



# Indochina Digest

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## US POLICY

### Liaison offices open

After signing agreements settling diplomatic and property claims between the US and Vietnam on 28 January [see *Digest*, 27 Jan], the two countries established liaison offices in each other's capitals.

The Liaison Office of the Socialist Republic of Vietnam in the US officially opened on 1 February. The office is headed by Le van Bang, who previously served as Vietnam's ambassador to the UN. The deputy head of the Liaison Office is Ha Huy Thong. The office is located 1233 Twentieth St., NW, Suite 501, Washington, DC 20036, Tel: (202) 861-0737; Fax: (202) 861-0917.

The Liaison Office of the US in Hanoi opened on 3 February. The office is headed by James Hall, formerly director of the State Department's Vietnam, Laos and Cambodia office. The office is located at 7 Lang Son St., Hanoi, Tel: (844) 236-050, Fax: (844) 234-272.

### Resolved! - property claims

On 28 January, the US and Vietnam signed the "Agreement between the Government of the United States of America and the Government of the Socialist Republic of Vietnam Concerning the Settlement of Certain Property Claims," in Hanoi. Vietnam agreed to a "lump sum" settlement of US\$208,510,481 to settle property claims, to be deducted from its frozen assets. Of this amount, approximately US\$5 million will go toward settling reimbursements of OPIC insurance policies paid out after 1975.

The remaining US\$203.5 million will go toward settling claims of US private companies and citizens which were expropriated in 1975. Between 1980 and 1986, the US Foreign Claims Settlement Commission (FCSC) examined cases of US nationals whose property was taken by Vietnam in 1975, and gave awards to 192 claimants totaling US\$99.5 million, with 6% simple interest. Preliminary estimates indicate claimants in the Vietnam program could receive as much as 94¢ to the dollar, higher than previous US settlements (claimants received varying percentages of awards in other FCSC programs, e.g., Czechoslovakia - 73.1%, Bulgaria - 59.3%, Romania - 28.9%, Hungary 26.3%, and USSR - 9.7%).

A separate agreement settling the issue of diplomatic property was also signed. The US will hold approximately US\$60 million as a guarantee pending the return of properties in Vietnam, as Vietnam relocates current tenants and turns over the properties. Approximately US\$18-19

million of this figure will be kept by the US for irretrievable property, with the remainder reverting to Vietnam.

The US agreed to unblock Vietnam's frozen assets in the US within 30 days of the agreement. Preliminary estimates indicate Vietnam could receive as much as US\$90 million initially, and additional monies after the diplomatic properties are returned. The settlement of the property claims removes a major legal hurdle for Vietnam as the two countries normalize their economic relationship.

### Human rights report

On 1 February, the US State Department released its annual "Country Reports on Human Rights" to Congress.

The report praised Vietnam's strides in its market-oriented economic reforms which "have helped raise most people's standard of living." The report said: "Nonetheless, the Government was responsible for continued human rights violations in 1994. Vietnamese citizens did not have the right to change their government or assemble, associate or speak freely. The Government continued to prohibit establishment of an independent press and independent organizations. It also maintained its longstanding policy of not tolerating dissent. Despite some progress in developing a legal infrastructure, Vietnam does not yet enjoy the rule of law. The judicial system is not independent, and the judicial process lacks transparency. However, citizens enjoyed greater freedom to travel and change their residence, engage in economic activity, and to initiate labor strikes. Within narrow boundaries, the Government tolerated and even welcomed serious press and public debate and criticism—including occasional public protest—primarily with regard to corruption and mismanagement."

On Cambodia, the report said: "The human rights climate was better than in past years, with a relatively open political atmosphere, a vigorous press, and an active human rights community. Cambodia continued, however, to suffer from many problems, including the ongoing threat of the KR insurgency. In July there was a failed coup attempt. There continued to be sporadic reports of political intimidation and of murders that appeared politically motivated. Emerging democratic institutions, particularly the judiciary were weak. The ethnic Vietnamese minority faced widespread discrimination, sporadic attacks leading to numerous casualties, and uncertain legal status. There were credible reports that individual members of government security forces committed serious human rights abuses, including instances of extrajudicial killing. In many cases, the Government lacked the resources or the political will to act aggressively against individuals who were responsible for such abuses. Women and people with disabilities, in principle protected under the constitution, in fact faced discrimination."



## More congressional concern

Members of the US Congress continued to write letters to Vietnam's Prime Minister Vo van Kiet to protest the arrests of Buddhist monks [see *Digests*, 20 & 13 Jan]. In addition to the 13 January letter from Congressmen Gilman and Leach, letters have been written by Senator Paul Simon (18 January), Senator Orrin Hatch (23 January), Senators John McCain and John Kerry, and Senators Bob Kerrey, Charles Robb and Tom Daschle.

## Vietnam added to dope list

In President Clinton's 2 February letter to congressional leaders, Vietnam was added to the list of 29 countries considered to be major drug transit points or producers of illicit drugs. The list has no effect on US aid to the countries and is not based on whether they are cooperating in attempts to curb drug trafficking. Laos is also included on the list. Cambodia and Cuba were not included on the list because of lack of data, but the letter said they are "logical prospects for inclusion as major drug transit countries."

## Talbott visits Cambodia

US Deputy Secretary of State Strobe Talbott paid a two-day visit to Cambodia 28-29 January and met with King Sihanouk and Co-Prime Ministers Ranariddh and Hun Sen. A press statement said the visit was to demonstrate the US's "continued strong commitment to Cambodia's fledgling democracy." Talbott said: "We do not rule out lethal assistance to the Cambodian military in the future, but the possibility of that happening will be contingent upon further reform of the Cambodian military." Assistant Secretary Winston Lord said the US took note of reforms already undertaken, which included a reduction in the number of officers, but said more reform work needed to be done particularly for "padded payrolls and ghost soldiers."

In regard to reported threats of intimidation against politicians whose views were contrary to those of the government, Talbott said, "We heard disavowals of any high-level government sponsorship of such intimidation." Members of the minority Buddhist Liberal Democratic Party had earlier complained to UN human rights chief Michael Kirby of telephone threats of intimidation.

## Medical aid to Cambodia

On 2 February, US Ambassador Charles Twining presided over a ceremony to provide US\$600,000 worth of non-lethal military equipment, which included seven ambulances, hospital cots, lights, surgical supplies, and an X-ray machine. The aid will be distributed to military and civilian hospitals, and the national body coordinating mine clearing activities.

The aid was given to the Cambodian Red Cross, which said it would "try the best we can, in cooperation with the Defense Ministry, to make sure all aid reaches its correct destinations." Earlier, US humanitarian food rations intended for Khmer Rouge defectors and families and persons displaced by fighting had been sold on the open market in Phnom Penh before reaching their destination.

## TRADE/INVESTMENT

### Rainsy raises ruckus

Former Cambodian Finance Minister Sam Rainsy has claimed that a recent agreement between a Malaysian company and the Cambodian government to establish Royal Air Cambodge Airlines is unconstitutional and should be nullified. Rainsy said the contract, in which Malaysian Helicopter Service Bhd, a subsidiary of Malaysian Airlines, holds a 40% stake and will loan the remaining 60% to its Cambodian partner, violates at least four articles of the constitution and other laws. According to Rainsy, the US\$10 million contract, which was signed without the approval of the National Assembly, is "outrageously one-sided and unfair", and contains confidentiality clauses that "forbid either party from revealing details without the written consent of the other." The Council for the Development of Cambodia (CDC) dismissed concerns about lack of transparency in the process and criticized Rainsy for leaking information about confidential contracts to the press.

### Commercial courting

In an attempt to attract foreign companies and investment dollars, Cambodian political and economic leaders are urging business leaders to forget about the "Killing Fields" image of Cambodia and invest in the country. Speaking at the World Economic Forum's annual meeting in Davos, Switzerland, Chanthol Sun, secretary of state at the Ministry of Economy and Finance said, "You can get killed in Florida. There is no security problem [in Cambodia]. It is safe." Cambodia's investment push is supported by the ADB's head, Mitsuo Sato, who said economic opportunities in the region were numerous. In another move designed to promote foreign investment, the Cambodian Investment Board (CIB) is planning an "investment roadshow" that will make presentations to potential investors in North America, Asia, and Europe. "We're still finalizing our program, but we will certainly be making major presentations in London as well as a number of key regional trading centers in Asia," CIB's secretary general said. Since the inception of Cambodia's new liberal foreign investment laws last August, which offer a 9% corporate tax rate and a tax holiday of up to 8 years, 57 projects worth US\$2 billion have been signed.

### Vietnam updates

◆ **Well, well, well** - On 31 January, Mitsubishi Oil Co. Ltd. announced it will begin drilling a third test well in its offshore Vietnam exploration block this May. The first test well in the 15-2 block yielded 14,389 barrels per day, but the second well yielded no natural flow. The drilling of the evaluation wells will enable Mitsubishi to estimate reserves and plan for commercial production in the area, which officials hope will begin in about 2 years. Mitsubishi officials promise they will think of a suitable name for the oilfield before production starts.

◆ **Bank branches out** - Bank of America announced that it will open full branch operations in Hanoi on 24 Feb, the second US bank after Citibank to open a branch in Vietnam. Permission to upgrade its representative office was received last November [see *Digest*, 11 Nov].



## VIETNAM

### Party birthday party

During a 3 February celebration to commemorate the 65th anniversary of the formation of Vietnam's Communist Party, General-Secretary Do Muoi reiterated that Vietnam's central task is economic development and that building the party was "a matter of life and death for the party, the state, and the whole nation." More than 60,000 new members joined the party last year, 13% more than in 1993, which brings the number of party members to 2.1 million. Muoi said talented people at home and the 2 million overseas Vietnamese should be used to help strengthen the country, whether they are party members or not. Senior party officials also called for a purge of corrupt officials and hinted at the need to prepare a new generation of leaders.

### Russian relations

According to the 2 February issue of the *Far Eastern Economic Review*, Vietnamese diplomats said Russia is linking discussions about its withdrawal from Cam Ranh Bay to an agreement on Hanoi's 30 billion rouble debt. Vietnam wants to calculate its debt at the current rouble exchange rate of 4,000 to US\$1, while Russia wants the debt calculated at the rate in effect at the time the loans were made, 1 rouble to US\$1. Russia's presence in Cam Ranh Bay currently consists of 2 or 3 destroyers and 200-300 men.

### V.N. law

◆ **Child labor gang sentenced** - Thirteen members of a gang charged with forcing children to mine gold were given jail sentences ranging from 16 to 18 years. Sixty-one children, 12 under the age of 15, were forced to prospect for gold all day by armed captors. The gang was arrested in October and convicted by the Quang Nam-Danang people's court. Twelve other gang members were given sentences between 18 months and 11 years. Two received three-year suspended sentences after turning state's evidence.

◆ **Bribery case** - Nguyen van Quang, a former senior trade executive of the Saigon Food Company, was sentenced to life in prison for taking US\$130,000 in bribes from an affiliated company. The bribes were given to smooth deals between Saigon Food and the affiliate. A former accountant for Saigon Food, Le thi Ngoc Dung, was sentenced to 3 years.

### Updates

◆ **German aid** - On 27 January, German Ambassador Christian Kraemer and Vietnamese Deputy Finance Minister Nguyen Sinh Hung signed an agreement which provides a 35 million mark (US\$23 million) German aid package for Vietnam. The aid was part of a 1993 financial cooperation program that was delayed over a dispute about Vietnamese illegal immigrants in Germany. The dispute was resolved in a German-Vietnamese accord signed on 6 January [see *Digest*, 13 Jan].

◆ **Japan aid** - On 25 January, a Japanese embassy official announced Japan delivered US\$5.7 million worth of medical equipment to nine hospitals. The supplies were the first phase of a US\$16 million medical grant approved in 1994.

◆ **UNDP funding** - On 22 January, the UN Development Program (UNDP) announced it will spend a total of US\$110 million over a five-year period on a program aimed at boosting Vietnam's reforms in economic, legal and public institutions, and in environment and natural resource management. The UNDP already spent US\$65 million between 1992-1994 on its Fourth Country Program, focusing on economic, legal and public administrative reform.

◆ **UNDP legal reform grant** - In an effort to "develop a coherent framework to promote market driven economic development and protection of the environment," UNDP announced it will launch a technical assistance program to provide legal reform in Vietnam. The US\$1.2 million grant will support a team of US legal experts that will travel to Vietnam and assist with the drafting of new laws.

◆ **Call to end child prostitution** - At a recent conference held by UNICEF and the HCMC Communist Youth Union, UNICEF country representative Stephen Woodhouse called for urgent measures to be taken by the government to clamp down on Vietnam's growing child prostitution. Prostitutes under 18 have risen from 1.2% of the total in 1992 to 11% in 1994 and now comprise 20% to 35% of all urban prostitutes. Woodhouse called for tougher legislation, border-controls, community surveillance and special education programs to combat the problem.

◆ **Assembly opens sooner** - The first National Assembly session for this year, normally held in June, will begin 25 March. On 25 January, *Nguoi Lao Dong* said the 395 delegates will discuss the civil code, the status of the budget, state enterprises, mineral exploration and civil aviation.

## CAMBODIA

### Paris Club debt relief

On 30 January, *Reuters News Agency* reported that Cambodia could be the first country to be offered the new debt-relief terms of the Paris Club group of creditor nations. Under the new terms, called "Naples Terms" after the Italian city where the Group of Seven met last July and pledged to be more generous, the amount of debt that can be written off for the "poorest and most indebted countries" was raised from 50% to 67%. Currently, Cambodia's debt to the Organization for Economic Cooperation and Development (OECD) is estimated at US\$230 million. Under the Naples terms, up to US\$160 million could be written off, leaving US\$70 million to be repaid over the next 30 years. Observers were surprised as Cambodia had not been invited to a formal meeting with the 18-member club, and expected the first recipient to be Uganda, Nicaragua or Bolivia, which are all scheduled to hold talks with the club in late February. The Paris Club offer is viewed as an indication of international support for Cambodia's economic reforms.

### Cholera outbreak

On 3 February, Cambodia's *AKP* news agency reported an outbreak of cholera in Pursat province which has claimed the lives of four people and infected more than 100 others. The Krakor district, 56 miles northwest of Phnom Penh, had 76 cholera cases, three proving fatal. *AKP* said 32 people in Kompong Speu province died of cholera in December.



## Pressed suits (part II)

On 2 February, Human Rights Watch/Asia accused the Cambodian government of attempting to silence critics by filing defamation suits against two French newspapers, *Liberation* and *Le Figaro*. The papers reported on abuses by the Cambodian military that were initially documented and confidentially reported by the UN Center for Human Rights in Phnom Penh, and include charges involving the investigation of murders, abduction, extortion, rape, torture, and cannibalism. "The abuse of legal process to silence reporting of serious human rights problems makes a mockery of freedom of speech," Sidney Jones, executive director of the human rights group said. The suits were filed in France, with the first hearing on both cases scheduled for 13 February in Paris. Earlier, the Cambodian government filed civil defamation cases against two Cambodian papers [see *Digest*, 20 Jan].

## Civil service reform

On 2 February, the Information Ministry announced the government's intention to reduce the civil service by 20%, estimating a reduction of 30,000 jobs. According to Undersecretary of State for Information Ung Teaseam, a nationwide census of Cambodia's 147,000 civil servants will be held on 9 February. Government workers will be asked to complete registration cards and provide information on any second job they may be holding. Civil servants in Cambodia make an average salary of 60,000 *riel* (US\$23) per month, far less than the estimated US\$100-US\$200 minimum needed to support a family. Many teachers, policemen, foreign ministry employees and clinic doctors take second jobs to make ends meet. The cuts are aimed at improving the efficiency and effectiveness of the civil service, and reducing the government deficit.

## Mines cleared

According to the French mine-clearing firm Cofras, over 1,000 landmines and 7,000 unexploded shells were removed from the fields and forests around the temples of Angkor Wat last year. The French government-funded company began assisting Cambodian government mine-clearing teams in 1993 and will continue until April of this year. Two British organizations, and Australian and Canadian military teams continue to provide assistance to clear the estimated 4 to 10 million mines still littered throughout the country.

## FYI

### Vets' bike trip

Cycle Vietnam of Portland, Oregon is organizing a 600-mile bike ride in Vietnam for American veterans who are interested in returning to the country. The three-week trip, which will begin in April, will lead bikers on a journey from Hanoi to HCMC, passing through Ha Long Bay, the DMZ, Khe Sanh, Hue, Danang, My Lai, Nha Trang, Cam Ranh and Phan Rang. The trip will consist of 600 miles of cycling, and the remainder will be covered primarily by bus. Riders can ride at different paces and even skip a day of riding and go ahead to the next town on one of the group's tour buses. The veterans trip, which is open to all cyclists, is Cycle Vietnam's 4th official bicycle tour of Vietnam. Previous trips have included a wide array of participants, including riders from 19 to 69 years of age, Vietnam-war veterans, and returning Vietnamese-Americans. Contact Cycle Vietnam by phone at (800) 661-1458, or fax: (503) 331-1458 for more information or to register.

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## Indochina



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