



Indochina

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TRADE/INVESTMENT

Vietnam gas updates

◆ **BP makes major discovery** - On 15 September, British Petroleum (BP) announced the discovery of two large offshore gas fields, *Lan Tay* (West Orchid) and *Lan Do* (Red Orchid) in the Nam Con Son Basin southeast of HCMC. It is the first big natural-gas discovery announced by foreign companies exploring for oil and gas off Vietnam. BP has a 30% stake in the block, while Norway's Statoil owns 15% and India's Oil and Natural Gas Commission holds 55%. PetroVietnam has an option to acquire 5% equity from the Statoil and BP interests. A BP statement said: "Appraisal results are still being studied, but current mid-range estimates of recoverable reserves for the two adjacent finds total some two trillion cubic feet [57 billion cubic meters] of gas. The gas reserves are highly productive, achieving flow rates in excess of 80 million cubic feet [2.2 million cubic meters] per day during testing operations."

◆ **Pipeline nears completion** - A spokesman for South Korea's Hyundai Heavy Industries said Vietnam's first natural gas pipeline, scheduled for completion on 12 September, will be finished at the end of this month. The 78-mile, US\$150 million project will bring ashore gas currently flared off during oil pumping in Vietnam's *Bach Ho* (White Tiger) field [see *Digests*, 10 Jun & 15 Apr]. Although slightly behind schedule, it will be completed only five months after construction began. The same length of pipeline in conditions like Vietnam's offshore waters would normally take 15 to 18 months, the spokesman said. A feasibility study for a US\$400 million second phase of the gas project will be completed by November, which will include construction of a compression station at *Bach Ho* and onshore facilities to take the gas to users in HCMC. The project is expected to yield up to 1.5 billion cubic meters of gas for power generation in Vung Tau and HCMC, and about 300,000 tons of liquid petroleum gas for export.

Vietnam Updates

◆ **Hong Kong rice plant** - Vietnam has granted a joint-venture license to a subsidiary of Hong Kong's Golden Resources Development International, Ltd. for a US\$10 million production plant to process high-quality rice for the Hong Kong market. *Vietnam Investment Review* reported that the main plant will be built in Long An province, near HCMC, with a capacity of 90,000 tons in high-grade rice production. Operations are expected to begin in mid-1995. Golden Resources has a 50% share of Hong Kong's annual rice market, estimated at 396,000 tons.

◆ **Transportation upgrades** - On 12 September, *Vietnam News* reported Vietnam plans to spend US\$3.4 billion over the next decade to build new highways, modernize its railroads, upgrade airports and double its shipping capacity. Funding is expected from international loans, government aid, and private foreign investment, and is key to Vietnam's goal of doubling current per capita income of \$220 by the year 2000. *Voice of Vietnam* radio said a master plan to rebuild 1,865 miles of highways and secondary roads includes Highway 1, the main north-south route, and the road between Hanoi and the port of Haiphong. The World Bank and Asian Development Bank are already lending \$280 million to repair sections of Highway 1. Airport upgrades are planned for Hanoi, HCMC, and Danang. A new deep-water port is planned for Cai Lan, a major coal-producing area 80 miles east of Hanoi.

◆ **South Korean containers** - The South Korean firm Win has signed a \$28 million joint venture agreement with a local firm in HCMC to make and export marine shipping containers, the *Vietnam News Agency* reported on 13 September. Win will work with Cholimex, an import-export firm based in the Cholon district of HCMC. Designated capacity is 22,000 containers a year.

◆ **US investment fund** - On 15 September, US firm Templeton Emerging Markets launched the US\$120 million Templeton Vietnam Opportunities Fund on the New York Stock Exchange [see *Digest*, 5 Aug]. Underwriters of the country fund include Merrill Lynch, Kidder Peabody and Nomura Securities. Templeton is part of the Franklin/Templeton Group, a diversified financial services organization based in San Mateo, CA.

Cambodia updates

◆ **Telecommunications upgrade** - On 13 September, Dr. Peter Booth, senior telecommunications adviser to the Ministry of Post and Telecommunications told *Reuters News Agency* that Indonesia's Indosat company will refurbish Cambodia's UN-installed telephone network at a cost of US\$15 million. Indosat will install at least 10,000 telephones as part of the contract, and renovate the old UN cellular network, which is now in disrepair due to theft, vandalism and a lack of technical maintenance expertise. The UN network, installed by the Australian company OTC/Telstra in 1992 at a cost of US\$50 million, once provided communications among all of Cambodia's 21 provinces. According to a UN Development Program (UNDP) report, Cambodia needs to invest US\$140 million in the medium term to establish a "suitable" telecommunications infrastructure. "With less than one telephone per 100 people in Phnom Penh and 0.9 percent per 100 in the country, Cambodia has the world's lowest density of telecommunications facilities," it said.



◆ **Oil flows** - In a test of a Cambodian offshore oil well conducted by Ampolex Ltd., the Kaoh Tang-1 sidetrack well in Block IV flowed 1,180 barrels per day of 42 degree API oil and 1.3 million cubic feet of gas. The test was conducted at a depth of about 3,070 meters. Participants in Block IV are Ampolex, Premier Consolidated Oilfields Plc, and Idemitsu Cambodia Oil Exploration Co., Ltd.

◆ **35 MW power plant** - On 15 September, Cambodia signed a US\$40 million B.O.T. (Build, Operate, Transfer) contract with a foreign consortium for a 35 MW power station. The power station, scheduled to go on-line in 16 months, will be operated by the consortium for 18 years before turning it over to the state-owned Electricity du Cambodge. The consortium consists of the US firm Intercore, Italy's Societa per Azioni, and Leader Universal Holdings and Delcom Services of Malaysia. Earlier, the consortium discussed a 106 MW plant [see *Digests*, 19 Aug & 29 Apr].

VIETNAM

British foreign secretary visits

British Foreign Secretary Douglas Hurd visited Hanoi on 14-15 September as part of an Asian tour to boost British business, with stops in Thailand, Hong Kong and Japan. Hurd was accompanied by eight senior British executives, representing Balfour Beatty, Bowater International, British Aerospace, Costain Group, GEC, Rolls Royce, Hong Kong and Shanghai Bank, and Trafalgar House. On 15 September, Hurd told a news conference, "Vietnam is moving fast and the opportunity for British investment, trade and contacts of all kinds is much greater than it has ever been before." Hurd singled out financial services, oil and gas, transport, and English language teaching as areas in which Britain could help Vietnam's developing market economy.

During the visit, Hurd signed a US\$77.5 million aid agreement to provide grants and low interest loans to Vietnam. Under the agreement, Vietnam must spend most of it on British products and services. Vietnam's Foreign Minister Nguyen Manh Cam said the aid will be used to improve Vietnam's physical infrastructure.

Hurd thanked Vietnam for help in repatriating boat people from camps in Britain's colony, Hong Kong. Hurd said he had sought answers from Vietnam on a small number of individual cases as part of a dialogue on human rights.

Zumwalt visits

The former US commander of naval forces in Vietnam returned to Vietnam for the first time since the end of the war. "It is good to be back. It's been too long," retired Admiral Elmo Zumwalt Jr. said upon his arrival. "I have for many years wanted to come to discuss policy issues with the government of Vietnam and to seek to bind up the wounds of war," he added. Zumwalt was given a red-carpet reception upon his arrival at Hanoi's Noi Bai International airport on 9 September. Zumwalt met with President Le Duc Anh and the two men talked about the war and the need to build relations between the two countries. Both men also pledged

to support joint research efforts on the effects of Agent Orange, a defoliant used by the US during the war. Zumwalt, who ordered the spraying of the defoliant, lost a son to cancer which he believes was directly caused by exposure to agent orange. Zumwalt also met with General Vo Nguyen Giap who Zumwalt described as "a brilliant strategist and military man." The two men exchanged signed copies of their books about their military experiences.

Canadian prime minister to visit

Canadian Prime Minister Jean Chretien is planning a two-day visit to Hanoi following the Asia-Pacific Economic Cooperation (APEC) meeting in Jakarta on Nov. 14-15. Chretien will be leading a trade delegation of provincial and business leaders, which will include a 7-day visit to China.

Chinese connections

Vietnam and China are conducting several high-level exchanges preceding President Jiang Zemin's visit to Hanoi later this year [see *Digest*, 9 Sep]. On 10 September, a 7-member delegation from the commission for ideology and culture of Vietnam's communist party travelled to Beijing to visit with their Chinese counterparts. On 21 September, Vietnam's Deputy Prime Minister Phan van Khai is scheduled to meet with his counterpart Zhu Ronghi in Beijing. Khai's trip to China, ending 29 September, was described as a "working visit to study economic developments in China." The secretary of the Beijing Communist Party, Chen Xitong, is scheduled to visit Hanoi at the end of October, at the invitation of his counterpart Pham The Duyet.

Partyin' party members depart

On 13 September, *Tuoi Tre* newspaper reported the Communist Party expelled seven members from Kien Giang province for having sex with prostitutes. *Tuoi Tre* said the expelled officials were caught with prostitutes in hotel rooms in Vung Tau in August. One of the officials headed the provincial treasury department while the others held key posts in the district party committee. In July, the government issued an edict calling for tough punishment for state employees involved in "social vices," including using prostitutes. "Public opinion in Kien Giang supports the serious treatment by the provincial party committee of cadres who misbehave...who get involved in prostitution and orgies," *Tuoi Tre* said.

Report: AIDS spreading to low-risk areas

On 16 September, the National AIDS Protection Committee (NAPC) issued a report indicating that the HIV virus has started to spread into the general population. Since the previous report in July [see *Digest*, 27 Jul], the number of AIDS deaths remained 48 while the number of Vietnamese testing positively for the HIV virus grew from 1,411 to 1,699. However, there were three cases in a group previously thought to be low-risk: two female government employees and the 5 year-old child of one of them. *Vietnam News Agency* said, "Their positive results are a sign of HIV spreading to ordinary people from high-risk groups such as drug addicts and prostitutes."



CAMBODIA

Malaysian businessman killed

The president of a Malaysian-based logging company was killed as the plane he was flying in was hit by gunfire on 9 September. Tie Ching Kiong was conducting an aerial survey in Kratie province in central Cambodia when the single engine Cessna plane came under attack. He was sitting in the seat next to the pilot. The pilot of the plane said he was flying the plane at about 300 meters so his passengers could take photographs. No one else was hurt in the incident.

Australian released from jail

A 23 year old tourist was released from prison into the custody of an Australian embassy official one week after being sentenced for possession of an illegal firearm. Raymond Hasluck from Tasmania was sentenced to four months in prison after pleading guilty to the firearms charge on 5 September. In his signed confession Hasluck said he had bought an AK-47 for US\$50 from an unidentified Cambodian. "In Tasmania, people are allowed to carry a rifle as long as they have a permit to shoot kangaroos," he said in his statement. In an interview with *Reuters News Agency* before his release Hasluck said, "If I had known it would have led to this, I would never have bought this stupid rifle."

Bridge on the river Mekong

A Japanese embassy official announced on 13 September that Japan will conduct a feasibility study on constructing a new bridge over the Mekong river. The Cambodian ferry port of Neak Loeng located about 60 km (36 miles) southeast of Phnom Penh is the most likely site for the bridge. "The Japanese government is preparing to dispatch a technical study team to analyze this [proposal]," the official said. He also added that the engineering team should arrive before the end of the year and he emphasized that Japan has not agreed to fund the project.

Hostage negotiations at impasse

The release of three Westerners being held by the Khmer Rouge is no more certain today than it was when they were captured almost two months ago [see *Digest* 29 Jul]. The captors' most recent demand of negotiating directly with the governments of the hostages has been rejected. "According to the latest letter from the Khmer Rouge's Commander Phet...they demanded the three ambassadors of the respective hostage countries to meet Khieu Samphan to discuss ending military aid to the government," said a senior government military official. The official said the three ambassadors were informed of the demand and have refused to meet with Samphan.

According to a government army commander, the supplies of the guerrillas holding the hostages are being depleted. "Their supply situation at Phnom Vor [Vine Mountain] is very critical now," he said. *Reuters News Agency* confirmed that the guerrillas had tried to move the hostages but were prevented from doing so by government forces which have surrounded the guerrilla base.

LAOS

South African relations

On 7 September in Bangkok, South Africa and Laos established full diplomatic relations. The two countries' respective ambassadors in Thailand signed a joint communiqué establishing the formal diplomatic link.

Bomb defusion course

On 24 August, a 6-week training course on defusing unexploded ordinance began in Xieng Khouang province, with 20 participants joining the course. The course is part a pilot program being conducted by the Mennonite Central Committee (MCC), with technical assistance being provided by Britain's Mines Advisory Group. MCC hopes to train an additional 40 persons in defusing techniques, and to expand the program to other provinces.

REGION

Crestone delays drilling

On 15 September, Randall Thompson, president of Denver-based Crestone Energy, told *Reuters News Agency* in Singapore that a planned exploration well in a disputed area of the South China Sea has been delayed until the first quarter of next year. Thompson said the well was rescheduled from the fourth quarter to avoid the typhoon season, and denied that it was due to mounting tensions between China and Vietnam. Thompson confirmed that three Vietnamese fishing boats with machine guns forced a Chinese ship away from the area earlier this year. The ship was gathering seismic data, and was supposed to have the full support and protection of China. Thompson said the problem was caused by a lack of coordination among Chinese agencies. "The vessel was supposed to be backed up but they didn't go. They will be coordinated [for the drilling phase]," he said.

Mekong development conference, part 4

Following up on an April meeting in Hanoi [see *Digest*, 22 Apr], officials from six countries sharing the Mekong River met in Chiang Mai, Thailand on 15-16 September for the Fourth Conference on Subregional Economic Cooperation, sponsored by the Asian Development Bank (ADB). The six, Burma, Cambodia, China, Laos, Thailand and Vietnam, reached agreements to begin implementing plans for a US\$1.2 billion road system for the region. The countries agreed to give priority to upgrading two road links between Thailand and Vietnam, one through Cambodia to HCMC and the other through Laos to the central Vietnam coast. Other priorities include two roads from southern China to Thailand, one through Laos and the other through Burma. Peter Sullivan of the ADB said, "Clearly the six countries want to see the ADB and other multilateral banks help out, start funding these projects. They've done the priorities, the ranking and feasibility studies - they're ready to go." After transport, the meeting chose energy as its second priority, with hydroelectric power plants heading the list.

**US POLICY****US official visits region**

Deputy Assistant Secretary of State Peter Tomsen was in Phnom Penh on 13-14 September for talks with First Prime Minister Norodom Ranariddh and Foreign Minister Norodom Sirivudh. Tomsen said his visit would be followed by a team of US military experts to hold discussions on Cambodia's defense needs, scheduled to arrive on 17 September. Tomsen praised the initial progress which has been made to reform the military but he also emphasized that major deficiencies still existed. Tomsen said it was too early to consider whether the US would provide lethal military aid until the military had been reformed and properly trained. He emphasized the Khmer Rouge must be defeated. "They are kidnapping, they are attacking outposts, murdering people--how do you handle this threat? You have to have security forces that are adequate to handle it."

Tomsen was in Hanoi on 14-16 September and met with Vietnam's defense and interior deputy ministers and with deputy foreign minister Le Mai. Emerging from his 75 minute meeting with Le Mai, Tomsen said, "We certainly made progress on the MIA issue but also in other areas." Tomsen refused to provide any details of the meeting. In addition to the issue of MIA's the two men discussed the claims issue and the opening of liaison offices. Without elaborating on the talks, Le Mai said they had made progress in settling the issue of confiscated diplomatic properties. "I think we share the same determination that we try to solve this matter so that we can open the liaison offices as soon as possible," Le Mai said. Tomsen also visited the new 9-story glass tower which is being proposed as the site of the US liaison office [see *Digest*, 26 Aug].

FYI**Viet Expo '94 - San Francisco**

The first Vietnamese trade fair in the US, Viet Expo '94 - San Francisco, will be held on 29 September to 1 October at Fort Mason Center's Herbst Pavilion [see *Digest*, 15 Jul]. Over 100 Vietnamese companies will be represented at the event, sponsored by the Vietnam Chamber of Commerce and Industry (VCCI) and the Mayor's Office of San Francisco. Show hours are from 9:00 am to 4:30 pm daily. Admission is US\$13 per day or US\$25 for a 3-day package. On 30 September there will be a seminar on Vietnam's economic development at Fort Mason Center's Cowell Theater, which will include addresses by Vietnamese officials and American business people working in Vietnam. Admission to the seminar, including lunch and a 3-day pass to the Expo is US\$125. For information, contact Jim Nguyen at the San Francisco Mayor's Office, 415-554-6496, or DeLisa Leighton at the San Francisco-Vietnam Foundation, 510-651-1149.

CRS Vietnam report

On 4 August, the Congressional Research Service of the US Library of Congress issued a comprehensive report on US-Vietnam relations. The report, *Vietnam: Procedural and Jurisdictional Questions Regarding Possible Normalization of U.S. Diplomatic and Economic Relations* (Report No. 94-633 S), updates a 1989 version, and provides a complete description of issues and US laws affecting US-Vietnam relations. Copies are available to persons in the US through their congressional offices. Overseas subscribers to the *Digest* wanting a copy may write to the Indochina Project.

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