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TRADE/INVESTMENT

Vietnam investment hits US\$10 billion

On 4 September, *Vietnam Investment Review* reported that the State Committee for Cooperation and Investment (SCCI) granted a license to a Hong Kong firm for a US\$38 million farming project, bringing the total amount of projects approved since 1988 to US\$10.028 billion. Since January, SCCI has approved projects worth US\$2.5 billion. The US is the fifth largest investor in 1994, with 10 licenses granted worth US\$167 million.

India signs six Vietnam deals

During the visit of Indian Prime Minister P.V. Narasimha Rao to Hanoi, India and Vietnam signed six foreign investment agreements worth US\$158 million.

◆ **Tires** - India's Ceat Tyres Ltd. and Vietnam's Cichemco signed a US\$50 million joint venture agreement for a factory to produce tires in Danang. The factory will have the capacity to produce 500,000 tires per year.

◆ **Transmission equipment** - India's AEC International and Vietnam's Cam Pha Mechanical Factory signed a US\$7 million agreement to manufacture transmission towers and a turnkey transmission line.

◆ **Mill machinery** - India's KPC Ltd. and Vietnam's Vinasugar II signed a US\$5 million agreement for an engineering workshop for sugar mill machinery.

◆ **Railway coaches** - Rail India Technical and Economic Services (RITES) and Vietnam National Railways signed a US\$18 million agreement to assemble railway coaches.

◆ **Power and fertilizer** - India's Western Pacques Ltd. signed agreements with waste disposal companies worth US\$15 million in Hanoi and US\$45 million in HCMC to generate power and produce fertilizer from municipal waste.

◆ **Sugar** - India's Nagarjuna Fertilizers and Chemicals and Vinasugar II signed a US\$18 million agreement to set up a sugar mill.

Vietnam rice updates

◆ **Indonesia buys** - Vietnam will sell Indonesia 265,000 tons of rice over the next two months, according to the 7 September *Saigon Newsreader*. The rice will be medium quality, 25% broken, and will be sold at US\$200-220 per ton CIF. Indonesia, which is facing a rice shortage due to drought, wanted to import 900,000 tons of rice, but Vietnamese firms did not have a surplus that size.

◆ **Flood ruins crops** - On 8 September, *Nhan Dan* said there will be losses of 300,000 tons of rice in the Red River delta during the current summer-autumn crop due to heavy rains in August. The rains, the heaviest in seven years, flooded 200,000 ha of rice in eight northern provinces, destroying crops in half that area. *Nhan Dan* said the figures on the losses were recently announced by agricultural minister Nguyen Cong Tan.

◆ **No. 2 in 2000** - A recent report by the UN's Food and Agriculture Organization (FAO) states Vietnam will surpass the US as the second biggest rice exporter by the year 2000. The FAO report states Thailand is likely to maintain its dominance, with exports reaching 6.24 million tons in 2000. The FAO forecasts US exports to fall from 2.55 million tons in 1988 to 2.12 million tons in 2000, while Vietnam's exports will more than double from 1.05 million tons in 1988 to 2.43 million tons in 2000.

Vietnam oil updates

◆ **Unocal office** - On 6 September, US oil firm Unocal Corp. announced it has opened offices in Hanoi, Beijing and Singapore to expand its Southeast Asia operations. The Los Angeles-based firm's new subsidiary, Unocal Vietnam Ltd., is negotiating a production sharing contract for Block B, an area off the coast of southwest Vietnam near offshore natural gas fields operated by Unocal Thailand. "Unocal is also interested in a number of other areas in Vietnam, both onshore and offshore. The company is prepared to bid as operator with several other companies and is also exploring farm-in possibilities," a news release said.

◆ **BHP's October big bear production** - On 26 August, John Prescott, chairman of Australia's Broken Hill Pty. Ltd. (BHP) said his firm expects its concession in the *Dai Hung* (Big Bear) oil field to start production in October. Prescott, who was in Kuala Lumpur for a BHP board meeting, told reporters he could not estimate the ultimate reserve potential of the field. "We will now be cautious about the size of the reserves. Some of the earlier projections may not be realized," he said. "Production in the first stage will be something in the order of 30,000 barrels per day."

◆ **Block 15-1 bids** - In an interview with *Reuters News Agency*, PetroVietnam chairman Ho Si Thoang will seek bids for offshore oil block 15-1. "We are now inviting companies to process seismic data and I hope very soon we will have proposals from companies," Thoang said. "After that, we must consider their proposals...and I hope we can conclude this year." Block 15-1 is attracting interest as it is adjacent to two blocks operated by Japan's Mitsubishi Oil and Malaysia's Petronas, both deemed commercially viable [see *Digests*, 29 Jul & 24 Jun]. Thoang also said PetroVietnam plans to grant exploration licenses for blocks 09 and 16, currently held by VietSovPetro.



◆ **Joint Spratly searches?** - PetroVietnam chairman Ho Si Thoang told *Reuters News Agency* in an interview that it would consider joint oil exploration of the Spratly Islands with other claimants if the government agreed. Asked if joint exploration was a possibility, Thoang said, "I hope so. But this issue is subject to negotiation.... We would be ready but we must follow very strictly the guidance of the government." Thoang added, "I think it's not a very urgent task for PetroVietnam. Now we must carry out exploration and production...closer to the coast, especially onshore and offshore."

Vietnam-Singapore updates

◆ **Singapore investment fund** - The Keppel Corp.'s Vietnam Investment Fund Ltd., of Singapore, raised an additional US\$40 million for investment in Vietnam. Launched in 1992 with US\$50 million, the fund has invested in a joint venture shipyard project in HCMC and an office building in Hanoi. According to Keppel, it has given firm commitments to 3 other projects and is negotiating 9 more projects worth about US\$410 million.

◆ **Singapore project management** - Several Singaporean companies have formed a joint venture, Sinviet, to carry out project management in Vietnam. The companies include the Hwa Hong Corp.'s Singapore Piling & Civil Engineering Pte. Ltd. (SPACE), Econ International Ltd.'s Econ Vietnam Investments Pte. Ltd., the Vietnam Fund Ltd., Desiderata Holdings Ltd. and Peter Francis Purcell. Sinviet will initially manage construction of the Hanoi Club and the Hanoi Plaza, projects in which SPACE and Econ Vietnam have interests.

◆ **Singapore tourism pact** - On 26 August, Singapore and Vietnam signed a five-year agreement in Singapore to help develop Vietnam's tourist industry. The agreement was signed by Do Quang Trung, chairman of Vietnam's National Administration of Tourism and Singapore's Trade and Industry Minister Goh Chee Wee. Under the agreement, the two countries will encourage bilateral tourism, exchange tourism data and promote technical assistance in the tourism sector. Goh said Singapore's Tourism Promotion Board will lead a mission to Vietnam to explore sites that offer potential for Singapore investors.

◆ **Singapore cargo venture** - On 30 August, the Singapore Airlines Group (SIA), Vietnam Airlines and Vietnam's Southern Airports Services Co. (SASCO) signed a US\$15 million joint venture agreement to provide cargo handling services at Tan Son Nhut International Airport in HCMC. Vietnam Airlines will hold a 55% stake in the venture, SIA subsidiary Singapore Airport Terminal Services will hold a 30% stake, and SASCO will hold the remaining 15%. During the 12 months between April 1993 and March 1994, air cargo traffic between Vietnam and Singapore reached 4.1 million kilos, a 59% increase over the previous year.

Vietnam phone updates

◆ **German switchgear** - On 30 August, Germany's firm Siemens AG signed a US\$2.8 million joint venture agreement with Vietnam's Directorate General of Posts and Telecommunications to produce digital switching equipment in Vietnam. The joint venture is the company's second in

Vietnam. In March, Siemens announced a US\$8.7 million project to produce optical fibre cable near HCMC [see *Digest*, 18 Mar].

◆ **Korean telephone deal** - On 30 August, South Korea's state-run Korea Telecom signed a US\$40 million contract to construct a 100,000-line telephone system in Haiphong. The deal was signed in Hanoi during the visit of South Korean Prime Minister Lee Yung-dug.

Other Vietnam updates

◆ **Australian wheat mill** - The Australian Wheat Board (AWB) and Australia's largest processed food firm, Goodman Fielder Ltd., signed a US\$19 million joint venture contract with Vietnam Food Industries Co. (VIFON) to set up a flour mill in HCMC. The AWB, which controls all of Australia's wheat exports, will supply the venture, and will hold a 17.5% equity stake in the project. Goodman Fielder will have a 52.5% share, with VIFON holding the remaining 30%. AWB chairman Clinton Condon said, "The new mill will have an annual flour milling capacity of 90,000 tons with provision for it to double in size as the market grows." The mill will be built along the Saigon River 8 km from the center of the city, allowing vessels to discharge wheat directly to the mill. Construction is expected to begin at the end of 1994 and take 21 months to complete.

◆ **Standard Chartered branch** - On 9 September, Britain's Standard Chartered Bank opened a branch office in Hanoi, the first British bank to open a branch in Vietnam. Standard Chartered, which opened its representative office in HCMC four years ago, is the ninth foreign bank to open a branch in Vietnam and the fourth in Hanoi. A bank official said Standard Chartered hoped to look at applying for a branch license in HCMC but was not interested at this stage in competing in retail banking in Vietnam.

◆ **French cement plant** - France's Technip-CLE will be the main contractor for the US\$195 million But Son cement plant, about 70 km south of Hanoi. Two French banks, Societe General and Credit Lyonnais, will lead US\$96 million for the plant over 12 years and one month. The deal is the first to be insured by the French state export credit guarantee organization COFACE. COFACE received authorization to operate in Vietnam in July [see *Digest*, 22 Jul]. Japan's Marubeni Corp. will provide credits of about US\$13 million to cover interest payments during the 35-month construction period for the project.

VIETNAM

Rao visits

Indian Prime Minister P.V. Narasimha Rao visited Vietnam on 5-7 September. India's ambassador to Hanoi described Rao's trip as "overwhelmingly an economic visit." Another senior Indian official described the visit as "a political signal to the economies of the two countries." Indian businessmen travelling with Rao signed six economic contracts. Vietnam's Prime Minister Vo van Kiet accepted Rao's invitation to visit India.



During the visit, India and Vietnam signed four agreements. A defense accord codified existing training slots provided for Vietnamese in India's defense academy, and provided for the servicing of Soviet-made equipment used by both countries. An Indian official said, "It's a framework agreement. It's not a defense pact. It's very low-key, and it's not aimed at any third parties." Other agreements signed covered avoidance of double taxation, cooperation between the foreign ministries of the two countries, and the abolition of some visa requirements.

Jiang to visit

On 7 September, Vietnam confirmed that China's President Jiang Zemin accepted an invitation to visit Vietnam. Diplomats in Hanoi expect Jiang's visit to occur in November or December. Jiang is also the head of the Chinese Communist Party. Vietnam's Deputy Prime Minister Phan van Khai is scheduled to make a 10-day unofficial visit to China this month.

Growth target in sight . . .

On 6 September, Le van Toan, head of the General Statistics Department told a conference in HCMC that Vietnam is on track to achieve its target of 8.5% growth in Gross Domestic Product (GDP) this year. Toan said growth was stable in the 8.0 to 9.0 range despite damage to crops from bad weather.

. . . but inflation is slowly rising

On 5 September, government officials said the price index rose 0.9% in August, taking inflation for the first eight months of 1994 to 8.2%. In July, the government set the target of not allowing inflation to rise above 0.5% for the rest of 1994, in an effort to keep inflation below 10% for the year.

UNICEF to grant funds

On 6 September, Tran thi Thanh Thanh, chairwoman of the Committee for the Protection and Care of Children (CPCC) told a news conference that a joint program between Vietnam and the UN Children's Fund (UNICEF) from 1996-2000 will need US\$135 million. Vo Hong Phuc, deputy chairman of the State Planning Committee said, "according to its planned commitments, UNICEF could provide more than 30% of the necessary budget." Thanh said the program covers a wide range of measures to help women and children, including the development of primary health care, education, disease control and increasing protein intake in remote areas.

Family planning

On 31 August, Britain's Marie Stopes International announced it was opening the first non-governmental family planning clinic in Vietnam. The clinic, in Nghe An province, will be co-funded by the European Union and will offer a range of family planning, maternal and child health care services. Marie Stopes International has been working in Vietnam for four years, helping to modernize six government clinics and training health workers.

Heroin seized

Police seized more than 10 kg (22 lbs) of heroin on a bus going from Dien Bien Phu to Hanoi on 31 August. The bus

driver and his assistant have been detained for investigation. The Hanoi police newspaper *An Ninh Thu Do* said this was the largest amount of heroin seized in Vietnam.

CAMBODIA

Editor killed

Nuon Chan, editor of the Khmer-language *Samleng Yu Vachun* (Voice of Khmer Rouge) was shot and killed while riding his motorcycle in Phnom Penh on 6 September. According to witnesses, Chan was shot by two unidentified gunmen on motorbikes. The newspaper was described by local journalists as being highly critical of official corruption and naming officials it believed were guilty of corruption. A senior government official responding to the killing said, "Maybe he made personal attacks on a lot of people."

Chan is the second newspaper editor to die under questionable circumstances in the past three months. Thou Chhom Mongkul, editor of *Intervention* newspaper, was found lying unconscious on a street in Phnom Penh on 11 June. A doctor said his injuries were a result of a motorcycle accident, but his family believes he was murdered. Before his death Mongkul was preparing to reopen his newspaper which had been temporarily closed because of an attack on the paper's offices. Human rights groups have criticized the Phnom Penh government for frustrating the establishment of an independent press.

Girl wounded in carjacking

Monica Oliveiros, the 5-year-old daughter of a UN human rights official, was shot and dumped in the street as gunmen stole her parent's UN vehicle on 9 September. The girl was found on a road just outside of Phnom Penh by a Cambodian woman and was brought to Calmette hospital. *Reuters News Agency* reported that she was shot in the leg but her condition was stable and that she was being evacuated to Bangkok.

The family had just returned to their home in Phnom Penh and her parents were standing outside the vehicle when the attack occurred. Her 8-year-old brother managed to escape from the car before the gunmen fled. Monica's family is from Spain and her father works in the UN human rights office in Phnom Penh. A senior UN official in Phnom Penh speculated that the attack may have been in response to a highly critical UN report on secret prisons and torture centers conducted earlier this year [see *Digest* 19 Aug]. "I don't know whether this is connected (to the prison) or another car theft--some generals were very angry (at the UN report)," he said. However Interior Minister You Hockry dismissed any connection between the report and the shooting, stating "this is a car theft."

Landmine deaths

On 5 September, a taxi traveling along a road near Battambang ran over an anti-tank mine, killing all eight occupants. Sources told *Reuters News Agency* that Khmer Rouge guerrillas are suspected of laying the mine and that two more anti-tank mines were found in the vicinity of the blast. The names of those killed were not released.



Singapore renews ties

Singapore's *Straits Times* reported on 3 September that Roland Eng will be Cambodia's ambassador to Singapore. Eng who is based in Bangkok has been the ambassador to Thailand since July. Although diplomatic ties between the two countries had been severed for 20 years, Singapore remains Cambodia's largest trading partner. "We are turning a page," the *Times* quoted Eng as saying. "After 23 years of war, we realize we have to catch up with the most dynamic region in the world."

Japanese aid

Japan has agreed to provide Cambodia US\$6 million in aid to assist needy farmers in buying fertilizers, machinery, irrigation pumps and other farming equipment. Cambodian Foreign Minister Prince Norodom Sirivudh said, "They'll assist us, not just on the project but on the management too. It's very important they don't just give us money. It's not the Japanese way." This is the third aid package Japan has provided this year. Since the 1991 signing of the Paris peace agreement Japan has provided more than US\$92 million in aid to Cambodia.

Coup plotter flies the coup

Former Interior Minister General Sin Song, one of three suspected coup leaders, escaped from the house where he was being detained on 4 September. A government spokesman said three of Sin Song's guards escaped with him. Sin Song was in the custody of the Defense Ministry and was being guarded by military police when he fled.

REGION

China says Vietnam Spratly harbor illegal

On 8 September, a Chinese foreign ministry spokesman told reporters it is illegal for Vietnam to build a harbor on one of the Spratly islands. "It is known to all that China has indisputable sovereignty over the Nansha [Spratly] Islands and their adjacent waters," the official said. "The building of a fishing harbor on the Nanwei Island of China's Nansha Islands constitutes a gross encroachment on China's territorial sovereignty and this move taken by the Vietnamese side is thus illegal."

FYI

VVAF receives award

Vietnam Veterans of America Foundation (VVAF) received the 1994 Wilton Peace Prize from the Unitarian Universalist Association (UUA) in recognition for its "trail-blazing leadership" on the issue of landmines. In the 8 September ceremony in Washington DC, John Buehrens, President of UUA, cited VVAF's leadership in "bringing together medical, human rights, humanitarian, religious, development, arms control and environmental organizations to launch the International Campaign to ban the transfer, production, stockpiling and use of landmines...[VVAF] has given fresh hope to the men, women and children who are daily threatened by landmines in Somalia, Nicaragua, Afghanistan, Cambodia, Mozambique, Iraq, Angola, the former Yugoslavia and elsewhere."

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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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