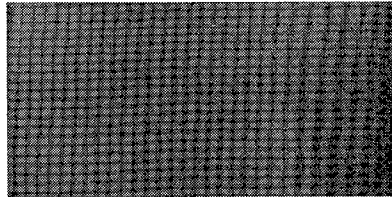
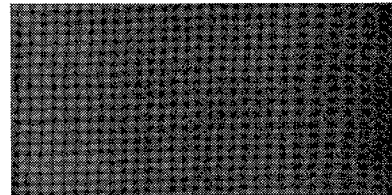
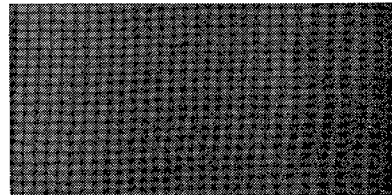


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14 November 1978



ASIA



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BURMA, JAPAN EXCHANGE NOTES ON GRANT AID

Rangoon THE WORKING PEOPLE'S DAILY in English 18 Oct 78 p 1

[Text]

RANGOON, 17 Oct— Dr Maung Maung Aye, Deputy Minister, Ministry of Education, and Mr Kazuhide Komuro, Ambassador Extraordinary and Plenipotentiary of Japan, have, today exchanged Notes concerning a Grant Aid up to six hundred million yen which will be provided in the fiscal year ending March 31, 1979 by the Government of Japan to the Government of the 'Socialist Republic of the Union of Burma, for the purchase of woven fabrics from Japan and services for the purpose of contributing to the execution of the Project for the Free Distribution of Uniforms for Primary School Children.

The notes were exchanged at a ceremony held in the Office of the

Deputy Minister for Education.

The Deputy Minister for Foreign Affairs U Tin Ohn, Director-General of the Department of Higher Education U San Tha Aung, Director-General of the Technical, Agricultural, and Vocational Education Department U Khin Maung, Director-General of the Department of Basic Education U Than U, Director of the Department of Higher Education U Thet Tun, Deputy Director of the Foreign Economic Relations Department U Aung Pe, First Secretary (Information and Culture) of the Japanese Embassy Mr Hirayoshi Sakuma and First Secretary (Commerce) Mr Yutaka Yamada were present on the occasion.—NAB

CSO: 4220

MALAYSIA GETS JAPANESE LOAN FOR POWER PROJECT

Kuala Lumpur BUSINESS TIMES in English 2 Sep 78 p 1

[Text]

MALAYSIAN Ambassador Lim Taik Choon today signed here a US\$52 million project loan agreement with Japan's Overseas Economic Cooperation Fund (OECF) authorities within the Japanese Foreign Ministry.

The 10 billion yen loan is to finance two specific projects under the fourth yen credit agreement signed on May 24 this year.

The two projects, both in the field of power, are: three gas turbines for three power different power plants at Port Dickson, Klang and Kuantan; and a power station at Pasir Gudang in Johore.

Signing the protocol, Ambassador Lim remarked by these projects the Japanese were taking part in both social and economic development of Malaysia.

The projects, he noted, would not only contribute to economic development but being in the rural areas they would also enhance social progress.

OECF president Kaneko Ishihara signed the documents for Japan.

Three turbines under the first project will cost three billion yen and the power plant seven billion yen. The two project loans, repayable in 18 years from 1985 when the first annual repayment falls due, carry a four per cent interest.

The turbines are for immediate installation. In fact, they have already been shipped to the sites where they will be installed.

The protocol signed today formally establishes the credit needed to fund the projects.

INTER-ASIAN AFFAIRS

BRIEFS

JAPANESE LOAN TO BURMA--Tokyo 21 Oct KYODO--Japan will extend a yen 13.5 billion dollar 73 million loan to Burma to help finance its industrial development projects, according to the government. The government said notes on the loan were exchanged in Rangoon Friday. With the loan, Burma will purchase machinery and parts for light and heavy vehicles and agricultural machinery projects and for the expansion of an oil refinery. The untied [as received] loan will be provided through the overseas economic cooperation fund. It is repayable in 30 years including a grace of 10 years. It brought the total sum of loans extended by Japan to Burma to yen 108.7 billion. [Text] [Tokyo KYODO in English 21 Oct 78]

CSO: 4220

BANGLADESH

BANGLADESH, ROMANIA SIGN BARTER TRADE PROTOCOL

Dacca Domestic Service in English 1530 GMT 30 Oct 78 BK

[Text] Bangladesh and Romania have agreed to exchange goods worth \$7.5 million each way during the current financial year, under the fifth barter protocol signed in Dacca today.

The projected turnover of the current protocol represents an increase of \$1.8 million over that of the previous one. Under the new protocol, Bangladesh will export to Romania raw jute, jute products, tanned and semi-tanned leather, loose and packed tea, newsprint, writing and printing paper, cottage industry products, timber, tobacco and drugs and medicine.

A list of Bangladesh imports include mineral oil, soda ash, fertilizers, ball bearings, diesel engines, spare parts for ambulances, tools and workshop equipment and trucks. The fifth barter protocol was signed by the commerce secretary, Mr Matiur Rahman and the visiting Romanian deputy foreign trade and international economic cooperation minister, [name indistinct].

Earlier the Romanian deputy minister called on the commerce minister, Mr Saifur Rahman. During the meeting Mr Saifur Rahman said since President Ziaur Rahman's tour of Romania the two countries have come still closer together, and the bilateral relations between them, particularly in the economic and commercial fields, have started showing further improvement.

Reciprocating the theme, the Romanian minister said his country is more keen to promote economic and commercial relations with Bangladesh [words indistinct].

CSO; 4220

BURMA

SUGAR CANE CROP EXPECTED TO TOP 2.1 MILLION TONS

Rangoon THE WORKING PEOPLE'S DAILY in English 12 Oct 78 p 1

[Text] Rangoon, 8 Oct--Sugar cane cultivation in the various states and divisions has been extended from 137,970 acres in 1977-1978 to 146,284 acres this season.

As a result of the extended cultivation, the sugar cane output this year is expected to exceed that of the previous year by 400,000 tons bringing the total output to 2.1 million tons.

Farmers in various parts of the country put 137,970 acres under the cane in 1977-1978.

This year sugar cane cultivators extended the acreage to 146,284 and as a result of the concerted efforts and favourable weather conditions, it is estimated that the sugar cane output this year will be more than 2.1 million tons.

Most of the sugar cane is grown in Mandalay Division and Mon and Karen states.--(217)

CSO: 4220

CAMBODIA

CONGRATULATORY MESSAGES RECEIVED ON 18TH ANNIVERSARY OF KCP'S FOUNDING

From Dominican Movement

Phnom Penh Domestic Service in Cambodian 2300 GMT 18 Oct 78 BK

[Text] The Political Committee of the National Leading Committee of the Red Line and 14th of June Revolutionary Movement of the Dominican Republic has sent a congratulatory message to the KCP Central Committee.

"We extend to you our most ardent congratulations on the occasion of the 18th anniversary of the founding of the KCP. The birth of the KCP on 30 September 1960 constitutes a great victory of the working class and people of Kampuchea.

"Since its founding the KCP has adopted a correct policy line, strengthened bonds with the masses, mobilized into a unified front all forces that could be mobilized, and waged a people's war from start to finish by blending the universal truth of Marxism-Leninism and Mao Tse-tung Thought with the concrete conditions of the Kampuchean revolution.

"The great victory of the liberation war against the U.S. imperialist war of aggression has allowed the Kampuchean people to enthusiastically pursue socialist revolution and socialist construction under the leadership of their glorious vanguard--namely, the KCP, with esteemed and beloved Comrade Pol Pot as the great leader."

The congratulatory message goes on to say: "The victories achieved by the Kampuchean people in this new period clearly show that the KCP embodies a correct line and policy. All of these victories of the Kampuchean people have enhanced the revolutionary struggle of the proletariat and oppressed people in the world.

"We resolutely stand on the side of the Kampuchean communists and Kampuchean people in their just struggle to safeguard independence, sovereignty and

territorial integrity and we vehemently condemn the crimes of aggression and subversion that Vietnam has committed and is continuing to commit against Democratic Kampuchea at the instigation of the Soviet social imperialists."

The message stresses: "We are confident that in our common struggle against the hegemonism of the two superpowers and their preparations for a war of aggression the bonds of unity and friendship between our two parties and peoples will strengthen and develop on the firm basis of Marxism-Leninism, Mao Tse-tung Thought and proletarian internationalism."

The congratulatory message from the Dominican comrades concludes as follows:

"Long live the 18th anniversary of the KCP! Long live esteemed and beloved Comrade Pol Pot! Long live the friendship and unity between the Kampuchean and Dominican communists and peoples!

"Please accept our communist salutations.

[Signed] "The Political Committee of the National Leading Committee of the Red Line and 14th of June Revolutionary Movement of the Dominican Republic."

From Italian Association

Phnom Penh Domestic Service in Cambodian 2300 GMT 19 Oct 78 BK

[27 September greetings message from (Sarino Marinelis), secretary of the Italy-Democratic Kampuchea Friendship Association, to Pol Pot on the 18th anniversary of the founding of the KCP]

[Text] In the name of the Italy-Democratic Kampuchea Friendship Association, I would like to extend to you and to the KCP Central Committee best wishes on the occasion of the 18th anniversary of the founding of the KCP.

The KCP was a decisive force in the victory of the national liberation struggle and is playing the same role in Kampuchea's efforts to successfully defend and preserve national independence against the aggression of the Soviet superpower and Vietnam, which nurture expansionist, hegemonist ambitions on the Indochinese Peninsula. The KCP is also a decisive force for building the country, which has suffered from the abominable and gross acts perpetrated by Vietnam. In this connection, the KCP has basically achieved the goal of increasing production and improving the people's livelihood. It is now preparing conditions for greater victories in this regard.

The struggle of the Kampuchean people under the leadership of the KCP enjoys the support and sympathy of the Italian people, while the slanderous propaganda spread in Italy in service of hegemonism has been totally ineffective.

Our association's desire to strengthen the bond of friendship and to strengthen and expand understanding between our two countries, which cherish peace and independence, has won increasing support from workers, peasants, youths, intellectuals and political, democratic and progressive figures.

The Italy-Democratic Kampuchea Friendship Association would once again like to extend warmest congratulations and best wishes to the KCP.

Long live Italy-Democratic Kampuchea Friendship!

Long live the struggle of the Kampuchean people and the KCP against the Soviet-supported and Soviet-supervised Vietnamese aggressive and expansionist acts!

Rome, 27 September 1978

[Signed] (Sarino Marinelis), secretary of the Italy-Democratic Kampuchea Friendship Association.

CSO: 4212

CAMBODIA

MAOIST ORGAN PRINTS VIEWS OF SWEDISH SOCIETY REPORTER IN CAMBODIA

Stockholm GNISTAN in Swedish 29 Sep-5 Oct 78 p 9

[Article by Gunnar Bergstrom: "First Swedish Journalists in Liberated Cambodia; Cambodia Starts From the Beginning"]

[Text] At the market square in Kompong Cham the farmers point to the bombed-out buildings.

"Amerik," they say. Then they make a gesture to show how they drove out the Americans.

We are sitting in the corn field and the farmers are speaking of rebuilding their land and I'm trying to explain where Sweden is situated. It is peaceful.

At the same time, far away in the United States, Senator George McGovern advocates an invasion of the country. Radio Hanoi calls on the soldiers of Cambodia to turn their arms against their leaders. And in Moscow there are strong attacks on Cambodia in the radio broadcasts.

Moscow and Washington are furious because the Cambodians are building up their country without foreign interference. Hanoi tries to depict Cambodia as one of the truly great dangers of the world because Cambodia is opposed to Vietnam's big brother relationship with the countries in what was formerly called Indochina.

But here in the Cambodia in which we are travelling there are no signs of the massacres, the oppression and suffering which newspapers all over the world are telling of.

In Cambodia one sees instead the enthusiasm which is typical of a young revolutionary state, for example the youth brigades, the will to try new things, the talk about the new human being.

Many Children

There are many children in Cambodia. It is one of the world's youngest nations. And it will become younger; the goal is to nearly double the population in 10 years.

But most of the schools we see in the countryside don't even have a building. The lessons must be held under the houses on stilts or outside in the open air. There are schoolbooks, however, and everyone goes to school at least 2 hours a day. The children are the future and the children of the farmers are now going to learn to read and write. They are going to be able to count and to know their country's geography.

It is a unique revolution which has taken place in Cambodia. People have started from the beginning. There are two reasons for this:

a) It was necessary to start all over after the terror bombings by the United States. I had never imagined such destruction as the one we saw in Cambodia. Along all the roads there were -- or rather had been -- villages. Which were now totally obliterated.

b) A society is being constructed from scratch for ideological reasons. The communist party of Cambodia has produced an analysis, which says two things:

1. The population of the cities consists largely of exploiters. The function of the cities is the reason they must be evacuated and recreated from the foundation. This is one of the political reasons why all of Phnom Penh's street signs have been painted over.

2. The intellectuals of the old society can serve the new society only after reschooling in the cooperatives in the country. The new intelligentsia and the new working class must chiefly come from the class of farmers.

Repopulation of the Cities

There is a slow repopulation of the cities. In Phnom Penh it is difficult to estimate how rapidly it is going because the city is so large. But many areas seemed fully inhabited. Other areas have completely deteriorated. In Kompong Cham, which previously housed 20,000 inhabitants, 5,000 now live.

It was considerably neater and more orderly there. This is due to the fact that Kompong Cham lies in an area with many industries, among others rubber industry.

I ask Sok Rim, an official at Cambodia's Foreign Ministry, about the special characteristics of Cambodia's revolution, the evacuation of the cities, the emphasis on self-sufficiency, the lack of money. Was this a definite plan even during the war of liberation or was it a result of the enormous destruction in the war?

"We shaped the revolution step by step," Sok Rim replies.

"Step by step" is a very common expression. Each measure is tested in practice, discussed and perhaps discarded.

The issue of money was frequently discussed in the cooperatives. Is it really possible to abolish money? What happens when trade becomes more developed?

The result of these discussions in the countryside was that they continue without money. But the future will show whether it has to be brought back.

Today a "system of collective goods distribution" exists. Trucks bring goods to the cooperatives and fetch the surplus of the cooperatives of rice and other agricultural products.

Soldiers at the Front

The economy of Cambodia is still largely organized according to military principles. The war with Vietnam has scarcely speeded up a change in this. On the contrary, explained Sok Rim at the Foreign Ministry:

"The war with Vietnam is now costing us as much as the war against the U.S. imperialists."

But I saw few soldiers -- four, five during a 100 [Swedish] mile trip. The soldiers are needed at the front against Vietnam.

I visited the Takeo and Kampot provinces which were hit by fighting at the end of December 1977 and January 1978. The members of the Ang Khnol cooperative told of cruelties carried out by Vietnamese soldiers, cruelties of the same kind that Cambodia is usually accused of.

Friendship Proposal in 1975

The fighting has gone on for a long time. But as early as June 1975 Cambodia's leadership proposed a non-aggression pact and a friendship agreement to Vietnam. This was revealed by Prime Minister Pol Pot when we met him in Phnom Penh. Vietnam refused but the proposal from Cambodia remains.

Right now fighting is taking place in Svay Rieng (the so-called Parrot's Beak) and in northeastern Rattanakiri, that is to say in the far northeast.

But I don't see much of the war inside Cambodia. The country is seething with activity. The rice fields are green. In September-October they turn yellow and the rice will be ripe for harvesting. Now people are working on planting and fertilizing.

'We Moved About Freely'

Three years after the liberation of Cambodia and three years after having celebrated the victory of the people in Cambodia with a demonstration in Stockholm our plane landed at Pochentong airport outside Phnom Penh. In August 1978 we, a delegation of four persons from the Sweden-Cambodia Friendship Society, travelled around Cambodia as the first Swedish delegation.

We travelled north, north of the Tonle Sap lake to the great monuments at Angkor. We travelled south to the coast and along the coast to the border of Vietnam.

We saw green rice fields and irrigation canals glistening in the sun between the rain showers. It was the rainy season and an almost constant drizzle.

We were able to stop our car wherever we wished in order to photograph and film what we wanted. We chose our interview victims by ourselves. Even in the cities we stayed in we had complete freedom of movement.

In the sand beneath a house on stilts under which children of the ages of 10 or 12 had gathered I tried to draw a map and tell them that I was from Sweden. It didn't succeed too well, but the children understood that I had flown for a long time to get to their country.

11949
CSO: 3109

INDIA

INDIA, USSR AGREE TO COOPERATE IN DRUG PRODUCTION PROJECTS

Delhi ISI in English 1444 GMT 21 Oct 78 BK

[Text] India and the Soviet Union have agreed to collaborate in setting up joint ventures in third countries for the production of drugs.

Understanding to this effect was reached during discussions with a team of experts representing the Soviet Ministry of Medical Industry who signed a memorandum of discussions on 20 October setting out points of economic, trade, scientific and technical cooperation between India and the USSR in the field of pharmaceuticals.

The memorandum was signed by M. Varadarajan, joint secretary, Department of Chemicals and Fertilisers, and A. J. Vinogradov, chief of Medzagranpostavka.

The two sides also agreed to explore the possibility of the production of formulations in India based on bulk drugs from the USSR for reexport to third countries.

During their 2-week visit to India the Soviet delegation visited the Rishikesh and Hyderabad plants of Indian Drugs and Pharmaceuticals Limited and some drug plants in Baroda.

The visit was in accordance with decisions of the fourth session of the Indo-Soviet Joint Commission for further expansion of cooperation between two countries in industrial and other projects.

CSO: 4220

INDIA

'ISI' GIVES DETAILS OF INDO-SOVIET AGRICULTURAL AGREEMENT

Delhi ISI in English 0834 GMT 20 Oct 78 BK

[Text] A protocol for a long-term programme of cooperation between India and the USSR in the field of agriculture and animal husbandry was signed in New Delhi on 19 October. Doctor B. A. Runov, USSR deputy minister for agriculture, signed the protocol on behalf of the government of the USSR and G.V.K. Rao, secretary, agriculture and irrigation, signed on behalf of India.

The protocol is in pursuance to the first meeting of the working group held in Moscow in July 1978 in terms of the protocol of the fourth meeting of the Intergovernmental Indo-Soviet Joint Commission on economic, scientific and technical cooperation. A 12-member USSR delegation headed by Dr Runov came to India on 14 October to work out the details.

It was agreed that in the field of animal husbandry the USSR would supply pure bred Merino sheep and Pashmina goats. The two sides would exchange specialists, scientific information and their experience in the field of genetics work. The USSR would also provide training of personnel in artificial insemination. In Karakul sheep breeding the USSR would cooperate by exchanging specialists and the results of research.

A long-term programme will be worked out to develop genetics of cattle and buffaloes by providing the use of local breeds from the USSR and India.

In the field of agricultural crops it was agreed to exchange germ plasm of both cultivated and wild plants of mutual interest with the main objective of utilising them in breeding programmes to improve the productivity of crops. High-yielding varieties would be exchanged for tests under the different agro-climatic conditions of the two countries for identifying suitable varieties with higher productivity and resistance to pests and diseases. The two sides would carry out joint projects on plant breeding, seed production and the agronomy of wheat, rice, sorghum, cotton, sunflower, sugar beets, gram peas, triticale and other crops of mutual interest.

Techniques for the control of pests and diseases of cultivated plants and stored grains would also be developed. It was also agreed to exchange scientific information, students and experts and arrange joint symposia.

It was agreed that possibilities of the purchase manufacture under licence of a suitable single-engined helicopter for agricultural purposes would also be examined.

Indian specialists would study Soviet agro-aviation techniques for seeding, fertilisation and herbicide operations. They would also study Soviet technology for production of cereals, oilseeds, sugar beets, livestock production, mechanisation of agriculture, reclamation and exploitation of desert and saline alkaline soil. The two sides would consider the possibilities of an exchange of groups of farmers.

The possibility of India supplying vegetable seeds to the Soviet Union and the USSR making available spare parts. [paragraph as received]

Soviet-gifted machinery to Suratgarh farm will also be considered.

CSO: 4220

INDIA

PRC COOPERATING WITH INDIA IN AGRICULTURAL RESEARCH

Hong Kong AFP in English 2005 GMT 30 Oct 78 OW

[Text] New Delhi, 30 Oct (AFP)--China today showed interest in cooperating with India in agricultural research. A visiting Chinese agricultural delegation had discussions here with Indian agricultural scientists on subjects, particularly concerning breeding of high-yielding varieties of crop seeds. The delegation concluded a 6-week tour of India today.

During the discussions, Dr Li Chi-chen, leader of the delegation, expressed the hope that exchange of germ plasm and technical know-how would benefit both sides. Mr Li, who is also head of the division of the Institute of Cereal Crops, said that they appreciated the work done by Indian breeders. He noted that the Indians had produced many high-yielding varieties resistant to pests and diseases and with improved grain quality.

Dr M. S. Swaminathan, director general of the Indian Council of Agricultural Research, told the visitors that India would be happy to provide any material to the Chinese for their breeding programme. The visiting delegation had already given some seeds to India.

CSO: 4220

INDIA

THREE NEW PUBLIC SECTOR STEEL PLANTS TO BE SET UP IN INDIA

Delhi ISI in English 1500 GMT 28 Oct 78 BK

[Text] Three new public sector steel plants are to be set up at Visakhapatnam, Mangalore and Paradeep. This is part of a shore-based strategy to create additional production capacity in steel. This was announced by union minister for steel and mines Biju Patnaik at the parliamentary consultative committee of his ministry in New Delhi on the evening of 27 October. Finalisation of arrangements for the Soviet-aided Vishakhapatnam plant was discussed with the Soviet Government during Patnaik's recent visit to the USSR. This plant will have an initial capacity of 1 million tonnes.

The committee was informed that setting up of the Mangalore and Paradeep plants had recently been discussed with West German and Romanian authorities. Credit arrangements for these two plants are being worked out. The minister said that all three plants will reach their operational stage in about 4 years time. Emphasis will be on speedy implementation of new steel projects to avoid delay.

Patnaik also briefed members about his recent tours to Moscow, Bucharest, Budapest and Bonn. He said possibilities of joint ventures in third countries on the basis of an exchange of technology and engineering know-how figured in their talks. Patnaik said that issue of technological upgradation at Bhilai and Bokaro was taken up with the Soviet Union. The Soviet authorities had consequently agreed to introduce technological innovation at Bhilai and Bokaro. This will raise output of each of these plants by about 1.5 million tonnes.

CSO: 4220

NAXALITE ACTIVITY ON THE RISE IN PUNJAB

Calcutta THE STATESMAN in English 10 Oct 78 p 12

[Text]

CHANDIGARH, Oct. 9. — The Naxalites in Punjab are exploring fresh grounds in a bid to expand their activity. They are not only increasing their activities in old pockets but are entering new areas too.

The Naxalites in the State had received a setback in the pre-Emergency period. There had been a large number of what are known as "encounters" with the police resulting in death or arrest of several activists. During the Emergency, they had been lying low.

According to reliable information available with the State authorities and from sources close to the Naxalites themselves, the Naxalite activity has received a boost in the post-Emergency period. A whole lot of Naujawan Sabhas have come up in the rural areas, membership of the Punjab students union units has registered an increase and the journals published by the Naxalites are adding to their circulation.

An important development is a slow but gradual attempt by them to get into industrial labour pockets which have more or less been the exclusive preserve of CPI and CPI(M) sponsored unions. Their presence has already been evident in Ludhiana, an important industrial town and may soon be felt in Jullundur and some smaller industrial centres.

All this, while a section of the Naxalites, belonging to the S. N. Singh group had been negotiating with the State Government and

had made much headway in reaching an understanding. Though this group could not hold some of the major demonstrations planned by it, its leadership received a lot of attention after it set up a non-official commission headed by Mr Justice V. M. Tarkunde to inquire into killings by Naxalites in the past. Incidentally, nothing much has come out as yet of the inquiry.

This group claimed that it was becoming more of a mass-based public organization and even held a series of Press conferences in the past to explain their views on various issues and their strategy. But a part of the group's membership and activities remained a closely guarded secret. Apparently, they were reluctant to show all their cards. This group is fairly strong in some areas of Doaba like Nawanshaher and Ropar district.

The other important section of "Communist revolutionaries" in Punjab is that of Nagi Reddy group which preferred to keep away from the limelight and concentrated on consolidation. They are a force in the Malwa belt of the State, including the university towns of Patiala and Ludhiana. They perhaps have the largest circulated journal among those brought out by various groups.

The presence of this group was felt during the agitation by students in the Punjabi University at Patiala and the Agricultural Engineering College at Ludhiana. Some of its Naujawan Sabhas were active in flood relief work in areas like the Sidhwan belt. Of late, a

section of this group seems to be interested in the projection of their views and part of their activities. It is realized by them that the S. N. Singh group had cornered much of the publicity.

The third group, the one belonging to supporters of Mr Charu Majumdar, is confined more or less to the Sangrur district. This group also has its journal.

It is more than obvious that most of the Naxalite elements want to project themselves as organizations interested in democratic mass action. The police in the State are keeping a close watch on their activities. It is still to be seen if signs of a trade union activity among some policemen can be traced towards various groups. In any case, the Naxalite sources do not think that the present time is opportune for any violent activity and there seems to be a voluntary truce.

The State Government, in the first few months after coming into power, had taken a lot of interest in the problem and had been in touch with some of the Naxalite leaders and had offered them some concessions too in the hope that they would draw them away from the "creed of violence". During the past few months, however, the State Government had been too busy with the Nirankari problem and the Akali factionalism. The truce in the Akali faction fight, even if temporary, may provide time to the State Government to study the Naxalite phenomenon and decide on a future line to be adopted by it.

INDIA

BRIEFS

INDO-BRITISH AIRCRAFT TALKS--Indo-British talks on the purchase and production of the Jaguar aircraft in India have been successfully concluded. The terms were finalized in New Delhi today after over a week's discussions between the officials of the Defense Ministry and a team from British Aerospace, the manufacture of the Jaguar. The government had recently decided to replace the aging Canberras and Hunters of the Indian Air Force with Jaguars. British Aerospace will now manufacture the first few aircraft to be acquired by outright purchase. Hindustan Aeronautics and the Indian Air Force will simultaneously train pilots and crew and create facilities for the license manufacture of the Jaguar in India. [Text] [Delhi Domestic Service in English 1530 GMT 21 Oct 78 BK]

POWER PROJECT IN LIBYA--The public sector Bharat Heavy Electricals [BHEL], Ranipur, has undertaken a 1.05 billion rupee turnkey thermal power project in Libya. Under the scheme BHEL engineers are to construct the thermal plant in Libya and impart training to Libyan engineers. After completion, Indian engineers will do trial production for 4 years before handing over the project to the Libyan Government. Giving this information to newsmen, a BHEL spokesman said in Dhradun that a team of Indian engineers is already in Libya. [Text] [Delhi Domestic Service in English 0240 GMT 30 Oct 78 BK]

SEYCHELLES AIR SERVICE AGREEMENT--India and the Seychelles have signed an agreement relating to air services between the two countries. The agreement provides that both Air India and Seychelles will be entitled to operate a maximum of two services a week on specified routes. At present Air India is operating one service to Seychelles on the Bombay-Seychelles-Mauritius route. [Delhi Domestic Service in English 1230 GMT 30 Oct 78 BK]

HUNGARIAN SHIPPING AGREEMENT--An Indo-Hungarian shipping agreement facilitating easy transport of goods by sea to ports of either countries was initialled in New Delhi on 18 October. This first ever shipping agreement will become effective after ratification by the two governments and signing on the ministerial level. S. S. Gill, joint secretary, Ministry of Shipping and Transport, initialled the agreement on behalf of

the government of India, while Doctor F. Schuszter, general director, Ministry of Transport, and chairman of Hungarian Shipping Corporation signed on his government's behalf. [Delhi ISI in English 0902 GMT 20 Oct 78 BK]

RAILWAY COMMUNICATIONS WITH PAKISTAN--Railway officials of India and Pakistan have begun a 3-day meeting in Delhi to sort out matters connected with the movement of railway traffic between the two countries. Such meetings are envisaged in the agreement between the two countries on the resumption of rail traffic. [Delhi Domestic Service in English 0240 GMT 19 Oct 78 BK]

RURAL DEVELOPMENT PROGRAM--The Planning Commission has allocated an all-time record outlay of 300 billion rupees for rural development during the Sixth Plan Period. This was stated by Mr (Rajkrishna), member of the Planning Commission, at a national seminar in Ludhiana. [Delhi Domestic Service in English 0240 GMT 19 Oct 78 BK]

CSO: 4220

INDONESIA

MILITARY AID AGREEMENTS, TALKS WITH OTHER COUNTRIES BEING CARRIED OUT

Jakarta ANGKATAN BERSENJATA in Indonesian 6 Jul 78 pp 1, 8

[Article: "Contracts to Purchase Weapon and Ammunition Factories, F-5E and T-4 Sky Hawk Aircraft from the United States"]

[Text] The minister of Defense and Security and commander of the armed forces, General M. Jusuf, hopes that before 17 August 1978 Indonesia will have signed contracts for the purchase of weapon and ammunition factories, F-5E aircraft, and two squadrons of T-4 Sky Hawk aircraft with the United States.

He said that efforts toward this end are being finalized and that, basically, everything has been completed. However since we have to do things in an orderly manner, and especially since the matter is being handled on a government-to-government basis, then it will take some time to complete the arrangements. The Minister made these remarks during a conversation with newsmen on the return flight from an inspection trip of Military Region Command III late Wednesday afternoon.

Regarding the selection of the F-5E by Indonesia, the minister said it was chosen because its technology and capability are suitable for our present national defense needs, and not because we want to follow other ASEAN countries which are already in possession of the aircraft.

Air from France, England and Australia

In connection with the phased renovation of ABRI [armed forces of the Republic of Indonesia] equipment, the four-star general saw that we are exploring the possibility of obtaining financial assistance from the French government for the purchase of modern military equipment from that country. At present we are in the process of selecting and discussing what we need to equip ABRI. We will send a team to France to work out the details and determine what equipment and armaments will be obtained. Of course all this is being done in accordance with our principal needs and based on main priority considerations for our national defense.

In addition to improving the arsenal of the Indonesian air force, the French military assistance will also be used to equip the Indonesian army and the other services. The minister also confirmed that during his recent visit to Indonesia, French General Guy Mery offered us the Mirage-5 aircraft. All of these things will be discussed by the ABRI mission which will be despatched there soon. In addition, we will not preclude the possibility of acquiring spare parts for our existing stock of French weapons. In this connection the minister said that the rehabilitation program for the army's French-built AMX-13 tanks was no real problem.

The minister said we are also cooperating with Australia on matters that concern the navy and air force. These matters are being discussed so that we can meet our most pressing national defense needs in stages.

We need many things, the Minister said, and we must emphasize the need to set priorities. We must also take into account the quality of the technical personnel in ABRI and the police force. He confirmed that it was possible that the weapons will be accommodated to the physical condition of Indonesians.

He also said that we have discussed with the British government the possibility of equipping ABRI with British arms. The air force chief of staff, Marshal Ashadi Tjahjadi, will leave for England in September 1978 to discuss the matter further.

When the minister was asked about the ability of ABRI personnel to use all these new weapons, he declared that he was convinced that ABRI is ready. "Indonesians are capable people," he said.

9316

CSO: 4213

MILITARY SEA TRANSPORT COMMAND SAID IN NEED OF MORE SHIPS

Jakarta ANGKATAN BERSENJATA in Indonesian 1 Jul 78 p 2

[Article: "KOLINLAMIL Has Only Half the Number of Ships It Needs"]

[Excerpts] The commander of KOLINLAMIL, Military Sea Transport Command Rear Admiral R. Suparno, acknowledges that the size of the fleet under his command is inadequate for the number of tasks to be accomplished. For that reason, he plans to propose that the number of ships, including "personnel carriers" especially designed to transport military personnel, be increased.

In a conversation at his residence in Cawang, Jakarta, Thursday evening, the KOLINLAMIL Commander estimated that his command needs twice as many ships as it presently has.

To meet its needs KOLINLAMIL must use ships chartered by the Department of Defense and Security. Suparno said KOLINLAMIL is using two vessels from Admiral Line and several others from PELNI (Indonesian National Shipping Company). This is being done to make up the shortage of ships that has been produced by the use of a large number of ships for other military operations.

KOLINLAMIL is a major command of the Indonesian Navy which maintains noncombatant ships, such as LSTs, LCUs and coasters. It transports military personnel for amphibious operations and provides logistical support. According to Suparno, to be effective one-third of the total number of ships should be used for training, one-third for operations and the rest scheduled for repairs. However, this has not been the case.

KOLINLAMIL is to receive a tanker, the former Komodo V, which was purchased from Singapore in 1977. The vessel, renamed KRI (Republic of Indonesia Ship) Balikpapan, will be commissioned by the KOLINLAMIL commander acting for the naval chief of staff this coming Saturday, the command's seventeenth anniversary. KRI Balikpapan will be the command's only tanker.

In the near future an LCU, KRI Kupang, will be launched. The 200-ton vessel will be the first KOLINLAMIL ship built by the Surabaya Navy Shipyard.

On the subject of civic action by KOLINLAMIL, Rear Admiral Suparno said that there has been less activity this year than last year. This has been due to the large number of KOLINLAMIL ships used for the East Timor operations.

However, KOLINLAMIL has been engaged in equally important missions, such as helping victims of natural disasters and providing assistance to the governor of Maluku in establishing new settlements in the Maluku islands. The ships carry construction materials from Jakarta for the settlement project in Maluku.

9316

CSO: 4213

INDONESIA

SEABORNE STRATEGIC RESERVE FORCE FORMED

Jakarta KOMPAS in Indonesian 9 Aug 78 pp 1, 12

[Text] Deputy armed forces commander, Admiral Sudono announced the formation of "Strategic Reserve Force II," consisting of several warships, LSTs, and a naval Marine landing force yesterday at the pier at the Indonesian Army-Navy base at Surabaya.

The formation of this seaborne force, capable of amphibious operations, completes the Department of Defense and Security's strategic reserve forces. Last month, Strategic Reserve Force I was formed; it is airborne because it comprises troops from the Army Strategic Command, the Strike Troop Command, transport aircraft, OV-10 "Bronco" fighters, and a number of helicopters

The airborne troops of the Army Strategic Command designated for the Strategic Reserve Force are the 330th and 501st battalions, while the Strike Troop Command represents troops from a joint Army-Air Force Air Combat Command.

"It is a historical fact that brilliant victories in wartime can be decided by reserves, in regard to preparation and speed of mobilization," said Admiral Sudono, as he officially announced the formation of Strategic Reserve Force II yesterday morning.

Just like Strategic Reserve Force I, Strategic Reserve Force II will be on constant readiness to assist Defense Territorial Commands I-IV in pressing situations.

"Now we have a force which can be definitely ready in 6 hours, if necessary, to go to target areas in-country. The same is true for the seaborne force formed today," noted the deputy armed forces commander. We have a choice in dispatching troops. They can be airdropped or landed amphibiously, he added.

Strategic Reserve Force II includes tenders, destroyer escorts, LSTs and tankers. Armored amphibious vehicles to be used by landing troops consist of PT-70 tanks and BTR-50s.

Meanwhile, Major General Seno Hartono, assistant for operations of the Department of Defense and Security answered a Kompas query by stating that the capabilities of the components of Strategic Reserve Forces I and II would be continually evaluated. Besides this, their capability would be improved through the acquisition of suitable means to transport them.

Following the conclusion of the ceremony, Admiral Sudomo indicated to the press that, in the near future, several warships would be sent from Surabaya to western waters, such as the area around Risu. He noted that at least two destroyers and four patrol craft would be assigned to clear the area of smugglers.

According to the deputy armed forces commander, the dispatch of these vessels to carry out antismuggling operations is a follow-up to a previous visit by the Minister of Defense and Security to that area.

Discussing smuggling, the admiral remarked that the great majority of smuggling activity takes place on land. "Only 20 percent occurs on the sea and the remainder is on land," he noted. Thus, if smugglers are cleared from the seas, they are not entirely wiped out, he said. Because of this, apparatus on land must lend support, he continued.

The ceremony was attended by Navy Chief of Staff Admiral Waloejo Soegito, Army Chief of Staff General Widodo, and Air Force Chief of Staff Marshal Ashadi Tjahjadi.

9197

CSO: 4213

INDONESIA

INFANTRY BATTALION COMMISSIONED, ASSIGNED TO EAST TIMOR

Jakarta KOMPAS in Indonesian 11 Aug 78 p 7

[Text] General Widodo, Chief of Staff of the Indonesian Army officially commissioned the 745th Infantry Battalion in a military ceremony at Puputan Badung Field, Denpasar. The majority of the battalion's strength consists of youths from East Timor. They have been training in a parent regiment in Military Region XVI/Udayana since April 1978.

The 745th Infantry Battalion, commanded by Infantry Major Teho Syafei, will leave immediately for East Timor, where it will become a subordinate unit of the East Timor Area Command, just like the 744th battalion, assigned there earlier. The battalion's personnel, who average 20 years of age, have volunteered their services to the country to restore order and security in their home area.

The army chief of staff took this opportunity to stress that the government had opened the gates wide to East Timorese who were still "lost" to return to their villages and take part in their development. It is hoped that the 745th battalion will be able to persuade and educate their companions who are still lost to return to the fatherland. "It is hoped that the skills and knowledge of the battalion will earn it the highest respect, equal to that of other units in the areas," said Widodo.

9197

CSO: 4213

NEW APPROACH TO TRANSMIGRATION BEING WORKED OUT

Jakarta KOMPAS in Indonesian 3 Aug 78 p 2

[Text] Thus far, the transmigration program has been beset with difficulties, both in design and execution.

Transmigration in 1977/78 was only about 66 percent of the planned target; that is, just 13,000 heads of families, instead of the target of about 21,000. This was because the Directorate for Preparing Transmigrants' Residences, newly formed in 1977, needed time to prepare itself. In addition, there are still problems of inconsistency and lack of coordination in the efforts to bring about a system of functionalization. This information came from a KOMPAS source at the Directorate General of Transmigration.

It was explained that in the system of functionalization, departments, especially general directorates involved, would be more directly concerned and fully responsible for their respective fields. For example, the directorate general of construction in the Department of Public Works would be responsible for preparing residential sites, and the Department of Agriculture would be responsible for preparations in agricultural production (providing instructors, etc). Another consequence of this is the influx of new ideas and suggestions about the transmigration program from the general directorates involved, which differ from the system established by the General Directorate of Transmigration. Later, there will be a vice minister of transmigration who will have new ideas.

At this moment, discussions are continuing on establishing a program which is expected to be disseminated in a presidential decision. The general directorates and the deputy minister have met with the president on several occasions but have not yet settled their problems.

According to the KOMPAS source, it is better to continue the discussions for a long time, so that the results will be practical and will guarantee optimal results. Particularly because in the future, transmigration will become a large program involving many people, much money, and many regional development projects.

The problems are, of course, complex and will become increasingly complex as the program grows. In the first and second Five-Year Plans, the target was only 30,000 heads of families per year; in the third Five-Year Plan it is 100,000 per year, for a total of 500,000 heads of families.

This means the acreage which must be opened will also increase greatly, although it must be chosen well in order to avoid the poverty which resulted from past movements. Moreover, there are new demands for a program of transmigration which aids regional development. The transmigrants and the community are increasingly critical of the results of the transmigration project.

The KOMPAS source could not predict how long the discussions will continue. Most important, we pray that they will give a clear opinion, and that general interests take priority over individual interests.

9197

CSO: 4213

GOVERNMENT NOT SUSPICIOUS OF RELIGIOUS COMMUNITY

Jakarta ANGKATAN BERSENJATA in Indonesian 7 Jul 78 pp 1, 8

[Excerpt] The Government is not suspicious of the religious community because the development program being carried out by the Government today has the welfare of all religious groups in Indonesia as its objective.

The minister of religious affairs, H. Alamsyah Ratu Prawiranegara, repeatedly emphasized this point in talks given to Moslem religious scholars in Banyumas and Kebumen during a working visit to Moslem religious schools in the two regions on Wednesday.

He said the government considered religions to be the spirit of the country and the people and that the religious community had consistently cooperated with the government in safeguarding the country against subversive activities that threatened the well-being and unity of the people, such as the 30 September Movement.

He admitted that previously the government and the religious community had been suspicious of each other, but he said that this should not have happened because it weakened the country and the people.

The minister called on the religious community to put aside their suspicions and to work with the government in developing the country and creating the just and prosperous society aspired to by all the Indonesian people, based on the Pancasila. As believers in God Almighty and life after death it would be a sin for them to turn down a sincere gesture of goodwill from the government, Alamsyah said. "We must not hold grudges against and be suspicious of each other. All misunderstanding must be completely removed and we must return to the right path leading toward a just and prosperous society which is blessed by God Almighty," Alamsyah said.

The minister further stated that three types of harmonious relationships were necessary for the government to attain its objectives, namely, harmony within each religious group, harmony between religious groups, and harmony between the government and the religious community.

INDONESIA

TANTI AIDIT APPLIES FOR LEGAL ASSISTANCE

Jakarta KOMPAS in Indonesian 16 Aug 78 p 3

[Text] Mrs Mudikno, mother of Dr Tanti Aidit, recently asked the LBH DKI [Legal Aid Association, Special Capital Region] to defend her daughter, who is being tried before the Court of First Instance of West/South Jakarta. Adnan Buyung Nasution of the Greater Jakarta LBH DKI directorate revealed this to KOMPAS last Monday. However, Buyung was unable to say which public defender would be appointed for the suspect.

The wife of the former chairman of the Indonesian Communist Party Central Committee faces charges of criminal subversion. She will be tried in connection with her activities following the eruption of the unsuccessful 30 September Movement/PKI rebellion in 1965.

Mrs Tanti Aidit reportedly returned from abroad 2 days before the outbreak of the rebellion. From September 1964 to 27 September 1965, she studied acupuncture in North Korea.

After the rebellion was crushed, she left her home at Pegangsaan Barat No 4, central Jakarta, and moved to Kebayoranbaru and then Kebayoranlama. She later left Jakarta for Surakarta, and then hid in Semarang.

During her "roving," Mrs Aidit was contacted once by several former PKI activists. Before her arrest, Mrs Aidit, who has been in custody since 19 December 1966, collected funds to purchase medicine for the families of PKI activists and received the pamphlet "Mira," which is published by the shadow PKI.

As yet, there is no information on which judge will preside at her trial. Anton Suyoto of the Jakarta district attorney's office will serve as public prosecutor.

9197

CSO: 4213

WIFE OF FORMER PKI LEADER TO GO ON TRIAL

Jakarta ANGKATAN BERSENJATA in Indonesian 8 Jul 78 p 1

[Article: "Mrs Aidit To Be Tried Soon"]

[Text] The case file of Dr Tanti Aidit, 55, the widow of D. N. Aidit, former chairman of the PKI central committee was turned over to the office of the Jakarta District Attorney on 7 July. According to information obtained by KNI [Indonesian National News Agency], the case will be brought to court after a prosecutor has been appointed and the case file has been studied.

Dr Tanti Aidit was arrested by state security agents shortly after the outbreak of the G-30-S/PKI [30 September Movement/Indonesian Communist Party] on 30 September 1965.

It is reported that Dr Tanti Aidit was one of the leaders of GERWANI [Indonesian Women's Movement]. Her case is the second G-30-S/PKI case involving leaders of GERWANI.

Sulami and three co-defendants were tried by the Central Jakarta State Court 3 years ago.

They were GERWANI leaders who worked underground distributing illegal pamphlets which were intended to revive the banned communist party after the G-30-S/PKI failed.

9316

CSO: 4213

INDONESIA

272 OBSTETRICIANS SAID TO HANDLE 5 MILLION BIRTHS

Jakarta KOMPAS in Indonesian 16 Aug 78 p 8

[Excerpt] Indonesia is short of obstetricians and gynecologists. At present there are only 272 obstetricians and gynecologists nationwide. Meanwhile, 5 million babies are born in Indonesia each year. Prof Sulaiman Sastrawinata, chief of the obstetrics and gynecology section of the medical department, Padjadjaran University/Hasan Sadikin Hospital, told this to KOMPAS after awarding certificates in those fields to Dr Achmad Biben, Dr Dinan S. Bratakoesoema and Dr Achmad Hidayat last Saturday at Hasan Sadikin Hospital, Bandung.

Of these 272 doctors, only about 200 are reported to be still practicing. The remainder are retired or dead. Meanwhile, all the colleges which have medical departments or hospital educational facilities can produce only four a year.

According to Dr James Thouw, chairman of the Bandung branch of the Indonesian Association of Obstetricians and Gynecologists, there are only 27 obstetricians and gynecologists in West Java. There are 21 in Bandung, and one, each, in Tasikmalaya, Bogor, Serang, Sukabumi, Cirebon and Garut. This is a severe shortage in view of the number of babies born each year and the large population in the area.

He said that, ideally, there should be one obstetrician/gynecologist for each 40,000 inhabitants.

9197

CSO: 4213

INDONESIA

POLISH FOREIGN TRADE MINISTER VISITS JAKARTA

Balance of Trade

Jakarta KOMPAS in Indonesian 23 Aug 78 p 2

[Text] Jerzy Olszewski, Polish minister of foreign trade and maritime economy, will visit Indonesia on August 24 through 27 on invitation of the Indonesian minister of trade and cooperatives, Radius Prawiro.

Mr Olszewski is scheduled to meet with a number of Indonesian ministers, including the minister of trade and cooperatives, minister of mines and energy, deputy chairman of the National Planning Board and concurrently minister on state apparatus, minister of foreign affairs and minister of agriculture.

During the past 5 years, the balance of trade between the two countries turned out to be in favor of Poland, except in 1973 when Indonesia netted a surplus of U.S. \$3,022,916. At that time, Indonesia's exports to Poland totaled U.S. \$6,249,916, while her imports reached U.S. \$3,227,000.

Afterward, during the years of 1974 through 1977, the balance of trade between the countries was more favorable to Poland. Even for the years of 1974 and 1975, the surplus enjoyed by Poland reached more than U.S. \$34 million each year, because during this 2-year period Indonesia imported large quantities of fertilizer from Poland. During these 2 years Indonesia's fertilizer import amounted to more than U.S. \$36 million and U.S. \$38 million respectively.

In 1974, Indonesian exports to Poland reached U.S. \$8,628,518, while her imports were U.S. \$43,600,000. In 1975, her exports amounted to U.S. \$6,474,668, while her imports reached U.S. \$42,230,280.

In 1976 and 1977, Poland's trade surplus was less than U.S. \$5 million each year, because Indonesia no longer imported fertilizer from Poland. During this period Indonesian exports to Poland mainly consisted of tin and natural rubber.

In 1976, Indonesia's export to Poland amounted to U.S. \$1,284,305, while her imports totaled U.S. \$5,738,944. Indonesian exports for the year 1977 amounted to U.S. \$6,608,378 and her imports from Poland were valued at U.S. \$6,961,448.

Indonesian Indebtedness

Jakarta KOMPAS in Indonesian 26 Aug 78 p 2

[Text] Radius Prawiro, the Indonesian minister of trade and cooperatives, has made a statement requesting Poland's consideration to import more goods from Indonesia. By increasing her imports of Indonesian products, he stated, the trade balance between the two countries, which is currently in Poland's favor, can be evened out.

"If possible, our trading with Poland should benefit Indonesia," Minister Prawiro told newsmen after meeting with Jerzy Olszewski, the visiting Polish minister of foreign trade and maritime economy, on Friday. The reason, he added, is that Indonesia is still required to clear her old debts to Poland.

Referring to his notes, Minister Prawiro said that Indonesia's debts incurred in the past amounts to U.S. \$96.6 million. This amount is to be paid back in 60 installments, once every 6 months beginning in 1971, or around U.S. \$3 million per year. "For this payment, we need foreign exchange accruing from our exports, among others through trading with Poland, which should benefit Indonesia, so that we can clear our debts," he explained.

The fact is that at present the Indonesia-Poland trade is still in Poland's favor. In 1975 Indonesia suffered a deficit of U.S. \$35.8 million in her trade with Poland. This figure dropped to U.S. \$4.5 million in 1976 and further to U.S. \$350,000 in 1977. Commercial relations between the two nations are based on a trade agreement initialed in 1974.

According to Minister Prawiro, Minister Jerzy Olszewski personally preferred a long-term trade cooperation through which several categories of Indonesian commodities can be imported by Poland.

Late last May a Polish trade mission visited Indonesia to explore the possibilities of Polish participation in Indonesian development projects. Poland is in a position to help supply semi-container shipping, sugar mill equipment and others. On the other hand, Poland wants to buy from Indonesia 4,000 tons of tin, 60,000 tons of natural rubber, 30,000 tons of coffee, 35,000 tons of tea, 2,000 tons of pepper and palm oil. Minister Prawiro did not elaborate on these problems, which were first divulged in May, 1978

He added that Indonesia wishes Poland to buy Indonesian commodities directly, instead of importing Indonesian palm oil through Belgium, a transaction which once occurred.

Four Areas of Interest

Jakarta ANGKATAN BERSENJATA in Indonesian 28 Aug 78 pp 1, 7

[Excerpts] Poland has offered cooperation with Indonesia which has been well received and which will first be looked into by us, said Radius Prawiro, minister of trade and cooperatives, at Bina Graha on Saturday.

The four types of cooperation offered by Poland are the following: Firstly, concerning cooperation in the field of trade and its intensification; secondly, joint ventures between Poland and Indonesia in the field of industry (at present there is only one such joint venture located in Tangerang, and therefore such cooperation needs to be examined and developed); thirdly, cooperation for the industrial processing of coal; and fourthly, cooperation in the field of technology for fishing on the high seas.

Answering questions, Minister Prawiro said that Indonesian exports to East European countries have been on the increase in general. The total exports for 1977 reached U.S. \$100 million, which he termed as beneficial to Indonesia.

However, these exports are less than our exports to industrialized countries, such as Japan, because socialist countries do not constitute open markets, and, moreover, they adopt a planned economy according to pre-set schedule. Japan adopts general system preferences.

Coal Team to Poland

Jakarta KOMPAS in Indonesian 30 Aug 78 pp 1, 12

[Excerpt] A team of experts will be sent by the Indonesian government to Poland to study technology and gain experience in the field of coal utilization. The dispatch of this team represents a follow-up to the visit last week of the Polish minister of foreign trade and maritime economy, Jerzy Olszewski.

For one full hour at Bina Graha yesterday President Suharto discussed further steps to be taken following the Polish minister's visit with Professor Subroto, the minister of mining and energy, and Dr B. J. Habibie, the minister of state for research and technology. Specifically, they discussed Poland's offer in the field of coal utilization.

In his statement after the meeting, Minister Subroto said that Poland's technology and experience in the field of coal utilization represents the most advanced in the world. That country produces 200 million tons per year, of which around 160 million tons are for domestic consumption.

He said President Suharto requested that Poland's coal technology and experience be thoroughly studied and investigated for its adoption in

Indonesia. The Indonesian team to be sent to Poland will be composed of experts from the State Electricity Enterprise, State Coal Enterprise and Body for the Processing and Application of Technology.

Considering the great potentials of Indonesian natural resources, Indonesia is showing deep interest in the Polish government's offer of cooperation. This matter also coincides with the national policy in the field of energy, which has chosen coal as our prime source of energy. Such a policy augurs well for the slowing-down of the use of oil, especially to generate electricity.

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CSO: 4213

INDONESIA

ADB LOANS TO INDONESIA TOTAL \$200 MILLION IN 1978

Jakarta KOMPAS in Indonesian 2 Aug 78 pp 1, 12

[Text] Indonesia will borrow a large sum from the Asian Development Bank (ADB) this year. ADB loans will total around \$200 million, a considerable increase over the 1977 total of \$136 million. Of this total, \$65.4 million have already been earmarked.

ADB president, Tariochi Yoshida, announced this to the press after meeting with President Suharto in the Bina Graha Tuesday morning. Yoshida was accompanied at the meeting by the minister of finance, Prof Ali Wardhana.

In addition, the ADB will go along with "local cost financing" projects in Indonesia and assist the government in discussing the cofinancing of projects with financial institutions.

Yoshida noted further that ADB loans this year will be used to develop some 9 or 10 projects. Two projects have already been approved--a \$31.4 million electrification project and a \$34 million highway construction project. Other projects under consideration include agricultural, electrification, harbor, airfield, and education; processing on these is expected in the next 2 or 3 months.

Indonesia ranks fourth in ADB loans to date, with a total of \$587 million, including \$464 in ordinary loans and \$113 million from a special fund, with easy terms. The ADB has also provided various kinds of technical assistance, worth about \$5.5 million. In 1977, Indonesia received five loans totalling \$136 million from the ADB, as well as \$800,000 in technical assistance.

When asked why the ADB had approved Indonesia as a large borrower, Yoshida said that this was difficult to say since 43 nations have joined the ADB and all of them need help. All you can say is that Indonesia certainly needs considerable assistance, Yoshida noted.

Responding to a question of if the granting of large loans signified ADB trust in Indonesia, Yoshida said that this is not necessarily the case. As a development bank, the ADB cannot refuse a nation's request for a loan if that loan is badly needed for development. However, the ability to absorb that loan is very important. If a nation can absorb it, ADB will grant it. The capabilities of existing funds are definitely considered.

In the meeting with President Suharto, Taroichi Yoshida was briefed on Indonesia's future development plans and said he was impressed by the direction of Indonesia's development.

After meeting with President Suharto, he met with Vice President Adam Malik. Later, the ADB president discussed ADB loans with Finance Minister Ali Wardhena.

Yesterday, Taroichi Yoshida talked with the minister of public works, Dr Puernomosidi Hadjisaroso. Mr Yoshida arrived in Indonesia on Monday evening for a 5-day visit, during which he will inspect the Sempor reservoir and the Garung Central Hydroelectric Power Station at Wonosobo.

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CSO: 4213

INDONESIA

TWO FINANCIAL AID AGREEMENTS SIGNED WITH WEST GERMANY

Jakarta KOMPAS in Indonesian 16 Aug 78 p 13

[Text] A financial aid agreement between Indonesia and the Federal Republic of Germany was signed at the Department of Foreign Affairs Monday by Foreign Minister Mochtar Kusumaatmadja and West German Ambassador Gunther Schodel.

Based on this agreement, West Germany will grant a loan of 115 million marks, worth about \$224.88 million at the free market exchange rate. The loan will be on easy terms, at 2 percent interest and 30 years for repayment and a 10-year grace period.

The agreement was reached during negotiations held last May in Bonn. It was agreed that the funds would be used to improve the Padang-Bukittinggi highway, for water treatment in Tegal, electrification in Solok-Padang and Central Java, and for a railroad telecommunications system.

West Germany also agreed to make 128 million marks available in loans and grants to purchase ships in West Germany for customs patrol and search and rescue operations. Of these funds, 25 percent will consist of grants, in keeping with the guidelines of the Development Aid Commission of the OECD, to be covered by a separate agreement.

In his speech, Ambassador Schodel noted that West German developmental aid is based on two principles: first, orientation toward the special needs of the people of the developing nation, with emphasis on the fields of health, nutrition and education; and second, as a contribution to the developing nation's integration into the world economy, in accordance with the developing nation's desires. In addition, the West German Government views trade and private capital investment as important factors in international cooperation.

To date, West Germany has given Indonesia 1.7 billion marks, 420 million in loans and the balance in technical aid in the form of grants.

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CSO: 4213

INDONESIA

FOOD-CROP PRODUCTION UP, STOREHOUSES FULL

Jakarta KOMPAS in Indonesian 2 Aug 78 pp 1, 12

[Excerpts] The creation of food stocks this year reached the equivalent of 703,000 tons of rice by the end of July. Food stock accumulation has generally proceeded smoothly because the wet rice harvest was good, the attack on hama has been stressed, and the climate has been favorable. It is estimated that the government will accumulate approximately 800,000 tons of rice this year.

The minister of agriculture, Prof Ir Soedarsono Hadisaputro, and Deputy Minister of Cooperation Bustanil Arifin revealed this to the press yesterday in Surabaya. The minister of agriculture provided this information at the conclusion of the fifth food stocks coordination session, held in the Hotel Mirama in Surabaya from 0900 to 1430 yesterday.

According to the minister, such food stock coordination sessions have been held monthly since May and have been attended by all departments and high provincial authorities concerned. The session in Surabaya is the last one this year. Further sessions will be organized to deal with food stocks next year. This year, coordination sessions have also been held in East Java, Central Java, Yogyakarta Special Region, West Java, Bali, West Lower Sundas, South Celebes and South Borneo.

The minister of agriculture stressed that these food stocks were designed to stabilize the price of food/rice and to give the farmer a fair return for his production. Thus, the farmer's income will rise. Past efforts to improve the farmer's lot centered around increasing production; now, marketing will be stressed.

The minister confirmed that the good harvest will reduce the amount of rice imported, but he did not specify by how much.

Meanwhile, deputy Minister of Cooperation Bustanil Arifin, in response to a correspondent's question, noted: "As of now, stocks are around 1.6 million tons, and we are somewhat at a loss as to what to do." He added that all logistics bureaus warehouses were full, so there is no place to store imported rice.

Bustanil confirmed that additional warehouses will be built soon, especially in several areas experiencing storage problems. Two are under construction in South Boreno and should be completed in 2 months. In all, 100 warehouses will be constructed, each with a capacity of 100 tons.

Minister Soedarsono also revealed that the government would import 1,100 cows from the Netherlands and Australia this year and will be given to cattle breeders on credit, particularly to dairy breeders.

Each farmer will receive two cows and 800,000 rupiahs in credit for their care. Breeders must sell their milk to the cooperative, and payment will be made via the People's Bank of Indonesia until the credit is recovered through milk sales. This plan will begin in fiscal year 1978/79, and will proceed by stages.

When asked how the 1,100 cows would be allocated, the minister said he did not yet know. "Registration for selection is underway," he said. In each location, cooperatives will acquire refrigeration units on credit.

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CSO: 4213

INDONESIA

MARCH 1978 FIGURES ON OIL, NATURAL GAS PRODUCTION GIVEN

Jakarta ANGKATAN BERSEJAJA in Indonesian 6 Jul 78 p 3

[Text] Indonesian oil production in March 1978 was 52,752,622 barrels, or a daily average of 1,701,697 barrels.

Five Pertamina units produced 2,679,871 barrels, Lemigas produced about 20,778 barrels, Caltex, C&T and Stanvac produced 24,312,017, 224,022 and 1,027,314 barrels, respectively (the total production of the three amounted to 25,563,353 barrels), and 16 foreign companies operating on production-sharing contracts produced 24,488,620 barrels.

Pertamina also announced that in March 1978 natural gas production amounted to 65,391,077 MSCF, or an average daily production of 2,109,390 MSCF.

Four Pertamina units produced 8,805,308 MSCF, Lemigas produced 30,378 MSCF, three companies operating on work contracts produced 6,659,286 MSCF, and 14 foreign companies operating on production-sharing contracts produced 40,896,105 MSCF.

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CSO: 4213

INDONESIA

MINING MINISTER COMMENTS ON OIL PRICES, EXPORTS, LNG SALES

Jakarta KOMPAS in Indonesian 22 Aug 78 pp 1, 12

[Excerpts] Prof Subroto, minister of mining and energy, said that OPEC is readying the necessary measures to raise oil prices during 1979. These preparations will be carried out this December in Abu Dhabi.

Prof Subroto was not prepared to say what steps OPEC will take, or what Indonesia had proposed. He said only that the rise in oil prices would not be implemented "recklessly," because a price rise will have a definite effect on industrial activity in advanced nations and on economic growth in Third World nations.

When asked how large the increase would be, Prof Subroto replied it has not yet been decided. "However, the feeling is that it will be an increase of at least 5 percent over present prices," he said.

Data available at the Department of Mining and Energy indicates that Indonesian oil exports rose in 1977. In that year, Indonesian oil exports reached 484,236,781 barrels, compared to 449,470,769 barrels in 1976. Indonesian oil exports are channeled through Pertamina, Caltex, Stanvac and Calasiatic and Topco.

Pertamina and Calasiastic and Topco exports rose in 1977; conversely, Caltex and Stanvac exports declined.

According to this data, exports to the United States (including Hawaii), Australia, Trinidad and the Bahamas declined in 1977. Indonesia exported 181,650,052 barrels to the United States in 1976 and 178,014,593 barrels in 1977. Exports to Australia were 762,312 barrels in 1976 and 599,806 barrels in 1977. Exports to Trinidad fell from 44,853,274 barrels in 1976 to 37,238,678 barrels in 1977. The Bahamas imported 6,081,944 barrels in 1976 and 4,103,976 barrels in 1977.

Minister Subroto told a correspondent that Indonesia is still seeking a market for its liquid natural gas (LNG), since the United States has neither accepted nor rejected Indonesia's formula for price escalation. He noted that Japan and Europe are being sounded out as potential markets.

If it is certain that there is no buyer, Subroto noted, the LNG will be stored underground. "Won't that be a loss, since it costs money for exploitation?" asked a reporter. "It's a loss now, but not later. That is because we will see an increase in the demand for LNG in the years to come."

He added that the American Government has not reached an agreement on price escalation. "Previously, private American firms agreed to buy LNG," he noted. However, he added, acceptance of the escalation formula awaits a government decision.

Prof Subroto noted that if the American Government rejects the Indonesian proposal no further negotiations will be necessary. "The Indonesian proposal is already a compromise offer, and we can not retreat further."

According to available information, the last formula proposed by Indonesia to the U.S. Department of Energy is that the base price of LNG be set at \$1.25 per million BTU. Half of the price rise in LNG would be tied to an increase in the export price of Indonesian oil to a maximum of 15 percent. This means that under this formula the potential rise in LNG prices is 7.5 percent.

The other half of the price rise is tied to the U.S. "wholesale price index," which is currently moving at a rate of 8-9 percent a year. Thus, the potential increase from this factor is only about 4 percent.

The original Indonesian formula called for a base price of \$1.25 per million BTU. Half of the price rise would be tied to the export price of Indonesian oil, with no maximum limit. The other half would have been tied to a rise in the U.S. Bureau of Labor Statistics' energy index.

Minister Subroto also stated that Indonesia's energy consumption is rising. In 1977, energy consumed for development in Indonesia totalled the equivalent of 24 million tons of coal. Of this amount, 89 percent was oil, 8.3 percent natural gas, 0.2 percent liquid petroleum gas; 0.7 percent coal and 0.9 percent hydroelectric.

At the end of the Third Five-Year Development Plan, Indonesia will be consuming the equivalent of 51 million tons of coal per year. Of this amount, 79 percent will be oil, 16 percent natural gas, 0.36 percent liquid petroleum gas, 2.4 percent coal, 2 percent hydroelectric and 0.025 percent thermal. Subroto noted that the projected increase in energy consumption is based on an assumption of 2 percent annual increase in population, 6.5 percent annual increase in production and 1.7 percent elasticity.

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CSO: 4213

EAST TIMOR'S DILI AIRPORT TO BE MOVED TO KOMORO

Jakarta ANGKATAN BERSENJATA in Indonesian 10 Jul 78 p 3

[Article: "Dili Airport Will Be Relocated to Komoro"]

[Excerpt] The main airport for Dili, the capital of East Timor province will be moved to Komoro.

Director General for Air Communication Kardono made the announcement upon completing his 5 to 7 July inspection trip to airports in East Nusatenggara and East Timor.

He said that the runway at Komoro airport can be extended from its present 1,400 meters to 1,800 meters; its width is 30 meters. The Dili airport, on the other hand, is very close to Dili and cannot be expanded as it is blocked by the city, he said.

The Dili airport is located on low land and its drainage system does not function effectively during the rainy season. This makes the runway wet and slippery for landing aircraft, he said. "Besides, Dili will grow in size and it would be better to utilize the airport for this purpose," he added.

Kardono said that the work on the Dili runway, 30 percent complete, has been stopped. Activities have been shifted to Komoro, which is farther away from the city, seven kilometers to the north.

Upon completion of the inspection trip to Dili, Komoro and Baucau airports, he said that Komoro airport does not have enough personnel and that the Baucau airport locator is out of order. The length of the runway at Baucau is 2,400 meters and its width is 70 meters. In bad weather and conditions of low visibility, pilots find it difficult to locate the runway. A locator is an instrument which shows the location and direction of a runway.

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CSO: 4213

INDONESIA

PASMINDO TO REGULATE CARGO HANDLING, SHIPPING PRACTICES

Jakarta KOMPAS in Indonesian 21 Aug 78 p 2

[Excerpts] For users of the services of the Department of Communications, particularly the General Directorate of the Sea Communications, a new organization was formed Saturday to accelerate healthy relations and the exchange of views among shipping enterprises and cargo shipping lines. The new group includes the organizations for the users of port services, Gaveksi and the Indonesian Shipowners Association. It is named the Indonesian Shipborn Cargo Marketing Organization (Pasmindo). It is the first group of its kind formed in Indonesia.

Captain Harun Rasjidi, chairman of the Indonesian Shipowners Association central executive council, served as the Pasmindo spokesman at a press conference held Saturday in the Department of Communications auditorium. He explained that the institution will serve as a clearing house for requests for cargo space.

According to Harun Resjidi, the formation of Pasmindo was an attempt to address the problems faced by individual shippers and by wharfage and transport enterprises/cargo shipping lines, and it will maintain discipline among the members of Gaveski and the Indonesian Shipowners Association.

Rate wars, the prevalence of discount (commission) practices, manipulation of the classification of goods in the contest for control of freight must not continue. All these weaken the 400 shipping enterprises and the 500 wharfage and transportation enterprises/cargo shipping lines in Indonesia.

In 1977, Indonesian ships handled just 7.76 percent of the cargo involved in the country's foreign trade out of a total of 95,777,000 tons. The rest was carried by foreign vessels. This hurts Indonesia's balance of payments. Indonesian carriers handled just 41.3 percent of interisland cargo transportation. Indonesian regular lines services are concerned, since about 70 percent of them failed to reach the "break-even point."

The rates have been in effect since June 1975 and are still very high, according to Harun Rasjidi. This does not help or improve the interisland shipping

outlook. If such practices are not restrained, Indonesian shippers will be wiped out within 2 years, and foreign shippers will return to operate throughout Indonesia.

In its initial stage, according to Harun Rasjidi, Pasmindo will straighten out bookkeeping methods and the coordination of shipping, particularly of government goods, in harbors where it is believed necessary, including Surabaya, Tanjungpriok and Pontianak. All forms of unhealthy competition will be abolished, including rate wars, discounts and competition in the classification of goods.

Later, Pasmindo will try to balance cargo and cargo space, insure the correct transfer of goods, achieve the most rapid handling of cargo possible, protect against unemployment, safeguard passage money, organize a transportation bank in the future and arrange insurance for transported goods.

Still later, Pasmindo will control shipping, both into and out of Indonesia. At least 50 percent must be carried on Indonesian flag vessels.

The secretary general of the Department of Communications, Lt Gen Taher, said, among other things, that the problem of controlling cargo and its rapid transport from one place to another at reasonable cost is greatly desired by the public.

With the formation of Pasmindo, it is hoped that these conditions can be achieved, or at least a forum will exist in which improvements can be discussed and implemented. "We hope that all commercial enterprises which ship goods will use Pasmindo."

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CSO: 4213

INDONESIA

SUPPLY SHORTAGE AT SOUTH KALIMANTAN RUBBER FACTORIES

Jakarta KOMPAS in Indonesian 29 Aug 78 p 13

[Text] The crumb-rubber industry in South Kalimantan faces a raw materials crisis. Dr Asmaji Darmawi, secretary of the South/Central Kalimantan branch of the Indonesian Rubber Producers Association, announced this to KOMPAS on Saturday, 26 August.

It was explained that the shortage in raw materials resulted from a decline in individual rubber production, without a corresponding effort to raise production.

Estate service data indicates that individual rubber production in South Kalimantan is falling at about 4.4 percent per year. For example, rubber production in 1969 was 46,379 tons in South Kalimantan, while in 1977, production was just 21,000 tons. The capacity of the nine licensed crumb-rubber plants in South Kalimantan was 37,680 tons per year; actual production was about 36,000 tons.

The crumb-rubber industry in South Kalimantan is helped by raw materials from Central Borneo. However, there is competition for Central Kalimantan raw materials between crumb-rubber factories on the one hand and commercial exporters on the other. Although there are only four exporters in South Kalimantan, they are better able to purchase rubber because they have a lot of capital. As a result, they are able to draw in the majority of the available supply, in contrast to crumb-rubber plants.

The crumb-rubber industry has developed a new process which treats rubber with "unsmoked sheets." This process is more practical because it benefits the farmer and the factories. The farmer does not have to smoke the rubber after tapping; it can pass from tapping directly to coagulation, which is easier and less expensive. Production is also easier for the factory, and several machines can be used economically.

The new method will be applied in South Kalimantan, where the Indonesian Rubber Producers Association will work with the village cooperative unit. However, facing the challenge will not be easy because the commercial exporters, whether they want to or not, must find other means to approach the farmer so that the price of tapped rubber will be greater than that of coagulated rubber.

CEMENT EXPORTS TO BEGIN; PRODUCTION FIGURES NOTED

Jakarta KOMPAS in Indonesia 5 Aug 78 p 2

[Text] Indonesia will begin exporting cement to Thailand in September, sending 50,000 tons initially. At that time, Indonesia will stop importing cement. Thus, Indonesia is changing from a cement importer to an exporter.

Ir Agus Sujono, director general of the chemical industry, revealed this to the press Thursday at the Gresik Cement Factory in East Java. That day, the director general lit the furnace for the first time which represents the third stage of the Gresik Cement Factory expansion. With this expansion, the factory's production will increase from 500,000 tons per year to 1.5 million.

Indonesia imported around 300,000 tons of cement in 1978, but such imports will cease in August.

Indonesian cement production, following the expansion of the Gresik factory, is expected to reach 4.5 million tons per year. This comes from the following six factories: Cibinong Cement (1.2 million tons), Indocement (1 million tons), Gilacap Cement, Central Java (600,000 tons), Gresik Cement, East Java (1.5 million tons), Indarung Cement, Padang (330,000 tons), and Tonasa Cement, South Celebes (120,000 tons).

In 1979, there will be several other expansion projects so that production will rise to 5.7 million tons per year, while in-country demand is only 4.7 million tons per year. This means a surplus of 1 million tons will be available for export.

Following the initial export of 50,000 tons to Thailand, there will be exports to other nations. Several nations have already proposed themselves as customers, including Australia and the Middle East. The export of the first batch to Thailand is possible because the shipping costs are competitive with other cement exporting nations. The sale was also made at a "favorable" price.

When asked about the price, Director General Agus Sujono was not prepared to answer, since this is a commercial secret. Other exporting nations might find out and become rivals.

According to plan, several other cement factories will be built in North Celebes, Timor, Madura and other localities. Meanwhile, no recommendations have been made to build new cement factories in Java. Expansion of the present factories on Java will be stressed rather than building new ones. The demands of eastern Indonesia, which required imports on several past occasions, can now be fully met from Java.

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CSO: 4213

BRIEFS

FACTORIES GIVEN TO THE STATE--During the morning of 3 August Khamphong Photisen and his family gave their nail factory, located in the village of [Ban] Phon Sa-at, district of [Meuang] Saisettha, in the Vientiane prefecture, to the State. Previously, in the afternoon of 2 August, Sisouvan Boualavan, owner of a mushroom seed factory in the village of [Ban] That Louang, in the Vientiane prefecture, accompanied by his family, gave his factory voluntarily to the State Directorate of Industry and Commerce Department, in the Vientiane prefecture. [Text] [Vientiane BULLETIN QUOTIDIEN in French 4 Aug 78 p 2] 7993

PRINTING HOUSE GIVEN TO STATE--In the morning of 4 August, Yung Vongvilai and his family, owner of the "Vientiane Kan Phim" printing house voluntarily gave their printing house to the State. This printing house contained two printing presses, one perforator, two paper cutters and other complete equipment valued at one million kip. [Text] [Vientiane BULLETIN QUOTIDIEN in French 5 Aug 78 p 6] 7993

MEUANG HIN BOUN POST OFFICE--In order to improve circulation of Party and government notices and instructions to the regions, the postal service of the [Meuang] Hin Boun District, Khammouan Province, established two new post offices in the [Taseng] Pong Neua and [Taseng] Hin Boun communes. At the present time 15 communal post offices are listed in the district. [Text] [Vientiane BULLETIN QUOTIDIEN in French 12 Aug 78 p 3] 7993

VIENTIANE FLOOD CONTROL--Recently the Mekong level rose to the danger point and since the evening of 13 August, in order to safeguard the belongings and life of the population, thousands of Vientiane residents comprising the cadres, employees, workers and combatants belonging to the various departments, as well as the pupils and students from the Vientiane prefecture, diligently came to the aid of the population in its battle against the floods. Sanan Soutthichak, minister of communications, public works and transports, chairman of the fight against floods, Sisavat Keobounphan, cabinet minister, chairman of the managing committee of the prefecture of Vientiane, Singkapo Sikhotchouniamany, deputy minister for communications, public works and transports, Deuan Sounnalat, deputy minister for agriculture, forests and hydraulics, Phao Phimphachan,

chairman of the revolutionary administrative committee of the Vientiane prefecture, also participated in this fight at the side of the population. In addition, the cadres and employees of the Ministries of Education, Interior, the Hydraulic service of the Vientiane prefecture, in conjunction with the local population of Ban [village] Hom, [Ban] Nong Heo and [Ban] Nong Veng (district of [Meuang] Katsaifong) southern suburb of Vientiane, were able to control the overflowing of the waters all along the road to Tha Deua, thus saving tens of thousands of hectares of ricefields belonging to the population of those areas. [Text] [Vientiane BULLETIN QUOTIDIEN in French 16 Aug 78 pp 1, 2] 7993

7993
CSO: 4200

STOCK MARKET BOOMING, NEW RECORDS SET

Kuala Lumpur BUSINESS TIMES in English 2 Sep 78 p 12

[Article by Susan Tham]

[Text]

SATURDAY Night Fever, the advertisement boasts, is in town, the seventh week running. In these seven weeks, the "fever" has clearly spread and huge numbers burning with it. But with due respects, another fever has been around longer, just as irresistible, spreading sensations just as rosy.

It's the fever on the stock market. For some months it has been incubating and about a month ago, it broke out; first in moderate temperatures, but the past fortnight in real "brain frying" heat. The "buy, buy" calls have reverberated in intensity through the 33 stock broking houses in Malaysia as the scramble gathered steam.

This is quite an impressive change against, say a year ago, when broking houses remained blissful, serene — and empty — places.

To show how badly the fever has hit the market, it recorded the highest ever volume for a single day on Tuesday — 12.14 million shares. Just the day before, it recorded 11.63 million shares which beat the previous high of 11.33 million set way back in March 1975

during the "mini-boom."

(Talking of boom, the whetted appetites of those who have relished early profits or the heady boom of 1972-73 have done startling things to all the important indicators.)

Take for instance, the generally consulted market barometer, the New Straits Times industrial ordinary share index. This went past the 400 mark on July 28 and is now approaching the 450-point level. Yesterday it was at 441.43 but at its peak of 444.03 on Aug. 28, it was standing at a five-year high.

Since the year started, it has appreciated 50 per cent. As a general indication, think of what that means in terms of capital appreciation. This helps to explain the fever.

The upsurge is not confined to the industrial stocks. Almost all sections of the market have enjoyed varying degrees of applications.

Take the financial stocks. With the shift of interest to them they have gone up 18 per cent within one month. The index broke through the 600-barrier to 600.59 on Wednesday, another five-year high. Increases in the other market areas ranged from 3.3 per cent to some 23 per

cent over the similar period.

Against end 1977 levels, prices of hotel and tin stocks have advanced 32 per cent and 26 per cent respectively; financial and property stocks by 61 and 64 per cent and rubbers by as much as 69 per cent.

This indicates how fast the market has grown over the last few months. There are unmistakable traces of the 1972-73 boom in the current upsurge but traders would do well to remember too the bitter lessons of the fall that followed. *Just as there was fever then, there is fever now; and just as fever burned then, it will burn again if people are not careful.*

An over heated rise, or too excessive speculation would only serve to affect the long term prospects of the market. The stress therefore should be on a more orderly growth with the call to buy tempered by caution.

The market should have time to consolidate. In this respect yesterday's adjustment downwards turned out to be a well deserved breather for the bulls. No doubt the Singapore Stock Exchange's recent call to member firms advising them not to allow

their clients further commitments until they have cleared up all their outstanding positions and rumours of margin trading have injected a note of caution here as well as across the causeway, the move should assist in curbing any excessive spurt.

Some local stock-brokers, mindful of past lessons, have already taken precautionary measures and are requesting for cash in advance before purchase. This will not only help in their liquidity but also go some way towards restraining overtrading and preventing defaulting.

Fundamentally, the signs appears to be still right for a continued and orderly growth. Malaysia's continuing healthy economic position, the firm commodity prices — as reflected in the steady flow of encouraging corporate results — are galvanising factors.

Most market analysts seem firmly convinced that the bullish trend is far from being over. Underlying sentiment remains strong and indeed gauging from the prevailing enthusiasm, the market has some way to go yet, so they say. —
SUSAN THAM.

MAJOR BREAKTHROUGH IN PALM OIL SEPARATION PROCESS

Kuala Lumpur BUSINESS TIMES in English 7 Sep 78 p 6

[Article by Mack Laing in Manila]

[Text]

RESEARCHERS at the Universiti Sains Malaysia (USM) have discovered and patented a process which promises to expand the booming market for edible palm oil.

The scientific problems was how to fractionate or separate the liquid part of the oil, called the olein, from the solid part, the stearin.

Five methods are known, but one widely-used requires adding a detergent. The products resulting from this process are not acceptable in Japan, United States, Canada, and, until recently, France.

The USM process avoids using a detergent and will open these markets to Malaysian palm oil if the process works as well on a large scale as it does in the laboratory.

Development of the process has moved from using a hand centrifuge for separation to a larger bench machine to a refrigerated centrifuge to a continuous process which can handle 80 litres an hour.

Dr Augustine Ong,

USM's dean of chemical sciences, told *Depthnews Science Service* that arrangements for a pilot plant are now going on with the German firm, Westfalia.

The process is simple and safe, Dr Ong said. It means adding a two-solvent mix to crystallised crude palm oil, then whirling this in the centrifuge. Three separate taps deliver the liquid, solid and solvent fractions.

Patents for the process have been applied for in the United States, United Kingdom and Japan; the British patent was issued on May 31.

Twelve combinations of solvents, all acceptable to the food industry, are now known, Dr Ong said, and one solvent system has been studied in great detail. The process can be used not only for crude palm oil, but for refined palm oil, palm kernel oil, hydrogenated kernel oil, tallow, lard, rice bran oil and even fish oil.

The economic importance of the process is that large-scale prod-

uction should open the way for Malaysian palm oil to be used in the exploding deep-frying fast-food industry in developed countries.

The Malaysian Palm Oil Producers' Association predicts that 1980, palm oil production will be two million tons, compared to 1.4 million tons in 1977.

Today, Malaysia produces 54 per cent of the world's palm oil and 67 per cent of all palm oil exports. In a single bounce during 1972, Malaysian palm oil export went up 48 per cent in volume and 44 per cent in value.

Discovery of the USM process is only one part of a continuing search for new uses of the oil palm (*Elaeis guineensis*), which was first brought to Malaysia in 1870 as an ornamental plant.

The reddish-brown colour of palm oil is due to the presence of carotenes. These chemical substances, also found in carrots, are needed for the body to make Vitamin A. And continued lack of Vitamin A can lead to failing

eyesight and eventual blindness. Vitamin A deficiency is widespread in developing Asian countries, with India and Pakistan being the main examples.

Dr Ong's rough calculation shows that if all the carotenes in Malaysia's predicted 1980 palm oil production could be extracted, enough Vitamin A could be made to meet the nutritional demands of the whole population of India.

The trouble is that the present refining process for palm oil destroys the carotenes.

In research already filed for patent, Dr Ong and his team have developed a method of extracting the carotenes, keeping them biologically active, but without changing the oil product.

This extraction uses activated carbon derived from sawdust and rubber wood. The treated activated carbon removes the carotenes, which are in turn removed from the carbon. Feeding experiments with lab animals show that these carotenes still

can produce Vitamin A in the animal's body.

The solid part of palm oil is used for cooking fat, called ghee in many Asian countries. Processing this vegetable lard now requires adding hydrogen gas. This hydrogenation is costly. It also causes a rearrangement of the fat molecules which results in substances considered "unnatural" in many countries.

USM research is now pursuing methods to avoid hydrogenation.

This will make palm oil cheaper to process than

soybean oil, which also requires hydrogenation.

Another line of research concerns the waste, or sludge, coming from palm oil mills. The Japanese, in a struggle to avoid even this minimal pollution at home,

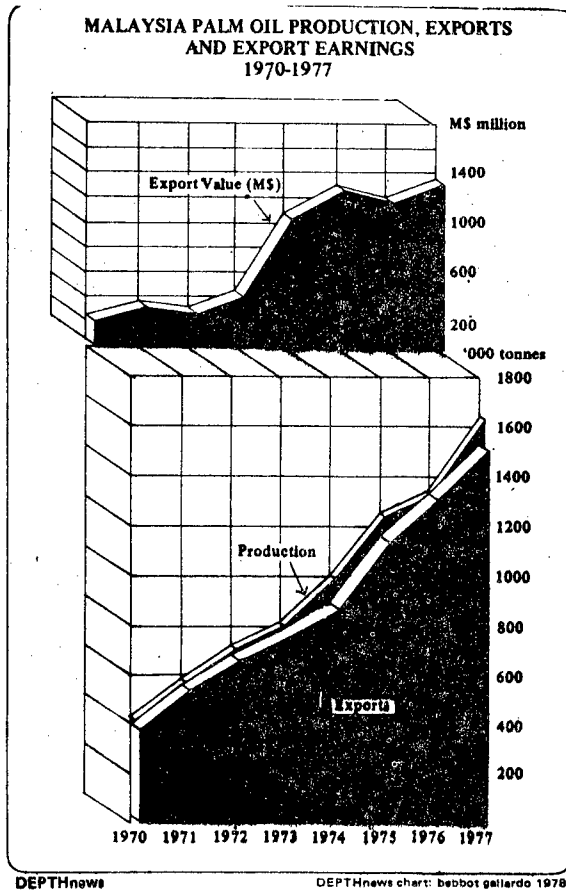
buy only processed palm oil.

But the USM researchers believe the sludge itself can be used. One method of recovering the waste, called the Sensor process, produces animal feed, but the process requires heavy capitalisation to

set up plants.

USM is now working with a Malaysian-based British company towards using the sludge for fertiliser. The generation of methane gas from the sludge is also possible, but has so far been done only on a small scale.

USM, founded only in 1969, is the second oldest of Malaysia's five universities. So far, USM has produced five PhD students. Two of last year's four doctorates were from Dr. Ong's School of Chemical Sciences. — Depthnews Science Service.



NEW ESSO PLATFORMS WILL BOOST OIL PRODUCTION

Kuala Lumpur BUSINESS TIMES in English 1 Sep 78 p 1

[Article by A. Kadir Jasin]

[Text]

MALAYSIA'S crude petroleum production is expected to increase further when two more production platforms come on stream in the Esso contract area off the Trengganu coast later in the year.

Esso is currently producing an average of 60,000 barrels a day from two fields, Tapis and Pualai. Production from these fields started in March.

The company is currently completing the construction of the new platforms — Tapis B, a satellite platform, and Bekok A, a manned platform. They were successfully put in place recently.

Esso sources told *Business Times* the platforms are being connected to the subsea pipeline system linking all the production platforms in the area to a single anchor leg storage system.

The sources declined to say what would eventually be the flow rate of the various fields. This would depend very much on the agreement of Petronas, the owner of the resources.

Tapis B is capable of handling 24 production wells and will be manned by crew stationed on Tapis A. Bekok A is being

built on an entirely new body of crude and will have a crew of its own. It can take in 12 wells.

About four cargo loads of crude are being shipped from the production area each month. They are being shared between Petronas and Esso based on their production-sharing entitlement. The crude is exported mainly to Japan and the US West Coast.

The sources said Esso would have spent about US\$150 million (M\$360 million) by the end of the year compared with US\$80 million (about M\$192 million) last year on exploration and production.

The sum has been approved by Petronas based on work programme for the year. The bulk of the allocation will be spent on the Peninsular Malaysian sector.

Meanwhile, production by the company's single field off the coast of Sabah has declined from the peak of 15,000 barrels a day to 10,000 barrels.

Esso's contract area is now reduced to 16,000 sq. miles after it relinquished 2,000 sq. miles off the coast of Sabah in the middle of last year after completing all exploration activities.

FISHERIES DEVELOPMENT PROGRAM WILL REQUIRE HEAVY INVESTMENT

Kuala Lumpur BUSINESS TIMES in English 2 Sep 78 p 6

[Article by Gil Hamiku]

[Text]

MALAYSIA'S fishing industry could get a new lease on life when the South China Sea Fisheries Development Program begins to move at full steam ahead.

Malaysia's coast-bound fishermen are looking with longing at the open expanse of the South China sea, for they know that there lies their livelihood.

East Coast fishermen stand to gain more than those of Sabah and Sarawak at the south end of the South China Sea. But the programme should put even these "eastern provinces" fishermen ahead of west coast peninsula fishermen whose operations are confined to the over-fished Malacca Straits.

Straits catches have been going down by 2.3 per cent a year for 10 years.

The only possibility for West Coast fisheries expansion is to move out of the straits and into the Indian Ocean. But the West Coast's 15,000 fishing boats — about half the Malaysian fleet — would have to be heavier and more seaworthy. And this means capital, which the fishermen don't have and can't get.

Landings in Sabah and Sarawak have also decreased. There are fish to be caught there,

but the boats, mostly under 20 tons, can't get out far enough to get them. East Coast fishermen have the same problem.

This is why the Malaysian Government has accepted a proposal by the Food and Agriculture Organisation of the United Nations (FAO) which promises to lift the present 5.3 million-metric-ton offshore catch in the South China Sea much closer to its potential annual yield of 8.2 million tons.

Development

This South China Sea Fisheries Development Program (Phase II) calls for a modernised fleet of 200 vessels of 150 to 200 tons each, with high-efficiency gear and cold-storage holds, plus three new fishing harbours with processing plants.

Malaysia has a tremendous demand for fish and it is growing every day. Fish prices in Malaysian markets have soared for at least 12 months.

Fish is the most important animal protein food for most Malaysians. Two-thirds of Malaysia's 13 million people live on a rice-plus-fish diet.

Fish consumption is

26.6 kilos per person per year, compared to 14.4 kilos for meat. So, unless food habits change, fish will remain Malaysia's single most suitable protein food.

Good quality fish and prawns exported to Singapore and Japan reached the 400,000-ton mark last year, in spite of foreign complaints that prawn packaging is not up to export standards.

There are 91,000 licensed fishermen in Peninsular Malaysia, 60 per cent of them on the east coast.

They are largely unskilled. Fishing is the only occupation open to them. But it is insecure. At the present level of operation, the average fisherman's income will remain at a meagre \$600 a year. There are too many little boats and too many small-scale fishermen doing too much inshore fishing where there are too few fish.

The potential lies in the offshore grounds of the South China Sea. But technology to exploit this resource needs building up. That is what FAO will try to do.

FAO experts are convinced that the South China sea fish resources are substantial enough for significant increases in total catch, which

could bring more and less costly fish to the table.

The experts divide fish resources into four groups — pelagic (living near the surface in open seas), demersal (living deep), crustacea such as prawns, and molluscs, or shellfish.

The surface-dwelling species such as tuna, mackerel, anchovy, sardine and herring are believed sufficient to raise the catch by 2.2 million tons a year.

Another annual 600,000 tons of demersal fish, ranging from large fish such as red-snappers and groupers to small trash fish, is also believed possible.

The most important resources are prawns and crabs. The present annual catch of nearly 250,000 tons of prawns has been at a standstill

for many years. But the experts calculate that an increase of up to 100,000 tons in the yearly crab catch is not only possible, but likely.

The precise stock of squids, cuttlefish, octopus and bivalves is not known; but it is believed that intensive trawling and seabed dragging could increase production considerably.

All in all, FAO's fish specialists are convinced

that nearly three million more tons of fish could be taken from the South China Sea without harming the fishing resources or causing a chaotic drop in fish prices.

Capturing this protein means heavy investment by the Malaysian Government — in boats and gear, basic infrastructure, shore support facilities and in building an efficient marketing system.

What this means in terms of employment is yet to be seen.

The intention to train present fishermen for these technical jobs has run into a snag — how many fishermen have the aptitude for such training? Workers with wider skills may have to be called in.

Range

The fishing fleet now has 30,000 boats, most with engines under 40 horsepower. Of these, 49 per cent operate on the West Coast of the peninsula, 25 per cent on the East Coast and 26 per cent in Sabah and Sarawak.

The present fishing range is 50 miles. At the recent Law of the Sea conferences, Malaysia saw the advantage of pressing for extension of

her 12-mile territorial waters to 200 miles. This would put a lot of rich fishing grounds within her exclusive control.

Majuikan (the national Fisheries Development Authority) is to build about 200 modern deep-sea vessels over the next few years. These heavy-tonnage boats would not displace existing fishing craft, but would supplement them.

To start with, a few lucky fishermen living around Majuikan centres and the new fishing ports of Pahang, one near Trengganu and one in Sarawak will be the first to receive assistance. They would be given new-style boats and efficient gear on very easy financial terms.

The most productive gear in terms of catch per fishing unit are the

trawl, seine, lift and bag nets. They account for about 75 per cent of the country's total catch.

Trawling is particularly developed on the West Coast and is one major reason why fishing there has reached saturation. Majuikan will invest in these gear for its future fishing operation in the South China Sea, hoping that it will be many more years before saturation, since there is so much more water to fish.

This new fishing fleet will be serviced by modern harbours, for support facilities are as important as boats. Large fishing boats will have the full range of support facilities such as cold storage, processing plants, marketing complexes, transport and communication.

These are necessary to speedily process the fish on landing. The vessels will already have sorted and frozen the catch. It will cost the Government about \$30 million to install these three new-style fishing harbours at Chendering (six miles south of Kuala Trengganu), Kuantan and Kuching.

Once in full function, more fish will find their way to Malaysian markets to feed a population growing at three per cent per year.

According to the estimate of Malaysia's Economic Planning Unit, the country will require an increasing catch of about half a million tons by 1995 to maintain the local supply of fish protein.

Malaysia needs 10,000 tons of fishmeal a year for agricultural purposes. The country now produces about 4,000 and must import the other 6,000. The Government wants to reduce fishmeal imports.

Landings

Trash fish landings will be increased accordingly for reduction to fishmeal, to supply the growing pig and poultry industries.

Though Malaysia is not urgently concerned

with exporting fish, the foreign exchange it generates is welcome. Singapore is, and will remain, Malaysia's biggest customer for high-quality fresh fish and Thailand for low-priced fish. The export of prawns and high-grade fish is expected to increase by 2,000 tons each year until a total of 100,000 tons is reached by 1995.

Recently the export market has swollen, with exports of frozen prawns and shrimp to Japan, the US and Europe. It brings Malaysia \$5.98 million in

foreign exchange a year. Disturbed by foreign complaints, the Government is trying to improve quality control in the prawn-shrimp export industry.

Malaysia is also steadily extending and improving her coastal aquaculture.

At present, cockle culture and prawn farming are already developed in the coastal stretches of Perak, Selangor and Johore along the Straits of Malacca. A survey has shown that 150,000 hectares of brackish water areas in Malaysia are suitable for aquaculture. This is considerably more than the present 355 hectares under cultivation. The prospects for aquaculture are enormous.

Fish culture in the coastal and estuarine brackish waters could be increased to yield an additional 20,000 tons to the present 30,000 tons a year. A further 140,000 tons could come from intensifying cultivation off the East Coast of the peninsula.

In all about 400,000 metric tons a year must come from aquaculture in the South China Sea fishing programme, over the next 18 years, if Malaysians are not to be short of fish. — Dep-thnews.

COCOA MAY RANK AS MALAYSIA'S THIRD CROP

Kuala Lumpur BUSINESS TIMES in English 2 Sep 78 p 12

[Text]

LONDON, Sept. 1

IF COCOA prices remain stable around their present levels of £1,800 a ton and production/sales targets are met, Malaysia can expect the commodity to rank third in a few years behind rubber and palm oil as an export earner.

This assertion is made in a survey of Malaysia appearing in today's issue of *The Times* newspaper, which gives detailed coverage of the country's development of cocoa.

The survey points out that it was as long ago as 1947 that a tropical agriculture expert, Professor E. Cheeseman, forecast that Malaysia could produce as much as 100,000 tons a year (which would rank the country fifth among world producers).

With the International Cocoa Organisation predicting the country's

1977/78 output at 22,000 tons (against 3,500 tons in 1970/71), there is clearly a fair way to go to reach 100,000 tons. However, Malaysian officials confidently forecast a 20 to 30 per cent increase in sales each year for the next seven to 10 years.

Meanwhile, the report suggests, the Malaysian government is content to allow the industry to grow progressively, and in keeping with world demand, rather than embark on a crash production programme.

The key may lie with the farmer (whose production costs are much less than in West Africa) who can currently assume a profit of at least £400 a ton and cocoa has the further attraction of no export levy on exports at present, the report says. — AFP.

CSO: 4220

PAKISTAN

PAKISTAN PAPER CONCERNED OVER INDIA'S PURCHASE OF JAGUAR AIRCRAFT

Karachi DAWN in English 10 Oct 78 p 7 BK

[Editorial: "Jaguars for India"]

[Text] The decision of the Indian Government to acquire 200 Jaguar fighter-bombers for the Indian Air Force is bound to have a profound impact on the arms balance in the subcontinent. The decision to acquire these aircraft is of great significance since it not only means a quantitative expansion of India's military capacity but also a qualitative change in its weaponry. The Jaguars are a deep penetration strike aircraft (DPSA), and after months of wavering the Indian Government has taken a major policy decision to conclude the \$2 billion deal with Britain for the DPSA. The implications of this decision for the arms race in the region are fully recognised by Delhi. Hence Mr Jagjivan Ram has tried to shift on Islamabad [words indistinct] of introducing a new dimension in the arms race by alleging that the American Government's decision (which has yet to be officially confirmed) to sell F-5 aircraft to Pakistan had upset the Indian Government since it threatened to change the military status quo in the subcontinent. In any case the Jaguar deal confirms the fears expressed in many quarters that New Delhi plans to continue relentlessly the all-round modernisation and expansion of its military establishment. These deep-penetration fighter-bombers will obviously mean a further creation of strength to India's Air Force, which, with its 600 combat aircraft and 100,000 personnel, is already a formidable force in excess of India's needs. As the American ambassador in New Delhi pointed out, the purchases could trigger off a new arms race in the subcontinent and introduce a higher level of technology in an area in which India's superiority is already established. The Jaguar deal must obviously be seen in the context of similar plans for the two other arms of India's war machine. For the navy, New Delhi hopes to build submarines within the country, while for its million-strong army, it wants to phase out its locally-built Vijayanta tanks and replace them with Soviet T-72s. The foreign purchases, incidentally, are only one source of arms for India; the other more reliable source is its indigenous production from the arms and ordnance factories which have made that country self-sufficient not only in all sorts of light and medium weapons and

equipment but even in some heavy and sophisticated arms, such as tanks, ships and aircraft. The tank factory at Avadi, for instance, has been asked to develop an alternative to Vijayanta and manufacture a tank for future needs. The projections for the future are, thus, in line with India's past record, in which every year has been a higher outlay for defence. During the current fiscal year New Delhi plans to spend \$3.57 billion on defence, which shows an increase of \$910 million over the 1975 figure of \$2.66 billion.

The acquisition and stockpiling of arms by India, however, is not an issue that concerns Pakistan alone. India's other neighbours also feel insecure. In view of the background and historic nature of the Indo-Pakistan relationship, this country has reasons to be especially concerned over any Indian arms build-up that may upset the balance of power in the region. This would affect India's smaller neighbours more adversely since they would be left with no choice but to divert their limited resources towards strengthening their defence potential. The current phase of Indo-Pakistan relationship is characterised by attempts on both sides to normalise ties. While many issues, including that of Kashmir, still remain to be solved, a number of steps taken recently have helped to improve the diplomatic climate. If no further progress is possible at this stage at least the two governments must seek to maintain the military status quo, and no steps should be taken which might create insecurity and tension which are bound to jeopardise the process of normalisation which began so hopefully after the Simla accord.

CSO: 4220

PHILIPPINES

BRIEFS

TWO OIL DISCOVERIES--Manila, 9 Oct--In 5 years of searching for the "elusive Asian oil belt," the Philippines has made two major oil discoveries and spent 1.28 billion pesos (about \$U.S.183 million). This was reported today by the official Philippine News Agency (PNA) which said the two discoveries in northwest Palawan and the Reed Bank confirmed this country lies on the Asian belt that includes Indonesia and Malaysia.--NAB/AFP [Text]
[Rangoon THE WORKING PEOPLE'S DAILY in English 11 Oct 78 p 2]

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