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# Southeast Asia Report

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12 MAY 1987

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REEXAMINATION OF POLITICAL PARTIES SUGGESTED

Relevancy of Number

Jakarta KOMPAS in Indonesian 18 Mar 87 p 12

[Text] Jakarta, KOMPAS--H. M. Anwar Nurris, secretary general of the Executive Committee of the Nahdlatul Ulama organization, (NU), has raised the question whether, following the adoption of the Pancasila state ideology as the single foundation for social, political, and community organizations and forces, the present number of participants in the general elections and other mass organizations is still relevant to the needs of Indonesian society.

The secretary general of the Executive Committee of the NU, speaking on 17 March in Parliament, mentioned that as a follow-up to the adoption of the Pancasila as the single founding principle.

According to Anwar Nurris, the presently existing political and community organizations were established before the issuance of the regulation and law which defined the Pancasila as the single founding principle for political and community organizations in Indonesia. He added: "For that reason, are the present political and mass organizations still relevant?"

The secretary general of the NU Executive Committee recalled the history of the development of political organizations participating in the general elections since 1955. At the time of the 1955 general elections there were 102 political parties which contested the seats in Parliament. After a variety of consultations, the political organizations were finally reduced in number. In the 1971 general elections there were 10 participants, consisting of nine political parties and a joint secretariat of GOLKAR.

By the time of the 1977 general elections there remained three participants: two political parties and GOLKAR. Nurris asked: "And after the three of them had adopted the Pancasila as their single founding principle, is the number of political organizations still relevant?"

There Still Are Guarantees

The secretary general of the NU Executive Committee stated that the New Order has always accepted changes and corrections in the implementation of the

Pancasila and the Constitution of 1945. He added: "For that reason, if there is a contestant who gets 100 percent of the vote, this is not in conflict with the principles of the New Order."

Anwar Nurris recalled that Law No 6 of 1969 and Law No 5 of 1975 provide, among other things, that if a party participating in the general elections does not win a seat in Parliament, the said party will obtain from 5 to 10 seats in the MPR [People's Consultative Assembly]. He said: "With this clear provision in mind, the New Order already is looking to the future. If one of the participants in the general elections obtained 100 percent of the vote, this would not violate the law."

The secretary general of the NU Executive Committee said it was necessary to consider simplifying the political parties and reducing their number to one or two. If necessary, on the other hand, their number could be increased to five.

As a reason for turning the present number of political parties into five, Anwar Nurris pointed to the emblem of the Pancasila. At present, he said, the emblems used by three of the political parties are the "Bintang" [Star], "Pohon Beringin" [Banyan Tree], and the "Kepala Banteng" [Buffalo Head]. That leaves the emblems of the "Padi Kapas" [Cotton and Paddy Plants] and the "Rantai" [Chain].

Regarding a reduction in the number of political parties, one reason strongly supporting this is that there is no difference in the position they give the Pancasila. The state ideology is the single founding principle for political as well as community organizations, in addition to the fact that these three parties are open political organizations. He added: "The NU will present this view at the next general session of Parliament through its members who sit in the PPP, GOLKAR, or in the PDI."

#### Interior Department Official Comments

Jakarta PELITA in Indonesian 19 Mar 87 pp 1, 9

[Text] Jakarta, PELITA--Serious thought needs to be given to the idea of reducing the number of political parties to two or allowing more than three parties. However, this consideration should not be based on the number of symbols in the emblem of the Pancasila.

This was stated by Harisoegiman, director general for social and political affairs in the Department of the Interior in his office on 18 March, when he was answering questions from a PELITA representative in connection with the press statement of H. Anwar Nurris, secretary general of the NU Executive Committee, who raised the idea of reducing the number of political parties to two or increasing the present number to five.

According to Harisoegiman, at present the three political parties permitted to exist by law have shown their capacity to perform their roles in political life. This has been felt to be the case since 1973. The two political parties and GOLKAR have functioned very well in our political life.

Harisoegiman continued that in this connection it should be recalled that the three existing social and political forces, that is, the PPP, GOLKAR, and the PDI, as organizations taking part in the general elections, are the product of the New Order.

Based on Law No 1 of 1985 on general elections, the position of the two political parties and GOLKAR are the principal components of the political system which have become part of the legislative branch of the government. The three organizations are the product of the process of reform in the administration of the life of our political infrastructure. And this represents a national consensus developed from a long process leading to the simplification of the political party structure. The director general for social and political affairs of the Department of the Interior said: "The three political parties are basic development capital as provided for in the law."

He also recalled that we have had experience with a large number of political parties. With a large number of political parties it turned out that this did not reflect a picture of compact national unity.

Therefore, Harisoegiman said, the idea of reducing the number of political parties or expanding them to more than three needs to have serious thought devoted to it. He said: "I think that it needs serious thought, because reducing the nine political parties to three involved a process which took a very long time." He recalled the arguments made should not be taken from the emblem of the Pancasila.

He said that what needs to be considered now is not an effort to change the number of political parties but rather how to make use of the establishment, functions, and role of political parties and GOLKAR in our political life to provide for stability in organization and functioning.

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## NORTH SUMATRA NU MEMBERS LEAVE PPP

Jakarta KOMPAS in Indonesian 11 Mar 87 p 7

[Excerpts] Medan, KOMPAS--On the basis of a survey conducted by the North Sumatra Executive Council of the NU [Muslim scholars organization] among regency branches of the organization it was stated that out of 1.0 million registered NU members some 600,000 of them said that they were withdrawing from the PPP [United Development Party]. Those who have withdrawn will channel their political aspirations through GOLKAR. This was stated by Marah Halim Siregar, general chairman of the North Sumatra Executive Council of the Nu, who was accompanied by Usman Lubis, first chairman of the council, and H. Dharma Bakti Harahap, who has a bachelor's degree in law and is chairman of the Executive Council of the Medan Branch of the NU. The comments were made to a KOMPAS representative on 9 March in connection with the celebration of the 63rd anniversary of the founding of the NU, which was commemorated at week-long festivities in North Sumatra and Medan.

According to Usman Lubis, NU members in North Sumatra have been attracted to GOLKAR because of its program, which is regarded as consistent with the NU program. That is, developing the nation and increasing the people's income in the course of creating a just and prosperous society.

At the opening of the celebration of the 63rd anniversary of the NU on 8 March K. H. Abdurrachman Wahid, general chairman of the Executive Committee of the NU, said that the most important NU program at present is increasing the per capita income of NU members who are still disadvantaged. According to Cak Dur, the nickname for the general chairman of the Executive Committee of the NU, according to current statistics, 42 percent of the people of Indonesia are still below the poverty line, 32 percent have satisfactory incomes (the middle class group), and the remainder are in the upper category.

The majority of NU members are in the still disadvantaged category. For that reason, he said, the NU has decided to change its program of activity. Whereas previously it was closely involved with practical politics, now, following the NU Congress of Situbondo in East Java in 1984, it has returned to its original foundations, that is, education, missionary activity, and social and economic affairs.

## Clarification

Meanwhile, Dr H. J. Naro, general chairman of the Central Executive council of the PPP, told reporters in Palembang that the report that 400,000 members had left the PPP needed to be clarified. He said that it was not true that so many PPP members had left the party.

Repeating his speech in Medan, Naro declared that when he said that, he meant that even if as many as 400,000 members left the party, this would have no influence on it. This is because, based on the division of seats in the central organization of the party, such a number would only affect one seat. However, as of now, it is clear that only a few splinter groups have left the PPP.

According to Naro, his speech in Medan was intended to reply to the statement made by an official in North Sumatra that prominent PPP members had left the party.

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## NU CHIEF DEFINES NU'S OBJECTIVES, FINAL GOAL

Jakarta KOMPAS in Indonesian 17 Mar 87 pp 1, 8

[Text] Bandung, KOMPAS--Abdurrahman Wahid, general chairman of the Executive Committee of the Nahdlatul Ulama (NU), again expressed the determined and loyal support of its members for the unitary Republic of Indonesia. He stated this in rejecting any other form of the state that may be advocated.

Speaking at the celebration of the 63rd anniversary of the establishment of the NU, which was held by the West Java branch of the NU in Bandung on 16 March, Abdurrahman Wahid declared firmly that the unitary Republic of Indonesia is the final goal of the Muslim community in establishing a state in our country. Therefore, the NU will not tolerate any form of state organization other than the unitary Republic of Indonesia which may be advocated by anyone, including those who speak in the name of Islam.

The celebration of the anniversary of the NU, attended by Governor Yogie S. Memet and other members of the West Java Provincial Executive Council, as well as H. E. Suratman, chairman of the West Java Provincial Council, was held in a simple but respectful way. Speaking to all of the representatives and ulama [Muslim scholars] of the NU from throughout West Java, the general chairman of the Executive Committee of the NU explained the objectives of the organization which he leads in providing for the welfare of our nation and state which we seek. The principles which the NU follows require a social order truly based on the Pancasila state ideology and the Constitution of 1945.

According to Abdurrahman Wahid, with the Pancasila the rights of Muslims to carry on their religious activities thoroughly and without any interference of any kind are ensured. Therefore, it is the duty of every NU member to help to support the immediate achievement of the objective of independence.

## Direction

Describing the results of the meeting of the NU Executive Committee in Jember [East Java] on 14 March, he urged NU members to make a real effort to make a success of the general elections, based on the conclusions of the 27th NU Congress of Situbondo [East Java]. He urged all NU members to express their political aspirations, based on their respective choices.

This is the first time the NU has given non-partisan instructions to its members, after previously issuing instructions which supported one side only. However, since entering the era following the approval of the Law on Mass Organizations, a partisan attitude is no longer necessary. All social and political forces have the Pancasila as their single founding principle. Therefore, for this reason the NU feels that it is no longer tied to any social and political forces. However, the NU will continue to support its members who are active in any of the existing social and political forces.

This situation was described as the role of the NU in entering a new era, that is, the industrial era, in terms of its long range preparations. This is particularly the case in preparing NU members for entering this new era, which requires objectivity and an attitude of thinking maturely and in an adult fashion in considering all questions without losing an awareness of their roots.

Abdurrahman Wahid declared that with an attitude of supporting openness to various political groups, this will lead to the Executive Committee of the NU acting in a responsible way in supporting every effort of its provincial and branch organizations to provide a clear channel for the aspirations of NU members. Thus, the desires of NU members can be properly channeled without using offensive language.

He said humbly: "Let us be criticized as being, for example 'rotten eggs' by anyone. We regard this as something we don't need to listen to." However, this met with strong applause from those attending the meeting.

#### Role in the Future

Without indicating whom he meant, the term "rotten eggs" was used by Dr H. Jaelani Naro, general chairman of the PPP [United Development Party], at the 14th anniversary celebration of the establishment of the PPP in West Java, which was held on 15 March in Bandung. He said: "Let the rotten eggs leave the PPP, because if they are left in a basket with good eggs for too long, they will ruin the other good eggs." He added: "Thank God that there are people who are willing to receive those bad eggs."

Abdurrahman Wahid stated, in the course of the celebration of the NU anniversary, that because the NU is trying to make a success of the general elections no attention need be paid to his statement. He declared that in every action there is, of course, some risk. However, this must be faced in an unemotional way and with a dignified attitude.

On the other hand he warned all members of the NU that the role of the organization in the future would be very extensive and would have to be handled in a discreet way. If he summarized it in a few words, the political role of the NU over the long term could be contained in the expression "enjoining what is right and forbidding what is wrong."

This attitude, if it is not applied wisely, can create friction and differences of view with other groups.

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## SMALLER UNEXPENDED BUDGET FUNDS EXPECTED

Jakarta KOMPAS in Indonesian 16 Mar 87 pp 1, 8

[Text] It is estimated that unexpended budget funds (siap) for fiscal year 1986/87 will be smaller, compared with the previous fiscal year. After reporting to President Soeharto at Merdeka Palace on 14 March J. B. Soemarlin, minister of state for national development planning and chairman of the National Development Planning Board, said that the small amount of siap, beginning with fiscal year 1986/87.

He said that the abolition of the siap system has encouraged project directors to plan more clearly and work harder. This is because, if the funds provided for a given project are not used, they will be canceled automatically. And work which is not complete will be continued into the new fiscal year with a new budget ceiling, that includes funds left over from previously unexpended appropriations.

However, Soemarlin also did not ignore the possibility that the amount of unexpended budget funds from fiscal year 1986/87 may be larger because, as a consequence of the last devaluation of the rupiah, there were price adjustments. However, in his view, this depends on the process of whether the price adjustments are made slowly or quickly. If they are made quickly, then there will be no need for unexpended budget funds to accumulate.

Meanwhile, the rainy season, which has been going on for quite a long time in a number of areas, will influence the completion of a given project, as does the question of land alienation, which has always been a problem.

Smaller

However, he added, based on a report which he has received from Inspector General for Development Sukasah, who has made a tour of inspection to the provinces, the abolition of the siap system has forced project directors to calculate and work more carefully. In this way funds provided can be spent without becoming unexpended budget funds.

Asked how large the unexpended budget funds for fiscal year 1986/87 will be, the minister said this is still being calculated and will not be known before 1 April, the beginning of fiscal year 1987/88. He said: "However, I think that the total



will be small, not like in previous years." Based on the new budget policy, the level of unexpended budget funds may not exceed 25 percent of the total budget.

Soemarin reported to the president that the DIPs [List of Approved Projects] for fiscal year 1987/88 will be turned over to the provinces simultaneously by cabinet ministers representing the president on 25 March. President Soeharto hopes that implementation of the DIP, which includes operational directives, will begin immediately in the various provinces and will be completed on time.

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## JAVA FARMERS DIRECTED TO GROW NON-RICE CROPS

Jakarta KOMPAS in Indonesian 19 Mar 87 pp 1, 12

[Text] Mataram, KOMPAS--Farmers in Java are now being directed to engage in non-rice agriculture, that is, the horticultural subsector of agriculture and the dairy industry. This is because the unit economic value of non-rice agriculture is higher and so more profitable for the farmers. Meanwhile, areas outside of Java, including West Nusatenggara, have been turned into national rice granaries.

This was stated by Engr Achmad Affandi, minister of agriculture, to reporters at Juanda Airport in Surabaya on 18 March on his return to Jakarta, after attending ceremonies connected with the harvest of dry field rice [gogo rancah] in West Nusa Tenggara that same morning. The harvest was carried out in Pengembur Village, 45 kilometers south of Mataram, the capital of West Nusa Tenggara Province.

The minister said that Java must change its focus from agricultural activity which is currently concentrated only on increasing rice production to becoming a producer of agricultural commodities whose economic value is higher. At present an effort is being made to encourage even higher production of rice than has ever been achieved, through a pilot project for the super special intensification of rice production. However, this activity is only being undertaken in a few areas. This pilot project is intended to compensate for shortages in rice production which recently and on a national basis has tended to fall, as a result of the decline in the area planted to rice.

However, he declared that outside the areas where the super special intensification program is being implemented, small farmers are being directed to engage in horticulture, dairying, and other forms of non-rice agriculture which can raise farmer income. He said: "Therefore, rice production in Java does not need to be high, and for that reason farmers do not have to concentrate on rice agriculture."

This means that the position of Java as the primary area for national rice production has changed. Up to now more than half of Indonesian rice production has been harvested by farmers in Java. Preliminary data from the BPS (Central Statistical Office) show that in 1975 rice production from a harvested area of 9,831,000 hectares was 26,537,000 tons. Of this total some 16,561,000 tons were produced in Java on a harvested area of 5,299,999 hectares.

Minister of Agriculture Achmad Affandi stated that one of the purposes of the effort to increase rice production outside of Java was specifically to maintain rice self-sufficiency. And this effort has already been successfully implemented in West Nusa Tenggara, among other areas, which had originally been a food shortage area but has now become a national rice granary.

According to the minister, increased production through the super special intensification program in certain areas of Java is also intended to strengthen self-sufficiency in rice.

#### Non-Rice Agriculture

The minister subsequently stated that farmers in Java who are not involved in the super special intensification program are being directed to enter the non-rice agricultural sub-sector, that is, by engaging in horticulture, dairy farming, and other sub-sectors where the economic value of their production is more profitable for the farmers.

For example, the dairy industry has begun to be developed intensively in West Java. The minister said that for these dairy farmers the government has provided 720 imported dairy cattle for breeding purposes.

He also said that the dairy industry must be expanded in Java in order to be close to consumers. Meanwhile, a policy of raising cattle for meat outside of Java has been adopted, because there are still broad areas available there for the purpose. He mentioned Kalimantan as a center for the meat cattle industry because this area is considered to be fairly close to marketing centers.

The minister admitted that the dairy industry is an agricultural sub-sector where the level of technology is rather high. However, in this way farmers' income will also increase and be higher, by comparison with rice agriculture.

Also, according to Affandi, the income earned by a farmer from just one dairy cow can amount to as much as 4,000 rupiahs per day. This is after absorbing the costs of production, such as animal feed and care. This means that, on the basis of this calculation, a farmer can earn about 120,000 rupiahs per month. He said: "Just imagine what it would be if a farmer had up to three dairy cattle."

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## WEST NUSATENGARA TURNED INTO RICE GRANARY

Jakarta SUARA KARYA in Indonesian 19 Mar 87 p 1

[Text] Mataram, SUARA KARYA--Malnutrition in West Nusatenggara is no longer what it was 9-10 years ago, when it resulted in the deaths of up to 10,000 people. At present the objective in West Nusatenggara, which was previously a food shortage area, is now self-sufficient in food and can even market rice in other provinces, thanks to the implementation of the "Tekad Makmur" [Determined to Prosper] special operation using dry field rice planting (gogo rancah or gora) system.

This was stated by Engr Achmad Affandi, minister of agriculture, on 18 March in Pengembur Village, Pujut District, Lombok Tengah Regency, when the major harvest was being carried on, at the same time as the seventh anniversary of the gora program was being observed.

A similar point was also made by H. Gatot Soeherman, the governor of West Nusatenggara, who added that the problem faced by West Nusatenggara at present is not only increasing the production of the agricultural sector in the broadest sense but also expanding the rather narrow base of land ownership. It is estimated that only 49 percent of the farmers own their land. The remainder are farm laborers and tenant farmers.

According to the Minister of Agriculture, beginning with the ongoing gora major harvest, West Nusatenggara will open a new page in improving the people's welfare since the food crisis has been successfully overcome. Under the "Tekad Makmur" special operation for producing dry field rice, which at present has resulted in an average production of 45 quintals of harvested dry rice (GKP) [unhusked, not including stalks] per hectare, an effort must be made to raise the level to 81 quintals per hectare.

Minister Affandi, speaking on 18 March in Pengembur Village to farmers in Pujut District who were attending ceremonies marking the beginning of the major harvest, said: "The question of the name of the program makes little difference whether it is called a super gora program or a super special intensification program like the one which is now under way in five regencies in West Java and, in the near future, may also be carried out in a regency in South Sulawesi."

## Climate

Regarding paddy production in West Nusatenggara, Governor Gatot Soeherman declared earlier that in 1980, before the gora program was undertaken, production of GKG amounted to 671,450 tons. After the program was undertaken, production increased. In 1984 production was recorded at about 952,000 tons. In 1986 it amounted to 936,000 tons (GKG basis).

With its population of 3.1 million people, West Nusatenggara Province's paddy/rice consumption needs in 1986 were 624,930 tons (GKG basis), leaving a surplus of 311,000 tons (GKG basis), or 202,200 tons on a polished rice basis, which we marketed in other provinces.

According to the governor, as of the seventh year of implementation of the "Tekad Makmur" special operation, spirits were still high for planting paddy under the dry field cultivation program, although climatic problems were still felt, with the result that the plan for planting 50,000 hectares of dry field rice during each planting season was only about 94 percent achieved.

Currently, one aspect of the situation which has been very helpful in implementing the special operation to plant dry field rice has been the fact that animal and disease infestation (brown bugs, mice, and "tungro" [plant slugs]) have been successfully held down to a safe and controlled level. There have been no meaningful damage and losses.

5170/12859

CSO: 4213/73

## BRIEFS

CONVICTED FOR 'SUBVERSIVE' LECTURES--On 16 March the State Court in Brebes, Central Java, sentenced Agil Riyanto (25 years old) to 15 years in prison. He is a fourth year student in the Faculty of Law at the University of Gajah Mada and is from Sumurpangang Village in Tegal Regency. He was found guilty of having committed a criminal act endangering national security (subversion) by giving lectures which distorted the meaning of the Pancasila, the national ideology. Three other accused, who were associated with Agil in this criminal subversion case, were sentenced to 14 years in prison. They are Ahmad Safei bin Muhidin (29 years old) and Hamdan bin Wasmadi (23 years old), both residents of Ciasem Village in Wonosari District; and Gozali bin Taman (20 years old), a resident of Pabetan Village in Wonosari District in Central Java. Further, the four accused were sentenced to pay court costs amounting to 3,500 rupiahs each. Prior to pronouncing sentence, the council of judges, chaired by Chief Judge R. Supranoto Prawoto, master of laws, found the accused guilty of endangering national security, within the meaning of Paragraph 1 Section 1 and Paragraph 13 Section 1 of Law No 11/PNPS/1963 and Paragraph 55 Section 1 and Paragraph 197 of the Criminal Code. Through their religious sermons the accused Agil and his associates sought to distort the meaning of the Pancasila, the national ideology. Their efforts could have created unrest among the people and endangered national security. The judge stated that evidence seized from the accused included 18 books which contained the teachings of Usroh (religious community) and plans for a physical rebellion to overturn the legal government. Clearly, the actions of the accused were intended to completely replace the provisions of the law and the laws in force with Islamic law and regulations in order to create an Indonesian Islamic State. [Excerpt] [Jakarta MERDEKA in Indonesian 18 Mar 87 p 6] 5170/12859

TRANSMIGRATION FROM EAST NUSATENGARA--By the end of fiscal year 1986/87 the government of East Nusatenggara Province will have resettled 160 additional families or about 800 persons in all. Sixty families came from Sikka Regency and were resettled in South Kalimantan. Of the remainder, 50 families were from Ende Regency and 50 more from East Flores Regency. They were resettled in South Kalimantan. Previously, in August-September 1986 the provincial government of East Nusatenggara had sent 200 families to the Arso II and Prafi transmigration locations in Manokwari Regency in Irian Jaya Province. According to available information, during fiscal year 1987/88 the provincial government of East Nusatenggara will resettle about 322 additional families in East Kalimantan and Irian Jaya Provinces. They consist of workers on PIR [Smallholder Nuclear Plantations], general transmigrants, volunteer transmigrants moving at their own expense, and volunteer transmigrants moving with financial support from the government. [Excerpts] [Jakarta KOMPAS in Indonesian 19 Mar 87 p 9] 5170/12859

POLITICAL CRISIS IN SARAWAK VIEWED

Kuala Lumpur UTUSAN MALAYSIA in Malay 12 Mar 87 p 8

[Editorial: "End It Peacefully"]

[Text] Without any warning, Sarawak's politics suddenly are in a turmoil. This time the turmoil centers around the leadership of Chief Minister Datuk Taib Mahmud who reportedly is no longer able to obtain the support of the 28 members of the National Front State Assembly. They have asked him to resign. Datuk Taib said he would not resign rather he explained that if necessary he was prepared to hold an election to free Sarawak from its crisis.

Although no settlement of the crisis is in view, we feel that Sarawak's political turmoil cannot be permitted to continue. Those involved should find a peaceful means of ending the current turmoil so that the public at large does not suffer. Those involved in the crisis now should think of the people's interests above all. There is no room for anyone to bolster his ego because if the crisis drags on, it will bring misfortune to the people and to the state, whose politics could be said to have been relatively calm since the 1966 crisis.

Therefore, we would like to urge the wrangling parties to try to set aside their differences and to seek peace. Get on good terms with each other for the sake of the people and Sarawak. It is not too late for the 28 members of the Assembly who did not say they lacked confidence in Datuk Taib to review their standpoints. We believe Datuk Taib is prepared to listen to criticisms of his leadership if they are submitted to him in a proper way.

However, if it is true that the current dispute cannot be settled through discussion, then the people must be consulted about the best possible way to settle the crisis. Perhaps, in this connection, Datuk Taib's proposal to hold an election to decide which side has the people's support could be the final way out should the present turmoil reach a dead end.

Datuk Taib's advice to Governor Datuk Haji Ahmad Adruce Mohamed Noor to disband the State Legislative Assembly, we believe, is good advice. It must be done immediately before this crisis spreads and involves other matters that might hide the real issues.

This is not the first time such a crisis has occurred. So, the people know the real roots of the problem. It would be good if this problem could be turned over to the people for their decision. We hope an immediate election will succeed in creating a stable government in Kuching. This is greatly needed for the development of this state.

DECLINE IN PROPORTION OF MALAY STUDENTS IN AMERICA

Kuala Lumpur BERITA HARIAN in Malay 12 Feb 87 p 2

[Text] The UMNO (United Malay National Organization) Youth Movement has asked the government to increase the number of Malay students in the United States to figure that balances the number of non-Malay Malaysian students attending school in that country.

Encik Fahmi Ibrahim, the chairman of the Youth Movement's Education Bureau, said that if the shortfall in the number of Malay students in the United States is permitted to continue it will create an imbalance in the educational opportunities available to Malays both in America and in Malaysia itself.

Press reports today said that the number of Malay students who continue their education in America has been declining of late, and that the number of Chinese and Indian students has been increasing.

The decline is connected with the government's policy of placing tighter controls on the program for sending sponsored students abroad. The number of Chinese and Indian students is increasing because most of them go abroad privately.

The latest report of the Malaysian-American Commission on Educational Exchanges shows that the number of Malay students now stands at only 48 percent, down from more than 60 percent, while 44 percent of the students are of Chinese descent and 6 percent are of Indian descent.

According to the report, this is the first time that the percentage of Malay students has fallen this low.

Earlier the number of Malay students in America has never been less than 50 percent of all Malaysian students there.

Encik Fahmi said that this situation must not be permitted to continue because opportunities for Malay students to continue their education are limited even in Malaysia.

"In addition, the achievement levels of Malay students are still far behind those of non-Malays.



"So it is right for their numbers to be increased from time to time, especially in the fields of science and technology," he said.

He said that in any case the students who are sent abroad should be mature so that they will not be easily influenced by unhealthy elements in that country.

Meanwhile, Encik Fuad Hassan, the president of the Malaysian Youth Council (MBM), said that his organization believes that the decline in Malay students in America is only temporary.

He said that the MBM supports the government's action because it opens many more job opportunities for local people, in addition to saving foreign exchange.

5458/12859  
CSO: 4213/60

SOME USNO MEMBERS TO JOIN SABAH UMNO

No Dissolution of USNO

Kuala BERITA MINGGU in Malay 8 Feb 87 p 1

[Text] The UMNO (United Malay National Organization) Supreme Council decided today that the USNO (United Sabah National Organization) must continue to exist as a party in Sabah even though a large part of its members join the UMNO.

Prime Minister Datuk Seri Dr Mahathir Mohamad, the UMNO president, said that the supreme council made this decision for several reasons.

Speaking to reporters following the meeting of the supreme council, the prime minister did not explain why the USNO should not be dissolved when the expansion of the UMNO to Sabah already has been approved.

He said that USNO members will not be automatically accepted by the UMNO in Sabah. Rather, they will be processed individually from a list of names that will be submitted by USNO representatives on the Sabah UMNO sponsoring committee.

Will Be Examined

He said that the list of names and the signatures of the USNO members will be examined before these persons are accepted by the UMNO.

In addition to USNO members, the UMNO is opening membership in Sabah to all natives in the state, he said.

"All natives in Sabah will be accepted as UMNO members regardless of their religion. But in any case, they must first accept the policy and constitution of the UMNO," he stated.

Datuk Seri Dr Mahathir said that it is clear that the people who will join the Sabah UMNO are those USNO members whose names appear on the list along with the members of a group of Sabah natives led by Encik Mohd Dom Banin and members of the Sabah Momogun and Bersepadu parties.

"A sponsoring committee composed of USNO representatives, Encik Mohd Dom Banin and Pengiran Osman Raof has been formed to handle the recruitment of UMNO

members in Sabah. It will be assisted by UMNO Vice President Encik Ghafar Baba and several members of the supreme council.

"Meetings also will be held to form UMNO branches in Sabah and those people who are interested can apply to join the UMNO at that time," he said.

Datuk Seri Sanusi Junid, the UMNO secretary general, said that some UMNO members in Sabah will be invited to attend the UMNO general assembly in April as observers.

#### USNO Accepts UMNO Decision

Kuala Lumpur UTUSAN MALAYSIA in Malay 9 Feb 87 p 1

[Text] The members of the USNO accept the decision of the UMNO Supreme Council that they are to follow the provisions of the UMNO constitution as regards their future membership in the Sabah UMNO.

UMNO Vice President Encik Ghafar Baba said that this statement was made when USNO Vice President Encik Osu Haji Sukam and Datuk Kassim Kamidin, a member of the USNO supreme council, met with him last night after the meeting of the UMNO Supreme Council.

A plan to form a UMNO organization in Sabah was approved at the meeting of the supreme council. The membership of the organization will be developed from lists of names of "those who are interested."

Speaking to a BERNAMA reporter after officiating at a general conference of the Kampung Indah branch of the UMNO in Kuala Lumpur, Encik Ghafar said that as a result of this decision the question of whether or not time served as a USNO member can be carried over to the UMNO does not arise.

Earlier USNO members had asked that time served as a USNO member be counted as time served as a UMNO member when they joined the UMNO. This would allow them to run for positions at the division and branch levels.

Encik Ghafar said that the UMNO Supreme Council was waiting for lists of names of persons interested in joining the UMNO from the USNO, the Bersepadu (Sabah natives party) and Momogun (Kadazan-based party) parties, and from Datuk Mohamad Dun Banir, a public figure.

"The three lists will be consolidated to develop a membership and after that meetings can be organized to form UMNO branches in Sabah," he said.

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CSO: 4213/60

UMNO-PAS DIALOGUE MAY CLOSE RIFT IN MUSLIM COMMUNITY

Kuala Lumpur BERITA HARIAN in Malay 9 Feb 87 p 10

[Editorial: "PAS-UMNO Talks Cannot Fail Again"]

[Text] The UMNO (United Malay National Organization) and PAS (Pan Malaysian Islamic Party) cannot again escape the responsibility of reunifying the Muslim community of this country, for this is the consequence of the agreement they reached 2 days ago when they decided to hold the dialogue that has been talked about for so long, a dialogue that once was aborted before it began. We are thankful that after lengthy discussions an agreement has finally been reached, and we extend congratulations to the persons who proposed this courageous plan. The quick acceptance by PAS of the UMNO Supreme Council's decision to conduct the dialogue in closed session is a good sign that this commendable effort will be successful. The important thing now is that they quickly get on with this matter and avoid making statements that could have a damaging effect.

The objective of the UMNO-PAS dialogue is simply and solely to overcome the rift in the Muslim community. This rift is becoming more pronounced because of the differences of opinion between the two parties that generally represent Muslims and Malays. And even though they belong to two different political parties, if Malays really practiced the teachings of Islam a rift like this would not exist. There is no problem that cannot be settled peacefully if they adhere to the teachings of Islam, for brotherhood is a condition of Islam. Moreover, the Muslim community and Malay society are not divided by intense ideological differences but by irresponsible words and deeds that are in conflict with Islamic teaching.

Even so, it cannot be denied that there are those in the UMNO and in PAS who from the beginning have been displeased with the plan to hold a dialogue. Some oppose the plan secretly and some openly. There are various reasons that compel them to oppose the plan. Some do so because of personal political interests and some because they are confused and do not fully understand the real objective of the plan. There are also some who oppose the plan because the existence of their political struggle depends on an adversarial relationship between the supporters of the UMNO and the supporters of PAS, and although these people are Malays and Muslims they do not hesitate to set Malays against one another because they build their political base on the rift in the Malay community. There are those who oppose the talks because they were planned by certain party leaders who happen to be their political enemies, and supporting the talks would be the same thing as

supporting these leaders. Thus their narrow political interests place them in opposition to the talks. The third group opposes the talks because they are confused about the objective. They equate the talks with a boxing match in which one side is certain to win and one to lose.

Outsiders who do not want the dialogue to take place have their own objectives and stratagems. Although they inwardly realize that Malay solidarity is important to the political stability of the country, and that political stability has an important effect on security and economic progress, they do not want to see the Malays become too united. The most advantageous political climate for them is one in which the two political parties that represent the Malay and Muslim communities are clawing at one another. However, they grow anxious if the conflict becomes too serious as this could disturb national stability, which is so important to their economic activities. Therefore, they try to create a situation in which Malay solidarity exists under controlled conditions, that is, it does not become too weak nor too strong.

The solidarity of the Muslim community has been the target of traitors and enemies from early times to the present. This is simply and solely because they realize that the strength of the Muslim community lies in the principle of brotherhood as taught by the Koran, for the holy book states plainly and clearly that all Muslims are brothers in the deepest and most binding sense of the word. With the current resurgence of Islamic awareness the concern of these enemies is again increasing. We can use the communists as an example since they are against religion. In Russia the communist government has failed to suppress Islam but has been more successful in suppressing other religions. There were some 10 million Muslims in Russia when the communists took over the country in 1917, but despite various repressive measures, such as the closing of mosques and Muslim schools, the number of Muslims has now increased to more than 45 million. And it would not be too extreme to assume that the communists and capitalists would work shoulder to shoulder to destroy Islam if there is open conflict between Muslims and non-Muslims.

5458/12859  
CSO: 4213/60

REPORTAGE ON CHRISTIAN PROSELYTIZATION

In Seremban

Kuala Lumpur BERITA HARIAN in Malay 12 Mar 87 p 5

[Text] Seremban, Wednesday [11 March]--The State Islamic Religious Affairs Office has identified the Christian proselytizing activities in the Senawang industrial zone, Haji Mohamed Haji Hussein, its chairman, said.

According to Haji Mohamed, his office is trying to control these activities.

"If they do not heed the steps we have taken, we will not hesitate to take certain measures against them, based on the authority vested in this office," he declared.

Last night Haji Mohamed noted that some 200 Muslims living in the Seremban environs were reported to have accepted the Christian religion.

The Religious Affairs Office, he said, has held several series of lectures for the area's residents, especially the young people.

The Religious Affairs Office will try to hold religion classes in factories. This matter is being discussed with factory managers.

Based on available information, Haji Mohamed said, the Christian religion is being proselytized only in Senawang.

Among Aborigines

Kuala Lumpur BERITA HARIAN in Malay 14 Mar 87 p 5

[Text] Tampin, Friday [13 March]--Aborigines are now said to be the primary target of Christian missionaries in their proselytization in this state.

Four aborigine hamlets in this state--three in the Seremban area and one in Tampin--are believed to be the focus of their efforts. The three hamlets in the Seremban area are the Belihoi, Takir, and Sebil Hamlets while the one in Tampin is the Bukit Putus Hamlet in Gemencheh.

More than 250 residents of the four hamlets are now believed to have accepted the Christian religion, and every Sunday they go to churches built in their hamlet area to take part in various religious ceremonies.

At least two churches have been built at this time, one in the Tekir Hamlet and another in Belihoi Hamlet.

A staff member of the Aborigine Affairs Office in Seremban reportedly became a missionary cadre in the aborigine region. He is believed to have attended several religion classes including some at a church in the Tapah Aborigine Hamlet area in Perak last year.

This cadre reportedly trained at least eight local residents to assist him in proselytizing the Christian religion in aborigine communities all over the state, offering them a number of benefits such as vehicles, money, clothing, and food.

Not Authorized

Meanwhile, efforts to proselytize this religion among six aborigine families in Taman Tasik near here last year is believed to have failed.

When we met Batin Mohd. Som Ujang, age 70, headman of the aborigines here, he said he and members of his community refused to meet with Christian missionaries because the aborigines adhered to no religion.

"Also, the group of missionaries could not show them a permit from the Sembilan State Aborigine Affairs Office allowing them to proselytize the Christian religion," he explained.

When contacted, Haji Amiruddin Jaafar, director of the Sembilan-Melaka State Aborigine Affairs Office, said his office was aware of this proselytization, but it was not authorized to stop it.

Regarding the construction of the church in Tekir Kampung, he said it was established there prior to independence.

There are now some 4,500 aborigines living in 56 hamlets in Negeri Sembilan. Only about 70 of them are Muslims.

#### Foreign Christian Groups Warned

Kuala Lumpur BERITA MINGGU in Malay 16 Mar 87 p 15

[Text] Parit, Sunday [15 March]--The government views seriously the distribution in this country of religious tracts written by foreign Christian ministers, including those from the United States, because such activities could arouse the wrath of Muslims.

In this connection, Datuk Dr Yusof Noor, a deputy minister in the prime minister's department, requested Christian ministers from overseas not to make the Muslims in this country angry by distributing their tracts.

He said the government did not want fighting here such as occurred in Nigeria and Egypt caused by disputes over religious differences.

"These ministers must be aware that their behavior can arouse the anger of Muslims and threaten the country's stability.

"At this time Muslims are willing to be friendly with adherents of other religions, but I am concerned that perhaps at some later time they will be unable to control themselves because they are upset over the distribution of these tracts," he said.

He made these remarks to reporters after officiating at the opening of the Parit Division UMNO [United Malays National Organization] Women's and Youth Movement Delegates Conference held at the Central Perak Regional Assembly Multipurpose Council here today.

In this connection, he was convinced that non-Muslims in this country would aid Muslims in creating stability.

In addition to gaining confidence in each other, he said, their assistance would prove indirectly that they were not involved in this activity.

#### Assistance Needed

Datuk Dr Yusof said the government also was conducting a study to determine whether the Malays who reportedly embraced Christianity recently were really Indonesian or Singapore Malays.

The government, he said, was still conducting the study and would only take steps depending on what it revealed.

In commenting on the report on Malays who have accepted Christianity, he explained that from what is known at this time, no Malays from the Malaysian Peninsula have embraced Christianity.

Earlier, when inaugurating the delegates conference, Datuk Dr Yusof urged Muslims to be careful of certain parties who later might try to use them to create separatism in Islam.

UMNO members, he said, must also be cautious because some people do not like to see the UMNO in power in this country.

He said if attention is not given to this problem, it will become more complex in the future, and may be even more difficult to resolve.

Datuk Dr Yusof also said the present governmental system is based on common interests and not on those of specific groups.

The government at this time, he said, carries out a system of "being harsh and being gentle" where needed, and it will continue to use this system.

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CSO: 4213/74



## INCREASE IN EEC IMPORT DUTIES ON PALM OIL OPPOSED

Kuala Lumpur UTUSAN MALAYSIA in Malay 11 Feb 87 p 8

[Editorial: "Liberate the EEC Market"]

[Text] It is natural that Malaysia, as the leading exporter of palm oil, should give serious attention to the plans of the European Economic Community to impose higher duties on oils and fats imports of EEC member nations. If higher duties are imposed it will place limitations on our ability to export larger quantities of palm oil. This means the nation's foreign exchange holdings will be reduced and this will produce effects that could block the growth of the economy, which even now is experiencing a slowdown.

The EEC--a regional organization made up of 13 West European countries that believe in the free market, or capitalist, economic system--provides Malaysia with a rather large market for palm oil. For example, in 1985 we sold 470,887 tons of palm oil to the EEC. This amount represented 11 percent of our total exports of palm oil and had an estimated value of 565 million Malaysian dollars.

Although the EEC believes in the system of free trade, imports of our palm oil are subjected to rather high duties. The duty on unprocessed oil is 4 percent and the duty on processed oil 12 percent. And now the EEC is planning to raise these duties again, although no decision on the percentages has yet been reached. EEC officials are still studying the matter and are expected to make an announcement in the near future.

Malaysia has already declared its views regarding the plans of the EEC. Yesterday the minister of primary industries, Datuk Lim Kheng Yaik, made an official protest regarding this matter to the ambassador of one of the EEC countries represented in Kuala Lumpur. Our missions in Europe have been directed to take similar action.

We feel that it is not right that the EEC decision should be carried out. It not only goes against the free economic policy they advocate but it also conflicts with their promises that they would open European markets to a greater flow of goods from developing nations, promises they have made from time to time in talks with developing countries in general and ASEAN in particular. And it is even more disheartening that these plans are to be implemented at a time when the whole world is experiencing a slowdown in growth. Most of the countries that produce raw materials, and particularly those that produce oils and fats,

will find that the EEC action, if actually implemented, will be a severe blow to their ability to restore their respective economies.

This is because the flow of raw materials can determine whether or not the economy develops, and taking any action to raise import duties is the same as erecting an obstacle to this flow. Therefore, it would be proper for the EEC to review its plans to raise import duties on oils and fats to higher levels than now exist. In truth, if the EEC really wants to help restore the world economy it should eliminate existing obstacles so there can be an unrestricted flow of goods to EEC nations. If it really believes in the capitalist system the EEC should let the supply and demand for any commodity be determined by the free market.

5458/12859

CSO: 4213/60

PAHANG EARMARKS LAND FOR PRIVATE FARMING

Kuala Lumpur BERITA HARIAN in Malay 7 Mar 87 p 1

[Article by Khaidir Ahmad: "40,500 Hectares Earmarked for Private Use; Pahang To Develop Integrated Farming"]

[Excerpt] Temerloh, Friday [6 March]--The state government has agreed to allocate an area of 40,500 hectares in Hulu Tembeling, Jerantut, for development by private interests participating in an integrated farming program.

Datuk Haji Mohd. Khalil Yaakob, chief minister, said the government has identified the region that is to be developed as recommended by Mr Ghafar Baba, deputy prime minister, recently.

In this connection, he said the government invited private entrepreneurs interested in working on an integrated farming project to submit their applications to the state government.

"At this time we have received one application for operating such a project in the Hulu Tembeling region," he told reporters after officially opening the Book Fair and Agency and Government Department Activities Exhibit here today.

Earlier Mr Ghafar Baba directed Haji Mohd. Shuib Abdul Rahman, an official of the Jerantut District, to present a working paper on the project to the federal government via the state government.

According to Mr Ghafar Baba, the integrated farming project will permit local residents to own land, shares to be worked and jobs which are to be apportioned in the region concerned.

This is one of the ways by which the government is attempting to diversify national products. It focuses attention on the integrated farming field and involves local residents in broad and fertile regions.

Datuk Haji Khalil also welcomed the decision of the federal government to share in the financing of three departments which formerly had been financed solely by the state government.

In addition, he welcomed the federal government's step which permits the state government to appoint special officials for developing neglected land, making a success of low-cost housing projects, and developing industry in this country.

Datuk Haji Khalil is certain that the government's step will pave the way for better development in every state and will also stimulate national economic growth.

## BRIEFS

MCA MEMBERSHIP--The MCA (Malaysian Chinese Association) must maintain itself as a Chinese party if it is to wage a more effective struggle to improve the lot of the members of the Chinese race. Datuk Chan Siang Sun, the vice president of the party, said that the MCA will maintain its identity as a Chinese party even though there is a group in society that wants the MCA to change the character of its struggle by opening membership in the party to persons of other races. This group believes that the efforts of the MCA to defend the community will be more effective only if it takes such action. Commenting on the situation while dedicating the Taman Furlong branch of the MCA at Setapak near Kuala Lumpur today, Datuk Chan said that this view is difficult to accept. This is because a Chinese community in a state with a composite society needs to have its own party. "Although the UMNO (United Malay National Organization) and MCA represent separate races, it has been demonstrated that we can closely cooperate in settling various problems, including the strengthening of racial harmony and solidarity in this country," he said. Datuk Chan also said that he wants to see more MCA branches opened throughout the country, since branches are the foundation and strength of any party. Datuk Kee Yong Wee, the head of the MCA youth organization, also was present at the dedication. [Text]  
[Kuala Lumpur BERITA HARIAN in Malay 13 Feb 87 p 2] 5458/12859

RICE PRICES, GRADES--It has been proposed that the government review rice prices, reduce the number of grades from 17 to 3 and let the price of rice be determined by market supply and demand. Encik Yaakub Shah Md Ali Shah, the secretary general of the Peninsula Rice Contractors Association (PPPBS), said that the rice prices that are now in effect are based on 1974 standards. "The review is needed to help many native rice traders who are now in trouble," he said, adding that many native rice companies have been forced to close down because prices are not right. Encik Yaakub made these comments following a special meeting in Kuala Lumpur today between the Malay Council of Business and Industry in Malaysia (DPPMM) and 31 representatives of 14 native business associations. He said that in any case the establishment of prices by market supply and demand forces must be restricted to two categories of rice, namely, high quality and average quality rice. The price of low grade rice should continue to be controlled for the benefit of low income groups. "We want rice quality standards, which now consist of 17 grades, to be revised into 3 grades, namely, high quality, average quality and low quality rice," he said. Encik Yaakub said that at the present time rice is priced at \$1.20 per kg of high quality rice, \$0.98 per kg of average quality rice and \$0.88 per kg of low quality rice. [Text] [Kuala Lumpur BERITA HARIAN in Malay 12 Feb 87 p 1] 5458/12859

UNCHANGED MCA LEADERSHIP--Kuala Lumpur, 11 March--The MCA [Malayan Chinese Association] top leadership is not expected to change after the party's election in July even though the MCA's image has been tarnished because of the crisis in confidence. Datuk Lee Kim Sai, MCA vice president, said there were no indications now that the presidential and other top positions would be challenged in the coming election. "To date there have been no open declarations from anyone about running against the MCA leadership. If they were made sub rosa, I do not know about it," he said when commenting on the possibility of Datuk Dr Neo Yee Pan, former MCA president, running for the MCA presidency to seek revenge for his defeat at the hands of Mr Tan Koon Swan last year. Datuk Lee made these remarks after a 2-hour meeting of the MCA coordination committee, chaired by Datuk Dr Ling Liong Sik, at the MCA home office. That meeting, which was held to discuss preparations for the party election and other party and government affairs, was followed by a meeting of the steering committee, chaired by Mr Ng Cheng Kiat, secretary general. Datuk Lee said, in general, the Chinese community began to feel sympathy with the party after seeing how zealously the MCA leadership tried to serve the nation and the Chinese community even though it had been stricken by crisis after crisis. "Even though the MCA image sank to its lowest level, we tried with all our might after the cooperatives scandal to get the National Front to give us a formula for settling this problem," he said in response to the criticism that Koon Swan took the MCA to prison while Datuk Kee Yong Wee, chairman of the MCA Youth, and Mr Wang Choon Wing, deputy minister of culture, youth, and sports, took the MCA to Bukit Aman. [Text] [Kuala Lumpur UTUSAN MALAYSIA in Malay 12 Mar 87 p 18] 6804/12859

CSO: 4213/74

MINDANAO GROUP PROTESTS U.S. MEDICAL SHIP VISIT

HK240623 Davao City MINDANAO DAILY MIRROR in English 10 Apr 87 pp 1, 9

[By Fernando R. Catig, Media Mindanao News Service]

[Text] Davao City--The Health Alliance, (HEAL)-Mindanao [punctuation as published] strongly condemns the visit here of USNS Mercy today, as it underscores the ship's role in the raging war--"Low Intensity Conflict," an alleged U.S. instigated war to the grassroots.

USNS Mercy, a well-equipped hospital ship, owned by the United States is expected to arrive Davao City today supposedly to render "humanitarian" treatment to trauma patients. Its stay here shall be until April 19.

In a joint statement, HEAL-MINDANAO and HEAL-DAVAO viewed the USNS Mercy coming as a "well-publicized and well-orchestrated plan designed to conceal the hideous and heinous crime inflicted on the Filipinos--the Low Intensity Conflict."

Recent reports, in local and national media, have revealed a new phenomenon in the raging war in Mindanao--the use of vigilante groups against alleged communists and sympathizers--employing the "Low Intensity Conflict" concept.

"We are also aware of the root causes of the Filipinos basic health problems and no amount of hospital ship can ever hope to resolve the problem unless we vigorously address the fundamental problem of inequitable distribution of the means of production," the chairmen of HEAL-MINDANAO and Davao said.

To ventilate its protest against the USNS Mercy, the Health Alliance will initiate a picket on April 13 (Monday) at the Sta. Ana Elementary School from 9:00 am to 11:00 am. This will be immediately followed by a press conference at the mezzanine floor of Maguindanao Hotel here. All concerned groups and individuals are enjoined to participate in the said picket.

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CSO: 4200/518

EDITORIAL ATTACKS IDEA OF U.S. MILITARY ADVISERS

HK211447 Manila THE MANILA CHRONICLE in English 21 Apr 87 p 9

[Editorial: "Military Advisers Record U.S. Failures"]

[Text] A group of American congressmen visiting the Philippines has touched a raw nerve among Filipino officials by promising increased counter-insurgency aid to the Aquino government, including the possible sending of U.S. military advisers to help fight the guerrillas.

The Filipino officials, together with senior military leaders, are piqued at the promise mainly because deliveries of military equipment under already approved aid arrangements are slow. In other words, there is no need for new pledges. What's important is to speed up deliveries.

The suggestion of sending counter-insurgency advisers wounds national pride. Similar suggestions in the recent past had offended officials and military leaders who made it clear that the military establishment could handle the insurgency problem without advisers breathing on their necks.

To be sure, there are already military advisers attached to the JUSMAG (Joint U.S. Military Advisory Group). They are part of the package of military aid and their function is technical--i.e., they see to it that the aid, especially equipment, is used properly. But the idea of sending counter-insurgency advisers carries the potential of inflaming nationalist sensibilities. The presence here of U.S. advisers would be provocative not only to the insurgents, but also to the armed forces which, in effect, would be told that they are not good enough to fight the guerrillas.

The large presence of U.S. military advisers in El Salvador cannot be cited as a good example of their usefulness in fighting insurgency. Neither is the large injection of aid to that country. Despite the aid, the growing number of advisers, the Salvadoran guerrillas have succeeded in tying the government of President Napoleon Duarte to a strategic stalemate.

American military advisers derive their expertise in country-insurgency from guerrilla wars in which the U.S. had been involved. They draw from the experience in Vietnam and, more recently, from the Latin American insurgency campaigns. But neither Vietnam nor Latin America has been a monument of success of either American aid or advisory efforts.

The Philippine military has had decades of first hand experience in fighting guerrillas both in the war against the New People's Army and the Muslim separatists. It is more familiar with local terrain and conditions. In cases where the military adopts tactics derived from foreign experience, the results are usually tragic and inhuman for civilians.

For example, counter-insurgency tactics based on the Vietnam experience--such as search and destroy operations and hamletting--have not only inflicted unnecessary toll on non-combatants. They have aroused antagonism among the civilian population against the military, thereby nullifying intentions of winning the "minds and hearts" of the people.

In Vietnam itself, where massive aid and arms were poured, the counter-insurgency experience was a colossal disaster for U.S. foreign policy.

A successful counter-insurgency campaign does not flow from the intervention of advisers or the injection of large military aid. These do not address the roots of insurgency--which are deep-seated social grievances.

Vietnam and El Salvador are symbols of tactical and policy failures.

On the domestic level, what we have derived from the Vietnam and Salvador experiences are concepts that are bitterly polarizing the nation. The organization of vigilante groups, with encouragement from the military, as an arm of the counter-insurgency campaign is a variant of the hamletting in Vietnam. By establishing *Alsa Masa* [People Uprising]/*Nakasaka* [People United for Democracy] type vigilantes, rural people are being pushed, in effect into hamlet like communities in which they are being quarantined from the insurgents.

Since the government does not, however, deliver basic services to the barrios, the vigilante formation is merely police action that is barren of any program that can alleviate rural distress. The most offensive legacy from Latin American counter-insurgency tactics is the death squad. Thousands of people disappeared in Argentina during the "dirty war" which the guerrillas and their relatives had put pressure on this government to act more resolutely in the field of going after troops who had been associated with human rights breaches.

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CSO: 4200/518



PHILIPPINES

AQUINO CONGRATULATED ARGENTINE ALFONSIN ON END TO MUTINY

HK210909 Hong Kong AFP in English 0833 GMT 21 Apr 87

[Text] Manila, April 21 (AFP)--Philippine President Corzaon Aquino, who had to crush a military mutiny herself over the weekend, has congratulated President Raul Alfonsin for the bloodless ending to a military mutiny in Argentina.

"I know what you are going through, and I know the faith you have expressed so eloquently in the fundamental democratic loyalty of the common people," the presidential palace quoted Mrs Aquino as telling Mr Alfonsin.

"Congratulations on the successful resolution of the crisis," she said in a message sent to Mr Alfonsin Monday, after he met with and obtained the surrender of dozens of armed rebel soldiers who barricaded themselves inside a military base near Buenos Aires.

"On both sides of the world, Argentina and the Philippines must keep the flame of democracy burning to light the path of the other nations to freedom," Mrs Aquino added.

On Saturday rebel troops attacked Army headquarters in suburban Manila and freed 108 soldiers awaiting trial for a January coup attempt against Mrs Aquino's government. Troops loyal to Mrs Aquino promptly put down the rebellion, killing one renegade.

Mr Alfonsin, who took power after a period of military rule in Argentina and who visited Manila last year, claims comradeship with Mrs Aquino who took office after a popular uprising toppled former president Ferdinand Marcos last year.

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CSO: 4200/518

AT LEAST 35 DEAD IN NPA, MILITARY CLASHES

HK211410 Hong Kong AFP in English 1247 GMT 21 Apr 87

[Text] Manila, April 21 (AFP)--At least 36 people have been killed, including a seven-year-old girl, in separate attacks on military detachments and a leftist rebel camp during the past three days, military officials said Tuesday.

In Bulacan Province north of Manila, hundreds of government troops stormed a communist guerrilla camp Tuesday following three days of intense fighting which left 15 rebels dead, officials said.

Two soldiers and an unknown number of New People's Army (NPA) guerrillas were wounded in the fighting near the town of Ildefonso in Bulacan Province, some 60 kilometers (36 miles) north of Manila, military officials in the nearby town of San Fernando in Pampanga Province said.

A 400-man military unit launched the attack Sunday, and the camp fell after two helicopters gunships fired rockets into the camp, they said.

Some 300 rebels were seen by local tribesmen carrying 15 dead comrades and a undetermined number of wounded as they fled their camp, the officials added.

Hundreds of rounds of ammunition, assault rifle clips, medicine, training materials, military uniforms taken from slain soldiers, and rebel documents, including a list of government officials marked for assassination, were found in the camp, they said.

Government troops mounted pursuit and blocking forces had been set up in strategic points in neighboring provinces where the insurgents might take refuge, the officials added.

Meanwhile, the casualty count in Monday's rebel attack on an army detachment in Sagay town in Negros Occidental Province rose to 18 dead and 15 wounded, military and NPA spokesmen in the central city of Bacolod said.

At least 13 soldiers, four insurgents and the seven-year old daughter of a slain soldier were killed when the NPA overran the detachment and fled with firearms and equipment, the military spokesmen said.

Captain Leo Santiago said troops backed by a helicopter gunship recovered a cargo truck and a mini-bus with 27 rifles, several radio sets, combat packs and various rounds of ammunition seized by the rebels during their getaway.

However, NPA spokesmen in Bacolod said Tuesday that they escaped with another truck filled with 48 rifles, four mortars, a heavy machinegun, three radio sets, several sets of military uniforms and boxes of ammunition.

The rebel spokesmen said they were "very disturbed" over media reports that some of the government troops and the child were slain after they had surrendered, and promised "swift revolutionary justice" to the culprits.

In Albay Province south of Manila, three NPA rebels were killed and a policeman wounded when 100 heavily-armed insurgents tried to raid the Camalig police station at mid-day Monday, the military said.

Major Juanito Calilong said eight policemen on duty repulsed the attackers who withdrew carrying dead comrades after a 25-minute gunbattle.

Police chief Sergeant Armando Pepano was hit in the back and was taken along with two policemen who suffered shock to the provincial hospital, he said.

Initial reports said the rebels lobbed two grenades at the station but it was not known if they exploded, Maj. Calilong added.

It was the second rebel raid on the Camalig police station since January, the military said. No one was reported hurt in the first raid.

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CSO: 4200/518

PHILIPPINES

23 KILLED IN INSURGENCY INCIDENTS BETWEEN 13-16 APR

HK161512 Manila PHILIPPINE DAILY INQUIRER in English 16 Apr 87 pp 1, 8

[Text] Twenty-three persons, four of them soldiers, were killed in insurgency related violence since Monday, military and wire agency reports said yesterday.

In Negros Occidental, four Army soldiers were killed and seven others were wounded in a communist ambush in a remote farming village of La Castellana.

In Negros Oriental, one rebel was slain in a 10-minute gunfight with soldiers in a village in Talayasan town.

In Cagayan de Oro, nine communist guerrillas were killed when troopers attacked a rebel camp in a hinterland village. Ten other rebels were captured.

In Mondragon, Samar, an NPA training officer was killed and one of his men was wounded in an encounter with seven Constabulary soldiers on patrol.

In Pagudpug, Ilocos Norte, the military said troops killed two rebels and captured six others in a shootout.

In Bataan, a former NPA commander who helped in the capture of two ranking subversive leaders in the province was gunned down by his former comrades-in-arms in Barangay Pantalang Bago, Orani. In Barangay Sta. Rosa, Pilar town, a member of an NPA "liquidation squad" was killed in a clash between rebels and soldiers.

In a remote village in Glan, Cotabato, suspected members of the secessionist Moro National Liberation Front killed a businessman and three other members of his household, according to the state-run PHILIPPINES NEWS AGENCY [PNA].

The PNA, in a report from Bacolod City, said those killed in the La Castellana ambush were on their way to provide security for a meeting of civilian officials in La Carlota. The attackers, estimated to number 100, fled only when a helicopter gunship arrived. It was not known if the rebels suffered casualties.

The PNA gave no further details of the gunfight in Talayasan but identified the dead rebel as Sitsing Sabanal, alias Siejo. Two other suspected rebels believed involved in some ambushes of troopers, were arrested.

The former NPA commander killed by his former colleagues was identified as Carlos Francisco of Orani. Military officials told INQUIRER correspondent Rod Izon that Francisco used to command an NPA Sparrow Unit operating in Bataan. After his surrender last year, he helped the military capture two ranking NPAs in the province and uncover the NPA "killing fields" in Bataan where 12 bodies were recovered.

The military officials said Francisco was inside a refreshment parlor when shot at close range.

In Pilar town, the suspected NPA hit man killed in an encounter with soldiers was identified as Admer Urbano, 23, single of Barangay Calaguiman, Samal. A soldier, C2C Dominador Boton, was wounded in the shootout.

The PNA identified the Muslim rebels' victims in Glan as Ronerio Borres, his wife, a sister and another relative. The children of Borres, who had reportedly been applying for membership in a local paramilitary unit, were wounded. The attackers robbed their victims before fleeing, the report said.

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CSO: 4200/518

## PHILIPPINES

### 21 APR PAPERS COMMENT ON 18 APR MILITARY MUTINY

HK211437 [Editorial Report]. Newspaper editorialists and columnists on 21 April called on the Philippine Government and military leadership to deal more firmly with mutinous troops or face more serious trouble.

The editor in chief of THE MANILA CHRONICLE, Amando Doronila, in his "Analysis" column article entitled "Military Not Used to the Ways of Democracy," says that "the wave of coup plots and mutinies that has broken out within the Armed Forces since the accession of the civilian government of President Aquino in February 1986 illustrates how out of step the military is with the cadence of returning the country to democracy." "The turbulences in the barracks indicate that the military, as an institution, has not come to terms with the reality that the mainstream of politics is moving towards a consensual society, he says. A symptom "that the military is resisting the rhythm of democratic restoration is the 60 percent 'yes' vote in the military camps across the nation in the constitutional plebiscite."

Doronila says that the preservation of the military immunity system sustained by its own esprit de corps is one of the causes of the resistance by the military to the reinstatement of civilian political institutions."

The PHILIPPINE DAILY INQUIRER'S "Postscript" columnist, Gederico D. Pascual asks "How can we win the war against insurgents, secessionists, bandits, etcetera, if we can't even whip into line the man in uniform?" He also criticizes the Armed Forces of the Philippines' defense intelligence community for its "inability to keep track of its own men."

BUSINESS DAY columnist Gaby Manalac, writing from Taipei, where he met officials and businessmen, says attempted coups and mutinies are "a deterrent to investments" and that "unless we can end once and for all these coup attempts and mutinies, however innocuous they may be in reality, our foreign friends are just not going to come our way." He adds that the reason for the continued defiance of the Aquino government "could be because no serious punishment has yet been meted out to these destabilizers."

In the same newspaper, "My Cup of Tea" columnist Ninez Cacho-Olivares writes that "the problem is far from resolved. There will be, from time to time,

pockets of rebellion within the military establishment," and that "there seems to be a perception that the government forces will not shoot at their own, no matter how grave and dangerous the situation becomes." Cacho-Olivares assails the military high command for encouraging "fanning hatred for anyone whom the military believes is a leftist even when he believes in parliamentary struggle." She also urges the military to "purge the establishment of undesirables," since "if the military does that, it will find that in time, the 'problem will have indeed been resolved'."

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CSO: 4200/518

PHILIPPINES

CPP ASSESSMENT OF LEGISLATIVE ELECTIONS PUBLISHED

HK180731 Manila PHILIPPINE DAILY INQUIRER in English 18 Apr 87 pp 1, 6

[Article by Roy S. de Guzman]

[Text] Communist guerrillas, breaking their silence over the coming polls, said the May 11 elections will be the last and main feature of what they described as a three-tiered plan to crush the rebellion they are waging in the countryside.

The rebel's assessment of next month's elections appeared in the March 16 issue of SILYAB, a newsletter of the Communist Party of the Philippines (CPP) in Bicol.

The rebels said the "Aquino regime," aside from carrying out a punitive military drive against them, had also adopted a "soft-line" approach which they claimed is part of President Aquino's "talk and fight" policy against the insurgents.

The first two steps the government had taken, said the rebels, involved the forging of a 60-day ceasefire with the communist-dominated National Democratic Front [NDF] last year and the Feb. 2 ratification of the Constitution drafted by appointees of the President.

"The elections are merely the last and main feature of the government scheme to strengthen and legitimize its liberal-reactionary rule," the rebels said.

The Bicol rebels further claimed that the government seeks to gain the following with its call for elections:

- To lead revolutionary forces away from armed struggle;
- Quicken and legitimize United States involvement in the war;
- Lay down the foundation for counter-revolution through the local governments and laws to be passed by Congress;



--And, to stop the infighting among the elite by sharing economic and political power between supporters of the administration and leading figures in the opposition.

"The reactionaries will use the elections in a bid to show that there is true democracy in Filipino society, and to fool our people into believing that worthwhile reforms can be achieved through peaceful processes," the rebels said.

The insurgents, now battling government troopers in the hills after calling off a ceasefire last February, stood firm on a position that only through armed means can the "present elitist political setup be dismantled."

Without calling on their members to participate in the polls, the rebels, however, said they should take advantage of the situation to reap gains for the underground movement.

One way of benefiting from the polls, said the rebels, is to reach people who have not yet been influenced or organized by groups allied with the NDF.

Elections, they said, have nothing in store for the movement if no adequate moves are done to "turn the situation around."

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CSO: 4200/518

MILITARY EFFORT TO DESTABILIZE GOVERNMENT ALLEGED

HK211527 Manila MANILA BULLETIN in English 21 Apr 87 pp 1, 13

[Article by Jose de Vera]

[Text] The rebel soldiers who mutinied and attempted to free their detained comrades at Fort Bonifacio last Saturday reportedly told investigators that the move is part of a continuing effort to destabilize the Aquino government and discredit the leadership of Armed Forces chief of staff Gen. Fidel V. Ramos.

In a press briefing yesterday, Col. Honesto M. Isleta, AFP [Armed Forces of the Philippines] spokesman, also told media representatives that the six members of the 202nd Military Police [MP] Co. who were reported to have joined the mutineers were found to have been forced to do so.

Isleta identified the six as S/Sgt. Benjamin Puro, St. Esteban Jadiernio, Pvc. Edgardo Tagalog, William de Lopez, Orlando Abdilla, and Oscar Estaban.

Reporting on the progress of the investigation into the nine-hour mutiny, the AFP spokesman said there are only 13 original raiders, one of whom is a civilian.

The raiders were led by ex-T/Sgt. Ernesto Librado, of the defunct Presidential Security Command (PSC) with a certain Jessie Librado, a civilian driver of the yellow 10-wheel truck they used in ramming Gate 1 of Fort Bonifacio before dawn Saturday.

A 13th member of the group, ex-Sgt. Lorenzo "Toto" de Guzman, was the lone fatality. Isleta identified the others as Sgt. Vivencio Rigos, S/Sgt. Jose Pablo, Cpls. Policarpio Salazar, Nestor Beta, Federico Biala, Alfredo Pena, Pfc. Edmundo Abbang, Cristian Cortez, Romeo Domingo, and Pvt Placido Peras.

The raiders ransacked the armory, then headed for the stockade where 108 of their comrades were detained for their involvement in the Jan. 27-29 seizure of Channel 7. They tried to get them out but only 42 joined them.

Their principal target was a certain Maj. Declan who was, however, detained in another place. The raiders reportedly forced at gunpoint some members of the 202nd MP Co. to join them.

From the stockade, the raiders moved to the Army headquarters and occupied it. They took some 50 officers, men, and civilian employees then on duty as hostages.

On their way to the Army headquarters, Isleta said 19 of the freed detainees jumped out of the vehicle and escaped. Isleta said eight of the 19 had returned to Fort Magsaysay in Nueva Ecija.

Only 11 of the 19 are still missing. They may have joined their families in the Fort Bonifacio area and eventually present themselves to military authorities, Isleta said.

Isleta identified the missing detainees as T/Sgt. Graciano Parauan, S/Sgt. Severino Teodora, Sgt. Cresencio Estabarte, Sgt. Esitacio Villamor, Cpls. Joel Larano, Reynaldo Sunga, Pfc. Cesar Balacangag, Rodil Fiuracion, Luderico Garligo, Amado Quintero, and Rogelio Astero.

All the 108 detainees whom the rebels wanted to liberate, according to Isleta, were assigned at Fort Magsaysay. They were apprehended at the North Expressway last Jan. 27 while on their way to reinforce troops led by Col. Oscar Canlas and Lt. Col. Reynaldo Cabauatan who seized and occupied GMA 7.

Isleta said some of the captured mutineers allegedly told of frequent contacts by telephone with Cabauatan who was said to be in the Metro Manila area.

Cabauatan, along with Brig. Gen. Jose Ma. Zumel, former superintendent of the Philippine Military Academy and Col. Rolando Abadilla, are wanted by the military for their alleged involvement in several coup attempts.

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CSO: 4200/518

MILITARY 'VICTORIES' CALLED INTO QUESTION

HK231447 Hong Kong AFP in English 1406 GMT 23 Apr 87

[Text] Manila, April 23 (AFP)--Communist rebels Thursday accused the military of claiming imaginary victories through press releases and said that 18 soldiers were killed or wounded while only one guerrilla died in a battle near Manila.

Confusion surrounded a clash in nearby Bulacan Province between the military and the communist New People's Army (NPA) as military chief General Fidel Ramos admitted Thursday that reported heavy rebel losses had not been verified.

A statement from the NPA general staff received here by telephone said the military, "unable to win real victories in the field, has once again engaged in fighting and winning battles in the mass media."

The NPA claimed that 18 soldiers were either killed or wounded while only one NPA guerrilla died in a day-long battle Sunday near San Ildefonso town some 60 kilometers (37 miles) north of here.

Gen. Ramos told reporters here after returning by helicopter from an inspection trip in Bulacan that the local military claimed to have killed "some 20" New People's Army (NPA) guerrillas Sunday, but no bodies had been found.

"That still has to be confirmed," he said of the casualty claim as Manila newspapers questioned military reports on the encounter.

Gen. Ramos said the military was maintaining a blockade and an "intensive search" in a nine square kilometer (3.6 square miles) hilly area where an estimated 100 rebels were believed to be fleeing government troops.

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CSO: 4200/518

PAPER REPORTS FORMATION OF MORE VIGILANTE GROUPS

HK011322 Quezon City BUSINESS DAY in English 1 Apr 87 p 24

[Excerpt] Local Government Secretary Jaime N. Ferrer yesterday announced the organization of unarmed new anti-communist vigilante groups in Southern Mindanao.

These groups are the Serbisyong Katilingbanon Alang sa Demokrasya (SIKAD) in San Isidro, Davao Oriental; the Koronadal Movement for Unity and Tranquility (KOMUT) in Koronadal, South Cotabato; and a modified version of the Nakasaka [People United for Peace] in Surigao del Sur.

The formation of these groups is an offshoot of the instructions Ferrer gave to the governors during his visits to Davao City early last month, local government sources said.

SIKAD is a municipal level organization. The barangay level neighborhood associations are still being organized.

KOMUT, whose concept is still being perfected by the governor with the assistance of the rebel returnees, is now being piloted in four barangays of Koronadal, South Cotabato with about 120 members.

In Surigao del Sur, many of the mayors are interested to establish their own modified version of the Nakasaka starting within the first week of April.

In Davao Province, the governor is intensifying his campaign through massive implementation of development programs and conduct barangay level trainings on value formation as his own approach in solving the insurgency problem, local government sources said.

Reacting to the Commission on Elections' claim that the Alsa Masa [People's Uprising] and Nakasaka should be banned, Ferrer said the Comelec specified only armed groups.

Ferrer said the Nakasaka is an "unarmed group," meaning it has no firearms.

Ferrer said he will not allow the use of vigilante groups in the coming elections. Any harassment against any political party, including the Partido ng Bayan by these groups is "illegal," he added.

Ferrer also disclosed that an inter-agency committee composed of his department, the defense department, the Armed Forces of the Philippines and the Presidential Commission on Human Rights (PCHR) will draw up control and effective measures to supervise and check abuses of these anti-communist vigilante groups.

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CSO: 4200/518

## EDITORIAL URGES PROSECUTION OF AFP MUTINEERS

HK190803 Manila PHILIPPINE DAILY INQUIRER in English 19 Apr 87 p 4

[Editorial: "Throw the Book at AFP Mutineers"]

[Text] They did it again. The so-called enlisted men's mutiny that was supposed to have taken place last weekend (which was first revealed Monday by the Capcom chief and subsequently downplayed by no less than the defense secretary) was actually attempted at dawn yesterday. The mutineers' targets were the military stockades at Fort Bonifacio where some 100 soldiers who had been involved in the Jan. 27 takeover of Channel 7 were detained and the base armory. They were able to liberate 40 or so of the detained rebels, although as of presstime the mutineers were in the process of surrendering to government security forces.

By the time this piece sees print, we're almost certain that ranking military officers would again have uttered some platitudinous remarks about the "need for unity in the Armed Forces" and for reconciliation in the ranks. Over the past year or so we've witnessed several armed attempts to destabilize, if not actual topple the government of President Aquino. In the January attempt, in fact, one soldier was killed and 16 others wounded, marking a significant escalation over the posturings of earlier attempts, notably that comic incident at the Manila Hotel in July last year. Saturday's mutiny, on the other hand, took the form of an armed assault on an Army base--giving yet another indication of how far the adventurists in the military are willing to go in challenging duly constitution authority. In each of the incidents prior to Saturday's, the AFP [Armed Forces of the Philippines] high command had treated the mutineers with the leniency an overindulgent patriarch would accord his hyperactive teenage sons--as if an armed challenge against the government by soldiers were nothing more than an instance of adolescent waywardness. Which, in turn, makes us believe that it again would let off lightly Saturday's mutineers.

Contrast the AFP high command's readiness to overlook mutinies by troopers under it with its gung-ho attitude in carrying out the counterinsurgency program in the countryside as well as with the shoot-first, ask-questions-later operations of metropolitan "lawmen" against suspected Sparrows, and one begins to arrive at eerie conclusions about who's actually in charge in this country.

For as long as Camp Aguinaldo is unwilling to let the full weight of the law fall on the heads of the adventurist and loyalist troopers--as well as the criminals and other misfits--under its command, it won't be able to generate the sort of credibility and public support it needs to successfully execute the government's anti-insurgency effort and secure the kind of peace and order the country must have before it can even begin to aspire for progress.

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CSO: 4200/518



PHILIPPINES

VER SON REPORTEDLY MET WITH PREVIOUS COUP LEADERS

HK151239 Quezon City ANG PAHAYAGANG MALAYA in English 15 Apr 87 pp 1, 2

[Text] Maj. Wyrlo Ver, a son of Gen. Fabian C. Ver, former Armed Forces chief of staff, slipped into the country and was monitored to be gathering loyalist soliders and officers for a coup timed to be staged on or before the May 11 legislative elections, military intelligence agents said yesterday.

The agents, who asked not to be named, said Major Ver was able to enter the country from Taiwan and was later ferried by boat to La Union, a known loyalist bailiwick.

Last week, the agents said, Ver held a secret meeting with a group of fugitive military officers, among them Brig. Gen. Jose Ma. Zumel, Col. Rolando Abadilla and Lt. Col. Reynaldo Cabauatan in a restaurant in San Juan, Metro Manila.

Zumel, Abadilla and Cabauatan led a previous coup attempt against the Aquino government.

Topping the agenda of the meeting, the agents said, was how to recruit more men to join their cause. An officer was offered a "substantial amount" of cash to join the planned power grab, they said. The agents did not disclose the name of the officer.

No arrest was made during the meeting, the agents said, because the agents were not armed at the time they were monitoring the officers' movements.

A nationwide alarm for the capture of Zumel, Abadilla and Cabauatan was flashed by Camp Aguinaldo authorities several weeks ago for their alleged involvement in activities aimed at destabilizing the Aquino government.

The reported sighting of Major Ver came four days after MALAYA exposed a plot by about 1,000 enlisted men to stage an "enlisted men's revolt" by capturing the campus of International School and holding hostage its students and faculty members.

The plot also included the sabotage of major communications, power and water facilities in Metro Manila as well as the takeover of several radio and televisions stations.

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CSO: 4200/518

PHILIPPINES

NPA REBELS KILLED 3 UNARMED ALSA MASA MEMBERS

HK190823 Hong Kong AFP in English 0821 GMT 19 Apr 87

[Text] Manila, April 19 (AFP)--Communist New People's Army (NPA) guerrillas have killed three unarmed members of a right-wing vigilante group in the southern Philippines city of Davao, a security official said Sunday.

A group of 10 to 15 rebels opened fire Saturday on three Alsa Masa [People's Uprising] members who were resting by a road after conducting a patrol in the village of Kubkob, Lieutenant Colonel Franco Calida told AGENCE FRANCE-PRESSES in a telephone interview from his Davao headquarters.

The Davao police commander, who is known to be the patron of the Alsa Masa anti-communist vigilante group, said the three were armed only with jungle knives when attacked.

Alsa Masa members are usually armed with homemade revolvers and have admitted accompanying military operations against rebel hideouts in Davao City, which used to be a rebel hotbed, southeast of here on Mindanao Island.

Lt Col Calida took a dig at what he called the "leftists in Manila" for criticizing the use of arms by civilians in Davao against communist rebels, and vowed that after Saturday's incident, he would ensure that all government militia forces in Davao were armed.

He added that in another incident on Thursday NPA rebels attacked a military detachment in Davao's Ma-a District but were repulsed by the soldiers, who killed two of their number.

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CSO: 4200/518

CONSTABLE IMPLICATED IN GUN-RUNNING OPERATION

HK140943 Hong Kong AFP in English 0925 GMT 14 Apr 87

[Text] Manila, April 14 (AFP)--A constable and a civilian have been arrested for shipping locally made guns of the type used by communist guerrillas in the recent killings of several policemen in the capital, a police official said Monday.

Sergeant Pio Seriosa of the paramilitary constabulary was arrested after receiving 15 .38 calibre revolvers from unknown accomplices, Lieutenant Colonel Jose Bandong said.

Rogelio Alvaran, 38, was arrested while he was waiting at his alleged rendezvous point with Sgt. Seriosa in a suburban restaurant, he added.

"There is a possibility that some of these firearms are being used by criminal elements and Sparrow units who kill policemen in Manila," Lt. Col. Bandong told AGENCE FRANCE-PRESSE.

He said .38 revolvers had been used in some of the recent attacks in Manila.

Sparrow units, urban liquidation squads of the Communist New People's Army, have claimed killing at least six police and military men and 10 alleged informers in Manila and its suburbs this year.

Lt. Col. Bandong said the suspects had been under surveillance since the gun-running operations, believed to be run by civilians, started in January.

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CSO: 4200/518

## EDITORIAL ATTACKS ALLEGED 'SELL-OUT' TO MNLF

HK211555 Manila PHILIPPINE DAILY INQUIRER in English 21 Apr 87 p 4

[Editorial: "Accord on Dismemberment To Appease Moro Rebels"--passages within slantlines published in italics]

[Text] It now appears that Nur Misuari, chief of the secessionist MNLF [Moro National Liberation Front] has reason to be indignant over what he describes as a government "doublecross." From the start of substantive talks between the Bangsamoro and government panels (which were called off after only three days) the MNLF has insisted that negotiations proceed on the basis of the so-called Jeddah Agreement, to which Misuari and then Presidential Adviser on National Affairs Aquilino Pimentel, Jr were the signatories. The problem for most observers, however, was that from the time that accord was signed on Jan. 3, neither side had chosen to make public the document affirming the agreement. Thus, the rest of the nation formed its own conclusions on the basis of what Bangsamoro and administration spokesmen claimed actually constituted the pact.

From the beginning, Pimentel, his co-negotiator Agapito "Butz" Aquino (the President's brother-in-law) and the rest of the panel that conferred with Misuari in Saudi Arabia had been insisting that the Jeddah Agreement gave adequate recognition to the integrity of the Republic, and that further negotiations on Bangsamoro autonomy could only be premised on a relevant provision in the new Constitution. This same line has been echoed again and again by Ambassador Emmanuel Pelaez, who took over from the Pimentel-Aquino tandenn when they both decided to run for seats in the Senate. In the Charter, self-rule is guaranteed to "Muslim Mindanao," that is, the 13 provinces in the South where the Filipino adherents of Islam constitute the majority: In view of such claims, the Filipino public was /led/ to think the Pimentel-Aquino mission had indeed accomplished the commendable work of drawing Misuari and his men to the negotiating table without compromising the national interest. Accordingly, fulsome praise was showered on them. But that they actually deserved it has now come under serious question.

Misuari, in just about every public forum made available to him, has minced no words in blasting away at what he describes as the government's duplicity. He has claimed that the only reason the MNLF had agreed to come to the

negotiating table at all was the assurance made by Pimentel and Aquino in Jeddah that Bangsamoro self-rule for Sulu, Tawi-Tawi, Basilan, Palawan and all of Mindanao would be the principal topic of the talks. But the government's consistent public insistence that it gave no such commitment made Misuari's fulminations sound incredible. Besides, it did seem unbelievable that any responsible administration official would make the secessionists believe that the Philippine Government would be amenable to discussing autonomy over such a vast area where Muslims do not even make up the majority. Such a matter is simply non-negotiable since what would be at stake are the welfare and safety of millions of citizens who have nothing in common with the Muslim rebels. But evidently the incredible indeed happened.

A copy of the Jeddah Agreement made available to the INQUIRER shows that the government negotiators had committed to take up the matter of full autonomy for 23 provinces--not 13 as earlier claimed by the administration--during the substantive phase of the talks. In fact, the document even provides for the creation of a joint commission that would /"discuss and draft the mechanics of the proposal to grant full autonomy to Mindanao, Basilan, Sulu, Tawi-Tawi and Palawan..."/ clearly, the document supports what Misuari had been saying all along.

We now realize why the Pimentel-Aquino mission had tried to conceal the actual details of the Jeddah Agreement from the nation. From where we sit, what the negotiators had agreed to was nothing than less a sell-out of practically one-third of sovereign Philippine territory. If that isn't the height of irresponsibility, we don't know what is. To be sure, most Filipinos would want the fighting in the south to be settled; but we seriously doubt if they would agree to dismemberment of the republic just to appease the secessionists.

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CSO: 4200/518

PHILIPPINES

MANILA CRITICIZES TOKYO OVER KIDNAP CASE

HK211418 Hong Kong AFP in English 1333 GMT 21 Apr 87

[Text] Manila, April 21 (AFP)--The Philippines Tuesday hit out at Japan for alleged breach of diplomatic protocol over events surrounding the kidnapping and subsequent release of a Japanese businessman abducted near Manila.

Mitsui and Co. executive Nobuyuki Wakaoji was freed last month after 137 days in captivity following negotiations involving his company, the local Roman Catholic Church and the kidnapers who demanded five million dollars.

President Corazon Aquino's spokesman Teodoro Benigno accused the Japanese Government Tuesday of violating a mutual "pledge of secrecy" over the case when Mitsui started negotiating with the kidnapers without informing Manila.

"There were times when the Philippine Government was ignored by the Japanese Government," Mr. Benigno said at a televised news conference.

He cited an instance in which the Japanese Embassy here allegedly failed to inform Manila of its decision to fly Mr. Wakaoji for treatment at the U.S. Clark Air Base north of here after he was freed.

"The approach was direct to the U.S. Embassy. I feel that that was not only a breach of diplomatic protocol, but, shall we say, something that certainly hurt the sovereignty of this country," Mr. Benigno said.

Major General Renato de Villa, the paramilitary constabulary chief who was in charge of the case, said at the same briefing that the authorities did everything they could to set the businessman free but Japan was uncooperative.

"It is regrettable that when they were the ones who had the information they did not give us any. And if we were the ones investigating, I suppose that we will have total cooperation from everybody. Unfortunately we did not get this.

"And to cap it all, even up to now, we have no information whatsoever from the Mitsui Company," he said.

Japanese Embassy spokesmen could not be immediately reached for comment.

Mitsui was refused to confirm or deny reports that it paid a ransom. The Roman Catholic Church took credit for Mr. Wakaoji's release and said some money was given to the kidnapers to reimburse their expenses in keeping him.

Anti-Japanese editorials and articles began appearing in the Philippine press in the wake of Mr. Wakaoji's release. The other articles dealt with alleged abuses committed against Filipino women working in Japan.

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CSO: 4200/518

COMELEC REJECTS PLANNED AUGUST LOCAL ELECTIONS

HK220221 Quezon City BUSINESS DAY in English 20 Apr 87 p 24

[Article by reporter Maria Cecille S. Bautista]

[Text] The Commission on Elections (Comelec) is not inclined to hold simultaneous barangay and local elections, chairman Ramon H. Felipe Jr. said yesterday. Instead, it will recommend that the barangay polls be conducted as scheduled under the election code--in June 1988.

Felipe said that the commissioners met en banc during the holidays to finalize their stand on the proposal of Local Government Secretary Jaime N. Ferrer to synchronize local and barangay-level polls on August 24 this year.

Ferrer earlier announced his intention to bring up his proposal with President Aquino and the cabinet immediately. Ferrer explained that synchronizing the polls will not only save the country money and usher in political stability, but also allow the government to concentrate on the attainment of economic recovery and the drive against insurgency at the earliest possible time.

After studying Ferrer's proposal, however, the poll body noted that synchronized elections will result in several problems.

Under Section 37 of the Omnibus Election Code, barangay officials have a term of six years. This is inconsistent with that of local officials and members of the House of Representatives, which the new constitution sets at three years.

Felipe pointed out that it will be highly irregular for the barangay officials to be in office longer than the congressmen, for example, who are serving at the national level. He explained that the new constitution does not have any provision for the terms of barangay officials.

The chairman also noted that even if President Aquino would amend the election code by issuing an executive order, she could still be overruled by Congress, and "that would be very embarrassing for her."



The members of the bicameral congress, which will be elected on May 11, will assume office on June 30 and have its first session by July 27. There will be sufficient time to set a different date for the barangay polls if it so desires.

The poll body also stressed that synchronized polls will be impractical because the voters will be writing down at least 29 names, even more than the 25 to be elected in the congressional election. To be elected are the governor, vice-governor, eight provincial board members, the city or municipal mayor, the vice-mayor, eight board members, the barangay captain and six barangay council members.

Felipe cited the oversized ballots, the 20,000 additional precincts, the installation of 10 booths per precinct, the extension of voting hours, and other measures to facilitate the electoral process on May 11.

He also observed that the barangay election, which is supposed to be non-partisan and conducted inexpensively and expeditiously, will become highly partisan and expensive if conducted together with the local election.

Still another problem will be the work overload of the board of canvassers during the tabulations, since the teachers are not supposed to go home unless canvassing is over, to ensure that no fraud is committed.

Meanwhile, Felipe announced that the poll body is investigating reports that flying voters have successfully registered once again in Sulu and Tawitawi.

Comelec officials there said there were more registrants during the special registration days held last April 11 and 12 than during the four general registration days conducted last December.

They also reported that voter's affidavits were prepared by unauthorized persons, which was the practice during previous elections.

Felipe directed the Comelec field personnel to investigate the reports of other provincial election supervisors and election registrars, to see if the turn-out was statistically probable.

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CSO: 4200/518

ADJUSTMENT IN 1986 BUDGET DEFICITS EXPLAINED

HK220203 Quezon City BUSINESS DAY in English 21 Apr 87 p 2

[Article by Claro P. Fernandez]

[Text] The government has had to reflect latest adjustments in the 1986 budgetary deficit figures, even after a full quarter has passed, because these expenditures were realized by government only early this year.

Budget and Management Undersecretary Benjamin Diokno said the government budgetary deficit increased by almost P2 billion to P27.9 billion as a result of disbursements to sugar farmers and to government employees.

The P487 million obligation of the National Sugar Trading Corp. (Nasutra) was ordered released early April, he said, when President Aquino signed Executive Order 148.

Representing an estimated fourth of the total increase in the 1986 deficit, the obligation to the sugar workers was a government expense that had to be reflected in the 1986 balance sheets.

As for the remaining P1.5 billion, Diokno said Executive Order 147 provided for a "one-shot" medical allowance disbursement not only to employees of the national government but to employees of government-owned and controlled corporations (GOCCS) as well.

The DBM [Department of Budget and Management] undersecretary strongly denied insinuations that government failed to reflect the expenses in the balance sheets through negligence and that it was only a comment from representatives of the International Monetary Fund (IMF) that forced an adjustment in the figures.

The IMF team which consulted with representatives of the government "never pointed this out," he said, because government signified intention to adjust the deficit figure and "they (IMF) knew that."

As for the rapid increase in spending that resulted in an increased deficit for the first quarter of this year, Diokno said the rapid increase of short-falls in the budget was a result of the "seasonality" of government spending.

Government expenditure ran up to P10.8 billion last January against revenues of only P8.2 billion.

Diokno traced the increase in spending to a surge in disbursements for public works projects. They said the figures for the first quarter of this year are not yet final because of the lag before all reports of spending are in the DBM's hands.

As a result of the treasury warrant scheme where government agencies are given treasury warrants by the national government for deposit in their respective bank accounts, Diokno said a 45-day delay is expected before the actual disbursements are reflected.

"With the delay in the actual figures," he said, "government has no way of finding out the extent of deficits incurred during this period."

The significant increase in spending and the subsequent deficit during the period is a result of the "front loading" policy of government in the disbursement of funds, Diokno said.

"This is evident during the first few months of the year," Diokno told newsmen, "while disbursements turn out to be a little more stricter after spending has peaked."

This year's forecast budgetary deficits has been increased by an estimated P1 billion to P20.8 billion, Diokno said, as the national government intends to increase its debt service payments incurred by non-performing assets and some GOCCS.

Diokno did not specify the amount of increase that government intends to undertake but said that only a P1-billion increase is expected because net lending to GOCCS has been reduced.

"While there is a large increase in debt amortization that the national government would shoulder this year, this would be offset by decreased net lending," he said.

Meantime, Diokno said government has lost an estimated P500 million in revenues as a result of lower tax rates imposed on tax-payers who do not have fixed incomes as a result of government's post-ponement of affixing ceilings on deductions.

While tax rates have been brought down to 35 percent from 55 percent under the tax reform package which has been approved by government, government did not impose a "cap" on the items for deduction that these taxpayers have availed.

As a result of reduced rates without imposing a ceiling on travel, representation, housing, advertising and medical expenses, Diokno said many local businessmen "experienced windfall profits" after claiming huge deductions on taxable incomes.

"A businessman could claim that most of his income were spent on these item," Diokno said, "and they end up paying a lot less than what many fixed income earners have paid."

The Bureau of Internal Revenue (BIR) had two options before tax rates were radically cut, he said. Suspension of the tax cut was one while the other option was for the BIR to fix and impose the ceiling on deductions under the items in question, he added.

The National Economic and Development Authority (NEDA) tax board and the Development Budget Coordinating Committee (DBCC) are studying the ceilings, Diokno said as he announced that public hearings on the matter have been slated for late this week.

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CSO: 4200/518

MISCALCULATION OF 1986 BUDGET DEFICITS REPORTED

HK151347 Manila MANILA BULLETIN in English 15 Apr 87 p 21

[Article by Juanito C. Concepcion]

[Text] The finance department miscalculated the budget deficit that the government incurred in 1986.

Finance department officials earlier said preliminary figures indicated that the budget deficit for 1986 was only P26.1 billion as against the original projection of P27.9 billion.

A finance department report released yesterday showed, however, that total deficit amounted to P27.961 billion, slightly overshooting the original projection.

The finance department did not offer an explanation why the earlier P26.1 billion deficit figure was overshot.

The report said that the P27.961 billion was incurred mainly because total disbursements amounted to P107.099 billion while aggregate revenue collection amounted to only P79.128 billion.

The revenue collection, however, was 16 percent better than the 1985 level of P68.184 billion.

Total expenditures were higher by 34 percent over the 1985 level of P79.933 billion.

Of total expenditures, 62 percent was spent on current operating expenditures, 22 percent on capital disbursements and 16 percent on net lending.

While net lending accounted for only 16 percent of total disbursements, the items was significant because it represented a huge 1,020 percent over the 1986 level.

The government's net lending in 1986 increased drastically by 1,020 percent in view of the P7.832 billion advances provided to certain government financial institutions to support rehabilitation programs.

The increase in current operating expenditures was caused by a more than 100 percent increase in subsidy and a relatively higher personal services and interest payments.

The growth in capital disbursements was due mainly to a 74 percent increase in corporate equity releases, 77 percent in infrastructure and eight percent in other capital outlays.

The bulk of capital investments went to the Development Bank of the Philippines and the Philippine National Bank which received from the National government investments amounting to P3.686 billion and P3.75 billion.

To finance the deficit, the government borrowed P37.717 billion from both domestic and foreign sources.

Domestic borrowings mainly in the form of sale of treasury bills which increased by 177 percent represented 80 percent of total borrowings.

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CSO: 4200/518

CB PROJECTS CURRENT ACCOUNT DEFICIT TO PERSIST

HK190745 Manila MANILA BULLETIN (BUSINESS BULLETIN) in English 19 Apr 87 p 25

[Text] The Philippine Government projects a current account deficit from 1988 up to 1992 after registering a projected \$308 million surplus in its current account this year, confidential Central Bank data have showed.

CB data showed that the deterioration in the country's current account in the five-year period from 1988 to 1992 would be due mainly to a projected higher increase in the level of the country's imports, more than exports, in line with the government's thrusts to achieve a higher 5 to 7 percent annual level of growth in the economy.

As a result of the expected increase in the level of imports over the next couple of years, the \$725 million trade deficit that is expected to be incurred this year has been projected to deteriorate further and will range at \$1.115 billion in 1988 to \$1.852 billion in 1992.

The level of the country's imports, projected at \$6 billion this year, is expected to steadily grow to \$6.85 billion in 1988, \$7.645 billion in 1989, \$8.685 billion in 1990 and \$10.992 billion in 1992.

Exports, projected at \$5.275 billion this year, are expected to lag behind at \$5.735 billion in 1988, \$6.43 billion in 1989, \$7.11 billion in 1990 and \$9.14 billion in 1992.

Foreign exchange earnings from exports of services, expected to reach \$3.801 billion this year, have been projected to grow steadily to \$3.848 billion in 1988, \$4.219 billion in 1990 and \$4.814 billion in 1992.

Forex receipts from transfers, expected to generate \$614 million this year, were rejected to decline to \$459 million in 1988, before picking up to \$478 million in 1989 and reaching \$527 million in 1992.

Sources at the CB said that the current account deficit that the government projects to incur over the next five years starting 1988 may prompt to government to seek fresh standby credit facilities from the International Monetary Fund after the current one expires next year.

This course of action, however, is still uncertain as the government did not make any projections, as of now, of fresh financing from the IMF needed to finance part of the projected over \$7 billion funding gap that it projects to incur over the next six years.

The standby credits that the IMF has been giving the country were principally used to address balance of payments requirements.

The ratio of the country's current account to gross national product which stands at 0.95 percent this year has been projected to become negative from 1988 to 1992.

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## CENTRAL BANK PROJECTS \$1.2 BILLION BOP SURPLUS

HK151331 Manila MANILA BULLETIN in English 15 Apr 87 p 22

[Text] The Philippine Government has projected a \$1.277 billion surplus in its balance of payments [BOP] this year, a slight improvement over the BOP surplus of \$1.248 billion that was registered in 1986, Central Bank data as of March 30 showed.

The overall BOP surplus projection for this year already took into account the positive effects of debt restructuring.

Without rescheduling of debts with commercial banks and Paris Club creditors, the country would end up this year with a \$937 million BOP deficit.

The CB data, provided to BUSINESS BULLETIN, showed that the BOP projected performance for this year would be high lighted by a current account surplus of \$308 million, representing 0.95 percent of gross national product which is expected to amount of \$32.452 billion this year.

The current account surplus for this year, however, would be a sharp reduction from the 1986 surplus of \$1.022 billion which represented 3.45 percent of gross national product which amounted to \$29.638 billion.

The reduction in the current account surplus this year would be due mainly to a deterioration in the trade balance resulting in a \$725 million trade deficit as the projected \$6 billion imports would surpass projected \$5.275 billion export earnings.

Even if the country projects to generate some \$1.033 billion in foreign exchange from exports of services (\$419 million net) and transfers (\$614 million), a big chunk of this amount would be eaten up by the trade deficit, still resulting in a current account surplus of \$308 million.

The country suffered a smaller \$202 million trade deficit last year as imports amounted to \$5.044 billion while exports amounted to \$4.842 billion.

A bigger current account surplus was registered last year because foreign earnings from exports of services (\$783 million) and transfers (\$441 million) amounted to a total of \$1.224 billion which was eroded, but not substantially, by a \$202 million trade deficit.

The country projects to receive \$142 million in direct investments this year, up slightly from \$114 million direct investments last year.

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CSO: 4200/518

PHILIPPINES

FOREIGN DEBTS INCREASE BY \$458 MILLION IN 1986

HK151350 Manila MANILA BULLETIN in English 15 Apr 87 p 21

[Text] The country's foreign debts increased by \$458 million from end-September, 1986 to \$28.256 billion as of end-December due mainly to the country's availment of loans last year from the International Monetary Fund as well as new money disbursements by foreign commercial banks, Central [CB] Governor Jose B. Fernandez Jr. said in his 1986 Fourth Quarter report on the economy which he submitted to President Aquino recently.

The loans obtained from the IMF and foreign creditor banks which amounted to \$88 million were of medium- and long-term duration, he said.

The \$488 million loan availments, he added, was partly offset only by a \$30 million decline in the country's short-term obligations.

The \$28.256 billion foreign exchange liabilities of the country as of end-December, 1986 represented a big jump from the \$26.252 billion level during the comparative period in 1985.

Finance Secretary Jaime V. Ongpin said this big jump in the level of the country's foreign debts was mainly because of the revaluation of these debts made last year.

The period of coverage of the revaluation was from 1983 up to 1986 which explained the lump sum increase in the level of the country's debts, he said.

CB data as of March 30, provided to BUSINESS BULLETIN showed that the country's \$28.256 billion foreign debts consisted of \$4.378 billion short-term debts, \$21.825 billion medium and long-term liabilities and \$1.053 billion in the form of bonds.

CB data also showed that country owned \$15.356 billion to banking institutions, including overseas branches of Philippine financial institutions, \$4.688 billion to multilateral institutions like the Asian Development Bank, and \$3.925 billion to bilateral sources like foreign governments.

Suppliers' credits represented \$3.985 billion of the country's Forex obligations while other foreign financial institutions accounted for \$828 million of the country's Forex liabilities.

Of the country's different multilateral creditors, the World Bank had the biggest exposure in the country amounting to \$2.297 billion as of end-December, 1986, followed by the International Monetary Fund with \$1.336 billion.

Of the country's different bilateral creditors, Japan had the biggest exposure with \$1.769 billion, followed by the United States, \$574 million.

Obligations to various foreign export credit agencies amounted to \$1.332 billion, of which \$454 million is owed to the United States Export-Import Bank.

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CSO: 4200/518

INCREASED TRADE WITH SOCIALIST STATES URGED

HK220153 Quezon City BUSINESS DAY in English 20 Apr 87 p 3

[Text] The Aquino government should enhance trade relations with socialist countries which extend better terms of trade, International Studies Institute of the Philippines (ISIP) director and UP [University of the Philippines] law professor Merlin Magallona said in an interview. He warned, however, that if the government pursues this policy, the U.S. will oppose it since it is seen as a form of "Soviet expansionism."

"This is a challenge to the so-called independent foreign policy of the government. It will test how vulnerable we are to pressure from the Americans, especially pressure from multi-lateral financial institutions," Magallona said.

The Aquino government last Friday said it would "thoroughly study" the Soviet Union's offer of increased aid and trade. However, some officials like Economic Planning Secretary Solita Monsod expressed apprehension about the Soviet's offer in relation to security.

Magallona said direct foreign investments from capitalist countries like the U.S. and Japan "operate like a suction pump for profit." Countertrade with socialist nations, on the other hand, is "mutually advantageous" and minimizes foreign exchange outflow.

The Soviet Union recently agreed to build a 300-megawatt coal-fed plant in Isabela, Cauayan to provide added power requirements. Construction of this \$350-million coal plant will be supervised by the Finnish consortium, Finnstroy.

Ambassador to Moscow Alejandro Melchor said the plant's cost will not add to the debt burden since it will be paid with the revenue the plant will earn.

Magallona said the agreement on the coal plant appears to be one which is advantageous to the Philippines and has no effect on foreign exchange outflow.

The Philippine Government, Magallona added, should expect opposition from Westinghouse, the constructor of the abandoned nuclear power plant in Bataan, and from the U.S. Export-Import Bank which funded the nuclear plant, on their decision to build a coal-fed plant.

Magallona said there is a legal stumbling block to greater trade with socialist nations. There is a provision in the Tariff Code barring goods and articles associated with "communism." He cited the experience of Popular Bookstore whose books from the USSR were withheld by customs authorities. But, he added, it may be a matter of interpreting the provision.

Magallona explained that the Soviet Union's trade with India greatly benefited the people of India.

The Bokaro steel mill in India, which was built with Soviet aid, minimized the outflow of foreign exchange since part of the payment for the plant came from revenues from the production of steel. Magallona said the Council of Mutual Economic Assistance (CEMA), the organization of economic cooperation among socialist countries, accepts this kind of arrangement.

On the problem of transfer of technology and ownership of production, Magallona said Soviet engineers and technicians were gradually phased out from the various technological plants the USSR supported in India. And ownership of the technological plants is with India.

With the U.S. Magallona said, they are giving the Philippines "outmoded" technology while ownership of production is American, not Filipino.

Foreign investments and transfer of technology from capitalist countries provide avenues for extraction of profit, Magallona said.

Magallona lamented that the Soviet Union cannot help the Aquino government industrialize since it does not have enough foreign exchange. Based on the country's letter of intent and its policy not to prioritize industry, Soviet assistance will not be able to help.

Socialist countries give priority to promoting key industries of the national economy through the state sector, Soviet economists have said. This is because they view the state as an "effective means for transforming the national economy and for protecting the economy from the domination of transnational corporations."

Capitalist countries view a strong state with a planned, non-free market economy as an obstacle for foreign capital, particularly transnational corporations. Soviet economists also believe that the state sector has the capability to mobilize the nation's labor and material resources in order to solve basic economic and social problems.

Meanwhile, National Organization Against Nuclear Power and Weapons (N.O. Nukes) chairman Dr Francisco Arcellana said he favors the setting-up of a coalfed power plant in Isabela, Cauayan if the terms of payment are affordable and pollution will be controlled.

Arcellana told BUSINESS DAY the government should ensure that the emission from the coal plant's smoke stacks will meet international standards of environmentalists such as the Green Party in West Germany.

Arcellana said the experience of other countries with coal-fed plants is that it can be a source of acid-rain, a grave pollution problem in Western Europe.

Arcellana said he hopes that the power from the coal-based plants, another is in Batangas, will be sufficient to meet the power needs of the region so that the Bataan nuclear power plant can be permanently shelved.

Coal-based plants also suit the Philippines, Arcellana added, since she has vast coal resources.

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CSO: 4200/518

PNB POSTS 58 MILLION PESOS FIRST QUARTER PROFIT

HK220151 Quezon City BUSINESS DAY in English 21 Apr 87 p 13

[Text] The Philippine National Bank (PNB) yesterday reported a net profit of P58.1 million for the first quarter of this year compared to a P3.5-billion net loss as of December 1986.

According to PNB president Edgardo Espiritu, the turnaround was a result of the series of developments that improved the bank's financial performance. Among these are the substantial gains in interest earned on deposits with banks, foreign exchange profits, recoveries on charged-off assets and the prevailing low cost of funds.

The PNB, one of the government financial institutions presently under the watchful eye of the government, had instituted a bank-wide reorganization that reduced administrative expenses by P18 million during the first three months of the year.

The transfer of a large volume of liabilities and non-performing assets to the national government greatly contributed to the recovery of the bank, Espiritu added.

As a result of the transfer of an estimated P42.345 billion worth of exposure in 112 local companies to the Asset Privatization Trust (APT), Espiritu said fines, penalties and other charges in the usual reserve cover deficiency on deposit liabilities as well as Central Bank overdraft were reduced by P203.3 million.

The bank's gross earnings during the first quarter of this year was P712.2 million while cost of funds amounted to P431.5 million or an average cost of funds to gross earnings ratio of 61 percent.

PNB's total resources dropped to P28.5 million compared to the yearend level of P83 million before the transfer of its non-performing assets.

Total deposits of the bank as of the same period was P17 billion, with government deposits declining as a result of the offsetting made on government deposit accounts against equivalent receivables from the national government.

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CSO: 4200/518



OVERSEAS WORKERS DECRY DOUBLE TAXATION

HK220201 Quezon City BUSINESS DAY in English 21 Apr 87 p 3

[Article by Isagani de Castro]

[Text] "Double taxation" is a problem for many overseas workers in Europe and they are asking the Aquino government to reform its international tax policies as a solution.

Filipinos in Austria, for instance, have reportedly organized the Movement Against Double Taxation (MAD-TAX) while those in London are also complaining against having to pay income tax to the Philippine Government.

In an interview with BUSINESS DAY, Menandro Galenzoga, executive-director for European affairs said the Department of Foreign Affairs (DFA) has received numerous complaints about "double taxation," particularly in Austria.

Galenzoga added that the DFA is aware of the problem and that it should be abolished, especially among contract workers who receive less income.

"Double taxation" in this case, however, does not refer to the strict legal definition of taxing twice for one purpose of an object of taxation within one and same taxable year by one jurisdiction. Rather, in the case of Filipino workers in Europe, they are paying two sets of taxes to two different taxing jurisdictions--one to the Philippine Government and another to the host country. An their clamor is for the abolition of taxes paid to the Philippine Government.

In a study made by the Friends of Filipino Migrant Workers (Kaibigan), an institution catering to the needs of Filipino workers abroad, it was recommended that the Philippine Government change its policy of taxation based on citizenship or nationality. Instead, it suggested that taxation be based on residence. The principle behind this is that income should be taxed from where it was earned.

Kaibigan said many countries have exempted their citizens from paying taxes for income derived in another country. "This is in recognition of the fact

that the actual performance of the income-producing activity was one in another country, and therefore, that country alone has the right to impose taxation," the study said.

Kaibigan said the abolition of double taxation for Filipino workers in Europe will be a form of "incentive." It will increase their income and will be a recognition of their contributions to the economy. Filipino workers' monthly remittances have contributed to increased foreign exchange revenues.

Actually, the Philippine Government has tax treaties with many countries to avoid double taxation, fiscal evasion and to enhance trade with other nations. However, the Kaibigan study said they do not solve the problem of double taxation. "More often than not tax treaties only reduce the tax rates paid by non-residents or provide preferential rates to deserving persons," the study said.

Tax treaties also exhibit an "inherent bias for big business and/or investments over individuals like contract workers," Kaibigan noted.

The study cited the loophole in the RP-Austria tax treaty which gives the Philippine Government the right to tax its own citizens who are residents of Austria.

Kaibigan said double taxation should be abolished especially among contract workers. These workers also pay other forms of taxes like remittance tax and other special taxes. The time and money spent filing two sets of income taxes is also a burden.

While taxation is deemed to be an obligation of every citizen to the State, the State is obligated on its part to render efficient economic and social services to taxpayers. But in the case of Filipino migrant workers, Kaibigan said there is a lot of room for improvement in embassy and consulate services especially with respect to their labor rights and economic welfare.

The government Welfare Fund scheme, which promises aid to overseas workers, has not been effective in providing concrete services, Kaibigan said.

Kaibigan urged the government to conduct a review of the Philippine taxation system, enhance bilateral tax treaties and improve embassy services in order to uplift the plight of Filipino overseas workers.

In this regard, executive-director Galenzoga said the Philippine ambassador in Austria should make a recommendation for a new tax treaty that would abolish double taxation.

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CSO: 4200/518

PHILIPPINES

AQUINO SAYS GOVERNMENT AIMS TO IMPROVE LIVING CONDITIONS

HK240141 Manila Far East Broadcasting Company in English 2300 GMT 23 Apr 87

[Text] President Aquino says she is working on giving a decent life to all Filipinos. More on this from correspondent Art Pabellon:

[Begin recording] President Corazon Aquino yesterday [23 April] said that despite what has been accomplished already, there is yet a great task that remains to be done, and that is to give a decent life to all Filipinos. President Aquino was the guest of honor and speaker at the opening ceremonies of the rotary international conference for development. This was held at the Philippine International Convention Center. The president added that her administration will not be judged by the people in terms of any increase in the gross national product or any other indicator, but by whether the government has improved their living conditions. In line with this objective of helping the people to lead better lives, she said:

[Begin Aquino recording] [Words indistinct] to keep the government accountable to the people. I ask you to monitor public works projects throughout the country. Aside from monitoring, I ask you to help us identify projects relevant to the needs of your communities. You can also serve as two-way information channels, helping government understand the (?problems), needs and [word indistinct] of your communities. [Words indistinct] government programs to the people. As I said earlier, there is so much that remains to be done. [Words indistinct] done better and faster. [end recording]

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CSO: 4200/518

PHILIPPINES

500 WORKERS MARCH ON PALACE, DEMAND WAGE HIKE

BK211704 Hong Kong AFP in English 1649 GMT 21 Apr 87

[Text] Manila, April 21 (AFP)--Hundreds of left-wing workers marched on the Presidential Palace here Tuesday to demand wage hikes and the unconditional right to strike, witnesses said.

Riot police massed behind a row of barbed-wire roadblocks stopped the estimated 500 protestors near the palace as they reached Mendiola Bridge, site of bloody confrontations between security forces and demonstrators in the past.

There were no incidents and the marchers, bearing red banners of the left-wing May First Movement (KMU) Labor Federation, dispersed peacefully at sundown after a brief rally.

The protestors were demanding a 10 peso (50 U.S. cent) across the board increase in daily wages and the unconditional right to strike, said Romy Castillo, a KMU spokesman.

The minimum daily wage in the country is pegged at a little above 50 pesos (2.50 U.S. dollars), and workers of industries deemed vital to the economy are forbidden to strike.

Meanwhile, a nationwide strike by court stenographers continued for the second day Tuesday.

The strikers have demanded that their salaries be hiked from the current average of 1,700 pesos (82.93 U.S. dollars) a month to 3,000 pesos (146.34 U.S. dollars), Supreme Court spokesmen said.

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CSO: 4200/518

CREATION OF 628,000 NEW REGULAR JOBS THIS YEAR 'LIKELY'

HK221243 Manila MANILA BULLETIN in English 22 Apr 87 pp 1, 16

[Article by Olaf S. Giron]

[Text] Labor Secretary Franklin M. Drilon said yesterday the Philippine economy is likely to generate this year the targeted 628,000 new regular jobs on top of the 600,000 emergency jobs being put up by the government.

Drilon admitted, however, that the target may be difficult to attain if the government did not have its manpower export program.

In an interview with Asian journalists, Drilon said a "stop-gap" jobs scheme under the government's Community Employment Development Program (CEDP) is starting to stimulate private industry which, in turn, is expected to create more stable jobs.

The labor secretary said he received word about increase consumer demands in urban and rural areas, paving the way for more permanent jobs.

Besides the CEDP, the government has put into action other measures to create jobs on a long-term basis, including a home construction program and the development of export-oriented industries.

Drilon said liberal housing loans are expected to lead to a construction boom that will create more jobs.

The development of labor-intensive export industries, now being favored by an expanded U.S. quota, can also lead to the creation of more jobs, he said.

The overseas manpower program, supervised by the Department of Labor and Employment (DOLE), placed over 400,000 workers in jobs abroad last year and another 85,000 workers in the first quarter of 1987.

Drilon said once the Philippine economy hits its stride, it will absorb the country's idle manpower, including the 2.5 million unemployed and the 750,000 new laborers each year.

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CSO: 4200/518

OFFICIAL SAYS NO BAN ON DOMESTIC HELPERS TO JAPAN

HK231259 Manila MANILA BULLETIN in English 23 Apr 87 p 11

[Text] The government will not ban the export of domestic helpers to the Middle East and entertainers to Japan to resolve the social problems these contract workers are causing, Labor Secretary Franklin M. Drilon said yesterday.

Drilon pointed out, however, that only legitimate entertainers with the proper travel and employment documents should be allowed to work in Japan.

On domestic helpers, the Department of Labor and Employment (DOLE) is preparing a set of guidelines for their recruitment for the Middle East.

The labor secretary said he will discuss with the Department of Foreign Affairs (DFA) stringent measures on the issuance of passports and the Commission on Immigration and Deportation (CID) on the "escort service" at the Manila International Airport (MIA).

The escort service racket is reportedly operated by some MIA personnel who, for a certain fee, enable travelers to board their jets without passing through regular channels such as immigration to avoid detection.

Drilon's talks with DFA and CID officials will concentrate on the problems of passports and the exit of workers at the MIA to allow only legitimate travelers to leave.

Drilon said the government plans to adopt stricter measures to prevent the departure of Filipinos, particularly those bound for Japan, for purposes other than those indicated in their papers.

He added that one measure being considered is the verification of the applicants' financial status, stressing that those who cannot afford to travel as tourists should not be given passports. Another preventive step is the verification of applications for student visas.

Drilon said the DFA should check whether the schools cited in the application papers actually exist and whether they are ready to accept the applicants as students.

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CSO: 4200/518

## PHILIPPINES

### EXPORTS POST 11.4 PERCENT INCREASE IN 2 MONTHS

HK221233 Manila MANILA BULLETIN in English 22 Apr 87 p 21

[Text] Cumulative exports for the first two months of 1987 amounted to \$764 million, reflecting an increase of 11.4 percent from the corresponding period in 1986, the National Census and Statistics Office reported yesterday.

On the other hand, total imports during the same two-month period amounted to \$869 million, an increase of 15.7 percent from the comparative period in 1986.

The country suffered a trade deficit of \$105 million during the January-February period even as total trade registered an increase of 13.6 percent to \$1.6 billion.

Merchandise exports to all countries for February amounted to \$395 million, reflecting an increase of \$27 million or 7.3 percent from the previous month's level and \$28 million or 7.6 percent higher from the February 1986 figures.

Imports in February this year rose to \$433 million from \$368 million of the same month last year.

Most of the countries' traditional exports like coconut products, mineral, wood products and sugar still exhibited declines in export receipts of an annual basis last February.

Exports of logs and lumber went down by 7.04 percent; copper concentrates, down by 11.11 percent; sugar, down from 47.46 percent; coconut oil, down by 18.46 percent; fresh bananas, down 16 percent; gold, down 41.25 percent; copra oil cake or meal, down 23.46 percent; veneer sheet and corestock, down 75 percent; Portland cement, down 57.41 percent; and coffee, down 98.75 percent.

Among the exports which posted increases in February were: plywood, by 60.71 percent; desiccated coconut, 21.43 percent; pineapple and pineapple products, 44.59 percent; edible molasses, 114.28 percent; unmanufactured tobacco, 64.41 percent; woodcraft and furniture, 39.73 percent; micro-circuits, 70 percent; garments, 52 percent; footwear, 11.54 percent; and tuna, 37.14 percent.

On the import side, the biggest increases were recorded by machinery other than electric, transport equipment, base metals, electric machinery, apparatus and appliances, dairy products, medicinal and pharmaceuticals, fish and fish preparation, and chemical electments and compounds.

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CSO: 4200/518



ONGPIN FOR 'INFORMAL' DEBTOR COUNTRIES' CARTEL

HK231431 Quezon City BUSINESS DAY in English 23 Apr 87 p 2

[Article by Claro P. Fernandez]

[Text] Finance Secretary Jaime V. Ongpin is for the creation of an informal group of debtor countries, short of an organized "cartel" like the Paris Club, of official creditors and commercial banks, to improve bargaining leverage of debtors during debt talks.

The finance chief, lead negotiator in the recently forged debt rescheduling agreement with the Philippine's advisory committee, believes debtor countries need to work together more closely with one another "if a lasting solution (to the global debt problem) is to be achieved."

The principles of "equitable burden sharing" and provisions to insulate debtor nations from unfavorable movements in interest rates on debts and quantifiable distortions spawned by other "detrimental factors" have to be accepted by all parties, Ongpin told BUSINESS DAY yesterday.

Ongpin said debtor nations continue to have serious problems with negative net resource transfers despite the rescheduling of substantial amounts of official and commercial loan amortizations.

"Debtor nations continue to be vulnerable to fundamental and uncontrollable risks, such as interest rate fluctuations, exchange rate fluctuations, commodity price movements, trade protectionism, etc., any one of which could completely wipe out whatever interim relief such debtor nations might have gained through rescheduling," he said.

Since the debt crisis erupted in 1982, Ongpin said, very little, if any, has been accomplished in terms of achieving a lasting solution or set of solutions to the debt problem.

"What has been accomplished has been largely limited to procedural and stopgap arrangements," he said.

Secretary Ongpin said accomplishments such as the Baker Plan and the organization of bank advisory committees and establishment of a process to reschedule current and medium term maturities have not solved the debt problem.

Through the process, currently maturing principal amortizations have been deferred by grace periods of 6 to 7.2 years and rescheduled over a total of 16 to 20 years. In addition, some new money has been provided but, with the sole exception of Mexico, only in amounts needed to service current interest payments.

The need for growth with structural economic reforms plus commitments of new money from official and commercial sources to finance growth of debtor countries under the Baker Plan has been accepted by both borrowers and lenders.

Unfortunately, Ongpin said, the commercial banks have failed to deliver their proportionate share of new money requirements.

"Commercial banks as a whole have failed to provide adequate amounts of new money to finance the growth requirements which everyone acknowledges as an essential component of a lasting solution to the problem," he said.

To solve financing gaps in the economies of the different debtor nations, Ongpin said the use of debt to equity conversion schemes should be fully utilized to mobilize a third source of funds such as those coming from private investors.

Schemes similar to the Philippine investments notes (PINs), apart from official and commercial bank sources, have to be encouraged and facilitated in order to strike a source of new money which can be used to finance economic growth, he said.

Adjustments in the economy that would be financed under the PINs and debt-to-equity schemes, Ongpin said, should be acknowledged by all parties to be the most important changes that could create a lasting solution to the debt problem.

Instead of "merely being piously preached in various international forums," concrete measures need to be adopted to ensure that the principle of equitable burden sharing is actually and consistently practiced by all parties, he said.

Equitable burden sharing by commercial creditors, Paris Club lenders, sovereign governments as well as debtor countries needs to be clearly and unequivocally accepted, he added.

Another measure that deserves serious consideration and urgent action is the proposal of debtor countries to be insulated from unfavorable movements in interest rates, particularly the London interbank offered rate (Libor), foreign exchange rates, commodity prices, as well as from detrimental effects of growing trade protectionism in the West, he said.

Ongpin said insulations can be provided in the form of interest caps, automatic rescheduling or capitalization of negative net transfers arising out of distortions which are beyond the control of debtors.

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FINANCE DEPARTMENT REORGANIZATION REPORTED

HK231330 Quezon City BUSINESS DAY in English 23 Apr 87 p 2

[Text] The Department of Finance will soon be reorganized as Executive Order [EO] 127, approved by President Aquino last January 30, 1987, was released by Malacanang yesterday.

Under the reorganization program, the Securities and Exchange Commission (SEC) has been detached from the department while six government agencies were attached.

These agencies are the Philippine Crop Insurance Corp., Philippine Export and Foreign Loan Guarantee Corp. (Phil-guarantee), Insurance Commission, National Tax Research Center, Central Board of Assessment Appeals and the Fiscal Incentives Review Board.

The president ordered the Export Credit Corp. and the Gold Mining Industry Assistance Board abolished and their functions transferred to Phil-guarantee and the Bureau of Mines, respectively.

EO127 said the new position structure and staffing pattern of the department will be recommended by Finance Secretary Jaime V. Ongpin within 120 days from the approval of the EO or by the end of this month.

Authorized positions under the new EO will be filled with regular appointments of the president or Ongpin and those incumbents whose positions have been abolished "are deemed separated from the service" and will be awarded retirement benefits.

Under the reorganization plan, the functions of the department have been split into five, each of which would be headed by an undersecretary. These groups are revenue operations, domestic operations, international finance, policy development and management services.

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CSO: 4200/518

NUCLEAR PLANT ASSETS TRANSFERRED TO GOVERNMENT

HK220153 Quezon City BUSINESS DAY in English 21 Apr 87 p 3

[Text] A memorandum of understanding between the Department of Finance and the National Power Corp. (NPC) has been drawn up by government to transfer assets of the Philippine Nuclear Power Plant 1 (PNPP1) worth P33.7 billion, mostly owned by the NPC, to government.

Acting treasurer Victor C. Macalincag has reported to Finance Secretary Jaime Ongpin that the memorandum of understanding is an interim step to formalize the deed of transfer "which can only be effected upon receipt of NPC of all the required creditors' consent."

The agreed transfer of the assets value of PNPP1 situated in Bagac, Bataan represents the outcome of negotiations between government and the NPC which resulted in an increase in government equity in the mothballed power plant from P3 billion as proposed by NPC to P3.8 billion.

A statement released by the finance department said the agreement signed by NPC and the finance department calls for an inventory of the assets and liabilities which would be transferred by a joint committee composed of representatives of the Commission on Audit (COA), the NPC and the national government.

Macalincag said there is a provision in the 1987 budget to service liabilities associated with the nuclear plant.

The provision covers, he said, the 1987 debt service plus the repayment of the July to December debt service advanced by the NPC in 1986. A P200 million provision has also been included to cover mothballing costs of the plant.

Among the creditors that the NPC has to ask for consent before the transfer is finalized are the U.S. Eximbank, Union Bank of Switzerland, Bank of Tokyo, Citicorp International, Mitsue and Co., Morgan Guaranty, Land Bank of the Philippines and Petrophile Corp.

Macalincag said the memorandum of understanding allows the government to implement Executive Order No 55, as amended by Executive Order No 98, which

directs the transfer of the nuclear power plant and allows NPC to meet the conditions precedent under its recent Asian Development Bank loan which calls for documentation of the transfer of the PNPP1 to government.

Documents made available by the finance department disclose that a total of P24.4 billion was borrowed from foreign sources while only P700 million came from domestic sources to build the power plant.

"The Republic shall assume the payment of all remaining local and foreign obligation of Napocor, including but not limited to interest charges, with local and/or foreign lenders as well as advances of the Central Bank of the Philippines," the memorandum of understanding stated.

The government will also cover all expenses incurred by the NPC, which had agreed to act as the caretaker of the PNPP1, such as preservation and security programs, the memorandum stated.

While government had agreed to assume assets and liabilities of PNPP1, the auxiliary facilities with an aggregate value of P744 million have been excluded in the transfer, the memorandum noted.

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PHILIPPINES

FOREIGN MINISTER URGES ACTION ON EXPLOITATION OF FILIPINOS

HK211537 Manila MANILA BULLETIN in English 21 Apr 87 pp 1, 8

[Text] Vice President Salvador H. Laurel recommended yesterday a total ban on the deployment of female domestic helps to stop or, at least, minimize the exploitation of Filipino women in Japan and the Middle East.

Laurel was reacting to rampant reports of illegal trafficking in Filipino entertainers in Japan. The latest report came from the Catholic Bishops Conference in that country.

The vice president told newsmen that he is taking up the plight of thousands of exploited Filipinos with Japanese Ambassador Kiyoshi Sumiya and the Foreign Affairs Ministry of Japan.

But Laurel said he could not divulge details of their discussions because "some elements" are non-government. However, he indicated that the Japanese government has expressed willingness to help.

He confirmed that the Yakuza, the Japanese underworld version of the Mafia, has established "tentacles" in the Philippines.

However, it will not be difficult for the Department of Foreign Affairs to take up this matter with the appropriate Japanese officials, Laurel said.

There are also non-government people involved in the illegal recruitment and the production of fake travel documents of the women, most of them youngsters and 70 percent of whom are consequently deported for overstaying and working illegally.

Philippine Ambassador to Japan Ramon V. del Rosario has pointed to the lack of stricter control in the issuance of passports to migrant workers and the "anomalous" distribution of "blue cards" to entertainers as the main problems in the cases involving Filipinas.

Laurel said there has been no indication that the Yakuza had a hand in the kidnaping of businessman Noboyuki Wakaoji, but the possibility has not been ruled out. "The Wakaoji case is a celebrated case, but the plight of the Filipinas in Japan is worse," he remarked.

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CSO: 4200/518

GOVERNMENT NEGLECT OF UNORGANIZED LABOR CRITICIZED

HK161355 Quezon City BUSINESS DAY in English 16 Apr 87 p 3

[Text] The new government in its first 11 months in office has neither said nor done anything to improve the lot of unorganized labor which accounts for as much as 85 percent of the labor force, an assessment report of a group of academicians and researchers showed.

The report, supported in its preparation by the Philippine Institute of Development Studies--a government agency--but which carried its authors' independent views--noted that the Aquino government's policies are focused on organized labor and "no distinct pronouncement" or action has been made for unorganized labor.

This was no improvement on the absence of a "coherent policy" for unorganized labor during the old regime, it was indicated.

The report pointed out that government has to come up with labor policies to address the low levels of and decreases in real wages and the large number of families below the poverty line. Latest government data show that 70 percent of Filipino families live below the poverty line of P2,000-odd a month.

The report also criticized the employment rate of 87 percent as "meaningless" in the face of most workers being "trapped in low-skill, low-wage jobs."

To help correct the situation, the report's authors suggested that accumulation of more skills or efficiency--or "human capital formation"--be "re-stressed." Due to this, "naive programs" such as investment in vocational and technical education" do not look very promising, they noted.

The authors pointed out that the increase in real wages will depend on the thrust for labor-intensive--including export-oriented--industrialization.

They criticized the manufacturing sector, which they said was coddled by protectionist and import-substituting policies of the old regime, for not having been able to create jobs with the capacity to raise the level and growth of human capital.

"Most of the commodities being produced are near the end of their cycles," the asserted. "It is time to reduce their share of economic activity by opening them to more competition."

This way, they said, labor will be exposed to a wider range of products offering chances to accumulate human capital and "more evenly distribute returns between capital and labor."

Unemployment, which stood at about 12 percent last year is projected to go down to about 10.6 percent this year, according to Economic Planning Secretary Solita C. Monsod. She also projected that underemployment should also be alleviated this year at an estimated 33 percent from last year's figure of about 36 percent.

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CSO: 4200/518



BODY TO MONITOR ALL GOVERNMENT CORPORATE FIRMS PROPOSED

HK151319 Quezon City BUSINESS DAY in English 15 Apr 87 p 9

[Text] A draft executive order creating a government committee to not only act as watchdog but also, as its critics assert, to virtually dictate all moves of government-owned or controlled corporations is raising some eyebrows in state agencies.

The "Government Corporate Monitoring and Coordinating Committee" is tasked to do what its name implies for all state firms. Under the draft order, the finance secretary will chair the committee and members will be the budget and management secretary, Central Bank Governor, National Economic and Development director-general, and Commission on Audit (COA) chairman.

According to the draft order, the committee "shall be the central monitoring, coordinating, and performance evaluation unit for all government corporations, and shall, for this purpose, obtain, through the appropriate agencies, the necessary data and information with sectoral and national implications."

The committee will monitor and review all operations of the government corporate sector purportedly to enhance public accountability in state firms' operations, to promote efficient allocation and use of resources, to instill "financial discipline and promote "financing self-sufficiency" among those firms, and integrate the firms' plans and programs with government policy's needs and goals.

What are the powers and functions the draft order hopes to give the committee:

It can set--with the "concurrence" of monitored state firms--performance criteria, targets and standards and against these periodically review and appraise state firms' performance.

It can review and "pass upon" the equity, subsidy and net government lending needs of each state firm within the ceilings "as may be prescribed."

It may review and endorse for approval of the Central Bank and the finance department all borrowings needing the national government's guarantee.

It can ask for "comprehensive" management and financial reviews on selected state firms with the concurrence of the departments to which these firms are attached.

It can exercise "visitorial powers" on monitored state firms when these firms fail to comply with prescribed reporting and performance standards or when there is "further need" to verify accuracy of reports the firms submit.

It can draw up detailed criteria for the setting up of new state firms and equity investments in non-affiliated companies, and endorse to the President or legislature recommendations to create new government-owned or controlled corporations, including subsidiaries.

It may even authorize the appointment of "financial controllers" in state firms which repeatedly fail to comply with committee-set standards and "when other means to exact compliance (to those standards) have been ineffective."

The financial controllers' duties and functions are yet to be specified in another executive order, the draft order said. However, it noted that the controllers should not be involved in any way in the operations and management of the corporations and are to report to committee through the finance department.

The committee may also impose administrative sanctions and restrictions such as withholding budgetary releases and imposing additional financial controls on monitored state firms.

The committee will monitor state firms' implementation of audit recommendations of the COA "to the extent that such audit recommendations are germane to the evaluation and review functions of the committee."

The committee will also have the power to review, along with the budget and management department, the per diem, allowances and other fees of board members and key officials of the state firms "with a view to formulating, to the extent possible, reasonable compensation standards and guidelines for directors and key officials of government-owned or controlled corporations."

The committee will also provide the guidelines and guidance to state firms in preparing corporate plans.

To help simplify its job, the committee, according to the draft order, shall devise an "integrated corporate reporting system" which will avoid the "proliferation of duplicative reports and combine the essentials into a single set of reports."

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CSO: 4200/518

PHILIPPINES

VALUATION BASE OF AD VALOREM DUTIES AMENDED

HK151325 Quezon City BUSINESS DAY in English 15 Apr 87 p 2

[Text] President Corazon Aquino has further amended a section of the tariff and customs code dealing with the valuation of imported goods subject to ad valorem duties.

Amended was Section 201 of the code which had been previously amended to change the base for customs valuation from Home Consumption Value (NVC) to Cost, Insurance and Freight (CIF).

The amendment was contained in Executive Order No 156 which took effect last March 30, 1987.

Section 201 of the code, as amended, now provides that the dutiable value of an imported article subject to an ad valorem rate of duty will be based on the cost (fair market value) of similar articles traded in wholesale quantities in the exporting countries on the date of exportation (excluding internal excise taxes to be remitted or rebated).

If the cost cannot be determined on such date, the order states that the basis will be the cost nearest to the exportation date including the value of all containers, coverings, packings, and other expenses incident to the shipment of the articles to the Philippines, freight and insurance premium.

If the cost of the article cannot be ascertained through these two methods or if there is doubt as to the fairness of such value, then, the basis would be the fair market value in the country of manufacture or origin, if not, it is the price in the exporting country or in a third country with the same stage of economic development.

If the value of the article cannot still be ascertained, and there is doubt as to the fairness of such value, the customs commissioner will determine the dutiable value of the article.

If the value of the goods cannot be determined through the preceding methods, the wholesale price of such or similar article in Manila or other principal markets in the country on the date the duty becomes payable, minus not more than 25 percent for expenses and profit and duties and taxes paid on the article will determine their value.

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PHILIPPINES

NORWEGIAN PRESENCE SAID 'EXPANDING'

HK231331 Quezon City BUSINESS DAY in English 23 Apr 87 p 3

[Text] The Norwegian ambassador to Manila says the relations between the Philippines and his country today are "excellent."

Ambassador Knut Moerkved has been here for three-and-a-half years now, "and I must admit that after the murder of Senator (Benigno) Aquino, it was not easy for me to secure any kind of cooperation from my government." He says it was only after the revolution last year that a grant on a coastal fleet project was approved.

He was referring to the P17.2-million grant given by Norway in the field of shipping.

The project, he said, was a "deadlock" during the Marcos administration. The project calls for a study on the improvement and modernization of Philippine interisland shipping.

The value of Norway-Philippines trade is a little less than 10 million, but Moerkved has expressed hope that the prospects are good. He hinted about the arrival here late this year of the Norwegian trade minister.

Moerkved said an agreement providing for a Philippine quota of textiles and garments in the Norwegian market has just been renewed.

There are also plans for Philippine-Norwegian joint ventures in textile manufacture in the country.

Norwegian presence in the Philippines is increasing, Moerkved noted.

The Cebu Timex factory is wholly owned by a Norwegian shipowner. Another Norwegian firm, Dyno-Industries, has taken over a former Swedish company producing dynamite for commercial purposes.

Some investors are also showing interest in putting up a shipping paint plant and other ventures.

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CSO: 4200/518

OIL INVESTMENT INCENTIVES REINTRODUCED

HK151259 Quezon City BUSINESS DAY in English 15 Apr 87 p 2

[Article by Claro P. Fernandez]

[Text] Government has reintroduced investment incentives on oil exploration and drilling while extensive technical studies on Philippine oil potentials are under way to develop the country's oil fields.

The Filipino participation incentives allowance (FPIA) has been approved by Malacanang, Bureau of Energy Development director Wenceslao R. de la Paz said yesterday. The FPIA was suspended for 10 years after oil was struck in Palawan during the mid-70s.

To inform the foreign investors of the country's oil potentials, De la Paz said government has compiled available geological and technical information, with the assistance of the World Bank and the Philippine National Oil Co. (PNOC), into a complete portfolio that would cost \$25,000.

De la Paz, in a press conference, said three oil wells are expected to be drilled this year. Operators of the Tara and Central Luzon oil fields informed government of their interest to tap the potential areas.

As for Sulu Sea oil drilling being handled by a consortium of local and foreign investors headed by Hartogen Energy Philippines Ltd., another spud-in will be made in a few days. The first well did not develop into a productive one, De la Paz said.

Government intends to grant a 7.5 percent allowance for local investors in the restoration of incentives on their investment in any oil-producing field, De la Paz said.

If granted to service contracts, De la Paz said, the local investors will be given 7.5 percent of the gross income from sales and other related operations as a bonus allowance before the rest of the income is shared by government and the service contractors, including the local investors.

Government, however, has limited the time for the application of these allowances only up to December 31, 1988 to increase activity in the development of petroleum resources, he said.

The approval, signed by Executive Secretary Joker Arroyo recently, signals government's interest in encouraging entry of local investors in the ventures, he added.

As a result of the rapid increase in crude oil prices during the last few months, De la Paz said foreign investors, especially from the United States, have shown interest in developing oil fields where earlier studies showed "great chances" of acquiring the precious resource.

Government will sell the comprehensive study of the country's "potential areas" soon after the 12-volume portfolio is completed this September, he said.

The "technical suasion," De la Paz said, would provide potential investors with a "few seismic lines" to show the prospects of hitting oil in the country.

"This (the study) and service contracts which are considered one of the best will surely attract attention from oil interests in Los Angeles, San Francisco, Houston and Texas," he said.

Under the service contract scheme announced by government earlier, petroleum contractors are given exploratory periods of seven years with three years extension and production contracts of 25 years extendable by another 10.

Service contractors are exempted from all taxes except income taxes while importation of machinery and materials for direct and exclusive use of energy operations are tax- and duty-free.

Government will also allow the entry of alien technical and specialized personnel. Remittances of foreign exchange to pay principal and interests on foreign loans have been liberalized.

The capital investments and other assets actually brought into the country and registered with the Central Bank can be repatriated and foreign exchange exports proceeds accruing to service contractors can be retained abroad.

Under the scheme, government will also allow service contractors to export petroleum subject to prior filling prorata of domestic needs.

The monopoly of local investors to put up power plants has also been waived if the power plants constructed will be used exclusively by the contractors. Machineries of the power plants can also be exported if they were imported tax- and duty-free.

Meantime, De la Paz said the Hartogen consortium has announced that the 4 million offshore drilling project in Sulu Sea will continue and another spud-in is expected shortly as soon as the original drilled well is "plugged and abandoned."

The Hartogen project was temporarily stopped after "drilling difficulties" at a well depth of 4,786 feet made it difficult to advance drilling at a faster rate.

Drilling operations will be transferred some 100 to 150 meters away from the original drill site and drilling will be directional instead of the usual vertical, he said.

The consortium for this project is composed of Hartogen, Consolidated Petroleum Austrial N1, Philippine Overseas Drilling and Oil Development Corp., Seafront Petroleum and Mineral Resources, Trans-Asia Oil and Mineral Development Corp., Balabac Oil Exploration and Development Co. Inc. and Basic Petroleum and Mineral Inc. As for the accelerated development of the Tara project, De la Paz said the operators of the projects, most of which are also participating in the development of the offshore project in Sulu, are looking for a floater drill ship just like in the Sulu project.

The Tara project, which has been proven to have commercial quantities of oil, is in need of a jack-up rig to continue its directional drilling operations, he added.

With the spud-in expected within a month, De la Paz estimated a producing well could be developed before the year ends. A total of 4 million is needed to start its "shallow operations," he added.

This oil project in Palawan had a flow rate of 2,300 barrels a day and the latest estimate by a Canadian exploration firm reported that the "new drill site would produce at this same level or even better," he said.

As for the Central Luzon project in Victoria, Tarlac, De la Paz said negotiations for a service contract have been completed and an endorsement to Malacanang has been sent.

De la Paz expects mobilization to start by the end of the third quarter after the rainy season and the spud-in by this December or early January.

Oriental Petroleum, the operator of the project, has said that it would seek the assistance of foreign investors.

According to De la Paz, the move is to "spread the risk to the other partners" on the 5 million project.

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CSO: 4200/518

PHILIPPINES

JANUARY, FEBRUARY OIL IMPORT BILL DECLINES

HK221259 Manila THE MANILA CHRONICLE in English 22 Apr 87 p 4

[Text] The country's oil import bill in the first two months of the year stood at \$179 million or a drop of 17.5 percent from \$217.1 million during the same period last year, the Bureau of Energy Utilization (BEU) reported yesterday.

The drop in the import bill was attributed mainly to the decrease in crude oil prices to an average \$16.88 a barrel from 1st year's price level of \$22.47.

The BEU said that total volume of imported crude oil in January-February this year reached 10.341 million barrels (MB). Comparative figures last year were not immediately available.

Official sources said earlier that this year's import bill would likely be slightly higher than the 1987 bill of \$727 million, but lower than the 1985 oil bill of \$1.4 billion, because of the forecast increase in crude oil prices by yearend.

It was noted that the average import price last year was \$14 a barrel with a high of \$20 per barrel in the first quarter of 1986 and a low of \$11 in the third quarter.

Former deputy executive secretary for energy affairs Vicente T. Paterno earlier said that oil prices would not go beyond \$18 per barrel by yearend.

While oil prices remain stabilized at \$16-\$17 in the first quarter of this year, world oil prices may reach the \$18 per barrel ceiling particularly in the last quarter or the winter season when demand of highly industrialized countries for oil increase.

The \$18 per barrel ceiling was set by the Organization of Petroleum Exporting Countries last year to regain control of the market.

OPEC lost its hold of the oil market with the emergence of the spot markets which sold oil at a low of \$7-\$8 per barrel.

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CSO: 4200/518



PHILIPPINES

OIL FIRMS EXPECT GAS PRICES TO RISE BY MAY

HK231255 Manila THE MANILA CHRONICLE in English 23 Apr 87 p 4

[Article by staffmember Arleen Chipongian]

[Text] Retail prices of petroleum products may have to be raised next month because of oil companies' higher import costs and the dwindling reserves of the Oil Prices Stabilization Fund (OPSF), industry sources said yesterday.

Starting this month, the oil companies have been buying oil at prices ranging from \$17-\$18 per barrel from the average price of \$16.90 per barrel in January-February this year.

Official sources, however, maintained that the remaining P500 million reserves of the OPSF, which serves as a buffer against fluctuating market prices of oil, will be sufficient to cover the higher import costs until the end of May. They said that the coming round of refined oil price increase can still be deferred until early June.

In the last two months, the oil industry has reimbursed about P840 million, according to sources.

It was noted by industry sources that a price increase next month may be implemented during the regular review of retail prices of petroleum products in relation to world oil market prices and the peso-dollar rate scheduled on May 16 by the Board of Energy (BOE), or after the May 11 elections.

They added that if the impact of the rising crude oil prices would not be passed on to pump prices of petroleum products by next month, oil companies would be incurring huge losses in their operations.

Crude oil bought in March and April will be refined locally and sold in the market by May and June following the industry's practice of maintaining a 60-day inventory.

Based on the industry's rule-of-thumb-formula by which a change by \$1 in the prices of oil per barrel will result in an increase (or decrease) of 18 centavos

per liter in the pump prices of refined oil products, the increase in oil prices from \$16.90 to \$17-\$18 per barrel is likely to result in the price increase of petroleum by 18 centavos per liter.

The means, that premium gasoline for example will be sold at P7.08 per liter from the present retail price of P6.90.

Industry sources forecast that by yearend, oil prices may average between \$18-\$20 per barrel, with the peak increase this year, occurring in the third and fourth quarters because of the expected higher demand of industrialized countries during the winter season.

They added that the government and the private sector should draw up another mechanism similar to that of the OPSF to cushion the effect of the rising costs of crude oil.

The Organization of Petroleum Exporting Countries (OPEC) which set the \$18 per barrel ceiling last December appears to be gaining its former hold as an oil cartel with daily price bulletins even reaching \$18.25-\$18.50 per barrel, sources noted.

While oil prices continue to increase, industry sources reported that the peso-dollar rate they use remains at P20.50-\$1, the prevailing rate in the past year.

Earlier, former deputy executive secretary for energy affairs Vicente T. Paterno forecast an increase of 50 centavos to P1 per liter following the jump in oil prices from \$13.64 in November-December 1986 to \$16.90 in the first two months this year.

This, however, was averted mainly because of the OPSF which allowed the oil companies to reimburse the increase in their crude oil importations.

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CSO: 4200/518

SULU OIL DRILLING ABANDONED DUE TO DIFFICULTIES

HK141415 Manila PHILIPPINE DAILY INQUIRER in English 14 Apr 87 p 18

[Text] Drilling of a prospective oil well in South Sulu Sea's Sentry Bank Reef No 1 has been abandoned because of technical difficulties.

The consortium led by Hartogen Ltd. of Australia decided yesterday to abandon the drilling which had reached 4,786 feet of the targetted maximum depth of 6,000 feet because of the difficulties posed by a high-pressure water zone.

Wenceslao de la Paz, Bureau of Energy Development director, said repeated attempts to isolate the water zone were unsuccessful and the flow of water continued.

De la Paz said that further attempts to squeeze off this zone by injecting cement is unlikely to succeed.

In a report, De la Paz cited the plan to redrill the Sentry Bank reef prospect with an offset well or drill a nearby well.

At 4,786 feet, the well has produced nothing but gas but the consortium has to drill up to 6,000 feet to determine whether it has oil reserves.

The Sentry Bank Reef No 1 is the country's first oil well to be drilled since 1984 and the second wave of the massive local search for the "black gold".

The first wave started in the '70's which led to the discovery of the country's three producing oil wells--Cadlao, Matinloc, and Nido--whose combined output is now down to 5,500 barrels a day from a peak of 25,000 barrels a day.

The consortium composed of Filipino partners namely Philodrill, Seafont Petroleum and Mineral Resources, Trans-Asia Oil and Balabac Oil Exporation has spend about \$4 million to drill the well.

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CSO: 4200/518

CROP INSURANCE FIRM REPORTS 41.863 MILLION PESOS LOSS

HK221453 Quezon City BUSINESS DAY in English 22 Apr 87 p 3

[Text] The Philippine Crop Insurance Corp [PCIC] registered a net loss of P41.863 million last year, its highest loss on record since the government firm's start of operations in 1981.

PCIC officials told BUSINESS DAY a higher than average exposure rate of the firm combined with the effects of strong winds and floods which swept the country last year accounted for the big erosion of profits.

Likewise, diminished yields on government securities, the only major option open to government corporations, allowed PCIC to realize an investment income of only P63.864 million. This represented a 36 percent decline in income from the same instrument compared to the 1985 level despite an average P356.205-million average monthly investment in 1986 which was slightly higher than the previous year's. Compared to a 29 percent yield in 1985, government securities earned only 12 percent in 1986.

Indemnity claims against rice crop insurance policies last year soared to P98.144 million, up by 37 percent compared to claims in 1985.

About 68 percent of this amount was attributed to damages caused by strong winds and floods.

Claims incurred for corn crops amounted to P31.969 million, 37 percent lower than those incurred in 1985.

However, PCIC sources said, although last year's business performance was unfavorable, a six-year study of PCIC operations still showed a net income surplus of P58.116 million. In 1981, the PCIC had a net income of P34.686 million and in 1982, P21.891 million. In 1983, the two years of profit were upset by a net income loss of P6.049 million, further aggravated by a loss of P14.508 million in 1984.

PCIC business, which is confined to rice and corn crops insurance, was badly affected in 1983 by the drought which hit most parts of the country, and in 1984, by the upsurge of plant pests and diseases following the dry spell.

But in 1985, net income surged to P63-959 [as received] million but this was mainly because of the inflow of government's investment share of P18.58 million. The rest represented retained earnings. As of yearend 1986, PCIC's total resources stood at P452.363 million or 11 percent lower than its total resources in the previous year. This was principally attributed to the 22 percent overall decrease in the investible fund level as of end-1986 compared with the same period in 1985. The drawdown was caused by withdrawals to service heavy claims payments close to yearend and for operating expenses.

PCIC, however, maintained a positive working capital base, or a 9:1 ratio of total assets to liabilities at the close of 1986, compared to 8:1 in 1985.

The firm incurred claims of P130.113 million, up by 8 percent compared to those incurred in 1985.

Premiums earned, on the other hand, amounted to only P76.137 million, 6 percent lower than the previous year's. Other incomes, including income from investments, reached P64.725 million. But total income declined to P140.862 million from P183.157 million in 1985 on account of depressed insurance coverage solicited from rice and corn farmers and low yields of major investment accounts.

A significant 42 percent decline was also noted in enrolment from the borrowing or compulsory market sector which represents farmers availing of government credit programs. This was attributed to the contraction of credit granted under the Intensified Rice Production Program, Masagana 99 and the Expanded Corn Program. Correspondingly, the amount of coverage went down by 32 percent or from P953.842 million in 1985 to P648.388 million.

Self-financed farmers accounted for P773.425 million of protection covering 225,965 hectares planted to rice.

Officials said they expected prospects to be brighter this year because of a seeming voluntary withdrawal from rice and corn by farmers anticipating a long drought.

"This would lower our risk exposure," a PCIC source said. The firm is also confining itself to underwrite areas found to be safe from the effects of the drought.

While there is an increasing number of self-financed farmers wanting to avail of rice and corn insurance, the PCIC said this group tends to seek insurance cover only during the high-risk seasons such as during the rainy months.

To prevent shortchanging arising from such an arrangement, the PCIC will soon require a dual insurance cover which will cover two successive seasons. This will spread the risk and avoid undue losses. The dual condition is, however, intended to be undertaken only in high-risk areas.

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CSO: 4200/518

COFFEE EXPORT RECEIPTS DROP

HK231257 Manila THE MANILA CHRONICLE in English 23 Apr 87 p 4

[Text] Coffee export receipts during the first half of the "coffee year"--from October 1986-March 1987--dropped by 72 percent to \$20.2 million from \$73 million during the same period last year as a result of the falling prices of coffee in the world market.

A preliminary report on the coffee industry prepared by the Department of Trade and Industry (DTI) also showed that the export volume likewise dropped by a major 67 percent to 8,346 metric tons (MT) from 26,760 MT last year, which was the highest export volume on record made by local coffee exporters.

In addition to low world market prices of coffee, which dropped to \$2,399 per MT from \$2,724 last year, the report also cited the scrapping of the quota system as a factor in low export performance of the industry at the start of the year.

The DTI reported that "compared to coffee year 1984-1985 for the same period, the export is equivalent to only 55 percent compared to average export when quotas were in force."

Last year, the Philippines' coffee quota allocated by the International Coffee Organization (ICO) stood at 481,646 bags. While this should have been increased by three percent to 496,934 bags this year, the ICO decided to scrap the quota system because of the internal bickerings within the organization.

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CSO: 4100/518

CAUSE OF LUZON POWER FAILURE FOUND

HK201215 Manila Radio Veritas in Tagalog 1000 GMT 20 Apr 87

[Text] On the widespread power failure in Metro Manila and provinces in Luzon, the National Power Corporation [NPC] said it was caused by power tripping between the Malaya and Kalayaan lines. According to NPC spokesperson Marilyn Ochoa, due to the trip-off, power plants were isolated from the power lines system. However, she announced the NPC has not discovered the reason behind the trip-off. She added that while it was possible that sabotage may be the cause, it was unthinkable.

[Begin Ochoa recording in English] This morning, we sent out a full patrol to Malaya going south and Kalayaan going north. The patrol in Kalayaan going north discovered that land conductors located between Mabitang and Sinogon in Laguna were down. This caused the massive shortcircuit. At the moment, this line has been deactivated.

It is not yet known precisely what caused the lines to trip. This incident is similar to the August 21 incident in which that the same line was tripped during the August 21 blackout. The difference is that during the August 21 blackout, a ground wire failed, while last night's blackout was due to a line conductor which was tripped, or which had fallen.

Full power restoration is expected within the week and at the moment, 90 percent of Luzon is already being serviced. [End recording]

In this connection, Ochoa also said that brownouts will be scheduled in different parts of Luzon while the NPC repaired its power lines.

[Begin Ochoa recording in English] The NPC has scheduled rotation brownouts in residential areas. Residential customers will experience 4-hour brownouts in the Luzon provinces, while in Metro Manila, 2-hour brownouts have been scheduled. [End recording]

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CSO: 4200/518

## BRIEFS

CHRISTIAN GROUP DEMANDS MINDANAO AUTONOMY--Cagayan de Oro City--An armed group known as the Christian Mindanao Liberation Organization-Mindanao Liberation Army [CMLO-MLA] demanded yesterday full autonomy in Mindanao or they would start liquidation of government, church, and military officials. Brig. Gen. Pedro Montojo, 62, who claims to be the provincial liberation commander for Misamis Oriental, said that CMLO-MLA is giving President Aquino until May 6 or five days before elections on May 11 to give in to their demand. The CMLO-MLA said that its kind of autonomy will be welcomed by both Muslims and Christians because the provinces and regions would have their own legislative powers. On the "hit list" of the armed group are officers-in-charge of towns, left-leaning city mayors, and governors and religious leaders who are sympathizers of the communists. [Article by Jay Valleser] [Text] [Manila MANILA BULLETIN in English 21 Apr 87 pp 1, 8 HK] /6662

ENVOY ON ISLAMIC CONFERENCE, MNLF--[Article by Roy Sinfuego]--Ambassador Mauyag M. Tamano, Philippine envoy to Saudi Arabia, expressed confidence yesterday that the 48 member nations of the Organization of Islamic Conference (OIC) will support only the Moro National Liberation Front (MNLF) in the quest for Muslim autonomy in the South. Tamano said that the Government of Saudi Arabia and the World Muslim League headed by its Secretary General Dr. Omar Nazzar Nazeef are closely monitoring the ongoing negotiations for the creation of Muslim autonomous region in Mindanao. He said that the OIC has repeatedly urged MNLF chairman Nur Misauri to negotiate for Muslim autonomy in Southern Philippines through peaceful means and within the sovereignty and territorial integrity of the Philippine Republic. [Text] [Manila MANILA BULLETIN in English 21 Apr 87 p 8 HK] /6662

CSO: 4200/518



MILITARY

VIETNAM

HA TUYEN BORDER DEFENSE FORCES ENSURE ELECTION DAY SECURITY

BK200959 Hanoi Domestic Service in Vietnamese 1400 GMT 16 Apr 87

[Text] In the first quarter of 1987, the Border Defence Forces of Ha Tuyen Province, as the core force charged with the defense of sovereignty and security and with the maintenance of political security and public order and public security in the border area, have coordinated with other armed forces in the province to defeat the subtle and tricky multifaceted war of the enemy.

Using the motto of immediately knowing the enemy's every incursion and move and denying him time to react, to defeat all his actions in his war of sabotage, border defence outposts and stations and the operational units and teams of the province have conducted regular patrols, set ambushes at critical points, and resolutely stopped the enemy troops before they could carry out their crimes, so to safely defend the area of their responsibility, the people, and the country's border.

At the T05, T06, and T11 outposts, small organizational teams have been organized and sent out to cooperate with the local people in seeking water to irrigate crops and help alleviate the people's difficulties in everyday life. They have won the love and confidence of the local people.

The cadres and combatants charged with reconnaissance duty have coordinated with local security forces and have mingled with the masses in their area of responsibility to stay close to their targets, and have thus promptly repressed all cases of trouble in the area. They have exposed the enemy's routes of penetration and contact-seeking activities from across the border; rid their areas of spies; and firmly maintained soldier-people solidarity.

Owing to good security in the area, the people of all nationalities along the border area in Ha Tuyen Province are enthusiastically preparing for the coming elections for the Eighth National Assembly. The Border Defense Forces in Ha Tuyen Province are coordinating with other forces to ensure security for the election day so that the people can feel secure while fulfilling their civic duty.

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CSO: 4200/512

## RETIREES NEED SOCIAL SECURITY PROGRAM

Hanoi NHAN DAN in Vietnamese 4 Feb 87 p 3

[Text] Preliminary investigation shows that there are many lonely, old and feeble retirees in any district, precinct or village. These are people who have participated in two wars and dedicated their whole lives to the revolution until their retirement. Not only are these cadres in poor health, they also lack loved ones to depend on; as a consequence, they cannot manage their personal lives by themselves. Many are 70, 80 years old and sick, with a small retirement pension and they cannot cope. At a number of localities, such as Thai Binh, Quang Nam-Da Nang, Ho Chi Minh City, the party echelon and authorities realize this is a problem and have assigned people to help the lonely retired cadres. But, in general, at many localities, these lonely retirees are treated the same way other retirees with families, property and a more established lifestyle are treated.

The party's Sixth Congress's Resolution emphasizes that "socialism develops all the people's capacities and its highest goal is to serve the people."

It is time the party, government and union organizations consider and propose a law guaranteeing the people's right to a good life under socialism, and adopt, first of all, a concrete program to tend to and nurse the lonely retired cadres who have no one to depend on.

12654/12851  
CSO: 4209/348

## WELFARE NEEDS IN SOCIALIST SOCIETY OUTLINED

Hanoi NHAN DAN in Vietnamese 4 Feb 87 p 3

[Article by Dac Huong Huynh, Vice Minister for War Invalids and Social Welfare: "Social Policy: Some Social Welfare Problems for All The People"]

[Text] Within the network of social policy strategy, social welfare is an important element. Social welfare stems from the needs of man living in a community and has become a law of life today.

In our country, since the revolutionary government took power, the social welfare system has kept pace with the demands of the revolution and the reconstruction of the land, in accord with the country's economic and social characteristics. Today, the system has developed into a network comprising three elements: (a) the policy concerning disabled veterans, deceased heroes, and families who have served the revolution well; (b) the policy of social insurance for workers, civil servants and soldiers; and (c) the policy of social assistance for workers who fall victim to natural disasters or other bad luck.

This is a social program instituted in our country for the time and is meant to guarantee the workers and people's basic social rights, and is a major accomplishment of the revolution under the party's leadership. Thanks to the government's welfare program and the people's help, millions of individuals (close to 6 million to date) who had lost their ability to work, those who supported them, or who had fallen prey to other bad luck have been given material help, taken care of, or given opportunities to reorganize their personal lives and participate in socialist life. These loving acts illustrate the goodness of socialism, the compassionate revolutionary nature of our people, and contribute a great deal to the improvement of social welfare among the people, they strengthen the bond between soldier, civilian and government and party. This also helps to heighten the people's revolutionary enthusiasm for the struggle as well as for productive labor, leading to the successful implementation of the economic, social, security and national defense goals of our country. However, compared to the needs and principles of social welfare in a socialist state, our country's activities in this sphere are still very limited in scale, content and results.

Today, the lives of disabled veterans, the families of deceased heroes, the revolution's heroes, cadres, workers, military and civilian retirees and other disabled people are still fraught with difficulties. The majority of these people have a lower standard of living than their neighbors. A third live below the poverty line. Hundreds of thousands still do not have adequate jobs. Their health is declining. Many people, many families who have sacrificed greatly for the country have a lower standard of living than other individuals. This situation can not be tolerated.

The right to receive social insurance, which has been recognized all three times the constitution was set forth, has just begun to be implemented for workers, civil servants and officers of the armed forces. Innumerable other laborers, especially over 10 million agricultural collective workers loyal to the revolution who have contributed a great deal to the struggle and to socialism in terms of men and possessions, still do not benefit from insurance in their old age or when incapacitated. Many people are still very hard pressed. Here is a crack in the realization of social equity that needs to be eradicated. We cannot increase agricultural production--the present front-line--if we do not have a fitting social policy for people who produce agricultural products.

The lives of millions of senior citizens, handicapped and lonely people, orphans and widows are presently very hard. They must manage by themselves, with great difficulties. This is worthy of our reflections when we think of beloved Uncle Ho's teachings: "If the people are hungry, it's the party's and the government's fault; if the people are cold, it's the party's and the government's fault; if the people are ignorant, it's the party's and the government's fault. The party must feed the people and take care of their every need."

The party's Sixth Congress's Central Executive Committee's political report clearly states: we need to, step by step, build a social welfare policy for all the people because this is the will of the people as well as the crucial social goal that all Marxist-Leninist parties must endeavor to achieve.

To achieve the goal of social welfare for all the people is a hard task. This task is on a par with the mission of successfully building socialism. In this task, we need to clearly define each step and to implement the requisite economic and social solutions at the same time.

Foremost, the problem of disabled veterans and deceased heroes is evident, and has become a big social and political issue. I suggest we further perfect the policy of giving priority to disabled and ill veterans, families of deceased heroes, heroic families and especially old revolutionary cadres. We must guarantee at all cost that they and their families possess a standard of living at least equal to the average standard of living in their localities. Disabled and ill veterans need to regain their ability to work, their jobs. Anyone who is still capable of working should have an appropriate job in the civil service, the collective economy, or within the family (family economies).

Every individual, every family firmly maintains and adds to the victorious revolutionary tradition, and forms the basic revolutionary force.

The tasks of industrialization and collectivization have generated a vital need, the need to expand social welfare to cover the factory workers, collective agricultural laborers, collective handicraftsmen and other workers of society. Given to the present conditions, the most logical implementation of this program is to create in our country a model of a diversified social insurance, with many facets, following the precept of government and people working together, as the political report of the Central Committee stipulated at the Sixth Congress. That is, at the same time that we strengthen and perfect the government's social insurance network to guarantee the right of civil servants to be insured, we must speedily set up a social insurance network for the collectives in order to satisfy the right to be insured of the collective members, especially of the agricultural collective members. Furthermore, we should instigate studies toward building a social insurance network funded by voluntary contributions by people who wish to be insured if conditions are favorable. To create the above model of social insurance is very much in keeping with the diverse economic concerns of this first leg of the transition period, in keeping with the level of development of our society today, and also in keeping with our people's tradition.

Depending on the degree of economic and social development, the government should set aside adequate funds to expand steadily social assistance programs for workers who fall victim to natural disasters, diseases, accidents and bad luck. The government should also concern itself with the lives of lonely, elderly citizens, handicapped individuals, orphans, widows and workers who encounter bad luck and other perils. With the further development of the government's role, we need to depend more on the people to organize a people's assistance movement. Within this task, the task of restoring and building the people's social and mutual aid organizations is very necessary.

To help the party and government agencies manage the above tasks, we need to strengthen the structures of different sectors, reform management practices, increase the technical and material base and the social welfare funds. We need to encourage applications of new inter-sector and specialized social welfare technical and scientific advances, to create a cadre of specialists in social welfare so that the sector's organizations and activities will secure more and more results each day, and thereby greatly contribute to the task of accomplishing the economic, social and security and national defense goals set by the party's Sixth Congress.

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CSO: 4209/348

## DISTRICTS TAKE STEPS TO INCREASE AGRICULTURAL EXPORTS

Hanoi NHAN DAN in Vietnamese 7 Mar 87 p 1

[Article: "Endeavoring To Implement the Resolution of the 6th Party Congress: Many Districts Expand Their Investments in Areas Producing Raw Materials for Export Goods"]

[Text] In many districts, particularly in the midlands and along the seacoast, there is still much potential lying in arable than can be used to raise crops that provide raw materials for export goods. With this in mind, Duyen Hai District in Cuu Long Province, which has about 30,000 hectares of land along the seacoast, is expanding the cultivation of rushes. For 1987, Duyen Hai has adopted a plan to produce 10,000 square meters of rush rugs and rush mats for exportation. To implement this plan, the district has planned and invested in the intensive cultivation of rushes, sent many laborers to districts and cities where exported rush products are made to study their experience and gradually introduced export handicraft trades in the villages of the district.

Ben Hai in Binh Tri Thien Province is a district that has a rather large area of red basalt soil. To develop the strengths of this area, the district has conducted surveys of soil quality, the environment and fertilizer sources and invested in the establishment of specialized farming areas producing crops of economic value, such as pepper, rubber, pimentos, peanuts, coffee, tobacco and so forth. In addition to expanding the amount of area under cultivation, the district has also attached importance to the intensive cultivation of pepper orchards of commercial age at households and state farms. In 1986, Ben Hai planted 50 hectares of pepper, thus bringing the total amount of area under the cultivation of pepper in the district to 150 hectares. In addition to the specialized pimento farming area in Gio Linh, the district has also been guiding villages in planting pimentos in all three soil areas, the hills, the lowlands and sandy soil, thus increasing the amount of area under the cultivation of pimentos to 200 hectares. The district's targets for 1987 are 200 tons of dried pimentos, 60 tons of pepper, 200 tons of whole peanuts and 200 tons of tobacco, which will help to increase its exports.

Long Thanh District in Dong Nai Province has many large bodies of water that are well suited to the cultivation of shrimp for exportation. The district has advanced money to farm families, agencies and units for the rebuilding of

500 dams for the cultivation of shrimp in areas of brackish water and 200 dams in areas of fresh water in the villages of Phuoc An, Long Tan, Phuoc Thai and Phuoc Thieu (each dam produces a body of water measuring 1 hectare or more) and for improving the rest of the system of dams used to raise shrimp. The district has also sent cadres to assist production collectives and farmers in planning the use of all bodies of water and procuring shrimp for breeding while providing instruction in the techniques of raising shrimp. As regards the state-operated sector, the district has invested in equipping and repairing shrimp boats and has set a target for 1987 of procuring 156 tons of shrimp for exportation, a three-fold increase over last year.

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CSO: 4209/382

## CUBA'S EXAMPLE OF THRIFT CITED AS SOLUTION TO WASTE

Hanoi NHAN DAN in Vietnamese 26 Feb 87 p 3

[Article by Hoang Thanh: "If We Talk About Thrift, We Must Truly Practice Thrift"]

[Text] I found the article carried in the 2 February 1987 issue of NHAN DAN Newspaper entitled "Cuba Adopts Thirty Emergency Austerity Measures" to be interesting. The measures cited are truly concrete and practical. There can be no doubt that these measures are designed to be implemented and were not adopted simply as a way of making an appeal. I also think that these measures hold useful lessons for us.

When we look at these measures in light of situations of which we are aware within a number of localities, what we see is a continuing large waste of raw materials and supplies at enterprises, worksites and agencies. This is a widespread and serious problem. Some localities which have made a lot of money through exports have purchased a rather large number of new automobiles from capitalist countries for managers to driver to work while the other makes of cars are being used to transport goods, sometimes to go buy rice or haul livestock feed. During the recent Tet, many agencies spent money lavishly, buying quite a large number of unnecessary gifts. One agency on the district level bought fans at a cost of 4,000 to 5,000 dong apiece to give as gifts to leadership cadres, including its office chiefs. Then, at banquets and parties, it is considered elegant to serve a large amount of food, so much so that food is not used and must be thrown away, and to fill glasses with toasts to the point where many persons stop drinking and liquor, too, is thrown away.

Since the criticism and self-criticism campaign, we have not seen a decline in ostentatiousness or formalism. Instead, there has been an increase in bourgeois behavior. An invitation to drink foreign liquor or smoke foreign cigarettes is considered the only acceptable social invitation and is the latest mentality. This is no problem if the money being used to pay for these things comes from your pocket. What is reprehensible is when public funds are used for this purpose.

In my opinion, agencies, factories, enterprises and localities must inspect and examine the wasteful expenditures that have been made over a period of many years in order to quickly take corrective measures. For example, what



constitutes the frugal use of gasoline and vehicles? This is something that must be regulated in detail because gasoline is a scarce material that must be purchased from foreign countries. Many agencies and enterprises use fuel very wastefully. One cadre in charge goes by automobile to meetings even when he only has to travel a few hundred meters. One unit using an unattractive square body car spent tens of thousands of dong to convert it into a vehicle with a rounded body. A number of domestic factories are now producing ceiling and table fans that bear the seal of quality and are attractive. But there are still many agencies that do not like domestic goods and spend dollars to buy foreign fans costing 10 times more. They assert that this is the only respectable and civilized thing to do. Many meetings are still marked by very wasteful spending. Many wedding parties, instead of using an autobus, which would provide enough space for the persons going to pick up and take the bride to the wedding, borrow three or four cars from their agency, all of which are expensive, such as Ladas [Vietnamese phonetics] and Toyotas, the least expensive being the U-oat [Vietnamese phonetics], because they want to be "famous." Most deserving of reprimand are vehicle management agencies that overly "compensate" their cadres and personnel in this way.

If the various party committee echelons and local administrations and the leaders of agencies and enterprises take measures to stop the very wasteful kinds of expenditures described above (as well as countless other expenditures made at will), they will surely save the state from losing tens of millions of dong each year. And if frugality measures similar to those adopted by Cuba are taken at an early date, the results will certainly make an important contribution to putting more of our wealth to work building the country.

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## COFFEE GROWING EQUIPMENT ARRIVES FROM USSR, EAST GERMANY

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[Text] Implementing the coffee growing program and cooperation between our country, USSR and East Germany, the ship Alexandr arrived at the port of Nha Trang with Soviet equipment and material on board. The cadres and personnel of the Equipment Transportation Enterprise (which belongs to the Federation of the Vietnamese Coffee Producers) gathered men and trucks and worked with the cadres and personnel at the port of Nha Trang to unload the merchandise quickly. The enterprise took possession of 1,800 tons of merchandise in only 6 days, 1 day ahead of the deadline.

During the days before Tet, the Equipment Transportation Enterprise overcame many difficulties to unload merchandise speedily from the East German ship Pflorin. This equipment is to be used in the planting of 5,000 ha of coffee, according to the agreement signed by our country and the German Democratic Republic. The firm's cadres and workers stayed close to the ship, the port and facilities, and quickly unloaded 1,380 tons of equipment and forwarded them directly to the coffee growing units, decreasing the percentage of loss and waste. In addition to this material and equipment, the firm also transported 20 irrigation systems to the farms, joining in the fight against drought safeguarding the coffee during the dry season in a timely manner.

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## BRIEFS

SUGAR PRODUCTION DROPS--During the past several years, the farmers of our village have stopped raising sugarcane and peanuts, two crops that are difficult to raise and difficult to eat, simply because few persons are interested in these crops. As the months and years have passed, more persons have stopped raising sugarcane. Meanwhile, the Lam River Sugar Mill has experienced a continuous shortage of raw materials. We maintain that investments in sugarcane production are still far too low. Production materials are delivered very late. For example, 20 kilograms of urea nitrogen, 10 kilograms of phosphate and 8 kilograms of potash must be invested in each sao of sugarcane. Contractors must obtain the livestock manure they need on their own. But the several items mentioned above are not available until after sugarcane has been cut. This makes shipping and receiving very difficult. There have been cases in which people have had to go pick up their fertilizer at the district warehouse more than 10 kilometers away. But when they arrived at the warehouse, the custodian told them that he was too busy that day or that they did not have the necessary order. This is a great waste of time. Increasing obstacles and bothersome procedures have been encountered in the delivery of products. For example, with the sugar content of cane declining, incoming sugarcane has had to be separated into many different grades and cane lies waiting to be transported for many days. Loading docks are always crowded because cooperatives have entered into "non-specific" contracts with their members and cooperative members must stand around and wait and also look after their own sugarcane. As regards their products, farmers must pay back a rather large amount of sugarcane, at least 100 to 500 kilograms during each sugarcane season, to the cooperative for such things as seed and fertilizer. This has led to the abandoning of sugarcane production in order to raise rice and subsidiary food crops. [Text] [Hanoi NHAN DAN in Vietnamese 5 Mar 87 p 3] 7809

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