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25 MARCH 1987

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PAPER VIEWS COMMUNIST, KACHIN REBEL LINKS

BK260353 Rangoon LOKTHA PYEITHU NEZIN in Burmese 2 Feb 87 p 4

[Article by Aung Kyi Tun: "The Life of the Burma Communist Party as a Cunning Tiger and the Kachin Independence Army as a Fox"]

[Text] The BCP [Burma Communist Party], which takes refuge in the remote areas of the north and northeastern regions of the nation, has been using all sorts of persuasion and trickery to merge with different ethnic minority insurgent factions and groups like the SSA [Shan State Army]; the Pa-o, the Palaung, and Lahu rebels; and the KIA [Kachin Independence Army]. Among these, the KIA--a Kachin insurgent group representing a minority--has been unable to avoid the lures of the BCP and has formed a temporary union.

In its earlier days, the KIA used agrarian slogans as its cause. But in reality it simply consists of business-minded smugglers who further their self-interests with the excuse of religious and racial issues. Whatever they call themselves--the KIA, the KIO [Kachin Independence Organization], or the KIC [Kachin Independence Council]--these people with blood-stained hands have no firm beliefs and contradict what they preach. They are saboteurs who inflict the greatest suffering upon the ethnic people residing in the northern areas of Shan State and the national working people in Kachin State.

The attempt by the BCP to establish a foothold in areas dominated by the KIA started in November 1967. BCP Chairman Ba Thein Tin and the KIA's Zaw Tu negotiated for almost 3 months, after which the KIA received arms and ammunition from the BCP. But in January 1968, when the BCP's Naw Seng and his men moved operations into Mong Ko-Pawng Hseng in the northeast, there was friction with the KIA men who accused the BCP of grabbing their territory. However, Zay Lun and Sakon Teng Yen of the KIA's 4th Battalion took 150 followers and teamed up with the BCP in March 1968.

In 1969, the BCP Central Committee delegation and the KIC delegation jointly issued a declaration that stated in part: "Efforts must be made to firmly unite all the revolutionary classes and people of all nationalities in the country under the leadership of the BCP. Only then can the people's democratic revolution be waged through to victory." The BCP's strategem and

its intention to become master is evident from that statement. There were problems within the KIA because of it.

Reflecting upon it, Maran Bran Seng, the man who endorsed the joint BCP-KIA declaration for the KIA, actually had no authority to sign it. When the KIA, not wanting to be followers of the BCP, asked for the abolition of that declaration, the latter simply ignored the KIA. In April 1968, KIA men headed by Naw Seng earmarked the BCP as their No 1 enemy and started attacking it. Zaw Tu also announced that he had given up his communist beliefs.

Another round of talks in December 1971 between BCP's Thakin Pe Tint and KIA leader Pon Shwe Zaw Seng also failed. In March 1972, while a debate on whether to fight the KIA in the northeast was going on within the BCP, a BCP leader Khin Maung Gyi captured Kachin Naw Seng and a Wa leader and beat them to death. The incident worsened BCP-KIA relations. On 1 March 1975, a clash for territory broke out between the BCP and the KIA, and Zaw Dan, commander of the KIA 4th Brigade, was killed. On 10 August 1975, top KIA leaders Zaw Seng, Zaw Tu, and Pon Shwe Saw Seng were accused of corruption and assassinated by Sai Tu, ex-commander of the KIA 11th Battalion.

After the assassination of the leaders, the group headed by Maran Bran Seng, which was under BCP influence, won the power struggle within the KIA. BCP Chairman Ba Thein Tin personally delivered a message proposing union with the KIA, and the offer was accepted in principle by Maran Bran Seng. In sum, the BCP design to form a union with the KIA advanced swiftly under Maran Bran Seng.

The BCP resorted to all means to make Maran Bran Seng the leader of the KIA. In 1976, a KIA-BCP agreement was signed. Behind the scenes, however, the BCP's policy and the secret instructions it issued were:

- A. Since the alliance with the KIA is temporary, the KIA must not be supplied with enough arms to enable it to stage an uprising.
- B. Organizational work must be carried out separately for KIA leaders and KIA youths.
- C. KIA men with right-wing leanings must not be trusted.
- D. The situation of KIA men being under the influence of religion must be corrected.

The BCP, after luring the KIA into its net, started its organizational work by pulling the strings behind Maran Bran Seng. The BCP and the KIA superficially appear as bosom buddies, but given the opportunity, each is always ready to get one up on the other.

After the agreement, the BCP gradually moved into some Kachin State and northern Shan State areas and imposed an annual tax on innocent Kachin, Palaung, Shan, and Lwela nationals. The tax structure is as follows:

Fifteen kyat per household for district literary and culture funds; 20 kyat per rice mill; 500 kyat per sewing machine; 500 kyat per radio repair shop; 200 kyat per watch repair shop; 800 kyat per set of opium smoking paraphernalia; 300 kyat per blacksmith and homemade gun repair shop; 50 kyat tax on per head of each draft animal sold; 32 kyat per mule; 300 kyat per month for trucks; 250 kyat per small car and jeep; 2 pyi [a quarter of a bushel] out of every 10 baskets [1 basket equals 1 bushel] of paddy; one-eighth of every viss [3.6 pounds] of opium; 10 kyat per viss of dried tea; 200 kyat per video machine; and 15 to 20 kyat per shop depending on goods sold.

The BCP also forcefully recruits children between the ages of 13 and 18 from the local populace to serve as soldiers. It also conscripts males between 18 and 35 regardless of their marital status. Either cattle or a payment of 1,500 kyat per year has to be given for any youth not wanting to be a conscript. It is for this reason that the local populace bears a grudge against the BCP and the KIA and are wholeheartedly supporting the people's armed forces. The KIA shows no mercy to the national people and does everything the BCP orders because of the arms and ammunition that the BCP offers as enticement.

The manic dream of the BCP, as it has clamored, is to declare the area east of Salween as a liberated zone, to dominate areas of the Shweli River Valley, and if possible to penetrate into the Pegu Yoma region. But in practice, the BCP is not doing well either militarily or politically. It only uses terror tactics against the national people and has put its heart into black marketeering and opium trafficking.

The first objective of the BCP is to garner the strength of some of the ethnic minority insurgent groups belonging to the NDF [National Democratic Front] and to keep the KIA as its right-hand man in trying to realize its territorial ambitions. But it has only faced defeat in all of the encounters. For instance, in March 1978, the BCP issued arms and reorganized the KIA. To show its gratitude, the KIA permitted the BCP to enter several village tracts in Namtu and Mong Mit fields. However, the BCP was driven out of the area by the local populace and the people's armed forces.

A joint BCP-KIA statement issued on 10 October 1980 stated that they would cooperate and fight the common enemy and that the KIA had accepted the principle of an autonomous administration instead of an independent Kachin State. Such was the extent of success the BCP had in manipulating the KIA.

In 1981, the KIA guided the 108th BCP Battalion to establish a foothold in Homalin Township by crossing the Irrawaddy River and the Myitkyina rail tracks. This action was intended to revive the BCP's strategy of dominating the upper river reaches. The local populace rejected the BCP, however, and joined up with the people's armed forces to strongly oppose it. The BCP has thus disappeared from Homalin Township.

On 22 March 1985, a 700-strong combined BCP-KIA insurgent force fully armed with both heavy and light weapons raided the Yawyung Army camp in Bhamo Township. Yawyung camp may not be as valuable as a gold mine, but, determined not to lose even an inch of our territory, the people's armed forces personnel with the assistance of the local people fought with tenacity, valor, and a strong will. The camp did not fall, and the BCP and the KIA fled in disarray after suffering more than 100 dead or wounded.

The brave, outstanding feat of the local people and the armed forces personnel at Yawyung camp battle thus set to naught the BCP scheme to establish its military supremacy in the Kachin State. The KIA suffered heavy casualties at that battle, while the BCP had to give up its scheme.

As the people know, on 16 November 1986, the BCP led over 1,500 insurgents, including KIA, Palaung, and SSA insurgents, in launching attacks on Hsi-Hsi Wan camps in Mu-se Township in the Northeast Military Command. The reason for the offensive against the Hsi-Hsi Wan camps is for the BCP, which has become politically, militarily, and economically bankrupt, to pay back its ever increasing debt, running into hundreds of thousands of kyats, to the KIA. The control of Hsi-Hsi Wan would enable the BCP to engage more extensively in the opium trade in the Mong Paw and Tima areas, and, if it could keep Hsi-Hsi Wan under the control for about 100 days, they could reestablish their dominance in the Shweli Valley region after capturing Mu-se and Namhkam, thus enhancing its political and military prestige. The scheme was laid down by Tun Tin and Kyaw Zaw of the BCP at their meeting in Mong Paw on 1 January 1986. Kyaw Zaw, in particular, wanted to show off since he has now become the first deputy chairman of the Military Commission in the Central Committee after having been tested in an insignificant position at the BCP central headquarters for years. However, due to the military prowess and vigilance and active cooperation of the local party and council members and people, he could not show off his skill. Instead, he had to flee in disarray leaving 600 dead. While the BCP suffered heavy casualties at the Hsi-Hsi Wan battle, its follower, the KIA was spared the same fate as it managed to flee toward Kunlong during the initial phase of the battle. These events reflect the current temporary coalition of the BCP and the KIA.

They resemble the fable of the cunning tiger who is not trusted by the fox and the sly fox who in turn is not trusted by the cunning tiger. The BCP, which resembles the tiger, and the KIA, which resembles the fox, are united in body but not in soul. The local indigenous people, who have known their evil deeds and ways for years, are also rising up against them. It is certain that all saboteur insurgents, including the BCP and the KIA, will be justly crushed by the people and the people's armed forces.

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CSO: 4211/30

THAI DAILY: TROOPS APPROACHING KHUN SA'S CAMP

BK210125 Bangkok BANGKOK POST in English 21 Feb 87 p 1

[Text] Chiang Mai--About 2,000 Burmese troops were reportedly heading towards the headquarters of Khun Sa's Shan United Army at Doi Lang yesterday, according to Border Patrol Police [BPP].

Another 800 troops were also poised to attack a Shan rebel base across the border from Mae Chan District in Chiang Rai.

There was sporadic fighting yesterday between Burmese soldiers and Shan rebels guarding the approaches to Doi Lang, said the BPP source, and BPP units based along the border adjoining Doi Lang had been put on alert.

The source said that as of yesterday Burmese forces were battling Karen, Shan, Pa-o, Kayah, Kachin, Muser and Arakan ethnic minority rebels on eight battle fronts near the border adjoining Chiang Rai, Mae Hong Son and Chiang Mai provinces.

In Mae Hong Son, the BPP has also been put on alert in the wake of reports that Burmese troops will attack Karen National Union [KNU] headquarters on the other side of the border.

Hundreds of Karen and Kayah villagers yesterday fled across the border to two Thai villages in anticipation of the attack, which is seen as part of Rangoon's military campaign against ethnic minority groups living along the Thai-Burmese border.

Sources said that up to 1,000 Burmese soldiers and porters are within 20 kilometers of the KNU's Manerpror headquarters, across the border from Ban Sop Moei in Mae Hong Son's Sop Moei Sub-district.

The Karen and Kayah refugees reportedly have taken shelter at Ban Sop Moei and Phu Kha in Sop Moei.

Meanwhile, Thai authorities were reportedly haggling by radio with Shan United Army [SUA] rebels over the return of four Thai rangers captured by the Shans on Thursday in a battle in Chiang Rai.

The four captives are reportedly being held at an SUA base in Doi Mok Rang Noi.

The body of a dead ranger was recovered yesterday at the battle site.

The SUA in Doi Lang yesterday informed a BPP base in Mae Ai District by radio that they were willing to free the four captives, but that Thai authorities must use villagers as intermediaries to contact the captors.

The source said that the commander of the rangers had asked to meet for talks with the rebel leader responsible for holding the rangers.

But yesterday, it was still uncertain where or when the rangers would be freed, said the sources, who added that the rangers had requested air support from the Third Army.

The KNU, an alliance of Karen minority groups under Gen Bo Mya, has been seeking autonomy from Rangoon since after World War II.

Rangoon has used military force against the Karens since 1984, when it launched a sweeping attack on the KNU in which several Karen positions were seized.

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CSO: 4200/380

BURMA

REBELS SAY 16 SOLDIERS KILLED IN FIGHTING

BK241710 Hong Kong AFP in English 1701 GMT 24 Feb 87

[Text] Bangkok, 24 Feb (AFP)--Ethnic Karen insurgents killed two Burmese soldiers Monday in repelling a Burmese Government offensive, bringing to 16 the number of troops killed in the past 4 days, a rebel spokesman said Tuesday.

Major Lidya Minn, reached by telephone in the Thai border district of Mae Sot said Burmese troops made three sorties Monday against the Karen headquarters of Wang Kha.

Rebels later recovered the corpses of two Burmese soldiers and Burmese troops were seen carrying away other fallen soldiers who had been hit, he said. The Karens suffered no casualties, he said.

The major said that 16 Burmese Government troops had been killed since Rangoon's drive in the area started Saturday. Burmese Government reactions to the claims were not immediately available.

Burmese forces remained positioned near Wang Kha, which they bombarded continuously since Sunday with mortar, artillery and recoilless fire, he said.

Karen fighters were confident of maintaining the position because they had already resisted several assaults, while the Burmese retreated Sunday from the nearby Karen base of Karoeday after a 2-day battle, he added.

In that fight, insurgents killed 13 soldiers, took one wounded trooper prisoner and captured four guns, he said.

A Burmese battalion of about 1,000 men had moved by train from the southern regional headquarters in Prome to coastal Moulmein from which they marched on Karen bases opposite the Thai border, he said.

Authorities at the border said the battles had caused over 2,000 Karen civilians to flee into Thailand and prompted Thai military and police to standby for any spillover of the fighting into Thailand after 50 shells landed in Tha Song Vang District Saturday.

Major Lidya said the Burmese strike was in retaliation for a Karen occupation Friday of a Burmese tactical outpost at Dagaing, about 30 kilometers (18 miles) from the border. The post was still in rebel hands, he said.

Thai sources said the Burmese attacks on the Karen and other ethnic insurgents were part of Rangoon's annual dry-season offensive against rebels in jungle-clad mountains in northeastern Burma.

More than 1,000 Burmese tribesmen have sought shelter in northwestern Thailand since Rangoon launched five battalions across the Salween River 12 February. This added to some 20,000 Karens allowed temporary shelter in Thailand since 1984, when Burmese Government forces moved against the tribe's bases.

The Christianized Karen tribe, whose 7,000-fighter strong Karen National Union (KNU) is led by General Bo Mya, is one of about 12 Burmese ethnic minorities fighting Rangoon's central administration for 40 years.

Burmese troops last week overran several bases controlled by Kachin and Kayah separatists, killing nine rebels against eight Burmese casualties, according to latest accounts from Mae Hong Song.

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CSO: 4200/380

BURMA

THAI DAILY ON CASUALTIES IN CLASH WITH REBELS

BK240741 Bangkok BANGKOK WORLD in English 24 Feb 87 p 32

[Text] Mae Hong Son--Burmese troops and Tai Revolutionary Council rebels suffered about 20 dead each after fighting at Doi Lan on Sunday, police said this morning.

A Border Patrol Police [BPP] report said the clash took place near Ban Mae On opposite Ban Nai Soi in Tambon Pang Mu of Muang District. According to the report, Rangoon's troops were on their way to Ban Mae On, located at about 15 kilometers from the Shan United Army stronghold at Hua Ha inside Burma.

Meanwhile, Mae Hong Son authorities reported that more than 1,000 Kayah and Karen minority refugees had returned to their villages in Burma as fighting between Kayah rebels and Burmese troops subsided.

The authorities said there were now only about 25 minority refugees left inside Thailand as most had left temporary shelter they had taken in Ban Pong Lao and Ban Nam Piang Din in Tambon Pa Bong of Muang District.

Burmese troops had removed their porters and wounded casualties from the scene of fighting opposite Tambon Pa Bong, the authorities said.

In a related development, a BPP report from Chiang Rai said three contingents of Burmese troops--altogether numbering some 1,000 men--were heading towards Muang Kwan, opposite Mae Chan District, in what was seen as a renewed attempt to suppress narcotics activities along the Thai-Burmese border.

These included a contingent of some 400 troops accompanied by porters who arrived at Tachilek opposite Mae Sai District last week and headed for the township in two groups of about 200 each.

A third group reportedly comprised 600 soldiers who headed for the same destination on military trucks they boarded at Muang Payak.

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CSO: 4200/380

VOPB REPORTS COMBAT NEWS FROM PANG-YANG REGION

BK281323 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT
28 Jan 87

[Text] On 17 January 1987, a People's Army unit attacked soldiers from the military government's mercenary (?8th) Infantry Regiment who had come to set up camp near Pang-yang, east of Salween River. The attack resulted in two enemy soldiers being killed and four others wounded. On the same day, reinforcement units that had come to assist the enemy camp were ambushed by People's Army units. The bodies of seven enemy soldiers were found at the battle site. Two mercenary soldiers were also taken prisoner. According to incomplete reports, about 30 enemy soldiers were wounded in the attack. Seven weapons and several hundred rounds of ammunition were captured.

On the same day, a People's Army unit clashed with mercenary soldiers who had come to plant mines. According to incomplete reports, one enemy soldier was killed and five others wounded. One soldier was also taken prisoner. Two weapons, about 200 rounds of ammunition, and one mine were seized from the enemy.

Thus, according to incomplete reports, in the battles fought at Pang-yang battlefield on 17 January, a total of 10 enemy soldiers were killed, more than 30 others were wounded, and 3 were taken prisoner. Nine weapons were captured.

Of the three prisoners, two were given medical treatment and released at the battle site.

Combat news of the Shan State Army [SSA]:

On 1 January 1987, an SSA unit attacked soldiers from the military government's mercenary 33d Infantry Regiment between (Na Mu) and (Nat Maw) in (Mong Kawng) region. The SSA captured 2 G-4's, 1 G-3, over (?100) rounds of ammunition, 17 magazines, 3 mortar shells, [words indistinct], and other military supplies.

Two enemies were found dead at the battle site, and one was taken prisoner.

/9599

CSO: 4211/30

VOPB REPORTS COMBAT NEWS FROM CENTRAL SHAN STATE

BK011258 (Clandestine) Voice of the People of Burma in Burmese 1200 GMT
1 Mar 87

[Text] Combat news from Central Shan State: On 26 December 1986, an attack by a People's Army unit on an enemy camp east of Mong Nai resulted in three enemy soldiers being killed and four others wounded. The People's Army captured about 1,000 rounds of assorted ammunition and also burned and destroyed several [word indistinct].

Also on 31 December, a People's Army unit ambushed a mercenary unit of the military government near (Ho-lan) on Kunhing-Namsang road. According to incomplete reports, 4 enemy soldiers were killed in the ambush, and the People's Army captured 1 M-16, 1 rifle, and 250 rounds of ammunition.

On 1 January 1987, one mercenary major was killed when the People's Army attacked the enemy 1st Shan Rifles Regiment at (Pang Nge) Village. On 25 January, an ambush on the mercenary 1st Shan Rifles Regiment at (Pang Wo) resulted in one enemy soldier being killed and three others wounded. Captured from the enemy were 1 (?M-2) and 180 rounds of ammunition.

On 6 February, enemy units from the mercenary 77th Light Infantry Division (?crossed into areas on the) eastern side of Salween River and attacked People's Army camps in Maw Hpa region. Several enemy soldiers were killed or wounded by the planted mines. More enemy soldiers were also killed or wounded by a counterattack by the People's Army. It was learned from the information provided by the people that 2 enemy soldiers, including an officer, were killed and over 10 others were wounded.

/9599
CSO: 4211/30

BRIEFS

DIPLOMATIC RELATIONS WITH VANUATU--The Government of the Socialist Republic of the Union of Burma and the Government of the Republic of Vanuatu, desirous of developing their relations based on the principles of equality, mutual respect for each other's independence, sovereignty, territorial integrity, and noninterference in each other's internal affairs, and peaceful coexistence, have decided to establish diplomatic relations at ambassadorial level with effect from 28 January 1987. [Text] [Rangoon Domestic Service in Burmese 0130 GMT 28 Jan 87] /9599

TEST TELEVISION TRANSMISSION--Beginning 12 February 1987, Burmese television programs will be transmitted on a trial basis from Kennedy Peak to Chin State's Haka and Falam, and Kachin State's Myitkyina. [Text] [Rangoon Domestic Service in Burmese 1330 GMT 10 Feb 87 BK]

SOVIET YOUTH DELEGATION--The visiting Soviet youth delegation headed by Mr Aleksandr G. Lunkov, deputy chairman of Soviet Committee of Youth Organizations, called on U Kyaw Nyein, chairman of the Lanzin Youth Central Organizing Committee [LYCOC] and education minister, at the LYCOC headquarters in Rangoon. Also present at the meeting were Dr Maung Di, LYCOC vice chairman and deputy education minister; U Hla Tun, LYCOC secretary; U Kyaw San and U Win Maung, joint secretaries; U M. Zau Nan, LYCOC member; Mr Sergey Pavlocich Pavlov, Soviet ambassador to Burma; Mr (A. F. Yabrov), counselor of the Soviet Embassy; and responsible officials of that embassy. At 1300, the Soviet youth delegation held a meeting with permanent members of the LYCOC headed by the LYCOC secretary. At 1500, the Soviet guests held talks at Rangoon University with members of university Lanzin Youth Organizing Committees. [Text] [Rangoon Domestic Service in Burmese 1330 GMT 18 Feb 87 BK] /9599

MONGOLIAN AMBASSADOR CREDENTIAL PRESENTATION--Mr Nyamyn Lubsanchultem, who was appointed as ambassador of the Mongolian People's Republic to the Socialist Republic of the Union of Burma, presented his credentials to President U San Yu of the Socialist Republic of the Union of Burma at 0930 this morning in the Credentials Hall in the People's Assembly premises. [Excerpt] [Rangoon Service in Burmese 1330 GMT 23 Feb 87 BK] /9599

AMBASSADOR TO VIETNAM--The president of the Socialist Republic of the Union of Burma has appointed U.P. Kyaw Han as ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the Socialist Republic of Vietnam. [Text] [Rangoon WORKING PEOPLE'S DAILY in English 16 Jan 87 p 1] /9604

AMBASSADOR TO LAOS--The president of the Socialist Republic of the Union of Burma has appointed U.P. Kyaw Han, ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to Socialist Republic of Vietnam, concurrently as ambassador extraordinary and plenipotentiary of the Socialist Republic of the Union of Burma to the Lao People's Democratic Republic. [Text] [Rangoon WORKING PEOPLE'S DAILY in English 30 Jan 87 p 1] /9604

JAPANESE AMBASSADORIAL APPOINTMENT--The Government of the Socialist Republic of the Union of Burma have agreed to the appointment of Mr Hiroshi Otaka as ambassador extraordinary and plenipotentiary of Japan to the Socialist Republic of the Union of Burma in succession to His Excellency Mr Masao Tsukamoto. [Excerpt] [Rangoon WORKING PEOPLE'S DAILY in English 23 Jan 87 p 1] /9604

CSO: 4200/380

CANADIAN FOREIGN MINISTER FETES MOCHTAR

Jakarta ANTARA NEWS BULLETIN in English 20 Feb 87 p A5

[Text] Ottawa, Feb 20 (ANTARA)--Visiting Indonesian Foreign Minister Mochtar Kusumaatmadja was guest at a dinner party given in his honour by his Canadian counterpart Joe Clark here February 17, according to a dispatch to ANTARA from the Indonesian embassy in the Canadian capital.

In his address the Canadian foreign minister expressed his delight on FM Mochtar's visit to Canada.

The relations between Canada and Indonesia, he said, are very sound and continue to develop.

Joe Clark also present Mochtar with a video-tape cassette, recorded in the Indonesian language on development in Indonesia, produced last year by a Canadian TV film team, led by Barbara Barde.

At the conclusion of his address Foreign Minister Joe Clark proposed a toast for the health and prosperity of President Soeharto and the Indonesian people.

Mochtar's Remarks

In his address the Indonesian foreign minister expressed his appreciation the very valuable aid given by Canada for Indonesia's development.

He further hoped for further strengthening of Indonesian-Canadian relations.

The Indonesian foreign minister also used this opportunity to elaborate on the current development and progress in East Timor, because of the false picture and reports received and given by several groups of people and the Amnesty International on East Timor.

Foreign Minister Mochtar at the conclusion of his address reciprocated with a toast to the health and prosperity of the Queen and the Canadian people.

CSO: 4200/375

BRITISH PETROLEUM TO EXPAND ACTIVITIES

Jakarta ANTARA NEWS BULLETIN in English 13 Feb 87 pp A2, A3

[Text] Jakarta, February 13 (ANTARA)--Vice chairman of British Petroleum (BP), Peter G. Cazalet in his meetings with various Indonesian dignitaries has reaffirmed his company's commitment to keep on expanding exploration activities for the long run in the field of gas and crude oil as well as other industries in Indonesia.

During his recent stay in Indonesia Cazalet had paid a courtesy call on President Soeharto at Bina Graha, Mining and Energy Minister Soebroto, Minister of Research and Technology Habibie and Ginanjar Kartasasmita, chairman of the Capital Investment Board.

British Petroleum has at present a far reaching and an extensive range of activities in Indonesia in the fields of oil and following an agreement on coal to be signed next month BP would be active in coal mining activities, BP sources here disclosed Thursday.

BP solar system in Indonesia designs a solar system to be implemented into various uses in addition to producing modul solar.

In the field of nutrition BP Nutrica has produced various animal feed in cooperation with Indonesian companies.

The company has also established cooperation with the public works ministry's Cipta Karya, directorate general, in the introduction of processing a system to keep water free of bacterias by benefiting the power of the sunshine.

A pilot project, the first of its kind, has been set up in Kedung in the regency of Tangerang and is scheduled to be officiated by Habibie this month.

The Rp45 million worth project, a BP grant to Indonesia, has improved the health conditions of Kedung village's population.

/9317
CSO: 4200/382

JAPANESE AID FOR LPG PLANT EXPANSION

Jakarta ANTARA NEWS BULLETIN in English 19 Feb 87 p A5

[Text] Tokyo, Feb 19 (ANTARA)--Japan has agreed to provide fund totaling US\$890 million for the expansion of Arun and Bontang liquefaction of petroleum gas (LPG) projects.

An agreement to the effect was signed here Wednesday by A.R. Ramly, president director of Pertamina, and Terukazu Hyuga, president of the Arun-Bontang Projects Financing Company (ABPFC), which consists of five Japanese trading companies, commercial banking corporation and an insurance company.

The contract will facilitate the expansion works of the projects and the marketing of the product.

Pertamina and a Japanese syndicate of seven companies reached an agreement on the purchase of 1.95 million tonnes of LPG produced by the two projects annually for ten years as from 1989.

Under the agreement, Indonesia will sell to Japanese buyers under the Middle Eastern GSP (government selling price) plus three US dollar per ton. This price formulation will be applied during the ten-year contract period.

Therefore, the Indonesian LPG will still be competitive in the Japanese market with that from the Middle Eastern countries, which constitute the biggest LPG supplier for Japan, Ir. Kartiyoso, Deputy Coordinator of Pertamina's LNG-LPG Projects, told newsmen after the signing of the agreement.

According to him, the additional price of three US dollars per ton is still benefiting the Japanese buyers because the selling will be done with FOB price, while the transportation cost is cheaper compared with that from the Middle East.

Kartiyoso further said that US\$700.2 million of the total funding will be used for the expansion of the Arun project, which as of 1989 will supply 1.6 million tons of LPG annually to Japan.

The Bontang project will get US\$178.9 million and this project as from 1989 will supply 0.35 million tons of LPG per year to Japan. The rest of the fund will be used for other expenses and costs, he added.

/9317

CSO: 4200/382

JAPAN EXIM BANK LOAN LAUDED

Jakarta BUSINESS NEWS in English 20 Feb 87 p 2

[Editorial]

[Text]

Indonesia and the Japan Exim Bank Tuesday signed the protocol of an agreement on the bank's loan to Indonesia worth US\$ 900 million. In this way Indonesia's borrowings from the bank have reached US\$ 5.5 billion. But unlike the previous loans totalling US\$ 4.6 billion, the new loan is untied, which means that it is not required to be used for the purchase of Japanese goods or services. A major part of the loan can even be used to co-finance the realisation of projects funded by the World Bank. Especially in this context the loan will be used to provide a counterpart fund for the completion of World Bank-financed projects.

The oil price slump has considerably reduced counterpart funds that can be provided by the government. The Draft State Budget for 1987/88 has also projected to obtain extra project aid in the rupiah worth Rp 1,006.8 billion to be added to the counterpart fund from public savings, totalling only Rp 2,209.6 billion.

The other part of the Japan Exim Bank loan will be spent by the government on lendings to certain projects as a two-step loan. Such a loan is mostly provided through Bapindo, and the interest is to be fixed according to the rate for investment credits normally effective in Indonesia. Meanwhile, the interest rate for the loan from the Japan Exim Bank will be further negotiated, as is the case with the other terms.

The signing of the Japan Exim Bank loan protocol again indicates how the Japanese government has in recent years shown its deep understanding towards the difficulties and problems being faced by the Indonesian economy since the oil price plunge. This attitude is markedly different from that of the US for instance, which in recent years has even reduced its aid to Indonesia. With the foreign aid cut in its budget, the countries that continue to receive large amounts of aid from the US are those considered to be in major strategic positions such as Egypt, Pakistan and the like, and the aid is more strategic and military in nature. In Southeast Asia the biggest US aid is given to the Philippines.

Japan with its accumulating trade balance surplus is indeed in a completely different position with regard to its capacity to provide aid for the developing countries compared with the US, now suffering a big deficit in its trade balance. The channelling of aid to the developing nations is in fact one of the ways Japan can pursue in order to reduce the envy of other industrialised countries as a result of its success in the economic sector and especially in its international trade. In this conjunction Indonesia is virtually in luck because it apparently enjoys a fairly high priority in Japan's aid fund pattern.

The great understanding shown by Japan towards Indonesia's financial trouble in latest years can also be seen from the way that country settles its LNG purchase from Indonesia. Though officially the LNG price is for 90% linked with the oil price, in practice Indonesia has for months sold its LNG at the government selling price (GSP) to Japan and been allowed to calculate the provisional price, which is always above the falling REP (realized export price) of oil. Pertamina President Director A.R. Ramly left for Tokyo Wednesday to sign an agreement on the method of reimbursement of Japan's overpayments, viz. by 4 - 5 years' instalments to be deducted from the price

of LNG shipment in the future. It means that in the case of LNG exports Indonesia has more or less been "protected" from the oil price plunge reaching below US\$ 10 last year.

Naturally Japan has not done all this on the basis of philanthropy. But nevertheless, what is described above has greatly helped Indonesia at the time when the pressure of the oil price slump is most intense, and therefore it is worthy of note and proper appreciation.

/9317
CSO: 4200/382

SECOND PHASE OF TRANSMIGRATION PROJECTS OPEN TO INVESTORS

Jakarta BUSINESS NEWS in English 18 Feb 87 p 7

[Text]

The government invites investors to participate in the second phase handling of development programs in transmigration areas. Minister of Transmigration Martono told newsmen here recently that national as well as foreign investors were expected to participate in the handling of transmigration projects by investing capital or undertaking the management.

Martono spoke before newsmen after he accompanied President Soeharto when the latter received a mission of the Ethiopian Government at Bina Graha. The second stage realization of the transmigration program, according to the minister, is linked with the industrialization of transmigration areas.

The handling of the transmigration program in the first stage is more emphasized on the resettlement of migrant families in transmigration centres from densely populated and critical areas in the country. The success made in the resettlement of transmigrants must be followed by the industrialization of transmigration areas, he said.

If there is a transmigration village with 500 families that still have no certain business activities to improve their welfare, investors can enter the new village to encourage the transmigrants to deal with business activities mutually beneficial to both sides, for instance by opening horticultural plantations, he stated.

For investors who are interested in making investment in the tapioca processing industry, the minister recommended the setting up of the tapioca plants in transmigration centres.

The implementation of the transmigration program is oriented to the creation of a new society with various professions, including intellectuals. Thus the program constitutes not merely the resettlement of farmers, the minister said, adding that the realization of the program had met the target of creating a new community.

The opening of a state university in Bengkulu with most of the lecturers taken from the Gajah Mada University in Yogyakarta is part of the realization of the program for the resettlement of intellectuals as the new university needs no less than 240 lecturers, he explained.

A lot of students attending lectures in the Bengkulu state university come from transmigration areas. It is no longer necessary for students in Bengkulu to leave their parents in Bengkulu to continue their study in the Gajah Mada University or other universities, he said.

Concerning the distribution of 2 ha of land for each migrant family, Martono said that such a scheme had been implemented because most of resettlers occupying transmigration areas consisted of farmers.

But those resettled in transmigration centres also include people of other professions; therefore, the lack of land will not occur in the realization of the transmigration program.

The transmigration program is also aimed at reducing the number of labourer farmers and supporting the realization of the landreform program, he added.

/9317
CSO: 4200/382

SUGAR PRODUCTION INCREASING

Jakarta BUSINESS NEWS in English 13 Feb 87 p 9

[Text]

The sugar production in Indonesia in the 1980-1986 period still grew in line with the increase of the domestic demand for sugar. The growth of the sugar production at home during that period is estimated at approximately 60% (59.85%) or an average of almost 10%/year, while the increase of the sugar consumption in the country is estimated at about 7.14% a year.

The available data show the production of sugar in the country continued to go up in the 1980-1986 period, from 1,249,946 tons in 1980 to 1,250,177 tons in 1981 and grew further to 1,627,545 tons in 1982, 1,647,071 tons in 1983, 1,707,316 tons in 1984, 1,725,179 tons in 1985 and 1,998,075 tons last year.

Based on the rise of the domestic sugar production described in the data above, the growth of the production stood at about 0.01 percent in 1981, 30.21 percent in 1982, 31.77 percent in 1983, 36.59 percent in 1984, 38.85 percent in 1985 and 59.85 percent in 1986. Thus the growth of the sugar production at home has also continued to increase in the past six years.

In accordance with data on sugar milling in 1986 (till December 15), the sugar production at home was even bigger than 1,998,075 tons. Data presented by the Indonesian Sugar Council and the Sugar Estates Development and Research Centre in Pasuruan indicate that Indonesia

produced 2,006,105 tons in crystal sugar in 1986, comprising 1,680,450 tons from Sugar estates in Java and 325,655 tons from sugar estates outside Java.

The production of sugar outside Java has kept increasing in the past several years and is expected to continue to go up in the future as more sugar plants are scheduled to be built in various areas outside Java in the coming years. The growth of the sugar production outside Java is expected to countervail the rise of the production in Java in the future.

Data on the production of crystal sugar in Java and outside Java in the 1983-1986 period are as follows :

/9317
CSO: 4200/382

BRIEFS

TRADE WITH EAST GERMANY--The Commercial Counsellor of the East German Embassy here, Johannes Kupfer, is of the view that bilateral trade between East Germany and Indonesia has not developed properly and can still be enhanced. Kupfer pointed out here recently that East German imports from and exports to Indonesia stood at only US\$8 million and US\$3.5 million respectively in 1986. The data show that compared with the previous year, the value of East German imports from Indonesia remained stable, while its exports to Indonesia rose by about 10 percent. He stated that the East Germany-Indonesia Joint Commission for Economic and Trade Cooperation held a meeting in Jakarta in 1984 and in Berlin in 1986. The two meetings reflect the willingness of the two countries to develop economic and trade cooperation mutually beneficial to both sides. He stated that East Germany is a newcomer for the Indonesian market. He expressed confidence, however, that East German products were competitive in quality and prices. He also disclosed the preparedness of East Germany to share its experiences, sciences and expertise in the development of industries, technology and sciences to Indonesia. He expressed the hope that Indonesian businessmen will be able to take part in Leipzig Spring Fair from March 15 through 21, 1987 to see the progress made in various countries. Indonesia takes part in Leipzig fair every year, but this year Indonesia will take part only the Leipzig Autumn Fair. [Text] [Jakarta BUSINESS NEWS in English 20 Feb 87 p 9] /9317

RICE EXPORTS IN 1986--Jakarta, February 15 (ANTARA)--Indonesia exported 211,488,982 kilograms of rice worth 30,093,383 US dollars to nine countries from January to October 1986, according to data from the Central Bureau of Statistics here Saturday. They went to Vietnam (98,588,389 kg worth US\$14.394 million), Italy (33,300 tons worth US\$4.595 million), Sierra Leone (22,000 tons worth US\$3.091 million), Ivory Coast (16,000 tons worth US\$2.304 million), Senegal (16,000.093 tons worth US\$2.307 million), Mauritania (25,200 tons worth US\$3.402 million) and the United States (500 kg worth US\$300). Earlier this month the deputy chief of the Bureau of Logistics, Sukria Atmadja, said before a parliamentary hearing that Indonesia suffered a loss in the rice exports because the price of rice at the international market were lower than that of the domestic market. However, he said that Indonesian rice had become better known through the export. He said some traders from Paris, Geneva and Mauritius had ordered for Indonesian rice. But Cooperatives Minister Bustanil Arifin said after

the hearing that he did not know whether exports of rice from Indonesia would continue this year. Three years ago Indonesia lent some 100,000 tons of rice to the Philippines. [Text] [Jakarta ANTARA NEWS BULLETIN in English 15 Feb 87 pp A4, A5] /9317

TRANSMIGRATION TO SERAM ISLAND--Ambon, February 16 (ANTARA)--The Tone Tanah resettlement project in Seram Island, Central Maluku, received a number of 100 families hailing from Saparua, Nusalaut and Ambon islands during mid-January until early February this year, it was learnt here. Hengky Manuhutu, the resettlement project's officer, told ANTARA here Monday that 150 families to be accommodated at the area will be those from Tengah-Tengah village, Ambon island, he added. Seram Island, the largest island in Maluku, during the last few years received thousands of new settlers from Java Island, local migrants from the province's other isles, and retired armed forces personnel. In their new settlements, they are cultivating secondary crops, horticulture and hard crops, including clove and coconut trees. [Text] [Jakarta ANTARA NEWS BULLETIN in English 16 Feb 87 pp A4, A5] /9317

AIR FORCE CHIEF RECEIVES INDIAN COUNTERPART--Jakarta, February 16 (ANTARA)--The Indian Air Force Chief of Staff, Marshal Da La Fontaine here Monday was received by the Indonesian counterpart, Air Force Chief of Staff Marshal Oetomo, as part of a five-day itinerary in Indonesia that started February 15. During the meeting Marshal Oetomo has briefed the host about the history and development of the Indonesian Air Force. In the meantime Mrs Rita La Fontaine called on Mrs Oetomo at the Wisma Angkasa building here where the host was introduced with a traditional dance performed by wives of the Indonesian Air Force personnel. While in Indonesia, the Indian marshal has visited the Indonesian Armed Forces headquarters in Jakarta, the Nusantara Aircraft Industries (IPTN) in Bandung, West Java, an aviation academy in Yogyakarta, next to traveling to the country's well-known tourist resorts such as Borodudur Temple and the Indonesian Miniature Park. [Text] [Jakarta ANTARA NEWS BULLETIN in English 17 Feb 87 p A7] /9317

GOVERNMENT AID FOR POLITICAL PARTIES--Jakarta, February 18 (ANTARA)--President Soeharto Wednesday at the Bina Graha presidential office extended government aid of Rp 750 million to the three contestants of the coming General Elections (Pemilu). The aid of Rp 250 million each was received by J. Naro, Sudharmono and Suryadi respectively, the general chairmen of PPP (United Development Party), Golkar (Functional Group) and PDI (Indonesian Democratic Party). This year's aid increased by Rp 50 million for each contestant if compared with that of the previous Pemilu, President Soeharto said, adding that the presidential aid was different from the inpres (presidential instruction) aid. The latter aid, he said, is included in the development budget while the presidential aid comes from clove sales. [Text] [Jakarta ANTARA NEWS BULLETIN in English 18 Feb 87 p A7] /9317

REDUCED FUNDS FOR TRANSMIGRATION--Jakarta, February 19 (ANTARA)--The Transmigration Ministry in 1987/88 fiscal will have fund for only 1,000 families due to the limited state budget. The government provided Rp57,314

million of fund for the Transmigration Ministry, lower by around 72.4 percent compared with that in the previous year, secretary general of the Transmigration Ministry C.I. Santosa disclosed in a hearing with the House Commission IV here Thursday. Private sectors have been encouraged to take part in the transmigration programme through the economic development in transmigration areas. [Text] [Jakarta ANTARA NEWS BULLETIN in English 19 Feb 87 p A6] /9317

SOVIET PULLOUT FROM AFGHANISTAN URGED--The Indonesian-Afghan People's Solidarity Committee has urged the Soviet Union to withdraw its forces from Afghanistan. Committee Chairman Lukman Harun said this in a statement to newsmen in Jakarta today in connection with the visit to Indonesia by Soviet Foreign Minister Shevardnadze. He recalled that the 7-year-old Soviet military intervention in Afghanistan had brought about enormous casualties and suffering among the Afghan people. About 5 million Afghans have now become refugees living in distress in neighboring countries, including Pakistan and Iran. Lukman Harun added that the committee's call is in line with the resolutions passed by the United Nations, the Nonaligned Movement, and the Islamic Conference Organization calling for the withdrawal of Soviet troops from Afghanistan, the exercise of the Afghan people's right to resolve their own domestic affairs, and the return of all Afghan refugees to their homeland. [Text] [Jakarta Domestic Service in Indonesian 1500 GMT 5 Mar 87] /9599

CSO: 4213/58

LAOS

NEW SRI LANKAN AMBASSADOR PRESENTS CREDENTIALS

BK201052 Vientiane KPL in English 0909 GMT 20 Feb 87

[Text] Vientiane, 20 Feb (KPL)--Phoumi Vongvichit, acting president of the Lao PDR received here yesterday the new ambassador from Sri Lanka to Laos, Kalidasa de Silva, who presented credentials to him.

The Lao acting president, on this occasion had a friendly talk with the new ambassador during which matter of strengthening relations between the two countries was emphasized. He also wished his great success in the accomplishment of his diplomatic mission here.

Also present at the meeting was Soulivong Phasitthidet, deputy minister of foreign affairs.

Today, the ambassador of Sri Lanka also called on Khamphai Boupha, acting-minister for foreign affairs. During the friendly meeting, the two sides spoke of further development of friendship relations between the two countries, Laos and Sri Lanka.

For his part, K. Boupha wished the ambassador great successes in his mission here for the contribution to the strengthening and developing of the friendly relations between the two countries.

/9738

CSO: 4200/365

LUANG PRABANG TRADE WITH SRV, DOMESTIC PURCHASES NOTED

Vientiane PASASON in Lao 23 Jan 86 pp 1, 4

[Article: "Trade Between the Government and the People in Various Districts in Luang Prabang Province"]

[Excerpt] Purchases and exchange between the government and the people in different districts in Luang Prabang Province increased in 1986 when compared with past years, especially the trade in Pakseng District where the total value of the goods sent in was 42 million kip. This merchandise comes from Luang Prabang Province and the nearby districts, and in addition, many kinds of goods also come from its twin province Ha Son Binh of the SRV. Besides cash sales they also exchange goods for forest products from the people. After one year of trade the total value of goods has increased to 14 million kip, and they handed over more than 5 million kip to the government budget. Meanwhile Ngoi District in the same province also carried out trade throughout the year 1986. Its total value for exports was over 5 million kip, of which 5 million kip was sent to various trade co-ops.

Along with distribution to consumers throughout the district, trade also involved the purchase of forest and ricefield products from the people valued at over 22 million kip, including 8 tons of cardamom, 4 tons of sesame seeds, 1 ton of red stick lac, and a number of other types of goods. The food section in this district [Ngoi District] was able to exchange additional rice of over 200 tons from the people. In Oudomsai District the district food section was able to purchase and exchange a total of 1,110 tons of rice from the people. There has been a steady and extensive expansion in participation to promote the people's production.

9884/12951

CSO: 4206/67

REGULATIONS ON PRIVATE, STATE PARTNERSHIPS' EXPORT TRADE

Vientiane VIENTIANE MAI in Lao 22, 24, 25 Nov 86

[Provisional regulations on organizing and running the Vientiane Capital Export-Import Partnership Company on 3 November 1986, by Khambou Sounisai, member of the Vientiane Capital Administrative Committee]

[22 Nov 86 p 2]

[Text] Part I. General Principles

Article 1. The Vientiane Export-Import Partnership Corporation is a local economic unit in which the state and the private sector share their capital and management, and divide up the profit. They are also responsible for trading (in case of loss) with socialist economic accountability. They use a seal stamp and have the right to open accounts in kip and foreign currency in the State Bank. Henceforth it will be called the "Vientiane Export-Import Partnership Corporation" or [EIPC].

Article 2. The Role of the Corporation

By carrying out the party policy in which the government and the people must work together, the role of the corporation is to carry out a closed circuit style of business and to gather the merchants to work in cooperation with the government in order to make products to serve society, and also to export goods, run trade jointly, to manage and control import goods, to set wholesale and retail prices, to hand any money discrepancy over to the budget, to put cash in the bank, and to create a peaceful and stable situation. We must take part in raising the standard of living of the people according to the policies of the party and government.

Article 3. Duties of the Export-Import Partnership Corporation

1. Corporation and the private sector

- produce items for daily use and for export, and improve the balance of exports and imports according to the plan set by the government;
- search out, purchase and manufacture goods for export;
- carry out the trade business.

2. Sell wholesale to government organizations, government employees' stores, co-ops, and partnership stores according to the plan set by the government.
3. Order imported goods for government organizations, international organizations and also materials, equipment and spare parts for production for various factories.
4. Have meetings and sign trade agreements with foreign companies as set by the government, and also with all provincial areas throughout the nation.
5. Purchase foreign currency and valuable merchandise on the free market and organize handicraft units to assess them, take part in expanding production and in raising the standard of living of cadres, combatants, government employees and working people, and hand over income to the Vientiane Capital budget.

[24 Nov 86 p 2]

Article 4. Rights of the Export-Import Partnership Corporation

- 4.1 Design, carry out, summarize and clear out the business production plan.
- 4.2 Modify, open, increase and reduce permanent property.
- 4.3 Modify the organization, business production and the management organization in order to increase or decrease the personnel in the corporation.
- 4.4 Become self-mastered in finance and in spending the capital and various funds of the corporation according to the system and policies.
- 4.5 Select, accept and make use of laborers or allow them to stop working, manage funds and salaries and reimbursement for wages, and praise and provide remuneration as appropriate.
- 4.6 Train and assign cadres properly according to the policies for cadres of the party and the government.
- 4.7 Purchase and sell material and merchandise, and agree on the details of purchase prices based on the policy and price range set by the government.
- 4.8 Study technology and apply advances in technology to business and production.
- 4.9 Cooperation in trade and economic relations, such as signing agreements on economic obligations with the main organization units concerned both domestically and abroad.
- 4.10 Have the right to run a direct export-import business according to government regulations.

Article 5. The "EIPC" has one director and several assistant directors who are appointed and can be fired by the government. There are also several assistant directors to represent the private sector who are appointed by the government from those members who are shareholders. In case of emergency the government may specify those persons. The director is responsible for controlling the corporation according to the rights stated in Articles 2 and 3.

Part II. Holdings of the Corporation

Article 6. The corporation's holdings consist of permanent capital and working capital which are given by the government and by grants from the private sector.

6.1 Government share

[25 Nov 86 pp 2, 4]

1. Permanent holdings consist of an office, warehouse, transport vehicles and various equipment.
2. Revolving capital consists of various equipment and bank loans.

6.8 The private sector capital consists of revolving capital in foreign currency or in kip. The permanent capital comes about as rental fees during production and the prices for products completed in the factory which has a partnership with the government. This capital will not be considered as the principal for the corporation.

Article 7. Composition of the Capital and Duties of Shareholders

Those who have the right to have shares in the corporation must be of the Lao nationality or aliens who live in Laos, and who have the proper economic background according to the law, are good citizens, have never been convicted, and are competent.

Lao people who live abroad are permitted to have shares in the corporation. The shares will be in foreign currency (U.S. dollars) or in kip according to the exchange rate in the market at the time the shares are put in.

The primary duties of the shareholders are to be partners with the government, and to produce merchandise emphasizing export goods in order to bring foreign, such as growing crops for export or to purchase industrial for export, to organize units to buy ricefield and forest products, etc. in order to advance step by step to balance exports and imports on their own and to absolutely avoid lateral distribution of goods from foreign countries.

There are three types of shares. First there are shares for the purpose of dividing up profits. The values for unlimited shares are \$100, \$200, \$300, \$400, \$500, \$600, \$700, \$800, \$900, \$1,000 or more. Second, there are shares

for the purpose of production for \$100 and up, including an unlimited amount both in foreign currency and in kip. Third, there are shares for goods distribution only in case of emergency. The shareholders do not have to work with the government on production. They are allowed to open retail stores and are absolutely forbidden from selling wholesale. They must open the store on a regular basis. The amount for shares of this type is \$1,000, and there are not more than 10 shares per person. The shareholders' duties are to protect their own interests and those of the corporation. They will become the eyes and ears of the government in stopping illegal trade and in raising the prices for goods, etc.

Article 8. The capital of the government and also of the Vientiane Capital Administrative Committee in the corporation depends on the rights of the members of the Administrative Committee for Vientiane Capital.

The private sector capital in the corporation belongs to the private sector. If shareowners wish to withdraw their shares or transfer the shares to someone else, a committee of shareholders will ask the trade section for its decision. Permission for withdrawal will be granted when the shareholders have no money for their families, or become incompetent and incapable of managing their own shares, or the shareholders wish to stop business. Permission to transfer ownership will be granted only within the family of the shareholder, for example, in the case of an inheritance or incompetency on the part of a shareholder, and transfer of their shares must be made to another in the family to carry on. Withdrawal, transfer and sale of shares can be done after each closing of the corporations accounts (every 3 months).

Article 9. The Government. The government puts shares in one time, at the time when the corporation is established. The corporation is responsible for this capital for the government, for calculating all the expenses in running the export-import business, in finding and manufacturing goods for export, salary funds, funds for praising, and other funds of the corporation according to the regulations for state enterprise.

Part III. Carrying Out Obligations Toward the Budget and Division of Profits

Article 10. The Corporation's Responsibility for the Budget

1. Taxes [M2]. 2. The price difference [M3] if any. The reason for having a profit at the stated time [M1] is to encourage people to put more shares in so that the company can utilize all [M4] according to the new economic management mechanism, and division can be made according to the actual shares that are put in for each period.

The corporation will put the profits from the government's shares into different funds depending on the regulations on state enterprise of the Council of Ministers.

Article 11. In case there is a loss the shareholders must cover it completely. They must increase their money to the company for the loss, including their own unfinished obligation toward the budget depending on the ratio of their shares in order to clear it out within 1 month following the annual financial report of the company.

Part IV. Congress of Shareholders and the Council for Economy and Technology

Article 12. The ordinary meeting of the shareholders must be held once a year in order to review and evaluate their task, announce the yearly profit dividend, and to select assistant directors from the private sector for which a two-thirds vote is required. If necessary the assistant directors can be specified by the government. The ordinary meeting can be held at any time as needed.

Article 13. The company's council on economy and technology is a support organization for the company's economy. Its duty is to provide step by step help to improve the company's economy and technology. Its primary task are:

1. to set up regulations regarding economics and technology;
2. to follow up prices and situations for domestic and foreign trade, and to look for international export markets;
3. to study the regulations and principles governing partnership production and trade between the state and the private sector;
4. to study how to apply science and advanced technology to trade and production;
5. to study the short-term and long-term technical plans of the corporation.

Article 14. The Council on Economy and Technology consists of at least 3 staff members who have a knowledge of economics and technology as well as experience in production and trade.

Part V. Other Regulations

Article 15. The corporation must be strict in carrying out the party policies and laws of the state when it does business.

Article 16. The company must be responsible for any lawsuits and debts involving the company. The state organization will not be responsible for any lawsuits or debts.

Article 17. In the case that the company is dissolved, it must survey its permanent properties, then clear out its debts, and subtract the expenses from the permanent properties. What is left over is to be returned to the share owners according to the ratio of the shares that they put in.

Article 18. These provisional regulations will take effect on the day of signing. Any additions or changes to the regulations must be approved by the chairman of the Vientiane Capital Administrative Committee. Vientiane, 3 November 1986. The Vientiane Capital Administrative Committee, Khambou Sounisai.

9884/12851

CSO: 4206/63

TRANSPORT MINISTRY ECONOMIC REFORMS, PRICE STABILIZATION GOAL

Vientiane KHAOSAN PATHET LAO in Lao 27 Jan 87 pp A5, 6

[Article: The Ministry of Transport and Post Will Lead Three Companies to Successful Business Production by the First Period of 1987"]

[Text] According to the explanation of the committee responsible for the conversion to socialist business in the Ministry of Transport and Post, along with the follow-up and mobilization, the Laos-Sweden Friendship Machinery Repair Factory and the Laos-USSR Friendship Machinery Repair Factory are moving toward business production based on the new mechanism since mid-October 1986. In the first period in 1987 the Ministry of Transport and Post will continue to lead the auto transport company, the small car company and the auto spare parts company to succeed in their business production according to the new mechanism.

Throughout the period these two repair factories have efficiently carried out their business according to the new mechanism. They have been able to indirectly decrease producers from the 40 percent previously to 11 percent at the present time. Along with assigning tasks and allocating production for units to work systematically, the responsibilities of the board of directors, party units and mass organizations are clearly stated. Also, the economic lever has been used effectively in production. Cadres and committee members in the two factories have exercised disbursing based on products, and are handing over detailed contracts with greater efficiency. They have been able to heighten their responsibility to become self-masters. The workers are creative and enthusiastic in all their tasks. They have doubled their income, enabling them to pay off most of their debts, and absenteeism among the workers has undergone a clear decrease.

Generally speaking, the Ministry of Transport and Post is being improved to lower [unsettled] product prices and do whatever they can to make sure the value is reflected in the price, to participate in political policy, and to ensure circulation and encourage production. The ministry is also focusing on modifying several unfinished tasks, such as paying debts which delays the conversion to a business, so that the task will be completed in the first period of 1987. If they allow the debt situation to drag on any longer it will affect the national economy as a whole as well as the economy in each work section.

PAPER DEMANDS FASTER PACE FOR ECONOMIC CHANGE

Vientiane PASASON in Lao 23 Jan 86 pp 1, 3

[Editorial: "We Must Move Quickly To Change the Economic Management Mechanism"]

[Text] The first nationwide meeting on converting to business that was held in Vientiane Capital from 12 to 17 January 1987 is an important step in having the entire nation convert to the new economic management with new imagination. Economic management is both an art and a science. We must work and learn on the job in order to improve our economic management mechanism in order for it to gradually expand.

Improving the economic management mechanism is dynamic and crucial. There will never be a time when we can say there is no longer need for improvement. On the contrary, there is the need to expand, follow up, study and improve on a regular basis. Improvement is urgent for our country because our management system still very much the feudalistic subsidy business management. The old mechanism has been and continues to be an obstacle to the implementation of the policies of the party concerning effective economic construction and transformation, and in carrying out the task of keeping the socioeconomic situation normal. Also, modification of the economic management mechanism is still difficult, new and confusing to us, because each of us is still filled with the old ideas, old customs, the old ideological pattern, and old ways of working which have been buried deeply in us for a very long time, becoming a chronic disease that is hard to cure. In the natural economic situation such as in our country the old ideas are still strong. Generally speaking, the old mechanism and the people under the old mechanism still have the same characteristics automatically without being aware of it. This makes it very difficult for us to change to the economic management mechanism.

The old mechanism is already difficult and confusing, and the change of the economic management mechanism so as to wipe out the old mechanism and the construction of the new mechanism and changing the people is even more difficult and confusing. However, this does not mean that we should be discouraged and are not serious about improving it. We must change the economic ideas with a detailed plan and rules. We must train and upgrade our cadres as well as improve the mechanism. It is natural that this task should be new to us and that we do not have a great deal of experience, but we will not be able to build up our new mechanism by the same old thought pattern or by copying

from a textbook. We can make it happen by our persistence and constant learning, experimenting and study. We must summarize and creatively learn new things from our lessons. We learn from the activities of the masses, the [people's] classes, and work sections and different localities. This means we must seriously and creatively throw ourselves into the activities and the movement of the masses in order to produce the new mechanism for our country.

It is natural that we cannot avoid shortcomings and mistakes in proceeding on the new path of this change, but the problem is whether we are able to accept the shortcomings and mistakes or not. Then, together we should decide to improve and build the new mechanism. In order to have a firm belief in changing the economic management mechanism, look for correct ways to change, learn quickly from good experience, and make the new mechanism take shape, we must first or all profoundly understand the party's views on the economy, and improve the type of thinking that separates the old mechanism from the new one. This will then help us to firmly convert to the socialist business accountability mechanism.

9884/12951
CSO: 4206/67

WATERWORKS FUNDING TO GOVERNMENT REPORTED

Vientiane KHAOSAN PATHET LAO in Lao 24 Jan 87 p A3

[Article: "The Lao Waterworks Company Is Moving With New Imagination After Proceeding To Socialist Business Production"]

[Excerpt] The chief of the Lao Waterworks Company Comrade Boliboun reported on and explained several experiences on modifying economic management and converting to business production. He reported that after the company had gone into business production according to the new mechanism in October 1986, it was obvious that the company had become transformed. In particular, the cadres and workers have become enthusiastic and creative toward their tasks. The company has been able to meet the demand of the people for water usage and it was able to complete the 1986 plan. It handed over more than 58 million kip to government funds, which was nearly 80 percent over the amount for 1985.

Comrade Boliboun also added that changing from the old management mechanism to the new one with a creative imagination was a difficult and new task. However, they put all their mental effort and creativity into working and learning and focused on improving the management mechanism to make it more suitable and more efficient. We also carefully reassigned and reallocated the work to decrease the indirect producers, accelerated the contract work, and divided up the income appropriately according to the products. As a result, the total income for 1986 was increased to over 216 million kip, exceeding the figure for 1985 by over 79 percent. There has also been a gradual improvement in the standard of living for the cadres and workers. The income per worker has been increased to as much as 5,000 kip per month on the average. This is a new way for the water company to gradually make progress based on a new foundation of creative imagination.

9884/12951

CSO: 4206/69

TRANSPORT WORK, ROAD CONSTRUCTION REPORTED

Vientiane KHAOSAN PATHET LAO in Lao 29 Dec 86 pp A1, A2

[Article: "Growth of Communications and Transportation"]

[Text] This year construction and improvement of communications and transport work has entered a new pace for expansion with efficiency. For example, the [work] forces have been combined from the center to the localities along with the work that is to be done in advance of the season for road repair and construction, which has become a crucial spear point for national economic development.

Last year they were able to clear and pave over 100 km of roads to successfully construct over 200 bridges and drainage pipes. They also completed the survey and design work for bridges and various roads as planned in order to provide for good communications.

At the same time, transport work has been significantly improved many times better than before when compared with last year's work. This especially applies to transport work for goods and materials in different provinces which they were able to carry out in the timely manner. They were able to solve the problem of goods and crowded warehouses. For example, they transported over 10,000 tons of paddy rice from Champassak Province to Savannakhet and Vientiane Provinces. They were also able to speed up the rotation of car usage by clearly allocating tasks and handing over contract work for each other to carry out. As a result, there was a 20 percent increase in land and water transport over the plan. Passenger transportation in the past has been difficult. However, in 1986 it was improved and the plan was a success by nearly a factor of three, and passenger transportation was able to meet the endless and increasing demand of the public. In 1987 the communications and transport section will try to pave over 100 km of asphalt roads and upgrade 80 km of road surface, as well as continue to survey and design many more roads and bridges. It will guarantee over 2,000 km of the nations' roads and communications. They will also try to increase transport, circulation and distribution of goods 20 or 30 percent higher than the amount for 1986. It is hoped that transport work will be increased 19 percent when compared with the amount in 1986.

9884/12951

CSO: 4206/69

DEVELOPMENT OF BOLIKHAMSAI FORESTRY WORK DESCRIBED

Vientiane PASASON in Lao 23 Jan 87 p 2

[Article by Sondalavong: "A New Achievement for State Forestry Enterprise No 3"]

[Excerpts] The State Forestry Enterprise No 3 has the job of cutting down trees and protecting over 275,000 hectares in Bolikhamsai, and it provides fairly good income for the government.

This state enterprise was set up at the end of 1978. In the beginning it was only a tree-cutting division with limited production. However, it has improved steadily due to the attention given by the higher echelons. There has been a steady and extensive expansion in terms of materials, equipment and the technical base using funding from international organizations. The State Forestry Enterprise No 3 has now improved its previous administrative subsidy management mechanism and has seriously turned toward the new style of business of economic accountability, decreasing the number of personnel from 564 to 519 people. Its tasks are divided into three primary production divisions. The primary duty of the enterprise is to relate tree cutting to forest production.

Comrade Thongleua Souththavilai, chief of the board of directors of State Forestry Enterprise No 3, told us that in 1986 they were able to achieve in many aspects of their work. Their tree-cutting exceeded the plan by 5 percent, and their total production increased by 7.3 percent as compared with the figures for 1985. They increased the types of trees cut down from 44 in 1985 to 59 types in 1986.

Transport work and contract construction both exceeded the plan by 24.5 percent and 45.4 percent. They gave extensive attention to the search for forest products, which increased 50.7 percent in value, and they obtained income of 18.3 percent in excess of the plan.

In subsequent years, particularly in 1987, they will also continue to carry out their work and progress according to the expected plan. For example, they will accelerate the revival of natural forests and reforestation in 10 hectares, and continue to take good care of over 100 hectares of newly planted forest. Their aims is to emphasize the supply of raw materials to domestic manufacturers and to export wood products, thereby bringing a good income to the government.

9884/12951

CSO: 4206/67

BRIEFS

KHAMMOUAN DISTRICT YOUTH UNION MEMBERSHIP--In 1986 the machinery for the youth union organization in Gnommalat District, Khammouan Province, has been expanded and improved. The youth union members throughout the district have now increased to 813 of whom 296 are women. [Excerpt] [Vientiane PASASON in Lao 23 Jan 87 p 1] 9884

ATTOPEU PARTY MEMBERSHIP, SECURITY--Attopeu is a province in the southernmost part of our country. It is far from the center, and has many problems. On the way to improving and building its political base the province has been improving, building and expanding its party members and organizing the party units, while at the same time upgrading the party units and existing members determinedly, resulting in an increase in the members. In 1986 there were 114 party members added and 18 new party units were set up. They were able to wipe out four white villages [are where there is no LPRP presence] and it is expected that all white villages will be wiped out in 1987. Throughout Attopeu Province there is a total of 1,753 members of whom 259 are women. There are 152 villages throughout the province of which 145 have party guidance members. The number of party units increased from 142 to 160 units. These units provide guidance in organizations, provincial and district offices, co-op units, labor exchange units, solidarity units, regional force units, and guerrilla units in each canton and village throughout the province. Training and upgrading politically, culturally, etc. Have helped to raise the standard of living of the cadres, soldiers and people in the province, and to live at peace for the most part. [Excerpts] [Vientiane PASASON in Lao 23 Jan 87 p 2] 9884

ARMY NCO ACADEMY--The Army NCO Academy of the General Infantry Division in Khai District, Luang Prabang Province is focusing on improving its sports, art and literature units in preparation for entertaining on the upcoming 38th anniversary of the LPR Army. [Excerpt] [Vientiane KHAOSAN PATHET LAO in Lao 27 Nov 86 p A5] 9884

PLYWOOD PLANT PRODUCTION--Last year 632 cadres and workers in the Plywood Plant under the Ministry of Agriculture, Forestry and Agricultural Co-ops produced plywood for serving the masses. They were able to produce 518,410 pieces of plywood and earned a total of 545,775,000 kip. They handed over approximately 83,327,000 kip of the [government] funds, and exceeded the yearly plan by 104.46 percent. This is an increase of 71.31 percent when compared with the number of products made in 1985. [Excerpt] [Vientiane VIENTIANE MAI in Lao 24 Jan 87 pp 1, 4] 9884

BRICKWORKS PLANT PRODUCTION--Representatives of the Brick and Tile Factory in Vientiane Capital explained several important problems they had in carrying out business production according to the new mechanism for management. Since October 1986 they have been able to exceed the yearly plan for 1986 by 8 percent and earned over 36 million kip. This has increased the workers' income, and on the average each receives 4,000 kip in cash more each month. There has also been a corresponding increase in the work capacity, and the workers are able to produce over 400 bricks per day. [Excerpts] [Vientiane VIENTIANE MAI in Lao 24 Jan 87 pp 1, 4] 9884

COOPERATION PLAN WITH MPR--Vientiane, 23 Feb (KPL)--A cooperation plan and Mongolian-Lao Friendship Associations. [sentence as received] According to this plan, during this five year period the two sides will continue to organize the celebration of the important historical events of the two countries, to exchange delegations of the two associations, and to promote the cooperation in the field of mass media and particularly the exchange of informations for the celebration of each important events of the two countries aiming at strengthening the friendly relations between the two countries. The signatories to the cooperation plan were Thongsing Thammavong, president of the Lao-Mongolian Friendship Association, minister of culture of the Lao PDR, and Tserennadmid, president of the Mongolian-Lao Friendship Association, minister of public health of the MPR. Among other highranking officials present at the signing ceremony was Yadmaaguine Dachnyam, Mongolian ambassador to Laos. [Text] [Vientiane KPL in English 0911 GMT 23 Feb 87 BK] /9738

MEETING ON INDIAN OCEAN--Vientiane, 24 Feb (KPL)--The Lao Buddhist Association in collaboration with the office of the Asian Buddhist Conference for Peace held here on February 23 a meeting on the occasion of the international week aiming at transforming the Indian Ocean into a region of peace. At the meeting, venerable Thongkhoun Anantasounthon, president of the Lao Buddhist Association pointed out that the tension of the present world situation was caused by the U.S. series of nuclear test which endangered the world and threatens the whole of mankind. At the meeting, the attendance unanimously adopted the resolution demanding the U.S. Administration to give up its plan of militarization and building up military bases in the region. He also voiced full support to the Soviet-Indian New Delhi statement aiming at promoting peace and non-violence in the relations between the states and nations in the world. [Excerpts] [Vientiane KPL in English 0907 GMT 24 Feb 87 BK] /9738

MPR PUBLIC HEALTH MINISTER'S MEETING--Vientiane, 21 Feb (KPL)--A meeting was held here yesterday morning between the delegation of Public Health Ministry of the Lao PDR and that of the People's Republic of Mongolia to set up a cooperation plan for 1987 up to 1990. The Lao side was led by Khamliang Phonsena, acting-minister of public health, and the Mongolian side was led by its minister Tserennadmid, member of the party CC. According to the existing agreement between the two ministries, the sides will further develop their cooperation in training of cadres--the health workers. The Mongolia Public

Health Ministry agreed to supply the Lao-Mongolia friendship hospital, built with the assistance of Mongolia in the northern Xieng Khouang Province, with medicines and medical equipments. The two sides also agreed to regularly exchange public health experts and workers. Present at the meeting were Prof Vannalet Latsapho, deputy-minister of public health of the Lap PDR, and Yadmaagiyn Dachnyam, the extrandinary and plenipotentiary ambassador of the People's Republic of Mongolia to Laos. [Text] [Vientiane KPL in English 0909 GMT 21 Feb 87 BK] /9738

COOPERATION WITH MPR AMITY GROUP--Vientiane, 21 Feb (KPL)--Delegations of the Lao-Mongolian and Mongolian-Lao Friendship Associations met here on Thursday. Headed by the Lao side at the meeting was Thongsing Thammavong, member of the party CC, president of the Lao-Mongolian Friendship Association, and leading the Mongolian side was Tserennadmid, member of the party CC, president of the Mongolian-Lao Friendship Association, on current visit to Laos. The two sides briefed each other on their past activities and worked out a cooperation plan between the two organizations for the period of 1986 to 1990. The two organizations are expected to exchange regular visits, and proceed to the exchange of information. Meetings commemorating various historical events of both countries are to be organized in their respective countries. [Text] [Vientiane KPL in English 0913 GMT 21 Feb 87 BK] /9738

PROPAGANDA DELEGATION TO SRV--Vientiane, 21 Feb (KPL)--A delegation of propaganda and training board of the party CC led by its deputy head Sopha Khotphouthon, left here on 19 February for a friendly visit to the Socialist Republic of Vietnam. The Lao delegation is to meet and exchange views with the SRV side, and the two sides will also work out the new cooperation plan between the two countries in the field of propaganda. [Text] [Vientiane KPL in English 0915 GMT 21 Feb 87 BK] /9738

NEW ITALIAN ENVOY--Vientiane, 19 Feb (KPL)--Narvizio Battaglino, the new extraordinary and plenipotentiary ambassador of Italy to the LPDR, paid here this morning a courtesy visit to the Lao acting-minister for foreign affairs Khamphai Boupha. Under discussion at the meeting were questions relating to the development of bilateral friendship relations. The acting-foreign minister also wished the Italian ambassador success in implementing his mission here for the benefit of Lao-Italian friendship relations. Narvizio Battaglino presented here Tuesday his credentials to Phoumi Vongvichit, acting president of the Lao PDR. [Text] [Vientiane KPL in English 0907 GMT 19 Feb 87 BK] /9738

JAPANESE FINANCIAL AID--Vientiane, 18 Feb (KPL)--The Japanese Government has granted 302.5 million yen to the Lao Government. The document acknowledging this aid was signed here today between Lao Deputy Foreign Minister Souban Salitthilat and Japanese Ambassador Toshitaka Tada. This sum of money is the interest paid for 1986 by the Lao Government on the Japanese loan used for the construction of Nam Ngum Dam. The Japanese Government, in return, offers this sum to the Lao PDR to be used in the development of the Lao people's living condition. [Text] [Vientiane KPL in English 0904 GMT 18 Feb 87 BK] /9738

CUBAN FARM AID--Vientiane, 18 Feb (KPL)--The Lao PDR and the Republic of Cuba have signed here yesterday minutes on cooperation in milch-cow and poultry farms. The minutes were signed following a joint Lao-Cuban evaluation and review the two countries joint undertaking in dairy farm and layers. [sentence as received] Cuba has helped [as received] Laos in establishing the Lao-Cuban friendship dairy farm and the Moncada poultry farm. Within the framework of the second 5-year state plan on economic and social development, the two sides reaffirmed in the minutes that concerted efforts are to be given to promote the farms productivity. The activities involve growing of pasture to guarantee all-year-round animal feeds, the prevention of animal diseases, and introduction of milking machines, and the manufacturing of egg incubators. [Text] [Vientiane KPL in English 0908 GMT 18 Feb 87 BK] /9738

PROVINCIAL DELEGATION VISITS SRV--Vientiane, 19 Feb (KPL)--A delegation of Houa Phan Province led by Maisouk Saisompheng, member of the party CC and head of the leading committee of Houa Phan, left its province on 13 February for a fraternal friendly visit to Thanh Hoa Province, the Socialist Republic of Vietnam. During its stay there, the Lao delegation and the Thanh Hoa Provincial authorities reviewed the economic cooperation between the two provinces in 1986 and worked out an economic cooperation plan for 1987 up to 1990. The Lao delegation also held the ceremony paying tribute to Vietnamese volunteers who sacrificed their life for the cause of the Lao revolution during the anti-colonialists and anti-imperialist struggle. [Text] [Vientiane KPL in English 0922 GMT 19 Feb 87 BK] /9738

PRK DELEGATION ARRIVES--Vientiane, 19 Feb (KPL)--The minister on justice of the People's Republic of Kampuchea Oik Bunchhoeun and his delegation arrived here today on a week-long visit to Laos. While here, the Kampuchean delegation will meet with the Lao side and sign a cooperation agreement on judicial work. Welcoming the delegation at the airport was Kou Souvannamethi, minister of justice. The Kampuchean ambassador, Nguon Phansiphan, was also on hand. [Text] [Vientiane KPL in English 0917 GMT 19 Feb 87 BK] /9738

MPR FRIENDSHIP DELEGATION ARRIVES--Vientiane, 20 Feb (KPL)--The delegations of the Mongolian-Lao Friendship Association and of Public Health Ministry of Mongolia led by Tserennadmid, member of the party CC, minister of public health and chairman of the Mongolian-Lao Friendship Association arrived here on 19 February for a 1-week-long friendly visit to Laos. While here, it is expected that the Mongolian delegation will negotiate and sign a cooperation agreement with the Lao side on public health and friendship association works within the period of 1987 up to 1990. The delegation was welcomed at Wattai Airport by Thongsing Thammavong, member of the party CC, chairman of the Lao-Mongolian Friendship Association and other Lao high-ranking officials. Yadmaagiyn Dashnyam, the extraordinary and plenipotentiary ambassador of the People's Republic of Mongolia was also on hand. [Text] [Vientiane KPL in English 0922 GMT 20 Feb 87 BK] /9738

CSO: 4200/365

HIGHER EEC IMPORT DUTIES PROTESTED

Kuala Lumpur BUSINESS TIMES in English 10 Feb 87 p 1

[Article by Khalid Jaafar]

[Text]

MALAYSIA has strongly protested against the European Economic Community's (EEC) proposal to raise import duty on vegetable oils and fats entering member countries. The protest was lodged with the Belgium Ambassador to Malaysia, Mr Pieter H. Berghs, by Primary Industries Minister Datuk Dr Lim Keng Yaik yesterday.

Malaysia has also telexed its diplomats in Europe to make representation to the EEC. Trade and Industry Minister Tengku Razaleigh Hamzah, currently in Europe, has been informed of the matter.

The Malaysian Ambassador to Thailand has also been directed to make immediate representation to the EEC ambassador for the region who is based in Bangkok.

"I strongly urge the EEC, in the spirit of Asean-EEC cooperation, to abandon any move to impose any further restriction on the already discriminatory trade practices facing Asean exporters of vegetable oils," Datuk Dr Lim said.

He added that the proposal to impose "discriminatory and punitive" levy on imports of oil and fats will be discussed at a meeting of EEC commission today.

The minister declined to disclose the quantum of the proposed levy except to say that it is "very substantial". He also declined to name the countries

proposing and supporting the move.

It is expected that the move will also be strongly opposed by the United States which exports a great deal of vegetable oils, especially soyabean oil, to European countries.

Datuk Dr Lim told a news conference the imposition of such a levy would have serious and far-reaching implications on the export of vegetable oils from Asean to the EEC and on bilateral trade between EEC member countries and Malaysia.

Malaysia's export of palm oil to the EEC already faces high duties — 4 per cent for crude and 12 per cent for refined palm oil.

"In the past, we and our Asean partners have repeatedly called for the removal of these discriminatory duties. Instead, we are now faced with a threat of an additional levy, further aggravating the already unfair situation faced by Asean exporters," he added.

Palm oil is an important export item for Malaysia. In 1985, Malaysia exported 470,887 tonnes of palm oil and palm kernel oil to the EEC valued at \$565 million, representing about 11 per cent of Malaysia's exports to this grouping.

In view of the importance of palm oil in Malaysia's export portfolio to the EEC, the proposed levy will severely affect Malaysia's ability to import goods from the EEC.

The effect will be transmitted not only through a reduction in foreign exchange but also through its impact on the general economic situation in the country.

Datuk Dr Lim also noted that Malaysia is facing deficit trade balances with several important EEC countries such as the United Kingdom, West Germany, France, Italy and Denmark.

Malaysia will consider it most unfortunate if the new levy is imposed to enable the EEC to raise finance for any schemes to enable it to achieve self-sufficiency in oils and fats. It would be tantamount to financing the programme at the expense of developing country exporters of oils and fats, including Malaysia, the minister added.

Datuk Dr Lim said the imposition of the proposed levy must be regarded as "highly protectionist and discriminatory" and against the Ministerial Declaration in Uruguay on the Multilateral Trade Negotiations (MTN) in September last year which called for greater liberalisation of world trade.

The minister said it is pertinent to note that the levy is being initiated at a time when a new round of MTN has been launched by members of the General Agreement on Tariffs and Trade (Gatt), "based on the realisation that protectionism will only stifle global trade and economic growth."

MAHATHIR OUTLINES THREE-POINT ECONOMIC STRATEGY

Kuala Lumpur BUSINESS TIMES in English 16 Jan 87 p 1

[Article by Saad Hashim]

[Excerpt]

London, Jan 15

PRIME Minister Datuk Seri Dr Mahathir Mohamad spoke last night of a three-point plan to overcome the present economic slowdown. But above all, he said, there is a need for honesty.

He said Malaysia would have to get out of being an economy too dependent on commodities, cut overall production costs and plan for bigger production of food crops.

He was speaking to members of the UK Umno Club at the High Commission here.

Dr Mahathir said: "At the time when prices of commodities were high we were doing fine. But now the markets have slumped due to greater use of substitutes.

"Take, for example, the use of tin plate as packaging materials. Nowadays they are replaced by aluminium and plastics. And, fibre optics, which are 20 times cheaper and can carry 20 times more capacity, have replaced copper cables.

"On top of that, there is a microchip which can now replace a roomful of vacuum valves.

"Therefore, what do we do? We must get out of this situation of depending too much on raw materials.

"We have to speed up our manufacturing activity. But to do this we must reduce our costs, not just through wage freeze, but other costs as well or else we will not be competitive.

The Prime Minister said Malaysia must diversify and grow more food crops. It is the Government's plan to make Malaysia an exporter of bananas, asparagus and corn. But to do this, costs must be kept low.

Dr Mahathir also hit out at some Malay professionals who he said had become cheats and "robbers" and betrayed the people's trust in them. "We are not just talking about BMF, there are many more."

He regretted the attitude of some Malays whose idea of doing business, he said, was simply lobbying ministers and himself to get APs (approved permits for imports) and then sell these to others for a pitance.

The Prime Minister, who is holidaying here, said he had just spent two days "learning" the technique of wood turning at a college near Manchester.

"I am doing this because I get really mad because we have so much wood and yet we do not know how to turn them into high value added products.

"But when I try to urge some Malay businessmen to go into this because it is not difficult at all, they are not interested. They are only interested in quick money deals like selling APs. Now what has happened? Nobody wants APs anymore because people have no money to buy cars."

FOREIGN RESERVE INCREASE NOTED

Kuala Lumpur BUSINESS TIMES in English 19 Jan 87 p 16

[Excerpt]

MALAYSIA'S foreign reserves came to \$15 billion last year — an increase of \$2.6 billion from the 1985 amount, Deputy Finance Minister Datuk Sabbaruddin Chik said yesterday.

The reserves can sustain the country's import needs for about seven months and the 1985 amount of \$12.4 billion, five months' imports, he said at the simultaneous opening of general meetings of Zon Semantan Satu Umno branches in Kampung Lebak Seberang near Temerloh.

Datuk Sabbaruddin said the country's net outflow of foreign exchange last year, including invisibles such as shipping, insurance and tourism, remained high at \$9.3 billion — almost the same as in the previous year.

However, he is confident the outflow of foreign exchange

can be reduced through government efforts in recent years, such as the "Buy Malaysian" campaign and the intensification of agricultural production.

He said the country imported some \$3.2 billion worth of foodstuffs last year and government moves to bring in more foreign exchange to offset the outflow include stepping up exports of primary commodities, such as palm oil, rubber, petroleum and tin, especially at present when they can fetch higher prices.

He added that palm oil prices have reached \$800 a tonne, tin \$18 a kilogramme and petroleum \$45 a barrel.

The Government is also making efforts to attract more foreign investments, and some \$10 billion was invested in the country from 1983 to 1985, he said.

/9317

CSO: 4200/375

HELICOPTER PURCHASE FROM INDONESIA

Penang THE STAR in English 10 Feb 87 p 3

[Text]

LUMUT, Mon. — Defence Minister Datuk Abdullah Ahmad Badawi said Malaysia has agreed in principle to purchase a helicopter from Indonesia for the air force.

The deal would be closed once it was approved by higher authorities and funds were made available, he told reporters after opening the Kampung Datuk Seri Kamaruddin Umno branch general meeting here yesterday.

Datuk Abdullah, who is a party vice-president, said the Government was confident of the capabilities of the helicopter.

He said the purchase was made on the principle of co-operation between Malaysia and Indonesia.

He declined to comment when asked if there were plans to make further purchases. — Bernama.

/9317

CSO: 4200/376

JAPAN PLANS INCREASED INVESTMENTS

Kuala Lumpur BUSINESS TIMES in English 28 Jan 87 p 1

[Article by Joe Chan and Loh Sook Wan]

[Text]

SEVERAL existing Japanese investors in Malaysia have decided to increase their investment in Malaysia this year, especially the "big boys" in the electrical and electronics industry, one of the most dynamic export-oriented sectors.

Sources told Business Times that the multi-million ringgit investment by these Japanese companies operating in Malaysia will attract even more investment from the Land of the Rising Sun.

Among the big boys are Matsushita, Toshiba and Hitachi. Fujitsu, Japan's largest computer company, only announced last week plans to invest an additional \$31 million in Malaysia. Matsushita is expanding its operations and will reinvest some \$100 million in its existing plant.

In fact, with the rapid appreciation of the yen, the Japanese manufacturer has started exporting room air-conditioners back to Japan from its plant in Shah Alam.

Sony, a leader in hi-fi systems and television sets, is also likely to make its appearance in Malaysia this year with a multi-million ringgit investment. However, the sources said the Malaysian Industrial Development Authority (Mida) is still processing Sony's application.

Other potential industries likely to see a rise in Japanese investment this year include heavy machinery, metal products and car components industries.

The sources also pointed out that the bulk of foreign income for Malaysia this year, as far as Japanese investors are concerned, will come from existing investors who have already established themselves locally. This scenario is likely to remain for the next year-and-a-half, he added.

Meanwhile, Mr A. Hirano, general manager of the Bank of Tokyo, added that medium- and small-scale investors will make up the majority of new Japanese investment in Malaysia. Many medium- and small-scale industries in Japan are moving their operations out of Japan to benefit from lower labour costs abroad.

Mr Hirano said recently some 30 potential investors were in Malaysia to examine the investment climate in the country, and four or five have decided to invest in Malaysia.

"This year is crucial for both Malaysia and Japan. We have to compete with other countries in the region like Thailand," he said. Thailand is aggressively pushing to attract foreign investment.

Last year, Japan was the third largest foreign investor in the country with a proposed foreign called-up capital of \$57.6 million in the 44 projects approved. In terms of applications, the Japanese were in second position with 44 projects.

According to Mida's "Malaysia Industrial Digest", the Japanese proposed to invest a total of \$67.6 million in the 44 projects.

In terms of foreign equity, this amount represents a 25 per cent drop from the previous year when Malaysia received 54 applications from Japan with foreign equity amounting to \$89.6 million.

Based on the number of projects approved in 1986, Japan was the third major source of foreign income for Malaysia (\$57.6 million) after the Netherlands (\$180.3 million) and Singapore (\$88.3 million).

According to the Japanese Embassy, total Japanese investment in Malaysia as at 1985 stood at US\$1.125 billion.

Meanwhile, Dr Lawrence Siaw, chairman of the Medium- and Small-Scale Enterprises Association of Malaysia (Meseam), said local businessmen should turn to their counterparts in Thailand and examine what makes them so competitive in the eyes of the Japanese.

This is a more realistic ap

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CSO: 4200/375

FOREIGN RELIGIOUS GROUPS WARNED ON PROSELYTIZING

Kuala Lumpur NEW STRAITS TIMES in English 18 Feb 87 p 6

[Text]

KOTA KINABALU, Tues. — The Sabah Islamic Council (MUIS) will take stern action against any foreign religious groups found to be influencing Muslim youths and old folk into converting to their religion.

MUIS president Datuk Haji Abdul Wahid Othman said today there is a possibility that such religious groups might come to Sabah and spread their activities among Muslims in the State.

However, he said so far MUIS had not received any report which indicated that such a group had existed here and carried out their activities in Sabah.

Datuk Abdul Wahid was commenting on the statement by Deputy Minister in the Prime Minister's Department Dr Yusof Nor when opening a religious function at Kampung Masjid, Ijok, in Perak yesterday.

He said that a foreign religious group operating in Philippines, Sumatra and Sabah was out to cripple Islamic religious activities in the Asean region.

Dr Yusof claimed that such a group provided housing, transport and pocket money to lure people, particularly Muslims to join the religion.

However, the Deputy Minister declined to say

what religion and which country was posing the threat to Islam.

Datuk Abdul Wahid Othman, who is also deputy president of the ruling PBS Government, assured that the State Government would take action according to the laws of the country to eradicate the activities of such a group if it existed and posed a threat to Islam which is the official religion of the country.

MUIS will investigate the matter and carry out frequent checks with the help of the police, immigration department and relevant authorities to curb such illegal and unlawful activities.

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CSO: 4200/400

HUNGARY TO PROVIDE TECHNOLOGICAL AID

Penang THE STAR in English 7 Feb 87 p 7

[Text]

KUCHING, Fri. — Hungary, one of the more successful industrialised socialist countries, is willing to help Malaysia in technological development, it was stated here today.

Among the areas in which it has agreed to transfer its technology are the agrobased, furniture making, food processing, plastic materials and low-cost construction sectors.

"We have identified these areas after signing an agreement with Idex, a government-owned contracting company from Hungary, in November last year," Dr Mohamed Salleh Ismail, head of the Consultancy and Technology Transfer Division of the Standards and Industrial Research Institute of Malaysia (Sirim) said here today.

He was making an announcement to newsmen on the holding of a seminar on "Industrial Co-operation With Hungary" by Sirim here on March 3 and 4.

Local industrialists as well as representatives from government agencies and statutory bodies are invited to attend the seminar which is aimed at, among other things, acquiring Hungarian technology in various industries.

Dr Mohamed Salleh said Sirim had been actively looking for successful partners to help local industrialists become more efficient.

"Hungary is one of the countries willing to support us (in this)."

He said that since Sirim and Idex joined forces last year, experts from both sides had been studying Malaysia's needs and also what Hungary could offer.

Dr Mohamed Salleh said local investors and industrialists stood to gain from the seminar, especially in view of the possibility of setting up joint-venture companies with Hungarian partners.

Sirim would ensure that these joint-ventures would not become "white elephants," he said. — *Bernama*.

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CSO: 4200/376

STRATEGY TO ATTRACT FOREIGN INVESTORS PLANNED

Kuala Lumpur BUSINESS TIMES in English 23 Jan 87 p 1

[Text]

THE Malaysian Industrial Development Authority (Mida) will adopt a two-prong strategy to promote the country as the "most preferred location for foreign investors".

The Industrial Digest launched by Trade and Industry Minister Tengku Razaleigh Hamzah in Kuala Lumpur yesterday said this will be through seminars targeted at specific markets and through investment promotion missions to capital and technology exporting countries.

Mida said the investment seminars for foreign investors will be held in Malaysia focussing on pre-identified sources of foreign technology and capital. This year the programme is targeted at American and British investors. "USinvest in Malaysia '87" will be held in September and "Britinvest in Malaysia '87" in December.

Through a planned and coordinated itinerary, partici-

pants of the programmes can obtain first-hand information on investment opportunities, facilities, policies and incentives in specific industrial sectors, the digest said.

They will also be able to meet potential joint venture partners, visit factories, assess infrastructural and support facilities and receive briefings from federal and state government officials.

On the international front, Mida is organising seven investment promotion missions. The programme will take the form of general/specific industry promotion missions, investment round table meetings and specific projects or follow-up missions aimed at briefing foreign industrialists and bankers on the policies, facilities and investment opportunities that Malaysia offers. These missions will be led either by Tengku Razaleigh or by Datuk Ahmad Sarji.

Among the priority industrialised countries to be co-

vered in 1987 are Japan, Taiwan, Hong Kong, the US, West Germany, France, Belgium, Austria, the United Kingdom, Sweden, Finland, Norway, Denmark, Australia and New Zealand.

Tengku Razaleigh will lead a trade delegation comprising Mida officials and 15 private sector representatives to the Davos Symposium '87 in Davos, Switzerland, which is organised by the World Economic Forum in Geneva.

Mida director-general N. Sadasivan said the delegation, which will be in Davos from January 29 to February 4, will try to promote Malaysia's manufactured products in new markets.

On January 30, a Malaysian investment seminar will be held in Davos as part of a mission to promote Malaysia as an attractive investment centre. The seminar is expected to attract some 1,000 businessmen from all over the world, he said.

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CSO: 4200/375

SPECIAL TREATMENT FOR LOCAL INVESTORS

Kuala Lumpur BUSINESS TIMES in English 23 Jan 87 p 1

[Article by Hardev Kaur]

[Text]

THE Government is reviewing incentives for local investors and one of the areas being looked into is the manufacturing sector, Trade and Industry Minister Tengku Razaleigh Hamzah said yesterday.

Answering questions after launching Mida's Industrial Digest in Kuala Lumpur, he said the Government is currently looking into "differential treatment" for local investors.

One way is the provision of tax incentives to facilitate administrative arrangements and other facilities, which the Government feels should be accorded to local investors. He urged local investors to "get going first."

Answering a question on industrial land prices in the country, the minister said they are high, especially in the states. His ministry has raised the issue with the various state authorities but failed to persuade them to sell industrial land at a much lower and competitive price.

He told the gathering that state authorities usually

claim they did not own the land but acquired it from private landowners, and thus had to pay compensation, which raised the price.

In addition, the cost of developing land is quite high, he said. To recover these costs, Tengku Razaleigh said, state governments have to consider long-term leases which help reduce the cost of land to the entrepreneurs.

Mida chairman Datuk Ahmad Sarji Abdul Hamid said Mida endeavours to expedite the processing of applications for manufacturing licences, and tax incentives, adding that administrative procedures have been streamlined.

"On the average, it takes between four and six weeks to make a decision on a manufacturing licence, and at most eight weeks to obtain a decision on tax incentives from the date of receipt of applications," he added.

A committee in the Ministry of Trade and Industry is currently engaged in further streamlining procedures to remove administrative bottlenecks and to speed up the

process of decision making.

Later, Tengku Razaleigh said while the Industrial Master Plan sets out the broad directions for growth of the manufacturing sector and the Fifth Malaysia Plan provides for specific targets to be achieved, the "targets are not going to be achieved on the basis of complacency of present performance or complaints about past inadequacies."

He said every sector of the Malaysian economy — the Government, the private sector and the unions — must work harder to achieve the targets. The prolonged world economic slowdown and the increasing competition that Malaysia faces from other developed and developing countries for shrinking international investment capital are factors that the country will have to contend with.

"The Government, I can assure you, is highly responsive to such international economic trends and has constantly initiated measures to stimulate private investment particularly in the manufacturing sector," he added.

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CSO: 4200/375

PLAN TO REDUCE FOOD IMPORTS OUTLINED

Kuala Lumpur BUSINESS TIMES in English 22 Jan 87 p 2

[Article by Khalid Jaafar]

[Text]

THE Agriculture Ministry is finalising a plan which will contain new measures to reduce the country's food imports which now stand at about \$3.2 billion annually.

In announcing this yesterday, Agriculture Minister Datuk Sanusi Junid said the plan would set annual import reduction targets but declined to give details.

Stressing the need to reduce food imports drastically, the minister said while Malaysia exported more than \$3 billion worth of palm oil every year, the foreign exchange earned was used to settle food import bills.

The success of the strategy to reduce food imports would depend very much also on the ability of the domestic farm sector to double its output.

There has been much talk about increasing agricultural productivity through opening new land and getting graduates involved in farm activities.

But most of the increase in food output such as vegetables, meat and fish will come from the existing farmers, cattle and sheep breeders and fishermen.

The minister stressed that while the Government wants to increase new cultivation areas and inject younger and better educated labour into the sector, the role of the existing farmers will not be scaled down.

He stressed this point to allay any fears that the government's emphasis on new farmers will be implemented at the expense of the traditional farmers.

"It is much easier to ask a person who is already a farmer or sheep breeder to double

up his output than to ask someone who is only about to enter into the agricultural sector to do so," he added.

The minister reiterated that farm produce can be substantially increased through the recultivation of idle land adjoining farmers' plots. However, the cultivation of the land, whether Government- or private-owned, must go through the normal procedure.

The Government's policy in encouraging the recultivation of idle land should not be mistaken as giving the green light to cultivate vacant land illegally, he added.

Datuk Sanusi said his ministry would soon embark on an aggressive campaign to encourage the public to drink fresh milk. Stalls selling fresh milk will be put up in strategic places.

He said that the campaign will be similar to the one on drinking coconut water which have been very successful.

As a result of the campaign, the prices of ripe coconuts have increased tremendously. Before the campaign started, the price of a ripe coconut was about 18 sen, but now it is 40 sen. At the same time, the price of a young coconut has increased from \$1.10 a fruit to \$1.70.

As a result, it is no longer necessary for Fama to continue its price support programme to help coconut farmers. However, Datuk Sanusi stressed that the price mechanism will continue to exist and will be operational again when the price decline below a certain level.

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CSO: 4200/375

UMNO TO OPERATE IN SABAH

Kuala Lumpur NEW STRAITS TIMES in English 8 Feb 87 p 1

[Article by Nuraina Samad]

[Text]

KUALA LUMPUR, Sat. — The Umno supreme council today endorsed the formation of Sabah Umno and opened its membership to Usno members and other Bumiputeras in the State regardless of their religion.

However, Prime Minister Datuk Seri Dr Mahathir Mohamad, who is also Umno president, said those who wished to become Umno members must first accept the party's policies and constitution before they could be accepted.

Dr Mahathir told a Press conference at the Umno headquarters here that Usno would remain as a party there for "specific reasons." He did not elaborate.

He had earlier chaired a four-hour meeting of the supreme council.

Dr Mahathir said an organising committee comprising representatives of Usno, Encik Mohamed Dun Banir (who first supported the setting up of Umno in Sabah) and Bersepadu president Datuk Paduka Othman Rauf had been set up.

He further said others who had shown interest in the move were members of Parti Bersepadu and the Kadazan-based Momogun party.

No predictions

He added that the committee as well as Umno vice-president Ghafar Baba and several supreme council members would be managing the entry of Umno members in Sabah.

He stressed that Umno would not be accepting Usno members en bloc in Sabah and that the supreme council would study a register of names to be submitted by Usno.

Following this, a meeting would be held for the setting up of Umno branches in Sabah.

Dr Mahathir said the meeting was not only open to those named in the Usno register but also to those who registered themselves with Umno.

Meanwhile, Umno secretary-general Datuk Seri Sanusi Junid said Umno headquarters would invite Sabah Umno members to send observers to the April Umno general assembly.

On the planned Umno-Pas muzakarah, Dr Mahathir said Umno would announce the venue and date but it would be a closed-door affair.

Umno would not announce the topic of the muzakarah. The supreme council had also not decided yet on who would represent Umno.

As to whether the muzakarah would take place this time, the Prime Minister said: "We cannot make predictions. The important thing is that we make an effort. Whether or not we succeed is God's will."

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CSO: 4200/376

MUSA WILL DEFEND NUMBER TWO POST

Penang THE STAR in English 27 Jan 87 p 2

[Text]

KUALA LUMPUR, Mon. -- Datuk Musa Hitam will seek re-election as Umno deputy president at the party's general assembly on April 24.

Welfare Minister Datuk Shahrir Abdul Samad said in an interview here today that the former Deputy Prime Minister had told him of his intention recently.

Datuk Musa, who won the post in 1981 and retained it in 1984, is expected to be challenged by Deputy Prime Minister Abdul Ghafar, who is currently a party vice-president.

Encik Ghafar announced recently that he was prepared to contest for the deputy presidency if he was nominated.

Datuk Shahrir, who is also an Umno Supreme Council member, urged members to uphold "the democratic way" for the party's continued stability and unity.

He said the success of Umno was based on democracy. "Umno was formed by the Malays and not by just a small group.

"Leaders, who comprise the minority, cannot reject the opinions of the members, who comprise the majority as this will amount to autocracy," he added.

Datuk Shahrir said contests for posts under the democratic process would not result in disunity but was aimed at party members electing leaders of their choice.

"Disunity only occurs when a leader attempts to re-arrange the leadership line-up according to his liking without considering the aspirations of party members," added Datuk Shahrir.

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CSO: 4200/376

SNAP LEADERS WARN OF NEW PARTY

Kuala Lumpur NEW STRAITS TIMES (Supplement) in English 27 Jan 87 p 1

[Article by James Ritchie]

[Text]

KUCHING: Sarawak National Party Youth leader Dr Patau Rubis has warned the Barisan Nasional component parties to be ready for action because a new opposition political party is expected to throw out a challenge sometime in the middle of the year.

Dr Patau said that he had "reliable information" that the party — called Parti Rakyat Malaysia Sarawak (Parmas) had submitted its application and was likely to become the second registered opposition party in Sarawak after the DAP.

Speaking after a Snap Youth Exco meeting at the party's headquarters in Jalan Rubber, Dr Patau said that essentially, the Parmas committee will comprise the same lineup as the unregistered United Sarawak Natives Association (USNA) which is predominantly made up of disgruntled former associates of the State Barisan Nasional component parties.

Former Parti Pesaka Bumiputera Bersatu (PBB) vice-presidents Wan Habib Syed Mahmud and Datuk Salleh Jafaruddin are expected to be the new party's President and

secretary general respectively.

Others in the lineup include PBB members Wilfred Nisom, the State Assemblyman for Bengoh, Haji Saadi Olla, the State Assemblyman for Kuala Rajang, and former Snap vice-presidents Patrick Anek Uren and John Antau, both of whom contested the Parliamentary election last year but lost.

He said: "The new party will challenge the Barisan Nasional by the middle of this year. As you may know, even the DAP is going rural, so you must be prepared for the task ahead."

Meanwhile the January 24 edition of the Brunei-based Borneo Bulletin quoted Patrick Anek, a protem vice-president of a party called "PERMAS" (Persatuan Rakyat Malaysia Sarawak) as threatening to take the Sarawak Registrar of Societies to court if approval for the party's registration did not come through by the end of next week.

Anek, a lawyer, said that he had written to the registry last week giving it 14 days to regis-

ter the party "otherwise we will apply for a High Court order. In our opinion we have satisfied all the requirements and there are no valid reasons for the delay."

The Bulletin said that "PERMAS has good reason to keep up the pressure. State elections are due in the middle of next year and the initial enthusiasm of the new party's supporters is fizzling out."

The weekly paper alleged that the prime movers of the new party were stalwart supporters of former Chief Minister Tun Datuk Patinggi Haji Abdul Rahman Yakub. It added that former PBB leaders Wan Habin Syed Mahmud, Datuk Salleh Jafaruddin and Haji Saadi Olla are expected to hold 'key posts' in the party.

The report quoted PERMAS officials as refusing to comment whether the recent home-coming of Tun Rahman from London was related 'to the controversy'.

Note the slight difference in the names of the two parties — Parmas and PERMAS.

Apparently both are the same party even though one is called 'parti' and the other 'persatuan'.

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CSO: 4200/376

CHINESE TO FORM NEW PARTY

Penang THE STAR in English 16 Feb 87 p 4

[Text]

IPOH, Sun. — The Chinese Consultative Council (CCC) decided today to dissolve itself to make way for the formation of a multiracial political party.

The decision was made after a four-hour meeting at the house of Perak CCC deputy chairman Yong Su Hian.

Present were representatives from six of the seven States where the council has branches.

The meeting, chaired by Mr Yong, also appointed several members to a pro tem committee which would decide on the party's name and constitution.

Former Perak CCC treasurer Hew Choy Kon told reporters that the decision to form the party was unanimous.

"Our objective is to provide an alternative government in the country. We will work towards the aim of coming up with a political force that will replace the Barisan Nasional in time to come," he said.

He added that the new party would continue to work closely with PAS though it would act independently.

Mr Hew said the posts of chairman and secretary in the pro tem com-

mittee would be decided by the former Perak CCC.

Those appointed today include former CCC vice-chairman Lim Khye Guan (deputy chairman) and Selangor CCC vice-chairman Cheah Swee Choy (treasurer).

The others are former Penang and Butterworth CCC chairman Khoo Hock San, Negri Sembilan CCC chairman Liew Wah, Malacca CCC secretary Goh Kong Yin, Selangor CCC vice-chairman Chin Chee Pin, Federal Territory CCC chairman Liew Kin Hock and Kedah CCC organising secretary Ho Seng Fatt.

The CCC was set up in 1985 as a link between the Chinese community and PAS. Its leaders had said

then that they wanted to help explain PAS views to the Chinese community and vice-versa.

The organisation attracted much attention just before the elections when it said it would help PAS garner the Chinese votes.

The CCC leaders, however, have been in a dither over which direction they should take when it failed to win over the Chinese voters in the elections.

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CSO: 4200/376

SHARI'AH LAW FOR MUSLIMS ONLY

Kuala Lumpur NEW STRAITS TIMES in English 10 Feb 87 p 1

[Article by RAsid Bakar]

[Text]

KUALA LUMPUR, Mon. — Non-Muslims are not subject to the provisions of the Syariah law, Deputy Minister in the Prime Minister's Department Datuk Mohamed Yusof Noor said today.

He said this guarantee is contained in the Federal Constitution and the Syariah Court Enactments of the States. Also, the Syariah court has no power to try a non-Muslim found committing *khalwat* with a Muslim.

He was speaking at a joint news conference after a two-hour meeting with an MCA Youth delegation headed by its secretary Mr Ng Cheng Kual at the Pusat Islam (Islamic Centre) here.

However, he pointed to a provision in the Syariah Enactments providing for action against non-Muslims who commit acts which belittle Islam. In such cases, the culprits would be tried in a civil court.

Sensitive

"It could be because of this that non-Muslims feel that they are liable to be charged with *khalwat* offences," he said.

Datuk Yusof said the Syariah law should not be politicised as religion is a sensitive matter.

He felt that politicians should refrain from making comments on religious matters as they could cause confusion and fear among the public, particularly the non-Muslims.

Mr Ng said the MCA Youth was happy with the explanation.

"We have also been assured that in the administering of the Syariah law, non-Muslims are free to practise their own religion and that they are not punished by laws meant for Muslims."

Mr Ng said the assurance given by Datuk Yusof was important in the light of fears expressed by non-Muslims over the implementation of the Syariah law.

Datuk Yusof said the meeting with the MCA Youth was the first in a series of meetings with other political parties or groups to allay any doubts they might have about religious matters.

"We are willing to discuss the matter with all interested parties," he added.

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CSO: 4200/376

EDUCATION MINISTER PROMISES NO SLOWDOWN ON ISLAMIZATION

Penang THE STAR in English 19 Jan 87 p 2

[Text]

PETALING JAYA, Sun. — The Government will not slow down on its Islamisation of the administration and prefers to hold discussions on improving the process than answering criticisms against the concept, Education Minister Anwar Ibrahim said.

Encik Anwar, speaking at a seminar organised by the Islamic advisory panel of the Prime Minister's Department last night, said there were fears that the Islamisation process would degress national development and certain quarters were even worried it would drive away investors.

Many people had been conditioned by Western thinkers to akin Islamic philosophy to the "debacle of Idi Amin" or "excesses of Khomeni" and this has brought about the negative attitude towards Islamic administration in Malaysia, he said.

Encik Anwar added, however, this had not stopped the Government in its efforts to inject Islamic values in all sectors of the administration.

He said enough had been said and argued about the matter. It is time the "brains" from

the Muslim community set aside their political, social or other interests to seriously sit together and work on positive ways to promote the Islamisation policy.

He urged Muslim leaders in the country, including politicians, educators, businessmen and professionals, to pool their thoughts to create "an Islamic community par excellence."

Encik Anwar said opponents of the Islamisation policy were mainly those who generally indulged in activities and practices that went against Islamic principles. They included Muslims also.

He said incidents of malpractices and fraud that occurred in the country not only involved non-Muslims. There were also culprits who were Muslims.

"These are the things we seek to avoid. We would also like to see a stop to over-indulgence in materialism. We want our civil servants, and the people in general, to reaffirm their faith in religion and moral values."

Encik Anwar said long before the resurgence of Islam, Western writers

and observers had already predicted this would happen and had warned their bloc that Islam would be a threat to both Western civilisation and socialism.

"And because of this early warning the Western bloc took care that their interests remain intact and today they are still a force to be reckoned with.

"It is unfortunate that in Malaysia, particularly among Malaysian Muslims, there is not enough commitment to defend Islam against forces out to weaken or destroy it."

On the education system, Encik Anwar said the Government was always looking into ways to improve it with the view of integrating the races.

He said his Ministry was planning an integrated curriculum for the schools where the emphasis would be to strike a balance between rural and urban schools.

Encik Anwar said Islamisation would also affect the education system and for this reason, he added, he would continue to be strict on discipline in bimbingan institutions like residential schools and Mara science schools.

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CSO: 4200/376

NAURU

BRIEFS

NEW PARTY FORMED--A former president of Nauru, Mr (Kennan Ariang), has announced the formation of the Democratic Party of Nauru--the first formal political grouping in the country since 1976. Mr (Ariang) says 8 of the 18 members of Nauru's parliament has joined the party. He says the party will aim to curtail what he called the extension of presidential powers and return the country to parliamentary democracy. Mr (Ariang) will be the parliamentary leader of the party. [Text] [Melbourne Overseas Service in English 0700 GMT 24 Feb 87] /9604

CSO: 4200/379

CHAN FAVORS SOVIET FISHING IN NATIONAL WATERS

Port Moresby PAPUA NEW GUINEA POST COURIER in English 9 Feb 87 p 3

[Text]

DEPUTY Prime Minister Sir Julius Chan is not opposed to having Soviet Union fishing vessels in PNG waters.

He is also in favor of granting the Russians shore facilities.

Australia's Sydney Morning Herald newspaper reported on Friday that Sir Julius said PNG could have to enter into a fishing deal with the Russians.

He said Russians could also be given shore facilities "provided we (PNG Government) have complete control over movements and number of Soviet nationals.

"We need the money, and there is no reason why we should not sell our fish to the Soviet Union. After all, Australia sells wheat to Russia," the Deputy Prime Minister said.

He said there had been no formal approach to PNG by the Soviet Union, "although there had been plenty of covert approaches on other things."

Sir Julius said this in Canberra last week while addressing the

National Press Club there.

Sir Julius is also the Parliamentary leader of the People's Progress Party.

One of his senior party members and Provincial Affairs Minister, Mr Warena, in a letter to the Post-Courier last Thursday said:

"The Wingti-Chan Government is anti-communist and the People's Progress Party certainly would not condone any closer ties with the Soviet Union other than the existing diplomatic relationship."

The issue was raised briefly in Cabinet last Wednesday by Fisheries and Marine Resources Minister Mr Bourne.

Mr Bourne said he was working on a Cabinet submission for the next meeting which was three weeks away. The Government would then decide on a firm fishing policy toward the Russians.

Meanwhile, Opposition Leader Mr Somare has criticised Sir Julius' pro-Soviet comments,

and has called on the Government to immediately spell out its foreign policy regarding recognition of Russian economic interests in PNG.

Mr Somare said Sir Julius's pro-Soviet remarks were not only presumptuous, but they also pre-empted any decisions by the present or future PNG governments regarding bilateral relations with the Soviet Union.

"The rank and file of Prime Minister Wingti's Cabinet — except Foreign Minister Mr Diro — do not seem to appreciate the wider implications of Soviet presence in this region.

"It is time the present government spelt out what exactly are the terms of relationships it desires with the Soviet Union.

"The present attitude of individual ministers to make separate potshots at pro-Soviet sentiments leaves much to be desired of the depth of the Government's understanding of Russian politics and the politics of super power rivalry."

/9317

CSO: 4200/377

SOMARE OPPOSES SOVIET FISHING AGREEMENT

Port Moresby PAPUA NEW GUINEA POST COURIER in English 11 Feb 87 p 3

[Text]

OPPOSITION Leader Mr Somare will not honor any fishing arrangements between PNG and the Soviet Union if his Pangu Party returns to power after the June elections.

Yesterday he warned the Government to refrain from clinching such a deal with the Russians "to save future embarrassment".

"Pangu Party is confident of being elected into government this year and I cannot guarantee the existence of any such economic deals with Russia if now signed by the present Government.

"PNG people would not suffer one bit if a Pangu government, after the elections, revoked any economic deals with the Soviet Union," Mr Somare said.

Mr Somare was replying to an AAP report yesterday that the Soviet Union wanted to negotiate a fishing agreement with PNG which would generally increase its links in the South Pacific region.

The report quoted a Soviet naval attache in Tokyo, Captain Nikolai Usov as having said that in a rare Press briefing by a Soviet officer.

Capt Usov said "such agreements help to create an atmosphere of mutual trust" and that it would reduce tension as well as form a basis for political relations between the region and Soviet Union.

The Soviets have already signed such an agreement with Vanuatu which also gives

Soviet ships access to ports and landing rights for its national airline, Aeroflot.

Mr Somare said such an agreement for PNG would be an act of selling the country's people, its security and the interests of the South Pacific region as a whole.

Mr Somare urged the Soviet Union not to sign fishing or other economic agreements with PNG besides maintaining the two countries' present level of diplomatic ties.

Mr Somare accused the Prime Minister, Mr Wingti, and his deputy Sir Julius Chan of deliberately disregarding the safety and wellbeing of the country.

"They are deliberately ignorant of the danger of Soviet presence in the country," he said.

/9317

CSO: 4200/377

JAPANESE ORDERED FROM NATIONAL WATERS

Port Moresby PAPUA NEW GUINEA POST COURIER in English 20 Feb 87 p 3

[Article by Blaise Nangoi]

[Text]

JAPANESE fishing vessels have been ordered out of PNG waters.

And they have until March 10 to leave.

This follows failure in talks between the two countries yesterday to reach an agreement on catch fees the Japanese should pay.

Fisheries and Marine Resources Minister Mr Bourne said the Japanese had "flatly refused" to consider any increase apart from the present four per cent they were paying.

The order will affect dozens of Japanese tuna fishing vessels now operating in PNG waters.

PNG Government officials, led by acting Fisheries Secretary Mr Oscar Natera, met the Japanese team led by Japan Fishing Association negotiator Mr Norio Fujinami in Port Moresby on Wednesday and yesterday.

According to Mr Bourne, the Government team had been flexible in the talks, even suggesting that the 10 per cent increase it was asking for be acquired over a period of two years.

"But the Japanese flatly refused to discuss anything. We put to them a number of proposals, ways by which we

could reach the 10 per cent target by gradual stages of increases.

"They wouldn't consider that, not even half a per cent increase."

Mr Bourne said he regretted having to break off talks but the Government had not been left much choice as it could not possibly accept the present level of fees which were "far too low".

Asked what the Government was now going to do, Mr Bourne said: "We have vacancies for other fishing licence applicants.

"This means we can now consider fishers we've rejected in the past. These include American, Filipino and Italian applicants."

Mr Bourne described the Japanese pull out as good although PNG would lose out on revenue. But he quickly reiterated this was not a substantial loss owing to the low fees charged.

He again stressed that PNG was only trying to get back more for its resource.

Japan was taking about

Japan was taking about 50,000 tonnes of tuna worth at least K50 million each year out of the country. Of this PNG got back only K2 million on catch fees calculated at four per cent of the landed price in Japan.

Mr Bourne described this as unfair.

He was glad the Government negotiating team stood its ground, saying it was good for the country's international image.

Had they backed down PNG would be seen as a "pushover" and any future negotiations for the country's other resources could be treated in the same manner.

"All foreign vessels wishing to operate in PNG waters must be prepared to pay reasonable fees for access to the rich tuna resources of this country.

"PNG will take the opportunity at the coming meeting for the signing of the multilateral treaty with the US in Port Moresby to propose a more co-ordinated approach with dealing with the Japanese fleet."

Any Japanese tuna fishing vessel found within PNG's 200 nautical mile economic zone will be prosecuted after March 10, he warned.

Meanwhile former Foreign Affairs Minister Mr Noel Levi has supported calls for PNG to consider trade with the Soviet Union.

Mr Levi said trade links with Russia should be based "purely on commercial considerations and should not be confused with security and defence".

/9317

CSO: 4200/377

\$10-MILLION COMPENSATION SOUGHT FROM U.S. NAVY

HK020329 Manila PHILIPPINE DAILY INQUIRER in English 2 Mar 87 p 10

[By Roger Garcia]

[Text] The provincial government of Zambales is demanding \$10 million from U.S. Navy authorities here to compensate for the large damages to livestock and farm crops brought about by their bombing exercises in the province since 1972.

The said demand is contained in a resolution passed last week by the local provincial board of Zambales.

Gov Amor Deloso said that the \$10-million demand was made after the provincial government completed investigation of the bombing incidents in the towns of Castillejos and Botolan.

In Castillejos, the municipal council also passed a resolution demanding P2 million, also from U.S. Navy authorities, for damages to livestock and palay crops and some houses as a result of a bombing exercise in Barangay shook that town last 3 December 1986.

Deloso stressed, however, that the demands of the Castillejos municipal government is separate from the demands being made by the provincial government.

He also said that he sought for the reinvestigation of the said bombing accidents after an initial investigations of the first accident that occurred in November 1972 in Botolan was allegedly stopped by the then Ministry of Foreign Affairs [MFA].

Deloso said that when he was still the mayor of Botolan, the town's Sangguniang Bayan [municipal board] initiated an investigation of the 1972 bombing accident. The MFA, however, stopped the said investigations and directed him to desist from continuing the probe citing that it might jeopardize the then RP-U.S. military base agreement (MBA) negotiations.

Deloso also asked the United States armed forces authorities to subject their pilots to a (drug test) and also sought for the investigations of

some reports that some of the U.S. pilots engaging in bombing exercises were allegedly "under the influence of drug".

The fighter planes used in these exercises usually carries with them bombs weighing about 2,000 pounds and their sonic booms discharged by low-flying planes also causes major damages on farm crops and adversely affect the egg-laying cycles of domestic fowls.

In a related development, U.S. Naval authorities disowned responsibility for accidents resulting from bombing exercises in Zambales and pointed to Clark Air Base as the main culprits.

Subic Naval Base public affairs officer Lt Cmdr James Van Sickle was quoted as saying that, jets from the 13th U.S. Air Force based at Clark Air Base were the ones performing bombing exercises in Zambales.

/12858

CSO: 4200/373

TANADA CHARTER VIEW: FINI TO BASES

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 p 30

[Commentary by Lorenzo M. Tanada: "The Beginning of the End"]

[Text]

There are two very important provisions which could end the existence of foreign bases in this country.

Art. II, Sec. 8, provides that "the Philippines, consistent with the national interest, adopts and pursues a policy of freedom from nuclear weapons in its territory."

Art. XVIII, Sec. 25, on the other hand, provides that "After the expiration in 1991 of the Agreement between the Republic of the Philippines and the United States of America concerning Military Bases, foreign military bases, troops or facilities shall not be allowed in the Philippines except under a treaty duly concurred in by the Senate and, when the Congress so requires, ratified by a majority of the votes cast by the people in a national referendum held for that purpose, and recognized as a treaty by the other contracting State."

The import of the first provision, if the draft Constitution is ratified, is that the Filipino people will have judged it to be in the national interest to adopt and pursue a policy of freedom from nuclear weapons in the Philippine territory. There can be no other interpretation not only because of the grammatical position of the phrase "consistent with the national interest" but also because of the positive and present meaning of the words "adopt

and pursue" which are neither subjunctive nor future or prospective, but in the present tense and categorical.

The effect that this will have on the US bases here is obvious. There can be no nuclear weapons and no nuclear-capable planes, ships or launching pads or the like within Philippine territory, and that of course includes the US bases if the US government will respect and honor our Constitution.

The military value of Clark Base and Subic Naval Base without nuclear weapons is also obvious.

One practical effect of the aforementioned provision is that the US government will find it extremely difficult if not impossible to justify to its people the maintenance of the bases at their present level of expenditure on equipment, staff and personnel, military, civilian, American and Filipino, and, the military aid being extended to us on account of said bases. Angeles and Olongapo will lose their economic importance for the people living in those areas and thus one of the strong arguments at present for continuing the bases will have been considerably weakened or eliminated.

After the ratification of the draft Constitution, assuming the parties would still desire to renew or extend the present Bases Agreement, they will find that they cannot enter into a new

agreement which would allow the US to keep, store or maintain nuclear weapons or nuclear-capable equipment in the bases without violating the 1986 Constitution and without running the risk of impeachment (See Art. XI, Sec. 2 — where culpable violation of the Constitution and betrayal of public trust are among others, considered grounds for impeachment). Such a situation, the parties may well find unacceptable. The US may find the extension of the Agreement without provisions for nuclear weapons of little or no further value to it considering the risk and trouble involved.

Moreover, under the draft Constitution, "all existing treaties or international agreements which have not been ratified shall not be renewed or extended without the concurrence of at least two-thirds of all the Members of the Senate" (Art. XVIII, Sec. 4. See

also Art. VII, Sec. 21).

As I see it, therefore, given the provisions above cited, the ratification of the 1986 draft Constitution could mean the beginning of the end for the US bases in the Philippines.

Can we ask for more? It is true that what we wanted was an immediate removal of those bases. But I sincerely believe this is good enough for the present, especially when the alternative — the rejection of the draft Constitution — will mean a continuation of the present situation under which the President alone could commit our country to a new agreement and so expose us, for another quarter of a century or longer, to the danger of extermination in a nuclear war. On the other hand, what we have always wanted, though not in the form we wanted it, is now within our reach because the draft Constitution has a good chance of being ratified. [M]

/13104

CSO: 4200/366

MALACANANG DENIES ASKING FOR MARINES

Quezon City VERITAS in English 12-18 Feb 87 p 4

[Text]

A MILITARY officer who issued a statement saying that Malacañang asked for a Marine contingent to guard the approach to the Palace last January 22 is in a spot.

Malacañang has just ordered the officer, Marine Col. Raymundo Petrola, investigated.

In a letter to Defense Minister Rafael Heto last February 7, Executive Secretary Joker Arroyo said "Neither the President, nor Minister Saguisag nor Loesin, nor Secretary Factoran requested Marine assistance" during the violent dispersal of **a peasant rally in which 18 persons were killed.**

The Marine on the spot, Col. Petrola, has been quoted as saying that Marines were sent to Mendiola "on orders of Malacañang." The colonel testified at the start of the Citizens Mendiola Commission hearing.

Arroyo told newsmen that Malacañang could not have asked for Marine assistance since "the Office of the President does not involve itself in crowd control - that is the function of Capcom (Capital Regional Command)."

Added Arroyo: "The only military unit with the Office of the President is the Presidential Security Group which is involved primarily with the President's security."

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CSO: 4200/366

PHILIPPINES

OFFICIAL SAYS MENDIOLA INCIDENT CANNOT GO TO UN

HK021401 Manila MANILA BULLETIN in English 2 Mar 87 p 8

[By Olaf S. Giron]

[Excerpt] The Aquino government cannot be faulted in the Mendiola incident because the administration itself initiated an investigation into the killing of demonstrators, the Department of Foreign Affairs (DFA) said yesterday.

Deputy Foreign Affairs Secretary Jose D. Ingles told newsmen that a case can be filed with the United Nations against a country only if there is evidence showing "consistent pattern of gross violation of human rights." In the Philippine case, he explained charges of violating the International Covenant on Civil and Political Rights cannot be brought against the government unless it tolerated the violations and did not do anything to remedy the situation.

But the administration created an impartial body to probe into the Mendiola carnage and gave due course to complaints against law enforcers, Ingles stressed. He noted that the UN Commission on Human Rights refers in its resolutions to "massive and flagrant abuse of human rights" which is the "only basis" to take up the issue in the world body.

Ingles pointed out that under Article 21 of the human rights covenant, which the Philippines has ratified, a member state of the UN may accuse another member of failing to live up to its commitments and cite specific violations. "I don't know of any other way by which a violation of the human rights covenant may be brought to the attention of the UN Commission," Ingles said. "Discussions of violations of human rights can only arise if there is a charge of consistent pattern of gross violations of these rights," he added.

If there is a violation, he pointed out, the government should not be faulted immediately. It must first be shown that the violation was committed by the government and not by private parties or officers acting in their independent capacities.

Ingles indicated the UN will intervene in a human rights case only when the government does not take action on gross violations.

Meanwhile, the Kilusang Mayo Uno (KMU) [1 May Movement] charged "flagrant whitewash and coverup" of the Mendiola incident by the Citizens Mendiola Commission. "Instead of charging the military perpetrators of the massacre with criminal conspiracy, the commission decided to charge the victims with sedition," the KMU said.

It even implied that three of the slain marchers had powder burns, but it failed to identify a single marine or Capcom soldier who fired a shot, it added.

The KMU lamented that while the victims and their leader, Jaime Tadeo, were charged criminally for redressing "lawful grievances," the soldiers were merely slapped with administrative charges.

/12858

CSO: 4200/373

CARTOON PARODIES OFFICIAL LINE ON MENDIOLA BLAME

Quezon City ANG PAHAYAGANG MALAYA in English 29 Jan 87 p 4

[Cartoon]



malaya

AQUINO ON POLITICAL PHILOSOPHY, LAND REFORM

HK031137 Quezon City Radyo ng Bayan in Tagalog 0900 GMT 3 Mar 87

[Text] President Corazon Aquino made clear today the political and economic philosophies she uses to rule the country. She made the clarification at a press conference:

[Begin recording in English] Well, I was [word indistinct] in the sense that I believe in democracy, I do not believe in violence or in using force. At the same time I believe in giving people the freedom of expression to choose not only their officials but, as they have chosen in the plebiscite, the kind of government that they would like to have. I believe in freedom, most of all in freedom of speech and freedom of expression. I believe that all Filipinos know best what is good for our country. [end recording]

The president also explained the government's efforts in carrying out the land reform program:

[Begin recording in English] Well, Secretary Ongpin has worked to get loans from abroad precisely to finance our agrarian reform program. But [word indistinct] that is not yet a (?sure call). We have decided (but I have not yet announced) to use the funds that will be received by the [word indistinct] in the matter of selling the nonperforming assets of the government so that we will have ready funds to implement our agrarian reform program. But of course if we will be able to borrow we still do so, because the agrarian reform program requires massive funding. [end recording]

/12624

CSO: 4211/28

KMP OFFICIAL VIEWS LAND REFORM IN 1986 CHARTER

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 pp 6-9, 44, 45

[Article by Francisco Lara, Jr., executive director of the Philippine Peasant Institute and deputy chairman of the Public Information and Research Committee of the Kilusang Magbubukid ng Pilipinas (KMP)]

[Text] **O**n August 7, 1986, the 1986 Constitutional Commission, led by the Committee on Social Justice, approved provisions on agrarian and natural resources reform after heated debates and deliberations that almost led to walk-outs and resignations by a number of commissioners, mostly from the nationalist bloc.

The provisions on agrarian reform have been portrayed in the media as a landmark in social justice legislation, but Commissioner Jaime Tadeo, erstwhile President of the Kilusang Magbubukid ng Pilipinas and sponsor of the agrarian and natural resources reform provision has cautioned farmers and farmworkers from about the significance and possible consequences of such provisions. The general im-

pression is that, in the main, with the approval of the Con-Com resolution, the people can now look forward with much more certainty to the eradication of absentee landlordism.

Contrary to what is currently being projected, the agrarian reform provision does not guarantee land to the actual tillers. Though it sets conditions favor-

able to the possible implementation of genuine agrarian reform, it does not guarantee its fulfillment. It is in fact, a classic case of "having your cake and wanting to eat it as well." It gives a false sense of hope. It is a very deceptive provision that favors the big landed and business elite. And the purpose of this analysis is to show that this supposed "landmark" is actually so full of loopholes as to negate any clear mandate for progressive land reform legislation and implementation.

The initial draft of the agrarian reform proposal contained provisions that borrowed heavily from Resolution 343, which was submitted by Commissioner Jaime Tadeo and co-signed by 12 other commissioners. It sought to address the major issues of land reform coverage, the compensation package, the target beneficiaries and their rights, and the role of the state and other institutions in its implementation.

The original draft never made it to the floor. In several deliberations conducted by the Committee on Social Justice, several sections were condensed or

modified to suit the parliamentary taste of a majority of the commissioners. However, in intent and purpose the original draft was contained in the proposal that made it to the floor, which by then had been reduced to only five sections dealing with agrarian and natural resources reform.

Of the five sections presented to the plenary session by the Committee on Social Justice, a third draft was made by the committee based on the reactions of the commissioners. This draft was subsequently presented to the plenary session on August 7, 1986, final revisions were made and then approved. In retrospect, the approval of the fourth draft was made only after the original concepts had been drastically altered, the loopholes created and the platitudes properly enunciated.

Commissioner Jaime Tadeo, in an interview with this writer before the plenary deliberations on agrarian and natural resources reform expressed doubts on whether the new Constitution would ultimately remain faithful to the aspirations of the people, especially the millions of peasants and farm workers.

"The Committee on Social Justice which discussed the draft provisions on agrarian reform had already thrown out most of the original intent and purpose of a genuine program for the equitable diffusion of wealth in the countryside. I do not see how the body, composed mainly of conservatives and landowners, can possibly see the justness of our cause."

Tadeo was right. Despite the defense put up by the Social Justice Committee, the original concept of genuine land reform was thrown out by the body, and a

poor, mangled and loophole-riddled substitute was put in its place.

Let us focus on Sections 5, 6 and 7 of the second draft of the Article on Social Justice, which contains the substantial provisions on agrarian and natural resources reform.

Section 5 is the most important part of the agrarian reform provision. The significance of Section 5 is that it is supposed to mandate the immediate implementation of land reform, the primary rights of the actual tillers, the scope and coverage of agrarian reform, retention limits, modes of compensation, and finally, the mandating authority, if there is need for one outside the mandating strength of the Charter. The second draft of this section reads: "The State shall undertake a genuine agrarian reform program founded on the primacy of the rights of farmers and farm workers to own directly or collectively the lands they till. To this end, the State shall encourage and undertake the just distribution of all agricultural lands, subject to such retention limits as Congress may prescribe, and subject to a fair and progressive system of compensation."

Section 6 of the same article discusses the role of the State and the farmers and farm worker organizations in the formulation and implementation of agrarian reform. This section reads:

"The State shall recognize the rights of farmers and farmworkers, of cooperatives, and other independent farmers' organizations to participate in the planning, organizing, and management of the program and shall provide support to agriculture through appropriate technology, and adequate financial production and marketing assistance."

Section 7 discusses the final provisions on land and natural resources reform, with reference to the prior rights to land of original inhabitants, such as the settlers and indigenous communities and agrarian reform coverage in public lands, including lands under concession or lease. This section reads:

"The State shall apply the principles of agrarian reform in the disposition of other natural resources, including lands of the public domain under lease or concession, subject to prior

For instance, in Section 6, as passed by the Con-Com, prior rights of original inhabitants have been watered down to include prior rights of operators already on the land. It reads:

"The State shall apply the principles of agrarian reform or stewardship whenever applicable in accordance with law in the disposition and utilization of other natural resources, including lands of the public domain suitable to agriculture under lease or concession, subject to prior rights, homestead rights of small settlers and the rights of indigenous communities to their ancestral lands. The State may resettle the landless farmers and farmworkers in its own agricultural estates which shall be distributed to them in the manner provided by law."

Section 8, as approved, does not focus on national industrialization through the integration of agricultural, fishery and marine resources. Instead, the emphasis is on further ensuring profitable compensation for landowners and propping up the privatization strategy for big business. It reads;

"The State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment creation and privatization of public sector enterprises. Financial instruments used as payment for lands shall be honored as equity in such enterprises of their choice."

It is evident that the conservatives in the Con-Com eroded the original progressive content of the proposed content of the proposed sections by imposing limitation on the scope, rights, beneficiaries, compensation and implementation of the land reform program. The result—sections that look good on paper, but can be subjected to different interpretations; and we can expect a biased interpretation based on the historical domination of landlords and big businessmen in Congress.

In the original version of the agrarian reform provision, just distribution would cover all agricultural croplands regardless of size but subject to retention limits, so as not to unduly deprive small landowners (under PD 27, 7 hectares and below) of their lands.

rights of original inhabitants and without violating the homestead rights of indigenous communities to their ancestral lands."

If you cannot recognize the sections enumerated above from the articles featured and lavishly praised in the newspapers, it is mainly because the second draft, which was basically the collapsed version of the progressive original content of the agrarian reform proposal, was not approved by the commissioners.

However, under the approved provisions, just distribution of agricultural croplands is limited by:

- a) priorities and reasonable retention limits as Congress may prescribe;
- b) ecological, developmental, and equity considerations;
- c) rights of small landowners in determining retention limits;
- d) voluntary modes of land sharing; and
- e) prior rights in public lands, under lease or concession.

These loopholes along are enough to negate any clear mandate on agrarian reform. Though couched in beautiful terms, they impair the definition of actual coverage by the program. While others claim that these provisions only mean that much is being left to congressional legislation and that there are no onerous provisions, it is also true that the same provisions do not ensure actual coverage of all crop areas planted to coconut, sugar, tobacco, pineapple, abaca, etc.

According to Jimmy Tadeo, priorities refer to the process of starting agrarian reform in the large landed estates, before touching the small landholdings five hectares and below. The trouble was the Con-Com did not grow with the interpretation, as can be seen from the journal of proceedings, and hence, provides grounds for various interpretations. Proponents of large-scale agribusiness and the big landlords in sugar and coconut may view this term to mean prioritizing rice and corn lands, of which 57 percent of the owners are small landlords.

The other commissioners saw "priorities" as referring to the scope of crops: starting with rice and corn, and hastening the implementation of PD 27 before starting in other croplands. "Likewise, in their view, the limits to be determined by Congress related to crop coverage."

Commissioners Tadeo, Rene Sarmiento, Minda Luz Quesada and Jose Suarez opposed the inclusion of the term "priorities" as it would open the floodgates to more exemptions. In the case of the term "and other conditions," they won the vote. However, they lost out when they moved for the deletion of the term "priorities."

The term "priorities" in its various interpretations is further compounded by another limitation involving ecological, developmental and equity considerations. This proposal, suggested by Commissioner Ponciano Bennagen, would stress equalization of landholdings and ecological protection as conditions for land reform, but in effect would only be eroding the scope of land reform.

Commissioner Bernardo Villegas, director of the Center for Research and Communication, and a staunch advocate of big local and foreign agribusiness, interpreted Mr. Bennangen's suggestions by noting that in Taiwan land reform has gone full circle and is now in the stage of consolidating small farms into large-scale farms because the common good dictates that there be no more small farms. He noted that the Con-Com should not constitutionalize certain provisions which are requirements of common good today but which, 30 years from now, may prove to be completely the opposite.

Do "developmental considerations," as proposed by Bennangen, take into account the common good? If they do, then does it not follow that agro-industrial corporations such as those owned and managed by San Miguel, or the multinationals such as Del Monte, Dole, Guthrie and Goodyear, serve the common good through revenues and employment, and are therefore developmental? And of course, they are large estates, which can be for the common good, or developmental, as Villegas pointed out. According to Commissioner Jose Nolleto, priorities and other conditions may even mean exempting the agro-industrial corporations!

Another limitation to the possible scope of land reform is to be found in the statement that the State shall "respect the rights of small landowners in determining retention limits." The statement is an obvious loophole that dates back to Republic Act 3844 which guarantees retention limits at the expense of the tenant-cultivator. In fact, no basis is given to retention except the fact of small landholdings. There is no explicit provision that compels the landowner to work on the land. In fact, the landowner may simply transform the tenant into seasonal farmworkers to evade land reform.

The provision is patently dangerous, in that if a small landowner decides to hold on to the land, the tenant on the landholding may be ejected.

In fact, the provision shows a bias toward resettlement and the alienation of public lands as a safe recourse from genuine land reform. To avoid having to address the issue of large landed estates, especially in sugar and coconut, where extreme feudal exploitation and oppression can be found, our glorious commissioners would have the government pay for having the nerve to undertake land reform. Hence, the provision stating that "the State may resettle landless farmers and farmworkers in its own agricultural estates which shall be distributed to them in a manner provided by law."

With all the loopholes in place, it is clear that the Con-Com has done a solid job of misleading the people. Of course, no thanks to Commissioner Ambrosio Padilla, who in all frankness asserted that the Commission should not, in the first place, eradicate tenancy since it is a higher form of relationship, nor should all agricultural lands be covered.

Considering what the Con-Com finally approved, Commissioner Padilla need not have worried at all.

In the original land reform proposal, the beneficiaries included both farmers and farmworkers. But after approval, the beneficiaries were limited to farmers and regular farmworkers who are landless, with provision for seasonal farmworkers to receive a

“just share of the fruits thereof.”

First of all, the limitation would exclude millions of farmworkers, most of whom work under so-called seasonal employment arrangements. In the sugarlands of Negros, the sacadas are normally employed during the harvesting and milling season, and they stand to be excluded from a form of individual or collective ownership and management of the land.

Secondly, there is an explicit assumption that a person who already owns land, regardless of the size, should not be a beneficiary of land reform. In the countryside, thousands of poor and middle-level farmers are still suffering from hunger and exploitation despite their ownership of small tracts of land, which are normally not enough to sustain a family. In the rice industry, for example, small owner-cultivators normally own less than two hectares of land, and are forced to hire out themselves as farmworkers to supplement their meager income.

Commissioner Christian Monsod sought to exclude small-owner cultivators from the program. According to Monsod, it was “not the contemplation of the Committee (on Social Justice) that someone who owns land but helps as a hired hand or manager of an adjoining lot would still be entitled to acquire that lot under the agrarian reform program.” Monsod further stressed that it was not the intention of the Committee to allow those who already own lands to be beneficiaries of the agrarian reform program.

But the most appalling resolution was that which struck out the primacy of the rights of farmers and farmworkers in the land reform program. The commissioners sought to change “primacy” to “basic rights,” but

still confronted with such a provision, the Con-Com finally settled for plain and simple “rights.”

The significance of the term “primacy” revolves around the concept of preferential option to the targetted main beneficiaries. In future legislation and litigation, the fundamental law of the land would mandate that the interests of the actual producers are of paramount concern. For example, in the case mentioned earlier, a tenant-farmer cannot be displaced from the land he tills despite recognition of the rights of small landowners to retention limits. In such cases, the State is mandated to persuade the landowner to give up the land and be fairly and progressively compensated therefrom, or render to the latter lands in other areas equivalent to the retention limit. But the tenant will not definitely be ejected from the land.

But of course, the contrary prevailed. While the original provision was being watered down, the anti-genuine land reform commissioners were strengthening the rights and benefits of the landowners.

It is inevitable for farmers and farmworkers to be skeptical about Section 5, especially if viewed together with the provision on congressional approval. A farmer from the KMP who was present during the deliberations exclaimed: “Why should landlords be given equal weight in the consultative process, when they are already in government, and will definitely be in Congress as well? To which Tadeo responded, “Because they are also here at the Con-Com.”

Whatever the Con-Com — and the Constitution — gave to agrarian reform, it also took away in the form of limitations on farmers or benefits for landowners. In fact, incentives are granted to

landowners, such as the land-sharing program geared to agribusiness.

Put in a little more icing such as "privatization of public sector enterprises," and the Con-Com cake is complete.

Some academicians, policy analysts and researchers are wont to conclude that PD 27's weakness lay in the manner of landlord compensation, which stacks too many odds against the prospective beneficiaries.

The amount of compensation, the basis of computation and the beneficiaries of such compensation represented major weaknesses that, according to recent statistics of the Ministry of Agrarian Reform, resulted in a less than nine percent repayment rate to the Land Bank. In the early 1970s, at the height of Marcos' land reform, the price of a hectare was from P15,000 to P18,000, paid through 15 yearly amortizations with a six percent annual interest.

The provision in Section 4 of the 1986 Constitution dealing with just compensation reverts to the classical definition of market value, despite claims to the contrary by the Commissioners. Worse, market value of land at present ranges from P15,000 to P45,000 per hectare, because in the process of value computation prescribed, all improvements on the land, including government roads and irrigation facilities, are credited to the landowner.

According to Commissioner Tadeo, the "fair and progressive" compensation package proposed by economist Mahar Mangahas would compel higher prices for small landholdings and lower prices for larger estates. A more comprehensive definition given by the KMP stressed the possi-

bility of non-payment for ill-gotten lands, and a moratorium on repayment for five years till farming regains economic viability. Another progressive interpretation was espoused by the National Consultation on Agrarian Reform and Rural Development (NCARRD), which pegs compensation to the assessed value or tax declaration, whichever is lower.

Alas, to the Con-Com, just compensation referred to "market value," which becomes progressive, according to the commissioners, because the government is mandated to shoulder the difference between the actual price and what the farmers and farmworkers can pay.

According to Commissioner Joaquin Bernas, the owner would get the "full market value," but that cognizant of the farmers' immediate incapacity to pay, the government would come in to subsidize the program to make up the difference. But Commissioner Jose Bengzon Jr., who sounded more concerned over the rights of the landowners, stated that the landowners would have to be "paid immediately, otherwise 'just compensation' would no longer be just."

In this regard, how could agrarian reform ever be accomplished? The Land Bank claims that government funds are so insufficient that the P2.6 billion necessary for completing the rice and corn reform program cannot be allocated. While it is the duty of the government to facilitate the process of compensation by providing subsidies, agrarian reform should not drain the country of its financial reserves.

In material terms, social justice loses its substance if the compensation package tilts in favor of the landowner, who rarely puts in labor or even capital in the production pro-

cess. Again, in this specific case, we can only hope that Congress will emphasize the original intent of the provision.

Ultimately, what worries farmers, farmworkers, peasant advocates and other concerned observers is the fact that despite the voluminous platitudes that emanated from the Con-Com, there appears to be no clear mandate for a genuine agrarian reform program. The key issue of land monopoly and its resolution has been postponed for congressional mandate, and in the process has been subverted.

Farmers have a dim view of the capacity of Congress to solve this fundamental problem in view of their own miserable experience with this historically landlord-dominated assembly.

In sum, what has been mandated is an agrarian reform prog-

ram with a very weak foundation in the 1986 Constitution. The commissioners responsible for this state of affairs should be reminded that they have forfeited their historic role to create positive conditions for economic recovery and growth, while fanning the flames of rebellion in the countryside. They have ultimately failed President Aquino whose professed task is to bring about genuine reconciliation.

It has become all too clear that the political struggle for genuine agrarian reform is far from over. In the face of a Constitution that falls far short of the nationalist and democratic Charter envisioned by Commissioners Tadeo, Suarez, Quesada and the rest of their bold but outnumbered colleagues, the peasants may ultimately be compelled to implement genuine land reform themselves. [M]

/13104

CSO: 4200/366

SURVEY CONTRADICTS POPULAR VIEW OF CHURCH-EDSA LINK

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 pp 20-22, 41

[Article by Fr. Ruben J. Villote: "Reflections on People Power"]

[Text]

A ccording to a snap survey, 67 percent of the citizenry who demonstrated People Power to topple the dictatorship during the February 22-25 events last year were young Filipinos from ages 15-30. Forty-three percent were from ages 15-25, and 24 percent were from ages 26-30.

Almost 70 percent were urban youths from church-related schools and organizations spontaneously led by their religious mentors: pastors, priests, seminarians, nuns, bishops and lay leaders. Two-thirds of the People Power barricades were manned by church-goers or at least people friendly to the various church groups, especially the Roman Catholic Church.

It is important to note that the composition of the People Power at EDSA and Channel 4 was predominantly: 1. urban, 2. churchgoing youths, 3. from church-related schools and organizations, and 4. "clericalist" (visibly led by the functionaries of the official Church).

According to a pastoral demographic chart (1980):

1. Urban youths (36 percent) constitute a minority of the total youth population in comparison to rural youths (63 percent) who composed the majority;

2. Only ten percent or less of the youths claimed to be churchgoers;

3. Only two percent admitted to being somehow involved in church organizations;

4. Less than one percent claimed to have come from Catholic schools;

5. Eighty-eight percent considered themselves "un-churched," 47 percent of whom were out-of-school youths, and the rest were enrolled in public schools, whose parents earn ₱250 a month, or less.

From these facts, it is clear that the People Power Phenomenon last February, in spite of the visible presence of the official Church, was not a phenomenon of the Church-as-People simply because the 88 percent of the people in the Church were hardly proportionately represented.

In other words, People Power was represented predominantly by the two percent in the leader-

ship of the Church, the 10 percent churchgoers, a portion of the urban minority, and a fraction of the less than one percent from Catholic schools.

The 88 percent poor in the Church were either manipulated and bribed by the dominant political elite (and would therefore understandably disclaim participation in People Power), or mobilized by the non-church-related radical groups (BAYAN, KMU, etc.) which however, comprised only about 30 percent of the People Power at EDSA and Channel 4. Obviously the grassroots-poor had not been reached by the pastoral letters of the bishops.

Jaime L. Cardinal Sin, Archbishop of Manila, wrote to his priests: "In the February 22-25 Revolution, the poor were not represented in proportionately great numbers. Indeed, the poor were marginalized. It would seem that they have not been as sufficiently reached by evangelization efforts as their more economically fortunate brothers have been."

People Power, therefore, seems to follow a pattern of elitism common to all attempts at social change. The 88 percent grassroots-poor who are powerless and often oppressed are usually the first to experience the need for liberation and change. They come together in their homes, under the tree, or at the corner barbershop to share their pains and problems, and together with their indigenous community leaders, they discuss and decide on their strategies for struggle.

As the process of discernment however, becomes more refined, a small group of "experts" (usually community organizers from the government, church or rebel

sector) is gradually formed. New structures are created and a more sophisticated procedure (praxis) is adopted, based on a more sophisticated "theology" or "ideology." Seminars are planned, and the process of development and change has actually begun but primarily from that small but dominant elite group of "seminared liberators."

Meanwhile, the majority of the people are left behind, unable perhaps to participate or cope with the refinements of liberation and social change. This pattern of "elitization" seems to be the rule rather than the exception in any change or development process not only in politics but also in economics, culture and religion. In the so-called "protracted struggle of the poor" towards liberation, the vast majority of the people are always marginalized.

The millions who composed the People Power at EDSA and Channel 4 were actually the "small" but dominant elite sector" of our society (urban, churchgoing and clericalist youth sector: 12 percent) while the vast "unchurched" majority (88 percent) were left behind and marginalized in the Liberation Story of February 1986.

"We must correct this situation of the marginalization of the poor in our evangelization efforts," the Cardinal continues in his letter. "The poor must be both evangelized and become evangelizing. Our evangelization efforts must be directed more emphatically towards them so that they may participate more actively in the evangelization efforts of the whole Church."

The charisma of the People of God, according to a Basic Christian Communities manual, is more powerfully experienced among the marginalized at the base of society. They are the tenement slum-dwellers, the garbage collectors, the farmers, fishermen, laborers, Metro Aides, fishball and taho vendors, casual employees, etc., who "wait, suffer, groan with all creation and eagerly long for the day when God will deliver his children from slavery, pain, decay and share the glorious freedom of the children of God" (Romans 8:18-25).

They are the ones who witness and experience directly the "slavery, pain and decay" brought about by the arrogance and greed of the "small but dominant elite" who have made them the objects, not the subjects, of their plans for social change.

These grassroots-poor are now forming communities, asking questions, questioning the answers. They are even creating their own symbols and designing their own strategies for reform. Leadership and power in these "base communities" are not monopolized and expropriated by an elite body of "specialists" *from above* and *from outside*,

but shared within the community itself.

These "specialists" and experts" *from above* and *from outside* are usually the change agents sent either by the government, church or "underground" bureaucracy in order "to help," "to teach" and "to convert" the grassroots-poor.

They swoop down on the helpless communities with their preconceived ideas, much like the Peace Corps and the evangelists, to tell the "ignorant" and "pagan" people what they need: toilets, chapels, cooperatives, IUDs, hamburgers, molotov bombs, etc. — and organize them into little empires for themselves, and make them forever grateful (*utang-na-loob*) to the new imperialists for "changing" and "converting" them.

The Basic Christian Communities (BCC) are the Church-of-the-Future taking shape today. They have begun to reject the "new imperialists" who come to them in the guise of reformists, evangelists and educators — "from above" and "from outside" — to organize them into "people power" for the benefit of the dominant elite (the politicians, the multinationals, the bureaucrats, the CPP or the church hierarchs). **[M]**

/13104

CSO: 4200/366

MISSIONARY DENIES USSR PRESENCE AT DAVAO SEMINARS

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 p 32

[Text]

A Russian in Davao City?

"Certainly not," wrote Margreet Macco in a letter of clarification in *The Daily San Pedro Express*, a local paper in Davao City, according to a report by the *Media Mindanao News Service* (MMNS).

Macco, a Dutch national and lay missionary for the Sisters of Charity of the Netherlands, was refuting reports in the *Express* that, according to 15 alleged women surrenderees to the Metrodiscom in Davao, a Russian named Margaret Marcov, with two male Russians and a Japanese, had attended seminars of SAMAKANA, an organization of urban poor women in Talomo district affiliated with GABRIELA-Mindanao.

It was alleged that the seminars were initially on livelihood, but later digressed on the positive aspects of Communism and discussions of military atrocities.

In her letter, Macco related that the seminar was

on "Women and Technology" which taught urban poor women about income generating projects. Moreover, Macco stressed that the males who were with her, Mr. Strijker and Mr. Luyckx, were Dutch agricultural students doing research in the Philippines.

It was "an attempt to justify that the seminar was Red," and to "discredit the women's movement in Davao City," Macco said of their being labeled as Russians.

In an earlier MMNS report, GABRIELA had denounced as "cheap, devious and coercive" the military's claim that some 20 women had surrendered to the Davao City Metrodiscom. GABRIELA stated that the women were brought to the Metrodiscom Headquarters by the Civilian Home Defense Force (CHDF) and by members of the anti-communist paramilitary group, Alsa Masa, which had figured in reports of shooting up a Davao City peace rally last December.

RELIGIOUS ORDERS PLEDGE NICARAGUA SOLIDARITY

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 p 35

[Letter: "In Solidarity with Nicaragua"]

[Text]

Since 1979, the US-backed contra war against the Nicaraguan government has killed more than 11,000 persons, destroyed more than 320 schools and 50 clinics, strangled the country's economy and even mined Nicaraguan harbors.

Recent months have brought more direct interventionist acts by the US government against the democratically established Nicaraguan government including:

- Budgeting an additional \$100 million to aid the Contra war;
- Channelling money earned from the secret sale of US arms to Iran to assist the Contras;
- Using US planes and pilots to transport troops in Honduras to join the fight against the Nicaraguan government.

In view of these signs of escalating US involvement against the duly elected government of Nicaragua, we wish to show our solidarity by sending this

statement of support:

Nicaragua's valiant historical struggle for freedom is also ours. We salute the vision and courage of this country of mostly poor peasants which continues to defend human rights and its very existence as a people and nation against the war being waged by US-backed Contra revolutionaries.

Health centers, schools, farming cooperatives and villages in Nicaragua have become targets of US bombs and bullets. Without the informed consent of its own citizens, the government of the United States has involved the nation in warring against Nicaragua. With vastly superior military and financial resources, the US has initiated, sustained and escalated military action and economic sanctions against the struggling Latin American nation of less than three million people.

US officials, in the interest of a falsely-perceived national security,

pursue militaristic policies which are inimical to the very ideals upon which their own nation was founded.

Such involvement, is immoral and destructive, not only of human lives, but of Nicaragua's very existence. Human and financial resources urgently needed for the task of national reconstruction are instead diverted to national defense and survival. The people's fundamental right to exercise their individual and collective will to determine their future as a nation is threatened. The Nicaraguan people's resolve to preserve their future by declaring independence from US economic and military control is exacting a terrible price in suffering, death and devastation of natural resources.

At issue in Nicaragua as in other countries of Latin America, the Middle East and Asia including the Philippines is the question of national sovereignty --

the freedom of a people and a nation to be and to grow, unhampered by the dominance of any superpower.

We pledge our solidarity with the people of Nicaragua in their valiant stand for freedom in the face of incredible US domination and aggression. Indeed, Nicaragua's struggle is our struggle, for we face the same aggressor in the Philippines.

May we have faith, hope and love to speak the truth, and to live and die for the God-given responsibility to work together for genuine and lasting peace built on

justice — in Nicaragua, in the Philippines and in the whole world.

**Justice and Peace
Commission of the
Association of Major
Religious Superiors
in the Philippines
Carmelite Fathers Justice
and Peace Desk
Maryknoll Sisters' Social
Concerns Desk
Justice and Peace Desk
of the Redemptorist
Fathers and Brothers
Rural Missionaries
of the Philippines
Inter-Franciscan Forum
for Justice and Peace
National Ecumenical
Union of Seminarians**

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CSO: 4200/366

PHILIPPINES

OPPOSITION THREATENS BOYCOTT OF MAY ELECTIONS

HK231253 Manila Radio Veritas in Tagalog 1000 GMT 23 Feb 87

[Text] The opposition again threatened to boycott the coming congressional elections if the president would not heed their demands including the dissolution of Namfrel [National Citizens Movement for Free Elections]. According to Rene Cayetano of the Nacionalista Party [NP], their senatorial lineup could be ready by this month but this would only depend on the president's acceptance of their demands.

[Begin Cayetano recording in English] Before the end of this week or at the very latest, March 2d, we will have a complete slate. Now, this is dependent on the acceptance by the president of our request for electoral reforms. Because if the electoral reforms are not granted or only a few of them are granted without any substance, then we have decided in the opposition that we will boycott the election on 11 May. [end recording]

Meanwhile, opposition leader Blas Ople said that they would file a petition with the Supreme Court seeking to allow Constitutional Commission members to run for congressional elections.

[Begin Ople recording in English] Members of the Constitutional Commission including myself are going to the Supreme Court by tomorrow morning to file a petition for declaratory release, so that the Supreme Court may put to rest any further questions concerning this matter. [end recording]

/9738

CSO: 4211/26

UNIDO SECRETARY GENERAL REPLACED AFTER OPPOSITION ACTIVITIES

Quezon City VERITAS in English 19-25 Feb 87 p 4

[Text]

RENE Espina is no longer the secretary general of the United Nationalist Democratic Organization.

Unido leaders said his ouster was prompted by the publication of an open letter signed by opposition leaders asking President Corazon Aquino for concessions in the May elections. Espina was one of the signatories of the letter which was subsequently disowned by the Unido leadership.

Manuel Malvar, currently Unido spokesman, will temporarily take over Espina's post. Malvar said that Espina was not authorized to sign the controversial letter.

Said he: "If Senator Espina wants to join the opposition, he should do so in his personal capacity, lest the public be confused into believing that he speaks for the party and its leadership."

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CSO: 4200/366

PHILIPPINES

GOVERNMENT CONTINUES PEACE EFFORTS; GUINGONA REPLACED

HK230727 Quezon City Radyo ng Bayan in Tagalog 0330 GMT 23 Feb 87

[Text] The government is continuing its efforts to look for a peaceful solution to the 18-year-old insurgency issue by seeking negotiations with rebels on a regional basis. More details from Glo Custodio.

[Begin recording] This will be done even as fighting continues between the military and the New People's Army, the armed wing of the Communist Party of the Philippines. Alice Villadolid, spokesperson for the government Cease-fire Committee, said President Aquino is expected to name 12 regional peace negotiators from the Catholic Church and civic oriented groups. The negotiators will be selected on the basis of their competence, influence with the acceptance by the rebels.

Earlier, President Aquino appointed Bishop Antonio Fortich and Boy Cortez as regional peace negotiators for Regions 6 and 7, respectively.

Villadolid emphasized that the government is determined to implement the policy of reconciliation and will do everything to achieve democracy in the country. The regional peace negotiations are in response to the president's directive to seek contacts with rebels who are not hard-core elements but are victims of violence and injustice. Hence, the government will continue to listen to their grievances.

Meanwhile, it is expected that Teofisto Guingona will resign today as chief government peace negotiator. Guingona is one of the administration's senatorial candidates. Replacing him is Jaime Guerrero, a human rights lawyer and also a present member of the national government peace panel. Guerrero's primary task would be to sustain efforts for peace talks in Manila as well as all over the country. At the same time, he will try to establish contacts with the NDF's Satur Ocampo and Antonio Zume1. [end recording]

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CSO: 4211/26

DEFENSE OFFICIAL URGES NPA RETURN TO LAW

HK241305 Manila Radio Veritas in Tagalog 1000 GMT 24 Feb 87

[Text] Major General Fortunato Abat, newly appointed undersecretary of defense, urged the government to seek new means to [word indistinct] rebels to return to the fold of the law following the collapse of the peace talks. Here is the report from [name indistinct] of the Department of National Defense.

[Begin recording in English] Defense Undersecretary Major General Fortunato Abat yesterday said that with the collapse of the peace talks, the government should now exert other possibilities to convince the rebels and other groups to rejoin society. In his first statement since his appointment, Abat said that the negotiated cease-fire which expired last 8 February has certainly pulled down the [word indistinct] of the insurgents because it let them know the government's position and vice versa. It was good enough because everyone got to know each other in an objective set up after the cease-fire. But Abat said he shared the sentiments of Defense Secretary Rafael Ileteo on how to deal with the insurgents after the collapse of the peace talks. I think the military is on top of the situation despite [words indistinct]. While we are pursuing a more aggressive action now, we, the government should not close our doors to any groups who may desire to enter the folds of the law, said the undersecretary, who was formerly the commanding general of the Philippine Army.

Abat said that not all NPA's or rebels are communists, sharing President Aquino's view that some of them may just be misguided or forced by circumstances. Hopefully, Abat said that these people will realize that [words indistinct] and rejoin society. [end recording]

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CSO: 4211/26

PHILIPPINES

ARMED FORCES DEPUTY CHIEF, OTHERS ON REGIONAL TALKS

HK241318 Manila Radio Veritas in Tagalog 1000 GMT 24 Feb 87

[Text] Government negotiator Jaime Guerrero announced that there is greater hope for the regional peace talks to succeed and it will not be an obstacle for nationwide peace. At a meeting in [place indistinct], Rizal Guerrero revealed that the NDF [National Democratic Front] representatives of regions 5, 10, and 12 have expressed their desire to participate in the peace talks. The priest negotiators are already preparing the agenda for the talks in the area.

Meanwhile, AFP [Armed Forces of the Philippines] Deputy Chief of Staff Eduardo Ermita said he believes the regional peace talks will succeed. He expects the talks to be supported by the regional and military commanders of the Armed Forces. Secretary General of the Nacionalista Party Rene Cayetano said however it is uncertain to have a cease-fire in some regions of the country. He also said it is not easy to put the cease-fire into effect in a region while other provinces are still negotiating. The government has given the NDF enough time to consider the matter.

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CSO: 4211/26

CPDF OFFICIAL ON DISPUTE WITH BALWEG, OTHER ACTIVITIES

Quezon City VERITAS in English 22-28 Jan 87 pp 20-21

[Article by Patricia L. Adversario]

[Text]

U P to scarcely a year ago, when his celebrity status made him worthy of media prime time, former priest and (for the moment) former renegade Father Conrado Balweg was Cordillera and Cordillera was Father Balweg.

But since he broke away from the NDF-CPP-NPA last April 7 and formed his own group, the Cordillera People's Liberation Army (CPLA), Balweg has been called a lot of other names. The NDF and followers of Balweg's rival group, the Cordillera People's Democratic Front (the NDF group based in the Cordillera) now calls him "ulbod" (a liar) and his group, the CPLA "Bogus!" CPDF cadres hiss these names with undisguised contempt; others go even farther and choose to omit any reference to him.

Judging by the vicious rhetoric of the speeches read and resolutions passed during the CPDF congress last January 17 and 18, any reconciliation between the two factions seem improbable at the moment. Charging that the Aquino government has abetted the split between the CPDF and the CPLA, the CPDF appears to have seized on an added cause — rightly or wrongly — for holding fast to what it calls its "uncompromising revolutionary program."

With the two distinct political factions operating in the Cordillera, a battle for the people's hearts and minds now rages, the choice being what the CPDF describes as between the reformist path and the revolutionary option.

The CPDF has charged "the Aquino government, American imperialists and 'fascist' armed forces" for starting it all: by "engineering" Balweg and his faction's break from the revolutionary ranks and by "derailing" the masses from the "correct" revolutionary path towards reformism and eventually isolating the "true" progressives and revolutionaries in the region.

The CPDF also claims to be *the* group and "significant" force representing Cordillera which can speak "better" for the "people's interests" unlike Balweg and his associates who are not "true" representatives of the people.

The launching of the CPDF as a distinct revolutionary guerilla force and the holding of the first CPDF congress last Jan. 17-18 in Sagada, Mountain Province were, in fact, meant to bring to focus the so-called "pretensions of other groups who may wish people to believe in their leadership." The statement was, of course a snide reference to Balweg and his CPLA.

According to Ignacio Capigasan, chairman of the CPDF secretariat, the congress and the launching of the CPDF guerrilla force were also intended to protest government's "bad faith" in dealing with minorities as proven by its negotiation of a ceasefire in the Cordillera solely with the CPLA and on terms that the CPDF rejects.

"It is not a negotiated ceasefire that the CPDF wants but a ceasefire which should be within the framework of a political settlement," explains Capigasan.

At the moment, Capigasan says, the CPDF leaders are restraining their forces from taking "drastic action as it would only complicate the problem and provoke a tribal war."

He warns however, that "we don't intend to allow the CPLA to go to areas which we (the CPDF) already control. If they do that, we will resist them, for they have taken our logistics and some of our territory in the first place."

The CPDF might also consider taking actions like the one recently staged by the Moro Islamic Liberation Front (MILF) to call attention to their demand that the government also negotiate with them. Says Capigasan: "*Maaari namin gawin 'yon lalong-lalo na kung maputol ang ceasefire.*"

["This could be accomplished if we could have a cease-fire."]

Already, the CPDF has resolved to build and strengthen its guerrilla forces in close coordination and in cooperation with the NPA. They launched the CPDF guerrilla force in Barrio Bangaan, Sagada, Mountain Province, last Sunday, January 18 in a 96-man show of arms bigger than the one mustered by the NPA in Barrio San Juan, Samal, Bataan last December 11.

They also intend to actively "expose and oppose anti-people and counter-revolutionary programs and activities of the CPLA and its affiliated organizations, the agents of US imperialism, the Aquino government and the military, and other groups that will align with these."

The CPDF says it will also mete out punishment on those who, after investigation by the appropriate levels of people's revolutionary courts, are proven guilty of "misdeeds and crimes against the people and the revolution."

Ironically, while both groups have claimed to speak and work for the Cordillera people's interests, their battle for supremacy in the highlands has only brought confusion and violence to a people and a region struggling to regain its proud heritage and achieve self-determination.

/9317

CSO: 4200/354

FUGITIVE PC OFFICER REPORTED FORMING ARMED GROUPS

Quezon City VERITAS in English 12-18 Feb 87 p 4

[Text]

THE Philippine News Agency (PNA) reported over the weekend that a ranking Constabulary officer wanted for participating in the January 27 coup attempt is organizing anti-communist groups in Northern Luzon.

The PNA dispatch pointed to Lt. Col. Reynaldo Cabauatan as the one responsible for the formation of these armed groups allegedly with the support of civilians and soldiers.

Cabauatan was quoted as saying that the anti-communist groups were formed principally to neutralize and destroy the mass base of the New People's Army (NPA) in the hinterlands.

Gen. Fidel V. Ramos, AFP chief of staff, has ordered the arrest of Cabauatan for his alleged participation in the recent military takeover bid. Cabauatan, however, has consistently denied the charges, especially the Channel 7 siege.

Said he: "I was alone in a place visible to all and in contact with civilian and military friends at the time of the coup."

/13104
CSO: 4200/366

MNLF DENIES INVOLVEMENT IN MINDANAO CLASHES

HK201225 Manila Radio Veritas in Tagalog 1000 GMT 20 Feb 87

[Text] The Moro National Liberation Front [MNLF] denied reports that it clashed with the Moro Islamic Liberation Front [MILF] where eight persons were allegedly killed. The report from Joel Mabuhug of DXFS Cotabato City:

[Begin recording] The denial was made by Hadji ad Mahayam, spokesman of the Moro National Liberation Front, in an interview with this station this morning. According to a report by the Regional Unified Command 12, eight persons were killed while one was wounded during a nine hour clash between the two groups last Tuesday. In an interview this morning, ad Mahayam claimed that their elements were not involved in any fighting in central Mindanao. According to him, the fighting took place among splinter groups of Moro Fighters and government elements or the Civilian Home Defense Force [CHDF] members.

[Begin ad Mahayam recording in English] There is not a single element of the MNLF that is involved in all these skirmishes that have been taking place in central-Mindanao because what has been known is that the skirmishes are between the elements of the splinter groups and the government that is the CHDF specially. As for us, the MNLF has not been involved in any of these skirmishes because we have been maintaining the conduct of cessation of hostilities.
[end recording]

That was Hadji ad Mahayam, spokesman of the Moro National Liberation Front Sultan Kudarat Revolutionary Committee. [end recording]

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CSO: 4211/26

MNLF CLAIMS NO COMPLAINTS ON POSSIBLE CHANGES

HK241325 Manila Radio Veritas in Tagalog 1000 GMT 24 Feb 87

[Text] Mr Joel (Maguinod) of [word indistinct] Cotabato City reported on a statement issued by an MNLF spokesman in Mindanao expressing the MNLF's lack of concern on the president's plan to replace persons in the government's negotiating panel.

[Begin (Maguinod) recording] The MNLF does not have anything to fear if the plan to replace the government negotiators in the peace talks materializes. In a statement released two days ago by MNLF spokesman (Haji Agmabayam). He expressed his opinion on the report, saying that the second round of talks aimed to end the Mindanao problem may collapse. He said the president has the final decision on whether she will replace Chief Government negotiator Aquilino Pimentel Jr. and Agapito Butz Aquino, who are both running for the congressional elections. They will both be busy campaigning. This also holds true for Norberto Gonzales of the Partido Demokratiko Sosyalista ng Pilipinas [Democratic Socialist Party of the Philippines]. According to (Agmabayam), everyone knows that the central authority ruling the government negotiators is still President Aquino. He said this shows the president's capacity to consolidate her subjects. [end recording]

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CSO: 4211/26

PHILIPPINES

NDF'S MALAY-OCAMPO ON NEED TO CONTINUE FIGHT

OW241421 Tokyo NHK Television Network in Japanese 1200 GMT 24 Feb 87

[Interview with Mmme Caroline Malay-Ocampo, former New People's Army delegate to cease-fire negotiations with the Philippine Government, by NHK Manila correspondent Sato; date and place of interview not indicated--recorded; interview conducted in English with Japanese translation provided in subtitles; the following is from the English]

[Text] [Video shows Malay-Ocampo and correspondent Sato seated in a room]
[Sato] How do you see the change of the government? Do you think the Aquino government is different from the previous Marcos regime?

[Malay-Ocampo] It is different in the sense that Mrs Aquino so far has not imposed martial law. But, as to the basic economic conditions and also political conditions of the grassroots, not much has changed. Especially in the countryside, the people are still subject to very, very low farm incomes. They are constantly harassed by military landgrabbers, all sorts of bandits, and their organizations are suppressed. In the cities, standard of living remains very low; you know that. Many people are out of a job, the unemployment rate is going up.

[Sato] If the Aquino government continues this kind of policy, you will have no chance, no possibility to join the negotiation table again?

[Malay-Ocampo] We do not want the negotiations to be on that basis. You see? Confining ourselves to the Constitution would have meant, in the end, surrendering the NDF program and initiative to the government. And, that is to say, since the government is composed of the old ruling classes mainly, then that would have meant surrendering our initiative and our program to the people who are most interested in preserving the status quo.

[Sato] So you want to change the status quo?

[Malay-Ocampo] Yes, we have not made it a secret that we think our country must undergo some very basic and radical changes.

[Sato] You mean a revolution?

[Malay-Ocampo] Yes.

CPP WEEKLY INTERVIEWS TADEO ON FARMER'S DEMANDS

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 pp 3-5

[Interview with Jaime Tadeo, Chairman of the Kilusang Magbubukid ng Pilipinas (KMP) by Nini Matilac: "Stability and the Peasantry"]

[Text] * **J**aime Tadeo, chairman of the 750,000-strong Kilusang Magbubukid ng Pilipinas (KMP), was in the headlines recently. He led the seven-day farmers' picket, the second week-long picket in two years, at the Ministry of Agrarian Reform office in Quezon City. He was in the frontline of some 25,000 farmers and workers who marched to Malacañang January 22 to meet President Corazon Aquino. Nineteen farmers were killed and scores injured when Philippine Marine troopers and policemen fired upon the unarmed demonstrators in what is now known as the "Mendiola

Massacre." Tadeo, together with other leaders of cause-oriented organizations, met President Aquino two days later.

In an interview by **Philippine News and Features** contributor Nini S. Matilac, Tadeo discussed the farmers' demands and explained why they had to march to the presidential office. Excerpts:

Are the farmers still open to discussions with President Aquino after the Mendiola Massacre last January 22?

We have two demands before a dialogue with the President can take place.

These are, first, the removal of Agrarian Reform Minister Heherson Alvarez from office and his replacement by someone more sympathetic to the peasantry. Second, the Aquino government's immediate clarification of its position on the KMP's minimum program for land reform.

But according to Minister Alvarez, there is no difference between the KMP's proposal and MAR's land reform program?

He has always said that. That is not true. The government has been implementing Presidential Decree No. 27 of deposed President Ferdinand Marcos. What the government is presently distributing are emancipation patents (EPs) which, in effect, is a continuation of the fake land reform program of Marcos.

I would like to discuss the emancipation patents further. I worked at MAR from 1964 to 1975. The old Operation Land Transfer involving seven or more

hectares of land covered 730,734 hectares of land intended for 386,082 farmers, more or less.

This was how it was done. If a farmer had not paid for his land, he was given a Certificate of Land Transfer (CLT), thus becoming an "amortizing owner." Once the land was fully paid for, the farmer was given an "emancipation patent." An EP certifies that the farmer has paid for his land.

But in 1982, according to the records of the Ministry of Agrarian Reform, what had been achieved for 10 years were the following: the number of EPs given was 3,221 involving 2,352 farmers, and covering 1,123 hectares only.

By 1984, the number of emancipation patents given had increased to 100,300. What the government did was to give emancipation patents to amortizing owners who had paid even for only two months. The emancipation patents were, in truth, only certificates of land transfer.

Won't the early distribution of EPs work to the advantage of the farmers in terms of realizing their claim of ownership to their land?

EP holders must now own their land and cease to pay their dues. But under the program of Minister Alvarez, EP holders must still pay their amortization fees. Emancipation patents do not mean anything now and are mere certificates of land transfer. Some farmers continue to pay for the land they have been paying for for 14 years.

Why are you asking for Minister Alvarez's ouster?

What did he do during the seven days that KMP peasants were picketing MAR? For seven days, he was giving us "pan de sal (salted rolls) asking his men to serenade us, and passing on to his legal director the task of facing us.

Based on the study of the United Nations and the farmers themselves, in order to implement a genuine land reform, what are needed are: first, the political will on the part of the national leadership; and, second, the political will on the part of the national leadership, it will be the peasants who will implement land reform.

If the law of man is unjust, there is a higher law: the law of God. The land was created by God for the use of all men, not for an elite, or a few.

Now, our farmers have launched land seizures, mostly over idle lands. But what has the Ministry of Agrarian Reform done? They want to eject the tenants. That decision was reflected in the case of Aquafil and IRC, corporations rumored to be owned by Marcos associates. The government recognizes the problem of landlessness but they eject tenants from the land.

Alvarez has always evaded any dialogue with peasants. He set a meeting last January 19, but on that day he left his office and his staff did not know what to do or say to us. He gave us three excuses for not meeting us: we had to wait for the ratification of the Constitution; the minimum program was

"difficult and cannot be implemented;" and we are not the only peasant organization he should talk to.

What is funny here is that he keeps on saying there are similarities between our program and the government's. But, he dismissed our minimum program as "difficult." He is really not sympathetic to the cause of the farmers.

Will you explain the KMP's minimum program?

First, the confiscation of Marcos crony-owned lands. These are lands acquired through deceit, intimidation and violence. We are calling for the free distribution of these lands to farmers or farm workers' union.

Second, the termination of the payment of amortization fees of the land given under "Operation Land Transfer." Why do we demand this? Since October 21, 1973, part of the land rent that the farmers were giving the landlords has been in the form of amortization fees. The farmers have been paying for fourteen years. So actually, by now the land should be considered paid for and titles to the land should have already been given.

Third, land rent reduction on all crops. The two-thirds and one-third arrangement in the landlord's favor should be reversed in favor of the tenant. In sugar, it should be 75 percent and 25 percent, in favor of the tenant.

Next, the expropriation of private agricultural lands foreclosed by banks. One example is Negros where 100,000 hectares of foreclosed lands should be distributed to the farmers to abate widespread hunger and poverty.

We are also calling for the free distribution of idle and abandoned lands.

Why are you demanding no less than free distribution? Isn't that a bit "difficult?"

We are demanding free distribution because, at present, the farmers have no money. If you implement free distribution of land, the farmers will give you back progress. They will develop their purchasing power. The industries are facing bankruptcy mainly because of the people's eroding purchasing power as a result of which local industrial goods cannot be absorbed

domestically. Right now, 35 million people have low purchasing power.

If you develop the people's purchasing power, there will be a boom in domestic industry. This will trigger industrialization; more job opportunities will be created; more taxes may be collected and social services can be developed.

We, the peasants, are the class which can give stability to the Aquino government. The government has identified two problems: economic recovery and the growing "insurgency." Their solution is agrarian reform. We seek to stabilize the government and have peace.

What is your comment on the perception that land reform will not automatically lead to progress, especially when the majority of the farmers lack proper education to manage crop production?

The first decisive step is land reform, free distribution of land.

Then comes the other components which the government should give: the farmers' other needs during the early stages after land has been distributed. These are appropriate research and technology, adequate financial assistance, adequate production inputs, introduction of organic farming, marketing, and other support services.

After the Mendiola Massacre, what do the peasants plan to do?

Under militarization, we have to strengthen our organization. We need a strong peasant movement to sustain our land reform program. The hungry people will implement the law of God. We will not respect the unjust law made by the ruling class. This unjust law will only kill us. We will die of hunger.

As we implement these land seizures, we will intensify our struggle. Eighteen lives are sacrificed in the Mendiola Massacre. We have to intensify our struggle eighteen-fold. [M]

/13104
CSO: 4200/366

'FANATICAL' PARAMILITARY 4KS THREATEN MISAMIS BARANGAYS

Quezon City NATIONAL MIDWEEK in English 25 Feb 87 p 32

[Text]

More than 200 families from the upland barangays of Mitugas, Kulambutan Bajo and Lubong Balo, Tudela, Misamis Occidental have fled their homes for fear of the fanatical Kalihukan sa mga Kabus alang sa Kagawasan ug Kalingkawasan (4K), whose members threatened to kill them and burn their houses prior to the February 2 plebiscite, according to *Malaya*.

Some 500 persons are now housed at the Tudela Central School while 70 families have reportedly fled to other barangays nearby as Tudela mayor-designate Bernadette Encenaral confirmed that the 4Ks headed by Anselmo "Noni" Bodiongan had been harassing Tudela residents, forcing males to join the paramilitary group that had been bearing arms and harassing the barangay residents even during the ceasefire.

As of this writing, the 4Ks have threatened to kill all the residents after the plebiscite.

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CSO: 4200/366

FORTY KILLED IN PROVINCE CLASHES

HK020145 Manila Far East Broadcasting Company in English 2300 GMT 1 Mar 87

[Text] At least 40 people were killed including more than twenty NPA rebels, in fighting between government troops and rebels in 10 provinces over the weekend. Military news correspondents' reports said the encounters took place in Isabela, Kalinga-Apayao, Quirino, Quezon, Nueva Ecija, Albay, Mindoro Oriental, Aklan, Lanao del Norte and Davao. The biggest clash was in Mandog, Davao City, where over twenty rebels were killed Saturday morning. The clash broke out when about 100 rebels raided a police detachment. The rebels were able to overrun the detachment and were able to get several machine-guns and high-powered firearms before they withdrew. Regional command civil relations chief Colonel Douglas (Masete) said three policemen were killed, but later a report sent to Camp Aguinaldo said only one policeman was killed.

The other casualties in encounters over the weekend include one NPA man killed, eight others wounded and five captured in (Tagbog), Davao City. In Cagayan, NPA rebels seized 13 pieces of logging equipment from the logging firm of Mayor Efren Aquino when he refused to pay P130,000 to the NPA. Two rebels were also killed and two government soliders were wounded in fighting in Indangan, Davao City. Two more rebels were killed in Alicia, Isabela. One insurgent was killed in a clash with NPA rebels in Kabugao, Kalinga-Apayao; and other casualties were in Quirino; Nueva Ecija; Sariyaya, Quezon; Mindoro Occidental; and Aklan.

/12858

CSO: 4200/373

COMMUNIST REBEL ATTACKS, 1,039 SURRENDERS REPORTED

HK031205 Manila Radio Veritas in Tagalog 1000 GMT 3 Mar 87

[Text] The communist rebels continue to attack different parts of the archipelago, resulting in the deaths of several community and military leaders. But there are rebels who have surrendered. Here is Tom Bacalso for the details:

[Begin recording in English] over in Bulacan Province reports reaching Camp Crame disclosed that Constable 2d Class Rodolfo Ferrer, presently assigned in Region 3, Camp Olivas, San Fernando, Pampanga, was shot to death while asleep in his house with his family in Barangay Mirado, Hagonoy, Bulacan, at 0130 yesterday March 2d, perpetrated by unidentified heavily armed men who forcibly entered his house and shot him several times, causing his death. The suspects fled immediately after the incident. A PC [Philippine Constabulary] team led by Sergeant [word indistinct] Felix immediately responded to track down the perpetrators.

In Pangasinan, Barangay captain Rovelino Navarro of Barangay Bantug, San Quintin, was shot to death by one [name indistinct] along the provincial road. The victim sustained gunshot wounds on the (nave) and died on the spot.

A total of 1,039 persons all members of the Communist Party of the Philippines, (CPP) and its military wing, the New People's Army, operating in Davao City, consisting of sparrow unit members, organizers, cadres, collectors, and sympathizers of the CPP-NPA, surrendered to the commanding officer of the Davao Metropolitan District Command with 6 assorted firearms.

Over in province of Albay, 18 of those in the Bacacay police station, led by Police Sergeant Dermas, were on (?preventive) NPA, in Barangay Bunga, Bacacay. It resulted in the killing of one unidentified NPA rebel. [end recording]

/12624

CSO: 4211/28

PHILIPPINES

EDITORIAL ON AMNESTY'S 'ZERO' CHANCE OF SUCCESS

HK021415 Quezon City ANG PAHAYAGANG MALAYA in English 2 Mar 87 p 4

[Editorial: "Surrender--For What?"]

[Text] President Aquino's declaration of a six-month amnesty for all insurgents would have been a laudable gesture of the government's concern for peace if it had not come at a time when a series of government actions points to a backward step in its approach to a comprehensive solution to the problem of insurgency.

No one can quarrel with the President's belief that "all men desire to live in peace with their neighbors." But it should be remembered that the people who took up arms as a last resort to express their grievances precisely took the road of violence because they, the powerless and the dispossessed, could no longer live under an atmosphere of deceptive peace.

Very relevant is the observation of one of the administration's senatorial candidates expressed in an interview with this paper.

"We cannot make it a pre-condition for the rebels to surrender their arms," he said. "Even if the NPA's surrender their arms but the government doesn't answer their basic demands, then insurgency will persist."

How true! -- We can only add.

But why then is the government's amnesty program, stripped to its barest, nothing but a demand for surrender, with only vague promises of erasing the root causes of the rebellion.

Coming in the wake of the Lupao massacre and the filing of sedition charges against the leaders of the peasant group that marched on that bloody rally to Mendiola--two incidents that relate to unabated militarization and the failure of the government to institute land reform--the proclamation of amnesty cannot but appear hypocritical.

The administration, in effect, is saying: "Lay down your arms and allow us, we who are in the center of power, to answer your grievances in time, consonant with procedural requirements of the law."

It is this kind of attitude which is the reason that the rebel movement has steadily grown over the last 18 years. The peasants who form the backbone of the insurgency have long grown tired of rhetorics; and they have ceased to believe that their self-proclaimed betters are, first, sincere, and second, capable of helping them, within the straitjacket of formal law.

The leadership has failed to recognize these two points, thus reducing to zero, from the very start, the chances of success of the amnesty program.

/12858

CSO: 4200/373

CENTRAL BANK CHIEF SAYS ECONOMY IMPROVING

Bangkok BANGKOK POST in English 13 Feb 87 p 1

[Article by Chaitanya Kalbeg, REUTERS]

[Text] Manila — Jose Fernandez says the best thing that happened to him when Philippine president Corazon Aquino snatched power from Ferdinand Marcos a year ago was that his asthma vanished.

The 63-year-old central bank governor and monetary board chief still lets out an occasional wheeze, but he laughs a lot more these days.

"When I took this job I developed stress-related asthma," he told Reuters. "After the revolution (when Marcos was toppled) it disappeared."

"Jobo", as he is known among friends and foes, knew he was at the helm of a sinking economy when he took the job in January 1984.

"I feel that all of us are just shuffling deck chairs on the Titanic," he told a meeting of bankers and businessmen.

Now his wood-paneled office, with works by famous Filipino artists on the walls, hardly seems to be keeling over.

Fernandez says business and industry have regained confidence after this month's landslide vote for a new constitution.

"What is important is that they are motivated by a chief of state who has the right ingredients," he added.

Things were not always so cheerful.

When Aquino came to power, two years of austerity imposed by Fernandez and an acute political crisis had combined to leave the Philippines wobbling like a punch-drunk boxer.

By the time Aquino's "peoples power" revolt put Marcos to flight, incomes, employment and investment had plummeted.

Once the second-richest nation in Southeast Asia, the Philippines seemed a confirmed basket case.

The peso dropped from nine to the US dollar in mid-1983 to 20.58 three years later. Interest rates on "Jobo bills" floated to soak up excess money in the system shot up to 21.5%. Inflation in 1985 touched 50.3%.

"It required the calming effect Aquino brought," Fernandez said. "By July — and that was very quick, only five months — interest rates had dropped to normal levels, the peso reached a steady 20.50 to the dollar, and inflation was negative."

The Philippines closed 1986 with foreign exchange reserves of over \$2.4 billion, and annualised inflation of just 0.85% in the January-November period.

Gross National Product (GNP) grew by 0.13% last year — a dramatic reversal after a 10% shrinkage since 1984.

"Cory" Aquino drew other gains for the cash-strapped nation.

Fernandez said that shortly after she took over, income from tourism and remittances by Filipinos working abroad shot up and a raging local black market quickly vanished.

"In 1984 we were required to demonstrate to the whole world that we were willing to accept appropriate remedies," Fernandez said. "That took a terrible toll, but the economy and the people absorbed it. I think this country deserves some recognition."

Fernandez also restored dignity to the central bank.

His predecessor Jaime Laya was forced to quit his job after overstating

foreign exchange reserves by \$600 million. Marcos rewarded him with the job of Education Minister.

The country's creditors voted for Harvard-educated Fernandez, who founded the Far East Bank and Trust Company in 1960 and built it up into one of the Philippines' largest banks, as an ideal person to take on a \$25 billion foreign debt in 1984.

Aside from the asthma, the job overturned Fernandez's life.

"I was rather comfortable running my own bank. I was my own boss. Public service was altogether different. It was not something I ever thought I would do. But worse than that was to come in a time when everything was falling around me."

He made a lot of enemies.

"I had to make many hard decisions, and a lot of people have been hurt and choose not to understand," he said.

Fernandez may be happier today, but he is not euphoric.

One reason is the country's debt which is now \$27.8 billion.

"(The debt burden) will remain very, very heavy for the Philippines," he said. "The servicing of the debt will remain a burden on the economy for many, many years."

With sugar and coconut exports hit by falling world markets and a recession in textiles and electronic components, Fernandez said the country must find other sources of income.

"We have made enormously bad investments as a country. It's not a secret. And we are paying the price for some of those mistakes," he said.

Last month Fernandez and Finance Minister Jaime Ongpin negotiated a 10-year rescheduling of \$870 million of debt payable between January 1987 and June 1988.

Next month the two men will meet a 12-bank advisory committee representing 483 creditor banks to try to postpone repayments of a further \$3.6 billion in debt.

He said bank attitudes towards debtor nations had hardened, but added he was hopeful the Philippines would get a good deal.

"And if they can tell us where we have failed over the last two years or so to do what was right and what was accepted orthodoxy in the matter of adjustment, let them tell us."

One thing "Jobo" has never negotiated is his independence.

"I have a very strong feeling about the need for the independence of this institution," he said. "In all fairness to the previous president I must say that he permitted me the independence I need."

Asked if he will stay through his six-year term, he said: "The president has been given an enormous mandate by the people. I am here at her pleasure."

But the big, burly man with bushy eyebrows was laughing as he said it.

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CSO: 4200/366

PHILIPPINES

BRIEFS

CIVILIANS SHELTERING REBELS WARNED--Defense Secretary Rafael Ileta warns of the dangers facing civilians who shelter rebels. Ileta issued the warning following a visit to Lupao, Nueva Ecija with the president. Seventeen civilians were killed in a clash between the military and rebels. Ileta explained that it was the military's standard operating procedure to warn civilians before entering an area believed to be a hiding place of rebels. He said this in connection with the Lupao clash. It was learned from reports that the rebels fired shots from the civilian side and the latter were caught in the crossfire. [Text] [Quezon City Radyo ng Bayan in Tagalog 0330 GMT 23 Feb 87 HK] /9738

REBELS, PEACE ISSUE--The representatives of the communist rebels are prepared to talk with the government on the issue of peace but not concerning the cease-fire. Carolina Malay of the National Democratic Front [NDF] said they rejected the government's informal invitation for the resumption of peace talks. The NDF ended the 60-day cease-fire on 8 February. Since then more than 100 people have been killed by the NPA. [Text] [Quezon City Radyo ng Bayan in Tagalog 0600 GMT 27 Feb 87 HK] /9738

CASUALTIES IN AKLAN, DAVAO--Six rebels and one soldier were killed while another soldier was wounded in separate clashes in Aklan and Davao City. According to a report received by Armed Forces Chief General Fidel Ramos three NPA rebels, one of whom was identified as Commander Joe, were killed in an encounter with the constabulary at Sitio Bali, Barangay Baian, Batan, Aklan on Tuesday. A PC [Philippine constabulary] trooper identified as Sergeant Felipe de la Cruz was injured in the fight. Meanwhile, three rebels were killed in a clash in Castillo Street Davao City. The victims were not identified. [Text] [Quezon City Radyo ng Bayan in Tagalog 0600 GMT 27 Feb 87 HK] /9738

CHURCH LEADERS' HELP SOUGHT--President Aquino sought the help of church leaders of the regional peace talks with the communists. The president is scheduled to appoint 12 regional peace negotiators this week, who will be mostly priests, bishops, and civil leaders. The government decided to have regional peace talks when the NDF [National Democratic Front] refused to go back to the negotiating table after the end of the 60-day cease-fire. Many military men, civilians, and rebels have already been killed in clashes following the end of the cease-fire. [Text] [Quezon City Radyo ng Bayan in Tagalog 0330 GMT 23 Feb 87 HK] /9738

NPA ILOCOS ATTACK--More than 300 rebels used civilians as shields during their attack of a military detachment in Adams, Ilocos Norte last Saturday night. Reports said that one soldier was killed while another was wounded in the said incident. Lieutenant Colonel Jose Johnny Malitan Jr, Ilocos Regional Unified Command chief for operations, said that the soldiers exchanged fire with the New People's [word indistinct] a nine hour battle. The slain soldier was identified as Private Guillermo Amalanan, while the wounded was identified as Corporal Reynaldo Magwindanum. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 23 Feb 87 HK] /9738

ATTACK IN BICOL--In the Bicol region, one soldier was killed and three others, including one police station commander, were wounded when New People's Army attacked the police station in Barcelona, Sorsogon. According to constabulary report, the attack took place at 1445 in the afternoon. Three passenger vehicles were seized by the attackers in order to carry the high powered firearms taken from the police station. Earlier, twenty NPA men fired shots into the [words indistinct] assistance center in Pio Duran, Albay on Saturday. However, no casualties were reported from the center. Another clash also took place in Barangay Patong, Pamplona, Camarines Sur. The NPA and the soldiers of the third infantry battalion fought and one rebel was killed. No one was reported captured. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 23 Feb 87 HK] /9738

NEW CORDILLERA PARTY--A new political party called the Partido Cordillera [Cordillera Party] will be launched on Sunday, 22 February. It will be formed by members representing various sectors of Cordillera region. The launching will be held at the University of the Philippines gymnasium, Baguio City, with the main feature the ratification of a party constitution prepared by a preparatory committee headed by lawyer Joseph Humiding of Ifugao. One aim of the party is the establishment of the autonomous Cordillera region within the confines of the Constitution. Meanwhile, the Cordillera People's Alliance denied reports that local officials were opposed to local autonomy. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 20 Feb 87 HK] /9738

PURSUIT OF REBELS IN MONTALBAN--The military continues to pursue rebels in their hideouts at Montalban and Sierra Madre after reports of civilian rebels and soldiers gathering in these areas. The search was personally ordered by Colonel Javier Carbonel of the GHQ brigade to Lieutenant Colonel Jose Juanlito Salang of the 5th GHQ command. The civilian rebels and soldiers are believed to have taken part in the Channel 7, Villamor Air Base, and Sangley Point sieges. [Text] [Manila Radio Veritas in Tagalog 1000 GMT 26 Feb 87 HK] /9738

MITRA RESIGNS--President Corazon Aquino has accepted the resignation of agriculture Secretary Ramon Mitra Jr. According to a Malacanang report, Mitra resigned because he will run in the coming congressional elections. The president is expected to announce new appointments this week to replace her cabinet members who are running in the 11 May elections. Mitra, who was a former senator before martial law, is expected to run in the province of Palawan. Before becoming a senator he was elected as congressman for Palawan, at which time it had only one congressional representative. Under the new constitution Palawan will have two representatives in the congress. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 3 Mar 87 HK] /12624

MANILA UNIVERSITY HUNGER STRIKE--Three students at the Gregorio Araneta University Foundation are at the point of death after having joined a hunger strike. The students have not eaten for 15 days to protest the university's management plan to close down the foundation. The hunger strike was mounted by students, teachers, and employees of the university who said they will not end the strike until President Corazon Aquino heeds their petitions. One of their demands is for the dismissal of Jose (Lopez Meneses), university head, for his not consulting university officials on various matters. The strikers said they will transfer their protest action to the Department of Education, Culture, and Sports at Intramuros. [Text] [Quezon City Radyo ng Bayan in Tagalog 0200 GMT 3 Mar 87 NK] /12624

'VIETCONG' GUERRILLA TECHNIQUES--The provincial PC [Philippine Constabulary] command of Mindoro Oriental has learned that the NPA are using guerilla warfare techniques similar to those used by the Vietcong. According to Pinamalayan PC Company chief Captain Artemio (Bernido), they discovered this after the NPA attacked a PC detachment at Barangay Lisap, Bungabung. A soldier was killed and 12 others, comprising 4 soldiers, 6 civilians, and 2 suspected rebels, were wounded. The report said the PC troop that went to the rescue discovered that the NPA had used old but dangerous weapons such as spears, sharpened bamboo sticks, and different kinds of traps. [Text] [Quezon City Radyo ng Bayan in Tagalog 0800 GMT 3 Mar 87 NK] /12624

CSO: 4211/28

EEC TO SET UP JOINT INVESTMENT COMMITTEE

BK210957 Bangkok Voice of Free Asia in English 1500 GMT 20 Feb 87

[Text] Thai and European Community officials and private sector representatives agreed yesterday to set up a Thai-EEC joint investment committee in order to stimulate EEC investment in Thailand. The move is part of a broader effort to encourage European investment in ASEAN and is one of the recommendations of the high-level working party on investment between the two blocs.

The Thai-EEC committee will be headed by Mr Chawat Atthayuk, director general of the Foreign Ministry's ASEAN Affairs Department, and Endymion Wilkinson, charge d'affaires of the EEC's Bangkok-based delegation to Southeast Asia.

There will be eight committee members from each side, with three or four EEC officials and four or five EEC business representatives, and five Thai officials and representatives of the Thai Board of Trade, Association of the Thai Industries and the Thai Bankers Association.

Yesterday's meeting was chaired by Prime Minister's Office Minister Chirayu Itsarangkun [Na Ayutthaya]. Agreement to set up similar committees has been reached in Singapore, Brunei, Jakarta and Kuala Lumpur. The EEC party will next go to Manila for similar talks. It is hoped that the first meeting of the Thai-EEC committee will be in March or April.

/9738

CSO: 4200/365

THAILAND

INCOME MALDISTRIBUTION, U.S. TRADE SEEN AS SECURITY THREATS

Bangkok NAEO NA in Thai 2 Feb 87 p 3

[Editorial: "The Economy and National Security"]

[Text] Actually, economic and national security affairs cannot be separated from each other. Today, even the military supports the economic policy in the struggle against the aggressors. For example, it supports economic development along the border. The fundamental economic problems that concern national security can be summarized as follows:

First is the problem of poverty. Today, the number of low-income people is very large. The number totals at least 10 million. At the same time, there are great disparities in income among the various regions, between the rural and urban areas, and even among the various rural areas. Income figures for 1985 show that the per capita income nationwide was approximately 20,263 baht. The figure for the northeast was almost three times lower, that is, the per capita income there was only 8,124 baht. In the north, the figure was 13,353 baht. In the south, the per capita income was 15,358 baht. In the central region and Bangkok Metropolitan, where the per capita income was above the national average, the figures were approximately 22,000 and 53,000 baht respectively. It can be seen that the per capita income was lowest in the northeast. The government is trying to remedy this. It has formed a National Rural Development Committee and formulated rural development plans in order to provide basic services to the villagers and promote occupations. This includes providing education. In providing help, the local situation must be taken into consideration.

A very worrisome problem today is unemployment. This is one of the country's basic problems. It is estimated that open unemployment reached approximately 84,000 people in 1986, or approximately 3 percent. Unless the government takes more interest in this, this problem will just grow worse, and it could lead to political and social problems. It could even become a security problem. Some people say that if you want to get an idea of what it means to be unemployed, you should fast for 2-3 days. When people reach that stage, they may be willing to do anything.

Other countries feel that this problem can still be controlled. In 1986, the debt service ratio was approximately 20.2 percent. This is expected to decline to 17.7 percent in 1987. This is quite acceptable when compared with the Philippines and other countries, which have to spend huge sums to service their debts. We have set aside 25 percent of our budget for debt servicing. This leaves only 75 percent to pay for domestic expenditures.

Besides the basic problems mentioned above, another problem that concerns national security is international trade protectionism, particularly the U.S. Law on Food and Security, or Farm Act. This will give the United States the power to support its agricultural products in various forms, with the result that our exports will decline. Besides this, this will put downward pressure on the price of agricultural products. We will have to lower prices in order to be able to compete against other countries. As a result, incomes will decline. A final problem is the problem of politics and economics. The political parties that administer the country's affairs are more concerned about the party's interests than they are about the country's interests.

NAEO NA feels that if nothing is done to solve the country's economic problems, even if the country is not invaded, national security will be weak. National security does not depend on the military alone. It depends on economic factors, too.

11943

CSO: 4207/131

THAILAND

COLUMNIST SCORES U.S. FOR 'EMBRACING' DICTATORS

Bangkok NAE0 NA in Thai 31 Jan 87 p 3

[Look Over the Glasses column by Withaya Tanthasut: "Associating With Great Powers"]

[Text] Another attempt by former President Ferdinand E. Marcos and his wife Imelda to return to power has ended in failure. This time, the attempt lasted only 61 hours, and all that the rebels managed to seize was Television Channel 7.

The plan to stage a coup was exposed. Foreign news agencies reported that Mr Marcos and his wife Imelda paid the rebel soldiers 50,000 baht apiece and that they sent various items to provide support. Mr Marcos and his wife hoped to fly back to the Philippines and return to their native country as heroes. But unfortunately for them, the plan failed, because only 200 soldiers were willing to join the revolt. Gen Fidel Ramos maintained control over the bulk of the forces and supported Mrs Corazon Aquino.

Americans say that Mrs Aquino survived this crisis because American officials prevented Marcos and his wife from returning to the Philippines and that the United States wants to help Mrs Aquino. It's strange. Marcos served the United States as a loyal slave for 20 years. But then he started asking for this and that and threatened to begin associating with the communists. And Imelda visited Soviet leaders in the Kremlin. The United States became angry and formulated a plan to topple Marcos. After Marcos was overthrown, the United States welcomed him as an honored guest and provided him with a place to stay. A security unit was sent to Hawaii to ensure his safety.

Marcos has been very busy formulating plans to topple Aquino. He has issued various orders and made plans to leave Hawaii. In the year that she has been in power, Mrs Aquino has had to deal with two coup attempts. The United States feels that Mrs Aquino is obligated to the United States for putting an end to Marcos' role and ending Aquino's troubles.

This reminds me of the Aesop fable about the wolf and the sheep. Regardless of what the wolf said, the sheep could only stand trembling, unable to think of what to say in response. If the United States is being honest with Mrs Aquino, it should arrest Marcos and his wife as criminals and return them to stand

trial in the Philippines. This is because the Aquino government has filed various charges against them. Taking care of Marcos and allowing him to formulate plans to topple Aquino means only one thing and that is that the United States wants to put pressure on Mrs Aquino and her military supporters. All small countries have had to deal with such pressures. Vietnam, Cambodia, and Laos encountered great pressure. Thailand, too, has had to deal with this.

Fortunately, the United States has lost interest in Southeast Asia. Bored and afraid of things here, it has begun playing its games in other regions. Foreign reports say that Mrs Aquino has had great success in gaining public support for the new constitution, which will give her administrative power for another 6 years. This is probably the reason why Marcos had to take quick action.

There are two lessons to be drawn from this. First, do not trust or rely on a great power. Second, money can't buy everything. Only 200 soldiers accepted money from Marcos. This shows that most Philippine soldiers love Aquino, justice, and, above all else, their country.

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CSO: 4207/131

EDITORIAL ON CONVEYING ASEAN STAND TO SHEVARDNADZE

BK231007 Bangkok SIAM RAT in Thai 23 Feb 87 p 8

[Editorial: "Between Bangkok and Moscow"]

[Text] Soviet Foreign Minister Eduard Shevardnadze is scheduled to visit Thailand early next month as part of his tour of this region. The other countries he will visit are Vietnam, Cambodia, Laos, Australia, and Indonesia.

Although the itinerary of his short visit here is still unavailable, he will reportedly meet and have lunch with Thai Foreign Minister Air Chief Marshal Sitthi Sawetsila. The topics of their discussion have not yet been fixed.

Any visit to Bangkok by Soviet ministerial level officials must be regarded as important. Thai and Soviet VIP's rarely exchange visits despite the long existing relations between the two countries. The military occupation of Cambodia by Vietnam, a major ally of the Soviet Union, has further aggravated the existing problems between the two countries.

The visit of the Soviet foreign minister is part of the demonstration of a significant change initiated by Mikhail Gorbachev, the new leader in Moscow who intends to "open the heart" of the Soviet Union to other countries. During his 2 years in power, Gorbachev has done many things to prove that the Soviet Union today is no longer a tricky, secretive, and mysterious country and is more ready to listen to opinions of other people.

Despite its close ties with the West, Thailand is pleased, to a certain extent, with the change in the Soviet Union's attitude. However, it will have to wait and see for a period of time before it can be convinced that such a change is sincere and permanent.

The protracted problems which are now facing Thailand might force Thailand to discard its wait-and-see policy. The Vietnamese border provocations from Cambodia have created numerous problems for Thailand as a peaceful settlement of the problem is not yet in sight because Vietnam has been constantly engaged in tricks.

We believe that certain points of the common stance of ASEAN we have learned from Indonesian Foreign Minister Mokhtar Kusumaatmaja, who continues to play an important role in seeking a solution to the Cambodian problem, during his recent visit to Bangkok should be conveyed to Shevardnadze in addition to trade and economic cooperation between the Soviet Union and Thailand, a major ASEAN front-line state, so that he can talk with the Vietnamese leaders when he is in Hanoi. The Vietnamese leadership will listen to him because they have to depend totally on the Soviet Union.

In addition to security problems, economic uncertainty is partially responsible for forcing Thailand to talk to the side that it does not want to talk to. However, we see no harm in opening the new horizon and atmosphere.

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CSO: 4207/142

OFFICER RAPS SOVIET PROPOSAL ON CAMBODIA PROBLEM

BK220732 Bangkok First Army Division Radio in Thai 2300 GMT 20 Feb 87

[Recorded statement by Director of the Supreme Command Information Office Lieutenant General Wichit Bunyawat on 19 February at the border situation monthly briefing to newsmen]

[Text] As for political developments regarding Cambodia, there have been proposals made by various parties, notably by the Soviet ambassador in Bangkok who, on 16 January, called for negotiations among all parties involved. He proposed that the CGDK, the Heng Samrin regime, Vietnam, the Soviet Union, China, the United States, Laos, and ASEAN hold talks on the issue.

On the surface, the proposal looks interesting, but in depth it is clearly a diplomatic offensive. There is no specific detail for consideration by those countries to take part in the meeting. There is no mention about the withdrawal of Vietnamese troops which is demanded by most parties including the United Nations. Moreover, when Prince Sihanouk, president of CGDK, announced in Beijing his willingness to hold talks with Vietnam and the Soviet Union without conditions, the Soviet ambassador in Beijing immediately rejected his proposal saying Prince Sihanouk should seek to hold talks with the Heng Samrin regime. This is tantamount to completely rejecting all efforts to settle the Cambodian problem. It also reflects the country's insincerity in solving the problem.

In fact, the term Cambodian problem is misleading. If the problem really belonged to Cambodia, Cambodia might not have this difficulty solving it. It is hard to settle the problem because there are second and third parties involved. At present there is even a new problem--how the withdrawal of Vietnamese soldiers from Cambodia can be made without risking Vietnam a loss of face and loss of its influence in Cambodia. In short, the problem should be termed the problem of Vietnam in Cambodia.

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CSO: 4207/142

THAILAND

TWO MILLION BAHT IN CONTRABAND SEIZED ENROUTE TO PRK

Bangkok DAILY NEWS in Thai 15 Jan 87 pp 1, 2

[Excerpt] At 1300 hours on 14 January, Police Maj Gen Thirachai Riancharoen, the commander of the Marine Police Division, told reporters that it had been learned that smugglers were planning to transport a shipment of war materials to buyers in Cambodia. They were going to ship the materials by sea from Trat Province. Thus, he ordered Police Col Butsara Nonthawari, the superintendent of Precinct 2, Marine Police Division, to conduct an investigation and make the arrest. At 0400 hours on 14 January, Police Lt Suchin Phiphusananon, the head of the Sea Patrol Unit, Khlong Yai Marine Police Station, Trat Province, received an order from Police Col Butsara and so he took Patrol Boat 622 and conducted a search along the Trat River.

When the officials in Patrol Boat 622 reached the mouth of the Trat River, they saw a large fishing boat, later identified as the Wan Chat Kanpramong, coming from the direction of Mai Ruak Subdistrict, Khlong Yai District. It was headed toward Cambodia and was about 7 nautical miles from shore. Thus, the patrol boat sped after this boat and signaled it to stop for inspection.

Aboard the Wat Chat Kanpramong, the officials found one Thai named Mr Li Diwong, age 30, address unknown, and one Cambodian named Mr Somkia, age 38. No other crewmen were found. The hold of the boat was divided into six large compartments. Inside the hold, officials found a large quantity of war materials. This included 5,000 flashlights, 5,520 flashlight batteries of various makes produced in Thailand, and motorcycle parts, such as engines, wheels, tanks, and tires. There were sufficient motorcycle parts to assemble 100 motorcycles. There was also a large quantity of electrical equipment, such as light bulbs, electric wire, and so on. Altogether, the materials were worth about 2 million baht. The suspects and evidence were taken to the Khlong Yai Marine Police Station, where the suspects were charged with having committed a serious offense.

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CSO: 4207/132

THAILAND

RADIO SAYS SIGNS OF SRV DEFEAT CLEAR IN CAMBODIA

BK200941 Bangkok Domestic Service in Thai 0530 GMT 20 Feb 87

[Radio article: "The Sign of Vietnam's Defeat"]

[Text] Dear listeners, the genocidal war in Cambodia has been dragging on for 8 years now. The Vietnamese suppression drives against the Cambodian people have been foiled by the strong resistance by the Democratic Kampuchean forces. With the success of the guerrilla warfare, the Democratic Kampuchean patriotic forces have developed steadily and are growing bigger and stronger. They are capable of launching more violent attacks against the Vietnamese. The Democratic Kampuchean radio reported that the patriotic forces can at present even attack any district office or any provincial town. The Democratic Kampuchean forces have joined hands with the Cambodian patriotic people to launch offensives against the Vietnamese aggressors nationwide, pushing the Vietnamese war of aggression into the abyss of defeat. Moreover, foreign news agencies also reported that Vietnam's economy is now in a state of bankruptcy. Corruption in government circles and crime are rife in every corner of Vietnamese society. The Vietnamese people are living in difficulties and hardships much more severe than those they experienced during the war of aggression in the past.

All the abovementioned facts clearly indicate that the war of aggression against Cambodia by the Hanoi Government will inevitably be defeated. All propaganda campaigns launched by the Vietnamese Government are fruitless. The Vietnamese soldiers themselves are fed up with fighting and killing. They often desert. Many want to return home so that they can live with their families in Vietnam. The morale of the Vietnamese soldiers in Cambodia is deteriorating. The sign of Vietnam's defeat has become more visible.

Dear listeners, although Vietnam has been trying hard to wipe out the Cambodian people, it is apparent that Vietnam has failed in the economic and international political areas. All countries can see better the true nature of Vietnam. Vietnam cannot continue its occupation of Cambodia as world public opinion is against it and calls for the withdrawal of Vietnamese troops from Cambodia. But Vietnam never listens to such a call. Meanwhile, foreign aid to Vietnam has declined. Only a few countries continue blindly to help Vietnam. Thailand has been suffering the consequences of the war in

Cambodia. For example, the majority of the Indochinese refugees and illegal immigrants come from Cambodia. Vietnamese troops in Cambodia frequently encroach on Thai territory. Thailand has lost many lives and property in the defense of its sovereignty.

If Vietnam will not change its policy of aggression against neighboring countries, it will be defeated by its own wrong doings sooner or later.

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CSO: 4207/142

THAILAND

ARMY OFFICIAL REPORTS ON CAMBODIAN BORDER SITUATION

BK200921 Bangkok NAE0 NA in Thai 20 Feb 87 pp 1, 16

[Excerpt] At a briefing for newsmen at the Supreme Command Information Office, Colonel Anuson Kritsanaserani, the deputy army secretary, said more Vietnamese and Heng Samrin soldiers and weapons have been moved to the Thai border opposite Nam Yun District, Ubon Ratchathani Province; Khun Han District, Sisaket Province; Kap Choeng District, Surin Province; and Ta Phraya District and Khlong Han Subdistrict of Prachin Buri Province. Vietnamese soldiers tried to cross the border into Thai territory at the Bok pass in Nam Yun District. Landmines were placed around the Thai border at Ban Sangae in Ta Phraya District, which had already been surrounded by barbed wire because the area juts into Cambodia.

According to Anuson, the Thai-Lao border situation showed signs of improvement, and Laos' attitude appeared to be friendly. Thailand is ready to respond by reducing the number of banned goods and considering opening of more border crossing points. He said: "Army Commander General Chawalit plans to visit Laos, providing that the ties between the two countries do not worsen. Thai and Lao officials are preparing for the visit."

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CSO: 4207/142

VOFA REVIEWS SITUATION ON THAI-CAMBODIAN BORDER

BK231415 Bangkok Voice of Free Asia in Thai 1030 GMT 23 Feb 87

[Text] The Supreme Command Information Office reported that during the past week, the Vietnamese side sent fresh troops, weapons, and equipment to reinforce their units in the area opposite Kap Choeng District of Surin and Ban Kruat District of Buriram Province. Tanks and armored personnel carriers were used to patrol and intercept the movement of the CGDK forces. Small Vietnamese units patrolled and laid landmines and booby traps in the area opposite Lahan Sai District of Buriram and Ta Phrayat District of Prachin Buri Province.

Meanwhile, the CGDK combined forces dispatched guerrilla units to attack Vietnamese troops in Kralanh, Siem Reap, and Srei Snam Districts of Siem Reap-Oddar Meanchey Province and Thmar Puok and Ratanamondol Districts of Battambang Province.

During the period under review, shells fired by the Vietnamese troops landed inside Thai territory in the areas of Pong Nam Ron District of Chanthaburi Province, Ban Rai, Muang, and Khlong Yai Districts of Trat Province. A number of Thai villagers were wounded and houses damaged.

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CSO: 4207/142

THAILAND

ABDUCTED THAI RANGERS RELEASED 21 FEBRUARY

BK220150 Bangkok BANGKOK POST in English 22 Feb 87 p 1

[Text] Chiang Mai--Four Thai rangers abducted on Thursday by the Shan United Army [SUA] were released yesterday. Military sources said the four were handed to the Thai border force in Chiang Rai by the SUA yesterday afternoon following negotiations between Thai officers and Shan guerrilla leaders on Friday night.

The sources said lance corporals Chumphon Intha and Wanchai Sawangarom and rangers Suphap Kaeolo and Suwan Phosi were released with their weapons--three M16 rifles and two M79 grenade launchers.

The group was captured during a clash between Thai forces and SUA guerrillas loyal to opium warlord Khun Sa near the border in Pa Sang District of Chiang Rai on Thursday. Another ranger was killed in the clash.

The sources said the fighting was sparked by a SUA attack on a Ku-omintang [KMT] village at Ban Huai Mu in Chiang Rai's Mae Chan District two days earlier.

Thai troops sent to guard the border villages clashed with SUA men who were caught sneaking in to attack the KMT village again.

The SUA yesterday reportedly still had about 400 armed guerrillas opposite the village, which is being tightly guarded by Thai rangers. Meanwhile, about 1,000 Karen civilians fled across the border as Burmese Government troops attacked the Karen rebel stronghold of Klerdy across the border from Tha Song Yang District early yesterday morning. During the assault, more than 50 mortar shells landed in Thailand, damaging a house in Hae Salit market place.

Military sources believed at least 500 heavily-armed Burmese troops took part in the attack, which died down into sporadic gunfire later last night. They said casualties on either side were unknown yesterday.

Klerdy, a Karen National Union border stronghold, was hit by Burmese mortars and recoilless gunfire. The attack met with strong resistance from Karen guerrillas manning the base.

Officials said that Thai villagers in Mae Salit had to evacuate their homes to avoid being hit by stray shells fired across the Moei River by the warring parties.

All Karen civilians fleeing the fighting to Thailand were staying at a nearby refugee camp last night.

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CSO: 4200/365

THAILAND

DEPUTY 1ST ARMY REGION COMMANDER PROFILED

Bangkok DAILY NEWS in Thai 19 Jan 87 p 5

[DAILY NEWS Square column by Nanthana: "Maj Gen Choetchai Thiratthanon, from Commander of the 9th Division to Deputy 1st Army Region Commander"]

[Text] Maj Gen Choetchai Thiratthanon, the deputy commander of the 1st Army Region, whose original name was Thonglo Kangkan, was born in Bang Plama District, Suphanburi Province, on 3 April 1934. He is the fifth of the six children of Mr In and Mrs Paeng Kankan, who are farmers. He married Suda Suchatwetchaphum in 1959. They have two daughters. The eldest, Sublieutenant Woranat Thiratthanon, age 20, earned her degree in literature from Silapakon University (Thapkaeo, Nakhon Pathom). Recently, she married Sublieutenant Khanchat Phetchan. The younger daughter is Sannawimon Thiratthanon, age 19. She is presently studying business administration at Ramkhamhaeng University.

Maj Gen Choetchai encountered various difficulties during the course of his educational life. His uncle was the abbot at Wat Phosi in Bang Plama District and so he attended Grade 1 at the temple school. When his older brother was ordained a monk at Wat Hiranruchi in Bangkok Metropolitan, he had to transfer to the Prawit Suksa School. Then the Second World War broke out and he had to return to Bang Plama, where he attended Grade 7 at the Bang Plama district school. After the war, he transferred to the Wutti Suksa School and lived at the temple with his brother in Bangkok. He completed grades 8-11 at this school. He attended Grade 12 at the Wat Ratchaorot School. He wanted to be a soldier and so he applied to the military academy. He attended Chulachomklao Royal Military Academy [CRMA] as a member of Class 5. Fellow classmates included Lt Gen Suchinda Khraprayun, Lt Gen Isaraphong Nunphakdi, Lt Gen Wimon Wongwanit, and Maj Gen Khachon Ramanwong. He also took various other courses, such as the staff officers course, Class 44.

After graduating from CRMA in 1958, he was made a sublieutenant and stationed at the Phra Narai Camp in Lopburi Province. In 1960 he was transferred to the Pa Wai Airborne Battalion in Lopburi. The battalion commander at that time was Lt Col Thianchai Sirisamphan. While serving with this unit, he was promoted to lieutenant. He served with this unit until 1965. After that, he took the staff officers course and was promoted to captain. He was appointed logistics chief with the Special Warfare Center in Lopburi. In 1970 he was promoted to major and attached to the Directorate of Operations, Ministry of Defense. He worked

at the Operations Center, Army Battalion, Suan Runrudi, where he served until 1982. After being promoted to special colonel, he was transferred to Kanchanaburi at the end of 1982, where he served as the deputy commander of the 9th Infantry Division. The divisional commander at that time was Maj Gen Somkhit Chongphayuha. He was then promoted to major general and appointed commander of the 9th Infantry Division. Most recently, he was appointed deputy commander of the 1st Army Region.

His policy as deputy 1st Army Region commander is to "treat his subordinates fairly and conduct himself properly," which is the principle that was established by the former commander. This will provide continuity. During his student days, the present deputy 1st Army Region commander liked to spend his free time reading. In particular, he was interested in history and the origins of man. People nicknamed him "Meo," because he liked to study the Meo tribe. Usually, he doesn't drink or smoke, although he occasionally does so at parties.

As for sports, he used to be an important player for the school. Today, he likes to play tennis and golf. He plays regularly for the exercise.

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CSO: 4207/132

NATION EXAMINES CHAWALIT'S PUBLIC STATEMENTS

BK220455 Bangkok THE NATION in English 22 Feb 87 p 10

[Political Desk review]

[Text] Army Commander-in-Chief Gen Chawalit Yongchaiyut last week assumed the role of a guardian of the Prem Administration after his behind-the-scenes mediation bid to reconcile the long-standing rift in the Democrat Party had apparently hit a snag. His strong and stern statements drew sympathetic and supportive responses from the army hierarchy but sparked off a backlash from academics and politicians who are concerned that his blanket broadside against politicians would discredit the legislative body.

Gen Chawalit has lately made his presence felt in the limelight and the role of a guardian could be felt even before. But unlike the previous moves, his show this time around was stronger and more straightforward in its tone and manner. What appeared to be an outburst in his frustration toward politicians this time around inevitably sparked off wild speculations on an imminent political change.

The speculations were further fueled by other senior and powerful army officers, including Assistant Army Commander-in-Chief Gen Sunthon Khongsomphong, one of Chawalit's close friends, and Special Warfare Commander Lt Gen Womon Wongwanit, who briefly commented later in the week that the political situation was fragile.

Speculations in some political and military circles were varied, covering the possibility from a major change in the Democrat ministerial line-up to a change in the composition of the coalition government and even a dissolution of Parliament for snap general election.

Inner-circle analysts however feel that the speculations were too imaginative. In fact, some categorically bet against the possibility of an imminent Cabinet reshuffle before Parliament reconvenes in April.

From their perspective, the rift in the Democrat Party has not aggravated to the point where political stability will be threatened and the Opposition is also too weak to pose a serious threat to the government when they launch a

no-confidence onslaught against either the whole Cabinet or, more likely, certain ministers allegedly involved in some scandalous affairs.

A major Cabinet reshuffle without sufficient justification, they believe, will only fall into the hands of the Opposition who would certainly exploit the change to substantiate their claims that the coalition government is plagued with too many problems and has been more engaged in squabbles for personal, factional or party gains rather than devoting itself to the work to overcome the country's woes.

While the different assessments on the political situation are still inconclusive, there appears to be a basis to Gen Chawalit's statements made on two occasions, the first when he spoke to members of the Chiang Mai's Club of Public Speakers on "Politicians in the Military's Eyes" on Saturday and the second after he had awarded a royal decoration and a new rank to the late Third Army Region Commander Lt Gen Chaichana Tharichat, who died of a heart problem recently.

In his Chiang Mai speech, Gen Chawalit hit out at political parties which he classified into two groups: the liberal ones and the socialist and monopolistic ones.

As regards the liberal parties, Gen Chawalit said that none of them is mass-based. Instead, he said, some politicians have become Cabinet members to protect the business interests of their groups. That he singled out the whisky and soft drink business in his speech was apparently the most controversial and as he admitted it on Tuesday, the clear allusion made "some of my respected personalities feel uncomfortable." Specifically referring to Deputy Prime Minister Phong Sarasin of the Social Action Party (SAP), Gen Chawalit said that he had talked things out to clear the misunderstanding with the deputy premier during their flight back from Chiang Mai to the capital Monday night.

The reference to Phong, though without naming names, was linked to what army analysts believe to be the army commander-in-chief's concern over the potentially political issue concerning the massive debts that Sura Maharat and Surathip, the producers of Mekong and Hong Thong whiskies respectively, owe to five commercial banks and the government. Phong has been alleged to be a guarantor in securing a 2,000-million-baht loan for Surathip.

Chawalit reportedly received some documental evidence in connection with the whisky affair from a key member of the dissident Democrat faction, called the "Group of Jan 10" just before he took a trip to the northern province.

In the behind-the-scenes mediation bid engineered by a powerful army officer, the leader of the Group of Jan 10 reportedly made it clear that the faction still supported Prime Minister Prem Tinsulanon but insisted that it could not take it lying down if there is proof of serious flaws in the coalition Cabinet. The key Democrat MP reportedly singled out the shisky affair and the controversial export of 200,000 tons of rice to Iran as the issues that the faction may have to join hands with the Opposition in its planned censure move.

The private conversation was said to be part of the mediation to reconcile the rift between the group and the other faction led by party leader Phichai Rattakun secretary general Lt Col Sanan Khachonprasat and House Speaker Chuan Likphai.

A solution floated by the trouble-shooter is for a shake-up in the Democrat Cabinet line-up to the effect that the Group of Jan 10 is given a number of Cabinet portfolios but leaders of the dominant faction reportedly stood firm that they are the legal representation of the party. Apparently, the search for a compromise solution has still got nowhere when Gen Chawalit delivered his speech in Chiang Mai and afterwards when he made clarifications on the speech at the Army Convention Hall on Tuesday.

In the latter speech, the army chief made a new point when he earnestly called for an end to squabbles (in the Democrat Party).

"I have said that the army will not meddle with politics but if the country has become at stake, we cannot afford to take it lying down. Somebody must have the guts to step in. Of course, it is easy to say that it's none of my business but at one point, we cannot disown the responsibility," Gen Chawalit told reporters.

Army analysts believe that Gen Chawalit's latest statements represented the role of a guardian and in fact a change from the role of behind-the-scenes "trouble-shooter" to a deterrent one with the latest veiled warning.

The latest show was also seen in the light of his earlier statements on the major restructuring of the Internal Security Operations Command (ISOC) to the effect that he handed over the powerful title of general director of communist suppression to the prime minister. In the announcement two weeks ago, Gen Chawalit also suggested that politicians would be given a role in the formulation of the policy and platform of the anti-communist body.

The restructuring of ISOC, particularly the point on the return of the general directorship of communist suppression to the premier, was seen by some as a move to demonstrate the army's full backing for Gen Prem to boost his political leverage vis-a-vis politicians in the government. Others took it as a shrewd way to weaken possible resistance to the ISOC revamp, which centers on a drastic cutback on its personnel, with the tacit blessing from the premier.

Inner-security sources have contended that the role to lead the fight against communism can be turned over to the government now that the communist activities have ostensibly come to a low level. The move has also saved the army a large portion of budget since from now on, the government will have to shoulder the spendings of the formerly-army-led ISOC.

The announcement, however, caught many army officers by surprise and raised concerns over the longer line of command which could make their operations awkward and less effective. Critics fear that the ISOC officers would no longer have a timely access to the powerful general director of communist suppression

for his authorization on an urgent operation to crack down not only on communist insurgents but all the illegal activities seen by them as the significant fertilizer for communist growth--now that the general director is the prime minister and not the army commander-in-chief.

Another major point of concern was politicians' participation in the formulation of the ISOC's strategy. The concern has stemmed from an assumption, right or wrong, that many politicians with vested interests could jeopardize ISOC agents which have at times uncovered certain politicians' connection with illegal activities the authorities want to crack down.

Some well-informed analysts believe that Gen Chawalit's broadside against politicians was partly aimed at pacifying those in the army hierarchy who are still skeptical towards politicians. The spread of unconfirmed news that the premier has signed an order in his capacity as general director of communist suppression, virtually delegating all his powers to Gen Chawalit, who was reportedly appointed in the same order as deputy director general of communist suppression.

According to the unconfirmed reports, Deputy Army Commander-in-Chief Gen Phisit Hemabut was demoted from the post of deputy general director of communist suppression to the post of assistant general director, empowered to run only administrative affairs on behalf of the general director. The two assistant general directors, Assistant Army Commanders-in-Chief Gen Sunthon and Gen Phichit Kunlawanit, were deprived of their ISOC posts.

In a broader picture, the series of public statements which Gen Chawalit made since the beginning of this year has been seen as his growing presence. For the latest statements in particular, inner-circle sources said Gen Chawalit reflected the mood in various sectors of the society, mainly the bureaucracy, and probably the silent majority in the public. These people, they said, had become increasingly fed up with squabbles in and between political parties instead of devoting their efforts to the solution of accumulated problems engulfing the country.

In this way of analysis, the man tipped to be Gen Prem's heir apparent, has apparently scored some positive marks from his latest move. Yet, the growing military involvement in the political affairs could be abhorred by some others with bitter experience with past military roles. Whether the general's calculation that has led to a change in his style will work the way he thought or not has yet to be put to test.

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CSO: 4200/365

THAILAND

ATHIT PROTEGE FALLS, CHAWALIT'S AIDES MOVE UP IN ARMY

Bangkok KHAO PHISET in Thai 21-27 Jan 87 pp 27, 28

[Unattributed report: "Order Given To "Stop" Staff Officer Hank, Another Move To Eliminate the Old Power Line"]

[Text] A reliable news report stated that an order originating in the Government House was passed down through the chain of command to Col Phiraphong Sanphakphisut, or Staff Officer Hank, a member of CRMA [Chulachomklao Royal Military Academy] Class 17 and an activist in the "Royal Elephant Turk" group, ordering him to stop playing a role in the movement that is being carried on through a weekly political magazine. It is well known that Staff Officer Hank supports this movement.

This order was issued very recently. It was issued at a time when Staff Officer Hank was deeply involved with newspaper circles and found it hard to remove himself, at a time when the "sun" had set for his boss, Gen Athit Kamlangek, the former supreme commander and RTA CINC, and at a time when the reshuffle of (ordinary) colonels and lieutenant colonels was fast approaching.

People are talking about Staff Officer Hank again. It is expected that he will be one of those who is "eliminated" when the new power pole in the army rearranges things.

Rumored That He Will Be Transferred to the Ministry of Defense

A news report has informed KHAO PHISET that even though Col Phiraphong feels very "hurt" by this order, he has accepted this in principle. But the news source did not provide any details on what has happened since.

"Actually, Gen Chawalit Yongchaiyut, the RTA CINC, talked to Staff Office Hank once before about engaging in journalism. But Staff Officer Hank felt that he could separate his roles and so he has continued to engage in this. He is committed to the newspaper. It's sad that he is being ordered to stop. Because actually, many officers of higher rank than Staff Officer Hank are doing the same thing. It's just that he has become a prominent target. He may have made too much noise. The important thing is that politically, his image cannot be separated from that of Gen Athit. Thus, this is a rather delicate matter," said the news source.

It seems that the movement to "dig up the roots" of the old power base is still underway. There are rumors that Staff Officer Hank will be transferred from his position as deputy regimental commander and attached to the Office of the Under Secretary of Defense. That is, he will be thrown into the "dungeon." This rumor is fairly widespread within the 1st Engineers Regiment, Ratburi, Staff Officer Hank's unit. There are also rumors that if he actually is transferred to the Office of the Under Secretary of Defense, he will resign from the military and engage in journalism full time. However, this is still just a rumor in certain military circles.

Staff Officer Hank, Only Boss Is Athit

Before Gen Athit retired, particularly during the period when he still had great power, Col Phiraphong became well known as one of the leaders of the Royal Elephant Turks. He was deeply involved in an important movement being promoted by this power pole. Things were done so openly that everyone knew that the Royal Elephants Turks, or Col Phiraphong, fully supported granting a second extension to Gen Athit (which was not approved), just as Gen Phichit Kunlawanit, the present assistant RIA CINC, had done previously. Thus, history recorded that during the period in which there was a clear and sharp division between the power poles in the army, that is, during the period 1984-1986, Staff Officer Hank tied himself closely to Gen Athit.

Something even more interesting is that the role played by Staff Officer Hank resulted in his name ending up on the blacklist compiled by the Suppression Division, which is commanded by Police Maj Gen Bunchu Wankanon, and certain members of CRMA Class 5.

Col Phiraphong, who had been very close to Col Manun Rupkhachon, was very fortunate not to have become involved in the coup attempt of 9 September 1985. During those events, he played the role of a "peace envoy" and worked together with Gen Phichit. His role in this was criticized by some and praised by others. But regardless of the situation, Col Phiraphong has always told his friends that Gen Athit is his "only boss." This is because he has a strong sense of obligation.

Transfer Operation, Athit Is Not Happy

Ever since he became RIA CINC, Gen Chawalit, or Big Chiu, has tried to make the transfer system seem more fair than before. Specifically, he has established a committee to consider transfers and is trying to reduce the size of the army. A news source said that Gen Athit does not feel that the establishment of this committee will make things any fairer if the people on this committee remain tied to the old themes. Transfers must be made in accord with the recommendations made by the various units. Adding another step by establishing this committee will just increase the complexity of things unnecessarily.

Even more important, the news source said when Gen Chawalit was still the subordinate of Gen Athit, in the reshuffle of officers at the level of major general and lieutenant general, Gen Chawalit played the role of an advisor to

Gen Athit. But at the level of battalion and regimental commander, Gen Athit used his power to make the decisions by himself.

Will Staff Officer Hank Remain in His Old Position? Keep an Eye on the Golden Age of CRMA Classes 18 and 20

The reshuffle of regimental and deputy divisional commanders at the end of 1986 can be summarized by saying that advances were made in establishing a new power line and making this seem fair in the eyes of the mass media and people in general. But even so, "trust" is still very important in determining who is appointed to what position.

As for the coming reshuffle of (ordinary) colonels and lieutenant colonels, or deputy regimental and battalion commanders, the time has come for members of CRMA Class 18, the president of which is Col Suphachai Rotphothong, an aide to Gen Chawalit, to move into important positions throughout the country. At the same time, another class that is moving forward vigorously and that has strong solidarity is CRMA Class 20. The leaders of this class are Lt Col Suraphan Phumkaeo, "Medium Pai," the commander of the 1st AAA Battalion, and Col Wichit Yathip, another aide to Gen Chawalit.

"Many members of these two classes will probably be given regimental commands, because it is their turn. This is a golden opportunity for Gen Chawalit to improve his power base at lower echelons," said the news source.

As for CRMA Class 17, Staff Officer Hank's class, excluding those who belonged to the old power line, members of this class have a very bright future. This includes Col Phairot Phanitchasamai and Col Banchon Chwalawin, the assistant heads of the Civil Affairs Section, 4th Army Region.

The news source believes that the elimination of the old power line is normal. But the case of Staff Officer Hank is particularly interesting. It may be necessary to leave him in his present position as deputy regimental commander. Big Chiu does not want to create enemies, particularly among his subordinates.

It's Up to Big Chiu

Even though the Government House ordered Col Phiraphong to stop and even though the new source stated that Gen Chawalit knew about this, it is said that this is the era of a "new power pole." Thus, the single matter of Col Phiraphong is not a major matter when compared with the power and skill of Gen Chawalit, who wants to unite all factions.

Staff Officer Hank will get married on 23 January. As a matter of courtesy, he has invited Big Chiu to attend the wedding. But what is strange is that he has not asked Gen Athit to serve as host as fellow classmates thought he would. This may be a portent of what will happen in the future. Staff Officer Hank may not have changed bosses. But he may be ready to show his gratitude to a new benefactor.

In the coming reshuffle, if the old power line is not uprooted completely, the "issues" in the "Clump of Bamboo" column should decrease. In particular, if Staff Officer Hank is not relegated to the dungeon, the disputes will automatically die down. But this is something that the army, under the leadership of Big Chiu, must decide.

FURTHER REPORTS ON ARMY-WIDE RICE BUYING

Bangkok DAILY NEWS in Thai 24 Jan 87 pp 1, 20

[Excerpt] Lt Gen Arun Priwattatham, the assistant army chief of staff and director of the Army Civil Affairs Center, was interviewed by reporters at Army Television Station Channel 5 at noon on 23 January. He said that in accord with the government's request, the army is now purchasing paddy from the farmers. The army will do the best it can. It will purchase paddy directly from the farmers. It will purchase the paddy and then transport it from the barns in order to reduce transportation costs. The army has the means of transportation and other means. This should be of great help. Surveys are now being made to determine which places still have rice. The army will purchase directly from the farmers. The farmers don't have to make contact. The army will pay a fair price. It will add 100 baht per kwian [1 kwian equals 2,000 liters] to the local price. The army will purchase 5-15 percent rice.

The assistant army chief of staff said that the army has a clear policy of helping farmers in general. But it will not help particular farmers. The army regions, which are implementing the policy, must take responsibility. Committees must be formed to make inspections. At present, the units are waiting for money. When higher-echelon units send the money, the units will immediately begin making purchases. This will help most in January. Because by next month, the farmers will have sold all their rice. How much money is allotted to each unit depends on the size of the unit. The rice will be purchased for the soldiers only plus an additional 5 percent for the families of soldiers.

11943

CSO: 4207/132

THAILAND

PAPER FAULTS BOARD OF INVESTMENT PERFORMANCE

Bangkok NAEO NA in Thai 1 Feb 87 p 3

[Editorial: "Economic Offensive"]

[Excerpt] Something that needs to be done immediately is to improve the work system in the Office of the Board of Investment [BoI]. This should begin with the analysis section, which is a very important unit.

Whenever someone submits a matter, the agenda section should take immediate action, because this step does not require long consideration. After the matter has been submitted to the Project Analysis Division, it should state how long it will take to consider the matter. But at the very most, it should not take more than 1 month. The matter should then be passed on to the Project Control Division, which should coordinate things with the environmental protection, pollution control, and public services sections.

Investors complain that BoI officials do not cooperate and that they demand compensation in return for taking action. Officials cite a variety of reasons to delay projects. For example, they say that the person making the request lacks knowledge and skills or that the marketing plan cannot be implemented. Officials make a great effort to find elements that violate the regulations or laws.

As a result of these actions by officials, people are fed up with the bureaucracy. Some businessmen willingly pay bribes to facilitate things. But others deplore being squeezed like this. Some businessmen detest the corruption. And so problems have arisen.

Today, people view the BoI as holding back the economic development of the country. The figures that have been released show that tens of billions of baht have been invested. But this is just so much frosting on a cake in an attempt to show results. Many projects have not been able to be implemented as proposed, and many projects that have been implemented have not hit the targets.

We feel that action must be taken to clean up things within the BoI. If the government does not solve these problems, it will be difficult for the policy of taking the offensive economically to achieve results.

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CSO: 4207/131

BRIEFS

ARMY BUYS RICE AT HIGHER PRICES--The "army must help the farmers" is a new role for the army under the command of Gen Chawalit Yongchaiyut, the RTA CINC. This got underway in Phitsanulok Province. The army is paying 100 baht more per kwian [1 kwian equals 2,000 liters] than merchants. In accord with government policy, the army is purchasing paddy from the farmers directly. The military districts have been entrusted with the task of purchasing paddy at a fair price that covers costs in order to help push up paddy prices. The army is paying 100 baht more per kwian than merchants. And farmers do not have to pay transportation costs, because the army sends trucks to pick up the paddy at the villages. The army's program of purchasing paddy from the farmers got underway on 28 January. The 3d Army Region set up a paddy purchasing command near Ban Muang Hom in Kaeng Sopha Subdistrict, Wang Thong District, Phitsanulok Province. This will also be carried on in Phichit, Sukhothai, Nakon Sawan, and Phetchabun provinces. [Text] [Bangkok NAE0 NA in Thai 31 Jan 87 pp 1, 3] 11943

POLICE ATTACK TERRORIST CAMP--On the morning of 16 February the terrorist bandit group of Doroha Awae ambushed Police Private Utsaman Doso, a member of the police special operations unit in Yala Province, while he and Hama Disa-ae were returning on a motorcycle to the 1202d special operations unit base, killing Hama and wounding Utsaman. After the incident, Police Colonel Bunchua Nukunrat, the Yala provincial police chief, instructed Police Lieutenant Natthaphon Sitthisan, leader of the 1st special operations platoon to lead a unit to hunt down the terrorist bandit group. On 18 February the special operation unit patrolling in the jungle near village group 3, Tambon Sa-ae, Muang District, Yala Province discovered a terrorist bandit camp and attacked it. After a 30-minute gunfight the terrorist were able to break the police encirclement. A subsequent search of the camp found pools of blood, an M-79, 20 small huts, and some food supplies. A policeman, Pvt Rit Raksawong, was seriously wounded in the fighting. [Text] [Bangkok NAE0 NA in Thai 19 Feb 87 p 3 BK] /9738

CSO: 4207/142

VANUATU

BRIEFS

AUSTRALIAN AID FOR AIRPORT--Australia is to provide \$1 million [Australian]--about U.S.\$660,000--to assist with the upgrading of facilities at Vanuatu's (Bowerfield) Airport. The foreign affairs minister, Mr Hayden, said the aid would be used in upgrading the runway, taxiway, and apron of the airport to the standard required by Boeing-767 jets. Mr Hayden said the Vanuatu Government had given a high priority to the work as a necessary step towards encouraging private investment and the tourism industry. The minister said Australia's grant for the airport work was part of an additional allocation of \$15 million [Australian] to South Pacific states which was recently announced by the federal government.
[Text] [Melbourne Overseas Service in English 0430 GMT 23 Feb 87] /9604

CSO: 4200/378

SOVIET SOCIAL SCIENCE DELEGATION ARRIVES FOR VISIT

BK191248 Phnom Penh SPK in English 1108 GMT 19 Feb 87

[Text] Phnom Penh SPK, 19 Feb--A delegation of the Academy of Social Science under the Central Committee of the Communist Party of the Soviet Union led by its deputy director Popov Boris Semionovich arrived in Phnom Penh Wednesday for an eight-day official visit to Kampuchea.

The delegation, as guest of the commission for propaganda and education of the Central Committee of the People's Revolutionary Party of Kampuchea, was welcomed at Pochentong Airport by the commissions Vice President Pav Hamphan and other Kampuchean officials. Lebedinski R. and Okpish V., counsellors of the Soviet Embassy in Phnom Penh were also present.

The delegation is scheduled to exchange experiences with the Kampuchean side on the propaganda work and to give lectures on the results of the CPSU plenum held in Moscow in January this year.

/9738

CSO: 4200/365

PEOPLE'S REPUBLIC OF KAMPUCHEA

FEATURE DESCRIBES GROWTH OF 86TH BRIGADE

Vientiane PASASON in Lao 24 Jan 87 p 3

[Article: "To Construct a New Life and For the Defense of the 7 January 1979 Revolution"]

[Excerpt] The 86th Brigade was set up shortly after the liberation. In the beginning there was a small number of cadres, soldiers and combatants. The weapons and equipment had been seized from the enemies. The combatants in this division took part in wiping out the routed Pol Pot clique and in training to engage in tank combat, as well as in defending their territory. The training has become progressively harder but it is effective, and after starting as a young division with few weapons it has now become a strong force.

The 86th Brigade has grown in this way because, first of all, it has the correct and brilliant guidance of the Kampuchean People's Revolutionary Party, because its brave combatants carry on the persevering heritage of the Cambodian people, and because it has the support of the people, the greatest force, at all times.

In the victory in the dry season of 1984 many tank combatants who had been trained by the 86th Brigade attacked and wiped out enemy nests.

The slogan of the tank combatants in the 86th Brigade is "quick in training, right on target, and safety for both the people and the tanks". The 86th Brigade has now become one of the strongholds for tank training in the Kampuchean People's Revolutionary Armed Forces. They have good combatants with technical creativity who are effective in teaching new combat students.

After daily training and the study of theory in their classrooms, the combatants in the 86th Brigade, who are 18-20 years old, also organized other activities to help them to be happy and to enhance their material and technical level. Each year they raise nearly 1,000 chickens, tens of pigs, cattle, goats, ducks and horses, and engage in rice farming and rice production. They also diligently get involved with the people, help them with production and in taking care of the people's health, and work with the people in carrying out propaganda work and in mobilizing the misled who went over to the enemy to return ever increasingly to their homeland.

9884/12951
CSO: 4206/64

BRIEFS

AGRICULTURAL PRODUCTION IN PROVINCES--Phnom Penh, 21 Feb (SPK)--By mid-February peasants in Kandal Province had put 20,400 hectares under dry season rice, including 12,345 hectares of IR-36 strain. The districts of Phnom Penh, Muk Kampul, and Kien Svay were in the lead and had also planted 2,910 hectares of tobacco, 550 hectares of potato, and many hectares of beans, sugar palm, cotton, and sesame. In the same period, peasants in Kompong Speu Province had put 1,800 hectares of the planned 3,220 hectares under IR-36 rice with Thpong, Udong, and Bar Set districts in the lead. [Summary] [Phnom Penh SPK in English 1106 GMT 21 Feb 87 BK] /9738

INDIAN RED CROSS AID--Phnom Penh, 23 Feb (SPK)--The Kampuchea Red Cross has recently received a four-ton consignment of serum from its Indian counterpart. The consignment, the fourth of its kind, was handed over to the Kampuchean Red Cross on Friday by A.K. Pandey, Indian charge d'affaires to Kampuchea. In the deliverance ceremony, Mi Samedi, general secretary of the Kampuchea Red Cross, expressed deep thanks to the government and people of India for their assistance and support to the Kampuchean people. Chey Kanha, vice minister of health, was also present. [Text] [Phnom Penh SPK in English 1106 GMT 23 Feb 87 BK] /9738

PHNOM PENH SANITARY STATION--Phnom Penh, 23 Feb (SPK)--A Medico-sanitary station, built with the assistance of the Vietnamese capital city of Hanoi, has been recently inaugurated in Phnom Penh. In the inaugural ceremony, Mok Maret, deputy mayor of Phnom Penh, said that it is a manifestation of the multiform cooperation between Kampuchea and Vietnam in general, and between Hanoi and Phnom Penh in particular. [Text] [Phnom Penh SPK in English 1119 GMT 23 Feb 87 BK] /9738

CSO: 4200/365

DEVELOPMENT OF INDIVIDUAL SMALL-SCALE ECONOMY PROPOSED

Hanoi NHAN DAN in Vietnamese 29 Dec 86 p 2

[Article by Che Viet Tan, deputy director of CPV Central Committee Economics Department: "Renovation in Economic Thinking, Use and Transformation of Economic Segment Involved in Small-Scale Production of Goods"]

[Text] In the past, a mistake which we committed to various degrees was our desire to build quickly a "purely" socialist society. Consequently, "in the ideological domain, backwardness was manifest in the theoretical comprehension and application of laws in force during the transitional stage. Imbued with voluntarism, we wanted to simplify things and to quickly achieve many socialist targets though our country had just entered the initial phase." (Political report to the Sixth Party Congress)

Among many of our cadres, this backward comprehension of theories has been reflected in their "bookish," "canonical," and simplistic theoretical concepts of socialist construction--concepts which were formed during the past few decades and which contained many views inconsistent with the actual conditions of Vietnam during the initial transitional phase.

Both the technological knowledges of many of our cadres and the technical equipment of our country's economy have become backward at a time when marvelous technological developments are taking place in the world and are transforming the productive power of mankind and the thinking method of the present era.

The new school of thought requires that comprehension and action conform to changes in the new era and to objective laws still in force in the socialist system, and that these laws be creatively applied in order to properly solve immediate economic problems, to accomplish tasks involved in the initial phase, and to formulate economic strategies and industrialization models compatible with the conditions in our country and with developments in the new era.

The new economic thinking method requires full understanding of the characteristics of merchandise production in the socialist regime in order to basically change the old economic thinking method which was based on economic management of goods in kind and on the managerial standard and experience proper to the

traditional industrial era. This new economic thinking method must be applied in conjunction with a deep awareness of these three economic characteristics of our country during the first stage of transition:

1. The economy of our country during its transition to socialism includes five economic components as pointed out in the political report.
2. Because goods will continue to be produced during the transition and even under the socialist regime, the application of socialist economic laws inevitably requires that attention be paid to the laws on merchandise production, to the role of the market, and to the merchandise-currency relationships in a planned socialist economy.
3. Under the conditions imposed by the developing scientific-technological revolution, labor assignment and international cooperation are an objective law during the development of production forces in our country.

Based on such a new concept and a correct application of the above-mentioned characteristics, we can draw the following conclusions:

1. To expand and strongly develop merchandise production and circulation in our country during the transitional stage when the abilities of socialist economic components are still limited in many respects, it is necessary to employ all economic elements with the objective of mobilizing all economic potentials of our country to develop the production forces. Simply using commandism to abolish nonsocialist economic elements is inadvisable because doing so will reduce social productivity; instead, action must be taken in accordance with the motto: "use them to transform them, transform them to better use them."
2. In planning the national economy, it is necessary to use the merchandise currency relationships and properly to apply the law of values and market correlations. Rather than manage an economy based on goods in kind, we are planning a merchandise-producing economy to build socialism. It is, therefore, necessary to do away with the bureaucratic centralist and state subsidy apparatus and to adopt a new economic management mechanism based on the economic accounting and socialist commercial method coupled with innovations in planning so that this task will really become central and effective.
3. Economic relations with foreign countries must be expanded to take advantage of new factors in the present era to develop our country's economy. To build socialism, we must definitely rely on the socialist camp, primarily on the Soviet Union, and to unite closely with Laos and Kampuchea--our fraternal neighbors. At the same time, we must broaden our economic relations with other countries, including the developed capitalist ones, according to the principle of independence, sovereignty, and mutual interest.

It is necessary to employ various forms of foreign economic relationships--from the development of import and export, the acceptance of merchandise production contracts, and work cooperation to the participation in trading associations and to the attraction of foreign capital investments. Efforts must be made to develop tourism.

Based on these concepts and by implementing the resolutions of the Sixth Party Congress, we will formulate specific socioeconomic policies designed to use all existent capabilities and release all national economic potentials in order to develop production, stabilize the socioeconomic situation, and carry on national industrialization in accordance with a new strategy conformable to the innovations taking place in the present era. The historic duty of the Sixth Congress will be resolutely to correct the past mistakes and to point out to our party and people the "urgent" and "vital" need for our nation to adopt a new outlook on the present era and hence really to update its thinking method--especially concerning economy and from concepts to the way of doing business and building socialism--in order to keep abreast of the new times when mankind is about to enter the 21st century.

"Concerning the economic sector which produces goods on a small scale, the state recognizes that this economic components will remain necessary for a long time to come and, through various economic policies, must be led and helped to carry out productive and commercial activities and to associate with the state-operated and collective economic sectors. Individual laborers in production and servicing sectors must be motivated to join working collectives according to the principle of voluntariness and mutual profit. But neither prejudiced and discriminatory treatment must be reserved nor difficulties be made for individual laborers who do not yet want to participate in collective economic organizations or who ask permission to withdraw from these organizations." (Political report to the Sixth Party Congress)

The economic component engaged in small-scale production of goods includes individual handicraftsmen and farmers who do not yet join cooperatives, small traders, individuals engaged in servicing and commercial activities, and individual laborers living with their households. All these people constitute a notable production force of the economy in many spheres of activity--productive, servicing, cultural, social, and daily necessities.

According to data provided by the Statistics General Department and in comparison with the 1982 prices, by the end of 1985 the economic segment engaged in small-scale production of goods (and called "private individual economic sector" in the statistic index) contributed to producing almost one-third of the gross social product and 32.7 percent of the national income and was able to ensure the subsistence of about one-third of the population, to provide jobs for nearly 30 percent of the social labor force in many productive and servicing sectors, and also to employ retirees, people with diminished working capacities, as well as those not yet reaching the working age in society. This economic segment has thus created many job openings at a time when the limited investment capacity of the state cannot yet provide many jobs.

Contrary to the private capitalist economic elements, the economic segment engaged in small-scale production of goods does not maintain exploitative relationships because it is made up of laborers who are concurrently private owners.

The economic segment engaged in small-scale production of goods is related to the household economy because both carry out working activities in the

capacity of individuals. But the household economy is not an independent economic element; it is merely a component of the socialist economy whose predominant constituents are people working for the state (workers and civil servants) and for collective economic organizations (cooperative members).

This economic component [household economy] has its own capital including technical materials, gold, silver, and money, and is in a position to associate with relatives in the overseas Vietnamese community in order to receive foreign currency, supplies, and raw materials to expand its productive and commercial capacities.

With their acumen, small producers of goods usually respond quickly to continuous changes in the market demands and the consumer's predilections.

Considering that, in our country, the standard of the production forces is still low and that the population is dense while job opportunities are scarce, industrialization must proceed from two poles. The first pole includes traditional occupations, such as agriculture, forestry, exploitation of marine products, and handicrafts, which are designed to create a source of capital accumulation. Another pole involves the choice of new, advanced technical equipment designed to modernize these traditional occupations. This has been demonstrated by actual facts about socialist construction in friendly countries and about the recent process of industrialization and economic development in certain countries.

In the past years, many party resolutions had recognized the objective existence and position of this economic component [household economy] but, in practice, no specific economic policy and measure were promulgated to provide any incentive. On the contrary, erroneous things were done rather profusely, such as impatiently and hurriedly compelling individual laborers to join cooperatives, and and showing a desire to "eliminate them quickly" merely by taking administrative measures. In some localities, administrative inspections of real estate and property were not carried out in strict accordance with state regulations, tax rates were fixed and tax arrears collected without valid grounds, purchase prices fixed by the state were much lower than market prices, the circulation of goods and so on was prohibited, and individual laborers and their offsprings were subject to discriminatory treatment devoid of equality in economic and political matters and in social relationships.

To implement the policy of employing and reforming the economic component engaged in small-scale production of goods in accordance with the spirit of the Sixth Party Congress, may we make the following proposals:

1. Under appropriate economic forms, it is necessary to use boldly the economic component engaged in small-scale production of goods to work in the agricultural, small industry, and handicraft sectors and in various servicing activities in order to help concentrate manpower and property to a high degree to carry out three programmed targets concerning grain, food products, and consumer and export goods.

Assistance must be given to develop these sectors and occupations: production of grain, foodstuffs, and short-and long-term industrial crops; afforestation;

gardening economy; rearing of domestic animals and poultry; production of tools, building materials, and staple commodities; and production of national traditional handicrafts and artware. It is necessary to develop both mechanized and rudimentary communication means, including Lambretta vehicles, motorboats, and animal-drawn vehicles, to expand servicing and repairing activities to meet daily needs, and to intensify the contractual production of consumer goods.

2. Laws or legal documents on the activities of individual laborers in our country must be promulgated. The object of activities as well as the responsibilities and obligations of citizens engaged in individual working activities must be clearly defined along with the duty of the state to give assistance. It is important to determine which sectors, trades, and servicing sectors will be authorized to carry out activities and will receive encouragement for development, and also to specify those whose activities will be prohibited.

The code of labor law to be promulgated in our country must govern all social labor forces including individual laborers, contain clear-cut statutes and regulations, and consequently eliminate political prejudices and command respect for every laborer regardless of his line of work provided it is useful to society and is, therefore, considered honorable.

3. The state must implement specific policies and measures to help and stimulate the activities of the economic component engaged in small-scale production of goods, such as by supplying it with production tools and raw materials and by buying its products.

Various forms of association must be organized between the economic component engaged in small-scale production of goods, on the one hand, and the collective and state-operated economic sectors, on the other. Different forms of competition of a socialist and wholesome character which are organized and led by the party and state must be allowed to take place within the economic segment devoted to small-scale production of goods and also among various economic components. Such competition must aim at enlivening the patriotic emulation movement, boosting social labor productivity, extending production to many categories of goods, and developing essential servicing activities while continuously improving their quality.

4. A policy must be formulated to sponsor and motivate artisans, persons who carry on traditional trades peculiar to our nation, and individual laborers having high technical standards.

Arrangements must be made to enable such people to participate in observation tours, to learn from others' experiences, and even to go abroad for these purposes. It is necessary to convene artisans' conferences and to take appropriate measures to organize vocational teaching, training, and improvement beginning with vocational classes in primary general schools and middle schools.

5. Financial and credit policies as well as the operational apparatuses of the above-mentioned sectors must be improved so that the state may support the activities of the economic segment engaged in small-scale production of goods and that the financial independence of this segment and its equality in economic relations with other economic components will be respected.

It is necessary to promulgate various tax categories and rates, and to fix other kinds of contributions; these rates must remain rather stable for about 5 years.

With regard to individual economies, research must be made to readjust the huge difference between the interest rate charged by the State Bank when granting loans and the interest rate paid by this bank when receiving money deposits. Concerning the activities of the economic segment engaged in small-scale production of goods, appropriate and convenient formalities must be devised to settle accounts.

6. A policy must be promulgated to ensure social justice and equality for citizens working in the economic segment which produces goods on a small scale. Research must be done to implement a system of labor protection and social security in this sector.

7. A set of laws must be promulgated, indicating various methods of controlling the activities of individual laborers in order to avoid arbitrariness in exercising administrative control and in inspecting the houses and property of individual laborer households thus setting these laborers' minds at ease so that they may boldly invest their capital and technical skills to develop production.

8. Suitable, uniform, and attractive policies must be promulgated to entice the overseas Vietnamese community to participate directly or indirectly in our economic development and national construction.

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END