



Indochina

Digest

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TRADE/INVESTMENT

Vietnam updates

- ◆ **More American exposure** - Nearly 35 companies participated in the first US trade exhibition in southern Vietnam since 1975. Cosmetics, cigarettes, soft drinks, fast foods, children's clothes and cleaning supplies were some of the products being displayed and sold at the four-day exhibit organized by Vietnam Investment Information and Consulting (VIIC). VIIC organized a similar trade fair in Hanoi in April. Many American participants were pleasantly surprised by the Vietnamese turnout at the fair. "This reception is beyond my wildest expectations," said Eddie Sindt, a California wine representative at the fair. "It's been a very happy experience."
- ◆ **AMEX seeks branch approval** - The American Express Company has applied to open a banking branch in Vietnam, vice chairman Jonathan Linen told *Reuters News Agency* on 28 October. Linen said the bank hopes to have offices in Hanoi and in HCMC, and to issue a credit card in Vietnam. Two other US banks, Bank of America and Citibank, have applied for banking branch licenses and are awaiting a response from the State Bank.
- ◆ **Australia's BHP proposes major project** - The Broken Hill Pty Co. Ltd. (BHP) said it submitted a proposal on 4 November for a feasibility study to develop an integrated power and urea fertilizer project in southern Vietnam. The study would involve the evaluation of a world-scale urea fertilizer plant, producing 6,000 tons per year, integrated with a 680 megawatt power station based on gas turbine combined cycle technology. BHP did not give a projected cost, but Vietnam newspaper reports said it will require US\$860 million in investment, which would make it the country's largest foreign investment project. BHP said it would be the lead development company for the project, with Japan's Tomen Corp. and GE of the US as partners on the power side and Canada's Cominco Fertilizer as a partner on the urea side.
- ◆ **Mitsubishi well dry** - On November 1, Mitsubishi Oil Co. Ltd. announced that the second test drilling well in its offshore Vietnamese oil exploration has yielded no oil. Mitsubishi announced earlier this year that its first test well in the 15-2 block yielded a total of 14,389 barrels a day, raising the prospect that the area could be one of the biggest oil fields off Vietnam. A Mitsubishi spokesman said that ceasing further test-drilling in the block could speed up the process of shifting into commercial production at the first test well find, which is anticipated to be a major oil field.
- ◆ **TransCanada pulls out of gas project** - According to a company spokesman, TransCanada PipeLines Ltd. has pulled out of the study phase of a project to extract gas from Vietnam's *Bach Ho* (White Tiger) oilfield. The project, which had been estimated at US\$400 million and included Vietnam's state oil firm PetroVietnam, was expected to yield between 1 and 1.5 billion cubic meters of gas for power generation in HCMC and Vung Tau and 300,000 tons of liquid petroleum gas for export. According to the spokesman, the *Bach Ho* project did not meet the necessary company criteria required for international projects. It is unknown whether TransCanada will continue with other projects in Vietnam.
- ◆ **Lasmo to drill more wells** - UK oil and gas exploration company Lasmo Plc. announced its first well on block 04-2 was successful and the company will drill additional wells on the block next year. The 04-2-NB-1X (Flying Horse 1) well tested at rates of 2 million cubic feet of gas per day and 40 barrels of 52 degrees API (American Petroleum Institute) condensate per day.
- ◆ **Pepper down** - Low pepper prices in recent years have discouraged Vietnamese farmers from cultivating black pepper, resulting in reductions in exportable pepper output this year. Production of exportable pepper is expected to be only 11,000 tons this year, half the 1992 level and well below this year's estimate of 15,000 tons. Vietnam has exported 8,000 tons of pepper this year, most of it going to Singapore and Europe.
- ◆ **Textiles up** - The *Vietnam News Agency* (VNA) reported on 4 November that the country's exports of textiles and clothing rose sharply to US\$400 million in the first nine months of 1994. These figures already exceed 1993's US\$360 million total export turnover. Nearly half of these exports are said to have gone to the European Union, but sales to Japan, Taiwan, South Korea, and Russia have also increased.

Cambodia's golden venture

On 1 November, Singapore's *Business Times* reported that Australia's Herald Resources Ltd. plans to invest US\$20 million in a gold prospecting joint venture in Cambodia. Herald and the Cambodian firm Royal Group formed the joint venture company Royal Herald Resource, which will begin exploration in central Kompong Thom and eastern Monduliri provinces. The plan must be approved by the Cambodian Investment Board. The ten gold deposits discovered in Vietnam, including 3 recent discoveries, have sparked Western miners' interest in Cambodia.

**VIETNAM****Khai addresses National Assembly**

On 31 October, Deputy Prime Minister Phan van Khai addressed the National Assembly as it neared adjournment. Khai called for "belt-tightening" measures to curb the recent jump in inflation, saying "Wasteful spending is as damaging as corruption to the state budget." The measures include stronger tax collection, from both foreign and local firms, and a reduction in public spending. Khai said the state budget can no longer fund new office buildings, equipment and cars, and that civil service salaries should be frozen.

Economic news

◆ **1995 growth targets set** - The National Assembly has set the target for economic growth in 1995 at 9%-10%, an increase from this year's projected 8.5% growth rate. Other 1994 goals include a 4.5%-5.0% growth in agricultural production, 13%-14% growth in industrial output, and 25% growth in exports. The resolution passed by the Assembly also set a target of single-digit inflation for next year. The 1995 state budget plan was passed, but revenue and spending figures were not disclosed.

◆ **1994 inflation target missed** - The government statistics department reported inflation reached 11.3% in the first 10 months of 1994, surpassing the single-digit target set earlier in the year. The increase is attributed to the recent surge in rice prices after flooding in the Mekong Delta and market fluctuations. A 5.3% increase in food prices in October alone contributed to the 25.9% increase this year.

Pope chooses cardinal

The Archbishop of Hanoi, Paul Joseph Pham Dinh Tung was named one of thirty new cardinals appointed by Pope John Paul II on 30 October. The diverse group includes Catholic leaders from Sarajevo, Albania, Belarus, the Czech Republic, and Cuba. According to the Pope, they "reflect in a significant way the universality of the church with the multiplicity of its ministers." The new members, many of whom share John Paul's vision of a conservative church, will join the 120-member cardinal body on 26 November, and share in the responsibility of choosing his successor.

UN human rights delegation visits jails

A delegation from the UN Commission on Human Rights has been allowed to visit prisoners and jails around Vietnam, signaling "...a very important opening by the Vietnamese government," according to Lois Joinet of the delegation. The delegation was allowed to speak with inmates in an unspecified prison in the north, and to interview government officials including the Minister of Justice and the head of the People's Supreme Court, in an effort to understand law enforcement and prisoners' rights in Vietnam. The group will continue on to Danang and HCMC, visiting prisons and interviewing local police, judges and prosecutors. A report on their findings will be given next February to the UN commission in Geneva.

Kiet okays American Chamber

The chairman of the American Chamber of Commerce in Vietnam announced the Chamber has received official recognition of Prime Minister Vo van Kiet. The Chamber, which has 67 US business or individual members in Hanoi and a similar number in HCMC, has been attempting to gain formal recognition from the Vietnamese government. Kiet indicated the Chamber would be granted legal status and "expressed his wish that its activities would serve as a bridge between Vietnamese and American businessmen, contributing to expediting normalization of Vietnam-U.S. relations."

Aid updates

◆ **Donor conference** - Vietnam is expecting pledges of increased aid when it meets with its primary donors in Paris on November 15-16. *Reuters News Agency* reported foreign economists as saying that pledges at the World Bank-sponsored "consultative group" donor conference may well exceed the US\$1.86 billion earmarked for Vietnam at the first meeting last year [see *Digest*, 12 Nov '93]. The country's economic performance and management receive good marks from international financial institutions and major donor countries, though many worry about the bureaucracy's capacity to absorb large chunks of aid.

◆ **Japan** - On October 29, following talks between senior Vietnamese and Japanese officials, a representative of Japan's Foreign Ministry announced plans to increase Japanese development aid to Vietnam during fiscal year 1994, even though only a small amount of fiscal year 1993's pledge of 52.6 billion yen (US\$540 million) has been used so far. Much of last year's pledge has gone unused, he explained, because Vietnam was unfamiliar with the procedures required by Japanese aid disbursement and because of a dire shortage of Vietnamese aid officials (only one official is now working on the Japanese aid dossier in Vietnam's State Planning Committee). The specific amounts of aid will be made public at the conference in Paris, where it is expected that both concessional loans and grant aid will be increased.

HCMC seeks damages from oil spill

Authorities in HCMC are seeking damages from Singapore's Neptune Orient Lines Ltd. (NOL), owner of the oil tanker that rammed a jetty at Cat Lai port near HCMC on 3 October, spilling a reported 1,528 tons of diesel into the Saigon River [see *Digest*, 7 Oct]. The city's environment committee filed a suit with the municipal tribunal, requiring the firm to deposit 240 billion *dong* (US\$21.8 million) as bail while awaiting the court's verdict. The committee also asked the court not to let the tanker leave port until a verdict is announced. In a statement, NOL said, "We have no comment...except that we are presently giving the Vietnamese authorities our fullest cooperation on this matter and we are trying to resolve it as quickly as possible." NOL initially offered US\$1 million for damage caused by the spill. A joint survey, involving the International Tanker Owners Pollution Federation Ltd., showed the environmental and economic impact from the spill was minimal and only rice crops and ducks were affected.

**Malaysia defense cooperation**

Following the arrival Tuesday of Vietnamese Defense Minister General Doan Khue in Malaysia, the country's Defense Minister, Majib Tun Razak, identified defense and training as areas of possible future cooperation between the two countries. Although the specific areas of cooperation have yet to be determined, both agree that joint defense activity should increase. "Both sides want to see their defense cooperation be enhanced in line with the development in the economic, investment and trade sector," said Razak. Khue and Razak believe Vietnam and Malaysia should enhance the spirit of trust and mutual friendship through the exchange of military visits, training and technical cooperation, and by other means not mentioned.

CAMBODIA**Hostages bodies returned home**

The remains of David Wilson, Jean-Michel Barguet and Mark Slater were repatriated to their home countries on 4 November. Before being placed aboard the plane a wreath, which read, "We are sorry we did not succeed in getting you out," was laid on the 3 coffins. The bodies of the 3 Westerners, held by the Khmer Rouge since late July, were found in graves at Andong Pralit on Vine Mountain by government soldiers on 31 October. Second Prime Minister Hun Sen announced the findings from Kampot, near Vine Mountain, where he met with Australian, French and British representatives as well as the father of Barquet, who had been in Phnom Penh searching for information on his son.

Final confirmation of the fate of the men prompted condemnation of the Khmer Rouge and criticism of the Cambodian government's handling of the crisis from Britain and France. French Foreign Minister Alain Juppe said, "We condemn this murder—murder is the right word. We demand that Cambodian authorities shed light fully [on the murders] and punish those guilty." At a news conference in Sydney on 3 November, Australian Foreign Minister Gareth Evans urged the international community to increase its military aid to Cambodia saying it had a responsibility to assist the country in organizing "the kind of competent, professional and disciplined army that will be capable of containing and ultimately destroying or completely neutralizing the Khmer Rouge."

Escaped coup leader caught

Former interior minister Sin Song and four other former Cambodian military officers were arrested in Bangkok on 2 November and charged with "illegal entry", according to Thailand's Immigration Department. According to news reports, Sin Song, who was tried and convicted in absentia of participating in the failed July coup [see *Digest*, 28 Oct], has requested political asylum in the US, France, Mexico or Thailand. On 4 November, the five Cambodians were convicted of the Thai charge and given a two month suspended jail sentence and fined 2,800 *baht* (US\$112). Bangkok's *Independent News Network* reported that France has accepted his request. Thailand authorities said the five would remain in detention at the Bangkok Immigration Prison until a decision on the asylum request is made.

Rainsy sues paper

Former Finance Minister Sam Rainsy is suing the *Cambodian Times* newspaper for libel after the paper accused him of treason. The 23-29 October edition of the weekly paper said Rainsy had "covertly met with Khmer Rouge representatives" and had "allegedly committed treason." Rainsy has hired the Malaysian law firm of Skrine and Company to represent him against the Kuala Lumpur-based publishers of the paper. The suit seeks an apology and US\$1 million in damages which Rainsy said he would use to cover legal costs and donate the rest to charity.

Battambang bombing

On 28 October, a bomb exploded on a crowded train in northwestern Battambang province, killing at least 6 people and injuring 15 others. According to State Railway director Pich Kimsreung, the attack was another demonstration of Khmer Rouge dependence on terrorist activities that do not require great numbers.

Battambang massacre

On 22 October, 71 villagers were taken hostage from the jungle where they work cutting bamboo by Khmer Rouge guerillas and forced to walk four days to a camp near Pailin. According to the deputy governor of Battambang Province, Serey Kosal, 50 hostages were killed and 21 escaped, but were shot in the hands, feet and head and are being treated at the provincial hospital.

US POLICY**No Vietnam visit for Christopher**

On 2 November, US Secretary of State Warren Christopher said he will not stop in Vietnam during his upcoming trip to Asia. Christopher said that he did not mean to imply that Vietnam's "cooperation [on the MIA issue] isn't good," but that more progress had to be made. Regarding a visit, he said that "The time will come, but it's not quite here yet." Christopher added that his decision not to stop in Vietnam was also partially due to his hectic travel schedule. Also on 2 November, the Clinton Administration announced that it will provide Vietnam US\$25,000 in flood relief aid.

Where in the Wold ...?

The US wants more help from Vietnam to trace missing US servicemen, James Wold, Deputy Assistant Secretary of Defense for POW-MIA Affairs said on 2 November. In a statement on talks held this week with Vietnamese officials, he said, "I stressed the need for continued cooperation that will lead us to more answers," and "I emphasized that the quick and thorough investigation of live sighting reports remains our number one priority." He praised cooperation and progress at the field-search level and thanked the Vietnamese for their review of Interior Ministry archives. In the statement, he said he was confident that Vietnam "recognizes the critical importance that continued progress in the POW-MIA issue plays in the relationship between our nations and that we will work together to realize progress on this complex and difficult question."



Landmine export ban

Representing the US before the UN's Security and Disarmament Committee, Senator Patrick Leahy introduced a resolution calling on those states which have not done so to implement a moratorium on the export of anti-personnel landmines. The resolution encourages the international community to "seek solutions to the problems caused by anti-personnel landmines, with a view towards the eventual elimination of anti-personnel landmines." The committee is expected to adopt the proposal before sending it to the General Assembly for final approval. "The goal of the eventual elimination of anti-personnel landmines should be unanimously supported," Leahy said, adding, "We must then develop an effective approach for achieving this goal as soon as humanly possible." There are an estimated 85 million land mines sown around the world, including approximately 10 million in Cambodia.

REGION

Regional security discussed

On 3 November, senior ASEAN officials began a 3-day meeting in Brunei to discuss regional security. The meeting focuses on ways to move forward on security issues raised at the last ASEAN foreign ministers meeting and the ASEAN Regional Forum (ARF) in July. Malaysia's Foreign Ministry Secretary-General Ahmad Kamil Jaafar, who will head the Malaysian delegation, said, "from the Malaysian experience, security is not just armaments. It covers other areas such as special development and economic growth." He also said Malaysia will explore "home grown" ideas to deal with regional security issues.

REFUGEES

HK screening closed

The Hong Kong government reported on 1 November that the screening of Vietnamese to determine whether they are refugees or economic migrants is done. "Screening is at an end as far as the government is concerned. There will be no further review carried out by [the] government," said refugee coordinator Brian Bresnihan. Out of 71,000 Vietnamese who arrived after 1988, 59,000 were screened at a cost of HK\$600 million (US\$77 million). Of those screened, 6,700 were determined to be refugees, while another 2,800 were screened in by the Refugee Status Review Board in an appeal process. There are 24,000 boat people remaining in Hong Kong.

EU extension

On 16 October, the EC International Program announced plans to resume its credit loan program to Vietnamese returnees for another three years. The ECIP program was to officially end on 30 October this year, by which time disbursement totals reached US\$42.1 million [see *Digest*, 7 Oct]. According to Mr. On Tuan Bao of ECIP-Hanoi, the extension will provide funding to local banks in Vietnam for small and medium sized entrepreneurs.

Siemens aids boat people

On 28 October the President and CEO of Siemens, Heinrich von Pierer, gave the UNHCR representative in Hanoi a check for US\$83,000 to help returning Vietnamese boat people. The private donation has already been allocated to fund two schools and a vocational training center in Vietnam.

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