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2 AUGUST 1986

# Southeast Asia Report

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2 AUGUST 1986

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SOUPHANOUVONG GREETES PEACE CONFERENCE IN INDIA

BK080750 Vientiane Domestic Service in Lao 0000 GMT 8 Jul 86

[3 July greetings message from Souphanouvong, president of the LPDR and chairman of the SPC and of the Lao Front for National Construction, to the International Conference for Peace and Security in Asia held in Bangalore, India, from 7 to 9 July]

[Text] This conference is extremely significant since it is being held at a time when the general international situation, especially in Asia and the Pacific, has become very tense and dangerous as a result of the implementation of the neoglobalist policy pursued by the imperialists led by the United States.

Paying no heed to the aspirations of all nations for peace, the United States continues to reject the good intention and reasonable peace proposals advanced by the Soviet Union as well as the proposals of the other socialist countries, the nonaligned countries, and all peace- and justice-loving countries throughout the world, aimed at reducing the arms race and enduring peace and security in the world. They have continued to brazenly carry out the arms race in outer space and nuclear tests and, at the same time, have intensified their acts of aggression and occupation; threatened the independence and sovereignty of many countries; and stoke the flames of war in many regions around the world.

In the Middle East and South Asia, the United States continues to support the expansionist and hegemonist desire of the Zionists who are pursuing a policy of expansionism and aggression against the independence and sovereignty of the Arab countries, thus constantly creating tension in the region. They have directly and indirectly supported the regional and international reactionary forces to wage an undeclared war against Afghanistan and to step up sabotage acts against India.

In the Far East, they have frenziedly supported the formation of the tripartite military alliance among Washington, Tokyo, and Seoul; encouraged Japan to increase its military activities; and tried in every way to drag ASEAN and the PRC to serve their military strategy in this region, use NATO in Western Europe to encircle the Soviet Union and the other socialist countries, to halt the national liberation movements, and to undermine the independent and sovereign countries in the region.



In the wake of this development, we fully support the 23 April 1986 statement of the Soviet Government, which has created favorable conditions for the development and strengthening of cooperation among all countries and has conformed to the epochal trend and the interest and aspirations of the people in this region and all over the world.

We strongly support the efforts made by India to turn the Indian Ocean into a zone of peace and the proposal of South Pacific countries to turn the region into a nuclear-free zone.

The Lao people together with the other people in Asia and the Pacific will make all possible contributions to safeguarding peace and stability in Southeast Asia and the Pacific. Based on this spirit, the LPDR, together with the PRK and the SRV, has expressed its good will and has advanced many proposals aimed at promoting negotiations so as to turn Southeast Asia into a zone of peace, stability, friendship, cooperation.

I firmly believe that with the combined efforts and collective responsibilities of all participants at this conference regardless of the differences in political beliefs, national characteristics, nationalities, and religious faiths, this international conference will enable the direction and program of action for ensuring peace and security in Asia and the Pacific region as well as throughout the world to be translated into reality, thus contributing to the International Year of Peace as proclaimed by the United Nations.

/12766

CSO: 4206/117

LAOS

KAYSONE PHOMVIHAN GREETES POLISH PARTY CONGRESS

BK011129 Vientiane Domestic Service in Lao 0000 GMT 29 Jun 86

[29 June greetings message from Kaysone Phomvihan, general secretary of LPRP Central Committee, to 10th Congress of Polish United Workers Party]

[Text] Beloved comrades: On behalf of the LPRP, the working class, and the Lao people, I would like to convey warm salutations and affectionate sentiments to the 10th Congress of the noble and glorious Polish United Workers Party [PZPR], and through you, comrade delegates, to the Communists, working class, and heroic people of Poland on this occasion.

Under the leadership of the PZPR with Comrade Wojciech Jaruzelski as head, the Polish people have been freed from the serious political crisis caused by the reactionaries in the country together with the outside imperialist and reactionary powers. The Polish people have overcome various difficulties and obstacles in defending the revolutionary gains and have marched forward firmly in the cause of building socialism.

Following the aforesaid great achievements, the Polish People's Republic has significantly contributed to the enhancement of the cohesion and strength of the socialist community. It has also made a great contribution to the struggle to safeguard peace and security in Europe and the rest of the world.

I am convinced that the 10th PZPR Congress will mark a new step of development in the cause of socialist construction on the heroic land of Poland. On this glorious occasion, I wish the 10th PZPR Congress brilliant success. May the relations of fraternal friendship, militant solidarity, and all-round cooperation between the two parties and two peoples of Laos and Poland be daily developed and strengthened!

/12766

CSO: 4206/117

LAOS

KAYSONE PHOMVIHAN GREETES JARUZELSKI ON REELECTION

BK080425 Vientiane Domestic Service in Lao 0000 GMT 8 Jul 86

[5 July congratulatory message from Kaysone Phomvihan, general secretary of the LPRP Central Committee, to Wojciech Jaruzelski, first secretary of the Polish United Workers Party (PZPR) Central Committee]

[Text] On the occasion of your reelection as first secretary of the PZPR Central Committee, on behalf of the LPRP Central Committee and the entire Lao Communists and people, I am very elated and would like to extend my sincere congratulations and warm salutations to you. I firmly believe that under the leadership of the PZPR headed by you, comrade, the fraternal Polish people will be able to score yet greater victories in the task of socialist construction.

May the militant solidarity and all-round cooperation between the two parties, governments, and peoples of Laos and Poland be incessantly developed and strengthened on the basis of socialist internationalism.

I wish you, comrade, good health and new greater successes in fulfilling your esteemed duties.

/12766

CSO: 4206/117

## SISOMPHON LOVANSAI ADDRESSES WOMEN'S MEETING

BK081523 Vientiane Domestic Service in Lao 0000 GMT 8 Jul 86

[Text] On the morning of 5 July, the Lao Women's Federation closed with success the 10-day enlarged meeting of its Central Committee. Attending the closing ceremony were Sisomphon Lovansai, member of the LPRP Central Committee Political Bureau and vice chairman of the Supreme People's Council and Mrs Phetsamon Lasasimma, member of the party Central Committee and vice chairman of the Lao Women's Federation, together with comrade members of the Secretariat and the Central Committee of the federation and more than 30 cadres concerned.

In the ceremony, Mrs Phetsamon Lasasimma delivered a speech reporting the assessment of the meeting. She said in part: Over the last 10 days, our meeting proceeded in an energetic manner and in a high spirit of responsibility; our basic purpose was to study the 10th resolution of the party Central Committee. Our fraternal women have raised through study the level of their understanding of the party's line and policies in each field. We particularly discussed the assessment of the glorious achievements scored by our party in the cause of defending the country and building socialism over the past 10 years. In the meeting, we also studied and sought means to settle shortcomings to enable the women's federation to achieve new, ever firmer developmental steps in carrying out its activities in the next stage.

Comrade Sisomphon then addressed the meeting, giving guidelines to the women's federation committees to fulfill their work in the next steps. First of all, he praised and hailed the achievements in various fields scored by the federation in carrying out activities throughout the past 6 months to contribute to the victories of our entire party, Army, and people. He then reviewed the main contents of each portion of the 10th resolution which the fraternal women have just studied in order to help them further grasp its contents even more firmly. In conclusion, he gave certain views for the fraternal women to study and use as a guideline to settle problems in carrying out their activities. He stressed views on the problem of the consolidation of the organizational system of the women's federation in particular. He also instructed the fraternal women to pay attention to improving the working procedures of federation committees at each level as well as to improving the federation's relations with other mass organizations.

/12766

CSO: 4206/117

## BRIEFS

MINISTRIES NAME CHANGES--With reference to Decree No 128 dated 28 June 1986 issued by the chairman of the Council of Ministers, the entire Forestry Service has been transferred from the Ministry of Industry and Handicraft to the Ministry of Agriculture, Forestry, Irrigation, and Agricultural Cooperatives. The entire Forestry Service is composed of the Forestry Section, the timber processing factory, the Forest Settlement Section, and the small-size hydro-electric section with production capacity of less than 1,000 kilowatts related to irrigation work. In compliance with Decree No 08/SPS/86 issued by the SPC Standing Committee on 26 June 1986, the names of the two ministries concerned have been changed as follows: The Ministry of Industry, Handicraft, and Forestry to the Ministry of Industry and Handicraft and the Ministry of Agriculture, Irrigation, and Agricultural Cooperatives to the Ministry of Agriculture, Forestry, Irrigation, and Agricultural Cooperatives. The change of names is effective 1 July 1986. [Text] [Vientiane Domestic Service in Lao 0000 GMT 3 Jul 86 BK]/12766

CSO: 4206/117

PAPER CONTENDS BASES COMMITMENT 'PREMATURE'

HK080437 Manila THE MANILA CHRONICLE in English 7 Jul 86 p 4

[Editorial: "Commitment on Bases Premature"]

[Text] The United States military bases here have emerged as one of the most contentious issues at the Constitutional Commission. They provide violent demonstrations and heated debate in public forums.

From these indications, the bases are likely to excite the Filipino into a higher levels of controversy until 1991 when a decision will be made on what to do with them. Even the present level of reaction to the issue tells us already that it may be a bit too premature for any one--including our leaders--to make any commitment that the bases should stay after 1991 because they guarantee our national security from external aggression.

The notion that bases guarantee security from aggression is arguable. If one really thinks hard, external security requires redefinition of the conventional concept that aggression means the invasion of another nation's territory. The nuclear dimension of warfare has made this definition narrow and obsolete.

External security may now be broadened to mean that a sovereign nation has an obligation to remove itself from the focus of nuclear attack which could annihilate its population. No foreign invasion is required to devastate a nation--only a finger at the nuclear pushbutton. In this sense the presence of the bases here--which most possibly harbor nuclear weapons on account of their regional strategic importance to the U.S.--is a guarantee that the host country is obliterated from the map even before a single invading soldier arrives.

Another argument is that there are dozens of small or medium-sized nations who have maintained their territorial independence without foreign bases.

No Filipino politician can be sure what the mood of the nation over the bases will be 5 years from today. The mood will be determined by the people's perception of what is good for them. At present, a significant section of the population believes the bases do not serve the security interests of the nation. They believe the bases serve U.S. strategic interests, more than the

Philippines; and at the same time put the nation at risk of nuclear attacks. This belief is likely to grow.

Any person aspiring for national leadership cannot truly give an assurance to the U.S. that the bases should remain because they are in the best interests of the people. Such an assurance is too speculative.

If by 1991 most of the people shall have indicated that they do not want the bases, no leadership can ram the bases down their throats without incurring popular hostility. Leaders cannot go against the tide of public opinion in their countries. The retention of the bases in the midst of a hostile population makes their security untenable.

It may serve the U.S. interests also if it keeps its options open until 1991. Events could easily change the national mood and perception. They could render any commitment to retaining the bases absolutely useless.

Anyone who makes a firm commitment on the bases for cheap political gains may not necessarily America's best friend.

/8918

CSO: 4200/1207

## PHILIPPINES

### EMPLOYEES ASSOCIATION DISPUTES BASE WORKERS SACKINGS

HK100126 Manila THE MANILA CHRONICLE in English 9 Jul 86 p 3

[By staff member Romina de los Reyes]

[Text] The United States Government dismissed 42 Filipino workers at the Subic Naval Base recently for "manipulating labor-management relations to achieve ide logical aims" but decided not to substantiate the charge.

In a charge sheet taken up during a Philippine-U.S. joint labor committee meeting yesterday, the U.S. panel said the dismissed Filipino workers' primary goal was to dismantle U.S. military facilities in the Philippines.

Responding to the U.S. charge, the Federation of Filipino Civilian Employees Associations (FFCEA) said Filipino workers are "perfectly entitled to their views on the question of whether the continued presence in the Philippines of the U.S. bases is to the best interest of the people and government."

"Mere advocacy for the dismantling plus removal of the U.S. bases in the Philippines" did not necessarily mean the advocates are communists, as the U.S. panel had insinuated, FFCEA President Roberto Flores said.

The FFCEA demanded substantiation of the U.S. charges and that the dismissed workers be given due process as provided for in the collective bargaining agreement.

The U.S. panel decided not to provide substantiation and instead stood by what it had said. The panel said the dismissed employees did not seek to improve relations with their employers and wanted the destruction of those relations.

The U.S. officials insisted that the 42 workers were dismissed for "acts inconsistent with employment" at Subic Bay naval base and not for their strike activities or advocacy of union-oriented ideas.

Some workers at Subic and Clark bases struck for 12 days last March to demand a package of new economic benefits. Workers barricaded the gates, preventing even American personnel from leaving or entering.



The U.S. panel said a task force of lawyers studied each of the 42 cases before terminating them. It said the "debriefing" statements of some 2,500 U.S. personnel caught outside the bases during the strike were also evaluated, along with photographs, classified reports and recent histories to distinguish those who were "ideologically committed" to undermine their employers from those who merely disagreed with the policy of their employers.

The U.S. report, however, did not cite specific statements of the U.S. personnel "debriefed."

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CSO: 4200/1207

PHILIPPINES

EDITORIAL ON ARGUMENTS FOR DISMANTLING U.S. BASES

HK081007 Manila THE NEWS HERALD in English 6 Jul 86 p 4

["Editorial": "Neutrality Never Saved Anyone"]

[Text] Those who advocate the dismantling of the U.S. bases in the Philippines for the "practical" reason of neutrality are being impractical.

They see the bases as a magnet for aggression--no less than a nuclear attack--from the adversary of the United States, or some other superpower.

They forget that not all the protestations of neutrality saved certain countries from being overrun by the Axis powers in the Second World War. The sad fact of life in this world is, might may not always be right but it gets its way.

In a global war, neutrality quickly becomes untenable, is arbitrarily crushed by the hobnailedboots of an invading army. Neither the presence nor the absence of foreign bases in a small country can keep it out of a worldwide holocaust. Even if imperialists were a respecter of neutrality, the nature and extent of the next world war would not take into consideration any nation's nationalistic choice or policy.

If we are to throw out the U.S. bases, let it not be for the flimsy excuse of neutrality. Let us do it because we want self-respect as a sovereign nation.

For sure, keeping our territory free of a foreign power's military presence will not save us from external aggression. But we can be proud as a free and independent people.

On the other hand, if we choose to let the Americans keep their bases here, since that would be being practical let us go all the way and insist on getting bigger rent for the use of pieces of our sovereign territory.

/8918

CSO: 4200/1207

AQUINO TO FLOAT BONDS ISSUE DURING U.S. VISIT

HK080955 Manila MANILA BULLETIN in English 5 Jul 86 pp 1, 9

[By Ding Marcelo]

[Text] The floating of "Cory Bonds" in the United States to raise money for the country's economic recovery program is being considered by the government as one of President Aquino's objectives when she visits the U.S. in September.

Bonds are interest-bearing government certificates of indebtedness which earn interest and are redeemable at a fixed date.

In related developments:

1. The president has granted tax amnesties on income and real estate taxes for delinquent taxpayers.
2. Filipinos who have stashed dollars abroad can bring them back without question by paying a 10 percent tax on the amount, unless they are ill-gotten wealth being sought by the Presidential Commission on Good Government (PCGG).

Malacanang said the floating of bonds was resorted to by Korea and India just after the war and similar to the Liberty bonds which raised money for America's war efforts during World War II.

President Aquino said she would also appeal to leading American industrialists and to Filipino-American groups to invest in the Philippines.

During the visit, the president said she would reiterate her appeal to the country's creditor banks for liberal terms in the payment of interest on the Philippines \$26 billion foreign debt.

She is also scheduled to sound out U.S. officials for a possible increase in the country's sugar quota and for a bigger share of the market for other exports, particularly garments.

She said the floating of bonds could be a novel way of getting Americans to support the new government here.

"If it is true, as people tell me, that I still enjoy popularity there, perhaps this is the time to reach out and interest these people," she said.

Mrs. Aquino is expected to meet with President Reagan on whose invitation she is going to the United States. She has also been invited to address a joint session of the U.S. Congress by House of Representatives Speaker Tip O'Neill. From Washington, D.C., the president will also visit a few American cities, including Boston, where she and her late husband, Benigno Aquino Jr., stayed in exile for nearly 3 years.

Information Minister Teodoro Locsin Jr. said the president's visit may take 5 days but an extension is being considered.

He also described the forthcoming U.S. trip as a "working official visit" for the president.

Mrs. Aquino announced the "administrative tax measures" designed to raise government revenue's during a recent television program. She was assisted during the program by Finance Minister Jaime Ongpin and Bureau of Internal Revenue [BIR] commissioner Bienvenido Tan.

The tax amnesties were designed for people who, for various reasons in the past, either refused to pay the correct amount or evaded paying their taxes. The income tax amnesty would cover income earned from 1981 to 1985, the taxpayers to pay 10 percent on the difference between his net worth on December 31, 1981 and that of December 31, 1985.

The real estate tax amnesty would cover all delinquencies in the past, the taxpayers to pay 50 percent of the total arrears. Real estate taxes are collected by the municipalities, while income taxes are collected by the BIR.

Payment of the correct amnesty taxes would clear the delinquent taxpayer and free him from further investigation by the BIR on the period covered by the amnesty.

According to Minister Ongpin, the government hopes to raise P2 billion this year on the two tax amnesties.

The Cabinet approved the tax amnesty on dollar hoardings abroad upon the request of a certain group which had shown interest in buying one of the five commercial banks acquired recently by the government, Ongpin said.

Dollar holders can actually remit their currency through the so-called 343 account or dollar account, without paying any amnesty tax.

Ongpin said some P6 billion would be raised by the government from the repatriated dollar tax.

Commissioner Tan said the amnesty tax on income can be paid in two installments if over P50,000 and in three installments if over P500,000. Mrs. Aquino had also authorized the BIR to compromise on pending collection cases at 30 percent of the assessment estimated at P9 billion, including penalties. This will net the government some P3 billion.

/8918

CSO: 4200/1207

DECISION ON AQUINO TERM OF OFFICE DEFERRED

HK050204 Quezon City BUSINESS DAY in English 4 Jul 86 p 12

[Text] The committee on the executive of the Constitutional Commission [Con-Com] deferred final decision on the term of office of President Corazon C. Aquino and Vice-President Salvador Laurel.

On the legislature, the committee on legislative approved to endorse the adoption in the new charter of a unicameral law-making body, (single body) to be known as the National Assembly, composed of not more than 200 to 250 members, including sectoral representatives.

The members of the National Assembly will be elected by districts every second Monday of May and will have a term of 4 years. The term will start on June 30.

The committee on the executive chaired by Commissioner Lorenzo Sumubmng said the tenure of the Aquino government will be decided by the whole Con-Com.

The Sumulong committee agreed that it will not specify the date of the start or termination of the Aquino and Laurel tenure of office. That will be left to the whole body to decide during the plenary session.

The committee's decision may lead to the possibility that Aquino-Laurel term of office may be reduced from 6 years to 4 years, sources said.

Several proposals were filed with the Con-Com providing that Aquino-Laurel tenure of office by separate question and voted upon by the people as a "tack on" issue during the ratification of the new constitution.

The decision to leave the tenure of office to the whole Con-Com will certainly lead to "intense lobbying from various pressure groups," a committee member who requested anonymity said.

The committee on legislative chaired by Hilario Davide, Jr. also agreed to peg the new legislative members to 250 to be elected by districts.

The term of office will be for 4 years without limit for reelection. The Davide Committee decided to restore the Commission on Appointment which confirms appointment made by the president.

The Commission on Appointment shall have 24 members appointed on the basis of political party or sector representatives in the legislature.

/8918

CSO: 4200/1207

SURVEY RESULTS SHOW SUPPORT FOR AQUINO

HK031102 Manila THE MANILA CHRONICLE in English 2 Jul 86 pp 1, 2

[By staff member Vet Vitug]

[Text] The majority of Filipinos favor the major and controversial steps President Aquino has taken since she assumed power in February.

With her at [the] helm, many people believe that their quality of life will improve in the next 3 years.

Many also believe that the Aquino government cannot be influenced by communists or radicals, although half of these worry that the present administration might be overly dominated by the military.

People have a generally low regard for Ferdinand Marcos.

These sentiments emerged in a nationwide survey conducted in May this year by a group from the Ateneo de Manila University and the Social Weather Stations, Inc.

The survey, financed by Ford Foundation, employed a random sampling of 2,000 Filipinos, of voting age, residing in Metro Manila and the rural and urban areas of Luzon, Visayas and Mindanao. Among those who designed and supervised the survey, were Mahar Mangahas and Felipe Miranda, members of the group which undertook the April 1984 and June 1985 surveys of the Bishop-Businessmen's Conference for Human Development.

Mangahas and Miranda appeared before the members of the Constitutional Commission yesterday and discussed the survey results.

Miranda, a political science professor at the University of the Philippines [UP] said the survey results show "a clear mandate for the Aquino government with a tinge of critical appraisal as reflected in the overwhelming belief (87 percent) that the Constitution writers should have been elected."

Of those surveyed, 60 percent expressed satisfaction with the performance of the Aquino government, while a meager 7 percent expressed dissatisfaction. The remaining 33 percent were noncommittal.

The majority favored the confiscation of Marcos' hidden wealth and the freezing of assets of the former ruler's cronies.

Many also favored the abolition of the Matzsan (49 percent against 14); forced resignation of Comelec [Commission on Elections] commissioners (46 percent against 27 percent); replacement of mayors and governors with OICS [officers charge] (43 percent against 31 percent) and forced resignation of Supreme Court Justices (42 percent against 31 percent).

Opinion was divided on the release of top leaders of the Communist Party. The majority of respondents approved of the present Cabinet members.

Miranda said the responses indicated that there was a growing number of Filipinos who believed that peaceful change was still possible.

"This is a stark contrast to the prevailing sentiment 3 years ago where many subscribed that only violence will change the country," Miranda said.

Some 65 percent dismissed the possibility of increased people's support for the communists. Only 25 percent believed it was possible.

Miranda said the people's trust in the New People's Army is diminishing although support for the rebel group has actually increased by 2 percent. He quickly added, however, that the "NPAS Do not pose any danger to the Republic as they did 3 years ago."

The UP professor continued that the people, in answering question about the communists, have become more outspoken and articulate.

The perceived atmosphere of free speech prompted respondents to assess the military with candor and critical appraisal.

A good 55 percent believe the Armed Forces will be "loyal and obedient to the Aquino government" with only 12 percent dissenting.

Another 58 percent believe the military has greatly improved in the last 3 months, with 19 percent believing the contrary. In spite of this, the majority wants the military budget slashed.

There is a perceptible fear that high military officials might think of wresting power away from the government.

Miranda, believed to be one of the few military experts in the academe, said the military will think twice before seizing power although it currently enjoys the "highest degree of support it ever had in the past 20 years."

Miranda argued that no military man can contemplate to coup without taking into account the impact of the February revolution. He pointed out that the "people power" unleashed in the February revolt was not a phenomenon limited to Metro Manila. "I have found out that the degree is more intense in several rural areas," Miranda said.



# How They Rate Cory

	Approval (percent)	Disapproval (percent)
Abolition of the Batasan	49	28
Forced resignation of comelec commissioners	46	27
Replacement of majors and governors with OIC's	43	31
Forced resignation of Supreme Court Justices	42	31
Confiscation of Marcos' hidden wealth	64	14
Freezing of Marcos-crony pro- perties	55	20
Release of detained top leaders of the Communist Party	37	34

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CSO: 4200/1207

PHILIPPINES

THOUSANDS CHEER AQUINO IN MINDANAO

HK060438 Hong Kong AFP in English 0436 GMT 6 Jul 86

[Text] Cagayan de Oro, Philippines, July 6 (AFP)--Tens of thousands of cheering residents welcomed President Corazon Aquino here Sunday as she began an overnight visit to one of the country's most troubled regions.

Military officials said the army and police had been on full alert since Friday and 2,000 troops, only a third of them in uniform, were deployed around this port city to provide security for the visit.

The hinterland around Cagayan de Oro on the north coast of Mindanao island has seen blood clashes in the last few years between guerrillas of the communist New People's Army (NPA) and soldiers and paramilitary groups armed by the military.

Crowds lined the streets and some 20,000 people packed into an open-air stadium to hear Mrs Aquino say she had come to the southern island 750 kilometers (446 miles) from Manila as part of a pledge to decentralize the government.

"I shall return to Mindanao so often that you will probably tire of me," she told the crowd.

Accompanied by armed forces Chief General Fidel Ramos and several cabinet ministers, Mrs Aquino received a 21-gun salute after arriving at the stadium by helicopter from a suburban airport.

There was no hint of trouble in the streets where confetti rained down from buildings as Mrs Aquino rode from the stadium to the nearby Roman Catholic Xavier University, where she received an honorary doctorate.

Some 200 leftist demonstrators expressed support for Mrs Aquino's efforts to reach a ceasefire with insurgents but demanded the removal of two strategic U.S. military bases located near Manila.

"Support Cory's call for a ceasefire," one placard read.

The demonstrators urged Mrs Aquino to dismantle the notorious civilian home defense forces (CHDF), a paramilitary anti-communist force set up by her predecessor Ferdinand Marcos.

A bloody purge within the NPA, the 16,000-strong military force of the banned Communist Party of the Philippines (CPP), had also occurred in this region. The military last month unearthed mass graves containing the remains of dozens of suspected government spies executed by local NPA commanders.

Mrs Aquino's visit here was her second "consultation" trip outside of Manila since she assumed the presidency. Her first such trip took her to Davao City in southeastern Mindanao and Cebu City in the central Philippines.

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CSO: 4200/1207

AQUINO DECLARES STATE OF CALAMITY AFTER TYPHOON

HK110911 Hong Kong AFP in English 0905 GMT 11 Jul 86

[Text] Manila, July 11 (AFP)--President Corazon Aquino Friday declared a state of calamity in areas devastated by Typhoon Peggy, which reportedly left up to 71 people dead.

"I have declared a state of calamity in the provinces affected by Typhoon Gading (Peggy)," Mrs Aquino told reporters as she visited Santo Domingo Church in nearby Quezon City to which hundreds of families were evacuated.

"The damage to property has been extensive and the loss of lives has made this calamity a tragedy as well," she added.

The MANILA BULLETIN newspaper said 71 people were killed and 16 missing in the wake of Peggy, which slammed across northern Philippines Wednesday. Disaster agencies put the official death toll at 54 but said their figures may rise further.

The cyclone triggered widespread flooding and landslides across the main island of Luzon. The National Disaster Coordinating Center (NDCC) said 116,185 families were displaced, and put partial damage estimates at 31 million pesos (\$1.5 million).

Mrs Aquino said she had ordered the release of 10 million pesos (\$500,000) for the affected provinces, but did not specify. A state of calamity qualifies an area to get first priority in relief and rehabilitation.

The NBCC said the casualties came from the provinces of Benguet, Pangasinan, Ilocos Sur, Bulacan, Bataan, La Union, Metropolitan Manila, and Baguio City.

Mrs Aquino said an additional one million pesos (\$50,000) had been allotted for the capital and its suburbs, which suffered extensive flooding.

The president also appealed to the private sector "to again come forward and help our unfortunate brothers."

In the northern mountain resort of Baguio, engineers and earthmovers were working overtime Friday to clear major arteries of landslides which cut off the city from the rest of the country except by air, officials said.

Thirty-one people were buried alive by landslides or drowned in swollen creeks and rivers and four others were missing in Baguio and nearby Benguet, the Baguio City Disaster Council said.

Officials feared the number would rise as no reports had been received from the three nearby provinces of the Cordillera mountain region--Kalinga-Apayao, Ifugao, and Mountain Province--due to closed roads and wrecked communication facilities.

The council put the damage to crops and infrastructure in the Baguio-Benguet area at 50 million pesos (\$2.5 million), higher than the NDCC's national estimate. The area was left without electricity.

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CSO: 4200/1207

MORO FACTION ASKS 'BUTZ' AQUINO TO BE NEGOTIATOR

HK010551 Manila PHILIPPINE DAILY INQUIRER in English 29 Jun 86 p 28

[By Roy S. de Guzman]

[Text] The main faction of the Moro National Liberation Front (MNLF), led by its chairman-in-exile Nur Misuari, wants Agapito "Butz" Aquino as official government emissary empowered to negotiate with the leaders of the secessionist movement in the South.

This was the message imparted to the INQUIRER by Hadji Limpasan Idjirani, chairman of the Muslim Democratic Party [MDP], a legal political party known to have close connections with the Misuari-controlled MNLF.

In a letter mailed to the INQUIRER, the Muslim leader said Agapito, the president's brother-in-law, is acceptable to the MNLF to act as "an emissary for peace of the new government."

He said Aquino's recognition of the MNLF and of Misuari's leadership has made the 47-year old businessman the government's "best bet" to handle the peace negotiations with the separatist leaders.

"Butz Aquino is in the right path in pursuit of his peace mission effort for the Aquino government insofar as the MNLF issue is concerned," said the MDP chairman in his letter.

Aquino, younger brother of the President's slain husband, has met with Misuari early this year. The meeting, which took place while Mr Marcos was still in power, generated controversy and alienated Aquino from the other factions of the MNLF who do not recognize Misuari's leadership.

Idjirani dismissed published reports that some segments in the MNLF have rejected Aquino's designation as emissary. He asked, "But which faction of the MNLF?" The Muslim leader said MNLF in this case may stand for "Marcos National Liberation Front," as he explained that the deposed president used crude tactics in the past to discredit the genuine fighters for Moro independence and liberation.

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CSO: 4200/1207

BALWEG FAVORS LEGAL STRUGGLE IN CORDILLERA REGION

HK021547 Quezon City BUSINESS DAY in English 2 Jul 86 p 22

[By Carmel M. Pizarro]

[Text] Baguio City--Renegade priest, Fr Conrado Balweg, who defected from the New People's Army to form his own group, Cordillera People's Liberation Army (CPLA), is opting for a legal or open struggle since the time calls for it.

Balweg revealed this in an interview by Baboo Mondonado of Cordillera News Agency last June 22 somewhere in the Cordillera Ranges. Balweg said, "While armed struggle is effective, there are times when other forms should be adopted. This is one time for legal struggle...open struggle...."

Balweg claimed that the CPLA is waging a 'revolution' not just for Filipinos' struggle but the struggle of people throughout the world.

"We would like to put this across to the American people that we would like to reach out to them in our common effort, for the establishment of a society wherein there is no more war or oppression. We are supposed to be one family, people with one thrust pushing for unity throughout the world, for the elimination of oppression of man over man," Balweg said.

Balweg asked the people to assess the situation. "What was gained during the time of Marcos by the anti-imperialist movement, should be regained. They should not concentrate on the revolutionary forces as the problem. It is very clear that during the time of Marcos, the revolutionary forces were the ones who took the vanguard of the struggle," he said.

For Balweg, the issue is still nationalism.

"Before any democratic struggle could succeed, it is imperative that we must be united. We must really be one before we can solve our problem internally," he said, asking "how can we solve the problem if we are not a truly independent nation?"

In waging a 'revolution,' Balweg said the CPLA is pushing for a federal state for the Cordilleras.

"I think the correct approach would be to freely accept the self-determination of the Cordillera national minorities," he said.

"Secession is not the political consciousness of the people. Federalism is more realistic; it is there already working," Balweg said.

"You have to define the territory and sovereignty...and assess the political forces within society before tackling the internal problem. That is why we are emphatic in pushing for a federal state because that would define what we are and from this, we can have a framework on how we can solve the country's internal problem," he explained.

Balweg criticized both the New People's Army and the New Armed Forces of the Philippines [NAFP].

"A national army is one which is not being controlled and mandated by another nation," Balweg said. By this definition, Balweg doubted whether the NAFP can be considered a national army, because the NAFP "at present still depends on the interest of the United States."

"As far as nationalism is concerned, the NPA is a national army, particularly from the point of view of ideology," he said.

"But on the aspect of its (NPA's) mission, it is supposed to serve the anti-feudal democratic struggle, and that relationship to the Cordilleras has yet to be resolved," Balweg added, declining to disclose details.

"There is a difference in how the CPLA views the NPA and the NAFP. With the NAFP, there is the issue of U.S. imperialism. With the NPA, it is a problem of the democratic struggle," he said.

Balweg recognized CPLA's problem on both sides. "This problem can be resolved if the NAFP would recognize the just demands of the Cordillera people on the aspect of nationalism, and if the CPP-NPA would also recognize the just demands of the Cordillera people on the aspect of democracy," he said.

Balweg indicated that the CPLA was encouraged to explore peace talks because of the openmindedness of the Aquino government.

"President Corazon C. Aquino made a statement that she is open with regards to the (U.S.) bases and that she is subject to the decision of the people," he said. Because of her attitude, "we are open; she has not closed the issue," Balweg said.

Balweg considered the first round of peace talks with the Aquino government through Agapito "Butz" Aquino, brother-in-law of the president, "successful."

"I think the reason it was more successful than expected was the strong support and participation of the Cordillera people. It was the people who spoke during the negotiations of the Cordillera problem. And Butz even if he was just representing the president, made a personal commitment, and that is very important," Balweg said.



Unlike other rebels, Balweg's CPLA is ready to renounce arms struggle.

"At this stage, we should push forward the political issue. If there is unity in viewing the problem then we can once again advance," he said.

"While armed struggle is effective, there are times when other forms should be adopted. This is one time for legal struggle...open struggle," Balweg said.

Balweg said he does not regard the lifting of the P200,000 reward for his head a big deal.

"Even when there was a tag on me, really there was no difference," he said.  
"I was never insecure with that P200,000 tag."

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CSO: 4200/1207

'RENEGADE' PRIEST MAY MEET WITH PRESIDENT

BK030441 Manila PNA in English 0413 GMT 3 Jul 86

[Text] Manila, July 3 (PNA)--Agapito Butch Aquino, brother-in-law of President Aquino and her authorized emissary to conduct peace talks with rebels headed by Fr. Conrado Balweg, has expressed optimism that the renegade priest will meet the president personally and try to resolve the rebel problem.

Aquino, who met with Fr. Balweg June 15 and 16 somewhere in the Cordillera mountains, said in an interview he found the rebel-priest very sincere and helpful to his people in the mountain province, Benguet, Abra, Kaling-Apayao and Ifugao provinces.

Aquino said he is expected to go back to the mountains before the end of this month to meet again with Balweg and his armed followers, numbering about 800 to 2,000.

Balweg's group recently broke away from the NPA and formed the Cordillera People's Liberation Army.

According to Aquino, he will bring along with him water tanks to store drinking water from a natural spring somewhere in Sadanga near Bontoc, Mountain Province.

The tanks were requested by Balweg for the water needs of the people in the community. He also said he will be accompanied by some engineers to look into the other needs of the people in the Cordilleras.

Aquino also said, he is in favor of the government's granting of the rebels' demands which are reasonable.

Such demands he explained, include recognition of their historical birth right, abolition of presidential decrees issued by former President Marcos regarding their ancestral lands, and the clearing of the natural world of the Cordilleras in the search for minerals.

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CSO: 4200/1207

CON-COM PRESIDENT CONFIDENT ON COMPLETION DATE

HK101524 Quezon City BUSINESS DAY in English 10 Jul 86 p 26

[By reporter Tara S. Singh]

[Text] Constitutional Commission [Con-Com] President Cecilia Munoz-Palma yesterday said she expects the framing of the new constitution to be finished as scheduled. Proclamation No 9 sets September 2 as the Con-Com's deadline.

Palma said the [word indistinct] bill speed up its works by starting its plenary session on 9 A.M. to last up to the evening by July 14. Palma said all the committee reports should have been approved on second or third reading by August 9.

These committee reports will then be submitted to the committee on style for final polishing and they will have to finish by August 25. From August 25 to 30 formal voting by the entire Constitutional Commission will be made on all the provisions of the new constitution.

Meanwhile, Con-Com opposition leader Blas F. Ople filed Resolution No 457 making explicit in the new constitution the right to revolt against a tyrannical regime.

Ople filed the resolution in the wake of the 2-day revolt of the loyalists led by former foreign minister Arturo Tolentino.

Ople said the right to revolt can be a useful reminder to governments that sovereign power rests in the people themselves. Ople said the revolt against tyranny is tacit in all democratic constitutions because tyranny begins where the Constitution is unilaterally violated and ultimately disregarded.

The powers delegated to the government are then repossessed by the people through the exercise of the right to revolt. To exercise people's power in order to dislodge a tyranny and install a democratic government in its place should be incorporated in the new Constitution.

The Con-Com in a marathon session approved last night the methods of how to amend the Constitution.

The Con-Com approved a new feature in amending a new Constitution by providing "initiative" for the people to propose amendments themselves.

The other modes of amending the Constitution are convening the legislature as a constituent Constitutional body to amend the Constitution and calling a Constitutional convention.

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CSO: 4200/1207

CON-COM APPROVES PEOPLES' RIGHT TO AMEND CONSTITUTION

HK110852 Manila MANILA BULLETIN in English 10 Jul 86 pp 1, 10

[By Rod L. Villa, Jr.]

[Text] The Constitutional Commission [Con-Com] approved last night the entire article on amendments, embodying an innovative provision empowering the people, for the first time, to directly change the constitution.

On a unanimous vote of 29 to 0, the Con-Com members vested the people with authority to amend the charter by the signatures of at least 12 percent approval of the electorate.

The article, formulated by the committee on amendments and transitory provisions headed by Jose Suarez Jr., also adopted two other modes of revision of the charter.

These are by the National Assembly on a three-fourths vote or by a Constitutional Convention on a two-thirds vote.

In all cases, the approved amendments are to be ratified by simple majority in a plebiscite.

Suarez declared the article enshrines "people power in the fundamental law" while Blas F. Ople, leading the opposition bloc, said the new mode "comes at a right moment in history."

The Con-Com left it to the National Assembly to prescribe the manner of implementing the people's "initiative."

But Commissioner Rene Sarmiento cited American tradition calling for the signatures of at least 12 percent of registered voters to revise provisions of the constitution.

Meanwhile, the right to revolt against tyranny as a tacit power of the people in a democratic society was proposed yesterday by the four-man opposition bloc.

The minority group declared that an article constitutionalizing this power would serve as a "useful reminder to governments that the final reserve of sovereign authority rests in the people themselves."

Con-Com President Cecilia Munoz Palma assigned the proposal embodied in Resolution 457 to the committee on general provisions under Florangel Rosario Braid.

Palma called on the 15 working committees to submit all pending resolutions not later than July 15 to enable the Con-Com to finish its task within the 90-day timeframe ending September 2.

In a noon day caucus, Palma convened the 15 committee chairmen and their vice chairmen. They agreed that the remaining resolutions be treated as amendments with full plenary debate to start daily beginning Monday.

Palma assured that the Con-Com would formulate a new constitution that is "pro-people, pro-Filipino, and pro-God" in a conference with Con-Com mediamen.

She expressed strong hope the new Constitution would be finished on schedule for immediate submittal to President Aquino.

"It is gratifying to see that all the members are working overtime on the new fundamental law as we share the expectations for its overwhelming ratification by the people," Palma said.

Jose Bengzon Jr., chairman of the Steering Committee, said more than 500 resolutions have been submitted.

Con-Com members considered it "unexpected and significant that the minority bloc, all of whom had served during the Marcos martial law regime, authored the resolution constitutionalizing the right of the people to topple future oppressive governments."

Aside from Ople, Teodulo Natividad, former National Police Commission chairman, and deputy defense minister, former MP's Rustico de los Reyes and Regalado Maambong authored the resolution.

In their resolution, they said tyranny begins where the constitution is systematically violated and ultimated disregarded by a tyrant.

"The tyrant then breaks a sacred covenant between the people and his government at which point, the sovereign power delegated by the people through a Constitution must be seen as reverting to its source," the resolution said.

"The powers delegated to a government are then repossessed by the people who exercise people power to dislodge a tyranny and install a democratic government in its place," the group said.

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CSO: 4200/1207

CON-COM DECIDES ON CITIZENSHIP, PARTY SYSTEM, VOTING

HK100600 Manila MANILA BULLETIN in English 9 Jul 86 pp 1, 5

[By Rod L. Villa Jr.]

[Text] An article declaring as "natural-born citizens" all persons born of Filipino mothers before January 17, 1973, when that constitution was ratified was approved yesterday by the Constitutional Commission (Con-Com).

By a vote of 35 to 3, the Con-Com passed the article on citizenship which also condemns "dual allegiance" as "inimical to national interest" and subject to legislative penalties.

Proponents of the article, formulated by the citizenship committee headed by Jose Laurel Jr. said its ratification in the movement plebiscite would affect thousands of persons, mostly those of Chinese and American fatherhood.

Other developments:

1. The Con-Com committee headed by Vicente Foz decided to scrap the two-party system embodied in the 1973 Constitution and adopted in its place a multi-party system.

The group also approved provisions allowing overseas Filipinos as well as illiterate citizens to vote, and divesting the Commission on Elections (Comelec) of its jurisdiction over electoral protests involving the legislature.

2. The Con-Com devotes the rest of its time to plenary debates starting 2:30 P.M. today and nearly all of the 14 working committees have submitted their respective reports on various constitutional articles.

3. The right of the people to initiate amendments independently of the government through the power of "initiative" set off heated debates on the Con-Com floor last night with Blas F. Ople asserting the "ultimate power of the people to change their own charter" especially under conditions demanding such revision.

Whereas under the 1973 constitution, "mestizons" and other "half breeds" of Filipino maternity have had to make a choice of electing their citizenship upon reaching legal age. They would automatically be considered "natural born" citizens.

Specifically, the members said, the new provision would erase all doubts on the citizenship of all those in that predicament, citing the case of Chief Justice Claudio Teehankee.

Con-Com flock leader Napoleon G. Rama and Jose Bengzon Jr. said the new provision removes all bars disqualifying these persons from running for public office, including the presidency, and nomination to the Supreme Court.

The provision erases the distinction of these persons from "natural born" citizens who are described in previous constitutions as "these who are citizens of the Philippines from birth" without having to perform any act to acquire or perfect their Philippine citizenship.

Fr. Joaquin Bernas who presided over committee hearings led those who championed the amendment to the article.

Blas F. Ople, leading the group that won condemnation of "dual allegiance," said the declaration addresses itself mainly to members of the Filipino-Chinese community.

He said continuing disenchantment with liberalized naturalization law under the Marcos regime arises from the belief that considerable numbers of this sector maintain a "double allegiance" either to the Republic of China or Taiwan or the People's Republic of China on the mainland.

Retired Chief Justice Roberto Concepcion, Educator Wilfrido Villacorta, Hilario Davide Jr., Rustico de los Reyes Jr., Regalado Maambong, and Ricardo Romulo argued in favor of Ople.

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CSO: 4200/1207



CON-COM ENDORSES SWEEPING LAND REFORM PROGRAM

HK100138 Manila PHILIPPINE DAILY INQUIRER in English 8 Jul 86 pp 1, 22

[By M. Ronquillo]

[Text] The Constitutional Commission's [Con-Com] subcommittee on land reform yesterday endorsed a sweeping land reform program which the proponents hope would revolutionize the government's agrarian policy.

At the same time, the Con-Com approved on second reading an amended article on the national territory which was interpreted by the minority as a virtual renunciation of the country's claim to Sabah.

Jaime Tadeo, chairman of the subcommittee on land reform--one of seven subcommittees under the Committee on Social Justice--told the INQUIRER that the measure would place all agricultural lands with landowner-tenant relationship under land reform.

"All crops are included in this proposal," said Tadeo, who also expressed the hope that the measure will be approved by the committee on social justice today.

The subcommittee's endorsement of a sweeping land reform program comes amid a growing consensus in government to implement just that.

Minister of Agrarian Reform Heherson Alvarez has been quoted as saying that the government should carry out a genuine land reform program which should include coconut and sugar areas. At present, only lands planted to rice and corn are covered by the land reform program.

At a public hearing of the social justice committee, economist Manager Mangahas urged President Aquino to take the initiative by declaring Hacienda Luisita which her family owns as an experimental area for the program.

Mangahas said this would set a precedent and remove all doubts on the sincerity of the government to carrying out a genuine land reform program. Ms Aquino promised in the last campaign to explore the possibility of placing Hacienda Luisita, which covers 6,000 hectares of prime sugar lands under the land reform program.

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CSO: 4200/1207

CON-COM APPROVES ARTICLE DEFINING TERRITORY

HK090519 Manila MANILA BULLETIN in English 8 Jul 86 pp 1, 8

[By Rod L. Villa Jr.]

[Text] The Constitutional Commission (Con-Com) approved yesterday Article 1 defining Philippine territory, which, the members asserted, is designed to improve relations with Malaysia without forfeiting the claim to Sabah.

On a vote of 27 to 8, the commissioners approved the provision. It climaxed a long debate aimed at eliminating irritants in the ties with Malaysia while opening options for eventual jurisdiction over the controversial southern area.

The plenary debates centered on the deletion of the 1973 Constitution's territorial provision on "historical rights and legal title."

The Con-Com adopted a proposal of Fr. Joaquin Bernas to use in its place "territories over which the Philippines has sovereign jurisdiction," assuring that this conforms with international law and also allows flexibility in pursuing the Sabah claim.

It was "business as usual" at the Con-Com as Con-Com Vice President Ambrosio Padilla called on the members to ignore the political and military maneuvers arising from the proclamation of former Senator Arturo Tolentino who installed himself president.

Padilla said the government of President Aquino "remains strong because she has the support of the people."

The adoption of Bernas' amendment to the provision on territorial jurisdiction dealt a double-blow to a possible military adventure against Sabah by invoking the provisions of the 1973 constitution.

Bernas sought the elimination of "historical right and legal title" with which Marcos, using the claims of the heirs of the Sultanate of Sulu, pursued the Sabah bid.

With the phrase deleted, Bernas proposed that this be substituted with "sovereign jurisdiction in defining Philippine territory."

The territorial provision, Bernas argued, should not contain any clause, phrase, or word "which may diplomatically harm Philippine relations with other countries."

He pointed out that "legal title has acquired a definite historical meaning in the use of the 1973 Constitution as "a cover-all for claims to Sabah, the Marianas, and other areas over which the Philippines does not actually exercise jurisdiction.

Guingona opposed the Bernas amendment because, he said, it could be misconstrued to mean the dropping of the Sabah claim. This would close all doors to future claims, he said.

Domocao Alonto voted for the Bernas amendment "in the interest and welfare of the country," while Felicitas Aquino said she voted "yes" on the understanding [word indistinct] the possibility of a claim on Sabah.

Jose Bengzon voted for the proposal because he said it does not preclude future claims and does not consider [it] a loss of any part of the country.

Also voting for the provision were Lino Brocka, Florangel Rosario Braid, Ponciano Bennagin, Vicente Foz, Jose Laurel Jr., Regalado Maambong, Ople, Mindaluz Quesada, Florenz Regalado, Francisco Rodrigo, Ricardo Romulo, Rene Sarmiento, and Lorenzo Sumulong.

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CSO: 4200/1207

COMMITTEE APPROVES UNICAMERAL LEGISLATURE

HK050154 Manila MANILA BULLETIN in English 4 Jul 86 pp 1, 12

[By Rod L. Villa, Jr.]

[Text] A unicameral legislature with 250 elected members, to be known as the National Assembly, was approved by the Constitutional Commission [Con-Com]'s legislative committee yesterday.

The proposal won by one vote over the bicameral system in an 8-7 balloting of the committee which reported it out for plenary debates on second reading next week.

Committee chairman Hilario Davide, Jr. cast the decisive vote to break the 7-7 tie for a unicameral law-making body slightly different from the Batasang Pambansa established by the Marcos regime and abolished by President Aquino last March 25.

The committee members also voted for a 4-year term for the assemblymen to be elected by provincial district and sectors, without limitation on reelection.

They thus discarded the system set up by Marcos to appoint sectoral representatives, branding this as a defilement of the will of the people and unwarranted presidential control of the legislature.

Earlier, the Con-Com discarded the parliamentary form of government to heed the clamor of the people for a return to the presidential system.

The committee also set the date of the legislative election on the second Monday of May for those elected to assume office June 30 every 4 years thereafter.

Those who voted for the unicameral system, aside from Davide, were Adolfo Azcuna, Yusup Abubakar, Lorenzo Sumulong, Roberto Concepcion, Eulogio Lerum, Rustico de los Reyes, and Edmundo Garcia.

The legislature would be composed of only one chamber of elected lawmakers, simplifying organization and easily pinpointing responsibility in enactment of bills.

Those who were for the bicameral system were Francisco Rodrigo, Tumucac Alonto, Felicitas Aquino, Alberto Jamir, Serafin Guingona, and Jose Calderon.

This legislative form would consist of two separate chambers, the House of Representatives made up of 124 congressmen elected by provinces, and the Senate composed of 24 members elected at large, as was the setups in the Old Congress.

The committee also unanimously approved the restoration of "question hour" and the reestablishment of the Commission on Appointments composed of three members representing the majority party, three from the minority party and three Supreme Court justices, whose chairman would be the senior justice.

Explaining his tie-breaking vote for the unicameral system, Davide said this would make for better democratic representation tied up with the provincial district.

He said a one-chamber law-making body would work for economy and more expeditious legislation. But the legislative committee report is expected to face rough sailing in forthcoming plenary debates where senior commissioners vowed to shatter it with amendments.

Some did not discount the possibility of defeating the unicameral proposal for a two-chamber legislature. Elder commissioners who served in the old Congress recalled that it was a spawning ground for national leaders, saying that almost all the presidents were trained in the old Senate.

Other Con-Com developments:

1. Foreign Affairs Deputy Minister Leticia Ramos Shahani, Feminist leader Madita Gomez, and Dr Aquilino Esguerra led an array of resources persons who battled for stronger provisions protecting women and children's rights.
2. Political Affairs Minister Antonio Cuenco appeared before the Con-Com to declare himself in favor of the presidential system, and demanded the restoration of the right of voters in urban cities to elect both city and provincial officials where the provincial government is located within the cities.
3. The transitory provisions committee approved the holding of early elections based on a resolution filed by the opposition bloc led by Blas F. Ople.

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CSO: 4200/1207

BUSINESSMEN FEAR WEALTH PROBE COOPTED BY MARCOS CRONIES

HK110104 Manila THE NEWS HERALD in English 10 Jul 86 p 10

[Text] The investigation into the hidden wealth of deposed President Marcos and his associates seems to have taken a discriminatory pattern because of the apparent involvement in the probe of top aides of his cronies.

Businessmen expressed this observation yesterday as they sought more specific guidelines in the work of the Presidential Commission on Good Government [PCGG] which has so far sequestered over 200 firms believed owned by Marcos or his cronies or set up through the use of public funds.

At the same time, the businessmen cautioned the PCGG, headed by former Senator Jovito Salonga to be extra careful in screening those who volunteer to help in the wealth investigation.

The probe is a top priority project of the Aquino government designed to recover the bulk of property and funds believed to have been taken by Marcos, his relatives and his cronies during their 20-year reign.

Businessmen who have been closely watching the work of the PCGG said that while some cronies are being investigated intensively and subjected to humiliating treatment like cancellation of passports, freeze on assets including bank deposits or outright seizure of property, some groups appear being left out and allowed to continue with their business as if they were not in any way connected previously with the old regime.

The most prominent crony aide being mentioned is Salvador Hizon, the PCGG's chief legal counsel.

Hizon used to be the top financial adviser of well-known crony Rodolfo Cuenca, headman of the new bankrupt Construction Development Corporation of the Philippines [CDCP].

CDCP, which used to corner all major infrastructure projects in the country, has since been taken over by the government and renamed the Philippine National Construction Corp.

Heavily indebted with the Philippine National Bank, CDCP among others, handled the ambitious Manila Bay reclamation project which was considered a big failure despite the huge sum pumped into it.

After his stint with Cuenca, Hizon became part of the management of the also bankrupt Philippine Underwriters Finance Corp (Philfinance).

This entity was previously controlled by another Marcos crony, Ricardo Silverio, whose conglomerate led by its flagship Delta Motors, also collapsed after incurring heavy debts with the government and private lenders.

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CSO: 4200/1207

3 NATIONS OFFER MARCOS 'MOST GENEROUS TERMS'

HK080431 Quezon City NEW DAY in English 7 Jul 86 p 1

[By H. O. Rivera]

[Text] Honolulu--Three African countries have indicated they would welcome a visit by former President Marcos to explore the possibility of his and his family taking up residence there.

Marcos told NEW DAY in an interview after dinner in his asylum home in Honolulu that the three African countries are Gabon, Ivory Coast and Ghana. "They offered the most generous terms provided that we will help develop them economically," he said.

The former president had in the past sought asylum in various countries, including Spain, Panama and Costa Rica, and turned him down for one reason or another.

"I have received a number of requests from other countries but all of these depend on arrangements with the American government and with the Aquino government which has raised objections to my moving out of the United States," Marcos said.

He said he does not know why the Aquino government objects to his moving out of the U.S. but that "now it is quite obvious that they don't want me also to go back to the Philippines."

Whatever the reason for this, he explained, has nothing to do with the legitimacy problem confronting the Aquino government.

"The legitimacy problem is something else," he said. "There is no way by which they can stabilize the political situation there except by establishing a government acceptable to our people."

He added: "And from where I sit, I can see by the reaction of the people that they do not and are not accepting a revolutionary government."

For a man rumored to be terminally ill, the former president looked strong and healthy, and he attributed this to his 4 months' "forced vacation" which he said, has done wonders to his health.



"I jog, I lift weights, I do push-ups, and I'd like these people who are talking about my health to try and do the exercise that I perform," he said.

When not entertaining visitors, Mr Marcos spends a good amount of his time at his porch which provides him with a magnificent view of the sea and enables him to enjoy the Hawaiian seabreeze.

The large backyard of his rented beachfront house affords him a place to do his jogging away from prying eyes and he enjoys resting under the shade of two mango trees in his backyard.

Marcos said he has now regained his health and is strong enough and "ready to work for my country if they want me to go back and help."

He said, however, that he would not go back to the Philippines if his presence there would cause a civil war.

"I do not intend to initiate any violence, but if it becomes necessary--and I think it might be--for me to go there to remind our people that they must be united and unite them in the effort to solve the economic crisis and the insurgency problem, then I will."

However, he said he would like the various opposing factions to unite first and those who cannot work should give way to those who can because "our principal task would be to solve the economic crisis and eliminate the problem of communist insurgency."

On the move to reopen the Aquino assassination case on the ground that there was a mistrial, Marcos said that Manuel Herrera's claim that he (Marcos) pressured the court to acquit the respondents is nothing but a shameless lie.

He said he had asked people back in Manila to check the files, including the tape recordings and the notes taken during the conference and that they had reported back that Herrera's statement is a complete fabrication.

Marcos said that of all the members of the Tanodbayan, only Herrera was insistent on filing charges against accessories after the fact when the evidence does not warrant the filing of such a charge.

He said he had called the Tanodbayan and all its members to a conference when he received word that the Tanodbayan did not believe there was any evidence that could sustain charges of accessory after the crime.

"I understand that Justice Narvasa sent a letter to the Tanodbayan saying that the evidence in the Agrava Report is not evidence that can be used but that they are merely conclusions by the Agrava Commission.

He recalled: "And when I asked that Tanodbayan, including Mr Herrera, they all agreed that there was no evidence of accusing any of the officers of being accessories after the fact."

Marcos said he was also made to understand that even some justices of the Supreme Court had called attention to the fact that there is no evidence against any accessory after the fact.

And so, he recalled, he told everybody in that conference with the Tanodbayan, including Herrera: "What will happen if you file this case? You will be playing. You would be engaged in a moro-moro" [farce].

Marcos said he had received reports that Herrera had committed anomalies when he was with the NISA (National Intelligence and Security Administration) under Gen Fabian Ver and also as a prosecutor and later as a member of the Tanodbayan.

However, he said, he would like to get the evidence first before airing this charge. "I want sworn statements and I want documents," he said, "and when we have the evidence, we will blast the case wide open."

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CSO: 4200/1207

MEMORIAL ESTABLISHED FOR MARCOS REGIME VICTIMS

HK110832 Manila PHILIPPINE DAILY INQUIRER in English 9 Jul 86 p 20

[Text] A group of concerned citizens, headed by former Sen Jovito R. Salonga and Ms Aurora Aquino recently organized the Bantayog Ng Mga Bayani, a memorial to the victims of authoritarian rule.

The memorial consists of a structure that shall contain thoroughly-researched and verified documents bearing the names of persons believed to have died or disappeared from December 30, 1985 to February 25, 1986, under the following circumstances:

--As a result of military operations, by "salvaging," torture, hamletting, and other methods.

--For protecting the ballot.

--For speaking out or writing against oppression, repression, anarchy, terrorism, tyranny, despotism, and/or plunder of the nation's wealth.

--For daring to fight or struggle for the restoration of the democratic processes.

--For joining demonstrations, rallies, and other expressions of protest against the establishment.

--For working with the poor and the oppressed.

Nominations to the roll of honorees shall be open to relatives and friends of the victims, and the general public. The nominations should be accompanied by evidence showing that the nominees were victimized by the past authoritarian regime because of his commitment to the cause of freedom and justice.

A research and documentation committee shall evaluate the nominations and documents and verify whether the nominees are qualified to join the list of honorees.

The final inclusion of the names to the roster of enrollees shall be the decision of the Executive Committee composed of Salonga, chairperson, Ms Aurora

Aquino, honorary chairperson, Abraham F. Sarmiento assistant chairperson; and Ms Josefa Jopson, Ms Cecilia Lagman, Dr La Verne Mercado, Bishop Tito Pasco, Ms Lydia de la Paz, and Rev Cirilo Rigos, members.

The committee chairpersons are: Thelma Arceo, research; Victor Barrios, finance; Pearl Doromal, design and venue, and Ledevina V. Carino, concept development, and Mariano Sarmiento II, Legal. Nievelena V. Rosete is the Memorial secretary.

Nominations may be sent to the Research and Documentation Center, Bantayog ng mga Bayani, Room 109, Bonifacio Building, University of Life, Pasig, Metro Manila.

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CSO: 4200/1207

PHILIPPINES

POLICE, RELIGIOUS CULTISTS CLASH, 12 DEAD

HK130410 Hong Kong AFP in English 0359 GMT 13 Jul 86

[Text] Cagayan de Oro, Philippines, July 13 (AFP)--Police shot dead 12 members of an anti-communist religious cult who attacked a government building near this southern city, the Information Ministry said Sunday.

The clash occurred Friday when members of the Philippine Benevolent Christian Missionary Association, armed with long knives, stormed a government health center near Jasaan Town, Information Ministry spokesmen here said.

They told AGENCE FRNACE-PRESSE in an interview from Manila that police and paramilitary constabulary troops sent to the rescue opened fire on the cult members who ignored an ultimatum to surrender.

The bodies of the victims were taken to the municipal hall of Jasaan, some 750 kilometers southeast of Manila, but relatives refused to claim them, the spokesmen said, quoting the town's police chief, Antonio Mercado.

Two other cultists were seriously wounded, they added.

The religious cult is among more than a dozen such armed groups roaming the rebellion-torn island of Mindanao in search of their arch-enemies, communist New People's Army (NPA) guerrillas and sympathizers.

Members of these cults believe they are invulnerable to bullets and other weapons.

(In Manila, newspapers reported that armed men abducted 10 Roman Catholic nuns Friday in the predominantly Muslim city of Marawi in central Mindanao.

(Official confirmation of the report was not immediately available.

(The reports said armed men barged into a Carmelite convent as the women were finishing their evening prayers.

(It was not immediately known if the incident was related to last month's abduction in Marawi by unknown gunmen of a French Roman Catholic priest, Father Michel de Gigord, who was held for 2 weeks.)

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CSO: 4200/1207

RAMOS REPORTS ON NPA KILLINGS SINCE LATE 1985

HK040511 Manila MANILA BULLETIN in English 3 Jul 86 pp 1, 7

[By Jose de Vera]

[Text] A total of 913 individuals, including many subversives of "doubtful loyalty," have been killed since late last year in atrocities perpetrated by the New People's Army (NPA).

This was disclosed today in documents attached to a letter sent by Gen Fidel V. Ramos, chief of staff to the new Armed Forces, and Commissioner Jose W. Diokno of the Presidential Commission on Human Rights (PCHR).

Ramos called the attention of the PCHR to recently unearthed NPA atrocities, including summary executions of innocent civilians.

Mass graves of victims, according to Ramos, have been found in Bataan, Misamis Oriental, and Agusan del Norte. It is strongly believed that more are yet to be found in other provinces, he added.

In the other documents, killings by the NPA were listed in detail. These took place in Bukidnon, Ilocos Norte, Cagayan, Albay, Zamboanga del Norte, Bohol, Negros Oriental, Negros Occidental, Davao Norte, Davao City, Misamis Occidental, Kalinga-Apayao, South Cotabato, Eastern Samar, and Nueva Ecija.

Ramos told Diokno that last June 10, 19, and 20, government troopers exhumed the remains of 215 victims of NPA's "Operation Linis" last year in several mass graves in Misamis Oriental.

Most of the victims, according to Ramos, were civilians who refused to cooperate with the insurgents. At least 24 of the victims were members of the NPA who either planned to surrender or were suspected to be government spies.

An NPA surrenderer revealed that some of the victims were tortured to death. The remains of 54 victims of NPA atrocities were earlier exhumed in various places in Butuan City, Ramos said.

In the letter it was stated that early this year in northeastern Mindanao, the NPO launched "Operation Zombies," a series of summary executions of CPP-NPA members suspected as government agents or "infiltrators." At least 130 insurgents operating mostly in Misamis Oriental, Agusan del Norte and Bukidnon were killed in the operation.

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CSO: 4200/1207

NPA LIQUIDATION SQUADS STILL ACTIVE

HK110824 Manila PHILIPPINE DAILY INQUIRER in English 9 Jul 86 p 6

[By Rod Izon]

[Text] A superintendent of the national defense arsenal in Limay town was shot dead the other day by men believed to be members of the New People's Army (NPA) liquidation squad.

Engineer Roberto Sutid, 37, of the arsenal's material and quality control division, was killed as he stepped out of the office to buy newspapers.

Col Cecilio Penilla, Bataan PC [Philippine Constabulary] provincial commander, said that according to military investigators. Penilla was killed because he had refused to give the dissidents ammunition.

Sutid is also president of the Bernabe Subdivision in Limay.

Late last week, the NPA sparrow unit in Bataan attacked the camp of the PC "Bravo" company in Sitio Company, Barangay Calaylayan, Abucay, late last week.

Sgt Manuel Paras, security guard, was wounded.

Reports said the suspects arrived in two Ford Fieras.

Meanwhile, NPAS killed two PC soldiers and robbed them of their guns in Lanao del Norte late last week.

Belated reports reaching the Central Mindanao Regional Unified Command (RUC 12) identified the slain troopers as Sgt Romualdo Yseres and CIC [Constable 1st Class] Virgilio Intong, both assigned to the 444th PC company based at Kolambugan, Lanao del Norte.

The victims were shot in the head and their Armalites were stolen.

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CSO: 4200/1207



'HEAVY FIGHTING' REPORTED WITH MNLF REBELS IN MINDANAO

HK011605 Quezon City BUSINESS DAY in English 1 Jul 86 p 24

[Text] Heavy fighting broke out between some 100 Moro National Liberation Front (MNLF) rebels and government troopers in at least four major provinces in Mindanao, Camp Crame said yesterday.

As fighting raged, former Lanao del Sur Governor Ali Dimaporo accused Brig Gen Rodrigo Gutang, regional unified command (Ruc) 12 chief, of violating the peace accord between the MNLF and the Armed Forces.

Clashes erupted after government forces under Gutang captured Hadji al Murad, a high-ranking official of the Moro Islamic Liberation Front (MILF), a splinter faction of the MNLF.

The MILF leader was traveling in Lanao del Sur reportedly on a peace mission with the government.

Maj Gen Jose Magno, southcom chief, confirmed to newsmen that government troopers are battling the MNLF forces particularly in Zamboanga del Sur.

Fighting is feared to escalate into a full-blown war as reports from at least four Mindanao provinces show that Muslim forces and AFP [Armed Forces of the Philippines] men are now locked in battle.

A recent incident occurred in Zamboanga del Sur's Olutanga town, home to the Tausugs, where AFP task force Olutanga is still fighting as of press time with some 100 MNLF rebels led by Commander Salip Andam Redman.

Government troops, according to a Camp Crame report, captured a rebel camp with 45 foxholes in Pulo, Mabo, Olutanga, resulting in the death of two rebels and the capture of several firearms.

Meanwhile, in South Cotabato, some 165 MNLF rebels under Commander Abdul Gulam of Lutayan town clashed with elements of the third infantry brigade and the 456th PC [Philippine Constabulary] Company.

Two rebels were killed and an army soldier was wounded.

The clashes were preceded by grenade attacks on government troopers in Sulu, resulting in the wounding of four government soldiers.

This was followed by grenade throwing of the house of MILF official, Hadji Mutalid Dimalao, wounding Salik Daladag and his wife, Alapia.

In Manila, Dimaporo said Murad was humiliated by Gutang's men who allegedly hogtied the nine companions of the reputed MILF Central Committee members.

Dimaporo said, "I am afraid that when you embarrass a Muslim, he will not stop until he gets even. He will surely retaliate."

Murad was later released by Gutang who reportedly told Murad that he should have gotten a safety pass from the regional commander before he went to Lanao del Sur from his rebel base in Jolo.

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CSO: 4200/1207

MILITARY SURROUNDS REBELS IN NEGROS OCCIDENTAL

HK031038 Manila THE MANILA CHRONICLE in English 1 Jul 86 p 5

[By Correspondent Rolando Espina]

[Text] Bacolod City--Fighting punctuated by bursts of heavy artillery raged Sunday and yesterday as government troops pursued a 300-man New People's Army group that had raided the 7th Infantry Battalion detachment in Hinobaan, Negros Occidental, last June 20.

A Task Force Sugarland (TFS) officer said the military had surrounded the guerrillas. The officer, who asked not to be identified, said however, the rebels were trying to break through.

He said four soldiers were wounded but he withheld their identities pending notification of their families. The casualties reportedly belonged to the Bravo Company of the 7th Infantry Battalion in Barangay Talagacay, Hinobaan, was attacked by the NPA June 20. [sentence as published]

The TSF officer's report confirmed reports by members of a joint private-government medical mission to Camindangay of heavy fighting some three kilometers from where they treated 600 indigent persons Sunday. The members of the mission claimed they heard artillery fire.

The latest casualties brought to eight the number of government troops wounded while pursuing the rebels.

Four soldiers were wounded June 24 when a composite team from the battalion tried to block the guerrillas fleeing toward Sipalay Town through the forested Manlukahoc Plateau.

The TFS source said the rebels were being subjected to mortar fire by the military.

The civilian population of the southern hinterlands have been forced to evacuate their homes because of the fighting.

Leonardo Gallardo of the Negros Economics Development Foundation, who accompanied the medical mission, said he saw hundreds of refugees going toward Camindangay. He added that 300 upland residents had evacuated to escape the crossfire.

In Hinobaan Town, 937 families who had evacuated were advised to go back home by military officials, who told them "you'll not get hit if you are not NPA."

Many Xandoni and Sipalay residents, however, were not taking that kind of advice. Reports say three mortar shells fired in Hinobaan exploded in farm plots 20 meters from the homes of some farmers. The farmers said their small children had vacated the area only minutes before the shells exploded.

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CSO: 4200/1207

BATTALION SENT TO NEGROS TO FIGHT INSURGENCY

HK090241 Manila PHILIPPINE DAILY INQUIRER in English 7 Jul 86 p 24

[By Abe Licayan]

[Text] Cebu City--A combat battalion of the army consisting of more than 600 officers and men has been deployed to Negros Island to help contain what appears to be an escalation of rebel activities there.

Military authorities here said in spite of the government's appeal for cease-fire and reconciliation, the communist rebels in Negros struck at two detachments in Negros Oriental and nearly overran the town of Hinobaan in Occidental.

The attacks made simultaneously less than 5 days ago resulted in the wounding of a number of soldiers.

The New People's Army rebels there, who constitute about the biggest number of insurgents in the country, have reportedly been moving around freely in the island.

The battalion led by Col Antonio Laus from the 3d Infantry Division based in Cebu City will reinforce the battalion-size Task Force Sugarland under Col Rene Cardones and the regular constabulary and Integrated National Police forces.

The reinforcement was in answer to a request by the military commander in Negros, citing the growing insurgency problem in that island. The unit will perform not only combat operations, but also civic action work.

The rebels in Cebu, meanwhile, said that while they are for reconciliation, the military should also stop "all acts of aggression" against them.

In a statement released to Cebu newspapers, the provincial committee of the Communist Party and the provincial operational command of the NPA said the rebels have the "capability and ability to stage bigger operations but it is now exercising restraint because of the alleged desire of the government to bring about peace and a lasting solution to the country's insurgency problem."

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CSO: 4200/1207

EX-GOVERNOR THREATENS INDEPENDENCE BID FOR MINDANAO

BK020529 Manila PNA in English 0308 GMT 2 Jul 86

[Text] Manila, July 2 (PNA)--Deposed Lanao Del Sur Gov Ali Dimaporo has threatened to declare Mindanao an independent state if the country will be ruled by communists.

If I am spiritually and morally convinced that our country is going towards communism, and nobody is doing something about it, we will declare Mindanao as independent, Dimaporo said in an interview.

The former Lanao Del Sur governor made the statement a day after he warned of the resumption of hostilities in Mindanao by the secessionist Moro National Liberation Front (MNLF).

Dimaporo said the military knew that he has been very vocal against the New People's Army (NPA) and the MNLF and I identify myself with the military.

The 68-year-old Muslim warlord said he has been prodded by various sectors in Mindanao to declare the independence of Mindanao.

However, Dimaporo said, he cautioned them from making hasty moves because that should be the last thing we should do. He said he asked the people in Mindanao to observe first the performance of the Aquino government. If it is designed for the welfare of the people, we will support it, Dimaporo said. But if it veers towards communism, he said, he will declare Mindanao as an independent state and fight communism.

Pockets of fighting between the MNLF and government forces have been reported during the past few days in various places in Mindanao.

Dimaporo expressed fears that the expiration of the ceasefire in Mindanao Monday and the arrest of Commander Hadji Murad, the highest ranking Muslim rebel in Mindanao, in Marawi City could lead to the re-escalation of fighting in the area. He also cited the failure of the government to meet a group of Muslim rebels who came to the country recently for talks. He said the rebel group left the country without seeing President Aquino.

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CSO: 4200/120

REBEL RETURNEES OFFERED LAND IN MINDANAO

HK090253 Manila THE NEWS HERALD in English 8 Jul 86 p 3

[Text] Cagayan de Oro City--About 60,000 hectares of land are being made available by the government in three areas in Northern Mindanao for rebel returnees, Agrarian Reform Minister Heherson Alvarez announced.

Alvarez said the rehabilitation and resettlement areas for rebel returnees are located in Agusan del Sur, Agusan del Norte and Bukidnon.

Each rebel returnee will be given three hectares within 5 months after re-joining the government, he said.

According to Alvarez, the rehabilitation of the returnees "is a tedious and expensive undertaking." However, such a program "is very valuable in terms of long-term peace and stability," he said.

Alvarez made the remark as political affairs deputy Minister Guillermo Parel told newsmen that the military and the rebel forces in at least seven provinces of Northern Mindanao (Region 10) have agreed to stop fighting to give President Aquino a chance to achieve success in her peace initiatives.

Parel said that the fighting had ceased temporarily in Misamis Occidental, Misamis Oriental, Bukidnon, Surigao del Norte, Surigao del Sur, Agusan del Norte and Agusan del Sur.

He said communist guerrillas in the seven provinces allegedly headed by a certain "Nilo Nabung" have maintained a low profile since Mrs Aquino took office.

Nabung reportedly is a former scholar from the Xavier University here and a cousin of Acting Gov Vicente Emano of Misamis Oriental.

Emano, for his part, said that Nabung has contacted him several times the past few days and had indicated his willingness to return to the fold of the law if the Aquino government adopts a beneficial program for the returnees.

Emano said Nabung and his men are demanding for the implementation of a genuine land reform program and the dismantling of all paramilitary forces, including the Civilian Home Defense Forces.

On [the] other hand, Col Jesus Hermosa Jr. acting regional 10 commander, reported that of the 414 barangays in Cagayan de Oro, 10 percent had been infiltrated by rebels and another 10 percent threatened by them.

Hermosa said, however, that on the overall peace and order situation in Northern Mindanao, the insurgency problem is under control "as only few areas of the region were affected by rebels."

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CSO: 4200/1207



DIMAPORO WARNS ON COMMUNISM, THREATENS MINDANAO REPUBLIC

HK021559 Manila THE NEWS HERALD in English 2 Jul 86 pp 1, 2

[Text] Former Lanao del Sur Gov Ali Dimaporo yesterday warned that the country is fast drifting toward communism and threatened to carve out an independent Mindanao republic should the country fall into communist hands.

Dimaporo based his view on the Aquino government's plan to include communists in a coalition government to be put up with the Unido [United Nationalist Democratic Organization] and PDP-LABAN [Pilipino Democratic Party-Lakas ng Bayan] parties and the military faction to strengthen the government.

The Lanao del Sur strongman and supporter of deposed President Marcos said: "If I am spiritually and morally convinced that the country is going to the communists and nobody is doing something about it, I will declare an independent Mindanao republic."

Answering questions during yesterday's Kapihan ng Mga Loyalista [coff with loyalists] at the Sulu Hotel, Dimaporo said "the participation of the communists in the government is very dangerous and the Filipino people who are hungry for real democracy and freedom will not tolerate such a thing to happen."

Dimaporo also lashed out at the Aquino government's lack of decision action on the Mindanao problem, saying that an "endless war" would result from the refusal of the government to heed Moror National Liberation Front's demand for the implementation of the Tripoli Agreement of 1976.

In another development, Princess Tarhata Alonta Lucman of the ruling family of the Sultanate of Sulu also assailed the government for its "insensitivity and utter lack of understanding of the Muslim problem."

"In lanao del Sur today, we have no semblance of government. We have taken leaders but they are helpless to bring peace and unity among our people," she said.

The princess added that the "mujahideen" (religious warriors) are escalating their military efforts.

"My people can no longer wait and the call to arms becomes more and more appealing to them with each day that this government refuses to move," she added.

Dimaporo urged President Aquino to work for reconciliation. He said he is appealing to the president to be magnanimous and asked her to address herself to reconciliation so that normalization and development could be achieved.

In the same interview, Dimaporo asked that loyalists should be tolerated in mass actions saying that, "if you wipe out loyalists, or resistance groups, you will be killing democracy."

Loyalists, he said, should be given the necessary permit.

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CSO: 4200/1207

MALAYA EDITORIAL VIEWS CEASE-FIRE TALKS

HK101226 Quezon City ANG PAHAYAGANG MALAYA in English 4 Jul 86 p 4

[Editorial: "Hopes for Peace"]

[Text] The festering 17-year-old communist insurgency problem will have reached a high point soon with the first official negotiations between the government and communist emissaries in an undisclosed place. It was a historic start for the "peace with honor" bid of the new government in its search for that elusive dream of uniting all Filipinos to hasten the monumental task of nation-building in this Marcos-ravaged land.

Let it be noted at the outset that there are good indications that could truly lead to a ceasefire in the ongoing talks between the government and rebel emissaries. Although the eve of the historic meeting has been marred by an ambush by the New People's Army in Quezon resulting in the death of some 8 soldiers, this should not be misconstrued as a deliberate effort to torpedo the negotiations. There is no reason to believe that the insurgents would agree to any meeting in the first place if ceasefire during the talks had not been envisioned as a part of good intentions. If at all, and at the risk of being naive, the ambush could be an isolated incident staged by some rebel elements who might not have heard of the agreement for a dialog that was already forged between the protagonists.

More than any other factor to be considered in the negotiations is the sincerity of intentions on both panels. Barely a few weeks in the saddle, the new government has embarked on a policy of reconciliation with the local communists to end the festering sore that had sundered and wounded the nation for so long. It had translated this sincerity, many have noticed, in the two negotiators it has named for the purpose. Although a conflict of interest may be minimally involved in Mr Jose Diokno's case, bearing in mind his present position, this could not conceivably affect the progress--nor the outcome--of the talks, and the same goes for Mr Ramon Mitra.

We can only hope that the representatives of the other group, Messrs Antonio Zumel and Satur Ocampo, will not pass up the chance to prove that the interest of the country is the guiding rationale behind their struggle.

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CSO: 4200/1207

COMMISSION INVESTIGATES ABUSES BY TROOPS IN CAGAYAN

HK101554 Quezon City BUSINESS DAY in English 10 Jul 86 p 27

[By reporter Ramon R. Isberto]

[Text] The Presidential Committee on Human Rights [PCHR] will subpoena some military officers deployed in the Cagayan Valley region to hear their side regarding charges of human rights abuses allegedly committed by government troops operating in the area.

PCHR member Prof Haydee Yorac told newsmen yesterday that the seven-man committee chaired by former Senator Jose W. Diokno will decide on who and how many military officers will be summoned after it finishes evaluating the evidence and testimony that it gathered during its fact-finding trip to various areas in the provinces of Cagayan and Kalinga-Apayao last Monday.

After hearing the side of the military officers, the committee will evaluate the facts and submit its report and recommendations to President Corazon C. Aquino for her consideration, Yorac explained.

The committee was able to gather some 88 affidavits on various complaints. Sixty-four of these complaints came from 12 towns in Cagayan, 22 were from four towns in Kalinga-Apayao and two from two towns in Isabel. Committee members Zenaida Quezon-Avancena, Sr. Marianni Dimaranan, William Claver and Yorac also visited the town of Sta. Maria in Kalinga-Apayao, where refugees from other surrounding towns were reported to have gathered and flew by helicopter over other sites which were reportedly abandoned by residents as a result of military operations.

The committee went to Region II in response to a formal complaint filed with the PCHR by various human rights groups accusing the military of resorting to "hamletting" (i.e., the forcible relocation of people), physical abuse and summary execution of farmers while conducting its anti-insurgency operations in the region.

Top military officials however dismissed the allegations and claimed that the fact-finding team that visited the area last May had been infiltrated by the communists.

While stressing that the committee still has to evaluate the evidence and testimonies, Yorac said the PCHR has "substantive evidence" regarding the "transfer of the population from one area to another."

In Sta. Maria, for example, the Barrio captain told the committee members that half of the present population "evacuated" from other areas.

The committee was also able to take video tapes of other areas where there were houses that appeared to be abandoned. Yorac said however this has to be studied in relation to testimonies and other evidence.

The committee also heard complaints from a group of farmers who gathered in Tuguegarao of being forced by the military to deliver Gabi plants and dogs "for the purpose of eating."

There were also various complaints of physical abuse by military men such as the burning of hands and the disappearance of a number of persons.

The PCHR declined to identify persons or units accused of committing such acts. Yorac did say though that one name that "consistently" cropped up was that of a certain Sgt Duenas.

The UP [University of the Philippines] law professor added that the committee was greeted at Tuguegarao by a demonstration of about 50 to 80 people denouncing alleged atrocities of the New People's Army.

The group, which reportedly had been ferried to the airport in two trucks, presented a document to that affect signed by over a hundred people. The document however did not cite specific atrocities, Avancena said.

Some military officials in Cagayan told a similar line. PC [Philippine Constabulary] provincial commander for Cagayan, Lt Col Rodolfo Aguinaldo pressed this point when he met the PCHR's advance party.

Yorac said the PC colonel was "very vocal about his unhappiness" over the committee's visit to the area. Apart from this, there were no further objections from the military officials in the region, she added.

Yorac said the investigation of alleged NPA atrocities is not within the scope of the committee's mandate, adding that such complaints should be raised with the regular courts.

Brig Gen Samuel Soriano, who represents the AFP [Armed Forces of the Philippines] in the committee, added that the committee can forward the information to the proper government agencies who can take action on them.

Asked if Aguinaldo, who has been cited in various complaints of alleged torture and maltreatment of political detainees during the Marcos administration, would be subpoenaed by the committee, Yorac said, "We are considering that."

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CSO: 4200/1207

ECONOMIST PREDICTS 'HARDLY ANY OVERALL GROWTH' IN 86

HK101544 Quezon City BUSINESS DAY in English 10 Jul 86 p 3

[Excerpt] The economy is expected to improve by the third and fourth quarters this year, but the improvement will only offset the poor performance in the first half of 1986. As a result, 1986 will end with hardly any overall growth for the economy, Omar T. Cruz, head of the economic forecasting unit of the Center for Research and Communication (CRC), said yesterday.

Cruz attributed the growth expected for the second half of this year--a 4.1 percent rise in the gross domestic product (GDP) as against a negative 3.7 percent for the first half--to money coming from abroad, estimated at \$501 million, to finance the government's deficit spending.

He said he sees no stronger rally of the Philippine economy as the targeted foreign financing of \$1.08 billion is not expected to come in and only \$501 million can be raised at the moment.

A second reason Cruz cited was that the bulk of government expenditures will be lent to ailing government corporations and financial institutions and used to amortize loans. He said that because of financing constraints, the government may even be forced to cut its expenditures.

Pump priming efforts of the government will hardly be felt and will result in only a marginal 0.5 percent growth in personal consumption expenditures for the second half of this year, while investments will remain negative during the same period.

Exports are expected to grow by 5.6 percent for the second half and post an overall growth of 3.3 percent for the entire year. Imports will grow by a higher 5.6 percent for the next 6 months. For the entire year, imports will grow by 4.5 percent.

Total external debt is estimated to reach \$27.4 billion by the end of this year from \$26.25 billion in 1985. The debt service ratio will be 37.63 percent this year compared to 43.26 percent last year. Interest payment as a percent of merchandise exports for this year will remain at close to 50 percent.

The average foreign exchange rate for the second semester has been estimated at P20.80 to the dollar. For the entire year, the rate has been placed at P20.56. Next year, Cruz projected an average foreign exchange rate of P21.60.

The inflation rate will remain at a manageable 3.5 percent for the entire year. The nominal lending rate will continue to decelerate to 16.5 percent for the second semester from 19.56 percent in the first semester for a year-end average of 18.03 percent.

The country's balance of payment (BOP) for this year will post a surplus of \$1,053 million with debt rescheduling. Without rescheduling, the BOP will be a negative \$300 million. International reserves will reach \$1,348 million this year.

Cruz said he expects recovery to begin only in 1987. "By that time, business will begin enjoying the benefits of tax restructuring, import liberalization, price decontrols, less government involvement in business and lower bank intermediation costs," he explained.

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CSO: 4200/1207

NEW STANDBY AGREEMENT TO BE NEGOTIATED WITH IMF

HK090229 Manila MANILA BULLETIN in English 8 Jul 86 p 11

[By Juanito Concepcion]

[Text] The government will start early next week formal negotiations with the International Monetary Fund for a new 18-month standby agreement even if the government has yet to start implementing the restructuring program for the government financial institutions (GFIS), one of several areas of concern in the forthcoming talks with the fund, a government official said yesterday.

The IMF team, lead by Hubert Neiss, deputy director of the IMF Asian department, is set to arrive on July 14.

The Philippine negotiating panel will be headed by Central Bank [CB] Governor Jose B. Fernandez Jr. who arrived over the weekend from a vacation in Africa.

The restructuring of GFIS was earlier pinpointed by government officials as one of several problematic issues that needed to be threshed out before the start of formal negotiations with the IMF.

The tax reform and import liberalization programs, suggested for implementation in an IMF memorandum last April, had been put in place by the government.

The official, who declined to be identified, said the new standby agreement would likely set various quarterly quantitative and qualitative performance criteria that should be met by the government to allow it to draw from the new credit facility being sought from the IMF.

The quantitative performance criteria will most likely include reserve money levels, net domestic credits, net international reserves, Philippine National Bank access to CB borrowings and others which were similarly contained in the previous standby program that expired last month, the official said.

He declined to specify the amount of credit facility the government would seek from the IMF. The IMF in 1984 granted the government a standby credit of 615 million special drawing rights [SDR] equivalent to \$610 million.



An official also could not say whether or not the 212 million SDR which the government failed to draw from the previous credit facility would be added to the new facility.

An agreement with the IMF for a new standby agreement is deemed crucial as it will signal the start of the government's negotiations for multi-year restructuring and fresh economic assistance from foreign commercial banks, as well as official creditors.

Government sources also said that the huge budget deficit that the government is projecting this year was another area of concern of the IMF.

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CSO: 4200/1207

GOVERNMENT INCURS P10 BILLION DEFICIT JAN-JUN 86

HK080945 Manila MANILA BULLETIN in English 5 Jul 86 p 15

[Text] The national government incurred a P10 billion budget deficit during the first 5 months of the year as revenues of P29.6 billion were inadequate to cover up total expenditures of P39.6 billion during the period, preliminary figures of the Bureau of Treasury have showed.

The shortfall in revenue collection during the first 5 months and projections that total revenues to be collected for the whole year will amount to only some P86 billion, as against expenditures of about P113 billion, has prompted the government to further revise the projected budget deficit for the year, government sources said yesterday.

From the P22 to P26 billion deficit which was earlier projected by the Budget Ministry, the new range has been set at between a conservative level of P25 billion to P29 billion, sources said.

The earlier how P22 billion deficit level was projected taking into account the \$200 million, or P4 billion, Economic Support Fund [ESF] from the United States.

If the P4 billion from the ESF is received by the country before the end of the year, especially with the recent signing of the agreement for the release of the funds, the new deficit level will likely be about P25 billion only, sources said.

Budget Minister Alberto Romulo earlier said increased equity and net lending to government financial institutions, particularly the Philippine National Bank, would further bloat the projected deficit level for this year from the earlier lower estimate of P22 billion.

Sources said the Finance Ministry is still figuring out if revenues can still be significantly increased from the projected P86 billion with the implementation starting July 1 of a package of tax measures which is designed, among others, to further increase government revenue collections.

Estimated net revenue impact of the tax package is P4 billion yearly or P2 billion in 1986.

Any significant increase in revenue collections will finance and trim down the projected deficit for this year, sources said.

Sources said the government intends to finance about P10 billion of the projected deficit from domestic borrowings.

The balance of the projected deficit will be financed through foreign loans of the official development assistance type that the government is trying to finalize right now, sources said.

Failure of the government to raise the needed amount to finance the balance of the projected deficit may prompt the government to further increase its domestic borrowings from the P10 billion level that was earlier set as some sort of a limit, sources said.

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CSO: 4200/1207

ONGPIN OPPOSES SELECTIVE DEBT REPUDIATION

HK240315 Manila MANILA BULLETIN in English 23 Jun 86 p 19

[Text] The government cannot afford to undertake selective repudiation of its foreign debts because the country, compared to other debt-ridden countries like Peru and Brazil, is in the most vulnerable position, Finance Minister Jaime V. Ongpin said.

Ongpin's position contrasts with the selective debt repudiation stance that still [as published] being espoused by Economic Planning Minister Solita Monsod.

The finance chief said the government can take extreme actions, like a selective debt repudiation only if there is no need to borrow money from the international credit market in the future.

He indicated that the Philippines would continue to borrow funds from the international credit market to finance the development of the economy.

Ongpin said the policy of the government is to honor all its legitimate obligations.

President Aquino earlier said that we need to be able to preserve our access to the foreign credit markets in the future. And unless we are willing to abandon that access and say that we will not borrow one more penny because we can afford to survive by ourselves, that option of a selective debt repudiation, in my opinion, may not be sound," Ongpin said. [no opening quotes published]

He confirmed the findings of Anatole Kaletsky of the FINANCIAL TIMES of London in his study on the cost of defaulting that the Philippines cannot afford to undertake a selective repudiation of its debts because of the adverse consequences.

Kaletsky's report, which was documented with statistics, showed the vulnerability and the new monies available to debt-ridden countries like Argentina, Brazil, Peru and the Philippines.

Ongpin conceded that questionable loan transactions, like those involving the \$2.3 billion Batasan nuclear plant, may be investigated.

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CSO: 4200/1207

INDEPENDENT CENTRAL BANK PROPOSED FOR CHARTER

HK091448 Quezon City BUSINESS DAY in English 9 Jul 86 p 3

[Text] A provision ensuring the independence of the Central Bank [CB] has been proposed for inclusion in the new charter being drafted by the Constitutional Commission [Con-Com]. This was disclosed by Bernardo M. Villegas, chairman of the Con-Com committee on the national economy and patrimony, yesterday before members of the Philippine Economic Society. Villegas also said monetary board members should come from the private sector, unlike in the present setup where government representatives dominate the board.

The Monetary Board is the CB's policy-making body.

The independence of the CB was one of the proposals made by economists of the UP [University of the Philippines] School of Economics and adopted by the National Economic and Development Authority (NEDA) as a guide for its medium-term program.

The UP economists pointed out the need for an independent CB so it "will be better able to supervise and regulate financial institutions and assure them independence from the intrusion of political and other interest groups."

Villegas told BUSINESS DAY that it remains unclear at this point of his committee's deliberations if there will be any government sector representative in the monetary board. He emphasized however that the majority will come from the private sector.

During the same forum, Villegas outlined the thinking of the committee about ensuring a more responsive private sector to act as the engine of growth. He said there is a need to stress the role of the private sector in upholding the common good.

"We can no longer go on thinking that there is an invisible hand; there is no such thing and private enterprise must deliberately work for the common good," he said.

The "invisible hand" was a term used by economist Adam Smith to illustrate his belief that the pursuit of individual self-interest will benefit society as a whole. By pursuing his own interest, Smith said, the individual would promote the interest of the society more effectively.

At least two new provisions will be introduced in the proposed charter. These two, one on social justice and the other on human resources and education, will emphasize the thrust toward improving the lot of the poor.

In the case of the relationship between the private sector and the government, Villegas stressed the principle of subsidiarity wherein the government will only enter areas where private initiative is found wanting.

In the case of foreign investments, the general view of his committee, he said, is to maintain the present 60 percent Filipino and 40 percent foreign sharing of equity in firms that directly exploit the country's natural resources.

National patrimony has been proposed to cover not only the country's natural resources but also the country's culture and manpower resources. He said there is even a proposal to ban the export of Filipino manpower.

Villegas said his committee has been discussing possible economic areas for inclusion under the proposed charter. He said the proposals are intended to improve on the existing system, avoid the pitfalls of previous schemes and introduce innovative and effective principles that will provide the parameters for a more equitable development.

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CSO: 4200/1207

SABAH JOINT VENTURE AGREEMENT SIGNING DEFERRED

HK100134 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 9 Jul 86 p 2

[Text] The Philippines decided yesterday to forego with the signing of a joint venture agreement on agriculture with Sabah, as scheduled, because the agreement might put in estoppel the Philippines' claim over the territory.

Instead, Agriculture and Food Minister Ramon Mitra Jr. wrote an appreciative letter to Dr Jeffrey Kitingan, managing director of the Sabah Foundation, left yesterday. [as published]

In the letter, MITRA pointed out that the MAF [Ministry of Agriculture and Food] is prepared to assist in developing the Sabahan economy through joint ventures and technical assistance projects in six areas involving agriculture, the original proposals in the draft agreement,

MITRA's letter also said that MAF and the foundation can play key roles in paving the way towards closer ties between private business sectors in the fields of deep-sea fishing, agro-forestry, rattan making and leather industries and livestock and poultry, among others.

He suggested that both MAF and the Foundation should take steps to link their respective business communities so they can in turn proceed with the appropriate discussions.

Kitingan is expected to present Mitra's letter to his superiors in the Sabah government.

The Philippines is not yet officially dropping its territorial claim over Sabah, as this decision will depend on the Ministry of Foreign Affairs, Mitra said.

He recalled that as early as 1959, when he first visited Sabah, he proposed the setting up of a vice consular office, which will be staffed by military officers. He also proposed that more Filipino males be sent to Sabah and marry Sabahanas.

He said the reason for foregoing with the signing of the agreement was that he did not want to annex a territory through an official agreement. He also

said that he was going along with what he called "the myth of several officials that Sabah belongs to the Philippines.

Mitra also said he has talked to Foreign Minister Salvador Laurel regarding the fielding of agricultural attaches in all Philippine embassies, whose main task is to gather market information for agricultural exports.

He said agricultural attaches at the Philippine embassies in the European Economic Community and the United States have helped a lot in marketing, and in seeking lower tariffs and other trade concessions for agricultural exports of the Philippines.

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CSO: 4200/1207



MINISTER LAUNCHES EXPORT TRADE DRIVE

HK100140 Manila PHILIPPINE DAILY INQUIRER in English 8 Jul 86 p 9

[By Jessica Densing]

[Text] Exports are expected to pick up next year, especially in Europe, as declining prices of oil increase the Europeans' purchasing power and make their markets more receptive to Philippine-made goods.

The prospects are also made brighter by worldwide fascination with the Philippines and the new administration as a result of the February revolution, trade sources indicated.

Acting on this upbeat outlook, Trade and Industry Minister Jose Concepcion, Jr. yesterday mobilized the country's 60 commercial attaches in an export promotion drive not only in Europe but in all the country's markets the world over.

Brighter expectations for the export sector were expressed by Vice Austin, president of the Foreign Buyers Association of the Philippines, who said that in the European Economic Community alone exports of non-traditional goods like garments, furniture and leather goods will increase by 15 to 20 percent.

Agustin said the lower prices Europeans have to pay for petroleum allows them to buy more goods from other countries. Agustin said foreign orders for Philippine products increased 20 percent since President Aquino's assumption of office.

He noted, however, that the administration has not yet been able to make Philippine products competitive in the world market. According to him, local manufacturers are still saddled with high energy costs, lack of capital, high interest rates on borrowed capital, and restive labor.

He said the Aquino government has wasted so much time in implementing the reforms for the export industry.

For his part, Concepcion launched an export promotion drive at a briefing yesterday for the MTI's [Ministry of Trade and Industry] commercial attaches.

The attaches were called home and asked to submit a 6-month program and set export targets in their respective territories.

Concepcion told the trade attaches to fight for increased quotas for local goods and look out for foreign companies interested in investing in the country.

He lamented the fact that out of the \$350-billion export market in the United States, the country's share was a mere one-half of 1 percent.

He told the trade attaches to persuade Japanese firms that are planning to move out of Japan where production costs have gone up, to relocate their operations to the Philippines.

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CSO: 4200/1207

'TOTAL' BAN EXCLUDES PLANTATION LOGS

HK101534 Quezon City BUSINESS DAY in English 10 Jul 86 p 2

[Text] The "total" log export ban that is scheduled to take effect on August 21 will not include plantation logs, according to Ministry of Natural Resources (MNR) spokesman Alfonso Policarpio.

Philippine Wood Products Association (PWPA) President Ernesto Sanvictores confirmed this and said that, based on his understanding, the MNR has excluded from the ban fast-growing species planted in three plantations.

These, he said would include falcatta, eucalyptus, gmellina, acacia mangium, Caribbean pine and ipil-ipil.

Industry sources however raised apprehensions that the exemption of plantation logs "might provide a loophole and could result in the passing off of natural forest logs as plantation logs."

For instance, a source said that in the past, prohibited species also managed to find their way into the export market. "If you want to eradicate smuggling and illegal logging altogether, a total ban should be effected," he added.

Besides, he said there seems to be an insufficient amount of harvestable plantation logs to merit an exception. He noted that many logging firms this year found several plantation species such as falcatta in short supply.

Sanvictores said there are about 75,000 hectares of tree plantations in the country. The Paper Industries Corporation of the Philippines (Picop) takes up the bulk of this total, accounting for 40,000 hectares.

He added that last year, the country exported 130,000 cubic meters of falcatta logs, mostly to Taiwan at an average price of \$33 to \$35 per cubic meter.

At the just-concluded Southeast Asia Lumber Producers Association (SEALPA) conference, consumer nations were also informed that the Philippine export ban would cover only natural forest species and not plantation logs.

Observers, who had earlier believed that Natural Resources Minister Ernesto Maceda's announcement of a "total" ban covered all forest species, including those from plantations, interpreted the new development as either a relaxation of the rule or an outright deception from the very start.

'ECONOMIC INDICATOR' COLUMN REVEALS GROWING OIL DEMAND

HK091502 Quezon City BUSINESS DAY in English 9 Jul 86 p 3

["Economic Indicator" column: "Oil Demand Seen Growing 4.6 Percent"]

[Text] From 1986 to 1990, demand for oil is projected to grow 4.6 percent reaching 51.569 million barrels at the end of the 5-year period from an estimated demand level of 49.306 million barrels this year, statistics from the Ministry of Energy (MOE) showed.

The slow growth reflects the continuing decline in energy consumption that started 2 years ago as a result of the government's energy conservation efforts and the slowdown in industrial activity during the period.

Last year, consumption of oil or energy products, which accounted for about 96 percent of the total usage of petroleum products, was estimated at 51.074 million barrels. Consumption has been declining since 1980 with the biggest drops of 17.32 percent and 11.18 percent recorded in 1984 and 1985, respectively.

Due to the slowdown in economic activity, demand for energy products, such as premium and regular gasoline, diesel, LPG, kerosene, avturbo, avgas and fuel oil, is projected to drop continuously until 1987. Demand from the industrial sector, which as of last year accounted for 65 percent of total consumption, will be reduced.

# Energy Products Consumption & Demand Forecast

1975 to 1990 #

(in thousand barrels)

	Total	Fuel oil	Diesel	Regu- lar gas- oline	Prem- ium gasoline	kero- sene	avtu- rbo	lpg	avgas
1975	65,902	29,829	13,227	10,132	5,124	3,154	2,165	2,086	185
1976	67,977	31,418	14,027	9,268	5,530	3,236	2,145	2,177	176
1977	73,784	35,784	14,836	8,791	6,102	3,393	2,320	2,407	151
1978	76,660	36,838	15,582	8,395	6,832	3,683	2,597	2,593	140
1979	79,045	38,659	16,952	7,805	6,652	3,463	2,668	2,734	112
1980	73,979	37,129	17,428	5,299	5,866	3,179	2,605	2,411	62
1981	69,758	34,385	17,787	3,942	5,700	2,860	2,588	2,437	59
1982	69,752	32,971	18,568	3,270	5,941	2,803	3,436	2,524	59
1983	69,557	33,690	18,879	2,971	6,206	2,569	2,658	2,533	51
1984	57,508	24,390	17,090	2,717	5,954	2,269	2,824	2,225	39
1985	51,074	19,968	15,721	2,562	5,888	2,074	2,683	2,142	36
1986	49,306	18,508	15,984	2,400	5,768	2,000	2,697	1,911	38
1987	47,234	15,908	16,384	2,328	5,883	1,980	2,764	1,949	38
1988	48,281	16,286	16,875	2,258	6,030	1,960	2,847	1,988	38
1989	49,913	17,180	17,382	2,201	6,211	1,940	2,933	2,028	38
1990	51,569	17,888	18,077	2,157	6,398	1,921	3,021	2,069	38

# 1975-1985: actual consumption  
1986-1990: demand forecast

Source: Ministry of Energy

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CSO: 4200/1207

## BRIEFS

NPA 'ATROCITIES' IN WESTERN VISAYAS--The Communist Party of the Philippines and its military arm, the New People's Army, are continuing committing atrocities, salvaging, and violating human rights in Western Visayas. During the month of May alone, the RUC [Regional Unified Command] reported at least 28 of such inhuman acts in Aklan, Antique, Capiz, Iloilo, Negros Occidental, and Negros del Norte. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 13 Jul 86 HK] /8918

NPA REBELS KILLED--Asuncion, Davao del Norte--Two suspected communist guerrillas were killed while two others and a soldier were wounded in an encounter between government forces and New People's Army (NPA) rebels over the weekend at Sitio Upper Taga-anonang, Barangay Sagayen this town. In a report to Capt. Rogelio Bonifacio, officer-in-charge of Katipunan Brigade (formerly First Scout Ranger Regiment) with headquarters in Tagum, said one of the slain rebels was identified as Rolando Ocampo of Barangay Sta Filomena, this town. The other fatality was identified. The wounded rebels managed to escape at the height of the firefight. The name of the wounded soldier was not available. The report said a platoon of government troopers belonging to the Second GHQ [General Headquarters] Battalion under 2d Lt Aldelmo Plaza Jr was on patrol in Sitio Tagaanonang when it encountered a squad of heavily armed rebels. A firefight lasting for about 5 minutes ensued. Recovered at the scene were one M-16 Armalite rifle, magazines of assorted ammunitions, and personal belongings of the rebels. [By Ped C. Velasco] [Text] [Manila MANILA BULLETIN in English 10 Jul 86 p 8 HK] /8918

NPA KILL EIGHT--Heavily-armed rebels raided at dawn yesterday [11 July] a ranch owned by Mayor Leonardo Mamba of Tuao, Cagayan, killing eight people including some women. Mayor Mamba broke the news about the raid to reporters in Camp Aguinaldo in Quezon City, where he went to see Defense Minister Juan Ponce Enrile. He said one of his workers was also kidnapped by the New People's Army. The ranch is located in Barangay Santo Tomas, Tuao, at the boundary of Cagayan and Kalinga-Apayao. Mamba said the fatalities could not yet be identified, but said some of them were members of the civilian Home Defense Force. He said some women were hit in the crossfire. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 11 Jul 86 HK] /8918

MASS GRAVE OF NPA VICTIMS--The military discovered some 200 bodies of victims of NPA violence in the towns of [word indistinct] and Claveria in Misamis Oriental. Brigadier General Mariano Adalem, Regional Unified Command 10 com-

mander, said that most of the victims were civilians suspected of being military spies. The military found the mass grave sites in the said towns last 10, 19, and 20 June following the [word indistinct] of its operation [operation cleanup] which aimed to identify the bodies of the so-called zombies murdered by the rebels. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 3 Jul 86 HK] /8918

MNLF REBEL CAMP OVERRUN--Isabela, Basilan--Elements of the 1st Marine Battalion overran last Wednesday a camp of Basilan rebel Commander Talib Congo of the Moro National Liberation Front in Mount Abong-Abong, Maluso, killing five rebels and capturing seven others. In a report of Southern Command Chief Maj Gen Jose P. Magno Jr., Col Cesar Abella, 1st Marine brigade commander, said one of the captured rebels fits the description of Commander Congo. The rebel camp defended by some 100 armed MNLF rebels was captured after 6 days of fighting. The Marines were led by Maj Emmanuel Teodosio, battalion commander. One Marine soldier was killed. He was identified as Pvt Nilo Bubungbanua. [By Vic Arevalo] [Text] [Manila MANILA BULLETIN in English 30 Jun 86 p 8 HK] /8918

DISSIDENTS EXECUTE MILITIAMEN--Heavily armed dissidents rounded up Monday 40 militiamen in Kapatangan, Digos, Davao del Sur, and executed them in public, according to Southeastern Mindanao regional unified Commander Brig Gen Romeo Recina. In a report to AFP [Armed Forces of the Philippines] Chief Gen Fidel V. Ramos, General Recina said he immediately dispatched troops to track down the rebels numbering some 200. The militiamen, he said, were first disarmed by the rebels and later gunned down in public one after the other. General Recina did not mention if the militiamen put up a fight. He said the pursuing troops, drawn from the Army's 37th Infantry Battalion, were also ordered to rescue any hostages of the rebels. The mass killing of the militiamen followed the beheading on the same day of three civilians and shooting to death of four others by communist rebels in Barangay Maculan, Lake Sebu, South Cotabato. [Excerpt] [Manila THE NEWS HERALD in English 4 Jul 86 p 1 HK] /8918

ELECTION COSTS OUTLINED--Some 670 million pesos would be needed to fund the holding of three electoral proceedings in the country, namely a general registration of voters, holding of a plebiscite to ratify the constitution, and the holding of the first national and local elections. This was disclosed by Comelec [Commission on Elections] Chairman Ramon Felipe in a report to President Corazon Aquino. Felipe said that in the general registration of voters alone, the Comelec has estimated costs of 375 million pesos, with 262 million pesos for identify pictures of registered voters. He has estimated an amount worth 105 million pesos for the plebiscite to ratify the constitution, while the first national and local election has an estimated cost of 190 million pesos. Felipe likewise proposed that the Commission on Elections be given at least 90 days to prepare before any electoral proceedings are held, to ensure an honest, fair, and clean election. [Text] [Quezon City DZFM Radio in English 0100 GMT 13 Jul 86 HK] /8918

TRAVEL BAN ON TOLENTINO APPOINTEES--Former Batasan speaker Nicanor Yniguez said cabinet appointees to the failed rebel government of former MP Arturo Tolentino should not be placed in a hold order list since no appointment was

actually accepted. Yniquez said the names mentioned in the Tolentino cabinet were just considered, no appointments actually executed, no oath-taking took place, and nobody discharged and functioned. The former speaker was reacting to the order of the Foreign Ministry yesterday canceling the passports of the Tolentino cabinet. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 10 Jul 86 HK] /8918

SABAH INCLUDED IN NATIONAL TERRITORY--The Constitutional Commission yesterday approved a resolution defining the national territory, which includes, classically, Sabah. The vote was 39 for and 4 against for the Philippines claim, even as Con-Com member father Joaquin Bernas explained that we have not foreclosed the claim over Sabah and that we can always claim it under international law. The resolution on national territory earlier got deleted from the constitution when it failed to get the necessary majority of 25 during voting on the third reading on Wednesday night. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 10 Jul 86 HK] /8918

NEPAL LOAN FOR AIRPORT--Manila, July 11 (AFP)--The Asian Development Bank (ADB) headquarters Friday announced the approval of a \$10.25 million loan to Nepal for the expansion and improvement of the Tribhuvan International Airport. The project is expected to boost Nepal's income from tourism, which in 1985 drew 181,000 foreigners who spent \$40 million, a third of the highland nations' foreign exchange earnings, the ADB said in a press statement. The new loan supplements an \$11 million loan in 1978. It covers a cost overrun of the airport project as well as design changes intended to accommodate increasing traffic, including a new international passenger terminal, the ADB said. [Text] [Hong Kong AFP in English 0306 GMT 11 Jul 86 HK] /8918

CON-COM RESOLUTION ON MULTINATIONALS--Nationalist delegates to the Constitutional Commission (Con-Com) are preparing to pass a resolution that would stop the operations in the country of multinational companies in certain industries, Con-Com delegate Bernardo M. Villegas yesterday said. This group is battling for a 100 percent Filipino ownership of business activities covering natural resources, telecommunications and advertising. Villegas, senior vice president of the Center for Research and Communication (CRC), said in his speech before the Philippine Economic Society (PES) yesterday that he was confident this resolution would not be approved. Instead, he said a "compromise" would be reached by the commission on the economic program. He said, for example, that telecommunication firms should be at least 75 percent Filipino-owned. "This is because of the sensitive position of the telecommunication industry to national security," he explained. Villegas however said that the existing regulation which allows foreign investors to hold 40 percent equity in certain investments areas such as oil exploration, should be maintained. [Text] [Manila THE MANILA CHRONICLE in English 9 Jul 86 p 9 HK] /8918

DEPUTY JUSTICE MINISTER SWORN IN--President Aquino today swore into office yesterday former MP Emilio de la Paz Jr. as deputy minister of justice, former MP Cirilo Montejo as associate commissioner of the Civil Service Commission, Aurelio German as general manager of the Manila International Airport, and Tereas Roxas as president of the Cultural Center of the Philippines [CCP]. De la Paz, a law graduate of the University of Sto Tomas, was a 1971 Consti-



tutional Convention delegated from the second district of Rizal. He is the former dean of the Lyceum college of law. Montejo holds a masteral law degree from the University of Manila and was as 1971 Constitutional Convention delegate. A practicing coordinator of the Cory-Doy Movement. German is a journalism graduate of the Ateneo de Manila University. He was, until his appointment, managing editor of MANPOWER PHILIPPINES and officer-in-charge of the Bureau of National and Foreign Information. He replaced Romeo Santos. Roxas holds a bachelor of arts degree in English literature from Barnard College of Columbia University. She is a former curator of the Malacanang Palace Museum and chairman of the board of trustees of Ballet Philippines of the CCP. President during the swearing in were Presidential Good Government Commissioner Raul Daza, National Food Authority Administrator Emil Ong. [Text] [Manila MANILA BULLETIN in English 10 Jul 86 p 4 HK] /8918

SPLIT IN MILITARY WARNED--Armed Forces Chief Gen Fidel V. Ramos yesterday warned the New Armed Forces of the Philippines [NAFP] and the public of the existence of a group out to drive a wedge in the military organization by using media to disseminate "black propaganda." Ramos' disclosure of the "anti-NAFP" group was prompted by a news report last Monday (not in the INQUIRER) about the alleged purging of some 40,000 enlisted men whose loyalty to President Aquino is doubtful. Ramos branded the news report as "unfounded" and a "black propaganda of anti-NAFP elements." Ramos said that, in times such as these, there is no greater need than for the military to stay united "for the sake of our people and for the generations of Filipinos that will follow after us." Ramos also reiterated the NAFP's "total commitment" to the national government under the leadership of the president. [Text] [Manila PHILIPPINE DAILY INQUIRER in English 3 Jul 86 p 2 HK] /8918

PORT REVENUE INCREASES, STATISTICS--The Philippine Ports Authority [PPA], Port District of San Fernando, La Union earned a total revenue of P3,172,218.99 for the second quarter this year or 243 percent higher than the P1,301,348.34 revenue of the same period last year. This was bared by PPA Port Manager Adolfo Ll Amor Jr in a report to PPA General Manager Capt Primitivo Solis. The breakdown of the total revenue of the second quarter this year showed that April recorded the highest revenue with P1,225,568.04, May with P1,101,341.95 and June with P845,309.00. Last year, June recorded the highest with P604,933.32, April with P392,479.12 and May with P303,935.90. Like last year, revenue derived from charges on cargoes registered the highest percentage in the amount of P1,881,169.17, followed by revenue from vessel charges in the amount of P697,749.13 and other sources of income like rental of buildings, water sales, permits for ancillary port services in the amount of P593,300.39. Port statistics of second quarter this year showed that foreign trade increased with 106,115 revenue tons handled as compared with only 57,009 revenue tons handled last year of the same period. Imports this year registered a total volume of 46,149 R.T. and exports 59,966 R.T. Domestic trade showed that inbound cargoes registered a total volume of 91,477 and outbound cargoes 29,008 R.T. Last year, this port handled 85,684 R.T. of inbound cargoes and 34,479 R.T. of outbound cargoes. No, considerable changes in domestic trade was noted. On shipcalls, there were 25 foreign and 85 domestic vessels that called on this port this year as compared with 14 foreign and 81 domestic vessels last year. [By Tirso L. Rodriguez] [Text] [Manila MANILA BULLETIN in English 9 Jul 86 p 8 HK] /8918

PAMPANGA OIC'S NDF MEMBERS--San Fernando, Pampanga--At least two of the 21 newly designated municipal officers-in-charge [OIC's] in Pampanga have been confirmed as members of the National Democratic Front. A ranking military commander here said the two municipal executives have been placed under close surveillance by military intelligence agents. NDF is described by the military as an umbrella organization of the banned Communist Party of the Philippines, its military arm the New People's Army and other clandestine church, youth, farmers, workers, and professional groups. Some of the municipal executives in Pampanga and other Central Luzon provinces were denounced by PC [Philippine Constabulary] Maj Vidal Querol for their alleged apathy in the anti-insurgency drive in their respective jurisdictions. Querol did not identify the two OIC's who are allegedly members of the NDF. Querol, Bataan assistant PC provincial commander, publicly denounced some of the municipal officers-in-charge for their "uncooperative attitude and stand" in the drive against insurgency during the reorganization meeting of the Central Luzon Regional Peace and Order Council in Camp Olivas last week. [Text] [Manila THE NEW PHILIPPINES DAILY EXPRESS in English 3 Jul 86 p 2 HK] /8918

MINISTER ON U.S. BOND FLOTATION--Finance Minister Jaime Ongpin said the floating of "Cory Bonds" in the United States to raise money for the country's economic recovery program would entail a lot of complications, that would make it an expensive exercise. Ongpin said it might be difficult for the Philippines to float the bonds in the U.S. market because the country did not have a "triple A rating." Moreover, he said, the principal would have to be collateralized or guaranteed, making it an expensive program. Ongpin also said that the Philippines would have to make a lot of disclosures before the U.S. Securities and Exchange Commission (SEC) regarding the Philippines' need to issue bonds. The finance minister said the Philippines was looking for less complicated alternatives, such as the issuance of "mutual funds." The floating of such type of bonds, a suggestion of foreign investment bankers in New York, has also been undertaken by South Korea, Thailand and India. The bonds are interest-bearing government certificates of indebtedness and are redeemable at a fixed date. [Text] [Manila THE MANILA CHRONICLE in English 7 Jul 86 p 9 HK] /8918

CSO: 4200/1207

THAILAND

ECONOMICS OFFICIAL CRITICIZES U.S. FARM ACT REPORT

BK030219 Bangkok BANGKOK POST in English 3 Jul 86 p 13

[By Walailak Kiratiphatphong]

[Text] Business Economics Department Director General Danai Dulalampha yesterday criticised an analysis of the impact of the Farm Act available in the U.S. Department of Agriculture saying the analyst lacked knowledge of rice market mechanisms.

Mr Danai, who read the analysis for the first time yesterday, said he was upset and unhappy about the report.

"I am certain that this is not the official position of the U.S. Government," Mr Danai said, adding that he needed more time to study the report.

He also said that he would send a copy to Deputy Premier and Foreign Minister Sitthi Sawetsila.

The official who wrote the analysis has no knowledge of the rice market mechanisms, the top official said.

Mr Danai said that the analysis attempts to "bury the facts."

He said the cause of low rice prices was due to the United States having dumped a lot of money into subsidising their rice exports.

The United States is now very critical of the European Community for subsidizing their agricultural exports while at the same time they are doing the same thing, he said.

Before he read the analysis, Mr Danai told reporters that the major cause of Thai rice prices was the U.S. Farm Act.

"I can confirm that the weakening in prices is a direct effect of the U.S. Farm Act," he said.

His view was shared by the Export Development Committee which held a meeting yesterday and agreed that the U.S. Farm Act had caused severe impact on Thailand's market share.

It however expressed delight that Thailand could be able to remedy the situation in time.

Mr Danai said that as a result of the act, importing countries have adopted a wait-and-see attitude in anticipation of announcements of further price falls of the U.S. rice in the world market.

He cited the first announcement made in April by the U.S. Department of Agriculture that delayed orders from importing countries.

He said that in a recent press interview, the U.S. minister of agriculture had admitted that importing countries of the United States had adopted this attitude to await the new announcement to be made on August 1.

Besides rice, the announcement also covers several agricultural products, he said.

Mr Danai claimed that U.S. Secretary of Agriculture Richard Lyng had said that this was one of the reasons why the United States had lost its trade balance on agricultural products after importing countries delayed their orders in anticipation of further price falls to be announced in August.

"Thai rice had faced the same problem after importing countries had delayed their orders in anticipation of price falls from the April announcement," he said.

The rice situation, however, eased after the government intervened with an offer to buy up to 200,000 tons of rice from exporters to push up prices, he said.

He said the government had informed U.S. Secretary of State George Shultz of the intervention and that he seemed satisfied the situation had eased.

Meanwhile, Foreign Trade Department Deputy Director General Pracha Charutrakuachai expressed satisfaction over the surge in rice prices.

Though it is minimal, it's good anyway," he said.

Asked to comment on the exaggeration made in the analysis of the Farm Act, the deputy director general said the announced figure of rice prices of the U.S. Farm Act was untrue.

He claimed the U.S. Department of Agriculture had added other unrealistically high costs such as milling costs in its announced prices.

Mr Pracha said the United States gave two reasons for the increase in prices. They are:

The government's purchase of 200,000 tons of rice from exporters to store Brazil's purchase of a large quantity of rice in the past few weeks.

An offer to again buy between 700,000-1,000,000 tons, of which about 200,000-400,000 tons will be from Thailand while the remaining amount will be from the United States, Pakistan, Uruguay and Argentina.

DAILY URGES WORK WITH U.S. ON FARM ACT IMPACT

BK070228 Bangkok BANGKOK POST in English 7 Jul 86 p 4

[Editorial: "Steps Needed To Take Sting From Farm Act"]

[Text] In the last seven months or so Thailand, however reluctantly, has added a foreign phrase to its vocabulary. It may be difficult to understand, but thanks to the efforts of the Foreign Ministry and all those concerned, now we know the danger that is imminent. If we ask all those who walk the streets, the taxi drivers, or even the beggars, they will be able to tell you what the "farm act" is all about. Indeed, the rice provision in this particular legislation is something for us Thais to be worried about.

Simply put, because of the huge U.S. Government subsidy, Thai rice will be gravely affected. It will not sell; or if it does, it will probably do so at a very low, disadvantageous price and in a much reduced quantity. The Thai side claims that it is unfair for the United States to do this to their "brothers." It is even ridiculous because, while the subsidy would only help no more than 25,000 American farmers, 35 million Thai farmers would be thrown into an abyss of despair.

Now an analysis by the U.S. Department of Agriculture suggests that the adverse effects of the Farm Act on Thailand is "greatly exaggerated." This has to do with ignorance, cultural tendencies, and even local politicking by all concerned now that the general election is only a few weeks away. The Thai side responds, with equally convincing arguments, that the analysis is "untimely" and "distorted." It is true, as director-general Dani Dulalampha points out, that the US\$1,000 million subsidy already far exceeds Thailand's total export earnings from rice. And it is also true that while the United States has been criticising all other countries, including the European Community, over farm export subsidies, it is doing the very same thing that it seems a sin in the area of free and fair trade.

It would certainly be jumping the gun if one were to conclude that Thailand was totally right and the United States was totally wrong. Naturally, we think it appropriate that the Thai Government do something about it, instead of sitting back and waiting for events to occur by themselves and just hoping for the best. Up to this point, we can say that neither side is wholly right or wholly wrong. Thailand certainly wishes that its early prognostication was wrong, because it would all be [word indistinct].

However, that would be to miss the most important part. The two sides, especially the United States, have said that they would work together to lessen the impact, if any, of the export of Thai rice. Certainly there must be some impact. The thing for both sides to do is to get to the task at hand instead of indulging in an exchange of acrimonies which would certainly benefit no one.

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CSO: 4200/1197

LIBERAL PARTY LEADERSHIP RESIGNS, OFFICE CLOSED

BK030931 Bangkok BANGKOK WORLD in English 3 Jul 86 pp 1-2

[Text] The Seri Niyom (Liberal), the second largest political party contesting the July 27 general elections, is in trouble with the resignations of its chairman and campaign director and the closure of its election centre.

Party chairman Lt Gen Yutthasak Khlong Truat Rok and campaign director Col Narong Kittikhachon announced their pull-outs and the closure of the party's election centre on Sukhothai Road in separate interviews this morning.

Both party executives said they had been prompted by what they called "total irresponsibility" on the part of party leader Prida Phatthanathabut, former University Affairs Minister.

They said they would campaign individually for the elections. Lt Gen Yuthasak is a candidate for Bang Khen while Col Narong is contesting a seat in Ayutthaya. They claimed that the party's candidates had been "abandoned" so that few have any hope of winning in the polls because of Mr Prida's "irresponsibility."

The Seri Niyom entered as many as 287 candidates, the second largest number after the Democrat Party.

"I have never before in my life known a person who is so totally irresponsible as Prida," Lt Gen Yutthasak, former governor of the National Housing Authority, said.

"He (Prida) is the most unreliable person I have ever known in my life," he added.

According to Lt Gen Yuthasak, Mr Prieda never helped shoulder any responsibilities as the party leader or as just a member.

Colonel Narong refused to say if the "responsibilities" covered financial matters but Lt Gen Yutthasak said they involved contributions to the party's election funds.

Lt Gen Yutthasak said only he and Col Narong had helped pay for everything, including the expenses of other candidates, while Prida had never honoured his promises.

"I myself have lost millions of baht and can no longer shoulder the expense," Lt Gen Yutthasak said.

In addition to the problem of funds, Lt Gen Yutthasak said Mr Prida had never attended any party meetings and avoided running into members.

"Everyone calls him a 'tomorrow man,'" Lt Gen Yutthasak said of Mr Prida, noting that he had always promised to do things "tomorrow."

With the party's election centre closed, Lt Gen Yutthasak said it was now the responsibility of individual candidates to run their own campaigns.

Lt Gen Yutthasak did not comment on his future but predicted that Mr Prida would be ousted as leader of the party after the elections because "everyone has experienced that he is an unworthy person."

WORLD reporters in Chiang Mai, where Mr Prida is seeking a parliamentary seat, said they had not seen him for some time although his campaign centre on Woa Lai Road remained open.

A close aide interviewed at the centre this morning said Mr Prida was now in the Northeast helping Seri Niyom candidates campaign there.

The Seri Niyom people in Chiang Mai were stunned by the resignations of two key men in Bangkok and said it was probably a problem of funds.

"I just received a telephone call from Bangkok requesting a meeting with the leader and complaining of a fund shortage," a secretary who asked not to be named said.

The secretary said Mr Prida, Lt Gen Yutthasak and Col Narong had agreed in the early stages that "every individual would struggle his own way in the elections."

"It was understood between the three men that the members would have to help themselves because the party has no funds," a close aide added.

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CSO: 4200/1197



## DAILY SAYS DEMOCRATS LEAD ON EAST COAST

BK211214 Bangkok BANGKOK WORLD in English 21 Jun 86 p 32

[Text] Campaigning has intensified in the eastern coastal provinces this week and a survey conducted by the WORLD indicated that Democrat candidates were the most popular and had a good potential to win in most constituencies.

The Progressive Party, the National Democratic Party [NDP] and the Social Action Party [SAP] shared a small proportion of parliamentary seats in the region, according to the random survey.

The WORLD spent several days observing the campaigns that are heating up in Trat, Chanthaburi, Rayong, Chon Buri and Chachoengsao provinces where "new faces in politics have usually won in past elections."

"The Democrats which have no real political base in these provinces can this time attain more seats than others in the upcoming election," a WORLD reporter observed.

In Chanthaburi, three Democrats, Thawatchai Anamphong, Sanit Fuangprayun and Prawat Uttamot received maximum support from most influential personalities in the provinces.

Thawatchai and Sanit who hold respectively the post of President and Vice President of the Provincial Council and had launched an intense campaign and most eligible voters favoured them as the winners, the survey indicated.

Democrats have also received direct support from the Muang Chan [Chanthaburi town] Development Group, a grouping of gem dealers in the province regarded to have been influential in previous elections both at the local and national level.

They are 24 candidates of eight parties contesting for three MP posts in this single constituency province.

In Trat, the survey indicated that the Democrats' candidate Col Sakhon Kitwiriya, a former Young Turk and a native of Muang District, clearly had the most support.

They are altogether four candidates contesting for a single seat in this province.

In Rayong, Democrat Soemsak Karun and two SAP's candidates Sin Kumphra and Hom Thongprasoet appear to be ahead. Three of them are former MPs.

They are 30 candidates of 10 parties running for three seats available in this single constituency province.

In Chachoengsao, the report said that Democrat's candidates, Deputy Industry Minister Anan Chaisaeng with his son Charun as the running mate are likely to win in Constituency One.

But in Constituency Two, the Democrats face a great challenge from the Progressive Party's candidates, Kraison Nanthanmanop and Pol Sub Lt Dirok Thirasut.

There are 22 candidates of 11 parties contesting for four seats in this two-constituency province.

In Chon Buri, the survey found heavy competition between the Progressive Party, the National Democratic Party and the SAP.

It seems to appear that the five seats available in the two constituencies would be shared between the three parties.

According to the survey, the Progressive Party leader Uthai Phimchaichon can win in Constituency One but a win is unlikely for his two running mates: Ruangrot Ruangrit and Mrs Saowalak Surihathap.

The other two seats in this constituency could go to NDP candidates, Prayot Nuangchamnon and Yuan Wetchakun.

In Constituency Two, the report noted high popularity of SAP's candidates, Nikom Saencharoen and Charun Ngamwithet.

There are 33 candidates from 11 parties contesting in Constituency One and 26 candidates from 13 parties contesting in Constituency Two.

Uthai Manthawon, Deputy Governor of Chanthaburi, remarked that campaign that has been heating up in the province was carried out orderly and peacefully, saying that "Everything is good and there was not a single act of violence."

He believed that should it not rain on July 27, voter turnout in the region can reach a record high.

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CSO: 4200/1197

COMMERCE MINISTRY REPORTS IMPROVED TRADE BALANCE

BK040210 Bangkok BANGKOK POST in English 4 Jul 86 p 28

[Text] Thailand has successfully reduced the trade deficit during the first half of this year by 82.1 percent, or from last year's 36,878.5 million baht to only 6,603.4 million baht this year.

Accordiled [as printed] by the Commerce Ministry's Business Economics Department [BED], the success was due to the country's ability to continuously expand the value of exports, while the volume of imports clearly showed a steep decline as of early this year.

The department stated that during the first six months of this year, the country has exported about 113,896.6 million baht worth of goods, an increase of 15.9 percent or 15,198 million baht compared to the same period in 1985.

Some of the country's major export products, which have shown a strong growth rate, are rubber (19.8 percent), tapioca products (23.8 percent) maize (46.7 percent), frozen shrimp (20.8 percent), canned seafood (35.6 percent) and textiles (20 percent), while the export of rice, tin and sugar between January and June has dropped by 11.3 percent, 43.1 percent and 17 percent respectively.

Other products with a good export growth rate are frozen chicken (62.6 percent), raw coffee (109.4 percent), frozen squid (67.7 percent), electrical circuits (54.7 percent) and ball bearings for electronic products (35.8 percent).

The BED described the country's exports during this period as too heavily based on the industrial sector, which accounted for 40.2 percent of the export total, with a growth rate of 21.2 percent.

The second largest export group falls under agricultural products, with 36 percent of the total, and a small growth rate of only 9.1 percent.

BED pointed out that the fishery industry ranked third among the country's exports, with an export value of 5,407.2 million baht, showing a healthy growth rate of 32.1 percent.

At the same time BED reported that Thailand, during the same period, had imported a total of 120,500 million baht, a drop of 15,0771.1 [as printed] million baht or 11.1 percent, compared to the previous year.

Thailand, according to BED, imported less fuel, capital goods and raw and semi-raw materials, due to the slow-down in the country's production process and reduced investment. The continuously strong yen has pushed the cost of imported raw materials, particularly from Japan, much higher.

Although Thailand managed to reduce the fuel bills this year, about 19 percent or 22,895 million baht of the country's foreign exchange was spent to import fuel, while the import of capital goods still topped the list with 34,945 million baht, accounting for 27 percent of the import total.

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CSO: 4200/1197

THAILAND

BANK OF THAILAND RESCUES BANGKOK CITY BANK

BK030833 Bangkok BANGKOK WORLD in English 9 Jul 86 p 1

[Text] The Bank of Thailand this morning stepped in to help rescue the First Bangkok City Bank [FBCB] by ordering the bank to reduce its capital from 1,365 million baht to 68.25 million baht and then ordering an increase of a new capital by 2,000 million baht.

Governor of the Central Bank Kamchon Sathirakun told a press conference this morning that the FBCB's financial position is not too bad and decided that some help should be given to help improve the bank's position.

The reaction of the Central Bank came this morning after the shareholders of the FBCB yesterday failed to endorse the plan to increase the capital by 2,000 million baht.

Kamchon, exercising his power under the newly-amended banking act, ordered the reduction of the FBCB's registered capital in order to write off parts of the 2,700 million baht debts incurred by the FBCB. That means the par value of FBCB's share is reduced from 100 to five baht.

He also instructed the bank to increase its registered capital again by 2,000 million baht in the form of ordinary shares. He also said that 500 million baht out of 2,000 million baht shares will be undertaken by the Rehabilitation and Development Fund while the Central Bank will try to find new investors to buy the remaining 1,500 million baht worth of new shares.

The Central Bank, he said will also provide a soft loan totalling 3,300 million baht to the bank to help prop up the liquidity of the FBCB.

"The public should not be panic since the bank will continue to operate as usual," Kamchon assured.

Kamchon said the Central Bank will try to find new investors and professional bankers to help manage the bank as soon as possible. He also said any former management personnel which were found guilty will face legal action.

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CSO: 4200/1197

JANUARY-JUNE AGRICULTURAL EXPORTS REPORTED

BK080205 Bangkok BANGKOK POST in English 8 Jul 86 p 17

[Text] Four major export agricultural commodities, namely rice, tapioca products, rubber and maize earned greater income to the country when exports in the first half of this year yielded combined incomes of 33,606 million baht, [words indistinct] baht or 6.47 percent from that of the same period last year, according to the Board of Trade.

A total of 8,513,922 tons of the commodities were exported in the January-June period this year against 7,554,444 tons shipped out in the same period last year, an increase of 949,478 tons or 12.70 percent.

Foreign exchange earning from these four major commodities in the January-June period account [for] about 29.53 percent of the country's earning from its export which totalled about 113,800 million baht.

Rice, which has long been the country's largest foreign exchange earner maintained its position with some 11,381 million baht when some 2,592,023 tons have been exported.

But its exports incomes dropped by 14.68 percent despite an increase of 11.70 percent in the volume of exports over last year when only 2,592,023 tons were exported.

The average export price of rice in the January-June [period] this year was only 4,393 baht per tons against 5,749 baht of the average of the same period last year--a sharp reduction of 23.59 percent.

However, tapioca products exports in the period under review dropped to 3,550,540 tons from 3,919,381 tons of the same period last year, down 9.41 percent.

But earnings from this export in the first half of this year rose to 9,309 million baht from 8,240 million baht, up 12.97 percent.

The average exports price of the products in the first half of this year was 2,622 baht per ton against 2,102 baht of the same period last year--an increase of 24.74 percent.

Rubber exports in the January-June period this year increased by 26.03 percent in volume and 18.48 percent in earnings when a total of 414,250 tons has been exported at 7,955 million baht against 328,695 tons worth 6,714 million baht of the same period last year.

The average exports price of rubber in the first six months of this year was 19,203 baht per ton against 20,426 baht per ton of the same period last year--down 5.99 percent.

Thai maize exports in the first half of this year increased considerably by 98.50 percent in volume and 51.94 percent in earnings when some 1,957,109 tons were exported at about 4,961 million baht against 985,929 tons worth 3,265 million baht in the same period last year.

However, the average exports price of maize in the period under review dropped significantly to 2,535 baht per ton, down 23.46 percent compared to the average of 3,312 baht per ton of the same period last year.

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CSO: 4200/1197

THAILAND

GOVERNMENT PREPARING RICE EXPORT TARGET INCREASE

BK030237 Bangkok THE NATION in English 3 Jul 86 p 1

[Excerpt] The Export Development Committee, meeting yesterday, is preparing to increase the rice export target now set at four million tonnes for this year, amid reports from Thai and U.S. sources that the target could be exceeded by a considerable amount.

A senior Foreign Ministry official said yesterday that international markets are showing more confidence in Thai rice, while a colleague of his in the Commerce Ministry complained that the U.S. Department of Agriculture's first increase in its announced paddy prices is too little and still based on incorrect data.

Danai Dulalampha, director general of the Foreign Ministry's Economic Affairs Department, said that in the first half of this year, Thailand has been able to increase its rice exports compared with the first half of last year, and this reflects the market confidence.

Commenting on the Farm Act, Danai said that the United States ought to be well-informed about marketing, but it has not taken actions that bring benefits to itself. [as published]

He said that the USDA's paddy price reductions in the past encouraged importers to delay buying in anticipation of further price cuts. As a result, Thailand was able to export more rice, he said, but it was low grade rice which the United States does not supply. Neither Thailand nor the United States has been able to sell much high grade rice, he said.

Commenting on the USDA assessment of the Farm Act's impact on Thai rice, Danai said the trouble began with the United States. The immediate impact of the Farm Act was seen before the first price announcement under the act on April 11, he said, when prices sank in advance.

Danai said Thai prices are now increasing, following the government's purchase of 200,000 tonnes of rice for sorting, by about 160 baht per tonne. Prices are also more stable, he said, and if the United States had taken action similar to Thailand's both countries would have been able to sell more rice. The United States should no longer claim that Thai rice prices are low.



Pracha Charuttrakulachai, deputy director general of the Foreign Trade Department, told reporters that the Americans attributed this week's increase in the announced paddy prices to the Thai government's purchase of 200,000 tonnes of rice, Brazil's purchase of between 700,000 tonnes and 1.2 million tonnes of rice, and the prospect of China and the Soviet Union also buying rice.

All these factors have strengthened world prices, he said. But even though the United States expects Thailand to export 4.3 million tonnes this year, the Thai Commerce Ministry still regards U.S. price announcements as unfair. Previous announcements caused severe cuts in Thai export prices, Pracha said.

He said the United States still uses a formula to calculate world prices that includes overestimates of milling and transportation costs. The repayment rate at which U.S. farmers can redeem paddy pledged in return for loans is still cheaper than Thai paddy prices. Pracha said this is demonstrated by Brazilian interest in buying U.S. paddy.

He said that in the first six months of this year, Thailand exported 2,592,212 tonnes of rice, an increase of 11.6 percent compared with the first half of last year. He said the total by the end of July is bound to top three million tonnes for sure. Exports in the final five months of the year would exceed another one million tonnes for sure, he said.

Pracha predicted that the export climate will improve after August. This would boost domestic and export prices, he said. This is because of a fall in production and stronger demand from importing countries, especially China, previously an exporting country.

Pracha said the Export Development Committee, meeting yesterday, concluded that Thai rice exports this year will be much better than was at first expected, despite the impact of the Farm Act. At the next meeting, the committee will revise its original export target of four million tonnes, he said.

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CSO: 4200/1197

MOVES TO BOOST INVESTMENT CLIMATE UNDERWAY

BK020239 Bangkok THE NATION in English 2 Jul 86 pp 1, 2

[Excerpt] The government has launched its efforts to repair the damage to the investment climate resulting from the tantalum crisis.

On Monday evening, heads of seven foreign chambers of commerce met Industry Minister Chirayu Itsrangkun Na Ayutthaya, and yesterday the Board of Investment reaffirmed that privileges granted to the tantalum company still apply. The BOI added that if the company increases its investment, additional privileges could be granted.

The meeting with the Chamber of Commerce originated from informal conversation with David Lyman, the president of the United States Chamber of Commerce. Monday's discussions were described as friendly and informal, with participants encouraged to speak.

The foreign chambers, representing U.S., British, West German, French, Australian, Italian and Japanese businesses, sought assurances on four points. They wanted the government to find out who was behind the disturbances, to ensure that those responsible would not get away, to give reassurances that similar incidences would not happen again, and to give some assistance to those described as the innocent victims of what happened.

Chirayu said he explained to the chamber heads that the government had not been aware that the demonstrations would lead to violence on that scale. The government was treating the matter seriously and putting every effort into solving the problems he told the seven business leaders.

In particular, the prime minister has ordered that the situation must be brought back to normal and the culprits must be brought to justice, he told them.

Chirayu said yesterday that many questions were asked and the seven presidents expressed a desire to cooperate in restoring the country's image, and helping to restore investment confidence.

Chirayu is said to have taken every careful note of all the points raised by the seven presidents. These will have to be raised with his Cabinet colleagues because some of the issues do not come under his authority as industry minister. For example, the question of tracking down and charging suspects is a matter for the Interior Ministry, as is the prevention of future unrest--although better means of dealing with environmental objections would also have to be considered.

The chamber presidents noted, however, that the riot had very little to do with pollution and environmental problems. They wanted to know why feelings had been able to escalate to that extent without the government detecting the strength.

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## BRIEFS

CLASHES NEAR BORDER CONTINUE--Prachin Buri--Fighting between Khmer Rouge [KR] and Vietnamese soldiers went on throughout last night inside Kampuchea opposite Ban Khao Din in Khlong Hat Subdistrict, about 40 kilometres south of Aranyaprathet, a field source reported. Four Vietnamese artillery shells landed near Ban Kaho Din early this morning but inflicted no casualties. KR soldiers of the 302d Division and Vietnamese troops of the 59th Division engaged in a heavy clash at 8.30 p.m. for about 30 minutes. Another clash took place at 4.30 a.m. during which 4 rounds of Vietnamese artillery shells landed in the vicinity of Ban Khao Din. Clashes between the two sides began on Thursday night during which 14 rounds of newly-acquired Soviet-made 152 mm field guns landed at Ban Khao Din, damaging and injuring 3 villagers. Seven more rounds of 105 mm artillery shells landed near the village yesterday afternoon, killing a buffalo in the field. Fighting was reportedly continuing at press time and the Burapha Task Force has been on full alert to cope with the situation. [Text] [Bangkok BANGKOK WORLD in English 5 Jul 86 p 1] /8309

LANDMINES ALONG CAMBODIAN BORDER--Prachin Buri--A Thai villager was seriously injured yesterday when Vietnamese gunners fired three 152 mm shells across the border. Ki Lichiu, 32, was one of 20 people from Kut Hin and Kut Thai villages constructing an irrigation dyke near Khlong Namsai, 67 kilometres south of Aranyaprathet. Shrapnel from the blasts wounded Mr Ki, a Kut Hin villager who was immediately taken to a hospital for surgery. The Burapha Force has ordered the excavation work to stop and soldiers are keeping an eye on the site until it is safe to remove the equipment. Elsewhere in the province border patrol policemen safely dug up six Soviet-made landmines on the Thai side of the border yesterday. Eighteen large spikes were also recovered during a three-hour operation. The search was launched after a request from villagers who were afraid of going out to farm because of the landmines. The search for landmines near Mai Pakhog village, 15 kilometres south of Aranyaprathet, was led by Pol Lt-Col Chairot Hunprakan, head of the sixth BBP [Border Patrol Police] company task force. The Burapha Force said yesterday that about 8,000 landmines were found along the Thai-Kampuchean border during the seven-month period to June 2 this year. [Text] [Bangkok BANGKOK POST in English 8 Jul 86 p 2] /8309

EC TEXTILE ACCORD RENEWED--Thailand and the European Community last week renewed by another four years the textile agreement which saw the quotas of several categories increased by between 7-20 percent an informed source

told the BANGKOK POST at the weekend. The source, who was among the Thai mission and had just returned from Brussels, said the new agreement, replacing the present one due to expire this yearend, was signed by Foreign Trade Department Director-General Oranut Osathanon, the mission leader, on behalf of the Thai Government. Describing the new agreement as being more flexible and beneficial to Thailand than the current one, the source said the new four-year deal would see the export quotas of several categories increased an average of 7 percent to 20 percent, with allowance for carry-over increased from 5 percent. He said the new agreement provided more flexibility in transferring or borrowing quotas. The Thai mission had been empowered by the Cabinet in initialling the new agreement with the EC. [Excerpts] [Bangkok BANGKOK POST in English 7 Jul 86 p 13 BK] /8309

'SEVERE' DROUGHT HITS NORTHEAST--Nakhon Ratchasima--Premier Prem Tinsulanon yesterday ordered the Agriculture Ministry to urgently help several northeastern provinces which are facing a severe drought. The premier said he was extremely worried by the drought which is wreaking havoc on more than 500,000 rai of farmlands in this province alone. "I have been having sleepless nights because of the drought," he told a group of farmers who attended a ceremony to open a regional cooperative training centre in Muang District. Prem said the Royal Rain-Making Research and Development Institute has been helping some drought-stricken areas but the weather was not conducive for the operation. Agriculture Minister Naron Gwongwan said maize plantations are being hardest hit by the drought. He said the ministry is planning to spend about 30 million baht in dealing with the drought. [Text] [Bangkok THE NATION in English 7 Jul 86 p 1 BK] /8309

SRV ASKED TO RECONSIDER CGDK PLAN--The Thai Government has urged Vietnam to reconsider its rejection of the latest regional peace initiative proposed by the Kampuchean resistance forces in February. The call was made by Deputy Foreign Minister Arun Phanuphong, who is now attending the ASEAN foreign ministers' meeting in Manila, the Philippines. Mr Arun said the 8-point peace proposal, which was adopted by ASEAN, can serve as a constructive framework for negotiations on an end to Vietnam's 7-year occupation of Kampuchea. He also appealed to the international community to help resettle thousands of Kampuchean refugees in Thailand. Mr Arun said that more than 250,000 people have poured into refugee camps along the Thai-Kampuchean border since 1984, adding that the blatant violations of Thailand's territorial integrity by Vietnamese forces in Kampuchea constantly heightened tensions in the region. [Text] [Bangkok Domestic Service in English 0000 GMT 25 Jun 86] /8309

PRK SHELLING NEAR ARANYAPRATHET--Aranyaprathet--Some 14 houses situated along the Thai-Kampuchean border were damaged and three villagers were wounded last night and this morning after 14 rounds of 152 mm artillery shells fired by the Vietnamese-backed Heng Samrin forces landed in and around Khao Din and Khao Saraphi villages, about 30 kilometres south of this district town. A source said that this was the first time that heavy artillery of this calibre had been used at the border by the Vietnamese. A military report

said that the 59th Vietnamese Division were trying to shell the Khmer Rouge 320th Division some 200 soldiers of which had earlier struck at the Vietnamese stronghold located in the Angkor Bal valley and in the vicinity of Damnak Chek village, some 2-5 kilometres from the Thai border. The shelling lasted four hours and after shells landed on Thai soil the Thai side returned with 24 rounds of artillery fire, the source said. [Text] [Bangkok BANGKOK WORLD in English 4 Jul 86 p 32] /8309

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