgency drive.

## ECONOMIC

**Judicial Reform Impact on Copyright Law***91SE0309D Bangkok SIAM RAT in Thai  
12 May 91 pp 1, 8*

[Excerpts] [passage omitted] Mr. Praphat Uaichai, the minister of justice said of the progress being made in separating the courts from the Ministry of Justice that the cabinet had approved this change in principle and would submit it to the national assembly for consideration later. It was expected that it would become part of the new constitution which was being drafted.

As for the details of separating the courts from the Ministry of Justice, the minister of justice said that these were being considered by a committee of which the undersecretary of justice was the chairman. This would be finished in one to two months. [passage omitted]

Mr. Praphat said that making the courts independent would make them like those of other countries such as the United States and Japan which place the Ministry of Justice in control of cases (without interfering in the work of the courts) by means of a justice department and a department of corrections. This would guarantee real justice. If the courts were under the jurisdiction of the Ministry of Justice, those who brought charges against government officials could not be certain that they would receive justice and would be afraid that the administration would interfere. In the past the Minister of justice has had too much power to reward and punish judges.

The minister of justice said that the government had adopted a policy of setting up additional courts such as juvenile courts and family courts -this had been considered by the cabinet and was awaiting consideration by the national assembly. There would also be traffic courts and courts for intellectual property rights and international trade which would have jurisdiction over patents and trademarks. This was a long-term plan which would be beneficial for the country in the future because there were big problems in this area. We had to proceed quickly in this area and not just to humor other countries. [passage omitted]

**Trademark Registrar Comments on Legislation***91SE0309C Bangkok NAO NA (LOK THURAKIT  
SUPPLEMENT) in Thai 22 May 91 p 9*

[Unattributed report: "Improving the Trademark Department"]

[Text] Mr. Chalomsak Naksawat, the director of the Trademark Department, said that he would recommend to the committee for estimates that legislation be drafted for further corrections to the trademark law. This committee would consider drafting such legislation next week. The legislation would provide more protection

than in the past, for example, by providing for registration of brands and marks of quality such as the Shell trademark.

The registration fee would also be adjusted inasmuch as the present rate has been used since 1932. The limitations would be reduced to make it easier for a person to request a trademark. The types of goods on which trademarks could be used would be increased. These changes would be made according to the announcement of the minister of commerce.

The modification of this law would benefit the people inasmuch as the old law did not specify the rights of the person controlling the trademark with regard to transferring rights to others. Under the new law if rights are transferred or sold to others the quality of the goods covered would have to be checked according to the original standards set.

In the past there were problems about the quality of goods using a trademark not meeting standards because there were many producers using one trademark and quality control was not strict.

**Phatchara Reacts to Domestic Attacks***91SE0309A Bangkok DAO SIAM in Thai  
20 May 91 p 3*

[Text] Mr. Phatchara Itsarasena, the undersecretary of commerce and chairman of the commission for redrafting the intellectual property law, said that he was very upset about the accusations by individuals in some groups that he and other officials of the Ministry of Commerce involved in the trade talks between Thailand and the United States had sold out the country. He said that these individuals did not know the facts of these talks at all. In fact they had not accepted the demands of the United States that Thailand become a PFC [Priority Foreign Country] country. If these accusations had been true, the situation would not be as it is today.

It was said that the draft of the new intellectual property law would give too much protection - that protection would be extended from 15 years to 20 years and that this would be accepting a demand of the United States. In fact the United States wanted us to extend protection to 27 years by adding on the time taken to accept patents, which was usually another seven years. We could not accept this. Extending the period of protection to 20 years was appropriate because the Thai patent law provided protection from the day the patent was applied for while the United States law provided protection from the day that the patent was given.

"Normally when a patent is applied for, officials take about five years to check its validity. There are cases where it takes much longer because the application has to be sent to be checked in the patent offices of other important countries such as the United States, Great Britain, etc. It takes some time before there is an answer

because it is not just Thailand which is sending applications to be checked. Every country which has a patent law sends its applications to be checked with other countries. After the application has been checked if it is not a copy or similar to another patent, it is announced so that others can file complaints during an additional period. If no one complains, the patent will be given," he said.

In addition some patent applications must be approved by another agency to protect the health of the people as, for example, applications for medicines and food products. This initial stage at the Food and Drug Administration of the United States (FDA) requires at least seven years. When this is combined with the five years that the initial patent application requires, the total time for the patent application is 12 years. When this is subtracted from the period of protection of 20 years, it leaves a period of 12 years for importation or production. Therefore the United States wanted us to extend the period of protection to 27 years, which would provide a period of 15 years for the selling of products.

We could not accept this. The new draft of the patent law provides 20 years of protection from the day the patent is accepted. The five year period during which the patent application is checked and the approximately two years for the application to be registered with Food and Drug Administration (OY) total seven years not 12 years as required in the United States which leaves about 13 years of protection. This is appropriate. If a period of 15 years of protection were specified, that would provide a period of only eight years for production and distribution, and this might cause the patent holders to charge high prices because of the short period of protection.

There were many more U.S. demands which we could not accept, such as that patent rights could not be withdrawn once given and that there could be no requirements that the patent be used no matter whether the products were being sold at a high price or were not being imported or were being imported in such small quantities that it caused problems. They agreed only that patents could be required to be used in wartime or in emergencies involving [national] security. We objected to this and drafted the patent law in such a way that patents could be required to be used if patent holders did not agree to import or produce the product during the period of the patent or if the product price were too high. It was agreed to pay an appropriate fee for such use of the patent.

### Comments on Central Bank Current Account Deficit

91SE0309B Bangkok MATICHON in Thai  
29 May 91 p 4

[Text] A source in the Bank of Thailand said that the latest review of Thailand's economic situation indicated that in 1990 Thailand had a current account deficit of 170 billion baht, which was 8.6 percent of the gross domestic product of 2 trillion baht. This was higher than the previous estimate of 160 billion baht or 7.5 percent of the gross domestic product (GDP). The primary reason for this was the increased price of oil with the crisis in the Persian Gulf.

The source said that in addition in the first four months of 1991 the current account deficit reached 63 billion baht. This was much higher than estimated because exports dropped. Imports increased at a lesser rate, but the reductions were in imports of raw materials and capital goods. If this trend continued, the current account deficit could reach 2.1 billion baht by the end of the year or 9 percent of the GDP of 2.4 trillion baht. This would be higher than previous estimates of a 174 billion baht deficit or 7.5 percent of the GDP, which is a level every country is careful not to reach.

The source said that the Bank of Thailand had reported these figures at meetings of the committee for economic estimates and of the committee to maintain the exchange rate on 27 May. Mr. Suthi Singsane called for a secret meeting of four people after the meeting of the committee to maintain the exchange rate. The meeting was also attended by Mr. Wiraphong Ramangkun, the assistant finance minister, Mr. Phanat Simasathian, the undersecretary of finance and Mr. Wichitra Suphinit, the head of the Bank of Thailand. They discussed measures to correct the deficit. It was felt that measures would be adopted soon in accord with the estimates of the committee for estimates. There would have to be discussions with the Office of the National Committee for Economic and Social Development and the Ministry of Commerce also.

The source said that the Bank of Thailand had reported this economic situation to the commercial banks when the Thai Banking Association met so that they would know about the problem and would cooperate in slowing down the drop in interest rates.

## POLITICAL

### Daily Interviews National Congress Delegates

912E0210A Hanoi NHAN DAN in Vietnamese

29 Jun 91 pp 1, 4

[NHAN DAN reporter interviews delegates on the last day of the seventh party congress: "Quickly Make the Congress Resolution Part of Life"]

[Text] On the last day of the congress, in an atmosphere rich with enthusiasm, a NHAN DAN reporter met with a number of delegates. The subject of the interviews was what the delegates would do, after returning from the congress, to quickly make the resolution of the seventh party congress part of life, in order to fulfill the desires of the local party organizations and people.

Answering a question about economic-social matters, Comrade Tong Ky Hiep, deputy secretary of the Minh Hai provincial party committee, said, "We believe that the success of the seventh party congress will create momentum for Minh Hai to contribute to achieving the three major goals: one million tons of grain, exports worth 50 million dollars, and creating a budget of 120 billion dong or more.

Minh Hai has primary organizations that are certain to attain those major goals. The future direction of the province will be concentrating on building the infrastructure. The national electricity grid has been extended to four districts. In the future, it will be necessary to bring electricity to the Song Doc, Cai Doi Giam, and Ganh Hao economic-technical areas. If those places had electricity they could rapidly develop the shrimp raising and freezing sector. We have recommended including in the state plan the repairing and upgrading of National Route 1 from Ca Mau to Nam Can. More than 30 kilometers of that road are in bad condition. To perform those tasks would be to meet the most urgent demands of the people of Minh Hai at present.

On the same topic, Comrade Nguyen Minh Ninh, chairman of the Vung Tau-Con Dao Special Zone People's Committee, said, "In future years, and especially during the last six months of this year, the party organization and people of the special zone will concentrate on fulfilling the following economic-social tasks: doing a truly good job of providing oil-natural gas services, especially with regard to living conditions, and meeting part of the oil-natural gas technical needs of the Vietnam-Soviet Oil-Gas Joint Venture and the foreign corporations. The quality of tourism services must be improved, especially such joint venture programs as the Vung Tau-Fairyland (Taiwan) joint venture. The tasks of catching and processing of sea food for export, especially the processing of exports, along with promoting foreign trade and maritime services (including ship chandlery, maritime transportation, exporting-importing, etc.), are the economic focal points of the special zone and must undergo a strong transformation.

In addition to the economic programs, there are requirements to clean up and beautify the cities, make social relations wholesome, and show concern for the people, especially on Con Dao and Nong Son islands.

Comrade To Buu Giam, a delegate from Hau Giang, dealt at greater length with social problems. He stated that, in order for the resolution of the seventh congress to become part of life, the local party organizations must, of course, guide production so that there can be new, clear transformations, and correctly exploit the local capabilities. Another equally important aspect is showing all-out, very concrete concern for the lives of the people, especially in the areas still experiencing many difficulties. Attention must be paid to building practical projects to serve directly the lives of the people in rural areas, in remote areas, and in areas with sulfate soil or saline soil, such as by building bridges, inter-hamlet and inter-village roads, systems to supply fresh water, and housing for the families of war dead and with merit toward the revolution that are encountering difficulties. Those tasks are practical and can be clearly seen by the people, so they will have more belief in the party. When they return from the seventh congress the delegation of the Hau Giang party organization will hold further discussions with the local party units to implement the resolution along those lines. Comrade Chu Van Ry, secretary of the Thai Binh provincial party committee, said that to successfully implement the resolution of the congress the Thai Binh party organization has proposed five economic-social programs, such as a grain-food products program, a program to promote agricultural production—the province's main economic sector—and a consumer goods program. Along the lines of developing a multicomponent commodity economy, it will mobilize the sources of capital and the labor and technical potential to rapidly increase the number of medium and small production installations with modern equipment and little capital, which rapidly achieve results and employ many workers. Beginning now, efforts must be made to gradually increase the industrial ratio and develop Thai Bin into an agricultural-industrial province in the future. There will be a program to develop export goods for which there are markets: grain, food products, and such industrial crops as jute, rush, and silk. There will be a population-labor program that will endeavor to further reduce the rate of population increase, and a program to build a new countryside, with concentration on five contents, with the goal of strengthening the material-technical base of the rural areas: electricity, roads, schools, stations, and mass communications systems.

We also met with Comrade Tran Viet Ngai, general director of Electricity Construction and Installation Corporation III and a delegate of the Quang Nam-Da Nang party organization. He said that to complete the electricity grid in central Vietnam there must be a complete set of solutions regarding the price of electricity, capital, and cooperation with foreign countries, and there must be a plan regarding the electricity grid that is appropriate to the needs of industrial development. Priority must be

given to supplying capital for the 35KV program in places in central Vietnam in which it can be used effectively. There must be plans and measures to develop the various sectors and trades so that the peasants can use electricity to produce, to counter the theft of electricity, and to restore discipline and order in capital construction and electricity management. Investment must be made in building installations to produce electrical equipment in Vietnam, in order to limit foreign imports.

Comrade Tran Viet Ngai emphasized, "I believe that the well-being of the people and the accomplishments of socialism are specific things, so the accomplishments of renovation must be specific. Electricity is the most specific, most practical thing. I hope that by the year 2000 the average per-capita electricity production in our country will be 500 KWH or more.

One question that was asked was how the resolution of the seventh congress would be applied in the mountainous and Central Highlands regions. We met with So Lay tang, a delegate of the Gia Lai-Kon Tum party organization, who said, "So that the seventh congress resolution can quickly become part of life, after returning from the congress our Gia Lai-Kon Tum party organization delegation will immediately begin to disseminate the spirit, and organize the implementation, of the congress resolution. With regards to economics, Gia Lai-Kon Tum has set the struggle goals of attaining 240,000 to 250,000 tons of grain in 1991 and meeting the essential needs of the people with regard to food, clothing, and housing. In showing concern for the people and the children, we believe it is necessary to be concerned with such specific matters as providing sufficient students' notebooks and textbooks and ensuring that there is sufficient iodized salt to prevent goiters. With regard to material bases, we must concentrate on constructing the Ya-Ly hydroelectricity plant and the A Dun irrigation project to irrigate the largest rice-growing area in the Central Highlands, to essentially resolve the grain problem and completely eliminate hunger and poverty among the ethnic minority people in the province.

In simple, sincere words comrade Luc Van Bay, a member of the San Diu ethnic group and secretary of the Ninh Lai village party committee in Son Duong District, Ha Tuyen Province, told us, "After I return from the congress, I will immediately explain and disseminate the party's resolution to the leadership cadres, party members, retired cadres, and people in the village."

"The people of the San Diu, Vietnamese, and Tay ethnic groups in our village always believe in the leadership of the party. In a few more days, after returning home, we will continue to guide the 10th month season production and the transplanting of the entire area, and encourage the people to help one another during the coming interseasonal period in August."

With regard to the task of defending the fatherland and the security work, we met with a number of army and

public security delegates. Colonel Nguyen Huu Khuong, acting director of the Ho Chi Minh City Public Security Service, announced that even while the seventh congress was being held the Ho Chi Minh City public security forces carried out many activities to maintain political security and social order and safety.

To implement the resolution of the seventh party congress, the Ho Chi Minh City public security police will concentrate on two major tasks. The first is fully implementing the external line and the policy of expanding economic trade of the party and state; creating conditions to do business in our country, stepping up inspection and control without inconveniencing them with regard to their living conditions and travel; and guaranteeing safety for foreigners and cause them to have confidence in our country. Second, consolidating our forces, purifying our internal ranks, and strengthening our close ties with the people.

Under the light of the Resolution of the seventh congress, we are confident that the public security forces in general and the Ho Chi Minh City public security police in particular will do a good job of protecting national security and maintaining social order and security in the city.

Colonel Nguyen Ngoc Toan, a member of the Tay ethnic group and head of the Bac Thai military command committee, stressed that the urgent tasks of the Bac Thai Armed Forces to implement victoriously the resolution of the seventh party congress are to improve over-all quality, make political development the primary concern, build a strong locality, and do a good job of combining economics with national defense.

Immediately after the congress we will concentrate on building up the part-time local Armed Forces, build reserve units with rational numbers and high quality, and improve the quality of militia and self-defense forces training. We will send training cadre teams to each hamlet to train the militia and self-defense forces. We will explain to village-level cadres the line of people's war and the national defense mission.

The Vietnam Fatherland Front and the mass associations will play important roles in bringing the resolution of the seventh congress to the popular masses. Comrade Pham Van Kiet, deputy chairman and general secretary of the Central Committee of the Vietnam Fatherland Front, said, "As regards the matters discussed and decided by the congress relevant to the destiny of the nation and the people, the problem is to enable the line and thought of the congress to become real parts of life. After the congress, we must carry out a number of tasks well: the propaganda task must "win hearts and minds" and create unity of thought among the people and unity of action. The role of the Fatherland Front and its component organizations in that task is very important. With its responsibility as the broadest mass organization, the Fatherland Front will carry out among the

people a deep and broad 'make suggestions' movement, i.e., a movement to transform the party's resolution into reality.'

Because he was busy with many tasks and his responsibilities in the Presidium of the congress, Pham The Duyet, secretary of the Hanoi municipal party committee, evaluated the victory of the seventh congress as truly manifesting the democracy and intelligence of a congress that was exemplary of the entire party. However, it is necessary to listen to the opinions of the people and the party members at the local level. With regard to implementing the congress resolution in Hanoi, comrade Pham The Duyet said that during the next few days many of the municipality's leadership cadres must go to the places that are encountering difficulties because of crop losses to inspect, supervise, and guide the solution of problems on the spot by means of specific measures, in order to do a good job of the coming summer-fall and 10th month seasons. The responsibility of the party organizations at all levels is to not allow the people in those areas to go hungry. With regard to industry, production is increasing but the products must be marketable. The relevant comrades in charge went to the local level to investigate. With regard to social policy, the municipality's leadership has decided to, in the present third quarter, draw from the local budget to increase by about 50 percent aid to people covered by the social policy who are encountering the greatest difficulty, so that they can have enough money to buy 12 kilograms of rice. No one in that category should be allowed to fall into excessively difficult circumstances.

After the conclusion of the seventh congress, the Hanoi municipal party committee will adopt the policy of beginning at an early date preparations for the party organization congresses at all levels in the municipality (second round).

#### **Delegates's Notes on National Party Congress**

912E0214A Ho Chi Minh City TUOI TRE CHU  
NHAT in Vietnamese 30 Jun 91 pp 4, 5

[Article by Le Van Nuoi: "Notes of a Delegate"]

[Text] It was not surprising that the speech of the head of the Ho Chi Minh City delegation, Comrade Vo Tran Chi, drew the attention of the delegates and foreign guests. Shenkin, head of the Soviet Union delegation, requested a copy of the speech. It was the only speech of the seventh party congress dealing with "state capitalism," i.e., economic organizations that are formed by, and operate on the basis of cooperation, joint ownership, and joint investment between, capitalists in Vietnam or abroad and state-operated economic bases or the state, and "the role of such central cities as Ho Chi Minh City in a commodity economy."

Only one who frequently visited Hanoi before and after 1986, when the sixth national Party congress was held and adopted the policy of a multicomponent commodity economy, has a basis of comparison in order to see how

strongly that line has affected the lives of the people and activity in the capital. There are areas in the city that specialize in certain metal and electrical machinery goods, Hondas, construction materials, and clothing, that have replaced small retail stalls. Hotels and houses are being built everywhere, in places of crowded rows of houses that had not been whitewashed or painted in decades. Market competition, market orientation, and an industrial work style, which have always been characteristics of a commodity economy, and spreading in the life of Hanoi, a capital that had been accustomed to small-scale self-sufficiency production and centralization, bureaucratism, and subsidies.

During the free days of the congress I met the head of the Soviet delegation, who had gone window shopping on the streets of Hanoi. He probably could not help making a comparison with the scarcity of goods in his country during the uncertain initial period of changing over to a market system. I thought that, clearly, correct and effective economic line has been the decisive factor in stabilizing the people's lives and developing the nation. The eastern European countries that are undergoing crises have one thing in common: They do not have commodity-market economies.

It is encouraging that the seventh congress decided to continue all-round renovation, of which matters of foremost importance are the policy of a multicomponent commodity economy and opening the door for foreign investment.

One of the new features of the amended party statutes is that they include a separate article on the right of party members to be informed. That is also a matter that received much attention from the congress delegates because information is the most important factor in developing the intellect, especially with regard to the congress, the highest organ of authority of the party. Many delegates think that the most important matter in building the party at present is grey matter, intelligence, and ability. They must be regarded as qualities of party members, as the guiding thoughts in building the party. If not, how can it lead?

The documents of the present congress were prepared by obtaining opinions within and without the party rather meticulously and fully synthesizing them, which pleased the delegates. However, discussions of the important matters of the nation and party were held only within delegations, and there were no common debates by the congress as a whole in the assembly hall of some basic questions, as the presidium had directed, or of questions about which there are still many different opinions.

Therefore, before voting to approve the party statutes, dozens of delegates raised their identification numbers to obtain permission to express opinions (each delegate had a big paper card on which the delegate's number was printed. When they wanted to speak they held up their number card.) The presidium called the number to allow the delegate to speak. A delegate who belonged to the



central organs group said that if the documents were only approved by a poll of opinions about one topic then, on the basis of the majority vote, that vote was regarded as a vote by the congress, without common debate, that would be undemocratic, for only if a question raised by minority, or even by a single delegate, is debated can it be clear whether it is right or wrong and win the support of the majority. General Vo Nguyen Giap expressed the opinion that if discussions are carried out only by individual delegations, and there is not exchange of information or debate among the delegations and the delegates, that would be a "small meeting," not a congress, so the delegations and delegates could stay at home and mail in their votes, and there would be no need to get together here. That is not in accord with the principles of the congress.

After consultation, Comrade Nguyen Co Thach, on behalf of the presidium, rejected the criticism that the congress acted undemocratically and in violation of principles, and affirmed that to determine whether or not the congress is democratic one must consider the entire process of preparing for it, especially the publication of documents and the soliciting of opinions from the entire party and population. Furthermore, there were two days set aside for the delegates to speak about the major questions of the program and the strategy. Therefore, it is a congress and not a "small meeting."

During the two days of speeches, I noted that speeches to which the delegates paid the most attention were those of Comrade Nguyen Co Thach, who spoke about the international situation and the external line; of Vo Tran Chi, secretary of the party committee of Ho Chi Minh City; of Le Danh Xuong, secretary of the party committee of Hai Phong on developing the port; of Tran Hoan, Minister of Culture, on culture in a commodity economy mechanism; and of delegate Bui An Ninh on oil and natural gas. A considerable number of speeches were not well-received because they dealt with everything but not in depth, or did not get to the point quickly but wasted too much time "beating around the bush" or listing the accomplishments of their localities.

#### Going and Staying—Commendable Courage

In fact, personnel is always a matter on which the party congress spends a lot of effort. Many delegates believe that the recent changes of personnel in the Political Bureau—the highest leadership organ of the party Central Committee—and the dropping of seven comrades were greater than during any previous congress. The transferring of authority to the succeeding generations of cadres is a developmental law and a fine gesture. But the changes also brought about melancholy and regret by many delegates toward some comrades, especially General Secretary Nguyen Van Linh.

Comrade Nguyen Van Linh said that in writing and in person many delegations, older cadres, and Army officers recommended that he continue in that position, but he thanked them and submitted his resignation

because of advanced age and said it is necessary to bring in younger cadres. Many of the delegates cried when they heard those sincere words.

Comrade Pham Van Dong, adviser to the Central Committee, had Comrade Nguyen Thanh Binh read a letter to the delegates which said his advisory responsibility during the sixth session had ended and he would retire. While Comrade Nguyen Thanh Binh was reading the letter, Comrade Pham Van Dong stood at attention before the delegates, his snow-white hair contrasting with his bronze skin. Many delegates, included myself, cried copiously over a respected, virtuous man who was a loyal student of Uncle Ho and whose pure and exemplary private life is often referred to by the people as a model.

The higher a person's authority is, the more difficult it is to say good-bye at the right time, and it was an admirable act of courage. Those are people and models who still create faith among the younger generation.

#### Concern of Social Policy Seen at Congresses

912E0205A Hanoi NHAN DAN in Vietnamese  
7 Jun 91 p 3

[Article by Le Huyen Thong]

[Text] From integrating the ideas expressed at congresses held in 44 provinces and cities nationwide, it can be seen that one of the problems about which many people are concerned is the matter of social policy.

#### Both a Target and a Motive Force

The party organization congresses in Quang Nam-Danang, Quang Ngai, Binh Dinh, Phu Yen, Khanh Hoa, Gia Lai-Kontum, Dac Lac, Son La, Cao Bang, Lang Son, Lai Chau, and other provinces vigorously discussed the policies concerning the ethnic minorities in the mountain and highland areas, revolutionary base areas, border areas, and islands. Many delegates to the all-military party organization congresses stated that in motivating people based on the market mechanism, attention must also be given to social policy. In many places today, social activities in many spheres have declined seriously. What is worrisome is the decline of the educational, cultural, and public health fronts on many fronts. Wage earners, and particularly cadres and workers in the administrative sector, soldiers, and targets that benefit from the social policy are encountering many difficulties because of price fluctuations.

A number of delegates at the Hanoi, Ho Chi Minh City, Nghe Tinh, Thanh Hoa, Ha Nam Ninh, and Hau Giang party organizations congresses stressed that unless greater attention is given to social policy, the social problems will have a negative effect on economic renovation.

From the discussions at the party organizations, it is clear that social policy must be viewed as a powerful tool for developing the economy and ensuring the success of the economic policy. Economic renovation and development can be carried on only based on political stability. This stability must be related to democratization and to economic and social development. Clearly, if the distribution of income is not closely related to the real contributions of the laborers, social injustice will increase. Many delegates said that people must be encouraged to grow rich, and the number of poor households must be reduced. We must not focus on one aspect only. The market mechanism must be used, state subsidies in production and business must be eliminated, and the state's financial assistance policy with respect to welfare and social insurance activities must be implemented. This is also a process of developing a sluggish economy using cultural and social activities. Economic results are tied to social results. Within the economy, there are social problems, and social activities affect the economy. Clearly, solving the social problem is both a target and a motive force for developing the economy.

#### All-Round and Key Point

In discussing this problem, many people from the Haiphong City, Song Be, Tay Ninh, Long An, Tien Giang, and Kien Giang provincial, and Vung Tau-Con Dao special zone party organizations proposed implementing the social policy in all respects. This means providing jobs, ensuring social justice, looking after those who have made contributions to the fatherland, and protecting the health and improving the physical constitution of people, particularly children. The population plan must be implemented well, and the motto of the state and people working together must be implemented resolutely in order to develop education, public health, culture, and physical education. A reform of the wage system must be promoted in order to ensure reproduction of the labor strength. The party organization congresses in Nghe Tinh, Quang Binh, and Quang Tri provinces and in Dien Ban and Cu Chi districts proposed that the state invest in the areas that suffered severe destruction during the war and the localities that contributed much property and manpower during the resistance. Some delegates mentioned specific situations in order to clarify the pressing requirements of the social problem. For example, Nghe Tinh Province suffered 64,000 war dead and has 60,000 war invalids and 83,000 retired cadres. These policy targets have encountered many difficulties in switching to the new mechanism, particularly in the rural areas. The social policy is a human strategy and places man at the center of the policy. Man is the subject of the revolutionary movement. Because of this, attention must be given to the individual interests of the laborers, and this must be regarded as a direct motive force for economic and social development. More attention must be given to the lives of the instructors and students, who have pressing needs. More attention must be given to the ranks of intellectuals, particularly younger intellectuals. Conditions must

be created to enable them to engage in exchanges with other countries. In particular, there must be a mechanism to discover and use people of talent.

In full agreement with the above way of posing the problem, many delegates said that the social policy cannot be separated from the level of economic development in each country. However, with respect to Vietnam today, we cannot wait until we have a fully developed economy before giving attention to social policy. Many people stressed that even though our country still has many difficulties and must deal with many pressing problems, that does not mean that we can ignore the fact that we do not have sufficient schools and that people who have made contributions to the country are not being looked after properly. Because of this, many of the delegates at the party organizations suggested concentrating on dealing with the key points in the social policy. Above all, steps must be taken to solve the three major problems.

First, there must be social justice, and more attention must be given to those who have made contributions to the fatherland. Above all, attention must be given to retirees, members of the armed forces, and the families of war invalids and war dead. There are now more than 1 million retired people in the country. Today, the lives of these targets, particularly those cadres who retired before 1985, are very difficult, particularly for those who live alone. Solving this problem is the responsibility of the organizations and units with retired people. Some of the delegates from Hanoi asked, If rice was used as the standard for wages in 1985, what is the standard today? Many people said that the armed forces are the direct tool for defending the fatherland. These are special laborers and so economic accounting should not be used in the military as is done in other economic sectors. Cadres and soldiers must train well and be equipped with modern weapons and equipment, and they must be provided with sufficient food so that they have enough strength to complete their tasks. The committee echelons in the localities must lead the implementation of the rear area policy fairly in order to stabilize their material and spiritual lives. A number of people suggested implementing more perfect policies with respect to those who have made contributions to the country. They proposed that the state soon promulgate a social insurance law in accord with the new mechanism. The ranks of retirees are swelling, and these people are playing a very important role in society. Because of this, many people from the Hanoi, Haiphong, and Vinh party organizations proposed removing the social insurance organizations from the system of the labor, war invalids, and social affairs sector and having them pay wages and subsidies as at present. They also said that there must be an organization to take care of retirees in all respects.

Second, providing jobs is a pressing requirement, particularly jobs for youths. The state must soon implement policies to stimulate the economic elements and people with capital and technology to expand production, business, and services using a variety of forms and to create

many new work places. Delegates from the Hai Ba Trung Ward party organization said that the central echelon should form a national commission on creating jobs. The state must have a national jobs program just like other programs in order to set guidelines for the localities in solving this problem.

Third, social life has declined, and social evils are increasing. Many people said that such negative phenomena as a degenerate way of life, alien cultural ways, pragmatism, placing money above all, and superstition are returning and increasing. Many delegates from the provincial and municipal party organizations gave attention to maintaining and elevating the national cultural essence along with accepting the cultural essence of mankind. We must build a civilized way of life, promote solidarity, altruism, and loyalty, and make an effort to resist and deal effectively with the foreign cultural poisons that are entering our country. This requires that we give attention to ending the social evils, particularly drug addiction and prostitution. A social welfare fund should be established from the municipal level on down in order to help the homeless, the elderly who live alone, orphaned children, and the disabled who have no one on whom they can rely. The activities of domestic and foreign charitable organizations must be expanded.

#### Whose Responsibility?

In order to solve the above problems, a number of delegates suggested that the CPV [Communist Party of Vietnam] Central Committee, Seventh Term, should soon hold a conference on social policy and implement measures to solve a number of urgent social problems. Many delegates emphasized that social problems do not belong just to the macrocosmic management sphere of the state but that these problems are also the responsibility of the echelons and sectors from the central echelon to the primary level, including commercial production units. Many delegates said that the state budget should be adjusted based on investing in social welfare in coordination with exploiting the charitable activities of the people. If the echelons strive to oppose corruption, overcome waste, resolutely control capital construction, and in particular stop building offices and meeting halls, the state will have additional investment capital for the educational, cultural, public health, and physical education sectors. There must be policies to stimulate unselfish contributions by charitable organizations and individuals with noble feelings both here and abroad in order to help the disabled and homeless. Creating jobs on the spot must be coordinated with reassigning the laborers by territory. New economic zones must be built, and economic, technical, and service clusters must be formed in the rural areas, towns, and cities along with expanding export labor. This is the responsibility of all of society and of each family and economic element.

#### Delegate on Renovating Mass Mobilization

912E0221A Ho Chi Minh City TUOI TRE  
in Vietnamese 27 Jun 91 p 4

[Opinion expressed at the seventh party congress by delegate Nguyen Van Hanh, chairman, Ho Chi Minh City Mass Mobilization Committee: "Renovating Mass Mobilization Is a Matter of Survival for the Party"]

[Text] After 30 April 1975, the functions of mass organizations and administration organs can be mistaken one for the other. This is a big obstacle. Because of the fact that mass organization cadres are nominated by the party, get paid just like state cadres in administration organs, which are organized in accordance with set staff rules, and are "specialized" to become career cadres, and that their understanding of "the party assumes leadership" remains old-fashioned, mass organizations "execute" the party's resolutions and carry out the state's policies in a mechanical manner, forget their role as representatives of the material and spiritual interests of members, and fail to point out the urgent matters that members and the masses are concerned about. As a result, the mass organization front loses vitality and the power to attract people.

The party's view on rallying the masses is too old-fashioned compared to the development of actual events; conservatism and dogmatism still quite powerfully reign in the party's thinking about mass rallying, remain an old order, and are imposed on people.

Since the sixth party congress, mostly since the party's Resolution 8B was issued, the party has recognized that fact as it has affirmed that its relationships with the masses are a matter of its survival.

However, generally speaking, nothing much has been done so far in terms of carrying out Resolution 8B (noteworthy is the fact that the administration has not yet actively carried it out, i.e., it has not yet mobilized the entire party for doing mass-proselyting work, with many party members, particularly those working in the state management system, remaining indifferent toward this work). Consequently, *bureaucratic behavior and being aloof from the masses remain a grave problem that deserves getting alarmed about*. The front mass organizations have yet to properly carry out their functions and tasks, to be the real representatives of mass interests, and to become the real support for the masses, and for the party and the state.

This reality also serves as harbinger of a greater danger: The vacuum left by the failure to organize mass rallying (real rallying) will be filled by opportunists and other dissident groups (by means of hard-core and broad relationships with individual social strata) using the legitimate interests and aspirations of each stratum as weapons in the face of so many contradictions created either by the policies or by the men of our regime.

The view on the art of organizing the masses must be renovated:

- The masses have two basic interests, material and spiritual, going hand in hand with the interests of each and every stratum, age group, occupation, religion, and nationality. In order to mobilize the masses for fulfilling their *obligation*, we must attach importance to their *interests*, with obligation and interests enriching each other rather than destroying or restricting each other.
- We have, of course, a basic organization of social classes and strata (trade unions, farmers' association, and mass organizations of intellectuals, youths, and women) and at the same time must have very many organizations in charge of mass rallying having the character of local, occupational, charity, and social ones. The object of such organizations must not be determined by preset organizational frameworks but by social realities, with nobody being left out or coerced to join. All organizations must obey these principles: *to represent the interests of the masses; to educate, to mobilize, and to guide the masses, through the organizations in charge of mass rallying, toward entering the socialist-construction orbit. And all this must be achieved as voluntary mass action.*
- A new matter: The multicomponent economy is creating more and more varied national bourgeois groups, small owners, small businessmen, middle-class farmers, and nonstate-operated economic organizations. Consequently, for each object and each economic form there must be different contents and formulas for organizing mass mobilization, which must be multifaceted, rich, and nonstandardized. We must pay utmost attention to organizing rallying by mainly relying on the masses' legitimate needs and on the basis of occupations and in multifaceted forms, such as organizing trade unions among workers.

In renovating the work of front mass organizations, we must totally separate these organizations from the administrative system so as to develop the independent role of the front of mass organizations in accordance with Resolution 8. *Each and every mass organization must exist with its members and by its own capabilities.*

#### Article Cites Ways To Renovate State Management

912E0207A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 18 Jun 91 p 5

[Article by Bach Van Bay, deputy director of the Ho Chi Minh City Economics Institute]

[Text] In my view, renovating the state management organization does not mean destroying but exploiting its nature in order to renovate organization and the operating mechanism. But this will achieve results only if we clarify viewpoints concerning the party and state and the internal relationships of the apparatus.

First, in order to exploit the role and functions of the state apparatus, the relationship between the leadership role of the party and the management role of the state must be adjusted correctly.

Previously, because of the erroneous concept concerning party leadership, people had incorrect ideas. For example, some people said that because the party holds power, it must be above the state and laws. They thought that the prestige of the party could replace state jurisdiction and that the party's resolutions could replace the laws. Such concepts have weakened the state and even weakened the leadership role and effectiveness of the party.

In today's renovation movement, it is essential to adjust the relationship between party leadership and state management based on: The party must lead the state by formulating programs, lines, strategies, and policies. It must mobilize and persuade people by having party members set an example and carry on ideological and organizational work. These positions and policies must be aimed at serving the interests of the people and ensuring that the ownership rights of the people are manifested. In this, the state apparatus is the representative. The party cannot replace or exert pressure on the state organizations. Instead, it must work through the party members in the state organizations, fronts, and mass organizations in order to formulate a constitution and laws in accord with the viewpoints, lines, and policies of the party. The party organizations must operate within the framework of the constitution and laws.

In order to carry out its leadership function correctly, the party must constantly keep abreast of the intelligence of the age. The party's lines are a scientific product. The party's operating formulas must not lower but raise the ownership role of the people and guarantee the rights of the people.

A closer analysis shows that the party's role is that of the brain, nucleus, and soul of the state. But its role must not be confused with that of the state as the organization that has been empowered by the people to manage all of society.

Second, powers must be clearly determined. The internal powers of the state organizational system have not been clearly determined. The legislative organizations are not independent, and they have not carried out their functions properly or satisfactorily. The functions, responsibilities, and relationships among these organizations have not been clearly determined. As a result, they have caused problems for each other and failed to fully manifest the nature of a socialist jurisdictional state.

The organizational structure and operating mechanism of the state differ from those of the bourgeois countries (separation of powers theory), but we must study the rational and progressive aspects that are in accord with the special characteristics and economic renovation of our country in order to develop forms for our state

apparatus. The legislative and executive powers must operate independently in order to bring about balance within a unified state system. This must be done in order to enable the state apparatus to operate effectively and to overcome bureaucratic centralism, increase democracy, overcome corruption, special privileges, and autocratic dogmatism, and purify the state apparatus.

In order to overcome these diseases, it is essential to renovate the ranks of cadres in the state apparatus. Immediate steps must be taken to eliminate bureaucratic concepts based on past ways of thinking and acting. Previously, three types of cadres with different functions, positions, and characteristics were assimilated. Those three types were political cadres, administrative cadres, and businessmen. Political cadres and businessmen were turned into civil servants and conversely. The administrative cadres must be given specialized tasks and appointed to one particular state management position. This means that civil service cadres must be trained, and they must have certificates to verify their civil service standards as stipulated by the state. When people are appointed to a position in the state apparatus, they must have adequate standards with respect to political and moral qualities, they must understand the laws and know about state management, and they must have capabilities in a number of specific spheres.

As we have seen, the results of improving the state management apparatus in the past period have been very limited. In many cases, even though state organizations have been split apart and integrated, few people think that they are stable, and they wonder when they will again be split apart and integrated.

Such concerns and lack of confidence stem from the fact that the methods used to divide and integrate organizations lack an economic and legal basis. Instead, we have adhered to the traditional concept that the primary level state economic units must be situated within a state management organization called a higher-echelon management organization, meaning that two functions are combined in one organization. This originates from an erroneous concept, that is, the concept that the state has ownership rights and, therefore, must play a direct role in business. This concept is still prevalent today.

The state is the master on the legal front. But with respect to economic relations, there must not be any confusion between these ownership rights and the ownership rights that the state has granted to the commercial organizations. This confusion has led to a situation in which the state's management functions have been integrated with commercial operating functions. This has given rise to economic units at many echelons (central, provincial, municipal, ward, district, subward, and village). As a result, central corporations and enterprises are directly subordinate to a ministry, and local corporations and enterprises are directly subordinate to provincial or municipal services or to ward or district offices.

This form of organization is suited only to a bureaucratic centralism and state subsidies mechanism in which economic management is handled by administrative orders and political powers. Enterprises are not regarded as commercial subjects but only as units that do work on contract, that simply "receive" (capital, materials, and equipment) and "issue" (products to be distributed to consumers and not commodities), and that are not responsible for input and output accounting. This gives rise to dogmatism and authoritarianism, and a state subsidies system is used through the budget in order to bring in receipts and make disbursements without regard for results or for capital generation or expanded reproduction. The corporations and enterprises must rely on the budget and so they are very restricted and must move in place or gradually decline. The state is like an insurance company for the enterprises.

Today, now that we are switching to a market economy, if we continue to adhere to the old concepts, the state apparatus will continue to be very cumbersome and ineffective, and the effects will be even more damaging than in the past (because the state is no longer providing state subsidies through the budget).

In order to reorganize and improve things, the state organizations must perform state management functions only. Commercial functions must not be carried out by state management organizations.

The socialist state owns the means of production and plays a macrocosmic management function, but it is not a commercial state. A clear distinction must be made between the state economic management activities of the state organizations and the commercial management activities of the primary level economic units.

This distinction can be explained simply as follows:

The state management organizations stipulate development guidelines by formulating strategies, plans, policies, and measures in order to set guidelines for the primary level units, perform management functions, and regulate the complex relationships using administrative, legal, economic, and educational measures, with the aim being to create a suitable financial, market, and scientific and technical environment that will allow the commercial organizations to operate conveniently and to monitor things closely to ensure that the commercial organizations adhere to the laws.

The state production and commercial organizations, like other economic elements, can operate independently in accord with the guidelines, plans, and laws of the state. They must formulate plans in accord with the principle of being in charge of their own financial affairs, generating capital (using existing capital or accounting credits), and managing themselves.

The state management organizations have powers based on the nationwide system of laws. The state management organizations operate using budget funds.

After the production and business organization functions have been taken away from the state management organizations, each state management sphere will be re-analyzed, and functions will be assigned in order to form a suitable structure of state management organizations.

Doing things this way will improve the managerial results of the state apparatus.

#### Article Comments on Renovation Work

912E0214B Ho Chi Minh City TUOI TRE CHU NHAT in Vietnamese 30 Jun 91 p 5

[Article by H.A.: "Renovation Is an Order of Life and Cannot Be Reversed"]

[Text] By the time TUOI TRE CHU NHAT reaches the readers, the seventh congress will have concluded three days previously. But there is something worth saying: the public still views affairs of the party and state as debate topics that attract many people.

The sixth congress began the renovation undertaking and the seventh congress affirmed its acceleration. In the words of Do Muoi, "renovation is a command of life and is a process that cannot be reversed."

Life opens up and creates a path to escape from hunger, poverty, and backwardness. It brings about the initial results—food, clothing, freedom, and stability—which can be grasped and believed. There have been improvements in everything from the people's meals to the state's purse. In contrast to the starting point of 1986, when we seemed to be empty-handed, now, in 1991, there is still poverty and corruption, but at least we have on hand more than a million tons of grain, oil and gas, minerals, and even successful and unsuccessful experiences under the new conditions of the market economy. Most precious of all, there is sufficient self-confidence for Vietnam to make more clear-cut advances in economic reform and in liberating the potential of intelligence, people, and natural resources, and making all-out efforts to surpass ourselves and find a worthy standing in the developed, civilized world.

In offices and on the streets the most fashionable topics are still the questions of organization and personnel; for those with common sense, the most important story of the Congress revolves around to matters: the political line and personnel. But there is also a reality that in renovation in organization and personnel over a period of many years, since the sixth party congress, the party hasn't been able to accomplish very much. The deficiencies with regard to intellectual ability and virtue are still too serious. In taking a knife to operate on its own illnesses, over a period of many years the party still seems timid. For that reason, for the first time there was an increase in the circulation of newspapers carrying news of the results of the Central Committee election. Readers compare those newspapers with other newspapers in seeking their own sources of news to satisfy their concern. Candidates numbered 216 and 146 were

elected. The public dug deeply into the details of each person. The Political Bureau has five old members and eight new members, so it has both continuity and new people. Which Central Committee members would stay, and which ones would go because of health, who would go because of ability, and who would have to withdraw for murky reasons?

From each person and each detail, the public senses a major turn-over of revolutionary leadership generations. In the seventh party congress, did the party fully manifest determination to take a step toward renovating cadres even at the upper echelon?

Of course, affairs of the party and nation are not restricted to the Congress, but ordinarily in our country the important turning points originate with the Congress.

The things we noted in public opinion in this time of free expression are healthy signs and demand that the decisions of the Congress be implemented.

#### HCMCYU Delegates Attend 7th Party Congress

912E0222B Ho Chi Minh City TUOI TRE in Vietnamese 29 Jun 91 p 1

[Article by Hong Dan: "Youths' Faces at Seventh Party Congress"]

[Text] Twenty HCMCYU [Ho Chi Minh City Youth Union] cadres, consisting of 17 provincial and municipal secretaries and three Central Committee secretaries, are attending the seventh party congress.

In their discussions of the program, the socioeconomic strategy for the year 2000, and the political report, the young delegates believed that the evaluation of youths still was quite negative and failed to mention the positive aspects now appearing among youths and having to do with selection of occupation, learning, and labor. About the three state policies that have a direct bearing on youths—on education, labor, and culture-information—only the minister of culture, information, sports, and tourism made a speech on cultural management in the market-oriented economic mechanism. During the two days of discussions in the conference hall, there was no speech by the HCMCYU because the Central Committee delegate had drafted the speech too late.

About the persons to take part in the CPV [Communist Party of Vietnam] Central Committee, seventh term, in regard to mass organization cadres, the sixth term Central Committee recommended three vice chairmen of the Central Committee of the Vietnam Women's Association, two from the Confederation of Trade Unions, and one first secretary of the Youth Union Central Committee, but none from the Fatherland Front and Farmers' Association. Many delegations thought that the make-up granted the Youth Union was too small and

incommensurate to its real strength and that there was a lack of respect for the recommendations of the Youth Union Central Committee and for the initial guidelines from the congress's Human Affairs Subcommittee indicating that there should be at least two HCMCYU delegates joining the CPV Central Committee. Consequently, in addition to First Secretary Ha Quang Du, many delegations recommended many Youth Union cadres, including Ho Duc Viet, Trinh To Tam, Pham Phuong Thao, Le Van Nuoi, and Tran Hoang Tham; as to Thao Xuan Sung, 31, secretary of the Son La Provincial Youth Union Committee, he himself ran for election to the new CPV Central Committee. Later Pham Phuong Thao, Le Van Nuoi, and Thao Xuan Sung withdrew from the election. Finally, of the five candidates from the Youth Union Central Committee, only Ha Quang Du was elected with 1,064 (90.48 percent) votes.

Among the 21 persons being from 41 to 49 years of age who were elected to the new CPV Central Committee more than a few, such as Vu Mao, Nguyen Thi Hang, Tran Phong, and Vu Quoc Hung, have once been youth union central or provincial committee secretaries.

#### **Providing Youths With Jobs Is Youth Union's Hardest Task**

*912E0222A Ho Chi Minh City TUOI TRE  
in Vietnamese 29 Jun 91 pp 1, 5*

[Article by TNC from Hanoi: "The Seventh Party Congress: At the International News Conference, Youth Union Central Committee First Secretary Ha Quang Du Says, 'The Most Difficult Task Is To Create Jobs for Youths'"]

[Text] Within the framework of the seventh party congress, on 27 June at the Ho Chi Minh Museum, Ha Quang Du, first secretary of the HCMCYU [Ho Chi Minh City Youth Union] Central Committee, held a meeting with the foreign journalists who are covering the seventh party congress. Asked about the decrease of 1 million union members and about the youths' current thinking, Ha Quang Du said that the number of members dropped by 1 million from the pre-sixth party congress membership of 4.2 million and that 50 percent of that decrease was the result of reorganization and the fact that many members had exceeded the membership age, with the remainder being due to other reasons, such as there no longer were privileges for members (added points for college admission, priority in being sent abroad as laborers, and so on); members were no longer willing to work for the youth union because it would take much of their time, which would be needed for economic activities under the conditions of the economy being opened up; and in the case of just a few members, the reason was ideological vacillation. At the same time, youths currently like to take part in the activities of such organizations as the Youth Federation, the Red Cross, and so on. The HCMCYU also is trying to adopt many forms of rallying the youths and to create a more attractive sociocultural image for itself. It is very normal

for the union to lose members in a period of renovation. The union has considered the decrease of its members but did not consider it an important matter. The greatest matter facing it today, according to Ha Quang Du, is to create jobs for youths because they account for 40 percent of the country's manpower. Very important for the process of renovating the country is the fact that 500,000 youths today are millionaires by the accepted standards. Ha Quang Du told the foreign journalists that one of the many reasons that have created difficulties in the efforts to resolve the employment problem for youths is the trade embargo. The latter leads to a loss of many business opportunities and hence the loss of many jobs. He suggested that the foreign journalists urge their government to lift the trade embargo against Vietnam.

### **ECONOMIC**

#### **Preparations for Trade Center, Reserve Fund**

*912E0212A Ho Chi Minh City THOI BAO KINH TE  
SAIGON in Vietnamese 20-26 Jun 91 pp 1, 4*

[Interview of Nguyen Ngoc Minh, head of the Foreign Exchange Management Department of the State Bank of Vietnam by Mai Van: "Preparing To Set Up a Foreign Exchange Trade Center and a Foreign Exchange Reserve Fund of \$200 Million"]

[Text] [Mai Van] We have said much about the necessity for managing foreign exchange, but the U.S. dollar continues to fluctuate continually and appears to still lie beyond the scope of control of the State Bank. Why is that so?

[Nguyen Ngoc Minh] I believe that the key point in the management of foreign exchange at present is the ratio of the Vietnamese dong to foreign currencies, especially the U.S. dollar. As we know, recently the state has adopted specific policies to attract foreign exchange, such as allowing the governor of the State Bank of Vietnam to periodically determine the exchange rate and try to tie it in with the market. Especially, on 11 April, when the Vietnam State Bank allowed the commercial banks dealing in foreign exchange to increase the maximum limits from plus or minus five percent to plus or minus 10 percent in relation to the exchange rate publicly announced by the Vietnam State Bank, the volume of foreign exchange transactions in the banking system has increased greatly. However, that exchange rate is still lower than the black market rate.

[Mai Van] Why does the Vietnam State Bank not set an exchange rate close to that of the black market in order to buy more foreign exchange?

[Nguyen Ngoc Minh] When setting the foreign currency exchange rate the Vietnam State Bank must consider many factors. First, on the basis of the values of exports and imports it must determine how many Vietnamese dong a unit of foreign exchange is worth. That is the decisive factor, for most of the foreign exchange that is brought in is earned by export-import activities. Then



there is the matter of considering the inflation rate of the Vietnamese dong and the values of the various kinds of foreign exchange, which fluctuate on the world market. And, of course, it is also necessary to consider the prices of foreign exchange and gold on the black market.

I must emphasize that the foreign currency exchange rate cannot be based on the black market alone, for that market accounts for only a small part of the nation's economic activity and, even more so, it cannot reflect the nation's need for foreign exchange.

In brief, the Vietnam State Bank must take all factors into consideration to determine an appropriate exchange rate that is acceptable to importers and exporters, in order to make a profit but not be removed from reality.

[Mai Van] But there is an actual situation at present that producers and businessmen buy, sell, make transfers, and make payments to one another in, foreign exchange at an exchange rate higher than that set by the bank.

[Nguyen Ngoc Minh] That is correct. At present the state still allows the units with foreign exchange to buy, sell, and make payments to one another in, foreign exchange. Therefore, many units with foreign exchange, on the basis of the black market exchange rate, require the other units needing foreign exchange for imports to buy it at high prices. That further upsets the foreign exchange market. That situation can only end by means of a basic measure of forbidding the economic organizations in the country to buy, sell, make transfers, or make payments in, foreign exchange, and requiring them to circulate only Vietnamese money within the country. The newly promulgated banking law makes that stipulation, but to implement that basic measure it is necessary to meet another basic requirement: the state must fully meet the foreign exchange needs of the importers.

[Mai Van] Please tell us about the steps the State Bank of Vietnam is about to take to help correct the disparity between the supply and demand of foreign exchange.

[Nguyen Ngoc Minh] In addition to periodically setting an appropriate exchange rate, as stated above, the State Bank of Vietnam is setting up two foreign exchange trade centers in Hanoi and Ho Chi Minh City, the first one in Ho Chi Minh City. The goal of those centers is to bring together the economic organizations needing to buy or sell exchange to go there to negotiate with the bank the quantities and prices of the purchases or sales, and the buying and selling must be carried out through the bank. The centers will be responsible for regulating foreign exchange among the units in accordance with the guidance and management of the Vietnam State Bank.

A Vietnam State Bank foreign currency reserve fund is also being formed under the management of the bank's governor. For the present, the fund will amount to \$200 million obtained from accumulated capital and capital borrowed from foreign countries, and will be used to invest in the national economy and to regulate the

foreign exchange market nationally. Later the foreign exchange reserve fund may be increased.

Another measure is for the Vietnam State Bank to accept responsibility for establishing an international balance of payment for the entire national economy in order to calculate at any given time the nation's foreign exchange needs, in order to balance exports and imports, reduce irrational foreign exchange expenditures, and tie in demand with supply to avoid major fluctuations.

### Cooperation in Oil and Gas Exploration Described

912E0211A Hanoi NHAN DAN in Vietnamese  
2 Jul 91 p 3

[Article by Tran Kham: "Oil-Gas Cooperation With Foreign Countries":]

[Text] Our country's oil and gas potential is concentrated under the offshore continental shelf. The exploration for, and exploitation of, oil and gas at sea requires advanced technology, experience, and large amounts of capital, and there are many misfortunes.

New developments are taking place in the rapid carrying out of basic studies, evaluation of reserves, and exploration for and exploitation of oil deposits under our country's continental shelf. During the past several years, on the path of renovation, the oil-gas sector, although still young, has attained encouraging results in cooperating with foreign oil-gas companies to explore for oil and gas.

Six months after the SRV National Assembly approved the foreign investment law on 19 May 1988, the Indian National Oil-Gas Corporation (ONGC) became the first corporation to sign a contract to share production in exploring for and exploiting oil and gas in a number of lots on the southern continental shelf. Since the, Vietnam Oil and Natural Gas General Corporation (Petro Vietnam) has signed nine additional contracts with strong international oil and gas corporations.

In contrast to the joint venture contract there is the contract to share production. The foreign corporation provides all of the capital to explore for oil and gas within a certain time period and in a certain are. If it finds oil and brings wells into production that capital is recovered. If it does not find oil it gets nothing. The tasks of controlling, overseeing, and coordinating in carrying out the oil and gas contracts signed with foreign countries have been assigned to Petro Vietnam 2.

In the sea off Thua Thien-Hue and Quang Nam-Da Nang the Shell (Holland), British Petroleum (England), BHP (Australia) companies and the SECAB/IPL combine (Sweden and Canada) are active. In the sea off Vung Tau there are the ONGC (India), Enterprise (England), Petro Canada (Canada), and SECAB/IPL (Sweden and Canada) corporations. The Petro Pina (Belgium) corporation is exploring the offshore areas of Minh Hai and



Kien Giang. The Total (France) corporation is exploring in the northern part of the Gulf of Tonkin.

In the process of exploring for oil and gas under our country's continental shelf, the foreign corporations have effectively applied many advanced techniques and many of the newest innovations in equipment and technology. That not only facilitates fast-paced exploration but also creates reliability with regard to the quality of data that are collected. Although exploration is continuing, to date the companies have drilled through a total of 100,000 kilometers of geological layers and drilled 13 exploratory wells, some of which have discovered oil and gas and produced encouraging data.

The production sharing contracts have brought in nearly half a billion U.S. dollars. That is capital invested in the exploration phase. Initially, the foreign corporations had to import or hire all materials, equipment, and labor in other countries to carry out exploration. At present, our country's oil and gas sector is advancing to meet part of those needs, including that for technical labor. Petro Vietnam 2 has applied many creative measures in guiding the foreign corporations in using many kinds of local materials and technical services, via the oil-gas service corporations (PSC) and geology technical corporations (GPTS), drilling solutions, and petrochemical products. Therefore, those units have earned a large amount of foreign exchange and have created jobs for Vietnamese workers.

#### **Economic Data on Ho Chi Minh City**

912E0220B Ho Chi Minh City THOI BAO KINH TE  
SAIGON in Vietnamese 6-12 Jun 91 p 4

[Economic Activities column based on municipal Statistics Department figures: "Municipality's Economic Data for May and First Five Months of 1991"]

[Text] *Industry:* The value of gross industrial output obtained in the municipality as a whole in May (computed on the basis of the 1989 fixed prices) was 312,465 billion dong, a decrease of 4.6 percent compared to April, with central industries accounting for 159,312 billion dong (7.8 percent decrease) and local industries, 153,153 billion dong (1.1 percent decrease). In the first five months, the value obtained was 1,523,167 billion dong, an increase of 6.4 percent over the same period last year, with central industries accounting for 813,242 billion dong (12.3 percent increase) and local industries, 709,924 billion dong (4 percent increase).

*Agriculture:* The winter-spring rice crop harvest totaled 30,746 tons, a decrease of .6 percent compared to the same period last year, with the yield being 3.125 tons/hectare, a decrease of 315 kilograms/hectare. Production of vegetables of all kinds reached the level of 105,955 tons, with peanut accounting for 7,980 tons (equal to 117.2 percent of the production in the same period last year) and tobacco, 1,567 tons (10.7 percent increase).

*Capital construction:* So far 124 out of 155 planned projects have been carried out, with total capital spending amounting to 8.8 billion dong. In five months the total amount of capital being invested was 17.3 billion dong. In the first quarter of 1991, the Municipal Water Supply Corporation suffered from a loss of 7.9 billion dong, with the rate of water loss being around 38 percent.

*Communications and transportation:* In May, the municipality's transportation sector handled 133,000 tons of goods (13.2 million ton-kilometers); in five months, 613,000 tons (57.8 million ton-kilometers). The transportation of passengers in May totaled 2.3 million persons (99.7 million passengers/kilometer) and in five months, 11.5 million (292.8 million passengers/kilometer).

*Domestic trade:* The value of goods sold by state stores in May was 237.9 billion dong and in five months, 1,110.5 billion dong.

*Foreign trade:* The total export in May reached the value of US\$29 million and in five months, US\$113.9 million. The value of import in May was US\$16 million and in the first five months of the year, US\$82.2 million, a decrease of 15 percent compared to the same period last year. Business receipts in foreign currencies in May amounted to US\$2.5 million and in five months, US\$14.1 million.

*Finance:* Total budget receipts in May 1991 throughout the municipality were estimated to be 119 billion dong, and in five months, 615.7 billion dong, or 28 percent of the goal set in its plan. The estimated budget spending of the municipality in May 1991 was 35.5 billion dong. In the banking sector, the receipts in May 1991 were estimated to be 438 billion dong; since the beginning of the year, the total cash receipts and spending of all banks were estimated to be 1,991.8 and 2,690 billion dong, respectively.

#### **Editorial on Reasons for Huge Domestic Debts**

912E0220A Ho Chi Minh City THOI BAO KINH TE  
SAIGON in Vietnamese 6-12 Jun 91 p 3

[Editorial: "The Hidden Road Leading to the 10 Billion-Dong Debts"]

[Text] According to news reports, in the entire country the debts that corporations, enterprises, and production and business installations of localities and central sectors have contracted from one another amount to 10,000 billion dong.

In front of managers the documents containing arguments, complaints, and legal suits have suddenly piled up after the guidance committees in charge of settling debts began to be formed. The matters that could have been resolved among businessmen, directors, and banks remained unresolvable and have later come to the desks

of the leadership echelons (even after, in many cases, they had gone through economic arbitrators who failed to find a solution).

The matters are truly difficult to resolve. The reason is that the origin of these debts, the cause of this indebtedness, has been very complex, confusing, and hidden.

State subsidies were a cause that was easily blamed. Materials and raw materials were imported in accordance with work-division plans and given to production units without clear-cut payment, or payment based on the set exchange rate, and this practice was continued year after year. A corporation, after having bought foreign goods on credit and having resold them, was unable to obtain the right amount of foreign currency a few months later when payment was due because the rate of exchange between dollar and dong had changed to an unexpected level. An enterprise, after having asked a corporation to import a quantity of goods for it, found at the time of payment that the money resulting from their sales had been diverted elsewhere as the heavily indebted corporation badly needed it to pay off its own overdue debts and wanted to owe the enterprise the new debt. Another story: According to regulations, imported goods that arrived at the port would be released only when their owners had paid import tax, but because the goods usually could not be sold right away, these owners would find that they sustained losses by the time the goods were sold and accounting was performed. Still another story: As the capital that corporations and enterprises in the municipality really possessed was very little compared to the total capital needed for their business, their directors had to borrow money from credit cooperatives and banks at very high rates of interest in order to maintain normal operations; with interest having ballooned through their business activities, they suddenly found that it would be impossible to pay off all debts. Not only were the corporations and enterprises that had suffered from losses heavily indebted, but the ones that did good business also were unable to maintain financial health because their capital was gradually eroded, and they later found themselves to be lost in the debt labyrinth.

It would be impossible to list all the reasons behind the debts that existed while the economic situation of our country remained unstable, our currency lost its value, and prices in the world market continually fluctuated. We do not know whether the cadres at all levels in charge of debt settlement had time to read the documents having to do with the 10 billion-dong debts, nor do we know how many conferences, large and small, how much time, and how many people will be devoted to debt settlement, but what we know for sure is the fact that sooner or later the problem must be resolved and that difficulties, no matter how complicated they may be, must be overcome. The problem cannot be left standing forever. The longer we leave it alone, the more difficult and unresolvable it will become.

So where is the solution?

We know that except for the installations that suffered from losses because of passive and poor business management, a large number of units that had to contract numerous debts had been plagued by shortage or seizure of capital. Therefore, an urgent measure is to manage to have the first "propulsion," the need to "push once" to make the machinery run. This propulsion or push is a **long-term interest-free loan** that the state must grant in order to act on the knots of the tangled debt situation. These sums, of course, will be just a fraction of the total current debts, but they will be enough to reverse the situation.

Our ancestors had a saying, "Parents are responsible for their children's behavior." The present situation allows us to have only the least damaging plan, rather than a nondamageable one. Directors may go to jail, but workers cannot sit idle and go hungry. Also we cannot think that only a few people did poorly and that we should not make all people suffer. The reason is that we already suffered, notwithstanding our thinking, and we are bearing the lasting consequences of the widespread social acts.

This is the price we must pay for the lesson on going from state subsidies to a market-oriented economy. This is the bitter hardship that we must have the courage to bear. The goal is to quickly escape a dangerous situation.

#### CPV Official on Prospects of Textile Industry

912E0218A Ho Chi Minh City TUOI TRE  
in Vietnamese 15 Jun 91 p 3

[Interview with Duong Minh Anh Lan, M.A., deputy secretary of the Light Industry Bloc of the Ministry of Light Industry, deputy director of the Textiles Production-Export Federation by Minh Thuyen: "Vietnam's Textile Sector on the Runway"]

[Text] [Minh Thuyen] From your contacts with foreign companies and businessmen, does it appear that there are hopes of Vietnamese textile goods? If the U.S. trade embargo is ended in the near future, will Vietnam's textile sector be capable of filling orders from foreign countries? What preparations has it made?

[Lan] It's certain the Americans cannot continue the embargo forever because it is irrational and inhumane. That means that the textile sector is on the runway and is ready to take off, and its bags are packed. There are two kinds of bags. The first is that during the past two years the textile sector has entered into production and exporting-importing in accordance with a market mechanism with high quality goals and prices that are competitive with world prices. The city's Thanh Cong, Thang Loi, Viet Thang, Phong Phu, No. 3, No. 8, and No. 12 textile mills are exporting their products to South Korea, Hong Kong, Australia, Canada, France, Japan, Taiwan, Germany, and many other countries.

At present, we are in contact with nearly 200 companies in more than 40 countries. France, Sweden, Spain, and

the other countries that have bought Vietnamese textiles have placed many orders with Vietnam's textile sector for domestic consumption and to re-export to other nations in the EEC, and even to the United States. But that has not yet been carried out, or at least not to any great extent, because of the U.S. trade embargo.

Although we have made preparations and have reviewed our "internal strength," in fact it must be said that the Vietnamese textile sector is not yet sufficiently strong to take full advantage of the coming opportunities to export many goods and ensure reimportation and the maintenance and development of the textile sector. Therefore, I think that one of the reasons for the success of the four Asian dragons has been adequate investment. I think that in order to grasp the opportunity in a timely manner the state must be concerned with supporting the textile sector by accelerating investment. With regard to sources of capital, we must not rely on state capital alone; we also need the capital of the people and of the foreign corporations and organizations, by means of multilateral and multiform foreign policies.

The second bag of the textile sector is that during the past year we have contacted a very large number of corporations in Japan, South Korea, Italy, Belgium, Switzerland, France, and Taiwan so that there could be mutual understanding of capabilities, the consumer market, and joint venture conditions. The textile sector has begun many kinds of projects so that when the embargo is lifted it will be ready to act immediately.

[Minh Thuyen] At the congress of the municipal party organization (round 1) many people were of the opinion that the state should control only some key sectors of the economy. If that were the case, would it create any obstacles and would any hindrances be encountered?

[Lan] We agree with that viewpoint and would like to add that the state economy should also be responsible for a number of production spheres that the other economic components are incapable of assuming. For example, with regard to projects that require large amounts of capital and are crucial, or with regard to the unprofitable types of production that meet the essential needs of the people. I think that as far as the textile sector is concerned, there would be no obstacles. Furthermore, that would create combined strength with regard to capital and manpower and there would be mutual supplementation with regard to some types of production. If that viewpoint becomes reality, the textile sector will develop rapidly because the production capacity of the state sector is still small and it cannot meet the people's clothing needs and does not yet produce sufficient quantities to export to fill orders from foreign customers. Therefore, I believe that a multi-component economy will allow us to have:

1. Combined strength with regard to capital and quality, and a variety of goods, in order to export large amounts, so that the people can have sufficient clothing, and so that the workers can have work.

2. Avoid monopoly, i.e., create an atmosphere of wholesome competition.
3. Compliment one another and help the sector reduce the importation of some items we have long had to import, such as buttons, elastic, zippers, etc. that is a type of production that would, if there was a policy of adequate incentives, save foreign exchange.

In order to develop production effectively and uniformly in a multicomponent economy and reduce the danger of bankruptcy of small producers who have enthusiasm but do not yet have sufficient experience, we recommend:

1. The state and the textile sector give guidance regarding the list of goods requiring development incentives.
2. The organization of additional scientific and technical services, training schools, and a system of product quality control services.
3. It is also necessary to organize a material and technical supply market and specialized associations to supply information and guidance about the domestic consumer market and legal matters. Those associations will operate with funds contributed by businessmen.

Those are major, basic steps that must be taken immediately to prepare for the blossoming of the multicomponent economy and avoid the chaos that always occurs in a transitional phase.

[Minh Thuyen] If you gave only a brief speech at the national party congress, what would be the most heartfelt and profound things you would say?

[Lan] I have no worries about viewpoints, goals, and the major problems set forth by the draft document of the congress. If those contents are strictly implemented it is certain that our country has prospects for becoming rich and strong, with a just social life ruled by law, and all citizens will be developed comprehensively. However, we must remember the teaching of Uncle Ho, "Planning is one part and implementation is nine parts." Therefore, there must be deep, appropriate research regarding implementation measures, among which, I believe, there must be a series of measures of a motive nature to serve as a lever for mobilizing the talent and ability of all of society responsibly and effectively. I believe those are things that must be done after the congress concludes. Society is awaiting and has the right to be informed about such matters.