



Indochina

Digest

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TRADE/INVESTMENT

Vietnam updates

◆ **Singapore top trading partner** - Singapore has topped Japan as Vietnam's largest trading partner in the first half of 1994, according to a 28 September report in Singapore's *Business Times*. Singapore's total trade with Vietnam from January to June was US\$1.07 billion (US\$656 million in exports to Vietnam; US\$423 million in imports from Vietnam), compared with Japan's trade of US\$486 million (US\$255 million in exports to Vietnam; US\$231 million in imports from Vietnam). Vietnam's total exports for the first six months were US\$1.54 billion, slightly more than half of this year's target of US\$3 billion. Vietnam's imports for the same period were US\$2.76 billion, with a total for the year expected to be US\$3.3 billion in imports. Last year, Japan was Vietnam's largest trading partner at US\$1.5 billion, followed by Singapore with US\$1.2 billion and Hong Kong with US\$1 billion.

◆ **Singapore office building** - On 29 September, Singapore's Far East Levingston Shipbuilding Ltd. (FELS) announced the formation of a joint venture with two Vietnamese oil companies to develop an office building in the coastal town of Vung Tau. FELS will have 70% stake in the US\$23 million project, while Vietnam Oil and Gas Corp. will hold a 20% stake and National Oil Services Co. of Vietnam will hold the remaining 10%. The 10-story building is scheduled to be completed by early 1997.

◆ **Singapore insurance** - Singapore's NTUC Income Insurance Cooperative Ltd. and the Vietnam General Confederation of Labor have signed a memorandum of understanding to operate an insurance cooperative joint venture in Vietnam. With government approval, operations will begin next year. NTUC will provide consultancy and training for the venture.

◆ **Danang resort contract signed** - BBI Investment Group Chartered of Chevy Chase, Maryland announced on 23 September that it had signed a US\$243 million joint venture partnership to build a beach resort near Danang [see *Digest*, 24 Jun]. BBI, formed a year ago by American investors, will own 67% of the venture and local partner Non Nuoc Tourism Co. will own 33%. BBI's managing director in Vietnam, Stewart Stemple, said the project would include renovation of the existing Non Nuoc Resort Hotel and construction of four new hotels for a total room count of 1200. A golf course and conference center would also be constructed on the 536 acres of seaside property. The project is scheduled for completion in 2005.

◆ **Amoco explores oil and gas contracts** - On 28 September, the *Associated Press* reported Amoco Production Co. could become the sixth US oil company to contract with PetroVietnam for oil and gas exploration and drilling, if negotiations now underway are successful. James Devaney, a senior petroleum engineer with Amoco Production Co. said, "We hope that by the end of the year we will know one way or the other on one or both projects," declining to give details of the proposed contracts. Competition among Western oil companies is fierce, Devaney said, and foreign firms must contend with some of the toughest contract terms set by any government in East Asia. Nonetheless, US firms Atlantic Richfield Co. (ARCO), Occidental Petroleum Corp. and Mobil Corp. all began drilling off Vietnam's southeastern coast during the past three months. Kerr-McGee Corp. and Union Texas Petroleum have bought into existing exploration contracts. Devaney spoke at Vietnam Oil & Gas Expo '94, a trade exhibition in Hanoi sponsored by PetroVietnam.

◆ **New Zealand investment group presses on** - Although an initial issue of 7.5 million shares and 3.75 million options in Iddison Group Vietnam Ltd closed undersubscribed on 28 September, the company said it plans to list on the New Zealand Stock Exchange on 7 October. The company had planned to raise NZ\$5.6 million (US\$3.37 million) in financing, but fell NZ\$1.2 million (US\$720,000) short. However, Eion Edgar, spokesman for co-underwriters Forsyth Barr, said the shortfall would not greatly affect the company's plans. "The company is extremely pleased with the result in what has been a very difficult market," he said. Iddison's two main ventures are setting up a poultry firm and prospecting a gold mine. The company is looking at other opportunities ranging from a dry cleaning business in Vietnam to selling radio communications.

◆ **Malaysian palm oil** - Malaysia's Golden Hope Plantations is negotiating to set up a second palm oil refinery in China, but the company is moving cautiously with negotiations to open an oil palm plantation in Vietnam. Golden Hope chief executive Abdul Rahman Ramli told *Bernama News Agency* his company is not satisfied with Vietnam's land laws. "The 25-year tenure which was offered for the proposed 10,000 hectare oil palm plantation there is short, as we need at least 30 years," he said, "and in addition, we are also dissatisfied with the land premium."

◆ **French cement plant** - France's Technip company announced in Paris on 26 September it won a US\$100 million contract to build a cement plant in But Son, 60 km southeast of Hanoi. The project is a partnership between Technip and Vinacimex, an affiliate of Vietnam National Cement Co.

**Vietnam: law firm updates**

◆ **Coudert Brothers** - On 26 September, the international law firm Coudert Brothers announced it has been given formal approval to open an office in Hanoi. In addition to its office in HCMC, the firm has eight other offices in Asia, including China, Singapore, Hong Kong, Indonesia, and Thailand. Anthony Kahn, a member of Coudert's executive committee, said, "We are familiar with those countries and the kinds of development initiatives that the countries take and foreign businesses are investing in. We think the same kind of pattern has developed in Vietnam."

◆ **Skadden, Arps** - On 12 September, the New York-based international law firm of Skadden, Arps, Slate, Meagher & Flom announced it filed an application to open a representative office in Hanoi. The firm, which has been counseling clients interested in doing business in Vietnam since 1989, will open its office in conjunction with the Hanoi-based consulting firm, Ashta International. The development of the Skadden, Arps' practice in Vietnam will be overseen by Thomas J. Schwarz, Esq., of the firm's New York Office, and Raymond W. Vickers, Esq., with the firm's Hong Kong office.

Cambodia: oil well capped

On 29 September, Premier Consolidated Oilfields Plc. announced that it would plug and abandon its Kaoh Tang-1 oil and gas well located offshore Cambodia [see *Digest*, 16 Sep]. Premier said testing produced a maximum flow of 1,180 barrels of oil and 1.3 million cubic feet of gas per day.

UPS adds service to Laos

On 29 September, United Parcel Service (UPS) announced it will begin service to Laos on 3 October, completing its final link in the Indochina delivery network [see *Digests*, 29 Jul & 18 Mar]. In a partnership with SB Shipping Services, SB will handle pickup and delivery in Laos while UPS will provide SB with access to its international network. UPS launched its Indochina operation in April with the introduction of its Worldwide Express service in Vietnam. The service was then extended to Burma in June and Cambodia earlier this month. The Atlanta-based company serves over 200 countries and territories, with estimated revenues of US\$17.8 billion.

VIETNAM**ASEAN membership discussed**

On 25 September, ASEAN representatives meeting in Chiang Mai, Thailand, discussed Vietnam's membership, focusing on some of the difficulties Vietnam may face when it becomes a member. Some of the membership requirements include a US\$1 million contribution to a regional fund, and supporting an administrative staff for participation in the numerous ASEAN meetings throughout the year [see *Digest*, 29 Jul]. Various ASEAN groups met over 300 times last year. In addition, ASEAN recently agreed to tariff reduction goals of between 0% to 5% by 2003, which would be difficult for Vietnam to match. Vietnam's Trade Minister, Le van Triet, said he recognized that there are major obstacles to Vietnam's participation. Triet said, "We have to further reform economic policies," including drawing

up new trade regulations. Triet also conveyed the wishes of Prime Minister Vo van Kiet: "Once participating in ASEAN, Vietnam wants to make a contribution to ASEAN rather than being burdensome to ASEAN."

ASEAN members expressed a willingness to work with Vietnam to achieve membership. Thai Deputy Foreign Minister Supachai Panitchpakdi said, "We are not discouraged. We hope that Vietnam will not be discouraged." He added the situation may require re-assessment of some policies to allow Vietnam to join ASEAN. Expressing similar sentiment, Singapore's Minister for Trade and Industry Yeo Cheow Tong noted Vietnam's need for restructuring, but pointed out "For our long-term relationship to be successful we have to have some flexibility." The two sides plan to exchange research teams over the next several months, and to meet in Phuket, Thailand, in April to discuss progress. Vietnam will probably acquire full membership at the ASEAN summit meeting at the end of 1995.

In an interview with *Reuters News Agency* on 23 September in Hanoi, Foreign Minister Nguyen Manh Cam said, "Economically, there is a certain disparity in the level of development between Vietnam and the ASEAN countries. Politically there are some differences in political regimes." He made it clear, however, that these were not obstacles to membership and that members themselves viewed the relationship, including differences, as mutually beneficial.

Fitful of dong

On 1 October, Vietnam will implement Prime Minister Vo van Kiet's August decision to tighten the monetary system by channeling foreign currency transactions through banks and curbing the everyday use of US dollars [see *Digest*, 12 Aug]. While airlines, insurance, telecommunications and shipping firms may continue to use dollars, firms previously allowed to deal in dollars must reapply for licenses.

Some foreign companies are expressing trepidation as they are not sure how the new rules will work or how strictly they will be enforced. The government has stressed the new rules are not intended to make life difficult for foreign companies and individuals. Nguyen Ngoc Minh, head of foreign exchange at the State Bank told *Reuters News Agency* in an interview, "There will be hardly any change for foreign-invested companies." Minh said the government was trying to stop the unauthorized use of dollars by about 300 Vietnamese companies and end unnecessary charging in dollars in shops.

German ambassador denies aid cut

In a 30 September interview with *Reuters News Agency*, Germany's ambassador to Hanoi Christian Kraemer denied reports that Germany decided to cut off development aid to Vietnam. German press reports quoted Germany's cooperation ministry as saying aid would be cancelled due to Vietnam's refusal to take back approximately 40,000 Vietnamese living illegally in Germany [see *Digests*, 23 Sep & 15 Jul]. "There is no government decision to that effect," Kraemer said. "There is no official decision by the federal government in Bonn, and this is a matter for the whole cabinet, not an individual ministry." Germany has pledged about 170 million marks (US\$110 million) in aid since 1990.

**Debt resolution**

◆ **Eastern Europe** - Vietnam's efforts to reinvigorate ties to Eastern Europe, highlighted by Deputy Prime Minister Tran Duc Luong's recent tour of the region [see *Digests*, 2 Sep & 26 Aug], include its resolve to settle the problem of debt to its former Socialist allies. Vietnam's debt to the Eastern Europe countries is about 500 million transferable roubles, which is only 1/20th of its debt to Russia. Vietnam owes Poland US\$7 million to US\$8 million. Vietnam's largest creditor in Eastern Europe is Hungary, to which it owes 300 million transferable roubles. The two countries are considering debt for equity swaps. In the case of a lightbulb factory in Vietnam, Hungary may accept shares in the company to compensate for debt incurred in its construction.

◆ **Russia** - On 13 September, *Reuters News Agency* reported on a complex deal under which the state-own firm Saigon Leather was able to buy back its US\$5.4 million debt to Russia's International Investment Bank (IIB) in such a way that both debtor and creditor made profits while shedding liabilities. The deal was engineered by the Dutch bank ING, using the National Bank of Kuwait to refinance the buyback, and involving Russia's Toko Bank as an intermediary.

Flood deaths rise

On 27 September, government officials confirmed newspaper reports that floods killed at least 64 people and caused losses of tens of millions of dollars in five southern provinces. The floods caused an outbreak of disease and destroyed homes, rice, roads, dikes and bridges in the Mekong Delta. About 100,000 people suffered from a shortage of food, and 30,000 families had to be evacuated from their homes due to rising waters. A 27 September *Lao Dong* report estimated losses caused by the flood at 300 billion dong, (US\$27 million). Earlier in September, Typhoon Luke killed six people [see *Digest*, 23 Sep].

Fighter plane crashes

On 24 September, *Tuoi Tre* reported that a Vietnamese military jet MiG-21 crashed near Bien Hoa airport in southern Vietnam. The plane made an attempt to abort take off and hit a house about 800 meters away. The owner and his wife were killed and four others were injured.

CAMBODIA**Government attacks hostage site**

On 24 September, a special forces unit attacked the Khmer Rouge stronghold where the guerrillas have been holding 3 westerners, 3 ethnic Vietnamese and an unknown number of Cambodians hostage since late July [see *Digests*, 16 Sep & 29 Jul]. The commander of the unit said his team had moved within 3 km (2 miles) of the guerrilla base on 29 September. Although there are no reports on the number of casualties, *Reuters News Agency* reports that several combatants on both sides are being killed every day. A government soldier being treated for shrapnel wounds speculated that the rebels may have moved the hostages into caves located adjacent to the base. Sergeant Ek Manarith also said the Khmer Rouge had poisoned the water supplies on the mountain and attached

mines to tree branches and vines. Diplomatic sources in Phnom Penh said the embassies of the hostages were not notified of the government offensive. In the past they have urged the government not to attack the guerrillas because it would jeopardize the lives of the hostages.

IMF report on economy positive

The October edition of the monthly IMF Survey, released on 26 September, gave an optimistic report on Cambodia's economic improvements and macroeconomic stability. The report said Cambodia was "emerging from isolation as economic reforms take hold." Noting the government established an "initial track record of implementing economic policies," the report said, "Economic activity rebounded and the balance of payments strengthened, permitting an increase in gross external reserves of almost \$50 million, bringing the total to \$70 million at the end of 1993." It also said, "Macroeconomic stability has been restored as a result of firm policy measures, exceptional donor support and a return of confidence." In regard to Cambodia's future, the IMF said, "With strong policies and the vital support of the international financial community, the challenge facing Cambodia will be to build on the hard-won results to date and establish a foundation for sustained growth and development."

Thai coup participants moved

On Sept 23 Interior Minister You Hockry reported the nine Thai nationals, who will be tried in connection with the 2 July coup attempt, have been moved to a prison. "They have been moved to T-3. We can't free them without a court hearing," You Hockry said. The Thais have been under house arrest for the past three months.

According to You Hockry, Thailand is currently holding several individuals suspected by the Cambodian government to have been involved in the attempted coup and has been hesitant to allow access for Cambodian officials investigating the coup. King Norodom Sihanouk wrote to Phnom Penh on 18 September suggesting the release of the prisoners on humanitarian grounds.

Sihanouk okays immigration law

Two weeks after asking the national assembly to amend the recently passed immigration law, King Norodom Sihanouk has given his consent to the controversial law without any changes being made [see *Digest*, 23 Sep]. According to *Reuters News Agency*, Sihanouk, in a 22 September letter to national assembly head Chea Sim wrote, "If it's inevitable, please...sign and promulgate it in accordance with our national constitution." Chea Sim had written Sihanouk asking for the king's approval, citing failure to sign the law has given rise to "some of the national press and politicians to take advantage and savagely criticize me [Chea Sim]."

Hanoi has sought support from UN Secretary General Boutros Boutros-Ghali and King Norodom Sihanouk to prevent implementation of the law that would leave many Vietnamese in Cambodia vulnerable to deportation. Prime Ministers Norodom Ranariddh and Hun Sen have promised there would be no forced exodus of Vietnamese. Vietnamese Foreign Minister Nguyen Manh Cam has requested direct discussions with the Cambodians over the issue.



Party lines

The *Phnom Penh Post* reported foreign journalists, human rights workers, diplomats, and government representatives are subject to monitoring by a staff of 800 employees of the Ministry of Interior to report on their activities. The wave of post-coup security activity is viewed as a measure to crack down on critics of the government. Particular attention is being paid to telephone and fax communication.

US POLICY

Genocide investigation

On 24 September, the head of the US State Department's Office of Cambodian Genocide Investigations, Alphonse LaPorta, promised support in investigating crimes by the Khmer Rouge during their 1975-79 reign [see *Digest*, 10 Jun]. LaPorta told reporters in Phnom Penh "that it is time to prosecute" those Khmer Rouge leaders responsible for genocide and that he hopes "one day political conditions would permit some proceeding that would bring the leaders...to account." La Porta made his remarks at the conclusion of a six day visit to Cambodia.

LaPorta emphasized the US government itself would not conduct investigations nor open an investigations office in Phnom Penh. The US would, however, provide grants to institutions and non-government organizations to do the work and assist in the preparation of legal cases against those brought to trial. LaPorta said he would return to Phnom Penh "in maybe a year's time or so to discuss some of the results of this research."

REFUGEES

Hong Kong officers charged with assault

On 27 September, Hong Kong officials announced that three correctional officers have been charged with five counts of assault following investigations into last April's unrest in Whitehead Vietnamese detention center [see *Digests*, 17 Jun & 15 Apr]. About 330 people were injured as officers tried to transfer boat people from the camp to a holding center before being forcibly repatriated to Vietnam. Although officials said 99 people reported being assaulted, only 68 were actually able to identify their assailants.

REGION

Indochina's information highway

Thailand's National Electronics and Computer Technology Center, which provides local telephone access to the Internet's files and E-mail services, wants to offer similar services to Vietnam, Cambodia, and Laos. On 22 September, *United Press International* reported that officials at the center say Thailand is in the best position to help its neighbors join the information highway. Internet's multi-user "chat" lines, which allow two or more people to converse via their screens, already offer specialized groups for Thais, Vietnamese, Cambodians, Laotians and others who live outside their home nations.

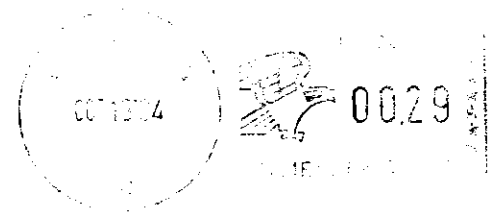
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