

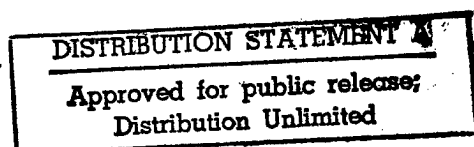
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8 AUGUST 1986

# Southeast Asia Report

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8 AUGUST 1986

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INDONESIA

DEFENSE DEPARTMENT BUYS MILITARY VERSION OF IPTN'S CN-235S

Jakarta ANTARA NEWS BULLETIN in English 30 Jun 86 p A3

[Text] Jakarta, June 30 (ANTARA)--The Indonesian Aircraft Industry (IPTN) sold six CN-235s designed as maritime patrol aircraft which is also commonly known as anti submarine warfare (ASW) aircraft version to the Indonesian Department of Defence.

The contract of sale of these 6 aircraft was signed Monday at the IPTN pavilion by Dr B.J. Habibie on behalf of IPTN and the Indonesian Armed Forces Commander-in-Chief, Gen LB Moerdani, on behalf of the Department of Defence.

The contract will be completed by IPTN in three years and include pilot and mechanic trainings, maintenance, ground support and logistics support. The aircraft will be provided with sophisticated technology equipment in order to be able to successfully undertake its missions.

According to a reliable market research, this ASW version aircraft is much needed not only by Indonesia but also the other potential customers abroad.

/9317

CSO: 4200/1244

INDONESIA

IPTN, ROLLS ROYCE SIGN ENGINE OVERHAUL AGREEMENT

Jakarta ANTARA NEWS BULLETIN in English 27 Jun 86 p A5

[Text] Jakarta, June 26/6 (ANTARA)--Indonesia's Nusantara Aircraft Industry (IPTN) has concluded a cooperation agreement with Rolls Royce, a British engine manufacturer, in engine overhaul, it was disclosed here Thursday.

This agreement led to an improvement of know-how, skill and expertise for IPTN and to steady market of engine maintenance service for its British counterpart, a spokesman of IPTN at the Indonesia Air Show (IAS) 86 here said.

With Rolls Royce becoming a partner, now IPTN has eight cooperating counterparts. The other seven are CASA, MBB, Aerospatiale, Boeing, Bell Helicopter and Textron.

/9317

CSO: 4200/1244

## BRIEFS

NEW GAS DEPOSIT DISCOVERED--Jakarta, June 20 (ANTARA)--A new gas deposit has been found by the Indonesia Petroleum Exploration (Inpex) off the North Aceh coast, some 100 km northwest of Lhok Seumawe, the capital of North Aceh regency. The newly found gas deposit can supply 159,752 cubic feet of gas per day, public relations officer of the Jakarta Pertamina (state-owned oil company) explained here Friday. The drilling was carried out at a depth of 621 meter, making it the deepest well among off shore wells in Indonesia. Meanwhile, Syahril Anwar of the Arun oil company disclosed that the new gas supply has increased the North Aceh gas supply to 21 billion of standard cubic feet when gas was found there for the first time in 1971, the supply reached only 17.1 billion of standard cubic feet. Until June 1986, the Arun company, a branch of Pertamina in North Aceh has exported 4,970 million cubic meter of liquified natural gas (LNG) with 40 shipments. The main destination was Japan as one of the biggest buyers of Indonesia's LNG. [Text] [Jakarta ANTARA NEWS BULLETIN in English 21 Jun 86 p A6] /9317

PT ARUN'S LNG PRODUCTION--Medan, June 30 (ANTARA)--The production of PT Arun liquified natural gas company is keeping steady. So far the company with its five trains has produced as much as 90.484,192 m3 of LNG all exported to Japan, the public relations official of the company, Ridwan Mahmud, said to ANTARA here Monday. At the beginning in 1978 the company produced 849,194 m3 of LNG, in 1979 6,744,871 m3, in 1980 10,009 m3, in 1981 10,383,823 m3, in 1982 10,755,607 m3, in 1983 11,622,537 m3, in 1984 15,522,160 m3 and in 1985 16,765,839 m3. Up to June 25 this year the production has already reached 7,831,618 m3. Besides LNG PT Arun also produces condensate which is export to various countries. [Text] [Jakarta ANTARA NEWS BULLETIN in English 30 Jun 86 p A5] /9317

CSO: 4200/1244

FURTHER REPORTAGE ON COUP ATTEMPT, AFTERMATH

Enrile: Military Can Crush Rebellion

HK110636 Manila MANILA BULLETIN in English 10 Jul 86 p 9

[Text] Defense Minister Juan Ponce Enrile said the other night that the military can crush any armed rebellion.

Enrile issued the assurance in brief remarks he delivered during the birth anniversary celebration of one of his assistants, lawyer Antonio Reyno, at the Manila Polo Club in Makati.

Speaking in Ilocano, the defense chief said some people are now trying to imitate the EDSA [Epifano de los Santos Avenue] revolution but they are not quite successful.

"They just don't know the technique," Enrile remarked, referring to former Senator Arturo Tolentino, who led Sunday an aborted revolution backed by some 300 military men and about 5,000 civilians.

At the same time, Enrile assured his constituents in the north to just accept the unpopular officers-in-charge [OICS] as they are. Anyway, he said, the people can topple those they do not want in the coming local elections.

Enrile was referring to governors, vice governors, mayors, vice mayors, sangguniang panlalawigan [provincial board] and sangguniang pambayan [town board] members who were replaced by the government after the February revolution.

Enrile has kept a hands-off policy in the appointment of OIC's in his bailiwick in keeping with his post-revolution pledge to take a non-partisan stance in the affairs of the government.

Enrile said that while an Ilocano president has just been toppled, he said he foresees that another Ilocano will recapture the presidency in the near future, prompting the people attending the celebration to roundly applaud his remarks.

## Enrile 'Virtually Accused' of Involvement

HK151604 Manila THE NEWS HERALD in English 15 Jul 86 pp 1, 6

[By Elie Rovira-Mallorca]

[Text] Executive Secretary Joker Arroyo allegedly virtually accused Defense Minister Juan Ponce Enrile of having a hand in the failed coup attempt staged by Marcos loyalists last 6 July with the Manila Hotel as their jump-off point.

A top government source who leaked the information also said Arroyo and Enrile argued during the Cabinet meeting last Wednesday during assessment of the attempt which was led by former Senator Arturo M. Tolentino.

Minister Enrile could not be contacted for comment at press time.

Asking that he not be identified, the information said the Arroyo accusation came by way of questioning Enrile's proposal to go easy on all those involved in the uprising in which about 300 officers and soldiers participated.

Correctly reading the accusation, Enrile was reported by the source to have stood up and told other members of the Cabinet: "If we do not give them amnesty, the issue will only worsen and besides, we're always talking of reconciliation."

Rene Saguisag, the presidential spokesman, was quoted by the source as having sided with Arroyo, saying: "Why do we have to give them amnesty since what they did is an outright rebellion. We have to file charges against them."

Up to press time, no charges have been filed by the government against perpetrators of the coup. Neither have the loyalists complied with a condition set by President Aquino to forestall their being hauled to court. The condition is for the loyalists to swear allegiance to the "Freedom Constitution."

The informant said other Cabinet members half expected Enrile to walk out after the collision with Arroyo but he did not. Enrile sat out the entire Cabinet meeting and when it was adjourned, left with "a sour face," the source added.

Before leaving, the source quoted Enrile as having said: "What else do I have to do to prove my loyalty to this government?"

The informant said Enrile made the remark after he sensed that President Aquino tended to support Arroyo.

Because of such a development, the informant said the Arroyo-Enrile rift could worsen relations between the Cabinet members and that efforts are ongoing to patch up the quarrel.

Among options being eyed, the source said, are:

--Switch Arroyo to the Justice Ministry with Neptali Gonzales (the justice minister) becoming executive secretary.

--Lift both Arroyo and Enrile from the Cabinet.

--Reduce powers of Arroyo, specially in the Defense Ministry area.

--Gen Fidel V. Ramos to become the defense minister with the president appointing a new chief of staff.

#### Paper on Tolentino's Oath-Taking Remarks

HK210824 Quezon City NEW DAY in English 21 Jul 86 p 16

[Text] "It's an impossible condition," said Arturo Tolentino, dapper in his light-blue bush jacket, as he faced the press for the first time after the end of his Manila Hotel fiasco. It would "expose us to public humiliation and take away our honor."

Presiding over the press conference at an obscure Japanese restaurant on Katipunan Avenue in Quezon City, Tolentino was explaining why he rejected the offer of President Corazon C. Aquino to take an oath of allegiance in exchange for amnesty.

"The freedom constitution is legally not a real constitution because it was not promulgated or ratified by the people," he said. "For me to pledge allegiance to it would be mental dishonesty and falsehood under oath."

Tolentino said the government's alternatives on the case "are not limited to the oath of allegiance and the filing of charges." Tolentino pointed out a third option: "Maximum tolerance. It seems to me that this was followed as to the soldiers who were at the Manila Hotel."

Describing the Manila Hotel incident as "a peaceful affair...(where) not a single person was hurt, not a shot was fired and no tear gas bomb exploded," Tolentino charged that his attempt to proclaim himself as acting president "was magnified to look more serious than what it really was: my oath-taking was not a 'revolt' or a coup."

He added: "I have not attempted to put up an office, or establish a seat of government, or exercise presidential authority," Tolentino said. "I still consider myself the acting president."

Asked what official actions he intends to make as such, Tolentino said: "I do not intend to do more nor less than what President Marcos has been doing since he fled the country last 25 February." The ousted president "has not been performing any official act" since the day of his departure, he added. "I will not assert any act of authority that may bring disorder in this country," he added.

Tolentino also claimed his "tenure" (as acting President) "can be terminated by President Marcos at any time."

Tolentino denied that he had performed an official act when he appointed the members of his "Cabinet," saying that he had merely "announced" the names of his appointees "as part of the (oath-taking) ceremony." "Not one has been appointed actually," he insisted.

Asked during the open forum whether his appointment of Defense Minister Juan Ponce Enrile as prime minister and defense minister of his own 'government' was based on his assessment that Enrile was likely to accept the post, Tolentino said: "There was no such assessment. The appointments were based on what I considered to be their competence."

Tolentino's reply may or may not put to rest speculation that his naming Enrile in his Cabinet could have been a doubled-edged strategy of gambling on the chance that President Aquino's defense chief might actually be lured to join his camp or, failing that, at least to sow intrigue within the Aquino administration to destabilize it. Tolentino's denial appeared intended to dispel speculations that he appointed Enrile on the basis of some agreement between the two. So far, the Aquino administration has officially ignored speculations on Enrile's 'probable hand' in the Manila Hotel incident.

Tolentino told newsmen at the press conference that he had decided to break his silence Friday after hearing a radio broadcast about "a 35-year-old loyalist who had committed suicide in the belief that I had already pledged allegiance" to the Freedom Constitution. "I don't want another suicide to happen, and this is why I have decided to call this press conference."

Tolentino's defiance has put the problem back to Mrs Aquino. She had served notice at the post-coup Cabinet meeting that she had reached the limits of her patience. As she put it then: "I am compelled by reasons of national interest and unity to require a pledge of loyalty to the Constitution from the leaders of that illegal act of defiance."

It remains to be seen what action would be taken against Tolentino. But even if he manages to escape sanctions for this latest act of defiance, he still faces one more consequence of the Manila Hotel take over. The Manila Hotel has announced it would send a bill for P9 million to Tolentino and company for damages and lost business during the loyalists' two-day campout at the hotel.

But Tolentino dismissed the prospects facing him. "If they send me a bill, I will return it to them. I will pay the bill only if the courts tell me to do so. They will have to go to court. I feel I have no responsibility for whatever damage the hotel suffered. Beginning Monday (7 July), there was no service at all, (the personnel) had deserted the place."

/9274

CSO: 4200/1250

NDF LEADER ZUMEL CHIDES 'LOYALIST' BROTHER

HK151012 Quezon City ANG PAHAYAGANG MALAYA in English 9 Jul 86 p 7

[Text] It was a classic case, indeed, of two brothers being on extremely opposite sides of the fence. From an undisclosed location yesterday, top National Democratic Front [PDF] leader and former journalist Antonio Zumel wrote his elder brother Brig Gen Jose Ma. Zumel to ask him to abandon the Marcos cause once and for all.

The younger Zumel, in an open letter released by the NDF's official news agency BALITA NG MALAYANG PHILIPINAS, urged Gen Zumel to give up support for the continuing efforts of pro-Marcos groups to destabilize the Aquino government.

Gen Zumel was one of the leading figures in Sunday's failed attempts by former Foreign Minister Arturo Tolentino to wrest power by taking his oath as "acting president" on orders of deposed dictator Ferdinand Marcos.

"Dear brother, I ask you now, as I did before martial law, to open your mind to the realities of our society, and to align yourself with our people instead of with our exploiters and oppressors," the communist leader told the general, whom he addressed in the Ilocan term "manong" [brother].

The NDF leader, one of those named by the rebel group to negotiate a ceasefire with the Aquino government, urged his brother, "do not waste your life and make your family suffer for a cause which by its inherent evil, has been totally rejected by our people."

The younger Zumel expressed deep hopes for success in the ceasefire negotiations, despite what he called efforts by "certain powerful forces" in the U.S. Government and the Armed Forces of the Philippines, which are not genuinely interested in "peace based on justice."

"But we are willing to give peace a chance because we believe that Mrs Aquino and some others in her government genuinely desire peace," he continued.

The NDF leader said he was more deeply disturbed on learning Sunday that his elder brother was leading the security force for the Tolentino group.

He advised the general to give up his belief that it was the Aquino side that cheated in the 7 February election, and not Mr Marcos. The younger Zumel repudiated the Batasang Pambansa as a Marcos tool, saying its proclamation of the deposed ruler was a sham.

COLUMNIST CRITICIZES GOVERNMENT INDECISION

HK221512 Quezon City ANG PAHAYAGANG MALAYA in English 15 Jul 86 p 4

[Column by Luis R. Mauricio: "Dilemma Due To Indecision"]

[Text] Although it is over a week since the Tolentino mini-coup took place at the Manila Hotel, it is not clear in the public's mind how the Aquino government intends to ring the curtains down on the episode and put it to rest.

And, as usual, the government's ambiguous stand, born of indecision arising from misplaced emphasis on consensus, has only served to add fuel to the fire under the raging debate regarding what to do with the failed adventure's ringleaders and participants.

The conflicting acts of the government, particularly those of the president, her minister of justice and her armed forces' chief of staff, have contributed greatly toward this public confusion.

When the coup started with Tolentino taking his oath as vice president and assuming the post of "acting president," Mrs Aquino, who was then in Cagayan de Oro City, spoke with firmness and decision. She said she had shown these Marcos diehards "maximum tolerance," but this time they had gone too far. In other words, enough was enough!

As commander-in-chief of the country's armed forces, the president ordered Gen Ramos, the AFP [Armed Forces of the Philippines] chief of staff, to arrest the coup participants if they were "using violence or carrying firearms." And she instructed her minister of justice to file the proper charges in court against those responsible for this open challenge to the government.

And yet, when the soldiers and their officers (who took part in the coup) gave themselves up in Camp Bonifacio, Gen Ramos ordered them (by way of "disciplinary action") to undertake 30 push-ups. Defense Minister Enrile gave them the assurance that they would not be subjected to any embarrassment, and he was willing to lay his name, his honor, and his position in government on that pledge.

No wonder that, when asked whom he recognized as his commander-in-chief, one of the officers involved, Gen Echeverria, had a ready reply: "I leave that to Minister Enrile and General Ramos."

The Camp Bonifacio episode underlines the unfortunate reality that the government had no overall policy on how to deal with the coup participants.

Up to that point when the ultimatum was issued for the Manila Hotel hold outs to cease their defiance, the government's handling of the coup was correct and proper. But from that point onwards, the government's performance left much to be desired.

Contrary to the directives issued by the president upon her getting the report on Tolentino's repudiation of the government there was an unseemly haste on the part of the defense establishment to gloss over, or cover up, the participation of a segment of the military in the civilian uprising.

The armed men were not even divested of their weapons, which, by the way, were arms meant only for battle zones. No effort was taken to make them realize the wrong they had committed in giving armed support to a rebellion.

While a kid-glove policy toward the non-commissioned officers and enlisted men involved may be justifiable, a similar policy for the general officers is highly indefensible. Their participation in an armed challenge to legitimate authority was a clear violation of their oath as officers of the country's armed forces.

The creation by the president of the board of inquiry, headed by the Secretary of Health Alfredo Bengzon, to look into the extent of the military participation in the coup--as well as the creation, by Gen Ramos, of a separate body, headed by Brig Gen Fidel Singson, deputy chief of constabulary, to conduct a parallel investigation--is a patch-up job. It is a delayed reaction to what already has become a fait accompli.

The Camp Bonifacio episode preempted whatever action the president, in the absence of a previous overall policy on the question, would have wanted to take.

The treatment accorded the officers and men in the military service (who took part in the coup) stands in marked contrast with what the government subsequently announced as its policy toward their civilian counterparts.

The president stated she was not willing to make a martyrs of Tolentino and his coterie of discredited politicians. Thus, no charges would be filed against them, just so long as they took their oath of loyalty to the republic under the Constitution.

This was an ill-conceived "punishment" for the civilian insurgents. It provided them the opportunity to make a mockery of the government's attempt to chastise them.

It gave them reason to twit the Freedom Constitution, which, under Proclamation No 3, is the interim constitution in force and effect under the

revolutionary government that was established last 25 March, one month after Mrs Aquino had assumed power.

Since there is no way by which Tolentino & Company could be compelled to take their oath of loyalty to the Freedom Constitution, there seems to be no option left for the government except to let justice take its ordinary course.

If that is done, there is no escaping the possibility that the apostates would make political hay in order to achieve propaganda mileage of the protracted trials that would surely be conducted.

They would not have any difficulty assuming the pose of martyrs. Martyrs to a cause, no matter how lunatic.

The government, in effect, has painted itself into a dilemma of formidable proportions--a dilemma created by indecision and lack of a firmer hand what is now visible.

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CSO: 4200/1250

AQUINO NAMES GROUP TO PROBE COUP ATTEMPT

BK191045 Hong Kong AFP in English 1027 GMT 19 Jul 86

[Text] Manila, 19 Jul (AFP)--President Corazon Aquino has given wide-ranging powers to a top-level committee investigating an abortive coup two weeks ago, it was announced Saturday.

A presidential palace statement said Mrs Aquino signed an order Thursday protecting the committee from being hindered by civil action in its official business, and giving it power to grant immunity from prosecution to witnesses.

The order also empowered the committee to compel witnesses to testify or produce documents necessary for its investigation, the statement said.

Arturo Tolentino, supported by civilians and 300 armed troops seized the Manila Hotel 6 July and declared himself acting president on behalf of deposed President Ferdinand Marcos.

The coup fizzled out as the military rallied around Mrs Aquino, and Mr Tolentino and his supporters left the hotel 8 July after being given a 24-hour ultimatum to abandon their stand.

The five-member investigating panel led by Health Minister Alfredo Bengzon has already held closed sessions, but there has been no word on these sessions, held at the Manila Hotel to protect employees who will testify.

The state-owned hotel is pursuing a nine million peso (450,000 dollar) claim for damages against Mr Tolentino.

Defense Minister Juan Ponce Enrile announced Saturday the retirement of army Brigadier General Antonio Palafox, one of the officers who supported the failed takeover bid, the official PHILIPPINE NEWS AGENCY (PNA) said.

Military and Defence Ministry spokesman could not be reached for comment.

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CSO: 4200/1250

MINDANAO COLUMNIST INSISTS ON MARCOS LEGITIMACY

HK210945 Davao City DAVAO STAR in English 3-6 Jul 86 p 2

["What Are We in Power For?" column by Jose M. Santes: "PCGG--A Growing Frankenstein Monster"]

[Text] July 4 is Filipino-American Friendship Day. In the United States, it is Independence Day. Both events have its crucial significance to the present political and social relevance of the two peoples and respective governments. It could be a day of reckoning, and could be a day of decisive reconciliation to put things in order.

In the hearts and minds of the Filipino people, President Ferdinand E. Marcos of the Philippines was kidnapped by the Americans with the use of its Armed Forces in the Philippines, and was whisked through Clark Field, and then brought to Hawaii. The United States Government is a champion of human rights, democracy and liberty. The Filipino people are the true lovers of human rights, democracy and liberty. In the light of the last political exercises, the United States Government should return President Marcos of the Philippines with all protective umbrellas because by virtue of the sovereign will of the Filipino people, President Marcos was re-elected for the 4th term in a popular election. And likewise, Cory Aquino, if she still has a conscience, she should step down from the presidency, and let President Marcos continue his regime as mandated by the Filipino people under the mandate of the Constitution of the Republic of the Philippines.

The United States Government should understand that President Ferdinand E. Marcos is a survivor of the Bataan War, Death March and Concentration Camp (as prisoner-of-war). With more than enough harrowing experiences of the ordeals in the battlefields of Bataan, Death March and Concentration Camp, he continued to fight as a freedom fighter in Northern Luzon as an intelligence major and demolition leader of the 14th Infantry Regiment under Col Nakar. Maj Marcos was also partly responsible for the capture of General Tomoyuki Yamashita, who swept the whole of the ASEAN countries in World War II. Undisputably, Maj Marcos fought for the American and Filipino peoples, and is known as the most bemedalled hero of the Philippines.

Now that President Ferdinand E. Marcos was kidnapped by the American Government in order to prevent a bloody intercourse, President Marcos should be returned to the Philippines before any escalating bloody incidents will come into

play. Anyway, President Marcos is the titular head of the Republic of the Philippines, and the whole world knows this. The scenario of political dictation of the U.S. Government on other democratic countries to boycott President Marcos should no longer be made to prevail. Henceforth, the United States Government should return President Marcos to the Philippines as part of the continuing partnership to preserve everlasting friendship, freedom, human rights and democracy in this part of the globe especially the Philippines.

However, people should vehemently protest against the massive black propaganda hurled against President Marcos. The people should condemn the massive character assassination and frame-ups against the First Couple of the Republic of the Philippines. The people should stand together in protest against the massive trial by publicity on the government of President Marcos in exile. I still believe that President Marcos never touched the people's money for their personal whims and caprices because President Marcos has his own treasure and fortune through his professional practice of conglomerates of law associates in different countries of the world. All the unsavories of circumstances hurled against President Marcos and government are calculated to cheat the people into believing the frame-ups as their weapons to perpetuate themselves in this illegal government on the basis of democratic institutions of the country, government and people. Now is the time for the United States Government and other democratic institutions of the world to recognize President Marcos as the true leader of the Filipino people, country and government.

The walkout of the coconut planters during the stockholders meeting in the Sports Center, Makati, Metro Manila, which was presided [over] by Minister Juan Ponce Enrile was a national defiance of the coconut planters to the kind of government of Cory Aquino. It was a tumultuous defiance and protestation to what was interpreted as the communist designs of what took place. Presidential Commission on Good Government (PCGG) representatives and planted so-called coconut planters were booed with passion and anger even if Minister Enrile had to bang the gavel the hardest of an orderly discussion and change of ideas.

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CSO: 4200/1250

DOCUMENTS ALLEGEDLY DETAIL MARCOS 'DECEPTION'

HK240449 Quezon City BUSINESS DAY in English 23 Jul 86 p 12

[Text] The office of the Solicitor General will release late this week a second batch of documents allegedly showing the "scheme of deception" used by deposed President Ferdinand Marcos and his frontmen in acquiring ill-gotten properties and in opening bank accounts.

Solicitor General Sedfrey Ordenez told reporters that the same documents were used as basis for the various sequestration moves taken by the Presidential Commission on Good Government [PCGG] against illegally acquired properties.

Ordenez also disclosed that a ranking government official during the Marcos regime has promised to give additional information about some investments made by the former First Family.

He, however, refused to name the former government official, saying only that he was a "responsible government official."

The solicitor general released the first batch of documents early this month. The previous documents were used in substantiating graft charges filed in April by his office with PCGG in connection with the alleged ill-gotten wealth by Marcos, his relatives, subordinates and close associates.

In the previous documents, Ordenez tried to show among other things that with Marcos' authorized salaries of P1.57 million during his terms as president had a 1961 declared assets of P40,000, Marcos could not have acquired the vast assets he is now believed to own.

Announcing the release of the second batch of documents, Ordenez said the government wants to give the public, particularly the media, the opportunity to evaluate for themselves the charges initiated by the government.

He said deception was used in the acquisition of various properties and assets by Marcos and his associates.

The assets and properties have been estimated at no less than \$5 billion.

The solicitor general said the first batch of documents were culled from those left by Marcos in Malacanang when he fled the country last February, documents

confiscated by the U.S. customs when the Marcos party arrived in Hawaii and which were later turned over to the Philippine Government, and documents furnished by lawyers in New York in connection with the alleged real property acquisition on that area.

The same documents prompted the Office of the Solicitor General to conclude that the government has valid claims to the illegally acquired properties, Ordonez said. "These convince us to pursue the claim," he added.

If the Marcos government official pushes through with his intention to reveal information on Marcos' investment, this will be the second person close to Marcos to do so.

Earlier, businessman Jose Y. Campos disclosed in a sworn statement that he had helped set up and held in trust 28 corporations on behalf of Marcos.

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CSO: 4200/1250

REPORTAGE ON STATEMENTS BY LABOR MINISTER SANCHEZ

Says Government 'Not Stable Enough'

HK140525 Manila Far East Broadcasting Company in English 2300 GMT 13 Jul 86

[Text] Labor Minister Augusto Sanchez has blamed the instability of the Aquino government for the country's failure to attract new investments. This was declared by Sanchez in an interview by the CALIFORNIA MANILA TIMES at the Philippine Consulate office in Los Angeles last 20 June. Among other things, Sanchez said the Aquino government is probably not stable enough to attract foreign investors at this time. However, he reportedly added that the government's priority should be the solution of the peace-and-order problem in the country to establish a favorable climate for investment. The interview with Sanchez for the Filipino newspaper CALIFORNIA MANILA TIMES was written by Sebastian Catarroja, a former editor of the Manila DAILY BULLETIN's magazine PANORAMA.

Criticizes 'Smear' Campaign

HK161541 Manila MANILA BULLETIN in English 16 Jul 86 pp 1, 11

[Text] Labor Minister Augusto S. Sanchez said yesterday there seems to be a concerted campaign to discredit government ministries and ministers, particularly the Ministry of Labor and Employment.

On two occasions, Sanchez was quoted as saying that the Aquino government "is probably not stable enough at this time" to attract foreign investors. He was reported to have said this in a press conference in Los Angeles last 20 June and in Davao City earlier.

But in an interview with some labor reporters, Sanchez said he is positive that he never made the statement when he was in the United States recently.

The labor minister's interview in Los Angeles came out in the 25 June issue of the CALIFORNIA MANILA TIMES under the by-line of Sebastian Catarroja, former editor of the PANORAMA magazine.

Other members of President Aquino's Cabinet reportedly also expressed concern over "this trend" to put them under a bad light before the public.

Sanchez indicated that the complaint has reached Mrs Aquino and that she is sympathetic to the lot of the "smeared" Cabinet ministers.

Meanwhile, the Kilusang Mayo Uno (KUM) called for the ouster of Political Affairs Minister Antonio Cuenco for his allegedly "anti-worker and an anti-people" position.

Cuenco had charged that the KUM is a communist front out to destabilize the government by instigating strikes with political demands in Metro Manila and elsewhere.

#### Changes Stance on Compulsory Arbitration

HK211107 Manila THE MANILA EVENING POST in English 18 Jul 86 p 8

[Text] Despite his earlier stand that labor issues should be decided through collective bargaining, Labor Minister Augusto Sanchez has submitted a report to the social justice committee of the Constitutional Commission holding up compulsory arbitration as the most efficient way of settling labor disputes.

Sanchez also stressed the need to give profit-sharing a place in the declaration of state policies and principles in the draft Constitution, contradicting his repeated statements that profit-sharing should not be mandated by law.

In another example of confused stewardship, the Ministry of Labor and Employment (MOLE) opened its Public Employment Service Office (PESO) the other day in the National Capital Region Office, even without an appropriate agency to handle the program.

As reported by Sanchez earlier, the PESO will be carried out through a proposed National Employment Service Office (NESO), and the plan was that the Bureau of Local Employment (BLE) would be expanded and transformed for the purpose.

But the plan is reportedly still on the drawing board.

Computers are yet to be installed for greater efficiency in retrieving labor market data. The proper training workshop for future PESO personnel was just begun with the first batch.

The program, Perfecto Gabut, officer-in-charge of BLE, said, aims to solve the country's employment problem by matching people and jobs on a nationwide scale, generating the widest possible delivery of services to the public.

He said two other PESO units would be opened, one in Cebu City on 1 September, and the other in General Santos City on 15 October.

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CSO: 4200/1250

AQUINO DEFENDS LABOR MINISTER SANCHEZ, PCGG ACTIVITIES

HK230335 Quezon City BUSINESS DAY in English 22 Jul 86 p 2

[Text] President Corazon C. Aquino yesterday acknowledged the concerns of the business sector over the powers of the Presidential Commission on Good Government (PCGG) and stated that the commission "will disengage from all sequestered enterprises at the earliest time possible."

However, at the same time, the president chose to ignore pleas from business to replace Labor Minister Augusto Sanchez for his alleged bias for labor and the proliferation of strikes at a time when the economy is struggling to recover.

Aquino, the guest of a multi-chamber meeting of the business community, was apparently a little disappointed by the businessmen's worries about the PCGG's activities. At one point, she asked: "Do you want thieves to get away with (having plundered the economy)?" However, she assured the businessmen that, in effect, the probe body will now be pressured to speed up its work.

She noted that "only those involved in the robbing of the nation have reason to fear" the PCGG.

The president said Marcos was in power for such a long time that various enterprises felt they had to "let him in for protection."

But in spite of the winding up operations of the PCGG from all sequestered companies--which University of the Philippines President Edgardo Angara later told BUSINESS DAY means PCGG will no longer involve itself in the management of private firms--he said, the probe body will still "not relent" in its job of hunting down the wealth stolen from the people.

She called on her audience to report any abuse of power by the PCGG either to the press or to her office, together with "some proof" of the reported abuse.

Aurelio, president of the Philippine Chamber of Commerce and Industry (PCCI), told BUSINESS DAY that his group has asked the government to set a "time limit" to PCGG's probing and therefore appeared happy about Aquino's pronouncement.

Aquino took up the cudgels for Sanchez, who was booed early on in the meeting. She "reiterated" her "conviction that Minister Sanchez is the man for the job under today's circumstances."

She disclosed that "of all people," it was Sanchez, who "took exception" to her speech last Labor Day when she unwrapped a package of concessions for labor, including the easing of requirements for staging a strike.

Sanchez felt her labor policies were "too liberal," Aquino said.

Aquino's disclosure, observers said, will now "disabuse" the minds of some in the business community who have held the opinion that the "liberalized labor policies" were actually the work of "left-leaning Sanchez."

On the other hand, they said, it is also possible Aquino is claiming authorship of the liberalized policies just to shield her labor minister from business' angry attacks. Aquino, after all, they pointed out, appears to be bent on retaining him in her Cabinet, they pointed out.

The president described the present "militancy" of labor as an "inevitable" consequence of years of repression under the past government.

It is "now a fact of life" that this militancy can no longer be repressed, she said, and therefore the best way is for the government to respond to labor's legitimate demands.

"Dialog and consensus" are needed between labor and management to attain industrial peace, with the Labor Ministry acting as "moderator" so that "understanding" and "cooperation" can lead to workable solutions, she said.

Industrial peace is not achieved by "draconian" laws but only by the "willingness" of both sides to understand each other's plight, Aquino asserted.

When asked during the open forum what she could do to bring about a more stable labor environment than now, where, it was alleged, strikes are often caused by inter-union or intra-union disputes or even "political" matters that management has no control over, Aquino said she had a talk with Kilusang Mayo Uno Chairman Rolando Olalia last week who told her that very few businesses and multinationals are actually strike-bound.

It is only in the small and medium scale businesses--actually the "sweatshops"--where strikes are occurring and only because laws are not being followed, Olalia informed Aquino.

Aquino said she initially planned to join Trade and Industry Minister Jose Concepcion's proposed "committee of three" composed of herself, Concepcion and Sanchez to settle labor problems until she realized that if she joins the committee, she would not have time left for other matters requiring the president's attention.

Nonetheless, she indicated that her original intention to join the committee underscores the importance she accords to attaining stability in the labor environment.

PHILIPPINES

PCGG RELIEVES TASK FORCE FROM SEQUESTERED FIRMS

HK240215 Manila Far East Broadcasting Company in English 2300 GMT 23 Jul 86

[Text] The Commission on Good Government [PCGG] yesterday relieved its 5-man task force assigned in sequestered firms of Floreindo, Cojuangoo and the Coconut Oil Mills. The task force removed were headed by lawyer Dionisio de la Serna. The action followed complaints that De la Serna's group has demanded 339,000 pesos from the 3 firms for the expenses of the team.

The move was announced by PCGG Commissioner Quintin Doromal. Doromal said 200 other task force members, officers in charge, and agents have been recalled for a check in their performances. The move aims to rid PCGG of erring, undeserving, and insufficient members.

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CSO: 4200/1250

AQUINO GOVERNMENT TO STUDY TRIPOLI ACCORD

HK180623 Quezon City DZFM Radio in English 0400 GMT 18 Jul 86

[Text] The Aquino government will conduct serious study and review the terms granting of autonomy for Muslims in the south by the administration of ousted President Marcos. This is according to Muslim Affairs Minister (Abdul Muare). Added details from Jojo Ismael:

[Begin recording] Minister (Muare) said President Aquino has approved his recommendations to restudy the terms of language of the Tripoli Agreement which the past Marcos administration claimed to have implemented. He also added that his recommendations came on the heels of various complaints from [word indistinct] asking to abolish the existing autonomous governments in Regions 9 and 12 in Mindanao.

The MNLF men claimed that autonomy granted by President Marcos was made to cover the various atrocities committed by the Marcos government against the Muslims and that the so-called autonomous government for the areas are mere adjuncts of Malacanang manned by Marcos' cronies.

Meanwhile, MNLF Chairman Nur Misuari has claimed no responsibility of any of the reported series kidnappings in the Lanao area. This was revealed this morning by Abdullah (Diusman), official spokesman of Nur Misuari, who is now in Manila. (Diusman), who is also political emissary of the hard core elements of the Moro National Liberation Front based in Iran, said that Chairman Misuari has authorized him to convey to the press that the MNLF has nothing to do with the reported kidnapping of the 10 Carmelite nuns and the protestant chaplain of the Mindanao State University in Marawi. The MNLF spokesman also informed this reporter that the kidnapping issue could be the makings of the MNLF sympathizers coalition, who disagreed to the much-delayed pronouncement of the new government on the Moro problem in the south. [end recording]

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CSO: 4200/1250

AQUINO RECEIVES FEMALE JAPANESE TOURISTS

HK240416 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 23 Jul 86 pp 1, 7

[Text] "What I would like most is to have the energy of a 20-year-old because of my present job. But being 53 is not too bad, either."

This was the answer yesterday of President Aquino to a collective query of some 100 female yapanese tourists in their early 20's who called on her at Malacanang as part of the government's campaign to promote tourism in the country.

On her dual role as a mother and woman president, Mrs Aquino said; "Being a female president had its difficulties in the beginning [word indistinct] many of our men did not know how to react to a woman president. However, I think I've made it clear to them that I'm the boss. So that's all there is to it."

The president also said she hopes to visit Japan by the end of the year or by early 1987. She has plans to visit Indonesia first before her scheduled official visit to the United States on 17 September.

The Japanese ladies were selected from various fields like sports, travel and music. Some are English enterpreters and participants in the Miss Japan contest. The tour is supported by Philippine and Japanese companies, notable the Philippine Air Lines and Japan Air Lines.

The tourists said their trip was the counterpart of Kris Aquino's recent visit to Japan to promote the Philippines.

"In spite of our problems, we in the Philippines also have some very attractive places for you to see but more important is the fact that we have a wonderful people who will welcome and open their hearts to you," the president said in welcoming the delegation.

The president expressed the hope that the Japanese tourists would be able to tell their countrymen how the Philippines is functioning under a woman president.

She also cited the need to promote the tourism industry in the country as a way to solve the country's economic problems.

"It is time that we joined hands so that we can make a better world for all of us," she added.

Tourism Minister Jose Antonio Gonzalez and Tourism Director for East Asia Bobby Ticzon accompanied the visitors to Malacanang.

The delegation leaves today after its five-day tour of the country's popular tourist spots.

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CSO: 4200/1250

PHILIPPINES

ENRILE, ARROYO DENY REPORTED CABINET RIFT

HK160331 Manila Far East Broadcasting Company in English 2300 GMT 15 Jul 86

[Text] Defense Minister Juan Ponce Enrile and Executive Secretary Joker Arroyo yesterday [15 July] denied the reported rift which many said could lead to their removal from the cabinet. Arroyo confirmed reports that he and Enrile have sometimes had opposing views on certain policy matters but said this should not adversely affect their good relationship. He told newsmen that conflicting views among cabinet members on some important policy issues is a normal thing during cabinet meetings. For his part, Minister Enrile also denied reports of a rift between him and Arroyo arising from the Manila Hotel incident. Enrile said what they should do is try to address the pressing problems of our country and our commodity instead of talking about our struggle or anything of that sort. Minister Enrile said that as far as the Ministry of National Defense and the military are concerned, the Manila Hotel fiasco is now history.

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CSO: 4200/1250

ARROYO NOTES 'SECOND THOUGHTS' ON REORGANIZATION

HK220809 Manila MANILA BULLETIN in English 21 Jul 86 pp 1, 11

[By Ding Marcelo]

[Text] Executive Secretary Joker Arroyo said yesterday that the planned overhaul of the government bureaucracy, including the abolition of certain ministries as proposed by the Presidential Commission on Government Reorganization (PCGR) may not be pushed through after all.

Speaking to newsmen, Arroyo said that though some government officials had first wanted to abolish certain ministries and other agencies, they are now having second thoughts about it because it will dislocate many government employees and because "these ministries are proving to be viable by themselves."

Arroyo cited the case of the Ministry of Human Settlements which was the main target of the reorganization plan.

He said the concept behind the creation of the ministry is not bad per se. What made it bad was that it was used by former first lady, Imelda Marcos, for her own ends.

The ministry, according to him, has been working well and has proven to be beneficial in carrying out the programs it originally was intended to do.

"What is even better," Arroyo said, "is that the ministry is generating its own finances."

The government, he said, has not formally discussed the proposals contained in the reorganization report submitted by government Reorganization Minister Luis Villafuerte.

"His report is just sitting in my office and we have not found the time to read it or discuss it," Arroyo said.

Villafuerte's report, among others, suggested the abolition of the Ministries of Human Settlements, Tourism, Settlements, Tourism, Information, and General Services.

Only the Information Ministry seemed ready to go on the chopping block. But this has been slowly being phased out long before the Villafuerte report came out.

Arroyo also said that the various proposals creating certain commissions in place of ministries will probably take a long time before they are implemented, if they will be implemented at all.

One of these commissions, the Sports Commission, reportedly got the nod from Malacanang.

Arroyo said sports will most likely remain under the wings of the Ministry of Education, Culture and Sports. Gintong Alay will be retained, he added.

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CSO: 4200/1250

RAMOS ORDERS HUMAN RIGHTS PROBE OF MILITARY ACT

HK220735 Manila THE MANILA CHRONICLE in English 21 Jul 86 pp 1, 2

[Text] General Fidel V. Ramos, armed forces chief of staff, ordered yesterday the investigation of alleged human rights violations of the military and the burning of some 50 houses in Negros Occidental during a military operation in that province from 21 June to 4 July.

The Western Visayas military command told Ramos that it had used mortars and other artillery weapons and had burned "all nipa huts" in the Calantong Mountain base during the 13-day operation where three soldiers and seven New People's Army guerrillas were killed.

The Calantong Mountain was believed to be the stronghold of the Negros Island Revolutionary Party Committee's District 3 and where some 80 rebels who conducted two ambushes and raided a constabulary detachment in Hinobaan last 20 June, were hiding.

The Western Visayas command said it conducted "intensive police operations" using artillery and mortar fires as a "unitive action" and to flush out the rebels.

Meanwhile, four enlisted men and two rebel guerrillas were killed when an NPA band raided an army detachment in Barangay Purisima, Prosperidad Town in Agusan Sur.

The Philippine Constabulary in Region 10 identified yesterday the fatalities as Sgt Salvador Lompoy, Cpl Pio Rubillos and Pfc Felix Eltagon.

The military has not identified the NPA fatalities one of whom was a woman.

The belated military report said yesterday the army soldiers surrendered after an undetermined number of NPA guerrillas overran their detachment last 11 July at around 11 a.m.

A reinforcement unit from the 8th Army Battalion on board a 6 x 6 truck was ambushed on barangay La Purisima. Another reinforcement unit from the 4th Army Brigade engaged the NPA ambushers.

The rebels also burned the Liberty Forest Logging Company in the vicinity including three heavy equipment, the military said.

The military also reported that five persons were massacred by unidentified men at Lustre Interior, Zamboanga City, last Friday.

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CSO: 4200/1250

ASSEMBLYMEN URGED TO END 'GREEN CARD' STATUS

HK220755 Manila MANILA BULLETIN in English 21 Jul 86 p 6

[By Jesus Bigornia: "New Government, the Same Old Corruption"]

[Excerpt] With but a couple of notable exceptions, erstwhile "steak commandos" now at the helm of government have yet to make public avowal of their allegiance to the Republic of the Philippines. Only Natural Resources Minister Ernesto Maceda and Agrarian Reform Minister Heherson Alvarez have so far announced they have renounced their "green card" and "refugee document," respectively, prior to an expose triggered by former Assemblyman Renato Cayetano. Tagged as "green card" (temporary residence) holders from the United States Government, Presidential Commission on Good Government (PCGG) member Raul Daza and Cebu City Mayor John "Sonny" Osmena have remained silent. So has PCGG member Ramon Diaz, widely suspected as a resident of Canada.

The Cayetano expose was triggered by debate in the Constitutional Commission on Dual Citizenship. For leaders of the government to cling to resident status in the U.S. and other countries. Cayetano says, is proof of their lack of confidence in the stability of the regime. The bottom line is, Cayetano points out, "how can the mass of Filipinos trust leaders who legally are residents of a foreign country?" Cayetano suggests that these officials publicly take their oath of allegiance to the Constitution and the Republic of the Philippines.

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CSO: 4200/1250

GOVERNMENT BEGINS REINSTATING CIVIL SERVANTS

HK230409 Manila MANILA BULLETIN in English 22 Jul 86 pp 1, 8

[Text] The government started yesterday reinstating civil service employees dismissed indiscriminately after the February revolution.

The reinstatement was ordered by a presidential review committee created by President Aquino to look into the appeals of dismissed civil service employees.

Justice Minister Neptali A. Gonzales, committee chairman, said he has ordered the heads of ministries, agencies, and local governments to reinstate an initial batch of five employees whose appeals were found meritorious.

Ordered reinstated were Vivian Taganra, supervising medical technologist of Valenzuela, Metro Manila; Luisito Lim, municipal secretary of Concepcion, Tarlac; Abraham Layugan, forest guard of the Ministry of Natural Resources; Basilisa Malana of the National Kidney Foundation; and Jesus Nazareno of the Ministry of Tourism.

Gonzales said a total of 130 appeals had been received by his committee as of yesterday. Of the 130 appeals, 36 cases have been resolved.

He said the committee dismissed 31 appeals for having been filed out of time, for lack of jurisdiction, for desistance, or for lack of merit.

Gonzales said the committee is expected to order the reinstatement of more dismissed employees because of the failure of their agencies to respond to subpoenas issued by the committee.

Under the committee rules, the concerned ministry, agency, or local government is directed to comment on an appeal filed by a dismissed employee.

Gonzales said failure of the ministry, agency, or local government to file its comment with the prescribed period means resolution of the appeal in favor of the employee.

The committee also declared that a reinstated employee should be reappointed to his former position or to a position of comparable rank and salary. Aside from Gonzales, the committee is composed of Executive Secretary Joker Arroyo, Budget Minister Alberto Romulo, Reorganization Minister Luis Villafuerte, Civil Service Chairman Celerina Gotladera, and Audit Commission Chairman Teofisto Guingona.

STUDENTS VOICE DEMANDS IN OPEN LETTER TO MINISTER

HK220730 Manila THE MANILA CHRONICLE in English 20 Jul 86 p 2

[By Tess Villanueva]

[Text] Eleven national and regional student groups yesterday said they will march to the Education Ministry tomorrow for final negotiations with Minister Lourdes Quisumbing on various demands before they call for nationwide strikes on 24 and 25 July.

The student organizations are asking for a Magna Carta on the democratic rights of students, a special committee to review the content and design of Philippine education, and the rollback of tuition fees.

In an open letter to Quisumbing, the students, led by the 20,000-strong League of Filipino Students [FLS], also called for a freeze and view of all foreign-funded educational programs, and the immediate implementation of the following demands:

--Restoration of all autonomous, democratic and representative student councils and publications.

--Recognition of legitimate student organizations.

--Unconditional re-admission of all students expelled or suspended since the start of the school year for joining protest activities and abolition of the practice of expelling or suspending activist students.

--A stop to the use of goons, police and military personnel in schools to intimidate and harass students.

--Student representation in all MECS [Ministry of Education, Culture and Sports] and school policy-making bodies.

--Scrapping of the National Service Law and re-orienting military training programs in schools.

Other student groups joining the march to MECS are the National Union of Students of the Philippines, the College Editors' Guild of the Philippines,

the Student Christian Movement, Kamalayan, Samahan ng Mag-aaral [Awareness, Association of Women Students and Youth] at Kabataang Kababaihan, the August Twenty-one Movement Youth and the Kabataan para sa Demokrasya at Nasyonalismo [Youth for Democracy and Nationalism].

Regional student groups, such as the Bicol Union of Students and Youth, Alyansa [Baguio, Benguet Student's Alliance] ng Mag-aaral sa Baguio at Benguet, and the Southern Tagalog Youth Soliditary for Development, also pledged to join the march to MECS, an LFS statement said.

LFS also said their National Council will hold an emergency meeting today to finalize plans for coordinated mass actions on 24 and 25 July should nothing come out of their dialogue with Quisumbing.

The students threatened to barricade their campuses and to boycott classes on those two days if their demands are not met.

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CSO: 4200/1250

PAPER INTERVIEWS AGRARIAN REFORM MINISTER

HK210947 Quezon City NEW DAY in English 21 Jul 86 MAGAZINE p 4

[By Eric Gamalinda]

[Text] If the government were to set Minister of Agrarian Reform Heherson "Sonny" Alvarez loose, he would change the landscape of the Philippines forever. Not just the topography, but the social and economic texture as well. This on the surface may not be apparent. Unassuming and soft-spoken, Sonny Alvarez may not exactly be one's idea of a freedom fighter. He talks of "replenishing our values and redefining our goals," and enthuses that "the slogans of democracy which we find in our old Constitutions seem to find new shine now."

Yet behind seemingly benign protestations his is a task that will make or unmake the Aquino government. In his hands lie the final social and economic solution: The distribution of land, genuine land reform, that will hopefully quell unrest and discontent in the land. He practically holds the future in his hands, but his ideas go beyond land distribution, so much so that it will be small wonder if less enlightened rightist elements in government should eventually throw their favorite brickbat, the communist bogey, at him.

Alvarez typifies the new bureaucrat introduced by the new dispensation: Vibrant, progressive, possessed of unusual, often surprising ideas. A debating whiz kid at UP [University of the Philippines] and later Master Degree holder in Public Administration from Harvard, Alvarez, 48, and the first Ibanag in the Cabinet, was cited as one of the most brilliant delegates to the Constitutional Convention in 1972. As an oppositionist to Marcos' attempts to manipulate the convention, he was ordered arrested upon the imposition of martial law in 1972, went underground, was issued a shoot-to-kill order, and managed to escape to the United States via the Zamboanga backdoor.

In the U.S. he became secretary general of the Movement for a Free Philippines and later founded a network of human rights groups that was later to be called the Ninoy Aquino Movement for Freedom, Justice, Peace and Democracy, or NAM. Through this group Alvarez documented the Marcoses' hidden wealth, providing footage of Orly Mercado's documentation of the deposed couple's "misappropriations," so to speak.

"My work in exile," says Sonny Alvarez, "was a people's work. It was always hooked up to the question of restoring free expression and liberation of the country. I've never done anything except work for human rights abroad" true enough in 1985 the Fund for Free Expression of America awarded him the Outstanding Human Rights Award in New York City. He has been helped greatly by his wife Cecile Guidote, formerly of the PETA, who staged theatrical works to dramatize their issues. They have two children, Mexilon (10) and Xilca (5). "We were very much in touch with what was happening here," he says, "and we made sure the U.S. media picked up our vignettes so that from an audience of a few hundreds we focused on a few thousands, or even millions."

Alvarez is concurrently ambassador extraordinary plenipotentiary, and has been credited with floating the idea of selling "Cory Bonds" in the U.S. to support the Philippine economy, a proposal however opposed by more traditional members of the Cabinet. It is his role as minister of agrarian reform, nonetheless, that bears watching, and which we focus on in the following interview, which was conducted the day after a presidential consultation trip to Cagayan de Oro City.

NEW DAY: Barring any opposition to your plans, what ideally would you like to happen regarding land reform?

Alvarez: In the Mindanao area, there is a clamor to open up more virgin lands, so to speak, or areas for resettlement, for people who are living in tenancy farms because there are indeed available areas of land for resettlement, for people who are living in tenant-rent farms and for people who don't have land for themselves. But this will be a very costly operation because this will involve construction infrastructure. So this will have to be undertaken on a long-run basis. We cannot achieve this as fast as we may want to.

On the problem of rice and corn, I think the program will go ahead smoothly, especially after we would have instituted the computer system. We can move fast in Mindanao.

There is some resistance from small landowners to the expansion of land reform to cover other cash crops. I think they say, and this is a well-founded claim, that they themselves have gone there to open up land; they were settlers, and not people who inherited their land. Morally, they think they are as equally deserving as the tenants who claim the land. We will look into this problem more carefully, and see whether when we move into the other cash crops in land reform, certain accommodations can be made for tillers themselves, because these are tiller-cultivators although the size of their holdings are slightly bigger. Some of them are as big as 50 hectares, some are smaller, about 20 hectares, and because of this economic size they were able to provide themselves with their own machinery and were able to undertake more progressive farming techniques.

The idea of land reform is to have owner-cultivators, not tenants who are in bondage to a landlord. In Mindanao there are plenty of owner-cultivators who had gone there as settlers. Some of these people have adopted very

progressive techniques so much so that they have provided themselves with machines, and they've been employing very modern techniques of cultivation. And they have prospered, they have improved. These are the people who are very much concerned about [word indistinct] land reform program. If we move into land reform in other areas we have to take into account the position of these people.

ND: What exactly do you mean by "privatization of government land"?

Alvarez: There are extensive tracks of government lands; they call this alienable and disposable lands. After timber has been cut, the timber lands become available for titling to private individuals. Some of these lands have either been occupied by big corporations or have been leased to foreign multinationals. There is a clamor to privatize this, to divide it and distribute it instead of being held by the government. This is a program that you must undertake so that the pressure of the extensive population wanting to own land may be satisfied. You have to be able to subdivide the land and distribute it.

ND: Who will you distribute the land to?

Alvarez: We will have qualifying schemes, of course. The more deserving will be given land. Those who already have land will not be entitled to buy this land from the government.

ND: Is there any gauge or any standard to determine who are the deserving recipients?

Alvarez: Yes, there are standards being observed, even for settlers. Usually the settlers are the ones who don't have any land, and are put in place. There are special settlement cases, for instance the rebel returnees who are going to be placed in certain resettlement programs. That in itself--coming back to the fold of the law and abandoning the use of revolutionary means to gain the land--is a standard already that we're going to have for the settlers. Even the CHDF [Civilian Home Defence Force], if they are disbanded, will be welcomed if they want to go back to the soil.

ND: It has been said that the main task of this ministry is basically focused on the distribution of land.

Alvarez: That's true, but more than that I think is to provide a measure of social justice. A certain class or group of people has always been on the receiving end of the poverty syndrome. They don't own the means of production, the land. For generations they've been tied to the soil, working the soil, but not having the benefits of the land. When you distribute land, you're actually seeing to it that they will have a fairly even chance of making a better life. But if you give them land--and maybe these people have never managed property before--and leave them to their own devices without any support system, you might be creating another level of poverty, slightly better where they came from, but still a second generation encountering the same difficulties, because you have not provided the necessary economic and social support system for them to be able to manage their newly owned property. They

may never have had experience of planning, so the government, more than just giving land, must provide the totality of the package of incentives, so that they will have a slightly better life.

ND: What does this economic and social support system consist of?

Alvarez: Credit, for one. Credit has always been made available to big business, so why shouldn't it be made available to small tillers who are trying to eke out a living, for them to buy a water buffalo or even a machine if he wants to mechanize? Also the availability of feasible supplies and inputs, like fertilizers and pesticides. When we do our resettlement schemes, it will not be enough that we distribute and break down the land. We have to figure out that in distributing the land, we are also designing a market for the produce of the land, otherwise they may be producing camote and then there's no market for it, so you disappoint the settlers. You have not really provided them with the opportunity to a new life just because you gave them a piece of property to till. You have to give him the opportunities for him to make his labor meaningful. That's why systems like the Ministry of Trade or the Ministry of Agriculture side by side with the Ministry of Agrarian Reform would band together and help together these new owner-tillers to market his goods to target areas where he can really dispose his produce.

ND: That all seems very easy in theory but I think this brings us back to what was brought up in your farmers' convocation several weeks ago. They said that one of the problems was that you still have to break down the structures of feudalism, which is a very old problem.

Alvarez: Feudalism is a very bit word. You cannot blow it away with wishing to break it down; you really have to get down to parts. When you speak of feudalism, you're talking of difficult systems of management. You cannot say that after you distribute land, you've broken feudalism. You're breaking certain habits of management. You'll have to be able to look into the details, what causes the farmer to be poor. It's not because he does not own land, it's because he does not participate in the benefits of the transaction that involves land. The devil is in the detail; that is the detail you have to look into. So you have to look into the market forces as well. The support system is part of the market system. If you have somebody controlling a monopoly of the supply of fertilizer, sure, you've given him a piece of property, perhaps three hectares that he's never owned in his life, and he will produce more cavans of rice, but somebody sucks the profits, he produces more but spends more. If you look at the history of the high yield variety, actually farmers have increased their capacity [words indistinct], but they've also increased their expense for inputs. So while he may have increased his production by 400 percent, he increased his expenses almost by the same magnitude. Somebody has been reaping his energies. It may be difficult, but it's not simplistic. It's not the slogan of breaking down feudalism.

What do you mean by breaking down feudalism? The forces of feudalism are not anymore concentrated in traditional control of the land itself. Feudalism is a descriptive simplification of a mode of production centuries back.

But the community has expanded. It's far more than a feudalistic country; it's a modern economy working side by side with certain unjust fetters of agrarian relationship.

Feudalism is a very misleading word, you know; it's a catchy slogan especially for us, who are involved in social change. But when you look down into the details, what you see are management problems which you have to attack part by part. I really found it difficult; I went to the ASEAN conference and I asked the ambassadors and ministers how we can sell some products to them, and I ended up talking with the ambassador from Brunei and he said you can sell us sili (hot pepper). They buy about five million from the outside market. So easily we can sell 250,000, especially if it's a Muslim settlement; we can sell some sili to Brunei, which is paid by the government and sold to the people at subsidized cost. These are the little nitty-gritty that we enter and it's difficult, it's tough, but you have to take it by parts; you can't just blow it away by saying a slogan. Ano yong [what is the meaning of] bring down feudalism? I will distribute all the land available, break them into parts. But if you don't have a system of husbanding the energies and making the energies of those who would till the land more meaningful and beneficial, you would have only broken down the structures of cultivation, of ownership. But the very system that brings poverty to the farmers will still remain intact.

ND: Are you suggesting that in order to corner certain markets we have to abandon certain crops in favor of others?

Alvarez: We may have to do that in certain cases. I mean, we have to be a little more free to be flexible. We have been too traditional. When we have a piece of land the farmer thinks of rice and corn. We may have to think of cash crops that we may have to export. We're now thinking in terms of mangoes, fruits, for certain markets like Singapore, Japan, even the United States. I mean if it's more profitable to plant camote, why not plant camote? We now have a system of planting camote and producing two tons per hectare and chopping these into pieces and selling them as feeds to Germany and France. Why not plant kamoteng kahoy [cassava] where we can produce ten tons per hectare if well taken care of, and then produce ethanol alcohol, biodegradable organic alcohol, and sell it to Germany for a higher margin of profits? We cannot afford to get our farmers stuck in 18th century conceptions of what a farmer is, meaning planting rice and corn, and using plantation schemes like planting sugar for a refinery when the sugar market is already drastically contracted. That sugar land may have to be transformed into a modern dairy farm, or into a duck farm. We are responding to a modern world situation. We have remained in poverty because our response sometimes is not just feudal, which is part of the question as feudalism has been an impoverishing system of relationship, but also because we have failed to modernize in more ways than just machines. Our schemes of management should adjust to the demanding realities of producing for the markets.

ND: *What has been the response to your suggestions?*

Alvarez: I think the Ministry of Agrarian Reform and other ministries will realign. We are going to have a coordinating center for rural development among the ministries that are involved with land. Banking and financing schemes, the marketing and trading schemes, these should all have part in settling this big problem. We cannot be just the Ministry of Land Reform and therefore the Ministry of Breaking Down Huge Land Ownership; we have to penetrate other areas as well.

ND: Do you receive any guidelines from other entities or agencies, for example the World Bank, on how you should go about your programs?

Alvarez: No, I don't think they would do that, or would presume they'd be able to do that. Many of these officials are quite informed. I think they know me, even before they know me personally; we will have our own guidelines for ourselves here, and we will use them as much as we can for the good of the program. We are humble enough to realize that many programs could not be undertaken without assistance from multinational agencies. This gentleman from the World Bank was here and he has his own thrusts, but I will see how we can fit into that thrust or how he can fit with us. There are certain [words indistinct], even from the USAID. But we don't want to lose sight of the fact that this is a social justice program; [word indistinct] a left-of-center program. There will be no hidden agendas in my program to support other programs of bigger interest groups. If I were to make a choice between losing funds and serving the cause of social justice, I would rather lose funds. I have no doubt about that: my role to me is well defined. I have no confusion of ideology or purpose in land reform.

ND: What do you hope to achieve within your seemingly very short term?

Alvarez: In a very short term I hope to be able to have distributed considerable land to the landless, especially to the landless tenants. We have not addressed ourselves to the landless tenants; we have only addressed ourselves to rice and corn. There are many areas where the tenants have been neglected. There are starving lands; there are also many areas where it's recorded that there are landless tillers--people who have no title to the soil, nor even a tenancy relation to the soil. It is now a known aspect of social injustice, and I think we would have created a good program if we are able to define that, aside from the fact that we can pursue land reform per se.

ND: It seems a very difficult task as you'll certainly be meeting opposition from the landowners.

Alvarez: I've been meeting opposition from very sophisticated sectors of society. The landowning class has always been the best educated, the most healthy, the best clothed; they can take care of their sick, their aged, and their children. They're a class unto themselves. They make and unmake presidents. So it will not be easy, and I'm even more frightened if we shall have had a congress. You are going to elect there people of the urban elite; although they come from the provinces, they were educated in UP or Ateneo, here in the great city of Manila, with very urban outlooks and very minimal awareness perhaps of the needs of the suffering masses in the countryside. I've never thought that this problem would be easy to handle. But to make the

problem stand out and cry for solution is one of our principal objectives. We're always thinking of industrializing and moving into the electronic age; we've never seen the countryside. That's where grinding poverty is. Here, we are the ones who read the papers. We talk about ourselves. You're lucky if a farmer gets hold of a paper; the poorer you are, the less you know about what's happening in the world. The lack of information is one of the grave symptoms of poverty. So that solutions to the problem are defined by people who are not involved in the problem; that's why this problem is buried, and we talk of industrialization. As a matter of fact we should be producing for consumption, for improving the lives of the poor, especially in the countryside.

ND: So one of your problems is how to get the sympathy of the urban elite.

Alvarez: No, perhaps one of the problems is to make the countryside realize how it can assert its right and make its problem known, and for the people in the urban centers to get to inform people that the problem there exists, and it's as much their problem as the problem of the people in the countryside. They cannot separate themselves for having their silver ghettos.

ND: I imagine this will be very difficult to achieve.

Alvarez: Well, I don't presume to be able to implement all the things that I dream of doing in this ministry, but I'll do as much as I can. We have had a problem against authoritarianism, and I think a lot more people are aware now that totalitarianism means, or what people's power means. As you point out, it's not easy; thirteen years may not have been enough for us to politicize the whole country. But I think the politicalization process has borne fruit: the fact that people responded means that all through the years there's been an accreditation of information and sensitivity, and that people were prepared throughout.

ND: Should I presume then that you're optimistic about the current situation?

Alvarez: Yes, I'm very hopeful. I think the right attitude of leadership, the right caring for people is there. We have seen through a generation of politicians who were too shrewd, too calculating, too self-oriented. Now we see people who are caring. There might still be a few holdouts, but they're becoming an embarrassment.

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CABINET MEMBERS 'LOBBIED STRONGLY' FOR OIC CANDIDATES

HK231145 Quezon City ANG PAHAYAGANG MALAYA in English 18 Jul 86 pp 1, 7

[By staff member Butch Fernandez]

[Text] A number of 'powerful' Cabinet ministers in the Aquino government, including Defense Minister Juan Ponce Enrile and Political Minister Antonio Cuenco; lobbied strongly for their respective officers-in-charge [OIC] aspirants in the various local units, Local Governments Minister Aquilino Q. Pimentel Jr disclosed yesterday.

In a speech delivered before the Public Relations Society of the Philippines at the Hotel Intercon in Makati, Pimentel also admitted that "our judgment in the choice of OIC's is not perfect." He said an election is the only sure fire way to determine the real choice of the electorate.

"But neither has that judgment been warped by any undue consideration. I will never allow any friend, or any foe, or any relative to prostitute our office with anything to facilitate the issuance of OIC designations for anyone," said Pimentel.

Saying the present crop of OIC's were "subjected to a screening process that may be admitted to be imperfect," Pimentel explained, however, that "recommendations were received from all sectors of society and were given due course."

Pimentel added that the OIC posts being "highly political jobs," there was no way, he said, by which the "voices of politicians and political parties, especially those who opposed the Marcos regime genuinely or even as 'balimbings' [turncoats] could not be avoided."

He named as 'examples' the "voices" of Simon Valdez in Ilocos Region; Defense Minister Juan Ponce Enrile in Cagayan Province; the PDP-LABAN in [Philipino Democratic Party-Lakas ng Bayan] in Central Luzon; the Laurel family in Southern Tagalog; National Food Authority Administrator Emil Ong and Presidential Good Government Commissioner Raul Daza in Samar and Leyte; ex-MP's Fermin Caram and Arthur Defensor in Iloilo; Political Affairs Minister Antonio Cuenco and Deputy Minister Nenita Daluz in Cebu; and the Laurel-led Unido [United Nationalist Democratic Organization] in Sulu and Tawi-tawi.

The recommendations of these politicians, Pimentel admitted, had to be given much weight often, he said, "to the bitter disappointment of people who had been bypassed, including their partisans, and, sometimes, to the consternation of the ordinary man on the street."

ILOCOS SUR GOVERNMENT 'STALLED' BY OIC IMPASSE

HK211306 Manila MANILA BULLETIN in English 19 Jul 86 p 8

[Text] Vigan, Ilocos Sur--A virtually broken government has stalled Ilocos Sur and unless an iron-fist policy is adopted by the national leadership, the province will remain at a stand-still and its residents confused.

This is the assessment of a non-partisan group which, along with the Amianan Association of News Correspondents, conducted recently a sectoral survey on the province's political condition.

The group found the province split into a de jure and a de facto leadership as terminated Gov Luis "Chavit" Singson still wields political authority that "elicits an equally obedient local leader."

On the other hand, Governor-designate Sally Villanueva, former Narvacan vice mayor, while "trying hard" to seize power, is reported gradually losing hold of her phalanx of newly-designated town officer in charge [OIC].

Differences in Villanueva's camp continues to bug the lady official's administration, the group said. It cited "silent maneuvers" allegedly initiated by Villanueva's men principally to replace some OIC's have sparked the grumblings within the faction. [as received]

As a result, only two of the 34 replacements for municipal posts have so far "secured" their seats. It was learned the two town officials--Antonio Abaya of Candon and Aida Cardenas of San Esteban--ascended to power without Villanueva's support amidst threats of people barricade by the Singson camp.

Meanwhile, Singson and his minion of incumbent town mayors continue to serve their constituents at their respective town halls while the OIC's, not excluding Villanueva, hold their offices elsewhere.

Earlier, Singson vowed after a series of dialogues that included an audience with President Aquino, that he will only yield power "to anybody except the Villanuevas" and that he will not abandon the provincial capital where some loyal followers have encamped.

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CSO: 4200/1250

REPORTAGE ON ACTIONS TAKEN BY CONCOM

Passes Bill of Rights Article

HK220258 Manila PHILIPPINE DAILY INQUIRER in English 20 Jul 86 pp 1, 2

[Text] The Constitutional Commission [ConCom] passed yesterday the article on the Bill of Rights which enshrines collective and individual liberties and dismantles the legal foundation upon which Ferdinand E. Marcos had built his authoritarian rule.

A separate article on suffrage, which grants two million Filipinos abroad the right to vote, was also approved by the body.

Aside from the abolition of the death penalty which was passed in the early period of amendments, the Bill of Rights contains other features which are in dramatic contrast to the 1973 Constitution.

The unlimited rights to travel and change abode are provided. The idea, a ConCom member pointed out, is to prevent the "hamletting" of entire barangays during military campaigns against insurgents and secessionist groups.

A provision declaring illegal the detention of people "merely by reasons of their political belief" was also included.

The right to bail even during periods when the privilege of the writ of habeas corpus is suspended was provided in the article.

People accused of crimes are also entitled to "competent counsel" under the new Bill of Rights. Testimonies extracted under duress cannot be used against the accused.

The article also dismantled safehouses, secret interrogation chambers and underground places used by law enforcers to investigate people accused of political and criminal offenses.

The legal structures built by the ousted president to further his authoritarian rule were also shattered by the new bill of rights.

The privilege of the president and his chosen surrogates to issue search and seizure orders and warrants of arrest was stripped. That power was left exclusively to the court.

The objective is to end the presidential privilege to issue arrest, search and seizure orders, presidential commitment orders and preventive detention action (PDA) which the ConCom members said were used unsparingly by Marcos to jail political enemies and critics of his regime.

This provision was complemented by another section which limits to two grounds the basis for suspending the suspension of the privilege of the writ of habeas corpus: invasion and rebellion.

Insurrection and imminent threat thereof were grounds for suspending the privilege of the writ under the 1935 and 1973 constitution.

The courts' exclusive power to issue warrants of arrest and search and seizure orders was upheld and, [words indistinct] explained, has a bigger implication aside from curbing the powers of the president and his chosen surrogates.

This provision virtually strips the Presidential Commission on Good Government [PCGG] of its power to issue writs of sequestration and search and seizure orders.

A ConCom member said the PCGG has to appeal for a provision in the transitory provision in the new Constitution if it wants to retain its broad sequestration powers.

The article on suffrage, a carry-over from the 1973 Constitution was passed by the body late in the afternoon. The article allows two million Filipinos working overseas to vote in local and national elections.

The details of the suffrage privilege of overseas Filipinos will be left to the legislature, Joaquin Bernas, S.J., who presided over yesterday's committee deliberation said.

A last minute effort to disenfranchise illiterates was also voted down in the ConCom, according to Bernas.

#### Approves Bicameral Legislature

HK220255 Manila Far East Broadcasting Company in English 2300 GMT 21 Jul 86

[Text] The Constitutional Commission [ConCom] yesterday voted to have a bicameral form of legislature. More on this from Art Pabilion.

[Begin Pabilion recording] The Constitutional Commission in its plenary session yesterday afternoon voted to have a bicameral form of legislature with 23 votes as against 22 votes for a unicameral legislature. Earlier, the commissioners engaged in a lively debate on the merits of both the unicameral and bicameral forms of legislature. The legislature committee led by the Honorable Hilario Davide, Jr, presented its report to the body for discussion. The committee had endorsed a unicameral national assembly. The Honorable Commissioners Soc Rodrigo, Gregorio Tingzon, [name indistinct] and ConCom Vice President

Ambrosio Padilla took the floor in support of a bicameral legislature. [end recording]

On the military bases issue, an unexpected fireworks erupted over the U.S. military bases at the Constitution Commission Committee on Preamble, national territory, and declaration of principle which had already voted on the issue last 17 July. The emotional exchange of words between Crispino de Castro on the one hand and Commissioners Felicitas Aquino and Edmund [name indistinct] on the other, followed remarks put into the record by Commissioners Gregorio Tingzon, Bernardo Villegas, and Serafin Cuingona. Tingzon Villegas were then in the U.S, when the 12 July voting was made. [as received] In that meeting, the total abrogation of the Philippine-U.S. bases agreement after 1991 was approved.

#### Fixes President, Vice President Tenure

HK230217 Manila Far East Broadcasting Company in English 2300 GMT 22 Jul 86

[Text] The Committee on Amendments and Transitory Provisions of the Constitutional Commission [ConCom] chaired by Commissioner Jose Suarez agreed to fix the terms of the incumbent president and vice president to 6 years from 25 February 1986. The committee also agreed to synchronize the presidential elections to those of members of congress to save the country's elections expenses.

However, Commissioner Blas Ople, who offered a resolution that could make President Aquino and Vice President Salvador Laurel submit themselves to a new election after ratification of the constitution, expressed his intention to present his position when the issues are discussed at the ConCom plenary session.

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SOME MILITARY PERSONNEL NOT COOPERATING WITH PCHR

HK231131 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jul 86 pp 1, 7

[By staff member Desiree Carlos]

[Text] "Exceptional individuals" in the military have refused to cooperate with the Presidential Committee on Human Rights [PCHR] which is investigating alleged human rights violations committee by members of the military, committee vice chairman Jose B. L. Reyes said yesterday.

In a press conference at the University of Life, Reyes also disclosed that the committee has expressed "conformity and assent" to a resolution filed at the Constitutional Commission proposing that the PCHR be turned into a commission.

The proposal, presented by Commissioner Vicente Foz, seeks to make the PCHR a permanent and independent government agency.

"This (the move) would free us from any governmental or political pressure," said Reyes.

Reyes said the PCHR has sought the help of the military in investigating human rights cases. "Except for exceptional individuals, we are getting cooperation," Reyes said. He added: "We are not at liberty to divulge the names of these exceptional individuals."

Brig Gen Samuel Soriano, head of the Judge Advocate General's Office, said the lack of cooperation on the part of some military men is "individual misbehavior" and do not represent the general attitude.

Reyes warned that the committee may be forced to ask the military establishment to take action against "uncooperative" officers and men.

Lawyer Haydee Yorac said the committee is at present going over evidence to determine if violations were indeed committed by some members of the military.

She said those accused will be subpoenaed to appear before the committee to present their side.

Yorac said the committee will act on the Aquino-Galman double murder case after the Supreme Court decided on petitions to declare the Sandigan-Bayan proceedings a mistrial.

She said the committee has "additional evidence" on the slayings. She did not elaborate.

Reyes also said the committee is preparing a letter for AFP [Armed Forces of the Philippines] Chief Gen Fidel V. Ramos in reply to his request that the committee investigate abuses committed by members of the New People's Army.

The committee, Reyes clarified, is only tasked to investigate cases of human rights violations committed by government and military officials and persons acting in their behalf.

"We do not have the power to prosecute. We can only recommend. The abuses committed by the NPA should be handled by fiscals, special prosecutors and other government prosecuting agencies," Reyes said.

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PHILIPPINES

COMMITTEE SUPPORTS MAKING PCHR CONSTITUTIONAL BODY

HK211103 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 11

[Text] Anticipating political and military pressure the Presidential Committee on Human Rights [PCHR] Wednesday unanimously backed a ConCom [Constitutional Commission] proposal to make it a constitutional body, free from any outside interference.

The proposal was made last Friday to ConCom members Rene Sarmiento and Edmundo Garcia.

The elevation of the committee to a constitutional commission will enable it to function "with complete independence," PCHR Vice-Chairman Jose B. L. Reyes said in a press conference Wednesday.

A constitutional mandate will also provide the committee with "greater stability," Reyes said because the body's sensitive work will not tolerate interference from any authority or institution. All PCHR members are "in conformity" with the proposal, he said.

Reyes said that some military officials are hindering the progress of the committee due to their "refusal" to cooperate with the human rights probe.

The military in general has been helping us, Reyes said, "except for certain individuals." The former Supreme Court justice said the body will discuss this "non-cooperation" with the Defense Ministry and the AFP [Armed Forces of the Philippines].

"The panic among military men stems from wrong notion that they will all be punished after we have completed our investigation," PCHR Executive-Secretary Antoniao Quintos told the INQUIRER. They should not be worried since those guilty may "probably not even constitute 2 percent of the whole number of military men" in the country, he said.

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CSO: 4200/1250

TRADE UNIONISTS, MINISTER COMMENT ON KMU ACTIVITIES

TUCP Congress Attacks 'Anti-Democratic' Forces

HK150349 Manila THE MANILA EVENING POST in English 12 Jul 86 pp 1, 3

[Text] Anti-democratic forces in the guise of nationalism are behind the move of the Kilusang Mayo Uno [1 May Movement] (KMU) to wage an attack against Defense Minister Juan Ponce Enrile, Gen Fidel Ramos, AFP [Armed Forces of the Philippines] chief of staff, and other top military and public officials for allegedly upstaging the civilian government on the loyalists' rebellion.

The Trade Union Congress of the Philippines (TUCP) made this accusation in the wake of the KMU rally in front of Camp Crame on Epifanio de los Santos Avenue yesterday to denounce the "militarists" in the Aquino government.

TUCP officers, led by Secretary General Ernesto Herrera, said the KMU rally is a "systematic effort to further drive a wedge among members of the national leadership to weaken democracy in this country."

The slur on Enrile and Ramos was unjustified, TUCP said, because the two officials "have proved themselves staunch defenders of democracy against communism, be it in the guise of national democracy or nationalism, both of which actually aim to establish totalitarian dictatorship by a communist politburo."

TUCP viewed the KMU protest as an apparent attempt to "discredit and emasculate the uncompromisingly pro-democracy leaders as part of the communist ploy to destabilize the government politically as well as economically."

It said the ultimate goal of this is to give way to a "coalition government."

Such a strategy has been used too often by communists in many parts of the world, TUCP said.

The militant KMU, under the leadership of leftist-leaning Rolando Olalia, chairman, and national spokesman Crispin Beltran, "is posturing as a legitimate workers' organization, whereas it is actually a communist front," the TUCP said.

TUCP said KMU is in fact always quick to brand anyone all sorts of names while it "soft-sells totalitarian politburo dictatorship as national democracy."

But since every communist country is a satellite of either of two communist world powers, TUCP added, "the arrangements they seek to achieve are not at all nationalist but in fact colonial."

TUCP also calls "xenophobic pseudonationalism" efforts of the KMU to remove the U.S. bases in the country.

TUCP said the importance of the U.S. bases to Philippine security cannot be left to "cockeyed advocates of nationalism."

#### Minister Views KMU-Led Strikes

HK151551 Manila MANILA BULLETIN in English 15 Jul 86 pp 1, 14

[Text] Cebu City--Political Affairs Minister Antonio V. Cuenco has expressed grave concern over the growing number of strikes in Metro Cebu that dislocate thousands of workers and cause heavy financial losses to numerous business firms.

Cuenco said most of the strikes were called by local labor unions affiliated with the Kilusang Mayo Uno [1 May Movement] (KMU). He said from March to June alone, some 30 strikes were staged by KMU affiliate organizations.

Cuenco shared the sentiments of other labor groups, notable the Trade Union Congress of the Philippines [TUCP], which warned of a serious deterioration of the Philippine situation if democratic groups fail to unite against the challenge of the communist threat.

The TUCP said that stopping the communist-inspired agitation campaign and violence is a matter of vital importance to all democratic-loving Filipinos.

TUCP Secretary General Ernesto F. Herrera said: "We should not be fighting on partisan lines but all democratic Filipinos should face together the urgent tasks of stabilizing our economy and countering the communist activities that are designed to establish a totalitarian state dictatorship in the guise of socialism."

Cuenco said the demands of KMU-inspired strikes have nothing to do with the economic needs of the workers, making the settlement of labor disputes very difficult.

"Instead of presenting to management their legitimate economic demands, the strikers are asking for the removal of the U.S. bases in the Philippines," Cuenco lamented.

Charging KMU with being a communist-leaning organization, Cuenco said this particular labor group derails the country's economic recovery program.

He said this is probably the reason Labor Minister Augusto Sanchez reportedly severed his ties with KMU.

The minister noted that even in Metro Manila, there is a strong sentiment against the activities of K MU among the ranks of other legitimate labor organizations and the business community.

Cuenco called on the workers to resist the K MU when their very own survival is at stake.

#### Unionist Says K MU Communist Front

HK211009 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 10

[Text] Trade Union Congress of the Philippines Secretary General Ernesto Herrera said Wednesday that the Kilusang Mayo Uno (K MU) is a "transmission belt of communism" which receives funding to support the "underground movement" from various communist blocs like the European Support Group (ESG) and the Australian Asian Workers Link (AAWL).

Herrera said the AAWL reportedly sent A\$150,000 to the K MU for "workers education advancement."

Herrera, speaking before the personnel managers of Metro Manila five-star hotels, said that K MU has no legal personality to receive any financial support because it is not a registered labor organization.

The AAWL labor center in Sydney, Australia admitted, in a letter to Herrera, that it is sending funds to the K MU.

However, Herrera said the support the K MU receives is being used for communist indoctrination programs.

Communist indoctrination activities propagate Marxist-Maoist theories and misrepresent the role of private ownership to favour communist control of capital, Herrera identified the five stages of K MU's indoctrination program:

1. Pambungad na Aralin Maggagawa (PAMA)--an eight hour session which is followed by its supposed Genuine Trade Unionism (GTU), a series of class struggle courses lasting three days and two nights.
2. Basic Mass Course lasting five days and four nights which inculcates communist ideology under the guise of socialism.
3. The Five Golden Rays or Limang Gintong Silahis which is made up of writings of Mao and centered on the strategy of protracted struggle.
4. Batayan Kultura Pag-aaral (BKP)--A ten day live-in course that finally transforms the workers into Communist Party members. The members then undergo cadre services which is field training lasting six months after which the worker is qualified to join the New People's Army (NPA) or Bagong Hukbo ng Bayan.

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SISON SAYS NEW PARTY 'TO GET 15-20 PERCENT' OF VOTE

HK220624 Manila THE MANILA CHRONICLE in English 20 Jul 86 p 1

[Text] Former political detainee Jose Ma. Sison yesterday predicted that the Partido ng Bayan (PNB), to be launched 30 August, would be able to get 15-20 percent of the popular vote in forthcoming elections.

He said it was a conservative estimate but "not something to [words indistinct].

Sison, chairman of PNB's Preparatory Committee, said the party would field candidates in coming elections even if an electoral struggle was not its primary concern.

The party's main concern, he said, is the launching of educational campaigns on national issues.

He said he would decline nomination to any leading position in the party and would rather concentrate on educational work. He now teaches at Asian Center at UP [University of the Philippines] Diliman.

Sison also told newsmen that the PNB could become one of the country's three major political parties, along with the UNIDO [United National Democratic Organization] and the PDP-LABAN [Filipino Democratic Party-Lakas ng Bayan].

He said the Nacionalista Party, led by Defense Minister Juan Ponce Enrile and its acting secretary-general, Renato Cayetano, would "most probably pick up the pieces from the crumbling KBL Party."

He does not consider Blas Ople's Partido Nacionalista ng Pilipinas [Filipino Nationalist Party] a threat because it is just a "press-release party."

There is need to create a party with a national democratic orientation, he said. "Without it, the national democratic organizations will just be tugging at the coattails of the elitist parties.

"There is need to have a reliable party," he said.

Sison also predicted that the Aquino government "will need the PNB, especially now that the U.S., Marcos and Enrile pose an increasing threat" to it.

While the PNB may be drawn into the mainstream of traditional politics, Sison said, it "will be a sharp contrast to the elitist traditional parties which are composed mainly of landlords and compradors."

The PNB may enter into "inter-party alliances with parties supporting the Aquino government, and which have a nationalist and democratic line," Sison said.

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COMMISSION ON ELECTIONS RETAINS POWERS

HK230311 Manila MANILA BULLETIN in English 22 Jul 86 pp 1, 9

[By C. Valmoria, Jr]

[Text] The Commission on Elections (Comelac) has virtually retained all its powers under the new Constitution being drafted by the Constitutional Commission [ConCom] for ratification by the people in the coming plebiscite.

As in the 1973 Constitution, the Comelec will exercise exclusive jurisdiction over contests relating to elections, returns, and qualifications of elective regional, provincial, and city officials.

These include contests involving municipal or barangay officials on appeals from regional trial courts and city and municipal courts.

A presidential electoral tribunal and a legislative electoral tribunal are expected to be created to exercise jurisdiction over presidential and legislative election controversies.

As approved by the Constitutional Commission, the poll body will register, after sufficient publication, political parties, organizations, or coalitions and accredit citizens' arms.

Religious denominations and sects, including those who seek to achieve their goals through violence or unlawful means or refuse to uphold the new Constitution and those supported by any foreign government, will not be registered.

This will pave the way for a free and open party system which will be allowed to evolve according to the free choice of the people. Even under the 1935 and 1973 Constitutions which prescribed a two-party system, several political parties were allowed to be registered.

Provisions of the new constitution, as drafted, empower the Comelec to register political parties or organizations but these parties under the "part-list system" will not be represented in the registration boards and in the boards of election inspectors and similar electoral bodies.

All that these parties can get are watchers whose appointments will be provided by law.

Under the "party-list system," block voting will be allowed. The ConCom started discussing the draft on the legislature yesterday. Topping the discussions is district representation in the National Assembly. There will be sectoral and party-list representatives comprising 20 percent of the entire membership.

Proponents of the party-list system seek to apportion additional seats among the parties which obtain 10 to 15 percent of the votes case in the district.

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COURT 'PRACTICALLY' BARS PRESIDENTIAL DECREES

HK230407 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 22 Jul 86 p 1

[By Melanio Mauricio]

[Excerpt] The Supreme Court practically barred President Aquino yesterday from enacting laws through presidential decrees [Pd's] by ruling that PD's often "reject, internationally or otherwise, the interest of the greater number" of the people.

In an unanimous decision which dealt on how a Labor Code provision on illegal recruitment should be interpreted, the tribunal, through Associate Justice Isagani Cruz, said that "the trouble with presidential decrees is that they could be, and sometimes were, issued without previous public discussion or consultation."

The high court pointed out that the decree-maker heeds only his own counsel, or those of his [words indistinct] their lofty pinnacle of power."

Legislation by decree by the president also gives rise to "certain esoteric provisions that one cannot read against background facts usually reported in the legislative journal" in cases where laws are passed by the legislature, the court added.

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CEBU COLUMNIST ADVOCATES BASES' RETENTION

HK220304 Cebu City VISAYAN HERALD in English 15 Jul 86 p 5

[Column by Mar Zamora Bajarias]

[Text] Many of our vocal opinion makers are opposing the continued presence of the American bases here. They want a total scrapping of the air and naval bases after the termination of the military treaty in year 1991. The idea may be good, but in some extent very disadvantageous to the security of the Pacific region. The security of the ASEAN countries would seem insecure if we drive away U.S. forces now installed in the republic.

What will happen if the U.S. forces are no longer around? Can we, as a dependent country, insure our safety in case of invasion? Are we not afraid that the communists will come to change and destroy our democratic form of government? What could be the valid reason why we do shout for the complete withdrawal of the American bases? Is it not true that without Uncle Sam's forces, we can be eaten by the communists? There other numerous queries that puzzle our minds? [sentence and punctuation as published.

It can't be discounted that majority of the common people like the retention of U.S. military power in the island and Pacific for global security reasons. Their presence is imperative, because as of the present, we cannot stand on our own feet. We are still dependent economically and politically. Such that the clamor for complete eradication does not meet favorable reaction from concerned citizens, who believed that in their absence, we are nothing.

World War II could be a classic example. We became grateful, thankful and overjoyed when we were liberated by the Amerifan forces. Jap atrocities ended when millions of lives of American soldiers died in our native land, to perpetuate our most loved freedom and democracy.

Why only now that we think of total withdrawal of friendly troops guarding the security of the republic? Could we be reasonable and sensible by driving them away? We may become thoughtful and agreeable only the moment our empty skulls return in their right order. If we disagree, we agree.

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COLUMNIST COMMENTS ON RECONCILIATION POLICY

HK220306 Manila PHILIPPINE DAILY INQUIRER in English 20 Jul 86 p 4

["Opinion" column by Danilo-Luis M. Mariano: "Evenhanded Reconciliation"]

[Text] During the "Straight From the Shoulder" TV show last Thursday, Defense Minister Juan Ponce Enrile recalled the case of three captured New People's Army guerrillas who were later released by a Batangas judge when President Aquino's Executive Order [EO] No 8 was invoked. The directive on national reconciliation, it was pointed out, is apparently being interpreted by the country's magistrates as reason to release insurgents under arrest even for undeniably criminal offenses. In the Batangas case, for instance, the three guerrillas were arrested because they were, among others, found in illegal possession of firearms. But the judge apparently decided to ignore that, and ordered the military to set the rebels free anyway.

In instances like that--which the Defense Ministry insists is being replicated in other parts of the country--one cannot fault the armed forces for believing that the reconciliation policy is being carried out too far. The policy--or rather the way it is being currently interpreted--has, they say, tied the hands of law enforcers in dealing with insurgents who are under no similar constraint. The armed forces' dissatisfaction with the policy best explains the growing siege mentality among many officers and enlisted men, the feeling that they would have to fight the battle against insurgency on two fronts: in the countryside as well as in the upper reaches of the Aquino administration. When soldiers feel that civil authority and prevailing official policy do not afford them ample support, the temptation becomes great for them to take the law into their own hands.

There is without doubt a developing military caste in this country; one that distinguishes itself from the uniformed sycophants and partners in crime and plunder of the old regime in that it is deeply imbued with what it fervently believes is a crusade-like mission to combat communism wherever it rears its head. How else can one explain the existence of semi-conspiratorial fraternities and orders that call themselves with such romantic, messianic names? Why else should the military insist that the government probe, too, the so-called atrocities of the NPA/ This growing caste is apparently as ideologically committed as their foes in the insurgent underground. The political situation now is, in fact, more highly polarized than ever before, with the

centrists and liberals in the Aquino administration steadily being alienated from both Right and Left.

One way to arrest this dangerous trend is for government to promulgate even-handed policies. In the case of EO No 8, for instance, the administration should make it clear that despite its reconciliation policy, it will not tolerate blatant violations of the penal code. An NPA guerrilla who shoots down somebody is a killer and should not be entitled to special treatment as a "political dissident" or a "freedom fighter," just as a soldier who steals is a thief and nothing else but. The reconciliation policy should be premised on the rule of law--without any compromises or bending.

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REPORTAGE ON REACTION TO IMPORT LIBERALIZATION MOVE

Manufacturers Oppose Idea

HK211101 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 9

[Text] Filipino manufacturers, in a last-ditch effort to hold off the liberalization of imports of 433 items that compete with their products, have prevailed on Economic Planning Minister [Monsod] to "study further" the structure of the affected domestic industries to determine whether or not they can stand foreign competition industries leaders said yesterday.

They said the NEDA [National Economic Development Authority] director-general has further promised she "will not push hard" for the liberalization of the 433 items, which compose the last batch of 1,235 products which will be allowed unrestricted entry into the Philippines within six months to one year beginning last May.

The Monsod promise may not mean anything, however, as the last say remains with the International Monetary Fund which has imposed the import liberalization program on the Philippines.

An IMF team is currently in town discussing with the economic team of President Aquino the structural reforms demanded by the IMF including the liberalization of imports as a precondition to the granting of a standby credit facility and a compensatory financing facility.

Monsod was not immediately available to confirm the "compromise" with the local manufacturers, but sources within the group feared that Monsod, in keeping her promise, may not be able to do more than convey to the IMF team the local manufacturing firms' plea that they be given more time to restructure themselves to put them in a position to weather foreign competition.

The 433 items that still have to be liberalized are mostly semi-processed and finished goods which are also produced by domestic industries.

Aurelio Periquet, Jr, president of the Philippine Chamber of Commerce and Industry, suggested yesterday that a product-by-product study be conducted by the Ministry of Trade and Industry to come out with a comprehensive restructuring program for domestic industries affected by the lifting of import controls.

Periquet said that local industries need more time to restructure themselves successfully, considering their distress conditions.

He said that the existing industries must be given a chance to survive to provide the manufacturing base for the domestic market.

At the same time, Periquet reported that businessmen are becoming more optimistic about the economy recovering in the long term.

He cited the stabilization of prices, and the exchange rate, and the fall of interest rates on borrowed capital as evidence of confidence by the local business community in the economy.

The dramatic upsurge in stock market activities, which is the indicator of investor perceptions and expectations, is a healthy sign of the economy perking up, Periquet said.

#### Aquino Orders Liberalization Plans

HK230703 Quezon City BUSINESS DAY in English 22 Jul 86 p 2

[Text] President Aquino yesterday directed the Ministry of Trade and Industry (MTI) to submit by the end of July its recommendations regarding the implementation of the import liberalization program even as she expressed the government's full support for the World Bank-International Monetary Fund (IMF) prescription that all imports be freed from controls.

In a speech before a multi-chamber meeting of businessmen yesterday, Aquino said the MTI would have to further discuss with the private sector the import liberalization program, particularly its timing and scope, as well as the restructuring of tariff rates, in view of objections raised by the business community over the program's implementation.

Notwithstanding objections to the program from the various industries, the president, however, stressed that the government "is for import liberalization because in the long run, it is the best way (for the country to achieve) competitiveness in the world market."

In an interview yesterday, Trade and Industry Minister Jose S. Concepcion Jr said the MTI's discussion with the private sector will specifically zero in on possible measures that the government might take to ease some of the problems that are expected to result from the lifting of import controls.

Concepcion said these measures include the strict implementation of tariff rates on imports and a close monitoring of the entry of foreign products to prevent smuggling and undervaluation.

Concepcion had originally battled for a staggered implementation of the World Bank-IMF imposed import liberalization program. But he apparently had been overruled as the government finally bowed to pressure and decided to remove

all quantitative restrictions on imports before the end of the last quarter of 1986.

Local businessmen have been opposing the implementation of the program in the last three years because of the economic crisis, but at least two Cabinet ministries, Economic Planning Minister Solita C. Monsod and Finance Minister Jaime Ongpin, had supported the program's early implementation.

The Central Bank last week approved the lifting of controls on some 262 items, in addition to another 580 products earlier liberalized by the government. About 400 items still remain to be liberalized before the end of the last quarter.

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ECONOMIC MINISTER FAVORS 'TRIMMING' DEBT SERVICES

HK150457 Manila THE MANILA CHRONICLE in English 11 Jul 86 p 4

[By Ray Enano]

[Text] Economic Planning Minister Solita C. Monsod, back from a six-day official visit to Mexico and Peru, is expected to press the Aquino government to pursue a policy of trimming down the country's debt services "to a level the economy can afford."

Monsod, who met with Mexican and Peruvian officials for talks on strategies and ideas in treating external debts, described her recent visit to the two Latin American countries as "fruitful."

She refused to disclose details of her trip pending her official report to President Aquino but sources close to Monsod said the controversial minister was poised to submit a recommendation that could clash with the conservative approach of Finance Minister Jaime Ongpin and Central Bank Governor Jose Fernandez on settling the country's debt burden.

Under Monsod's formula, the sources said the Philippine Government would present a "conciliatory tone" on tackling the country's foreign debts "without necessarily surrendering to the demands of creditors."

"Our debt service should be subservient to (economic) growth," the sources said.

Current debt-service level of the Philippines is estimated at \$2.31 billion for 1986. The government view is that such level drains the country of its much-needed foreign exchange which could be otherwise used for more productive purposes.

Trimming down the debt burden to a level that would approximate Peru's decision to fix payments to 25 percent of its export earnings, however, had met opposition from Ongpin and Fernandez, who warned of "economic isolation" in one of his reports to President Aquino.

Ongpin and Fernandez feared that paring down debt services to minimum levels would effectively repudiate some of the loans extended by creditors. The two

earlier clashed with Monsod, who had broached the idea of the selective debt repudiation policy.

The sources, however, said the Philippines "should have a debt burden it can afford to carry, if multi-year restructuring agreements (MYRA), debt-equity conversion program and other debt settlement approaches are not enough."

This would mean that servicing of a portion of the country's \$26.2 billion foreign debt would have to be very drastically stretched out. It was implied that the Philippines will have to convince commercial banks, not official creditors, that a lower debt service level is required for the country to have economic growth.

The sources close to Monsod said that Mexico's recent dilemma with its international creditors should be a lesson to the Philippines. The Latin American country failed to meet payments of its obligations despite an earlier restructuring program hatched by creditors. For about 18 months, Mexico did not receive a single dollar and yet, creditors insisted for its payment of \$600 million in interest. Mexico's forced payment was done when the country suffered from low export revenues largely brought about by falling oil prices.

"All the country has to do is to be diplomatic with commercial creditor-banks," the sources said. "Debt problems must be solved not by debtor-countries alone but by creditors themselves," the sources added.

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MONSOD SAYS IMF 'INCAPABLE' OF FORMING ECONOMIC PROGRAM

HK161521 Manila THE MANILA EVENING POST in English 15 Jul 86 pp 1,6

[Text] Economic Planning Minister Solita Monsod yesterday poured scorn on the International Monetary Fund (IMF) saying it was incapable of putting together a solid economic program for the Philippines.

The tough-talking Monsod made her remarks in a speech to the American Chamber of Commerce only two days before an IMF team visits Manila to discuss a new standby credit for the country, which owes foreign credits \$26 billion.

One businessman asked the minister if a solid economic program could finally emerge after talks with the IMF and the World Bank.

Monsod, pointed to an economic recovery plan prepared by private economists, said: "This is a solid program. I disagree that the World Bank and the IMF are capable of putting together a solid economic program."

She said the IMF was impressed by the plan but added: "Even if they were not, we would still go ahead with it."

A former University of the Philippines economics professor, Monsod is among half a dozen ministers who will hold talks with the IMF.

Monsod sent shock waves through banking circles last March when she said the government was considering "selective repudiation" of the Philippines' \$26-billion debt.

President Corazon Aquino never confirmed this and has always insisted the country would pay all its debts.

Referring apparently to the alarm she raised, Monsod said today: "We don't call it selective repudiation any more. It is a bad word. We call it 'case-by-case disengagements.'"

She also said the Philippines no longer needed a standby credit from the IMF, but it did need an agreement to continue talks with foreign banks for more financing.

She added that the country's foreign exchange reserves were comfortably placed at \$1.7 billion compared with a little more than \$900 million when Aquino came to power in February.

The IMF team is expected tomorrow when talks will begin on economic recovery plans and Manila's financing requirements to cover budget deficits.

Monsod has urged that the country settle its foreign obligations according to its ability to pay.

After a trip to key Latin American countries, Monsod said that debts should be subservient to growth, "adding that if ever the government decides to settle its huge foreign debt on a selective basis, major credits banks will be first on the firing line.

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CSO: 4200/1250

BANKERS HOPEFUL ON IMF CREDIT TALKS

HK211102 Quezon City NEW DAY in English 21 Jul 86 p 10

[Text] It's back to square one for the Philippines and the International Monetary Fund as the debtor and doctor started their 10-day talks on a new standby credit facility for the next 18 months.

The previous standby credit facility ended last April with the Philippines unable to draw 212 million special drawing rights out of a total of 615 SDR's [Special Drawing Rights]. This represented the last two installments from the previous standby agreement.

For failing to draw on the last two installments, the Philippines cannot avail of the remainder of the new money facility of \$325 million. Philippine monetary officials have been able to convince creditor banks to extend the deadline for availment until the end of this year pending the resolution of a new standby credit facility with the fund.

But more than ending the credit line, the IMF is now talking to a new government swept into power on moral superiority and popularity sorely lacking in the deposed Marcos regime.

Based on this political strength, the Philippine Government has an edge over the tough-talking and indicator-conscious IMF as they chart the course over what the Philippines will have to achieve for the next 18 months. While the IMF would naturally want to see the country's overall economic data on the positive side, the Philippines is in no position to immediately sacrifice political popularity over dead numbers.

For instance, the IMF would as much as possible want to see the budget deficit reduced from 4.3 percent of gross national product in 1982 to 2 percent of GNP in 1983 to even 1 percent of GNP for this year. This, however, was thrown away since the government deficit for this year alone is placed at P27 billion or 4.1 percent of GNP. For the first quarter alone of 1986, the budget deficit is placed at P10 billion due principally to the wasteful election spending of Marcos. The budget deficit was later trimmed to P1 billion during the second quarter.

Should the IMF insist on severely cutting government spending (which in any case would exceed government revenues) until the end of the year, the Aquino government may find itself being unpopular.

The IMF realizes this point, though, and is even sympathetic to the Philippines on condition that to finance this deficit, the Philippines should source its funding from abroad.

Unfortunately, the Philippines can only raise P2 billion from abroad.

Where the Philippines will raise the balance to cover the deficit will take more imagination than the combined Central Bank and Ministry of Finance can dream of.

The IMF-Philippines meeting, true to form, centered on numbing macroeconomic indicators or technical issues from Thursday to Friday.

It is during these days that the Philippines submits figures for the next 18 months on IMF indicators such as reserve money, money supply, and government expenditures which the multilateral funding agency will approve.

The second round of talks--Saturday and Monday--will center on policy discussions on, among other [things], the dismantling of the sugar and coconut monopolies (a subject distasteful to the IMF), the rehabilitation of government financial institutions as the Philippine National Bank [PNB], and the Development Bank of the Philippines [DBP] and the import liberalization which developed countries want reduced to zero as soon as possible so that they can dump their finished products to the Philippines.

This should be no problem as far as the IMF is concerned because even without the imposition, the Aquino government is bent on destroying the sugar and coconut monopolies for the simple reason that they were identified with the Marcos oligarchy.

Regarding the rehabilitation of the PNB and DBP, CB [Central Bank] Governor Jose Fernandez and Finance Minister Jaime Ongpin bared before the IMF mission arrived last Thursday that the non-performing assets of PNB and DBP will be transferred to a new asset disposition company of the national government so that both state banks can restart with a clean balance sheet.

On the import liberalization thrust of the government, out of the original 1,200 regulated imported goods, 400 items are remaining to be freed and could even be liberalized before anybody could even say "No way, Jose!" Philippine businessmen though are complaining vociferously about this move, believing it will kill the local producers. How the Aquino government will placate this group of businessmen will only be the sole responsibility of the government. The IMF will wash its hands of this problem.

From Tuesday until Friday, the Philippines and the IMF will talk on an overall review of the sectoral economic performance and what targets will be met for the next 18 months.

The prevailing feeling among bankers is that the Aquino government might be able to wangle better concessions than what Marcos got during the last years of his bankrupt regime. If the Philippines would be able to get the IMF's stamp of approval--others call it a clean bill of health--then the country's next round of multiyear rescheduling agreement with foreign commercial banks should proceed without any hitch.

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FOREIGN INVESTMENTS MAKE 'STRONG COMEBACK' IN JUNE

HK220506 Manila MANILA BULLETIN in English 21 Jul 86 p 17

[Text] A strong comeback in foreign investments entering new and existing domestic stock entities was recorded during June this year with P126.2 million coming in against the P19.6 million foreign equity registered the previous month, May, statistics gathered from the Securities and Exchange Commission (SEC) showed.

While foreign equity poured into the country's domestic entities during June was 6.4 times higher than the previous month, however, it was down by 55.9 percent when compared with the figure of June last year.

Foreign capital infused during June consisted of P126.2 million in additional capital going into six existing local entities and P2.5 million in initial capital for newly incorporated firms.

Two foreign corporations were permitted to transact business in the country, one of which disclosed initial operating capital remittance of P1 million while the remittance of the other one was not available.

Meanwhile, a multinational company with an estimated initial operating capital remittance of P0.6 million was licensed to put up its regional headquarters in the country. Also during the month in review, a local corporation with Chinese equity of P15,000 closed shop.

The SEC has recorded 48 domestic businesses with foreign equity during June this year against 47 in May and 44 in June, 1985. Foreign capital in these entities amounted to P2.5 million, a decrease of 49 percent from P4.9 million in May and 37.5 percent from P4 million of June 1985.

The Chinese were the leading foreign capitalists during the month with their investments representing 48 percent of the total

Wholesale and retail trade, the favorite business of the Chinese, absorbed the bulk of aggregate initial foreign capital. Meanwhile, P126.2 million foreign additional capital was infused during June into the equity of six on-going local concerns. Although this was 8.6 times the P14.7 million posted during May, it was 2.2 times lower than the P282.0 million recorded in June 1985.

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CSO: 4200/1250

JAPAN ASKED TO FINANCE SMALLER ENTERPRISE DEVELOPMENT

HK220428 Manila MANILA BULLETIN in English 20 Jul 86 p 23

[By Samuel Senoren]

[Text] The Philippine Government has asked Japan to finance the development of small and medium enterprises in a program designed to quickly avail of some \$100 million in quick disbursing loans that the Tokyo Government has committed to lend to Manila.

The soft loan which forms part of Japan's official development assistance (ODA) to the Philippines this year will augment an emergency financing program drawn up by the Aquino government to prime up the economy during the second half of the year.

Sources told BUSINESS BULLETIN yesterday the Philippine request was likely to be approved by Tokyo.

A detailed program submitted to the Japanese Government indicated that the loan proceeds would be used mainly for financing projects in the countryside where funding requirements could go as low as P10,000 per project.

Japanese officials had earlier said their government was ready to help the Aquino government in terms of additional financial assistance if it could present projects that could be immediately funded.

The proposed financing program represents a departure from projects previously funded by the Japanese Government which were usually infrastructure-related with long gestation periods.

A similar program is also to be presented to the West German Government so that a committed concessional credit of about \$46 million could be immediately released by Bonn.

A senior member of the German parliament who visited Manila early this week said the German Government was ready to release the amount to help the Aquino government's emergency employment program.

The funding was understood to be meant specially for the promotion of small and medium industries which are basically labor intensive enterprises.

The lines pledged by Japan and West Germany would shore up the government's emergency financing program which is basically funded by a P9 billion deficit in the national budget.

The Aquino government is desperate to provide "easy money" to the countryside to be able to realize a growth rate target for the economy of at least 1.5 percent in 1986.

Economic officials hope that economic growth during the second semester would be substantial enough to offset a negative growth during the first half of the year.

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CSO: 4200/1250

PHILIPPINES

ECONOMIC RECONSTRUCTION LOANS SECURED FROM EUROPE

HK240429 Quezon City BUSINESS DAY in English 23 Jul 86 p 2

[Text] At least \$34.5 million in soft loans and a still-unspecified open loan from some European countries have been secured for the country's economic reconstruction program, Trade and Industry Minister Jose S. Concepcion told newsmen yesterday.

Concepcion said the loans will be used mostly to develop small and medium scale industries, particularly for their purchases of equipment, and to increase European investments in the Philippines.

He said Spain would lend \$10 million, about 90 percent of which would be used to buy equipment for small and medium scale industries from Spanish suppliers.

The loan will carry a 3 percent to 5 percent interest and will be payable in 30 to 40 years, Concepcion said.

Spain has given a soft loan of \$17 million for Philippine Phosphate Fertilizer Corp which will be payable in 22 years, with a 10-year grace period, at 5 percent interest.

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CSO: 4200/1250

MINISTRY ACCUSES U.S. OF 'PRESSURING' OVER CORN GLUT

HK220450 Manila MANILA BULLETIN in English 21 Jul 86 p 17

[By Fred M. Lobo]

[Text] The United States is "pressuring" the Philippine Government to lower tariff on corn imports in a move to dump its corn surplus into the country, government sources said over the weekend.

This developed in the wake of the ongoing review of tariff on agricultural imports, primarily feedgrains, by the Ministry of Agriculture and Food (MAF) in coordination with the private sector.

Government sources said that the U.S. is asking for the reduction of corn import tariff from the current rate of 20 percent to only 10 percent.

As a counter-offer incentive, the U.S. would grant more trade concessions, specifically in handicraft exports, the sources said.

The U.S. is reportedly having a corn glut at present and lower tariff may help alleviate the problem, the sources added.

However, they said that accepting such offer would penalize local corn farmers who are currently suffering from depressed corn prices due to an artificial glut in the domestic market.

"Why should we support U.S. farmers when our own farmers are even disenchanted with the corn situation?" a MAF official said.

Local corn farmers, primarily in Mindanao, have complained earlier against ~~low~~ trading and low corn prices owing to the lack of government funds for corn procurement at the support price of P2.90 per kilo.

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CSO: 4200/1250

EXPORT EARNINGS DROP 9.43 PERCENT

HK230413 Quezon City BUSINESS DAY in English 22 Jul 86 p 2

["Economic Indicator" column: "Earnings of Top Exports Drop"]

[Text] Earnings of the country's leading exports during the first four months of the year totaled \$768.74 million, down 9.43 percent from the year ago figure of \$848.78 million, data taken from the Central Bank showed.

Included in the list of the country's principal exports were semiconductor devices, coconut oil (crude and refined), coffee (raw not roasted), electronic microcircuits, copper metal, bananas, gold, sugar (centrifugal and refined), copper concentrates and children's and infant's wear. The FOB value of these 10 principal items exported during the period in review totaled \$649.36 million, down 9.31 percent from the \$716.03 million registered in the same period last year.

Topping the list were semiconductor devices with a total export value of \$159.34 million. This product group contributed 20.73 percent of the total earnings of the country's principal exports valued at \$-68.74 million. However, the January-April 1986 total marked a decline of 38.51 percent from the previous year's \$259.12 million. The drop could be attributed to the fall in the volume of shipments from 1,514 metric tons in 1985 to 985 metric tons. The industry suffered financial and labor problems.

On the other hand, shipments of crude and refined coconut oil reportedly went up 214.84 percent from last year's 117,657 metric tons to 370,437 metric tons. Likewise, total value improved 43.76 percent from \$90.48 million to \$310.07 million.

Raw coffee (not roasted) which was ranked No 12 among the leading exports last year rose to third spot this year. Shipments of this product during the period in review amounted to \$68.81 million, up 145.03 percent from last year's \$28.08 million. The improvement was due to the rising demand for coffee beans in the world market and the corresponding increase in the product's unit price.

Leading Exports  
January to April 1985 & 1986  
(FOB) Value in Thousand U.S.\$)

| <u>Items</u>                                                                                 | <u>1986</u> | <u>1985</u> | <u>Percent<br/>Change</u> |
|----------------------------------------------------------------------------------------------|-------------|-------------|---------------------------|
| 1. Semiconductor devices                                                                     | 159,336     | 259,117     | (38.51)                   |
| 2. Coconut oil (crude and refined)                                                           | 130,068     | 90,475      | 43.76                     |
| 3. Coffee, raw not roasted                                                                   | 68,807      | 28,081      | 145.03                    |
| 4. Electronic microcircuits                                                                  | 58,530      | 67,878      | (13.77)                   |
| 5. Copper metal                                                                              | 56,561      | 56,679      | ( 0.21)                   |
| 6. Bananas                                                                                   | 47,080      | 37,736      | 24.76                     |
| 7. Gold                                                                                      | 38,515      | 28,041      | 37.35                     |
| 8. Sugar (centrifugal and refined)                                                           | 32,479      | 83,303      | (61.01)                   |
| 9. Copper concentrates                                                                       | 29,562      | 35,081      | (15.73)                   |
| 10. Children's and infant's wear                                                             | 28,422      | 29,635      | ( 4.09)                   |
| 11. Canned pineapple                                                                         | 27,776      | 34,101      | (18.55)                   |
| 12. Outer garments and other articles<br>knitted or crocheted, not elastic<br>nor rubberized | 24,517      | 18,575      | 31.99                     |
| 13. Iron ore agglomerates                                                                    | 24,225      | 30,706      | (21.11)                   |
| 14. Lumber                                                                                   | 21,923      | 30,923      | (29.10)                   |
| 15. Women's wear                                                                             | 20,940      | 18,451      | 13.49                     |
| Total                                                                                        | 768,741     | 848,782     | ( 9.43)                   |

Source: Central Bank

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CSO: 4200/1250

BORROWINGS FROM CENTRAL BANK TO INCREASE

HK240358 Manila THE MANILA CHRONICLE in English 23 Jul 86 p 9

[By Ray Enano]

[Text] The government will resort to "monetary expansion measures" to finance part of the projected P27-billion budget deficit level for 1986, Economic Planning Minister Solita Monsod said yesterday.

Monsod's statement means that the CB [Central Bank] will have to fund the bulk of the government's budget deficit this year. Government had earlier planned that the national government's borrowings from the public--through its treasury bills--and foreign loans would cover its budget gap.

Monsod, a member of the Central Bank's policy-making monetary board, said an increase in money supply would be a better alternative than issuing more treasury bills in financing the deficit. The government's short-term IOUs would crowd out the private sector from the domestic capital market, she said.

The method of financing the deficit, according to Monsod, will be the subject of discussions with the International Monetary Fund's (IMF) staff mission in the next two days.

By increasing money supply through CB loans and cash advances to government, interest rates would be brought down further from their current 14 to 15 percent level. The monetary expansion will push up inflation only to manageable single-digit levels, Monsod claimed, pointing out that inflation in the past three months has posted negative rates.

Monsod said interest rates have to be brought down to spur the economy. She claimed that the economy can well afford to increase inflation at this time by expanding money supply. In the long run, however, Monsod said inflationary pressures may go past the desired levels.

Bringing down interest rates and pushing up inflation through monetary expansion will have to be carefully managed to achieve the growth required by the economy. Monsod said such growth will require a budget deficit of P27 billion needed mainly for infrastructure projects that would result in increased consumer spending.

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CSO: 4200/1250

GOVERNMENT TO REFORM 2 MAJOR GOVERNMENT BANKS

HK240221 Manila Far East Broadcasting Company in English 2300 GMT 23 Jul 86

[Text] The government moved yesterday to institute reforms to rehabilitate two big government institutions, the Philippine National Bank [PNB] and the Development Bank of the Philippines [DBP]. More on this from Al Dovar.

[Begin Dovar recording] The national government will infuse some 3 billion pesos into the 2 institutions, together with additional working capital of 5 billion pesos, to prop up the deposits of government out of their operational (?funds). Deputy spokesperson Alice Villadolid, in a briefing to newsmen, said that the second reform enforced by the cabinet is the liquidation of nonperforming assets, totalling 142 billion pesos. In effect, this amount will be moved out of the account books of the two government banks, thereby unburdening them of the problem arising from these nonperforming assets, leaving them [words indistinct].

The third reform is to allow the two banks to continue to perform their social functions like the Philippine rural banks as well as postal savings banks. As part of the reform package, the cabinet also decided to implement a reform in the charters of the two institutions.

President Aquino said that it would not hurt anyone to have some flexibility in revising the charter of the two development banks. She asked her economic ministers to cooperate closely with PNB and DBP in revising their charters. [end recording]

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CSO: 4200/1250

PHILIPPINES

MINISTRY REPORTS OVER 20 PERCENT DROP IN TOURISTS

HK240510 Hong Kong AFP in English 0449 GMT 24 Jul 86

[Text] Manila, 24 Jul (AFP)--Tourist arrivals in the Philippines declined by 20.37 percent in the first four months of 1986, the Ministry of Tourism (MOT) said her Thursday.

The MOT research and statistics division said tourist arrivals for the first four months dropped from 280,183 last year to 223,114 in 1986.

It attributed the decline to the political unrest and "bad press" suffered by the country in the first quarter, topped by the, at times, bloody presidential campaign and the revolt that swept Corazon Aquino to power in February.

All tourist markets posted a decline during this period with Taiwan showing the biggest drop of 46.22 percent, followed by Japan at 31.71 percent, Southeast Asia and Australia also posted declines of more than 20 percent.

North America, which traditionally accounts for the biggest number of tourist arrivals, showed an 11.45 percent decline. The market accounted for 29.55 percent of total arrivals in the first quarter.

The MOT has been conducting an intensive marketing campaign worldwide since March to reverse the declining tourist arrivals, an official said.

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CSO: 4200/1250

PHILIPPINES

COST TO REPAIR STORM DAMAGE REPORTED

HK211305 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 10

[Text] San Fernando, Pampanga--The Central Luzon office of the Ministry of Public Works and Highways (MPWH) needs some P74 million to repair roads, bridges, port facilities and flood control projects damaged by Typhoon Cading.

MPWH Regional Director Dominador Santos reported to Minister Rogaciano Mercado the breakdown per province of funds needed to repair roads and bridges at P3.95 million--Bataan, P4.45m [million]--Nueva Ecija, P4.28m--Pampanga, P2.22m--Tarlac, P940,000--Palayan City, and P37.5m--San Jose City.

For damaged public buildings, the breakdown is as follows: P1.2m--Bataan, P1.5m--Bulacan, P252,000--Nueva Ecija.

For flood control projects: P4m--Bataan, P1m--Bulacan, P1.1m--Tarlac, P600,000--Palayan City, P232,000--San Jose City, and P11.45m for the Pampanga River Control System in Apalit, Pampanga.

Meanwhile, Celestino Contreras has been appointed chief of the construction division of the MPWH in Central Luzon, replacing Virgilio Gener, who was transferred to the National Capital Region.

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CSO: 4200/1250

REPORTAGE ON ACTIVITIES OF CEBU NPA

Assassination List Targets 17

HK150435 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 12 Jul 86 p 2

[By Leo Enriquez]

[Text] Cebu City--A recently hatched plot of the Sparrow Unit of the New People's Army has marked former Congressman Ramon Durano Sr for liquidation along with 15 military officers in the region and a Bayan [New People's Alliance] personality.

This disclosure which came from one of the captured suspects of the communist underground movement, led to the capture of 13 other suspects in a series of raids conducted by the military since Tuesday afternoon.

According to the suspect, Cebu's political kingpin is to be assassinated as soon as possible under a plan known as "Operation Warlord."

He revealed that a five-man hit squad has been formed and sent to Danao City a few days ago for the task.

The suspect, whose identity is being withheld, said the five-man squad was specially selected by the North District Committee of the Communist Party of Cebu.

He added the underground movement regarded Durano as an oppressor and an avid supporter of former President Marcos who have enslaved the people.

Some of the names of the 15-man death list of the Sparrow Unit included Col Romulo Querubin, RUC [Regional Unified Command] 7 commander; Col Edgardo Abenina, Recom 7 chief; Lt Col Manuel Cabigon, U-3; Maj Rnato Majado, Capt Inocencio Sanchez, Recom VII spokesman and several others.

Contained in the death list were the addresses and places where the 15 ranking officers usually go.

The suspect also disclosed that a leader of Bayan in one of the southern towns of Cebu is to be liquidated also. His name was also withheld.

### Activities in Urban Cebu

HK150317 Manila THE NEW PHILIPPINES SUNDAY EXPRESS in English 13 Jul 86 pp 1, 3

[By Leo Enriquez]

[Text] Cebu City--The communist led New People's Army (NPA) has been expanding and gaining strength in the Metropolitan Cebu area.

Col Romulo Querubin, RUC [Regional Unified Command] VII and 560th Air Wing commander, said: "They are not only recruiting and training liquidation squads right now, but are aggressively expanding themselves."

According to Querubin, the communist underground movement has divided the urban party committee into three operational districts in Metro Cebu.

The bases, he said, are Mandaue City for the north, Talisay Town for the south and Guadalupe District in Cebu City for the central district.

"The local underground movement is not engaged in countryside insurgency, but is concentrating in urban insurgency as proven by their activities which are concentrated in the urban areas of Metro Cebu," Querubin said.

He attributed the success of the underground movement to the government's policy of reconciliation which he said has made tactical operations difficult.

He said insurgency did not prosper before in the Cebu hinterlands because it was checked by a military presence.

In the region, he said that Negros Oriental is the most insurgency-affected province, followed by Bohol and Cebu.

"To counter this threat, the military is intensifying intelligence data gathering before launching security operations," Querubin said.

He said operations have been launched to dismantle the underground apparatus, following the capture of 14 suspected rebel members in a series of raids since Tuesday afternoon.

### Suspected Female Leader Captured

HK180621 Quezon City DZFM Radio in English 0400 GMT 18 Jul 86

[Text] A suspected amazon, said to be a top leader of the communist dissident movement in the central Philippine island of Cebu, was captured this week by the military. Lieutenant Colonel Rodolfo Garcia, Cebu constabulary commander, identified the suspected woman dissident leader as (Nerlinda Ababon Romeo) with aliases Vi, Linda, Jovito, Meng.

According to the military, she was positively identified by a self-confessed sparrow unit leader who was earlier captured by military operatives. The woman dissident suspect was reportedly linked to a number of killings of policemen and civilians in southern Cebu.

PHILIPPINES

CPP ALLEGEDLY INFILTRATING GOVERNMENT AGENCIES

HK150441 Manila THE MANILA EVENING POST in English 11 Jul 86 pp 1, 3

[By Ed Malay]

[Text] The Communist Party of the Philippines (CPP), through its various political groups, has been exerting pressure on leftist sympathizers in the Aquino government to replace the heads of at least three government entities tagged primary targets of communist infiltration.

Sources said the leftist sympathizers holding top positions in the government have been exerting pressure on the Aquino government to replace Edgardo Angara as president of the University of the Philippines (UP), Herminio Aquino as officer-in-charge of the Ministry of Human Settlements (MHS), and Local Government Minister Aquilino Pimentel, Jr.

The takeover of these government entities by personages with leftist leanings will complete the political plan of the CPP, the sources said.

The communist movement, sources said, revised its program of activities during its last plenary session to expand its political activities instead of an armed struggle.

The plan calls for the infiltration of sensitive positions in the government which will enable the communist movement to launch its political propaganda.

Sources said UP, the MHS, and the Ministry of Local Governments (MLG) are three establishments which the communist movement plans to use to propagate its cause since the functions of these entities can bring the underground movement in close contact with the masses.

The Human Settlements Ministry has 18 attached agencies under its umbrella involved in housing, community development, livelihood and social services.

The MLG can enhance the political propaganda machine of the communist movement if it succeeds in having one of its sympathizers appointed to replace Pimentel.

UP can easily become the training ground for future communist leaders.

The recent rally calling for the ouster of Angara as UP president, sources said, is part of the communist plot.

Angara has been blocking efforts of the communist movement to influence the university's student population, educators said.

Many appointees as officers-in-charge (OICs) of municipalities and provinces, sources pointed out, are known leftist sympathizers, but the CPP, they added, wants to effect total control of the local government machinery so that it can freely appoint its members to expand its political influence.

Leftist sympathizers in the Aquino government, sources disclosed, have prepared a government reorganization plan to be presented to Aquino for approval.

The plan includes the retention of the Human Settlements Ministry and the appointment of a permanent minister instead of a mere OIC.

The CPP, said the sources, succeeded in putting sympathizers in at least four sensitive government agencies, which give the underground movement access to various levels within the government such as the Office of the President, the labor sector, the rural banking sector, and the agrarian reform sector.

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CSO: 4200/1250

PHILIPPINES

CONSTABULARY PATROL CAPTURES NPA COMMANDER IN BATAAN

HK150311 Manila THE NEWS HERALD in English 13 Jul 86 p 3

[By Raffy Viray]

[Text] Orani, Bataan--A top ranking commander of the New People's Army sparrow unit in Central Luzon operation in Bataan was captured by a constabulary patrol team yesterday morning in Barangay Mulawin.

Col Cecilio Penilla, provincial PC [Philippine Constabulary] commander and deputy commander of Task Force Samat, identified the rebel leader as Alexander Glemao, 24, married, alias Ka [Comrade] Jess and Ka Juliet, of Barangay Sto. Rosario.

The suspected NPA commander, a college graduate of Adamson University in Manila, had actively participated in several anti-imperialist rallies in the past before he joined the subversive movement in 1982.

Penilla said a patrol team composed of Task Force Samat soldiers surprised the rebel inside his mother-in-law's two story house in Barangay Mulawin at 1:45 a.m.

When Glemao sensed that the government troopers were approaching, he tried to hide.

The suspect, considered the second ranking NPA leader in Bataan next to Crisostomo Ibarra alias Ka Siete, was recuperating from a gunshot wound in the left arm suffered in an encounter with Civilian Home Defense Forces near a fishpond located near Sitio Batang Dos Barangay Malusak, Lubao, Pampanga last 14 June.

Penilla said the suspected commander was allegedly involved in a series of unsolved killings of military men, government informers and civilians in the province last year.

The suspect will be charged with multiple murder and frustrated murder and other crimes allegedly perpetrated by his group before the provincial fiscal's office on Monday.

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CSO: 4200/1250

MILITARY, NPA SHAPE UP FOR MINDANAO BATTLE

HK150209 Manila Far East Broadcasting Company in English 2300 GMT 14 Jul 86

[Text] A big battle between government troops and NPA rebels is shaping up in the mountain ranges of Diwata and Carmel in Agusan del Sur. Soldiers of the 8th Infantry Battalion, under Colonel Samuel (Agdao), have ringed the two areas and sealed all possible escape routes of more than 300 NPA rebels led by Lorna (Solarte), alias Commander Yayang; Samuel Ortiz, alias Commander Solo; and a certain Commander (Mar). Earlier Commander (Mar's) group of rebels encountered troops of the 8th Infantry Battalion in two days of fighting which started Friday in Prosperidad, Agusan del Sur.

Elsewhere in the country, 26 NPA rebels and three civilians were reported killed in separate encounters between rebels and government troops last Sunday. The clashes occurred in Aparri, Agusan del Sur, Surigao del Sur and South Cotabato. The south Cotabato clash in (Anogas Alabil) resulted in 17 rebels killed.

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CSO: 4200/1250

NDF CLAIMS MILITARY MEANS TO STOP PEACE EFFORTS

HK190514 Manila THE PHILIPPINE DAILY INQUIRER in English 18 Jul 86 p 7

[Text] The Lanao National Democratic Front (Lanao-NDF) claimed that the recent military offensive in NPA [New People's Army]-controlled areas in Lanao del Norte and Iligan City was meant to sabotage the Aquino government's peace efforts.

In a press statement, the group singled out the 40th Army Infantry Battalion [IB] and the PC [Police Constabulary] metropolitan district command for having stepped up counter-insurgency operations in areas in Iligan City and Lanao del Norte which are supposedly under the jurisdiction of the Lanao-NDF, Communist Party of the Philippines (CPP) and the New People's Army (NPA).

The group cited that from 23 May to 26 June, the military launched three attacks on these areas. The ambush in Upper Balagatas, Maigo, Lanao del Norte, by the 40th IB battalion resulted in the death of an NPA guerrilla and the wounding of another. But the toll on the government side was heavier: seven soldiers dead and several others wounded.

On 22 June, the 40th IB and armed cultists raided an NPA training camp in Barangay Maliwanag, also in Maigo. The Lanao-NDF reported six soldiers and two fanatics killed, but "not a scratch was inflicted on the newly-trained NPA fighters."

In this second attack, the NDF also identified a certain Captain Martir as the leader of an assault team whose members later vented their ire on civilians. They reportedly burned 10 houses and looted farm animals along the way.

The third military attack reportedly happened on 26 June when a special Metrodiscom unit and intelligence operatives raided a rebel hideout in Barangay Tibanga, Iligan City, killing three NPA's.

Noting that these military attacks came during ceasefire negotiations between the Aquino government and the outlawed National Democratic Front, the Lanao-NDF said these might signal the AFP's [Armed Forces of the Philippines] "open declaration of war."

"We would gladly take up the challenge if only to defend our national democratic forces and the gains of our revolution," the statement read, adding that at present, though, it was maintaining its "active defense policy against local military units."

ARMY BATTALION TRANSFERRED TO MARAWI CITY

HK211051 Manila THE MANILA CHRONICLE in English 19 Jul 86 p 1

[Text] An army battalion has been transferred to Marawi City, where 12 members of the religious community have been kidnapped, military sources said yesterday.

No reasons were given for the transfer, however.

The 24th Army Battalion, composed of some 1,000 men, was moved last Thursday from Jolo, where it had been based in recent years.

The transfer occurred at the height of negotiations for the release of a Protestant missionary Brian Lawrence and followed the release of 10 Carmelite sisters.

It also came two days after President Aquino, reacting to the two kidnapping incidents last week, ordered the military to "act decisively and end once and for all" the problem of "warlordism and banditry" in Lanao del Sur.

One possible reason for the troop transfer was that the military command in Mindanao felt it needed reinforcements in case an assault was needed against the captors of Laurence. [The missionary was released yesterday.]

There are two other reasons:

1. The military could be implementing President Aquino's order to eliminate the warlords.
2. It could be linked to the administrative strategy of Gen Fidel V. Ramos, AFP [Armed Forces of the Philippines] chief of staff, to "rationalize" troop deployment.

Ramos had said that one of the problems he inherited from deposed military chief, Gen Fabian Ver, was the haphazard deployment of troops.

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PHILIPPINES

NDF COMMANDER SHOT DEAD IN ILOILO CITY

HK211049 Manila PHILIPPINE DAILY INQUIRER in English 19 Jul 86 p 12

[By Vic Aguisanda]

[Text] Iloilo City--A top commander of the National Democratic Front (NDF) in Panay was shot dead in front of St Paul College at Gen Luna Street here the other day.

Killed was Jose Estocada Jr, alias Ka [Commander] Vencer and Quintin Magbanua, secretary of District III of the NDF-Panay. At one time, he also carried the name of Antonio P. Tullo, a resident of Rizal Street, Iloilo City.

The victim, who carried a P30,000 price on his head, was shot thrice by unidentified assailants.

Estocada was taken to the St Paul's Hospital beside the school, but he was pronounced dead on arrival.

Estocada was involved in the liquidation in October 1982 of Jose Gemino, a barangay captain of Roxas, Tapaz, Capiz.

The adopted son of Jose Estocada Sr, of Dumarao, Capiz, he used to be a scholar in geodetic engineering at the University of the Philippines in Diliman, Quezon City.

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CSO: 4200/1250

MILITIA RETAKE MNLF-HELD MINDANAO VILLAGE

HK220604 Manila THE NEWS HERALD in English 20 Jul 86 p 11

[Text] Cotabato City--Some 50 militiamen have retaken a village seized by armed Muslim terrorists in Sultan sa Barongis, Maguindanao, the Central Mindanao Regional Unified Command said.

The command said elements of the secessionist Moro National Liberation Front swooped down on Baranggay Kolambog in a dawn offensive last week and terrorized the residents.

Numbering about 50 and led by Commanders Sepak Mamendeg and Beta Ebzela, the rebels also forced residents to hand in their cash, personal properties and foodstuff. The rebels also tried to convert the baranggay into a base.

A resident was able to elude the rebels and reported the matter to a nearby para-military unit detachment.

Amassing all his men, militia commander Dangato Salik of Baranggay Dunguan led the attacks on the distressed baranggay and engaged the rebels in a 50-minute firefight.

The rebels, afraid of more reinforcement, fled towards Sitio Dunsalan bringing along their dead and wounded.

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CSO: 4200/1250

PHILIPPINES

TROOPS BOMBARD ANTI-COMMUNIST STRONGHOLD IN BID TO ARREST 9

HK211347 Hong Kong AFP in English 1332 GMT 21 Jul 86

[Text] Cagayan de Oro, Philippines, 21 Jul (AFP)--Paramilitary troops bombarded an anti-communist cult stronghold Monday, as they prepared to arrest nine members of the religious group, the military said here.

At least three mortar rounds hit the stronghold near Gingoog City on Mindanao Island and troops later saw several members of the Sagrado Corazon Senor cult fleeing the area, constabulary chief Colonel Jesus Hermosa told AGENCE FRANCE-PRESSE.

The military ~~ordered~~ an offensive against some 100 members of the cult, also known as the Tadtad, after the failure of negotiations for the surrender of two leaders charged with murder and seven followers charged with other crimes.

Col Hermosa said that he expected the offensive to end soon because the two leaders, Felipe Galarion and his brother Dominador, would "either stand up and fight or surrender."

The Tadtads derive their nickname from their practice of cutting up their victims' bodies with machines. "Tadtad" means "to cut into small pieces."

The Tadtads, who believe they are mystically invincible, are armed with Armalite rifles, Thompson submachineguns, World War II vintage rifles and crude shotguns, the military said.

The religious cult is one of more than a dozen such armed groups in the strife-torn southern island of Mindanao that battle with the communist New People's Army (NPA) guerrillas and their sympathizers.

Three troops and seven Tadtads were killed in clashes last month before the military authorities called off their offensive to allow a former mayor to negotiate for their surrender.

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CSO: 4200/1250

SCOUT RANGERS RAID DAVAO DEL NORTE REBEL CAMP

HK230435 Manila MANILA BULLETIN in English 22 Jul 86 pp 1, 8

[By Ped Valasco]

[Text] Maco, Davao del Norte--Twenty New People's Army (NPA) rebels were killed and several others were wounded Saturday, when Scout Ranger troopers raided a rebel camp in Sitio Tagmiarok, Barangay Sangab, this town.

In a report to Col Marcelo Blando, commander of the First Scout Ranger regiment, Capt Abraham Puruganan commanding officer of the 7th Ranger Co, said that the rebels numbering about 50 were about to take lunch when the government forces swooped down on the NPA camp.

Puruganan, who led the raid, said that the surprised rebels, led by a certain Kumander Nestor, put up a fight during the two-hour battle.

He said the bodies of 18 rebels were found in the camp after the gun battle. Two other bodies were found later near the camp by members of a reenforcement team jointly led by Captains Rogelio Bonifacio and Herbert Avinante.

A militiaman and a civilian guide were also wounded in the clash. The militiamen, Rufino Frias, and the guide, Nicanor Leon, were taken to a hospital in Davao City.

Seized from the rebel camp were five Armalite rifles, six Garand rifles, one M-14 rifle, one carbine rifle, one air rifle, a radio transceiver, a communist flag, thousands of ammunitions, assorted medicine, personal belongings, several sacks of rice, grocery goods and kitchen utensils.

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CSO: 4200/1250

BRIEFS

BISHOPS CONFERENCE DELEGATES--President Aquino yesterday gave the assurance that her government is taking steps to resolve the problems involving labor strikes in various business establishments and the complaints concerning the designation of officers in charge [OIC's] of various local government units. The president made the assurance during a meeting with the administrative council of the Catholic Bishops Conference of the Philippines led by Cebu Cardinal Ricardo Vidal at Malacanang. The bishops presented to President Aquino the viewpoint they have gathered at their semi-annual meeting which included the OIC's strike problem, and population control. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 22 Jul 86 HK] /9274

AQUINO TO VISIT JAPAN--President Aquino signified her intention to visit Japan by the end of the year or by early 1987. She expressed this intention before a young group of some 100 young Japanese ladies who are in the country as part of the campaign of the Ministry of Tourism to promote wholesome tours for the Philippines' neighboring countries. The project is sponsored by Philippine and Japanese companies, notably the Philippine Airlines and Japan Air Lines. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 22 Jul 86 HK] /9274

REPLACEMENT OF NEW OFFICIALS--Local government Minister [name indistinct] Pimentel said more newly appointed officers in charge [OIC's], governors, and municipal or city mayors are to be ousted and replaced due to serious complaints or charges against them. He told newsmen that the purge of the OIC's has begun with the ouster and replacement of former member of parliament Jolly Fernandez, who was OIC governor of Masbate. Pimentel said there are compelling reasons that led to Fernandez' ouster such as an NBI [National Bureau of Investigation] report indicating his unseemingly action and activities, notably his mauling of a local newspaperman and an OIC mayor of a Masbate town. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 23 Jul 86 HK] /9274

22 REBELS KILLED--Government forces stepped up their counteroffensive over the weekend, killing 22 rebels in two separate clashes in Davao del Norte and Quezon. Armed Forces Chief General Fidel Ramos said army rangers raided last Saturday a camp of New People's Army in Barangay Sangab, Tagmano, Maco, Davao del Norte, killing 18 of the rebels in a 2 and 1/2 hour gun battle. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 21 Jul 86 HK] /9274

18 NPA GUERRILLAS KILLED--Manila, 21 Jul (AFP)--Troops killed 18 communist guerrillas after stumbling upon their camp in a village in the southern Philippines, military spokesmen said here Monday. The rangers were tracking a 30-strong New People's Army (NPA) group on Saturday near the town of Maco on Mindanao Island south of here when they chanced upon the NPA camp, triggering off a two-and-a-half gun battle, the spokesmen said. The rangers had been on a test mission to qualify for graduation from the army ranger course when they encountered the NPA group, the PHILIPPINE NEWS AGENCY (PNA) reported. The guerrillas suffered 18 casualties and retreated under heavy fire, leaving behind firearms, ammunition, documents and other supplies, the military sources said. They added that two rangers and some guerrillas were wounded in the raid but it was not known how many because the rebels carried away their wounded. Another group of rangers on a test mission killed four NPA guerrillas in a clash on Friday in San Isidro village, 150 kilometres southeast of Manila in Quezon Province, PNA reported Monday. [Text] [Hong Kong AFP in English 1222 GMT 21 Jul 86 HK] /9274

FRG AID TO REBUILD RADIO VERITAS--Vice President and Foreign Minister Salvador H. Laurel was assured of German assistance for Radio Veritas by Minister Jurgen Warnke during his visit to the Federal Republic of Germany. Warnke, who is the minister for economic cooperation, said 6 million deutschmarks (approximately 55 million pesos) would be made available for the rehabilitation of the transmitter of the station which has been damaged in February this year. This commitment fulfills the pledge given by German Foreign Minister Hans-Dietrich Genscher during his visit to the Philippines earlier this year. [Text] [Manila MANILA BULLETIN in English 21 Jul 86 p 17 HK] /9274

CSO: 4200/1250

THAILAND

STATEMENT ON DETENTION OF SRV DIPLOMAT'S WIFE

BK181126 Bangkok Voice of Free Asia in Thai 1030 GMT 18 Jul 86

[Text] The following is the statement issued by the Foreign Ministry on the arrest of a Vietnamese national:

At 1430 on 16 July, Tran Quang Co, Vietnamese ambassador to Thailand, called on the director general of the Political Department to inquire about the appeal made by the Vietnamese Embassy for the release of a person who was claimed by the embassy to be one of its officials being detained by Thai authorities in Yasothon Province since 8 July 1986 on a charge of being a Vietnamese refugee traveling outside the restricted area without an official permit.

The Foreign Ministry informed the Vietnamese ambassador that the diplomatic status of the said person, Mrs Nguyen Thi Tuat, lapsed after her husband, Do Cam Toung, completed his tour of duty at the Vietnamese Embassy and returned to Vietnam on 17 January 1986. Mrs Tuat violated immigration law by overstaying the period permitted.

The incident occurred because the Vietnamese Embassy failed to comply with the regulations set by the Thai Government which require the embassy to notify the Foreign Ministry at least 3 days in advance of any trip outside the metropolitan area by its officials for their own safety. The Vietnamese ambassador himself promised the Foreign Ministry that this regulation would be observed. The Thai side is suspicious about the trip to Yasothon Province by the person concerned because the Foreign Ministry was not informed about it.

The Foreign Ministry, through the director general of the Political Department, protested to the Vietnamese side over this incident on 10 July 1986. However, the official letter from the Vietnamese Embassy asking for the release of the person so that she can return to Vietnam within 7 days has been considered on the basis of good diplomatic relations between Thailand and Vietnam. The Foreign Ministry has informed the Vietnamese ambassador that the appeal letter has been duly considered and the Foreign Ministry has contacted the government agencies concerned to secure her release.

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CSO: 4207/283

THAILAND

ARMY ON SITUATION IN SOUTH, ON CAMBODIAN BORDER

BK201214 Bangkok First Army Division Radio in Thai 2300 GMT 18 Jul 86

[From "Army Meets the People" program]

[Text] The Army Operation Center's information service has reported on the situation in the country during the period 9-15 July. There were no communist terrorist activities. However, authorities seized weapons and explosives during missions to search for arms caches of communist terrorists in the areas under the jurisdiction of the 2d and 3d Army regions.

Bandit terrorists caused two land mine explosions in Narathiwat Province, resulting in two villagers being wounded. Malayan communist terrorists opened fire in ambushes and harassment of officials on three occasions in Songkhla Province. A vehicle of a road construction unit hit a land mine, resulting in three policemen being wounded. Authorities seized a deserted camp in Yala Province with seven landmines. Five Malayan communist terrorists surrendered to authorities in Yala Province.

On the Cambodian border, Vietnam continued moving weapons to reinforce its units and rotated and reinforced forces at some areas opposite Ban Kruat District of Buriram Province and Kap Choeng District of Surin Province. Vietnam moved forces to intercept and pressure CGDK forces at those areas. In the interior, Vietnam rotated about 200 to 600 fresh troops into Poipet District of Battambang Province. There were clashes between the two sides at areas opposite Khlong Hat subdistrict of Prachin Buri Province. Some shells landed in Thailand, prompting retaliation that forced Vietnam to cease firing. The Vietnamese shelling damaged five houses and wounded two Thai villagers.

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CSO: 4207/283

THAILAND

WEEKLY MILITARY REPORT ON LAO BORDER SITUATION

BK210920 Bangkok Domestic Service in Thai 0530 GMT 21 Jul 86

[Text] The report on the situation along the Thai-Lao border from the Supreme Command Information Office revealed that during the past week the Lao Government set up a working team to survey unused land in the southern provinces of Champassak, Saravane, Attapeu, and Sekong because Vietnam has a plan to send Vietnamese nationals to resettle in Laos, particularly in the areas of Mounlapamok, Soukouma, Kong Townships of Champassak Province. Lao authorities in Pak Kading Town of Bolikhamsai Province met and laid down security measures to keep their areas safe from Lao resistance forces.

Lao soldiers from Sayaboury Province were sent to reinforce military posts at (Dokket), (Louang) Villages and at (Hong Keo) Camp in Mouang Ngeun Township as they are planning to sneak into Thai territory to lay down landmines and attack Thai Government vehicles on the road between Nam Liang and Huai Kron Villages in Thung Chang District of Nan Province. Moreover, weapons and war equipment have been sent to Lao military bases near the Thai border opposite Pua District, Nan Province. It is expected that the Lao soldiers are going to launch a more violent suppression drive against resistance groups in the area.

During the period under review, five Thai fishermen were arrested by Lao soldiers while fishing in the Mekong River in Thai Phanom District of Nakhon Phanom. The five Thai villagers were later released after their relatives paid ransom.

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CSO: 4207/283

THAILAND

MILITARY STAFF SCHOOLS HOLD JOINT EXERCISE

BK221005 Bangkok Domestic Service in Thai 0000 GMT 22 Jul 86

[Text] The staff schools of the three branches of the Armed Forces will conduct a joint exercise, codenamed "Bodin," from now until 25 July in the eastern and northeastern provinces. Major General Somkhit Charoenkham, commander of the Army Staff School, says:

[Begin Somkhit recording] The Army Staff School, the Navy Staff School, and the Air Force Staff School will hold an annual joint national defense exercise--Exercise "Bodin"--to honor the first and only Thai commander who, 153 years ago, led Thai soldiers to fight and defeat the Vietnamese in Vietnam. The exercise will cover Chon Buri, Rayong, Chanthaburi, Trat, and Prachin Buri Provinces in the east and Nakhon Ratchasima, Buriram, Surin, Sisaket, and Ubon Ratchathani in the northeast--a total of 10 provinces. The main purpose of the exercise is to train and give experience to officer candidates, volunteer defense corp officer candidates, and police officer candidates in the control and conduct of self-defense battles and developing national defense systems.

The provincial administrations of the 10 provinces were supposed to join the exercise but could not because of election preparation tasks. They will join the exercise next year. [end recording]

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CSO: 4207/283

NO END SEEN TO CAMBODIAN PROBLEM

BK101042 Bangkok THAI RAT in Thai 9 Jul 86 p 3

[Editorial: "The Border Situation"]

[Text] According to an official report on the current situation along the Thai-Cambodian border, Vietnamese soldiers in Cambodia fired 152-mm artillery shells into Thai territory last week. This is the first time that artillery pieces of such a large caliber have been used in there. This type of artillery is capable of launching nuclear bombs.

The situation along the Thai-Cambodian border remained unchanged as no sign of improvement in Cambodia could be detected. Thailand's diplomatic endeavor to encourage Vietnam to withdraw its troops from Cambodia during the past several years has failed to produce any result. Worse still, the use of dangerous weapons and the flow of weapons and war equipment into Cambodia indicate that the super-power--the Soviet Union--will continue to support the Vietnamese military presence in that country.

The use of such dangerous weapons in the undeclared war in Cambodia as revealed by the military source has proved that more violent methods and military tactics will be used to force the extinction of the Cambodian race.

Many thousand of Cambodian refugees are now stranded in Thailand. These people have lost their freedom and homeland and are suffering untold hardships and difficulties caused by the Vietnamese aggression against their weak nation. As the Cambodian conflict remains unsettled, the superpower who supports the aggression against Cambodia intends to expand its influence over this region.

The magnitude of the violent situation along the Thai-Cambodian border and the use of dangerous weapons in Cambodia will have an effect on Thailand. The aggressors will never take any responsibility for what they have done. The problem is that if Thailand decides to retaliate, it will face international conflict that could lead to an increase in both military and civilian expenditures as the conflict drags on.

The three Cambodian factions have not yet come up with any joint effort to restore peace in their country. They cannot get along well and still have conflicts among themselves. More lives and property of Cambodian civilians will continue to be sacrificed if tension is not eased.

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CSO: 4207/283

## THAILAND

### BRIEFS

TRADE WITH CHINA--During the first 4 months of this year two-way trade between China and Thailand amounted to 1.84 billion baht according to the office of the Thai trade adviser in Beijing. Imports from China totaled 608 million baht, while imports from Thailand totaled 1,222 million baht, resulting in about a 624 million baht trade surplus for Thailand [figures as heard]. Thai imports from China included soybean residue, chemical products, cotton, medicines, raw silk, and oil. Thai exports to China included rice, corn, natural rubber, raw sugar, and synthetic year. [Summary] [Bangkok Voice of Free Asia in Thai 1030 GMT 11 Jul 86 BK] /6662

OUTGOING FOREIGN AMBASSADORS --Prime Minister General Prem Tinsulanon today [8 July] received outgoing Indian Ambassador Arjun G. Asarani and outgoing Bulgarian Ambassador Bogdan Borisov Aleksiev at Government House. [Summary] [Bangkok Television Service in Thai 1300 GMT 8 Jul 86 BK] /6662

OUTGOING ITALIAN AMBASSADOR--His Royal Highness the Crown Prince today [4 July] granted an audience with (Francesco Guariglia), outgoing Italian ambassador to Thailand, at the Royal Guard Division Headquarters. [Excerpt] [Bangkok Domestic Service in Thai 1300 GMT 4 Jul 86 BK] /6662

EC FISHERY AID--The European Community office in Bangkok announced that the European Community has agreed to provide about 150 million baht to finance the marine animal raising development projects in the five ASEAN members countries namely Indonesia, the Philippines, Singapore, and Thailand for a period of 5 years from 1987. [Excerpt] [Bangkok Voice of Free Asia in Thai 1030 GMT 7 Jul 86 BK] /6662

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