



Indochina

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TRADE/INVESTMENT

Vietnam updates

◆ **Shoe firm to open US office** - The Binh Tien Footwear Co, known as Biti's, expects to be the first private Vietnamese firm to open an office in the US since the embargo was lifted when it opens its office in New York City next month. Biti's has 3,000 employees, sells 20 million pairs of sandals and shoes annually, and exports to 23 countries, including Japan, Australia, and Russia. Biti's sales for 1993 totalled US\$15 million. The firm hopes to set up additional US offices later. A company spokesman said, "Price is still a problem because we lack most favored nation status, but quality will be our strength."

◆ **Japan's Nomura invests** - On 1 September, the Japanese securities house Nomura Group announced a 70% investment in a US\$120 million industrial zone in Haiphong. The investment represents one of the largest Japanese investments in Vietnam and the first for the Nomura Group. The 153-hectare (382-acre) industrial zone will have space for about 125 factories, mostly Japanese, to produce goods for the Vietnamese market and for export. Construction will begin as soon as a license is issued by the State Committee for Cooperation and Investment (SCCI). Nguyen Dinh Quan, chairman of the Haiphong Industrial Zone Development Corp., said the industrial zone format had been chosen because export processing zones, six of which have been licensed in Vietnam, have been slow to make process. Quan said Haiphong was also negotiating with the US firm AIG and a Taiwanese group to set up two more industrial zones.

◆ **'Floater' to stay afloat** - The General Manager of the Saigon Floating Hotel, Peter Hassler, told *Reuters News Agency* in a 29 August interview that Vietnam will renew the hotel's 5-year license, which expires in September 1994 [see *Digests*, 22 Apr & 17 Sep 93]. The hotel may have to change its prominent location on the Saigon River and a new partnership with HCMC authorities will be needed. "There are some conditions that have to be worked out, but in principle the license has been extended for another five years," Hassler said. Last year, the HCMC People's Committee announced that it wanted the hotel's license cancelled when it expired, citing unspecified "environmental and landscape protection" concerns.

◆ **Rubber to China** - On 31 August, *Vietnam News* reported a rubber shortage in China is increasing the demand for Vietnamese rubber and border trade is booming. According to *Vietnam News*, in the past three months, Vietnamese latex sold to China has reached prices as high as US\$1,600 per ton, higher than world prices and double the average price of cross-border trade in 1993. The report noted that Chinese

companies sought Vietnamese rubber despite the rising prices as it can be imported in small volumes per consignment, circumventing increased Chinese taxes on good imported in large quantities. The report did not say how much rubber was being sold to China. Vietnam expects total rubber exports this year to reach 80,000 tons, up from 76,000 tons in 1993 and 68,000 tons in 1992.

◆ **Coffee, rubber export taxes** - On 27 August, an official with the State Price Committee said Vietnam will charge a 20% surtax on coffee exports beginning 1 September. A 5% surtax on exports of rubber was initiated on 20 August. The extra tax will be used for a price stabilization fund. "The government wants to regulate part of the surplus created by the differences between the buying and selling prices," the official said. "When export prices fall and there is no such surplus, the surtax will be dropped."

Cambodia updates

◆ **Japan oil exploration** - On 31 August, a geologist with the Japanese oil company Idemitsu told *Reuters News Agency* if the company's current offshore exploration tests were favorable, it could lead to an expanded five-year exploration program worth about US\$50 million. "We are talking about US\$50 million for the exploration of one block," he said. "We think it's promising, we are testing right now. We'd like to expand exploration activity in Cambodia. I think, for sure, we should be able to find oil."

◆ **Oil/Gas sharing with Thai's** - On 31 August, *Cambodian Daily* quoted Industry Minister Pou Sothirak saying Cambodia is prepared to share dividends from disputed offshore oil and gas fields with Thailand. "I don't think [Foreign Minister] Prince Sirivudh will oppose if the two sides cooperate and divide any profits by 50%," he said.

Laos updates

◆ **Thai mineral venture** - On 26 August, Thailand's Padaeng Industry Plc. announced it has signed a memorandum of understanding with Ban Phu PLC. of Laos to survey for base metals and associated minerals in Vientiane province. If the area can be commercially developed for mining, the companies will consider joint investments later.

◆ **ADB power loan** - On 30 August, the Asian Development Bank approved a US\$4 million supplementary soft loan for the Nam Ngum-Luang Prabang power transmission project. The project, originally approved in 1988, is at an advanced stage of implementation, but has encountered a cost overrun. The supplementary loan will enable the Lao government to complete the project without suspending work under the existing contracts.

**VIETNAM****Lee Yung-dug visits**

South Korean Prime Minister Lee Yung-dug visited Vietnam 29-31 August. On 30 August, Lee met with his counterpart Vo van Kiet for talks which were described as "very friendly and fruitful." Following the talks, Lee said, "The most important aspect of the relations between the Republic of Korea and Vietnam is that we regard Vietnam as a country deserving preferential treatment from us."

Talks between the two prime ministers focused on economic issues. South Korea is the third largest foreign investor in Vietnam, after Taiwan and Hong Kong. Kiet promised "all possible assistance" for Korean investors and businessmen, including simplifying bureaucratic procedures. Two-way trade between the countries reached US\$819 million in 1993, with South Korea posting a US\$638 million trade surplus. In talks on how to reduce Vietnam's deficit, Vietnam suggested that South Korea buy Vietnamese coal and farm products, including rice. Vietnam also hopes to export to third countries through South Korea.

Lee agreed in principle to increase South Korean aid from the US\$50 million granted in 1993. Kiet expressed the hope more Vietnamese students and technicians will be accepted in South Korea for training. The two sides also agreed to expand cooperation in labor services. In 1994, 2,400 Vietnamese will work in South Korea, with the number increasing to 3,500 in 1995.

On the issue of North Korea, a Vietnamese foreign ministry spokesman said Vietnam supports the peaceful reunification of Korea through negotiations and the denuclearization of the Korean Peninsula. Kiet agreed with South Korea's efforts to resolve the issue of North Korea's nuclear weapons plans "through peaceful and direct negotiations between North and South." Kiet said peaceful negotiations "will help establish peace and stability on the Korean Peninsula and in Asia, as well as in the rest of the world."

Lee met with Communist Party Secretary General Do Muoi, and Muoi accepted Lee's invitation to visit South Korea. Lee also paid his respects at the mausoleum of Ho Chi Minh, and visited a Korean-Vietnamese television factory under construction before departing for Singapore.

Travels with Luong (cont.)

Deputy Prime Minister Tran Duc Luong continued his five-nation tour of Eastern Europe [see *Digest*, 26 Aug] with visits to Hungary, Poland and Romania. On 26 August, Luong signed agreements with Hungary on protecting investments and avoiding double taxation. Similar accords were signed with Poland on 31 August. While in Poland, Luong met with President Lech Walesa, Prime Minister Waldemar Pawlak and economic officials. The two sides are planning to sign agreements on maritime cooperation and air transportation. Trade volume between Vietnam and Poland dropped to US\$11 million in 1991, but rose to nearly double that amount in 1993, with Polish exports of US\$10.7 million and imports of US\$9.4 million.

Independence Day

Vietnamese celebrated the 49th anniversary of their independence declaration with games, songs, family picnics, ice cream and fireworks. Thousands also visited Ho Chi Minh's mausoleum in honor of the 25th anniversary of Ho's death. Former Communist Party Chief Nguyen Van Linh marked the occasion by continuing his attack on corruption. In the official *Nhan Dan* Linh wrote, "Today we still witness a wide spread of corrupt cadres and party members, and this causes discontent in public opinion." Linh also praised the accomplishments and progress made under "doi moi" reforms since 1986.

Survey says life's a little better

A survey based on responses from 91,700 households conducted by the General Statistics Department indicates Vietnamese standards of living have improved since the introduction of market reforms. The survey shows the average Vietnamese has a monthly income of 119,010 *dong* (nearly US\$11), or US\$132 a year. Average income in the cities is 220,340 *dong* (US\$20.20) per month, or US\$242 per year, but in the countryside it was only 94,440 *dong* (US\$8.60) per month, or US\$103 per year. The General Department of Statistics said 55.8% of Vietnamese families had average or above-average incomes, and 51.7% reported their incomes as good compared with levels before the market reforms were introduced in the late 1980's.

Oil slick farmers to be compensated

On 29 August, *Vietnam News* reported the owners of the Taiwanese and Vietnamese ships which caused an oil slick when they collided in May [see *Digest*, 3 Jun & 13 May] have agreed to compensate fish farmers for damage. The Taiwanese container vessel collided with the Vietnamese oil tanker on 8 May on the Long Tau river near HCMC. About 120 tons of fuel oil spilled into the river, and the tanker pumped out another 20 tons to maintain balance. *Vietnam News* said the amount of compensation has not yet been agreed upon, but the government estimated the damage clean-up costs at US\$10 million.

Thai security cooperation

On 30 August, Thailand's Deputy Interior Minister Den Tomeena said Thailand and Vietnam have agreed to exchange information on national security, especially information concerning illicit narcotics trade. The agreement was reached during an official visit by Vietnam's Interior Minister Bui Thien Ngo. During the visit, Ngo paid a courtesy call on Prime Minister Chuan Leekpai, and went to Udorn Thani to visit ethnic Vietnamese living in the province.

US birthday party greetings

On 1 September, the Communist Party sent birthday greetings to the Communist Party of the US on the occasion of its 75th anniversary. The message said the American party braved "complicated and difficult conditions" to reach its 75th birthday, and that since 1919, "your party had persistently conducted its struggle for the interests of the life and democracy of the working class and laborers of America." The American Communist Party had some popularity during the Great Depression of the 1930s, but since then has played only a marginal role in US politics.

**Phantom of the cultural consultants**

Representatives of the Really Useful Group, a consultancy group of British composer and producer Andrew Lloyd-Webber, have visited Vietnam twice to examine prospects for cooperation with the Ministry of Culture and Information. Lloyd-Webber's stage hits include "Jesus Christ, Superstar," "Cats," and "Phantom of the Opera." *Vietnam Investment Review* quoted Really Useful's David Nolan Saunders as saying the group wants to act as a cultural consultant for the Vietnamese government.

CAMBODIA**Thailand to bar Khmer Rouge**

After meeting with Cambodia's First Prime Minister Norodom Ranariddh on 1 September, Thai Foreign Minister Prasong Soonsiri announced that Thailand would bar the Khmer Rouge from entering Thailand once the Cambodians supply a list of names. "Since the Khmer Rouge are the outlaws, we will ban them from entering the country," Prasong said, adding, "Our policy toward the Khmer Rouge is according to the Phnom Penh government's policy." Ranariddh assured Prasong that Cambodia will supply a list of names containing all senior Khmer Rouge members.

The two leaders met as Ranariddh stopped briefly in Bangkok returning to Phnom Penh from visiting his father, King Sihanouk, in Beijing. Ranariddh told reporters the king will stay in Beijing several more months to complete his cancer treatment but that "he is OK...there is no more threat of cancer...He is 100% recovered."

Red lights go out in Phnom Penh

Phnom Penh's Tuol Kork district's brothel industry was officially shut down on 30 August. City officials decided in July [see *Digest* 5 Aug] to close down the 2km strip which housed thousands of prostitutes. One brothel owner lamenting the closing of his establishment said, "Now we sell only coffee--no girls. We have been ordered to stop our [sex business]. All the girls have gone home." Some health experts believe the closing of Tuol Kork will drive prostitution underground making it difficult to educate prostitutes about AIDS and other sexually transmitted diseases. Others noted that hundreds of massage parlors, "dancing restaurants," nightclubs, Karaoke clubs and bars still house a substantial prostitution industry.

Coup leaders expelled

The Cambodian People's Party (CPP) expelled the three leaders of the failed July coup from the party. Prince Norodom Chakrapong, Sin Song and Sin Sen were formally expelled from the party on 30 August. "Their attempt to seize power totally ran counter to the principles of the CPP," read a statement issued by the party. Former Interior Minister Sin Song and Sin Sen, the former head of Cambodia's police force, remain under house arrest. Meanwhile, according to *Reuters News Agency*, Chakrapong arrived in Paris on 30 August and immediately left for the southern town of Montpellier. A French foreign ministry official said that Chakrapong has not asked for political asylum nor does he

need to. "He has a valid residence permit. He can come and go freely, as he chooses," the official said.

Three Western hostages confirmed dead...

Human remains recovered by Cambodian police in June have been confirmed as those of Kellie Wilkinson, Tina Dominy and Dominic Chappell [see *Digest* 22 Jul]. "It is with great sadness that I learned that forensic analysis by New Scotland Yard has confirmed the death of Ms. Kellie Wilkinson and her two British friends," Australian Foreign Minister Gareth Evans said in a 2 September statement. The three friends managed a restaurant in the southern port town of Sihanoukville and were captured along Route 4 on 11 April [see *Digest* 15 Apr].

...Three others remain alive

The Khmer Rouge deadline of 30 August to resolve the fate of three western hostages passed without any break in the situation. Government intermediaries visited the three on 30 August and reported "that they are in good condition." However, the fate of three ethnic Vietnamese and an unknown number of Cambodians remains unclear. Secretary of State for Information Khieu Kanharith said, "I don't know about the Vietnamese. The last report we had was they were still alive and the Khmer Rouge intended to free them. But I'm not sure because everyone focuses on the fate of the three Western hostages--that's why even the Cambodian [captives], we don't know about."

LAOS**Corruption trial**

On 27 August, the *Laotian News Agency* reported a court handed down prison sentences and fines to eight officials convicted of corruption. They were ordered to pay back a total of US\$694,000 for losses to the state treasury. Five of the convicted officials were employees of the state irrigation company. Another official, Kham Ong, director of the Lao-American Cooperation Project, was sentenced to 6 1/2 years in prison for embezzlement, breaches of tax regulations, bribe-taking, and document falsification.

REGION**China said stalling on Spratlys**

Keith Lirinberg, an analyst with the US-based Center for Strategic and International Studies, said China's agreement to discuss joint development of the disputed Spratly Island chain is nothing more than a delaying tactic while it develops its military to take the islands, by force if necessary. "I don't think China is serious about joint development because they've talked about it the past 20 years and at this point they are building up their military and so they are employing a delaying tactic," he said. Lirinberg told a forum discussing the issue in Manila that the UN needed to become involved in the issue. "The consequences 10 years from now without taking any steps would be regrettable," he said.



Indian PM alters itinerary

Indian Prime Minister P.V. Narashimha Rao, who is scheduled to arrive in Vietnam on 5 September for a three-day visit, originally planned to visit Singapore on his way to Hanoi, but will now make the Singapore stop on his return trip. The move appears to be aimed at using India's close ties with Vietnam to help bolster its relations with ASEAN. According to a diplomat in New Delhi, "...the order was changed after India's bid to be invited to the [July] ASEAN Regional [security] Forum [ARF] was turned down." Another diplomat said, "We think there is a message in this itinerary although it may not appear so deliberately planned."

India is a long-time ally of Vietnam, and recently showed its support for Vietnam at the May meeting of the Non-Aligned Movement (NAM) by getting a paragraph inserted in NAM's communiqué on the Spratly Islands. A diplomat said, "India got a paragraph inserted saying the dispute should be solved peacefully by mutual consultations, a point objected to by China, which does not accept the dispute."

India's relations with Singapore soured when India recognized Cambodia after the Vietnam invasion in 1978. Since the 1991 Paris peace accords on Cambodia, relations have improved. This year Singapore's Prime Minister Goh Chok Tong was the chief guest at India's 26 January Republic Day ceremonies.

Foreign diplomats in New Delhi say India is looking to Vietnam to help forge closer business ties in the region, which contains some of the world's fastest growing economies. Vietnam holds observer status in ASEAN, and attended the July ARF. India is likely to make another bid next year to attend ARF in Brunei.

REFUGEES

Vietnamese repatriation updates

◆ **Hong Kong** - On 30 August, 136 Vietnamese from Hong Kong returned to Vietnam. The group represented the UNHCR's 214th voluntary repatriation flight, raising the number of repatriated Vietnamese from Hong Kong to 42,723. Their departure left 24,423 in Hong Kong processing centers and camps, down from 42,717 at the end of 1992.

◆ **Philippines** - On 26 August, a Philippines government official expressed concern over the slow rate of repatriation of Vietnamese boat people. The official said only 80 people a month on average were returning. At the present rate of repatriation, up to 1,600 boat people would still be in the Palawan camp by the end of 1995, when the camp is scheduled to close. There are over 3,000 Vietnamese at the camp whose applications for resettlement in third countries have been rejected, and an additional 2,500 refugees at a separate camp north of Manila waiting resettlement.

Lao repatriation update

◆ **China** - *Xinhua* news agency reported on 1 September that 2,917 Laotian refugees have voluntarily returned to Laos from Yunnan province in southwest China since an agreement was signed between the two countries in 1991. The number repatriated represents 73% of the Laotian refugees in the province when the agreement was signed. Yunnan, which borders Burma, Laos and Vietnam, received over 64,000 refugees since 1978, including 3,994 from Laos. According to *Xinhua*, China has spent 260 million *yuan* (US\$30 million) helping the refugees over the past 15 years.

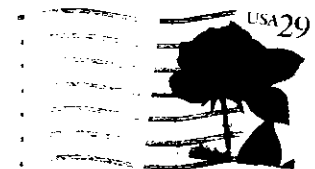
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