



JPRS Report

East Asia

Southeast Asia

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EAST ASIA
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DUTCH ENVOY COMMENTS ON ELECTIONS, HUMAN RIGHTS

Jakarta SUARA PEMBARUAN in Indonesian 29 Apr 87 pp 1, 7

[Text] A political phenomenon which emerged as Indonesia was preparing for the general elections was the great desire of the younger generation in Indonesia to take a more active role in politics. This was the view of Dr Frans van Dongen, Dutch ambassador to Indonesia, as expressed to PEMBARUAN on Saturday at his office.

This is most interesting because it could be an indicator of future political developments in Indonesia. "There is no longer any doubt that this is the most interesting phenomenon in the 'festival of democracy' in Indonesia, and I think it requires close attention."

The diplomat, who received his doctorate in history, archaeology and philology from the University of Utrecht and who, besides serving as ambassador, is also closely observing the political developments here, further said that the government on the whole must be very satisfied with the outcome of the general election. In spite of the admissions by the Indonesian government itself, there are signs here and there of a great desire by the group of young intellectuals to take a greater part in the development of their country.

As one example of this, Ambassador Van Dongen brought up the last cycle in the PDI [Democratic Party of Indonesia] campaign which managed to mobilize the younger generation. "You yourself saw it in Jakarta during the PDI campaign. It was not certain that the majority of the younger generation supported the PDI but it was clear that they were intellectuals, university students, and the children of high government officials and big businessmen."

More Openness Needed

Van Dongen, who will complete his tour of duty as ambassador and leave Indonesia this 4 May, further evaluated the criticisms launched by outsiders against Indonesia. This especially involved the problem of human rights and transmigration which he considered imprecise and inappropriate.

The reason is that when we talk of human rights we must look at the cultural backgrounds of our respective countries.

In the West, for example, individual rights are considered more important than public interests. On the other hand, Van Dongen said, in a country such as Indonesia the emphasis is more on society, while the individual is seen as part of a group within society.

"This is what makes certain cases in Indonesia difficult to evaluate, and foreign critics do not see these aspects."

He admitted that no country in the world is free of faults where the question of basic rights is concerned. "Not a single country is capable of freeing itself from this problem."

It should nevertheless be remembered, for the sake of Indonesia herself, that there must be a more open attitude regarding these problems addressed by the outside world. "Because, if you close off a district or, for example, encumber someone's visit here, albeit without being aware of it sometimes, you will create the impression that there is something to hide."

Criticisms from abroad arise because not enough is known about Indonesia. Indonesia must therefore become more open. He believes, then there is no need for a limitation of information.

Brotherhood

Serving in Indonesia since the beginning of 1984, Van Dongen, who is to be replaced by Ambassador Baron de Vos van Steenwijk, at present ambassador to Hungary, further regards the Indonesia-Netherlands relationship as a familial one. "Much of the criticism from the Dutch mass media is actually based on the feeling of brotherhood that exists between the two nations. This is of interest because whatever happens to one brother should always be known by the other." According to Van Dongen, this however does not imply an interference in the domestic affairs of Indonesia.

"But you yourself would surely want to know what happens to your brother, wouldn't you?" asked Van Dongen, reasoning that if we do not love each other, we certainly would not bother with each other.

Touching upon the meeting of the Indonesia donor countries (IGGI) this June at The Hague, Netherlands, Van Dongen once again emphasized the enduring wisdom of this consortium. "The basic ideas of the IGGI are set and will not change, but we must still be careful in determining the reasons for granting a loan. I think that in this case our thinking coincides with that of the Indonesian government.

For Holland itself, he said that it is definite the loan amount through IGGI will increase for the 1987/88 fiscal year, with priority being given to the area of procurement and the development of telecommunications. Beyond that, the Netherlands will increase her cooperation in special investments in the development of human resources.

The ultimate goal of the Netherlands is to assist Indonesia not only in standing on her own but further to enable her to absorb the products of other countries," he said, joking that no one will be able to keep him from returning to Indonesia for a visit in the future. "My wife and I have been very happy in Indonesia," he added.

12626/12851
CSO: 4213/83

PPP'S PERFORMANCE IN GENERAL ELECTION VIEWED

Jakarta MERDEKA in Indonesian 29 Apr 87 pp 1, 11

[Text] Jailani Naro, general chairman of the Central Executive Committee (DPP) of the United Development Party (PPP), PPP's DPP, admits that there were many disturbances against his party during this 1987 general election, both internal and external, so that PPP received less votes in comparison with the previous general elections.

"I am proud of the fact that the PPP, nonetheless, could still win the provisional figure of 13.8 million votes because this proves that the voters were not afraid to face any kind of challenges or obstacles," he told reporters at the PPP's DPP office at 60, Diponegoro Street, Jakarta, on Tuesday.

In the 1977 general election the PPP won 99 seats, in 1982 it won 94 seats, and in this 1987 general election it won the provisional figure of 63 seats in Parliament. "This is not the final tally but we are certain that the number of PPP votes will increase," he continued.

Naro offered this provisional figure of 13.8 million as clear proof that the voters knew exactly why they chose the PPP which had continually been faced with obstacles both from inside and outside the party. "It is they, the determined voters, who can form an asset of the party," he said.

When asked about the disturbances experienced by the party, Naro preferred not to elaborate either on the evidence or its form. "Everyone already knows about them. I don't feel it is necessary for elaboration here."

No Breakdown

In reference to the decline to 63 seats of the PPP representatives in Parliament, according to Jailani Naro the PPP no longer emphasizes the quantity of its representatives in Parliament, the DPP will continue to observe everything they do."

With this reliable quality of representatives, Naro guarantees that no breakdown will occur like what happened to the representatives of Parliament in the previous general election. To obviate a loss of support, the PPP faction chairman in Parliament will be chosen and be sworn in by the DPP," said Naro.

In answer to a question, Naro explained that the DPP is in the process of preparing those who are to be seated as MPR representatives. One of these is KH Syansuri Badawi, a NU personage from East Java who some time ago was widely reported in the press. "The others are being considered by the DPP," he said.

Presidential Assistance

In a written statement distributed to the press, the DPP of the PPP, expressed its thanks to President Suharto who had helped the PPP in the recent election, enabling it to carry on its 1987 general election activities.

A similar communication was conveyed to the Commander of the Armed Forces/Command for the Restoration of Security and Public Order and its entire jurisdiction which had exhibited a neutral position in the implementation of the general election.

12629/12851
CSO: 4213/83

FORMER MINISTER PROPOSES CLEARCUT INVESTMENT POLICY

Jakarta SUARA PEMBARUAN in Indonesian 29 Apr 87 p 1

[Text] The time to improve the support base for the expansion of our national investment activity is here. Till now this situation had often given rise to doubts for investors and caused a decreased sense of security in the domestic market. This was the opinion stated by economics observer, Dr Frans Seda, to PEMBARUAN in Jakarta Tuesday evening.

"This constitutes the biggest obstacle for investors, both from Japan as well as from Europe and the United States, who want to invest their capital in Indonesia. They are furthermore extremely cautious in their profit-loss calculations for every input made in supporting Indonesia's trade potential," he affirmed.

According to this former Minister of Trade and Communications, the problem of increasing investment in the form of foreign capital investment (PMA) and domestic capital investment (PMDN) and IDC is experiencing rather complex structural delays. In spite of the government's continuous effort in keeping facilities simple and infrastructure up to date as a means of support, it is a patent reality that the flow of capital is fast increasing into the neighboring countries of Southeast Asia.

Even Japan, now engaged in a "trade war" with the United States, is becoming more selective in her choice of countries she considers potentials for her marketable production.

Not Indonesia

According to Seda, Japan prefers to channel her capital to Thailand, Singapore and Malaysia because psychologically these countries guarantee business; the capital invested there would bring in a sure return and one deemed very profitable at that. This is what makes them prefer other countries to ours," he said.

Indonesia herself, who at first had hoped that Japan would become a highly profitable production market, is now changing her import substitutions to export promotion. "We must admit that much of our progress in the

realization of industrial processing is changing from import substitutions," he said.

But another problem motivating Japanese entrepreneurs is the "dualism" still appearing in the trade and investment activities in Indonesia. It comes from the government itself as well as from the people. "This was conveyed to me not long ago by a Japanese government official as their reason for not including Indonesia in their choice for channeling capital," he said.

When asked for a concrete example of this dualistic stance felt by the Japanese investors and businessmen, the general chairman of the Indonesian Textile Association (API) was not prepared to answer.

"This of course is what they feel. But like any businessman we could not openly discuss the psychological obstacles," Frans Seda added.

Europe and the United States

Regarding complaints from European and American entrepreneurs, he said that frequent policy changes in the area of trade and economy have made it difficult for them to determine whether or not the capital invested will bring a return or can yield the desired profit.

"They calculate that if this policy can be fully implemented from A to Z, it is acceptable. But if not, and if all that can be said of it is that 'it can be arranged,' that is then not acceptable," he asserted.

An investment policy "easily arranged" and never reaching full implementation, when applied to efforts in cultivating foreign capital, becomes an extremely disruptive problem for the various development plans already prepared.

According to Frans Seda, despite the assurance of a cheap labor force, rich natural resources and a domestic market, together with the support of political and economic stability, we are still unable to restore in the owners of foreign capital the faith to want to invest their capital in Indonesia. Such is the case when the law is uncertain and investment guarantees are not fundamental.

12629/12851
CSO: 4213/83

BRIEFS

KENG YAIK RETAINS GERAKAN PRESIDENCY--Datuk Dr Lim Keng Yaik has retained the presidency of Gerakan. He defeated challenger Dr Goh Cheng Teik by 614 to 367 votes in the party election in Kuala Lumpur today. In the race for three vice president positions, Datuk Michael Chen, Dr Boon Swee Fook, and Mr Tan Gim Hwa, were elected. Datuk Michael Chen polled 763 votes, Mr Boon, 675, and Mr Tan, 689. Incumbent Kerk Choo Teng retained the seat of secretary general, polling 598 votes against his opponent Khor Gark Khim, who obtained only 368 votes. Mr Khoo Siew Hoong is the new treasurer general. He received 699 votes against Wai Ah Cheng, who obtained 278 votes. Earlier, Datruk Paul Leong was returned unopposed as deputy president. [Text] [Kuala Lumpur Domestic Service in English 1130 GMT 6 Jun 87] /8309

CSO: 4200/634

DEFENSE MINISTER: POLICY OPPONENT 'GROVELLING TO AMERICANS'

Auckland THE NEW ZEALAND HERALD in English 28 Apr 87 p 5

[Text]

The Minister of Defence, Mr O'Flynn, has hit back at criticism by the former head of defence at the New Zealand Embassy in Washington, Brigadier Alf Hamilton, accusing him of "grovelling to the Americans."

Brigadier Hamilton said last week that New Zealand's defence forces would wither on the vine unless there was a return to a meaningful collective security arrangement with the United States.

Brigadier Hamilton, before his retirement earlier this year, was the highest-ranked New Zealand military representative in the embassy.

Totally Opposed

But Mr O'Flynn said the former head of the defence liaison staff in Washington had joined the former chief of defence staff, Sir Ewan Jamieson, in attacking the Government's defence policies.

"I have long suspected Brigadier Hamilton of being totally opposed to the Government's policy, with all the implication of that in the important post he held,"

said Mr O'Flynn.

The minister said he had never taken part in a more negative meeting than the one he had with the brigadier at the embassy in Washington in September.

"His policy is one of grovelling to the Americans, as his recent outburst in the *New Zealand Herald* makes clear," said Mr O'Flynn.

He accused Brigadier Hamilton of failing to deal with the real issue, of whether nuclear weapons were brought to New Zealand.

Though the brigadier had not used the word "nuclear" in his recent comments, it was clear he would have nuclear weapons in New Zealand.

Cornerstone

Mr O'Flynn said that accusing the present Government of "self-deception," or worse of "deceiving the largely uninformed" public did not come well from a senior officer of 37 years' service.

"The greatest deception perpetrated on the New Zealand public as regards defence was that perpetrated by successive

National Governments," he said.

"They continued to mouth the slogan that Anzus was the cornerstone of our defence and participated in farcical meetings with American ministers, but in truth they were simply sheltering behind the treaty and neglecting any real defence."

New Zealand's forces were increasingly becoming more and more run-down, equipment was becoming obsolete to the point of being dangerous, reserves of ammunition were laughable, as were reserves of necessary spare parts and other stores, even though a facade of preparedness was maintained to the public, said Mr O'Flynn.

He said it was pitiful to see retired military officers trying to justify what had happened in the past to the disadvantage of what the Government was trying to do.

"We are in fact gradually achieving greater self-reliance; we never said we could become self-sufficient."

"We have not said defence expenditure must

remain at present levels, despite our economic difficulties."

Mr O'Flynn said it was dishonest to say the Government had done this, when the Defence Review expressly acknowledged the need for some further expenditure to compensate for the withdrawal of American co-operation.

Danger Remote

He said that Brigadier Hamilton, Sir Ewan Jamieson "and other out-of-date, right-wing, retired military officers" should realise that it would be the right wing, not the left wing, which would in the end be the death of New Zealand defence if they continued with their present course.

"They will simply convince the public that Bob Jones was right when he said at the last election that any real danger of threat is so remote and our ability to deal with it so small that there is no justification for spending a billion dollars a year on defence while infant mortality worsens gravely, heart transplants cannot be performed, an Aids epidemic threatens and health services generally decline," said Mr O'Flynn.

NATION'S FIRST NAVAL VISIT TO PRC PLANNED

Exercises, Other Visits Included

Auckland THE NEW ZEALAND HERALD in English 16 Apr 87 p 1

[Text]

Two New Zealand warships will visit China later this year — this country's first naval presence there.

The Navy is expected to announce soon the deployment of two frigates, probably the Southland and the Canterbury, overseas for four or five months.

They will exercise in Australian waters, and call at Singapore, Korea and China, subject to diplomatic clearance.

It is understood that Japan was on the itinerary, but no longer. Either the expense or sensitivity for the Japanese Government (there is an anti-nuclear lobby in that country), led to that plan being dropped.

The visit to Korea is bound to coincide with the launching in August of a \$30 million tanker, the Endeavour, being built for the New Zealand Navy. It is due to be finished in December and will sail for this country early next year.

New Zealand has been keen to foster formal contact with China since it introduced its open-door policy in 1979, and the possibility of a ship visit has been considered for some time.

Relations between the two countries are good: the Prime Minister, Mr Lange, visited China in March last year, and the Deputy Prime Minister, Mr Palmer, last month.

Vice-Premier Wan Li was in New Zealand towards the end of last year.

Prospects

China, unlike France and the United States, has signed the South Pacific nuclear-free zone treaty — a gesture of friendship to the region.

Contact with China also promises growth in trade with that large market — now worth nearly \$500 million a year.

The Navy would have liked to include Japan while the frigates were in the neighbourhood.

Although the two navies have no close relationship — it has been described as "nodding as they pass at sea" — Japanese training ships visited Auckland last year.

Sensitivity

The Canterbury made the last visit to Japan, in 1980. The Ministry of Foreign Affairs and the Japanese Embassy say that New Zealand did not seek formal diplomatic clearance to visit.

Defence experts say that

Japan would not refuse entry because of sensitivity over the rift between New Zealand and the United States over the ban on nuclear warships.

But because Japan has an anti-nuclear lobby, the experts suggest that because of this country's anti-nuclear policy the Japanese Government would be happy if the frigates did not turn up.

Officers 'Scrounge' for Trip Goods

Auckland THE NEW ZEALAND HERALD in English 27 Apr 87 p 1

[Article: "Navy Begg To Save PR Face"]

[Text]

Naval officers have had to scrounge from companies for goods that will enable them to make a good impression on their hosts while their two frigates are overseas.

The Canterbury and the Southland will spend more than four months away on the Navy's first visit to China and on a rare call on Korea.

Apart from exercising with other navies along the way, the Royal New Zealand Navy's main reason for visiting China is public relations.

But the defence budget does not seem to stretch to that sort of task.

Producer Boards

The officers expect to have to repay hospitality that they will receive ashore by inviting dignitaries on board. To do that properly and to promote this country they have been approaching companies to donate foods which are distinctly New Zealand.

The producer boards showed little interest in the deployment, which also takes in Korea.

But a small lamb-exporting company and a cheese producer came to the party, and the Wine Institute "touched" wine companies for supplies.

The frigates' beer refrigerators will be restocked along the way, but some New Zealand beers will be kept to serve to guests.

The captain of the Canterbury, Commander John Granville, confirmed that his men had had their

hands out: "If we don't want to scrounge, we go away empty."

Public Relations

From a military viewpoint, exercising along the way with vessels from Australia, Singapore and Malaya would be the most valuable activity.

"In Korea and China, the only exercise will be in public relations — I don't expect them to have arranged any naval exercises," said Commander Granville.

"We are used to foreign affairs exercises while we are in overseas ports," he said. "After all, our vessels are a simple and mobile vehicle for PR."

The captain receives an entertainment allowance of about \$7 a day while away from New Zealand, the ship's officers a few cents.

Anything above that spent on guests comes out of their own pockets.

Each frigate is allowed 15 presentation ship's crests a year. They are usually gone after three port visits.

The Canterbury and the Southland have \$150 between them for this trip with which to buy other gifts, usually to reciprocate gifts received from guests.

Commander Granville would have liked to buy some sheepskins; a few books about New Zealand are all his ship can afford.

The only sheepskin his guest will see during this trip will be the one on the sofa in his lounge.

Last year the commander visited a member of the royal family in Tonga, and took with him a postal first day cover he had bought —

it featured a stamp with his ship on it.

Reciprocate

Overseas, New Zealand embassies are usually involved in the functions, and Commander Granville said that the costs of entertaining dignitaries on board were shared by the diplomatic purse.

"I don't suppose we should be embarrassed by lacking little presents, but it is nice to reciprocate.

"When we are overseas we are promoting this country, and if we can do someone a favour without being too commercial, we like to present our country's products," he said.

Cost, Irony Viewed

Auckland THE NEW ZEALAND HERALD in English 18 Apr 87 p 6

[Editorial: "Slow Boat To China"]

[Text]

New Zealand has had its own Navy only since 1941, and it began taking effective control of its own naval affairs as recently as 1945. Even so, the time it has taken to send warships to China seems curiously long.

But the United States Navy considered it politic to avoid the place between the time the Communists took over in 1949 and November 1986, when three ships of its Pacific fleet paid a goodwill visit. So when we send a couple of our frigates there later this year we will have been only moderately tardy by comparison with some others.

New Zealanders will be quick to appreciate the irony of the visit. Our warships these

days are less welcome than they used to be in the ports of our erstwhile longtime ally the United States but apparently quite welcome in a country whose political aspirations until recently we have had cause to fear. Now we see China as a land whose friendship we need and whose trade we want.

There may be another irony about the visit. China is quite a distance away, and our defence budget is unlikely to stretch to many such cruises. However, our exclusion from Anzus exercises probably means that what we now save on the tripartite swings we are able to spend on bilateral roundabouts.

/9274

CSO: 4200/643

USSR SEEKS FISHING QUOTA HIKE, WARNS OF PULLOUT OPTION

Wellington THE EVENING POST in English 24 Apr 87 p 2

[Text]

The quantity of fish caught last season by Soviet fishing vessels in New Zealand waters reached an all-time low and, if New Zealand does not increase Soviet quotas, the USSR may consider pulling out.

The warning was given last night by the head of the Soviet fishing fleet, Mr Georgi Zhigalov, in Wellington for annual talks with the Ministry of Agriculture and Fisheries.

Speaking through an interpreter at a press conference Mr Zhigalov said this was the fourth year running that the same plea had been made for bigger fishing quotas.

"To say the least, it is not a cause for enthusiasm."

The delegation has asked Agriculture and Fisheries Minister Colin Moyle for a 20,000-tonne increase in the Soviet fish quota, comprising a wider range of species, and not just limited to sub-Antarctic waters.

Conditions in the sub-Antarctic area meant that it could not be fished throughout the length of the fishing season, Mr Zhigalov said. It was expected that the fleet would only catch about half its quota of squid.

Last season, the Soviet fleet caught just over 20,000 tonnes of fish in New Zealand waters. Including fish caught by vessels working on commercial agreements with New Zealand companies, just over 50,000 tonnes of fish was caught, Mr Zhigalov said.

"We are reaching bottom level from an economic point of view."

He said the tallies compared with 53,000 tonnes of fish caught by licensed vessels in the 1978-79 season, when the USSR had access to three areas of New Zealand's economic-zone waters.

Last season, the USSR caught 11 million tonnes of fish, he said. The quota increase his delegation wanted in New Zealand waters was, he submitted not big enough to influence New Zealand's general fishing policy.

But while restricted to the one area the fleet could not go to better areas during bad conditions. And he noted that other nations fishing New Zealand waters in areas with better conditions did not always catch their full quotas.

"We view the co-operation in fisheries between our countries as an integral part of the general co-operation between our countries

in the economic and political fields," Mr Zhigalov said.

The co-operation was, he said, for mutual benefit, adding that Soviet fishing interests had been instrumental in developing deep sea fishing, developing fish products for export, and creating interest in species such as hoki, oreo dory and orange roughy.

There were, he said, further benefits New Zealand could gain from increased Soviet fishing. These included ship-repair business worth about \$US3 million (\$NZ5.2m) a year.

The delegation was not threatening to withdraw those benefits if those quotas were not increased, Mr Zhigalov said.

"We are here not only for licensed fishing but also on a commercial basis.

"If this tendency [of low catches] continues and concerns also the chartered [commercial] fleet, then the situation will change. The interest on our side will become less.

"We are not saying that we will pull out of the New Zealand economic zone. We are happy still on the basis of joint efforts, and goodwill on both sides will find some way out."

/9274

CSO: 4200/643

LIMITED LIBYAN INFLUENCE AMONG MAORI 'FRINGE'

Sydney THE BULLETIN in English 19 May 87 p 19

[Article by Selwyn Parker: "'Small Bikkies'--David Lange"]

[Text]

ABOUT eight people out of New Zealand's 3.3 million have links with Libya — so far. The Libyan influence is confined to occasional meetings of half-a-dozen people in Wellington and "one or two" in Auckland, according to a spokesman for Prime Minister David Lange. All are members of "extreme Maori fringe groups" who are occasionally invited to anti-imperialist conferences in Tripoli or elsewhere.

None has received any small arms or other terrorist-type training, according to intelligence sources. They may, however, have undergone "low-level bodyguard" instruction. To the best knowledge of the New Zealand intelligence service, no small arms or other weaponry has entered New Zealand from Libya-backed sources.

The extent of Libyan interference in New Zealand affairs does not worry Lange unduly. "It's very small bikkies here," says the spokesman.

But Lange is wary of Libyan influence in the Pacific, where his information suggests the seeds of a problem could easily be sown, unless Pa-

cific nations are vigilant.

The obvious potential trouble spot is Vanuatu and information suggests that Lange is working quietly to reduce any Libyan influence there.

Another area of Libyan intervention, though slight, is in the Solomon Islands. Otherwise, the Labor government's intelligence concludes that the Pacific is pretty much Gaddafi-free. "And we have very good intelligence of what is happening," adds Lange's spokesman.

The South Pacific division within the New Zealand Foreign Affairs Department is monitoring possible Libyan influence closely and clearly endorses Lange's attitude that it is a "containable situation".

A fundamental split is evident between Lange and Australian Foreign Minister Bill Hayden. Though the Ohakea briefing is des-

cribed as "very helpful" and both countries are equally anxious to ward off Libyan meddling, Hayden's public warnings run counter to Lange's velvet glove approach.

New Zealand's trade with Libya and neighboring Iran is one of the cards Lange has to play. Last year export receipts from Libya totalled \$NZ40 million — more than \$NZ20 million of it from dairy products, notably butter, cheese and milk powder. The trade is what New Zealand farmers have been encouraged to build up — value-added goods in the form of consumer-packed products.

Though it's a fluctuating market, Iran is a key country in New Zealand's export drive. Annual sales have nearly reached \$NZ400 million. For a country with an overseas debt problem, that's a significant source of income and Lange has publicly acknowledged it as a factor.

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GOVERNMENT, LABOR PARTY AID TO NICARAGUA REPORTED

Auckland THE NEW ZEALAND HERALD in English 11 Apr 87 p 1

[Text]

The Ministry of Foreign Affairs has given a \$7500 subsidy to a Labour Party appeal for a new women's legal office in Nicaragua.

The subsidy, which an official said was approved by the Deputy Minister of Foreign Affairs, Mr

O'Flynn, was on a three-for-one basis.

It allowed the Labour Party women's council to send \$10,000 to the revolutionary Central American country to establish a legal office for women.

Jan Walker, who chairs the council, said yesterday that the money would be used for a new office in the

city of Granada on the shores of Lake Nicaragua. A legal service, including educational advice and psychological counselling, would be provided by the office.

A Rotorua lawyer, Jan Walker, said it would provide a sorely needed service for Nicaraguan women. Monitoring of the

grant would be undertaken by the Legal Office of Women, a Government agency, which would report back to the party council in New Zealand.

She said Nicaragua was a special place for many Labour Party backers. The party president, Margaret Wilson, and the MP for Mt Albert, Helen Clark, had visited the troubled country and identified a legal service as an area where Labour supporters could provide practical aid.

A Foreign Affairs spokesman said the subsidy was made through the voluntary agency support scheme, an overseas aid account which last year paid out \$1.23 million in foreign grants.

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CSO: 4200/643

WELLINGTON EDITORIAL HITS GOVERNMENT SOUTH AFRICA POLICY

Wellington THE EVENING POST in English 18 May 87 p 6

[Editorial: "Incoherent Policies"]

[Excerpts]

WHEN THE RECORD of the Fourth Labour Government is written, the reluctance of the Prime Minister, David Lange, and the Deputy Prime Minister, Geoffrey Palmer, to be seen with the president of the African National Congress, Oliver Tambo, will not mark one of the administration's most inspired moments.

Perhaps members of a Government interested in the art of damage limitation weighed the political risks of exacerbating racist feeling here and decided that photo opportunities with Mr Tambo would serve no useful purpose at the polls. If Mr Lange and Mr Palmer and their strategists are right to think it would be dangerous to be seen with Mr Tambo it is a mark of our isolation from a world that now largely recognises the ANC leader as too moderate to control his organisation.

Whatever history tells us about the likelihood of bloody revolution in South Africa we are not in a position to do other than make the most marginal of efforts to head off such disaster.

What we can do, however, is to offer support to those involved in this tragedy who do most to act out the values we espouse.

There are a number of New Zealanders who

feel bitter about the way in which a double standard appears to be applied to judgments about the various grades of tyranny practised by different governments in Africa. These critics see the lack of freedom and the increasing repression in South Africa highlighted by the media, while murderous practices elsewhere have been overlooked or even excused. Whatever substance there may be to this view it should not be used as an excuse to lump all African problems and all African leaders together.

If we accept that apartheid is evil then we should in good conscience give Mr Tambo a full hearing and do what we can to be of assistance. It may, sadly, be of little use, but we would at least have acknowledged that for a while there have been African leaders who have sought not to use violence as their first weapon against oppression.

The Government's record on contacts with the South African Government and its illegal opposition have lacked intellectual coherence. First we closed the South African Consulate, thus cutting such information links as we had with the white Government. Now it seems we find ourselves politically uneasy about having Mr Tambo here. It would be optimistic to assume that we have made much of a contribution to race relations in Southern Africa.

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CSO: 4200/643

LANGE SAYS OPPOSITION POLICIES THREATEN HEALTH, SCHOOLING

Wellington THE EVENING POST in English 20 Apr 87 p 2

[Text]

Prime Minister David Lange, last night accused the National Party of planning to dismantle public health and education services if it becomes the government.

"The vultures are already gathering," he said. "If the National Party wins the election, you should not be ill unless you are rich, and you should not be young unless your parents are rich."

He said National's promises to reduce government spending and also to promote massive new spending programmes could be made to work only if costs of health and education services were met by those who used them. "People are entitled to know what cuts in their living standards lurk behind the National Party's election arithmetic," Mr Lange said.

"On the face of it, National's budget sums do not add up.

What it has not admitted is that its economic strategy depends on dismantling public health and education services."

There were two ways to reduce the difference between what a government spent and what it got — either taxes were raised, or spending was cut.

Repeal tax

"The National Party has ruled out tax increases. On the contrary, it has promised to repeal the fringe benefits tax. It has promised to replace extax with a less efficient retail sales tax with a bewildering number of exemptions," Mr Lange said.

"If taxes are not raised, National can only lower the deficit by cutting government spending."

But he said its promise of cutting government spending was at odds with the other promises the party made over the past three years.

- The police would have "every reasonable request" for additional officers and equipment approved. The surtax on superannuation would be removed. "Cash injections" were promised for up to 20,000 farmers. There would be heart transplant units, PEP schemes, neo-natal units, tax breaks, computers in schools and stockpiles of coal.

"The National Party will go into the election with policies for which large sums of money will have to be found," he said.

The party's own estimate was that exemptions from extax would cost \$300 million. Removal of the superannuation surtax and the 25-year phase-in of the increase in the age of eligibility from 60 to 65 would cost \$125 million in the first year and would build to a cost of \$800 million in 10 years.

According to National MP Mr Norman Jones, the police needed a further 1000 officers, which would

cost at least \$40 million.

Replacing the dole with work schemes would add a further \$1250 million.

"National's policies on agriculture, energy and regional development have yet to be spelt out. National's constant references to 'rebuilding provincial New Zealand' can only be meant to suggest some kind of financial help," Mr Lange said.

If National really planned to reduce the deficit and keep at least some of its spending promises, it could do it only if it cut out nearly all spending on health, educational and community services.

"Understandably, National is coy about its intentions, but evidence of them can be found," Mr Lange said.

"National's first move is likely to be the axing of family support and the guaranteed family minimum income. Mr Bolger's contempt for those schemes is on record. Benefits will be cut across the board.

"Cuts in benefits will only make a small dent in government spending. Cuts of the size the National Party is proposing can only be achieved by putting the costs of health and education on to the people who use those services."

If National won the election, health care would not be provided by the State — "you will get the care you can afford to pay for."

"Parents will have to find the whole cost of their children's higher education and probably a large part of the cost of their early schooling."

MINISTRY OF DEFENSE FACES 'INTENSIVE' MANAGEMENT REVIEW

Auckland THE NEW ZEALAND HERALD in English 28 Apr 87 p 1

[Text] The Ministry of Defence is facing an intensive management review, likely to take a year, so that better use can be made of its resources.

Treasury officials, including the secretary, Dr Graham Scott, are helping to draw up terms of reference for the review of the department, which last year spent more than \$1 billion for the first time.

The Government is looking for an eminent person of "suitable stature and experience" to direct the review, probably with several staff. That person would report to the Ministers of Defence and Finance.

The review is in line with a Government wish to ensure a clearer definition of the objectives of non-trading departments.

The Minister of Defence, Mr O'Flynn, said yesterday that all aspects of the administration of the ministry, both military and civilian, were expected to be examined.

Self-reliance

The review is a further

step in the Government's review of defence policy, sparked by the breakdown in the Anzus treaty because of its anti-nuclear stance.

The Defence Review, published in February, set out the basis for a more independent and self-reliant role for New Zealand in the region, while strengthening ties with Australia.

Sources said the coming review of the Ministry of Defence was a Government rather than a Treasury initiative, reflecting the Government's desire to spend money more efficiently.

Mr O'Flynn said the objective was to maintain the operational efficiency of the armed forces by the most economical means.

"The aim of the resource review will be to investigate and review the methods and systems used to allocate resources, the management of these resources and to recommend any changes deemed necessary."

Net expenditure on defence in the last financial year was estimated at \$1.04 billion, compared with \$895 million in the 1985-86 year.

Land

The Government believes that it can carry out the objectives of its defence white paper without spending more, but is adamant that non-trading departments like the Ministry of Defence make better use of their resources.

Mr O'Flynn said the review would extend to personnel, supply and financial management policies, and take into account a study of defence land assets.

That study, outlined in February, will involve an evaluation of the ministry's land and buildings, so that alternative uses or disposal of some can be considered.

Already several consultants from New Zealand and overseas have expressed interest in doing the study,

but a tenderer has not yet been chosen.

Civilians

A former top defence official said the review of resources may lead to a greater dependence on civilian expertise in the armed forces.

The Ministry of Defence could make savings by setting up interchange programmes so that skilled workers could spend, say, several hours a week with the military at tasks allied to their work in civilian life.

Some specialised tasks did not have to be performed by military personnel, and contracting civilian workers would lower the military's training costs.

Such preparedness had enabled Britain to take over a computer company and shipping lines when the Falklands crisis broke out in 1982 and have them working for the military within days.

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CSO: 4200/643

INCREASED EXPORTS, DECREASED OIL IMPORTS IMPROVE TRADE BALANCE

Auckland THE NEW ZEALAND HERALD in English 29 Apr 87 p 1

[Text] A big increase in exports of meat, wool and skins, and an even bigger drop in oil imports, has put New Zealand's "visible" trade in the black in the latest financial year.

Preliminary Statistics Department figures show a surplus of exports over imports of \$230.9 million in the year up to the end of March.

This compares with a deficit of \$1199.1 million in the previous financial year.

These figures do not include "invisible" payments such as interest and travel expenses. Official balance of payments figures for the March year, to be released next Tuesday, are still expected to show an overall deficit.

But the visible trade figures confirm a dramatic turnaround which has been apparent now for some months.

Turnaround

The single most important factor in the change is a massive fall in oil imports other than crude oil — down \$688 million, or 72 per cent, to only \$265 million in

the nine months up to March compared with the same period a year earlier.

This reflects the commissioning early last year of the Motunui synthetic petrol plant.

The other main factor is the meat strike early last year, which has contributed to a 34 per cent increase in meat exports, up \$406 million to \$1604 million in the last nine months.

The same strike, as well as higher prices this year, has contributed to a remarkable 52 per cent increase in exports of hides, skins and leather, up \$164 million to \$477 million in the nine months.

Other export increases compared with the same nine months of 1985-86 include: wool, up 23 per cent to \$1257 million; fish, up 45 per cent to \$549 million; and aluminium, up 21 per cent to \$339 million.

China

Higher wool and skin ex-

ports have pushed up exports to China from only \$84 million in the whole 1985-86 trade year to \$345 million in the last nine months alone.

China is now New Zealand's fifth biggest export market with 3.9 per cent of total exports, after the United States (16.2 per cent), Australia (15.1 per cent), Japan (14.8 per cent) and Britain (9.3 per cent).

Total exports in March alone were up by 19.2 per cent over March 1986, to \$993.3 million.

Imports

Total imports were only 7.8 per cent higher than a year earlier, at \$1046.4 million.

For the full financial year, exports were up by 6.5 per cent to \$11,604.6 million, while imports fell 5.9 per cent to \$11,373.7 million.

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CSO: 4200/643

GOVERNMENT FIRM 'ANGERED' OVER CER DECISION

Auckland THE NEW ZEALAND HERALD in English 28 Apr 87 p 1

[Text]

The Government has angered its own majority-owned company, New Zealand Steel, by agreeing to phase out all import restrictions and duties on Australian steel by January 1989.

The decision, approved by the cabinet yesterday, has been taken in spite of continuing bounties, or subsidies, being paid by the Australian Government to its own steel industry.

The managing director of New Zealand Steel, Mr Lindsay Fergusson, said the Government had not bothered to inform him of the decision in advance, and appeared to have totally ignored the company's submissions.

Benefit

He believed the decision would make it more difficult for the Government to sell its majority shareholding in the company.

An international merchant bank, Samuel Montagu, has been hired by the Government to find a buyer for its shares among either local or overseas companies.

Mr Fergusson said the Government decision would benefit only one potential buyer, the Australian steel-maker BHP.

"It could lead to an erosion of our market share in New Zealand at a point in time when the company is trying to get on its feet with the expansion [of New Zealand Steel's mill at Glenbrook, South Auckland]," said Mr Fergusson.

In a reference to his own company and BHP, he said: "It is a bit like David and Goliath — with us fighting with one hand tied behind our back."

The Minister of Trade and Industry, Mr Caygill, announcing the cabinet decision, said steel was the last of the three product areas which had not been brought into the closer economic relations treaty with Australia at the time of the last election.

The other two, motor vehicles and clothing, have already been brought into the agreement in the past two years.

Protected

The present 10 per cent import duty on Australian steel billets will be abolished from July this year. Import licences will be expanded until licensing ends on January 1, 1989.

Steel pipes and tubes will be exempt from licensing from next January. Import duties will be cut from 20

per cent to 10 per cent this July, to 5 per cent in July next year, and abolished on January 1, 1989.

Galvanised and coil-coated products will become duty-free from July this year, and import licensing will end in January 1989.

Hot and cold rolled steel, which will be produced by the expanded Glenbrook mill from late this year, will be protected by an initial 10 per cent duty, reducing to zero after two years.

Import duties on products made from steel, including wire rods, will be phased down gradually from the present levels of between 15 and 25 per cent to zero from January 1989.

Mr Fergusson said New Zealand Steel was "not bothered" by the complete removal of protection after January 1989, because Australian steel bounties were due to end in December 1988.

But he said he was "not impressed" by the way the Government had failed to win any compensation for New Zealand Steel against BHP competition, with bounties, during the transition period.

He said New Zealand Steel had asked for an exemption from the bounty

system for exports to New Zealand but the Government had not negotiated this.

"We pointed all of this out [to the Government]," he said.

"But the last official word from the Government was a letter in September 1986. The first I heard of this decision was from a reporter."

However, the director of Australian trade relations in the Trade and Industry Department, Mr Peter Fairfax, said New Zealand Steel had been aware of the broad outline of the Government's agreement with Australia since it was reached in Wellington last December.

Completion

He said the New Zealand Government had decided that the Australians were not going to make any immediate change in their bounties before a review of the steel industry this year.

● About 2200 workers are employed by New Zealand Steel.

The second stage of development on the Glenbrook site which will enable the company to make hot and cold rolled steel is near completion.

AUCKLAND EDITORIAL FINDS 4 PERCENT DEFICIT HIKE UNACCEPTABLE

Auckland THE NEW ZEALAND HERALD in English 28 Apr 87 p 6

[Editorial: "Deficit Still Needs Pruning"]

[Text]

The budget deficit for 1986-87 was \$1.95 billion. A year earlier it was \$1.87 billion. Thus it is up by 4 per cent. The public should cling to that fact as the Government jubilates about the lowest figure for 10 years in terms of national income and about how good the deficit looks against the inflated guess of \$2.9 billion only four months ago.

True, a 4 per cent rise is minor as compared with inflation in the same period of 18.3 per cent. But the state needs to reduce its borrowing, and the budget deficit could be deceptive if regarded as the measure of official requirements in the money markets here and over-

seas. The figure does not include borrowing by the Rural Bank, the Housing Corporation and other corporations. New Zealand lacks a useful economic indicator when it has no figure for a total public sector borrowing requirement, as is provided in some other countries.

The October cut in tax rates has not prevented the Government from exacting a 22 per cent rise in tax revenues, including a large increase in personal tax. Already there is talk of giveaways in the light of an ostensibly favourable budget deficit. There should be no thought of that. The deficit remains very much too big.

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CSO: 4200/643

BID FOR UNESCO LEADERSHIP GAINS SUPPORT

HK030729 Hong Kong AFP in English 0658 GMT 3 Jun 87

[Text] Manila, June 3 (AFP)--The Philippines has obtained the support of more countries worldwide in its bid to capture the leadership of the United Nations Educational, Scientific and Cultural Organization (UNESCO), a senior official at the foreign affairs department said here Wednesday.

President Corazon Aquino's government is aggressively campaigning for veteran diplomat Rosario Manalo, Manila's current ambassador to the European community, Luxembourg and Brussels, to replace controversial UNESCO chief Amadou-M-Bow of Senegal.

"There is a big chance that the next UNESCO director general will be a Filipino," a senior foreign affairs department official told reporters.

The official, who asked not to be named, said latest reports from Philippine embassies and consulates indicated strong support for Mrs. Manalo's candidacy among countries in Western and Eastern Europe, Africa, and the Americas.

He said Mrs. Manalo is considered the number one contender and that the main rival was Pakistan. Other nations, including Portugal, Ecuador, Indonesia, Thailand, Bulgaria, and Yugoslavia are contesting the position.

"But Manalo is the only woman candidate and this is considered a plus as there is a move in the United Nations to show results in its efforts to equalize opportunities for both sexes," the official said.

Mrs. Manalo, 51, is a lawyer and career diplomat who served as chairman of the UN commission on the status of women and the 1985 International Conference on Women in Nairobi.

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CSO: 4200/631

PHILIPPINES

MANILA EDITORIAL REJECTS FOREIGN VENUE FOR MNLF TALKS

HK030117 Manila MANILA BULLETIN in English 1 Jun 87 p 6

[Editorial: "The MNLF Issue"]

[Text] The Moro National Liberation Front has made it known that it would return to the conference table if the next round of peace talks is held in Jeddah and under the auspices of the Organization of Islamic Conference [OIC].

In the meantime, the military continues to receive reports that the MNLF is deploying forces in different parts of Mindanao.

Ambassador Emmanuel Pelaez, chief government peace negotiator, has categorically stated that renewed negotiations should take place in the Philippines, the Mindanao problem being exclusively and inescapably an internal affair.

The military is, for its part, keeping itself in a position to confront any threat to peace and order presented by the MNLF.

The Aquino Government will be well advised to uphold, support, and sustain the position taken by Ambassador Pelaez on the issue of where new peace talks should be held. It is time to repudiate the anomalous precedent set when the Philippine Government attended a "peace conference" in Tripoli and another "peace conference" in Jeddah, both under the auspices of the OIC. The Pelaez position is soundly grounded in international law and diplomatic practice.

The MNLF does not have a valid claim to a status of belligerency by any stretch of the imagination. But the Philippine Government unknowingly aids and abets the rebel group's quest for an international personality every time it holds negotiations with the MNLF in a foreign venue.

If the Philippines wants to exhaust all possible avenues to a peaceful and orderly settlement of the MNLF problem, it must certainly never do so at the expense of national sovereignty and national honor. The international community surely understands such norm of conduct.

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CSO: 4200/631

STUDENTS ALLEGE PCGG COMMISSIONER ILLEGALLY DISBURSED FUNDS

Manila THE MANILA TIMES in English 1 Jun 87 pp 1, 6

[Text] COMMISSIONER Quintin Doromal of the Presidential Commission on Good Government was denounced yesterday by about 100 students and alumni of the Silliman University for illegally disbursing the university's funds amounting to about P13 million.

In a letter addressed to Doromal, a copy of which was sent to President Aquino, the students and alumni denounced Doromal for his alleged involvement in the illegal disbursement of the P13 million belonging to the Silliman University Alumni Office when he was the university's president.

In the letter, the students and alumni said the report on the "unaccounted funds" was reflected in the university's annual report for 1986 based on an audit report from the Sycip, Gorres, Velayo and Co., a private auditing firm.

The letter also said during Doromal's term as university president, "there was no proper accounting of the membership dues of the alumni association as a result of which the illegal disbursements were made."

Ludy Perez, the new alumni office director, also confirmed the fact that when Doromal was

forced to quiet his post before the February Revolution, the original copy of the annual report was "reported lost," according to the letter.

"Fortunately, the SGV still had a copy of the original," the students and alumni said in another letter.

Lorenzo Teves, senatorial candidate of the opposition coalition Grand Alliance for Democracy and former ex-officio chairman of the university's Board of Trustees, confirmed the veracity of the missing funds, "including unaccounted donations amounting to millions of pesos" which allegedly disappeared during Doromal's incumbency.

Juanito Magbanua, former chairman of the university's Board of Trustees also said "he has complete records of the missing funds."

Doromal was appointed PCGG commissioner by President Aquino and was the primary figure in the sequestration of many alleged Marcos crony-owned firms, including the defunct *Philippine Daily Express*.

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CSO: 4200/627

BERNAS ARGUES AGAINST MILITARY REPRESENTATIVE TO CONGRESS

Manila PHILIPPINES DAILY INQUIRY in English 22 May 87 p 5

[Commentary by Joaquin G. Bernas, S.J. in the "Fish on Friday" Column: "A General as Military Representative in Congress?"]

[Text]

IT IS not a far fetched thought, if media reports are to be believed. The President, in her press conference of last Saturday, is supposed to have said that she was not averse to appointing a sectoral representative of the military establishment to Congress. She was in fact a little more emphatic than that. Apparently she has convinced herself that she can squeeze a soldier through a "loophole" which allows representation of "such other sectors as many be provided by law." It would seem that, according to the Malacanang holy book, it should be easier for a military man to pass through the eye of a needle than for a GAD candidate to enter Congress. And from Congress, to the presidency. Why not?

Well, why not, indeed? And the military representative need not be a general. He could be a discharge colonel. But first, let us look at where the "loophole" is holed.

Article VI, Section 5(2) says: *"For three consecutive terms after the ratification of this Constitution, one-half of the seats allocated to party-list representatives shall be filled, as provided by law, by selection or election from the labor, peasant, urban poor, indigenous cultural communities, women, youth, and such other sectors as may be provided by law, except the religious sector."*

Article XVIII, Section 7 then adds: *"Until a law is passed, the President may fill by appointment from a list of nominees by the respective sectors the seats reserved for sectoral representation in paragraph (2) Section 5 of Article VI of this Constitution."*

There you have it. She may appoint 25 sectoral representatives to Congress, since that is one-half of the seats allocated to party-list representatives. She does not have to fill these 25 seats, but she has the option to. If she does, (and she has announced that she intends to), on the basis of sheer partisan practicality, 25 hand-picked awardees should boost her partisan majority. Congress, after all, is meant to be a partisan body. But what sectors will be represented?

The Constitution enumerates six sectors: labor, peasant, urban poor, indigenous cultural communities, women, and youth. Why these sectors? The original proposal in the Commission had only four: labor, peasant, urban poor, and youth. The consensus was that these sectors urgently needed representation but could not yet compete in the political arena because they were either economically underprivileged or politically weak and unorganized, or both. Two other sectors, women and indigenous cultural communities, were later added as belonging to the disadvantaged class needing special protection.

It is important to emphasize this common denominator of being disadvantaged because in law, when a specific enumeration is followed by a generic inclusive statement, the generic statement is not meant to include items which do not belong to the same class as those enumerated. Lawyers call this the *eiusdem generis* principle. Thus, when the Constitution follows the enumeration of specific sectors

with the phrase "and such other sectors as may be provided by law," any other additional sector to be provided by law must belong to the same class as those specifically enumerated. Hence, should the President create a representative sector consisting of the military, it would mean that in her judgment the soldiery belongs to the same disadvantaged class as labor, peasant, urban poor, indigenous cultural communities, women, and youth. She may find some difficulty selling that commodity.

And there is another factor to consider. The Constitution allows appointive representatives for only three consecutive terms. After the three consecutive terms, all groups will have to compete in the party-list system. But why this three term limit? The three-term interim period is given in order to allow the disadvantaged sector enough time to organize and build up a capability to compete in the electoral process. The sectors are thus encouraged to build up their political organizations during that period. Should the President create a "military sector," will that not in effect open the military to the temptation of political partisanship? It will be a signal to the military to build up its political capability. Not that segments of the military need any further tempting. But the Constitution in fact is replete with provisions intended to insulate the military against partisanship. *"The armed forces shall be insulated from partisan politics."* *"No member of the military shall engage directly or indirectly in any partisan political activity, except to vote."* *"No member of the armed forces in the active service, shall, at any time, be appointed or designated in any capacity to a civilian position in the Government including government-owned corporations or any of their subsidiaries."* And when it was proposed that the military be allowed to form a political party, the idea was roundly rejected by the Commission. One would wish that the President would also deliver the military from temptation to partisanship.

But should not the oppressed and neglected military have a protector in Congress? Well, they can have one, and a permanent one at that, in the person of their Commander-in-Chief. The influence of the Commander-in-Chief on her party should give to the military a protection far better than any sectoral representative can give. The Constitution is replete with provisions intended to improve the lot of the military which the administration can push. *"The State shall strengthen the patriotic spirit and nationalist consciousness of the military, and respect for people's rights in the performance of their duty."* *"Professionalism in the armed forces and adequate remuneration and benefits of its members shall be a prime concern of the State."* The Constitution's concern for the military in fact extends to their post-retirement life and even to their after-life. *"The State shall provide immediate and adequate care, benefits, and other forms of assistance to war veterans and veterans of military campaigns, their surviving spouses and orphans. Funds shall be provided therefore and due consideration shall be given them in the disposition of agricultural lands of the public domain and, in appropriate cases, in the utilization of natural resources."* *"The State shall from time to time, review to upgrade pensions and other benefits due to retirees of both the government and private sectors."* These are concerns which must be attended to not just during a three-term interim period but periodically and for aye.

Thus, should a general be appointed military representative in Congress? Neither a general nor a private who is *"in the active service"* may serve in Congress. That much is clear. *"No member of the armed forces in the active service shall, at any time, be appointed or designated in any capacity to a civilian position in Government."* But how about a retired admiral or a discharged colonel? Well, consider this other problem. The sectoral representative will be appointed *"from a list of nominees by the respective sectors."* The President, in other words, is not free to impose anybody on the sector. Thus, she will have to ask the military establishment to submit a list of nominees. And how can the military establishment make up its list of nominees without getting involved in some form of partisan haggling? How can the military be asked to actively engage in political nominations without exacerbating the factionalism which already plagues the military? What is happening now in the University of the Philippines, in a manner that is good for UP as UP conducts its search for a President, will be repeated in military camps in a manner that can be disastrous for the already fragmented military establishment! All told, therefore, I believe that it would be far wiser for the President to look for ways of wooing the love of the military other than by dangling before the soldiery the potentially explosive prospect of sectoral representation.

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CSO: 4200/627

COLUMNIST ADVISES REEXAMINING NAMFREL ELECTION ROLE

Manila PHILIPPINE DAILY INQUIRER in English 25 May 87 p 5

[Commentary by Belinda Olivares-Gunanan in the "Political Tidbits" Column:
"Has Namfrel Outlived its Usefulness"]

[Excerpt]

The cloud under which Namfrel has been placed by the serious allegations of GAD only drives home quite dramatically the fact that this citizens' volunteer watchdog group may have outlived its usefulness. Namfrel was born several decades ago, when cheating at the polls, virtually unknown before then, reared its ugly head and decided to stay and become a way of life with us Filipinos. In the 1984 Batasan election Namfrel was resurrected and had stayed on for two more elections. But so much criticism has been raised since then, placing the watchdog body's credibility under great strain.

In the old dictatorship, elections were largely systematically controlled from above, as a policy of the regime. But in this new era of democratic space, with an administration that seems determined to rehabilitate the electoral process despite all claims of the opposition to the contrary, there appears to be no more need for a watchdog body.

But one thing is necessary, if Namfrel is to be allowed to self-destruct: Comelec has to be rendered more efficient. It is obvious that this last election and the past plebiscite have seriously strained the capabilities of that constitutional body, that already suffers from the adjustments of a new set of officers at the helm. Many senatorial winners themselves have complained to this columnist of Comelec's antiquated methods. If Namfrel is to be de-commissioned, the Comelec has to become more efficient and modernized. The government has to invest a lot of money in computerization and

a more professional corps of personnel heavy in management training. The Comelec's inefficiency and antiquatedness not only hurt the candidates, but impair the rehabilitation of democracy in this country and contribute to the sorry deterioration of the people's moral fiber.

An independent group of citizens was organized to monitor the election canvassing as undertaken by the Comelec's National Board of Canvassers at the PICC. From their report of their observations and assessments, the group concluded that the canvassing process "is too simple, too mechanical and too open that there is practically no room for cheating, specifically through the changing of the figures type-written on the certificates of canvass, the replacement of the certificates of canvass, or through the misreading of the figures type-written on the certificates." The observers noted that the opening of the sealed ballot boxes containing the certificates of canvass from the provinces, and the reading of the number of votes in the certificates were done in "full and unrestrained view of the public, and not just the watchers or representatives of the senatorial candidates." They noted that during the process, watchers get a chance to check out everything, from the authenticity of the seals to the figures read, and complaints are entertained. The report also observed that the person in charge of the tabulations by computer "will not compromise accuracy for speed."

It stated that "if there is virtually no way for the Board of National Canvassers, who read the certificates of canvass, to cheat, there is also no way for the computer group to pull any dirty trick." This is because "results are printed at every end of the day, (and) watchers can immediately check the computer-generated results against their recorded results ..." Moreover, errors are avoided because of the "quadruple layers of checks and counterchecks of the figures done by the computer group before the computer print-outs are made public through posting at the PICC lobby and in the big tally boards fronting PICC.

The report stated, however, that "the area where cheating can most probably be done, is anywhere before the ballot boxes reach PICC -- either at the precinct or provincial level. This may come in the form of inaccurate typing of the figures on the certificates of canvass or the padding of number of votes, among others. It is evident from the abovementioned report that for cheating to be done on the scale that GAD is accusing the Comelec of, this has to be concerted at the precinct or provincial level. Which means a tremendous amount of coordination work (something that critics of the Comelec insist it is not capable of at its present efficiency level).

But this argument is drowned out by the fact that so many opposition figures, many of them key figures in the Marcos regime, won in the congressional level. How can the votes be manipulated for the Administration at the senatorial level, while leaving the congressional seats in the hands of so many anti-administration candidates?

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CSO: 4200/627

LETTER TO PAPER HITS ALLEGED SECRET DECREES

Manila THE MANILA TIMES in English 1 Jun 87 p 4

[Letter to the Editor by Ricardo Valmonte, chairman, organizing committee, "People's Movement for Press Freedom"]

[Text]

WE of the People's Movement for Press Freedom would like to declare through your paper our grave concern over the existence of 17 Executive Orders already signed by President Aquino in the past few months but whose texts have not been published whether in the *Official Gazette* or in the widely-circulated newspapers. We understand that the Malacanang Records Office does not have copies of these Executive Orders and that this office was even instructed not to reveal the contents of these presidential laws to the press.

Mr. Felipe Olimpo of *The Manila Times*, a member of the Malacanang Press Corps, exerted efforts to secure copies of these, but the best he could get were an enumeration of descriptions (no texts) and lame excuse from the Executive Secretary shifting the blame to those responsible for putting out the *Official Gazette* and to those former ministers who were supposed to have promised to take care of publishing those EOs reorganizing their respective ministries. If a duly-accredited Malacanang reporter can not gain access to

these public documents directly affecting tens of thousands of employes and families, how can ordinary citizens enjoy their Constitutionally-guaranteed right to be informed?

We can not buy Secretary Joker Arroyo's logic that his being with us in the anti-dictatorship opposition would guarantee that nothing remotely similar to the Marcos' issuance of secret decrees could happen under a regime where he holds a key post. And as we salute Mr. Olimpo for his efforts, we recognize it to be our responsibility to vigilantly uphold the people's right to know, the right to full access to public documents and public affairs.

We would also like to remind all concerned that no lame excuses can wipe off the illegality of implementing a law or statute before its publication. Are the sovereign Filipino people now to assume and believe that none of these EOs has been implemented up to this time?

RICARDO VALMONTE
Chairman, organizing committee
People's Movement for Press Freedom

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CSO: 4200/627

DAILY LAUDS AQUINO STAND AGAINST HIGH PRICED MEDICINE

Manila PHILIPPINE DAILY INQUIRY in English 23 May 87 p 4

[Editorial: "Bringing Down the Cost of Drugs"]

[Text]

THE PRESIDENT's address Thursday before the Philippine Medical Association is the sort of speech one rarely hears from a Chief Executive. But refreshing -- and encouraging -- it certainly was.

Instead of dwelling on some tired cliché (such as the nobility of the medical profession or the selflessness of physicians), Ms. Aquino chose to make a critical statement in defense of the public, for whom the cost of medical care has become exorbitant. Without beating around the bush, the President emphasized that one major reason why this is so is the fact that a great number of doctors have allowed themselves to be swayed by what she called "pharmaceutical propaganda." In so many words, she chided those doctors who have allowed themselves to be exploited by drug firms -- by prescribing expensive, brand-name medicines when much cheaper generic drugs are available.

Unfortunately, drug companies whose lucrative business results from the marketing of costly brand-name medicines exercise undue influence on many physicians. It is a relationship that is reinforced through travel grants, "professional programs", sponsorships and other accommodations that somehow make doctors dependent on the goodwill of "generous" drug firms. For instance, the Philippine Medical Association itself relies on certain drug firms to foot part of the bill for a number of its activities -- including, perhaps, the very same affair the President addressed Thursday.

All that may just be a simple matter of "good PR" on the part of the drug firms; but it also serves to ensure that the doctors themselves would help push the drug firms' products. And while the physician loses nothing and stands to gain a lot by being friendly with drug companies, the net losers in the mutually beneficial ties between doctor and drug firm are the patients.

The President herself pointed out correctly that most patients trust their doctors completely; and when a doctor prescribes a certain kind of drug, the patient is often made to believe that it is the only medicine for his ailment. And a factory worker, for instance, whose daughter is suffering from some disease would not hesitate to rush to the nearest drugstore to buy a certain medicine which the child's doctor has prescribed even if the price is equivalent to 10 times his daily wage. He is not inclined to doubt the doctor's wisdom, neither is he aware that there is probably a generic alternative to the atrociously priced medicine the doctor has prescribed.

Several efforts have been launched in the past to make the public aware of generic drugs that could do the same job as expensive brand-

name medicines at a fraction of the cost. But on the whole such efforts have failed. A major factor leading to their failure was the reluctance of a great number of physicians to impart the information these campaigns have provided to their patients.

The President herself pointed out that the real battleground in the campaign to bring down the cost of medicines is in the mind of doctors. And for as long as there are doctors who would allow their sense of service to humanity to be subverted by crass commercialism and the mindless pursuit of profit, the battle cannot be won.

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CSO: 4200/627

ONGPIN CRITICIZED ON GASOLINE TAX EXEMPTION

Manila THE MANILA TIMES in English 1 Jun 87 pp 1, 6

[Article by Mike De Luna]

[Text] Tanodbayan Raul Gonzalez has reprimanded Finance Secretary Jaime Ongpin for granting tax exemptions to gasoline companies which deprived the government of billions of pesos in revenues.

Gonzalez also called the attention of Ongpin, who recently barred certain reporters from his press conferences, to a provision in the new Constitution which guarantees newsmen's rights to gather facts and information.

In a recent letter to the finance secretary, the Tanodbayan said the non-collection of specific taxes from gasoline companies violated provisions of Presidential Decree No. 938.

Earlier, Ongpin and internal revenue commissioner Bienvenido Tan, Jr. had been charged before the Tanodbayan with violation of the anti-graft law for granting tax exemption privileges to gasoline companies.

In answer to the complaint, Ongpin said the grant of tax exemptions to gasoline companies was legal, in accordance with certain provisions of PD 380. Although PD 380 was amended a long time ago, Ongpin claimed that some of its provisions were impliedly adopted by PD 938.

But Gonzalez berated Ongpin's legal interpretation as contrary to the "very elementary rule" in law.

According to Gonzalez, "when there is any amendment to a law, any and all provisions of the former law which were not reproduced ... in the new law are considered repealed."

"This is a very elementary rule," he told Ongpin.

The Tanodbayan also reminded Ongpin that even petroleum products supplied to the National Power Corporation, a government-owned entity, should not be exempt from taxes.

Under the present arrangement, oil products bought by the Napocor are tax exempt so that power company could buy them at lower prices.

But Gonzalez said under its charter, the Napocor was exempted only from direct tax liabilities.

Gonzalez explained that Executive Order No. 93 issued by President Aquino last December abolished all kinds of tax exemptions and preferential tax treatment of government-owned and controlled corporations.

He said Napocor's continued enjoyment of these tax and duty exemption privileges had resulted in "serious tax base erosion and considerable distortions in the tax treatment of similarly situated entities."

Gonzalez also said these privileges granted to gasoline companies "have become convenient opportunities for tax manipulations or avoidance, especially in case of inter-related entities." "It also makes more difficult the attainment of the overall programs for national economic development, considering the government's fiscal exigencies," Gonzalez added.

Gonzalez said according to EO 93, if necessary, "assistance to government and private entities may be better provided . . . by explicit subsidy and budgetary support rather than tax and duty exemption privileges."

Gasoline companies, according to Gonzalez, have not been paying specific taxes notwithstanding P.D. 938 which was approved on May 27, 1976.

Earlier, Ongpin had complained to Gonzalez for his having released to newsmen copies of the anti-graft complaint filed against the finance secretary.

The anti-graft case was played up in the newspapers, a thing which incurred the ire of Ongpin.

In his letter to the finance secretary, Gonzalez said his office "does not bar newsmen in the exercise of their press freedom in gathering facts and information, unless it will prejudice matters affecting national interests."

In fact, he said, Section 7 of Article 11 of the Constitution specifically states that "the right of the people to information on matters of public concern shall be recognized."

Gonzalez said his office "believes that the people are entitled, as a matter of right, to know the actuations of their high government officials, especially in the area of tax collection during this time of urgent need for revenues."

Recently, members of the Malacanang Press Corps denounced Ongpin for refusing to entertain questions, during a press briefing at the Palace, from a reporter of the *Philippine Daily Inquirer* which he described as a "garbage newspaper."

Last week, he also barred reporters from the *Inquirer* and *The Manila Times* from attending his press conference.

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CSO: 4200/627

ONGPIN URGES PRIVATIZATION OF OIL COMPANY

HK021527 Manila MANILA BULLETIN in English 2 Jun 87 p 15

[Text] Finance Secretary Jaime V. Ongpin, who is the chairman of the Committee on Privatization (COP), yesterday castigated Manuel Estrella, president of the Philippine National Oil Company [PNOC], for vacillating on the plan to privatize PNOC's marketing subsidiary, Petrophil.

After a meeting last week of the COP, which was attended by Estrella and PNOC's immediate past president Senator-elect Vicente Paterno, Ongpin wrote to the board of directors of the government oil firm to immediately resolve the issue of Petrophil's privatization.

The COP had earlier made the recommendation to the President, who approved the privatization of PNOC starting with the divestment from Petrophil, which operates the nationwide network of outlets marketing oil products under the brand name of Petron. It also has another subsidiary, Petron TBA, which is also engaged in the marketing of tires, batteries and accessories.

Ongpin invited the attention of the board of PNOC to Estrella's statement that there was no approved resolution by the PNOC board calling for its privatization.

In view of the statement of Paterno that the PNOC board did in fact approve such a resolution during his term, the board was requested by Ongpin to investigate the matter and pinpoint responsibility of those involved.

He also stated that in view of Paterno's comments at the meeting, the change in the wording of the relevant minutes of the PNOC board from "approved" to "noted" raises "serious questions as it could possibly involve tampering of official records."

Estrella has rejected calls for the immediate sale of PNOC, particularly Petrophil, to the private sector. He said the proposed divestment would mean a dilution of government earnings, cutting back in the financial support that Petron extends to alternative energy projects. He also said that PNOC was a vital, strategic and effective government-owned institution for national development.

On the basis of the recommendations made still PNOC president, Ongpin recommended to President Aquino the privatization of PNOC, to start with Petrophil. Ongpin has hoped to make Petron's privatization a "model approach."

In his letter to the PNOC board, Ongpin refuted point-by-point the reasons and objections cited by Estrella in his opposition to the urgent sale of PNOC and its subsidiaries to the private sector.

He said that PNOC's retention of the largest single block of shares in Petrophil would permit it to exercise not only veto power but also policy, management and operational control over the affairs of Petron.

In Ongpin's view, the government can continue to employ its regulatory powers through the Office of Energy Affairs, Board of Energy, Bureau of Energy Utilization, and the Oil Price Review Committee.

Ongpin reiterated Paterno's view that allowing a multinational oil company to acquire shares in Petrophil would result in a linkage which could be desirable in the light of the need to keep up with rapid developments in the industry. Such a tieup, he said, may allow Bataan Refining Corp. to operate at a higher capacity level, thus enhancing its value even more.

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CSO: 4200/631

PAPER REPORTS PRIVATIZATION PLAN MOVING SLOWLY

HK291303 Manila MANILA BULLETIN in English 29 May 87 p 25

[Text] The government's privatization program is not moving as fast as desired due as much to the lack of interested buyers as to resistance by some of the affected corporations to sell to private groups.

The Cabinet-level Committee on Privatization (COP), which is the body overseeing the entire process, has set 5 years as the deadline for the privatization efforts.

Recently, President Aquino approved the COP listing of more than 100 government-owned and controlled corporations engaged in business activities competing with the private sector which will be sold to the private sector groups in the next 5 years.

While a few of the companies in the list had been sold and a good number has received offers from interested buyers, the rest or the great majority of them appeared to be just paying lip-service to privatization.

In some cases, the dilly-dallying is understandable. Managements of these corporations do not want to lose their corporate turf and they prefer simply not to "rock the boat."

Others, while receiving offers, are demanding too high a price for their shares which interested buyers do not find attractive. But as spelled out by Finance Minister Jaime Ongpin, who concurrently is the COP chairman, the government was prepared to "take a loss" because the book values of many of the corporations up for sale "have very little relevance to market values."

Ongpin has already expressed exasperation over the pace of the privatization program for the Philippine National Oil Company [PNOC], the biggest government-owned corporate group up for sale. The new president of PNOC has said that the plan should not be rushed. There are also certain quarters within the government which would rather prefer that the firm remains government-owned. The first phase of PNOC's divestment would involve the privatization of Petrophil, a petroleum marketing concern, and of Bataan Refinery, which operates an oil refinery in Limay.

Another important government firm included in the COP list for privatization which is lukewarm to the idea is the Philippine Airlines [PAL], the nation's flag carrier. PAL has received a number of offers, but management has reportedly not paid much serious attention to the proposals. Sources said PAL management would prefer the ownership of the airline the way it is now.

PAL's majority stocks are held by the Government Service Insurance System [GSIS] which has put in about P2 billion of its own funds in the airline but until now still has to receive any dividends from it. Pressed by its own need to improve its financial position, GSIS would prefer that it is unleashed from the non-paying PAL investment.

Another critical group of firms in the privatization list are the five commercial banks acquired by the government. They are Pilipinas Bank, owned by the Philippine National Bank; Associated Bank, formerly owned by the Development Bank of the Philippines but is now with the Asset Privatization Trust; Republic Planters Bank, owned by the Sugar Regulatory Administration; Union Bank, jointly owned by the Social Security System and Land Bank; Commercial Bank of Manila, owned by GSIS; and Inter-bank, 60 percent owned by the National Development Company.

Under the government's loan commitments with the World Bank, these banks must be privatized within a period of 5 years. Except for Interbank which disposed part of its equity to American Express International Banking Corp under a debt-equity swap scheme, the rest have been slowly moving in their divestment programs.

Pending offers are being evaluated by Pilipinas Bank and Combank. Union Bank rejected an offer from a Singapore group, and if SSS [Social Security System] would have its way, it would rather keep the bank.

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CSO: 4200/629

REPORTAGE ON LAND REFORM STATUS, 29 MAY-2 JUNE 87

'Watered-Down' Order Prepared

HK291305 Manila MANILA BULLETIN in English 29 May 87 pp 1, 17

[Article by Ding Marcelo]

[Text] The government, acknowledging tremendous pressure being exerted by several sectors, appeared to have mellowed in its ambitious agrarian reform program and a watered-down version is being prepared for President Aquino's approval following a spirited 2-hour Cabinet Action Committee meeting at Malacanang yesterday.

Pressures from members of Congress, farm owners, and some Cabinet members themselves have reportedly been building up as the Aquino administration put the finishing touches on its agrarian reform program which it plans to issue through an executive order before Congress opens on 27 July.

During the meeting attended by 15 Cabinet members and 5 undersecretaries, the following points were agreed upon in principle:

1. The president will issue an executive order mandating land reform for rice and corn lands and the distribution of sequestered, foreclosed, and foreclosable lands under Phases A and B of the land reform program.
2. The government will lay down the guidelines and framework for breaking up huge sugar and coconut lands and the distribution of lands classified as public domain under Phases C and D.
3. The government will leave to Congress the matter of fully implementing Phases C and D, in other words, fleshing it out in such matter as funding.
4. The government will continue to seek opinions from farmers, landowners, and members of Congress regarding land reform before finally implementing it.

Press Secretary Teodoro Benigno told reporters yesterday that President Aquino was bent on issuing a proclamation mandating land reform because she said she was committed to it.

Mrs Aquino's reiteration followed what appeared like a stormy debate between those who favor leaving the implementation of the land reform program to Congress and those who insist that the president exercise her legislative prerogative.

The latter said the president must take "the reins of history in her hands" and enact the land reform program now because Congress might succumb to pressure and take away this one monument to the Aquino administration.

The other side, however, according to Benigno, says that Congress has as much right to enact the program.

Benigno said a majority of those who attended the meeting seemed to favor the issuance of an executive order.

It was pointed out, however, the Phase A of the program merely completes Operation Land Transfer for rice and corn areas under Presidential Decree 27 signed by former President Ferdinand Marcos 1 month after martial law was proclaimed in 1972.

Phase B distributes sequestered, foreclosed, and foreclosable lands.

Benigno said Phase A covers 557,000 hectares and will cost P5 billion while Phase B covers 600,000 hectares and will cost P10.2 billion.

Phase C, which involves large tracts of sugar and coconut lands like Hacienda Luisita which is owned by the family of Mrs Aquino, covers 1,280,000 hectares and will cost P7 billion.

The government has earmarked P4 billion for implementation of the program for this year alone. Phase A and B will be implemented in 1987-1989.

The total cost of the program, as envisioned by the government, will be nearly P50 billion over a 6-year period.

Benigno said this amount will be obtained from the following: P10 billion from budgetary allocations, P20 billion from the sale of nonperforming assets, and P20 billion from sale of sequestered firms and proceeds from confiscation of hidden wealth.

Benigno said the original program will cost the government an annual average of P7.6 billion and would benefit some 2.64 million farmers and landless farm workers out of an estimated total of 10 million farmers and agriculture workers.

Benigno said that if the amount is not fully covered from local sources, there is a chance that the government may resort to foreign borrowing, an option which it has not totally discarded.

According to Benigno, the president was digesting all the various comments from her Cabinet members and she will consider all these when she finally decides to sign the executive order.

Benigno said that one of the new features of the discussions was the proposal to carry out the program "gradually, region by region, or sub-region by sub-region, instead of being applied to the whole nation at one and the same time."

Benigno said the complexities of the land reform program are now only surfacing after lengthy debates among those assigned by the president to handle it.

Finance Undersecretary Ramon Katigbak said several versions of the draft executive order have been submitted and ordered redrafted because new ideas kept cropping up.

They also found out that not enough consultations were held with those concerned, principally the landowners and the representatives of the sectors involved.

10 Laban Senators-Elect Back Plan

HK291258 Manila PHILIPPINES DAILY INQUIRER in English 29 May 87 pp 1, 10

[Article by Marlen Ronquillo]

[Text] Ten winning Lakas ng Bayan (Laban) [People's Power] senatorial candidates pledged Wednesday night to unconditionally support President Aquino's decision to issue an early law on land reform.

They also agreed on broad areas of cooperation at the Senate.

The agenda of cooperation was forged by Aquilino Pimentel Jr., John Osmena, Vicente Paterno, Teofisto Guingona, Rene Saguisag, Leticia Ramos-shahani, Orlando Mercado, Agapito Aquino, and Raul Manglapus at Paterno's house in Laban's first big meeting after the 11 May polls.

A source at the meeting said the 10 agreed to work for the passage of complementary measures on land reform which President Aquino might miss in her executive order. She plans to issue before Congress convenes on 27 July.

"We agreed to legislate on other aspects of land reform which she might miss in the executive order," one of the Laban senators-elect told the INQUIRER.

Land reform was one of two main concerns which gained unanimous support from the 10.

The strengthening of cooperatives to make these the springboards for economic activities in the countryside also gained unconditional support from the 10.

The biggest push for the strengthening of cooperatives came from Paterno who anchored his senatorial campaign on the decentralization of government and grassroots economic development.

The push for land reform comes amid fears that conservatives in Congress may derail such bold initiatives if it were left the task of passing it.

Several senators who attended the meeting said "there is basis" for such fears, citing the prominent members of the sugar and coconut blocs who were elected last 11 May.

The prominent members of the two industries have been quoted in published reports as saying President Aquino should not preempt Congress in passing a land form law.

To hasten work on priority measures, the 10 also agreed to pool manpower and resources in carrying out research and gathering inputs for proposed bills.

They also agreed to jointly sponsor bills which they feel should get immediate attention.

The 10 virtually complement an earlier move from some 20 members of the House of Representatives to form a "conscience bloc" to push for bold political and economic initiatives.

Like their counterparts from the Senate, the 20 members of the House of Representatives fear the emergence of a strong elitist bloc in Congress.

Cabinet Agrees To Issue Program

HK290935 Quezon City BUSINESS DAY in English 29 May 87 p 2

[Text] A general proclamation on a comprehensive land reform program should be issued by the president before Congress convenes in July.

This was the consensus reached in the Cabinet meeting yesterday.

However, while such a proclamation will have to include the entire program's main thrust and direction, such a presidential move is expected to focus on the program's first two phases only, which cover rice and corn lands and idle public lands, and leave Congress to enact specific legislation on the last two stages which include the redistribution of sugar estates and coconut lands.

The first phase of the program shall cover some 557,000 hectares of tenanted rice and cornlands, and will complete what was begun by the Marcos administration. The second phase shall parcel out of some 600,000 hectares of lands foreclosed and/or sequestered by the government and those which have been abandoned by their owners.

There is relatively less difficulty in terms of funding and mechanics in carrying out the first two stages of the program. However, there seems a general recognition that phases three and four are altogether a different matter. Phase three involves the redistribution of all other agricultural lands including sugar, coconut, and aquatic lands covering a total of 1.280-million hectares.

Critical observers are pessimistic about the full implementation of this particular phase of the program because of the large block of candidates coming from landed families who have been elected to the new Congress.

The president's own family, the Cojuangcos, belong to the landed elite, one of their properties being the 6,000-hectare Hacienda Luisita in Tarlac, considered prime sugar land.

Various sources say there is some resistance, not expressed categorically, from even among the Cojuangcos to use Hacienda Luisita as "a model for any comprehensive land reform program in the country."

Press Secretary Teodoro Benigno however, said yesterday that President Aquino has given her assurance that she will comply with any legislated aspect of the program which would affect Hacienda Luisita.

The last phase, which involves 2.188 million hectares, or the largest chunk of land to be subjected to reform, shall cover government-owned estates and other land properties.

An estimated P13-billion will be raised by the government to fund the last phase. This part of the program is not only the most costly, but is likewise expected to be the most cumbersome in terms of implementation.

Among the gargantuan tasks to be borne by government regarding the fourth phase, is the preparation of an inventory of multitudinous land titles, authentication and verification of such titles, and answering the deluge of claims from the private sector asserting ownerships of lands identified by government as its own.

An equally tough aspect of the program, which is sure to knit the brows of government, is generating the mammoth amount of money involved in implementation.

The overall cost of the four-phase program has been pared from an original estimate of P50-billion to P43.5-billion to be sourced from budgetary allocations and the sale to private buyers of property sequestered and/or non-performance assets being held by government.

The government is committed to raise P5-billion to fund Phase A of the program this year. The second phase is estimated to cost P10.229 billion, the third, P7 billion, and the fourth, P12.897 billion.

The entire program is expected to benefit a total of 3 million out of an estimated total of 10 million farm tenants and landless farm workers.

Aquino on Goal, Details

HK300851 Manila MANILA BULLETIN in English 30 May 87 pp 1, 12

[Article by Fred M. Lobo]

[Text] President Aquino said yesterday that an expanded land reform program is "necessary for our people and for our future" and pledged that she will see to it that it is carried out soon.

The president stressed that she will go for an agrarian reform program that will succeed and that it should be "within the present capabilities of our government to manage and finance."

Mrs Aquino, who spoke at the 70th anniversary celebration of the Department of Agriculture in Quezon City, did not give details on the expanded land reform program she will put in place through an executive order before Congress convenes.

But she emphasized that the government and the public are jointly committed to agrarian reform and that "this requires intensive consultation, consensus, and cooperation.

The president said that although most of the issues regarding land reform have been resolved, several kinks regarding legality, technical feasibility, and financial capability are still being ironed out.

She said, "I truly believe that agrarian reform is necessary for our people and for our future and thus I have pledged to see that agrarian reform is carried out and carried out soon."

The president said that she is pushing land reform because of the improvement it promises to the lives of the people, primarily the farmers.

However, she said that division of farm lands must produce improvement because "it is not enough for us to subdivide our present miseries on the land."

"We shall go for an agrarian reform program that will succeed. It may not be everything everyone wants but it will succeed in doing what it sets out as its goal," she declared.

She said that the land reform program must also have strong components such as training, education, and community organization.

Latest reports from Malacanang said that an executive order on the expanded land reform program was being prepared for the signature of the president.

However, the reports indicated that due to tremendous pressure from several sectors, a watered-down version may be issued.

The reports added that the government will just lay down the guidelines and framework for breaking up huge sugar and coconut lands and distribution of lands of the public domain under Phases C and D and leave the matter of the implementation to Congress.

In her message yesterday, President Aquino recalled that she had proclaimed earlier that "the revival of Philippine agriculture will be the first priority of her administration with the increase of the incomes of farmers as the bottom line.

She said that the government has already set in place the basic conditions to make farming profitable.

"We have put life back into Philippine agriculture. What remains is to make it robust, long-lived, and strong. This is still a tall order, a lot remains to be done," she said.

The president pointed out that public investments must support the productive work of the country's farmers and entrepreneurs but, since resources are limited, government investments should be focused on activities and projects that will have the most impact on farmers' incomes.

Investment priority should, therefore, go to irrigation systems, farm-to-market roads, communication and information systems on markets, extension services, and farm credit, she said.

Also highlighting yesterday's 70th anniversary celebration of the Department of Agriculture was the presentation of "Katangitanging Magsasaka" [distinguished farmer] awards to outstanding farmers by Agriculture Secretary Carlos Dominguez.

NDF on Government Inaction

HK021551 Manila THE MANILA CHRONICLE in English 1 Jun 87 pp 1, 6

[Article by staff member Malou Manahas]

[Text] National Democratic Front [NDF] spokesman Satur Ocampo has forecast that the government "will buy time" and defer to Congress' decision the agrarian reform program for sugar, coconut, and other landed estates.

Ocampo, meeting with Malacanang reporters last week in a town near the capital, said the program will be handled properly by government in a way that would sustain the popularity of President Aquino, but without changing the basic structures of land ownership in the country."

He spoke like the Left reads the mind of government. He said Mrs Aquino is likely to legislate a reform program for rice, corn, abandoned, sequestered, and foreclosed lands, as this is "easy to implement." If only this part of the proposed program would be implemented, Ocampo said, Mrs Aquino's land reform program would not depart significantly from what deposed President Marcos launched.

Ocampo assessed that the program for landed estates such as sugar and coconut, though they form "the heart of the issue," would be met with "a lot of resistance" from landowners.

He said land reform has become a political, more than an economic, issue. The government has to address "the fundamentals" soon, including the economic and political demands of workers and peasants "that have not fundamentally changed from the time of Marcos" or risk a decline in its credibility, he added.

Agrarian reform "would be very expensive and very difficult to implement," he affirmed government's predicament. But even if money for the program could be raised, Ocampo said "Hindi pa rin maso-solve ang mga problema sa countryside [The problems in the countryside will remain unsolved]. Interconnected Kasi [because they are interconnected]. Land ownership is one, landlessness is another."

To correct the poverty of the peasants, he held government must combine agrarian reform with an industrialization program, although this could increase the capital outlay needed.

The government, he charged, may also embark on land reform "as part of its counterinsurgency drive." Defense Secretary Rafael Ilete had renewed recently his "offer of peace on one hand, and all-out-war on the other," he noted.

The Left remains open to resuming peace talks on the national level, he said. But first, "there should be very clear grounds on what the talks should cover and a demonstration of sincerity," Ocampo stated.

Before the truce collapsed last February, the NDF panel which he headed had submitted to government "10 urgent proposals" such as the release of alleged Communist Party Chief Rodolfo Salas, the repeal of repressive national-security decrees of the past regime, and the legislation of an agrarian reform program.

Ocampo recalled that three times during the peace talks, the NDF panelists had sought but failed to have an audience with Mrs Aquino. He said the president had met with leaders of other rebel groups but not with the NDF. The late Sen Jose W. Diokno, for a time the government's chief peace negotiator, had told him that Mrs Aquino was "afraid the military would know she's talking to you."

The Left, he conceded, suffered a beating in the last elections with the defeat of the candidates it supported. Ocampo said the NDF had influence

over only one-fourth of the entire population and also "overestimated" its capacity to win.

The Left's failure in the elections has introduced "an element of a letdown." At the same time though, he said, "there is also a flickering hope that somehow, by maximizing the opportunities for change in this democratic atmosphere, we will be able to achieve our revolutionary objectives."

Ocampo observed that even the NDF's own forces have been spellbound by "the Cory factor." He said the president's popularity had developed some sort of a "psychological atmosphere," so that while people's expectations of government are high, they trust, too, in the president.

"Si Cory, popular talaga [Cory is really popular]. The initial thrust of her government was democratization so there was generated in February 1986 a cuphoria over the downfall of Marcos, and expectations, high hopes for reforms, for some very meaningful changes," he said.

Aquino 'Losing Initiative' to Landlords

HK021515 Manila THE MANILA CHRONICLE in English 2 Jun 87 pp 1, 11

["Analysis" column by Amando Doronila: "Government Losing to Landlord Power"]

[Text] The Aquino government faces the crucial test of whether it has the political will to put in place a comprehensive agrarian reform program before the new Congress convenes in July. The signs are that the will--if ever there was any spine to it--is wavering against the onslaught of landlord power, not People Power.

With all her powers to issue decrees before Congress sits, President Aquino is losing the initiative to the landlords who have resurrected as a pressure group under this democratic dispensation after having been moribund during the Marcos dictatorship.

The issue on which the alleged political will of the government is going to be demonstrated is whether the president will bring under immediate coverage of land reform sugar and coconut lands--properties which have been able to evade successfully all previous land reform schemes.

The hesitation by Malacanang to tangle with the sugar and coconut landed interests was betrayed last Thursday when Press Secretary Teodoro Benigno indicated that the president would issue a general proclamation outlining the comprehensive land reform program. But Mr Benigno gave the president away by making the qualification that the program would be carried out in four phases. The first two phases will cover the remaining rice and corn lands untouched by the Marcos land reform program, as well as idle public lands. The last two stages involving the redistribution of sugar and coconut lands will be left to Congress for legislation.

This planned phase-out signals that a compromise is under way before the final draft of the executive order is issued. The first two phases would actually complete the Marcos land reform scheme. The inclusion--or exclusion--of sugar and coconut lands in the program is the main element that spells the difference between the Marcos scheme and that of this government. The plan to leave to the tender mercies of Congress the passage of legislation to bring sugar and coconut lands under the program is a cop-out by the government. The government is virtually washing its hands of making a hard decision.

A recent World Bank study has warned that any plan that would phase the coverage of all types of agricultural land over a period of time would water down any comprehensive land reform program. The study recommended bringing them under coverage all in one go.

The landlords flexed their muscles last Thursday when they met at the Hotel Inter-Continental in what they claimed was a "last ditch" effort to discourage President Aquino from signing an executive order installing a comprehensive land reform program before Congress convenes. In reality, it was not a last ditch move.

It was the beginning of a strategy which calls for taking out of the hands of the president the initiative of installing the program, and if this failed, limiting the damage by leaving to congress the disposition of sugar and coconut lands.

At the Inter-Continental meeting with the Cabinet Action Committee, the sugar planters' spokesman said the landowners were not actually objecting to the land reform program but were only seeking to participate in the determination of how it would be carried out.

In the history of land reform legislation in this country, this is classic landlord doubletalk. Its other variant is the familiar statement that "Yes, we are for land reform, but..." The "but" is the loophole through which legislation is emasculated.

Once the landlord succeed in wrenching the initiative from the president and in leaving the decision on how to carry out land reform to the legislature, this is the same as shoving into the legislative mill any reform legislation for conversion into mincemeat.

The composition of the new Congress reveals that at least 40 members of the House belong to the old oligarchical political families representing conservative interests. This raises anxiety that the Congress is potentially the graveyard of initiatives seeking the redistribution of land.

The latest draft of the comprehensive land reform program prepared by the Cabinet Action Committee is not confiscatory. It provides for compensation for land sought to be redistributed. But as far as the sugar landlords are concerned, they will have nothing to do with any scheme that pays for their land or that reduces retention to 7 hectares.

A clue to their position is that most of the congressmen-elect of the seven congressional districts of Negros Occidental--all are landowners--have agreed to back Governor Daniel Lacson's 60-30-10 plan. Under the plan, the planters retain 60 percent of their sugar land, with 30 percent to be converted into cooperatives for agribusiness schemes, and 10 percent to be sold to farm workers.

This plan has been opposed by most of the planters. The important point about the support being given to it by the Negros congressmen is that they are opting for a plan that is hardly redistributive. The landlords keep most of their land--and that is what they are fighting for.

Talking about political will, one wonders whether it is found in the Aquino government or in the pressure group representing landlord interests.

/9599

CSO: 4200/630

CROP DIVERSIFICATION LANDS EXCLUDED FROM REFORM ACT

Manila PHILIPPINE DAILY INQUIRER in English 31 May 87 p 3

[Text]

NEGROS sugarcane plantations that follow a government plan to diversify to other crops may be excluded in the land reform law that President Aquino is expected to sign before Congress convenes, acting Negros Occidental Gov. Daniel Lacson said yesterday.

Lacson and five congressmen-elect — from the island met with the President at the Malacanang Guest House to convey, Lacson said, "the combined sentiments" of Negros' sugar planters, workers and the provincial government.

He said Malacanang should go easy about its reported plan to include sugarcane lands in the comprehensive agrarian reform program, adding that the Negrenses prefer in the meantime to go first with the "locally hot and accepted 60-30-10 plan.

"The problem we see here is that they (the sugar workers)

are not right now ready culturally or financially to immediately move into running a big farm operation," he said, referring to the possible impact of land reform on the sugar workers.

Under the 60-30-10 plan, 60 percent of a land owner's farm would be retained for sugarcane, 30 percent for other crops and 10 percent would be used by the tenants for their food crops.

The plan was evolved last year as an answer to the crisis that hit Negros as a result of rock bottom prices of sugar in the world market.

Lacson said he asked the President to let the Negrenses to try the program for two years. If proven unsuccessful, the government can then decide the island's 287,000 hectares of sugarcane lands into the national agrarian reform program, he said.

The President seemed amenable to

the Negros plan, he said, quoting Ms. Aquino, "rather than enforce a program that would be resisted by the community.

Meanwhile, a coalition of farmers' groups will present to President Aquino a draft of their so-called "people's agrarian reform program" which will call for the break up of big landed estates for distribution to landless and zero-retention to big landowners who have gained from the land for centuries.

The draft, which they want included in the proposed executive order for a comprehensive agrarian reform program being prepared by a Cabinet Action Committee (CAC), was drawn up during their "Congress for People's Agrarian Reform" at the Asian Institute of Tourism in Diliman, Quezon City, yesterday.

BERNAS URGES AQUINO EXECUTIVE ORDER ON LAND REFORM

Manila PHILIPPINE DAILY INQUIRER in English 29 May 87 p 5

[Commentary by Joaquin G. Bernas, S.J. in the "Fish on Friday" column--"Land Reform: Should She or Shouldn't She?"]

[Text]

WHEN you stop to consider that historically the insurgency problem in the Philippines to large extent is a product of an iniquitous land holding system, and that this problem has persisted even until now, it is not difficult to conclude that there is a crying need for land reform. When further you consider that so much idle wealth is locked up in land which can otherwise be put to productive use for the relief of impoverished millions, one also sees the need to unlock and release this vast treasure trove of potentially productive but hitherto unproductive wealth. And when next you look at the history of nations which have succeeded in launching massive land reform programs, you will notice that none of them did it through normal parliamentary legislation.

For land reform to succeed, history seems to show that what is needed is for the national will to receive what a professor of happy memory once elegantly described as *vis a tergo*. Which inelegantly translates into a kick in the posterior region. China is, of course, the extreme example. Land reform descended upon it like Ghengis Khan. On the other hand, Taiwan's vaunted land reform success is the product of an imposition by an authoritarian government. And look at Japan, the most democratic and the most economically successful nation in Asia. Japanese political analysts themselves admit that without the heavy hand of McArthur the feudalistic land holding system of the nation could not have been broken up. All of which makes one seriously doubt whether the next Congress will be capable of that dramatic kind of land reform which the nation needs at the moment.

And I say this not with any attribution of malice or ill will to the distinguished legislators-elect. It is just that, in a deliberative body like Congress, composed as it is of a great variety of mindsets, one must learn to live with attainable common denominators which, often enough, fall short of the ideal. And for a deliberative body to come close to the ideal, there is often needed an external *vis a tergo* to propel it onwards. Hopefully not as tragically as Shakespeare's engineer who flew on his own petard. Thus, essentially I look forward to an executive order on land reform as that salutary *vis a tergo*.

But the women representatives-elect of TV fame do not agree. I listened to a group of them expatiate on the wisdom or unwisdom of the President sallying forth with a land reform executive order (EO) even as the electorate has just anointed the chosen repositories of land reform wisdom and other forms of legislative wisdom. The ladies were unanimous in the judgment that President Aquino should refrain from issuing such an EO for the simple reason that it is they, not her, who have been anointed to perform the sacred task. Never mind that, except by one or two of them, hardly anything was said about what the substance of such land reform should be. The important thing is the anointing. The anointing, as my theologian friend would say, works *ex opere operato* -- that is, almost like magic or even necromancy.

But then, granting that they have been anointed, are they the *sole* anointed? We need not even ask how many of the legislators-elect owe their election to the President's anointing - even in that panel of women legislators. But

that should largely be beside the point. The more fundamental truth is that most of those legislators had campaigned for the ratification of a Constitution which in no uncertain terms withholds legislative authority from the legislators-elect and reposes the same in its fullness in the hands of the President until Congress convened. Thus, she too has the requisite anointing. The electoral exercise was not a plebiscite intended to do away with that constitutional grant of legislative power to the President. The legislative oil on her head is not yet dry.

Nor can it be said that by issuing an EO she would pre-empt Congress. A basic principle of law is that the legislative authority cannot pass unrepeatable laws. Whatever she passes now will be ambulatory and, if found wanting, can be ambushed by the "superior" wisdom of Congress. In fact, the little I have seen of the work on the subject that has been going on within the executive department clearly shows a timetable of implementation which allows for the abortion of discovered unwisdom. Yes, even after implantation! But one virtue of a well-thought out EO on land reform put in place now is that it will give to Congress that much needed *vis a tergo*.

Which raises another question. Can the President come out with a thoroughly thoughtout land reform EO between now and late July? Has she listened enough to a sub-

stantial cross-section of the national thinking? I was listening to Teddy Benigno (in glorious printed shirt) on the news last Wednesday night and I heard him speak of hearings on land reform being conducted in various parts of the country. I guess it is true that here and there you find people talking about land reform, having seminars about land reform, discussing land reform with varying degrees of intelligence, etc. But I find it difficult to imagine people holding public hearings on the government's draft of a land reform EO when no such draft has as yet been released by whosoever may be in charge of making such releases either in drafts or in whatever. Land reform is such a momentous subject that as many as possible should be given the opportunity to express their views on it (even if only to be cut down!). The draft should not be sat upon and allowed to incubate in isolation and then suddenly released to chirp its merry way into the light of day.

I would like to think that, between now and late July, there still is time to allow for brickbats, tomatoes, and even rotten eggs to be thrown either in the general direction or at the heart of Malacanang. Hopefully, these, no matter how abundant and well-aimed and strident, will not sap her political will and prevent her from delivering that well executed and equally well-aimed executive *vis a tergo*. She has the needed anointing for that.

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CSO: 4200/627

DAILY WARNS ADMINISTRATION ON LOBBY AGAINST LAND REFORM

Manila PHILIPPINE DAILY INQUIRER in English 30 May 87 p 4

[Editorial: "The Lobby vs. Land Reform"]

[Text]

THE INCREASINGLY vocal opposition of conservatives to land reform gives President Aquino additional cause to promulgate as soon as possible a land reform order that would be superior in scope to the Marcos decree.

Already landowners have launched a lobby demanding that the matter be left *entirely* to Congress. Their argument hinges on what they describe as the need to allow the re-established law-making body to take the lead in instituting this crucial piece of legislation, in the spirit of giving full play to the democratic spirit. We cannot help but suspect, however, that all this legalistic nitpicking is designed merely to set the stage for an apparently well-funded drive to abort land reform altogether.

Among the legislators who were voted into office in the May 11 polls are many individuals with known reactionary views and who apparently do not sense the urgency of instituting an immediate and thorough-going program of land reform. A number have been associated with the monopolies set up by the deposed dictator in precisely those agricultural areas -- coconut and sugarcane lands -- where the proposed land reform program would be widened to cover. And there is every likelihood that these same congressmen and congresswomen would resort to every trick in the book to either impede the enactment of a genuine land reform bill or pass a token law that would safeguard elite interests and thus frustrate the centuries-old quest for change in the countryside. It is fairly easy for these legislators to throw a monkey wrench into the process of enacting a meaningful land reform law through various tactics. Filipinos who still recall the antics of representatives and senators in the old Congress are only too familiar with such legislative techniques.

The old legislature was, in fact, a bastion of the elite, and the several watered down land reform laws it enacted are enduring testaments to this. Unfortunately, the manner in which the members of the new Congress had been elected was not much different from the way we used to vote representatives and senators into office. As in the past, money (huge amounts of it) from wealthy, usually landowning, supporters spelled the difference between victory and defeat for many aspirants to Congress. And when the day of reckoning comes -- as in the legislative deliberations on land reform -- we can only expect those same supporters to call in their debts. This fact alone should warn us not to expect the new Congress to work enthusiastically for social reform. Again, Congress will be a bulwark of reaction.

But all is not lost. Until Congress convenes in July, the President can still make use of her decree-making powers. The sooner Ms. Aquino wields such powers for land reform's sake, the greater the assurance that Congress would be compelled to follow suit.

INDUSTRY SALES UP 22 PERCENT IN FIRST QUARTER

HK021535 Quezon City BUSINESS DAY in English 2 Jun 87 p 3

[Text] Industries reported an increase of 22 percent in overall sales for the first quarter, Trade and Industry Secretary Jose S. Concepcion Jr., said yesterday, citing a survey by his department of about 900 companies in 21 key industry sectors.

Concepcion said the first quarter results showed 20 of the 21 sectors increased sales over a year ago.

He said the consumer durables sector recorded a sales growth of 91 percent, the automotive sector, 73 percent, construction materials 64 percent, garments 58 percent, textiles 49 percent.

The furniture and wood-based sector recorded a sales rise of 43 percent, [words indistinct] 42 percent, electronics 38 percent, cement 36 percent, plastic-based enterprises 35 percent, engineering and metalworking 34 percent, footwear, leather and leatherwear 23 percent, mining and smelting 16 percent, iron and steel 13 percent, marine sector 13 percent, consumer non-durables 10 percent, pharmaceuticals 9 percent, pulp and paper 6 percent, chemicals and petrochemicals 5 percent, and agro-based enterprises 4 percent, he said.

Only the food processing sector reported a sales decline, of 17 percent, he said.

Concepcion said the sales growth rate rose monthly during the first quarter, citing a 19 percent growth in January over a year ago, 25.3 percent in February and 30 percent in March.

The survey respondents account for large shares of the market and their shares are generally considered reflective of sectoral trends, Concepcion said.

With its strong performance, the industry sector made the biggest contribution to the 5.5 percent rise in gross national product during the first quarter of 1987, Concepcion said.

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CSO: 4200/631

TOLENTINO TO RETIRE FROM POLITICS

HK291257 Manila PHILIPPINE DAILY INQUIRER in English 29 May 87 pp 1, 10

[Article by Ed. C. Perpena]

[Text] The former running mate of deposed President Marcos in the 1986 snap election announced yesterday he was quitting politics and would no longer seek an elective post.

Arturo Tolentino, who failed in a bid for a seat in the Senate in the 11 May polls, added, however, that he would "maintain his political interests."

Explaining he has had enough after 37 years of active politics, he said: "But if political parties still want my advice, I will be willing to give it to them."

On his failed senatorial bid, Tolentino blamed the disorganization of the opposition.

In a telephone interview, he also admitted that his party, the Grand Alliance for Democracy [GAD], did not have the necessary funds and the organizational network that could have helped the opposition "register decent victories" in the congressional polls.

Tolentino added, however, that what he described as the cheating committed by followers of administration-backed senatorial candidates prevented the opposition from getting at least seven senatorial slots.

On his decision to stay on the sidelines, he said he would only attend protest actions covered by the required permits. He would also hold demonstration organizers to a promise that they will peacefully disperse their followers when the permit expires.

Another GAD senatorial candidate, Eva Estrada-kalaw, when informed of Tolentino's decision to quit active politics, remarked: "That's his prerogative."

She added, however, that she assumed disgust over the alleged massive cheating in the 11 May polls was what prompted Tolentino to arrive at his decision.

Tolentino had charged that followers of candidates endorsed by President Aquino committed poll fraud, which he described in a petition to the Supreme Court as a "well-orchestrated, integrated scheme to defraud."

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CSO: 4200/629

TWO MARCOS GENERALS ALLEGEDLY BEHIND COUP ATTEMPTS

HK300833 Manila PHILIPPINE DAILY INQUIRER in English 30 May 87 pp 1, 8

[Article by D. Veridiano]

[Text] Two generals who held "choice positions" during the Marcos regime are allegedly behind the series of coup attempts against the Aquino government by using a huge amount of money the Marcoses left behind during the February Revolution last year.

Military sources said the two officers have as much as P2 billion with them and are using the money to finance destabilization plots against the government.

The sources asked the INQUIRER not to disclose their names pending some covert operations against coup plotters. But they said one of the two is detained at Fort Bonifacio, while the other is on house arrest.

The two generals, the sources said, continue "to wield power and influence" over some military personnel.

The P2 billion fund is believed to be part of the billions of pesos allegedly siphoned off from the armed forces' military intelligence funds by former President Marcos and distributed to his "favorite" generals.

The sources said the two generals are "desperately spending their millions" to create confusion and disunity within the armed forces and to orchestrate a series of coups intended to topple President Aquino's administration.

The other day, reports said some soldiers loyal to Marcos are plotting another destabilization campaign against the government this weekend.

The plotters, the sources said, belong mostly from the defunct Presidential Security Command (PSC), Metrocom Intelligence and Security Group (MIS), and the National Intelligence and Security Authority (NISA). All the three military agencies gained notoriety during the Marcos regime.

A check with the military yesterday showed that majority of the AFP's [Armed Forces of the Philippines] regional commands are on blue alert. "Only to be upgraded to red upon discretion of the local commander," an officer told the INQUIRER.

"Only the PC commands are on red alert," the officer added.

Other details of the activities of the two generals, according to an intelligence report cited by the sources, include:

--Before the aborted 27 January coup, the detained general reportedly bribed his way out and went to his residence in a plush subdivision to "attend a mass." The alleged mass, however, turned out to be a secret meeting among the coup plotters. The aborted coup was launched 3 days later.

--Early last April, the two generals reportedly met in an undisclosed place and planned another coup. Few days later, on 11 April, the "black Saturday mutiny" was staged inside Fort Bonifacio. All the mutineers were arrested.

--A former member of the Batasang Pambansa who was one time head of a powerful committee was said to also be under the payroll of these generals, receiving about P50,000 monthly.

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CSO: 4200/629

FUGITIVE CRONY SEEN, INTERVIEWED, ESCAPES ARREST

Manila THE MANILA TIMES in English 1 Jun 87 pp 1, 6

[Article by Marvyn Benaning]

[Text] A FUGITIVE associate of deposed President Marcos was seen recently in Iloilo City, but the local police appeared not keen in arresting him, a justice department official said yesterday.

State prosecutor Aurelio Trampe said Arturo Pacificador, wanted by authorities for the killing of former Antique Gov. Evelio Javier last year and the massacre of seven opposition supporters in Antique in 1984, was even interviewed over the radio by local journalists in Iloilo recently.

Trampe expressed surprise why local police authorities could not arrest Pacificador when he had been highly visible in that province.

Besides being implicated in the scandal over the Bataan Shipyard and Engineering Co., Pacificador is also facing charges for having allegedly colluded with Marcos in facilitating the illegal sale of a Camarines Norte smelting plant to a firm organized by Marcos and his relatives.

According to Trampe, the prosecutor assigned to handle the murder cases before Antique Judge Elias Erum, Pacificador was able to jump his P100,000 bail before the February civilian-military uprising last year and, along with several of his armed henchmen, had been operating in Iloilo, Aklan, Antique and Capiz.

Trampe claimed that they found *prima facie* case against Pacificador for the massacre of Rhium Sanchez, Plaridel Sanchez

IV, Albrick Sanchez, Mamerto Zaldivar, Jr., Clemente Zamulde, Abner Baron and Pat. Armelito Tamboong in Sibulog, Antique on May 13, 1984.

The seven, records of the case showed, were on their way to one of the campaign sorties before the Batasang Pambansa elections in 1984 when they were waylaid by men led by Pacificador near a desolate bridge in Sibulog.

Only two of Pacificador's men, Marcos Yee and Jonathan Gallo, died in the ambush.

Trampe said Pacificador was ordered arrested on Feb. 17, 1986 for multiple murder but up to now, the arrest order had not been served following the inability of both the police and the Philippine Constabulary to pinpoint their lairs and arrest them.

Charged along with Pacificador for the 1984 massacre were PC Sgt. Domingo Dalmacio, Enrico Cabanero, C2C Reynaldo Allpala, army man Vicente Vegafria, P/Cpl. Hector Fullon and Pat. Lorenzo Mingote.

Except for Pacificador, all of the other suspects were arrested and confined in military prisons and police stockades, Trampe said.

A survivor of the massacre told probers that Pacificador's men perpetrated the ambush to terrorize the then opposition leaders in the province and ensure his election to the Batasan.

KBL OPPONENT URGES MITRA DISQUALIFICATION FOR BRIBERY

HK021531 Manila MANILA BULLETIN in English 2 Jun 87 pp 1, 10

[Text] The Commission on Elections [COMELEC] was asked yesterday to disqualify congressman-elect Ramon V. Mitra Jr. from holding public office for allegedly offering P15,000 to the Comelec provincial supervisor in Palawan before the elections.

Former Natural Resources Minister Teodoro Q. Pena, KBL opponent of Mitra in Palawan's congressional district, filed the petition which also asked the poll body to declare Pena the winner.

Pena submitted a copy of the handwritten note of Comelac provincial supervisor Elvira Bermejo to Mitra dated March 23, 1987, which said:

"Enclosed herewith is PCIBANK [Philippine Commercial and Industrial Bank] Check No. G406-1544 in the amount of fifteen thousand pesos (P15,000.00) which People Rodriguez brought last March 21, 1987.

"Thank you and be assured that the Comelac of Palawan will do its duty to the best that I could with the guidance of our Lord Jesus Christ.

"God loves you.

"Elvie"

Pena said that "Presidential Decree No 46 prohibits any public official or employee from receiving, directly or indirectly, and private persons from giving, or offering to give, any gift, present, or other valuable thing on any occasion, including Christmas, when such gift is given by reason of one's official position, regardless of whether it is for past favor or favors or the giver hopes or expects to receive a favor or better treatment in the future from the public official in the discharge of his official functions.

The law provides, in addition to a prison term, perpetual disqualification from public office of the offender.

Pena also accused Mitra of causing the release of about 40 prisoners confined in the provincial jail so they could register in five precincts. The prisoners succeeded in voting in the May 11 elections.

Pena also claimed Mitra paid known KBL supporters to make them desist from voting. Mitra also allegedly influenced the boards of election inspectors into barring illiterate voters from voting. Instead, the board members allegedly filled the ballots themselves.

OPPOSITION REVEALS AGENDA OF ACTION AT RALLY

HK021541 Quezon City BUSINESS DAY in English 1 Jun 87 p 28

[Excerpt] The political opposition yesterday unfolded their new agenda of action against the Aquino government by asking the people to stop paying their taxes and boycott pro-Aquino television and radio stations as well as "out and out" newspapers sympathetic to the government.

In a sparsely attended protest rally held at the Liwasang Bonifacio yesterday, the Union for Peace and Progress-Kilusang Bagong Lipunan (UPP-KBL) and some Grand Alliance for Democracy (GAD) defeated senatorial candidates; also said that they will support the establishment of separate and distinct republics of Ilocos, Tagalog, Bicol and Mindanao that will be totally independent of the Aquino government.

To further weaken the Aquino government, the opposition asked the farmers to stop supplying and selling their produce to the Metro Manila area.

The opposition said these are only initial actions and they claimed they will continue with their "Protesta ng Bayan" (People's Protest) throughout the country.

The opposition also said their proposals are legitimate counteractions against the "bandit Cory government which has massacred democracy in the country."

Opposition leaders took turns in attacking what they termed as the "current economic deterioration" saying that "the country already has serious socio-economic problems that could only further deteriorate because of the more serious political instability created by the dirtiest election held in Philippine history last May 11."

The opposition urged the Aquino government, the Commission on Elections and the National Movement for Free Elections (Namfrel) to "completely divest themselves of all hypocrisy by facing up to the truth, no matter how painful, to prove to the Filipino people and to the world that we are capable of accepting and righting our wrongs in the manner and procedure called by the principle of true democracy, constitutionalism, due process and the rule of law."

In their speeches, the opposition leaders also asked military authorities to shed further light into reports of massive fraud in the recent polls in the light of revelations by some military generals.

PHILIPPINES

AFP OFFICIAL DOUBTS MERGING OF MUSLIM FACTIONS

HK021341 Manila THE MANILA CHRONICLE in English 31 May 87 pp 1, 3

[Text] A ranking military official yesterday said he doubted if the three Muslim rebel factions had forged a pact of alliance but said that the military would crush them if they provoked war.

"I'm not quite convinced that the merging of the three factions is real," said ARmed Forces Deputy Chief of Staff Maj. Gen. Eduardo Ermita during a press conference at Camp Aguinaldo. "The merger, to be really true, has to come from the leaders themselves," he said.

These leaders are Nur Misuari of the Moro National Liberation Front (MNLF), Hashim Salamat of the Mindanao Independence Liberation Front (MILF) and Dimas Pundatu's MNLF-reformist faction.

He said efforts by officers of these factions to unite cannot prosper because of "deep policy differences."

Misuari, who was reportedly in Middle East, Salamat in Pakistan, and Pundatu in Malaysia, have not issued their position on the reported agreement reached Friday.

Meanwhile, Datu Rey Ibrahim Uy, an MNLF official, told a news conference yesterday that helicopter gunships had attacked Muslim rebel camps in Maguindanao, Sultan Kudarat, Bombon, Tagum and Davao del Norte.

The PHILIPPINES NEWS AGENCY in Cotabato City yesterday quoted MNLF commander Hadji Akmad Bayam as accusing the military of provoking renewal of war in the province.

The military denied the claims and returned the charges of provocation.

"I don't know of any (military attack)," Ermita said. "We are still respecting the agreement for cessation of hostilities. "When they declared that there was now an alliance of all factions, they seem to be trying to lay the groundwork for something to lay the blame on government, especially the AFP [Armed Forces of the Philippines], so that they can get positive response from their outside supporters."

Misuari has claimed he has the support of the organization of Islamic Conference, a powerful block of Muslim nations, and was pressing government to reopen peace negotiations in Libya.

Ambassador Emmanuel Pelaez, the government's chief peace negotiator, however, maintained that the Muslim problem required internal solution.

"I don't know what the fuss is all about," Pelaez told the CHRONICLE yesterday. "The president will recommend to Congress an organic act to grant autonomy, and constitutional process will go on."

Brig. Gen. Cesar Tapia, military commander for Mindanao, said 40 percent of the 200,000-strong AFP has been deployed in the 23 provinces being contested by MNLF.

"There is no objective which we cannot reach," he told reporters two weeks ago. "There is no target we cannot destroy."

Misuari announced weeks ago he had slipped into the country new firearms, but Tapia estimated the MNLF ammunition cap only go no more than three days of sustained fighting.

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CSO: 4200/631

AFP SPOKESMAN EXPECTS NPA TO INTENSIFY ARMED OPERATIONS

HKO21307 Quezon City BUSINESS DAY in English 1 Jun 87 p 27

[Text] The Communist Party of the Philippines [CPP] and its military arm, the New People's Army, are expected to intensify armed operations as well as mass-based activities through various front organizations in preparation for the local elections in November.

AFP [Armed Forces of the Philippines] spokesman Col. Honesto Isleta yesterday said that inasmuch as the CPP/NPA was virtually "rebuffed" by the Filipino people in the May 11 congressional elections, "it has now become imperative that they (CPP/NPA) continue in earnest their armed attacks to weaken the Armed Forces of the Philippines and the government through violence."

Isleta added that the CPP/NPA have decided to participate in the November elections despite their poor showing in the legislative elections last May 11, since the local election "is guaranteed to provide more opportunities for electoral terrorism, intimidation and violence."

"We are expecting more armed attacks and harassments against military and government installations now that the May 11 elections are over," Isleta said. "At the same time, the military will also be expecting intensified mass-based activities by the CPP/NPA's front organizations in the urban areas such as rallies by the League of Filipino Students (LFS) when classes open (this month) and mass rallies by the Kilusang Mayor Uno (KMY) [1 May movement]," he said.

Isleta bewailed that the current national obsession over politics "has completely obscured the issue of communism which is the real danger."

"The strategy of the CPP/NPA now is to hit the local government and the military. That is where we should be concentrating now," he said.

To counter the renewed CPP/NPA offensive, Isleta said the military is likewise intensifying its security patrols and police operations, its civil-military operations and its information drive to win more insurgents to the government's rehabilitation program.

"Security patrols and police operations aim to deny the CPP/NPA the space they need to operate, while civilian-military operations prevent them from further influencing unaffected barangays," Isleta explained.

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CSO: 4200/631

BRIEFS

GROUP PLANNING DISTURBANCES--The military is currently watching a small but influential rightwing group identified with former Defense Minister Juan Ponce Enrile out to stage destabilizing activities in Metro Manila any time this week. The group, belonging to the Guardians' (?Center) Foundation, would launch simultaneous attacks on military camps and key government installations in Metro Manila to prevent the Commission on Elections from proclaiming the winning senatorial candidates in the 11 May polls. Sources said that some members of the group have been moving around the camps trying to solicit support and sympathy for fellow soldiers, including retired Armed Forces of the Philippines officers. A check with the camps' intelligence committee revealed the group was behind the circulation of poison-pen letters designed to deliberately destroy the leadership of Armed Forces Chief of Staff General Fidel Ramos. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 31 May 87] /9604

NEW CPP COMMISSION--The Communist Party of the Philippines has formed a new commission, called the National Commission for Overseas Work, headed by [word indistinct] Jalandoni. This was bared yesterday by armed forces deputy chief Brigadier General Eduardo Ermita. Ermita also disclosed that Jaladoni is now allegedly undertaking a disinformation campaign to seek support from other countries for the rebel movement. The Armed Forces deputy chief said that communist rebels change their strategy by joining in the preliminary struggle. [sentence as heard] [Text] [Baguio City Mountain Province Broadcasting Company in English 0400 GMT 31 May 87] /9604

DIALOGUES ON JAPANESE AID--A Japanese Embassy Economic Section head, (Izwaki Tanizaka), announced the start today of policy dialogues between a Japanese economic mission and the Philippine Government. The dialogues will determine the direction of Japan's economic assistance to the Philippines. The Japanese mission was agreed upon between President Aquino and Prime Minister Nakasone when the president visited Tokyo last November. The talks will be on the basis of the medium-term Philippine development (?plan) for 1987-1992 announced by the Philippine Government. The Japanese mission is led by former Japanese Foreign Minister Doctor (Suburo Okita) with (Minister?) (Tawakani), deputy director general of

the Economic Cooperation Bureau of the Ministry of Foreign Affairs as deputy head. (Tanizaka) said the Japanese ministry official will hold discussions with their counterparts on specific areas of economic cooperation, including agrarian reform. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 31 May 87] /9604

SULU SITUATION--More than 3,000 (?Marine brigade soldiers) have been stationed in Sulu in the wake of mounting tension in the province. Special elections for the Senate and the lower house are slated to be held in the second district of Sulu after the regular elections on 11 May were postponed due to tensions. Meanwhile, Colonel Eduardo Cabanlig, commander of the second marine brigade, stressed that the military was in control of the situation and that it was ready for any eventualities that might arise in the province. [A subsequent report by Manila Radio Veritas at 1300 GMT adds the following: "Commission on Elections Chairman Ramon Felipe Jr warned that the special elections in Sulu will have to be postponed to next month should trouble erupt in the province. In this connection, the MNLF leadership assured that it would not intervene in the special elections."] [Text] [Manila Radio Veritas in Tagalog 1200 GMT 29 May 87] /9604

AQUINO THANKS FOR ELECTION SUPPORT--President Aquino has appealed to all congressmen elect to unite and work together for the common good. She made the call during a party for winning House candidates at the Philippine Columbian Plaza [words indistinct]. At the same time, the president thanked the people for helping her and her candidates. She said she has been trying to solidify her elected forces, and hinted that she has succeeded, pointing out that the people have supported the president. [Text] [Quezon City Sports Radio 738 in English 0500 GMT 31 May 87] /9604

ENRILE-LOYALIST ALLIANCE--Former Defense Minister Juan Ponce Enrile, whose chances for election to the Senate have improved in late returns, said yesterday that a short-lived alliance with followers of deposed President Ferdinand E. Marcos appears over. Enrile's Grand Alliance for Democracy and the Kilusang Bagong Lipunan which supports Marcos, joined forces in demonstrations protesting alleged fraud in the 11 May congressional election. "As far as we're concerned, at this point, I don't think we can say it holds," Enrile said of the alliance with the KBL. "It seems the members of the KBL are acting on their own." [Text] [Manila MANILA BULLETIN in English 29 May 87 p 15] /9604

RUC PHASE-OUT DEFERRED--The scrapping of 12 Regional Unified Commands [RUC] has been deferred pending further studies. This was disclosed by Armed Forces Deputy Chief of Staff for operations Brigadier General Ramon Montano [title as heard]. Montano said the phase out of the RUC's was supposed to take place last May 31 but was moved to a later date because of the many requirements of logistics. The RUC's were formed during the incumbency of the former Armed Forces Chief of Staff General Fabian Ver to cope with the growing communist insurgency in the country. [Text] [Quezon City Sports Radio 738 in English 0700 GMT 3 Jun 87] /8309

CSO: 4200/631

DAILY ON GOH CHOK TONG-WAN LI TALKS IN BEIJING

BK290505 Singapore THE STRAITS TIMES in English 28 May 87 p 13

[Article by Leslie Fong in Beijing]

[Text] Beijing--China should consider opening up more cities to direct flights from Singapore, Mr Goh Chok Tong told his host, Vice Premier Wan Li, in their talks yesterday afternoon.

The first deputy prime minister reportedly said that having more direct air links would help promote bilateral relations and develop tourism in China.

It is understood that this was one of several points he made to the Chinese leader in their hour-long meeting in the Great Hall of the People that, according to officials, centred on tourism and economic matters.

Mr Goh shared some of his observations about the way tourism was promoted in China and offered several suggestions.

As he saw it, China, with its rich potential, could do more. There were, for instance, many places with stunning natural beauty, like Kunming and Kweilin, and many others rich in history and culture. They could be better developed.

That was why his itinerary covered stops like Xian, Luoyang, and Nanjing, ancient sites or one-time capitals of dynasties in years past. He wanted to see for himself how Singapore might be able to help harness the potential.

Singapore's help and advice, Mr Wan said, China could do with more. He said that although Dr Goh Keng Swee [former Singapore deputy prime minister], in his capacity as consultant to the Chinese government, had given valuable suggestions, he would like also to hear from Mr Goh Chok Tong.

He added that he hoped more Singapore businessmen would also come to China and tell the Chinese people what could be done better. China had always welcomed good advice, he reportedly said.

Turning to China's modernization programme and economic reforms, Mr Wan said the assessment was that the policy had been useful and successful and would be

continued. But China had essentially two major problems to overcome--the growth in population and stepping up agricultural production.

Observers said the concern about agriculture was probably a reference to a reduction in grain production, which fell short of target growth by nearly 50 percent last year.

It is understood that the meeting ended with Mr Goh inviting Mr Wan to visit Singapore. The vice premier said he would very much like to but could not make it this year as there was too much work for him.

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CSO: 4200/633

SINGAPORE

MALAYSIAN FOREIGN MINISTER ON JOURNALISTS ARREST

BK051155 Singapore Domestic Service in English 1100 GMT 5 Jun 87

[Text] The Malaysian prime minister, Datuk Sri Dr Mahathir Mohamed, has said that the detention of NEW STRAITS TIMES reporter Jenny Ching and 15 others in Singapore under the Internal Security Act was the prerogative of the Singapore Government. Dr Mahathir also told reporters at a Hari Raya ['Id al-Fitr] gathering at his home in Alor Setar that Malaysia would not interfere in affairs of another country just as it would not want another country to interfere in its domestic matters.

The point was (?reaffirmed) in Singapore by the visiting Malaysian foreign minister, Datuk Abu Hassan Omar. He said his government views the detention as a purely internal matter. He said that the two countries respect each other's sovereignty and the Malaysian Government will leave the matter to the best judgment of the Singapore Government.

Datuk Abu Hassan made the comments after he was briefed by the foreign minister, Mr Dhanabalan, on the detention. The Malaysian minister was also briefed on the forthcoming ASEAN ministerial meeting to be held in Singapore later this month. They also discussed the Cambodian problem and the decision by Prince Norodom Sihanouk to take a year-long leave of absence. The meeting also focussed on bilateral issues, including gas supply from Malaysia to Singapore and the direct transport link between Singapore and the Malaysian island of Pulau Langkawi.

Datuk Abu Hassan, who was in Singapore on the (last) leg of his familiarization tour of the ASEAN region, left for home this afternoon.

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CSO: 4200/633

ARMY PAPER HAILS NGUYEN VAN LINH VISIT TO USSR

BK071501 Hanoi QUAN DOI NHAN DAN in Vietnamese 22 May 87 pp 1, 4

[Editorial: "The New Level of Relations in Vietnamese-Soviet Friendship and Cooperation"]

[Text] Our entire party, armed forces, and people are very pleased at the brilliant success scored by Comrade General Secretary Nguyen Van Linh during his official friendly visit to the USSR.

This is a great and important event, a new and fresh manifestation of the brilliant and faithful friendship and the comprehensive cooperation between the parties, governments, and peoples of Vietnam and the Soviet Union.

The summit talks and the private meeting between Comrade General Secretary Nguyen Van Linh and Comrade M.S. Gorbachev, general secretary of the CPSU have manifested the profound confidence and the complete identity of views between Vietnam and the Soviet Union in all issues relating to the socio-economic development line and the foreign policy of each country. The SRV-USSR joint statement is a document of great significance, marking a new progress in the firm solidarity and comprehensive cooperation between the two countries.

The warm Vietnamese-Soviet fraternal relationship stems from a long lasting foundation and a glorious tradition of more than half a century. It has been increasingly consolidated and developed with every passing day. Our entire party, armed forces, and people have profoundly realized that the Soviet Union is the bulwark of peace and revolution, and a firm fortress for our people to advance toward socialism bypassing the stage of capitalist development.

Vietnam and the Soviet Union have different capabilities for developing programs, yet the economic cooperation between our two countries shows great potentials and beautiful prospects. The present SRV-USSR relationship is entering a new stage of development which requires new mechanisms and forms of cooperation that can meet the new requirement for building socialism in each country. Vietnamese-Soviet economic cooperation must develop along the line of socialist economic joint venture, that is, we must carry out specialized and cooperativized production activities and apply diversified cooperation methods and forms at the three levels: government, sector, and enterprise,

while combining responsibility with interests of the two sides. Various economic cooperation agreements between the two countries signed during this visit to the USSR by Comrade Nguyen Van Linh have clearly manifested this line.

With a determination to carry out renovation, we will surely score new progress in Vietnamese-Soviet cooperation in terms of quality and effectiveness. Comrade Nguyen Van Linh affirmed at the 21 May banquet hosted in his honor in Moscow that: "We are confident that Vietnamese-Soviet cooperation will be a brilliant example of the relations between a developed industrial nation and an economically backward nation; and it will be a vivid example of the assistance given by a developed socialist nation to an economically backward socialist nation to help it advance close to the level of other progressive socialist countries."

Peace, security, and development are urgent requirements for the Asia-Pacific region which over the past 40 years has seen a decisive struggle between the progressive revolutionary forces and international reactionary forces. In the almost 1 year since Comrade Gorbachev delivered his famous Vladivostock speech, the Soviet Union has carried out very dynamic and positive diplomatic activities aimed at gradually establishing a system of peace and security in the Asia-Pacific region. However, the imperialist and reactionary forces are still resorting to confrontation, thus creating a tense and complex situation in the region. Facing this situation and on the basis of their identity of views on international issues, the leaders of the Vietnamese and Soviet parties have affirmed their determination to coordinate their activities to turn the Asia-Pacific region into a zone of peace, security, and cooperation.

The three Indochinese countries, victims of cruel wars of aggression during the past 40 years have no other aspiration than to live in peace to build their countries and establish friendly relations and cooperation with all countries in the world, especially with their neighboring countries. In strengthening coordination with the Soviet Union for the Asia-Pacific strategy, we advocate negotiations with China and the ASEAN countries to solve problems of mutual concern in order to quickly normalize relations with neighboring countries to serve the interest of peace in Southeast Asia and the Asia-Pacific region. We are also determined to struggle to protect our independence and sovereignty and consolidate the firm solidarity and comprehensive cooperation between the three fraternal countries in the Indochinese peninsula. Over the past several years our three countries have consistently proposed various peace initiatives full of goodwill aimed at reaching a political solution to the Cambodian issue on the basis of withdrawing the Vietnamese volunteer troops from Cambodia, eliminating the Pol Pot genocidal clique, and stopping foreign interference in the internal affairs of the Cambodian people. Vietnam and the Soviet Union support the national reconciliation policy of the PRK Government. The implementation of this policy will serve the vital interest of the Cambodian people, ensure them the right to determine their own destiny, and accelerate the restoration of peace in their country.

Once again, we repeat our aspiration to normalize relations with China and contend that it is a great and positive factor for ensuring peace and security in the region.

The splendid success of the official friendly visit to the USSR by Comrade General Secretary Nguyen Van Linh has advanced a new step in the firm solidarity and comprehensive cooperation between Vietnam and the Soviet Union. It is a great encouragement for our people in the present difficult revolutionary stage.

Our party, government, and people are grateful to the Soviet party, government, and people for their strong support and great, valuable assistance. This support and assistance are brilliant manifestations of lofty, pure, and exemplary socialist internationalism. It is a guarantee for the success of our people in implementing resolutions of the Sixth CPV Congress.

We are very moved to hear the speeches full of fraternal sentiments delivered by Comrade Gorbachev in which he said: "With their clear conscience, the Soviet communists and people can assure you that they always stand side by side with the Vietnamese people to do all they can to help the Vietnamese people in their just struggle." Our entire party, armed forces, and people are determined to strive to enhance the effectiveness of the Vietnamese-Soviet cooperation for the interests of the two peoples, the three Indochinese countries, and the socialist community; and for the cause of world peace.

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CSO: 4200/635

AAPSO COMMITTEE SENDS MESSAGE TO LEBANON

OW051721 Hanoi VNA in English 1545 GMT 5 Jun 87

[Text] Hanoi VNA June 5--The Vietnamese people fully support the Lebanese people's just struggle and demand that Israel withdraw immediately all its troops from their occupied territory in southern Lebanon.

This statement comes in from a joint message sent today by the Vietnam Committee for Solidarity and Friendship With Other Peoples and the Vietnam AAPSO Committee to the Democratic Patriotic Front of Lebanon and the Lebanese AAPSO Committee.

The message goes on:

"Israel's U.S.-backed invasion of Lebanon five years ago was a dirty criminal and barbarous move and a blatant violation of international law. Over the past five years, in defiance of world-wide protest and UN resolutions on Lebanon, Israel has prolonged its illegal occupation of southern Lebanon, committing more brutal crimes against the Lebanese people, grossly infringing upon Lebanon's independence and sovereignty, and undermining peace and stability in the region. The Lebanese patriotic forces and people have bravely struggled against the Israeli aggressors and their struggle has won ever greater world-wide support and assistance."

The message, in conclusion, urges Israel to respect Lebanon's national sovereignty and honour principles of international law, resolutions of UN Security Council, and UN charter.

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CSO: 4200/635

GREETINGS TO MPR ON ECONOMIC TIES ANNIVERSARY

OW100815 Hanoi VNA in English 0700 GMT 10 Jun 87

[Text] Hanoi VNA June 10--Vice chairman of the Council of Ministers Doan Duy Thanh has sent a message of greetings to his Mongolian counterpart on the 30th anniversary of the establishment of the economic and commercial relations between Vietnam and Mongolia.

The message addressed to Myatabyn Peljee, vice chairman of the Council of Ministers and president of the Mongolian section of the Mongolia-Vietnam Inter-governmental Commission for Economic, Scientific and Technical Cooperation, said:

"Over the past 30 years since the signing of the economic and commercial agreement between Vietnam and Mongolia, the economic and trade relations between the two countries have constantly consolidated and developed, contributing considerably to national construction and defence in each country."

It continued: "Vietnam's great victories in the past anti-U.S. struggle as well as in the present socialist construction and national defence have not been separated from the great, wholehearted support and assistance of the Soviet Union, Mongolia and other fraternal socialist countries."

The messages wished the Mongolian people, under the leadership of the Mongolian People's Revolutionary Party headed by General Secretary Jambyn Batmonh, new, greater achievement in socialist construction. It also wished the economic and trade relations between the two countries constant development.

On the occasion Doan Duy Thanh has also sent greetings to Mongolian Minister of Foreign Trade Jamsrangiyin Dulmaa.

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CSO: 4200/635

POLITICAL

VIETNAM

CPV GREETS FINNISH COMMUNIST PARTY CONGRESS

OW051911 Hanoi VNA in English 1542 GMT 5 Jun 87

[Text] Hanoi VNA June 5--The Central Committee of the Communist Party of Vietnam today extended its greetings to the 21st Congress of the Communist Party of Finland.

Its congratulatory message says:

"Over the past years, your party together with the progressive and democratic forces have broadened the struggle against monopoly capital to defend the people's welfare and democracy, and Finland's policy of peace and neutrality. Your party has made active contributions to the peace movement in Europe and the world as a whole.

"We believe that, basing on the militant solidarity for common objectives, the Finnish communists and working class will obtain many new successes."

The message expresses sincere thanks to the Finnish communists and other people for their warm support for the Vietnamese people's cause of national construction and defence. It wishes the friendship and solidarity between the two parties and peoples further consolidation and development.

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CSO: 4200/635

SIXTH WOMEN'S UNION CONGRESS RESOLUTION

BK100415 Hanoi NHAN DAN in Vietnamese 21 May 87 p 2

["Text" of Resolution of the Sixth National Congress of the Vietnam Women's Union]

[Text] After discussing the report of the fifth union's Central Committee and the draft regulations, the delegates to the Sixth Congress of the Vietnam Women's Union unanimously agreed with the observations assessing the situation, guidelines, and tasks of the women's movement and the Vietnam Women's Union.

The congress resolved:

--To pass the report of the union Central Committee;

--To pass the draft regulations of the union; and

--To entrust the sixth union's Central Committee with the tasks of organizing and implementing the regulations, guidelines, and tasks which were approved at the congress.

The congress observed:

Over the past 5 years, despite the extremely difficult socioeconomic situation the New Women's Movement for Construction and Defense of the Fatherland has made great contributions to the overall achievements of the country. Women of all strata have manifested their patriotism, revolutionary zeal, attachment to socialism, and perseverance in enduring hardship. They have upheld initiative and creativity; strived to maintain production, work, build families, and raise children; and, at the same time struggled against negativism, helping protect the revolutionary gains in our country.

All Vietnam women's unions, from the central to grassroots levels, have brought into full play their positive role in educating and motivating the masses to implement the party's political tasks and the state plan. They have proposed and participated in the organization and implementation of practical guidelines to protect the benefits of women and children and have strived to renovate their operating procedures.

The aforesaid achievements have stemmed from the awareness of women of all strata and from the long and persevering struggle of union cadres and female cadres in all sectors. At the same time, they result from the implementation of party lines and policies and state law in line with the interests of women and children, and from the concern and assistance of various agencies of the administration and mass organizations.

The congress warmly commended all strata of women workers, civil servants, peasants, socialist intellectuals, and craftwomen, female members of the Armed Forces, other laboring forces, tribes, and religions for their efforts to develop the traditions of "heroism, dauntlessness, loyalty, and cleverness," and for their many important contributions to the revolutionary cause in our country.

The congress recognized the merits of mothers who with love and responsibility have overcome all ordeals alongside their husbands and children, have preserved their ethics and healthy lives, and have contributed to building a new society, fostering the future generation and cultivating national culture.

The congress welcomed overseas Vietnamese women who have always looked to the country with eagerness to contribute to national construction.

The congress expressed its sincere gratitude to the Women's International Democratic League; the women and people of the Soviet Union, Laos, Cambodia, and other socialist countries; all progressive women's organizations in the world; and all other international organizations for their great assistance and valuable sentiments to Vietnamese women and children.

While asserting our achievements, we have also clearly realized many restrictions in the women's movement. Feudalistic, bourgeois, and petty bourgeois ways of thinking are great obstacles to the implementation of the rights to mastery and sexual equality in both family and society. Women still encounter many difficulties in life, work, health, knowledge, family, and child raising. Apart from a large number of women who have strived to surge forward, some women have lost their will to struggle and have joined in negative and illicit work. This has limited women's ability to contribute to the revolutionary cause.

Besides such objective causes as the complicated development of the socio-economic situation and the mistakes and shortcomings in leadership and management of the party and state, the congress also frankly pointed to the shortcomings of the union in order to have some guidelines for overcoming them. Shortcomings are fumbles in the performance of duty and function, lack of depth and specificity in education, failure to develop the role of representing women's rights to equality and mastery in order to protect the legitimate rights of women and children; weakness of the union bases, and failure to keep the tasks of organizing, planning, and conducting basic and advanced training of cadres up to the level of the assigned duty.

Drawing on strengths and weaknesses, the congress affirmed a determination to renovate the union's operating procedures and build a steadfast foundation for the union in order to develop women's collective mastery and motivate women to actively implement the resolution of the Sixth CPV Congress.

Thoroughly aware of the concept of "considering the people as the root," the congress affirmed that the union's duties consist of "educating and motivating women to participate in building and defending the socialist fatherland, to represent women's equality and collective mastery, and to participate in the management and control of state affairs with emphasis on those problems having to do with women and children.

The orientation and tasks of the women's movement and women's union for the years 1987-1990 consist of:

Promoting unity among, educating, and motivating women to step up the "new women's movement for construction and defense of the fatherland"; contributing to implementing the three major economic programs; participating in the movement to purify party organizations and the state apparatus and to make all social relations healthy; guiding women in satisfactorily organizing their family lives and rearing their children; participating in enacting and supervising the enforcement of those laws and policies concerning women and children; improving the qualities of the union's cadres; consolidating the foundation of the union and renovating its operating procedures; and actively participating in the international women's movement to struggle for peace, national independence, democracy, and social progress.

The congress entrusted the Sixth Women's Union Central Committee with the duty of directing the implementation of those specific tasks already outlined in the report, with the emphasis placed on the following points:

1. Educating and Building New Socialist Women

The goals of the union's education work are to build women into new socialist women and help them satisfactorily perform their duty as citizens, build their families and rear their children satisfactorily, and develop a will to achieve progress, to lead a healthy life, and to maintain solidarity and mutual assistance.

As for the contents of education work, on the basis of being thoroughly aware of the viewpoints and thoughts of the party attention must be paid to helping women renovate their thinking, improve their revolutionary zeal, struggle for the causes of building socialism, defending the fatherland, and liberating themselves; grasp the new socioeconomic policies and other policies toward women and children; improve their knowledge of culture, science, technology, law, and citizen's rights and duties; and build a correct sense of and behavior toward labor.

We must renovate educational forms and methods for better results, regularly follow up and grasp the psychology and thought of women of all strata, and institute a suitable educational scope for each objective. Responsible agencies must be asked to give timely answers to the masses' questions. Reading materials for women must be sent to every grassroots installation. Such activities as clubs and symposiums must organize on a broad scope.

2. Motivate Women to Positively Implement the Sixth Party Congress Resolution, Mainly the Three Major Economic Programs

On the strength of performing the educational task well, the union motivates women to develop their role of mastery and positively implement the two strategic tasks and other socioeconomic targets, mainly the three major economic programs for grain and food products, consumer goods, and export goods.

Under the direct guidance of the various agencies of the administration and economic organizations, each woman will strive to develop all her potentials; enthusiastically engage in labor, production, and thrifty practice; and achieve by all means the planned norms for production and work in each unit. At the same time, she must uphold her sense of mastery by giving her views on the management, formulation, and implementation of plans. Women must constitute a positive force for the implementation of the party and state policies, especially on socialist transformation, distribution, and circulation, and in the struggle against negativism to defend the party lines and state law.

To serve the aforesaid general tasks in line with the function of a mass organization, the union will coordinate with various sectors and mass organizations to educate its members on the duty and right of exercising mastery so they can positively implement the plan norms established by management agencies and make proposals to the responsible agencies, asking them to create conditions for women to carry out production and work well such as proposing correct guidelines and policies, creating sources of materials and energy, giving technical guidance, conducting basic and advanced training to raise the standard of knowledge, making fair distribution, and resolving problems.

In each locality and primary installation, the union will focus on motivating women to achieve well one or two specific works along the line of the main tasks of the party and state for a given period of time in order to secure conditions for carrying out in-depth education and making effective proposals. Attention must be paid to motivating women to develop the household economy in the right direction and to proposing necessary policies.

3. Help Control and Supervise the Formulation and Implementation of Policies and Systems on Working Conditions and Activities of Women and Children

Coordinate with the administration to preliminarily review the implementation of policies and systems and institute plans to apply resolution No 176a of the Council of Ministers in conformity with the new resolutions of the party and the new management mechanism.

Coordinate with various sectors and mass organizations to seek and understand the working conditions and activities of women of all strata, and help control and supervise the formulation and implementation of laws, policies, and systems concerning:

--The assignment, employment, and basic and advanced training of women workers, with emphasis on creating jobs for excess labor and those reaching working age, and on seeking secondary jobs for the dependents of workers, civil servants and female members of agricultural and handicrafts and artisan industry cooperatives.

--The improvement of working conditions and labor safety for women, with emphasis on heavy work and noxious jobs.

--The distribution, purchase, and selling of grain, food products and other essential commodities to women and children.

--Pregnancy, retirement, poor health, health protection, and medical examinations.

--Social welfare (nurseries, kindergartens, and so on...)

At the same time, women will be motivated to help one another. Attention will be paid to old, lonely, and needy women. The administration will be requested to organize and motivate well women to actively join in the building and management of maternity hospitals, delivery rooms, infant care rooms, nurseries, kindergartens, and marketing cooperatives, and to participate in other service operations.

4. Satisfactorily Carry Out Work Related to Rear Services

We must educate women so they can motivate their relatives to fulfill their national defense duty. We must encourage women to actively join the militia and self-defense forces, heighten vigilance, defend the country, and struggle against the enemy's multifaceted war of sabotage. In localities where troops are stationed, we must encourage our sisters to do their best to help and create favorable conditions for our soldiers to fulfill their duties. We must also encourage them to mold army-people solidarity.

Women must be motivated to care for families of fallen combatants, war invalids, and soldiers and families having rendered meritorious service to the revolution, as well as to adopt children of fallen combatants.

It is necessary to inspect and supervise the implementation of various policies toward these families.

5. Motivate, Organize, and Guide Women to Develop Their Role as Mothers and Enable Them to Satisfactorily Build Their Families and Educate Their Children

Along with requesting that the party and state formulate policies and plans for conducting scientific research systematically on the family issue and directing various state agencies and mass organizations in providing guidance for family building in our entire society, the women's unions must concentrate on carrying out the following tasks:

--Actively join in the dissemination of the marriage and family law, motivate women to willingly implement the law, and petition action to deal with violations of the law.

--Coordinate with various sectors to guide the exchange of experiences in handling various cases of sentimental relations and ethics in families; popularize scientific knowledge in the organization of family life, and continually accelerate the campaign to build new cultural families.

--Conduct the campaign to achieve the objective of "One child or two children in each family" and make proposals to the administration on policies to intensify educational, economic, and technical measures.

--Expand and qualitatively enhance educational forms and provide guidance concerning the responsibility, scope, and method of educating and raising children of different ages so as to develop the extremely important role of mothers in fostering future generations. At the same time, propose some policies to the party and state to create conditions for raising children well, a task of great social significance.

6. Strengthen Solidarity With World Women and Struggle for Peace, National Independence, Democracy, and Social Progress

We should strengthen solidarity and comprehensive cooperation with the Soviet women, militant solidarity and special friendship with the Lao and Cambodian women, and solidarity and cooperation with women of socialist countries for the cause of building socialism and defending world peace.

We should actively implement the various policies of the International Democratic Women's Federation, and develop solidarity with women of all countries in the common struggle to prevent the danger of a nuclear war and to check the arms race on earth and in outer space for peace, national independence, democracy, and social progress, and for the cause of women's liberation and the happiness of women and children.

We should coordinate with various state agencies to campaign for the implementation of "the convention on abolishing all discrimination against women" and the various "forward strategies until the year 2000 for women's progress" which were approved at the UN conference on women in Nairobi.

7. Conduct the Basic and Advanced Training of Cadres, Renovate the Operating Procedures

The task of cadre organization is the main task of the union this term. We must proceed from the requirement of renovating the scope and procedures of operations to correctly implement the role and function of the union, perfect all union echelons, select and train union cadres, and create conditions for women to work well.

We must by all means build a contingent of union cadres from the central down to grassroots levels who have a sense of responsibility and eager attachment to the cause of women's liberation and the women's movement; who know how to study and apply the party lines and policies on women's motivation in an accurate manner; who possess some knowledge of socioeconomic management, laws,

and policies and some experience in mass motivation and in staying close to and deep within the masses at the grassroots level; and who know how to guide the union network and to coordinate with other sectors to carry out policies and to report problems concerning women and children to the party and state. We must formulate and implement the union cadre plan in a strict manner, specifically stipulate the qualifications for union cadres at all echelons, and pay utmost attention to the tasks of conducting basic and advanced training of cadres and of caring for their livelihood in order to ensure the continuity of various generations of cadres.

The contingent of female cadres who are among the leadership and management of various sectors plays a very important role in the tasks of motivating women and caring for and protecting the rights and benefits of women and children. The union should make proposals to the party committee echelons and the administration on implementing directive No 44 of the party Central Committee Secretariat and should institute plans and measures to intensify the basic and advanced training of female cadres and to create favorable conditions for them to develop their role.

The executive committees of the union at all levels must renovate their working procedures to promote collective intelligence and ensure the successful organization and implementation of the congress resolution. The following points must be emphasized: Closely follow the party policies for each period of time; propose plans to correctly carry out the union's function; cross check the regular annual activities of the union with the congress' resolution in order to institute proper plans and programs for implementation, emphasize targets and main tasks in programs and institute measures to provide consistent guidance suitable to the characteristics of regions and zones; develop advanced models; make preliminary and general reviews in order to draw upon experiences; coordinate with various sectors and mass organizations from the time of studying policies until the time of implementing them; form and develop the force of collaborators; systematize control work; intensify theoretical research work; and generally review practical realities.

8. Build and Consolidate Union Bases

Building and consolidating union bases constitute the vital task aimed at implementing the function and mission of the union and at creating its strength.

The union's grassroots level activities must be realistic and useful. The union members must know and debate those problems most vital to livelihood and must be allowed to participate in control work. The forms of activities must be fruitful, flexible, and suitable to each type of objective. When proposing policies, the scope and operating procedures for each type of base must be clearly specified, guidance must be provided for each base, and policies must be amended and supplemented by drawing upon actual experiences. Grassroots cadres must be trained to have sufficient ability to take initiative

in work. A system of temporary duty allowances and procedures must be instituted for cadres of all ranks by paying attention to the quality and effectiveness of their duties.

The implementation of the sixth party congress resolution will bring about new changes in all aspects of socioeconomic life and will raise new problems and requirements for the women's movement and the union. The coming years will be the years of fierce and animated struggle, full of ordeals.

The congress calls on women countrywide to resolutely overcome difficulties, wholeheartedly develop all their potentials, be active and creative in production and work, struggle to improve their ethics and knowledge, strive to organize their families and rear their children, actively struggle to help repel negativism and purify the party organizations and increase the efficiency of the state, and victoriously implement the sixth party congress resolution in order to advance the country.

Let all union echelons representing women's right to equality and collective mastery adhere to the party resolution, firmly grasp the union function and, together with women cadres of all sectors, strive to educate and motivate women to fulfill their common tasks and care for the women's liberation cause.

Let us unite and resolutely advance the "New Women's Movement for Construction and Defense of the Fatherland" to new steps and make positive contributions to the fulfillment of the 1986-90 state plan, the development of production, and the stabilization of livelihood, thus bringing about practical benefits for women, children, and all families.

Hanoi 20 May 1987

/8309

CSO: 4200/635

INTERVILLAGE COOPERATION TO FIGHT CRIMES REPORTED

Hanoi NHAN DAN in Vietnamese 13 Apr 87 p 3

[Article by Mai Anh: "Banding Together to Protect Security"]

[Text] Thuan Thanh is a delta district which is located at the tip of Ha Bac Province and connects it with Hanoi and Hai Hung. Residential areas in many of its 17 villages are contiguous with those in many villages of the three districts of Gia Lam (Hanoi), Cam Binh, and My Van (Hai Hung). It is a rich and populous area adjacent to three provinces with convenient water and land routes--Highway No 5, the Hanoi-Haiphong railway, a railway station, and two bus stations--and with three markets--Dau, Dau, and Keo--which assemble 12-30 days a month. Organs and factories are stationed in the district. Its natural socioeconomic conditions are so favorable that one readily thinks the district is well suited for comprehensive growth; however, for several years, it has been a "niche" for negative social phenomena and serious criminal offenses.

A major cause of local instability lies in the failure of village party and administrative officials to pay full attention to the mass movement to protect national security. A segment of cadres and party members refrained from confronting negative social phenomena and from linking protection of security with local political work. The forces of village public security and the security guard police in organs, enterprises, and state farms have not been strengthened in terms of quantity and quality. In daily activities, there was no coordination between villages and between the inside and outside, nor close control and supervision. Criminal offenses transcended the administrative borders of villages. Malefactors often took advantage of management loopholes to conceal themselves and commit crimes. Basic-level party and administrative officials used to wait for guidance from upper echelons, to pass the buck, and to avoid confrontation for fear of creating friction between villages, thus hampering the prevention and prosecution of crimes. Whenever a problem involving several villages came up, they did not band together to solve it completely; worse yet, they put a spoke in the wheel, protecting and condoning those offenders who happened to be the children, brothers, sisters, or relatives of local cadres and party members.

In response, Thuan Thanh public security officials coordinated actively with their Gia Lam counterparts to investigate and assess the situation. Each

district set up an ad hoc team led by its public security deputy chief and closely guided by the district CPV committee. Hand in hand with local organs and enterprises, village party and people's committees directed the task of protecting security--first of all, strengthening the party, administration, and key forces in the hamlets. Party organizations, chapters, and members were required to conduct self-criticism and criticism to show how well they implemented party and state resolutions on maintaining security and building a clean, stable, and vigorous party organization. All party members were asked the following question: "In your village and hamlets, what did everyone do to fight negative social phenomena and contribute to solving the complex problems of social order and safety in border areas?"

Through self-criticism and criticism, faulty cadres, party members, basic-level public security personnel, and organ and enterprise security guards were exposed by the people and appropriate disciplinary measures were taken. With the help of central and Hanoi organs and enterprises stationed in the area, and under the guidance of their district counterparts in Thuan Thanh and Gia Lam, party and people's committees in five villages took steps to replace nine public security agents and security guards for lacking political qualifications, and three other agents for condoning criminals, and to dismiss two village public security deputy chiefs. At the same time, the two districts banded together to hold advanced professional training courses for public security personnel and set up stand-by security units in the villages. Militia and self-defense forces have been strengthened, working shoulder to shoulder regularly with basic-level public security. Together with hamlet authorities, organs and enterprises have refined the people's security committees, the youth union, and the women's union. The two districts have also purified the core of their security forces. People's security units have undergone professional training and periodic indoctrination.

From that broad security front, Thuan Thanh moved on to cooperate closely with the public security forces of Gia Lam, Cam Binh, and My Van Districts to organize a joint security network to crack down on criminals, solve negative social phenomena thoroughly and radically, and struggle to prevent crimes. Five villages--Xuan Lam, Tri Qua, Dinh To (Thuan Thanh), Kim Son, and Le Chi (Gia Lam)--and four organs, enterprises, and state farms set up the first chain of security clusters. Public security chiefs in the two districts met regularly with party committee secretaries and people's committee chairmen of villages and with party committee secretaries and directors of organ enterprises, state farms, and building sites to discuss ways to guide security maintenance better.

The participants addressed problems involving villages and organs, devised prevention plans, and drew up regulations for joint security clusters to be used as guidelines for cadres, party members, and the people. They also signed contracts for protecting the economy, production facilities, storehouses, communication lines, and wharves, linking units with other units and villages with other villages. Whenever criminals were exposed and arrested by a unit--no matter what villages or organs they came from--an investigation was conducted promptly to uncover evidence and the results were

communicated in due time to other units to seek coordination and to eliminate attempts to protect and condone criminals and to act irresponsibly. All units in a cluster took synchronized educational, administrative, organizational, economic, and legal measures to show their respect for the masses and to stimulate them to maintain local security and social order and safety. Village and units controlled and properly educated various groups of targeted people, especially ex-convicts recently released from reeducation camps. The public security forces, the militia, and youths patrolled and guarded key areas, warehouses, and stores and corrected management shortcomings and flaws.

Through the creation of the first joint security cluster, the combined effort to maintain security in border areas, villages, organs, and enterprises exemplified more appropriately the system by which "the party leads, the state manages, and the people master," thus contributing to strengthening confidence in the party, administration, and key forces at the basic level. The network has protected the ranks of cadres, party members, core officials, socialist property, and the people's property and lives, eliciting support and praise from the masses. And these results have led to the expansion of the network to the three villages of Song Lieu, Duong Quang, and Lac Dao in Thuan Thanh, Gia Lam, and My Van Districts. The area is so strategically located that the people usually call it a place where "a cock's crow can be heard by three provinces simultaneously." It was, nevertheless, marred by sociopolitical complexities. Guided by past experience, the second joint security cluster refined its organization and work, enabling the villages to unite more closely and help each other not only on the security front but also in production and livelihood.

Initially, three villages in Thuan Thanh were awarded the title of "determined-to-win" units; now, six villages and one organ share the same honor while not a single basic-level unit is rated as mediocre. For 3 years in a row, public security in Thuan Thanh District has received the title of "determined-to-win" unit from Ha Bac Province for its steady and firm progress and its dynamic, creative, and tangible performance.

9213/9599

CSO: 4209/447

TRUONG CHINH'S LETTER TO VIETNAMESE CHILDREN

BK060936 Hanoi Domestic Service in Vietnamese 2300 GMT 31 May 87

["Full Text" of SRV Council of State Chairman Truong Chinh's letter to Vietnamese teenagers and children on International Children's Day, 1 June]

[Text] Hanoi 1 June, 1987

Dear teenagers and children,

On the occasion of International Children's Day, I convey to all Vietnamese teenagers and children at home and abroad my warmest sentiments. You are celebrating this day amid the seething emulation drive being carried out by our entire party, people, and the Armed Forces to strive to implement the Sixth CPV Congress Resolution.

During the last school year, our children's movement made new progress. Vietnamese children scored many achievements in studying, training, working, and participating in various social activities in schools, hamlets, and on streets, thereby satisfactorily fulfilling their 1986-87 academic year. About 5.5 million children have been awarded the title Uncle Ho's good nephews and nieces. I am very pleased to note this and convey to you my commendation.

The summer holiday has begun, I wish all of you enjoy yourselves while participating in various social activities, maintaining your studies to advance further, satisfactorily implement President Ho Chi Minh's five teachings, and prepare yourselves to welcome the Fifth National Congress of the Ho Chi Minh Communist Youth Union.

On this occasion, I hope that, in the spirit of renovation, various echelons of party committees and the administration, mass organizations, parents, teachers, and other officials concerned will enhance their sense of responsibility to protect, take care of, and educate Vietnamese children, thereby creating various material and spiritual bases to improve our teenagers and children's movement qualitatively.

I would like to convey to the international children my warmest sentiments. I appeal to all progressive people in the world to strengthen their unity to oppose the arms race and a nuclear war being advocated by imperialism, while struggling for peace, national independence, democracy, and social progress so as to ensure that all children in our planet live in peace, friendship, and happiness.

My warmest kisses to you all.

[Signed] Truong Chinh

BRIEFS

GREETINGS TO SWEDISH CP LEADER--Hanoi VNA June 6--Nguyen Van Linh, general secretary of the Communist Party of Vietnam Central Committee, today extended his warmest congratulations to Lars Werner on his re-election as chairman of the Swedish Left Communist Party. "I wish you good health and success in your noble mission," his message says. [Text] [Hanoi VNA in English 1453 GMT 6 Jun 87] /8309

GREETINGS TO PORTUGAL--Hanoi VNA June 9--President of the State Council Truong Chinh has sent a message of greetings to President Mario Soares, on the National Day of Portugal (June 10). [Text] [Hanoi VNA in English 1517 GMT 9 Jun 87] /8309

PHILIPPINE INDEPENDENCE DAY--Hanoi VNA June 11--President of the State Council Truong Chinh has sent his warm greetings to President Corazon Aquino on the 89th independence day of the Republic of the Philippines. The message wished the Philippine people new and big achievements in building a prosperous country, and further consolidation and development of the friendship between the two countries. On this occasion, Nguyen Co Thach, vice-chairman of the Council of Ministers and minister for foreign affairs, has cabled his greetings to his Philippine counterpart, Salvador Laurel. [Text] [Hanoi VNA in English 1523 GMT 11 Jun 87] /8309

CSO: 4200/635

RUBBER PLANTING, DELIVERIES TO USSR STEPPED UP

Hanoi NHAN DAN in Vietnamese 13 Apr 87 p 2

[Article by Nguyen Oanh: "Dau Tieng Rubber Corp. Grows New Rubber Trees and Exceeds Vietnam-Soviet Cooperation Plan Norm for Product Delivery"]

[Text] The Dau Tieng Rubber Corp. was founded in May 1981 on the premises of the Dau Tieng state-operated rubber plantation. The corporation has carried out activities in 15 villages in Ben Cat District, Song Be Province. The corporation is one of the rubber sector units which have participated in the Vietnam-Soviet international cooperation project with the task of exploiting, processing, and delivering products to the state for export to the Soviet Union, and also planting new rubber trees on 20,000 hectares according to the 1981-85 plan. Because this task has been clearly defined, the number of cadres and workers employed has increased rapidly and many new state farms have been established.

Over the past 6 years (1981-86), the corporation has overfulfilled all plan norms. This achievement has been highly appreciated by the high authorities and welcomed by the Soviet experts, who have also voiced satisfaction with the successful cooperation.

Area Expansion and Intensive Cultivation of Rubber Trees on Grey Land

Formerly, Dau Tieng was a region covered by rubber trees and timber forests in eastern Nam Bo. Due to the devastation wreaked by two wars of resistance--especially during the anti-U.S. national salvation resistance (bombings, shellings, and use of toxic chemicals)--these forests were ravaged and turned into a region of bushes, shrubs, and reeds where the original red soil continuously deteriorated and became grey, dry, and infertile. Consequently, reforestation has proven more difficult and costly.

However, with our determination to carry out the cooperation project with the friendly country, new lands were urgently opened by applying three methods--manual, mechanical, or manual-mechanical--on different terrains. In the past 6 years (1981-86), 27,798 hectares of new land were opened to obtain a sufficient area on which to grow rubber trees at a fixed rate. By learning from the senior workers' experiences and by combining them with our youth's energy and creativeness, the corporation and each state farm successfully

experimented the hybrid grafting method to create favorable conditions in which to grow scattered crops. By combining the berry and seed-growing methods, 20,007 hectares were cultivated in 5 years (1981-85), fulfilling over 100 percent of the plan norm and achieving a higher cultivation tempo with each passing year. Compared with 1981, cultivation increased 10-fold in 1982, 18-fold in 1983, and 21-fold in 1984 and 1985. Over 4,000 hectares were cultivated each year by the corporation. So far, the cultivated area has tripled that grown during 60 years under French colonialist rule.

The quality of rubber produced by Dau Tieng ranks first in the entire rubber-producing sector because it has been processed in strict accordance with technical regulations. Rubber trees have grown well and those planted in 1981 have been exploited 1 and 1/2 years ahead of schedule. Throughout the whole cultivated area, not a single hectare has been scrapped. In 1986, the corporation overfulfilled the cultivation plan norm while obtaining the same good quality of product as in previous years.

Rubber Exploitation and Processing

After 1981, the remaining rubber-growing area was only 4,006 hectares, covered mostly by old and stunted trees, many of which were broken and felled by bombings and shells and so had to be destroyed. There remained also 2,118 hectares with a density of 158 trees per hectare (versus the required density of 240-250 trees per hectare). Therefore, state farms had to organize the tending of rubber plantations while improving the latex-drawing technique to obtain the maximum output from each area unit. All the processing machines and equipment were old and should have been discarded long ago. However, owing to the struggle spirit of the cadres and workers and to the improvement of technical regulations--especially concerning the drying method, the use of chemicals, and the rational processing and full use of latex--the ratio of principal products rose from 80 percent in 1981 to 93 percent in 1985. On the average, each year Dau Tieng yielded 2,366.5 tons of dried latex--an increase of 40.35 percent over the years between 1976 and 1980--even though the number of exploited trees was reduced by more than 27 percent. Each year, 2,856.3 tons of latex were processed into various kinds of products. The quantity of latex drawn fulfilled 105.58 percent of the plan norm during the 5-year period (1981-85), and 104 percent of the plan norm for 1986. Processing fulfilled 105.1 percent of the plan norm during the same 5-year period (1981-85), and over 100 percent of the plan norm in 1986.

During 6 consecutive years, the corporation fulfilled 104-109 percent of the plan norm for delivery and export and carried out contracts signed with the Soviet Union on new plantations concerning the yearly delivery of products.

First Steps Taken to Improve the Workers' Lives

Because of the need to accomplish the cooperation plan signed between our state and the friendly country, the initial number of workers has risen from 2,750 to over 20,000. Therefore, caring for all aspects of the workers' lives has become a highly important task aimed at ensuring satisfactory production.

Because the availability of a labor force and land is a prerequisite for bringing the agricultural workers' strength into play, every state farm and production unit have attentively motivated everyone--whenever the branches and leaves of each row of rubber trees have not grown densely enough to touch those of other rows--to use land fully by interplanting one or two rice crops or various legumes in order to increase grain production. At the same time, new lands not yet used to plant rubber trees have been opened to grow various crops and develop animal husbandry. On the other hand, the corporation has bought more grain, staple commodities, and fabrics for distribution to workers, and has also purchased other goods and sold them to workers at prices 10-40 percent lower than market prices. A 120-sickbed central hospital has been built, and there are enough physicians and essential medicines in each state farm and production unit. Attention has been paid to building a school network to provide education for all children of school age. Literary, artistic, and sports movements have developed evenly and strongly. To fulfill their military obligation, the required number of new recruits has been delivered each year for national defense and has even been exceeded. The maintenance of order and security has been rated satisfactory by the local authorities.

Despite its numerous achievements, the corporation is still faced with many difficulties and shortcomings. First and foremost, capital and materials have been supplied slowly and insufficiently in comparison with plan norms, thus making it difficult to continue production. Prices have not yet been rationally fixed and the corps of managerial cadres is still weak. The productivity of workers is still low, which results in high production costs. Generally speaking, despite the initial attention paid to their living conditions, workers are still in straitened circumstances.

The Dau Tieng Rubber Corp. is trying to overcome difficulties and shortcomings, to overfulfill the plans for 1987 and the forthcoming years, and to continue the planting of new rubber trees and the delivery of their product in order to join the entire rubber production sector in successfully carrying out the Vietnam-Soviet friendly cooperation project.

9332/9599

CSO: 4209/448

TRADE RESULTS WITH NONSOCIALIST COUNTRIES REPORTED

Hanoi NGOAI THUONG in Vietnamese 10 Feb 87 p 6

[Article by Xuan Ninh: "Some Features of Trade With Nonsocialist Countries in 1986"]

[Text] In 1986, good results were achieved in trade with nonsocialist countries. The plan for exports was fulfilled in both quantity and value. The latter could have been even higher, because our trade potential was not fully exploited.

The focus of exports to nonsocialist countries continued to be agricultural, forestry, and marine products, which accounted for 80 percent of the total. Minerals accounted for 10 percent, while the rest was composed of contract artistic handicrafts and other items. Demand for these commodities was high, but we were unable to fill this demand.

The longstanding foreign economic policy of our party and state is based mainly on economic cooperation and trade with the Soviet Union, Laos, Kampuchea, and other countries in the socialist community. We also devote attention to trade with other nations, striving to import merchandise and new technology that are not available from brotherly countries, and also to pay off our loans gradually.

We always cherish the desire to strengthen our economic and trade relations with nationalistic countries, fostering equality, mutual profitability and understanding, and creating conditions for common growth. Last year, we made every effort to further develop our economic relations with India and Indonesia, along with some countries in Southeast Asia, the Middle and Near East, and Africa, but the trade results were not significant--still a small percentage of the total value. The difficulty in accelerating trade with nationalistic countries lies in the structure of exports and imports, technical problems, pricing, and transportation. Thus, it is imperative to conduct a deeper study of these nations to identify barterable goods and to search for appropriate business formulas.

We maintained substantial relations with developed industrial and "new industrial" countries, including Singapore, Hong Kong, Japan, France, etc.

These partners account for the bulk of our exports and imports to and from the nonsocialist world. We devoted attention to developing trade relations with Sweden, Finland, and other North European countries, as well as with Australia and Canada, but due to the limited export-import capabilities, we did not achieve the desired results.

In general, last year we went out of our way to accelerate trade with nonsocialist countries, and we achieved better business results. But shortcomings and snags remained. Losses occurred because some export-import units were reluctant to seek assistance from the responsible agencies, although they lacked experience in dealing with nonsocialist countries. Commodity deliveries were still marred by low quality, poor packaging, and a failure to meet deadlines and contract terms. Competition in purchases and sales in some areas caused prices to drop on domestic and foreign markets. Moreover, business units did not comply strictly with state policies regulating market operations and trading personnel.

For 1987, in keeping with the resolution of the Sixth CPV Congress, we are devoting daily efforts to exports--one of the three major programs of the 1986-90 5-Year Plan. While strengthening unceasingly our economic cooperation and trade with the Soviet Union, Laos, Kampuchea, and countries in the socialist community, we will consistently develop trade with nationalistic countries and with countries close to us and with which we have had traditional ties. We welcome international economic organizations and foreign countries that want to discuss with us the expansion of cooperation for mutual profit.

To accelerate exports and imports, especially to and from nonsocialist countries, we need the skills to manage the export-import business effectively, to upgrade export-import organizations, and to improve and perfect export production and the export-import business, searching for business and cooperation formulas to suit individual partners and areas so that step by step we can meet the ever-increasing demand on foreign markets for more and better goods. We should abide strictly by international commitments, seeing this as a duty in regard to which every citizen and every export-import unit is bound to uphold the honor of our state.

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CSO: 4209/438

NHAN DAN PRAISES SRV-MPR ECONOMIC RELATIONS

OW100819 Hanoi VNA in English 0714 GMT 10 Jun 87

[Text] Hanoi VNA June 10--The fruitful economic and commercial relations between Vietnam and Mongolia over the past decades have proved that the two countries are fully able to broaden and develop their cooperation, says NHAN DAN in an article today marking the 30th anniversary of the first agreement on goods exchange and payments between the two countries. The paper says:

"Since the signing of the agreement, the value of goods exchange between the two countries has steadily increased by 24.3 per cent in the 1981-85 period compared with 1976-1980. In the same period, Vietnam's export to Mongolia increased 24.3 per cent compared to 24.45 per cent the other way round. Under the five-year agreement (1986-90) signed in Mongolia in October 1985, the value of bilateral trade is expected to increase 21.5 percent compared with the previous five years. In 1986 alone, the turnover was 12 percent more than planned. Under a protocol signed in Hanoi early this year it represents a 25-percent increase over 1986. The two sides have also exchanged expert teams, carried out joint research and production ventures and helped each other in personnel training in some economic branches."

"Looking back at the past 30 years, the Vietnamese people highly appreciate the fine sentiments, valuable support and assistance given them by the party, government and the fraternal people of Mongolia," NHAN DAN concludes.

/8309

CSO: 4200/637

EXPORT PERFORMANCE FOR 1986 REPORTED

Hanoi NGOAI THUONG in Vietnamese 10 Feb 87 p 1

[Article by PV: "Export Achievements for 1986"]

[Text] The plan for the value of exports was achieved by 100.7 percent--a 14.5 percent increase over 1985. The breakdown was 90.7 percent for central exports--a 4.7 percent increase over 1985; and 123 percent for local exports--a 35 percent increase over 1985, representing 37 percent of the nation's export value.

Carrying out their export duties, the general corporations of the Ministry of Foreign Trade were responsible for 22.5 percent of the total export value, units under the jurisdiction of other ministries and sectors accounted for 60 percent, while localities involved directly in exports posted 17.5 percent.

Seventeen out of 26 general corporations and central corporations fulfilled and overfulfilled the plan, including 6 units of the Ministry of Foreign Trade--General Corporation 1, General Corporation 2, the Sundries General Corporation, the Artistic Handicrafts General Corporation, the Rattan and Bamboo General Corporation, and the Vietnam Export-Import General Corporation--completed the year's plan 2-20 days ahead of schedule. Moreover, the Local Forestry Products Export-Import General Corporation exceeded the plan by 62 percent, while three corporations in the Ministry of Light Industry fulfilled their tasks properly.

The provinces of Thanh Hoa, Ha Nam Ninh, Thai Binh, Hai Phong, Hau Giang, etc., sent early reports to the ministry on overfulfilling the 1986 plan ahead of schedule.

The 1986 export plan was surpassed in regard to dozens of commodities: floor planks, 73 percent; peppers, 42.2 percent; cinnamon, 21.7 percent; coffee beans, 13.3 percent; tin, 10.5 percent; citronella oil, 3 percent; rush articles, 1.4 percent; jute raw materials, 1 percent, etc.

In our relations with socialist countries, it is worth noting that we performed well in delivering merchandise to the Soviet Union. The norms for nearly all key items were overfulfilled, with floor planks increasing 1.7-fold; coconut oil, 4.8-fold; peanuts, tea, and cinnamon, 2.1 percent, etc.

The above results are a stimulus and a basis for us to strive to achieve an export value of 850 million rubles/dollars in 1987.

9213/12851

CSO: 4209/438

PRACTICES LEADING TO GREAT IMPORT-EXPORT LOSSES QUESTIONED

Hanoi LAO DONG in Vietnamese 9, 16 Apr 87

[Article dated 1 April 1987 by Nguyen An Dinh: "Investigation--Great Losses Resulting From Import-Export Contracts, Why?"]

[9 Apr 87 p 3]

[Text] In the last few years, with the national economy undergoing many complicated changes as background, there were very many shortcomings in a number of our country's economic installations in their management of general and particular import-export activities in connection with seriously carrying out the regulations about signing and executing import-export contracts. For various reasons, there were quite a few grave violations of the basic principles in signing import-export contracts. Added to this situation was the fact that many cadres in charge of import-export work had failed to show a sense of responsibility, integrity, and awareness of organization and discipline; as a result, they did not resolutely strive to reach satisfactory solutions in international commercial disputes. That has led to great losses on the part of a number of our economic installations and considerable losses of socialist assets.

This investigative report is based on the activities in the last few years of the Coal Import-Export and Materials Supply Corporation (Coalimex). Coalimex is the only organ dealing in import-export activities that was subordinate to the Ministry of Mines and Coal and now is subordinate to the Ministry of Energy. Its commercial relations are relatively broad. It sells coal, directly or indirectly through intermediary commercial agents, to a number of fraternal socialist countries and a number of capitalist countries and at the same time imports large quantities of equipment, materials, and spare parts used in the coal mining industry. Its many import-export contracts are of large values, in hard foreign currencies. This is why we try to highlight the actual lessons learned from its import-export activities by offering in-depth analyses of some of the typical contracts, on that basis suggesting the reasons behind wrongdoings, and at the same time recommending ways to deal with them.

Now let us go deeply into seeking to understand a number of actual contracts.

Concessions Leading to Great Losses

On 15 March 1982, in Hanoi, Coalimex signed two contracts, Nos 01 and 02, Coalsh-82, to buy 50 HD-320-3 vehicles from the (Japanese) firm of Komatsu. In accordance with Report No 2114, dated 16 August 1984, of Cam Pha Motor Transport Enterprise and Hon Gai Union of Coal Enterprises, after having been used for a short time, all vehicles showed chassis fractures, and in many of them broken springs and broken shock absorber valve bearings. Particularly serious was the fact that almost all 300 tires of the 50 vehicles were damaged. The main reason behind this situation was the lack of guarantee at the time of their import in terms of model and quality. In the Komatsu Specifications and Application Handbook, 3rd Edition, Item 20, Sheet 6 in the part that lists the specifications for tires used for the HD vehicles clearly states that the E4 type (the type of tires having deep grooves for use on the stones-strewn roads of the mines) must be used, but if Bridgestone tires are used, they must bear the model designation of R-Lug-X; if Toyo tires, B-18-ET; and if Michelintires, X-KD-1. The contracts also specified that the 50 vehicles would have to be equipped with Bridgestone tires. But why did Coalimex accept the vehicles when the Japanese firm had equipped them with Toyo G36ET tires, which have much less puncture-resistant strength than the above-mentioned tires? After the tire damages had occurred, Coalimex invited the Japanese commercial agent over to inspect the damages and arrived at this conclusion: "In order to increase the durability of the tires, the manufacturer must increase the strength of the fabric plies, the adhesiveness between these plies, and the thickness of rubber on the sides of the casings." Thus it was obvious that the damages were due to the manufacturer's fault. Coalimex was supposed to set up a claims file to demand payment for damages caused by delivery of merchandise of inferior quality. But it failed to do so. The amount of money the Japanese firm paid for damages in this case was totally negligible compared to the losses we had to bear.

In this deal, there was another question that had to be answered: Although the contracts specified that the vehicles would be delivered at the Port of Kobe, why did Coalimex agree to accept them at the Port of Yokohama, which is 800 kilometers farther than Kobe, and to pay for greatly-increased transport costs? For what purpose was this concession made?

Secret Agreement and Handling Commission

Another contract that very much deserved attention was Contract No 01-Tbcoalsh-83 for the purchase of 700 sets of tires at the cost of 131 million yen. This contract had only one signature, that of Import Office Chief Trinh Huu Hoat. That was a violation of Circular 74/BNT-DU, dated 21 May 1962, requiring contracts to have the signatures of two people invested with the authority to sign them. But more noteworthy was the fact that the two sides had agreed to reduce the total cost by 5 percent, which was not included in the main contract nor reflected in the letter of credit, in which the amount remained 131 million yen. The amount involved in the reduction (6.5 million yen) was mentioned in a separate document in the form of a handling commission, which was to be paid to the buyer only after the seller had received the full amount. This was a very serious violation of the principle of signing contracts, which indicates that if by agreement price is

reduced, a price-reduction addendum must be signed immediately, or the main contract must be altered right away, and the letter of credit must be made in the exact amount to be paid to the seller. Document No 1411-BNGT of the Ministry of Foreign Trade "on price agreement with capitalist firms which is not made public" has this to say: "A number of import-export general corporations have agreed with the selling parties to put into their contracts prices that are higher than the agreed prices under the condition that those parties, in a secret document, would pledge to return the differential sums of money in the form of supplying a quantity of merchandise of equivalent value or in the form of payment in foreign currency.

"The ministry has decided that the general corporations could no longer keep this practice in dealing with the capitalist firms."

Although the 6.5 million-yen handling commission, as specified in a memorandum, later was used to buy some merchandises that had not been included in the plan, its existence by itself had been an obviously serious violation, which could lead to additional questions.

Excess Line Costing 3.6 Million Yen

Another major question arose when we examined Contract No 12-Coal-Shin-83-BH, which cost 16,467,526 yen for the purchase of power shovel parts. It was signed at F.O.B. price in Kobe. By international rules, this means the seller will have to deliver the merchandise to the buyer on board at the Port of Kobe. Why below the last line of the contract was there another handwritten line saying, "Inland transportation and packing-for-export charges: 3,609,302 yen"? For what purpose did Coalimex pay the additional 3.6 million yen? Were there any export merchandises that did not include packing charges in their selling prices? Why did the seller include the inland transportation charges after he had agreed to the F.O.B. price, or delivery at the port? Two persons who signed the contract, Import Office Chief Trinh Huu Hoat and Dang Tat Bao, are responsible for answering this question.

On What Side of Interests Do You Stand?

Contract No 04/Coal-Kich/83 involving the import of 13,000 meters of conveyor belts showed another aspect of the sense of responsibility of the cadres of Coalimex and the Ministry of Mines and Coal. Noteworthy was the fact that the newly-imported conveyor belts were not of the same type that the Hon Gai Union of Coal Enterprises had requested. Their quality was poor: Elasticity was high; the rate of wearing out of the outer rubber layers was excessive; the adhesion of the fabric layers was obviously poorer than that found in other kinds of conveyor belts.

After they had used the belts for a short period, the Hon Gai Union of Coal Enterprises and Cua Ong Coal Sorting Enterprise successively sent to the Ministry of Mines and Coal official letters No 1532/TTCO-CB dated 25 July 1984, No 557/TTCO-CB dated 6 March 1985, and No 845 dated 4 March 1986 to request it to consider the problem through inspection and examination. But the request was not granted any decisive and timely action.

Noteworthy was the fact that the above-mentioned contract did not have any inspection-examination and guarantee conditions. On the other hand, when breakdowns occurred, Coalimex and the Ministry of Mines and Coal should have invited the technical organs responsible and the organs in charge of inspecting import-export merchandises to examine the matter, to jointly determine the basic technical parameters, and to set up a claims file in order to make complaints with the seller. It was regrettable that the Ministry of Mines and Coal and Coalimex actually invited only the Japanese commercial agent to carry out the inspection and examination and reached a unilateral conclusion to the effect that it was due to the users and not to the poor quality of the conveyor belts. Furthermore, according to Official Document No 280/MT-XNK, the Coalimex cadres who were responsible went even farther by producing unfounded technical parameters to justify their lack of responsibility.

Why did such a paradox exist? Was it avoiding the truth or evading responsibility? The question that was raised is this: Where are you standing, on what side of the interests, you who signed the contract and then offered loud arguments? Whom did you argue for? Is it true that, at this point in time, your own interests are being closely linked with those of foreign trade partners, who sold to your country merchandises of poor quality and earned lots of profits from such sales?

Such worries also came back as we examined Contract No 01/Coal-Sel/83, which was for the purchase of 400 turret rotary drill bits at the cost of 186.6 million yen. According to Report No 3283, dated 9 July 1984, and Official Letter No 750, dated 25 February 1985, of the Hon Gai Union of Coal Enterprises, the breakdowns of drill bits were as follows: By close observation, it was found that 21 bits used in Deo Nai Mine and 8 in Cao Son Mine provided an average of only 560 meters of drilling each, even 275 meters in some cases. After the TSK Company technicians had been invited over to deal with the breakdowns, the bits provided a high of 912 meters of drilling and a low of 654 meters per bit operating in soil mixed with rocks having F10-F11 degree of hardness. Compared to the bits that had been bought from this company before, the quality of those bits was 25-60 percent lower. The main reason was that TSK and Seiko were not being honest with us because they did not sell to us the bits of the same quality that had been promised. Once again Coalimex did not take any firm measures to ask the Japanese firms to pay for the losses that we had sustained in this deal.

We can mention a few other cases, such as the contract that we signed for the purchase of Bral resin at C.I.F. price for delivery at Hon Gai Port, the import of bulldozers and treads for D85 bulldozers, and so on. But let us stop here. The question we should clarify is this: For what reasons did Coalimex conclude a number of import contracts that would result in such losses? First of all, it is easy to see that in the course of signing and carrying out contracts, Coalimex did not seriously respect the principle of state management in import-export activities, did not employ qualified cadres in terms of handling foreign trade management, and failed to know very well the economic and technical aspects of the use of materials and equipment in the mines, hence, the poor quality of some merchandises. On the other hand, almost all recent contracts did not contain any provisions for inspection and

examination, including the merchandises entering the port, and for breakdowns during regular use. The fact that Coalimex had acted at its convenience by inviting Japanese commercial agents over to check and to pay negligible amounts for our losses showed a lack of serious observation of the principles set by the state.

What the Ministry of Energy and Coalimex really need to do is to seriously consider and pinpoint the actual reasons for the wrongdoings. They must single out those who should bear the responsibility and fairly and severely deal with those who have assumed leadership at different levels and those who have actually signed and carried out the above-mentioned contracts, firmly replace those who have committed wrongdoings and are incapable and lack the right qualities, and at the same time reward and appropriately employ those cadres who have good specialized knowledge and are honest and courageous while doing their jobs. Coalimex must closely coordinate its work with units in the coal industry and other professional organs in order to urgently set up complaint files and to firmly demand payment of damages for our losses caused by the Japanese firms. According to a modest estimate, our losses which have resulted from the above-mentioned contracts amount to 500,000 U.S. dollars. The socialist assets, interests of the nation, and sweat and tears of our working population demand that we remain honest, courageous, and resolute in this struggle.

[16 Apr 87 p 3]

In an investigative report printed in the previous issue of LAO DONG, we presented some reasons and unclear circumstances that had led to great losses in connection with a number of Coalimex import contracts. Coalimex is also assigned another important task--to export coal, either directly or indirectly through intermediary commercial agents, to a number of socialist and capitalist countries. In recent years, although our coal industry was being developed at a slow pace and the annual production failed to satisfy even our own needs, we still had to put aside a quantity of standard-grade coal for export and for importing the materials, spare parts, and equipment needed by the mining industry. After several years Vietnamese coal has found regular customers who have been buying large quantities of it. However, in the last few years, the prices of the coal we exported were gradually decreasing; in many countries and at different times, our prices were lower than those offered by our competitors and yet the quantities of coal we exported did not increase. In connection with some coal export services provided by Coalimex, because of various reasons, the pressures created by customers were forcing it to continually reduce prices, which caused great losses of our state assets. In order to have a basis for understanding and to contribute to clarifying some aspects of this matter, we mention hereunder some actual happenings in the activities of Coalimex.

Change in an Export Service

That was the execution of a contract in 1983 to sell coal to South Korea. At that particular time, almost all of the coal Vietnam exported to the capitalist countries was sold to South Korea and Japan. In the case of South Korea, Coalimex sold grade-10 coal to it through Swedish commercial agents

serving as intermediaries. According to the agreed contract, grade-10 coal was sold F.O.B. (at seller's port) at the price of 49 U.S. dollars a ton. Everything was going smoothly. Coalimex was able to sell a large quantity of coal at the set price. According to the contract, the remaining quantity to be delivered was 270,000 tons. At that time, a fact that was hard to explain suddenly happened: Coalimex decided to sign another contract to sell to the South Korean customer Sam Sung (directly, without the Swedish intermediaries) 30,000 tons of grade-10 coal at the F.O.B. price of only 47 U.S. dollars a ton, a loss of 60,000 dollars just in this deal; in spite of this, the quantity of coal that was sold was very small. More important was the chain reaction that followed. The first reaction came from the Swedish commercial organization that served as an intermediary. The sudden price reduction had pushed the Swedish commercial agents to the decision that they would no longer carry out the intermediary task of selling the remaining 270,000 tons of coal. Right after that the South Korean customer reacted by forcing us to reduce the price. The results were sad ones: While it was selling coal at 49 U.S. dollars a ton, Coalimex had to reduce the price to 47, then 45, and finally 43.5 dollars a ton in order to be able to sell those troublesome 270,000 tons of coal.

Let us do a simple operation to figure out how much Vietnam had to lose in this export service performed by Coalimex. With 270,000 tons, at the price of 47 dollars a ton, the loss was to be a large one--540,000 U.S. dollars. But since the price was later reduced to 45 and then 43.5 dollars, the losses obviously were much much greater.

What experience do we need to draw from this export service, which lasted 8 months? First of all, the decision to sell coal directly to Sam Sung at the price of 47 dollars during the time coal was being sold through commercial agents at 49 dollars was totally hard to understand and contrary to international commercial practices. Another aspect of this matter also makes us think hard: What bases, what source of information did the South Korean customer use to continually exert pressure on us to demand price reductions? The sales of coal in 1983 did leave adverse and lasting consequences. Why? We wonder whether to some degree this unfortunate situation has reminded us of the need to learn lessons about seriously observing the regulations concerning keeping secrets and following the basic principles of foreign trade.

Continually Decreasing Prices

In the past years, for many reasons including unclear ones, Coalimex had the tendency to sell coal to Japan at low prices and to reduce prices even if the volume of coal to be bought would not increase. The argument that had been put forth seemed logical: to decrease prices in order to be more competitive and thus to increase the volume of coal to be sold in the long term. However, in reality, although in the last few years the prices of coal were continually reduced, in the case of some countries and at different times, prices were actually lower than those offered by other competing sources and yet the volume of coal that was exported was gradually decreasing. In order to see that fact more clearly, let us consider the prices we got for our coal at different times: Generally speaking, in 1983, if prices were calculated in U.S. dollars (the currency used for pricing in the majority of coal-sales

contracts in the world), the prices of our coal sold to Japan decreased by 19.5 percent in the case of F.O.B. prices, and 18 percent C.I.F. prices (delivery at seller's port). The prices of grade-9 coal, which was the kind of coal that sold the most, were 51.82 dollars F.O.B. and 71.27 dollars C.I.F. a ton in January 1983. The prices of coal of the same grade in December 1983 dropped to 41.75 dollars F.O.B. a ton, a decrease of 19.5 percent, and 58.42 dollars C.I.F., 18 percent.

In the same year, the prices of Chinese coal sold in Japan decreased by only 5 percent (F.O.B.) and 4.3 percent (C.I.F.). The prices of Loyang coal (comparable to our grade-9 coal) in December 1983 were 52.85 dollars (F.O.B.) and 72 dollars (C.I.F.). (See NGOAI THUONG, published by the Foreign Trade Economics Institute, No 5-6, May-Jun 84, appendix, p 43.)

What purpose did the fast price reduction serve? At that particular time, a ton of our coal sold C.I.F. to Japan was priced about 13.5 U.S. dollars lower than a ton of Chinese coal of equivalent grade. The inaccurate market analyses and price data of unsound bases used to support arguments for continual reduction of prices of our coal in the international market led to extremely great losses. According to a modest estimate, the losses in our coal export in the last several years could have amounted to 10 million U.S. dollars.

A Few Words About Picked-up Coal

As the majority of readers do not work in the coal industry, we must first of all mention what is picked-up coal. In recent years, because our coal was sold at unreasonable prices and the provided wage funds were not enough to reproduce labor, the state allowed the coal sector to organize picking up coal at waste-dumping grounds to sell for money to be used in everyday life. Picked-up coal is thus coal recovered by cadres and workers in the sector and excluded from the official plan and mining limits. Regulations have been drafted to deal with organizing picking up coal and using the money coming from its sales, with strict rules about participants, organizing methods, locations, collecting methods, and so on. The regulations also indicate that if the picked-up coal is of good quality and exportable, 60 percent of its sales in foreign currency will be used to import some consumer goods of realistic value for everyday life, and 40 percent to buy equipment and materials, with importing luxury consumer goods being prohibited.

Since 1981 hundreds of thousands of tons of good coal were picked up every year, a way to fully exploit our resources and also to contribute to improving the standard of living. Thanks to this source of picked-up coal, our workers in the mines have been getting free midshift meals and getting considerable cash bonuses every month and quarter.

Besides the positive results, there still were many negative aspects and a lack of strict compliance in organizing picking up coal. Some localities did the job in a superficial manner, failed to strictly observe the collecting methods, and did not make a clear distinction between the principal product in the plan and the secondary product, which was the picked-up coal. Especially serious was the lack of understanding about quantity and type of coal.

Picked-up coal mainly was unsorted lump coal, but the types of coal to be exported were the standard ones; the fact that the rate of conversion was not clearly defined has obviously been the cause of wrongdoings and has led to errors and violations (as what happened in Cua Ong Coal Sorting Enterprise). The use of foreign currency earned from the export of picked-up coal still showed major shortcomings. We can raise some questions as we consider Decision No 88/MT/KH6 of the Ministry of Mines and Coal, which was signed on 10 March 1986. The decision has this to say: "A part of the foreign currency coming from the source of picked-up coal of the sector can be taken...." How could the coal sector as a whole have a source of picked-up coal? In reality, only the units in the sector that have organized the picking up of coal would benefit from this source of earnings proportionately to the labor they have expended. Then why does the appendix, which is part of the decision, mention the awarding of bonuses to these units in accordance with Decision No 88/MT? The total sum of bonuses was very large: 215,600 U.S. dollars. Was it true that foreign currencies had been spent freely under the pretext of spending earnings from picked-up coal? A telegram radioed from the Ministry of Mines and Coal on 22 August 1985 showed such a deliberate action. The telegram had this to say: "On 25 August S/S Kreon is coming to Cam Pha to pick up 10,000 tons of A1 lump coal for delivery in France. I agree to let the mines and enterprises that have contributed to this volume of coal get 30 percent of the value of the shipment." The question to be clarified was that why and on what basis did the Ministry of Mines and Coal agree to granting 30 percent of the value of the shipment while the ship was not yet at the port--it would arrive in 3 days--and did not take any coal aboard yet. What were the exact quantities of picked-up coal contributed by each mine and each enterprise? After the sales of their coal, would it be morally fair and just for these mines and enterprises to get all of the money coming from it? We would need to pay attention to the fact that in the case of the Kreon shipment alone, as the statement of distribution of use-of-foreign-currencies right later indicated, the coal sector units shared a total sum of 51,671 U.S. dollars.

Same Story: Being Someone's Cat's-paw

Let us stop the story of picking up coal and selling it right here. Now let us turn to another story: How was the money coming from the sales of picked-up coal, particularly from its export, spent? The regulations say that 60 percent of the foreign currency coming from export of picked-up coal will be used to import some consumer goods which are really needed in the everyday life of mine workers and that importing luxury consumer items will be prohibited. These regulations are reasonable and morally right; therefore, they are welcomed by the majority of mine workers. However, as we examined some invoices, we found that the realities were not that way. In a large invoice, which had been approved by the Ministry of Mines and Coal leadership, the coal-sector enterprises bought large quantities of major consumer goods: 1,533 cassettes, 60 refrigerators, 120 television sets, 4 video cassette recorders, 3,384 ceiling fans, 630 portable fans, 8 motorcycles, 5 12-seat automobiles, 1,000 video cassettes, and so on. In addition, there were some quantities of monosodium glutamate, plastic sandals, nylon stockings, and so on. The value of the entire invoice was 426,330 U.S. dollars.

It is obvious that all of those items are not of the type called normal consumer goods needed in the everyday life of mine workers. While the country still encounters many difficulties, those items obviously do not satisfy the really urgent needs, particularly since they require hard currency to purchase. However, that is only one aspect of the matter. What we need to be concerned about is the fact that, except for a few units which adopted a correct approach (selling those items according to regulations and at high prices and using the money coming from the price differences to serve the everyday life of workers), many units made serious mistakes and violations in the distributing process. Some units gave those items as gifts or sold them at cheap prices to their superior echelons or responsible persons in charge. Others distributed them to people at different leadership levels as special favors and benefits. As proof of this situation we reprint the following humorous poem entitled, "Being Someone's Cat's-paw," which first appeared in QUANG NINH, issue No 2713, on 8 May 1986:

"In the technical school, in the last few years,
Students, along with teachers, were actively picking up coal,
In the hope that they could sell it to exchange for goods,
And to reduce teachers' and students' daily difficulties.
But, contrary to their expectations following the sales,
Television sets and plywood obviously were all teachers got,
While sewing machines came to be the shares of civil servants,
And rice, meat, monosodium glutamate were students' priority items.
Alas, under the pretext of 'giving away,'
They have really made teachers and students alike their cat's-paws."

The poem had a footnote pointing out that the technical school concerned was the Vietnam-Soviet Union Mine Workers Technical School (in Uong Bi) and that each student got a small quantity of rice and meat and a few ounces of monosodium glutamate during the Tet holiday.

In the last nearly 30 years, the commercial relations between our country and many countries in the world have further developed in both quantities and quality. Vietnam's foreign trade has gained definite prestige in the world market. Then why in those very disadvantageous contracts (see article in issue No 15) did we see quite a few serious errors and violations, irrational neglects, and unexplainable concessions? There were different reasons. Here we want to emphasize the most basic one: the sense of responsibility, honesty, and concept of organization and discipline of the persons entrusted with the task of leadership and of organizing the signing and execution of those contracts. On the basis of this approach, once again we request the Ministry of Energy and responsible organs to carry out serious verification and checking aimed at finding the real reasons behind those errors and violations. Through this verification and checking, it is necessary to single out the individuals who were responsible and at the same time to impose very just punishment. In behalf of mine workers, who are selflessly working on the coal production front, we request the Ministry of Energy to reorganize and organize better our picking up coal and exporting the picked-up coal to help improve their standard of living in a realistic and just manner.

5598

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CHANGE IN ROLE OF STATE BANK IN MONEY MARKET SUGGESTED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 31 Mar 87 pp 1, 2

[Article by engineer Trinh Ha Man, state-run enterprise of the Ministry of Internal Trade, 11th precinct: "The Role of Banks in Stabilizing Monetary Circulation, Contributing To Stabilizing Prices and the Economy Through Money"]

[Text] Since the beginning of 1987, especially since the Tet festival of the Year of the Cat, the state bank has not had enough cash to finance the production requirements of economic units. Production has slowed down. The bank has failed to function as a settlement center. Why?

A simple look at the monetary circulation shows that commodity prices or monetary value during a given period are determined by the following formula:

$$\text{Prices (monetary value):} \quad \frac{\text{Total amount of current in circulation}}{\text{Amount of goods on the market}}$$

Apparently, the present situation harbors a contradiction. Commodity prices either go down or the value of a given monetary unit does up whenever banks are short of cash. In fact, since Tet, commodity prices have escalated alarmingly. To be precise, we should state clearly that although cash is in short supply at banks and in the state sector, it is found in abundance in circulation.

The cash that is disbursed by banks does not return to them; it flows instead to the market in increasing amounts, seeking merchandise and exerting pressures on the market, prompting prices to skyrocket.

Moreover, we now use paper currency, which--as the history of monetary development shows--is also called credit money (the value of which is based upon people's trust). Therefore, the value of a monetary unit is determined by the amount of currency in circulation and that of goods on the market, as well as by people's trust. We see clearly that normally, besides being a payment instrument, money is used as a savings means, thus causing a portion of the amount of money in circulation to lie idle permanently--a fact that contributes to lowering monetary pressures on commodities and to stabilizing prices relatively. In contrast, if people lose confidence in money, such as

in the case of currency devaluation, they save goods--not money--prompting the latter to exert telling pressures on goods. Thus, a chaotic situation in monetary circulation and prices and resulting economic instability, as we now see, occurs generally as follows:

--People and also economic units deposit no money in banks because the latter fail to meet their demand for cash.

--Banks lack appropriate measures to attract idle money belonging to the people.

--Cash as disbursed by banks does not return to them; instead, more and more cash remains in circulation, exerting pressure on commodities that are already in short supply and pushing prices up.

--With money devaluating rapidly, people lose confidence in it and no longer want to keep it; instead, they buy goods, generating an artificial demand and causing prices to shoot up, paving the way for rampant inflation.

By solving these shortcomings, the banks can restore order to monetary circulation. In my opinion, there are some remedial measures.

1. The banks should function as settlement centers; to recover lost credibility, they should meet the demand of the people and economic units for cash promptly and they should respect the customer's right to monetary ownership, which has been disregarded up to now. Due to cash shortages, economic units, including those under state control, are currently insisting on cash transactions. However, when banks are able to make cash disbursements adequately, promptly and smoothly, economic organizations will preferably switch to money transfers, thus restoring order to the settlement process. To ensure enough cash, the central bank should diligently build a reserve at its precinct and district branch offices. Failing that, additional money should be issued.

2. Banking procedures should be improved, the interest rate on customer deposits should be raised at least to keep pace with inflation, and savings should be stimulated in order to attract the huge amount of money lying idle in people's hands, artificial demand should be reduced, and the money from the newly acquired source should be invested in economic development.

3. People and economic organizations should be encouraged to expand the use of bank checks in order to reduce the amount of cash in circulation, which is still enormous, while enabling the banks to channel the floating money to lending purposes.

The practice of countersigning checks should also be used. For instance, enterprise A pays Mr B 100,000 dong by check. Mr B passes it on to Mr C, who uses it as a cash payment to Mrs D. The latter cashes the check at the

bank. During all this time--from the issuance of the check by enterprise A to cash retrieval by Mrs D--the bank can avail itself of the 100,000 dong for lending purposes, while the check replaces the corresponding amount of cash in circulation.

4. Interbank links should be consolidated and expanded so that people and economic organizations can make deposits and withdrawals at any bank within the state banking system.

5. Banks should be transformed into monetary business units. To do so, the interest rate on loans should be higher than that on deposits (which, in turn, should be higher than the inflation rate). An advantage of this measure is that banks no longer play the role of organs allocating subsidies to economic units, thus forcing the latter to handle their loans with care so as to achieve true economic efficiency. (However, our currency has ceased to be an economic accounting unit due to galloping devaluation and extremely low lending rates. At the year's end, economic units reported they were in the black; in fact, their loss was enormous: at the beginning of the year, 1 million dong could buy 1,000 units of goods; by year's end, both capital and profit totalling 1.5 million dong could buy only 700 units of goods).

6. Simultaneously with investing idle money in production, first and foremost it is imperative to develop the use of credit, earmarking an appropriate percentage for consumer goods production, increasing the amount of goods rapidly, creating conditions for striking a balance between money and merchandise, and contributing to stabilizing prices.

At first, these measures may cause some confusion, but as soon as confidence is established, the banks can restore order in the settlement process, contributing to stabilizing monetary circulation and mobilizing idle capital for production.

9213/12851
CSO: 3209/427

MEASURES TO REDUCE MONEY-COMMODITY IMBALANCE PROPOSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 31 Mar 87 p 1

[Article by TQT: "Six Urgent Measures Aimed at Reducing Money-Commodity Imbalance. Earmark Substantial Amount of Foreign Exchange for Importing Raw Materials for Industrial Production. Production Enterprises Should Sell Goods to State Commerce at Retail Price Minus Discount"]

[Text] Saigon Giai Phong--In accordance with the Ministry of Internal Trade unified guidelines which were approved by the Political Bureau of the CPV Central Committee and the Standing Committee of the Council of Ministers, provinces and cities nationwide are urgently implementing the following six measures aimed at reducing the money-commodity imbalance:

--Earmark a substantial amount of foreign exchange for importing raw materials for production of industrial goods.

--Manage capital construction rigorously in order to channel more supplies to retail sales for cash.

--Promptly solve money and price problems in order to purchase agricultural products that are currently available, including sugar, pork, and small-industry and handicraft goods.

--Seek ways to import more consumer goods for quick sale to obtain cash.

--Radically eliminate circulation snags in order to stimulate production and regulate supply and demand.

--Immediately adapt policies aimed at controlling merchandise and money; purchase agricultural products, food, and small-industry and handicraft goods; and sign three-way contracts between production installations, provision-supplying organizations, and commercial units.

From now on, socialist trade units should purchase outside-of-quota goods-- agricultural products, good, small-industry and handicraft articles, and products of the family economy--and merchandise imported by individuals through noncommercial channels at a price mutually agreed upon at the time of transaction.

The price at which commercial units purchase merchandise from production enterprises should be the retail price minus a commercial discount.

Most state taxes should be levied at the production level. Concerning those goods for which commercial retail prices are not fixed by the state (central and local governments), state trade should cooperate with production enterprises to set prices in keeping with state price standards or with the guidelines of pricing agencies. Failing that, both sides are free to settle on mutually accepted prices.

9213/12851

CSO: 4209/427

COUNTRY SAID OPENING DOOR TO ENTREPRENEURS

Bangkok BANGKOK POST in English 20 May 87 p 18

[Article by Steven Butler]

[Text]

EARLY last month, Mrs Ba Thi, a silver-haired woman of 65, had a great deal of satisfaction. After seven years of directing a food supply and processing operation in Ho Chi Minh City which skirted the edge of both the law and communist party orthodoxy, her company, Ho Chi Min City Food Co, was declared a national model.

It is a model of how to bend the rules of central planning to get something done. If the rest of the country follows suit, Vietnam will still be socialist, but it will have thrown out much of the Soviet orthodoxy of centralised planning and opened the door for a brand of entrepreneurship which may be unique in the socialist world. Indeed, it looks quite capitalist in business practice, if not ownership.

In seven years, Mrs Ba Thi built a sprawling socialist trading and manufacturing conglomerate with a turnover last year which reached 90 billion dong — US\$1.13 billion at official exchange rates, perhaps US\$250-300 million at a more realistic rate. This amounts to 1% or 2% of Vietnam's Gross National Product.

The company had its origins in the severe food shortages which struck Vietnam in the late-1970s at a time of repeated poor harvests. The hierarchical state system for procurement and distribution of food failed to deliver enough to feed the 4 million residents of Ho Chi Minh City, the former South Vietnamese capital of Saigon. At the same time, surplus food was trickling in from villages, and this was hoarded and sold for a high price by merchants, many of them Chinese.

"The free market took advantage of loopholes in our system and raised prices," says Mrs Nguyen Tanh Khiat, deputy director of the company. "A rice fever was created and an

artificial shortage emerged."

Mrs Ba Thi, then deputy director of the city food department, went to the leaders of the city and with their blessing formed a food-purchasing group which borrowed money from the bank, bought fertiliser, pesticides and consumer goods and took a convoy of trucks out into the countryside to exchange these goods for rice. Back in the city, the rice was distributed through the network of women's associations. The state distribution network would not touch it because the rice cost about 10 times more than the official state price.

"If it weren't for her revolutionary credentials," says one official, "she'd have been tossed right into jail." Mrs Ba Thi was born into a revolutionary family. The company's sin was to cross over administrative boundaries for trading purposes without clearing the action with central-level planning officials and to dare to ignore official state-fixed prices.

CONVOYS OF TRUCKS

Indeed, the convoys of trucks were sometimes surrounded and held up by local army units and the party secretary of the city, Mr Vo Van Kiet, had to go personally to free them. Mr Kiet is now chairman of Vietnam's State Planning Commission. The mayor at that time, Mr Mai Chi Tho, is now Interior Minister.

As the volume of trading went up, Mrs Ba Thi was able to control food prices in the city and by dint of this she brought the private food merchants into her orbit, gradually making them agents of the group.

Finally, in 1983, the city told the central Government in detail what it was doing and,

with central government approval, what had been a sub-group of the city food department became a state-owned company. The staff of the city food department itself was slashed from 4,000 to 30, with Mrs Ba Thi having her pick of the employees she wanted to retain and the rest returned to the city government for other job assignments.

Since then, the company has branched out into a dizzy array of business, all aimed in one way or another at improving the city's ability to provide agricultural inputs and consumer goods to the villages and thereby improve the city's food supply.

The company, sometimes in cooperation with other firms, now manufactures vermicelli made from bean and rice flour, instant noodles, potato starch noodles, monosodium glutamate, manioc pellets and starch, sticky rice flour and noodles, maize starch, wheat noodles, arrow-root starch, rice paper and pastries.

It has a new US\$40-million rice-polishing mill with imported Japanese equipment which can process 600 tons a day. It has begun to manufacture 50 tons of poultry feed daily, in part to help spur a growing export industry of frozen poultry. The company has become the selling agent for agricultural machines from Yamaha of Japan.

Last year, the company reached an export volume of US\$20 million, enabling it to cover its foreign-exchange needs.

Perhaps the most interesting and controversial of its most recent ventures is the construction of an oil refinery with an annual capacity of 40,000 tons, almost precisely the current annual consumption of the city.

Mrs Ba Thi admits that there were some bruising battles with the central Government over this one. Vietnam, after all, has a ministry responsible for energy.

"Vietnam has been liberated for 12 years," she says, "but our leaders are still very rigid and the economy is still very bad. After heated controversy, we were able to get approval for the refinery. There were many arguments about the role of central planning."

The logic was simple. Vietnam has an energy shortage. The food company needs fuel stock for fertiliser production so that it has something to barter with the peasants for food. Mrs Ba Thi has an unassailable record of success.

The company borrowed money and used foreign-exchange remittances from overseas Vietnamese in West Germany. The equipment, too, came from Germany, and Vietnamese living there provided technical advice. The refinery, under construction, will begin operating by the year-end.

EXPANSION

What is next? The food company plans to expand its animal feed production to develop the meat export industry, including a new duck-raising venture in the Mekong delta. Mrs Ba Thi wants to produce more prepared foods for the domestic market to save labour and time in the home. She's also on the lookout for joint ventures with foreign companies aimed at importing technology.

Mrs Ba Thi says the company is fully in the socialised state sector. She believes that its operation does not violate central planning, because the company makes plans and submits them to authorities for approval. Clearly, however, the authority for planning has moved many notches down the hierarchy.

"It doesn't mean that we oppose the higher levels," she says, "but we have to work in our own way and then try to convince them. Now they are convinced and they have put our approach forward as a model."

She sees the principal achievement of the company as having cut through many layers of bureaucratic intermediaries and thereby cut costs and raised efficiency. Soviet-style planning, she says, is too rigid and prevents people from taking advantage of opportunities.

"We should not tie our hands for too long," she says. — *The Financial Times-Post Service*

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NGUYEN THANH BINH VISITS HANOI ENTERPRISES

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[From the Press Review for 7 June]

[Text] HANOI MOI carries at the top of page 1 a report on and a picture of Comrade Nguyen Thanh Binh, secretary of the Hanoi party committee holding a working session with the Federation of Bicycle Enterprises and visiting the Electrical Engineering Equipment Enterprise and the Thong Nhat Bicycle Factory.

The report says: The comrade secretary of the Hanoi municipal party committee reminded the leading cadres of the Federation of Bicycle Enterprises and its member enterprises to pay utmost attention to the welfare of their cadres, workers, and employees. First of all they must find a job for every worker and provide employment for their families. They must also adopt guidance and managerial measures to boost their workers' income.

During his visit to the Thang Nhat Bicycle Factory and the Electrical Engineering Equipment Enterprise, the comrade secretary of the Hanoi municipal party committee inspected their actual production situation, shed more light on their potentials, and pointed to the need to cooperate with the Soviet Union, the CSSR, and other member countries of CEMA in the production of bicycles.

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RATIONAL, INTENSIVE EXPORT OF PHARMACEUTICALS PROPOSED

Hanoi NHAN DAN in Vietnamese 14 Apr 87 p 3

[Article by pharmacist Nguyen Duy Cuong, vice minister of public health and concurrently director general of Federation of Vietnam Pharmaceutical Enterprises: "The Pharmaceutical Sector and the Export Program"]

[Text] The Sixth CPV Congress has pointed out that concentrated efforts must be exerted to carry out three programs and their targets in the forthcoming years and that these programs must be considered the "core of the socioeconomic task during the 5-year (1986-90) period." In its capacity as protector of the people's health, the public health sector not only has the duty to create, maintain, and promote the physical strength necessary to implement the grain and food program but also has the great mission of creating, through its own activities, sources of pharmaceuticals to contribute in large measure to the implementation of two programs on consumer and export goods and to the production of therapeutic medicines in order to meet the prophylactic and therapeutic needs of society, on the one hand, and simultaneously to participation exportation, on the other.

Today, in any society whatever, the pharmaceutical sector has two spheres of activity: It is a social sector with the duty to treat the sick and is, at the time, an economic-technical sector with an important role in national economy. In the developed countries, the pharmaceutical-producing sector supplies many kinds of goods essential to ensure a healthy life and improve its quality; meanwhile, it is also a major export sector which, because of its ability to make a profit, ranks third after the aviation and electronic sectors.

In our own country, besides producing therapeutic medicines to contribute effectively to protecting public health, the pharmaceutical sector has long proven to be one which has greatly contributed to export activities. Over the years, the public health sector exported many kinds of goods, including raw medicinal substances (mainly medicinal plants) and manufactured pharmaceuticals (medicines in the form of homemade finished products) as well as medical equipment and it has achieved a yearly turnover of millions of rubles/dollars.

In view of the new requirements and in compliance with the Sixth Congress resolution which emphasizes the implementation of three major economic programs, the pharmaceutical sector with its own potential will have to contribute actively and effectively to the execution of the export program.

Pharmaceuticals are a category of goods much sought after by many countries. A tropical climate with plenty of sunshine and rainfall coupled with a year-round luxuriant vegetation is a favorable condition for our country to develop wild plants and to grow medicinal ones. Moreover, our country is situated among the Southeast Asian countries which have traditionally used raw (unprocessed) or "cooked" (processed, usually called "Chinese medicines") medicinal plants, and which are, therefore, considered an important consumer market. Because they have not only used chemicals to prepare medicines but have also extracted active substances from medicinal plants to make medicines, the major pharmaceutical companies in the world badly need these plants, especially at a time when numerous imperfections have often been found in chemical medicines so that there is now a tendency among both physicians and patients to return to the use of medicinal plants.

For many years, the medicinal plants exported by our country have mostly been left in their raw state or have only been crudely processed with the sole purpose of facilitating their preservation. Therefore, after importing these raw pharmaceuticals from our country, the buyer will only have to invest capital and labor to categorize and process them and, at most, to do a little furbishing and to pack them in adequate containers. Then he will be able to export them to another market at a price many times higher than the initial one. Therefore, it is urgently necessary for us to refrain from exporting raw pharmaceuticals unless we have no ability or means to process them; instead, we must export only processed pharmaceuticals which can be used immediately and conveniently and which can thus produce high economic effectiveness. Toward this end, we must at all costs organize concentrated processing according to technical regulations in order to obtain high productivity, reduce waste, and ensure high quality.

In the past, the practice of exporting goods to promote the private interests of each unit and locality led to the competitive purchase and sale of pharmaceuticals. Sometimes, dozens of localities dealt in the same kind of pharmaceuticals of different qualities. In order to buy our pharmaceuticals, customers turned out to be easygoing and accepted our goods regardless of their quality and without enforcing rigid standards. Of course, according to the saying that the price is commensurate with the merchandise quality, these customers offered prices much lower than the real values because they had to take into account the ensuing cost of selection and processing as well as the need to make a large profit. Therefore, the sellers paid little attention to product quality.

Is it true that these easy dealings have induced many people to seek immediate profits by exploiting pharmaceutical materials without thinking about the need to maintain their existence and reproduction? As a result, the sources of wild medicinal substances have tapered off. As for the cultivated medicinal

plants, their cultivation has been scattered and not carried out in accordance with any advanced and uniform technique so that they have not achieved the expected productivity, quality, content ratio, stability, and uniformity.

The political report to the Sixth Congress points out: "There must be an investment policy to create a region for concentrated production of pharmaceuticals" with the aim of concentrating our effort and technical equipment to yield large quantities of products in a certain locality in order to achieve a low production cost and simultaneously to create favorable conditions to obtain a good quality. In this spirit, in the past few years, there has been a tendency to expand the scale of the cultivation and exploitation of some medicinal plants which yield essential oils (such as peppermint, elsholtzia, and cajuput) as well as plants of the "di thuc" species (such as angelica dahurica and angelica sinensis). However, we are still marking time without making any progress while the world is making great demands and while many countries whose land and climatic conditions are not as favorable as those benefiting our own country have provided each year thousands of tons of pharmaceuticals of various kinds. This state of affairs is unacceptable. For us, the principal thing to do is to make appropriate investments, to apply a clear-cut policy to put producers and production installations at ease so that they may develop production in proportion to their own strength, and to concentrate the necessary effort to guide production, processing, and contacts with the international market.

Of course, instead of scattering investments among too many kinds of products, we must only select some medicinal plants which we have the optimal conditions and are in the most advantageous position to develop so as to achieve a high output and good quality.

The above-mentioned pharmaceuticals fall into hundreds of categories which differ from one another, which are obtained from the mountain and sea areas and are mostly used as traditional ingredients of folk medicine in our own country and others, and which can find a consumer market for many years to come provided we produce them continuously and have an appropriate price policy.

Based on the results of recent scientific research, our country can grow and develop the cultivation of plants used as raw materials by the world pharmaceutical industry. Essential oils are extracted from peppermint, elsholtzia, and citronella; alkaloid-producing plants include mint and elshotria paltrini; and saponin-producing plants belong to the dioscorea and solanum families. The current 5-year plan includes a cultivation development program which is opening up a prospect for creating additional categories of export goods in large quantities.

Together with medicinal materials, pharmaceutical products are a category of highly exportable goods. Efforts must focus on the unique products of our folk medicine as well as on products made of various kinds of medicinal substances. In addition to balms (aka "cu la," which contains menthol) which we have exported in rather large quantities, we have exported tonic wines

prepared with animal substances (from snakes and geckos) or with vegetable substances (from eacopa montera and ginseng). Our country has exported antiarthritic-rheumatic balms made of snake venoms, tranquilizers based on a substance extracted from lotus seeds, tonics with bee products as ingredients, and toothache medicines containing an extract from a certain kind of grass. Domestic products which are being clinically tested and used to prevent and treat diseases among our people will be improved on before being made known to other countries. Some of these products are being introduced into Kampuchea and Laos and are appreciated by the people of these friendly countries. Many kinds of medicines produced by our country occupy a well-deserved place in the general list of medicines attached to the pharmaceutical cooperation program of the CEMA member countries. If our public health sector quickly fulfills the necessary medicinal test formalities in force in the friendly countries, we will be able to assume the assigned task of producing medicines for CEMA and these finished products will be easily exported. It must be said that the production of therapeutic medicines for other countries must comply with very strict formalities, including the compilation of a complete file of technical documents to be submitted to the public health ministries of the importing countries for examination and approval. Therefore, apart from gathering the necessary technical know-how and equipment to ensure the efficacy and quality of medicines, it is necessary to conform to the medicine import-export regulations in force in the countries concerned; otherwise, it will be impossible to export our medicines.

In this regard, packing materials must be considered an extremely important factor because they are not only designed to preserve medicines but also constitute an outward appearance essential to inspiring confidence in the quality of the contents. For this reason, it is absolutely necessary to pay attention to investments in the packing task.

In addition to medicinal materials and pharmaceutical products, the public health sector has great possibilities of producing and exporting rubber instruments (ordinary and surgery gloves, water jars, and steam vaporizers), and various types of syringes, all of which have been produced with good quality by our public health industry, especially when a sufficient amount of standardized raw material is made available.

It is urgently necessary to export in order to import. At present, the public health sector badly needs many kinds of special medicines and antibiotics that cannot yet be produced domestically while the amount of foreign currency needed for imports is very limited. To step up exports is the principal and most favorable condition to import goods to meet the production requirements of our country better. For this reason, the public health sector considers exports to be a lever designed to promote the production of medicines to serve the people.

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DISARRAY REPORTED IN CIGARETTE PRODUCTION

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 4 Apr 87 p 2

[Article by Xuan Bich: "Too Many Units Involved in Cigarette Production-- Profitable or Noxious?"]

[Text] Currently, perhaps no one, including cigarette smokers, knows for sure how many cigarette brands are in circulation in the southern cities and provinces. Imports are scarce, but there are countless domestic labels appearing under a variety of names--those of localities, lakes, springs, and mountains. Never has cigarette production been so prosperous (!). Provinces, cities, precincts, districts, even some sectors, have come in for a share. Cigarette enterprises have cropped up everywhere, numbering in the hundreds in the south. In Ho Chi Minh City alone, nearly all precincts and districts are involved in cigarette making.

Obviously, this has led to disorganization in the management of production, prices, and raw material purchases. The state-run central enterprises are shackled by the system of state subsidies: while they can purchase only Class-2 and Class-3 raw materials, the local cigarette installations never lack Class-1 provisions. While the state-run central enterprises are forced to sell their products cheaply, precinct and district brands can sell at free-market prices. While state-run central enterprises run short of supplies, cellophane, and label paper--a situation which occasionally gives rise to "bare" cigarette packs (with no label or cellophane covering)--precinct and district brands are well-provided with cardboard packaging, filter tips, and cellophane wrappers. More important, since the production of precinct and district cigarettes is mostly manual, their quality is erratic, making it easy for private individuals to make counterfeits. In addition, quite a few local cigarette enterprises claiming state sponsorship are, in fact, under private control. The supplies needed for production--cigarette paper, cellophane, label paper, aluminum foil, and filter tips--are all imported from capitalist countries. It is thus impossible to assess how much gold, dollars, and even people's health, is squandered on unrestrained cigarette production. State regulations aimed at putting the cigarette sector under unified management have only a token value and are poorly complied with.

The first reason invoked by many to explain this situation is that the state-run central enterprises are not equal to local consumer demand. Two cigarette factories, Saigon and Vinh Hoi, have raised their output to more than 600 million packs of cigarettes a year, but half is reserved for export. The number of filter-tip cigarettes for domestic consumption, including Saigon, Du Lich and BCT, also falls short of demand. Second, the state does not have satisfactory policies regarding investments, purchase prices in raw material areas, and incentives for tobacco-growing peasants, thus prompting the localities to set aside part of their raw materials for their own cigarette production to offset costs.

These arguments are partially correct. However, the underlying reason for the proliferation of cigarette enterprises is to be found elsewhere: cigarette production is an extremely profitable undertaking and is a major source of local revenue.

In our opinion, to resolve this situation we should first of all foster the spirit of (draft) resolution No 306 of the Political Bureau of the CPV Central Committee, ensuring real autonomy for the Vinh Hoi and Saigon cigarette factories in regard to planning, finance, pricing, consumption, exports, and imports. Second, we should encourage peasants to grow tobacco, increase investments, and set purchase prices realistically. Third, since tobacco is a commodity that relates directly to consumer health, unified arrangements, planning, and management are needed. Only places with adequate equipment, machinery, and skills as well as a local source of raw materials should be authorized to engage in cigarette manufacturing. Finally, from the standpoint of protection of consumer health, very heavy taxes should be imposed in order to gradually curb the number of cigarette smokers. It is high time we resolutely put an end to disorderly and extensive cigarette production.

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DECREASE IN PRICE OF VEGETABLES REPORTED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 5 Apr 87 p 1

[Article by QV: "At Cau Muoi, Cau Ong Lanh Markets, Prices of 30 Vegetables, Fruit Items Decrease 20-30 Percent"]

[Text] Saigon Giai Phone---As of 4 April, some 10 days after control stations were removed by administrative order, the prices of over 30 types of vegetables, bulbs, and fruits were down 20-30 percent. The list includes tomatoes, cucumbers, onions, green onions, corn, gourds, vegetables, fruit, and beans. Various kinds of sugar also cost 10 dong less per kg. This is a direct result of the elimination of control stations, allowing wholesalers from the provinces to ship products to the cities unhampered, without having to pay taxes and other "negative fees" along the way. Reduced transportation costs have led to lower purchasing and selling prices at the Cau Muoi market. Cau Muoi is the biggest municipal market specializing in agricultural products, with daily arrivals exceeding 300 tons. Accordingly, the reduction in the price of dozens of agricultural products at Cau Muoi has prompted hundreds of smaller markets in the city to follow suit. More fish is available at the Cau Ong Lanh market, averaging 40 tons a day--a 10-ton increase over the past.

To serve the business needs of the new situation, the Corporation of Agricultural Products and Good of the First Precinct is reappraising its business approach, focusing on commodity control. The corporation is considering a selective, rational cut in profit from the sale of agricultural products (which, at the average rate of 10 percent, is currently very high) to facilitate purchases. Moreover, it is making every effort to provide enough cash for purchasing agricultural and marine products from the provinces, and to coordinate with provincial units dealing in agricultural products to purchase them directly at the place of origin in order to reduce circulation costs.

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COUNCIL OF MINISTERS DECISION ON ALLOWANCES FOR TEACHERS

BK021130 Hanoi Domestic Service in Vietnamese 0500 GMT 30 May 87

[Council of Ministers Decision No. 79-HDBT on Allowances for Teachers]

[Text] Based on proposals by the Ministry of Education and the Ministry of Higher and Vocational Education, and suggestions from the Ministries of Finance and Labor, War Invalids, and Social Welfare, the Council of Ministers has just issued a decision No 79-HDBT on a number of measures to help teachers overcome difficulties in their life. The decision says:

1. Local people's committees must create conditions to provide teachers of orphan, kindergarten, general education, vocational, and specialized high-schools and lecturers of colleges and universities in their areas with sufficient amounts of the six basic goods on a monthly basis. In case of shortage in some kinds of goods the people's committees must compensate these teachers in cash in accordance with local business prices. They must pay these teachers and lecturers in accordance with their monthly pay schedule. Localities which still owe teachers and lecturers their salaries must promptly settle their debts before the 1986-87 summer holidays. They must promptly pay these teachers their allowances, overtimes, per diem, travel and summer holiday allowances.
2. Grant a one-time allowance of 1,000 dong in June, 1987 to 30 percent of the teachers and lecturers who are facing the most difficulties in their life. This amount of money will not be used for equal distribution among teachers. This allowance is separate from any general allowance given to cadres, workers, and personnel of the professional administrative sector.
3. Teachers who were assigned to work in mountain regions or new economic zones will be provided with initial allowances [word indistinct] and six kinds of goods in accordance with decision No 150-CT dated 26 April 1985. Teachers and lecturers who were assigned to remote areas and offshore islands will be provided with blankets and sweaters in accordance with Notices No 73-TCG dated 29 June 1965 and No 20-TCG dated 10 March 1969. Teachers who are working in areas with freshwater shortages will be entitled to allowances to buy water. The privileged system of travelling will be applied to these teachers beginning with the 1986-87 summer.

4. Local people's committees must assure the supply of a fixed quantity of goods for students of vocational and high schools, colleges, and universities, and other boarding schools. At places with shortages of goods they must compensate these students in cash equal to the local business prices of goods. Based on current actual prices, the Ministries of Finance, Higher and Vocational Education, and the Ministry of Education must improve the system of incurring expenses for mess halls and promptly improve meals for students.

5. Improve the payment of overtime for various branches and levels of education as follows: Kindergarten, nursery, and level-I education will be paid 70 dong per class; level-II, 30 dong per subject; level-III, 40 dong per subject; specialized high school and vocational education, 50 dong per subject; college and university, 75 dong per subject, the maximum rate. The Ministry of Labor, War Invalids, and Social Welfare will use these rates as a base upon which to fix new rate of payment for teachers and lecturers of vocational schools, colleges, and universities.

6. Various branches and localities which are managing publishing houses are responsible for contributing, together with the education sector, to printing enough textbooks to meet demand for the new academic year. Localities are authorized to republish their textbooks. Various publishing houses of universities and vocational schools are authorized to publish more books to enhance the knowledge of the people and to sell them at business prices.

7. The Ministries of Education and Higher and Vocational Education will discuss with the Ministries of Finance and Home Trade to solve in a positive manner problems relating to budget and goods to be supplied to teachers in accordance with this decision.

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END