



Indochina

Digest

Vol. VII

12 August 1994

No.32

TRADE/INVESTMENT

Have license or pay fine

Vietnam News reported on 10 August that a new law has been enacted which provides for fines of up to US\$50,000 for foreign firms with representative offices in the country which operate without a license or are found to be conducting business illegally. Offices operating on expired licenses can be fined up to US\$20,000. The new statute, which codifies current regulations, specifies that representative offices are not allowed to conduct business or sign contracts with local firms but are allowed to make contacts and provide for visiting executives and clients.

Foreign investment up

On 7 August the State Committee for Cooperation and Investment (SCCI) reported a total of 859 foreign investment projects with capital of US\$8.98 billion are currently underway. During the past year, 300 projects valued at US\$3.5 billion have been licensed. Since 1988 SCCI reported it had licensed 1,020 projects worth US\$9.8 billion. Eight projects worth US\$88 million have been completed and licenses for 153 projects with capital of US\$737 million have been revoked. Taiwan and Hong Kong remain Vietnam's largest investors with capital of US\$1.68 billion and US\$1.57 billion respectively. The US has moved to fourteenth on the list, just ahead of Russia, with US\$156.8 million invested in 14 projects.

Vietnam updates

◆ **Rice exports rise** - As of late July rice exports topped 1.08 million tons according to a report in the 7 August *Vietnam News*. This represents a 5.7% increase over the same period last year. Vietnam, which exported 1.7 million tons of rice in 1993, has set a goal of 2 million tons in 1994.

◆ **Cargo deal signed** - Vietnam Airlines and its joint venture partner Cargolux of Luxembourg will begin weekly air freight flights from HCMC to Europe on 9 August. Vietnam Airlines said that a Cargolux Boeing 747 will fly to Moscow and Luxembourg every Tuesday. Goods will then be shipped by land to other European cities. Under the agreement, European goods will also be shipped to HCMC.

◆ **Bank branches out** - Indovina Bank will open a branch office in the port city of Haiphong. "Haiphong ranks third in terms of foreign investment and has good city development plans," said a bank spokesperson. Indovina Bank, a joint

venture between Indonesia's Bank Dagan Nasional Indonesia (BDNI) and the state-owned Industrial and Commercial Bank of Vietnam, has offices in Hanoi and HCMC.

◆ **Diners Club now accepted** - Diners Club will now compete with American Express and Visa in the expanding Vietnamese credit card market, according to a report in the 10 August *Vietnam News*. Citibank, which owns Diners Club, signed an agreement with Indovina Bank allowing it to become the agent for transactions involving the credit card.

◆ **US\$450 million energy loan sought** - On 3 August, the *Vietnam News* quoted Minister of Energy Thai Phung Ne as stating that Vietnam is seeking loans amounting to US\$450 million from the World Bank and Asian Development Bank to upgrade overloaded power circuits in Hanoi and HCMC. Ne said 5 out of 11 transformer stations in Hanoi and 12 out of 15 in HCMC are overworked.

◆ **Swiss hotel** - On 3 August, *Nhan Dan* reported Switzerland's Noga International entered a joint venture agreement with a subsidiary of the Ministry of Trade to build a US\$216 million hotel and trade center in downtown HCMC. Noga owns 70% of the venture and the Ministry of Trade 30%.

Insurance updates

◆ **Government life insurance** - Cai Si Kiem, governor of Vietnam's State Bank, said in a 7 August interview with *Vietnam Economic Times* that the government will start selling "life insurance through the treasury system and banking system" in order to attract money currently in private hands. Life insurance is presently sold by the state-owned insurance company BaoViet. Kiem said the government hopes to increase domestic savings for economic development through this new policy and others such as issuing domestic bonds and cracking down on tax evasion.

◆ **John Hancock signs on** - US insurance giant John Hancock, as part of its growing expansion in Asia, plans to move into Vietnam and China in the near future. "We are implementing a long-range, strategic commitment to establish a major presence in Asia," said Derek Chilvers, president of John Hancock International Holdings Inc. in a *ReutersNews Agency* interview. The company, which currently has operations in Indonesia, Malaysia, Singapore and Thailand, has been holding exploratory talks with officials in both Hanoi and Beijing. Chilvers said he hopes to be issuing policies in both countries within the next three to four years.

**VIETNAM****Foreign currency controls implemented**

Prime Minister Vo van Kiet decreed that as of 1 October foreign currency will have to be routed through banks instead of circulating in dollar bills. [See *Digest* 17 Jun] "From this point forward all payment for goods and services shall be made in Vietnamese currency to shops and organizations formerly authorized to receive foreign currency," said a report in the *Vietnam News*. "Only duty-free shops, service agencies at ports of entry, and places authorized by the prime minister and licensed by the (central) State Bank can receive payment in foreign currency."

A top government economist told *Reuters News Agency* that Kiet's decision was intended to bring in an estimated US\$600 million in American notes now circulating and to increase the use of the *dong*. "The intention is not to hurt people but to restore order," he said. The economist also said that 70% of Vietnam's hard currency turnover is done by state companies and that "people are keeping money under the mattress—we need to get it into banks." It is not at all clear what impact the decision will have on tourists who now pay most of their bills in dollars.

Urban planning updates

◆ **Height restrictions** - The *Vietnam Investment Review* has reported that city planners are pushing a proposal which would limit the height of new downtown office buildings to six stories. The proposal is currently under review by the Construction Ministry. If approved, development would have to be halted on several major hotel and office complexes which are currently in the works. The proposal calls for a six story limit on buildings surrounding the Lake of the Restored Sword and a three-storey limit on new buildings in the area known as 36 Streets.

◆ **Hanoi traffic plan** - Hanoi officials have drawn up an ambitious US\$8.5 billion plan to expand roads and bus routes and build an elevated railway by the year 2010. The plan aims to control the effects of worsening traffic as Hanoi doubles in surface area and car ownership rises. Hanoi now has 22 cars for every 1,000 residents, but the number is expected to rise to 50 cars per 1,000 over the next 10 years. Officials estimate the city will need to pave an additional 310 miles of streets and roads. They also want to increase the use of passenger buses and increase their number from 160 to 2,300. The planned elevated railway will stretch 5 miles between two train stations.

3 charged in Hanoi market fire

Three people have been charged with various offenses in the fatal Dong Xuan market fire [see *Digest* 15 July]. Tran Duc Nhuan, manager of the market, has been charged with "irresponsibility leading to serious losses." The watchman who supposedly failed to turn off the main electrical switch was charged with negligence and the owner of the stall where the fire started was charged with dealing in

unregistered goods. The fire killed three people and caused an estimated US\$16 million in property damage.

Hanoi workers unearth US bomb

On 8 August, the *Lao Dong* newspaper reported construction workers unearthed an unexploded 660-lb. bomb in the foundation of a house they were rebuilding in central Hanoi. The bomb dated back to wartime US bombardment of the capital. An army bomb disposal unit moved the bomb to a safe area outside of the city where they planned to defuse it.

Firecrackers

On 10 August, the government said it plans to ban firecrackers for the next Tet lunar New Year after 71 people died and 765 were injured during this year's celebrations in February. *Vietnam News Agency* reported firecrackers will still be allowed during festivals marking anniversaries and celebrating the opening of new shops and offices.

CAMBODIA**Ransom negotiations underway**

The Cambodian government is reportedly negotiating a ransom payment with Khmer Rouge guerrillas for the release of three western hostages taken in a train ambush on 26 July [see *Digest* 5 Aug, 29 Jul]. "I think they [the government] would be flexible [if a] cash for hostages" deal could be worked out, said a senior government minister. "The government's decision is that the first priority concerns the safe release of the hostages. They are working on that now."

Several thousand government troops have surrounded the Vine Mountain rebel base located 150 km (93 miles) south of Phnom Penh causing speculation that the government may attack the base. However, First Prime Minister Norodom Ranariddh said, "We are not going to attack. Neither the police nor the military will take any military or forced action in order to threaten the lives of those hostages."

British hostage Mark Slater wrote an earnest plea for their release on 7 August. "Please, please, please get us out of here and back to our families and respective countries," he wrote. Slater also requested that no more supplies be sent to the hostages saying "It complicates things for us here. We are not ungrateful but it increases the tension having western products around. All we request is our freedom." On 11 August the Australian embassy conducted a public security meeting to discuss a new travel advisory. It was attended by 60 Australian and Canadian nationals.

Coup leader off to France

Senior Thai government officials said that suspected coup leader Prince Norodom Chakrapong has been granted asylum in France and that he was expected to fly there on 7 August. Chakrapong had been in Thailand for a brief visit with his wife and son [see *Digest* 5 Aug].



In a related coup development, First Prime Minister Norodom Ranariddh said that Cambodia would release several of the 14 Thai nationals suspected of partaking in the failed coup attempt. "In order to show our willingness to improve and consolidate relations with Thailand, and in accordance with the will of his majesty the king . . . some of the Thais will be, I think next week, released," he said.

Prosthetics for amputees

On 9 August, India gave Cambodia US\$300,000 worth of medical equipment and prosthetics material to help amputee victims of land mine accidents. India has also agreed to send three experts from the Kanpur-based Artificial Limb Manufacturing Centre Corporation to train local people in fitting and assembly of artificial limbs.

US POLICY**US Congress lifts ban**

The US Congress lifted a 21 year old ban on bilateral aid to Vietnam when it passed the US\$13.8 billion dollar foreign operations bill on 10 August. The ban, which was enacted in 1973, prohibited "assistance of any kind, directly or indirectly" to Vietnam unless it was specifically authorized by Congress. Vietnam was also removed from a list of countries which are prohibited from receiving direct assistance from the US. These moves open up the possibility of the Export/Import Bank making credit available to US companies doing business in Vietnam. Although many restrictions remain in place, lifting of the ban means that the President can waive those restrictions if he decides it is in the "national interest" to do so. There was no money provided in the bill for Vietnam. Many analysts believe that the lifting of the restrictions will have little effect, if any, on the Clinton Administration's policy of seeking progress and cooperation from Vietnam on the MIA issue and they do not expect any major initiatives from the Administration to provide assistance to Vietnam.

FYI**Bookshelf**

◆ **The Vietnam People's Army Under Doi Moi** - This 112-page book, written by Dr. Carlyle Thayer and published by the Institute of Southeast Asian Studies (ISEAS), is the first major study on the Vietnamese military since Vietnam adopted its economic reform program in 1986. The book examines the impact of *doi moi* on the armed forces, the military's changing role in Vietnamese society, and the adoption of a new defense strategy. It is part of ISEAS's "Pacific Strategic Papers" series. The cost of the book is US\$15.50, and US\$4.00 for postage. For more information, contact ISEAS in Singapore, tel: 65-778-0955; fax: 65-778-1735. In the US, contact Ashgate at fax no. 802-276-3837.

◆ **Vietnam: The Next Asian Miracle?** - DRI/McGraw Hill and the Vietnam Investment Advisory Service (VIAS) announced plans for a study of export and investment opportunities in Vietnam over the next decade. The two-part study is open to corporate subscribers. Part A of the study, "Vietnam: Opportunities and Risks for Foreign Businesses" is scheduled for publication in October 1994, and will analyze Vietnam's economic reforms, the legal and regulatory environment, markets for consumer and capital goods, and risk-minimizing strategies. Part B, to be available in March 1995, will cover macroeconomic and sectoral change in the next ten years, and will include projections of key economic indicators that companies need to examine in order to plan their strategy for Vietnam. A 21-page prospectus on the study is available from VIAS, 328 Llandrillo Road, Bala Cynwyd, PA 19004. For more information, contact Sophia Quinn-Judge, 301-652-0642, or Tom Miller, 510-891-0616.

◆ **Vietnam at 24 Frames a Second** - Subtitled "A Critical and Thematic Analysis of Over 350 Films About the Vietnam War," this book examines Vietnam War films from 1948 to 1993. The book, written by Jeremy M Devin, a film distribution executive, is a collection of essays about the movies that include plot synopses together with critical commentary. The book costs US\$39.95 with US\$2.00 postage, and is available from McFarland & Co., Inc, Box 611, Jefferson, NC 28640, tel: 910-246-4460; fax: 910-246-5018.

◆ **Shattered Dream** - This book, written by Professor Walter T. Davis, Jr. of the San Francisco Theological Seminary, addresses America's fundamental cultural crisis, the loss of a coherent national identity, by examining the lives of combat soldiers in Vietnam. Using examples in film, memoirs and several novels, Professor Davis argues the need for America to redefine its socio-historical situation, relinquish the old American dream, and rewrite the national narrative in a way that expresses new hopes and dreams. The book is available for US\$16.00 plus US\$3.00 for postage and handling from Trinity Press International, P.O. Box 851, Valley Forge, PA 19482-0851, tel: 800-421-8874.

◆ **From Dominoes to Dynamos** - This book, written by John Bresnan, Senior Research Scholar of the East Asian Institute of Columbia University and Executive Director of Columbia's Pacific Basin Studies Program, examines the changing situation in Southeast Asia and America's shifting interests in the region. The book analyzes current economic trends, includes recommendations for coping with Japan's growing influence on the region's economy, and provides an analysis of the direction US policy must take to maintain its position as a world leader. The book is published by the Council of Foreign Relations Press, and costs US\$17.95. For more information, contact Jessica Barist at 212-734-0400 ext. 225.

◆ **New Asia Review** - Greenwood Publishing Group recently introduced a new quarterly journal providing an interdisciplinary forum reviewing current books, periodicals, and multimedia materials on Asian growth, development, and cultural diversity. The issues include articles written by Asian and Western specialists in Asian scholarship and publishing. A special report on a country is planned for each issue. Special coverage of Vietnam is included in the second issue, including an article on cultural and business practices by Lady Borton, an examination of traditional folk songs,



dance and drama by Joyce Gregory Wyels, and a review of Robert Olen Butler's Vietnam novels by Bang Nguyen. For more information, contact the New Asia Review, Greenwood Publishing Group, Inc., 88 Post Road West, P.O. Box 5007, Westport, CT 06881-5007, tel: 203-226-3571; fax: 203-222-1502.

Vietnam tours

◆ **The Global Spectrum** - The Global Spectrum, a division of the Washington, DC-based travel management center "Here Today There Tomorrow," is a travel and business service company specializing in Vietnam. The company is offering a special Veterans Tour to Vietnam from 23 September to 2 October, with additional veterans trips scheduled for 6 November and 25 December. The veterans tour will center around HCMC and its environs. The Global Spectrum has a Business Orientation Tour from 14-22 October, visiting Hanoi and HCMC, and including meetings with government officials. Business meetings with prospective partners and leisure excursions can be arranged. The Global Spectrum is organizing a study/leisure tour from 17 September to 6 October which will travel the length of the country. The trip will include a special tour of Danang with Le Ly Hayslip, whose books were adapted on film in Oliver Stone's *Heaven and Earth*, and visits to Ms. Hayslip's Peace Village medical facility and Village of Hope children's center. For more information, call 202-296-6373 or 800-368-5965.

◆ **Vietnam Business Opportunity Tours** - New York's InConTra, Inc. and the Trade Service Company (TSC) of the Vietnam Chamber of Commerce and Industry (VCCI) are offering a series of 5-day tours to Vietnam specially targeted to US business executives. For more information, call 800-872-3386.

◆ **Cycle Vietnam** - Plans are underway for next year's "Cycle Vietnam," a three-week, 1,200 bike trek from Hanoi to HCMC. The first "Cycle Vietnam" tour in January attracted 55 cyclists, and was documented in the June 1994 issue of *Travel & Leisure* magazine. Next year's tour is scheduled for 10 January to 2 February and will be limited to 50 participants. For more information, call 800-661-1458 between 8am to 5pm Pacific Time, or fax (any time) 503-331-1458.

◆ **Meet Vietnam Today** - Pearl Cruise Lines is offering a 17-day cruise seminar to Vietnam 21 November to 5 December, with ports of call at Danang (Hue), Haiphong (Hanoi) Ha Long Bay, HCMC, Hong Kong, Nha Trang and Singapore. For more information, call 800-877-8788 or 813-877-8777, or fax 813-876-2531.

Trade shows

◆ **Vietnam '94** - The Vietnam '94 International Trade Fair for Industrial Products will be held 20-26 October at the Vietnam Exhibition Fair Center in Hanoi. The Trade Show is being hosted by the Ministry of Science, Technology and Environment, the Ministry of Trade, and the Ministry of Culture and Information. For more information in the US, contact the Vietnam Investment Protection Corp. (VIP) at tel: 800-848-8192, fax: 503-598-7758. In conjunction with the trade show, VIP is offering the three-day "Key Executive Seminar" in Hanoi on 16-18 October.

◆ **Vita '94** - The Vietnam International Trade & Industry Fair '94 will be held 4-8 October in HCMC. For more information in the US, contact Jackie Nguyen or Kate Hotchkiss at the Minnesota Trade Office, tel: 612-297-4222; fax: 612-296-3555.

The *Indochina Digest* is published weekly by the Indochina Project, a non-profit program of the Vietnam Veterans of America Foundation. Articles are based on wire service stories, published news accounts and staff reporting from a broad network of primary sources. Reprint of Digest material is encouraged, but attribution is requested. Reader contributions, corrections and comments are invited. If you would like more information on any of these articles or to subscribe to the *Digest*, contact the Indochina Project.

Indochina



Project

2001 "S" St., NW, Suite 740
Washington, DC 20009
USA

Phone: (202) 483-9222
Fax: (202) 483-9314