



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Vietnam updates

◆ **Investment stats** - On 1 December, the State Committee for Cooperation and Investment released statistics indicating that investors from 46 countries signed contracts for 948 projects worth US\$10.2 billion since 1988. Taiwan is the largest investor (148 projects worth US\$1.85 billion), followed by Hong Kong (163 projects worth US\$1.49 billion), Singapore (74 projects worth US\$969 million), and South Korea (91 projects worth US\$855 million). Japan is the fifth largest investor, with 69 projects worth US\$690 million. The US is 13th, with 25 projects worth US\$225 million.

◆ **Rice stats** - On 7 December, the *Vietnam News* reported Vietnam's rice production is expected to reach 23 million tons in 1994, a 400,000 ton increase over last year. Officials from the Ministry of Agriculture said 1994's bumper spring crop of 10.5 million tons, an increase of 1.4 million tons over 1993, compensated for heavy losses in the Mekong Delta floods. On 5 December, an official from the Ministry of Trade told *Reuters News Agency* that Vietnam may not achieve its target of exporting 2 million tons of rice in 1994. By 21 November, Vietnam had officially exported 1.82 million tons, plus an estimated 200,000 to 300,000 tons of unofficial exports across the northern border to China.

◆ **Belgian deals** - A delegation of 100 Belgian businessmen, led by Crown Prince Philippe [see *Digest*, 2 Dec], concluded a week-long visit to Vietnam on 5 December with contracts and agreements worth US\$10 million to US\$20 million. These included a chocolate plant joint venture, the sale of textile machines by the Belgian firm Picanol NV, a deal by Belgium's Salber company to modernize a bottling plant, and a plan by a Belgian consortium to build a new port called Phuoc Hoa in southern Vietnam. On 3 December, Belgium's Generale Bank gave Vietnam's Bank for Foreign Trade (Vietcombank) a 250 million franc (US\$7.7 million) concessional credit line to buy Belgian goods.

◆ **Japanese plane funding** - On 5 December, an official of Mitsubishi Bank in Paris told *Reuters News Agency* that Japanese commercial banks could provide financing for Vietnam's plans to modernize and expand its fleet of passenger aircraft. "There's strong appetite to lend to the industry. It's very profitable business.... There's no reason why lending can't be done if it's properly structured," the official said. In September, Vietnam Airlines estimated its aircraft needs at between 60-80 planes over the next decade, valued at US\$6 billion to US\$8 billion.

◆ **Japanese hotel** - On 3 December, the *Vietnam Investment Review* reported a consortium of four Japanese companies, Nichietsu Co., Kanto Hama International School Foundation, Summer Hill Co., and Chiiki Kikaku, received a license to build a US\$105 million hotel in Hanoi. The Summer Hill Hotel will include an office tower, over 600 rooms and resort facilities, and will be located on the West Lake. The Japanese partners will contribute 60% of the capital for the project, while the Vietnamese partner, West Lake Production Service Co., will provide its 40% share in the form of land.

◆ **India trade** - Following meetings between Vietnamese Deputy Trade Minister Truong Dinh Thuyen and Indian Commerce Secretary Tejendra Khanna on 28 November, the two countries agreed to increase bilateral trade. Each country will reportedly encourage and facilitate the opening of showrooms and warehouses and establish efficient systems for payment of goods through effective banking links. The officials hope to increase trade from the current level of US\$70 million to US\$100 million in the next 2 or 3 years.

◆ **Hong Kong monkey business** - On 5 December, Hong Kong's Vanny Chian Technology announced it established a US\$2 million joint venture company, Nafofanny, in Dong Nai province to breed and house monkeys to be used for scientific purposes. The initial aim of the project, which went into operation in November, is to establish farms with cages for 3,100 monkeys, expanding to 15,000 monkeys in 1996.

◆ **Indonesian flowers** - On 5 December, *Saigon Giai Phong* reported Florapacific, a subsidiary of Indonesia's Hasfarm International, set up a US\$700,000 project to grow flowers for export. The project, located at Dalat, was established as a 50-50 joint venture with Vietnam's Bio-organic Company.

◆ **British construction** - On 3 December, Britain's John Liang International announced it won a US\$32 million contract to build a 25-story office tower in HCMC. John Liang's partners in the project are First Pacific Davies, Singapore's Straits Steamship Land and two Vietnamese partners. Construction will begin in late January and is scheduled to be completed by July 1996.

◆ **Bank offices** - Three foreign banks recently received approval to open representative offices in Vietnam. On 4 December, International Bank of Asia (IBA), a subsidiary of Arab Banking Corp., announced it will establish a representative office in HCMC. The US bank Chase Manhattan Bank N.A. said on 7 December it will establish a representative office in Hanoi. On 8 December, the Commonwealth Bank of Australia said it received a license to open a representative office in Hanoi.

**VIETNAM****Flood relief**

On 5 December, the International Federation of Red Cross and Red Crescent Societies said foreign donors gave US\$1.9 million to help victims of the recent floods in the Mekong Delta. The money, donated by 21 organizations or governments from 16 countries, will be used by the Vietnamese Red Cross to help 192,000 people. Damage caused by the floods is estimated at US\$300 million. On 2 December, *Tuoi Tre* newspaper reported the floods killed 407 people, mostly children. About 22,000 people who fled their homes are still displaced and will remain at temporary sites for at least another month.

**ADB assistance**

On 8 December, the Asian Development Bank (ADB) approved a US\$80 million interest-free loan and technical assistance grants totalling US\$1.5 million for Vietnam's agricultural sector. "The loan and grants will be used to liberalize markets, expand the role of the private sector, refine the legal framework and strengthen institutions required for a market economy," the ADB said. The loan will be used to improve the efficiency of rice production, post-harvest facilities and fertilizer marketing. The grants will be used for rice marketing monitoring, a land information system and an agricultural taxation study.

**Kieu cash courted**

On 3 December, the *Vietnam News Agency (VNA)* reported that Vietnam is expecting US\$6 billion to US\$7 billion in investment and remittances from overseas Vietnamese (*Viet-kieu*) by the end of the century, or one-sixth or one-seventh of the total investment capital wanted by the country. At a recent conference, officials said the total pre-tax income of overseas Vietnamese is at least US\$15 billion a year. The government pledged to create favorable conditions for Vietnamese returning to invest and to do business, including tax breaks. Overseas Vietnamese have opened 67 company offices in Vietnam, and have invested in 53 projects worth US\$90 million. Between 1991 and 1993, 330,000 overseas Vietnamese returned, and during the first 10 months of 1994, figures for overseas Vietnamese arriving at Tan Son Nhut airport in HCMC reached 148,000.

**Disorderly order**

On 7 December, an official from the Board for Religious Affairs in Hanoi said police are investigating disorders during the opening of a religious school at a Buddhist pagoda in Hue. The official said that on 27 November, more than 10 young people, including some novice monks, broke into the opening ceremony at the Bao Quoc pagoda and yelled and fought with Buddhist students and monks, and several people were injured. The official told *Reuters News Agency* that the intruders claimed the opening of the school was not appropriate, but their demands were not clear.

**Flight control**

On 7 December, Vietnam took over air traffic control from Bangkok for all civil flights in the HCMC area for the first time since 1975. Last year, the International Civil Aviation Organization (ICAO) decided to transfer responsibility for the Flight Information Region to HCMC after Vietnam improved its communication equipment [see *Digest*, 15 Oct 93]. Hong Kong will continue to control flights over the northern part of the country, north of Nha Trang, due to air space disputes between Vietnam and China.

**Shrimp disease**

On 8 December, the *Saigon Newsreader* reported a mysterious plague is affecting the shrimp industry in southern Vietnam. More than 5,000 tons of shrimp worth 294 billion *dong* (US\$27 million) were destroyed by September, and losses have multiplied several times since then. Nguyen thi Hong Minh, Deputy Minister of Aquaculture, said the plague bacteria is carried by baby shrimp fry and has infected water and ponds throughout the region. Minh said many shrimp farmers producing fry do not have proper knowledge of culture techniques, and equipment such as waste water filters and support services are rudimentary. She added that government supervision of the farms was inadequate.

**Television updates**

◆ **More access** - Vietnam Television is planning to double the number of households that can receive television by the end of the century. At the present time, 5 to 6 million of Vietnam's 14 million households receive television. The network's goal is to increase that figure to 10 million by the year 2000 by installing 300 special antennae at border locations, on offshore islands, and in areas where reception is difficult because of the terrain. Television sets will be sold at subsidized prices to those who cannot afford to buy them at the full price.

◆ **US news** - On 7 December, Worldwide Television News (WTN) inaugurated its bureau in Hanoi, the first US television news agency to return to Vietnam since 1975. WTN joins five other foreign television news organizations in Hanoi, including ABC Australia and Japan's NHK. WTN is incorporated in Delaware and is majority owned by ABC/Capital Cities.

**Sibling rivalry**

San Francisco and Los Angeles are simultaneously seeking to establish a sister city relationship with HCMC. San Francisco's Mayor Frank Jordan visited Vietnam in November, where he met with his counterpart in HCMC and discussed the relationship. The *San Jose Mercury News* reported on 14 November that Prime Minister Vo van Kiet told Jordan Vietnam will open a consulate in San Francisco once diplomatic relations are renewed and embassies are established in the respective capitals. Meanwhile, in late November, a Los Angeles councilman filed a motion asking the council to initiate a sister city relationship with HCMC. Los Angeles Mayor Richard Riordan said he may be open to the idea. Jordan's response: "We wish our city to the south good luck. But we've already placed the ring on the finger."

**Indochina Financial Digest**

WORLD BANK PROJECTS PIPELINE FOR INDOCHINA					
PROJECT	DESCRIPTION	STATUS	AMOUNT	CONSULTANTS	IMP. AGENCY
<b>CAMBODIA</b>					
Economic recovery credit	Structural reforms in public investment, debt mgmt., expenditure mgmt., administration.	Appraisal mission 11/94	50 (IDA)	Not required	Ministry of Finance
Agriculture prod and rural development	Irrigated crop development, livestock prod., irrigation, tng and community development	ID mission in the field	25 (IDA)	To be determined	To be determined
Infrastructure rehabilitation	Scope to be determined, likely to include highway maintenance	ID mission late 1994	35 (IDA)	To be determined	To be determined
Power sector rehabilitation	Rehabilitate/reinforce Phnom Penh's distribution system, provide tools and equipment, technical assistance	Project preparation underway	40 (IDA)	Japanese grant to fund svcs. in eng, environ, regulatory work	Electricite du Cambodge (EDC)
Technical assistance	Improve economic mgmt., enable environment for private sector development	Negotiations sched. for Oct 94	17 (IDA)	Will be required	Ministry of Finance
<b>LAOS</b>					
Land titling	Issue land titles, improve land management	Preparation began Nov 1994	20 (IDA)	Selection almost completed	Ministry of Finance
Rural development and watershed management	Extend Upland Agricultural Project to Luang Prabang, Oudomsay and Phonsaly. Emphasize environmental issues and poverty alleviation	Preparation is underway	10 (IDA)	To be determined	Ministry of Agriculture and Forestry
Training and capacity building	Develop human resource base: Scholarships, twinning and training programs; increase ability of training system to meet labor market needs	Preparation mission is in the field	10 (IDA)	Will be required	Ministry of Education
Health system reform and malaria control	Reduce infant mortality by: reorganizing system in 2 provinces, strengthening malaria control in 8 provinces, improving health educ. activities	Negotiations sched for Nov 94	17.6 (IDA) 2M from Belgium	Not specified	Ministry of Health and Social Welfare
Structural adjustment credit III	Public admin, civil service retrenchment, financial supervision, privatize state-owned enterprises, public expenditure management	Project is being Identified	40 (IDA)	Will be required	Ministry of Finance
Highway improvement II	Increase maintenance capacity of system, upgrade 135km of Route 135, provide technical assistance and training	Approved	30 (IDA)	Required for tech assistance and project supervision	Min. of Communication, Transport, Post and Construction
<b>VIETNAM</b>					
Forest development of barren lands	Protect forests, develop barren land to improve ag, improve support services for rural population	Project is being Identified	60 (IDA)	To be determined	To be determined
Irrigation rehabilitation	Rehabilitate and complete 5-7 irrigation schemes; Strengthen Ministry of Water Resources	Appraisal mission is in the field	90 (IDA)	Bilateral assistance from Canada and Italy	Ministry of Water Resources
Higher Education Reform and Consolidation	Focus on policy, management and admin.; encourage autonomy and accountability; support institutions	Preparation mission is in the field	50 (IDA)	To be determined	Ministry of Education and Training
Banking system modernization	Establish computerized payments system	Preparation pending	50 (IDA)	Japanese grant for proj prep consultants	State Bank of Vietnam
National Health Svcs	Improve govt ability to address changes in sector. Tech. assistance, medicines, equipment, malaria and AIDS control, health technology	Pre-appraisal mission is in the field	70 (IDA)	Req'd: tng, info mgmt systems, supervision, equip. procurement	Ministry of Health



Population and family health	Family planning and health services, institutional strengthening, develop analytical capacity	Pre-appraisal mission is in the field	100 (IDA)	Selection is underway	Nat'l Comm ittee for Population and Family Planning
Power sector rehab and Expansion	Rehab and expansion distribution and load dispatch systems in S and central VN, convert gas turbine to combined cycle at Ba Ria	Appraisal report is being prepared	165 (IDA)	Required for project management of all components	Power Co. #2 HCMC
Highway rehabilitation II	Rehabilitate 300km of Highway 1, to include bridges and provision of road maintenance equipment	Project preparation underway	150 (IBRD)	Req'd for supervision, feasibility, training, engineering, tech. asst	Ministry of Transport
Structural adjustment credit	Provide balance of payments support, public sector management assistance and support for institutions that will support the evolving market economy	Negotiations completed	150 (IDA)	Req'd: public investment prep, auditing comm banks, public expend. review	State Bank of Vietnam
Water Supply	Increase capacity and rehab water supply systems in 4 cities, construct treatment plant, upgrade distribution systems, construct pumping stations, improve solid waste mgmt. in 2 cities	Feasibility studies began in late Oct 94	125 (IDA)	Financed through bilateral donors	Ministry of Construction

\* Project pipeline provides status of World Bank projects in Indochina. Amount is in millions unless otherwise indicated

\* Consultants column indicates the need for participation of external consultants

\* Imp. Agency is the implementing agency within the country. These agencies determine the need for consultants and are responsible for accepting bids and consultant selection

\*Contact the Indochina Project for phone/fax/address of implementing agency

#### VALUE OF THE US DOLLAR IN INDOCHINA

	Cambodia (Riel)	Laos (Kip)	Vietnam (Dong)
11\25\94	2603.00	725.00	10950.00
12\2\94	2593.00	721.00	11080.00

Rates of exchange for 1 US Dollar. Rates are indicative and not intended to be used as a basis for particular transactions.

source: Bank of America Global Trading, London

#### SECURITIES QUOTATIONS FOR INDOCHINA

Beta Vietnam Fund - price in sterling per unit (unit consists of 5 shares and a warrant)	12\6\94 £34 5\16	11\15\94 not avail	10\31\94 £31 23\32
Vietnam Frontier Fund - net asset value per share (partially paid in)	11\30\94 US\$4.97	11\15\94 not avail	10\31\94 US\$4.99
The Vietnam Fund Ltd. - net asset value per share (fully paid in)	11\30\94 US\$10.68	11\15\94 not avail	10\31\94 not avail
Templeton Vietnam Opportunities Fund - price per share	12\6\94 US\$13 5\8	11\15\94 not avail	10\31\94 US\$13 7\8

#### VIETNAMESE DEBT SECONDARY MARKET PRICES

Date - Price in US\$ (bid\offer)	12\1\94 - \$0.655\0.675	11\15\94 - \$ not available	10\31\94 - \$0.67\0.70
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Price for Vietnam's Secondary Debt Paper. The instruments are DM denominated bank loans traded on the secondary market. The prices quoted are US dollar per one nominal value. source: ANZ Merchant Banking

#### SELECTED ECONOMIC INDICATORS FOR VIETNAM

Real Economic Growth - 1993: 8.1% 1994: 8.7%	Consumer Prices - '93: 5.2% '94: 10.5%
Acct Balance (deficit -) (% of GDP) - '93: -8.3 '94: -4.9	Overall balance of payments (US\$mil) - '93: -1106 '94: -169

Figures for 1993 are preliminary and those for 1994 are estimated. source: Vietnamese authorities and IMF estimates



## CAMBODIA

### Toul Sleng remains to be cremated

The Cambodian government has said it will cremate the skulls and bones which have been on display at Toul Sleng Museum in Phnom Penh as a reminder of the atrocities perpetrated by the Khmer Rouge during their 1975-78 reign of terror. King Norodom Sihanouk said, "I will contribute \$10,000 for the cremation ceremony and another \$10,000 to build a stupa for the ashes... I hope that after we complete this ceremony in the Buddhist tradition, the role of the skeletons will be to bring our country to peace." Information Minister Ieng Mouly said the government plans to build another memorial for the remains of the prison victims. The government did not say whether the estimated 8,000 skulls at the killing fields at Choeung Ek, outside Phnom Penh, would also be cremated.

### Rights groups turns down prison visit

In a 6 December letter, five local human rights groups declined an invitation from the government to investigate the existence of a secret military prison in northwest Cambodia. The letter stated, "The government had already commissioned an army prosecutor [and] that prosecutor has confirmed that there was an illegal detention place at Chheu Khmau where people were tortured and killed in violation of human rights," adding that it was now the government's responsibility to prosecute those responsible. The president of the Cambodian human rights group LICHADO believes the military still uses detention centers but moves them from one temporary location to another. State Secretary for Information Khieu Kanharith said, "We want the human rights NGO's who have written to the government expressing their concern about Chheu Khmau to investigate for themselves. If they are to keep repeating these allegations they must make sure."

### ASEAN membership discussed

On 7 December, Secretary-General of ASEAN Ajit Singh arrived in Phnom Penh for meetings with government officials to discuss a timetable for Cambodia's application to ASEAN. Singh called Cambodia's decision to set up a special secretariat to promote its application to join ASEAN a positive step. "We also had the occasion to discuss Cambodia's formal application for observer status in ASEAN and of their desire to accede to the Treaty of Amity and Cooperation in Southeast Asia," Singh said. Foreign Minister Uong Huot said he was optimistic Cambodia could be granted observer status within 12 months and full ASEAN membership by 1996.

### Military updates

◆ **KR base captured** - On 7 December, Information Ministry spokesman Sieng Lapresse said Cambodian troops captured the strategically important Khmer Rouge stronghold of Phnom Kulen in northwest Cambodia, about

38 miles north of Siem Reap. About 400 government troops and 150 Khmer Rouge defectors were involved in the two-week siege of the mountain.

◆ **KR burn villages** - Khmer Rouge guerrillas burned down almost 150 houses in raids on two villages in Ek Phnom district, 9 miles northeast of Battambang. An aid agency worker said, "The soldiers told villagers in An Sang Sok that to end the war quickly there was a new policy, and after killing the deputy village chief, they burnt the homes." A UN official said, "The Khmer Rouge have decided to create a situation where there are large numbers of internally displaced people."

◆ **Thai police killed** - On 7 December, a group of about 10 Cambodian soldiers armed with AK-47 rifles attacked a restaurant in the Thai border town Aranyaprathet, killing two policemen. The incident began when the troops entered the Nongboat restaurant near closing and sprayed the roof and tables with bullets. Two Thai policemen exchanged gunfire with the intruders and were killed. The group fled back to Cambodia, leaving one wounded man behind. Police said the soldiers were looking for cars and motorcycles to steal and take back to Cambodia.

◆ **River shootout** - On 7 December, the *Cambodian Daily* reported at least three people were killed and one seriously wounded during a shootout at an illegal river checkpoint 7 miles from Phnom Penh. A police inspector said three soldiers, incensed when a river boat failed to stop at their checkpoint, boarded the vessel and started demanding money. One of the soldiers killed the boat owner, prompting off-duty soldiers to shoot dead two of the three assailants, while the third escaped.

### Updates

◆ **Education reforms** - On 7 December, Second Prime Minister Hun Sen spoke at a meeting of international representatives who hope to raise US\$214 million to improve the education system. The meeting was attended by senior officials from the finance, education, and youth and sport ministries, and by officials from UN agencies and representatives of the international donor community. Hun Sen said the Cambodian government hopes to devote 15% of the national budget to education, which is now mostly dependent on foreign donors. "Cambodia's education system must within a few years equal the systems of our neighbors," Hun Sen said.

◆ **Civil servant cut** - The government approved a plan to cut the number of civil servants by 20%, or about 30,000 people. Reform plans for the civil service, which currently numbers 150,000, were announced 24 November following advice from the IMF earlier this year.

◆ **New airport** - On 2 December, Queen Norodom Monineath Sihanouk attended opening ceremonies at the newly-renovated terminal at Pochentong airport. The US\$2.5 million renovation of the terminal, originally built in 1957, took 10 months to complete.



# LAOS

## Vice premier dies

On 8 December, the *Vietnam News* reported Deputy Prime Minister Phoun Sipraseuth died of a heart attack at age 74 in Vientiane. Phoun was also director of External Relations of the Central Committee of the Lao People's Revolutionary Party.

## Dam good

The project director of a hydroelectric dam in Laos defended the country's policy of exporting power to Thailand against criticisms based on environmental concerns. Carl-Erik Norlander, project director of the Theun Hinboun dam in the Nam Thuen basin in central Laos, said, "I think this is one of the best uses of resources at present, the export of power." Chirapol Sintunawa, an advisor to the Thai parliament on energy conservation, argued, however, that environmental protection laws in Laos are insufficient. He said that while hydroelectric power projects might be good revenue earners in the short term, they do not take environmental impact into account. The dam, to be completed by the end of 1997, is being built at an estimated cost of US\$290 million to US\$300 million and is 60% owned by the Laotian government, 20% by the Thai power company EGAT, and 20% by Thai real estate group MDX Ltd. Laos is estimated to have untapped hydroelectric capacity of between 15,000 and 20,000 megawatts, and the government sees it as the principal foreign exchange earner.

# REGION

## Australian AIDS expertise

On 6 December, the Australian government announced it will fund 23 new HIV-AIDS projects in Southeast Asia, including projects in Vietnam and Cambodia. An Australian official said the projects emphasize education and prevention activities as well as programs which focus on care and support of people living with HIV-AIDS. Australia will pilot a project with the Vietnam Youth Project in Vietnam, using one of its successes, the creative "Streetwise Comics," Australian publications which help street children and underprivileged youth understand HIV-AIDS problems. The US\$187,500 project will train Vietnamese staff in the production of a series of bilingual mini-comics on HIV-AIDS prevention.

## AIDS could slow growth

On 8 December, WHO official Dr. Michael Merson told a news conference in Hanoi a major epidemic of the HIV virus could slow Asia's economic boom. "With over 2.5 million estimated HIV infections in South and Southeast Asia, HIV is poised to slow down the pace of economic and social development in the region," he said, adding that within the next few years, there will be more new HIV infections each year in Asia than anywhere else in the world, including Africa. Merson spoke following a two-day meeting attended by 20 experts from Thailand, Cambodia, Laos, China, Burma, Fiji, and other parts of Southeast Asia and the Pacific to discuss closer cooperation in fighting HIV and AIDS.

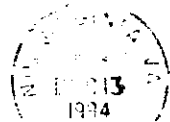
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