



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Finland, Vietnam sign economic accords

On 11 November, Finland and Vietnam agreed to increase trade and economic cooperation and laid the groundwork for Finnish export credits to Hanoi, *Reuters News Agency* reported. The framework agreement covered economic, scientific, technological, industrial, and trade cooperation, but contained no target figures. Officials of Finnish Export Credit Ltd., a government agency, and Vietnam's State Planning Committee also signed a separate memorandum of understanding setting out principles under which Finland can give Vietnam concessional credits.

Finnish Trade and Industry Minister Seppo Kaariainen said that prospects for increased trade and Finnish investment in Vietnam look good, especially in the pulp and paper, telecommunications, and construction industries. "The main result of this visit is that our companies have now very active contacts with Vietnamese companies," Kaariainen said. Trade between the two countries totalled approximately US\$38 million last year and aid, which was US\$8 million, is expected to rise to US\$11 million in 1995.

#### Vietnam seeks EU project financing

The EU announced Vietnam will seek European investment in fifteen major infrastructure projects at a conference in Paris on 21 and 22 November. The projects will be presented at a joint European Commission-Vietnamese workshop for international financing under the build-operate-transfer (BOT) system. Three of the fifteen projects will be chosen for inclusion in a new US\$20 million "Transition to Market Economy" technical assistance program in Vietnam, scheduled to begin in December.

#### Gas pipeline damaged

According to *Vietnam Investment Review*, a ship's anchor damaged the recently completed Hyundai pipeline off Vung Tau, built to transport natural gas which is currently flared off at the *Bach Ho* (White Tiger) offshore oil field. The accident occurred between 14-22 October during rough seas off Vietnam's southern coast. The pipeline buckled in several places near the *Bach Ho* riser platform, and may require several months to repair. Test flows to local power stations in and around Vung Tau, expected to begin in mid-November, have been delayed indefinitely. The accident will also affect a British Gas feasibility study for a US\$400 million project to exploit the gas reserves.

#### Vietnam investment to triple by 2000

Dau Ngoc Xuan, Chairman of the State Committee for Cooperation and Investment (SCCI) told a news conference that Vietnam hopes to attract US\$15 billion in foreign investment by the year 2000. He said the SCCI projected a cumulative US\$3.5 billion will be spent by the end of 1994 and more than US\$5 billion by the end of 1995. Xuan believes that it is possible for Vietnam to achieve US\$18-20 billion in disbursed foreign investment this decade.

Xuan said Vietnam has simplified the application process by cutting time for the approval of land-use certificates from one year to two months, and clarifying taxation rates to create incentives for foreign investment. Still, potential investors complain that a complicated and lengthy approval process and exorbitant property rents continue to be disincentives for investment. SCCI has licensed 1,186 projects with total capital of US\$10.7 billion, of which US\$3.5 billion will have been disbursed by the end of this year.

#### Vietnam updates

◆ **US bank branch approvals** - On 10 November, both Citibank and Bank of America were given licenses by the State Bank of Vietnam to open branch offices in Hanoi. Although nine foreign banks currently operate branch offices in Vietnam, these are the first US banks to be given approval. Bank of America was the first US bank to return to Vietnam when it opened a representative office in Hanoi last year. Citibank has had representatives in Hanoi since September 1993 and in HCMC since March of this year. Both banks anticipate opening their respective Hanoi branches in early 1995, and have also applied for branches in HCMC.

◆ **Taiwan bank approval** - Taiwan's finance ministry has given permission for the state-run First Commercial Bank to set up a branch office in Vietnam, although the city has not yet been named. According to a ministry statement, the decision is part of the government's "southbound" investment policy. In conjunction with the decision, Taiwan's two other state-run commercial banks, Hua Nan and Chang Hwa Banks, will open representative offices in Singapore and Indonesia, respectively. State Bank approval will be required for a branch office to open in Vietnam.

◆ **S. Korean Consortium begins drilling** - A consortium led by South Korea's Korea Petroleum Development Corp. (PEDCO) began drilling for oil and gas in a block about 280 km southeast of Vung Tau. PEDCO and 7 other South Korean firms hold a combined 70 percent stake in the project and Royal Dutch Shell holds the remaining 30 percent. First results of the drilling are expected next year.



◆ **Flat rate on coffee exports** - An export tax of US\$300 per ton, to become effective 15 November, has been imposed on coffee exports from Vietnam. The Government Price Committee decided to replace the 20 percent tax on coffee exports, which it had imposed in August [see *Digest*, 21 Oct], with this flat tax. According to traders in HCMC, the percentage rate tax slowed exports and encouraged tax evasion. Some exporters were falsifying invoices, stating coffee had been sold at lower than actual prices, to avoid paying higher duties. Traders believe the new flat-rate tax will boost exports and discourage evasion.

◆ **Tobacco Road** - On 6 November, R.J. Reynolds Tobacco International Inc. signed a US\$21.2 million joint venture agreement with Danang Cigarette Factory. The R.J. Reynolds-Danang Joint Venture is the first in which a US firm will produce and manufacture its cigarettes in Vietnam. The project includes construction of a factory and operation of a 9,900 acre tobacco plantation with a production capacity estimated at 3.3 billion cigarettes per year. Construction will begin in early 1995, pending the joint venture's approval by the SCCI.

◆ **Japanese airport feasibility study** - On 8 November, Japan's International Cooperation Agency signed an agreement with Vietnam's Civil Aviation Administration to conduct a feasibility study for the expansion of Hanoi's International Airport. The 14-month study, which is expected to start next year, will present a plan for expansion of the international airport south of the present Noi Bai airport. Focal points of the study are terminals, runways, systems for operations and maintenance, and environmental issues, including resettlement of nearby residents. In 1993, Noi Bai airport handled approximately one million passengers. Passenger traffic is expected to increase to 1.2 million passengers this year and 25 million by 2010.

◆ **India seeks more oil joint ventures** - India's Oil and Natural Gas Corporation (ONGC), part of a consortium established to develop Vietnam's natural gas industry, is seeking more joint ventures in the country. In September, ONGC and the other two members of the consortium, British Petroleum and Norway's Statoil, announced the discovery of recoverable reserves of two trillion cubic feet of gas in an offshore location off southeast Vietnam [see *Digest*, 16 Sep]. ONGC chairman S.S. Paintal said the company "is willing to enter into cooperation and joint ventures" with the state oil firm PetroVietnam and other oil companies. The gas will be used to make fertilizer and to generate electricity.

◆ **Glaxo rep office** - Glaxo Plc., a British-based pharmaceutical company, has opened representative offices in Hanoi and HCMC. Neil Maidment, Glaxo's executive director for Asia Pacific, Africa and the Middle East recognized the importance of the offices, saying: "With the Glaxo presence now established in Vietnam, we expect to be in a strong strategic position in what will become an important emerging market." Both the Hanoi and HCMC offices, to be managed by local professionals, will offer training sessions and trial clinics in Vietnamese hospitals to familiarize doctors with Glaxo products.

◆ **Dutch English lessons** - Beginning early next year, Vietnamese bankers will study financial English through a project sponsored by the Dutch bank ING and the Netherlands Development Finance Company, which is majority-owned by the Dutch government. Approximately 1,600 young bankers and final-year students will take a six month course at either the ELT-Lotus College in HCMC or the British Council in Hanoi. Nguyen Ngoc Oanh, deputy governor of Vietnam's State Bank, said that technical English language training is vital in efforts to upgrade the banking system.

◆ **HP center in Hanoi** - On 4 November, Hewlett-Packard Company (HP) announced the opening of a technology center in Hanoi to help customers and users make the transition to new computer environments. The transition to open-systems, client-server and mainframe-alternative computing systems will be assisted by HP personnel. The center is equipped with modern hardware, software, and networking technologies that will allow customers to develop, test, and simulate applications.

## VIETNAM

### US\$10 billion in aid sought

Vietnam hopes to receive US\$10 billion in foreign aid by the year 2000, and is hoping for its first development aid pledge from the United States when donors meet in Paris for a conference on November 15 and 16 [see *Digest*, 4 Nov]. US officials in Vietnam commented that the US would be represented at a higher level than last year, when it was an observer, but did not know whether aid would be offered. Vo Hong Phuc, vice-chairman of Vietnam's State Planning Committee, said the absence of diplomatic relations between Hanoi and Washington was no reason why the US, which has given humanitarian aid to Vietnam, should not pledge development aid. Vietnam is expecting pledges in an amount higher than the US\$1.86 billion offered last year. "The need for official development assistance (ODA) from now until 2000 will be...around US\$10 billion," Phuc said.

### Cambodian ships detained

Vietnam authorities detained between six and seven Cambodian cargo ships in the Mekong Delta last month. According to Vietnamese Ministry of Commerce officials, the ships violated a transport agreement signed by the two countries last April by transporting goods banned by Vietnam without a transit license. The Cambodian government claims the blockade was in retaliation for the controversial immigration law it passed last August.

### Myanmar Minister Visits

Lieutenant General Maung Thint, Myanmar's Minister for Progress of Border Areas, National Races and Development Affairs, visited Vietnam on 8 November. The minister met with Vietnamese government officials to discuss cooperation in the fields of agriculture, narcotics controls and other areas. The minister and a 10-person delegation were invited to Vietnam by Hoang Duc Nghi, the chairman of the Ethnic and Mountain Region Affairs Committee of Vietnam.



## CAMBODIA

### Government seeks military aid

The Cambodian government is asking for military aid to combat continuing Khmer Rouge activity. According to Cambodia's Defense Minister Tea Banh, the Khmer Rouge could be neutralized in three years if foreign governments would provide the Royal Cambodian Armed Forces with sufficient arms and training. "To gradually rid the country of [the Khmer Rouge] is the duty of our Royal Cambodian Armed Forces...Foreign military aid is very essential," Banh said. General Bahn's confidence in being able to defeat the guerrillas follows the recent government victory in Vine Mountain where 150-200 Khmer Rouge rebels defected with their families and weapons. Currently, Cambodia receives only non-lethal assistance from the US, France and Australia.

### Cambodia wants coup plotter returned

Second Prime Minister Hun Sen met with officials at the Thai embassy in Phnom Penh on 5 November to formally request the extradition of former Interior Minister Sin Song, who is being detained in a Thai immigration prison [see *Digest*, 4 Nov]. Thai officials have not decided on whether Sin Song, already tried in absentia in Cambodia, will be deported to Cambodia to serve his 20-year prison sentence, remain in Thailand, or be allowed to seek asylum in a third country. According to Lieutenant-General Kiattisak Prapawat, commander of the Thai immigration division, Sin Song's asylum request has been rejected by France, and he is now seeking political asylum in Mexico, Thailand, Vietnam, or the United States.

In a related development, Adul Boonset, a former member of the Thai parliament, surrendered to police on 9 November to face charges of assisting Sin Song and his 4 aides in entering Thailand illegally. Boonset, who was in Cambodia at the time of the failed coup, has been wanted for questioning by Cambodian authorities about his involvement in the affair.

### French probe death of hostage

On 4 November, the French Justice Ministry announced the opening of an official probe into the execution of Jean-Michel Braquet, the 27 year old Frenchman who was captured by Khmer Rouge guerrillas last July [see *Digest*, 4 Nov]. The investigation will be led by French anti-terrorism magistrate Jean-Louis Bruguere. Bruguere is well known for his investigative work in the case against the Venezuelan born guerrilla "Carlos," who is believed to be responsible for worldwide terrorist bombings in the 1970s and 1980s.

### Press law criticized

A controversial new press law is coming under severe criticism by journalist associations and international human rights groups. The draft law would consider defamation to be a criminal and not a civil offense and would provide for jail terms of up to eight years and fines if convicted. "The new draft law is tough and serious for journalists. If the draft is adopted by the National Assembly, the life of a

Khmer journalist will be endangered as a result of facing imprisonment for the written word...Political prisoners will return to the life of Cambodia," said a spokesman for the Khmer Journalist Association. Responding to critics, Information Minister Leng Mouly defended the proposed law while suggesting that changes were possible. "I think there will be some amendments in the law, but it will be up to the National Assembly," he said.

### Duty inspection service shelved

The British company Inchcape Testing Service (ITS), which had contracted with the Cambodian government to conduct inspections of imports into the country and to assess duties [see *Digest*, 1 Jul], has decided to leave the country. A spokesman for ITS said the company could not sustain its investment in the country without the "appropriate administrative framework." Former Finance Minister Sam Rainsy had originally contracted with ITS to provide the inspection services, citing corruption within the Commerce Ministry and its customs service for the decision.

### Pay phone faxes

Australia's communications company Telestra signed a joint venture agreement with the Ministry of Post and Telecommunications to install fax machines in Phnom Penh's phone booths. Telestra plans to open the first pay-fax machine at Pochentong International Airport. The machines will be restricted to hotels and office buildings for security reasons, and will use a normal phone card.

## LAOS

### ADB funding for hydropower plant

The Asian Development Bank approved a US\$60 million loan to the Laotian government to fund its portion of a 210-megawatt hydropower facility. The Theun-Hinboun Hydropower project will double Laotian power exports to Thailand to US\$25 million a year through a 25-year sales agreement. Joint construction of the US\$270 million project will be coordinated by Electricite du Laos, Nordic Hydropower AB and the Thai based MDX Lao Company, and will be completed in 1998.

## REGION

### Naval security symposium

The fourth Western Pacific Naval Symposium opened in Kuala Lumpur on 7 November to discuss regional cooperation in the post-Cold War era. In his opening address, Malaysian Defense Minister Najib Tun Razak set the tone for the talks, saying "Besides promoting naval cooperation within the Asia-Pacific region, particularly in facing common maritime security threats, we must also seize the opportunity and remove the barriers of suspicion and forge a better relationship among us." Attending the four-



day conference are representatives from 15 countries including the United States, Australia, Indonesia, Thailand, and Singapore. Representatives from Cambodia and Vietnam are attending as observers.

**FYI**

**Vietnam on CD-ROM**

◆ **Passage to Vietnam** - In March 1994, 70 photojournalists from 14 countries, including 15 from Vietnam, took part in a one-week cultural exchange with Vietnam, taking over 200,000 photographs throughout the country. The project was conceived and organized by Rich Smolan, creator of the *Day in the Life* photography series. Over 200 color and black & white photographs have been published in a 224-page book, *Passage to Vietnam*. A *Passage to Vietnam* interactive CD-ROM will also be available. It will interweave video from 100 hours of footage shot during the project, together with still images and sound narration of the photographers explaining the context of the photos and techniques used. The book costs US\$50, while the book and CD package costs US\$75. For more information, contact Against All Odds Productions & Melcher Media, P.O. Box 1189, Sausalito, CA 94966; tel: 415-331-6300; fax: 415-331-9400.

◆ **Global Monitor-Vietnam** - Houston-based Insync Imaging, a CD-ROM publishing company, is producing a CD-ROM designed to assist businesses in developing activities in Vietnam. The first edition of the CD-ROM, "Global Monitor-Vietnam" was produced in September, and

will be updated quarterly. The CD-ROM gathers over 7,000 pages of text, graphs, maps, photographs and tables, using public sources such as the UN and the World Bank, as well as information from CPA, law and consulting firms. Global Monitor-Vietnam is priced at US\$1,285 for a single unit, and US\$2,185 for a one year subscription (4 units). For more information, contact Insync Imaging, 2323 South Voss, Suite 230, Houston, TX 77057; Tel:713-975-6691; Fax:713-975-0249.

**Vietnam Economic Times**

The Swiss-Financed *Vietnam Economic Times* magazine is available in the US at US\$69 per year (12 issues), through the Vietnam Resource Group. For more information, contact the Group at 955 Lenfant Plaza, North, SW, Suite 4000, Washington, DC 2024; Tel: 202-651-8007; Fax: 703-849-8872.

**Swimming in Danang**

Bruce Hopping, chairman of the Kalos Kagathos Foundation, is organizing the 1994 Vietnam-USA Junior Swimming Cultural Exchange, and the Danang Beach Management School. Hopping organized the successful 1993 Vietnam USA Junior Surfing Cultural Exchange [see *Digest*, 8 Jan '93]. The Swimming Exchange will provide instruction, training and competition to swimmers and water polo players of high school age for the Vietnam National Competition Swimming Program. The Beach Management School will include a 9-month curriculum to teach and certify beach management. For more information on these projects, contact the Kalos Kagathos Foundation, P.O. Box 416, Laguna Beach, CA 92652; Tel: 714-494-1608; Fax: 714-494-3919.

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