



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Vietnam vehicular updates

◆ **Daimler-Benz** - During a two-day visit to Vietnam on 11-12 January, Edzard Reuter, chairman of the Board of Management of Daimler-Benz AG, announced that the company plans to invest US\$160 million in Vietnam over the next five years, including US\$128 million in car manufacturing. The company's automotive unit, Mercedes-Benz, applied for a joint venture license with Vietnamese companies Saigon Automobile Mechanical Corp (SAMCO) and May First Automobile Factory for an assembly plant in HCMC. The plant will assemble cars and trucks, with its annual capacity rising to 11,000 over the next ten years. Reuter said that Daimler's services unit, Debis, will assist with the building of four trade fair halls in Hanoi, and that Daimler-Benz Aerospace will help with the expansion of airports. Daimler's AEG unit currently has US\$20 million worth of orders from Vietnam, mostly energy distribution projects. Reuter met with Prime Minister Vo van Kiet and Communist Party Secretary General Do Muoi.

◆ **Suzuki** - On 1 January, the Japanese newspaper *Nihon Keizai Shimbun* reported that Japan's Suzuki Motor Corp and Japanese trading company Nissho Iwai Corp are planning to open an automobile assembly plant in Vietnam in March, 1995. Each Japanese company is expected to take a 35% share in the venture, with the Vietnam Engine and Agricultural Machinery Corp holding the remaining 30%. The plant, which will assemble small trucks and vans, will be established at Bien Hoa, north of HCMC, and will have an annual production capacity of 4,000 vehicles. Start up costs for the plant are estimated at US\$200 million.

◆ **Yamaha** - On 10 January, Yamaha president Takehiko Hasegawa said the company applied for a joint venture license to produce motorcycles in Hanoi. A spokesman said Yamaha is likely to start production of 70cc to 100cc motorcycles in 1996, and is targeting a share of about 20% of the market, which is currently 200,000 per year and will expand to 1 million by the year 2000.

#### Vietnam updates

◆ **Rice output** - On 11 January, the *Vietnam News Agency* (VNA) reported that Vietnam exported 2.2 million tons of rice during 1994, enabling the nation to retain its place as the world's third-largest rice exporter after Thailand and the US. Vietnam exported 1.8 million tons in 1993. VNA said Vietnam produced 23.5 million tons of rice in 1994, despite floods and typhoons that destroyed over one million tons, adding that annual production is expected to reach 25 million to 26 million tons by the year 2000.

◆ **Oil output** - On 8 January, the *Vietnam Investment Review* (VIR) reported Vietnam produced 6.9 million tons of oil in 1994, an increase of 600,000 tons over 1993. Vietsovpetro produced 6.7 million tons from the *Bach Ho* (White Tiger) and *Rong* (Dragon) oil fields. A consortium led by Australia's BHP produced the remaining 200,000 tons at the *Dai Hung* (Big Bear) oil field, which began production in October. PetroVietnam director Ho Si Thoang said Vietnam expects to produce 7.5 million tons of crude oil in 1995, and 7.8 million tons in 1996. Thoang predicted a surge in production in 1997, and said Vietnam will produce 20 million tons of oil and gas by the year 2000.

◆ **Fish output** - On 9 January, the VNA said Vietnam exported seafood worth US\$458 million in 1994, a 20% increase over exports of US\$368 million during 1993. "Achievements were attributable to the expansion of offshore fishing in the *Bac Bo* [Tonkin] Gulf, the *Truong Sa* [Spratly] archipelago, *Tu Chinh* area and southeastern area, and to an improved fishing fleet," VNA said. Vietnam expects to harvest 1.28 million tons of seafood in 1995, and earn US\$550 million.

◆ **Rent taxes reduced** - On 11 January, a Finance Ministry official told *Reuters News Agency* that, effective 1 January, rent tariffs have been reduced by 25%. "The new rental tariff for land, water and sea surface is 25% less than the previous one," he said. "The government considers it is necessary to reduce the rent to make it appropriate, thus creating favorable conditions for and attracting investment."

◆ **Medical sector opened** - On 8 January, the *Vietnam Investment Review* (VIR) reported that Minister of Health Nguyen Trong Nhan signed a decree in late December allowing foreign investors to open hospitals, clinics, medical consultancies, and medical-technical services in Vietnam. "The move clears the way for tens of millions of dollars in foreign capital, delayed by unclear legislation concerning foreign participation in medical treatment," VIR said. "Most have proposed joint ventures to open facilities serving the country's growing expat [expatriate] population." VIR said the US firms AAA and Acer Asia Pacific have submitted joint venture proposals with state-owned hospitals in HCMC, AAA for a 49-bed hospital and Acer Asia Pacific for a US\$118 million 100-bed hospital. Two other US firms, First Choice Realty and Investment Inc. and Real Estate Medical Investment Trading Inc., have submitted a US\$10 million joint venture proposal with Hanoi's main military hospital.

◆ **Sugar plant approved** - On 11 January, the VNA reported that Vietnam has approved a plan for the Bien Hoa Sugar Co. to build a US\$36.8 million sugar plant in Tay Ninh province. The expected annual capacity of the plant is 43,400 tons of sugar and 17,000 tons of molasses from 450,000 tons of cane. The company plans to raise the investment money from its own capital and from domestic and foreign loans.

**VIETNAM****German accords**

On 6 January, Vietnam and Germany signed an agreement on political and economic ties in HCMC. Two senior German officials, Werner Hoyer, Secretary of State of the Foreign Ministry, and Bernd Schmidbauer, the Chancellor's Office Minister, held four days of talks in Vietnam as envoys of German Chancellor Helmut Kohl. The agreement was signed by Vietnam's Government Office Minister Le Xuan Trinh. On 11 January, the German cabinet approved the agreement, which calls for the repatriation of all 40,000 Vietnamese illegal immigrants in Germany. Germany will provide Vietnam with US\$130 million in development aid over the next two years, with some of the money to be used to resettle the returnees.

Last September, Germany froze export credit guarantees and talks on future development over Vietnam's refusal to accept the return of 40,000 Vietnamese illegal immigrants in Germany [see *Digest*, 7 Oct]. Germany's sluggish investment rate is blamed on the lack of export guarantees. Germany was the 19th largest investor in Vietnam in 1994, with only one project worth US\$10 million. On the list of total investments since 1988, Germany is 29th, behind many other European Union (EU) countries. The German Federation of Chambers of Commerce (DIHT) welcomed the agreement, saying: "The conclusion of the cooperation agreement between Germany and Vietnam clears the way for an urgently needed normalization with this important Asian country."

**British finance minister visits**

British Chancellor of the Exchequer Kenneth Clarke visited Hanoi and HCMC on 10-12 January, as part of a Southeast Asia tour that included stops in Malaysia and Thailand. Clarke was accompanied by nine senior executives from the London Stock Exchange, finance and insurance companies, and banks. The delegation met with Prime Minister Vo van Kiet, Finance Minister Ho Te, Governor of the State Bank Cao Si Kiem, and other officials. Clarke opened the Hanoi office of Britain's Prudential Corp., which plans a life insurance venture in Vietnam with Hong Kong's Peregrine Investment Holdings. Britain ranks 12th on the list of foreign investors since 1988 with 14 projects worth US\$345 million, and is the fourth largest European investor after France, Switzerland and the Netherlands.

Clarke said he expects British companies to play a role in training staff and advising Vietnam in the development of its planned stock exchange. In an address to Vietnamese officials and British business executives in HCMC, Clarke warned against protectionism, stating there was a danger "that legitimate concerns to protect emerging financial markets from being swamped by foreign competition may be misplaced."

**Buddhists detained**

On 7 January, the New York-based Human Rights Watch/Asia issued a statement protesting Vietnam's detention of two leaders of the Unified Buddhist Church (UBC) of Vietnam. Thich Huyen Quang, the 77-year old

Supreme Patriarch of UBC, was confined to Quang Phuoc temple in Quang Ngai province on 29 December. Quang reportedly began a hunger strike on 27 December to protest the detention of UBC monks arrested in November. The second-highest leader of the UBC, Thich Quang Do, was taken into custody on 4 January in HCMC, and is believed to be held at the HCMC People's Prosecution Bureau. Surveillance of Do increased when he protested the arrest of members of a UBC flood relief mission in November. "The detentions mean that virtually all the UBC's senior leaders are now imprisoned or under house arrest," the Human Rights Watch/Asia statement said.

The Vietnamese government banned the UBC in 1981, and only recognizes the Vietnam Buddhist Church (VBC). Last week, Prime Minister Vo van Kiet met with Thich Tri Tinh, head of the VBC. According to the *Vietnam News Agency (VNA)*, Tich said he "welcomed local authorities' timely measures to deal with those whose deeds had harmed Buddhist sacred teaching." The *VNA* said Kiet restated the government policy of respect for freedom of religious beliefs.

**Guidebook confiscated**

According to a 10 January press release by publisher Fielding Worldwide Inc., the government has confiscated five copies of its travel guide, "Fielding's Vietnam." The US express mail firm Federal Express notified the publisher that five copies of the book, sent in separate packages to different addresses, were confiscated. The publisher said the books were being sent to tour companies it works with, and there were no plans to market the book in Vietnam. The 473-page travel guide was written by Wink Dulles, cousin to former Secretary of State John Foster Dulles and former CIA Director Allen W. Dulles. The author said the book includes advice on how and when corrupt officials are likely to demand a bribe and contains sharp criticism of some of the government's tourism projects.

**Inflation figures**

Official figures show Vietnam experienced 14.4% inflation in 1994, nearly three times the 1993 figure. The weekly *Market and Price* said exceptionally high food prices and higher civil service pay under a salary restructuring system were the main causes for the increase. The prices of staple food, rice and other crops rose sharply after typhoons and floods, especially in the Mekong Delta region. The civil service pay restructuring was blamed for the fact that prices rose 14% in Hanoi, but only 8.7% in HCMC.

**AD hoc decree**

The government recently issued a decree regulating advertisements in Vietnam which was published in *Nhan Dan* on 9 January. The decree states advertisements should be in Vietnamese, and if foreign words are used, they must be less prominent than the national language. The decree bans the use of the national flag, anthem, symbol, and photographs of leaders in advertisements. Advertising must not occupy more than 10% of a newspaper or 5% of broadcasting time on radio and television. Newspapers must not run advertisements on the front page. No advertisement can be shown on television more than five times a day or for longer than eight days in a row, and newspapers can only run an ad five days in a row.

**CAMBODIA****IMF optimistic**

In an 11 January interview with *Reuters News Agency*, Reza Vaez-Zadeh, senior representative of the International Monetary Fund (IMF) in Cambodia, said Cambodia's economic prospects look good for 1995. "On the whole it looks like an optimistic picture," he said. "In 1994 inflation was down to about 26% to 30%. It's an objective to bring it down to 10% and we think it is realistic." Vaez-Zadeh said government programs for rural development could lead to an increase of about 5% now to about 7% by the end of the year and generally improved living standards. Vaez-Zadeh also praised the 1995 budget, passed last week [see *Digest*, 6 Jan]. Government plans for 1995 include the privatization of many enterprises to help encourage the private sector and the introduction of larger *riel* notes to boost confidence in the local currency, he said. The IMF approved a US\$120 three-year loan last May, out of which US\$40 million will be dispersed in 1995.

**EU program**

On 19 January, the European Union (EU) will officially open its "technical coordination office of the EU" in Phnom Penh. The office will coordinate a US\$85 million aid program, which will focus on rural development. Patrick Trolliet, head of the office, said: "The European Community is helping all the countries in poor economic situations and also the countries which are in the rehabilitation of civil war." He also said other projects the EU will carry out during the next two and-a-half years will involve refugee rehabilitation, health, land mine clearance, education, and water supply.

**Thai non-cooperation**

On 9 January, Thai Foreign Minister Thaksin Shinawatra led a group of 40 ambassadors and senior diplomats on a tour of the Thai-Cambodian border to let them meet with Thai military commanders responsible for cutting links with the Khmer Rouge. While the diplomats commended Thai efforts to isolate the Khmer Rouge, some expressed suspicion that the Khmer Rouge continue to benefit from contacts with local individuals. Said one: "No one would say there is any hanky-panky going on between the Thai government and the Khmer Rouge. There's a definite will on the part of the government. But still, on the local level, though to a much lesser degree, there's suspicion of cooperation still going on." Said another: "On the government level there is a sincere commitment and they must be commended for that, but this is wild country out here, it's an 800 km border." A Thai commander pointed out there are 140 cross-border passes in his area of responsibility, covering about half of the total border, and he only has enough troops to keep permanent checkpoints on a third of them.

**No Thai extradition for coup plotter**

On 10 January, the Thai cabinet decided that Thailand will not extradite Cambodia's former Interior Minister Sin Song, who was convicted in a Phnom Penh court of involvement with last July's coup attempt [see *Digest*, 4 & 11 Nov]. An

official said the decision was made because Thailand has no extradition treaty with Cambodia, and because his crime was deemed a political offense. Song, who escaped detention in Cambodia and fled to Thailand in September, was convicted by a Thai court on illegal immigration charges, and will remain in detention until he finds refuge in a third country. On 12 January, *Xinhua* news agency reported a Thai interior ministry official said the Swedish government has shown interest in providing political asylum for Song.

**AIDS in Banteay Meanchey**

Dr. Eng Sophirum, provincial field director of venereal diseases and AIDS for Banteay Meanchey province, said 92% of all prostitutes and 21% of soldiers in the province are HIV-positive. Dr. Sophirum was quoted in the 9 January *Reasmei Kampuchea* as saying that the results come from blood tests for prostitutes, soldiers, police and landmine removal teams. He said 1.9% of blood donors in Monkul Bore hospital, the main provincial hospital, were found to be HIV-positive in 1994, up from 0.06% in 1992. The National AIDS Committee estimates between 3,000 and 5,000 people in Cambodia are HIV-positive, but international experts believe the figures could be 10 times higher.

**Ranariddh to visit Vietnam**

First Prime Minister Prince Norodom Ranariddh will pay a two-day visit to Vietnam on 15-16 January, accompanied by Foreign Minister Ung Huot and other senior ministers. Ranariddh will meet with his counterpart Vo van Kiet. "Topics to be discussed include immigration, the border, cooperation in education, and the transit of goods," Undersecretary of State for Information Ung Teaseam said. Following the visit, Foreign Minister Huot will pay a two-day visit to Laos.

**LAOS****Former president dies**

Former President Prince Souphanouvong died of a heart attack on 9 January. He was 86 years old. Souphanouvong was born in the royal capital of Luong Prabang, the 20th and youngest son of Prince Boun Khong, viceroy of the French colony, and a commoner concubine. He graduated from the University of Paris in 1938, returned to Laos, and in 1945 joined the Lao Issara (Free Laos) movement against French colonial rule. He was expelled from Laos in 1949 because of his ties to Ho Chi Minh, and helped form the Pathet Lao (Lao State) in 1950. When Laos gained independence in 1954, Souphanouvong joined the first coalition government as the Pathet Lao leader. That government was toppled in 1958, and Souphanouvong was imprisoned for 15 months. A second attempt at a coalition government in 1962 collapsed due to the widening war in Vietnam. The third coalition government was formed in 1974, and Souphanouvong became president of a powerful advisory council. The Pathet Lao took power, and in April 1975 the 600 year old monarchy was abolished, and Souphanouvong was named to the largely ceremonial post of president, which he held until 1986.



## REFUGEES

### Hong Kong updates

- ◆ **Official stabbed** - On 13 January, a Hong Kong Correctional Services officer was stabbed while trying to put out a fire at the High Island camp. Officials suspect arson was the cause of the fire, which broke out at midnight, after 100 Vietnamese were told they would be forcibly repatriated to Vietnam on 18 January. The stabbed officer was treated at a hospital and released.
- ◆ **Technical talks** - On 5 January, Hong Kong and Vietnamese officials held talks in Hanoi regarding boat people that Vietnam will not accept; it contends they are Chinese nationals [see *Digest*, 18 Nov]. Following the meeting, Brian Bresnihan, head of the Hong Kong delegation, said: "I would say that the outcome was satisfactory. We have reached an agreement on the introduction of additional safeguards which we believe will prevent voluntary repatriation applicants submitting fraudulent information with a view to securing their rejection for return."
- ◆ **Back to China** - A group of 54 boat people were returned to China from Hong Kong on 6 January, and a second group of 49 boat people were returned to China on 10 January. The migrants, ethnic Chinese of Vietnamese origin, had entered Hong Kong through China's Guangxi Zhuang autonomous region, and were returned to Nanning in Guangxi.
- ◆ **Back to Vietnam** - On 12 January, a group of 153 boat people were returned from Hong Kong to Vietnam on the first voluntary repatriation flight of 1995. The number of Vietnamese in the detention centers was reduced to 22,325.

## US POLICY

### Winston filtered tips

- ◆ On 9 January, Assistant Secretary of State for East Asia and the Pacific Winston Lord said the US and Vietnam, which initialed agreements last month to establish liaison offices in each other's capitals, were merely "cleaning up" remaining technical details before opening the offices. "We're in very good shape. All the property and claims issues relevant to this have been resolved. I would be surprised if we didn't actually open up the liaison offices for business in the course of this month."
- ◆ In a speech at San Francisco's Commonwealth Club on 12 January, Lord said: "With Vietnam, while the fullest possible accounting for our missing-in-action remains our highest priority, we have important regional security objectives which improved relations will promote. We will open liaison offices within a few months and envision further progress as Vietnamese cooperation on MIAs continues."

## FYI

### Vietnam Agriculture Minister reception

On 18 January, the US-Vietnam Trade Council and America Rice, Inc. will host an address and reception in honor of Vietnam's Minister of Agriculture Nguyen Cong Tan and his delegation. The address will take place at 6:15 pm at the Grand Hotel, 2350 M St., NW, in Washington, DC, followed by a wine and cheese reception at 7:15 pm. For more information, please fax the Trade Council at 202-546-4784.

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