



# Indochina

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## Digest

Vol. VIII

27 January 1995

No.4

### TRADE/INVESTMENT

#### Vietnam urban development updates

◆ **Singapore** - On 26 January, Singapore's Resources Development Corp. Ltd. announced it has entered into a US\$23.3 million agreement to build luxury apartments and offices in HCMC. The company's wholly owned subsidiary, RDC Vietnam Pte Ltd., along with Siam Syntech Construction Public Company Ltd. and Collingway Vietnam Ltd., will control 75% of RSC Vietnam Investments Pte Ltd. In turn, RSC will form a US\$10.9 million joint venture with Sunimex, a Vietnamese state-controlled company, to construct a mixed complex of apartments and offices.

◆ **Hong Kong** - In the biggest joint venture deal proposed in Vietnam, the City Horse Trading Ltd. of Hong Kong and the Urban Development Service Company signed a US\$1.1 billion deal to construct an urban development project in HCMC. If approved, the proposed 100 hectare mini-city will include 448 luxury villas, 15 apartment buildings, schools, hospitals, restaurants, parks, temples, shopping centers, two 4-star hotels, and 20 blocks of office space.

#### Vietnam rep office updates

◆ **Lilly pad** - On 26 January, the US pharmaceutical firm Eli Lilly and Company opened a representative office in HCMC. The Ministry of Health has approved the registration of nine Lilly drugs in Vietnam.

◆ **German bank** - Dresdner Bank AG announced on 18 January that it has received approval to open representative offices in Hanoi and HCMC.

◆ **Malaysian bank branch** - On 23 January, Malayan Banking Berhad received permission from Vietnam's State Bank to open a branch office in Hanoi. State Bank officials say the official license will be issued soon.

◆ **Hong Kong cable firm** - On 17 January, the British telecommunications company Cable and Wireless Plc. opened its representative office in Hanoi. "Our intention is to be a valued and long-term partner in Vietnam's economic success," said Lord Young, executive chairman of the firm.

◆ **Dresser up** - Oil industry services firm Dresser Industries announced on 19 January the opening of its representative office in Hanoi. The Texas-based company will apply for a branch office in HCMC.

◆ **Coffee trader** - On 20 January, Volcafe, a Swiss coffee trading firm, opened a representative office in HCMC. According to trade sources, Volcafe bought between 15,000 and 17,000 tons of the 1993/94 crop.

#### Vietnam updates

◆ **BMW plant** - On 24 January, the first BMW automobiles rolled off the assembly line at its new assembly plant in Hanoi. In cooperation with Vietnam Motors, BMW became the first European carmaker to assemble vehicles in Vietnam. BMW expects to make up to 300 cars this year and will start a sales and service network, with branches in Hanoi and HCMC. BMW, which also has assembly plants in Indonesia, Malaysia, Thailand, and the Philippines, is hoping to create a niche in the expanding consumer market for luxury automobiles. "Sales in our first years here will be rather limited," said Lueder Paysen, a group executive. "We are the first exclusive car-makers to enter the market and we have to develop it ourselves."

◆ **Second insurance firm** - According to *Vietnam News*, Bao Minh, Vietnam's second state-owned insurance firm, has opened for business in HCMC. Bao Minh was formed from the HCMC branch of Bao Viet, the former state insurance monopoly. Bao Minh will insure import and export consignments, shipping, aircraft, foreign investment operations, and fire risk. The company has already signed agreements with Tokyo Fire and Marine, Yasuda, and Mitsui, all of which have offices in HCMC.

◆ **Television project planned** - A joint venture between the Hoa Binh Limited Liabilities Co. of Vietnam and US firms Microcable Corp. and Vina Pacific Corp. to broadcast local and international television programs in Vietnam is pending government approval. The venture, which will cost US\$92 million, will launch a minimum of 25 channels that will broadcast world news, entertainment programs and a host of other programming. The project is expected to be implemented in Hanoi, HCMC, Can Tho, and Danang.

◆ **New brew** - In its second operation in Vietnam, a French-Vietnamese brewery began production at its new US\$23.8 million plant in Danang. Brasseries and Glacieres d'Indochine's (BGI) first joint venture with its local partner Tien Giang began operations in 1992 in HCMC. Beer from the new 25 million liter-per-year plant will be packaged in 3 bottle sizes and in cans later this year. The first output from the plant will be available for the upcoming Tet celebrations.

◆ **Computerized reservations** - A computerized airline reservations system company, Abacus Distributions Systems Pte Ltd. announced it has signed a joint venture with Vietnam's national carrier, Vietnam Airlines, to distribute the reservations system to Vietnam's travel industry. The joint venture, Abacus Distribution Systems (Vietnam), has yet to be approved by the government, but the system is expected to be fully operational by the middle of this year.

**Laos updates**

◆ **Airline deal** - China's Yunan Airlines signed a joint venture agreement with Laos Airlines to lease and operate airliners on both domestic and international routes. The venture, Lao Aviation Development Venture Co., plans to open new air routes from Laos to Singapore, Malaysia and Thailand, and to connect Laos and Yunan province with other neighboring countries.

◆ **Thai lignite project** - The Thai investment alliance, Actio Group, received approval from the Laotian government to explore for and mine lignite, a brownish-black coal, and to establish a 600 megawatt power generation station in Xieng Khoang Province. The deal will require investment of US\$20 million for the mining and US\$600 million for the power station, which Actio hopes to have on line by 2000. In a previous deal, the Thai-Lao Lignite Co, part of the Ngarn Tavee Group, developed a US\$1 billion plan for lignite mining and a 600 megawatt power plant in northern Laos.

**Cambodia updates**

◆ **Economic figures** - Cambodia's National Bank's recently published monthly *Economic and Monetary Review* provided data on the country's struggling economy. Despite a decrease in consumer prices in November of 1.1 percent, inflation for 1994 is expected to climb above 26 percent. Earlier this month, the IMF predicted Cambodia will realize decreased inflation to around 10 percent, an increase in economic growth to 7 percent, and improved living standards.

◆ **Rubber tree sale** - On 6 January, the general director of the Department of Rubber said at least 20 foreign companies have submitted bids to buy mature rubber trees from Cambodia. The official said some companies offered as much as US\$1,800 per hectare, adding that this was the first time mature rubber trees will be sold in Cambodia since 1920. Income from the sale will be used to cover the costs of replanting the trees.

**VIETNAM****8th party plenum**

The 8th plenum of the Communist Party was held in Hanoi 16-23 January. According to a 26 January press release, the 143 delegates called for efforts to "continue building and completing the Socialist Republic of Vietnam and gradually reforming the State administration system." The release said the party was dedicated to building "a socialist state of the people, by the people and for the people with the alliance of the working class, the peasantry and intellectuals, under the leadership of the party." It said that unifying state power will require "the distribution and close coordination among the State agencies in the execution of legislative, executive and judicial rights." During a plenum speech, General Secretary Do Muoi spoke out against corrupt, bureaucratic civil servants, who he referred to as "revolutionary mandarins." Muoi said: "In a constitutional state, every organization, office and individual must put themselves in the framework of the laws and must not stand above or outside the law. There is no exception."

**Buddhist monk arrest confirmed**

On 25 January, the foreign ministry issued a statement confirming the arrest of Buddhist monk Thich Quang Do [see *Digests*, 20 & 13 Jan]. The ministry said Do was arrested for committing "provocative acts," and faced prosecution under his lay name, Dang Phuc Tue. The ministry again denied that another monk, Thich Huyen Quang, had been arrested, stating he was moved to another pagoda at the request of local monks and people at his previous pagoda "because he has systematically created trouble."

**Publication suspensions**

◆ **Banned for the ban** - The Ministry of Culture has "temporarily" shut down the weekly *Nguoi Ha Noi* (Hanoi People) after it published an article criticizing the government for its decision to ban fireworks. The paper reported that fireworks manufacturers were "worried and sad" about the decree, and included complaints from unemployed persons who used to make firecrackers. The paper was cited as having violated press laws that prohibit criticism of official edicts, and was ordered to draw up a "self-criticism" admitting responsibility for publishing the article. The editors were told the ban will last several weeks.

◆ **Stories with no mettle** - The monthly magazine *Knowledge and Technology*, published by the Casting and Metallurgy Association, was ordered to recall its latest issue for including too many sensational stories. The Ministry of Culture charged that only five of the 24 stories in the special Tet issue had anything to do with metals and engineering. The rest of the issue included stories about crime, people surviving by cannibalism, a 35-year old man with 105 wives, and the secrets of embalming bodies.

**ASEAN delegation visits**

A high-level ASEAN economic delegation began a six-day visit to Vietnam on 23 January to examine the economic role the country will play when it becomes a full member of ASEAN. The 15 member delegation, comprising ASEAN's top economic officials, will report its findings to ASEAN's economic ministers, along with recommendations. The group's leader, K. Jarapayet, said on 25 January that Vietnam is advancing toward joining the ASEAN Free Trade Area (AFTA). "ASEAN and Vietnam are discussing specific steps aiming at helping Vietnam to participate in AFTA at an appropriate time following Vietnam becoming a member of ASEAN," he said. AFTA members are expected to cut import tariffs from members to between 0% and 5% by 2003.

**State of the unions**

According to a 22 January *Vietnam News Agency (VNA)* report, the Executive Board of the Vietnam General Confederation of Labor plans to have unions established in all firms by the end of 1995. The confederation decided to set the target date after figures showed only 1,200 of the 18,000 non-state sector enterprises had unions. During the past four years, there have been 27 strikes by workers in non-state owned firms. "This made employees think of the establishment of their own trade unions, official or interim, in order to protect employees' rights and interests in accordance with the country's labor code," VNA said. All of Vietnam's 5,000 state-owned firms have trade unions.

**Indochina Financial Digest****ASIAN DEVELOPMENT BANK PROJECTS PIPELINE FOR INDOCHINA**

This chart lists new projects and significant changes or revisions to existing projects. Changes are in bold type  
LP = Loan Project; TAP = Technical Assistance - Project Preparation; TAA = Technical Assistance - Advisory

| PROJECT   | DESCRIPTION  | STATUS                                | AMOUNT         | CONSULTANTS  | IMP. AGENCY                                |
|---|--|---------------------------------------|----------------|--|--|
| <b>CAMBODIA</b>                                       |  |                                       |                |  |  |
| Rural infrastructure development LP (new entry)       | Support ag growth, increase income, improved living standards in rural areas through infrastructure rehab. Includes roads, water supply, rural livelihood, local initiatives | Management review meeting to be sched | 25m            | To be determined   | State Secretariat for Rural Development    |
| Power rehabilitation LP                               | Install a 5 MW and a 1 MW diesel generators; power system distribution and rehab   | <b>Loan approved</b>                  | 30m            | Req'd: distribution rehab; <b>equipment procurement</b>      | Electricite du Cambodge (EdC)              |
| Basic health services TAP                             | Help gov't design investment project to improve basic health services in 5 provinces   | <b>Technical assistance approved</b>  | 300,000        | <b>Long list of consultants being prepared</b>               | Ministry of Health                         |
| Urban water supply and sanitation TAP                 | Rehabilitate and construct water supply and sanitation systems in Phnom Penh and Sihanoukville   | <b>Staff review meeting completed</b> | <b>600,000</b> | Req'd: water, wastewater eng, finance, econ & envir analysis | Ministry of Industry, Mines and Energy     |
| Training & job promotion for women TAP (new entry)    | Strengthen capacity of 21 provincial women-in-development centers to provide job skill and placement, to include training, counseling  | Fact finding mission to be sched      | 400,000        | To be determined   | Secretariat of State for Women's Affairs   |
| Power sector tng, manpower dev TAA                    | Examine tng facilities and recommend tng in areas of distribution engineering and generation at EdC  | <b>Technical assistance approved</b>  | 500,000        | Req'd: human resources and training                          | Electricite du Cambodge                    |
| <b>LAOS</b>   |  |                                       |                |  |  |
| Improve Xieng Khouang road (8th road improvement) TAP | Feasibility study of road improvement project of 573 km of national roads and feeder roads   | <b>Technical assistance approved</b>  | 530,000        | Short list of consultants is under preparation               | Min of Comm, Transport, Post, Construction |
| <b>VIETNAM</b>  |  |                                       |                |  |  |
| Red River Delta water resources LP                    | Help gov't finance rehab and upgrade water resources control infrastructure in Delta for irrigation, drainage and ag   | <b>Loan approved</b>                  | 60m            | Req'd: see prev issue, <b>goods procurement</b>              | Ministry of Water Resources                |
| Financial sector review TAP                           | Review segments of financial sector; identify constraints on development of sector and propose remedial measures   | <b>Technical assistance approved</b>  | <b>325,000</b> | Req'd: macroecon, public finance, accounting, law            | State Bank of Vietnam                      |



|   |  |   |         |  |                             |
|---|--|---|---------|--|-----------------------------|
| Red River Delta water resources LP                  | Help gov't finance rehab and upgrade water resources control infrastructure in Delta for irrigation, drainage and ag   | Loan approved                             | 60m     | Req'd: see prev issue, goods procurement | Ministry of Water Resources |
| Strengthening of procurement system TAA             | Prepare procurement of goods, works and svcs consistent with international procedures: prepare model documents for bidding and evaluation of reports and contracts: assist establishment of procurement office: training | Technical assistance paper being prepared | 600,000 | Consultants selection is underway        | State Planning Committee    |
| Institutional strengthening for energy planning TAA | Establish capacity for coordination, policy analysis, planning and management for development of power sector: develop skills through OJT: study energy pricing and rural energy options                                 | Technical assistance approved             | 580,000 | Recruitment of consultants is underway   | State Planning Committee    |
| External debt management TAA                        | Establish computer-based debt recording and mgmt system: provide training to staff   | Technical assistance approved             | 416,000 | To be determined                         | Ministry of Finance         |

\* Project pipeline provides status of ADB projects in Indochina. Amount is in US dollars

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

\* Parties interested in providing consulting services or supporting procurement needs for TAA and TAP projects should contact the Consulting Services Division of ADB

\* Parties interested in providing consulting services or supporting procurement needs for Loan Projects should contact the implementing agency

\* Contact the Indochina Project for phone/fax/address of relevant agencies

## FOREIGN INVESTMENT IN VIETNAM

As of 24 Dec 1994 source: State Committee for Cooperation and Investment

| Rank | Country     | Projects | Amount in US \$ | Rank | Country       | Projects | Amount in US \$ |
|------|-------------|----------|-----------------|------|---------------|----------|-----------------|
| 1    | Taiwan      | 179      | 1,963,995,897   | 11   | Netherlands   | 16       | 347,916,620     |
| 2    | Hong Kong   | 171      | 1,787,720,836   | 12   | United States | 28       | 270,316,893     |
| 3    | Singapore   | 76       | 1,069,883,737   | 13   | Thailand      | 43       | 235,992,076     |
| 4    | S. Korea    | 97       | 884,452,441     | 14   | Indonesia     | 11       | 160,467,021     |
| 5    | Japan       | 73       | 783,286,398     | 15   | Russia        | 34       | 125,452,740     |
| 6    | Australia   | 42       | 654,886,895     | 16   | Ireland       | 13       | 80,697,548      |
| 7    | Malaysia    | 31       | 580,692,177     | 17   | Sweden        | 7        | 78,447,400      |
| 8    | France      | 58       | 533,691,411     | 18   | Canada        | 9        | 66,089,872      |
| 9    | Switzerland | 14       | 462,753,858     | 19   | Philippines   | 12       | 58,339,358      |
| 10   | Britain     | 15       | 376,073,822     | 20   | Ukraine       | 6        | 45,121,622      |



## Privatization privation

A 20 January article in *Tuoi Tre* reported that ten of 19 companies participating in a trial privatization plan have dropped out. Two firms are having second thoughts, and four others are still in the program. Three firms, a refrigeration engineering enterprise, a leather shoe company, and a transport company, have succeeded in converting their capital to stock. The firm KMPG Peat Marwick, under a World Bank contract to help Vietnam with the privatization program, has made several recommendations for the program, including dropping a rule that limits non-government entities and non-employees of the firm to a maximum 30% stake in the business. KMPG Peat Marwick said the policy was "not very attractive from the point of view of the public, who want to see the corporatized company a 'private' rather than state-controlled business."

## CAMBODIA

### Eleven arrested for tourist's death

On 25 January, authorities arrested 11 Cambodians (8 men and 3 women) for the murder of American tourist Susan Hadden and her tour guide during a visit on 15 January [see *Digest*, 20 Jan]. Authorities found luggage and cameras with the suspects in Siem Reap. The authorities believe the articles belonged to Hadden and her husband, James.

### Ethnic Vietnamese to return

On 21 January, Michael Kirby, the UN special representative on human rights in Cambodia, said ethnic Vietnamese who have been stranded for almost two years on the Cambodian-Vietnamese border will be allowed to return to their homes in Cambodia. The 4,000 ethnic Vietnamese fled to the border during the Khmer Rouge pogroms of Vietnamese leading up to the May 1993 elections. Kirby said almost all the ethnic Vietnamese at Chrey Thom hold Cambodian identity papers and have lived in Cambodia for generations.

### ASEAN application

While visiting Brunei on 25 January, Foreign Minister Ung Huot said Cambodia plans to formally apply to join ASEAN. Huot said he went to Brunei to submit Cambodia's request to sign ASEAN's Treaty of Amity and Cooperation, the first step toward achieving ASEAN observer status. "The nations of ASEAN have been developing very rapidly over the past 20 years and Cambodia hopes to catch up," Huot said.

### The greening of Cambodia

On 13 January, the government announced its draft environmental law will be completed before the end of January, and a two-day conference on the environment will be held in May. The Ministry of Environment plans to declare 1996 as "Cambodia Year of Environment." On 24 January, Environment Minister Mok Mareth announced Cambodia will open two national parks in 1995. The first, in Sihanoukville province, will open in March, with the second opening in Kompong Speu province later this year.

## Prison problems

The UN Center for Human Rights issued its report on Cambodia's prisons on 26 January, stating most of the prisons are collapsing from disrepair, and inmates complain of torture. "Medical care is often nonexistent and disease and sickness are widespread," the report said. Commenting on the report, Dr. Gabriel Otterman of Physicians for Human Rights said: "63% of the prison population has been beaten or tortured," adding that "the use of punishment cells and dark cells is highly prevalent as well."

## LAOS

### Industry growth

During 1993-1994, industry grew 9%, generating income of US\$1.77 billion for the country, and accounting for 18% of its gross domestic product. Laos plans to invest US\$37.3 million, or 14.2% of total investment, into the industry sector in 1994-1995, targeting the areas of energy and electricity generation. The country also plans to expand electrification in rural areas, build 15 electricity generator points, and expand its transportation network.

### IMF loan

The International Monetary Fund (IMF) announced it has approved its second loan to Laos through the Fund's enhanced structural adjustment facility (ESAF). The US\$17 million loan will support Laos's IMF-approved economic reform programs, which target annual growth rates of 7% and cuts in inflation to 4.5% through 1996. During 1995, the government also hopes to achieve a balance of payments surplus sufficient to cover ten weeks of imports, up from six weeks in 1994. Last year, economic growth was 8.4 percent and inflation was 6.8 percent despite higher food prices. Other reforms to be implemented include privatizing public enterprise, reducing the civil service, and simplifying the country's tariff system.

## REGION

### Territorial disputes

◆ **Spratlys** - On 20 January, China urged Vietnam to stop geological surveys on the Spratlys, saying such activities "infringe on China's sovereignty." Vietnam issued a statement on 23 January reaffirming its sovereignty over the Spratly Islands, and saying its activities in the area conformed to international law. Following reports that Filipino fishermen were detained by a Chinese navy vessel, Philippine President Fidel Ramos said there should be more "coordination, consultation and collaboration" among the claimant countries. The Filipino fishermen were released on 17 January after being held for one week.



♦ **Paracels** - On 24 January, *Xinhua* news agency reported that Chinese experts discovered three new islets within the waters of the Paracel island chain. The islets are each over 500 square meters in area, and have not been charted on any map. Responding to the report on 26 January, the Vietnamese foreign ministry restated its claim of sovereignty over the Paracels and Spratlys.

### Davos economic forum

The World Economic Forum (WEF) began at Davos, Switzerland on 26 January. The 6-day conference, with 1,500 world political and economic leaders in attendance, began with an opening statement by UN Secretary General Boutros Boutros-Ghali. Dr. Klaus Schwab, president of WEF, said the Forum would strive to "pay particular attention to Indochina this year." While Vietnam and Laos have attended previous conferences, this is the first year that Cambodia is attending.

### ADB Mekong projects

On 20 January, the Asian Development Bank announced it identified 76 potential projects worth an estimated US\$15 billion, in the Greater Mekong subregion. Most of the 76 projects are in the transport and energy sectors. During the next few months, the ADB is expected to determine which of the projects it will support through loans or technical assistance.

## US POLICY

### Liaising expectations

The US and Vietnam are expected to sign an agreement on 28 January paving the way for the opening of liaison offices in their respective capitals. The agreement, to be signed in Hanoi, brings to an end almost a year of negotiations to settle questions regarding diplomatic properties seized in 1975. Although no details of the agreement have been released, it has been reported that it covers the more than 30 US diplomatic properties in HCMC and allows Vietnam to take over the former South Vietnamese embassy in Washington. After the signing the US will move into a nine-story building in Hanoi [see *Digest*, 26 Aug] which will house the US liaison office. Mr. James Hall, the State Department official who will head up the office, is in Hanoi.

On 24 January nine Republican lawmakers wrote President Clinton urging him to delay the opening of the office until Vietnam provided more information on the fate of missing US servicemen. However, on 26 January a bi-partisan group of lawmakers wrote the President stating that the opening of the office would help resolve "the POW/MIA issue but also other issues including human rights that stand in the way of normal relations between the US and Vietnam." US Secretary of State Warren Christopher also said before a congressional committee on 26 January that the "presence of individuals [in Hanoi] from our government will enhance our ability to get information about POWs and MIAs."

# Chúc Mừng Năm Mới

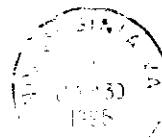
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**Project**

2001 "S" St., NW, Suite 740  
Washington, DC 20009  
USA  
Phone: (202) 483-9222  
Fax: (202) 483-9314



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