



Indochina

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TRADE/INVESTMENT

US-Vietnam trade stats

On 22 November, the US Department of Commerce released export-import statistics for the first nine months of 1994, indicating the volume of two-way trade between the US and Vietnam totalled nearly US\$100 million. The US exported US\$65.7 million worth of goods to Vietnam. Major exports included fertilizers (US\$16 million) and cotton (US\$8 million). The US imported US\$32.5 million worth of goods from Vietnam. Major imports included coffee (US\$18.7 million), rice (US\$4.5 million) and seafood (US\$3.5 million).

Vietnam updates

◆ **Vung Tau int'l flights** - According to the *Saigon Giai Phong* newspaper, the Vietnamese Air Service Company, VASCO, will begin regular direct air service between Vung Tau and Singapore in early December. The new route is believed to be the first of Vietnam's international routes without connecting stopovers in Hanoi or HCMC.

◆ **Coffee surtax reduced** - Due to decreases in world coffee prices, Vietnam reduced the tax on exported coffee from US\$300 to US\$200 per ton. The price of Vietnamese robusta FOB coffee is between US\$2,560 and US\$2,570 per ton, down from over US\$3,200 a month ago. The US\$300 surtax was imposed in early November, replacing a percentage-based surtax [see *Digest*, 11 Nov]. Traders estimate this season's exportable coffee surplus at 180,000 tons.

◆ **Textile exports up** - Officials at the trade and light industry ministries estimate textile exports from Vietnam will total approximately US\$550 million this year, representing an increase of US\$250 million over last year's exports. Textiles and garments exports to the EU, Canada, and Norway will reach US\$280 million in 1994, 12 percent more than in 1993.

◆ **Trial bondage** - The State Bank and Ministry of Finance will conduct a trial auction of government Treasury bonds prior to opening a secondary market for the instruments, which will take place in early 1995. According to a State Bank official, the trial auction, which will take place in December, will allow the State Bank and Ministry of Finance to "learn lessons" before finalizing plans. Under a draft statute on the secondary market yet to be approved by the government, foreign and joint venture banks working in Vietnam would be able to take part in auctions.

◆ **Crude plans** - Vietnam announced plans to ship at least 40 percent of its crude oil exports aboard Vietnamese-chartered vessels in 1995. The state-owned Falcon Shipping Company will become the National Tanker Corporation, which will charter and purchase vessels to transport oil. Falcon began transporting crude in January, but due to limited resources, the company shipped only about 6% of Vietnam's total exports. Crude oil exports were previously shipped in tankers arranged for by the purchasers.

Bank updates

◆ **Branch- ING out** - The Internationale Nederlanden Bank (ING) received a license to open a branch in Hanoi, officials of the State Bank said on 1 December. The bank plans to open the branch next April and will initially focus on wholesale banking. ING is the 13th foreign bank to receive approval for a branch in Vietnam.

◆ **Generale rep office** - The Belgian-based Generale Bank Group received permission from Vietnamese authorities to open a representative office in HCMC. The group already has a presence in Asia, with representative offices in Japan, China, Taiwan, Thailand, Indonesia, India, and Iran.

Cambodia updates

◆ **Japan power** - The *Cambodia Daily* has reported that Japan's Itochu company signed a US\$41 million deal with the Cambodian government to provide Phnom Penh with an additional five megawatts of power. The agreement will include the provision of high tension lines linking Phnom Penh's four main power stations. Phase one of the project is expected to be completed by January 1996, when the first of five diesel generators comes on line. Phnom Penh suffers from power blackouts because its 20 megawatt output is well short of an estimated requirement of 70 megawatts.

◆ **Paging pact** - On 27 November, Singapore Telecom International (STI) signed an agreement with Cambodia's Posts and Telecommunications Ministry to install and operate a nationwide paging service. SingTel Cambodia, STI's subsidiary, will invest US\$1.4 million in the operation, which will offer services under the name Phonselink. Service will begin in early 1995.

◆ **Malaysian investments** - Malaysian companies have invested US\$200 million in Cambodia since 1991, Malaysian ambassador to Cambodia Deva Mohd Ridzam said on 25 November. Fifteen Malaysian companies, including Malaysia's national oil company Petronas, have opened businesses in Cambodia, investing in banks, hotels, beer industries, telephone management, taxi companies, and petrol stations.

**VIETNAM****ASEAN admission approved**

According to a Thai government official, Vietnam received approval to join ASEAN at the group's next meeting of foreign ministers, scheduled to be held in Brunei next July. The agreement to allow Vietnam to join ASEAN was reached during a meeting of senior ASEAN officials in Brunei during October. Vietnam must now decide whether it is ready to join ASEAN during July's meeting, or if it will wait until the fifth ASEAN summit, scheduled to take place in Bangkok in December 1995. Vietnam, which formally applied to join ASEAN in October, will become its 7th member.

Inflation pegged at 14 percent

Government officials reported on 30 November that Vietnam wants to peg inflation at 14% for 1994. This news followed the announcement that there was a 1.7% rise in the price index in November, taking inflation to 13.2% for the first 11 months of 1994. Curbing inflation had been one of Vietnam's successes in recent years, but the government this year has already admitted its failure to keep inflation below an originally targeted 10% for all of 1994. Le Van Toan, head of the General Statistics Office, said that floods, increased civil servants' salaries, and higher costs of essential industrial materials such as fertilizer, cotton fibre, electricity, and paper contributed an increased inflation rate.

Belgium delegation visits

A 100-member Belgian economic mission, led by Crown Prince Philippe, honorary chairman of Belgium's Foreign Trade Office, arrived in Vietnam on 30 November to begin economic meetings with Vietnamese officials. The talks are expected to culminate in the signing of economic accords and several joint venture agreements. Trade between Belgium and Vietnam totalled about 2 billion francs (US\$62 million) in 1993, and the two governments signed a framework economic agreement last year.

Vietnam refuses visa to ex-CIA chief

Vietnam has refused to grant an entry visa to William Colby, who directed the CIA during the last years of the Vietnam War. "At this time, it is not appropriate for a visit to Vietnam by Mr. Colby," a Vietnamese foreign ministry spokesman said. Colby was the head of the Phoenix program during the war and was CIA director from 1973 to 1976. He is now director of the Vietnam Frontier Fund, a Vietnam-oriented investment fund. According to *Reuters News Agency*, Colby applied to visit Vietnam as a tourist, not on Fund business.

Election returns

According to still-incomplete returns from the elections on 20 November [see *Digest*, 25 Nov], several independents and non-members of the Communist party (Vietnam's only legal party) were voted onto local councils. Six independents in HCMC, and 4 out of 15 in the central city of Danang, were elected. There was also an increase in the number of female, young, and highly-educated candidates elected.

Demolition of "Hanoi Hilton" begins

On 27 November, workers began knocking down the walls of the Hoa Lo prison (Hanoi Hilton) in central Hanoi to make way for a 22-story hotel and office complex. Burton Engineering, a subsidiary of Singapore's Liang Court Holding, is financing and building the US\$60 million "Hanoi Towers." Planned to be built with Burton's local partner, the Hanoi Civil Construction Company, the tower will include 204 hotel apartments, office space, shops and a convention center. The project is scheduled to be completed by early 1997.

Because Vietnamese communists wanted the prison preserved as a memorial to their struggle against the French, Burton modified the project, setting aside 3,000 square yards for a 2-story museum. "This place is one of the historic relics that witnessed colonial crimes," said Pham Tu, head of the prison's restoration plan. "Most of the leadership...during the French time were put in this prison."

EU to provide technical assistance

On 30 November, the European Union agreed to spend 16 million *Ecus* (US\$20 million) on technical assistance for Vietnam's emerging market economy. Nearly half the money (7.5 million *ecus*) is earmarked for improving local accounting and auditing to international standards. Other elements of the three-year program include laying the foundation for free-market competition in insurance, introducing quality standardization in industry, drafting a framework to protect patents, and establishing a department to evaluate build-operate-transfer (BOT) industrial projects. The EU will establish an embassy in Hanoi next year and hopes to sign an economic cooperation agreement soon.

Spratly pottery find

On 28 November, the *Vietnam News Agency (VNA)* reported that archaeologists discovered ancient Vietnamese artifacts on three of the Spratly Islands. A total of 330 pieces of pottery were found. "The newly-found artifacts are very close in terms of shapes, glaze and decorations to the terracotta and porcelain ware made in the Le dynasty [15th to 18th centuries], which were discovered on the mainland," *VNA* said. Previous archeological finds, including those reported in *Quan Doi Nhan Dan* last May [see *Digest*, 27 May], are used to bolster Vietnam's claims of sovereignty over the Spratly Islands.

Hollywood returns

On 29 November, the *Vietnam News Agency (VNA)* reported the national cinematographic service in southern Vietnam, FAFIM II, will import and distribute films produced by Paramount, Metro-Goldwyn-Mayer (MGM), and Universal Studios through an agreement with United International Pictures. Under the agreement, United International will send US films to Vietnam, and will introduce Vietnamese films abroad. Vietnamese have been exposed to US films on videos, either smuggled or brought in by third parties, but have been unable to view the films in theaters.

**CAMBODIA****Australia increases aid**

On 28 November, Australia's ambassador to Cambodia, Anthony Kevin, and Cambodia's Minister of Finance, Development and Rehabilitation, Keat Chhon, signed a US\$66 million aid agreement, doubling Australia's aid to Cambodia. The agreement includes plans for health, education, agriculture, and infrastructure programs as well as training programs for civil servants, support for a free press, and human rights initiatives. "The strongest weapon against the Khmer Rouge in this country is economic and social development," the ambassador said. "We want Cambodia to rejoin its Southeast Asian neighbors."

The day after the signing of the aid agreement, the Australian government approved an increase in military aid to Cambodia. An additional US\$3 million in aid will be offered, bringing total military aid to US\$8 million. The additional aid will go for training Cambodian troops and for financial support for demobilization of military personnel. The aid package does not include any provisions for weapons or ammunition. Following a Khmer Rouge threat that it would retaliate if Australia provides military aid to Cambodian government troops, Kevin warned Australians in Cambodia they are now at greater risk and should take extra personal security precautions.

Fear of famine

A severe drought in Cambodia has forced government officials to seek international humanitarian aid to avoid famine. The drought, the worst in many years, has caused losses of up to 70% of the rice harvest. Foreign aid workers in Svay Rieng province report that as many as 250,000 people in the province are facing imminent danger, and in Takeo more than 100,000 families have been affected by the drought. Agriculture, Forests and Fisheries Minister Tao Seng Hour announced that rice shortages are between 160,000 and 180,000 tons, and priorities for relief include rice, rice seed, pumps, and chemical fertilizers. Over 300,000 hectares of rice-growing land is affected by the drought and agricultural losses could exceed US\$100 million. On 29 November, the Cambodian parliament was suspended to allow parliament members and staff to return to their provinces to help farmers and to assess damage. The UN's World Food Program (WFP) has begun a survey of 16 provinces to assess the need for drought relief. "We are very much fearing the crop failure, which looks like the worst in many years," said WFP's Kenro Oshidari. The worst-affected provinces include: eastern Prey Veng and Svay Rieng, central Kompong Thom, southern Kandal, Takeo and Kompong Speu, and northwest Battambang.

Thai victims found

Cambodian government soldiers have found the bodies of 17 Thai forestry workers in the jungle area of Preah Vihear province on the border with Thailand. The workers were the

victims of a 25 November Khmer Rouge attack on a logging camp run by Thailand's BLP Export-Import Co. [see *Digest*, 25 Nov]. Thai government officials reported that the bodies have been returned to their families. BLP general manager, Chiewat Chitwimolwat, announced that each family will be compensated 50,000 *baht* (US\$2,000).

According to the governor of Thailand's Ubon Ratchathani province, all companies logging in Cambodia have been ordered to leave the country immediately. On 28 November, the Thai military increased security along the border and closed several border crossings used to transport timber.

Evangelist deported

On 26 November, Texas evangelist Mike Evans left Phnom Penh by police escort when rioting cut short his "God Bless Cambodia" crusade. Evans' 5-day visit had been advertised on local television and radio, promising, "Blind eyes will open, the paralyzed will walk." An estimated 30,000 people crowded Phnom Penh's Olympic Stadium for his opening prayer rally in hopes of being healed. Many people had traveled from remote provinces and sold their homes, cattle and other belongings for the trip to the capital. Cambodians accused Evans of swindling thousands of people after he failed to deliver the faith-healing miracles as expected.

REGION**Spratly deal worries neighbors**

During Chinese President Jiang Zemin's visit to Vietnam 19-22 November [see *Digest*, 25 Nov], Vietnam and China agreed to set up an experts' group to discuss South China (Eastern) Sea disputes, including the Spratly Islands. At the end of the talks, the Chinese Foreign Minister said that pending a peaceful settlement, China and Vietnam could start joint development of the Spratlys. While the exact terms of the agreement are not clear, it appears to support China's insistence that the rival claims to the archipelago only be negotiated on a bilateral basis. Experts say this bilateral arrangement is worrisome to the other four claimants to the islands, Taiwan, Malaysia, the Philippines, and Brunei.

Indonesia has hosted a series of five informal multilateral talks on the Spratly Islands [see *Digests*, 28 Oct, 21 Jan], but the talks have stopped short of setting up a formal framework to resolve the issue, mainly due to China's intractable claim of sovereignty over the islands, and its insistence that the disputes should be resolved bilaterally rather than multilaterally. Last year, China proposed to resolve the dispute by asking Vietnam to share in the joint development with China, excluding all other claimants. Vietnam refused, since this arrangement implied tacit recognition of China's claim over the islands. It is now unclear how Vietnam will interpret its new agreement with China. Experts say ASEAN countries may now demand recognition from Vietnam that they, too, have rights in the South China Sea, in return for supporting Vietnam's claim against China.



Mekong agreement signed

On 28 November, delegates from Cambodia, Laos, Thailand, and Vietnam accepted and initialed a draft of the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin [see *Digest*, 25 Nov]. The draft agreement, negotiated over a period of 21 months under the tutelage of the UN Development Program (UNDP), defined the objectives and principles of jointly developing the water and related natural resources of the Mekong River. The agreement supersedes existing agreements, establishes the Mekong River Commission as the governing body for the basin, and provides for the entry of Burma and China into the pact, if they choose.

Hydrology meeting

On 28 November, representatives of 10 national committees for the International Hydrological Program (IHP) began a 5-day meeting in Phnom Penh to discuss regional cooperation in the "hydrology and water resources development in a vulnerable environment." The meeting was sponsored by the UN Educational, Scientific and Cultural Organization (UNESCO), and included representatives of Cambodia, China, Indonesia, Japan, Laos, Malaysia, Papua New Guinea, the Philippines, Thailand, and Vietnam.

HIV test kits

Surgimetrics International Ltd. announced it entered into an agreement with Emyrean Diagnostics Inc. to distribute AIDS test kits in Cambodia, Laos, and Vietnam. Surgimetrics will distribute 2.5 million test kits in 1995. The low-cost test kit provides a reading in six minutes and has a 99.2% accuracy rating.

AIDS Day in Asia

World AIDS Day on 1 December drew attention to the rapid spread of HIV in Cambodia, Laos, and Vietnam. All three countries attribute the epidemic's spread to increased international openness and the lack of AIDS awareness. According to the Vietnam National AIDS Protection Committee, 1,803 people in 34 of the country's 53 provinces have tested positive for the HIV virus, 127 Vietnamese have developed AIDS, and 48 have died. The World Health Organization (WHO) estimates that by 1998 over 570,000 [Vietnamese] will be infected with HIV and 15,000 will die as a result. Vietnam increased annual AIDS funding from 20 to 60 billion *dong* (US\$5.5 million) [see *Digest*, 22 Jul].

In Cambodia, the WHO estimates between 3,000 and 5,000 people are HIV-positive, but government figures issued in May listed only 394 HIV carriers and no reported cases of AIDS. According to Laos' National AIDS Committee, of the 16,693 Laotians tested, 42 are HIV-positive. Laos fears its inadequate health care system may not be able to cope with this emerging problem.

REFUGEES

Another 266 return to Vietnam

On 30 November, 266 Vietnamese boat people returned on the largest voluntary repatriation flight to leave Hong Kong since February. Included in the group was one unaccompanied minor returning under the United Nations Family Reunification Program. A total of 421 boat people were returned in November.

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