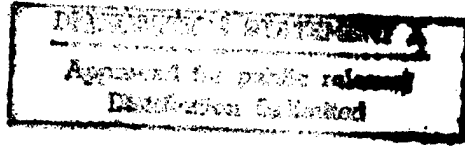


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2 June 1982

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No. 1147

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ADB REPORT ON INEQUALITIES IN INCOME DISTRIBUTION

Kuala Lumpur BUSINESS TIMES in English 31 Mar 82 p 19

[Article by Alan Chalkley]

[Text]

FABULOUSLY high growth rates for the economies of East and South-East Asia are now a regular feature of the world scene. But the figures are for each country as a whole — are there some "by-passed areas," parts of the countries which haven't benefited from the overall prosperity?

Of course, there are. National incomes are never distributed evenly, and for many reasons. But is the gap between, say, the fat city and the thin distant countryside narrowing somewhat?

A study by researchers at the Asian Development Bank says "yes — somewhat." In its own words, the bank report concludes: "Regional inequalities, though substantial, are diminishing slowly in three countries — the Philippines, Thailand and Malaysia. However, the record regarding poverty incidence is mixed."

Between 1971 and 1980, the period which the researchers have studied, the state of the poor in the provincial areas did tend to improve in Malaysia and in Thailand, especially in the lower-income North-East and North.

What helps to even out incomes? "Past import-substitution policies," says the study, "are likely to have resulted in perpetuation of regional disparities, and government expenditure policies have also often failed to rectify regional inequalities. Strong agricultural growth and rising agricultural prices have done a great deal to help reduce poverty and lift average incomes in by-passed agricultural areas as in the Thai case.

"However, efforts to raise land productivity and, where possible, open new land (especially in Malaysia and Indonesia) will need to continue, and be made more efficient, if existing regional imbalances are to be redressed."

As the five countries of Asean take a more liberal and outward-looking approach, the regional inequalities are likely to improve, but there are considerable problems just at this moment. The study continues:

"The collapse of commodity markets associated with world recession, protectionist

measures by advanced nations, technological breakthroughs leading to synthetic substitutes for raw materials, and concentrated foreign direct investment, may all conceivably worsen regional inequalities in developing nations."

The recent progress achieved in reducing regional income imbalances in these three countries, it says, "indicates that even a relatively harsh international environment need not completely frustrate determined domestic efforts."

The study also warns that as the countries review policy changes for the future, "it is important to emphasise that scarce investment capital and human resources of the technical and managerial variety be allocated on the basis of social efficiency — earning the highest economic return."

How do the ADB analysts reach these conclusions? Here is a run-down on their analysis, country by country:

THE PHILIPPINES: This country grew at an average annual rate of 6 per cent in the 1970s. Here is a selected list of average family incomes by regions over a longer term:

Region	1961 pesos	1978 pesos	Rise %
Manila	4,790	16,790	250
C. Luzon	1,713	9,432	350
E. Visayas	1,166	6,622	465
N. Mindanao	1,560	7,294	365

There is evidence here of improvement in the provinces, as against the capital; but two other provincial areas show sharply divergent patterns:

Region	1961 pesos	1978 pesos	Rise %
W. Visayas	1,614	6,755	318
S. Mindanao	1,463	9,076	520

The Western Visayas has lagged well behind the national average rise (which is about 390 per cent) whereas South Mindanao has soared ahead.

There are still serious gaps at the provincial level: in Pampanga (a relatively well-endowed Central Luzon province), the average family income is 6½ times as high as it is in Cebu (a slim island in the middle of the country).

In recent years, since 1975, some reversal of the improvement is noticeable too. Manila's typical incomes have moved ahead faster than the provincial figures.

Oil price rises and some poor harvests especially hit many areas in the early 1970s. In the Philippines as a whole, the percentage of families "below the poverty line" increased from about 39 per cent to 45 per cent, according to World Bank calculations.

It is only since 1975 that the situation has probably got back on track, and the poverty percentages have been reduced.

The study notes:

"The reason for the high incidence of poverty in the Central and Eastern Visayas and Bicol are partially due to their poor resource endowment — they have among the lowest amounts of arable land per capita in the country, low irrigation potential and poor climatic conditions.

"Despite similar conditions, however, the Ilocos region has significantly progressed relative to the rest of the nation, showing a reduction in poverty incidence.

"Northern Mindanao and the Cagayan Valley have relatively low man/land ratios compared to the rest of the Philippines, yet poverty incidence is relatively high in these two regions.

"Regions with relatively low poverty incidence have high agricultural productivity but this is largely due to the concentration of public investment in irrigation, roads and programmes aimed at encouraging rice production in favoured areas such as Central Luzon and Laguna."

But administering an income-equalising policy is easier said than done. "The persistence of some regional inequalities is not surprising in light of the difficulties posed by the island geography of the Philippines.

"Relatively favourable agricultural prices, the spread of yield-increasing grain varieties, the building up of infrastructure and banking facilities outside Manila, and inter-regional labour migration (out of the poorer or land-scarce regions into more prosperous land-abundant areas) have all contributed to the reduction of regional income imbalances."

THAILAND: Regionally analysed, this country shows some closings of the income gap, with average household income shaping like this:

Region	1962-3 baht	1975-6 baht	Rise %
Bangkok	18,690	37,848	102
South	9,411	19,920	112
North-East	5,915	16,572	180
North	5,987	16,444	178

Thailand appears to be an example of an interesting theory that before incomes begin to equalise, they tend to turn more unequal, especially in a period when new infrastructure is being built into the country ready for a fresh economic advance. This appears to have happened during the period covered.

Below the poverty line percentages have all improved considerably since 1962-63 — in the North-East from 74 per cent to 45 per cent, in the North from 65 per cent to 34 per cent, in the South from 44 per cent to 32 per cent.

But the ADB study says:

"There is still an extremely heavy concentration of industrial activity in the Bangkok-Central region in Thailand.

"This has been fostered by a combination of the factors, including not only various scale economies and infrastructure needs, but also central government policies."

The study also warns:

"The favourable movement of agriculture's domestic terms of trade between 1971 and 1975 has helped rural areas and helped mitigate regional imbalances.

"This was due to external conditions in the world market brought about by the commodity boom in the early 1970s. Maize, tapioca and rubber are almost entirely exported and domestic prices of these commodities were allowed to fully rise with external prices, contributing to improved income growth among farmers in low-income regions.

"However, rice and sugar prices were not so adjusted in deference to the interests of domestic urban consumers.

"The policies with regard to rice prices, taxes and reserve requirements have not helped reduce rural-urban and regional imbalances."

MALAYSIA: This country has a national income per person about double that of the Philippines and of Thailand.

In recent decades, it is probable that the country went through a period when inequalities grew quite sharply.

The west side of Peninsular Malaysia, including the capital area, Penang, etc., hit a high-speed development pace that left most of the rest of the federation far behind.

In the decade of the 1970s, the average per person Gross Domestic Product, in selected states, looked like this:

State	1971	1980	Rise %
	M\$	M\$	
Selangor	2,153	2,655	23
Johore	1,084	1,726	60
Sabah	1,303	1,847	42
Kelantan	564	842	50
Trengganu	615	1,316	114

There has therefore been some counterbalancing of earlier biases and privileges.

The ADB study notes, however:

"Malaysia's record of poverty reduction is more impressive than its efforts at reducing income disparities between regions.

"National poverty incidence declined from 49.3 per cent in 1970 to 43.9 per cent in 1975, to 37.7 per cent in 1976 and to 29.2 per cent in 1980.

"A case of relatively successful development of a by-passed area is that of Trengganu state on the east coast of Peninsular Malaysia.

"Its per capita income was only 52 per cent of the Malaysian average in 1971 but rose to 72 per cent by 1980.

"While oil discoveries had some part in the rapid income growth in this formerly low-income state, the growth of manufacturing and agriculture (15.9 and 10.6 per cent in real terms per year between 1970 and 1980) contributed as well."

Poverty incidence on the whole in Malaysia was similar to that in the Philippines and Thailand only about a decade ago.

Even government budget expenditure policy is not yet fully "fitted" to the population or poverty needs, as the study shows, although it does acknowledge that fiscal policy in Malaysia does contribute to improved balance between rich and poor areas.

CHEMICAL BANK OPTIMISTIC ABOUT ASIAN ECONOMIC GROWTH

Kuala Lumpur BUSINESS TIMES in English 28 Apr 82 p 19

[Article by Linda Bolido in Manila]

[Text] AS THE world slowly picks itself up from the economic slump of previous years, Asia-Pacific nations, it appears, may look forward to an impressive growth rate in 1982.

A highly optimistic report on Asian economic trends prepared by the economic research department of Chemical Bank in the US predicts that the region "will again be among the fastest-growing areas in the world" this year. Its projected gross national product (GNP) growth rate of about 4.4 per cent represents a modest improvement from last year's four per cent.

The report forecasts that growth in developing Asia will surpass that of all other regions including the three developed countries in the area itself. Estimated growth rate for developing Asia in 1982 is 5.7 per cent, higher than last year's 4.9 per cent.

Covered by the report are Japan, Australia and New Zealand, the three countries in the region identified as developed; and People's Republic of China, Hong Kong, India, Indonesia, Malaysia, Pakistan, Papua New Guinea, Philippines, Singapore, South Korea, Sri Lanka, Taiwan and Thailand, which compose developing Asia.

The report's optimistic tone is almost consistent for all nations covered predicting moderate or, at the very least, stable growth rates.

Only Papua New Guinea is expected to experience a drop in real

growth due to falling export earnings. The country which had a growth fall of two per cent last year is predicted to register a decline of 2.5 per cent in real growth in 1982.

The slowdown in Indonesia's growth rate is expected to continue this year with the level dropping from last year's 8.5 per cent to 7.5 per cent in 1982. This further deceleration of the country's real growth is supposed to be brought about by sluggish oil exports.

In making its prediction, the report is pinning its optimism, however, on modest upturns in economic growth of the US and Europe, whose developments are still strongly linked to those of the Asian region.

Two other major factors, which the report expects to influence the region's economic outlook, are prospects for world oil and commodity prices.

"Improvement in these areas should help Asia's growth, inflation and external accounts," the report says. Prepared by Eric Rasmussen, Sandi Claire Summerlin and Paul Pannkuk, the report predicts that while the industrial world will have a moderate recovery this year, there will be some pick-up in demand for Asia's exports which will stimulate growth in the region.

It adds: "Moderating inflation in the industrial world will also have a favourable effect on Asia by easing increases in Asia's oil import costs." **As for prospects for**

world oil and commodity prices, the report is forecasts are:

■ The world oil price outlook for 1982 is very positive for the Asian economies, which are highly dependent on imported oil for their energy needs. After a near tripling from the end of 1978 to spring 1981, oil prices are expected to remain at their current level of about US\$34 per barrel in 1982, representing no increase from the average 1981 price.

This will be a boon to Asia, where many countries' oil import bill represents 30-50 per cent of total imports and much of the region is experiencing balance of payments difficulties.

■ Commodity prices should rise, albeit moderately, in 1982 from their depressed 1981 levels. Since most Asian economies depend on commodity exports for a large part of total export revenues, this year's improved outlook should help external performance and economic growth.

Of Asia's developed countries, Japan, as in previous years, is expected to register the strongest growth rate in 1982. From last year's 3.5 per cent, the Japanese economy is expected to grow by 3.8 per cent this year.

Exports will still be a major source of growth for Japan but domestic demand, together with lower interest rates and slower inflation, is expected to boost growth particularly in the second half of the year.

Australia's projected growth rate this year is 3.2 per cent from last year's three per cent while New Zealand is predicted to have a slowdown from last year's rate of 2.5 per cent to 1.5 per cent this year.

In developing Asia, Hong Kong and Singapore will continue to outpace the rest as they maintain, according to the report's forecast, their growth rates of 10 per cent, which is the same as last year's. Malaysia, Indonesia and Taiwan are expected to post growth rates of 7.5 per cent each.

For both Malaysia and Taiwan, however, this estimated rate represents an improvement over last year's growth pace of seven per cent and 6.9 per cent, respectively.

The region's most populous country, China, "while continuing its 'readjustment' process, should experience some acceleration in real growth this year as heavy industry once again records production gains," the report says.

It adds: "India, Pakistan, the Philippines and Sri Lanka should grow at moderately strong rates and continue to institute economic reforms in consultation with the International Monetary Fund (IMF). South Korea's growth should accelerate somewhat in 1982 due to improved export growth, domestic demand and investment. Thailand's growth will be buoyed by strong foreign and public sector investment." — **Depthnews Special**

YOUNG COMMUNIST LEADERS LACK CONTACT WITH MASSES

Kuala Lumpur BUSINESS TIMES in English 5 May 82 p 19

[Article by Adlai J. Amor in Manila]

[Excerpts]

COMMUNIST parties are still alive and kicking in non-Communist Asia despite decades-long attempts of governments to crush them. Most Asian governments still consider them a threat, especially with the growing Soviet and Chinese influence in the region.

In South Asia, some of the Communist parties are progressing largely because they are recognised as legal political parties. However, factionalism and ideological struggles within these parties have weakened them and destroyed their chances for national leadership.

The situation in South Asia is best summed up by *Depthnews* correspondent Mohammad Ziauddin, writing about the situation in Pakistan:

"...For the past decade or so, the Communists have distinguished themselves by their capacity for endless ideological polemics, planning, factional splitting into mini-groups, the struggle for leadership and pamphleteering. The membership and dominant leadership comes from the middle class intelligentsia and the students who have no desire or ability to approach the masses....."

Communism's history in the rest of Asia parallels that of its growth in Russia and China. While

most of the Communist parties in South-East Asia are Chinese-inspired, those of South Asia follow the Soviet ideology.

Among the oldest parties in non-Communist Asia is the Partai Komunis Indonesia (PKI or Communist Party of Indonesia) which was founded on May 23, 1920. At its zenith, it claimed 23 million members and affiliates — the largest party ever to be organised outside China and the USSR.

A common problem which runs like a thread through all the Communist parties of Asia is leadership. Continued factionalism in South Asia has not catapulted any one man into national leadership. In South-East Asia, successful military operations have resulted in the capture of top party leaders.

New leaders are, however, emerging from the ranks of the student activists of the 1970s who fled to the jungles and hills. In the Philippines, for example, Jose Ma Sison, chairman of the Communist Party of the Philippines, has been replaced by Rodolfo Sales. Mr Sison continues to languish in jail.

A basic defect of these young, idealistic leaders, however, is their lack of

experience, according to competent observers. Unlike the time-tested founding fathers, today's young Communist leaders are university-bred and are woefully lacking in contacts with the masses.

Here is a country-by-country situationer on some of Asia's Communist parties:

MALAYSIA: The 3,000-man Communist Party of Malaya (CPM) suffered its greatest setback in 1980 when its Peking-based chairman, Musa Ahmad, surrendered to the government.

Encik Musa, who was one of the leading ethnic Malay leaders in the Chinese-dominated CPM, said that he had lost his faith in Communism because of "weaknesses and its falsity."

Despite this, the Communists are still very active in the Thai-Malaysian border where they have allied closely with the Communist Party of Thailand and Muslim separatists.

However, ideological differences have split the party into three — the CPM proper, the Marxist-Leninist faction and the revolutionary faction. But the pro-Peking CPM proper still dominates the two other factions.

PHILIPPINES: For some time now, the Communist Party of the Phil-

ippines has been downplaying Mao Tse-Tung in favour of a grassroots come-on which links American imperialism with the current Marcos administration.

Apparently, the tactic is proving effective. As more and more Filipinos are becoming disillusioned with the 16-year-old reign of President Ferdinand E. Marcos, more and more sympathisers are flocking to the CPP.

The party's military arm, the New People's Army, boasts of 30 strategic guerilla fronts and provincial revolutionary committees have been set up in 73 provinces. It has an estimated 6,000 guerillas.

THAILAND: The Communist Party of Thailand (CPT), founded in 1943, is suffering from an internal conflict which threatened to split the party. The conflict started in 1979 when students and intellectuals questioned the CPT's closeness to China and its blind obedience to the dogmatic principles and tactics of Mao Tse-Tung.

The internal conflict is telling on the CPT with more and more of its members captured or defecting to the government side. The party is estimated to have 5,000 members and a mass base of 5,000. — *Depthnews Asia*

ACADEMIC REPORT ON TERRORIST ACTIVITIES AGAINST CORPORATIONS

Kuala Lumpur BUSINESS TIMES in English 22 Apr 82 p 2

[Text]

MULTI-NATIONAL corporations have paid millions of dollars to terrorist groups around the world to prevent their executives from being kidnapped, a defence expert said yesterday.

Geoffrey Williams, head of the Strategic and Defence Studies unit at the Western Australian Institute of Technology, said he believed there had been 5,000 attacks on multi-national companies with 2,500 cases of executive kidnapping throughout the world in recent years.

He said he had found that up to 200 executives were kidnapped each year — against a handful reported — and enormous amounts of money in ransom and protection was being paid to terrorists.

Mr Williams, a former Australian Nato adviser

on defence, is leading a team of researchers who are expected to complete their report in September this year.

Mr Williams said he could not disclose the names of the six big resource companies financing the research but said they had agreed to part of the final report being released publicly later this year.

He said terrorist attacks on multi-national companies and the payment of ransom or protection money was rife in many parts of the world, and particularly in Italy, Argentina, several other Latin American nations and some parts of Europe.

"The protection money racket had been going on for the past 10 years, but it was only recently that it had become more open," Mr Williams said in comments made in

Perth.

"Money has been paid to the terrorists on demand simply to enable the companies to stay in business," he said.

"About three years ago the ransom demands ran into tens of thousands of dollars — now it is more than a million dollars," Mr Williams said.

Mr Williams said multi-nationals are regarded as "soft targets" by terrorists. Sources where it is possible to quietly obtain money without emotive and highly publicised results.

He said between 1972 and 1978, more than US\$500 million had been paid to terrorist groups, some as ransoms for kidnapped executives, others as payments to prevent abductions.

Many of the groups were connected with the Palestine Liberation Or-

ganisation, the Red Army faction in Western Europe and the Italian Red Army.

"The protection money racket appears to be worst in many authoritarian countries where there is a leaning toward the right," Mr Williams said.

Mr Williams said he and his team of researchers faced a difficult task in putting together the evidence into terrorist activities against multi-national corporations.

"Basically it comes down to some very careful and microscopic reading of whatever material is available," he said.

Mr Williams said some of his information came from the Central Intelligence Agency and other sources he could not name. — UPI

CSO: 4220/603

SEVERE PENALTIES FOR OFFICIALS GUILTY OF CORRUPTION

Kuala Lumpur BUSINESS TIMES in English 6 Apr 82 p 20

[Article by Granville Watts in Dacca]

[Text]

MILITARY rule is back and politics have been frozen again in Bangladesh, an impoverished nation of 89 million people which is still searching for stable government after 11 years of turmoil and coups.

Army strongman Lt-Gen. Hossain Mohammad Ershad staged the latest coup on March 24 and said he would keep military rule in force for two years until conditions were right for a return to democracy.

"Here we go again," was the cynical comment of one diplomat, who said he seemed to have heard it all before.

Born out of the 1971 war between India and Pakistan, the new nation seemed plagued with problems from the start.

The country's first President, Sheikh Mujibur Rahman, was killed with most of his family in a bloody military coup in 1975.

His successor was a military man turned politician, Gen. Ziaur Rahman, who seemed to be putting the country on the right track when he too was assassinated in an abortive military mutiny in the southern port of Chittagong last May.

Then came a four-month period of civilian rule under President Abdus Sattar, a 76-year-old former Judge.

Lost grip

Mr Sattar had begun a drive against corruption among members of his ruling Bangladesh Nationalist Party (BNP) but, according to Gen.

Ershad, he was not moving fast enough.

"He was an honourable man but he lost his grip over the party and the running of the country," Gen. Ershad said at his first Press conference held on March 28 in the vast army cantonment in Dacca where he lives.

The General said he decided to take over after a series of recent events, including unprecedented corruption, student unrest and the discovery of a wanted murder suspect being harboured in an ex-Minister's house.

"My ultimate objective is a corruption-free society," he said.

But the General himself admitted that corruption was to be found everywhere in Bangladesh. "You couldn't get anything done without it," he complained.

Immediately after taking over, Gen. Ershad launched a massive round-up of former officials, politicians and rich businessmen believed to be guilty of corruption or misuse of power.

International aid officials have estimated that about one-third of the US\$1.2 billion Bangladesh received annually in aid went into the pockets of corrupt officials and others.

"I'm determined to stamp it out. You have seen Zia's way — now you will see Ershad's way. I intend to be very severe indeed," he told newsmen.

New regulations brought in under martial law provide for the death penalty and life imprisonment for those found guilty on corruption charges.

The General said trials would begin very soon in military courts. They would not be in secret, contrary to the practice of virtually all previous military trials in Bangladesh.

He said the accused would be allowed the advice of lawyers, but did not say whether they would be legally represented in court.

Among at least 230 people arrested in the first few days after the coup was a former Deputy Premier, four ex-Ministers, the Mayor of Dacca and several city officials.

The martial law authorities have also announced they are looking for another former Deputy Premier and four Ministers and ordered them to give themselves up or face the consequences.

Initial reaction

The new administration has said that Bangladesh's foreign policy will remain unchanged.

The last two governments appeared to enjoy warm relations with China and the United States and tended to be cool towards Moscow.

Soviet leader Leonid Brezhnev, however, came in with a quick message of congratulations to Gen. Ershad shortly after the coup, closely followed by China.

The initial US reaction expressed concern at the end of democratic rule in Bangladesh although Gen. Ershad said that this had later been softened in a message which he did not disclose.
— Reuter

PORTUGAL CALLED RESPONSIBLE FOR EAST TIMOR DECOLONIZATION PROBLEM

Luanda JORNAL DE ANGOLA in Portuguese 23 Apr 82 p 9

[Report on interview with Mari Alkatiri, foreign affairs minister of the Democratic Republic of East Timor, by the Angolan new agency ANGOP, date and place not given]

[Text] "Portugal has a historical responsibility for the Maubere people which it cannot shirk," Mari Alkatiri, foreign affairs minister of the Democratic Republic of East Timor, declared to ANGOP, adding that he hopes that country will make a more serious effort to arrive at a solution to the conflict and self-determination for his people.

"Above all, we expect honesty and commitment from Portugal, honesty based on recognition of the historical role played by FRETILIN in the struggle of the Maubere people," said Alkatiri, alluding to the Portuguese position regarding Indonesia's illegal occupation of East Timor since November 1975.

Asked to comment on his meeting with Gen Ramalho Eanes in Luanda, Alkatiri said it was positive because it allowed FRETILIN to set forth directly its views on the prevailing situation in the country and its international implications.

"The fact that President Eanes received a FRELIMO delegation means that we have begun the process of searching for a just and lasting solution to the conflict, a process from which FRETILIN cannot be excluded," he said, adding: "Portugal knows this; FRETILIN is the only movement struggling both inside and outside the country. On the other hand, Alkatiri acknowledged that the Portuguese organs of government "have a certain concern for East Timor." In this regard, the Maubere diplomat noted that, in FRETILIN's understanding, "there is no single common position; the government and the president of the republic have not yet arrived at a solution to the problem."

Position of Administration

In light of this, he called "inconceivable" the position recently assumed by the Pinto Balsemao administration, which decided to turn its responsibilities over to the Revolutionary Council, claiming it did not have the means to solve

the problem. "We think the Portuguese Government could do something, inasmuch as it has the political and legal power to do it and a historical responsibility that it cannot shirk," Alkatiri stressed.

Asked for his comment on the recent statements by Leonardo Matias, Portugal's foreign affairs secretary, that his country was prepared to bring a complaint against Indonesia before The Hague Tribunal and to accept responsibility for all consequences of the Djakarta government's annexation of the territory, the RDTL foreign affairs minister said he was sure this was a personal position and not the position of the Portuguese Government. "In any case," he added, "we are going to study this declaration and we feel we must respond to it."

Referring to the FRETILIN leadership abroad and its recent decision to launch a diplomatic campaign to reawaken the international community to the Maubere people's struggle, Alkatiri added that there were directives to adopt a different strategy and tactics at medium and long range.

Regarding the key difference between 7 years ago and today in the support for the movement, Alkatiri said that now, for example, even the Catholic Church of Timor directly supports FRETILIN's struggle, a position which is reflected by the Catholic Church in the West.

Taking an accounting, Alkatiri said: "The armed struggle has entered a very stable phase...in which the zones occupied by the enemy have become our bases for resupply. We are engaged in a guerrilla war, a prolonged people's war, with 3,000 guerrillas in constant activity in 70 percent of the territory," Alkatiri explained.

Toward the end of the interview, Alkatiri called the position of some nonaligned countries "sentimental" in refusing to condemn Indonesia because, under different historical circumstances, it had taken part in the creation of the nonaligned movement, together with other anticolonialist forces of that period.

Two Indonesias

"Suharto's Indonesia has nothing to do with the Indonesia of Bandung, the Indonesia of Sukarno, whose anticolonial policy was clear. The Indonesia of today is a negation of the principles that Sukarno defended," Alkatiri noted.

Without naming the specific countries to which he referred, Alkatiri averred that the current annexationist policy of the Indonesian Government "is an affront to the meaning of the first movement," and hence it is incomprehensible that these countries do not condemn a member of the movement "which practices a purely colonialist policy."

He concluded sarcastically: "By this line of reasoning, countries that practice a colonialist policy need only join the nonaligned movement to avoid being condemned for it...."

6362
CSO: 4742/294

EAST TIMOR ELECTION PROVIDES NO CHOICES

Maputo NOTICIAS in Portuguese 5 May 82 p 5

[Article by Bonifacio Manjate]

[Text] Voting is electing, and electing is choosing. Choosing between what you want and what you do not want.

And when the choice given is between what you do not want and what you do not want, Suharto or Suharto...only gunfire!

And the Indonesian police and army will not spare gunfire against the East Timor people and those among the Indonesian people who reject the Suharto fascist-colonialist regime.

The East Timor people will not allow their country to be merely an Indonesian province. It is... obvious that Suharto wants the Timor Territory, to have at least something to give his accomplices, in this case, Australia, which profited from exploring the Timor Sea wealth.

The international community, including the United Nations, condemned the Indonesian occupation of East Timor in 1975 as it considered this territory to be under Portuguese administration.

Extremely well known are Suharto's excellent relations with the American Government (this alone sufficed to infer the regime's nature), but we would also say that shortly before Indonesia invaded the ill-fated territory, 1 December 1975, Gerald Ford had ended a visit to the Indonesian capital and talked with Suharto....

And since this time, the ill-fated people, gathered together in FRETILIN [Revolutionary Front for East Timor Independence] organized a battle, both armed to expel the invader and as a diplomatic measure, to make clear to their country that it is not Indonesian territory.

With the strength of 750,000 determined inhabitants, and with a central body, FRETILIN, the Timorese are resisting because they had to vote... by force of arms.

THREE MEMBERS OF FREE ACEH MOVEMENT KILLED

Kuala Lumpur NEW STRAITS TIMES in English 21 Apr 82 p 11

[Text]

JAKARTA, Tues. — Indonesian security forces killed three armed members of the outlawed "Free Aceh Movement" in an ambush in the jungle of north Aceh, Sumatra, on Friday.

Reports reaching here today said those killed were hardcore members of the movement, which is fighting for the independence of Aceh under Hassan Tiro, now in exile. He is believed to be in the United States.

The Indonesian security agency has identified those killed as the Justice Minister of the so-called "Free Aceh" Province Ilyas Leube and two high-ranking officials of the movement, Idris Ahmad and Yacob Piah.

Henchmen

The army is believed to have been tipped off by the public on the group's movement before it set up the ambush on a hill slope in the Aceh jungle last Friday.

Hassan Tiro is a grandson of the famous Achinese freedom fighter of the colonial period, Chik Ditiro.

Hassan wanted to set up Aceh as a separate Islamic state but had to flee from the country in early 1960 when he failed.

His henchmen went underground while other members surrendered. The Indonesian Government has put Hassan and his two remaining hardcore followers, Zaini and Daud Paneuk, on the wanted list for high treason. —Bernama

GOVERNMENT BANS LEADING MUSLIM NEWSPAPER

Kuala Lumpur NEW STRAITS TIMES in English 8 May 82 p 11

[Text]

JAKARTA, Fri. — The Indonesian Government today banned the leading Muslim daily *Pelita* for publishing opposition claims of widespread voting irregularities during parliamentary elections last Tuesday.

A Government announcement said *Pelita's* printing licence had been temporarily suspended, effective today, for the violation of rules on Press coverage of Tuesday's elections, which gave an overwhelming victory to President Suharto's Golkar party.

Pelita, with a circulation of 100,000 copies a day, is the mouthpiece of the Muslim United Development (PPP) party, the main political rival of Indonesia's military-backed New Order regime, which has been in power for the last 16 years.

PPP leaders have alleged that hundreds of thousands of voters were allocated two voting slips and a large number of their own supporters were unable to obtain ballot papers.

PPP deputy chairman Nuddin Lubis expressed shock over the banning of the popular Muslim newspaper, which had received several earlier warnings for its coverage of pre-elections disturbances in which at least 59 people were killed.

Compile

Other opposition sources described the Government ban as an attempt to silence increasing clamour for a re-ballot in a

number of areas, including the Indonesian capital, Jakarta, which provides a crucial test of the administration's popularity.

With almost all the votes counted, provisional figures issued by the Indonesian Election Board gave Golkar a slim winning margin over PPP in Jakarta. This was a reversal of the 1977 elections when the PPP took a bigger share of the popular votes in the capital.

The official announcement today said that *Pelita* had published unofficial election returns in violation of rules agreed between the news media and the Government.

A senior official of *Pelita*, who declined to be identified, said: "Our newspaper has been banned for carrying election results calculated by ourselves which differed from the official returns."

The PPP has put in motion its own political machinery to compile the election results and some of *Pelita's* tabulations showed the Muslim party ahead of Golkar in Jakarta.

Pelita is the second publication to be banned for its election coverage.

Last month, the country's leading weekly news magazine *Tempo* was banned for its coverage of widespread rioting and arson in Jakarta on March 18 which followed a Golkar mass rally.

Diplomats regarded the ban on *Tempo* as a warning to *Pelita* which had also published vivid reports of election violence.

Mr Lubis has said that if the elections were found to be manipulated, there would be an emotional reaction from the public. — Reuter.

CSO: 4220/606

SLOW PROGRESS IN REDUCING UNEMPLOYMENT

Kuala Lumpur BUSINESS TIMES in English 10 May 82 p 21

[Article by Warief Djajanto in Jakarta]

[Excerpt]

There is no exact figure on the number of unemployed Indonesians. However, the 1980 population census said Indonesia's jobless numbered 2.2 million.

But Mr Soetjipto Wirosardjono, deputy for planning and statistical analysis of the Central Bureau of Statistics, explained the small size of the unemployment figure is due to the broad definition of a working person applied in the census.

It defines a working person as one engaged in gainful employment of at least one hour per day. Under this definition, the Indonesian population 10 years and above numbered 104.5 million, broken down into: a workforce of 55 million, a non-workforce of 49.2 million (like pupils, pensioners) and 0.3 million others (for example, prostitutes).

The census established that the workforce

itself numbered 52.8 million and the unemployed totalled 2.2 million or 2.1 per cent. But it is difficult to establish under the census definition the exact number of under-employed Indonesians.

Independent

Admittedly, the government has made some headway in giving employment to the growing labour force. For instance, the rural development programme has a job creating component that focuses attention on the poor and densely-populated regions that are also prone to natural disasters.

Estimates show that the programme employed about 250,000 Indonesians for periods of from six to nine months in 1980. Work crews built feeder roads, constructed, repaired village irrigation lines and the like. At the same time, government-sponsored

workshops have trained over 30,000 people a year to become chainsaw operators, small engine technicians, welders, carpenters, to name a few. For the self-employed who want to start their own businesses, the government has made credit available at easy terms.

Small loans with an aggregate value of 539 billion rupiahs (US\$865 million) were provided to 716,000 borrowers in 1980. These loans, amounting to as little as 15,000 rupiahs (US\$24) each, helped sidewalk vendors and hawkers; they are repayable in three months at one per cent interest per month.

There is one problem though which the government has so far failed to solve. And that is how to discourage jobseekers from seeking employment in the government. Every year, government offices are literally flooded with appli-

cants, especially from young college graduates.

In fact, Minister of Manpower and Transmigration Harun Zain has made an open appeal to parents not to orient their children to become government employees. "If everybody wants to become civil servants, we would be punishing our own children. If they are not accepted where will they go?" he asked.

Minister Zain instead urged parents to train their children to become independent and be business-minded. There is this false assumption that joining the government is the ultimate in employment, he said.

Indeed, millions of young Indonesians already believe this to be the case. Asked why she was applying for a government job, a 21-year-old accounting student replied: "Civil servants have a secure life till they reach old age." - Dep-thnews Special

BOOM IN PRODUCTION OF ELECTRONIC GOODS

Kuala Lumpur BUSINESS TIMES in English 27 Apr 82 p 21

[Article by Warief Djajanto in Jakarta]

[Excerpts]

The demand for transistor radios, cassette tape recorders and television sets has been described here as "simply phenomenal." In fact, dealers in the larger towns like Bandung, Semarang and Ujung Pandang are making sure that they always have a full inventory of electronic gadgets to keep up with rising demand.

The boom is just beginning and producers are confident that it will last for the next two years. And this is perking up local manufacturers. Statistics show that domestic production of electronic goods rose by 20 per cent in 1981 over that of 1980.

The directorate general for miscellaneous industries of the Department of Industry admitted that it has its hands full processing requests for increased production. Mr Kusudiarso Hadinoto, director general for miscellaneous industries, said TV sets and radio cassettes are the gadgets most in demand.

The brisk electronic market is attributed to the general increases in income, particularly the farmers. Since 1978, Indonesian farmers have been blessed with bumper crop harvests.

In 1980, Indonesia electronic assembly plants, many of them

joint ventures with established West European and Japanese manufacturers, produced 690,000 units of black and white and colour TV sets. But during the first six months of 1981 alone, production had already reached 425,700 units of TV sets.

Production of radio cassettes is also soaring to unprecedented heights. In 1980, manufacturers turned out 616,500 units. During the first half of last year, combined production had already reached 405,200 units.

The Gabungan Elektronika, the umbrella organisation of the electronics industry, now has 89 members engaged in the manufacture of 35 different brands of electronics items.

In addition, there are a number of illegal garage-type electronics firms operating without assembly plants. But this year, the government is determined to "rationalise" the industry by ferreting out the illegal operators. Only companies with the required equipment like an assembly line belt, will be recognised and given permits to operate.

"The backyard operators will have to go," an official of the miscellaneous industries said. A major objective of the rationalisation pro-

gramme is to prod manufacturers to make greater use of local-made electronics components.

Companies which lack the capability to manufacture their own components will be encouraged to merge with established ones, Mr Hadinoto said.

The long-term objective, he said, is to lessen the dependence of local producers on foreign sources. Indonesia's electronics industry now has an annual turnover of 1,300 billion rupiah (US\$2 billion).

Manufacturers have already started producing locally made components, and the programme will be expanded. A number of local manufacturers are merging to produce standardised parts that can be used interchangeably on other makes. One such main component is the printed circuit board or PCB.

Despite the brisk local market for electronics items manufacturers have their sights trained on foreign markets. Officials admit that the government's electronics development was geared for the foreign market, and local sales was only an "incidental" component of the overall programme.

Mr Lukman Hakim of PT National Gobel,

which has a Japanese partner, said Indonesian-made radios and cassette tape recorders will find a good market in Europe and Africa.

The only problem with Europe, he said, is that local manufacturers will have to adjust to European production standards. For instance, European radio models have an FM (UKW) band, while only about 10 per cent of Indonesian-made radio models carry an FM band.

This could seriously affect sales of locally produced radio models in Europe and Africa.

Multinational electronics companies, particularly Americans, have established operations in Indonesia and other South-East Asian countries. But their integrated circuits assembled in the host countries are shipped back to their overseas headquarters before shipping them back in again as imported components.

And unless arrangements could be made to dispose locally the major components made by multinationals, Indonesian manufacturers will have to devise their own way of overcoming the problem. But Indon manufacturers are confident that their Japanese partners will share with them their advanced technical knowhow. — Depthnews

NEW TOURISM CHIEF AIMS AT ENHANCING INDONESIA'S IMAGE

Kuala Lumpur BUSINESS TIMES in English 24 Apr 82 p 10

[Article by Warief Djajanto in Jakarta]

[Text]

WHEN it comes to tourism, Indonesia is still behind the other members of Asean.

The latest facts and figures show this discrepancy. Singapore, Thailand, Malaysia and, more recently, the Philippines have consistently brought in more than a million tourists a year.

Indonesia alone is outside this "exclusive" club. It had to settle for an estimated 620,000 tourists in 1981, up from 560,000 in 1980.

And yet, Indonesia doesn't lack the tourist attractions from the white sands and cultural happenings of Bali to the verdant, lush riceland and hanging stone graves of the Toraja Valley.

What are criticised are the seemingly insignificant little things that could make or break a holiday: visa hassles, postponed flights, a bad souvenir "bargain," information brochures that prove no help at all, discourteous hotel personnel, pestiferous street hawkers, etc.

"We all know what is wrong with tourism. What I want to know is what is right," said Mr Joop Ave, Indonesia's new director-general of tourism, at a Press conference.

Bright future

Tourism is a complex business that demands professionalism and involves the cooperation of many public and private agencies, added Mr Ave, 47 and a bachelor who assumed office on Feb. 4.

He is reluctant to call his office as the coordinator of such agencies but considers it more as a lubricating agent that smoothens cooperation of all those involved in the business.

For a start, he is more inclined toward selling Indonesia to the well-heeled tourists rather than encouraging the entry of "hippies" in rumpled T-shirts, short pants and rubber sandals.

His rationale is that the tourists who stay at first-class hotels bring in the money, not the penny pinchers.

Moreover, he sees a bright future for the tourist industry following Jakarta's decision to boost exports outside of oil and gas. "We have been spoiled by having oil," said Mr Ave. And the importance of the tourism

industry as a major foreign exchange earner has been underscored by the government, in the light of the declining role of oil, he said. As he put it, such move "comes like a refreshing breeze."

Mr Ave comes well equipped to enhance Indonesia's image as a major tourist destination.

Partly of Dutch parentage, he is a career diplomat. His previous post was director-general for protocol and consular affairs at the foreign affairs department.

Cuisine

And his years in the foreign service since 1957, and as head of household affairs of the presidential palace from 1972 to 1978, have brought him a wealth of contacts that are bound to be beneficial to his new work.

He consistently gave state receptions a distinctly Indonesian flavour while he was in charge of these occasions. For instance, volcano-shaped ice cream was served at a state dinner for then Australian Prime Minister Gough Whitlam in 1972. At a banquet for Britain's Queen Elizabeth in 1974, a crown sculptured from papaya fruit was presented to the visiting royalty.

His fluency in several languages (English, French, German and Dutch), a knowledge of Indonesian art and culture, a quick sense of humour and his "uncanny" ability to make people feel comfortable are assets that have made Mr Ave an often-praised seller of things Indonesian.

As tourism chief, one idea that he wants to develop to draw the moneyed tourists is to promote Indonesian cuisine. He believes that Indonesian food could be among the world's top if actively and properly promoted.

Mr Ave is fully aware that his cosmopolitan approach to tourism is hamstrung by a measly 1982 budget of 4.325 billion rupiahs (US\$7 million). But he is confident of guiding the tourism industry in the right path by first attending to the seemingly insignificant little problems that spoil a holiday like rude hotel personnel and postponed flights. — Depthnews Special

DEVELOPMENT OF INDUSTRIAL ZONES IN ACEH

Kuala Lumpur BUSINESS TIMES in English 12 Apr 82 p 24

[Text]

JAKARTA, April 11

THE sun rises in the east but Indonesia's industrial sun is to rise in the west.

The 1980s hold a special promise for Aceh on the western tip of the Republic's chain of islands.

Already there are signs that it will become the biggest industrial area in the country, with investments totalling US\$5 billion (M\$11.6 billion).

The Aceh area has been divided into two industrial zones — Lhok Nga and Lhok Seumawe.

In the Lhok Nga zone are situated two cement factories. One of them, PT Semen Andalas Indonesia, has an annual production capacity of one million tonnes. The other, yet to be named, is expected to begin production sometime this year.

In the Lhok Seumawe zone stands the US\$400 million (M\$920 million) PT Asean Aceh fertiliser, which is expected to produce 570,000 tonnes of urea a year by the end of next year.

Seventy per cent of the capital for this project is in the form of loans from Japan.

The remainder is shared by the five Asean countries, with Indonesia's investment making up 60 per cent and the rest from Malaysia, the Philippines, Singapore and Thailand.

Also in the Lhok Seumawe zone is the PT Iskandar Muda fertiliser plant, to be constructed soon at a site 300 km off Banda Aceh, capital of Aceh. Its production capacity is expected to be also 570,000 tonnes a year.

Both the PT Asean Aceh fertiliser and PT Iskandar Musa fertiliser will have capacity for expansion.

Apart from the fertiliser plants, Lhok Seumawe will also have a paper mill and a factory producing raw materials for the manufacture of plastics and plastic pipes.

The government, in determining the location of industrial zones, takes into consideration the growth and development of nearby areas.

For example, the PT Asean fertiliser project involves the construction of roads, houses, schools, mosques, hospitals and sports centres. —
Bernama-Antara

USE OF ALTERNATE ENERGY SOURCES; CEMENT TRADE

Kuala Lumpur BUSINESS TIMES in English 12 Apr 82 p 4

[Text]

INDONESIA plans to use domestic coal to meet 11.25 per cent of its energy needs by 1990 from just 0.51 per cent at present, Minister of Mines and Energy, Dr Subroto, said here.

Speaking at the signing of a coal mining production sharing contract between the state company, Tambang Batubara and the British-Australian, Kaltim Prima Coal Company, Dr Subroto said the target required was to raise coal production to an annual 17 million tons from the current 350,000 tons.

He also said the government planned to cut the role of oil in the energy supply from 80 per cent now to 40 per cent by 1990.

This was to make more oil available for export to provide much-needed foreign exchange for national development.

In other energy fields, the government plans to use natural gas to meet 20 per cent of the country's energy consumption (up from 16.28 per cent now), hydro-power to 6.5 per cent from 2.98 per cent, and geo-thermal power to 1.8 per cent. The latter is still in the development stage.

Under the contract,

Kaltim Prima Coal — a joint venture of Australia's Conzinc Rio Tinto and British Petroleum — are to work a 790,000 hectare (1,951,300 acres) area in East Kalimantan for a 30-year period, and set aside 13.5 per cent of coal produced as the share for Tambang Batubara.

Indonesia, the region's leading cement exporter, saw its shipments of the product declining for the second successive year last year.

For 1982, exports are only expected to be made in the second half of the year as production is currently only sufficient to

cover domestic demand, according to Mr Muryono, secretary of PSI, the Indonesian Cement Association.

In addition, last year, Indonesia had to import more than 242,000 tonnes of cement from various countries, including the Philippines, to supply remote parts of the country which could be more economically reached from outside sources because of transportation difficulties.

Exports last year totalled 322,820 tonnes, including 163,620 tonnes of clinker compared with 355,345 tonnes including

110,760 tonnes of clinker the previous year and 539,260 tonnes including 19,460 tonnes of clinker in 1979.

Countries which bought Indonesian cement were Malaysia, Singapore, Thailand, Hong Kong, Bangladesh, Sri Lanka, India, Pakistan and Dubai.

Mr Muryono said the nine per cent decline in exports last year was caused by transportation problems in addition to rising domestic demand.

Production this year is expected to reach 7.8 million tonnes, up from 6.85 million tonnes last year. — AFP, Bernamam.

JAKARTA, April 11

EFFORT TO REDUCE USE OF SINGAPORE AS TRANSIT PORT

Kuala Lumpur BUSINESS TIMES in English 6 Apr 82 p 9

[Text]

THE SHIPPING of 200 tonnes of coffee to the United States this week on an Indonesian container ship will mark the beginning of a serious effort by Jakarta to by-pass Singapore's traditional role as a transit port.

Jakarta's Tanjung Priok, as well as Tanjung Perak in east Java, Belawan in north Sumatra and Ujung Pandang in south Sulawesi (Celebes) have been newly-designated as transshipment ports for Indonesia's export commodities.

About 40 per cent of Indonesia's US\$4 billion worth of non-oil exports transitted through Singapore last year.

But now, in a move to boost direct exports, the government has now announced a new set of regulations, which include better port facilities and lower handling charges, easy payment system (without letter of credit back-up from foreign buyers) and shipping on a consignment basis.

Not all exporters are, however, optimistic that the new measures will change the situation overnight.

The coffee shipment for the US east coast was collected in Lampung, south Sumatra, and ferried by small boats to Jakarta where it was put into containers for easier handling.

An official of PT Djakarta Lloyd, owner of the Jayakarta container ship, said the freight rate for the first shipment would be \$182 per tonne, compared with about \$150 if shipped from Singapore.

However, he expressed confidence that freight rates for direct shipments to buyer countries would eventually be fixed lower or at least on par with those of Singapore.

The chairman of the Indonesian Exporters' Association, Mr Naafii, was however less optimistic about Indonesia's chances of challenging or taking over Singapore's role as a transit port.

He said businessmen everywhere would base

their decision on cost-profit considerations only, rather than on lofty ideals.

Mr Naafii said it would take between three to six months for the Indonesian government, its exporters and shipping lines to work out a profitable scheme for direct exports.

Traders said freight costs for direct shipment from Jakarta to Europe, for example, were 15 per cent higher than via Singapore.

Indonesian exports were usually carried by Indonesian-flag ships which charged more because they had to make the return journey without cargo, they said.

Many Indonesian ships preferred to carry their cargo only as far as Singapore, from where it would be transhipped to freighters bound for other destinations.

More active Indonesian shipping agents abroad and relaxed government regulations regarding port operations and the lowering of relevant fees would be needed to boost the direct export scheme, the traders added. — Reuter

CSO: 4220/605

OPTIMISM THAT COUNTERPURCHASE POLICY WILL BOOST EXPORTS

Kuala Lumpur BUSINESS TIMES in English 2 Apr 82 p 19

[Article by Warief Djajanto in Jakarta]

[Text]

A CONTROVERSIAL regulation, made early this year, is eliciting some gripes from Indonesia's expatriate businessmen.

The new regulation requires foreign winners of government contracts to make a counter-purchase of Indonesian exports equal in value to the contracts they won — a first in the world.

The bold new drive stems partly from fears that Indonesia's diminishing oil reserves cannot sustain the nation's development and financing needs indefinitely. At the same time, however, the move could exasperate some quarters involuntarily called upon to help power that drive.

Another reason is that non-petroleum commodities are perennial underachievers in Indonesia's export stable.

Since 1969, for instance, oil and gas were the twin premier exports, from a low US\$3.2 billion in 1973 (the start of the oil price rise) to US\$21.9 billion in 1980.

Oil and gas have together accounted for an average 65 per cent of aggregate export earnings in the past 10 years.

At the other end is the slow export of non-oil commodities. In 1981, for instance, the export value of East Nusantara Tenggara primary products alone dropped by 36 per cent, from US\$10.4 million in 1980 to US\$6.6 million the next year. The island-chain province 600 kilometres east of Bali suffered a sales shortfall in coffee, sandalwood ash and fishery products. World recession, marked by a global market downturn and crowded competition, battered the locals

with a one-two blow.

The unbalanced seesaw, with oil and gas at the heavy end and hundreds of products (123 are estate crops alone) on the lighter side, has never failed to disturb Indonesia's economic managers.

Since 1969, the start of the first five-year plan, the government has made several major moves to boost non-oil exports. In 1970, it put into effect a free exchange system allowing for the free flow of hard currencies. In 1976, in what was dubbed as the April 1976 packet, the government removed barriers and injected monetary incentives.

Escalating

Late in 1978, Jakarta devalued the rupiah by 50 per cent. In all three instances, exports rose substantially the following year. Still, the 65:35 ex-

port ratio between oil and non-oil products remained, partly due to the escalating price of oil.

Last January, a top panel of eight Cabinet members, headed by National Planning chief Professor Widjojo Nitisastro, formally announced to the Press a package of 19 streamlining regulations.

These measures include the requirement that Customs and excise offices must render 24-hour service to facilitate exports and that the export documents must be finalised in one day at the latest after the export goods have been stored aboard the carrier. Harbour fees have been reduced 50 per cent for national ocean-going ships loading non-oil and non-gas exports. Warehouse storage charges prior to loading have also been cut.

Bank Indonesia, the central bank, also dropped the annual interest rate for export credits from 12 per cent to 6-9 per cent.

The 9 per cent tab is charged on traditional products like coffee, palm oil, logs, tea, shrimp and minerals like bauxite, nickel and coal. The 6 per cent is levied on other goods!

The government will also provide insurance to

cover possible loss of up to 85 per cent of the loss value in the event the overseas importer is unable to pay for the goods. For contract cancellations after shipment of goods, the government will cover 80 per cent of the loss.

That is some of the good news. Now the bad news.

First, certain goods are banned for export. These include gold and silver in nugget and pure form, remilled products in the form of slabs, lumps, scraps, quinine bark, scrap bars, scrap copper and scrap iron and antiques with cultural value.

Different

Second, and more significant, is a rule that may well lead to export exasperation on the part of the affected parties. In addition to the 19 general regulations applied to national exporters, there is one specific regulation affecting foreign parties winning government contracts worth 500 million rupiah (US\$800,000) or more for projects or the import of equipment and materials.

The foreign supplier is required to make a counter-purchase of Indonesian export products other than oil and gas equal in value to the contract won.

Minister of Trade and Cooperatives RADIUS Prawiro says this novel scheme is different from the barter arrangements favoured among socialist countries.

National Planning Minister WIDJOJO says this counter-purchase scheme in no way violates international rules. "We've had talks with the GATT (General Agreement of Tariffs and Trade) officials and it turns out our special policy does not violate the international trade system," he said.

"This does not affect all of Indonesia's imports. This is the desire of the purchaser. The purchaser in this case is the government of Indonesia," he added.

There are exceptions to the rule, however. First, if the source of financing is a concessional credit from the World Bank, the Asian Development Bank, or the Islamic Development Bank; second, if the contract has domestic components — the amount the contractor spends for Indonesian supplies, services, taxes, duties, wages are deductible; third, the policy will also exempt the procurement of professional services, the purchase of patent licences and certain

highly sophisticated technology; and fourth, the rule does not affect direct investment in joint ventures, in partnership with either Indonesian private concerns or state-owned enterprises.

Foreign businessmen here have not responded with enthusiasm to the counter-purchase scheme. A European executive believes the scheme would result in dire side effects. He views the practice could lead to substantial price changes. In other words, foreign exporters would push up their prices.

The Japanese contractor of a US\$100 million liquefied natural gas project in Northern Sumatra says he won't reject a contract if he wins.

Optimism

The government, nonetheless, is showing every sign of optimism that the scheme will succeed.

Despite world recession, Indonesia has ordered hundreds of millions of dollars of equipment for an impressive array of cement plants, fertiliser units and paper mills, to name a few. And more are in the offing.

Mr Suhartojo, chairman of the investments coordinating board BKPM, said that in the current five-year plan

(1979-84), tenders for government projects worth an aggregate US\$8 billion will be affected by the counter-purchase policy. These include oil refineries in Balikpapan, Cilacap and Dumai. An aromatics centre in Palembang and an alumina project on Bintan island, now being negotiated, will also be affected.

Foreign suppliers will have to find partners to import Indonesian products. That is, if they want to carry on business in one of the world's few developing countries actively buying whole industries. Once the foreign contractors get their act together, however, the ball will pass on to the Indonesian exporters to deliver the goods.

Can Indonesia deliver promptly to satisfy the importing party?

"We can try it. Later on it will show whether Indonesian exporters have the capability. But the government will surely help our exporters," said Prof. WIDJOJO.

With hundreds of millions of dollars of merchandise at stake, the name of the game is handball. And there is no room for the unsophisticated in this league. — Depthnews

BRIEFS

SOVIET UNIONIST LECTURE--Vientiane, 6 May (KPL)--A. D. Klopov, member of the All-Union Central Council of Trade Unions and chairman of the trade union in Gorki, recently gave a lecture on Soviet trade union activities to the State Bank's officials. A. D. Klopov informed his audience on the line and roles and the organizational structure of Soviet trade unions. World trade union movements which contribute to the struggle against Beijing hegemonistic ruling circles and U.S. imperialism and the struggle against a new world war--the nuclear war atmosphere were also raised by the lecturer. Klopov further made an appreciative appraisal on the Lao trade union's contribution in the national construction and defense. Also present on this occasion were Sisavat Sisan, deputy general director of the State Bank, and representatives from the Lao Federation of Trade Unions. [Text] [BK09152 [as printed] Vientiane KPL in English 0920 GMT 6 May 82 BK]

FUNCTION MARKS 'PRAVDA' ANNIVERSARY--Vientiane, 6 May (KPL)--The Soviet cultural center on May 5 held here a function to commemorate the 70th anniversary of PRAVDA. Assisting at the round-table discussion were Chanthon Thiangthepvongsa, acting director of KPL News Agency and SIANG PASASON newspaper, along with local and foreign journalists. Questions on press roles in the struggle to serve the cause of peace and socialism were raised. C. Thiangthepvongsa made a note on the significant activities of PRAVDA for world peace and socialism. "PRAVDA," he said, "is among the first effective struggling tool of the world's working peoples struggling against imperialism and internal [as received] reaction." The function ended with a Soviet documentary film projection. [Text] [Vientiane KPL in English 0923 GMT 6 May 82 BK]

PROPAGANDA DELEGATION TO PRAGUE--Vientiane, 8 May (KPL)--A delegation of the propaganda and training board of the party CC led by its vice chairman, Ounheuan Phounsavat, on May 8, left here to attend the director-level conference on cultural work of the party CC of fraternal socialist countries. The conference will be held from May 12 to 14 in Prague. In response to the invitation of the Union of the Bulgarian Journalists, Ounheuan Phounsavat--in his capacity as president of the Lao Journalists' Association--will also assist the 100th commemoration of Georgi Dimitrov scheduled to be held on May 15, in Sofia. [Text] [Vientiane KPL in English 0909 GMT 8 May 82 BK]

AID FROM MONGOLIA--Vientiane, 8 May (KPL)--Two semi-transport cars, aid from the Mongolian Federation of Cooperatives, were presented to the Lao Central Cooperative's headquarters on May 6. Present on this occasion were the Mongolian ambassador to Laos, Jambyn Nyamaa, and Khamseui Vongnokeo, acting head of the agricoop leading committee. A note of high appreciation of friendship relations between the two countries' agri-cooperatives was raised at the ceremony. [Text] [Vientiane KPL in English 0917 GMT 8 May 82 BK]

RELIGIOUS DELEGATION TO MOSCOW--Vientiane, 7 May (KPL)--A delegation of the Lao Unified Buddhist Association led by its president venerable Thongkhoun Anantasounthon, on May 5 left here to the Soviet Union. The delegation will attend the international religious conference on peace scheduled to open soon in Moscow. [Text] [Vientiane KPL in English 0914 GMT 7 May 82 BK]

PROPAGANDA DELEGATION TO SOFIA--Vientiane, 8 May (KPL)--A Lao party delegation, this morning left here for Sofia to attend a conference on propaganda work. The delegation is led by Somlat Chanthamat, member of the party CC and deputy head of the propaganda and training board of the party CC. The conference, to be participated in by fraternal party delegations, is scheduled to be held on May 11-12. Seeing the delegation off were Sopha Khotphouthon, member of the party propaganda and training board, and Soulivong Phasitthidet, member of the International Relations Committee of the party CC. Zhecho Radunov, ambassador of the People's Republic of Bulgaria was also at the airport. [Text] [Vientiane KPL in English 0911 GMT 8 May 82 BK]

OUTGOING INDIAN, BURMESE ENVOYS--Vientiane, 12 May (KPL)--Khamphai Bouphe, acting minister for foreign affairs, yesterday received Indian ambassador P. R. Sood and Burmese ambassador U Aung Myint who, upon the end of their diplomatic mission here, bade farewell to the former. The meeting took place in a warm atmosphere of cordiality. [Text] [BK131221 Vientiane KPL in English 0934 GMT 12 May 82 BK]

DELEGATION TO GDR--Vientiane, 12 May (KPL)--A Lao delegation of [the Ministry of] Agriculture, Forestry and Irrigation, on May 10, left here for the GDR. The said delegation is to attend the 12th congress of farmers of the GDR which will be held in Berlin from May 13 to 14. [Text] [Vientiane KPL in English 0935 GMT 12 May 82 BK]

SRV VINH PHU PROVINCE DELEGATION--Vientiane, 12 May (KPL)--A delegation of the Vietnamese province of Vinh Phu led by the provincial party committee and provincial administrative committee head recently visited the Lao province of Luang Namtha. There have been constant exchanges of delegations between the two sister provinces which aimed to strengthen close combative relations between the two countries and provinces. [Text] [BK131221 Vientiane KPL in English 0938 GMT 12 May 82 BK]

ART TROUPE TO PHNOM PENH--Vientiane, 13 May (KPL)--The Lao classical music and dance troupe led by its general director Khamphieu Phommachan, yesterday, left here for Phnom Penh. The Lao artists will take part in the classical music festival of the three Indochinese countries. The festival--first of its kind--will take place in Phnom Penh from May 14 to 18. [Text] [Vientiane KPL in English 0903 GMT 13 May 82 BK]

JAPANESE MUSICAL INSTRUMENTS PRESENTATION--Vientiane, 13 May (KPL)--Six sets of "Yamaha" band instruments worth U.S.\$150,000 were presented to the Education Ministry on May 11. Ambassador Y. Odaka, on behalf of the Japanese Government, presented the gift to Bountiam Phitsamai, deputy minister of education, sports and religious affairs. On this occasion, the two personalities agreed on the need to enhance friendship relations and mutual assistance between Laos and Japan. The Lao deputy minister also thanked the Japanese Government for its assistance in cultural field. [Text] Vientiane KPL in English 0905 GMT 13 May 82 BK]

TON THAT TUNG DEATH--Vientiane, 13 May (KPL)--Souk Vongsak, president of Laos-Vietnam Friendship Association, recently sent a message of condolences to the Vietnam-Laos Friendship Association, expressing sympathy for the passing away of renowned medical scholar Ton That Tung. Ton That Tung was praised as a formidable son of the people and of the Communist Party of Vietnam. He was also referred to as a famous scientist in Vietnam and the world over, especially in the field of liver and heart diseases. Ton That Tung died of old age on May 11 at the age of 70. [Text] [BK131019 Vientiane KPL in English 0900 GMT 13 May 82]

CSSR NATIONAL DAY--Vientiane, 11 May (KPL)--The Laos-Czechoslovakia Friendship Association in coordination with the Czechoslovak Embassy to Laos on May 8, organized here a film night to mark the 37th national day of the Czechoslovak Socialist Republic. Present on this occasion were Sali Vongkhamso, secretary of the party CC, vice premier, and chairman of State Planning Committee, Nhiavu Lobeliayao, party CC's member, chairman of Central Committee for Nationalities, and president of the LCFA, and other members of Council of Ministers, the People's Supreme Assembly and the Lao Front for National Construction. Ladislav Kocsis, ambassador of the CSSR to Laos, and diplomatic envoys and representatives of international mission to Laos were also on hand. [Text] [BK111154 Vientiane KPL in English 0911 GMT 11 May 82]

LPRP RECEIVES GREETINGS--Vientiane, 7 May (KPL)--The Lao People's Revolutionary Party recently receives messages from communist parties from all over the world, greeting its Third National Congress which lasted from April 27 to 30. The Communist Party of Indonesia, on this occasion conveyed its revolutionary salutations to the LPRP. The message further noted in the international arena, thanks its victories over the imperialism and the Beijing big-nation expansionists and hegemonists, the influence of the LPRP has been progressively enlarged. The Arab Socialist Renaissance Party (Ba'th) in its message also highlighted the role of the LPRP in leading the Lao people to successfully resist against new and old colonialism. The Ba'th Party expressed its hope

that the LPRP will progressively strengthen its force and the relations between the two parties will be further enhanced. The Communist Party of Portugal [CPP] on its part seized this opportunity to reaffirm its support and solidarity to the LPRP and expressed its hope to improve the ties between the CP and the LPRP on the basis of Marxism-Leninism and proletarian internationalism for the interest of the two nations and peoples. The Communist Party of Germany in its message said that the close alliance between the three Indochinese peoples set good example for all the peoples who are struggling for the social progress and the peace in the region as well as for world peace. [Text] [BK071031 Vientiane KPL in English 0910 GMT 7 May 82]

HUNGARIAN LEADERS THANK COUNTERPARTS--Vientiane, 13 May (KPL)--Janos Kadar, first secretary of the Hungarian Socialist Workers Party, and other state leaders of Hungary recently send a message of thanks to Lao leaders for their greetings on the 37th anniversary of the liberation of Hungary. The message was addressed to Kaysone Phomvihane, general secretary of the Lao People's Revolutionary Party CC, and Souphanouvong, president of the Lao People's Democratic Republic and president of the Lao People's Supreme Assembly. [Text] [BK131015 Vientiane KPL in English 0858 GMT 13 May 82]

PAKISTANI CP GREETINGS--Vientiane, 4 May (KPL)--The Communist Party of Pakistan recently presented its warm, fraternal and revolutionary greetings to all the delegates of the National Congress of the Lao People's Revolutionary Party. The message said: The Lao people under the leadership of LPRP have traversed a long path of social transformations aiming to reach a future blossoming socialist society. The present congress, a landmark in the long history of the country, the message added, will work out concrete ways and means for the successful implementation of the current 5-year plan. The message of the Pakistan CP also expressed its confidence that the fraternal alliance of the three Indochinese states will continue to successfully rebuff the attack of Chinese hegemonism and penetration of the U.S. imperialism. The Pakistan CP finally extended its support to the constructive approach of the revolutionary Laos, Vietnam and Kampuchea as regard to the question of ensuring peace and stability in Southeast Asia. [Text] [BK041222 Vientiane KPL in English 0921 GMT 4 May 82]

PRK RADIO, TV DELEGATION--Vientiane, 14 May (OANA-KPL)--A delegation of the Radio and Television Board of the People's Republic of Kampuchea led by its chairman, on May 13, paid a courtesy call to Sisana Sisan, member of the party CC, and minister of propaganda, information, culture and tourism. The discussion dwelt on the expansion of radio and television networks in their respective country. Mutual assistance and cooperation in this field were also raised by both sides. Neou Samom, Kampuchean ambassador to Laos took part at the discussion. [Text] [BK141233 Vientiane KPL in English 0911 GMT 14 May 82]

KAMPUCHEAN MASS MEDIA--Vientiane, 13 May (KPL)--At the invitation of the Lao National Radio, a Kampuchean delegation of radio and television led by its chairman, Un Dara, on May 12, arrived here for a friendship visit. Welcoming the delegation at the airport were Chaleun Vongsam-ang, head of the Lao National Radio and other mass media officials. The Kampuchean ambassador to Laos, Neou Samom, was also on hand. [Text]
[BK131017 Vientiane KPL in English 0904 GMT 13 May 82]

CSO: 4220/611

POLICE CHECK FOR FOREIGN CONNECTIONS OF CRYPTO MOVEMENT

Arms Training Claimed

Kuala Lumpur NEW STRAITS TIMES in English 31 Mar 82 p 5

[Text]

KUALA LUMPUR, Tues. — Police are investigating the Crypto movement in the country for foreign connections as they do not rule out the possibility of such links, especially with West Asian countries.

Police sources said today the group, which had its headquarters at Jelutong in Penang, also had some key members here and in Klang.

Some are working in institutions of higher learning while others are employed in various positions — from van drivers to executives.

Supreme

The movement came into the limelight recently when police announced the arrest of nine members of a deviationist religious organisation that planned to overthrow the Government by violence.

The movement seeks to establish a Government of theocracy and exhorts followers to build a Crypto nation in Malaysia and the rest of world through force of arms.

It also belittles other religions and claims the Jewish race to be the supreme people on earth chosen by God to guide and rule the world based on the law of "judgment day."

Police believe that some of the members, especially those in key positions, have been given training in arms while others had training in the martial arts.

Investigations reveal that members are formally inducted into the movement after completing their martial arts training and paying a \$50 entrance fee and monthly subscription of \$1. — Bernama

[Text]

PENANG: AT THREE in the morning, members of the cult stand erect facing east and after some ritualistic movements of their hands, utter prayers in what sounds like Latin.

They then sit down and await a revelation. As if on cue, a voice, from a cassette played by the group's 38-year-old leader Mokhtar Hassan, breaks the pre-dawn stillness.

This daily ritual is observed by the Crypto cult which was smashed by police recently following the arrest of Mokhtar and several of his followers.

According to police, the cult had planned to topple the Government by unconstitutional means and replace it with one of its own.

The ritual is related by Haji Mohamed Khatib Haji Omar, 65, the *imam* of the mosque in Mukim Jelutong where the cult had been active.

Haji Mohamed Khatib, who is also chairman of the action committee tackling deviationist teachings in the area, says the followers are also indoctrinated into believing that they would become immortal and would find bliss in stages.

He says the deviationist teachings began in

1977 and Mokhtar, the cult's founder, had once lived near the mosque.

Mokhtar would invite anyone he met to gather at his house on the pretext of teaching them the *silat pulut* art of defence or to play musical instruments.

In this way, Mokhtar could meet them face-to-face and influence them into believing his false preachings on Islam, Haji Mohamed adds.

Claims

Mokhtar would claim that he had the power to eradicate all the sins from the country. After that, those whom he had influenced would be given cold water, over which incantations had been pronounced, to drink to cleanse them of their sins.

Encik Amir Abdul Hamid, another member of the action committee, says the Crypto followers practised only one of the five principles of Islam, that is, the giving of *zakat*.

Besides committing sacrilege against Islam, the followers were also taught to be rude to their elders, including their parents.

Encik Amir recalls,

with bitterness, when his son was influenced into being a cult member.

His son had committed sacrilege against Islam in his presence and had been rude to him and other relatives, he adds.

Abuse

The Malay rulers, political leaders, be they from Umno or Pas, *muf-tis*, *kadis* or Muslim youth leaders were also the targets of abuse of the followers of the cult, he says.

Encik Amir, who lives near Mokhtar, says the cult leader was self-centred and deceived his followers with promises of the impossible.

He adds that Mokhtar used the *zakat* collected and the \$50-membership entrance fee and \$10-monthly subscription for his own benefit.

Although the cult leader lacked education, he is believed to have been an expert in the use of *pukau* (black magic).

Encik Amir says he believes that although about 30 members of the cult have recanted, many are still unrepentant.

The cult, he adds, had almost caused the breakup of families and threat-

ened the peace of the kampung.

Encik Amir also says he and members of the committee were threatened by the cult members.

They received threatening letters and pamphlets, he adds.

One of the pamphlets urged cult members to use arms to battle their enemies.

The pamphlets describe the Quran and its teachings as fiction, prayers as rubbish and all Islamic teachings as falsehood.

They urged cult members to strive with the leader to set up a Crypto government in Malaysia and throughout the world.

Encik Amir says the police, who raided the hut built by Mokhtar beside his house, recovered many pamphlets belittling Islam.

Police also recovered uniforms of the Crypto leaders, the symbol and flag of the Crypto government, samples of money which would be issued by the Crypto government, identity cards, passports and visas and a list of the names of members who would be appointed to high positions in the Crypto government. — **Bername**

NEW MINISTERS IN POSTELECTION CABINET

Three New Ministers Appointed

Kuala Lumpur BUSINESS TIMES in English 30 Apr 82 pp 1, 24

[Excerpt]

THE new Cabinet line-up announced by Datuk Seri Dr Mahathir Mohamad yesterday contained only minor changes. Three new ministers were appointed to the 21-member Cabinet.

The newcomers are Datuk Rais Yatim, to head the Land and Regional Development portfolio, Encik Adib Adam, the Information portfolio and Datuk Mak Hon Kam, the Labour and Manpower portfolio.

Other ministers retained their respective portfolios. The Science, Technology and Environment portfolio has still to be filled.

The only Cabinet member dropped is Datuk Mohamed Rahmat, who held the post of Information Minister in the last Cabinet.

Datuk Rais was the former Mentri Besar of Negri Sembilan, Encik Adib the former Chief Minister of Malacca and Datuk Mak the former Deputy Minister of Finance.

The Prime Minister also announced the appointment of 12 new deputy ministers and eight new parliamentary secretaries.

Among the prominent new deputy ministers are Encik Anwar Ibrahim for the Prime Minister's Department, Encik Sabaruddin Chik for Finance and Mr S. Subramaniam for Housing and Local Government.

Five parliamentary secretaries have been promoted to deputy ministers. Puan Sharifah

Dora Syed Mohamed is deputy minister in the Prime Minister's Department, Puan Rosemary Chong to Culture, Youth and Sports, Encik Muhyuddin Haji Mohd. Yassin to the Ministry of Federal Territory, Encik Mohd. Hassim Ahmed to Home Affairs and Encik Luhah Wan to Agriculture.

The six new parliamentary secretaries are Datuk Lee Boon Peng to the Health Ministry, Encik Zainal Abidin Zin to Land and Regional Development, Encik Radzi Tan Sri Sheikh Ahmad to the Agriculture Ministry, Mr Ting Ling Kiew to Culture, Youth and Sports, Encik Abdul Kadir Sheikh Fadzil to Foreign Affairs and Mr Au How Cheong to Energy, Telecommunications and

Posts.

Giving details at a Press conference at his office, Dr Mahathir emphasised the new ministers, their deputies and parliamentary secretaries have to be clean, efficient and trustworthy when discharging their duties.

He warned that if they were not, they would have to leave, adding "If I'm not, then I'll have to leave the Cabinet too."

Dr Mahathir said that no major changes were effected as he had made the necessary changes when he took office in July last year.

"Changes are very unsettling as the ministers need to settle down to learn about their ministries and this may disrupt the flow of work," he added.

Members of New Cabinet

Kuala Lumpur NEW STRAITS TIMES in English 1 May 82 p 2

[Text]

PRIME MINISTER

Datuk Seri Dr Mahathir Mohamad

DEPUTY PRIME**MINISTER**

Datuk Musa Hitam

**PRIME MINISTER'S
DEPARTMENT****Ministers without Portfolio**Datuk Haji Mohammad bin Nasir
Datuk Abdullah Haji Ahmad
Badawi**Deputy Ministers**Dr Goh Cheng Teik
Datuk Haji Mohamad Suhaimi
bin Datuk Haji Kamaruddin
Puan Sharifah Dora
binti S. Mohamad
Encik Anwar bin Ibrahim.**DEFENCE**Datuk Seri Dr Mahathir Mohamad
Deputy MinisterAbang Abu Bakar bin Datuk
Bandar Abang Haji Mustapha**HOME AFFAIRS**

Datuk Musa Hitam

Deputy Minister

Encik Mohamad Kassim bin Ahmed

TRANSPORT

Datuk Lee San Choon
Deputy Minister
Datuk Abu Hassan bin Haji Omar

SCIENCE, TECHNOLOGY AND ENVIRONMENT

Minister
Yet to be named
Parliamentary Secretary
Mr Law Hieng Ding

FOREIGN AFFAIRS

Tan Sri Ghazali Shafie
Parliamentary Secretary
Encik Abdul Kadir
bin Sheikh Fadzil

WELFARE SERVICES

Datin Paduka Hajjah
Aishah Ghani
Parliamentary Secretary
Mr Jawan Empaling

TRADE AND INDUSTRY

Tengku Ahmad Rithauddeen
Deputy Ministers
Datuk Liew Sip Hon
Datuk Shahrir bin Abdul Samad

FINANCE

Tengku Razaleigh Hamzah
Deputy Ministers
Dr Ling Liong Sik
Encik Sabaruddin Chik

HEALTH

Tan Sri Chong Hon Nyan
Deputy Minister
Datuk K. Pathmanaban
Parliamentary Secretary
Datuk Lee Boon Peng

LAND AND REGIONAL DEVELOPMENT

Datuk Rais Yatim
Parliamentary Secretary
Encik Zainal Abidin Zin

INFORMATION

Encik Adib Adam
Deputy Ministers
Datuk Chan Siang Sun
Puan Rahmah binti Osman

LABOUR AND MANPOWER

Datuk Mak Hon Kam
Deputy Ministers
Datuk Haji Zakaria bin
Haji Abdul Rahman
Mr William Lye Chee Hien

PRIMARY INDUSTRIES

Datuk Paul Leong Khee Seong
Deputy Minister
Encik Bujang Haji Ulis

AGRICULTURE

Datuk Abdul Manan Othman
Deputy Ministers
Mr Luhaf Wan
Datuk Chin Hon Ngian
Parliamentary Secretary
Encik Radzi bin Sheikh Ahmad

ENERGY, TELE- COMMUNICATIONS AND POSTS

Datuk Leo Moggie
Deputy Minister
Datuk Clarence Mansul
Parliamentary Secretary
Mr Au How Cheong

HOUSING AND LOCAL GOVERNMENT

Datuk Dr Neo Yee Pan
Deputy Ministers
Puan Napsiah binti Omar
Mr S. Subramaniam

WORKS AND UTILITIES

Datuk S. Samy Vellu
Deputy Minister
Datuk Dr Nik Hussein Abdul
Rahman

CULTURE, YOUTH AND SPORTS

Datuk Mokhtar Hashim
Deputy Minister
Mrs Rosemary Chong
Parliamentary Secretary
Mr Ting-Ling Kiew

PUBLIC ENTERPRISES

Datin Paduka Rafidah Aziz
Parliamentary Secretary
Encik Hussein bin Mahmud

EDUCATION

Datuk Dr Sulaiman Daud
Deputy Ministers
Datuk Khalil bin Yaakob
Dr Tan Tiong Hong

FEDERAL TERRITORY

Datuk Pengiran Othman Rauf
Deputy Minister
Encik Muhyuddin bin
Haji Mohammad Yassin

NATIONAL AND RURAL DEVELOPMENT

Datuk Sanusi Junid

AIR FORCE REVIEWING EXPANSION PLANS

Expenditures Trimmed

Kuala Lumpur NEW STRAITS TIMES in English 2 May 82 p 4

[Text]

KUALA LUMPUR, Sat. — The Royal Malaysian Air Force is reviewing all its expansion plans, air chief Datuk Mohamed Taib said today.

"We will implement only the essential ones," he said.

The trimming down of expenditure, however, would not in any way jeopardise the security of the country, he added.

Speaking to newsmen after opening the new Headquarters Air Operations Command here, Datuk Mohamed said the RMAF had taken note of Datuk Seri Dr Mahathir Mohamad's concern of the effects of the worldwide recession on the country.

First on the list in the expenditure trimming exercise involves the \$1.4 billion base at Gong

Kedak, Kelantan.

The general said the air base would not be completed as scheduled in 1984.

"We have decided to slow down the building of the base."

The base will house the RMAF's biggest and premier training centre, and will play an important part in the expansion of the air force.

Resilience

Datuk Mohamed also said the bulk of the RMAF's expansion projects were being implemented on schedule "except for those which are connected with overseas purchases".

Work on the new base at Subang was also progressing well.

Datuk Mohamed said the RMAF will make do with what it has.

"Unless it is absolutely necessary, we will not undertake a new plan. If it is only desirable, then the plan can wait."

Datuk Mohamed said the local manufacture of spare parts and the overhauling of aircraft engines at the AIROD at Subang were some of the ways in which the RMAF was cutting expenditure.

"This building of internal technical capability also helps in the transfer of technology," he added.

He said the RMAF appreciated that the primary objective of the nation had to be development which, in the long-run, would help in building up national resilience.

On the Headquarters Air Operations Command, Datuk Mohamed said the centre would be responsible for the day to day affairs of the RMAF.

Aircraft Replacement

Kuala Lumpur NEW STRAITS TIMES in English 2 May 82 p 4

[Text]

KUALA LUMPUR, Sat. — The RMAF plans to replace its aged Alouettes and Caribous.

Air force chief Datuk Mohamed Taib said the the RMAF had been using the Alouettes for about 22 years while the Caribous had been in service for 15 to 16 years.

"The air force has a continuing programme of replacing its aged

equipment.

"This is part and parcel of its expansion plans which are essential to ensure the smooth and efficient running of the RMAF," he said.

He said the RMAF was now being called on to play a greater supporting role in view of the expansion of the army and navy.

He also indicated that

the RMAF may be buying faster transport planes to replace the hardy Hercules planes.

It is believed that the RMAF is considering buying Boeing 737s for use as transport planes. They are especially needed for transporting troops and equipment from Peninsular Malaysia to Sabah and Sarawak.

The Hercules now per-

form this function but Boeings would be much faster.

Datuk Mohamed said the RMAF also plans to station a helicopter squadron at its base in Subang.

"The air force views this as important as the choppers may be needed in rescue or fire-fighting operations in the city," he said.

PARTIES CONTESTING THE APRIL 1982 ELECTION

Parties Listed

Kuala Lumpur BUSINESS TIMES in English 22 Apr 82 p 21

[Text]

BARISAN NASIONAL

Also known as the National Front, it is the ruling party formed out of a coalition of 11 separate political parties. They are:

- United Malays National Organisation (Umno)
- Malaysian Chinese Association (MCA)
- Malaysian Indian Congress (MIC)
- Gerakan Rakyat Malaysia (Gerakan)
- People's Progressive Party (PPP)
- Berjasa
- Sarawak United People's Party (Supp)
- Partai Pesaka Bumiputra Bersatu (PPBB)
- Sarawak National Party (Snap)
- Berjaya
- United Sabah National Organisation (Usno)

The Barisan Nasional is the successor to the Alliance, a troika which ruled the country from Independence until the emergence of the National Front in 1972. The concept of a National Front was conceived by the late Tun Abdul Razak, Malaysia's second Prime Minister.

In December 1972, a "Grand Alliance" meeting was held where, for the first time, political parties in the peninsula were invited to join a "possible future national front of Malaysian political parties" (p. 136 Politics and Government in Malaysia by R.S. Milne & Diane K. Mauzy).

Gerakan was brought into the fold in 1972 and the PPP followed suit three months later. The Pan Malaysian Islamic Party (Pas) joined in 1973 but left after a crisis in Kelantan in 1977.

UMNO

Founded in 1946 by Dato Onn bin Jaffar, father of Malaysia's third premier, Tun Hussein Onn. Formed to fight the British proposal for a Malayan Union and to press for independence, it was later led by Tunku Abdul Rahman who became the first prime minister of independent Malaya in 1957. Since its inception, it has dominated Malaysian politics.

However, in 1977 the party went through a crisis. There was friction between supporters of the leadership and those of the former Menteri Besar of Selangor Datuk Harun bin Idris. The problem was eventually resolved and Datuk Harun, since his release from prison after receiving a royal pardon, is a pillar of the BN's election campaign in Selangor.

MCA

Formed on 27th February 1949. Although Tun Tan Cheng Lock, its first president, "had been the first to talk of the need for such an organisation," the initiative to form the MCA was taken by 16 Chinese federal councillors. First set up as a welfare organisation to look after the interest of Chinese squatters resettled in new villages during the Emergency, it evolved into a political party in the early 1950s and teamed up with Umno in 1952 to form the nucleus of the Alliance.

MIC

Founded in August 1946 by John Thivy, the party found it difficult in the early days to attract members. The MIC joined the All-Malaya Council of Joint Action (AMCJA), a conglomerate of several disparate parties formed to fight the proposed Federation of Malaya, which many perceived as serving the interest of the British and the rulers. When the coalition broke up, the MIC backed Dato Onn's Independence of Malaya Party, which subsequently fell apart. It then decided to join the Alliance in October 1954 and made its electoral debut as a member of the Alliance in 1955.

The MIC has been through bruising inter-party quarrels, chiefly over the problem of succession from its previous president, the late Tan Sri Manickavasagam.

However, in the last few months some kind of accord has been reached between the present president Datuk Samy Vellu and his deputy, Mr S. Subramaniam. The party is thus going to the poll with a semblance of unity.

GERAKAN

Formed in March 1968, it comprised three groups: Dr Lim Chong Eu and former United Democratic Party members; Dr Tan Chee Khoon and ex-Labour Party members; and Professor Syed Hussein Alatas and several intellectuals. Prof. Syed Hussein subsequently left the party. A few months ago he joined Berjasa.

In the 1969 elections, Gerakan won the majority of state seats in Penang but in February 1972 it was the first party in the peninsula to join the Alliance to form the beginnings of the National Front. About two years ago, its then president and Chief Minister of Penang, Dr Lim Chong Eu, stepped down from the party leadership and Dr Lim Keng Yaik took over.

PPP

Founded in January 1953 by the two Scenivasagam brothers as a party to contest state and town council elections. It gained control of the municipality of Ipoh, Perak. In May 1972, it agreed to form a coalition government in Perak with the Alliance.

BERJASA

An off-shoot of Pas whose dissidents led by Datuk Mohamed Nasir broke away from the parent party. It became part of the National Front in the same year. It teamed up with National Front to beat Pas in the Kelantan state election in March 1978.

SUPP

A Chinese-based party formed in the early sixties in Sarawak with some support from Ibans. It is a member of the ruling coalition in Sarawak together with the PPBB and Snap.

PPBB

The dominant party in Sarawak led by former Chief Minister Datuk Patinggi Abdul Rahman Yaakub. It was formed out of the merger of the Iban-based Partai Pesaka and the Muslim-oriented Parti Bumiputra.

SNAP

Made up largely of Dayaks, the party was in the first coalition when Sarawak joined Malaysia in 1963. It became an opposition party and won 18 of the 48 state seats in 1974 and nine in Parliament but later joined the BN.

USNO

For a long time, dominated by its founder-president Tun Mustapha bin Datu Harun, who ruled Sabah with an iron hand until the party's defeat at the polls in 1976 by Berjaya. Tun Mustapha resigned under pressure but has since regained leadership of the party.

BERJAYA

The current ruling party in Sabah led by Chief Minister Datuk Harris Salleh, it was formed by a break-away group from Usno prior to the 1976 state elections.

OPPOSITION PARTIES

There are nine opposition parties namely:

- Democratic Action Party (DAP)
- Pan Malaysian Islamic Party (Pas)
- Socialist Democratic Party (SDP)
- Partai Sosialis Rakyat Malaysia (PSRM)
- Social Justice Party (Pekemas)
- Kesatuan Insaf Tanah Ayer (Kita)
- Malaysian Indian Muslim Congress (MIMC)
- Sarawak People's Organisation (Sapo)
- Sarawak Native People's Party (Snap)
- Parti Rakyat Jati (Pajar)

EXCEPT for the DAP and Pas and perhaps the PSRM, none of the other parties is likely to win any Parliamentary seats in the peninsula. Pekemas, founded by former opposition leader, Tan Sri Dr Tan Chee Khoo after he broke with Gerakan in its joining the National Front, failed to win a single seat in the 1978 elections. The midly-leftist Malay-based PSRM, with a fairly strong following on the east coast of the peninsula, was also unsuccessful at the parliamentary level in 1978. Sapo, however, managed to win one seat in 1978.

DAP

In 1964, the Singapore People's Action Party decided to challenge the Alliance in the general elections in the peninsula in 1964 — a move which helped to precipitate Singapore's separation from Malaysia in August 1965. Faced with the threat of deregistration of the party, Mr Devan Nair, the PAP's sole MP in the peninsula, applied and received the approval of the Registrar of Societies for the registration of a new party, the Democratic Action Party in March 1966. It is the strongest opposition party in the peninsula. In the last election, it won 15 parliamentary seats in the peninsula and its secretary-general, Mr Lim Kit Siang was the leader of the opposition of the now dissolved Parliament.

PAS

A religious-based party tracing its origin in part to a breakaway religious section of Umno, it became a separate party in the early fifties. It controlled the state government of Trengganu and Kelantan, the former for two years until 1961 and the latter for 19 years until it was devastated in state elections in 1978. Its leader, Datuk Asri Haji Muda is a former Menteri Besar of Kelantan and Minister of Land and Regional Development when Pas was the coalition.

Election Results

Kuala Lumpur BUSINESS TIMES in English 3 May 82 p 21

[Text]

MALAYSIA

PARTY	SEATS CONTESTED	SEATS WON	VOTES POLLED	% OF VOTES POLLED
BARISAN NASIONAL				
UMNO	73	70	1,323,937	31.78
MCA	28	24	678,206	16.28
MIC	4	4	79,852	1.92
GERAKAN	7	5	146,654	3.52
BERJASA	2	0	28,690	0.69
USNO	5	0	30,816	0.74
BERJAYA	11	10	81,963	1.97
PBB	8	8	28,700	0.69
SNAP	9	6	41,655	0.99
SUPP	7	5	81,993	1.97
	154	132	2,522,466	60.55
OPPOSITION				
PAS	82	5	602,528	14.46
DAP	63	9	815,473	19.57
SCCP	2	0	11,600	0.28
PASOK	7	0	14,958	0.36
BERJAYA IND	5	5	42,415	1.02
SNAP IND	3	3	21,373	0.51
OTHERS*	39	0	135,069	3.24
TOTAL VOTES POLLED			4,165,882	

* Other Independents and other parties.

SABAH

PARTY	SEATS CONTESTED	SEATS WON	VOTES POLLED	% OF VOTES POLLED
BARISAN NASIONAL				
USNO	5	0	30816	14.42
BERJAYA	11	10	81,963	38.35
	16	10	112,779	52.77
OPPOSITION				
DAP	2	1	18,641	8.72
SCCP	2	0	11,600	5.43
PASOK	7	0	14,958	6.99
BERJAYA IND	5	5	42,415	19.84
IND	7	0	13,319	6.23
TOTAL VOTES POLLED			213,712	

SARAWAK

PARTY	SEATS CONTESTED	SEATS WON	VOTES POLLED	% OF VOTES POLLED
BARISAN NASIONAL				
PBB	8	8	28,700	10.70
SNAP	9	6	41,655	15.53
SUPP	7	5	81,993	30.58
	24	19	152,348	56.81
OPPOSITION				
DAP	5	2	48,623	18.13
SNAP IND	3	3	21,373	7.97
IND	12	0	45,814	17.08
TOTAL VOTES POLLED			268,158	

CSO: 4220/607

RICE IMPORTS TO RISE AS A RESULT OF DROUGHT

Kuala Lumpur NEW STRAITS TIMES in English 1 Apr 82 p 5

[Text]

KUALA LUMPUR, Wed. — The National Padi and Rice Board (LPN) is expected to import about 400,000 tonnes of rice in view of the dry spell which has affected the rice bowl regions of Peninsular Malaysia.

A spokesman for LPN said they would most likely have to import more rice this year as the local rice yields might yet again be poor.

"We usually import between 15 and 20 per cent (between 200,000 to 300,000 tonnes of rice) of the local production. It is expected to be more this year.

"However we will have to wait until the harvest is over to know exactly how much we need to import," he said.

Total rice production this

year is expected to be in the region of 1.42 million tonnes while the domestic requirement is expected to rise to 1.72 million tonnes.

Last year Malaysia produced about 1.4 million tonnes of rice while the local requirement was 1.67 million tonnes. LPN imported the balance.

Last month Malaysia signed an agreement with Thailand to import 350,000 tonnes of rice. Thailand supplied about 180,000 tonnes of rice last year making up about 72 per cent of Malaysia's total rice imports.

A spokesman for the Ministry of Agriculture said the dry spell, which is expected to last until mid-April, will affect the harvest of some 125,000 acres of padi land in

Kelantan most of which is under the Kemubu Development Scheme.

Early last month a similar situation was reported in the Muda Scheme in Kedah with thousands of acres threatened by drought.

The Minister of Agriculture, Datuk Manan Othman, also said recently that the padi planting schedule in the Mada and Kada areas in Kedah has to be put off until April when the dry spell is over.

Penang and Perlis have also been hit by drought since December.

The spokesman added that the Meteorological Department has begun cloud-seeding operations early this month in the Mada area in Kedah.

U.S. TIN POLICY COULD WRECK MALAYSIAN ECONOMY

Kuala Lumpur BUSINESS TIMES in English 2 Apr 82 pp 1, 22

[Excerpt]

DATUK Seri Dr Mahathir Mohamad has taken the United States to task: He says that it is out to wreck the Malaysian economy as a result of the sales of tin from its stockpile on the world markets.

The Prime Minister in an interview with the US magazine, "Reader's Digest", said: "Since our economy depends so much upon tin, the direct effect would be to wreck our economy."

He pointed out that while the United States would say that this was not its intention, but that would be the result.

This is the strongest statement that the Prime Minister has made regarding the US tin sales on the world markets which began in mid-December last year. Previously, GSA tin sales were limited to the domestic market.

Earlier, the Prime Minister had confined himself to saying that the sales policy was unbecoming of a country which considered itself "a big brother" in the community of nations.

Dr Mahathir noted that the US decided to sell its tin stockpile not because there was not enough tin on the market. "There is plenty of tin on the market, and the price is not high either."

The International Tin Council (ITC) estimated a surplus production in the first half of this year of 12,300 tonnes against a revised surplus of 20,000 tonnes in 1981.

The price has been tending downwards in the past few days. The price on the Penang Straits market yesterday was \$29.68 per kilo. During the whole of last month, the price was in the lower sector of the

buffer stock price range of \$29.15 to \$32.06 per kilo. Within this range the buffer stock manager may buy or sell but he must remain a net buyer.

Asked to comment on his earlier statement that the promise made by the North to help in the South's economic progress lacked sincerity, Dr Mahathir said: "Well, that is how it seems to me. There is even a definite attempt to almost wreck the economy of the South."

Commenting on the stance adopted by the Reagan administration, Dr Mahathir said that "there was a distinct feeling that there is not the keenness to be involved, or even to be sympathetic sometimes."

The Reagan administration was almost isolationist in its attitude. "There is not the kind of sensitivity that we had

come to expect from the United States," he said.

On Malaysia's relations with Britain, the Prime Minister said that the current strain was mainly because "we do not get the kind of treatment we expect from a member of the Commonwealth."

"We feel we have been discriminated against unnecessarily, particularly with regard to student fees and educational facilities made available to Malaysian students in Britain," Dr Mahathir said.

The Prime Minister, however, noted some signs that Britain was beginning to appreciate the need to be more accommodating in its approach. "I should hope there will be no further deterioration in our relations," he said.

CSO: 4220/609

SARAWAK LAND AGENCY GIVEN EXTENSIVE POWERS

Kuala Lumpur BUSINESS TIMES in English 6 Apr 82 p 19

[Text]

ALTHOUGH still 'young', the Land Custody and Development Authority (LCDA) is already geared towards changing the landscape of Sarawak.

Established last October, the authority has already identified a number of "development areas" for agricultural and industrial projects.

According to LCDA general manager Encik Hamid Bugo, an area of about 24,000 hectares is being studied for the planting of rubber and other crops.

The authority is also working out plans for the re-development of several areas in Kuching and other towns.

The idea of forming the LCDA was mooted by Chief Minister Datuk Patinggi Haji Abdul Taib Mahmud soon after he took office last March.

Determined that it would be able to play a vital role in socio-economic development, he initiated a Bill three months later to pave the way for its establishment.

Last week, after exactly one year in office, the Chief Minister who is also the authority's chairman, launched his pet project at a colourful ceremony at the Dewan Undangan Negeri complex here.

The LCDA is conceived of a desire and attempt to have a single organisation with the powers to formulate strategies on land development that would

bring together the land owners, investors and entrepreneurs for the purpose of developing suitable areas with the objective of land utilization and providing benefits for all concerned.

Practice

It is expected to play an important role in the future development of land in the state because of its wide powers.

The authority can undertake development, re-development, settlement or resettlement of all categories of land, alienated or otherwise which the government considers appropriate and ready for agricultural, industrial or residential development.

This also include land which have hitherto not and could not be developed following traditional practice.

For the development of native areas, the LCDA has acquired the role of a "purchaser of last resort" to ensure adequate return to native land owners from development sponsored by the authority while at the same time undertake to preserve the special position of native land in the state.

On urban development, the LCDA will embark on the re-development of the old part of the town to introduce new concepts and facilities as well as to develop new up-to-date township.

Most of the major towns in the state have

outlived their concepts and designs and they do not meet the requirements of rapidly expanding and modern urban centres.

Encik Hamid points out that the strategy to be adopted by LCDA in developing "development areas" will be based on commercial lines.

The implementation of the projects which are planned by the authority will therefore be carried out mainly through the formation of joint-ventures in which the LCDA will have an intermediary role with or without shareholding.

Constraints

Encik Hamid says the LCDA will play the role of "matchmaker", bringing together those who have land and those who have expertise and finance for their mutual benefit.

In conjunction with its launching, the LCDA organised a development seminar for about 200 participants from both the public and private sectors.

Six working papers by Risda, RRI, SLDB, Salcra and the state agricultural department were presented.

Encik Hamid said the purpose of the seminar was to enable the LCDA to have an insight into the potentials for land development and at the same time the constraints faced by the various agencies.

"We are going into

land development in a big way and we feel we should find out the potentials and constraints before drawing our own strategy so that the same mistakes will not be repeated."

He pointed out that Risda and RRI were specially invited to present papers at the seminar because they have special interest in the development of rubber industry in the state.

The authority plans to draw up a long-term programme for the industry which Echik Hamid feels has not been given sufficient attention in the past.

Rubber is the most important agricultural export for Sarawak after pepper. In 1980 it exported 35,209 tonnes of the commodity valued at \$88 million.

Sarawak has an estimated 200,000 hectares of rubber, but 50 per cent of these are planted with low-yielding varieties, some of which were planted before the Second World War.

A large number of the farmers depend on rubber for part of their cash income.

Encik Hamid says that apart from rubber, the LCDA will also venture into large-scale coconut and cocoa planting as well as other short-term cash crops.

"Our objective is to broaden the state's economy which is presently too dependent on oil, timber and pepper," he said. — Bernama

TAX AGREEMENT SIGNED WITH SOUTH KOREA

Kuala Lumpur BUSINESS TIMES in English 21 Apr 82 p 1

[Text]

MALAYSIA and South Korea yesterday signed an agreement for the avoidance of double taxation and the prevention of tax evasion.

Signing on behalf of their respective governments were Finance Ministry secretary-general Tan Sri Thong Yaw Hong and the South Korea ambassador to Malaysia, Mr Ho Joong Choi.

Basically, the agreement will eliminate double taxation by giving Malaysian and South Korean businessmen credit for taxes paid in the host country.

The agreement also allows the host country to tax the profits of "permanent enterprises" which have been defined as building sites which have existed for more than a year or installa-

tions or assembly projects (supervisory or otherwise) which are being undertaken for more than six months. It is understood that these definitions are favourable to Malaysia in view of the pace of development in this country.

Tan Sri Thong described the agreement as one which would give the "necessary impetus" for South Koreans to invest in Malaysia.

He said that tax exemptions on interest and royalties have been provided for so as to encourage the flow of capital, patents and technical know-how so vital to Malaysia's development programme.

The agreement also includes a tax sparing

provision. This would ensure that the tax benefits gained by South Korean investors in this country would be retained by them upon repatriation.

Tan Sri Thong reaffirmed the government's intention to encourage foreign enterprise and to provide the necessary climate for foreign investment.

He felt the agreement would lead to a greater flow of trade and investment to the mutual benefit of the two countries.

Mr Ho said South Korea was willing to extend all efforts to develop friendly relations between the two countries.

He said Malaysia's "look east" policy was encouraging in that it stressed co-operation be-

tween the two countries especially in the modernisation and industrial development of Malaysia.

By the end of Dec. 1981, four projects linked with South Korea had been approved for implementation, with one project already in operation.

Trade between the two countries has been increasing steadily over the years. Malaysia imported \$325 million worth of goods from South Korea last year while exporting \$346 million.

This is the 18th such agreement to be signed by Malaysia. Malaysia is scheduled to sign a similar agreement with the Philippines next week and is currently negotiating one with the Netherlands.

CSO: 4220/609

SIND PATRIOTISM DEFENDED AGAINST PUNJABI RUMORS

Lahore CHATAN in Urdu 1 Mar 82 p 23

[Article by Asghar Gilani: "Letter from Sind. Why Accuse the Sindhis of Faithfulness? They Also Shed Their Blood To Build the Country; The Differences Between Punjabis and Sindhis Are Bureaucracy's Evils."]

[Text] Sind has the honor of having played the most active role in the struggle for freedom. The documented and incontrovertible proof of this is their help, by word, deed and money so to speak, to those behind the Hur and Balakot and to the "silk scarf" movement and the resolution of the Sind assembly.

After the success of the Pakistan movement, the manner in which Sind showed hospitality to the refugees from India and settled them was also a great achievement. In addition, the sacrifices the Sindhis made for their brothers based on their traditional love of Islam and of Muslims are no less exemplary.

In short, the role played by Sindhis in the past remains unchanged in the present, but some elements outside of Sind, especially in Punjab, have created an impression that negates the historical fraternal role of the Sindhis. Friends who come to Sind from Punjab remark casually that Sindhis are good people but that they are seeking to break up Pakistan and create a separate country for themselves, which is a traitorous action. Sindhis who go to Punjab hear the same kind of remarks. Such talk would not be so painful if it were confined to the common people, but unfortunately educated and knowledgeable individuals acquainted with the vicissitudes of the Pakistan movement also express such sentiments in conversations with Sindhis.

In my view, the reason for this impression is the existence of a group in Sind that cares for nothing beyond its own narrow interests; this group receives concessions from certain individuals for spreading such propaganda and for raising negative slogans. In this country, the bureaucracy has ruled under all of the different administrations and has always followed the formula of "divide and rule." That is why they magnify and spread such talk, for they thus divert the attention of those concerned with the security of the country and preserve their own jobs. Unfortunately, certain events have forced the Sindhis to believe that these negative views are in fact true. For example,

lands in Sind are not given to the Sindhis who rightfully deserve them; key posts do not go to capable Sindhis but are filled by inefficient individuals from other provinces; even workers for Sindhi factories are brought from other provinces, especially Punjab. Conditions are created that discourage young Sindhi men from joining the armed forces, and those that do join are subjected to such harassment that they are forced to leave. The propaganda is then spread that Sindhis are cowards and quick to run.

In offices occupied by Punjabis, even the legitimate affairs of the Sindhis receive no attention. Worst of all, no one lifts a finger to help the Sindhis, whereas in Sind the Punjabis are considered important.

All these injustices have not remained hidden from the government. Complaints in telegrams and newspapers and from delegations have been conveyed to every official, from the lowest to the highest, but up to now none of the problems has been solved nor have any plans been drawn up to put an end to these illegal activities. On top of it all, when people demand their rights they are accused of belonging to those handful of self-seekers who think and talk against the country.

It is tragic that those who demand their rights are called the enemies of the country and ways are sought to crush them. It should be pointed out that when Sindhis say that their older brothers are destroying them, they are referring not to the good people of Punjab but to these bureaucrats.

After this prefatory statement, I want to return to the subject mentioned in the beginning of this article, namely, that the majority of the people of Sind is not the enemy of the country. The great majority of newspapers, periodicals and books published in Sind has presented arguments to show that those who speak in opposition to the integrity of the country are not performing a commendable act. The fact is that no party is opposed to maintaining the integrity of the country. In Sind, the following parties enjoy influence: in the interior, including Karachi, the defunct Peoples' Party, the Jamiat-e Ulema-e Islam and Muslim League-Pagara group; in Karachi, Jamiat-e Islami, Jamiat-e Ulema-e Pakistan, Muslim-League-Pagara group, to a certain extent PDP, NDP and Tahrik-e-Istiqlal. Not a single one of these parties is against the country's existence. Their manifestos show clearly that they all support a strong Pakistan and differ only over the question of what kind of administration should be established, that does not imply that they are against the country. Moreover, all these parties exist in the four provinces, and the other groups also have nothing in their constitutions that could be construed as opposition to the integrity of the country. As far as actions are concerned, Pakistan's most active and powerful party, "the Pakistan Bureaucratic party," which has neither a constitution nor calls itself a party, has shown in its every action that it is opposed to the territorial integrity of the country.

The people of Punjab should not allow the slogan shouting of the Jia Sind group to lead them into the mistaken belief that the Sindhis are the enemies of the country. This group has such a low status among the Sindhis that it could not manage to send even its leader, G. M. Sayyed, to the Assembly. He

failed in all his bids for election under all of the different administrations. Perhaps he will become a member of the assembly when there is no Jia Sind group.

The people of Sind are and will remain patriots. Injustice and hardship will not turn them into enemies of their country. But this should not be taken to mean that they will not protest against what they are enduring out of fear of being accused of enmity towards the country. Sindhis want to see their country a prosperous land where no individual oppresses another, where no group crushes another group and no province rules another province. The Sindhis ask for the provincial autonomy that is sanctioned by the constitution.

9863

CSO: 4203/113

INTERNAL UNREST INCREASES DANGER FROM SOVIETS, INDIA

Lahore CHATAN in Urdu 22 Mar 82 pp 15-16

[Article by Tujammal Husayn: "Democracy and the Loss of Social Justice"]

[Text] That which is happening all around outside the country is not the only thing which is frightening. In our view it is no less than a national crime not to take notice of the way in which conditions inside the country are taking shape, and not to take steps to intervene. The fact is that so long as we are not internally strong and powerful we also cannot produce the capacity to combat the external dangers hovering around us. The government should have surveyed the deteriorating conditions in the country with complete honesty and sincerity, and, taking the whole country into its confidence, should have taken steps which, in view of the wider interest of the country and the people, would have been acceptable to all. But it seems that the governmental or bureaucratic official minds which the government has appointed to keep an eye on internal troubles are either lazy and indolent and, for this reason, close their eyes to the duties of their posts, or else they themselves earnestly wish conditions to take a turn for the worse and result in the country becoming a house of desolation, as otherwise, the amount of power and authority which the rulers have under martial law is perhaps even more power than they have under a political government. In these circumstances what the result of the frightful dramas being played out in ordinary life may be, and what the effects of this result will be upon the collective life of the people is beyond our comprehension.

The murder of Choudhri Zahur Elahi was without doubt a heart rending incident, and it has greatly increased the typhoon of anxiety in the country. It is said that the hand of "Al-Zulfiqar" was behind this incident. The public was told that the murderers had been arrested. Then immediately it was added that the real murderer had escaped. When this was not satisfactory, it was said that the murderer had died in a confrontation with the police. The public, disturbed by these ridiculous reinterpretations, has still found no satisfaction.

Then there was the spectacle of the sacred Koran being desecrated in two cities, which increased the already present unrest. In something like this the perpetrators of the crime should have been immediately hanged on a cross at a crossroads, but for who knows what reasons, the crime is still in the first stages of research and investigation.

The murder of the patriotic leader Arbab Sikander Khan Khalil has made the situation even more bitter. Comments on this incident are being made in various quarters, and the poisonous news of an event growing out of this incident, from which one cannot hope for any happy consequence, has certainly already spread throughout the Frontier province. There was a suspicion that the attempt to hold a memorial procession for the death of Arbab Sikander Khan Khalil might become a political gathering. As a result of the steps taken to disperse it people were wounded, were arrested, may have been killed, and several important political leaders were put under house arrest on the orders of the highest government official himself. It is obvious that under the present circumstances the step of house arrest too did not have a good effect on the populace. Rather it increased their feeling of deprivation and oppression even further.

Some people are taking advantage of the situation and are secretly busy trying to bring the people into the streets. In particular, some of the politicians of the separatist trend have begun to think of exploiting these conditions. Even though the political parties have been declared defunct they are still struggling to somehow or other increase their activities, and the government itself is also aware of several instances in this regard.

The law and order situation is such that criminals are openly playing beneath the nose of harsh laws. The government says it has arrested elements who are enemies of society, but the pages of newspapers and magazines are filled with nothing but details of crimes nowadays. In fact, today even as we are entrusting these words to paper, four people have been killed in Lahore in just 1 day. Alcohol is forbidden throughout the country, but when is there a day without news of people involved in selling or using it? Institutions are established for the prevention of bribery and corruption but their officers and workers too appear to be perpetrators of this crime. People have for a long while been stumbling from pillar to post in search of justice. The defects of the educational system are increasing as fast as efforts are being made to reduce them. People have made a fine art of overcharging and of combining high prices with the adulteration of food.

We feel we are not committing any sin by pointing out these diseases of society. Rather, this is our duty, and if we neglect it, such neglect should be considered a crime. We are unveiling the features of this picture of troubling conditions with great sorrow and pain, and our purpose in doing so is not to scorn or ridicule anyone. Rather, by holding up this mirror we want to show what the future of this country and nation will be if this behavior continues. Along with these conditions there are external dangers which are visible to all in the Soviet Union's poisonous heart and India's scowling eyes. Neither should we ignore the effect which hundreds of thousands of Afghan refugees have had on Pakistan's political and economic life. Here we have a situation such that the gentlemen in authority have determined that without the promulgation of Islam, conditions are unfavorable for a transfer of power. The politicians are on the one hand holding each other by the throat and on the other hand demanding the establishment of democracy. Then too, when the present government took power into its hands the opinion of the majority of the populace was that this was a good thing for the security

of Pakistan. It was never said, however, that from then on democracy and social justice should be ended forever, and we feel that it is simply ridiculous to conceive of the existence and prosperity of Pakistan without democracy and social justice. Tied to the question of democracy is the fact that the highest power goes to the people of the country, so until conditions conducive to this are produced in the country, the country's troubles internally and on the external front will keep increasing. In view of these conditions, if the present government can by any formula whatsoever form a civilian government, then we can hope both that the anxiety of the public will be lessened and that some way will be found to stop those evils which have become out of control. So far as the dangers with which Pakistan is faced are concerned, the person who thinks he can keep living without being aware of them is in a state of false optimism which can result in nothing but ruin. The tension which previously existed between India and Pakistan, and which Pakistan was making an effort to stop, increased from the day the Soviet Union perpetrated its unjustifiable intervention in Afghanistan.

The background and depth of the extent to which the Soviet Union has increased the orbit of its activities in Afghanistan, and in the other direction, the drama which it is creating with India by expanding their mutual relations are something else again. The Soviet defense minister brought more than 30 additional, powerful experts to India with him. This gives some indication of the type of plans being considered and the kind of turmoil for which plans were being discussed. It should also be kept in mind that the leader of the delegation brought a special message for India's Prime Minister Mrs Indira Gandhi from the President of the Soviet Union which he gave to the Indian prime minister during a special meeting. After the meeting when journalists asked about the nature of the special message from the Soviet president to the Indian prime minister and for their comments on it, both sides refused to make any comments on the nature of the message!

In expressing our opinion on this situation we have already openly stated that the Soviet Union is concerned with making the way smooth for its expansionist designs, and Pakistan seems to it a heavy stone in its path. Thus it has proved both by its military intervention in Afghanistan and by several times violating Pakistani air space that it has set up a typhoon of anxiety for Pakistan on this border.

India is situated on the other border. In these circumstances it is not difficult to infer a meaning from the activities the Soviet Union is undertaking in India either. Why, after all, is the Soviet Union arming India on such a grand scale? From whom is such a large country in danger? There are only weak countries like Pakistan present in its vicinity. And Pakistan has repeatedly assured India that it does not have aggressive intentions against India or anyone else. In fact it is even ready to have a non-aggression pact. But the trouble is that India has sunken into the ocean of Soviet policies heart and soul.

This is the reason she did not allow the plant of the non-aggression pact to grow. In other words, she is cooperating with the Soviet Union and supporting her intentions to, according to her plan, use destruction to reach

warm waters. But if even an inch of the land of Pakistan is injured in this connection, there is the danger of a severe shock to the developing order of world Islam. Pakistan has thus reached a very turn where, in order to combat events on the external front, it must immediately end every type of internal dissension. Until it is satisfied in that direction, it cannot be successful on the external front. There now remains the question of how to remove internal difficulties. We have already said that the people should be given social justice even before an Islamic system, that social justice of which democracy is the first precondition. But the splendid structure of the system of Islam should be built on this social justice. There is no other means existing to preserve the security and continued existence of Pakistan.

9914

CSO: 4203/108

CENSORSHIP OF MAGAZINES SEVERELY CRITICIZED

Lahore CHATAN in Urdu 22 Mar 82 pp 6-7

[Article by Muhammad Sa'id Azhar: "News and Views"]

[Excerpt] A gentleman by the name of Mr Jummah Khan writes a daily column in the Karachi daily newspaper AMAN. The name of the column is "Not About You but About the Age." May God be good to Mr Jummah Khan. Those thoughts which we in the Punjab walk about suppressing in our breast until it begins to glow like live coals from the force of our emotions, Mr Jummah Khan makes the ornament of his columns. Reading his column has begun to remove the shadow of misfortune hanging over our head and heart. First of all I would trouble you to study a few paragraphs selected from a couple of his columns. Mr Jummah Khan of "Not About You but About the Age" writes:

"This enterprise of general arrests of elements who are enemies of society which has been going on for several days now includes not only political workers but the arrest of journalists as well. This misfortune has befallen reporters in rural areas in particular.... From Dadu has come the news that all the correspondents of the region were gathered in one office. Some civil officers were present too. When everyone was present, an officer came who announced, 'You people send false news from here to your papers. I will straighten you all out.' Then he showed his stick to the reporters and said, 'Its name is Maula Bakhsh the Enforcer, and my name is Jalal the Wrathful. If in the future any false news from this area is sent to any newspaper I won't spare you.' The newspapermen assured him that they did not send back fabricated stories. When there were crimes they pointed them out; when there were cover-ups they unveiled them; if dens of criminals were established they raised their voices. But Mr Jalal the Wrathful was full of wrath. Jalal's demonstration continued and he kept beating on the table with a ruler. Is this the way for any officer to treat journalists? (Daily AMAN Karachi, 17 March 1982)."

"What is the reason for maintaining censorship restrictions on the weeklies and monthlies? No one tells this; nor is the nation told what is the hindrance in freeing the remaining journals of censorship or when the pre-censorship for them will end. The government as well as the common people know that the daily papers are sold in hundreds of thousands and affect the public opinion in an instant manner. On the other hand, weeklies and monthlies are published in very small numbers; neither they can influence the

public opinion instantaneously nor can they have effect on a large constituency. Still it was considered necessary to maintain censorship on them, which leads us to believe that some of the officials advising the government are indeed so competent that they are not afraid of the dailies published in hundred thousands but do fear the weeklies published in a few thousands and regard them dangerous for the administration. (Daily AMAN 8 March 1982)."

"When there is no precensorship on newspapers, what need is there of the restriction that political news should not be published in great quantity or be given prominence? So far as any headline being sensationalist or innocuous is concerned, every headline contains a portion of the news itself. If 50 people are killed in a train accident, one cannot use the headline 'A Train Accident Occurred.' If the number of dead is mentioned in the headline then it is considered a sensationalist headline. So far as pictures are concerned, if pictures of politicians like Sardar Mazari, Khwaja Khair-ul Din, Maulana Noorani, Pir Pagara, Mian Tufail Muhammad, Professor Ghafur Ahmad, Mahmud Haroon, Ghulam Dastgir and Khwaja Safdar can be published...[end of sentence missing.]

"Now there remains the matter of the sensationalism of my column. I have talked with ordinary people and I have talked with important people too. If anyone is unable to answer my arguments the Fatwah, i.e., judgment is pronounced that the column was sensationalistic. I am even ready to write that in the present age all policemen observe the prayers; the gentlemen in charge of the police stations fulfill the duties of the faith five times daily; no one anymore gives or takes bribes; thieves and bandits have taken an oath to reform; no one is poor enough to receive alms; everyone lives in a palace of gold; rivers of milk are flowing in every town and village; all people have begun to hate democracy and the public considers General Zia-ul Haq an angel of mercy. But I am 100 percent certain that some objection from above will be made to this column. They will say Jummah Khan is making fun of the government; stop the advertisements. Now you tell me what I should write?"

9914

CSO: 4203/108

LITERACY FIGURES DISCUSSED

Lahore VIEWPOINT in English 29 Apr 82 p 30

[Text]

ADULT literacy in Pakistan is only 24 per cent as against the corresponding figures of 36 per cent in India, 66 per cent in China and an average of 43 per cent in low-income developing countries other than India and China.

Schooling facilities are being provided to only 51 per cent of primary school-age children and 17 per cent of those at secondary school-age. Corresponding figures for India are 79 per cent and 28 per cent and for China 93 per cent and 51 per cent.

These figures were revealed by A.G.N. Kazi, the Governor of State Bank of Pakistan, while inaugurating the Book Fair 1982, in Karachi.

Mr. Kazi added that Pakistan produced about 3,000 new books per year, of which about 60 per cent were in Urdu, 30 per cent in English and the rest in provincial and other languages.

Referring to the figures published by UNESCO, Mr. Kazi said that annual production of books in Pakistan had ranged from 1,081 to 13,331 over the five years 1975 to 1979. "At this

level, our production is roughly 10 per cent of the production of books in India, half of that of Indonesia and comparable to that of other developing Asian countries such as Iraq, Hong Kong, Malaysia, Singapore and Sri Lanka. Our production of books is very low as compared to that of developed countries." However, he said, the main problem was not the low production of books, but how to create a clientele of book purchasers. "It seems very few persons read the books that are being produced in Pakistan and in case of most of the books no more than 1,000 to 2,000 copies are sold," Mr. Kazi added.

Speaking about foreign books, he said the imports of books and magazines had all along been freely permitted without imposition of any duty or tax. The imports of books increased from about Rs. 5 million in 1972-73 to Rs. 32 million in 1980-81. However, even Rs. 32 million meant an annual expenditure of about 40 paise per capita on imported books.

CSO: 4220/608

BODY FORMED TO SAVE ISLAMIC HERITAGE

Karachi DAWN in English 14 May 82 p 19

[Text]

ISLAMABAD, May 13: Mr Mohammad Ali, Federal Education Minister, said here on Thursday night that the Islamic Cultural, Educational and Scientific Organisation (ICESCO), has been formed to protect the cultural heritage of Muslim countries which was being attacked by alien ideologies.

He was talking to newsmen at the Islamabad airport on Thursday night after returning from Morocco and Jordan.

He said ICESCO had been formed on the lines of UNESCO to promote and protect Islamic heritage, culture and education in the Muslim countries as well as to find out the solutions of similar problems facing Muslim States.

He said the first meeting of the organisation, held in Fez, was very successful and all member countries of the OIC attended it, except Afghanistan and Egypt, the memberships of whom were suspended.

He was of the view that the ICESCO will serve as a forum for the Muslim countries for raising their voice unitedly in the international educational and cultural conferences.

In reply to a question, he said Pakistan intended to play a very vital role in this organisation, adding that "we will form a united front in the international conferences and meetings to highlight our stand and view on several issues".

The Minister said the concluding session of the conference was addressed by the King of Morocco and Mr Bou Talib of Morocco, a learned professor and former Minister, was elected as the Director-General of the organisation for a period of three years.

Pakistan was selected as the Vice-president for the conference the minister said, adding that "we also got a seat on the Executive Committee." Moreover, Pakistan was also given the honour to speak on behalf of the conference, to thank the participating countries, he added.

He said the constitution of the organisation was approved and signed by all the participants, and it was decided that the next working session will be held in 1983. The Head Office will be located permanently in Fez, he added.—PPI

CSO: 4220/609

ADMINISTRATION STAND ON EEC MISSION DISPUTED

Lahore VIEWPOINT in English 6 May 82 p 8

[Text]

BETRAYING a nervous over-sensitivity to a name, the Foreign Office seems to have got involved in an unnecessary brouhaha concerning the visit of an EEC Mission to Pakistan, with a planned visit to Afghan refugees camps as the main item on its agenda.

The delegation was to come on a fact-finding mission and intended to meet with the Afghan rebel leaders in Peshwar. To this objection could well have been taken, but the itinerary was approved. This is really where the F.O. bungled. However, a visa was blandly refused to the Mission's designated leader, Mr. Gerard Israel, a French member of the European Parliament. Reacting angrily to the rebuff, European Foreign Ministers meeting at Luxembourg have expressed their "anger" at the Pakistan Government's decision, and have gone on to condemn it as "a form of racial and religious discrimination", considering the denial of visa as an example of discrimination that is regarded "as an offence against the dignity of the European Parliament and the EEC as a whole". Other measures against Pakistan are being planned by the EEC.

The explanation

This may sound like over-reacting; and it is not known if the EEC will be mollified by Pakistan's casual ex-

planation. The Foreign Office's position, explained to the protesting EEC diplomats in Islamabad, reportedly is that Pakistan does not exercise any racial or religious discrimination, and that in this case the objection to Mr. Gerard Israel was not on account of his ethnic or religious background, but because of his name — Israel. Particularly in today's circumstances, it was felt that this would cause strong resentment, specially because this gentleman was closely associated with the cause of Israel.

This may well be true, but surely it could have been explained to the Afghan refugees and their leaders, as well as all other persons likely to come into contact with Mr. Israel; that, whatever his name, he was not here as a representative of the Zionist entity but that he was a citizen of France and was visiting this country on behalf of the EEC. Names can cause complications, but the best course is to ignore the symbolism of odd names and deal normally with the person behind the name. After all, the representative of a leading Arab State was called Yazid but this did not interfere with his functioning on his country's delegations and meeting with other Muslim leaders including those belonging to the Shiite sect.

Obviously, the question may be asked "What's in a name"? And the answer should be "Nothing or very little".

CONDITION OF PUBLIC EDUCATION IN LAHORE DESCRIBED

Lahore VIEWPOINT in English 29 Apr 82 pp 22-25

[Article by Mahmood Zaman: "Schools No One Wants To Join"]

[Text]

AFTER independence, the first and foremost step in the field of education was the convening of the Pakistan Education Conference in late 1947. The objective was to transform the education system, erstwhile a British legacy, to serve the aspirations, ideals and requirements of the new nation. The Conference, after detailed deliberations, laid down the objectives as "universal, free and compulsory education for all children between the ages 6 to 11 years, to be gradually extended to cover children up to 14 years." It also stated that the education system in Pakistan should be "inspired by Islamic ideology and should emphasise, among many of its characteristics, the virtues of universal brotherhood, tolerance and justice."

Good intentions

Accordingly, in the Provinces, Committees were set up to examine the existing education system and to recommend measures to achieve the aims laid down by the Pakistan Education Conference. The Committee for the Punjab adopted a 20-year scheme under which the 4-year primary education course was raised to five years and education in primary schools was made free. The Provincial Committee also resolved that education was not merely to be made an academic exercise but was "to aid the child to grow in mind, body and spirit; thus releasing his capabilities for a constructive life." But despite all these high ideals, neither the administration was sought to

be changed nor were any radical measures suggested to bring education into conformity with national aspirations.

The biggest irony of all is that the system of primary education is still being governed by the Punjab Primary Education Act, 1940, which was enforced by the Unionist Party through the Punjab Legislative Assembly. According to this Act, the responsibility for imparting and promoting primary education was borne entirely by the Government. The Act was operative even during the period when the provinces were integrated into One-Unit.

So far, this is the statutory position, but adherence to this, in strict terms, is not being followed, as, with the passage of time, the private sector has also emerged to play its role, although the major task of imparting primary education is still being attempted by the public sector.

In Lahore, primary education is a dual obligation, of the Provincial Government as well as of the Lahore Municipal Corporation. But Government primary schools are almost non-existent; only in one or two high schools a primary section is added. Such a Government primary school is attached to the Government High School, Chauburji, and one or two places more. However, the Lahore Municipal Corporation has a network of educational institutions, both at primary and middle levels, and for boys and girls. In fact, the municipal pri-

mary schools provide the students for the 6th class in Government high schools.

Data is always very attractive on the face of it. So it is in the case of LMC which is running full-fledged department of education. This department is headed by an Education Officer, under whom a Deputy Lady Education Officer is managing the girls' schools. Then there are Assistant Education Officers, one for each two-zone area. Girls' institutions are supervised by Lady Education Officers, also one for each two-zone area. It is followed by a vast paraphernalia of teachers, lady teachers and office staff. The office staff is under Assistant In-charge (Education).

The total number of schools run by the LMC is 265, of which there are 152 primary schools for boys, 65 primary schools for girls and 14 middle schools each for boys and girls. The total enrolment at all these schools is 1,10,802 as against 895 teachers. Further break-up shows that there are 45,521 boys studying in the primary schools where the number of teachers is 1,146. Figures of girls in primary schools are 24,273, as against 656 lady teachers. In the middle schools for boys the number of students is 12,968 and that of teachers 31. In the girls' middle schools, 73 teachers impart learning to 8,444 students.

Some called 'model'

The LMC is also running 20 Junior Model Schools in which the student-teacher figures are 19,596 and 166. For a total of 265 educational institutions, the LMC has provided 182 buildings whereas the rest are either on rent or have come through donations. 107 boys' primary schools are housed in the LMC buildings and 75 girls primary and Junior Model Schools buildings are also owned by the LMC. The schools in rented buildings number 30 for boys and 17 for girls. 36 buildings have been donated by citizens to house the schools, of which 29 are for boys' and 7 for girls' schools. The LMC is also running a Deaf and Dumb primary school for girls at Napier Road.

The LMC earmarked Rs. 3,53,25,000 for education in 1981-82 out of the annual budget of Rs. 24,69,97,000. This comes to a little more than 12.5 per cent. Out of this, Rs. 49 lakh were earmarked for construction and repair work; the rest Rs. 3,04,25,000/- was the actual education budget for the year. The annual salary bill of the teachers comes to Rs. 2,82,45,000/-; the net amount which the LMC is spending this year on the entire education of over 11 lakh students is slightly over 22 lakhs. But at the same time the LMC also gets back about 6 lakh rupees annually from the students in the form of monthly fees and yearly admission fees and charges for "Progress Reports". In other words, the LMC is spending about 16 lakh rupees on the education of the children which is even less than Rs. 1.50 per student per year.

Essentials?

Libraries and laboratories are essentials for any education institution. No library exists in any of the schools, whether primary or middle. There are, however, some reading rooms in the vicinities of various schools, mostly middle, where daily newspapers and one or two magazines are provided. But in most cases students do not make use of them and the people of the locality come to read them, apart from the teachers. The boys of the middle schools are taught science as a subject but for girls in the same standard the subject has not been allocated. Even for boys there is no provision at all for a practical approach to the subject. Out of the UNESCO donation of "Teacher's Science Kit", the LMC also had its share, which it provided to middle schools. But the pupils are seldom shown the shapes and objects to see, in practice, at least, what they have been studying.

LMC schools are governed, directly, by the Education Department, which, besides prescribing courses and syllabi, is required to arrange yearly and 'surprise' inspection. This practice has almost been abandoned now. The Education Department also issues instructions, from time to time, in conn-

ection with the standard and management of education and schools. Teachers are usually employed with the permission of the Local Government Department and for that a Services Selection Board of the LMC interviews the candidates. The Chairman of the Board is the Mayor. An eleven-member Education Committee of the Councillors was constituted, with Mr. Ashfaq Mirza, as Chairman, in 1980, but the meetings of the committee are seldom held. It has met only twice since its formation. The Councillors, it is learnt, "do not take any interest." "Many of the proposed meetings were not held, for want of a quorum".

The LMC primary schools are scattered all over the city. They are situated in far-flung areas like Barkat Town and Jia Musa (Shahdara), Mahmood Booti, Daroghawala, Bhamman (behind Daroghawala), Gujjar Colony (Harike Road), Harbanspura, Township, Amar Sidhu, etc., and also within and very near to the walled city. In fact, no locality has been left without a school. They are also organised in areas like Gulberg, Samanabad, Wahdat Colony and Canal Park. But all of them stand relegated to almost non-existence. The parents from upper and middle classes will not send their children to these schools. Thus, students at these schools belong mostly to a poor class. Children of labourers, low-paid technicians, cobblers, barbers and other deprived groups are forced to use them, though even they do it unwillingly.

If you see a boy with a torn bag (or no bag at all), shabbily dressed in a black militia shalwar-kamiz, hair uncombed, hands and faces spotted with ink, walking despondently, you can be sure that he is a student of a municipal primary school. Because the schools are usually not far from most localities of the city, the children usually walk to these schools. No tonga or bus stops in front of their doors.

In spite of the fact that municipal

schools are found everywhere in the city, there are four such schools within a distance of about four furlongs between Anarkali and Lytton Road, and they are faced with the problem of scarcity of pupils. Parents, usually, are not interested in sending their children there. In fact, they are non-competitive, with no priority at all. In "reputed" schools the difficulty regarding admissions is no secret. Admissions to class I are open hardly for two to three weeks, but in the municipal schools admissions continue for no less than three months; in some cases students are admitted even after the summer vacations. Then, one can seek admission in municipal schools in any class one wants, which is almost impossible in the case of English-medium and model schools.

Bring fifty

This correspondent visited the Municipal Primary School, Jain Mandar, where at 10.30 o'clock 30 to 40 students were playing hide and seek. A teacher asked whether I wanted to have a child admitted? I asked, "What about ten children?" He said, "Even 50 are welcome!"

The headmaster, when asked up to what date he would allow admissions, said that they were allowed throughout the year. The teacher of a municipal middle school told this correspondent that the drop-out rate in the middle classes was no less than 50 per cent. Class I, of course, is almost full, with 50 to 70 students; it is followed by a constant decline in the number. Class V usually has 30 to 35 students, but at this stage, the teacher told me, there is always the fear that 50 per cent of the students passing the 5th standard would not stay in the municipal middle schools. Often, he continued, the middle schools were supposed to issue a large number of school-leaving certificates. He was of the opinion that many of the school-leavers would either join "better" schools for middle courses or say good-bye to school, and those who discontinued would join their fathers or brothers to earn a livelihood for the

family or would be put to a training in a manual job. Such children commonly come from the families with low incomes, and are forced to help their parents financially.

Closing down

A decline in the number of students has more than once compelled the LMC authorities to close down some schools. Such examples are found in the cases of the primary schools in Mohalla Chaumala and Noor Mohalla, both inside Bhati Gate, Dyal Singh Primary School in Said Mitha, Chauhatta Mufti Bazaar, Chowk Nawab Sahib, Ram Gali No. 4 and Anrit Dhara Building, Railway Road. A girls' primary school in Haveli Mian Khan has also been gone away with, and two middle schools have met the same fate. A girls' middle school outside Mochi Gate has been closed and a boys' middle school in Shahalmi Gate is about to follow suit. These schools, except for the last mentioned one, were considered by the authorities to be of no use, because the number of students was touching the lowest level. The last-named middle school has come to a stage, again for want of a sufficient number of students, when application for closure is always considered to be a better solution. The municipal primary school, Lohari Gate, is near Chowk Jhanda, and is situated within the premises of a religious *dars-gah*. Actually the school was at one time functioning in Baghichi Nihal Chand and was doing well, but with the passage of time a *deeni dars-gah* was established so as to girdle the school from all sides. The number of students in the school was also affected as a result.

Teachers' plight

Before embarking on the level of the academic exercise in the LMC schools, the plight of the municipal teachers, which ultimately affects the standard and the quality of education, must be viewed. To start with, primary school teachers are placed in Grade No. 6, which starts from Rs. 350. Even with the addition of allowances

the total monthly emoluments do not exceed Rs. 465. Most headmasters of primary schools have also been granted the same grade, along with a nominal charge allowance. These teachers are supposed to have obtained JV and Primary Teaching certificates. SV teachers, mostly in middle schools, get Grade No. 8. Headmasters of middle schools must possess a B.Ed. degree, and are normally entitled to Grade No. 14. But those in charge of such schools have been allowed Grade No. 8, plus some charge allowance. Only one headmaster of a middle school, in the whole of the city, enjoys Grade No. 14. This was the "anomaly" most of teachers complained of. How can a teacher with four children, paying house rent and other expenses, lead a decent life? This must be asked from those who are entrusted with the task of laying a strong educational foundation. The result is obvious, intimidation of students. The ten paise collected as fine from each absentee seldom go into the LMC accounts.

For the LMC schools the syllabus is the same as that approved for the English-medium and model schools. The only difference is of English, which is not being taught in the primary classes. A student passing the 5th standard from a municipal primary school does not learn the English alphabet before going into the 6th class. But all other subjects — Urdu, general knowledge, general science, Islamiyat, drawing, arithmetic and counting — are taught. The quality of education, however, does not come up to the level of other "reputed" schools, and this is one of the reasons for lack of attention to these schools. The cause can be understood against the background of the teachers' meagre emoluments. They do not, for obvious reasons, concentrate on their obligations and are disinterested; they also intimidate the students and this creates an atmosphere hardly congenial to studies. Then the parent-teacher relations, which are a routine affair in other institutions, are absent. It is very seldom that a father or guardian meets the teachers, enquiring about the education of his child. An-

other factor might be that the organisation which runs these schools — the LMC — is not basically meant for the promotion of education; and that is why it is not under the administrative discipline of the Education Department. Yet another cause might be that the general atmosphere of schools does not help the development of academic discipline. Total absence of extra-curricular activities, games, etc., also adds to the poor quality of instruction. There are no LMC school sports teams, and for the students there are no avenues of recreation.

Buildings

When we speak of the general atmosphere of education in the LMC schools, the buildings and their location also count. Though many of the schools are housed in better-looking buildings and their surroundings are also pleasant, a large number of them are not at all good.

The schools situated at Farukhabad (Shahdara) and Nasirabad (Khokhar Road on Bund Road), have no buildings at all. They function in the open where the sky is their roof and the ground their floor. Students and teachers of these schools sit in the shade of trees and when it rains they are closed. Education in these schools is suspended on one pretext or the other. In fact, they are seldom in session. Children bring cushions, "chawkis" and "pirhis" from their homes to sit on; and for the teachers, chairs have been provided in only one of these schools.

Three schools — Sheranwala Gate, Bhati Gate and Masti Gate — have been housed in the green belt close to these gates. The LMC has constructed adequate buildings for these schools but the green belt around the city wall has been marred, although there is a noisy claim of its revival and preservation. Many of the schools have been accommodated in narrow and old streets. Such buildings are conventional, multistoreyed and tower-like hou-

ses. Children have to climb narrow and dilapidated staircases to reach their classes. Water is a particular problem for these so-called schools. Schools in Kucha Ghayyan, Farooq Gunj (Girls' primary), Wachchowali, Tehsil Bazar, Gumti Bazar, Gowalmandi, Sooter Mandi, etc., are examples. The majority of the schools are in very congested localities and their buildings are dilapidated, being very old.

Such buildings have no main gates and are often used by cattle when no education is going on. Primary schools at Akbari Mandi are sometimes used as godowns for traders and the one in Shah Muhammad Ghaus is in a terrible situation being near the goods forwarding agencies. Trucks are loaded and unloaded there and its verandahs are at times used for keeping various consignments. Then there are schools which are situated on roads where heavy traffic flows. The Municipal Middle School, Jain Mandar, which is surrounded by such roads on all sides has lost students because the parents would not take the risk of their children crossing the roads.

There are no grounds in most schools. Furniture is in a very bad condition. Broken chairs and tables are a common sight. In one of the schools at Ghaziabad the teachers sit on wooden planks raised on bricks. In early times, say about two decades ago, the students, particularly in primary schools, used to sit on jute mats and *durris*. They were later replaced by chairs and desks, but once they have been provided, nobody feels a need to replace the old ones. Now in almost all schools outdated, broken and dirty furniture is seen. The supply of water is fairly adequate in almost all schools, but the latrines are filthy and full of loathsome muck. Disinfectants are seldom used for cleaning them; the smell of urine and stagnant water makes it very difficult to stand there.

The net result

Because of the absence of any facility for "in-service training" for teachers, they take the expanded courses ill. Usually, they recall the "good old days" when the students were taught elementary counting, Urdu alphabet, etc., in class I. Then from Class I onwards a few books were added to the courses. But now the students are supposed to be taught everything — basic arithmetic, two books of Urdu, social studies, Islamiat, general science, etc., reading, writing and oral. A teacher teaching arithmetic to class I was perturbed over the maths "set theory" and said that it was even "beyond the understanding of the teacher". Teachers were of the opinion that now students could hardly carry their books. How could they absorb them? It was nothing more than a cumbersome burden on their minds. The result is that educational foundations are never laid and they are turned out less than half educated. This has been the general attitude of the teachers; they are carrying on their job reluctantly.

In the municipal schools, it seems a class of children level with the class of their parents is being produced, who, even after completing an education, cannot hope to compete with those who have been taught in "reputed" institutions. An ill-educated generation follows. Do they stand any chance? What is their ranking against the privileged?

AZAD JAMMU, KASHMIR, PAKISTAN SERVICES TO BE INTEGRATED

Lahore VIEWPOINT in English 29 Apr 82 p 15

[Text]

THE Azad Jammu and Kashmir Government and the Government of Pakistan are reported to have decided to "integrate" the services, and most of the people in Azad Kashmir have welcomed the proposal.

In the initial stages, former employees and officers of the Dogra Government and some political workers from held Kashmir manned the administration in Azad Kashmir. In 1948, when the United Nations Commission for India and Pakistan visited the A.K. Government headquarters in Muzaffarabad, they were surprised to see a full-fledged government functioning in the A.K. Capital.

Loaning of officers by Pakistan to Azad Kashmir started when the Muslim Conference was in power in Azad Kashmir. There was a time when

a Joint Secretary of the Ministry of Kashmir Affairs used to be the Chief Adviser to the Azad Kashmir Government. As far as administration was concerned, he was the supreme authority.

The situation underwent considerable change afterwards. The A.K. Government was upgraded somewhat during the Ayub regime when Mr. K.H. Khurshid was the president.

About a decade ago it was decided that officers of the Azad Kashmir Government should also be sent and lent to the Pakistan Government, so that the Azad Kashmiris' career was not limited to the A.K. territory only. Consequently, some officers of Azad Kashmir found their way into the Central Secretariat of Pakistan.

CSO: 4220/608

FINANCE COMMISSION TO BE SET UP FOR LOCAL BODIES

Karachi DAWN in English 14 May 82 pp 1, 5

[Text]

ISLAMABAD, May 13: A high powered Finance Commission will be set up to examine the whole spectrum of the local government finances, President Gen. Mohammad Zia-ul-Haq announced here this evening.

The Commission will look into the present financial position of the local bodies, their potential resources, and justification or otherwise of various local taxes, as well as the size of their requirements for undertaking an expanded development programme, social and utility services, the President announced while winding up the two-day session of the second all-Pakistan local bodies convention.

The President spent the whole day today listening to the reports of six groups which dealt with various facets of the local government work, and points made by individual members.

President Zia said the most significant matter which has emerged out of two days of discussion is the fact that the financial position of the local government institutions should be improved.

He proposed commission will consider what the financial resources of the local bodies are and how these can be expanded and diversified.

The commission will have the representatives of the Federal and Provincial governments, including the Planning Division

and the Ministry of Local Government, besides those of the local bodies.

The President said names of the Commission would be announced within a few days. He said it would complete its work in the shortest possible time so that its recommendation were reflected in the next financial year.

TAX

He pointed out that the tax system of the local bodies needs to be simplified in order to avoid inconvenience to the people. Explaining the inconvenience caused by "export tax" and other levies in certain areas, President Zia pointed out that a truck has to stop 45 times while carrying goods from Peshawar to Karachi. Taxes should be collected in a civilised manner, and without causing trouble to the tax payers, he added.

President Zia stressed the need for decentralisation of powers and financial resources to make the local government experiment a success. He said the powers and resources should be where they belong, and where they can be used very effectively. He asked the participants to share powers and financial resources at various levels in order to expedite development work and make these bodies serve the people.

The President asked the Local Government Ministry to analyse the recommendations made by the present convention and report on how far these were implemented. Such a report should be presented to the third all-Pakistan local

bodies convention, which the President announced, will take place in March or April, 1983.

In view of the usefulness of the first and second convention, and the enthusiasm shown by the representatives of the local bodies, the third convention will last three days, instead of two, he announced. He said preparations for the next convention should be started immediately.

He said he would shortly invite a delegation of the representatives of the Cantonment Boards to make these institutions more useful, as well as enlarging the powers of the Vice-Chairmen.

RECOMMENDATIONS

Discussing the recommendations of the various groups, formed by the convention on Thursday, and reports of which were presented today, the President said a high priority should be assigned to provide clean drinking water, roads, lighting, and education. "Even if 50 per cent of the planned work on these priorities is completed, it will mean a major progress and service to the people, he said.

He said the local bodies are free to set up educational institutions. They can make the schools free, or charge a reasonable amount as fee. He said the country has lagged far behind in the educational field, and its efforts need to be stepped up. The local government should also attend to the task of providing sewerage facilities and improve the conditions of kutchi abadis.

He repeated his Wednesday's offer that the best union council, plus the best municipal committee or district council in each division, will be given a prize, to be announced at the next convention.

President Zia said, the nation has high expectations of the local bodies. He expressed the hope that these expectations will be fulfilled. He described the local bodies as "the most important institution" in the set up from the local to the provincial and Federal level. He described members of the

Majlis-e-Shoora as "my eyes and ears", and the councillors as "my right hand people". He said there should be no clash of interests among these two set of people. They should work with the fullest understanding of each other, and with cooperation. He said when this entire system becomes fully operative, Pakistan will attain the status of a great Islamic state.

He reminded the councillors that Pakistan is a Islamic state. If the people lose sight of its ideological base and moorings, the country will be nothing but a mound of earth.

He asked the councillors to expand the opportunities for people to earn 'Rizq-i-Halal'. He said he does not object to the removal of encroachments on roads and in bazars. But, while doing so, the vendors and "rehriwalas" should be provided with an alternative place to carry on their business and earn an honest living. "If anyone of such persons, suffers, my heart goes out for him", he said. He asked the councillors to show consideration and compassion to such persons.—
APP.

CSO: 4220/609

PAKISTANI CAR: FEASIBILITY DOUBTED

Karachi DAWN in English 14 May 82 p VII of Magazine

[Article by Najma Sadeque]

[Text]

We manufacture our own toothpaste, textiles, tyres and televisions. So why can't we manufacture our own car? Correction. We *DONT* manufacture television sets; we only assemble them — only a few non-precision parts, such as the cabinet: the rest is imported. But the television is a smaller and far less expensive item than a car and has a virtually unlimited market since it cuts across all sections of society. But if a small, "economical" car is produced for Pakistan to reach a wider section of society — a "people's" car, so to speak — wouldn't that be a boon for the people?

Whatever else it may not turn to be, it'll at least be a feather in the cap of whoever that initiates it. When headlines in the press spell out "Pakistan manufactures its own car", there will be the usual effusion of praise for the 'pioneers', and a heralding of a new era in industry in Pakistan.

When crippling prices, fuel inefficiency and substandard parts and lack of buyers begin to take their toll, the fanfare will be far less

pronounced, especially if heavy government subsidies have to salvage the industry to keep it from collapsing which it would have to finally under the circumstances. A killjoy attitude? Let the facts speak for themselves.

Car market

Firstly, what is the market for cars in Pakistan? The total maximum annual demand is between 7,000 and 9,000 cars per year. Let it be assumed that the increase in demand would be as much as 10 to 15 percent per annum. Or that the annual demand starts at even 10,000 cars per year. Nor is this volume for any one particular capacity — it includes all from 850 cc. right upto 2000 cc.!

Assuming that everyone would buy the sole available model for lack of choice after import of all others are closed to 'protect' the local industry, would it be feasible to manufacture it locally?

obsolescence

To begin with, automobile manufacturers such as Toyota, Honda, Datsun, General Motors, Mazda and some other firms command plant capacities of 500,000 to 800,000 cars per year to enable the most economical prices possible at which they are sold.

Pakistan, or rather PACO (Pakistan Automobile Corporation) is thinking in terms of a paltry 10,000

cars of 850 cc. per year and yet attain a cost price of Rs 55,000 each. And that too, provided the government does not impose a duty greater than 40% on imported components.

Even then this price is well over a third more than a comparable and even a better car that is imported.

A 1000 cc. Japanese unit is available for 2,750 dollars ex-factory. If a 40 percent import duty is added, the price would come to only 3,500 dollars (Rs.35,000/- approximately) which includes all the 'extras' such as air-conditioning, music system, etc., which the Pakistani product does not.

It is ridiculous that an automobile plant should be set up locally for the express purpose of having it cost far more than the imported product. Furthermore imports offer a wide choice in capacity and performance for highly diverse needs which the local product would not at all.

Perhaps PACO may think of reaching greater economy by producing far more cars per annum and exporting the excess. Such a hope would be purely wishful thinking.

As it is, USA and various European governments have curtailed imports of Japanese cars to protect their own car industries.

The present prices of US and European cars have been voluntarily whittled down to the minimum possible in spite of very high capacity and economy made possible through computerised manufacture.

Yet they face overwhelming problems in marketing their own cars in the face of Japanese competition. What chance does the Pakistani product then stand in the export market?

The plant would be rather basic, headed for obsolescence compared to those in Japan and the west; and newness and inexperience in the field would determine consequent quality and finish not comparable to those of the advanced countries. Our export offerings would not be attractive.

It may be pointed out that a basic condition for receiving IMF (International Monetary Fund) loans is for the recipient country to maintain a liberal import policy in the use of such loans.

This puts tremendous pressure on infant local industries trying to compete with international products including cars. And Japan with its surplus is flooding the world market forcing even USA and Europe to seek protection.

Under the circumstances, Japanese exporters may be hard put to dispose of all their exportable cars and possibly reduce their prices further. And any other importing country would prefer to purchase their than those made in Pakistan. As a potential car-exporter Pakistan stands nowhere in the foreseeable future.

Cost ratio

The setting up of an automobile industry entails an astronomical amount (for Pakistan at least) in capital, and the cost volume ratio becomes very vital. This reveals the relationship between the volume of units and production costs; from this can be found the minimum number of units that have to be mass-produced so that the cost price is comparable to the rest of the world's as to be able to compete with them. Thus, to compete with even a 'small' world manufacturing plant, the minimum production would have to be 100,000 cars per annum! And PACO is thinking in terms of *one-tenth* that number!

The following table shows what investment is required for given volumes of cars and what the investment cost per car would amount to in each case. It is based on a 1972 research study published in Economic Technical Ratios by Organization Claude Siard, France. The original investment figures have been

multiplied by 2.5 so as to take inflation into account while current capital costs have been verified and adjusted to.

Volume of car	US Dollars in Millions	Investment cost per unit (US dollars)
10,000	123	12,000
25,25,000	165	6,500
50,000	197	3,900
100,000	242	2,400
200,000	330	1,600
300,000	361	1,200

PACO's estimated investment is to be Rs 570 million in five years even this is inadequate. Furthermore, the more components that PACO would attempt to manufacture locally, the higher the production costs would become so that it would be about double the projected figure and finally retail at Rs.150,000.

This is proven by the fact that none of the major and multi-national automobile manufacturers in the world manufacture each and every of the hundreds of components that go into the making of a car.

Almost all are jobbed out to countless ancillary industries who in turn specialise in tooling a particular or a few components in the required standard.

A car industry involves three factors - foundry work, forging, and machining. Machining includes heat-treatment, gear cutting, body work, welding, final assembly and painting. All of these take up 74 to 80 percent of the plant's total investment.

Land, land grading, industrial buildings, general services and facilities take up the remainder. With the exception of simple assembly facilities, Pakistan can provide none of the other requirements.

Nor are competent sub-contractors available to cater to supplying the components. So if PACO were to take up the entire responsibility, their costs would have to be stepped up due to necessary additional investment for these requisite facilities.

Waiting

It is easy to point to India as an example of a developing country manufacturing its own car - a country as rich or poor as us - and this in

fact seems to be what is spurring on the Pakistani experiment. But the true picture is not as rosy as some might want it to seem. Writes Mr.

Krish Bhaskar - India's own expert of the automobile industry in his book "The Future of the Motor Industry",:

"At the moment, the Indian car industry is hopelessly outdated in design and engine The industry is highly protected, produces high-price products and has been accused of inefficiency and production of defective parts. Delivery times on cars run for years and supply has never come up with demand. Though Indira Gandhi's programme was committed to a 100 percent indigenously produced car, less than twenty cars were ever made and the model failed to meet its design specifications. The Hindustan car is fuel inefficient, is too heavy, and has an inefficient engine which uses heavy steel parts."

The same fate promises to be ours if PACO launches out with its present plan. Malaya has also found out the hard way that it is far better to buy than manufacture. Even the advanced Australian automobile industry is suffering crippling losses because of low volume of production.

At the other end, the sophisticated manufacturers are experiencing an economic upheaval - American manufacturers are suffering severe financial losses while the Japanese are facing acute marketing problems. A large part of it is due to fuel prices and they are consequently concentrating on developing fuel-efficient and economical engines. These can be expected in a few years.

It is quite possible that the newly developed cars would be so economical to manufacture as well as to buy that it would then be worthwhile for Pakistan to build them.

It therefore warrants waiting until then for the transfer of such technology. Since this is in the offing in four of five years, it would be wrong to launch on the present scheme which will have to be

written off before it gets off the ground by that time — a loss our country can ill afford. It is worth noting that General Motors, Nissan and Daihatsu are between them

pumping in four to five billion dollars into research and development of such a small, economical 'world car', a technology we cannot hope to achieve on our own, and therefore well worth the wait.

CSO: 4220/609

PROPOSAL FOR LOAN FOR RAILWAYS ACCEPTED

Karachi DAWN in English 14 May 82 p 1

[Text]

WASHINGTON, May 13: The stalemate over the 50 million dollar IDA loan to Pakistan for the rehabilitation of railways was resolved today with the World Bank accepting the Pakistan proposal.

The plan envisages Islamabad undertaking an urgent study of how best to cut down on railway operating costs but rules out increases in passenger fares and freight charges before fiscal 1983-84.

The talks between IBRD and the Pakistan delegation, headed by the Secretary of Railways, Mr. A. Kalam, had been deadlocked for nearly a week over the World Bank insistence that the passenger fares and freight rates be increased immediately to set off the large gap between the variable railway operational costs and the income derived from the railways.

While agreeing in principle to the increases, Islamabad was unwilling to introduce them with immediate effect on grou-

nds of public welfare and wanted instead a study first of measures that could reduce the operating costs....and thereby perhaps cut down the quantum of fare and freight increases.

Our Special Correspondent Ghani Erabi, understands that Islamabad has promised to undertake the proposed study immediately—it will cover review of uneconomical train services, curb ticketless travel, plug other revenue leakages and increase efficiency..and finalise it by December and check back with the World Bank. However, no increases in passenger fares and freight charges will be introduced before July 1, 1983 when Pakistan's new budget—year begins.

The 50 million dollar IDA loan, agreed upon today, is interest-free and is the 11th in the World Bank series of loans to Pakistan Railways. It is intended primarily to rehabilitate the railway locomotives with a view to improving the railways operational efficiency.—PPI

CSO: 4220/609

TEACHERS' STRIKE--OFFICIAL VERSION ISSUED

Karachi DAWN in English 14 May 82 p 18

[Text]

The Government Secondary Teachers Association, Sind on Thursday called off the strike throughout the province after its 10-member delegation held detailed discussions with the Sind Education Minister, Syed Ghous Ali Shah, says an official hand-out.

A joint statement issued by the members of the delegation said:

"We the following representatives of the Government Secondary Teachers Association (Regd), Sind, after detailed discussions on the grievances and demands with the Provincial Education Minister hereby announce to discontinue our strike on behalf of the Association.

"The Education Minister has heard us patiently and assured to solve our problems. He has promised that after examining all the demands presented before him, all legal benefits will be given to the teachers. He has also assured that withheld salaries of striking teachers will be

released immediately after joining our duties in educational institutions concerned."

The signatories to the statement are Mr Mubarak Ali Chandio, President of the Association; Mr Roshan Ali Pathan, General Secretary; Mr Abdul Khaliq Memon, Joint Secretary; Mr Ghulam Rasool Buriro, President (District Khairpur); Mr Ghulam Murtaza Bhutto, President (District Jacobabad (Mr Ghulam Abbas Shah (President, (District Sukkur); Mr Aidan Mohammed Parhajar, President (District Hyderabad); Mr Aghay Dino Shah, President (District Thatta); Mr N. Saleh Langah, General Secretary (District Nawabshah); and Mr Rasool Bux Khoso, General Secretary (District Hyderabad).

The President of the Association, Mr Mubarak Ali Caandia, has appealed to the secondary teachers of Sind to join their duties immediately and try to fill up the academic gap caused during the strike period.

CSO: 4220/609

PAKISTAN TO EXPORT WHEAT, RICE TO IRAN

Karachi DAWN in English 14 May 82 p 18

[Text]

Pakistan will export the agreed 100,000 tons of wheat to Iran, despite the possible threat to the crop by the continuing rain in the wheat growing areas.

Beside wheat, Pakistan will export 100,000 tons of sugar, 45,000 tons of rice 100 million meters of textiles, 20 million meters of tarpaulin, 2,000 tons of cotton yarn 300 tons of woollen yarn, 4,000 tons of carbon black, and 50,000 tons of urea fertilizer.

Agreement to export these goods was signed in Tehran by the Federal Finance Minister Ghulam Ishaq Khan in April.

It provides for a two-way trade of 500 million dollars in which

Pakistan will import half a million tons of crude oil from Iran.

Beside the main agreement, the two countries have also signed an Overland Route Trade Pact under which they will export goods worth Rs 20 million via the land route. Pakistani exports via this route will include textiles, leather, surgical instruments sports goods, sewing machines, fishmeal, paper sacks and tarpaulins.

Among the items to be imported from Iran would be zeera, medicinal herbs, dates, dry fruits and natural sulphur.

CSO: 4220/609

DECLINE IN EXPORTS REPORTED CONTINUING

Karachi DAWN in English 14 May 82 p 18

[Article by Shaheen Sehbai]

[Text]

Another drop in the country's exports during April was revealed in the latest export figures available here from official sources.

From Rs 2761 million in March, the exports fell to Rs 2487 million in April, a drop of Rs 254 million.

The downward trend since the de-linking of the rupee from the dollar was maintained for the fourth month in a row with a total drop in exports of 16.58 per cent between July, 1981, and April, 1982, as compared to the same period in the last fiscal year.

The President, General Mohammad Zia-ul-Haq, is to review the export situation of the country on May 25, when he presides over the Federal Export Promotion Board meeting in Islamabad.

Official figures for July-April period this year show total exports of Rs 20.062 billion while in the same period last year the figure was Rs 24.050 billion.

The decrease in April receipts this year, was mainly caused by steep fall in the international price of raw cotton, which accounted for about Rs 180 million when compared to the price of 1981. While 27,528 metric tons of raw cotton was sold at Rs 445.47 million last year, 40,449 metric tons sold this year fetched only Rs 474.70 million. Without this shortfall, a larger export income than that of the last year could be expected.

While export of cotton increased quantity-wise, that of rice fell sharply in April. Against 107,354 tons exported last year, the quantity this year was only 68,115 tons bringing Rs 220 million less.

Exports of tobacco and petrol and petroleum products, however, showed remarkable increase, with tobacco shooting up from Rs 4.5 million in April, 1981, to Rs 18.9 million last month and petroleum products netting Rs 120 million against Rs 46 million last year.

CSO: 4220/609

REPORT ON EXPORTS IN MARCH; DECLINE NOTED

Karachi DAWN in English 14 May 82 p 13

[Text]

Pakistan's export receipts during March, 1982 amounted to Rs. 1892.4 million as compared to Rs. 1752.4 million in the previous month and Rs. 2934.4 million in the corresponding month last year. The earnings from exports during the month were lower by Rs. 93.1 million than the average of Rs. 1985.5 million for this month over the past five years.

Exports proceeds during the first three quarters of the current fiscal year 1981-82 aggregated Rs. 16700.8 million as against Rs. 20354.8 million during the corresponding period last year. The monthly average rate, therefore, works out to be Rs. 1855.6 million which compares with the corresponding nine month average rate of Rs. 2261.6 million for 1980-81, Rs. 1842.5 million for 1979-80, Rs. 1254.4 million for 1978-79, Rs. 960.1 million for 1977-78 and Rs. 922.2 million for 1976-77.

The commodity-wise trend of exports reveals that cotton fabrics which fetched the highest foreign exchange of Rs. 441.1 million registered an increase of Rs. 64.3 million over the previous month. Rice was the second biggest foreign exchange earner and receipts on this account indicated a fall of Rs. 64.6 million to stand at Rs. 223.5 million as compared to Rs. 288.1 million in February, 1982. Export proceeds from floor coverings and tapestries and textile yarn and thread at Rs. 178.0 million and Rs. 177.8 million recorded increases of Rs. 30.1 million and Rs. 53.7 million whereas those from petroleum and petroleum products and pig iron

etc. ferro-alloys recorded decreases of Rs. 58.1 million and Rs. 12.4 million respectively during the current month. Earnings from articles of textile materials, cotton, clothing and leather at Rs. 162.6 million, Rs. 162.2 million, Rs. 131.8 million and Rs. 101.5 million were higher by Rs. 22.6 million, Rs. 25.9 million, Rs. 45.7 million and Rs. 20.6 million respectively as compared to the preceding month. However, organic chemicals decreased by Rs. 8.5 million to stand at Rs. 0.2 million during the month under review.

As regards the destinational pattern of exports, Saudi Arabia was the most prominent buyer of Pakistani merchandise and paid an amount of Rs. 1974.4 million mainly for rice (Rs. 73.0 million), articles of textile materials (Rs. 32.0 million) and fruits and nuts (Rs. 20.5 million). The second biggest buyer was USA that lifted goods worth Rs. 152.2 million. The main items of export to USA were articles of textile materials (Rs. 32.7 million), cotton fabrics (Rs. 30.4 million) and floor coverings and tapestries (Rs. 19.1 million). Some of the other notable countries in descending order of magnitude of amounts were Japan (Rs. 149.7 million), UK (Rs. 132.1 million), Hong Kong (Rs. 110.4 million), West Germany (Rs. 97.0 million), Cameroon (Rs. 79.2 million), UAE (Rs. 73.9 million), Italy (Rs. 70.6 million), France (Rs. 65.7 million), Singapore (Rs. 50.5 million), Yemen (PDR), (Rs. 48.1 million), Switzerland (Rs. 46.4 million), Bangladesh (Rs. 43.4 million), Niger (Rs. 38.6 million) and USSR (Rs. 38.1 million).

Exports to RCD countries totalled Rs. 513.4 million during the first three quarters of the current fiscal year 1981-82 forming 3.1 per cent of the total exports as compared to Rs. 1697.3 million during the same period last year. The main items of exports to RCD countries during the period were articles of textile material (Rs. 125.8 million), cotton fabrics (Rs. 101.4 million), rice (Rs. 78.8 million), non-cotton woven textile (Rs. 39.6 million), leather (Rs. 31.8 million) paper and paper board (Rs. 19.1 million), unmilled barley (Rs. 14.3 million), textile yarn and thread (Rs. 13.4 million), ships and boats (Rs. 12.3 million), other inorganic chemicals (Rs. 11.3 million), wood and animal hair (Rs. 11.2 million) and miscellaneous non-ferrous base metals (Rs. 8.9 million).

Pakistan's exports under commodity exchange agreements stood at Rs. 687.6 million or 4.1 per cent of the total export proceeds during the first three quarters of the current fiscal year. Barter exports increased to Rs. 81.7 million in March, 1982 from Rs. 61.9 million of February, 1982. The principal trading partners under commodity exchange agreements during the month were USSR (Rs. 28.6 million), Bulgaria (Rs. 20.9 million), Sweden (Rs. 12.3 million), North Korea (Rs. 8.8 million), People's Republic of China (Rs. 4.4 million), Czechoslovakia (Rs. 3.5 million), Hungary (Rs. 2.8 million) and Poland (Rs. 0.5 million).

The main commodities exported under commodity exchange

agreements during March, 1982 were articles of textile materials (Rs. 23.7 million), clothing (Rs. 21.3 million), cotton fabrics (Rs. 15.5 million), leather (Rs. 8.6 million), textile yarn and thread (Rs. 5.4 million), cotton

(Rs. 4.4 million) and footwear (Rs. 1.5 million). The remaining commodities jointly contributed for Rs. 1.3 million during the month under review.

The fore-going figures are being released by the State Bank

of Pakistan in March, 1982 issue of its monthly publication "Export Receipts". These data are based on exchange control records on a mixed F.O.B. and C and F basis. The element of freight is estimated to be about two to three per cent of the export receipts.

CSO: 4220/609

UNICEF AID FOR RURAL UPLIFT IN PUNJAB

Karachi DAWN in English 14 May 82 p 11

[Text] Lahore, May 13; Dr Remon A. D. Hermano, UNICEF representative in Pakistan Tuesday said that UNICEF would provide financial assistance of 30 million dollars during 1982-83 for various projects in the Punjab.

He made this indication during his meeting with the Punjab Governor Lt. Gen. Ghulam Jilani Khan in the Committee Room of Planning and Development Department. Provincial Chief Secretary Chairman Planning and Development Board and Secretaries of concerned departments were also present.

The funds would be utilised to supplement Government's efforts for completion of various development schemes in rural areas, Katchi Abadis in cities, rural water supply schemes, vocational training programmes and programmes aimed for improving the health of children and women.

The UNICEF is cooperating with the Punjab Government in completing projects in nine districts including Jhelum, Attock, Mianwali and D. G. Khan covering a population of 14 million. These districts are either rain-fed (Barani) or lack irrigation water. The Deputy Commissioners of these districts have been made coordinators of this development programme for effective supervision.

Dr Hermano observed that community participation in the planning and execution of projects would not only help identify the local problems but also encourage community contribution to supplement official resources.

The Governor said the programme launched with the cooperation of UNICEF would implement the development programme already being undertaken by the Provincial Government and could be adjusted according to priorities laid down in the Annual Development Programme.

The Governor stressed the need for educating the general public about the importance and usefulness of the programmes launched in various sectors like health, education and community work.

He also informed the UNICEF representative about the programme launched by the Punjab Government for development of focal points in rural areas for provision of facilities in health, agriculture, education and communication. This, he said, would help check the trend for migration to urban areas. He further said the Government had adopted a multidirectional approach for adult education.--PPI

CSO: 4220/609

HEAVY RAINS DAMAGE WHEAT CROP

Karachi DAWN in English 14 May 82 pp 1, 20

[Text]

LAHORE, May. 15. Recent rains, wind storm and at some places hail storm have hit several places in the province and caused damage to the standing wheat crop.

The Deputy Commissioners and other concerned officers have been directed by the Government of the Punjab to ensure provision of adequate relief where required. They have also been instructed to conduct survey and assess the damage caused and make recommendations for the required relief.

The district authorities have also been asked to ensure adequate ration supplies in the affected areas besides the remission of land revenue, development cess and local rates for the affected land owners.

Interest-free loans would be provided to the affected landowners to cover the cost of ploughing and the provision of seed and fertilizer for the next kharif crop.

The Deputy Commissioners have been further directed to move the concerned authorities even in individual cases, if considered necessary, for the deferment/remission of agricultural loans obtained by the affected for the current rabi crop.

The Relief Commissioner has also asked the Agriculture and Revenue departments to take immediate necessary action for the assessment of actual damage caused.

Heavy rain severely hit Bahawalnagar, Minchinabad and Chishtian and other places of the district causing heavy damages to the wheat crops and loss of property in the area. Bahawalnagar received about 60 millimeters of rain during two hours.

Low-lying area, Amirkot, Basti Sardardain and other adjacent localities have been submerged into the rain water. Several kutcha houses in the district were reportedly collapsed and wheat crop was badly damaged. However, no loss of life was reported from any part of the district.

Dawn Lahore Bureau adds:

For the past one week or so, Lahore has been at the mercy of abnormal weather and the month of May, which is known for scorching heat, has literally turned into the monsoon season.

Although Lahore and the adjoining areas received showers in April as well, the preceding week has probably been the worst. There was hardly a day when the city did not receive rain accompanied by dusty winds and thunderstorm. The Punjab capital also was hit by a hailstorm and a hurricane with the maximum velocity of 60-80-100 miles per hour. By 7 p.m. the city had already received over 20 mm of rain.

Soon the streets were flooded, paralyzing the traffic and the low-lying areas were inundated.

The untimely rains are not only harmful to the rabi crops but are expected to spread diseases.

The Met Office said that it could not determine the causes of Low-Pressure Area (LPA) developed over Baluchistan and the adjoining areas of Afghanistan. As a result of LPA the westerly winds — normally emanating from Tashkent, and moving towards the Bay of Bengal and the Arabian Sea on a very high altitude — has started gusting downward to fill the vacuum created by the LPA, the sources added.

The westerly winds moving anti-clockwise were getting a high percentage of moisture from the Indian Ocean which in return was bringing in an unpredicted spell of rain all over the Punjab.

According to the source, this was a type of unusual phenomenon which is generated normally after a period of every 30 years or so.

The Met Office said that the intensity of this pressure was expected to come down but the spell of rain and winds would continue by the end of this month — just 15 days before when the usual monsoon season is started every year that is from June 15.

The apex or centre is located exactly over Baluchistan.

IDA LOAN FOR BALUCHISTAN IRRIGATION SYSTEM

Karachi DAWN in English 14 May 82 p 22

[Text]

ISLAMABAD, May 13: The International Development Association (IDA) announced here Thursday a credit of dollar 14 million for the improvement of irrigation system in Baluchistan, a World Bank Press release issued here today said.

The World Bank's affiliate for concessionary lending is supporting a project which should more than double the incomes of some 12,000 farmers and benefit an additional 2,500 farmers. An increase in foodgrain production of 3,400 metric tons a year is expected.

Agriculture is the mainstay of Baluchistan's economy accounting for almost 60 per cent of its gross domestic product and 65 per cent of the predominantly rural labour force.

To increase the supply and reliability of water, the project will construct or rehabilitate 28 minor irrigation schemes covering about 3,800 hectares. Improvements to the area will include improved layout of water distribution systems, lining of principal conveyance channels, construction of control structures,

land shaping and levelling, and revised field layout.

Further study of the area's water problems and potential for further development will be carried out in three pilot schemes to generate information and experience on co-ordinated use of ground and flood water supplies, groundwater recharge, and technology of water spreading for increased rangeland and fodder production.

The project will provide training of provincial staff and technical assistance in hydrology, irrigation, design engineering, agronomy and water management, and economics.

Co-finance of dollar 13 million is expected from the Federal Republic of Germany and dollar 2.1 million from the Kingdom of the Netherlands. The IDA credit is for 50 years, including ten years of grace. It carries no interest, but bears a small annual service charge of 0.5 per cent on the undisbursed balance of the credit, and 0.75 per cent on the disbursed balances.—APP.

CSO: 4220/609

BRIEFS

LAHORE'S ADMINISTRATIVE DISTRICTS--Lahore, April 1---Three new administrative Districts will be created within the District of Lahore in the near future it was learned. The three districts will be called the City Division, the Cantonment Division and the Sadar Division Districts on the pattern of Karachi, to further lessen the present "workload." Each District will have a separate Deputy Commissioner, Sessions Court and other functionaries. Offices of the proposed City Division District will be housed in the premises of present District Court. That of the Cantonment Division at the present Cantonment Court and the Saddar Division District offices will be housed at some suitable place to be selected later.--PPI [Text] [Islamabad THE MUSLIM in English 18 Apr 82 p 6]

COST OF HUB DAM--Quetta, April 17--The Hub Dam has been completed at a cost of over Rs 864 million to conserve Hub river flow for regulated release of water for municipal industrial and irrigation purposes in Sind and Baluchistan. This information was given to the newsmen during their visit to the Dam side in Lasbela District this morning to start with irrigation water for 22,000 acres of land in Sind and Baluchistan as been release from today. 104 million gallons of water, 89 million gallons for Karachi and 15 million for industries in Lasbella District, would be available from the dam.--APP [Text] [Islamabad THE MUSLIM in English 18 Apr 82 p 7]

AFGHAN REGIME RECOGNITION DEMANDED--Lahore, April 19--The Punjab branch of defunct Pakistan National Party (PNO) in various resolutions adopted by its executive committee has called for recognition of the present government of Afghanistan and holding of direct bilateral negotiations with the same so that Afghan refugees return honourably to their homeland as their presence was a burden on Pakistan's economy. The meeting also demanded Pakistan's entering into bilateral agreements based on peaceful coexistence with Iran, Afghanistan and India so that Pakistan's nonaligned position and its being of Third World attain a clear shape. The meeting also called for restoration of democracy and Federal Parliamentary form of government through free and impartial elections. The meeting urged for adopting effective programme for restoration of democracy and supported efforts by the people in that direction. It also called for guaranteeing full internal provincial autonomy on cultural and linguistic basis for the four provinces of the federation.--PPI [Text] [Islamabad THE MUSLIM in English 20 Apr 82 p 8]

LAHORE NAMED BABUL ISLAM--President Mohammad Zia-ul-Haq on Monday named the city of Lahore as Babul Islam (Gate of Islam) in view of its historic character and significance. Inaugurating, Gulshan-i-Iqbal, the President said the resolution of Pakistan was passed in this City and the province of Punjab shared with Karachi the burden of migrants in 1947.--PPI [Text] [Lahore THE PAKISTAN TIMES in English 20 Apr 82 p 1]

BARANI AREA LOANS--Rawalpindi, April 20--Rs 66 million interest free loan will be given to the farmers of the barani areas during the next kharif crop. While during this time groundnut will be cultivated on an area one lac and 25 thousand acres. Maize and gram will be cultivated on an area of two and a half lac and 11,000 acres respectively. This was disclosed by the Director-General, ABAD Brig. (retd.) Muzaffar Ali Khan Zahid on the end of kharif conference. He told the participants that last year ABAD arranged rabi conference and due to perfect planning we achieved best wheat crop. He told the conference that government has 5,000 tons phosphoric fertilizer and some quantity of it will be arranged soon. The government has 500 sacks of quality seed of groundnut. The Ghee Corporation of Pakistan will provide seed of sunflower while Punjab Seed Corporation has quality seed of groundnut. Director-General ABAD, told participants that due to the recent rains it is expected that area under cultivation will be increased. He pointed out the government policy of interest free loan to the farmers. He said that amount of interest free loan will be increased for the next kharif crop as compared to last crop. He said all these steps has been taken before time so that the farmers will not to face any difficulty. The conference is attended by a large number of farmers, Chairman District Council, and many other senior government officers. [Text] [Karachi BUSINESS RECORDER in English 21 Apr 82 p 1]

CHINESE DRUGS FOR REFUGEES--Islamabad, April 20--Mr Tein-Ting, Counsellor of the People's Republic of China, handed over 180 cartons of medicines and surgical instruments, worth Rs 85,000 for Afghan refugees, to the Chief Commissioner for Afghan refugees here on Monday morning. Speaking on the occasion, the Chinese Counsellor said that China has always supported the cause of Afghan refugees and will continue to do so till their honourable return to their homeland. He appealed to the world community to share the heavy burden, which Pakistan Government is bearing to help these refugees on humanitarian grounds. He said China appreciates the courage with which Pakistan has been extending assistance for providing shelter, food and medical care. [Text] [Karachi DAWN in English 21 Apr 82 p 6]

BOOK, MAGAZINE FORFEITED--The Sind Government has ordered forfeiture of all copies of NEW TREND, an English magazine published from Washington and the Urdu book "Safaid Naqah Siah Chehrey" written by one Abdul Karim Jushtaq and published from Gujranwala.--APP [Text] [Karachi DAWN in English 21 Apr 82 p 10]

EX-COUNCILOR TO BE TRIED--A Summary Military Court in Lahore has sent Shahida Jabeen, ex-councillor of the Lahore Municipal Corporation, to the Lahore Fort on one-week physical remand. During the hearing on April 28, the court accepted the police request for sending the accused to the Lahore Fort for further investigation. Shahida Jabeen had recently announced her resignation from the councillorship of the LMC in protest against the Government decision barring the councillors from expressing opinion regarding official policies. Last month, police arrested her on charges of subversion. [Text] [Lahore VIEWPOINT in English 6 May 82 p 14]

CALL TO FIGHT 'FASCISM'--The Vice-President of the Democratic Students Federation, Irfan Malik, in a Press statement, has deplored the acts of violence committed by a particular group and urged his community, journalists, workers, peasants, teachers and political workers to unite against "fascist elements." Commenting on the recent attack on two newspaper offices in Lahore, Mr Malik said that such a wanton attack had exposed the real aims of the students body which claimed to be the champion of Islamic ideology. The Government, Mr Malik said, should pay serious attention to such incidents. Expressing solidarity with the newspaper employees, Mr Malik said that freedom of expression was a fundamental right and if some "fascists" wanted to silence those who were opposed to them through violence and terrorism, they should be resisted. [Text] [Lahore VIEWPOINT in English 6 May 82 p 14]

PROBE DEMANDED INTO EVICTIONS--Mabushir Qaisarani, a leader of the defunct Pakistan National Party, has demanded a judicial probe into the alleged forcible eviction of some tenants in Sakran village. [Text] [Lahore VIEWPOINT in English 6 May 82 p 14]

CSO: 4220/608

OPPOSITION OF TRIBESMEN STOPS DAM CONSTRUCTION

Kuala Lumpur BUSINESS TIMES in English 28 Apr 82 p 19

[Article by Manolo B. Jara in Manila]

[Excerpts]

THE Philippine government appears to have backed out from its bloody and costly confrontation with tribesmen whose unyielding opposition has stopped the construction of a controversial dam in the Northern Luzon highlands.

But the fight isn't over yet. The Chico dam project is not scheduled for construction in the 1980s, announced chairman Gabriel Itchon of the state-owned National Power Corporation (NPC).

The NPC's 10-year expansion programme does not list Chico dam as one of the 27 major hydro and geothermal power projects to be constructed. No explanation was given for the seemingly sudden turnabout on the Chico project. The programme aims to reduce oil consumption to 12 million barrels by 1985 and 10 million barrels by 1990.

Located about 350 kilometres north-east of Manila, the project aims to tap the mighty Chico River, the longest and most elaborate river system in the Cordillera mountains which form the backbone of Northern Luzon.

Under the original plan, hatched in 1963, four multi-purpose dams will be constructed to be called Chico I, II, III and IV. Once finished, the dams would have been the biggest in Asia,

capable of generating 1,010 megawatts (one megawatt equals 1,000 kilowatts).

The first two dams were to be built in Sabangan and Sadanga, Mountain Province; the last two at Basao and Tomiangan, Kalinga-Apayao. According to the study and cost estimates, the first priority would be given to Chico II in Sadangan town with a potential capacity of 360 megawatts.

Based on the recommendations, the NPC sent survey teams to the proposed dam sites, particularly on Chico II with full-blast construction projected by 1977 and completion by 1982.

But the government did not reckon with the stiff and unyielding opposition from the tribesmen affected by the project, especially the Bontocs and the Kalingas. So strong was the opposition that when NPC resumed its survey work, the Chico IV dam at Tomiangan was accorded the new priority.

Thus was set in motion a series of events that proved disastrous and embarrassing to the government. As the government concentrated its efforts and attention on Chico IV, it became open to charges that it was bent on finishing the project "no matter what the consequences."

The Kalinga tribesmen were equally

unyielding and obstinate in their opposition. They claimed that they were never consulted on the project and accused the government of "militarising" the area, leading to reportedly rampant military abuses. There was even an accusation from the tribal leaders that officials of one government agency resorted to outright bribery to silence the opposition — but to no avail.

Arguments

Compounding the already tense situation was the entry of rebel New People's Army guerillas who took advantage of the situation and made common cause with the tribesmen.

One of the tribemen's main arguments against the dam is that it will submerge about 391,000 hectares of land, including the world famous rice terraces, villages, burial grounds and orchards. In all, 10 Kalinga and six Bontoc villages will be directly affected, displacing an estimated 15,000 families.

But the reason goes deeper than that. A study prepared by a local human rights group which looked into the case in 1980 reported: Their opposition does not begin with the dam as such. It begins with the violation of their tradition of self-determination and, therefore, their fierce sense of freedom.

And nowhere has this belief been more evident than in the slaying of Kalinga chieftain Macli-ing Dulag, who was gunned down allegedly by soldiers on April 24, 1980. Macli-ing was appointed as the Kalinga spokesman on the Chico dam issue in 1978.

President Marcos had ordered the court-martial of the officers and men linked to the slaying. However, the tribesmen were not mollified and instead increased the tempo of their opposition. In one of his last dialogues with NPC officials before his death, Macli-ing reiterated his resolute stand and said:

"If you (NPC officials), in your search for the good life at the same time destroy life, we question it. We say that those who need electric lights are not thinking of those of us who are bound to be destroyed. Or will the need for electric power be reason for our death?"

"Your proposal of building dams along our river will mean the destruction of all our properties on which our very life depends. We Kalingas were once known for our well-kept peace but your dam project had brought us only trouble among us. We therefore ask you: forget your dams, we don't want them." — *Depthnews Asia*

PLANS FOR TWO MAJOR PROJECTS MAY BE DROPPED

Kuala Lumpur BUSINESS TIMES in English 7 May 82 p 19

[Article by Adlai J. Amor]

[Text]

THE Marcos government is considering dropping its plans for the construction of an aluminium smelter and a petrochemical plant if current feasibility studies will prove them uneconomical.

These two projects are considered by government officials as the most difficult ones in the country's bid to construct 11 major industrial projects within five years.

Already, the government has scaled down its estimates for the 11 industrial projects from US\$6 billion to only US\$4 billion. Seven of the 11 major projects are underway while the rest are still in various stages of joint venture negotiations and studies.

At the moment, the Stanford Research Institute of the US is conducting more studies on the petrochemical complex because of the decision of other countries to shut down their plants.

Although negotiations are going on between Kuwait and Brunei, the government is also still unsure of getting an oil-rich country to be the joint venture partner. Such a partner is necessary to ensure that there will be a steady supply of oil.

"If we cannot get a partner who can assure us of feedstock supply, we will not push through with the project," said Trade and Industry Minister Roberto V. Ongpin, speaking before business writers recently.

As for the aluminium smelter, the government decided to seek another partner after no agreement could be reached with Reynolds Aluminium regarding the power rates. Mr Ongpin said discussions are being conducted with Mitsubishi Light Metals.

Aggressive

Aside from these two industrial projects, the government is currently building a copper smelter, a phosphate fertiliser plant, diesel manufacturing projects, the expansion of the cement industry, an integrated steel mill project, a heavy engineering project, a fatty alcohol project, an integrated pulp and paper mill and the alcogas programme.

The country's 11 major industrial projects are viewed by many as aggressive — if not ambitious — which is certainly a far cry from the cautious attitude it has taken in the past.

According to a World Bank report, the principal feature of Philippine economic development has been "slower than desired industrial growth."

In 1979, the Philippines announced a new industrial policy which will enable this sector to catch up with the rapid growth of other economic sectors such as energy and agriculture.

The 1980s will then mark a shifting of gears for Philippine industry. It will feature the accelerated implementation of major industrial projects, an organised export promotion effort, the rationalisation of industry and the continued encouragement of foreign investments.

The country's 11 major industrial projects were originally estimated to cost US\$6 billion but it has now been reduced by a third. This was achieved principally through the scaling down of the controversial alcogas programme and by upgrading an existing steel plant instead of building a new blast furnace.

A confidential memo secured by *Depthnews*, however, states that more

savings could be made if the Philippine government just buys controlling shares in existing companies involved in such projects.

More economical

The memo says that this has been the route taken by a number of major US corporations. "There is a conviction that it is more economical and expeditious to buy effective control in existing companies with a track record rather than set up new projects which are fraught with uncertainties relating to project costs and the like."

The memo, made by a private banker, has not elicited any comment from the government.

As it is, the most expensive industrial project is the petrochemical plant which will cost US\$920 million if constructed. The integrated steel mill is projected to cost US\$800 million.

The cheapest project is the alcogas programme which is expected to cost US\$50 million. If the original plans were followed, it would have meant producing 925 million litres of alcohol by 1988 from 47 distilleries.

But due to resistance from consumers and the sugar bloc, the project had to be drastically reduced. Even the World Bank, with its conservative investment policies, has invested US\$5 million in the copper smelter. It is also considering investing in other projects.

The largest investors have so far been Japanese companies which have put in 32 per cent of the US\$350 million copper smelting plant. In addition, they own 100 per cent of the US\$21 million lower range diesel engines manufacturing project. — *Depthnews Asia*

NPA GUERRILLA LEADERS FORESEE PROLONGED STRUGGLE

Kuala Lumpur BUSINESS TIMES in English 8 May 82 p 11

[Article by David Briscoe in Naga]

[Excerpts]

TWO men sit on the worn wooden floor of a remote hut, a sleeping infant and a Russian-made AK-50 automatic rifle lying nearby.

The men are "red fighters" in the communist New People's Army (NPA), schemers of a revolution they admit may be more than 20 years away.

But their presence in the scenic and once-peaceful Bicol region 150 miles (240 km) south-east of Manila signals a violent if not immediately viable threat to president Ferdinand E. Marcos' 16-year rule of the Philippines.

The government acknowledges the NPA has recently expanded into all 72 Philippines provinces, but Mr Marcos said earlier this month the scattered guerillas no longer pose a danger to national security.

"If Mr Marcos says communism is bad, then it must be good — it's as simple as that for rural people," said Ka (Comrade) Oscar, a middle-class college graduate who joined the rebels eight years ago. He said military harshness and government failures have attracted more people to communism since Mr Marcos lifted eight years of martial law in January 1981.

Ka Oscar, 39, and Ka Ari, 29, both regional guerilla leaders, talked to the *Associated Press* at a hillside coconut farm.

The rebels would not allow photographs, disclose their "civilian names" or give family backgrounds, fearing military retribution against relatives.

The NPA wants to bring down Mr Marcos' American-backed government and oust United States military bases. Their movement has attracted peasants, students, priests, former soldiers and at least two local beauty queens. One leader was a town mayor. Another is the former president of a government school.

The military has estimated NPA strength at between 3,000 and 5,000 armed fighters nationwide, but Mr Marcos recently said there were 300 on the Island of Samar, another 300 on Luzon and "that's about all."

Ka Oscar said they are organized on 34 fronts with several armed squads of from seven to 11 and at least one larger armed group on each front. He said the force has no national leader and doesn't trust the groups that are permitted legally to oppose Mr Marcos.

The NPA was organized in 1969 as a Maoist movement replacing the defunct Soviet-oriented Huk rebels of central Luzon. Over the years, said Mr Oscar, it has developed a unique Philippine revolutionary

dogma with scant foreign ties.

Its inspiration comes from international communism, the 19th century Filipino revolt against Spain, the subsequent Philippine-American war and the underground resistance against the Japanese during World War II. Some old anti-Japanese guerillas join or give the rebels shelter out of nostalgia, said Ka Ari.

The rebels shun alcohol, rarely see city life and claim to live on the equivalent of US 45 cents a day. They eat root crops when rice is not available and rarely eat meat. Ka Ari and Ka Oscar speak the flawless English of Philippine college graduates, but they said 85 per cent of NPA rebels are peasants, average age 25.

About half are women, said Ka Ari, including some of the armed troops.

As the guerillas talked in the hut, an 18-year-old boy, their logistics officer, stood in the doorway holding an M-16 rifle marked "Property of the US government."

The gun was taken from an ambushed Filipino soldier, said Ka Oscar. The Russian rifle on the floor came from a gun smuggler, he said, laughing at government reports that a white helicopter and a submarine had landed crates of foreign weapons for Philip-

pine rebels.

Ka Oscar said the rebels' support comes from an "agrarian reform tax" — a share of money saved farmers victimised by money lenders.

He said farmers who earn less than US\$1 a day often have to borrow rice to feed their families and are forced to pay back with 300 per cent interest at harvest time. The NPA convinces the lenders to lower the rate, he said.

Brig. General Rene Cruz, regional military commander, said several soldiers have been demoted or discharged for abuses. But he said a complete crackdown would destroy morale. "You cannot punish them for every little thing or they'll just sit down and not move any more," he said.

Mr Cruz criticised the region's 28 weekly newspapers for "playing up military atrocities while ignoring NPA abuses." The end of martial law brought a more free-wheeling provincial Press while Manila newspapers remain largely pro-government.

Rumours have been circulating in the region of an open revolt by mid-year, but the two guerilla leaders said they were in a prolonged struggle and didn't expect to form a full guerilla army for 10 more years or see a communist in Malacanang Palace in 20. — AP

SAUDI VISIT PROVIDES OPPORTUNITY TO PLEAD MINDANAO CASE

Kuala Lumpur BUSINESS TIMES in English 10 May 82 p 21

[Article by Lucino Rebamontan]

[Excerpts]

PRESIDENT Ferdinand Marcos' three-day pilgrimage to Saudi Arabia in late March brought him face to face with the powerful Muslim leaders whose "understanding" of his government's policies he urgently covets to end the Muslim separatist movement in Southern Philippines.

The violence has simmered down a bit during the last two years, but the situation remains highly explosive and intractable. And although the fighting has somewhat subsided, the Mindanao problem continues to preoccupy the government and tie down the bulk of its armed forces in a costly, merciless and inconclusive guerilla war.

There are other reasons that keep the Marcos government on perpetual tenterhooks over the Muslim problem. The most compelling, of course, is oil. Saudi Arabia is the Philippines' biggest single oil supplier. The Philippines' daily import of 40,000 barrels of Saudi crude constitutes about 30 per cent of its total oil requirements.

Another is the presence of close to 200,000 Filipino workers in Saudi Arabia whose annual remittances of US\$600 million constitute a vital prop to the Philippine economy. This number could increase about

twofold in the next two or three years.

Rightly, Mr Marcos is aware that the Philippines would be the biggest loser should there be a disturbance in Saudi-Philippine relations. And the lingering nightmare over the Muslim separatist movement in Mindanao may well be the fuse that could rupture the ties between the two countries.

Thus far, Saudi Arabia has refused to follow the path blazed by Libyan strongman Muammar Gaddafi. Col. Gaddafi, a major bankroller of Muslim rebellion in many parts of the world, was the major architect of the Tripoli Agreement which paved the way for the creation of the two autonomous regions in Mindanao.

Saudi Arabia supports the Muslim cause, but it also supports the Philippine government's position that the problem should be resolved within the context of Philippine territorial sovereignty and integrity.

This position runs counter to the MNLF demand for territorial secession from the Philippines. During his visit to Saudi Arabia, Mr Marcos got the assurance that Riyadh remained committed to the official government position.

Still, the Mindanao problem remains an open-ended one. And

when Saudi Crown Prince Fahd invited Mr Marcos to Riyadh as a precondition to the former's visit to the Philippines, Mr Marcos, offered the chance of a lifetime, immediately agreed.

Shopping list

Mr Marcos extended the invitation to the Saudi leader during the Cancun summit in Mexico last year. The Philippine president had brought along to Saudi Arabia a shopping list that included proposals for the establishment of a Saudi branch of the state-owned Philippine National Bank, a commercial aviation agreement and Saudi financing of government infrastructure projects in Mindanao.

Only the commercial aviation agreement was sealed during the visit; the rest are either doomed or are "still subject to further negotiations."

Yet, despite the merit of these proposals, they clearly paled in urgency compared to the unstated goal of Mr Marcos' visit: the chance to personally plead his case before the Middle East Muslim leaders.

Clearly, Mr Marcos perceived that by going to Jeddah and Riyadh, he had little to lose and that the current stalemate in Mindanao could not

probably get worse with his Saudi sojourn.

No other person could articulate better the problems and possibilities of the area than Mr Marcos himself. Despite Muslim recriminations, no other Philippine president had done so much to improve the lot of the country's two million Muslim minority.

And this was an achievement that the Philippine president repeatedly informed his hosts about. Under Mr Marcos, especially during the last seven years, Mindanao has been "pampered" with development projects which the government hopes would serve as the catalyst for progress in the area.

To be sure, the government's massive development efforts in Mindanao did not come about as a deliberate programme to redress age-old grievances. Rather, it came in hindsight, forced on a government trying desperately to contain in a few years an explosion that had been simmering for ages.

Mr Marcos brought scant glad tidings from his Saudi Arabia trip, but authorities feel that official exchanges following the visit can only improve, not worsen, relations between the two countries, and possibly lead to a lasting solution to the Mindanao nightmare. — Depthnews Asia

GOLD DEPOSITED ABROAD TO EARN INTEREST

Kuala Lumpur BUSINESS TIMES in English 3 Apr 82 p 4

[Text]

SUBSTANTIAL amounts of Philippine gold, which for years have been kept idle at the central bank's vaults, are now being shipped out to Western banks in order to earn interest.

The shipment and investment of gold is the latest in a series of moves that reflect a change in the central bank's handling of the country's international reserves.

The central bank governor, Mr Jaime Laya, wants to lower the reserve level in order to cut interest cost, and to see a more active management of reserve assets in order to improve yields.

Some 300,000 ounces of gold have so far been transferred mainly to the Bank of England and the Federal Reserve Bank of New York. Mr Laya said the policy is to keep just a minimum gold stock at home, and to deposit or lease the excess with ma-

for international banks.

Since the central bank started operating its own refinery three years ago, all of the country's primary gold producers have been required to refine their output locally and sell the bars directly to the central bank.

"Local inventory has since then piled up but we were not earning anything from it," Mr Laya said.

Under the agreement between the central bank and the foreign banks, Philippine gold is kept for a period of three to six months at a fixed interest of ½ to one per cent a year. The contracts are for short periods to allow adjustments for gold price fluctuations.

Mr Laya said the interest is paid in kind and the bank therefore gets its fee in gold which is then added up to the outstanding gold reserve.

While central bank authorities try to raise in-

come from reserves, they have also started reducing the reserve level.

According to central bank figures, reserves at end-February stood at US\$2.526 billion, about 11 per cent down the level in February last year of US\$2.84 billion. At end-1980, the level was even higher at US\$3.155 billion.

The current reserve of US\$2.5 billion is roughly equal to four months' import payment requirements. Before Mr Laya took the post as governor early last year, the Philippines' international reserves averaged the equivalent of seven months' import payments. Mr Laya said "that level is too high and costs the country heavy interest payments."

The reduction has been done through the sale of non-earning assets, the early payment of short-term debts, and the

shipment of gold.

Central bank officials are now talking of basing the reserve level on the country's foreign exchange requirements on how much is needed to meet emergency needs and obligations (including imports) at any one time, rather than on the amount needed to support imports at for any given period.

Another central bank move is the cutting of the country's standby reserves in order to save on commitment fees. Standby credit lines have been reduced to US\$450 million last January from US\$525 million last year. The standby line, set up during the oil crisis in 1974, was intended to cover unforeseen increases in the cost of importing crude oil.

Banks that commit various amounts to the line get ½ per cent a year as commitment fee. — NYTT

LIFTING OF MARTIAL LAW HAS HELPED COMMUNIST GUERRILLAS

Kuala Lumpur BUSINESS TIMES in English 7 Apr 82 p 19

[Article by Marilyn Odchimar in Manila]

[Text] PHILIPPINE communist guerrillas have grown stronger in the year since President Ferdinand Marcos lifted martial law, and are now a force to be reckoned with in several areas, according to Defence Ministry officials.

In the first six months of last year 460 people, half of them soldiers, died in 600 clashes with the guerrillas, the officials said.

When Mr Marcos placed the Philippines under martial rule in September 1972, he said he was doing this to check what he called a communist and right-wing conspiracy to topple the government.

By the time he lifted the emergency in January last year the rightists, represented by politicians from the elite of society, had been reduced to bickering among themselves.

But political analysts and Defence Ministry officials agree that the communists gained more followers during the martial law period.

An official said that returning the country to normal life was intended to stop disillusionment with emergency rule winning more supporters to the Communist Party of the Philippines (CPP).

Supporters

"The lifting of martial law would appear to be

advantageous to the CPP, but it is actually disadvantageous in the long run," the official said.

Of the incidents recorded during the first six months of 1981, the latest available figures, the Defence Ministry said 60 per cent were initiated by the New People's Army (NPA), the CPP's military arm.

The previous year the guerrillas initiated only 25 per cent of such incidents, according to the officials.

By 1981, the NPA had grown to a force of around 5,000 guerrillas, half of them well armed, compared to about 2,000 in 1973, the Defence Ministry said.

Communist Party publications say the NPA had 26 guerrilla fronts in 1980, each with its own local command, guerrilla force, people's militia and local sympathisers.

The NPA boasted of five million active supporters in 300 towns and 40 provinces.

A Defence Ministry official said the NPA now has 13 regional committees, including four in the southern Philippines where separatist Muslim guerrillas have been fighting the government for the past eight and a half years.

According to Communist Party documents seized last June along with a top party official in the south, the CPP-

NPA strength in five southern provinces consists of not less than 1,300 regulars, 1,800 active supporters and 18,000 sympathisers.

The opening of new fronts in the south has been interpreted here as an attempt to divert government forces from an anti-communist campaign launched on the central Philippine island of Samar last year.

Samar, one of the country's most economically-depressed areas, has long been a stronghold for the communist guerrillas.

Another area where the military reorganised its forces last year in the wake of what it saw as a communist menace was the Cagayan valley in the north.

Mr Marcos noted recently that communists in the north had shown their ability to launch larger ambushes, but said: "it is not serious."

Jose Maria Sison, the CPP leader, who has been detained by the government since 1977, said in a recent letter to his lawyer that the "people's war" is still far from moving into the stage where the rebels would seize the initiative against government troops.

Democratic

But Defence Minister Juan Ponce Enrile said: "My calculation is that if

we just let them (CPP) continue their present pace of build-up, they will be able to cause a serious danger in less than five years."

Defence officials say a new radical group has emerged in the CPP to rival that old pro-Chinese and pro-Soviet factions.

This group had called for the stepping-up of activities since martial law was lifted, one official said.

Mr Enrile declared recently that local officials in critical areas should be allowed to carry guns, as they did before 1972, and has also appointed military officers with political expertise as "political commissars" along CPP lines.

Mr Marcos declared last month that there was no legal impediment to the establishment of a Communist Party which would seek political power by parliamentary or democratic means.

Some analysts saw this as an attempt to isolate non-combatants within the CPP who are seeking such changes as nationalisation of industry and the removal of US military bases from the Philippines.

But to make itself a legitimate group, the Communist Party has to renounce violence as the means of capturing political power and there is no sign of this nor of the government ending its counter-insurgency operations. — Reuter

BLEAK OUTLOOK FOR MINING INDUSTRY

Kuala Lumpur BUSINESS TIMES in English 9 Apr 82 p 19

[Article by Marilyn Odchimar in Manila]

[Text]

THE Philippines' mining industry is going through its worst period since the end of World War II, due largely to depressed metal prices abroad, but it is still not enthusiastic about a government-rescue programme.

Like an ailing man, an industry which is a vital foreign exchange earner hopes its illness will be cured soon, possibly by year-end.

Three firms had to shut down at end-1981. Executives of other firms fear continued overall losses if the cost of producing copper remains higher than falling world prices of the metal.

The decline could also affect another important export: most of the gold produced in the Philippines, which ranks fifth among the world's top gold producers and seventh in copper output, is a by-product of copper.

Mr Juanito Fernandez, director of the government's Mines and Geosciences Bureau, attributed the industry's poor performance last year to weak global demand, rock-bottom prices and soaring interest rates.

A senior official of a firm that produces gold, copper and silver echoed the government view. "It is the bleakest for the industry since I have been associated with it in 1946," he said.

Total mineral production in 1981 dropped 2.29 per cent in value to 12.53 billion pesos from the year before. Copper output dropped 2.1 per cent to 305,262 tonnes although gold output rose to 23.5 tonnes from 20.02 tonnes in 1980.

The executive said those who saw the writing on the wall warned government nearly two years ago that the copper outlook was poor and they recommended measures to meet the impending crisis.

Tax increase

"Despite that, the government raised the ad valorem tax which is very difficult to meet when prices are so low," he said. At current metal prices, only two Philippine firms might garner profits this year — Philex Mining and Benguet — but only marginally, mining officials say.

Marcopper, a joint Filipino-Canadian copper-producing venture, was in the red last year for the first time after 11 years of profits. It lost 21.7 million pesos against earnings of 98.75 million in 1980.

Mr Geoffrey Marlow, its operations vice-president, said if the copper price, which has hovered between 68 and 69 US cents a pound, dips to below 65 cents, its mine might possibly have to shut down.

In the interim, other Marcopper officials said, the firm plans this year to cut its budget by 10 per cent by reducing its expenditure on non-essentials, as well as on explorations, and defer capital and expense projects worth about 20 million pesos.

Benguet Corporation, the nation's top gold producer, intends to do the same to be able to weather the crisis. "We shall try to cut our expenses to the bone but operate efficiently," said executive vice-president Juventino Perfecto.

Last year, Benguet suffered a 24 per cent fall in total earnings but nonetheless netted nearly 191 million pesos, with 31 per cent of profit accounted for from hedging. Only nine per cent of earnings were from the firm's gold operations.

This year, Benguet projects its gold production will show a loss if the present low price continues. The firm produced 104,000 ounces of primary gold and another 10,000 ounces from its Dizon copper mine but it only made 6.7

million pesos from these, an 88 per cent fall from an all-time record set in 1980.

"This year and the coming year seem to be one of the worst that we are facing," said Mr Perfecto.

For copper-producing firms hit by depressed prices, the government early this year set up a 200-million-peso stabilisation fund administered by the state-owned Development Bank of the Philippines.

No firm has yet availed itself of the fund, mainly because the preferential 12 per cent annual interest charge does not override difficult criteria, such as the waiver of creditor's right, which borrowers must meet.

Bank facilities

A Chamber of Mines official said its members want the fund to be available not just for copper but for other metals such as gold, nickel and chrome. The government also requires borrowers automatically to pay for the amount borrowed once the price of copper shipments rise above the cash cost of production. Until a firm has paid its loan, it cannot declare dividends.

Borrowers would also be required to put in contributions to the fund after they have repaid their loans. The chamber has recommended that the fund take into account not only the difference between the cash cost and the selling price but also depletion and depreciation costs.

It also has asked for a cut in royalty tax and Customs duties on selected mining firms, extension to firms of central bank rediscounting facilities granted to agricultural industries, purchase of fuel at the same terms as the government power company, as well as reactivation of a gold assistance programme.

A Mines Bureau official said all the proposals were being seriously considered. — Reuter

NEW ALLIANCE OPPOSES MILITARIZATION OF MINDANAO

Kuala Lumpur BUSINESS TIMES in English 19 Apr 82 p 3

[Text]

A NUMBER of southern Philippines opposition groups have forged a new alliance to strengthen their efforts to have the military withdraw its forces which, they said, had been responsible for a growing number of abuses against civilians in the area.

Called "Mindanao Responsible for Democratic Freedoms" (Mirdeka), the alliance was formed last week by leaders of more than 50 civilian, religious and political groups which wanted the lifting of military checkpoints, dismantling of strategic hamlets and the prosecution of those involved in military abuses.

Opposition and Mis-

amis Oriental provincial Governor Homobono Adaza said the new alliance was born out of a conviction that the southern Philippines area of Mindanao was more "militarised" now, than during the eight-year period of martial law.

Mr Adaza said the alliance had attracted not only the traditional opposition and politicians but also the workers, church and religious members, mediamen, students, farmers and fishermen and many human rights groups concerned about the issues affecting the area at present.

He said the alliance would also make repre-

MANILA, April 18
sentations to the proper government agency to provide compensation to victims of military abuses and to grant free education at all levels and free medical services to the underprivileged.

What was also a major concern for the new alliance, Mr Adaza said, was to put a stop to "incursions" into the area by what he called transnational corporations.

He said the alliance, which claims a membership of three million to four million, was set up to politicise the people in the southern Philippines to a level where they would be able to take an active stand on issues which affect their present and future. — AFP

CSO: 4220/610

ANOTHER RECORD YEAR FOR MARINE INDUSTRY

Kuala Lumpur BUSINESS TIMES in English 22 Apr 82 p 23

[Text]

SINGAPORE'S marine industry has returned a record performance for the third successive year with total revenue rising by 27 per cent to S\$2.4 billion in 1981.

Ship-repairing, the leading sector of the industry, broke the \$1 billion barrier with a turnover of S\$1.088 billion. This is an improvement of 26 per cent over the previous year.

However, the momentum in the repairing sector will not be sustained this year. In the annual report released yesterday, Mr Lai Park On, president of the Singapore Association of Shipbuilders and Repairers said: "1982 will probably be the first year our ship-repairs will not enjoy future growth."

The dry-docking capacity has expanded to 2.8 million deadweight but it is not matched by an increase in the volume of contracts. Mr Lai said ship-repairers must stretch their ingenuity to find other means in order to optimise the use of this extra capacity.

The oil rig construction sector has once again registered a massive growth of 58 per cent and a turnover of S\$790 million.

While the oil rig sector improved its contribution to the industry from 26 to 33 per cent, the share of the ship construction sector declined

from 28 per cent to 22 per cent. And it was the only sector which did not register a growth. The output of this sector remained at S\$540 million.

The healthy growth in the industry was sustained in spite of the increased cost of wages following the National Wages Council's recommendations and the higher material prices.

Mr Lai said this was made possible because of the continuous efforts to reduce cost and improve efficiency and productivity.

However, the road to progress was impeded by a shortage of labour and the high mobility of the work force. Some 30 per cent of the permanent work force are recruited from non-traditional sources and formed half of the unskilled labour force.

In addition, there was a high dependence on sub-contract labour who supplemented the work-force needed for the heavy workload.

Mr Lai said though the employment of casual and imported labour were needed to achieve the phenomenal growth in 1981 their presence also impeded the efforts made by shipyards to strengthen the industry.

In the ship-repairing sector, the major yards secured 107 contracts to repair very large crude carriers besides under-

taking several technologically sophisticated and skill-intensive operations required in major modifications.

These included the conversion of cargo vessels into fully cellular container ships, a live-stock carrier into a drillship, a tanker into a mini-refinery.

In addition, the yards maintained its position as a leading centre for the installation of crude oil washing and inert gas systems and integrated propeller ducts on tankers.

Mr Lai said: "The experience gain has placed local ship-repair yards in the best position to undertake other retrofitting jobs to meet international safety regulations."

However, the market outlook for 1982 is not as encouraging as that of 1981. The persistent depression in the major industrial bloc, the depressed shipping market, particularly in the large tanker sector and the increased repair facilities around the world, would sharpen the competition faced by local yards.

In the shipbuilding sector, 402 ships totalling 257,000 gross registered tonnes were launched. The vessels constructed were mainly barges, tugs supply and utility vessels, reflecting the high level of shipping and offshore activities in the

region.

This sector too will come under heavy competitive pressure from China which has entered into shipbuilding in a big way and shipbuilders of countries whose governments are willing to subsidise their activities.

On the brighter side, the gradual increase in the level of coastal shipping and offshore activities in the Asia-Pacific region enhances the prospects of local shipbuilders.

The rig building sector won 16 contracts, comprising four semi-submersibles, 10 jack-ups and two drillships out of 103 mobile oil rigs ordered around the world. These orders will keep most of the rigbuilders occupied till 1983.

There is increased competition from new rigbuilders of South Korea which offers low bids and Japan which has diversified into rigbuilding to make use of its excess shipbuilding capacity.

The market outlook in 1982 for this sector remains very uncertain. The demand for rigs have slackened while the number of rigbuilders have increased. But Mr Lai is confident that the improved facilities staff and management skills coupled with an attractive rig financing scheme will enable Singapore to maintain its position in the international market.

ECONOMIC GROWTH RATE OF 7-10 PERCENT PREDICTED

Kuala Lumpur BUSINESS TIMES in English 22 Apr 82 p 23

[Text]

SINGAPORE should be able to achieve a real growth rate within the official target of 8 per cent to 10 per cent this year, according to two of the "Big Four" banks.

A third bank, United Overseas Bank, is a bit more cautious, expecting the economy to advance 7 to 8 per cent in real gross domestic product terms.

Development Bank of Singapore, in its annual economic survey, said growth for the whole of 1982 is not expected to maintain the past year's rate of 9.9 per cent, but is likely to remain in the 8 per cent to 10 per cent range.

Overseas Union Bank expects a growth of 8 per cent, "barring any unforeseen developments in

the international environment."

OUB expects Singapore's banking and financial sector to continue to expand rapidly under the impetus of both domestic and regional financing requirements, but said the speed, timing and extent of world economic recovery will determine the level of activity in other sectors.

The immediate outlook is clouded by uncertainty, but positive factors already in place should help ease the economy through a difficult year. Notably, wage increases are now more closely tied to productivity, and savings and capital formation have been maintained at high levels.

DBS said the econo-

my's slower growth over the last two quarters of 1981 may continue into 1982. But it said Singapore's increasing sophistication as an industrial, commercial and international financial centre will provide the economy with a strong foundation for further expansion.

UOB said 1982 will be a difficult year for the international community as well as Singapore. It noted the depressed local property market shows no sign of quick recovery, and neither does the share market.

On the positive side, however, Singapore can look forward to higher productivity levels, favourable growth in the construction, finance and services sectors, and greater regional econom-

ic cooperation in Asean. Interestingly, all three banks are optimistic about the prospects of the banking and financial sector. OUB said the increase to 149 in the number of banking institutions represented locally at the end of 1981 is "eloquent testimony" of optimism about Singapore's future as an international centre.

DBS commented that with the further upgrading and mechanisation of industries, capital financing will continue to be an important source of business for the banking industry.

All three banks are not optimistic about the short-term outlook of the Western industrialised countries.

CSO: 4220/612

NEWSPAPER REORGANIZATION GREETED WITH DISMAY

Kuala Lumpur BUSINESS TIMES in English 22 Apr 82 p 24

[Text]

SINGAPORE, April 21

THE Singapore government's planned revamp of leading privately-owned newspapers was greeted with dismay today by the main English language dailies.

A spokesman for *The Straits Times*, the country's biggest daily, said its staff was stunned.

It was ordered by the government yesterday to hand over its afternoon publication, *The New Nation*, to a prospective rival in 10 days' time.

The changes follow the appointment of a former senior Foreign Ministry official and intelligence chief as executive editor of the Straits Times Group.

Under the reorganisation plans *The New Nation* would pass to a company which since 1980 has been preparing to launch a new English-language daily, *The Singapore Monitor*.

The company would "borrow" the title of *The*

New Nation for a nominal fee.

The island's two biggest Chinese-language rival publications, *Nanyang Siang Pau* and *Sin Chew Jit Poh*, would pool management and financial resources into a single holding company, which official sources viewed as a prelude to possible complete editorial merger.

The Straits Times would be assured of no morning daily competition for at least three years and would also be allowed to publish an afternoon Chinese-language newspaper, according to the statement.

The government said the changes were necessary because the long-term viability of Chinese papers was threatened by the growth in readership of the English press.

Straits Times group editor Mr Peter Lim said: "All of us, not just our

colleagues in *New Nation* and *Sunday Nation*, are sad. We can only hope the *Monitor* will prove a worthy cause."

In a front-page editorial *The New Nation* said: "Nowhere else and never before has any newspaper been asked to lend a helping hand to a potential rival."

The New Nation, launched as a tabloid in 1971, has a daily circulation of 40,000 copies. *The Sunday Nation*, also to be handed over, sells more than 94,000.

A source at *The Singapore Monitor* who declined to be identified said "morale among the editorial staff has been low ever since we suspected that we would not come out as a morning paper to break the *Straits Times* monopoly of the English-language Press. This latest news is just confirmation of the loss of our original concept."
— Reuter

TAMIL GROUP SPLITS FROM TULF

Colombo THE ISLAND in English 4 May 82 p 1

[Article by D. B. S. Jeyaraj]

[Text] The Tamil Eelam Liberation Front consisting of dissident TULF members has decided to function as a separate political entity.

This group which had earlier played second fiddle to the TULF has now resolved to strike out on its own in view of "the TULF betrayal of the mandate given by the Tamil People" said a spokesman.

The decision to function independently had been proclaimed publicly on April 29, said the spokesman.

The Tamil Eelam Liberation Front is led by former Mayor of Jaffna Dr. S. A. Tharmalingam. The front consists mostly of one-time TULF members who disagreed with the party's decision to accept the District Development Councils.

A spokesman for the front told THE ISLAND that they were compelled to actively and openly oppose the TULF because it had been maintaining a strategy which was not consistent with the 'Mandate given in 1977.' The TULF's ongoing dialogue with the Government, its stand on the UDI proclamation and its attendance at the Kotte Parliament opening were cited by the spokesman as indications that the TULF had lost its bearings.

The Tamil Eelam Liberation Front staged a hartal on April 29 along with other youth and student organisations. Members of the Front had garlanded the statue of Sangili, the last king of Jaffna and had also approved the Unilateral Declaration of Independence made in New York.

A spokesman for the Front said that the S.J.V. Chelvanayagam memorial meeting and the May Day meeting held by them had been well attended.

Dr. Tharmalingam and another member of the Front, Mr. Kovai Mahesan, Editor of the SUTANTIRAN had been questioned by the police over pamphlets and posters pertaining to the April 29 hartal.

CSO: 4220/606

LANKAN PORTS AVAILABLE TO SOVIET WARSHIPS

Colombo THE ISLAND in English 5 May 82 p 1

[Text] Moscow, May 4, Reuter.

Sri Lanka has told the Soviet Union that Soviet Warships can use its port facilities following a political row at home, South-East Asian Diplomatic sources said today.

Sri Lankan Foreign Minister Abdul Hameed was said to have told Soviet Foreign Minister Andrei Gromyko that his country would provide such facilities to any country providing it was not at war or carrying nuclear weapons.

This applied to the United States, the Soviet Union or any other power, Mr. Hameed was said to have told Mr. Gromyko during a seven-day visit to the Soviet Union that ended yesterday.

Mr. Hameed outlined his country's position following charges from Sri Lankan opposition groups that the Colombo Government was ready to provide facilities for the United States but deny them to the Soviet Union.

Mr. Hameed had volunteered his comments which had been appreciated by the Soviet side. The sources said. [as published] (Reuter)

CSO: 4220/606

FOREIGN FUNDING OF RADICALS SUSPECTED

Colombo THE ISLAND in English 4 May 82 p 1

[Text] Intelligence operatives have been keeping watch over the links of a foreign mission in Colombo with certain radical organisations, THE ISLAND reliably understands. According to informed sources investigations are being made to determine whether the organisations are receiving any funds from foreign sources.

The mission which is from an oil rich country has been very generous with awards, gifts and grants to Sri Lankan scholars and politicians. But what worries intelligence operatives is whether funds are being funnelled into a radical political organisation, sources say.

With certain political organisations launching out massive propaganda campaigns which even much organised old political parties cannot afford to carry out, the talking point in political circles is whether foreign funds are being used.

At the May Day Rally of the UNP, Minister of Lands, Land Development and Mahaveli Development, Mr. Gamini Dissanayake too referred to certain political parties receiving vast amounts of money to stage political rallies, cultural shows and pageants. Mr. Dissanayake said that the government would let the people know of these matters before the next General Election.

Another question that is being asked is if the suspicions are proved correct why a country which has banned Marxist revolutionary parties sponsor them abroad. [as published]

CSO: 4220/606

GNP RISE REPORTED

Colombo THE ISLAND in English 2 May 82 p 1

[Article by D. B. S. Jeyaraj]

[Text]

WHILE Sri Lanka registered an economic growth of 4.2 per cent (G.N.P.) in 1981 despite an adverse global economic environment, the real wages of most categories of employees declined save for those in the 'unorganised sectors' such as paddy cultivation and building construction.

This is revealed in the Central Bank annual report for the year 1981.

Making an allowance for the population increase of 1.7 per cent in 1981, the increase of the real per capita income has been given as 2.4 per cent. This represents a decline when compared with a per capita growth rate of 4.3 per cent and 3.6 per cent in 1979 and in 1980.

The Central Bank report states that the real wages of government employees declined by a further 3 per cent in 1981 compared to a decline of 12 per cent in 1980 (the real wages are computed by deflating the minimum wages of the Colombo Consumers Price Index).

The real wages of clerical and technical employees too declined by 5 per cent as against a decline of 13 per cent in 1980. The real wages of school teachers and minor employees too dropped by 2 per cent and 6 per cent compared to

decreases of 12 and 14 per cent in 1980.

The real wages of workers in agriculture which dropped by 0.2 per cent declined further by 16 per cent in 1981. Similarly, the real wages of workers in industry and commerce decreased by 5 per cent compared with a decrease of 3 per cent in the previous year.

In the unorganised sectors such as paddy and building construction, the all island daily wage rates indicated a higher rate of growth when compared to the organised sectors in the paddy sector in 1981, the rate was Rs. 21 when compared to Rs. 20 in 1980. In the construction sector the rates for carpenters and masons were Rs. 45 and 46 an increase of 21 and 28 per cent respectively compared to the previous year.

The daily wages deflated by the Colombo Consumers Price Index reflects a real increase of 6 per cent for paddy sector workers and 8 per cent for construction workers.

According to the report, the economic growth was particularly due to the agricultural sector which grew by 6.9 per cent which was much better than the 3.1 per cent growth in 1980. The increased performance in the agricultural sector has been attributed to the

increased performance in the plantation crops. Tea production increased by 10 per cent or 18.7 million kilograms. The report however notes that although the relative growth in production is impressive, cognizance must be taken of the fact that production in the previous year was severely affected by the drought.

Rubber production dropped by 7 per cent while coconut production increased 11 per cent over the previous year.

Paddy production increased by 4.6 per cent over the previous year. Maha 1980-81 was estimated at 1.5 million metric tons the highest production level ever achieved for a Maha season.

The report states:

The growth in construction, trade, banking and other service sectors which together account for more than half of the G.D.P. slowed down largely on account of credit restraints and a more moderate growth in government expenditure aimed at reducing inflationary pressures. It also states that the construction sector is estimated to have recorded negative growth.

The report states that there has been very large increases in investments since 1978. The most dynamic growth has been registered in the garment sector.

TAMIL GROUP URGES PARLIAMENTARY BOYCOTT

Colombo THE ISLAND in English 4 May 82 p 2

[Article by P. Mariyadasa, Jaffna correspondent]

[Text]

"We must boycott parliamentary elections. The Palestine people are continuing their struggle without a parliament and without a country.

"The Palestinians are fighting for many years to find a land of their own. As the movement of the people what have our leaders done after 1961? Up-to-date our leaders are busy in pulling down legs of fearless youths who struggle."

So said Mr. Kovai Mahesan, at the meeting of Tamil Eela Liberation Party held at Chelvanakam memorial building to mark Chelvanayakam Day.

The Tamil Eela Liberation Party is the split party from the T.U.L.F. and it was holding its meeting 30 feet from where the T.U.L.F. was having its Chelvanayakam Remembrance Day meeting.

The Tamil Eela Liberation Party meeting was presided by its leader Dr. S. A. Tharmalingam.

Mr. Kovai Mahesan (Editor, Suthanthiran) one of the leaders of the Tamil Eela Liberation party said: "We say that we cannot achieve anything by going to Parliament. Till this day we are writing in support of Tamil Eela proclamation even though the government has frightened us that it will seal our printing press."

The Tamil Eela proclamation was read at the meeting and signed by the leaders and members of the Tamil Eela Liberation Party.

The proclamation was a copy of the proclamation proclaimed at the U.N.O.

Mr. S. Senthurrajah, another leader of the new Tamil Eela Liberation Party said:

"Mr. Vykunthavasan gave two years" prior notice about the Tamil Eela proclamation. At that time the T.U.L.F. said that it is going to appoint a committee to draft the Tamil Eelam Constitution.

"The T.U.L.F. took no action and did not consult the members of the party regarding this. But now it says that the people are not ready for the struggle."

Mr. Senthurrajah said: After giving a promise to the President Mr. J. R. Jayewardene that they will not utter a single word about Tamil Eelam, the Tamil leaders are very silent now. Parliament membership spoils leaders.

He said the Tamils have come to a state of throwing out their leaders who have no policy or responsibility.

The Tamil people boycotted the elections conducted on Donough-

more Commission and as such the Tamil people should boycott the coming parliamentary elections.

As in Assam Province it was our duty to oppose those who are contesting or those who are to contest in the coming parliamentary elections, said Mr. Senthurrajah.

Rev. Father S. Selvaratnam said: "Mr. Chelvanayakam placed a policy before the Tamil People. And he sacrificed himself for that policy. The leaders can lead the people if they only have a perfect policy.

The people cannot give a liberation movement to leaders who only speak of politics.

"We want a policy, and we must be the leaders who take charge and execute that policy", he said.

He continued: "If the leaders deceive us we are being deceived We also have a share in it.

The Tamil people living in countries like America, Canada, Britain know the meaning about the Tamil Eelam of the Tamil people. If comments decrease dictatorship will increase.

The speeches which our leaders make at present are going off the Tamil people's liberation path.

"The leaders should not only talk but also think and act. We must then join the leaders and go with them."

TULF LEADER DISAVOWS TERRORISTS

Colombo THE ISLAND in English 4 May 82 p 1

[Article by P. Mariyadasa, Jaffna correspondent]

[Text]

A few armed youths or those conducting politics with foreign aid cannot stop our movement, said TULF leader Appapillai Amirthalingam addressing the TULF May Day meeting at the Jaffna Town Hall.

Mr. Amirthalingam said that years ago some Tamil youths had connections with foreign countries. Their aim had been to form a leftist government. When they saw that the movement was going along the wrong path, they abandoned it.

He appealed to the youth not to follow a path of violence.

Mr. Amirthalingam said that some people were questioning why the TULF wanted Home Guards. If the Home Guards were recommended by them, they could protect the people he said.

The Tamil Eelam Liberation Movement is asking why TULF MPs went to Kotte.

If the TULF had not gone, could they have brought to the attention of the country the important historical events of the past which were relevant to the Tamils.

Kotte was built by a Tamil - Alagakonar, he said but Colombo was not. If they could have attended the Parliament, what was wrong in their going to Kotte? he said. Tamils and the Tamil movements must unite said Mr. A. Amirthalingam

Mr. M. Sevasithamparam MP for Nallur and President of the TULF said that the right to strike was common to all countries but in Sri Lanka, the strikers had lost their jobs and were undergoing hardships.

The salaries of government servants had increased but the estate workers salaries had not been increased.

Mr. Sivasithamparam said that guns could not make Tamils change their policy but love could.

"I ask all the Tamils to unite," he said.

Mr. V. Yogeswaran MP for Jaffna Mr. Raja Visuvanathan, Mayor of Jaffna, Mr. Vel Murugu DDC Chairman, Batticaloa, Mr. K. Nadesan, Member DDC Jaffna Mr. Kasi Anandan and Mrs. Amirthalingam also spoke.

CSO: 4220/606

EDITORIAL: TULF MODERATES COMMENDED

Colombo THE ISLAND in English 5 May 82 p 6

[Text]

The Leader of the Opposition and the TULF Mr. A. Amirthalingam, who brandished the Eelam flag with vigour at the ceremonial opening of Parliament on Thursday, bearded his own community's hot heads in Jaffna on Saturday when addressing the TULF's May Day rally. He declared that a few armed youths or those conducting politics with foreign aid could not halt the TULF's progress. The TULF leader according to yesterday's issue of 'The Island' had also appealed to the youth to desist from following a course of violence.

Mr. Amirthalingam's May Day speech again demonstrates the new sense of sanity and responsibility that is increasingly characterising TULF politics now. For the first time the TULF chief this year issued a New Year message in which too he stressed the need for communal amity and understanding between the country's two major communities. But at Kotte on Thursday Mr. Amirthalingam signalled that he had by no means abandoned the main plank of TULF politics when he said that the TULF would oppose any attempt to reduce the Tamils to the position of second class citizens. This however was complemented by a generous gesture of congratulation towards the Sinhala people who were at last returning to a historical capital of their own where the Sinhala heritage had truly flowered after years of colonial subjugation and three decades of adhering to the old colonial capital even as an independent nation.

All these are signs of the TULF's new stance of responsibility and its willingness as symbolised by its on-going dialogue with the Government to resolve problems through negotiation and dialogue rather than confrontation and violence. What is significant is that the TULF has to continue with this new stance in the face of the opposition emanating both from the extremist youth as well as the newly emerged, Tamil Eelam Liberation Front and the All Ceylon Tamil Congress which appears to have suddenly bestirred itself.

The fact that the TULF leadership has chosen to follow this new path of moderation and restraint in the face of

opposition from sections of its own community shows that the TULF's has been a conscious choice. This is why its decision is all the more praiseworthy.

From all reports the Hartal on April 29 was not the success that its organisers expected it to be, in spite of the radical posturings of its high priests who had approved the Unilateral Declaration of Independence by emigre Tamils in New York. This shows that the bulk of the Tamil community is still willing to adopt a sane attitude to the question of communal relations and are not in a mood to be seduced by any revolutionary overtures.

As we have pointed out in these columns earlier as well, the TULF may be called upon to play a much more decisive role than before in the electoral process at the next General Elections in the light of the new PR system. The TULF's adoption of its new stand of moderation may also be traceable to the same factor. If this new climate succeeds in bringing the TULF back into the mainstream of national politics that would be a major victory for communal harmony. But this new TULF stance entails the Sinhala political parties too to adopt a sober attitude towards the whole problem. Immediately it means that the Government has to go ahead with its Home Guards scheme on which the TULF has pinned so much hope. The Government has to win the confidence of the Tamil community by concrete projects rather than mere rhetoric. Time is running out and on both sides of the communal barricades the leaderships must cry a halt to futile tub-thumping and the exchange of sterile historical evidence as supposed proof of each community's superiority over the other and make a genuine attempt to discover commonly acceptable solutions.

CSO: 4220/606

NATIONAL ENERGY CONSERVATION POLICY NEEDED

Colombo DAILY NEWS in English 1 May 82 p 1

[Text] The Central Bank has warned that Sri Lanka's energy problem is ballooning into critical proportions and demanded "urgent attention" to devising a national energy conservation policy.

The bank's annual report for 1981 which was released yesterday noted that the oil bill had boosted the country's huge trade deficit over the last few years, with the 1981 petroleum import bill swallowing 42 p.c. of the country's export earnings.

"Given the need to supplement power supplies with expensive fuel consuming gas turbines till the hydropower projects of the Mahaweli programme comes on stream, imports of petroleum and petroleum products are bound to increase in the near future.

"It is inconceivable that Sri Lanka could continue to expand resources on this scale on just one item of imports, however essential it may be. The situation warrants urgent attention directed towards the formulation of a national energy conservation policy as a matter of the highest priority..." the report said.

The sunnier side of the report includes:

Gross Domestic Product (for 1981) UP 5.6 percent.

Gross National Product UP by 4.2 p.c.

GNP per capita UP 2.4 p.c.

Inflation (measures on the Colombo Consumer price index) DOWN 8 p.c. (from 26 to 18 p.c.)

Both agriculture and manufacturing had grown last year by 6.9 and 5.4 p.c. respectively, with agriculture contributing nearly 25 p.c., the major share of the economic growth.

But growth of construction, trade, banking and other services had slowed down.

CSO: 4220/604

SRI LANKA

INCREASE IN ATTEMPTS TO ROUSE RACIAL, RELIGIOUS DISCORD

Colombo DAILY NEWS in English 1 May 82 p 1

[Article by Srimal Abeyewardene]

[Text] The police are deeply concerned about increasing evidence of attempts to create religious and racial discord in the country through publications.

A senior police source said yesterday that such inflammatory material has recently been published in certain newspapers and handbills and the IGP has alerted his gazetted officers to the problem.

In a circular to all DIGs, SPs and ASPs, Mr. Rudra Rajasingham has drawn pointed attention to "speeches made or published in newspapers or handbills on matters likely to cause religious, racial or communal disharmony".

He has directed that in such instances, action should be taken to launch prosecutions wherever possible under the Penal Code or the Prevention of Terrorism Act.

Specific directions have been given to SPs and ASPs to monitor regional newspapers etc. very carefully for reports on meetings etc.

Mr. Rajasingham has required that all prosecution entered or intended on this score must be brought to his notice through the usual police channels.

CSO: 4220/604

TERRORIST ACTIVITIES IN JAFFNA

Colombo DAILY NEWS in English 1 May 82 p 1

[Text] Machine-gun-toting gangs created a series of incidents in Jaffna on Thursday, damaging several buses and wrecking a jeep belonging to Manipay MP, Mr. V. Dharmalingam, who was in Colombo for the opening of the new parliament.

Police said that the first incident was reported at 10.15 a.m. when three young men armed with a sterling sub-machine gun stopped a CTB bus driving from Mallakam to Chankanai by throwing a pedal cycle roadblock across its path.

They smashed the windscreen and bus windows but had not harmed any passengers.

Minutes later, another gang, also armed with a sterling sub-machine gun, stopped a second bus, made the passengers get off and damaged the vehicle.

A third gang armed with sterling sub-machine gun stopped a bus taking passengers from Jaffna to Keerimalai at Valani junction, and damaged the bus.

Close to Chunnakam, three young men in a bus driving towards Manipay, brandished a sterling sub-machine gun, got the passengers out of the bus and damaged the vehicle.

Police said that gangs of youth had gone to schools in Chunnakam and Akkaraipattu and sent the children packing. Frightened teachers had hidden themselves in a house near one school.

In another report police said that four young men who had entered a school and were lighting crackers there had been arrested.

Police found four black flags hoisted at the Pandaraikulam Tamil Maha Vidyalaya.

Dr. Gamini Wijesekera said that subsequent to the attacks, the services were resumed with escorts.

CSO: 4220/604

EDITORIAL: 'LEFT DOES NOT REPRESENT WORKERS'

Colombo DAILY NEWS in English 1 May 82 p 4

[Text]

One of the greatest blessings bestowed on workers observing May Day in Sri Lanka has come from the UNP's decision to arrange for the day's celebrations to be held on a regional basis.

Earlier, the massive concentration in Colombo meant waste, violence and damage to life and property. Buses, burning price-hiked fuel, poured into Colombo, carrying loads of people shouting bloodthirsty slogans.

Red-shirted leaders breathed fire and thunder. Indeed, so explosive did the situation become, once under the Coalition, that a curfew had to be clamped down soon after mid-day. Truly do revolutions sometimes swallow up their own children.

Today, without a vestige of pretence, most of the marxist-oriented parties are preoccupied with one issue: not the worker, but with the possibilities of a political bargain.

Parties that are satisfied that the end justifies the means, of course, might be willing to enter into pacts with the devil or his grandmother. In Sri Lanka, the allusion is unfortunate. But the language comes from the left itself.

Which left, one might of course be permitted to ask, since the left in Sri Lanka has now split and splintered into so many factions with the hoary realities of caste, personal ambition

and expediency — all ringing loud in the campaign for a patch-up with the SLFP.

Small wonder that it has been hinted that in politics one has no permanent friends only permanent interests. Like a woman's judgement, our leftists' own vision is fickle and self-seeking.

Meanwhile, another section of the left is against any sort of temporary alliance with the SLFP. Indeed, the uncommitted might well ask how often our so-called labour leaders think they can fool the masses.

The once loudly-proclaimed 21 demands were sacrificed on the altar of a Coalition and duly backed up by Emergency Rule and vigorous controls. Then, there was apparently some appeal to Satan to drive out sin. Who was what, only history will perhaps finally record.

But this much is plain. The left, or the left wing of the left, or rightist, centrist or other arcane element in this heady cocktail of classless ideology, feudal aristocracy and dynastic tie-ups and caste lines, has put the cause of the working classes far down in its list of priorities.

Who knows, but our marxist leaders could be carrying too far the plea that the workers of the world have nothing to lose anyhow -- not even their chains now!!

Heaven knows the UNP cannot -- no party, for that matter, can claim perfection. It has had its own quota of caterwauling cronies and bloodsuckers. But at least it is willing to recognise this and correct its defects.

Our leftists, on the other hand, given to absolutist terms in all but religion, brook no dissent. Power is their test of public morality. That thought, our people might be taking with them to the polls as alphabetically - numbered leftist groups vie for power on SLFP platforms.

The forced marches now being staged by militant marxists might remind mankind of what the NCO said to the recruit officer: 71'Left, right, left, left, left... the other left you --

CSO: 4220/604

SOVIETS STUDY INVESTING IN FREE TRADING ZONE

Colombo DAILY NEWS in English 4 May 82 p 1

[Text]

A high-powered economic delegation from the Soviet Union will visit Sri Lanka shortly to explore possibilities of investment in the free trade zone, the Foreign Ministry said in Colombo yesterday.

A ministry spokesman said that the Minister, Mr. A. C. S. Hameed who returned from Moscow has been pushing hard for closer economic co-operation and had specifically explored the possibility of a Soviet built factory here to be paid for with a buy-back arrangement.

"That way the factory can be paid for by the export of its manufactures to the Soviet Union" a spokesman explained.

The Soviet Foreign Minister Mr. Andrei Gromyko told a luncheon he hosted in Mr. Hameed's honour that the USSR was prepared to co-operate with Sri Lanka in economic matters in whatever areas possible.

Diplomatic sources here noted that the usefulness of closer

economic co-operation between the two countries had been stressed at three rounds of talks that Mr Hameed had with Prime Minister Tikhanov and Mr. Gromyko.

The Soviets already import readymade garments from here. Sri Lanka-made shirts are particularly popular among Russians.

The Foreign Ministry said an FTZ garments factory with a buy-back arrangement will be closely examined by the economic delegation from the USSR.

"Such a venture may or may not have Sri Lanka participation" the ministry said.

Other possibilities to be explored include the manufacture here of machinery components for the South Asian market with Soviet participation.

Mr. Gromyko has already gone on record quipping that the whole of Russia, except tea-producing Georgia would surely vote for Sri Lanka tea if they were asked to state a preference.

NAVA LSSP LEADER URGES STUDENT WORKER MOVEMENT

Colombo DAILY NEWS in English 3 May 82 p 15

[Text] The LSSP which was thrown out of the 1970-77 coalition has not learnt its lesson and was going back to it. This time the results will be catastrophic, said the Nava Lanka Sama Samaja leader Mr. Vasudeva Nanayakkara at their May Day rally held at Hyde Park.

The Communist Party too he said will sooner or later join this coalition and history will repeat itself. None of these so called left parties including the JVP had any programme for the workers. They all accepted the present constitution through which they hoped to come to power.

The JVP which spoke of an armed struggle is now hoping to come to power through the ballot. Any of these parties coming to power through the constitution will be imprisoned within its confines and remain unable to deliver the goods.

The Nava LSSP had no desire to come to power through this constitution but through a struggle in alignment with the workers and students, said Mr. Nanayakkara.

Dr. Wickramabahu Karunaratne said that with the opening of the new Parliament at Kotte, Mr. J. R. Jayewardene hoped to usher in a new era for the people. There was a boom in Sinhala literature during the Kotte period but the last four years had witnessed cheap and baneful trends in the language. There had been no cultural developments.

During the time of Parakrama Bahu VI the Kotte Kingdom had paid taxes to foreigners. The same thing was happening now with the country paying heavy interest on the massive foreign loans taken.

The history of the country shows that the son usurped the father's throne and a similar fate will overtake Mr. Jayewardene with some one close to him cutting the soil from under his feet before long.

Mr. Gunasena Mahanama, General Secretary of the GCSU also spoke.

CSO: 4220/605

MASS WORKERS PARTY TO BE SET UP

Colombo DAILY NEWS in English 3 May 82 p 5

[Article by D. Surasena]

[Text] The General Secretary of the CMU Mr. Bala Tampoe told the joint May day rally of the CMU the Ceylon Estates Staff's Union and the Ceylon Plantation Services Union at the CMU headquarters, Kollupitiya on Saturday that worker exploitation will continue in this country whoever comes to power at the next elections from among the present political parties.

In order to enable workers to face up to this challenge their three unions had decided to set up a mass workers party. They have now set up a Provisional National Committee towards achieving that goal.

Mr. Tampoe said that at present workers were being denied the opportunity to organise themselves properly. Although the present political parties including the CP, LSSP and the JVP were now eagerly awaiting a general election the most urgent need for workers today was a party of their own to fight and overcome exploitation. Therefore the CMU, CPSU and the CESU had decided that the theme at their May Day rally should be 'measures to overcome oppression' rather than fun and frolic.

The General Secretary of the Ceylon Plantation Services Union and the Ceylon Estates Staff's Union Mr. Keerthi Seneviratne said that although the theme of May Day should be worker unity, workers in Sri Lanka were actually in disunity.

Therefore in order to set up a true worker's government they should first try to set up a mass workers party. He said certain left leaders who ventured to promote workers unity in the past were now going behind the 'sari pota.'

The President of the CMU Mr. V. A. Nandasena a Joint Secretary Mr. Vernon Wijesinghe Asst. Secretary Ceylon Plantation Services Union Mr. R. V. Selvadorai and several others also spoke.

CSO: 4220/605

COMMUNISTS TURN DOWN UNITED FRONT

Colombo DAILY NEWS in English 3 May 82 p 5

[Article by G. Vithanage and Harry Obeysena]

[Text] Mr. Pieter Keunemen told a May Day Rally of the Sri Lanka Communist Party at Dematagoda Park on Saturday that although several parties were inviting them to a common platform to fight against the UNP, they were unable to accept unity calls made by Parties which were in disarray and had no clear-cut policies.

He said the SLFP had now been divided into two factions. Although Mr. Anura Bandaranaike had left the SLFP (M) to join his mother, he was not acceptable to his sister, brother-in-law and several others in the SLFP (S) group.

He said the LSSP too had splintered into two factions. But both factions were on a common platform with Mrs. Bandaranaike.

Mr. Keunemen said that even though the SLFP tried to take the credit for making May Day a Public Holiday this had become a reality owing to the campaign launched by the Sri Lanka Communist Party 25 years ago.

The MP for Kalawana Mr. Sarath Muttetuwegama said that President J. R. Jayewardene had declared this year as the election year. He said it was almost 35 years since this country gained independence from British rule.

Every general election held in this country so far had been conducted in a democratic manner. They had serious doubts whether the next elections would be free and fair.

He said the former Commissioner of Elections Mr. Piyasekera had been sent on retirement on reaching 55 years when he could have been granted an extension of another 5 years. A person who is a member of the Presidential Secretariat had been appointed to act for him by passing the Assistant Commissioner, who had the proper qualifications and experience to succeed as Elections Commissioner.

They should also keep in mind what happened to the Jaffna DDC elections. Six ballot boxes lost in the Jaffna DDC elections are yet to be traced.

Mr Muttetuwegama said the sufferings of the poor were increasing day by day. Even the free medical and educational facilities may be withdrawn in the near future.

He said the time had now come for them to set up a new government sympathetic to the farmers, workers and other oppressed classes.

General Secretary of the Ceylon Trade Union Federation Mr. L. W. Panditha said it was a mockery for the Jatika Sevaka Sangamaya to hold a May Day Rally when it had approved the proposal of the government to curtail the number of holidays enjoyed by workers.

It was due to his union's protest campaign that the government later decided to drop that proposal. The government which spoke about workers rights today brought in emergency regulations and a press consorship to break up the July 1980 strike.

General Secretary of the Public Service Trade Union Federation, Mr. E. W. Piyadasa, Secretary, United Estate Workers' Union Mr. R. S. Baskaran, President, All Ceylon Government Clerical Service Union, Mr. H. M. Wilbert and Vice President, Communist Party Youth Federation, Mr. Vajira Pelpita also spoke.

CSO: 4220/605

WORKERS NOT REPRESENTED BY MAJOR PARTIES

Colombo DAILY NEWS in English 3 May 82 p 5

[Article by Gerard Perera]

[Text] The Leader of the JVP Mr. Rohana Wijeweera told the JVP May Day rally on Saturday that the 45 lakhs of workers, peasants and the general masses could never be duped any longer by the capitalist UNP or the 'Radala' SLFP.

"They cannot be made the tail or any other appendage of the bribe-takers, racketeers and tender-fixers" he said.

Mr. Wijeweera said the days when pillows were changed to cure a headache were no more. "An honest, intelligent dedicated leadership has emerged. That is the only Left Party in Sri Lanka today. That is the JVP" he said.

He said the polarisation of all anti-capitalist forces under the JVP banner had struck fear into the hearts of the SLFP and the UNP. Parties were breaking up and individual divisions were appearing. The sins of the past eight capitalist governments have taken their toll and the nation had been ruined. Corruption, bribery was there as never before. A few had been exposed. More would come to light.

The JVP leader also said that the SLFP or the UNP had no right to commemorate May Day 3226 families are exploiting the resources of Sri Lanka and fattening themselves on the blood, sweat, and toil of the working classes. [as published] Slave labour at the FTZ and low wages without trade union rights are the lot of the workers there. Thousands have been thrown out of employment and the cost of living is daily increasing. The SLFP has got a few leaders of the old left to prop them. But their end is in sight.

In conclusion, Wijeweera said: "The only saviours of the workers the unemployed, the intelligentsia, students, and the general masses are the JVP. That is the only Party that has a clean, honest, intelligent leadership. Hence rally round the JVP and help to build up Sri Lanka from the ruins created by the SLFP and the UNP.

Lionel Bopage (General Secretary) said that the workers can stand on their own feet today. The JVP has given them that confidence. The government can dupe them no longer. The path is clear. The forward march has begun, and none will be able to obstruct this flood of support.

Upatissa Gamanayake said that this was a day dedicated to the workers. This is the day of the JVP. Today the workers were pressed on all sides. They were harassed, humiliated, and oppressed.

Mrs. Bandaranaike was on the brink of a political grave, surrounded by a group of bankrupt political mourners. The UNP is attempting to capitalise on these. A real Red-workers government will be established when the next May Day dawns he said.

U. A. Nandeseeli (Kantha Bala Mandalaya) P. Thangarajah (Lanka Estate Workers Federation) Vas Tilekeratne (Politbureau member) and Miss. Nita Yapa Bandara (Childrens movement) also spoke.

CSO: 4220/605

TAMILS BEING HARASSED

Colombo DAILY NEWS in English 3 May 82 p 9

[Text] Mr. N. Shanmugathasan, General Secretary of the Ceylon Communist Party, told the joint May Day rally led by the Sirima SLFP that he wanted to protest in the strongest terms against "the harassment and repression" which the Tamil people in the North and the East are suffering under a "virtual army of occupation".

Mr. Shanmugathasan alleged that the military in the North is mainly Sinhalese because there are no Tamils in the army except in the higher ranks. He alleged that the Tamil people were subjected to great harassment.

The TULF had asked for a separate state and got a separate military regime under the rule of the rifle and the gun.

"It is high time that the Sinhala leaders of the progressive and revolutionary movement of our country raised their voices against the atrocities and ensured that they end," he said.

Quoting Marx he said that no people that oppresses another can itself be free. Today it was the Tamils. Tomorrow it will be the Sinhalese. It was a pity that people who ought to know better and counsel maitri are instead advocating a Sinhala regiment in the North.

It was distressing that the TULF was having a dialogue with the very leaders of the forces that caused so much destruction in the North burning down the public library, the house of the Jaffna MP etc.

"We do not think the just demand of the Tamils can be won though individual terrorism. [as published] But we do not also condemn them like the spineless leadership of the TULF. Such actions were inevitable when a people fight back repression in the only way they know.

CSO: 4220/605

MARXISM NO SOLUTION FOR PEOPLE

Colombo DAILY NEWS in English 3 May 82 p 9

[Text] The leader of the Podu Jana Pakshaya Mr. Herath Mudiyansele Ranbanda told a May Day rally at Kotahena junction on Saturday that it would be futile for people to turn towards Marxist parties to end capitalist exploitation in this country.

Marxists he said had no respect for elders and believed in regimentation of workers and if the people elected a Marxist government it would be like falling from the frying pan into the fire.

He said the future of the SLFP was doomed owing to the present dispute in the party. The feudal and selfish attitudes within the SLFP ranks was the biggest obstacle for settling its present dispute.

He said workers and peasants who had been led up the garden path by these parties could now rally round the Podu Jana Pakshaya to work for their own liberation.

The General Secretary of the Podu Jana Pakshaya Mr. Saranapala Kariyawasam said his party's endeavour was to build a prosperous Sri Lanka for the common welfare of its people.

Mr. Ranjith Kumarasiri Mr A. H. P. de Silva and Mr. S. D. Wilson also spoke.

CSO: 4220/605

BRIEFS

JOB IN SAUDI ARABIA--The Saudi Arabian Government has told Transport and Muslim Affairs Minister M. H. Mohamed that it was prepared to employ ten to twelve thousand Sri Lankans in the immediate future. Job opportunities are available in Saudi Arabia for about 120 categories of employment ranging from engineers to unskilled workers. A Saudi Government delegation is due here soon for talks in this connection with the Sri Lanka Government. The Muslim Affairs Ministry will handle the Saudi Arabian employment along with the Labour Ministry. Meanwhile a three-member delegation of the Islamic Development Bank based in Saudi Arabia will arrive here on a three-day visit in May 6 to study the investment possibilities in Sri Lanka. The delegation is headed by Dr. Youssuf Abdul Latif Al-Sirkal and Dr. Omar Sajilm, Executive Directors of the Bank. The other member is Dr. Siddique Al-Taouti. [Text] [Colombo DAILY NEWS in English 3 May 82 p 13]

EXTREMIST PARTY--A special police committee has been appointed to investigate the activities of a radical left political party. The Committee which consists of intelligence personnel is headed by a Deputy-Inspector General of Police. The other members are a Superintendent of Police and two ASPs. The Committee will probe the financial resources of the party and ascertain whether it is receiving funds from foreign agencies. It would also go into the fact as to whether the organisation is preparing for any form of violence. A top police spokesman told THE ISLAND that the appointment of the probe team was a sequel to the party's massive propaganda extravaganza on May Day. Investigations will be aimed at discovering how these propaganda drives were funded and the party's sources of income. The spokesman also said that Intelligence reports indicated that some members of the organisation were infiltrating key government departments and that violent elements were being recruited into the party. The spokesman said that the Committee's report would be submitted to the National Security Council. [Text] [Colombo THE ISLAND in English 5 May 82 p 1]

TEA LOSSES REPORTED--Sri Lanka has recorded a tea drop loss of 10.8 million kilos in the first quarter of this year, Eastern Brokers, the Colombo tea brokers have reported. Among other producer statistics available, South India dropped 3.2 million kilos in Jan-Feb, Malawi lost 0.6 million and Kenya gained 2.4 million kilos during the same period. [Text] [Colombo DAILY NEWS in English 1 May 82 p 1]

INVESTMENT PACT WITH SWEDEN--An Investment Protection Agreement between Sri Lanka and Sweden was signed at the Presidential Secretariat yesterday. Mr. W. M. P. B. Menikdiwela, Secretary to the President and Mr. Carl G. Akesson, Charges d'Affaires for Sweden signed the agreement which was operative from yesterday. Similar agreements are now in force with the U.S.A., U.K., France, Sweden, F.R.G., Switzerland, Belgo-Luxemburg Economic Union, Singapore and the Republic of Korea. [Text] [Colombo DAILY NEWS in English 1 May 82 p 1]

CSO: 4220/604

'THAI RAT' EDITORIAL ON SUPPRESSION OF PIRACY

BK191154 Bangkok THAI RAT in Thai 19 May 82 p 3

[Editorial: "Suppression of Pirates in the Gulf of Thailand"]

[Text] The Indochinese problem is an international problem but the UN High Commissioner for Refugees [UNHCR] office has not tried to give direct assistance to solving the problem. It even refused to accept Thailand's report regarding its investigation of refugees, wanting to make its own investigation. As a result, Thailand, in addition to having to feed and shelter refugees, has become a target of criticism from other countries which do not understand its position.

Regarding piracy in the Gulf of Thailand, refugee victims told UNHCR officials that they were victimized by Thai pirates. However, investigation shows that pirates of many nationalities ply the open seas in the area and that it is impossible for Thailand to protect the entire area. When Thailand asked for modern equipment to provide better protection in the area, it was denied.

We believe that there is an air of distrust on the part of the UNHCR. Rather than reporting to Thailand, it would set up its own working group to conduct investigations. Whether or not the information it would receive would be correct is anybody's guess.

In the end, Thailand had to ask for assistance so that all parties concerned would share responsibility. This assistance was rejected. No one knows what reason the UNHCR has for wanting to control the matter itself or for assigning the international community to share the responsibility.

UNHCR reports show that last year 600 Vietnamese refugees were raped and 366 were killed. True or not, the world only knows that these victims suffered their fate in the Gulf of Thailand.

Although Thailand received some 80 million baht for the antipiracy program, it had asked for 670 million baht. Therefore, Thailand can only suppress piracy as its resources allow, but in the end it continues to be blamed for the pirates' activities.

Piracy in international waters is an international problem which requires cooperation from all, not just Thailand. Problems in international waters are not limited to just Indochinese refugees, but include safety in international waters for fishing boats, cargo ships and from international terrorism.

NATION SHOULD BE 'MORE RESERVED' ON KHMER COALITION

BK161116 Bangkok SIAM RAT in Thai 14 May 82 p 3

[Editorial: "Government, Listen Here"]

[Text] Saraburi MP Anan Buranawanit, who is a member of the House of Representatives Foreign Affairs Committee, said on Wednesday that Foreign Minister Air Chief Marshal Sitthi Sawetsila's visit to China to meet former Kampuchean head of state Prince Norodom Sihanouk was not an appropriate move since it could hurt Thailand's neutrality and place Thailand in a position to be used by China. It is noteworthy that on the same day the Heng Samrin regime's SPK News Agency commented on Air Chief Marshal Sitthi's visit saying it reflects the Thai Government's policy of serving Beijing's interests and allowing the anti-Phnom Penh factions to use Thailand as a sanctuary and a base to launch subversive activities against Kampuchea.

SPK also stated that the visit to China by Sitthi is aimed at increasing cooperation with the Beijing leaders for the formation of a tripartite coalition government of Kampuchea to destroy the People's Republic of Kampuchea, which means the Vietnamese-backed Phnom Penh administration.

Such a coincidence of views should not be ignored by the government. As a matter of fact, National Security Council secretary general Sqn Ldr Prasong Sunsiri earlier gave a personal warning that the government had given too much attention to the formation of a tripartite coalition government of Kampuchea.

What the government should do now is to review its policy on the issue so that Thailand will not [be] a victim of charges and accusations. The best course now is to remain calm and leave the matter to others--meaning other members of ASEAN--to carry out. There is no use in playing the leading role just because it wants to boast about any achievements.

It is true that it is the duty of ASEAN to see that the Kampuchean problem is settled in accordance with the UN resolution requiring Vietnam to withdraw its forces from Kampuchea and giving the Kampuchean people the right to

self-determination. Yet, Thailand should be more reserved and protect itself from being accused of being the major party in pushing for the setting up of a Kampuchean patriotic front. This is a military matter, and ASEAN, which is an association set up for economic and political cooperation, should have nothing to do with that.

We hope that, given these accusations, the government will learn a lesson and review its position in order to show that the Thai Government is independent and does not yield to external pressure in the conduct of its policies.

The Thai Government should not care too much whether the three Kampuchean factions are able to form a coalition since there is no guarantee that their unification would consequently improve Thailand's security. It is even possible that their unification could bring greater threats to Thailand.

CSO: 4207/93

OFFICIAL REJECTS REPORTS ON CHILD SLAVERY

BK091150 Bangkok Domestic Service in Thai 1300 GMT 8 May 82

[Text] The director general of the labor department, Wichit Saengthong, has reported on the results of the probe into a radio report by foreign newsmen on child labor in Thailand and reports by the foreign press on the existence of a widespread child slave trade here. According to Wichit, officials discovered that the story for the radio report and a documentary film shot by foreign newsmen was a fabricated story concocted solely for filming.

According to the officials, the two newsmen in question got help from the mother of the child in the film, Suni Nanthaphan, and two Thai nationals. Suni was given worn-out clothing to wear during the filming, which took place at a shabby hut they borrowed [for] this purpose. The mother of Suni Nanthaphan was given the sum of 1,500 baht by the two Thai nationals, who told her the money was for Suni's education.

According to the report by department officials, Suni Nanthaphan's family was not that poor and the Thai nationals who assisted the foreigners in making the film are known to have been hired previously by foreigners to help in filming similar stories in the Northeast. Wichit Saengthong said officials are seeking others involved in the filming in order to obtain more detailed information.

The director general of the labor department said he had received letters from Thai students in London telling him that during the BBC report about a month ago, the radio reporter even appealed to the British Government to boycott imports from Thailand and to halt all cooperation projects with the Thai Government. Such a report, which is not restricted to a factual presentation of the labor situation in Thailand, has put into question the real intentions of those who made the report.

The director general of the labor department said Thailand has laws prohibiting child trade and that slavery in Thailand has been abolished since the reign of King Rama V. Yet, the problem of child labor, in violation of the labor laws, remains something to be solved. The problem of social exploitation exists in all countries, he said, and all countries have their laws to achieve social justice and solve the problem. In Thailand, the problem has largely been solved thanks to concerted efforts by the concerned authorities. The labor department itself has instructed its officials to pay close attention to the problem.

CSO: 4207/93

THAILAND

ARMY OFFICIAL SAYS CPT 'COMPLETELY DEFEATED'

BK130738 Bangkok Domestic Service in Thai 0000 GMT 13 May 82

[Text] Major General Chaowalit Yongchaiyut, director of the Army Operations Department, disclosed that during the first 6 months of fiscal year, 1982, armed clashes between government forces and communist insurgents declined. The Communist Party of Thailand has become selective in launching violent operations by means of terrorism, avoided large-scale confrontations with government forces and applied new tactics, which can be construed to mean that the war is near its end.

During the period under review, the national forces launched both military and political offensives against the insurgents. The political offensive was first initiated by the announcement of Policy No 66/1981 of the Prime Minister's Office which drove the communist insurgents to the defensive. Political operations were also carried out in certain areas to eliminate the influence of the communist insurgents. While the government side implemented its political offensive policy, the CPT developed various problems such as the failure to deal correctly with the masses' problems, various strata of society and the adverse consequences of its activities against lives and property of the people as well as internal conflicts within the party itself.

Major General Chaowalit Yongchaiyut said that whether the communists resort to violent or peaceful tactics, in towns or in the jungle, no matter what strategy they may apply, they can never defeat the government side. It can be said that we have completely defeated the communists.

However, this does not mean that the problem has been solved completely. We still have to fight front movements which can help the communists. Therefore, during the next 6 months, operations will be launched to eliminate communist front movements. Although we have won the war with the communists, we still have to tackle some problems. The front movements also include certain groups of individuals who join hands with the communists for their own personal interests, despite the fact that they sometimes realize that what they do could affect the war with the communists. All these fronts must be eliminated as a matter of policy.

CSO: 4207/93

'MATICHON' ADVOCATES NEUTRALITY IN FALKLANDS CRISIS

BK100932 Bangkok MATICHON in Thai 6 May 82 p 4

[Unattributed article: "A Lesson From the Falklands Dispute"]

[Text] The Falklands dispute shows in a way that the gunboat diplomacy of British imperialism is gasping its last breath. A profound lesson to be drawn from the dispute, however, concerns the attitude and role of the United States.

It would not be wrong to say that Argentina is a U.S. satellite. Its political fortunes virtually hinge on the United States. In the early stage of the Argentine-British dispute over the Falkland Islands, the United States pretended to play the role of mediator acting in the interest of world peace. But as Argentina insisted on its interests, the United States was forced to take sides and it chose to side with Britain, thereby disregarding its former ties with Argentina. Such is international politics--no interests are more important than one's own interests.

A point for Thailand to note is that in international politics we should not be too dependent on or become a loyal satellite of a superpower. This is because in the end the superpower will base its decisions on its own interests.

In the past our leaders tied Thailand closely with the United States. We fought by its side in Korea and Laos. We complied with its request for the establishment of military bases on our territory. In the name of "assistance" the United States exercised quite a role in guiding the directions of our country--to such a degree that many said Thailand had become a U.S. state.

It is true that since the end of World War II U.S. assistance to Thailand has involved the provision of modern technology. However, the manner in which the assistance is given does not encourage independence on the part of the recipient but encourages dependence on the giver. Thus technology in Thailand is distorted. Although U.S. influence in Thailand has now receded somewhat, it cannot be denied that it is still greater than that of other countries.

After the end of Vietnam war and the Vietnamese aggression against Kampuchea, Thailand--being an ASEAN frontline state and a country under U.S. influence-- has been a target for the claws of several superpowers. For example, the PRC has been using Thai territory to help the Democratic Kampuchean Government of Khieu Samphan.

China, despite the fact that it is a communist country, has become involved with Thailand in international politics. This is because China and the United States are allied in their attempt to counter Soviet and Vietnamese influence, particularly Vietnamese influence. This corresponds with the policy of Thailand and ASEAN in wanting to contain Vietnamese military expansion.

In diplomacy, we could hope for assistance from the United States, China and the ASEAN countries in case of Vietnamese aggression. However, it does not mean that we must tie ourselves with any country to the point of becoming its satellite, because a truly effective defense of our country must come from our Thai people.

A lesson from the Falklands dispute and from Thailand's history of allying itself too closely with a superpower during the period of war in Indochina should remind us that it is best to try to stand on our own feet and to conduct an independent policy to preserve our national interests and national honor.

CSO: 4207/93

REPORT ON CPT ACTIVITIES

Base Seized

BK150548 Bangkok POST in English 15 May 82 p 1

[Excerpt] Combined government forces seized a major stronghold of the Communist Party of Thailand (CPT) during a suppression drive in the highland at the confluence of the Phitsanulok, Phetchabun and Loei provincial borders, a Third Army Region spokesman said yesterday.

The captured base on Phukhat and Phumuang Mountains was the CPT's central command post for the northern and northeastern regions. It has also been responsible for controlling two former satellite camps at Hin Rong Ka and Khao Kho, he said.

He said more than 10 insurgents, mostly hill-tribesmen, had been killed and 10 arrested in the operation, codenamed "Phamuang Kriangkrai" since it was launched May 9.

The government suffered two deaths and four wounded. A large amount of weapons, equipment, documents and medical supplies was seized from the insurgents.

The centre of the operation, the spokesman said, was in Nakhonthai District of Phitsanulok where most of the CPT's armed forces were based. The government forces seized the rebel command base on May 10 and another camp on May 12, reducing communist strength to about 100 men under arms and some 500 sympathisers, he added.

CPT Strength Declines

BK160949 Bangkok Domestic Service in English 0000 GMT 15 May 82

[Text] The combat capability of the Communist Party of Thailand [CPT] has recently been badly curtailed with its force being reduced to only about 7,000 men from the peak of about 18,000 in the period between 1973 and 1977. This was stated by Under Secretary of State for Interior Phisan Mulasatsathon at a press conference following a meeting of provincial governors at the Interior Ministry this week. The under secretary of state for interior adds that the CPT has completely no chance to overthrow the government owing to the decline in its strength.

'BANGKOK POST' CITES IMPORTANCE OF KAMPUCHEAN COALITION

BK170240 Bangkok POST in English 17 May 82 p 4

[Editorial: "Time Is Not on Their Side"]

[Text] Foreign Minister Sithi Savetsila returned home from Beijing last weekend with depressing news that there was little chance of an early "summit" conference of the three main Khmer factions fighting the Vietnamese occupation of their nation.

There has been little hope of achieving the kind of coalition envisioned by the Association of Southeast Asian Nations (ASEAN) ever since the leaders of the three factions met in Singapore and issued a communique about forming a government. The meetings in Bangkok last year of the ad hoc committee of representatives of the Khmer People's National Liberation Front (KPNLF), the Khmer Rouge and Prince Norodom Sihanouk's Moulinaka showed clearly that trying to mix oil and water was not exactly an easy task.

Son Sann, KPNLF leader, backed by ASEAN, the United States and other non-communist countries, demanded power where he did not have it and had no realistic way of getting it. Prince Sihanouk, former head of state, popular with France, the non-aligned movement and many Third World countries, is willing to go along with any agreement that could be reached between Son Sann and the Khmer Rouge. As if such an agreement were possible.

The Khmer Rouge realises that the so-called "Singapore proposal" for a loose coalition government would weaken it politically and, eventually, militarily. Its leaders know that with the exception of China they are abhorred throughout the world for their genocidal measures when they sat in power in Phnom Penh. It suspects that the ASEAN nations are interested only in a non-communist government emerging as an outcome of the internationally supervised general elections to take place if the Vietnamese occupation forces should leave.

Beijing, which supports the Khmer Rouge materially as well as morally, does not wish to have its protege lose power. That is why its leaders have been polite to our foreign minister without making any effort to persuade the

Khmer Rouge to work out a coalition with Prince Sihanouk and Son Sann. Of course, it is all an internal affair--except that the Chinese are actually supplying the Khmer Rouge with the arms to fight the Vietnamese who are supplied by Soviet Russia, China's public enemy No 1.

The conflict in Kampuchea has to be recognised for what it is--a proxy war between the Chinese and the Russians.

ASEAN is to be praised for its efforts to try to bring about implementation of the United Nations General Assembly resolution on Kampuchea which calls for the total withdrawal of Vietnamese forces and self-determination for the Khmer people. All very idealistic, but unpragmatic.

We have all done our work to keep the Khmer Rouge in the UN, and neither the Khmer Rouge nor their Chinese supporters feel at all obliged to do anything any more. But Beijing and the Khmer Rouge must be made aware that international abhorrence of the Khmer Rouge excesses will bring about their defeat in the UN, if not this year, next year.

If the Khmer Rouge are real patriots, instead of Chinese puppets, they should be able to see that it is not only their political position that is at stake but the independence and future of Kampuchea. Only then will they come around to see the need to improve their image by forming a coalition--by themselves, without the involvement of ASEAN and others--and in this way continue to win world approval for retaining the Democratic Kampuchea seat in the UN. If they allow Vietnamese Foreign Minister Nguyen Co Thach's idea of an "empty seat" for Kampuchea to gain ground by refusing to do anything about their reputation, they will witness Kampuchea becoming part and parcel of Vietnam. No amount of protracted guerrilla warfare after that could hope to reverse the situation.

CSO: 4220/612

'NATION REVIEW' DISCUSSES SITTHI'S TALKS IN PRC

BK150200 Bangkok NATION REVIEW in English 15 May 82 p 12

[Text] Foreign Minister Sitthi Sawetsila is scheduled to return from Beijing today after several intensive rounds of talks with Chinese leaders. His official statement may continue to be cautiously optimistic. But if Prince Sihanouk's statement from Beijing on Wednesday was any indication, the Thai-Chinese discussions might not have gone on too well.

Sihanouk made no secret of his apparently disillusionment with what he might have interpreted as an uncompromising stand by the Chinese who, according to well-informed sources, did not receive the news of a new draft of a tripartite coalition government for the three Kampuchean factions too positively.

"In fact, the Chinese were reported to have told the Thai foreign minister that Beijing could not accept the draft of the tripartite agreement supposed to be under negotiation between Khmer Rouge and Son Sann's KPNLF. The draft was to be signed in Kuala Lumpur when Khieu Samphan, Son Sann and In Tam (Sihanouk's chief representative) meet in the Malaysian capital later this month," said a senior Western European source in Beijing to a NATION correspondent.

Now, with the "tough statement" from Beijing, Sihanouk appears to be very upset. He was saying after his reportedly cordial discussions with Sitthi in Beijing earlier this week that it would suit him fine for Son Sann to be named chief of state and keep Khieu Samphan prime minister of Democratic Kampuchea--or the other way round while his man In Tam could be made deputy premier. "I claim nothing for myself or my party," Sihanouk declared in the Chinese capital after his meeting with Sitthi following Sitthi's conference with Chinese Foreign Minister Huang Hua.

Diplomatic sources told the NATION that Sitthi will now have to hold another round of talks with the four other ASEAN members in the face of the Chinese hardened stand, which apparently continues to insist on a military solution while ASEAN's efforts are particularly aimed at a political way out.

The "bad news" from Beijing came as a surprise to many observers in ASEAN who had heard reports that Son Sann and Khieu Samphan had met and arrived at a compromise which would enable the three-party draft to be signed in Kuala Lumpur.

The principles of consensus, non-preponderance and individual identities of the three parties were accepted. The proposed committees, with equal representation by all the three parties, to run the military and foreign policy of Democratic Kampuchea, were also supposed to have been agreed upon.

In fact, one ASEAN had said before Sitthi flew off to Beijing last week that a "breakthrough" had been achieved and that the stage was set for a new chapter in the painful path towards a "loose coalition" for the joint anti-Vietnamese drive.

But the air of optimism appeared to have evaporated somewhat, judging from the wind that blew from Beijing in the past few days. "But we should continue to exert our efforts," said a well-informed source.

It was not clear what the Chinese leaders told Sitthi, but it did appear that the relationship between China and Son Sann had dipped recently after the KPNLF head failed to make his presence in Beijing in February when Sihanouk met Khieu Samphan.

Sihanouk and Samphan met twice in Beijing in February and issued a joint statement, but it was far from a "bilateral" coalition as some observers might have put it.

Sihanouk at the time sent a telegram to Paris to his associate Somdech Nhiek Tioulong to explain that his meetings with the Khmer Rouge leader "had the only objective of slightly accelerating the formation of a tripartite coalition." The telegram also made it clear that there could be no coalition between the two parties. As long as the KPNLF failed to agree with the Khmer Rouge, there would be no bilateral coalition between DK and Sihanouk.

If the speculations of the rigid Chinese stand proved true, ASEAN leaders would have to seek a new way out--or try again to persuade the Chinese that ASEAN's proposed political solution would be the only effective way out in the end. The Chinese might have felt that the latest draft agreement for the formation of the new Khmer loose coalition government might "kill" the Khmer Rouge whom Beijing continues to believe to be the only credible military force to deal a severe blow to the Vietnamese in Kampuchea.

It was only May 11 that the Voice of Democratic Kampuchea, the Khmer Rouge's radio station believed to operate from southern China, broadcast a communique from the "Supreme Command" of the DK National Army and guerrillas. It asked their forces to "continue to try to build our DK National Army and guerrillas all over the country and in each unit, in particular, small groups on the frontline and rear battlefield..."

The DK has made no mention of the new efforts to form the loose coalition in recent broadcasts. "If the Kuala Lumpur summit among the three faction leaders was to take place as scheduled (towards the end of this month), it

would be to formally sign the agreement. There can be no negotiations there. It's simply too risky. If no complete agreement was reached before then, there would be KL summit. That's it," an ASEAN diplomat said earlier this week.

The uphill task continues to challenge ASEAN. And if the Chinese were as pragmatic as they were supposed to be, ASEAN should eventually have its way and get Vietnam out of Kampuchea through a political means. Otherwise, the knot would become even more entangled.

CSO: 4220/612

BRIEFS

SELF-DEFENSE VILLAGES--The Supreme Command Headquarters will set up 45 self-defense villages along the Thai-Burmese border. The establishment of the villages, expected to be completed by 1984, is part of the Supreme Command's overall plan to encourage local villagers living along the four border areas of Thailand to help authorities protect their homeland. The Supreme Command has already set up 117 self-defense villages to this effect along the Thai-Kampuchean border. It also reports that there is at present 30,000 displaced Burmese living in the country. The majority, one-third of them, are in Kanchanaburi Province. The Supreme Command says that the government has a firm policy to control and prevent these displaced persons from using Thai territory to undermine the neighboring government. [Text] [BK190714 Bangkok Domestic Service in English 0000 GMT 19 May 82]

TRADE PROCEDURES WITH LAOS--The Foreign Trade Department has revised the requirements for Thai traders who transact their business with Laos. The newly revised requirements are designed to facilitate trade between Thailand and Laos in accordance with the agreement made between the two governments in March. Following the revision, payments can be made through all Thai commercial banks, not only through the government's Krung Thai Bank. The required documents and the application procedures at the Foreign Trade Department have also been decreased to help eliminate red tape in trade between the two countries. [Text] [BK150945 Bangkok Domestic Service in English 0000 GMT 15 May 82]

TAPIOCA EXPORTS TO USSR--The annual export quota of different kinds of tapioca products offered to the Soviet Union has been fixed. The Thai Cassava Trade Association has announced that the export quota of tapioca pellets to the Soviet Union would be at 100,000 tons a year and the export of tapioca flour would be at 10,000 tons. The president of the Thai Cassava Trade Association, Mr Suraphon Atsawasirayothin, says that the quota will be in accordance with the demand of the Soviet Union. Meanwhile, the plan to promote tapioca products in Poland and Romania has been suspended because of the crop's surplus in those two countries. [Text] [BK130421 Bangkok Domestic Service in English 0000 GMT 13 May 82]

COMMODITIES TO USSR--The head of the visiting Russian trade delegation, Deputy Foreign Trade and Industry Minister Mr Gordeyev, recently met with his Thai counterpart to jointly set a bilateral trade target between the two countries during the next 4 years. The Thai deputy commerce minister has disclosed that trade value between Thailand and the Soviet Union totaled 10,500 million baht last year. The Soviet Union faces a trade deficit of 10,200 million baht with Thailand. Thai major export items to the Soviet Union include rice, tapioca, maize, sorghum, raw sugar and minerals, while Soviet exports to Thailand are mostly chemical products. The Thai deputy commerce minister has added that Thailand has so far exported 1.2 million tons of rice. It has been expected the amount will increase to 1.5 million tons at the end of this month. [Excerpt] [BK141003 Bangkok Voice of Free Asia in English 1100 GMT 13 May 82]

TIN PRODUCERS GROUP--The director general of the mineral resources department has disclosed that Thailand has agreed in principle with Malaysia and Indonesia to form a tin producers' association if the 6th international tin agreement could not be affected next month. He has returned from Kuala Lumpur where the delegation led by the Thai industry minister discussed with its Malaysian and Indonesian counterparts the formation of such an association. He disclosed that the fate of the 6th international tin agreement would be decided by the United Nations on 11 June when a meeting of tin producing and consuming countries is convened. It has also been revealed that other tin producing countries would also be invited to join the proposed association. [Text] [BK190707 Bangkok Voice of Free Asia in English 1100 GMT 18 May 82]

COMMERCE MINISTER TO LAOS--The commerce minister has disclosed that the Lao ambassador called on him today to extend an invitation for him to visit the LPDR to examine trade prospects. The commerce minister said he believed he will visit Laos in the next few days. He also noted that he and the Lao Ambassador discussed problems concerning the delivery of Lao goods transiting Thailand. Laos has been asked to buy goods produced in Thailand rather than buying goods elsewhere and using Thailand as a transit point. [Excerpt] [BK101500 Bangkok Domestic Service in Thai 1300 GMT 10 May 82]

LAO, VIETNAMESE, KAMPUCHEAN REFUGEES--The Supreme Command Information Office reported that a total of 76,222 illegal Kampuchean immigrants are now being detained at the three military holding centers in Prachin Buri Province and the other one in Trat Province. At Phanat Nikhom transit center, a total of 18,246 illegal Kampuchean immigrants are awaiting departure to third countries. There are 4,372 Vietnamese illegal immigrants now being detained at the two centers in Songkhla Province and Si Kheu District of Nakhon Ratchasima Province. A total of 71,166 illegal Lao immigrants are being held at the Interior Ministry's refugees centers at Chiang Khong District, Nam Yao village in Pua District, Satuang village of Mae Charim District, Pak Chom District and the three others in Non Khai, Ubon Ratchathani and Nakhon Phanom Provinces. [Text] [BK100722 Bangkok Domestic Service in Thai 1330 GMT 9 May 82]