



Indochina

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TRADE/INVESTMENT

Vietnam steel glut

On 24 August, *Vietnam News* called for the Ministry of Commerce to stop granting steel import licenses this year. The State Planning Committee had authorized only 600,000 tons of steel imports for 1994, but the Ministry of Commerce had already granted licenses to 160 companies to import 790,000 tons in the first half of the year. The Ministry had plans to grant licenses for 840,000 tons of imports this year. The newspaper said companies were forced to stockpile 370,000 tons of steel. The Vietnam Steel Corporation had to buy back 10,000 tons of steel from companies, and re-exported 10,000 tons to China. *Vietnam News* said local producers lost more than US\$1.3 million due to the glut.

The local steel industry is expected to produce 300,000 tons of high quality steel plate this year, three times the amount produced in 1990, meeting 40% of the local demand. Steel production should increase greatly next year. Four joint venture plants with a total capacity of 700,000 tons are scheduled to begin production by the end of 1995.

Vietnam motorcycle ventures sought

On 21 August, *Vietnam Investment Review* reported that Dau Ngoc Xuan, chairman of the State Committee for Cooperation and Investment (SCCI), said Vietnam encourages foreign joint ventures to manufacture motorcycles and parts, "but assembly of motorcycles CKD [complete knockdown] will not be permitted." The newspaper quoted SCCI as stating motorcycle manufacturing joint ventures must include a program for technology transfer to boost domestic production. From the second year of production, 5%-10% of the finished vehicles should be comprised of parts made in Vietnam, with the percentage rising to at least 60% after 3 to 4 more years.

Government statistics indicate there are 2.7 million motorcycles in Vietnam, with 800,000 registered in HCMC and 400,000 in Hanoi. In April, Vietnam banned the importation of second-hand motorcycles, causing prices to increase [see *Digest*, 27 May]. Vietnam authorized the import of 230,000 new motorcycles in 1994, compared with about 300,000 new and used bikes authorized for 1993. Many more motorcycles are reportedly smuggled into the country.

Vietnam updates

◆ **Tea exports** - From January to July, Vietnam exported over 9,000 tons of tea, an 8% increase over the same period for 1993. Tea companies are planning to process an additional 4,700 tons of tea for export during the remaining months of 1994.

◆ **Johnson & Johnson offices** - On 22 August, officials with the US medical, pharmaceutical and baby products firm Johnson & Johnson said the company has opened two representative offices under licenses issued by the government. The main representative office is in HCMC, with another office in Hanoi. The officials said products from the company's operations in other Southeast Asian countries would be imported to feed the Vietnam market.

◆ **Odin joins steel venture** - On 25 August, Australia's Odin Mining and Investment Co. Ltd. said it purchased a 25% stake in the Australian firm Vietnam Industrial Investment Pty. Ltd. (VII). VII holds a 60% stake in a US\$12.7 million steel rolling mill joint venture in Haiphong [see *Digests*, 19 Aug & 20 May].

◆ **British aviation agreement** - On 19 August, Britain and Vietnam signed an air services agreement allowing their airlines to serve routes between London and Hanoi. The agreement allows airlines from each country to serve three points in the other, and one intermediate city in between. On 22 August, a Vietnamese Transportation Ministry spokesman said, "Nobody's flying it yet....It can start any time."

◆ **Tan Son Nhut expansion** - On 21 August, *Vietnam News* said Vietnam is seeking bids on a feasibility study for a planned US\$558 million expansion of HCMC's Tan Son Nhut airport. Officials want to expand the airport's capacity to 8 million passengers and 160,000 tons of freight by the year 2000. Plans include a new five-story international passenger terminal with associated facilities such as a freight terminal and parking areas for airplanes and cars. An airport official said the capital would come partly from the state budget, with the bulk coming from foreign loans and joint venture contributions. Future plans include a US\$1.5 billion investment to increase the capacity to 24 million passengers and 500,000 tons of freight by 2010, and eventually an additional US\$3 billion to increase the capacity to 30 million passengers. During the first half of 1994, Tan Son Nhut handled 1.1 million passengers, compared to 1.6 million passengers for 1993.

◆ **EU bans garlic imports** - On 25 August, the European Commission, the executive arm of the European Union, moved to ban further garlic imports from Vietnam and Taiwan, after the two countries filled a void created when a similar restriction was imposed on China in June. A spokesman said the commission was acting on a proposal from Spain, which sought protection of its garlic growers as well as safeguards over the quality of garlic sold in Europe. Garlic growers in France were cited in the earlier case against China. Figures indicate that between 1 June, when the restriction on Chinese garlic was imposed, and 1 August, garlic imports from Vietnam rose 680% over the same period in 1993. Imports from Taiwan also greatly increased. The ban was made effective immediately and will continue through 31 May 1995.



♦ **Singapore firm closed** - Vietnam's Ministry of Commerce has closed the office of the Singapore firm Vieco for violating investment rules. Vieco received a license and established a representative office in 1991, listing its business as trading. The company was convicted of stockpiling export products illegally, receiving income, and hiring 18 workers without registering them. Vieco also rented space illegally to three other Singapore companies. Vietnam recently enacted law regulating the conduct of foreign representative offices [see *Digest*, 12 Aug].

♦ **APCC visit** - The Seattle-based Asia Pacific Chamber of Commerce (APCC) is organizing a "Business Opportunities Trade Mission to Vietnam" on 2-13 September. APCC members participating in the trip include Tokusui America Inc., Serratus Management Consulting, Paper Tiger Press, Claircom Communications, Sprint International, The Weathered Wall, and the Pacific Economic Review.

Laos hydropower plant (cont.)

South Korea's Dong Ah Engineering & Construction Co. signed a US\$498.41 million deal to build a 300 MW hydropower electric plant in southern Laos [see *Digest*, 19 Aug]. The Sepian and Senamnoy power plant, in the Bolovens Highlands, is expected to take five years to complete. Dong Ah will provide 55% of the projected investment, with Laos covering the remaining 45%. Dong Ah will have the right to operate the power plant for 30 years before handing it over to the Lao government. A Dong Ah spokesman said the plant will sell electricity to Thailand and Vietnam, adding that the proceeds of the yearly sale of electricity are estimated at US\$94.6 million.

VIETNAM

Murayama visits

Japanese Prime Minister Tomiichi Murayama visited Hanoi on 25 and 26 August [see *Digests*, 19 Aug & 22 Jul], and met with Prime Minister Vo van Kiet. He also met with President Le Duc Anh and laid a wreath at the mausoleum of Ho Chi Minh. On 26 August, Murayama met with Do Muoi, Secretary-General of the Communist Party, and invited Muoi to visit Japan next year, an invitation which Muoi accepted in principle.

During the meeting with Kiet, the two premiers witnessed the signing of an agreement in which Japan pledged an additional 7.3 billion yen (US\$73 million) in grant aid for health and education projects, taking Japanese aid for this year to about US\$640 million. They also signed an agreement to send Japanese volunteers to work as language teachers in Vietnamese universities.

Murayama acknowledged that Japanese investment in Vietnam was low, but told Kiet Vietnam should improve its infrastructure and legal framework for foreign investment, and send an investment promotion mission to Japan. He also told Kiet that Vietnam should repay more commercial debt if it wanted higher levels of export insurance. Last year, Vietnam repaid US\$37 million to Japan.

In a speech, Murayama said, "I received a deep impression as I saw the Vietnamese people striving to build their

country." Murayama said Vietnam reminded him of "Oshin," a Japanese television show about a woman's struggle to build a life in postwar Japan. Noting "Oshin" is popular in Vietnam, Murayama said, "For Japanese of that generation, including myself, Oshin is a drama that makes us recall the old days of difficult labor in striving to build our country."

Keita visits

On 22 August, Mali Prime Minister Ibrahim Keita began an official visit to Vietnam [see *Digest*, 19 Aug], and met with Prime Minister Vo van Kiet. Keita expressed interest in Vietnam's economic reform policies. The two countries discussed broadening economic ties, and the exchange of medical and agricultural experts. Mali's late post-independence president, Modibo Keita, was the last leader from Mali to visit Hanoi in 1964.

Travels with Luong

On 22 August, Deputy Prime Minister Tran Duc Luong began his five-nation tour of Eastern Europe in the Czech Republic [see *Digest*, 19 Aug]. A statement from the Czech finance ministry said that during talks, "both sides expressed their satisfaction over the definite revival of reciprocal trade relations.... At the same time they stated that the current volume of trade...US\$10.5 million in 1993, is at a low level which does not, by far, correspond to either the tradition of mutual relations or to the possibilities of both economies."

On 23 August, Luong flew to Slovakia for a two-day visit. The two sides held meetings on establishing agreements on foreign investment and avoidance of double taxation. Luong also had meetings with the Slovak defense minister Pavol Kanis, where the two countries "discussed possibilities for mutual cooperation in military defense industries," according to a Slovak defense ministry statement. During the visit, Vietnam's state-owned Bach Dang shipyard of Haiphong signed a joint venture agreement with the Slovak shipbuilder Slovenske Lodenice Komarno to produce a new line of cargo ships in Vietnam. Luong will also visit Poland, Hungary and Romania.

Foreign language decree

On 18 August, *Lao Dong* newspaper published a decree by Prime Minister Vo van Kiet requiring government officials to speak a foreign language if they want promotions or overseas assignments. Kiet also said the study of languages should be compulsory in schools. Civil servants "have to learn foreign languages to improve their current knowledge and strive to use foreign languages (mainly English) to communicate and study documents in their own specialities by the end of 1997." Kiet said, "There is a pressing need for cadres at all levels to obtain foreign languages to communicate and work directly with foreigners."

International phone rates to be cut

The *Nhan Dan* newspaper reported that Vietnam will reduce international telecommunications charges by an average of 10% from 1 September. The growing number of foreign companies using international services has made the reduction possible. *Nhan Dan* said the volume of international telecommunications business rose 62% in the first half of 1994 over the same period of 1993. "The situation has created material conditions to continue appropriately reducing international telecommunications fees."



Industrialization to increase

A recently passed resolution of the Central Committee of the Communist Party calls for an increase of industrialization to 30% of the Gross Domestic Product (GDP) by the year 2000, up from its current level of 20%. The resolution reaffirms existing policies such as the industrialization of agriculture and mobilizing more domestic capital, in Vietnam's effort to double its GDP by the year 2000.

Zumwalt to visit

Retired US Admiral Elmo Zumwalt is scheduled to arrive in Hanoi on 9 September as a guest of Vietnam's 10-80 Committee, according to the committee's secretary-general Dr. Le Cao Dai. The 10-80 Committee monitors the effects of Agent Orange and treats victims of the defoliant. Zumwalt commanded the US Navy in Vietnam from 1968 to 1970, and ordered the spraying of defoliants. Zumwalt's son, a Navy lieutenant, died in 1988 of cancers believed caused by the defoliants. This will be Admiral Zumwalt's first post-war visit to Vietnam. During his week long visit Zumwalt is also expected to meet with President Le Duc Anh and General Vo Nguyen Giap.

Death sentences

♦ **Heroin** - On 18 August, a 23-year-old man from Lai Chau province was sentenced to death for carrying and trading 2.1 kg of heroin. The man is the fourth person sentenced to death for a drug offense since the National Assembly announced the death penalty for trafficking in 1992. No executions have been announced.

♦ **Fraud** - A 36-year-old policewoman was sentenced to death for fraud, according to the 22 August *Evening News*. The woman, a captain in charge of the Nam Ha province economic police, confessed to lying to 41 people and two state companies to misappropriate gold and cash worth 3.5 billion dong (US\$321,000). The paper said she exploited people's confidence in the police to borrow money on the pretext of buying real estate and liquidated state assets.

CAMBODIA

Hostages remain hostages

Despite some press reports to the contrary, three Western hostages remain captives of the Khmer Rouge [see *Digest*, 19 Aug]. In fact, according to First Prime Minister Norodom Ranariddh, the captors have complicated matters by dropping their ransom demand and tying release of the three to a political agenda. "The Khmer Rouge said they don't demand a ransom any more but they demand that powerful countries halt providing [military] aid," Ranariddh said. On 23 August the guerrillas' clandestine radio broadcast an appeal for a halt to all military aid to the Phnom Penh government and for the French, British and Australian governments to send their own representatives to negotiate the release of the hostages. Ranariddh had ordered all media and diplomats out of Kampot province on 22 August so that the government could conduct negotiations with the guerrillas without outside interference. There has been no word on the three ethnic Vietnamese or the estimated 10 Cambodians who also remain captive.

Immigration law passes

The Cambodian parliament voted almost unanimously for a controversial immigration law which many critics believe will lead to wide-spread human rights abuses. [See *Digest*, 19 Aug]. The lone member of parliament who voted against the measure was Ahmad Yahaya, a member of the Moslem Cham minority. "I'm very concerned about human rights because there's too many immigrants in this country, including Vietnamese...How can we solve this problem - it's a big problem...I'm very concerned about human rights and how it applies on this law," he said. Vietnamese Foreign Minister Nguyen Manh Cam had previously written to Cambodian Foreign Minister Norodom Sirivudh expressing his concern over the legislation and provisions in the law which do not conform "to international law and common practice." Cam suggested that talks be held to resolve the issue of ethnic Vietnamese.

Inflation down

Cambodia's National Bank's recently released *Economic and Monetary Statistics Review* for June states efforts to control inflation and stabilize the currency have been successful. "The CPI [Consumer Price Index] decreased by 2.6%, compared to a monthly increase of 5.7% last May," the report said. The report stated during the first six months of 1994, the CPI rose by 11%, compared to "that of 84% recorded over the same period last year."

Malaysia accords signed

First Prime Minister Norodom Ranariddh returned to Cambodia on 21 August from a five day visit to Malaysia. Two bilateral accords were signed which dealt with economic and scientific cooperation and an investment guarantee agreement protecting Malaysian investors. Two Memorandums of Understanding were also signed. One was between Cambodia's Investment Board and Malaysia's Industrial Development Authority while the other involved Cambodia's Ministry of Mines, Industry and Energy and the National Petroleum Corporation.

General cutbacks

First Prime Minister Norodom Ranariddh announced on 22 August that Cambodia's armed forces will undergo a major "revolution" to reform the military. "We are in the process of reforming the armed forces. The number of generals will drop from 1,786 to 91," said Ranariddh. Although the government states there are 130,000 soldiers in the army most analysts believe that figure to be closer to 90,000.

LAOS

Foreign minister visits Israel

On 24 August, Lao Foreign Minister Somsavat Lengavath arrived in Israel for a five-day official visit to meet with Prime Minister Yitzhak Rabin, Foreign Minister Shimon Peres and President Ezer Weizman. The two countries are discussing economic issues and Laotian participation in UN peace-keeping forces. Israel and Laos renewed relations in December 1993, which had been severed in 1973 during the Arab-Israeli War. Israel's ambassador to Vietnam serves as its non-resident representative to Laos.



US POLICY

President signs foreign operations bill

President Clinton signed into law the US\$13.8 billion foreign operations bill on 23 August. The new law, which lifts several restrictions on aid to Vietnam [see *Digest*, 12 Aug], includes a provision which mandates the Secretary of State to provide a report to the Congress by 1 February 1995 on the "Thai military's support for the Khmer Rouge and the Thai government's efforts to impede support for Burmese democracy advocates, exiles and refugees." The law also gives the President the authority to "terminate assistance to any country or organization [which cooperates] tactically or strategically with the Khmer Rouge in their military operations."

The Thai military, which receives millions of dollars in assistance from the US, was quick to respond to the provisions, saying, "This move is initiated by some members in the Congress, and not the US government with whom we have a good bilateral understanding... We are in this trouble because US non-governmental organizations interfered and caused misunderstanding." A US embassy official in Bangkok responded by saying "We know what the Thai government policy is, and we take them at their word that they recognize the government in Cambodia, and that there is no official support of the Khmer Rouge." However, the official added that the US wanted to confirm "if the implementation is basically the same as the policy."

Glass tower to be liaison office

On 23 August, the *Associated Press* reported that the US has chosen a recently completed nine-story glass tower as the

office for the 11 member US liaison mission in Hanoi. US officials are awaiting final approval from the Vietnamese to take over the new building which they hope to open in early October. The US is also reportedly considering a French-styled building which now houses Vietnam's Press Center as the residence for a future US ambassador.

FYI

Vietnamese refugee health care seminar

The Continuing Education for Health Professions of the University of Southern Maine (USM) and Maine Medical Center in Portland, Maine, are sponsoring a conference on 28 September to discuss the culture and life experiences of Amerasians and Vietnamese refugees in the US, and the health problems they are experiencing. The conference is designed for physicians, nurses, teachers, social workers and others concerned about health care of Amerasians and Vietnamese refugees. Tuition is US\$75. For more information, contact USM at 207-780-5951; fax: 207-780-5925.

Errata

◆ **Brunei's ASEAN date** - In the special report on the ASEAN meetings in Bangkok, the 29 July *Digest* incorrectly reported the date which Brunei joined ASEAN. The correct date is 7 January 1984.

◆ **VIP phone number** - The 12 August *Digest* incorrectly listed the toll-free number for the Vietnam Investment Protection Corp. (VIP), which is co-sponsoring the Vietnam '94 International Trade Fair and a business seminar in October. The correct number is 800-648-8192.

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Project

2001 "S" St., NW, Suite 740
Washington, DC 20009
USA
Phone: (202) 483-9222
Fax: (202) 483-9314



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