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POLITICAL

President Appoints Members of Advisory Council 93P30066A

[Editorial Report] The 18 June Jakarta SUARA KARYA in Indonesian on page 2 reports that President Suharto has appointed a number of former cabinet ministers to the Supreme Advisory Council while retaining a few of the old members. Among the reappointees were Abdul Gafur, Nani Sudarsono, Mochtar Kusumaatmadja, and Suhardiman. The new members include Soedomo, coordinating minister for political and security affairs in the previous cabinet; Harsudiono Hartas, former social and political affairs assistant to the Indonesian Armed Forces Commander; Sulasikin Murpratomo, former minister of women's affairs; Haryatie Subadio, former minister for social affairs; Munawir Syadzali, former minister of religious affairs; Nasrudin Sumintapura, former junior minister of finance; and Wardoyo, former minister of agriculture.

A number of prominent religious figures were also appointed, including the chairman of the Indonesian Ulema Council (MUI), and the chairman of the Indonesian Union of Churches (PGI).

Also on the list were people known for their political roles, such as Agus Sudono of Golkar, Achmad Subagyo of the Indonesian Democratic Party (PDI), and Chalid Mawardi of the United Development Party (PPP).

Minister: PANCASILA Embraces Human Rights 93SE0197A Jakarta ANGKATAN BERSENJATA in Indonesian 4 Jun 93 pp 1, 7

[Text] Moh. Yogie, S.M. [B.A.], minister of the interior, said that PANCASILA [Five Principles of the Nation], as the basic philosophy of the nation, fully guarantees human rights in Indonesia. It is therefore not true if people say human rights are ignored in Indonesia.

In response to questions from participants at the National Working Meeting of the Department of Information, Yogie said that countries which do not have PANCASILA pay attention to human rights, and Indonesia, a country based on PANCASILA, does so to an even greater extent.

The minister said that foreigners should study PANCASILA, the basic philosophy of our country, before talking about human rights. Indonesia has paid attention to human rights for a long time because they are guaranteed by PANCASILA.

"So if we apply PANCASILA consistently, human rights are guaranteed even more," said Yogie emphatically.

Yesterday the Interior Minister gave a briefing to the National Working Meeting of the Department of Information on the subject of domestic policies and strategic development as part of the effort to make future development a success.

The minister claimed that as society's standard of living rises, people make more political demands. That is why political development should go along with the economic development which aims at improving social welfare.

Yogie said that political development in Indonesia has already raised society's political awareness.

Democratic

In his briefing, Interior Minister Yogie said that long-term political development should aim to create an atmosphere of political, state and social life which is truly democratic, stabile, and dynamic. The aim is to strengthen constitutional life and to create a clean, capable, and authoritative government.

The development of a political culture which has a national, democratic, and constitutional point of view, has created an awareness and a legal certainty in our society. At the same time, oversight by the DPR [Parliament] is becoming more effective.

Along with this political development it is hoped that there will develop ideas, feelings, and deeds as well as the participation of the people in national development in order to create our national ideals.

Yogie said that various domestic political policies carried out continuously in stages will determine the direction and goal of political development. Domestic political development has already carried our political life through the stage of defending PANCASILA and has now entered the implementation stage.

Interior Minister Yogie mentioned that the stage of defending PANCASILA was marked by the New Order's decision to dissolve the PKI [Communist Party of Indonesia] and to ban the teaching of Communism, Marxism, and Leninism in Indonesia, by the consolidation of government agencies, by the creation of political stability, and by carrying out general elections. These policies succeeded because of social unity and because ABRI [Armed Forces of the Republic of Indonesia] was in the forefront of directing the wheels of struggle to set PANCASILA and the 1945 Constitution up again.

At the same time, the strategic steps taken during the next stage to set up a political system based on PANCASILA and the 1945 Constitution, marked by the first general elections of the New Order in 1971.

The Attitude of Togetherness

Yogie went on to say that the 1992 general elections increased the attitude of togetherness. All sides had a high level of commitment to turn all of their activities into ways of applying PANCASILA values within a democratic mechanism. Included in this was ABRI, which guaranteed in a responsible way that the elections would run safely, peacefully, and smoothly.

The minister said that future political development would aim at speeding up the growth and development of PANCASILA democratic life, supported by an

increasingly steady political structure based on the permanency of a PANCASILA political culture.

Future political development would continue to be based on the people's mandate as stated in the GBHN [Broad Outline of the State Policies]. A democratic, healthy and dynamic political life, however much supported by a permanent political culture, must also be supported by functioning political superstructures and infrastructures.

"Interactions and communications between these two components of the political structure will constitute the 'input-output' vehicle in the mechanism of our national political life in order to support the creation of a PANCASILA democratic system," said Yogie emphatically.

In the future, a PANCASILA democratic political system which is closer to people's lives, more educational, and which is sensitive to social problems, must be put into operation.

Touching on the role of information agencies in developing a dependable political system, Yogie said that information societies and their agencies as components of the political structure cannot be separated from the needs of the Indonesian people. These information societies and their agencies must always be one with the people.

He also said that this oneness is the biggest contribution of an effective force for carrying out our national tasks.

MILITARY

First Joint PRC Military Cooperation Announced

93SE0198A Jakarta ANGKATAN BERSENJATA
in Indonesian 26 May 93 p 11

[Text] Kuala Lumpur, ANGKATAN BERSENJATA—On 24 May Kuala Lumpur and Beijing were preparing to discuss military cooperation, which had never taken place previously, including the possibility of a Malaysian purchase of military equipment, as Chinese Minister of Defense Chi Haotian flew to Kuala Lumpur to make an official visit.

Malaysian officials said that the high level conversations which will be held, the first since diplomatic relations between the two countries were opened in 1974, will also involve the rather sensitive conflict concerning control of the South China Sea.

Malaysian Ministry of Foreign Affairs officials pointed to the outlawed Communist Party of Malaysia (CPM) which was supported by China and which laid down its arms in 1989 after carrying on a bloody rebellion for 40 years. They said: "This is the right time to carry out bilateral military cooperation."

On his arrival at Subang International Airport, Chinese Minister of Defense Chi said: "We are ready to work

with our friends from Malaysia in an active and determined effort to develop friendly and cooperative relations between the two countries and their Armed Forces."

Chi, accompanied by senior military officers, including Xu Huisuan, deputy chief of the General Staff, and Li Xilin, commander of the Guangzhou military region, is scheduled to hold conversations with Malaysian Prime Minister Mahathir Muhamad and Minister of Defense Najib Tun Razak.

Chi said that he was returning the visit made by Najib to Beijing in 1992, which "began the friendly exchanges between the Armed Forces of the two countries and marked a new period in the relations of the two military forces."

Borhan Ahmad, acting chief of the Malaysian Defense Forces, said on 24 May that the bilateral discussions may involve the training of Malaysian troops and the purchase of military equipment from China. Borhan said: "We have indicated our interest in several types of equipment which they have. Because this is a friendly visit, we want to see first of all what will happen on 25 May" (when Chi meets Najib to begin conversations).

Kuala Lumpur is trying to modernize its military forces and is presently engaged in discussions with the United States and Russia on purchasing combat jets. Since 1988 Malaysia has had an agreement with Great Britain to supply military equipment in several stages.

Malaysian officials said that the Chi visit can also pave the way for cooperation in raising the level of the Malaysian Air Force and Navy and in obtaining technology for an ammunition factory.

The Chinese guest is scheduled to visit the AIROD plant, a company engaged in the repair of Malaysian aircraft in Kuala Lumpur, as well as the State Naval Shipyard, the largest in the country, located in northern Perak. He will also inspect an ammunition factory in Perak.

Analysts consider that the Chi visit is important, as the visit is being made in the midst of increasing regional concern regarding Chinese military ambitions in Southeast Asia, following the departure of United States forces from the area and in view of Beijing claims to the Spratly Islands.

Malaysia, Vietnam, the Philippines, Taiwan, and Brunei also claim sovereignty over the Spratly Islands, an archipelago consisting of more than 90 small islands in the South China Sea which is believed to have rich petroleum deposits.

The Malaysian officials said that Kuala Lumpur will repeat its view to Chi that the Spratly Island question should be resolved through negotiations.

ABRI Commander's Views on Direction, Perception

93SE0187A Jakarta TEMPO in Indonesian 29 May 93
pp 17-19

[Interview with General Feisal Tanjung, commander of the Indonesian Armed Forces, by Herry Komar, executive editor, and Amran Nasution, coordinator of reporting of TEMPO, and Karni Ilyas of FORUM KEADILAN, on 19 May at General Feisal's home; first three paragraphs are editorial introduction]

[Text] ABRI [Armed Forces of the Republic of Indonesia] has not yet selected a candidate for the position of general chairman of GOLKAR [Functional Group]. The incident in Dili [East Timor] is a lesson and a subject for study by ABRI. This was stated by General Feisal Tanjung, commander of the Indonesian Armed Forces, to TEMPO. What program does the commander of the Armed Forces have in mind?

When Gen. Edi Sudradjat retired from the service, Gen. Feisal Tanjung was the most senior officer in the ABRI. The majority of the ABRI commanders presently holding senior positions in ABRI formerly served in the RPKAD [Army Para Commando Regiment]. For example, Lieutenant Gen. Wismoyo Arismunandar, chief of staff of the Indonesian Army; Major Gen. Kuntara, commander of KOSTRAD [Army Strategic Reserves Command]; and Maj. Gen. Sintong Panjaitan, former commander of the Udayana Military Region, previously served directly under Gen. Feisal in the Red Beret unit. General Feisal once said: "They were platoon commanders, while I was the company commander." Therefore, the appointment last week of Gen. Feisal Tanjung as commander of the Indonesian Armed Forces went off easily. That is, he was not promoted over anyone.

On 19 May, three days before he was installed in his new command, he was promoted to the rank of full general, wearing four stars. On the evening of 19 May the new commander of the Indonesian Armed Forces received Herry Komar, executive editor, and Amran Nasution, coordinator of reporting, of TEMPO; and Karni Ilyas from FORUM KEADILAN at his home on Jalan Prapanca Raya in the Kebayoran Baru area of Jakarta Selatan [South Jakarta]. Gen. Feisal appeared very alert that evening. He laughed a great deal. So this interview was held in an atmosphere of intimacy. Gen. Feisal answered all questions asked of him in his thick, Medan accent. Following are quotations from the interview.

[Herry Komar] Not long ago Gen. Edi Sudradjat, as commander of the Indonesian Armed Forces, said that it was necessary for ABRI to get "back to basics" [words in quotations in English]. Why was it necessary for him to say that right now?

[Feisal] He said, "back to basics" in the broad sense of reorganizing ABRI to resume carrying out its tasks and functions as an organization of professional fighters and soldiers. As fighters, ABRI will not stop until the

national goals contained in the preamble to the Constitution of 1945 are achieved. Furthermore, as an organization of professional soldiers, ABRI will always continue to train until it possesses the skills related to its tasks, until it is able to anticipate the developments of the times, until it has a deep feeling of responsibility. Meanwhile, the narrow meaning of "back to basics" is returning to living the standards of soldiers, in accordance with basic military regulations: courtesy, organization, military discipline, and so forth. If we now call for going "back to basics," this does not mean, in effect, that we had moved away from the basic standards. However, this matter needs to be kept in mind and developed further to deal with the challenges and tasks facing ABRI in the future. The reorganization of ABRI needs to be continued to prevent weaknesses developing in thinking about the essential tasks and functions of ABRI as an organization of professional fighters and soldiers.

[Herry Komar] By equating "back to basics" with discipline and professionalism ABRI will improve. But how will this be done when the salary of a sergeant with two children is only 90,000 rupiahs per month?

[Feisal] I know that. We cannot demand more money, because that is what the government can give us. If the government gave larger resources to ABRI, would that not mean increasing its normal, operational budget? Then what would happen to the development budget? So, in the interests of the nation and state ABRI must be very patient.

[Herry Komar] Is there no solution to this?

[Feisal] We are making an effort within ABRI by establishing cooperatives and foundations. As far as individual soldiers are concerned, there is a program of automatic withholding of savings for housing, and there is ASABRI (the ABRI insurance program). With careful management a sergeant can own a home. Indeed, our resources are limited. The allowance for food is 1,600 rupiahs per day. This means that a soldier is supposed to live on \$0.75 for 24 hours. I have already spoken to the BAPPENAS [National Development Planning Board] and to the Department of Finance about this matter.

[Herry Komar] What is your program as commander of the Indonesian Armed Forces?

[Feisal] Raising the standards. Our human resources need to be improved and given priority. We do not need to talk about a high sounding, long term program, or say that the soldiers are not very good, that there is a lot of waste, that time is being spent pointlessly, that there is waste motion, or that funds are not being properly employed.

[Herry Komar] How will your program be carried out?

[Feisal] With education and training.

[Herry Komar] Will you use the internal controls that have been adopted recently?

[Feisal] If you talk about increasing our human resources, that certainly will include tightening discipline, yes; order, yes this and this and this. All of that is already "built in" [words in quotations in English].

[Herry Komar] Just now you referred to professional soldiers. What does this mean?

[Feisal] In accordance with the universal meaning of the term that means a person who has skills in his field of assignment and has a deep sense of responsibility toward the tasks to which he is assigned. This applies especially to ABRI, which has the Saptamarga [Seven Principles of a Soldier's Duty] as a code of ethics. First of all, a member of ABRI is a fighter. Only after that can it be said that he is a professional soldier.

[Herry Komar] Recently, people have been talking a great deal about the dual function of ABRI, in connection with the declining political role of the Indonesian Armed Forces. For example, there is the small number of ABRI personnel in the cabinet. Indeed, it is said that the position of general chairman of GOLKAR will be held by Harmoko, a civilian. In fact, what is your view of the dual function of ABRI and how does it fit into our political system?

[Feisal] The dual function of ABRI consists of the spirit, willingness to serve, and determination of the Indonesian Armed Forces to join in playing a role in national development. This is the way in which the essential character of ABRI is made use of as an organization of warriors who will continue to fight until the goals of our nation are achieved. Clearly, the form and intensity of the dual function can change from time to time. At one time it was very dominant, as happened at the beginning of the period of the New Order [following the failure of the abortive, communist-led coup d'etat in 1965]. At another time it may be that ABRI will adopt an attitude of leading from behind, in accordance with one of the essential aspects of ABRI leadership. However, what all of us need to realize is that ABRI does not merely want to be an observer or just a fireman putting out fires. If that should happen, it is the people who will suffer the most. Therefore, ABRI must act in a proactive and not in a reactive way, as well as always adopting a forward-looking attitude and encouraging a fully developed and dynamic sense of stability and security.

[Herry Komar] ABRI does not want to be a mere observer, a fireman putting out fires. But does not the term "leading from behind" mean, more or less, that ABRI will stand in the background pushing from behind?

[Feisal] Well, that depends on the situation at the time. Under present conditions should we be in front, providing an example; in the middle of things, providing the initiative; or leading from behind? That remains to be seen. Perhaps at the beginning of the New Order we were in the front rank, arranging things. However, at present is this stance in accordance with the situation which we want? Certain things may happen under certain conditions. It may be that at one time it was suitable to lead

from behind in GOLKAR. We have already been in the one position but we have not yet been in the other position. But if the situation is going well, we will adopt the attitude of leadership from behind. We may do less, but remember that the dual function continues, because the dual function is the life of ABRI. This is because ABRI loves our nation and state. This is because ABRI wants to see the achievement of our national goals.

[Herry Komar] ABRI has been prepared and trained to fight, to destroy our enemies. If a member of the Indonesian Armed Forces is left alone in East Timor, without food, he can survive for months. He is a professional in this regard. However, if he works in a civilian government office, he can no longer be a professional soldier. What do you think of that view?

[Feisal] There are certain requirements for assigning people to a certain office. First, that office is needed. Then we evaluate the person. Is he capable and acceptable? If not, why should he be assigned there? If it appears, after we have checked him out, that he is not capable and acceptable, we will not consider how he looks or what his rank is. That person will be taken out of that position. Why should we make sacrifices merely for the sake of a single person?

[Herry Komar] In an interview Gen. [Retired] T. B. Simatupang once said that the fewer members of ABRI who hold civilian positions, the greater the success of the dual function of ABRI. The problem is that there are many examples of ABRI personnel holding civilian positions because of emergency conditions (particularly since the communist-led coup d'etat of 30 September 1965 which failed). What do you think of that?

[Feisal] The individual functions performed by ABRI personnel are not the same as the dual function of the Indonesian Armed Forces, because the individual functions are assigned to ABRI personnel in a selective way. They have been requested by offices using their services, which are outside ABRI.

[Herry Komar] There are those who think that the total number of ABRI personnel appointed to the DPR [Parliament] should be reduced.

[Feisal] We already have rules of the game. There are provisions concerning that. You should discuss that matter in the MPR [People's Consultative Assembly].

[Herry Komar] You would have no objection if that matter were discussed in the MPR?

[Feisal] Go ahead, as long as it would solve the problem and would be in accordance with the regulations.

[Herry Komar] Returning to the social and political function. How important is it that the position of general chairman of GOLKAR is held by a member of ABRI?

[Feisal] GOLKAR is a very large social and political force. Therefore, it is very decisive. Can it continue on as was originally intended? We know that there are various interests within it. Can we be sure that GOLKAR will

operate in accordance with those characteristics? If it can, then we can go ahead with a civilian as general chairman.

[Herry Komar] But clearly, there is a very large number of ABRI candidates for the position of general chairman of GOLKAR, including Solichin G. P. (secretary of the Development Operations Control Office) and Syaukat (military secretary), and so forth.

[Feisal] Is that not due to the fact that you have been looking for news? You have gone to Syaukat, and he has been forced to say something. You have asked him: "If you are nominated, would you accept it or not?" If someone is challenged in that way—particularly when he is holding a position in an office—he naturally has his own self respect. Then he will answer by saying anything at all.

[Herry Komar] But do you think that ABRI already has a candidate for the position of general chairman of GOLKAR?

[Feisal] Not yet. However, we have a large number of ABRI members in GOLKAR. Certainly, it is the National Conference of GOLKAR which will make the decision. It is up to the National Conference.

[Herry Komar] But judging from the comments of Gen. Edi Sudradjat (former commander of the Indonesian Armed Forces), do we not already have the impression that it must be a member of ABRI?

[Feisal] That may be people's impression, but that was not what Gen. Edi meant to say. Did he not also say that all of that should be left to the National Conference of GOLKAR? It is not essential for the general chairman to be a member of ABRI.

[Herry Komar] Until now ABRI has always paid close attention to GOLKAR. If you think about it, GOLKAR existed before the New Order was established. How long can GOLKAR be ignored by ABRI?

[Feisal] How long? When we see that GOLKAR is well established, is functioning well, and is operating in accordance with what we originally sought to achieve. But you should remember that it is not ABRI as an organization that is part of GOLKAR. It is ABRI members who are in GOLKAR.

[Herry Komar] Do you mean that ABRI no longer has any people available to serve as general chairman of GOLKAR?

[Feisal] The National Conference of GOLKAR will decide that.

[Herry Komar] So what are the limits of ABRI interest in GOLKAR?

[Feisal] We have presented possible candidates. Leave it to the National Conference of GOLKAR to decide.

[Herry Komar] Is it not your objective that a member of ABRI should be general chairman of GOLKAR?

[Feisal] No.

[Herry Komar] Has not the general chairman of GOLKAR always been a member of ABRI for the past 20 years or so?

[Feisal] That was how it was at first. When things are in order, we will leave this position to other people.

[Herry Komar] Is it not true that Wahono, now the general chairman of GOLKAR, is a member of ABRI?

[Feisal] Was he not elected by the National Conference of GOLKAR?

[Herry Komar] GOLKAR has what is known as a column of threes: the officials in the party apparatus, GOLKAR, and ABRI. Previously, this column of threes has always kept together. Why did it appear recently, in the election of governors, that there was some conflict between the GOLKAR and ABRI groups?

[Feisal] That was not a conflict. That was the dynamics of democracy. Why is it that people used to shout so much about democracy? Now, when they talk like this, it is called a conflict. In fact, the name for this process is the dynamics of democracy.

[Herry Komar] What challenge is ABRI facing? Is there a potential enemy within the country or overseas?

[Feisal] The challenge to ABRI is the ability to anticipate how things will develop. Among other things, this is affected by the speed in the development of scientific knowledge and technology, in the current of globalization, economic protectionism, or the issue of human rights. ABRI will always try to ensure that these matters do not harm national stability and do not create obstacles for development. Regarding a potential, foreign enemy, it can be stated that, although there is no longer East-West rivalry, the level of uncertainty has not disappeared and is still relatively high. Over the short term it can be said that there is no potential, external threat. However, we must be vigilant, recalling that there are potential conflicts around us, such as the question of the Spratley and Paracel Islands or the question of Cambodia.

[Herry Komar] If you can explain it, what is the greatest, potential threat within Indonesia?

[Feisal] The threat can be summarized in the term "SARA" [Suku, Agama, Ras, dan Antargolongan—Ethnic Group, Religion, Race, and Inter-Group Rivalries]. There is a great, potential threat from such sources. We will need a long time to build our nation. The United States, for example, has been independent for 200 years. However, it is still affected by such threats. Look at the events in Los Angeles.

[Herry Komar] Is a possible conflict between rich and poor a threat?

[Feisal] Yes, it is a threat.

[Herry Komar] In your view, under present circumstances, is it necessary for ABRI to raise the technical level of its equipment?

[Feisal] Clearly, yes. What is the F-16 fighter for? What do we buy warships from Germany for? But if I am asked who our enemy will be, I will not answer right now.

[Herry Komar] What is the situation regarding the purchase of Hawk aircraft from Great Britain?

[Feisal] Technology is a matter of generations. We cannot skip a generation. We must take one step at a time. Therefore, whether we like it or not, we must buy the Hawk, so that we will acquire scientific knowledge in an orderly way. Now we are buying one squadron of these aircraft (24 planes).

[Herry Komar] Minister of State for Research and Technology Habibie once said that we will buy more than 100 Hawk aircraft.

[Feisal] Was he not just talking in general terms?

[Herry Komar] Just talking? Who is the leader whom you most admire?

[Feisal] General Yusuf. (Editor's Note: he meant General Yusuf, former minister of defense and security and commander of the Indonesian Armed Forces, now chairman of the BPK [Audit Board].)

[Herry Komar] Beside General Yusuf?

[Feisal] Sarwo Edhie Wibowo. (He is referring to the former commander of the RPKAD.)

[Herry Komar] Why those two?

[Feisal] They are honest and were only in ABRI to serve.

[Herry Komar] There are those who say that Sarwo Edhie always used to mention your name as an officer whose example should be followed. Is that just what some people have said, or is it true?

[Feisal] Oh, is that not because I once asked Sarwo Edhie for orders? Well, in 1969 Sarwo Edhie had just become commander of the Military Region in Irian Jaya. At the time he was attacked by a rebel when he was visiting the city of Enarotali, in the Regency of Paniai. At the time Sarwo's staff had given him no suggestions on how to deal with the situation. I was then a captain, commanding an RPKAD unit in Jayapura. I met Sarwo in Biak. I asked him to give me orders to bring the situation under control in 12 hours. After Sarwo gave me the orders, I immediately took my unit, boarded a Fokker aircraft, and parachuted into the area. It turned out that we took only nine hours to bring the situation under control. I telephoned Sarwo. I said to him, "Things are all right now, sir. You can come in here." He was very happy.

[Herry Komar] There are those who say that recruitment for the ABRI leadership is carried out from among the adjutants to the president and members of the Red Berets serving in KOPASSUS [Special Forces Command]. Will the Red Berets continue to be a source of recruitment for the ABRI leadership?

[Feisal] That view is very much mistaken. In accordance with current standards for the career development of

ABRI officers, ABRI recruits the best men for important positions within ABRI. On the other hand, an officer selected to be an adjutant to the president or who is assigned to KOPASSUS has gone through a very tough selection process. It is only proper that later on an officer chosen in this way is considered to have substantial, career development potential. However, you should realize that at present many senior officers of ABRI have not been adjutants to the president or members of the Red Berets. For example, there are Lieutenant General Mantiri, chief of the General Staff of ABRI, and Lieutenant General Haryoto, chief of staff of ABRI for social and political affairs. There are many other examples.

[Herry Komar] You successfully handled your assignment as chairman of the Council of Military Honor (DKM), following the incident in Dili [East Timor]. In your view, what must be done by ABRI so that such an incident is not repeated?

[Feisal] The 12 November incident was not exclusively a security problem but a much larger question which led to a security problem. From the point of view of ABRI itself, we appreciate that at the time the incident was handled in the field, mistakes were made. I consider that from the human and logical point of view, the mistakes made were understandable. However, ABRI continues to be a consistent organization, so that appropriate action had to be taken to deal with it. All of this is a very valuable and expensive lesson. It is a subject for study and has been used in an effort to improve conditions in the areas of education, training, doctrine, and organization, so that such an incident will not be repeated.

ECONOMIC

Try Sutrisno on Regulations on Capital Flight

93SE0190A Jakarta MERDEKA in Indonesian
14 May 93 p 9

[Text] Jakarta, 13 May (MERDEKA)—Vice President Try Sutrisno warned of the need for regulations to keep capital from moving overseas. All parties involved, including businesses, are asked to help in the preparation of regulations like those used in other countries to block such capital flight.

The vice president said this as he received leaders of the Indonesian Association of Young Businessmen (HIPMI) at Freedom Palace in South Jakarta on Thursday [13 May].

The businessmen who belong to HIPMI regret that in the current situation of inequitable bank credit facilities there are still people who transfer their capital overseas.

"While the government, through the minister of state for mobilization of investment funds, is working feverishly to attract foreign investments to Indonesia, 10 to 15 percent of the credit obtained through banking facilities is invested overseas by our big businesses," said HIPMI Deputy General Chairman Fathommy Asaari.

The HIPMI Central Executive Council, under the leadership of its chairman, Adi Putra Tahir, reported to the vice president and asked the government and the banking sector in general to be more impartial in providing credit.

The vice president advised HIPMI to create a middle class of business in order to reduce the "margin of error" (bad debts) attributable to management.

HIPMI must also ensure the success of its businesses, which in turn will produce prosperity. Young businessmen were urged to watch their use of time, for time is very important.

He probably felt some businessmen were not using their time well, Adi Tahir said.

"Do not spend much time relaxing as you conduct business. When you have earned a little, do not immediately enjoy it. The vice president asked that they constantly built their enthusiasm for achieving large profits," he said.

As for capital flight, the vice president said it is the duty of the government to issue regulations. For example, there should be provisions for taxes on funds "parked" overseas from which profits are sent here. It is not enough for the reentry of capital to be documented merely by making deposits. There must be clear regulations, and data must be complete.

If loans have been diverted overseas, as mentioned earlier, data on them must be clear to enable drawing up regulations. "It is naturally our joint responsibility to draw up such regulations."

To do even better, there should be records as to amounts used in that way, and there should be designations of responsibility for funds. Because other countries have very clear regulations on this, their revenues are greater.

The vice president instructed that businessmen be constantly encouraged to have a national perspective, which means alertness toward their own surroundings.

According to Fathommy Asaari, efforts should be made toward impartial provision of credit facilities to medium business, for there is a feeling that such impartiality has been lacking in the past. The imbalance in the government structure of facilities needs to be ended. Facilities are provided to small businesses for credits of 200 million rupiah and then to big businesses.

There is a feeling that provision for businesses in the medium class is lacking. Sometimes there is imbalance between provisions for small and big businesses. This produces a process of social imbalance, because there is no middle ground between businesses that have become successful and those that are just beginning.

Fathommy said that HIPMI wants to fill the gaps, both in scale of business and in methods for giving and receiving credit facilities. Small businesses must become medium businesses, but at present it is not clear where

they will go when they get there. For that reason, there are very few small businessmen who successfully do this.

Nuclear Technology Supervisory Board To Be Formed

93SE0206A Jakarta KOMPAS in Indonesian 3 Jun 93
p 8

[Excerpt] Jakarta (KOMPAS)—A group called the Nuclear Technology Supervisory Board (BAPETEN) is to be formed after a presidential directive on the subject is issued. The directive is planned for November 1993, and the board is expected to be functioning by April 1994.

Minister of Research and Technology Prof. Dr. B.J. Habibie announced this at BPPT [Agency for Study and Application of Technology] Headquarters on Wednesday, 2 June, following a ceremony for the installation of the expert staff of the minister of state for research and technology, director of PT PINDAD [Army Industries, Inc.], and the BPPT. The board, to be responsible to the president, will be made up of representatives from various groups, namely BATAN [National Atomic Energy Agency], the BPPT, the Directorate General for Mining and Energy, LIPI [Indonesian Science Institute], PLN [State Electricity Enterprise], and universities. As the body supervising the use of nuclear technology in Indonesia, BAPETEN will determine the safest technology for the environment, the most economical construction, and the lowest risks.

At the same ceremony, Djali Ahimsa, director general of BATAN, told reporters that BAPETEN actually originated within BATAN with the name of Atomic Energy Supervisory Bureau. "Its duties have been few, but the body can no longer remain within the BATAN organization, because of the conflict of interest it faces," he said. The creation of the board follows the example of other countries that have been successful in raising public confidence in PLTN [nuclear electric power plant] security, he asserted.

With the establishment of BAPETEN, Djali explained, BATAN will merely promote nuclear technology, seek the best technologies, and decide which type of research center is the best for Indonesia in the future. BAPETEN's functions will be limited to looking at the suitability of construction and will not be involved in tenders or study the generation technologies embodied in the tenders. "Thus, BAPETEN will decide only whether the PLTN will be suitable after it is built," he continued.

PLTN in 2003

Habibie said the board will also draft regulations so that construction will be performed safely and will comply with those regulations. He also said the 16 percent increase in electricity demand in Indonesia during the last five years is greater than predicted. "For that reason, there is a big possibility that we must use nuclear energy, although that has not been our first priority. Therefore, it

is hoped that a nuclear electric power company will exist in Indonesia by the year 2003," he said.

Djali said a feasibility study will be finished by November of this year. Habibie said that in the request for tenders, invitations will go to companies in three regions: Europe (Germany), Asia (Japan), and America (the United States). "They are studying this matter, and it is hoped that their recommendations will be finished by the end of the year," he said.

For operating the PLTN, consideration will be given to the BOO (build, operate, and own) system. There is a great possibility that this system will be used, as long as it does not depend too much on foreign credit. "The winner himself should be the one who builds and sells," Djali explained. [passage omitted]

Computer Quality Control Agency To Be Established

93SE0190A Jakarta ANGKATAN BERSENJATA
in Indonesian 26 May 93 p 3

[Excerpt] Jakarta, ANGKATAN BERSENJATA—An agency which will establish standards for domestically manufactured and imported computer products is expected to be established by the end of 1993. Firdas Ali, director of the electronics industry in the Directorate General of the Basic Metals, Machinery, and Electronics Industry (IMLDE), said in a statement on 25 May at the Indonesian Computer Expo '93 that the establishment of this agency will be a cooperative effort between the National Electronics Institute (LEN), PUSPITEK [Center for Scientific and Technological Research] in Serpong [West Java], and private industry.

Studies concerning the formation of this agency will begin in June. Later on, it is hoped that the LEN will accredit the agency to be established.

In the first phase of the formation of this agency it is estimated that the required investment will be \$600,000. It is hoped that the agency will be able to issue certifications to domestically produced computer products, as well as imported computer products. When this agency is formed, the government will establish appropriate computer standards.

At this point computers which are sold on the Indonesian market do not yet meet Indonesian industrial standards. The agency to be established will set standards which must be met by local computer producers as well as by imported computers.

With the establishment of these standards it is hoped that so called "cricket computers" which up to now have appeared on the Indonesian market in large numbers will gradually disappear from circulation. At that time certification of every computer product will protect the consumers.

It is hoped that the initial phase of performance tests will be undertaken by the end of 1993. Test specifications and test materials for the standardization agency may be available in 1994. This is because the investment

required to develop test materials may be as much as \$5.0 million. Firdaus Ali was not prepared to give the name of the private company which will invest in this agency. However, he stated that there are three or four companies which are interested.

Very Quickly

Soeparno, the director general in the Directorate General of the Basic Metals, Machinery, and Electronics Industry, said in a statement that during the past four years exports of electronics products, including computer and data processing equipment, have grown very quickly. The rate of growth has been more than 100 percent.

The value of exports of electronics products in 1992 amounted to \$102.4 million. Exports increased in 1992 [as published] to \$865 million.

The average rate of growth of exports of electronics products per year during the period from 1989 to 1992 was more than 200 per cent. Items exported included video recorders and players (up by 521 percent); data processing equipment, including micro computers and peripheral equipment (up by 420 percent); telecommunications equipment, including telephones and switchboards (up by 207 percent); and passive components (up by 322 percent).

According to Director General Soeparno, the value of exports of data processing equipment, including micro computers and peripheral devices, has continued to increase. On the other hand, the value of imports has continued to decline.

In 1991 the value of exports of this equipment was \$28 million. In 1992 the value of exports rose to \$120 million. At the same time the value of imports of this equipment fell from \$143 million in 1991 to \$133 million in 1992.

In answer to a question concerning the number of computer components smuggled into Indonesia, Director General Soeparno said that smuggling is not a serious obstacle to the domestic computer industry.

In the deregulation decrees which will later be issued the government will abolish import duties on computer components and assembled computers. As a result, in the future people will not need to smuggle these items. [passage omitted]

ANS Feasibility Study To Be Conducted

93SE0199B Jakarta ANGKATAN BERSENJATA
in Indonesian 2 Jun 93 pp 1, 6

[Text] Jakarta, ANGKATAN BERSENJATA—Minister of State for Research and Technology B. J. Habibie has stated that at present a team composed of about 10 engineers associated with the BPPT [Research Development and Technology Board] is carrying out preliminary studies on the possibility of building a navigation satellite for aviation purposes (Aeronautical Navigation Satellite—ANS).

Speaking to the press on 31 May in Jakarta after presenting an address on the occasion of the 41st anniversary of the establishment of the Association of Indonesian Engineers, Habibie said that at present not a single country in the world is developing and building an aviation navigation satellite.

In fact, the basic ideas of development of such a satellite have long been considered by experts in the field. Habibie said: "I myself once expressed the idea of integrating the 'separate bits' of knowledge in this connection."

When he expressed this idea in several international forums, many groups were attracted to it. However, only the Boeing Aircraft Company seriously discussed the possibility of participating in the investment required to build such a system.

If an aviation navigation satellite is really developed, would Indonesia be the first country to build a satellite which, in the future, would be more feasible than the Instrument Landing System (ILS)? Moreover, the Aeronautical Navigation Satellite would be more useful and economical for flights within Indonesia.

Indonesia, which is an island country, has a large number of airfields. Of the total number of existing airfields, only about 10 percent have ILS equipment installed.

If the ILS system is installed at an airfield which is only used for landings by a few airplanes, its use is not economical. Furthermore, the ANS system would involve a type of equipment which would be "several steps" ahead, compared with present, ILS technology. In addition, it would be more economical.

Habibie provided no details on how the ANS system could be more economical than the ILS system. However, he said that the future ANS system could be used as a means of providing information and navigation instructions for aircraft, 24 hours a day. Using ILS technology, an aircraft which lands during bad weather must have about 15 minutes to see the landing field before it touches down. Using ANS technology, an aircraft could land under all weather conditions, 24 hours a day.

Military Technology

In fact, technology like the ANS system is already frequently in use in military aircraft. Preliminary studies to be undertaken by the BPPT team will also investigate military satellite technology for adaptation to civilian purposes. He said: "We can make use of it to make a satellite which is reliable, light, and cheap."

He admitted that several Indonesian engineers who are members of the preliminary study team are presently still working for Hughes Aviation in the United States. In general, they already have between three and five years of experience in the field of satellites.

According to Habibie, funds to develop the ANS system are not included in the Indonesian national budget.

Funds can be obtained from various sources. The same is true of future development. This may initially be handled by the government and then turned over to Indonesian private companies. Indeed, it is possible that it could be turned over to international, private companies for use in the ASEAN area.

If the preliminary studies are promising, they will be continued in a second phase. If the market is profitable and the technology can be developed, it may be that by the year 2001 the ANS system will already be in operation in Indonesian airspace.

In July 1993 representatives of Boeing Aviation, in the United States, will come to Indonesia to discuss this project more fully.

State Electric Company Searching for More Funds

Desires More Offshore Loans

*93SEO200A Jakarta ANGKATAN BERSENJATA
in Indonesian 31 May p 3*

[Text] Dr. Engineer Zuhul, chief director of the PLN [State Electric Company], again stated the desire of the BUMN [State-owned Corporation] which he heads to increase access to commercial loans.

After the close of the PLN's working meeting on Saturday, 29 May, Zuhul also said that the PLN, as a general corporation, is like a man whose legs are tied who is ordered to run fast.

The problem faced by the PLN is how to meet the challenges of the future, in that programs to develop electricity require a lot of money but domestic funding and access to offshore loans are both very limited.

Zuhul said that in the upcoming Sixth REPELITA [Five-Year Development Plan] it is estimated that the PLN will require 48 trillion rupiahs or about trillion [as published] rupiahs per year. The PLN itself must make the effort to find about 35 percent of this amount, or 3 trillion rupiahs per year.

"To cover the shortfall, in addition to selling bonds, offshore loans must be obtained," he said.

Zuhul admitted that the PLN, as a general corporation, has its hands tied, and this is often an obstacle in seeking offshore loans. Suggestions for changing the PLN's status to a limited liability corporation are only part of the "effort" to sharpen thinking about how to solve its problems.

Zuhul also said that if the PLN were given the opportunity to gain access to offshore loans via special permission from the government, changing its status to a limited liability corporation might not be needed.

But the problem will come up again. "Even if the government agrees to grant the PLN special permission to seek offshore loans, foreign lenders will certainly ask about the PLN's status. It is not certain that lenders will grant loans, because they will want to obtain definite guarantees," he stated.

The DPR [Parliament] and financial circles have had positive responses to the problems faced by the PLN, Zuhail said. "In fact, they have suggested that the PLN not break existing regulations and that the framework of those regulations be readjusted when necessary," he said.

As for seeking funding domestically, starting last year the PLN itself has issued bonds worth 300 billion rupiahs. Zuhail said that this year the government will agree to issue additional bonds worth 900 billion rupiahs.

Profit Centers

To respond to future challenges, the PLN is trying to turn itself into a commercial corporate body without losing sight of its social mission as an agent of development. The policy of decentralization now being put into effect within the PLN constitutes an effort to turn the regions into "profit centers" which can produce a profit.

During the three-day working meeting the PLN also discussed plans for making decentralization permanent.

Needs \$650 Million for Development

93SEO200B Jakarta ANGKATAN BERSENJATA
in Indonesian 3 Jun 93 p 3

[Text] The State Electric Company [PLN] needs \$650 million to develop electric power in the Batam industrial area.

At the end of last week, the head of the PLN's Engineering Servicing Center R. M. Sayid Budihardjo said that that much money was needed to construct a Gas-and-Steam Powered Electric Generator (PLTGU) with a capacity of 2x140 MW and a Gas-Powered Electric Generator (PLTG) with a capacity of 4x30 MW together with 150 kV and 20 kV transmission systems.

Sayid said that requests for electricity on Batam, which has been programed as the center of the industrial area of the SIJORI (Singapore, Johor, and Riau) region, will increase rapidly over the next ten years. If the PLN does not anticipate this situation, there will be an electricity crisis in that special region.

The problem faced by the PLN is that development funds for constructing the electric-power infrastructure are limited. The PLN has to provide electricity for many projects in the upcoming Sixth REPELITA [Five-Year Development Plan]. As Engineer Zuhail, the PLN's chief director, said recently, the PLN will need at least 48 trillion rupiahs or about 8 trillion rupiahs per year during the Sixth REPELITA.

Projects to construct electric generators on Batam are scheduled for completion in 10 years. However, because it is difficult to find funds, the PLN is now thinking about how to seek funds for electrical construction on Batam.

PLTD

Sayid said that while waiting for the construction of the PLTGU and the PLTG the PLN has decided to build a Diesel-Powered Electric Generator [PLTD] with a

capacity of 2x12 MW in the near future. "It is expected that construction will be completed by the beginning of 1994," said Sayid Budihardjo.

Supplying and operating electric power on Batam were formerly under the Batam Authority Development Board. Beginning this year, that board, headed by B. J. Habibie, will hand full responsibility for supplying and operating electric power in that region over to the PLN.

Sayid said that the electric facilities which were handed over to the PLN by the Batam Authority Development Board consisted of only two PLTDs, each with a capacity of 15 MW, and several distribution networks.

Given the limitations on electric power supplies on Batam, many industries have been operating by using their own generators, which produce about 100 MW.

Parliament Member Criticizes PT PAL Management

93SEO186B Jakarta TEMPO in Indonesian 22 May 93
p 42

[Text] As a DPR [Parliament] member representing the PDI [Indonesian Democratic Party] in East Java, Budi Hardjono often goes back and forth between Jakarta and Surabaya. On his trips from Sukarno-Hatta Airport to Juanda, he often sees officials of PT PAL [Navy Shipyard Limited Company] Indonesia.

The frequency of official trips by officials of this shipbuilding BUMN [state-owned business enterprise] exceeds what he would expect, however. "Picture it: Every day they need 4.5 million for this," he said. Hence, 1.17 billion rupiah are needed every year just for travel within the country.

This discovery, said the deputy chairman of DPR Commission VI, which handles industry, has been confirmed by the Financial Auditing Board (BPK). The BPK has just completed an examination of PT PAL's books. Budi himself announced the findings to reporters at the DPR last week. "I do not want to be prejudiced, but there is a problem."

The high cost of business travel is, according to Budi, merely one of a series of other wasteful things. Among them are loans of 50 to 200 million rupiah to senior PT PAL officials. "The terrific thing is that they need to repay only 50 percent," he added.

According to Budi, PT PAL's budget is confusion. Because the budget is not used as a control, actual expenses are always over budget. "That is not surprising, considering that PAL does not have a financial director," he said.

The lack of a financial director makes the organization inefficient. The BPK notes that PAL has too many senior officials, including five deputy division chiefs and 38 expert staff members whose duties the BPK feels are not clear. The BPK views the situation as wasteful.

Budi said the inefficient management produces a losing business. As of the end of 1992, he said, PAL had losses

of 81.3 billion rupiah, despite government investments of about 650 billion rupiah.

In its final report last February, the BPK recorded 10 "irregularities" at PT PAL. An example is the project for building four fast jetfoil ships, which were originally to be used by the Navy. The transaction was postponed because the Indonesian Navy does not have the money.

PAL set the price of the jetfoils at 179 billion rupiah, which includes a 50-percent profit. With capital borrowed from the U.S. Eximbank and under the original plan, the status of the project was commercial. Because the Indonesian Navy was unable to buy them, however, the jetfoil construction cost was charged to PAL research and development.

What, then, did Habibie, PAL principal director, say? The jetfoil project, said Habibie, indeed has many ins and outs. The U.S. Eximbank, which financed the project, refused to deal with the Indonesian Navy because that would be contradictory to its tradition of not funding military projects. What then happened was that the U.S. Eximbank asked PAL to be the buyer. Habibie approved the conditions: The ships would be built by PAL itself by purchasing a license from Boeing.

Therefore, when the Navy did not immediately buy the jetfoils, the problem, Habibie said, was not a tight budget alone. Habibie gave assurance that there is no manipulation behind the project. "Everything is okay," he declared.

As for expenses' being always over budget, Habibie was not short of answers. He cited the many problems in PAL projects. "The problem is that people merely read the projected figures, while expenditures are different," Habibie said.

Habibie said the large sums poured into PAL are a consequence of Indonesia's being a country of islands. "We must have superiority in the maritime sector," he asserted. Budi agrees with Habibie's view. "But PAL's management and finances must be good, and open," he declared.

Development Program for Poor Villages Announced

93SE0186A Jakarta ANGKATAN BERSENJATA in Indonesian 14 May 93 pp 1, 10

[Text] Jakarta (ANGKATAN BERSENJATA)—In dealing with poverty during REPELITA VI [Sixth Five-Year Development Plan], the government has decided to conduct a special effort in the form of the Poor Village INPRES [Presidential Instruction] Program, which is to be initiated in fiscal 1994-95, Ginanjar Kartasasmita, minister of state for national development planning/chairman of BAPPENAS [National Development Planning Board], said Thursday [13 May].

"The purpose of the Poor Village INPRES Program is to support community self-sufficiency efforts and to improve community ability to deal with poverty through a variety of programs and activities, Minister Ginanjar

said after he and BPS [Central Bureau of Statistics] Chairman Azwar Rasjid were received by the president at the Bina Graha.

He said the program, which will take effect in fiscal 1994-95, will complement existing INPRES programs, such as the village, provincial, roads, reforestation, primary education, and health programs.

To set criteria for deciding which villages will be covered by the Poor Village INPRES Program so that the program will be focused and appropriate, a survey of all villages will be made to update the poverty map presented by BAPPENAS some time ago.

The results of the survey will then be integrated with data from BAPPENAS, the BPS, and BANGDES [Village Development]. For that purpose, governors and district chiefs are asked to cooperate with the BPS in determining which villages should be categorized as poor. The BPS will give instructions on the criteria.

BAPPENAS and the BPS have agreed that current criteria should be improved.

According to Ginanjar, the BPS had undertaken to draw up a poverty map and the criteria for determining poverty by June, but they have been delayed until the end of July. The data will be processed in August. The results will be discussed in the National Consultation in October.

The outcome of the National Consultation will be used as a basis for deciding which villages will receive Poor Village INPRES help, Ginanjar said.

To ascertain effectiveness, the implementation of the special INPRES help will be evaluated. For example, since the program for 1994-95 will end in April 1995, data in 1995 will show what has developed.

"Does a village continue to be poor, does it need more time to come out of poverty, or does aid need to be given again? These things will continue to be surveyed," Ginanjar added.

In this connection, the Integrated Regional Development Program that has been in effect will be integrated with the INPRES operations. In this way, there will be no more dispute about how many subdistricts are poor, whether 50 percent, or 70 percent, as some argue.

Through such research we can obtain a sharp picture and a good map of poverty. Therefore, while we have handled it only at the subdistrict level in the past, we will go even deeper by going to the village level. "This is a step ahead of what BAPPENAS has done in the past," he asserted.

Answered

Through the Poor Village INPRES now being prepared by BAPPENAS in collaboration with the Department of Home Affairs and with the help of the BPS, we will derive criteria for determining poverty. Thus, there will be an answer to the poverty issue question that now has public attention.

He added that the poverty criteria will be decided collectively after the survey, which is to be conducted by regional governments with the help of the BPS. The results of the survey will then be processed by the Central Government to become a collectively approved basis.

"With that basis, we will give the special INPRES aid to villages classed as poor," the BAPPENAS chairman said.

When asked about the size of the INPRES assistance, Ginanjar said the president instructed them to study the matter. "It depends on our capabilities and how many poor villages there are. There were about 35% in the 1990 census. With the newest data, there may be fewer. Similarly, the data from BANGDES will show how many villages have been helped, and how much money is available," he stated.

The president directed that the map must extend to the village level and not stop at subdistricts. At present, the poverty map is still at the province level and will soon be drawn by district.

Thus the map for each district will have subdistricts, which in turn will have villages. Hence, they will be more detailed than the present maps.

When asked whether some regional governments are afraid that the poverty map will be linked to the success of development in their areas, Ginanjar asked, "Is it true that regional governments are afraid? They may 'genuinely' see that the map differs from appearances."

Minister Ginanjar acknowledged that the poverty map he made some time ago was based on 1990 data. "We made that originally, and we ask that it continue to be updated. Thus, there is no intent to embarrass anyone or put anyone in an uncomfortable position," said Ginanjar.

Save Time

BPS Chairman Azwar Rasjid added that the purpose of updating the data is to save time. He said the BPS is now conducting an agricultural census, in which "elaborate" questions are being asked to complement existing data.

According to the BAPPENAS chairman, the existence of "groupings" will be evident from the survey. It will be seen whether they exist in fishing villages, in dry and poor villages, or in villages that are not potentially poor but whose residents are poor because of inability to use their potential.

Ginanjar stressed that he has no preconceived position. He was also confident that regional chiefs also want to present accurate data.

"No regional chief hides shortcomings, since his own people are affected. I myself would be very annoyed if people merely remained quiet. If something has been publicized but there is no reaction, that is apathy. That would indicate an attitude that the poverty issue is not their problem. I would be very annoyed," Ginanjar said.

Reportage on Banking Deregulation

Changes Described

93SE0202A Jakarta *BISNIS INDONESIA*
in Indonesian 30 May 93 p 11

[Text] Jakarta (BUSINESS)—Through the upgraded banking regulations of 29 May 1993, the government has taken yet another deregulation step in the monetary sector, this time to stimulate credit by 17 percent. These steps are viewed as enough to ensure national economic growth.

At the Bank of Indonesia [BI] Building on Thamrin Street yesterday, Bank Indonesia Governor J. Soedradjad Djiwandono announced the first deregulation measure launched by Development Cabinet VI. Also present at the explanation of the measure were Minister of State and State Secretary Mardiono, Coordinating Minister for Economics and Finance Saleh Afiff, Minister of Finance Mar'ie Muhammad, and directors of the central bank.

"The objective of the 29 May upgrading of banking regulations is to stimulate the growth of bank credit, which now is relatively slow. The reason for the slow growth is not that banks lack liquidity," Soedradjad explained as he presented the background of the banking regulations.

The reason for the effort to improve ratios used to measure a banking health is that banks are reluctant to provide credit despite their overliquid situation.

This reluctance to expand credit is the result of, among other things, the productive activity quality (KAP) situation and the existence of a number of "prudential regulations" that tend to limit credit expansion.

To overcome these obstacles, the BI governor continued, the government has taken four steps: upgrading of banking regulations, improvement of concepts for handling bad debts, expansion of bank financing for small and medium business (KUK), and continued maintenance of a safe amount of currency in circulation.

The upgraded banking regulations are as follows:

- Capital adequacy ratio (CAR). The required minimum amount of capital has been relaxed by letting banks count all of the previous year's profits in the capital component, by reducing the credit risk for BUMN's [state-owned public enterprises], and by reducing unused credit facilities from 100 to 50 percent.
- Reserves for covering bad debts. The required reserves are reduced from at least 1 percent of all productive assets to about 0.5 percent of all current assets (effective December 1994). Funds invested in SBI's [Bank Indonesia Certificates] do not need to be covered by reserves.
- Evaluation of state of health. The way the state of health of a BPR [public credit bank] is evaluated has

been simplified. The calculation of the loan-to-deposit ratio (LDR) has been expanded to encompass not only third party funds, but also the bank's own capital. Evaluation of LDR violations has also been simplified. The amount of a bank management's obligation is reduced from 30 percent to 25 percent, and provisions on failure to fulfill KUK, export credits, and net foreign exchange positions have been eased.

- Changes in KUK. The funding of KUK is changed in that the ceiling per client has been increased to 250 million rupiah. Credit of 25 million rupiah and less is categorized as KUK by easing criteria. KUK SBPU's [money market certificates] may be sold by banks that have exceeded KUK limits to banks that have not met their KUK limits.
- Legal lending limit (3L). The maximum credit limit has been tightened in that until the end of March 1997 the limit is 20 percent, whether for individual or group borrowers.

The BI governor sees the steps the government is taking as an encouragement to bank credit growth while continuing to follow "prudential regulations," thus protecting national economic stability.

Soedradjad said that bad debts account for 3% of total bank credit paid out and that 195 of the 212 banks operating in Indonesia have achieved a CAR of 7 percent.

Banks Temporarily Helped

*93SE0202A Jakarta BISNIS INDONESIA
in Indonesian 2 Jun 93 p 1*

[Text] Jakarta (BISNIS)—Banking conditions are expected to improve following the deregulation measures of 29 May, although bank funding of credits is still in question because the government is continuing its efforts to keep inflation under two digits.

Monetary observers and practitioners told BUSINESS in separate interviews yesterday that the upgraded credit package merely helps the health status of banks.

"This is related to the trauma of the Bank Summa case. To keep more banks from collapsing, the government has taken this action," declared monetary observer Priasmoro Prawiroardjo.

He said the question of whether banks can fund more credits will come later. With the measures taken on 29 May, however, many banks are happy, because their health status is helped.

Other bankers say the improvements made in CAR [capital adequacy ratio] and LDR [loan-to-deposit ratio] values by the BI do not appear to comply with the standards of industrialized countries or the Bank for International Settlements (BIS).

Pessimistic

For those reasons, observers and bankers are pessimistic about the possibility of improving bank credit portfolios

this year, especially because the government continues to keep inflation under two digits.

"If there should be large-scale credit funding, what would happen to inflation?" asked Priasmoro.

BI Governor J. Soedradjad Djiwandono acknowledged in his press conference last week that 195 of the 217 banks operating in Indonesia have achieved a CAR of 7 percent. That statement gives the impression that relatively few banks are having difficulty in maintaining capital adequacy.

Bambang W. Soeprapto, director of the Indonesian KADIN [Chamber of Commerce and Industry], believes the 29 May action will be of minimal benefit to business expansion and investment, which have been hit hard by tight money policies.

"Therefore, the 29 May measures can only slowly help to restore business conditions, which are now being battered."

He said he expects business conditions to improve within a year, as long as other factors help, too.

"We need legal structures that are truly able to ensure the implementation of this deregulation," said Bambang, who is also manager of KUKMI [Indonesian Association of Small and Medium Businesses].

Anwar Nasution feels the new policies will not help business activity very much, because banks are still haunted by problems of bad debts and high credit interest.

"The 29 May action is not a 'medicine' for banks but is just a temporary polishing of bank health," the FEUI [Economic Faculty of the University of Indonesia] lecturer said.

A similar note was sounded by Fadel Muhammad, president director of PT [Limited Company] Bukaka Teknik Utama. In his opinion, without deregulation in the real sector, the 29 May policy will not help much to resolve the problems being experienced by business.

With the government's announcement of the 29 May policy, businesses are still waiting for deregulation in the real sector. For without real sector deregulation, credit expansion will only add to bad debts.

Furthermore, Fadel said, banking deregulation must also encourage the industrial sector to deepen its structure. Deepening of the structure is very important, for it will multiply the added-value on products.

Outcome Doubted

*93SE0202A Jakarta BISNIS INDONESIA
in Indonesian 31 May 93 p 1*

[Text] Jakarta (BISNIS)—The government has announced several steps to improve bank credit, while continuing to give attention to economic stability. Essentially, the actions of 29 May 1993 represent an upgraded package of "prudential regulations" previously provided through PAKFEB 1991 [Package of February 1991].

Following are excerpts of an interview on this matter with economic observer Kwik Kian Gie:

[BUSINESS] Are the actions of 29 May 1993 linked to the many problems banks have been facing?

[Kwik Gian Gie] Problems in domestic banking are related to earlier banking deregulation measures. The most important was the permission to establish new banks with a paid-in capital of only 10 billion rupiah. It is true that the required capital was raised to 50 billion rupiah, but only after banking conditions became difficult. The result was the emergence of many banks managed by bankers with absolutely no understanding of the banking industry. Another impact came from the unusually large amount of bad debt. Even professional banks were dragged into unhealthy competition, thus plunging them into large bad debts, too.

The government's diagnosis of the current banking situation is that there is enough money but that it cannot be channeled to business because of the very large bad debts. Thus, there are "regulations regarding adherence to principles of careful banking that limit expansion of bank credit."

To me, the main problems are the number of banks, the unprofessional competition, and the banks not managed by bankers. The result is that there are loopholes in all the tight regulations, and bad debts continue to mount.

[BUSINESS] Is the bad debt problem so big that it will affect bank credit expansion now?

[Kwik Gian Gie] In my opinion, the amount of bad credit is so big that if we do not resolve it with a clear concept of who must swallow the losses and how the losses will be paid, it is not possible for banks to increase their credit funding.

Bad debts are now like a cancer that makes the body unable to move. What will be needed are big doses of vitamins and effective medicines after the cancer of bad debts has been amputated from the banks. The new policy merely "encourages banks to handle conceptionally the bad debts they face."

Resolution of the bad debt problem is not touched at all in the new policy (of 29 May), except in the sentence I just cited. What is meant by "encourage"? What are the

concepts that are to be handed to the banks? Those things are not spelled out at all.

[BUSINESS] Are the "prudential regulations" for banking now so flexible that they weaken BI oversight of banks?

[Kwik Gian Gie] All banking regulations have been made more flexible. Originally, deregulation applied to the big banks and were arbitrary, ultimately resulting in large bad debts. Thus, none of the regulations can prevent the breakdown of our banking. All regulations have now been eased.

The only thing that is tightened is the legal lending limit. Even children know that the conglomerates and businessmen close to them collaborate in avoiding the limit. My bank lends to the A Tjong Company, and the bank owned by A Tjong gives credit to my business.

It is not just the collaboration between the A Tjong Company and me, but the many more beside. If they are all "matrixed," how can they be detected?

[BUSINESS] What is your opinion about the upgrading of the CAR [capital adequacy ratio], KUK [small and medium business], and LDR [loan-to-deposit ratio]?

[Kwik Gian Gie] If it is to be relaxed, why did they not just say that the 8 percent CAR would be abolished, or reduced to 5.5 or 6 percent? Why go through acrobatics like this, which will ultimately tangle themselves in the confusion of constantly changing regulations? Do these things not worry BI auditors?

Earlier regulations said previous year's profits could not be used in calculating the LDR, because there were rules that allowed paying out company profits at any moment. Without changing those rules and that perception, why is the use of last year's profits now permitted?

Credit to small business is now deemed consumptive credit. We know that consumptive credit for long-term consumer goods (durable consumer goods) has bankrupted leasing companies, such as OBUL [expansion not given]. Such credit has also put banks into chaos because of bad debts. Now, credit (a maximum of 25 million rupiah) to small business is categorized in this way as a basis for expansion from small business to big business. What will this cause?

POLITICAL

Incentives To 'Lure' Return of Scientists Abroad

93P30065A

[Editorial Report] The 17 June Kuala Lumpur BERITA HARIAN in Malay reports on page 5 that Malaysia, with a goal of becoming a developed country by 2020 and at the same time suffering from a shortage of skilled workers, has drafted a paper covering incentives to "lure" the return of scientists from abroad. Peter Chin, deputy minister for science, technology, and the environment said although the paper is still under review, the incentives will probably include tax inducements to match conditions and salaries enjoyed overseas. The government is particularly targeting experts in biotechnology, electronics, and information technology. It will ask Malaysian missions abroad to hold talks with Malaysian scientists.

UMNO Reaffirms Status of Human Rights

93SE0188A Kuala Lumpur BERITA HARIAN
in Malay 13 May 93 p 2

[Text] Kota Bharu, 12 May—UMNO [United Malays National Organization] will continue to protect the human rights of the people in this country while especially defending the interests of Bumiputra against all challenges.

In this connection, Datuk Hussein Ahmad, UMNO information chief, warned that no component party of the National Front (BN) should try to raise the issue of the status of Bumiputra, for that status is the right of Malays in this country.

He said the action of the Gerakan Party in asking that the status of Bumiputra be extended to all citizens is something that could release unhealthy sentiments in the multicommunal citizenry of the country.

"The status of Bumiputra does not need to be questioned again, because the matter is stated clearly in the constitution," he said in comments on the Gerakan Party's request that the government extend Bumiputra status to every citizen born after the nation's independence, regardless of communal group.

Gerakan Secretary-General Tan Sri Chang Choong Tak said the party was prepared to face any eventuality, including action by the UMNO Youth Movement, when it made the recommendation.

Hussein explained that Bumiputra (Malays) are the ethnic group that made up the original inhabitants of this country and that this is general knowledge among all the people of Malaysia.

"Therefore, any communal group that did not spring from that group and did not make up the original inhabitants of the country is not categorized as Bumiputra," he said.

Datuk Hussein, who is also President of Rantau Panjang UMNO, said that members of other communal groups

who were born in the country since independence cannot "automatically" be defined as Bumiputra, as requested by Gerakan.

He said that what is important now is for all BN components to focus attention on a spirit of unity and avoid any possible emergence of communal sentiment.

Through a spirit of unity and compromise, he said, all the people, particularly party leaders, should try to prevent the eruption of communal sentiment, because such sentiment is a "disease" with unfortunate consequences.

State Minister Runs for UMNO Vice Presidency

93SE0203B Kuala Lumpur UTUSAN MALAYSIA
in Malay 29 May 93 p 11

[Text] Melaka, 28 May—Abdul Rahim Tamby Chik, chief minister of the State of Melaka, will not run for the office of chairman of the UMNO [United Malays National Organization] Youth Organization of Malaysia. Instead, he will run once again for the office of vice president of UMNO at the meeting of the UMNO Supreme Council in November 1993.

Rahim made this decision because he respects and agrees with the decision of a meeting of the Community Relations Board of UMNO in the State of Melaka, which he himself presided over in Melaka on 28 May.

This decision also brings an end to intense speculation by local political observers and analysts, following his previous statement that he would run for the post of chairman of the UMNO Youth Organization.

Prior to the most recent announcement, Rahim had declared on two occasions that he would run once again for the office of vice president of UMNO. He made this statement on one occasion during an exclusive interview with Rosli Ismail, a reporter for MINGGUAN MALAYSIA. He said this on a second occasion at the time of the holiday meeting of the UMNO Council for the State of Melaka at Sri Bendahara, his official residence.

The question of the position of chairman of the UMNO Youth Organization was a subject of intense discussion after a press report was carried in MINGGUAN MALAYSIA that Rahim had decided to run for the position of vice president of UMNO. The report was carried in the publication on the day when Rahim planned to leave on a trip to Japan.

Speaking at a press conference at the Graha Maju offices on 28 May, Mohamad Ali Rustam, secretary of the UMNO Community Relations Board for the State of Melaka, announced that the UMNO Council for the State of Melaka decided unanimously on 27 May to nominate Rahim for the office of vice president of UMNO.

He said that the UMNO State Council also fully supports Rahim to run for a seat on the UMNO Supreme Council in the next elections.

Rustam, who read from the statement issued by the State UMNO Council meeting, said that the decision was made, based on Rahim's sense of responsibility and broad experience in the party and in government administration, both at the state and national levels.

According to Rustam, UMNO in Melaka has confidence in Rahim's actions and sense of responsibility in making national development an important foundation for making Wawasan 2020 [Vision of the Year 2020] a reality of which the government and future generations can be proud, in accordance with the vision of Prime Minister Mahathir Mohamad.

He said that Rahim, as chairman of the UMNO Community Relations Board for the State of Melaka, agrees with this decision.

The press conference was also attended by Asaari Ibrahim, chairman of UMNO Youth in the State of Melaka.

Asaari said that UMNO Youth in Melaka supports whatever decision is made by Rahim to run for whatever office he seeks (such as vice president of UMNO).

Meanwhile, during the absence of Chief Minister Rahim, a number of reactions have emerged regarding Rahim's reported intention to run for the position of the chairman of UMNO Youth, rather than vice president of UMNO.

Most observers want Rahim to run for the position of vice president of UMNO.

Ethnic Chinese Group Rejected As UMNO Member

*93SE0203A Kuala Lumpur UTUSAN MALAYSIA
in Malay 29 May 93 p 11*

[Text] Melaka, 28 May—On 27 May the Community Relations Council of UMNO [United Malays National Organization] in the State of Melaka decided to reject the application of the Association of Malaysians of Chinese Descent (PPCM) to become a member of UMNO.

Dato Mohamad Ali Rustam, secretary of the UMNO Community Relations Council in the State of Melaka, said that this action was taken because membership in UMNO is based on Malay identity and descent.

Speaking at a press conference in Melaka on 28 May, Mohamad Ali Rustam said that the request had been transmitted through Koh Kim Bok, vice president of the national organization of the PPCM who is also chairman of the PPCM in the State of Melaka, who sent a letter to this effect on 15 April 1993.

Dato Mohamad Ali Rustam said that the reply to the PPCM will be delivered on 28 May.

In answer to a question he said that the question of the Portuguese community is a different matter.

He said that a representative of the Portuguese community had made a request for this group to become

individual members of UMNO to the Supreme Council of UMNO, through the Community Relations Council in the State of Melaka.

ECONOMIC

MCA Contributions to 2020 Plan Described

*93SE0191A Kuala Lumpur BERITA HARIAN
in Malay 16 May 93 p 9*

[Text] The first challenge to the 2020 Plan propounded by Prime Minister Datuk Seri Dr. Mahathir Mohamad is the creation of a united Malaysian nation possessing collectively approved objectives. It must be a peaceful country, integrated at the regional level, and a country where communal groups live in harmony, full cooperation, and justice. The Malaysian people must be politically loyal and dedicated to the country.

In an interview with BERITA HARIAN reporters Ibrahim Jahaya and Izman Ismail, MCA [Malaysian Chinese Association] President Datuk Dr. Ling Liong Sik outlined the contributions to be made by his party for making Malaysia into a developed country. Among the contributions is the Langkawi Project for raising the educational level of citizens, especially in rural areas.

[BERITA HARIAN] We have talked about party leaders and members. Now, what is the MCA's position on the 2020 Plan for making Malaysia a developed country?

[LING LIONG SIK] At present, we have a very good prime minister, one who has vision and works hard. I admire the way he works and thinks and the way he conceived this plan. He has used his term as prime minister to the fullest to serve the country. We have no hesitation in supporting the 2020 Plan.

MCA was the first component party of the National Front (BN) to support the 2020 Plan, because we found it to be practical and suitable for the various communities in this country. We support the efforts to create a stable atmosphere in the country. This has been proved by political actions that are practical and suitable for this multicomunal society.

We believe that when the country achieves a stable security and political situation, it will produce many businessmen, professionals, and religious people who can create national equality of prosperity.

That is what is happening now. For that reason, we are helping to create a stable political situation and, at the same time, helping to produce national prosperity. This indirectly contributes to the success of the 2020 Plan.

As a BN component party, we try to help the government in its various efforts to develop the people of this country. In the educational sector, for example, we launched the Langkawi Project.

[BERITA HARIAN] There are people who say that the Langkawi Project launched by the MCA is a political gimmick to attract public attention. Can you explain the Langkawi Project?

[LING LIONG SIK] First, the Langkawi Project is absolutely not a political gimmick but is a continuous effort by the MCA to help the backward rural community with education. It also has the objective of improving achievement in the Malaysian language, especially among pupils in national type schools. We are sorry to learn that only 13 percent of the pupils at Jinjang received a passing grade in the Malaysian language. That is only one place, and there are many other places I have visited where the same situation exists. This can directly hurt the country's educational level.

This is a disturbing situation. Consequently, we are planning programs to improve the teaching and learning system, which includes seeking the assistance of professionals and university students.

We will have foster child programs, university student programs in the villages, scholarships for poor students, and special assistance for students at Tunku Abdul Rahman College.

I will be going to Langkawi soon to discuss implementation of the project. The Malaysian Medical Association (MMA), religious groups, and teacher organizations are participating.

Among the things being emphasized is the goal of eliminating illiteracy and improving knowledge of the national language by Chinese residents of a number of backward interior regions.

[BERITA HARIAN] You once said some people, especially leaders of the Chinese community, are trying to disrupt the Langkawi Project. Does this situation exist?

[LING LIONG SIK] It cannot be denied that some irresponsible people are trying to oppose the project. We have identified them and have found that they represent only a small uninfluential group.

They are a group that cooperated with opposition parties in the last election. We are surprised that they claim they are representing the Chinese community, while simultaneously rejecting this beneficial project.

[BERITA HARIAN] How are the MCA's relations with other BN component parties?

[LING LIONG SIK] Very good. This is evident in the fact that there are no issues that the opposition parties can shout about.

The secret is, we do not make issues out of problems, but we sit down together to discuss problems in the spirit of a big family. This is the secret of BN unity.

The DAP [Democratic Action Party] may often hurl accusations, but we are not surprised, for we view the DAP as a party that seeks support only by yelling about things that are not true. There is no need to talk about that.

[BERITA HARIAN] May we turn for a moment to the UMNO [United Malays National Organization] this November? What is your opinion about the election?

[LING LIONG SIK] We consider UMNO to be the backbone of the BN. For that reason, it must be supported by all qualified and high-caliber leaders. We hope its president will continue in office, because his policies are practical and acceptable to the various communal groups.

We do not intend to interfere or to support particular leaders, but we want UMNO merely to remain stable as the backbone of the BN.

There may be some competition in this election, but it must not hurt party harmony. The interests of the party should take precedence over individual interests.

[BERITA HARIAN] Thank you, Datuk Seri.

[LING LIONG SIK] You are welcome.

Bintulu Developing Rapidly as Major Industrial City

*93SE0189B Kuala Lumpur UTUSAN MALAYSIA
in Malay 11 May 93 p 9*

[Article by Abdul Aziz Harun of BERNAMA]

[Text] Bintulu, the country's natural gas city, is expected to develop more rapidly into an industrial city because of the discovery of another giant natural gas field.

According to officials, the discovery early last year of an area in the waters of Balingian and Bintulu that can supply 5 trillion cubic meters of natural gas has sparked plans for a third liquefied natural gas (LNG) project, which will make Bintulu the largest LNG station in the world.

The history of Bintulu's development began in 1978 with the discovery of a natural gas area that led to the construction of a plant belonging to Malaysian Liquefied Natural Gas Sdn. Bhd., a joint venture by PETRONAS [National Petroleum Company], Shell, and Mitsubishi worth 3,500 million ringgit, which has changed the face of the city.

The Bintulu Development Authority (BDA), which was formed during the middle of that year, faced problems in supplying adequate manpower and infrastructure to accommodate the needs of the gas industry, for at that time Bintulu had only 14,000 residents.

A seaport costing 500 million ringgit was built to provide facilities for selling gas to other countries.

About 7,000 workers were imported from South Korea to help with building the LNG project, which was then the largest industrial project ever undertaken in Malaysia.

Earnings

Since then, the LNG project has earned thousands of millions of ringgit from exports of gas to Japan, while at the same time becoming the most successful industrial project ever envisioned in the country's history.

Ten years later, more than 11,000 million ringgit were invested in various industries here to change Bintulu's image from that of a small town formerly known for its delicious shrimp paste to that of "billion-dollar Bintulu," a title recently bestowed on it by Datuk Abang Johari Tun Openg, Sarawak Minister of Industrial Development.

Abang Johari recently announced the implementation of the second LNG project (LNG2), which will be in operation soon. It is expected to multiply gas production to 16 million tons by 1997.

With the latest discovery of a natural gas area, the hotly discussed subject now is a third LNG project (LNG3), although the LNG2 project is still under way.

Whatever the speculation and decision may be regarding the projects to be developed in the city in this the ninth administrative division of Sarawak, BDA bears a heavy responsibility for providing infrastructure facilities in Bintulu.

Peter Lim Choo Kuo, deputy chief director of BDA, said that BDA has a 50-year master development plan and that 80 percent of it has been accomplished.

BDA provides two industrial areas: one covering 400 hectares at Kidurong, 12 kilometers to the north of the city's center; and another covering 400 hectares at Kemena, on the lower course of the Kemena River.

Among the big projects in these two complexes are LNG1 and LNG2, wood products factories, a crude oil storage terminal, a deep water port, and the Shell Middle Distillate Synthesis (SMDS) Plant.

The SMDS Plant, valued at 1,800 million ringgit, is located on 190 hectares at Tanjung Kidurong.

There are more than 20 companies from Malaysia, Japan, Singapore, and Taiwan operating wood-based downstream industries such as plywood, veneer, and furniture.

Requests

Because of urgent requests, BDA plans to open another 80-hectare area across the Kemena River in the middle of this year.

With the emergence of various new projects, Bintulu's population is expected to grow to 150,000 by 1995.

Lim said BDA has divided Bintulu into five major districts so that they can be developed more systematically, namely industry, housing, recreation, a city center for commercial activity, and the new city of Kidurong.

"BDA is ready to face sudden development caused by the new gas discovery and will try to facilitate the flow of development," he said.

With such a rapid flow of development, there is one thing that is out of place, and that is the location of the airport in the center of the city. This is a unique situation

in the country and shows how construction in Bintulu is unable to match the speed with which its industry is developing.

Thus, Bintulu is the only city where its citizens do not need to take a taxi or bus to the airport, for they can get there just by walking!

The location of the airport in the middle of the city is probably the result of an assumption by city planners that Bintulu would not grow rapidly in the short term. Consequently, they were not able to provide a more suitable airfield.

Nevertheless, the government has allocated 20 million ringgit in the Sixth Malaysia Plan for the construction of an airport 20 kilometers from city center.

If the LNG3 project is approved, the question is its location, for there are people who feel it should be placed in Balingian to bring development to that town.

Furthermore, the discovery of the coal field there makes the town a potential "second Bintulu."

Strategic

Notwithstanding, a BDA spokesman believes that if the project is implemented, it would be more strategic for it to be at Bintulu, because of the available infrastructure facilities.

Whatever the case, Bintulu is a "success story" of how a town known for its shrimp paste became one of the most important industrial centers in Malaysia, thanks to its abundant natural resources.

Center for Chemical Waste Analysis Planned

*93SE0195A Kuala Lumpur UTUSAN MALAYSIA
in Malay 16 May 1993 p 3*

[Text] Shah Alam, 15 May (BERNAMA)—Malaysia is to have a reference center for the evaluation and analysis of hazardous chemicals and the biological treatment of hazardous wastes. The center is being set up by the Standards and Research Institute of Malaysia (SIRIM) and the Japan International Cooperation Agency (JICA).

The purpose of the center, which will cost 6 million ringgit and will be located at SIRIM, is to help with the coordination and improvement of safety management systems for the hazardous chemicals and wastes produced by rapidly growing industry.

Dr. Ahmad Tajuddin Ali, SIRIM director, said today that the center will be financed by JICA, which will also provide training in relevant fields for 18 Malaysian researchers and assistants at several institutes in Japan.

Aid

"This aid is primarily in the form of equipment for a laboratory at SIRIM, which will provide buildings worth 500,000 ringgit as additions to the Chemistry and Biotechnology Center," he told reporters.

Earlier, Dr. Ahmad Tajuddin, representing SIRIM, and Mr. Junsaku Koizumi, JICA representative in Malaysia,

signed the minutes of their talks on industrial pollution control and establishment of the center.

Dr. Ahmad Tajuddin said the time required for the project will be four years, beginning with this year. It is expected to improve SIRIM's equipment and capabilities for evaluation and analysis as it helps national programs for chemical safety and management of hazardous wastes. This will be an important part of the country's industrial processing.

He said the data base on hazardous chemicals and waste treatment and disposal technology can be used as a reference by agencies and industries involved.

The implementation of the project, he said, will involve the transfer of technology from Japan for certain experimental biodegradation techniques and on the use of data bases in hazardous waste treatment technology.

Role

Dr. Ahmad Tajuddin said that the creation of the center will permit SIRIM to expand its role as a consultant to industry and that a national steering committee technical board on this matter is being planned by the government.

Committee Formed To Monitor, Control Inflation

93SE0189A Kuala Lumpur BERITA HARIAN
in Malay 11 May 93 p 2

[Text] Kuala Lumpur, 10 May—The cabinet has formed an inflation control committee, headed by Prime Minister Datuk Seri Dr. Mahathir Mohamad himself, to ensure that inflation declines to a minimum level.

Minister of Finance Datuk Seri Anwar Ibrahim said the committee was established about two weeks ago and will try to reduce inflation to 4 percent.

He said the committee is made up of representatives of various ministries, including the Ministries of Finance, Agriculture, Domestic Trade and Consumer Affairs, and Transport.

"As soon as it was created, the committee began to function by identifying causes for rising inflation and by deciding actions for immediately reducing inflation," he told reporters in the lobby of the Parliament Building today.

According to Anwar, the following steps have been taken:

- Continue tight money policies.
- Carefully control public expenditures, consistent with a prudent fiscal policy.
- Encourage domestic savings by relaxing controls on basic loan rates.
- Continue to control private expenditures by keeping tight requirements on credit card use.
- Intensify job training and relax policies on hiring foreign workers. This effort is expected to reduce the pressure on wages and, in turn, on prices within the country.

- Increase allocations for infrastructure construction to reduce congestion and increase production capacity to ease pressures on prices.
- Stimulate investment in the food industry

He said government actions to restrain inflation will be fully effective only if consumer groups and all the people participate.

With regard to the issue of a "Ninja" loan scheme on FELDA [Federal Land Development Authority] Project land, as raised by Datuk Dr. Jamaluddin Jarjis (BN [National Front], Rompin), Anwar said the government is now investigating the matter.

He said small businesses and street vendors do not need to be involved in the scheme, because the government provides two special loan programs, namely the Street Vendor and Small Business Savings and Loan Scheme and the Association Special Loan Scheme.

These two programs provide loans of up to 10,000 ringgit without interest or collateral and are controlled by credit guaranty companies in collaboration with trade banks.

Gerakan Party Urges Formation of Research Institute

93SE0204B Kuala Lumpur UTUSAN MALAYSIA
in Malay 31 May 93 p 1

[Text] Kuala Lumpur, 30 May—The Gerakan Party recommends that the government establish a 2020 Plan institute to conduct research and improve the objective effectiveness of the plan.

Gerakan President Datuk Sri Dr. Lim Keng Yaik said the proposed institute, which was unanimously approved by the party committee, is considered necessary for the sake of future national leaders.

In a press conference today, Dr. Lim said the institute is important because it will ensure that the plan established by current national leaders will be a continuation of present actions and will not deviate from them.

"The Gerakan Party is afraid that if early steps are not taken and if future leaders do not understand the 2020 Plan, its objectives will not be fully achieved.

He said that many groups could be members of the institute—including educators, members of the private sector, and government agencies—and that it will conduct more extensive research work to improve the effectiveness of the plan.

Dr. Lim, who is also minister of primary industries, said Gerakan will take the resolution to the cabinet for further action.

Gerakan is also seriously concerned about the education system, for if the education system is not improved it is clear that the objectives of the 2020 Plan will not be achieved.

Dr. Lim said that because of that problem Gerakan recommends that a human resources training center be

established to provide expertise for improving the national economy in accordance with 2020 Plan objectives.

He said Gerakan has been considering the formation of a small and medium industry center (SMIC) to facilitate the economic growth desired by the country's leaders.

Therefore, the Pulau Pinang SMIC will be inaugurated on 11 June by Pulau Pinang Deputy Chief Minister Dr. Ibrahim Saad.

Leader Says Sabah Faces Serious Economic Problems

*93SE0204A Kuala Lumpur BERITA HARIAN
in Malay 31 May 93 p 1*

[Text] Kota Kinabalu, 30 May—The government of the Sabah United Party (PBS) has failed to bring about progress and development for the people of Sabah, especially in the economic sector, although its leaders often proclaim "Sabah for the people of Sabah."

Chong Kah Kiat, president of the Liberal Democratic Party (LDP), said economic conditions in Sabah are the worst they have been since the PBS began to govern.

Delivering a policy speech today at the second general assembly of the party, he said that because of the critical economic situation foreign investors are turning to Sarawak and the Peninsula, and the state's residents are looking for work elsewhere.

He said the residents of Sabah were deceived when they were asked to exchange their Sabah People's Trust certificates (ARS), which had been issued by the Sabah Foundation, for Sabah State People's Trust certificates, issued by a new foundation with no assets.

He charged that by surrendering their ARS certificates, eligible residents of Sabah no longer receive the Sabah Foundation annual dividends they previously enjoyed.

The last time the Sabah Foundation issued a dividend of 200 ringgit per person was prior to the 1990 general election.

Chong also said that the Sabah Foundation is now fully controlled by Datuk Dr. Jeffrey Kitingan, younger brother of the chief minister and executive director of Innoprise Sdn Bhd.

He said Innoprise Sdn Bhd controls logging concessions and has three members of the board of directors, including Dr. Jeffrey, who are especially selected and appointed for life.

Military To Assist PNP in Fighting Crimes

93SE0205B Cebu City *SUN STAR* in English 9 Jun 93 p 10, 12

[Text] MANILA - The military will assist the Philippine National Police (PNP) in its renewed fight against criminality particularly "hoodlums in uniform."

National Defense Secretary Renato S. de Villa yesterday issued this assurance during the courtesy call of Police Director General Umberto A. Rodriguez to de Villa at Camp Aguinaldo.

De Villa said that there is a need for the AFP [Armed Forces of the Philippines] and the PNP to join hands in busting police and military personnel who are members of organized syndicated crimes nationwide.

De Villa clarified that the form of assistance will range from sharing of intelligence to join operations against organized crime groups in the country.

HANDY

"The PNP needs assistance in intelligence particularly on soldiers and ex-soldiers who have resorted to criminality," he said.

De Villa added that the coordination between the AFP and PNP will come very handy since the police needs a wider coverage of intelligence which the AFP could readily provide.

Just recently, the PNP came up with a new order of battle on police and military personnel suspected to be engaged in organized crime.

The updated listing of "hoodlums in uniform" was the product of a two-day "counter-intelligence order of battle seminar workshop" conducted by the PNP intelligence command.

Most of the men in uniform who were included in the list are suspected of being engaged in drug pushing and trafficking, kidnapping for ransom, bank robberies and car theft.

Meanwhile, President Ramos yesterday alerted the military and police forces to increase maximum security in areas where terrorists may strike to disrupt the 95th Independence Day celebration tomorrow.

The President issued the order following the burning of the Basilan Provincial Capitol, Philippine National Police Headquarters, the provincial jail and the telephone station Monday night.

The incident was relayed by Interior and Local Government Secretary Alunan III to the President at yesterday's Cabinet meeting.

Press Secretary Jesus Sison said there was no threat that the Independence Day celebration would be disrupted by terrorists but the Government is not taking any chances.

The alert of security forces is a precautionary measure, Sison said.

The President will lead the nationwide Independence Day celebration at the Rizal park.

Security will be tight when the president speaks during the occasion.

Efforts To Solve Insurgency Problem Criticized

93SE0205A Cotabato City *THE MINDANAO CROSS* in English 2 Jun 93 p 4

[Text] It's not the first time government is making a promise.

When Cory Aquino was still in power, she made it a point she was not behind in making endless promises.

Just last week, government was at it again. For the nth time, it said the communist insurgency would be nothing but a memory of the past by the end of the year.

Armed Forces Chief of Staff Gen. Lisandro Abadia mouthed the promise that AFP's campaign plan, dubbed as lambat Bitag III, will be able to attain strategic victory over the Communist Party of the Philippines/National Democratic Front by year's end.

For so many times, government said it had the upperhand in its battle with the insurgents who have been waging a war to establish a Marxists state the past 24 years, Asia's longest-running insurgency.

Waging a war, that's what the insurgents have been up to the past two decades. It means fighting government troopers tooth and nail in the battlefield. At the same time, recruiting from the swelling ranks of the poor and the oppressed, thousands upon thousands, be it for the armed struggle or otherwise.

Through the years, government launched all sorts of "opplans" one after the other to win the hearts and minds of the people. Either through hamletting or blockades, government made sure troopers followed the plans to the letter in the field.

But something was lacking. Something went wrong.

Despite its strength and firepower, government was only able to quash the battle-tested bodies, but not the spirit that throbbed in the countryside and in the urban centers. Inferiority in strength was the insurgents' best defense, which in no time, gathered support from those who shared the same vision, the same direction.

Marcos was hailed as the biggest recruiter for the New People's Army. Indirectly, he was instrumental in adding number to the NPAs by making the poor poorer. Poverty was his weapon that made the insurgents stronger as more and more joined the ranks of the oppressed and the underprivileged.

The tyrant left in a huff during the EDSA [Epifanio de los Santos Avenue] revolution and history installed a reluctant housewife in Malacanang to take the reins of government. Cory Aquino was not any better as her governance record would show.

The engine that kept the insurgency running was fueled in time as Cory Aquino assumed power. Throughout her stint as President, not much improvement was seen in the economic life of the nation despite a litany of promises to uplift the mired existence of Filipinos.

She, too, vowed to end the insurgency. But as fate would have it, she failed. Her promises were doomed at the very start and at the end of her term, the insurgency crawled back to pose a threat to the very existence of government.

Now, it's President Fidel V. Ramos' turn. Will he be able to crush the insurgency as promised by his Armed Forces Chief of Staff? Will history repeat itself?

Mr. Ramos should know he being a former career military man who saw many rainbows and nightmares in handling the anti-insurgency program. [as published]

The answer lies not in being superior in arms, in artillery. Tracing the roots of insurgency—poverty, access to the economic base, opportunities for a better life, etc.—would do better to understand and strategize winning the hearts and minds of a disenchanted population.

Guns are no cure to solve an insurgency that wrought havoc and untold sufferings to the millions of Filipinos. Using an idea superior to a communist ideology many provide a better solution to quell the spirit of the Maoist-Leninist-Marxist movement.

Food, jobs and justice, the late Jose W. Diokno said, are what the people need.

MILITARY

General Expresses Views on Renovating National Defense

932E0061A Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Apr 93 pp 37-38

[Article by Major General Nguyen Phu Chut, deputy chief of the Vietnamese Continent Shelf Subcommittee: "Some Views on Renovating the System of National Defense Organizations"]

[Text] National defense organizations, like other state organizations, are a system including many levels and components entrusted with clearly defined functions and tasks. These organizations are bound by a close relationship of cooperation and association and act upon one another to create an aggregate force to promote the achievement of the country's national defense tasks and objectives.

Renovating the system of national defense organizations is an important, complex issue closely linked with many other important fields of activities of the party, the state, the mass organizations, the socioeconomic bodies, and even each citizen. Therefore, this renovation must be placed within the general framework of the renovation of the political system and all other domains, with economic renovation to be regarded as central task. It must be carried out simultaneously in the entire structure of the party and state apparatuses from the central to the grass-roots level. It will affect the entire old system of thoughts and viewpoints on national defense work, a system long credited with a good record for achievements.

First of all, it is necessary to reach a common understanding of what constitutes national defense and military work, and what is all-people national defense and people's war.

The country's historical conditions; the long, nearly-50-year stretch of war; the need to give everything for the front... have bred among our people and cadres the perception that national defense is almost identified with military affairs. Worse still, in carrying out their daily duties, whenever they come face to face with any work involving national defense, not a few cadres would immediately think that such work is the responsibility of the Ministry of National Defense and the Army. According to Dictionary of the Vietnamese Language [Tu Dien Tieng Viet] (published by the Institute of Linguistics in 1992), "national defense" denotes the work involved in the maintenance of national sovereignty and security, whereas "military affairs" are matters concerning the building of Armed Forces and armed struggle. Therefore, work relating to the maintenance of national sovereignty and security is not to be handled only by the Ministry of National Defense, and definitely not to be undertaken by the Army alone. To speak of "all-people national defense" is to speak of the tasks and responsibilities of the entire country, which must use all forms of activities and measures to preserve national

sovereignty, and security. This is aimed, first of all, at preventing war, firmly maintaining peace, and at the same time making the entire country ready to fight against the invaders in case of a war of aggression.

With regard to the organizational aspect, naturally the function of national defense management must also be changed in conformity with the renovation of the economic and administrative systems and the mode of operation of the state apparatus. We should draw on the experience gained during the period when North Vietnam had to simultaneously counter the war of destruction waged by the U.S. imperialists and perform the duty of the great rear by assisting the Southern battlefield. At that time, a Planning Department 1 was set up in almost all government ministries to advise their leadership on the tasks of mobilizing forces, recruiting troops, organizing education in national defense, and guiding the activities of the militia and self-defense forces subordinate to the ministries concerned. All activities of these Department 1's were highly appreciated then because they effectively supported the efforts of the ministries' leadership in guiding the implementation of various military and national defense tasks. Regrettably, since the country achieved peace, independence, and liberty, and since the comprehensive renovation process began in all domains in keeping with the spirit of the sixth party congress, the functions of these Department 1's have not been changed and supplemented in conformity with the new situation, conditions, and mechanisms. As their cadres have not been improved and their direction of operations has not been clear, the departments have gradually come to be regarded as a sinecure. This has led to the situation where some ministries have dissolved their Department 1's, while some others have reduced their staffs by transferring cadres to other jobs or retiring them in accordance with the personnel reduction policy.... At present, the Department 1 is only maintained in the Ministry of Education and Training and in the State Planning Commission, where they have continued to work well.

In view of this state of affairs, some opinions have been expressed about the need to consolidate and renovate the system of national defense organizations. These opinions are:

1. It is necessary to restore the organization serving as an advisory organ for the leadership of various ministries and branches of the state in national defense work. Depending on the characteristics, tasks, and size of each ministry, such an advisory organ could be organized in three forms as follows:

—In those ministries and branches that are directly connected with and deeply involved in the tasks of mobilizing forces and means and providing education in national defense, or that have large militia and self-defense force, the Department 1 should be restored as in the past (such as the Ministries of

Education and Training, Communications and Transportation, Public Health, and Marine Products, the State Planning Commission, the Ministry of Building...).

—In those ministries and branches where the organization of a full-fledged Department 1 is deemed not yet necessary, one or two ranking national defense specialists should be appointed. These specialists could be career military officers or civilian cadres. But if they are civilian cadres, they must have great technical and professional skills and be equipped with the necessary knowledge of national defense work relating to the functions of these ministries and branches.

—In those ministries and branches where it is deemed that there is no need or proper conditions yet for organizing an advisory organ in the two forms cited above, the ministries' leadership should assign a vice minister (or a second-in-command) to take charge of the national defense management function of the ministries or branches concerned.

2. Concerning the Ministry of National Defense, it should strengthen its current apparatus to make it fully capable of performing both the functions of administering government's national defense management and exercising command.

3. At the provincial and district administration levels, many are of the opinion that it is not adequate and correct to refer to this advisory organ as a military command (or section) as it is called now. Instead, a more thorough study of its functions, duties, and organizational structure should be carried out to ensure that this advisory organ, which could be temporarily called a national defense service (or office), can perform both functions: managing the national defense affairs of the local administration (just like other services of an administrative committee), and commanding local armed forces and directing local people's war efforts in case of hostilities.

4. At the grass-roots level of villages and subwards, in addition to the village military unit chief (or subward military unit chief), who commands the militia and self-defense forces, the village or subward people's committee should assign one of its vice chairmen to be in charge of the state functions of national defense at the grass roots, such as managing ready-for-mobilization reserves, implementing various Army-rear policies, educating the people in national defense....

For the military regions in particular, it is also necessary to make a study in order to determine appropriate organizational systems and duties. This is because military region is not a level of administrative management (there are only four administrative management levels: central, provincial, district, and village), but an echelon that commands the people's Armed Forces and conducts the people's war in a theater (or direction) of operations.

In the current comprehensive national renovation process, with regard to the political system and the building

of the law-governed state under the party leadership, the state plays an increasingly important role in national defense. Only by working through a rational system of national defense organizations from the central to the grass-roots level, in the various ministries and branches of the state at the center and in localities, and only by relying on a gradually developed, uniform, and full-fledged legal system will we really gain a thorough understanding of the all-people national defense concept of the party and state, really bring into full play our powers and will, and represent the people's powers and will in the cause of national defense and protecting the socialist Vietnamese fatherland.

On Solving Sea Territorial Disputes

932E0061B Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Apr 93 pp 39-41

[Address by Tran Cong Truc, deputy chief of the Vietnam Continental Shelf Subcommittee, at the international symposium on "Management of the Sea and Coastal Areas" held in Hanoi 22-26 February 1993: "Resolving the Issue of Marine Boundaries and Marine Territorial Disputes in Connection With Sea Management"]

[Text] The sea areas and continental shelf over which Vietnam exercises sovereignty and national jurisdiction are several times larger than its mainland. For an effective management of the exploitation of these sea areas and this continental shelf, it is required, first of all, that we concentrate our efforts on building a system of laws and policies and adequately increase our investment of manpower and material resources in related activities. On the other hand, we must pay attention to settling the issue of overlapping sea areas, marine territorial disputes... with our neighboring countries in order to create a stable environment for regional development and cooperation.

I would like now to focus on some aspects that have a strong impact on sea management. These aspects are: the settlement of the issue of overlapping sea areas; the management of overlapping sea areas; and reaching agreement with the countries concerned on the marine boundaries in order to determine a well-defined and favorable sphere of management. An important matter is that we must seek peaceful solutions to the marine territorial disputes and strengthen cooperation in some domains of marine activities among the countries adjacent to and making use of the Eastern Sea.

I. The Situation of Disputes in the Eastern Sea

1. The issue of sovereignty and national jurisdiction over the sea areas and continental shelf between Vietnam and the countries concerned.

We have already known that the Eastern Sea ranks first in the world in the number of marine borders and boundaries to be settled (15 altogether). In this region, because of its special position, which is connected with nearly all other coastal states in the Eastern Sea, Vietnam

also has the largest number of unsettled borders and boundaries. These are its sea border with China in the Gulf of Tonkin, its sea border with Cambodia in the Gulf of Thailand, and the border of its exclusive economic zone and continental shelf with nearly all of its seven neighboring countries, namely Cambodia, Thailand, Malaysia, Indonesia, the Philippines, China, and probably Brunei too.

This large number of boundaries to be settled is caused by the fact that the distance between the Eastern Sea littoral states does not exceed 400 nautical miles while the International Convention on the Sea allows these countries to expand their sea areas to 200 nautical miles, which has resulted in overlapping claims. Basing itself on the development of the International Law of the Sea, Vietnam itself has issued two statements: the 12 May 1977 Statement on the Sea Areas of Vietnam and the 12 November 1982 Statement on the Base Line of Vietnam's Continental Rim.

To date, it seems that no overlapping areas between Vietnam and other countries concerned have been definitely settled.

With Cambodia: On 7 July 1982, Vietnam signed with the People's Republic of Kampuchea an agreement on historical waters, thereby settling their dispute over the sovereignty over various islands and determining a common historical body of water between the two countries. The two countries now jointly manage a sea area of about 8,800 square km in which no sea boundaries have been delineated.

With Indonesia: Vietnam has held 10 rounds of specialists talks and one round of talks at vice foreign ministerial level with Indonesia on the issue of continental shelf. On the basis of the results of their recent talks, the two sides are striving for a final solution to the issue.

With Thailand: There is an overlapping area of about 6,400 square km formed by the boundary claimed by the South Vietnamese Administration in 1971 and the boundary claimed by Thailand in 1973. Thailand and Vietnam have held one round of specialists talks to definitely divide up this area, but no result has been achieved.

With Malaysia: In the Gulf of Thailand, there is an overlapping area of approximately 2,800 square km formed by the boundary claimed by the South Vietnamese Administration in 1971 and the boundary claimed by Malaysia in 1978. The two countries held a round of talks at vice foreign ministerial level in June 1992 and agreed to jointly exploit this overlapping area.

Between China and Vietnam: The two countries hold different views on the boundary in the Gulf of Tonkin. To date, China has not made any concrete claim, therefore no concrete overlapping area has been created. To resolve this issue, Vietnam proposes that the two sides apply international laws and practices and take into consideration the concrete situation and conditions of

the Gulf of Tonkin when conducting negotiations to arrive at an equitable solution.

2. Disputes over the sovereignty over Hoang Sa and Truong Sa [Paracel and Spratly Islands]

There are disputes between Vietnam and its neighboring countries over the sovereignty over the Truong Sa and Hoang Sa Archipelagoes.

From past to present, Vietnam's viewpoints and position on these two archipelagoes have been clear and made public on several occasions in various official documents of the Vietnamese state. These viewpoints and position are as follows:

—Hoang Sa and Truong Sa are two archipelagoes that fall under the sovereignty of Vietnam. Vietnam has effectively possessed the two archipelagoes since the day no nations had sovereignty over them. The Vietnamese state has effectively, continually, and peacefully exercised its sovereignty over the two archipelagoes. The historical evidence, realistic proofs, and legal bases that the Vietnamese side has already produced and is prepared to continue producing have proved that fact.

Many centuries ago, the actions taken by the Vietnamese state to exercise its sovereignty over these archipelagoes never met with any reaction from either inside or outside the region.

The current situation on the two archipelagoes is as follows: China occupies all the Hoang Sa Archipelago, while four countries and five sides are present on the Truong Sa Archipelago. Vietnam is defending five islands; China holds six permanent positions and two nonpermanent positions (all of them reefs); Taiwan occupies the largest island of the Truong Sa Archipelago; the Philippines occupies eight islands; and Malaysia occupies three islands.

Thus, in the Eastern Sea, there are the following issues to be resolved between Vietnam and a number of its neighboring countries:

—The issue of sovereignty over the Hoang Sa and Truong Sa Archipelagoes. This dispute belongs to the most complicated kind of dispute in the world.

—The issue of sea areas and continental shelf that fall within the sovereignty and national jurisdiction of each country.

II. Some Proposals for Settling Disputes in the Eastern Sea

To advance toward delineating the sea areas and continental shelf under national sovereignty and jurisdiction and settling the disputes over territorial sovereignty in the Eastern Sea, I think that, first of all, the parties concerned should:

1. Pledge to respect the sovereignty and national jurisdiction of each country over its sea areas and continental shelf in strict accordance with the stipulations of the 1992 UN Convention on the Law of the Sea.

2. Hold talks to seek a fundamental, long-term solution to the issue of sovereignty over the Hoang Sa and Truong Sa Archipelagoes.

3. Pledge, while holding talks on a final solution to the issue of sovereignty over the two archipelagoes, to respect—and to negotiate with the parties concerned about respecting—the status quo in the Truong Sa Archipelago region, not to use or threaten to use force to change this status quo, and not to carry out activities that may further complicate the situation.

4. Discuss measures as well as mechanisms of coordination to build confidence, avoid conflicts, and maintain stability in the Eastern Sea region.

5. Discuss and reach agreement on the form, content, and scope of cooperation in the Eastern Sea region in the domains of mutual concern.

In this spirit, we highly approve of the joint statement of the July 1991 Bangdung Conference, which said: Study should be carried out to develop cooperation in the Eastern Sea without jeopardizing the issues of sovereignty and territory; disputes should be settled through peaceful negotiations, without using force; support should be given to the continuation of this forum according to the new, realistic initiative recommended by the Yogyakarta Conference, namely: to organize teams of specialists to discuss the contents relating to the issue of cooperation in this region. We hold that the problem posed for the activities of these teams of specialists is that they should reach agreement on the space limits in which to develop possible domains of activities.

Basing itself on international laws on the sea and the real situation and characteristics of the islands in the two archipelagoes, Vietnam holds that the delineation of the limits of these two archipelagoes ought not to encroach on the exclusive economic zone and 200-nautical-mile continental shelf of the coastal states. The islands of the archipelagoes are entitled to a 12-nautical-mile territorial sea.... Proceeding from these principles of international law, various countries can sit down together to reach agreement on appropriate space limits in which to cooperate with each other. First of all, there should be cooperation in those domains not bearing on sovereignty; eventually, there should be joint exploration and exploitation within these space limits according to a common management mechanism.

To reduce the latent danger of conflict and eventually to do away with the disputes over sovereignty over the two archipelagoes, the countries concerned should make the most of all opportunities to open bilateral or multilateral talks to seek a satisfactory, peaceful solution to the issue that is currently a matter of mutual concern of the region.

A successful settlement of the marine territorial disputes and delineation of the marine boundaries as mentioned above would have a very strong impact on Vietnam's sea management. This would also help turn the Eastern Sea

into a peaceful region and contribute to the cause of peace, stability, and development in Southeast Asia and the rest of the world.

Building Chemical Corps During Peacetime

932E0059A Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Apr 93 pp 46-49

[Article by Major General Nguyen Tien Phat: "Building the Chemical Corps During Peacetime"]

[Text] On 19 April 1993, the Chemical Armed Branch marks its 35th anniversary. Over the past 35 years, under the leadership of the Military Commission of the party Central Committee and the Ministry of National Defense, and enjoying the wholehearted assistance of the various armed branches and services and of the local units, party committees, and administrations, the Chemical Corps, through its efforts, has recorded numerous achievements in combat and combat support operations and in unit building as well as production-support activities, and has grown up in all respects.

In the anti-U.S. struggle for national salvation, the Chemical Corps performed well its functions of directing, guiding, and organizing defense against chemical weapons of the Armed Forces and people. Chemical Corps cadres and combatants were present in nearly all theaters of operations in South Vietnam to provide chemical services for many battles and campaigns, thereby contributing to the common victory. Combining defense and attacks on the basis of effective defense, the Chemical Corps, using incendiary weapons, participated in fighting in several theaters of operations, destroying the enemy's strength and burning his equipment. In North Vietnam, the Chemical Corps, employing smoke screens to camouflage and as diversionary tactics, contributed to successfully and effectively defending many important targets against enemy laser- and radio-guided bombs.

From the diverse realities of the war, the Chemical Corps has drawn the lesson that all its combat and building activities will be successful if it knows how to effect the four following combinations: combination of the masses and the specialists, combination of defense and attack, combination of modern and rudimentary equipment, and combination of on-the-spot and mobile means. Today, this experience remains fully valid and should be thoroughly understood in building the Chemical Corps in peacetime.

Today, the "cold war" has ended, but despite the fact that both chemical and nuclear weapons have been banned for a long time by international conventions, many imperialist countries and the warmongers continue to stockpile and develop them, because chemical and biological weapons are easy to produce and inexpensive, and their production and storage are difficult to check. Toxic chemical agents could also be the same ones used in support of agriculture, food industry, and other sectors; however, if used in large doses, they will harm people and the environment. In particular, at present

many countries are also producing binary chemical weapons the two ingredients of which are nontoxic or only mildly toxic when kept separate. Chemical and biological weapons can be used in a "hard" war in combination with gunfire, or in a "soft" war together with computer technology, which gives them an even greater element of secrecy and surprise. Therefore, people have good reasons to say that chemical and biological weapons are the "atomic weapons" of developing countries.

Because of such characteristics, chemical and biological weapons could still be used by imperialist nations in future wars. For this reason, in their composition our Armed Forces still must include chemical troops and we must pay regular attention to building chemical units right during peacetime in accordance with new requirements and tasks.

At present, in building chemical units, we must, first of all, *make preparations in all respects so that the Chemical Corps is fully capable of performing well its two functions of fighting and ensuring popular defense against chemical weapons.*

Nowadays, science and technology have developed to a very high level. Highly toxic chemical agents can be processed very quickly from ordinary chemicals. Recently, numerous toxins extracted from animals and poisonous fungi were incorporated in the means and weapons with which armies are equipped. The means, methods, and ways of using toxic agents have also undergone substantial, fresh developments and have become sophisticated and difficult to detect. For this reason, the Chemical Corps must be carefully prepared in all respects to effectively defend against and counter chemical weapons under new conditions. *In building the Chemical Corps, we must, first of all, make preparations in all respects so that the corps can perform well its function of ensuring broad, popular defense against chemical warfare.*

Chemical weapons are characterized by their great capability to spread, therefore they have a wide and lasting impact and affect many objects. For this reason, the Chemical Corps alone cannot effectively defend against and counter enemy chemical weapons and must enable all people to defend against and counter them.

Our experiences in defending against and countering chemical weapons in the past wars have shown that, to perform well the task of popular defense against chemical weapons, all elements must be painstakingly and fully prepared. First of all, all people must be inculcated with a constant sense of defense against chemical weapons and with an understanding that rudimentary means of chemicals defenses, if used timely, will have a very great effect on the task of preventing the damage caused by toxins. On this basis, they should develop the concept of defending and saving themselves by relying mainly on on-the-spot forces and means instead of waiting for and depending on assistance from the upper echelons.

Along with the task of building highly skilled chemical forces, the Chemical Corps must also participate in developing chemical components and "chemical hard core" in the Armed Forces and among the people and must improve and train them so that they can serve as activists in propagandizing, guiding, and organizing on-the-spot defense against chemical weapons. Public health workers, technical cadres of agriculture and other related sectors, local practitioners of Vietnamese and Chinese traditional medicine... are suitable people to be mobilized to serve as the "hard core" of the popular defense against chemical weapons.

However, for the popular defense against chemical weapons to achieve practical results, the important thing is that defense against chemical weapons must be regarded as one of the tasks to be included in the combat plans of defense zones, that training in this task must be given, and that practice in defense against chemical weapons must be held during the military exercises organized in localities. Pharmaceutical and decontaminating materials produced and mobilized locally must be well maintained and kept ready for use when chemical weapons are employed.

On the other hand, in building the Chemical Corps, we *must prepare all cadres and combatants of the chemical forces to successfully cope with chemical warfare if the enemy is rash enough to start it.* The primary concern of the Chemical Armed Branch at present is that it must promptly prepare its technical means. In the past, the equipment used by our troops in toxic chemicals reconnaissance, detection, and decontamination was provided as aid by friendly countries. Today, this equipment is not being replenished because that source of aid no longer exists. Moreover, a great deal of these means and equipment were produced according to old techniques and technology. Therefore, with its sharp sense of seizing upon new technology and by bringing into play its self-reliant spirit and its boldness in thinking and action, the Chemical Corps should actively carry out research so that it can eventually produce the means and equipment for defense against chemical weapons that are suitable for the conditions of our country, for the physical characteristics and constitution of Vietnamese, and for the Vietnamese military art. The Military Chemistry Institute should strive to become a center for research on subjects designed to serve national defense as well as the people's welfare in the domain of defense against chemical weapons. Research subjects from which conclusions have been drawn, such as the making of gas masks and camouflage smoke screens with locally available raw materials, should be quickly put into production. The researches on the applications of activated charcoal, filter paper, and high-grade rubber; on the handling of rare and radioactive elements; on the study and combined preparation of incendiaries and smoke-producing agents; on the assembly of electronic devices used in equipment for measuring radioactivity and contamination level... are the right directions to follow in doing research and should receive more investment to ensure concrete results.

The task of mobilizing industry to support the defense against chemical weapons should be actively and strictly implemented in accordance with the plans formulated by the upper echelons.

Equipped with knowledge of chemistry, professional skills, and means, the Chemical Corps can *participate in economic building, contribute to economic work, and assist units and the grassroots in dealing with situations where chemical weapons are used*. Over the past years, the Chemical Corps has successfully produced dust masks and car break fluids, for which it won a silver medal at the 1987 National Exhibition Fair. In the days ahead, the Chemical Corps will be in a position to produce various kinds of safety masks for workers, activated charcoal, pesticides and means for plant protection. The important thing is that it must organize production management according to economic laws under the market mechanism, thus preventing the phenomenon of waste caused by the belief that "soldier's labor is as cheap as water in the river." In the domain of thought, there must be a unified perception that production work in support of the economy should not be allowed to affect the plans for research on production in support of military work and national defense. On the contrary, it is through economic work that chemical detachments must be trained and military equipment improved to suit them to the topography, weather, and climate of Vietnam, thereby creating conditions for developing the technical and technological level of the Chemical Armed Branch.

One important task of the Chemical Corps in peacetime is for it to join with localities according to the plans made by the upper echelons to deal with chemical and radioactive accidents. At times chemical-provoked situations may occur that are not caused by toxic chemicals used by the enemy. The Chemical Corps has dealt with such situations. Extinguishing the fire at the Thong Nhat coal mine in Quang Ninh and dealing with the accident at the Goi railway station (in Nam Ha) are two cases in point. The chemicals involved in an accident may be nothing more than pesticides or natural gas, but under the effect of environmental conditions such as enemy bombs and shells or when burned by fire, they may turn into life-threatening toxic substances or poisonous gases. In peacetime chemical accidents may occur as frequently as any other accidents, especially when our country is building a nascent chemical industry. Therefore, at present as well as in the future, the defense of industrial chemical factories and national defense chemical plants must be prepared meticulously, from the stage of formulating defense plans to the stage of making plans for overcoming the aftermath of accidents. The results of the initial researches on this matter conducted by the Chemical Corps at the Viet Tri and Bac Giang chemical plants and the Bai Bang paper mill should be improved and disseminated for implementation at an early date.

The characteristics of the Chemical Corps' activities are that it must work in tense and violent situations and often operates in small, scattered forces. For this reason,

it is required that each cadre and combatant of the corps should *have a high sense of responsibility, a good sense of organization and discipline, and a standard work style at all times and in all places*. All the groups and detachments subordinate to the Chemical Armed Branch must be developed into units that are strong and stable in all respects as required by the Ministry of National Defense. In addition to the norms of politics, education, training, weapons and equipment maintenance, and mass motivation work, all chemical units must strive to really become *strong in developing a standard work style*. In all activities in combat training as well as in official work, in large units as well as in small detachments, all regulations, systems, orders, and procedures of the Army and the state law must be fully observed. Although the current living conditions are still marked by many difficulties and deprivations, this should not be used as an excuse for showing a lax sense of organization and discipline and failing to satisfactorily implement a standard work style. It is necessary to correctly understand that development of a standard work style and conduct directly bears on the consciousness, the sense of discipline, and the combat-readiness of each person and each unit. To develop strong units, first of all we must build a strong contingent of cadres. The School of Chemical Defense Officers must improve the quality of teaching and study to train chemical officers of high scientific and technological standards, steady political skills, good conduct, and a fine command and leadership style, in order to meet the demand of the task of developing the Chemical Armed Branch along the line of "being revolutionary, standardized, well-trained, and modernized step by step."

General on Essential Issue in Building People's Army

932E0060A Hanoi TAP CHI QUOC PHONG TOAN
DAN in Vietnamese Apr 93 pp 7-10

[Article by General Doan Khue: "Regularization—One of the Essential Issues in Building the People's Army"]

[Text] The Resolution of the Seventh Party Congress and our country's 1992 Constitution affirmed that we must "build a revolutionary, regular, and well-trained People's Army that will be modernized step by step." Thus, *regularization is one of the essential issues in building the People's Army in the new revolutionary stage*.

To implement this resolution, the Military Commission of the Party Central Committee and the Ministry of National Defense advocate stepping up the regularization process, *thereby effecting a fundamental change in our Army's regularity* so as to make a positive contribution to further enhancing the fighting strength of the People's Army. This is a continuation and development of the achievements of the tasks that have been or are being carried out, namely readjusting strategies, reducing troop strength, reorganizing troops, renovating ideological leadership and political education, renewing combat training, building strong regiments and divisions.... This is also an active and practical way to make

preparations to celebrate the 50th anniversary of the People's Army in a fitting fashion next year (1944-1994).

Regularizing our Army is a process involving many fundamental, far-reaching factors aimed at creating unity of politics, organization, and action in the collective of soldiers to meet the requirement of "millions acting as one man." This is the unity of revolutionary nature, of combat objectives, ideology, and spirit, and of the will to fight and make sacrifices for the fatherland's independence and freedom and for socialism. It is the unity of organization, of the principles governing the building of the People's Army, of the organizational structure and equipment of the various forces, armed services, and armed branches. It is also the unity of military viewpoints and thoughts; the unity of military art, of action, conduct and bearing in combat, of training, education, daily activities.... The People's Army regularization process gives expression to the revolutionary nature of the Army and actively contributes to strengthening that nature. Regularization creates conditions for stepping up the building of a well-trained Army. It also lays the ideological and organizational foundations for modernizing the Army step by step. We must persistently strive to fully meet the requirements and achieve the aims of regularization; however, steady steps must be taken for this purpose.

Proceeding from the actual state of our Army at present, we advocate *concentrating, in the initial stage, on enhancing the regularity of uniforms, ceremonials, and soldiers' conduct; and on routinely implementing the stipulations of the Regulations on Soldiers Management, beginning with the procedures on daily activities, on military training and political education, and on maintaining weapons and technical equipment to keep them combat-ready.*

Specifically, we must implement the wearing of military uniforms and rank and branch insignia according to the designs and colors uniformly prescribed for all the Army. Soldiers must make correct movements in marching and the manual of arms, in moving around, and in acting while in their barracks and in public places. When they meet, soldiers must greet and address one another in accordance with the regulations. Commanders and heads of various echelons must correctly observe unit and organ management procedures; correctly perform their functions and tasks; act according to the plans, objectives, time frames, and work schedules already approved; correctly abide by the procedures for seeking directives, making reports, exerting control.... The procedures for daily, weekly, and monthly activities must be correctly implemented. The regulations on combat-readiness management; the orientation and guidelines for and tasks of training; the organization and methods of training; the procedures for and regulations on training and on the management, guidance, and support of training must be seriously maintained and observed. The regulations on maintaining, cleaning, storing, and using combat equipment and weapons and other equipment... must be correctly implemented. This would

provide a basis for improving the quality of training, learning, and working; for raising the level of combat-readiness; and for enhancing the readiness to accept and fulfill all tasks in an increasingly better manner.

The experience gained in the past Army regularization process (1957-1964) has shown that a satisfactory implementation of the various elements of regularization cited above *will certainly bring about an initial but fundamental change in the new strength of the People's Army and in the people's trust in and love for their Army.*

There is the opinion that being regular in the ways of dressing, moving about, and greeting one another, in carrying out routine activities and routine training... is only being regular in form; what matters is unity of politics, spirit, objectives, and ideals.

It is true that for a revolutionary Army, the most important thing is unity of politics, spirit, objectives, and ideals. But this unity is not abstract; it manifests itself and finds expression in one's actions. All phenomena and forms reflect a certain aspect of the nature of things and the essence and level of their development. First of all, wearing military uniforms according to the common regulations reflects the fact that the People's Army is a regular military organization of the state in which all soldiers act in line with a common objective. The ceremonial and greeting gestures made by soldiers toward one another affirm the democratic, equal, and mutually respectful relations among them as well as the principle of the lower echelons respecting and submitting themselves to the upper ones in the People's Army. Soldiers' serious, dignified, and friendly gait and relations not only indicate a cultured way of life but also reflect the personality of revolutionary servicemen and service-women who originate from the people and fight for the people. Achieving with good results the aims, requirements, and norms of training and education; correctly observing various procedures and regulations in the process of training, education... are concrete manifestations of a readiness to fight and make sacrifices for the fatherland's independence and freedom, for socialism.... On the other hand, correctly and regularly implementing the aforesaid tasks would create more favorable conditions regarding perception, psychology, and work style for our Army to regularize itself.

We must realize that successfully satisfying the material needs of soldiers concerning their diet, clothing, living quarters... in a regular fashion as required is no simple matter; it imposes very exacting demands on the research agencies, production establishments....; it mirrors the intellectual standard of the contingent of strategic staff, the industrial and industrial management capabilities of production and trading units within the Army and in society. It calls for researches to be done on how to design suitable military uniforms and rank and branch insignia, and how to ensure the quality of these products. Next, it involves the laying down of appropriate regulations for various units and in different circumstances: in barracks, in the field, in study classes,

during training sessions, in productive labor, on weekdays, on holidays.... Then, there are then tasks of managing, giving regular and serious reminders, striving not to overlook even the slightest mistakes.... All this means that it takes a great deal of effort to achieve all those things we term "formalistic."

To effect a radical change in the task of stepping up the regularization of our Army, first of all, cadres and combatants of the People's Army, especially the leading and commanding cadres at all levels *should correctly perceive the urgent need to raise the level of our Army's regularity in the new stage.* To be regular is to give expression to the revolutionary character of the People's Army in the domains of organization and operation, and to create the premise for building a well-trained and modern Army step by step. The main impediments to this endeavor are the habit of scattering and fragmenting our resources, the practice of autarky bred by our small-scale, underdeveloped production system, and the confusion between activity, dynamism, and creativity and arbitrariness and departmentalism among a number of cadres when we enter the period of renovation. We must realize that the People's Army is a tight military organization of the state. *Unified centralism and democratic centralism are the fundamental principle of the People's Army organization. Only when it is organized and operates according to this principle can the People's Army create for itself the strength of "millions acting as one man."* Therefore, *right on the foundations of the commodity economy functioning in accordance with the market mechanism, all active, dynamic, and creative measures must be directed toward consolidating and developing the above-cited principle of organization to suit it to the concrete conditions of each military region, armed service, armed branch, unit, and locality. We must resolutely oppose the phenomena of arbitrariness, scattering, and departmentalism hidden under the cover of "liberalness," "openness"....*

Of course, when it comes to dealing with specific issues, there are many difficulties to contend with. On the one hand, we must continue to uphold the concept of practicality and base ourselves on the concrete conditions to resolve the issues of building and fighting facing our Army and to oppose dogmatism and alienation from reality. At the same time, we must also uphold the sense of organization, discipline, and unity, and oppose liberalism, disorganization, and indiscipline. This is why leading and commanding cadres at all levels are required to show a sense of responsibility, intellect, skills, and even artistry.

All the Army, especially the agencies above ministerial level such as the General Staff, the General Political Department, the General Logistic Department, the General Technical Department..., the various military region commands, armed services, armed branches, provincial and city military commands... *must simultaneously make preparations and carry out various kinds of work: party work, political work, and concrete organizational work such as education, training, guidance, management,*

control, and provision of material and technical support under the unified and direct direction of the Military Commission of the Party Central Committee and the Ministry of National Defense. All must draw up a plan to closely and harmoniously coordinate various kinds of work and various links, with the General Staff serving as a center directing this coordination. The General Political Department and political organs at all levels should determine and implement their plans for political education and ideological leadership in conformity with the requirement that the regularity level of the People's Army be improved. They should make good use of the Army's mass communications facilities in combination with the state information agencies to effectively carry out propaganda and educational work right from the beginning. The General Staff and staff organs at all levels should formulate and implement training plans and give guidance on the essence of Army regularization in accordance with the intention and objectives of the Military Commission of the Party Central Committee and the Ministry of National Defense. The General Logistic Department and General Technical Department and their subordinate organs should urgently determine and submit samples, designs, and colors of military uniforms, rank and branch insignia, and materials, and should quickly produce and issue these items. They should make great efforts to build stable barracks, to issue daily-life conveniences to soldiers and training and teaching aids to schools and units, to provide finance..., thereby creating the minimum material and technical bases for a fruitful realization of the regularization targets set for this time. All party committee echelons must consider the exercise of leadership to effect a fundamental change in regularizing Army units as their central task. They must regularly draw experience and review practical work to ceaselessly drive Army units forward.

Within the next few years, specifically in 1993-1994, we must strive to create a *strong aggregate driving force to prompt an immediate initial motion* to give impetus to the development of the Army regularization process.

Although the task of effecting a fundamental change in regularizing the People's Army has only set a definite requirement and a limited target, the leadership, educational, and organizational efforts involved are very expansive, contain numerous elements, and entail a great amount of work. For this reason, *this task should be carried out by laying proper emphasis on important points.* If the various agencies, units, military regions, armed services, armed branches, military commands... realize that they are weak in certain aspect as compared with the regularization requirements, they should concentrate on carrying out regularization in that aspect, completely finishing their jobs one by one. They should not embark on this task in an extensive area and should not carry it out "as a movement" because such an effort may easily "fizzle out" and end up as another case of "the mountain laboring and bringing forth a mouse" or of "one starting an undertaking and leaving it unfinished." Concerning all the Army, it should concentrate

on carrying out regularization in those units that are being the main targets of the various echelons' efforts to build "strong regiments" and "strong divisions." These units must also really be strong regular units to serve as the "seeds" of regularization efforts in all the Army. The agencies above ministerial level, the military region agencies, armed services, academies, and schools are also very important objects of the People's Army regularization process. These agencies must directly organize the implementation of the upper echelons' intentions and plans, guide and manage the lower echelons, and educate and train cadres for all the Army. More than anyone else, this important component must carry out its functions and tasks with an ever higher level of regularity.

Promoting and enhancing the regularity of the People's Army is not simply a task with military contents. By its depth, it is also a major political movement aimed at adapting the People's Army to the renovation process, to the restoration of social order and discipline, and to the building of a law-governed socialist state under our party

leadership. It is essentially the promotion and development of a combined factor that constitutes the fighting strength of the People's Army in the new revolutionary stage. It is certain that all party committee echelons and state agencies and the entire people will warmly respond and help their Army.

Our cadres and combatants should uphold their self-consciousness and self-respect and make an all-out and persistent effort to effect a new change in the Army regularization process on the occasion of this year's celebration of the anniversary of the People's Army. This is to create conditions for a fundamental change in 1994 to mark the 50th anniversary of the People's Army and the 40th anniversary of the Dien Bien Phu Victory, thereby making practical preparations for the major festivals in 1995: the 65th anniversary of the Communist Party of Vietnam, the 50th anniversary of the SRV, and the 105th birthday of Uncle Ho, the beloved father of the Vietnamese people's Armed Forces.