



Regional Focus - ASEAN - Bangkok '94

During the past week, the Association of Southeast Asian Nations (ASEAN) held a series of meetings in Bangkok, Thailand, in conjunction with the organization's 27th Annual ASEAN Ministerial Meeting. ASEAN was formed in 1967 with five original members: Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei joined ASEAN in 1991. The meetings included the annual Post-Ministerial Meeting and the inaugural ASEAN Regional Forum (ARF) to discuss security issues.

27th ASEAN Ministerial Meeting

The foreign ministers of the six ASEAN states gathered for the 27th ASEAN Ministerial Meeting on 22-23 July. The foreign ministers of Vietnam and Laos participated in the meeting as holding observer status in ASEAN. Cambodia's foreign minister attended as a guest of ASEAN, and Burma's foreign minister attended as Thailand's guest.

ASEAN Regional Forum (ARF)

On 25 July, foreign ministers and senior officials from 18 countries met for the inaugural ASEAN Regional Forum (ARF) to discuss security issues. ARF included the six ASEAN members, ASEAN's seven dialogue partners (Australia, Canada, the European Union, Japan, New Zealand, South Korea and the US), and five other countries in the region (China, Laos, Papua New Guinea, Russia and Vietnam). ARF was the first multilateral, ministerial-level security meeting in Asia.

The participants met for a 3-hour afternoon session, followed by a 2-hour "informal working dinner." Each participant was allotted 10 minutes to address the forum. A Japanese official said that while most of the discussion was general to avoid contention, participants went into detail on several issues. A Thai foreign ministry official said, "The discussion was mostly friendly; by alphabetical order Vietnam sits beside the United States, that means lots of things."

During the next 12 months, proposals and suggestions made at ARF will be collected and processed by the next ASEAN chairman, Brunei, and in consultation with the other participants, will be put into a format for discussion at next year's ARF.

Concern was expressed whether the gaps between the annual forum meetings will leave a vacuum. Another concern expressed was the absence of representatives from the region's most problematic, and potentially explosive, countries. The governments of Burma, Cambodia, and North Korea were not represented, nor was Taiwan, one of the six claimants to the Spratly islands.

ASEAN Post-Ministerial Meeting

The annual ASEAN Post-Ministerial Meeting was held on 26-27 July, consisting of representatives of the 18 nations which participated in ARF.

Discussion highlights

Throughout the week, issues were discussed in the various forums, and in post-meeting press conferences. Highlights:

◆ **On aid to Cambodia** - ASEAN and participating nations expressed unanimous support for the Phnom Penh government, but stopped short of pledging to supply arms. On 26 July, Australia's Foreign Minister Gareth Evans said meeting participants discussed how to best coordinate military aid in the form of training, army organization and discipline. "A number of countries expressed their support for that kind of approach," he said. When asked about the supply of weaponry, Evans said this was not the highest priority. "The immediate need is training, organization, institutional support." Evans said although the stated strength of Cambodia's army was 130,000, it is probably only 90,000. "And of course there are 2,000 generals, a significant number of whom cannot be said to have contributed to the military expertise of the RCAF [Royal Cambodian Armed Forces]." Also on July 26, Indonesian Foreign Minister Ali Alatas denied a report in the *Bangkok Post* that Indonesia was selling ammunition to the Cambodian government.

◆ **On trade issues** - On 25 July, ASEAN members urged their East Asian neighbors to join the East Asia Economic Caucus (EAEC), a trade group that excludes Australia, Canada, New Zealand and the US. ASEAN's foreign ministers agreed to try to reassure the US and other countries that the EAEC would not become an exclusive trading block. ASEAN Secretary General Ajit Singh said that "it is important to reassure all our friends that what we are doing is not in any way inimical to their interests and we are not trying to derail the APEC process." EAEC's success largely depends on Japan's participation as Japan is the region's dominant economic power. However, Japan has been hesitant, partly because of its close ties to the US. Australian Foreign Minister Gareth Evans said, "I think it is an idea whose time has not yet come. We think that EAEC runs the risk, at best, of being a distraction from APEC, at worst, of creating divisions down the Pacific that will be unhelpful in achieving APEC's larger goals."

◆ **On military issues and volleyball** - During ARF, participants discussed nuclear non-proliferation, a regional peacekeeping training center, and exchanges in non-classified military information. Thai Foreign Minister



Prasong Soonsri said all ARF participants will eventually be asked to declare their arsenals to the UN Conventional Arms Registry to promote transparency among the region's defense establishments. Russia asked ARF to discuss international arms sales guidelines it has proposed. Philippine Foreign Secretary Roberto Romulo proposed volleyball games among military units in the South China Sea. "We have identified this game after serious study and consultation," Romulo said. "It symbolizes the teamwork and cooperation that would be required to prevent potential conflict."

◆ **On Burma** - ASEAN is engaging in a policy of "constructive engagement" toward Burma's military junta, exemplified by Burma's inclusion in the Ministerial Meeting. On 23 July, Thai Foreign Minister Prasong Soonsiri said "ASEAN is confident that this policy will eventually allow Myanmar [Burma] to accelerate reforms." Most Western countries differed with ASEAN on how to encourage change since the military suppressed a pro-democracy uprising in 1988 and detained dissident leader Aung San Suu Kyi without a trial. However, at the Post-Ministerial Meeting, Australia, Canada and the European Union indicated an acceptance of a stronger emphasis on the "carrot" of improved diplomatic and economic ties, rather than the "stick" of sanctions and boycotts, as a way to foster reforms in Burma. US officials said they had "agreed to disagree" with ASEAN's constructive engagement policy. US Undersecretary of State Joan Spero said, "while we share the same overall objective for Burma, namely the developing of open and political systems, we have some differences on how to achieve this end."

◆ **On East Timor and human rights** - At a press conference on 27 July, Indonesian Foreign Minister Ali Alatas dismissed a question about how Indonesia could present itself as a peacemaker after invading and occupying East Timor. Alatas denied pressuring Thailand to prevent East Timor activists from publicly expressing their views [see *Digest*, 22 Jul]. Thai Foreign Minister Prasong Soonsiri said that at the Ministerial Meeting, the issue of human rights was discussed only in general terms. There was no mention of "human rights" in the 10-page joint communiqué issued at the close of the Ministerial Meeting.

◆ **On workers' rights** - On 26 July at the Post-Ministerial Meeting, US Deputy Secretary of State Strobe Talbott said that the soon-to-be established World Trade Organization (WTO) will need to address "new trade issues such as trade and environment, labor standards, competition policy and investment." Thai Foreign Minister Prasong Soonsiri said, "To transplant Western standards to a country in total disregard of its own cultural and social norms would not only jeopardize its economic competitiveness and achievement, but also could result in adverse consequences to the political and social stability of the country." The ASEAN joint communiqué issued at the close of the Ministerial Meeting expressed "serious concern that the linkage of workers rights, labor standards and environmental issues [to world trade agreements] could become a new pretext for protectionism." The communiqué stated such issues should be addressed by the International Labor Organization, not the WTO.

◆ **On Taiwan's exclusion from ARF** - On 25 July, China's Foreign Minister Qian Qichen rejected the US suggestion to include Taiwan in ARF. A member of the Taiwan parliament

said, "Taiwan is the third largest foreign investor in Southeast Asia. When Taiwan's security is endangered, so is the security for the whole region." The parliament member said ASEAN's unstated reason for creating ARF was to neutralize China's influence in the region, and the forum could use Taiwan's presence to attain that objective.

◆ **On the South China Sea** - At ARF, China's Foreign Minister Qian Qichen said China regarded claims by Brunei, Malaysia, the Philippines, Taiwan and Vietnam over the Spratly islands as a bilateral problem. Qian expressed China's acceptance of the ARF framework. "We stand for a gradual approach in finding out practical means of cooperation," he said. However, there was no indication that China would accept a multilateral approach to resolving territorial disputes such as the Spratlys. A Chinese foreign ministry spokesman added that China applies confidence-building measures "bilaterally" with countries it considers to be "good neighbors."

◆ **On North Korea** - On 25 July, US Deputy Secretary of State Strobe Talbott said North Korea's refusal to accept nuclear inspectors "raises the specter of a destabilizing nuclear arms race in the region." Talbott told reports he mentioned North Korea in his ARF statement because "there is no more pressing issue than that one. There was virtual unanimity on that." On 26 July, a Japanese official said the US was considering asking Japan to pay for a light-water nuclear reactor for North Korea to replace its present graphite-moderated facility. Light-water reactors are safer and produce less plutonium than graphite reactors.

Indochina membership

◆ **Vietnam** - All ASEAN members expressed support for Vietnam becoming their 7th member. After the Ministerial Meeting, Thai Foreign Minister Prasong Soonsiri said, "Nobody is against Vietnam's application in principle, but the question is whether Vietnam has the ability or the readiness to participate in ASEAN." One consideration is whether Vietnam has enough human resources for the countless meetings of the various ASEAN committees and forums each year. Another consideration is whether Vietnam can participate in all ASEAN activities, including financial activities such as the ASEAN Fund, a financing pool requiring each member to provide US\$1 million. ASEAN said Vietnam will probably be given full membership during the ASEAN summit conference at the end of 1995.

◆ **Laos** - On 22 July, Lao Foreign Minister Somsavat Lengsavat said Laos still needs time to prepare to become a full ASEAN member, but that Laos would participate in committees on the environment, science and technology, drug control, culture and communications. The Lao delegation was eager to learn details on how to apply for ASEAN membership. Philippine Foreign Secretary Roberto Romulo, who recently visited Laos, said, "Laos is very realistic...They have to train staff and be a little more comfortable with that before they pursue membership."

◆ **Cambodia** - On 21 July, Cambodia's Foreign Minister Prince Norodom Sirivuth said, "Cambodia is part of the region, so it should join the region's forum." Sirivuth said as the first stage, Cambodia will accede to ASEAN's Treaty of Amity and Cooperation. On 24 July, Sirivuth said, "We have shown our intention to join ASEAN as soon as possible but we understand too that we must pass through some gates."



CAMBODIA

Khmer Rouge attack train

A band of at least 30 suspected Khmer Rouge guerrillas attacked a train in the Kampong Trach district, 81 miles south of Phnom Penh. Initial reports stated five passengers were killed in the bloody attack along with 2 government soldiers and 2 railway militiamen, and scores were wounded. The guerrillas looted the train and forced hundreds of passengers to carry items to Phnom Voir, a rebel base located 6 miles from the scene of the attack. Although the rebels released their Cambodian hostages, three westerners remain captured by the rebels. There have been unconfirmed reports that 3 Vietnamese, who had also been captured, have been killed by the guerrillas. There is no word on the fate of the missing westerners. According to a traveling companion the westerners are from France, England and Australia. A passenger wounded in the attack said he "saw the three foreigners, they were tied up and they were crying as they were forced to go with [the rebels]."

Rice import duty waived

The Cambodian government will waive taxes on imported rice in order to stabilize prices which have risen sharply due to an estimated production shortfall of at least 180,000 tons this year [see *Digest*, 22 Jul]. The World Food Program (WFP) is prepared to provide 40,000 tons of rice worth US\$15 million to help ease the shortage. A WFP official blamed the ongoing war between the government and Khmer Rouge rebels and the weather as the reasons for the shortfall.

Editor to be released

Nguon Nuon, editor of the Khmer language newspaper *Morning News*, who was jailed after the 2 July coup attempt for "creating disorder" [see *Digest*, 15 Jul] will be released from jail, according to UN High Commissioner for Human Rights Jose Ayala Lasso. During a two day visit to Cambodia, Ayala Lasso met with Prime Minister Norodom Ranariddh on 25 July and was given assurances that Nuon would be set free and that all charges against him dismissed. Ayala Lasso said he was "encouraged" that the government made this decision regarding Nuon and that he had "reasons to believe that this approach by the Cambodian government shows the willingness of the government to improve permanently the conditions of human rights in [Cambodia]." No date was set for Nuon's release.

Inflation up

Reuters News Agency reported on 27 July that the National Bank of Cambodia's May Economic and Monetary Statistics Review showed inflation for the first five months of 1994 was 13.7%. Inflation, which was 3.64% in April, rose to 5.73% in May. The report stated, "This large increase has to be viewed within the framework of the target of reducing inflation from 31% per annum during 1993, to 10% in 1994"

Cambodian aid updates

◆ **US agreement signed** - US and Cambodian officials signed an agreement providing US\$24 million in aid to the

Cambodian government on 27 July. US\$15.1 million will be used to promote primary health care, community development, water and sanitation, vocational training and prosthetics. US\$2.8 million has been allocated toward providing technical assistance to government institutions. An additional US\$6 million was added to the US-sponsored project to repair the main road between Phnom Penh and the port town of Sihanoukville. [See *Digest*, 22 Jul].

◆ **France to print riel** - French and Cambodian finance officials signed an agreement on 23 July which will allow France to print money and supply minted coins to the National Bank of Cambodia. According to Cambodian Finance Minister Sam Rainsy, "The notes will have a new design with the Kingdom of Cambodia to reflect the new situation in Cambodia." The French also agreed to provide US\$16 million in aid. Infrastructure development projects will receive the bulk of the aid. US\$11 million will be used to upgrade Cambodia's telecommunication, water, and electricity systems as well as to provide aviation training and equipment. The French will also provide US\$3.6 million in food aid and will allocate US\$900,000 to the French non-governmental organization Handicap International for their prosthetic work.

VIETNAM

Human rights updates

◆ **EU clause** - On 23 July, the European Union's external affairs commissioner Hans Van den Broek, on a visit to Hanoi [see *Digest*, 22 Jul] announced Vietnam and the EU agreed on a human rights clause as part of a trade and cooperation pact. "I believe we have now found wording which is satisfactory to both sides," Van den Broek said. An EU official said the breakthrough in the stalled negotiations on the trade pact came during Van den Broek's meeting with Communist Party Secretary General Do Muoi on 22 July. Van den Broek said the clause is similar to those contained in EU framework agreements with many other countries. "We wanted to remain consistent and not discriminate in any way, neither towards Vietnam nor towards other countries with whom we have concluded agreements."

◆ **Monk gets new trial** - On 28 July, a Hanoi appeals court official said a new trial has been granted to Thich Hanh Duc, head of the Son Linh pagoda near Vung Tau. Earlier this year, the monk was convicted of public disorder charges and sentenced to three years in jail. The official said the retrial was scheduled for 30 July at Vung Tau.

Twenty killed in boat accidents

Ten people died and 18 people are missing in a ferry boat accident on the Red River on 27 July. The ferry was carrying about 50 passengers from Hanoi to the village of Chu Phan 10 miles north of the city. Witnesses said the ferry's motors ceased operating, and a strong current swept the boat into some barges near the bank, causing it to sink. Also on 27 July, a boat with 32 passengers collided with a ship and sank near Haiphong port. Six people died and six others are missing. On 24 July, a boat sank in rough water in Quang Ninh. Four passengers died and 9 others were rescued.

**TRADE/INVESTMENT****Vietnam updates**

◆ **Petronas' oil find** - Despite its earlier denial [see *Digest*, 22 Jul], on 27 July, Malaysia's state oil company, Petronas announced it had discovered "a significant volume of oil" at its Ruby Prospect concession offshore Vietnam. The concession is located about 78 kms northeast of the *Bach Ho* [White Tiger] field and 155 km east of Vung Tau. In one test, the oil production rate was 1,750 barrels per day (bpd), with an oil gravity of 40 degrees API. In another test, oil flowed at a rate of 880 bpd with an oil gravity of 38 degrees API.

◆ **New oil blocks** - On 28 July, PetroVietnam chairman Ho Si Thoang announced Vietnam plans to grant exploration licenses in offshore blocks 16 and 9. The blocks are near two existing oil fields, the *Bach Ho* [White Tiger] and *Rong* [Dragon], in an area currently controlled by the Russian-Vietnamese joint venture, VietSovPetro.

◆ **US 30-year rice deal** - On July 24, the US trading firm American Rice signed an agreement with the state-owned Vietnam Food Corp. II (Vinafood Two) to buy 300,000 tons of Vietnamese rice annually for the next 30 years. Earlier this year, American Rice bought 200,000 tons of Vietnamese rice [see *Digest*, 22 Apr], which was processed, repackaged under the label "Golden Palace," and sold in the US, South America and Middle East. According to the State Committee for Cooperation and Investment, American Rice is considering establishing an instant rice processing plant in Soc Trang province in the Mekong River delta.

◆ **Toyota joint venture** - On 25 July, Japan's Toyota Tsusho Corp. entered a joint venture with Hanoi Car Service Co. for marketing and maintenance service for Toyota cars. Toyota owns 67% of the new company, Toyota-TC Hanoi Car Service Corp., while Hanoi Car Service owns 33%. Toyota-TC plans to sell 170 cars between now and December 1995.

◆ **Saigon Superbowl** - Three Singaporean companies, Singapura Tobacco Pte., Guthrie GTS Ltd., and Tecsin Holdings are planning to build a US\$12.6 million leisure complex in HCMC in a joint venture with Vietnam's SAMCO-M, a subsidiary of the Ministry of Defense. Located near Tan Son Nhut airport, the "Saigon Superbowl" will include a 32-lane bowling alley and amusement center, a supermarket, restaurants and fast-food outlets. Construction will begin in December with the scheduled completion date at the end of 1995.

◆ **Japanese insurance** - On 25 July, Japan's Tokio Marine and Fire Insurance Co. opened a representative office in HCMC. The company opened its Hanoi office in January. It is the fourth Japanese non-life insurance company to establish operations in Vietnam, and the second to operate two outlets.

UPS plans Cambodia venture

The US express mail and shipping firm United Parcel Service of America Inc. (UPS) is planning to open its office in Phnom Penh in September in a joint venture with JVK International Movers Ltd. and Naga Shipping Lines Co. Ltd., which are both registered in Thailand. UPS said it plans to further extend its Indochina service by starting operations in Laos by the end of the year.

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