



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Vietnam updates

◆ **Getting heavier** - Recently released statistics from the Ministry of Heavy Industry show the sector grew 17.8% in 1994, making annual growth of about 20% for the last four years. Last year, production in the sector increased by US\$380 million to US\$1.5 billion. The ministry attributes the growth to restructuring of the production system, substantial investments (about US\$40 million) in the upgrading of equipment and the installation of modern technology. The goal of the ministry is to increase annual steel output ten-fold, to 2.5 million tons by 2000.

◆ **Rising rubber** - Vietnam produced a record 110,000 tons of processed latex in 1994, up from 81,300 tons in 1993. The Vietnam Rubber Corp. produced 95,000 tons of dried latex last year, and earned a profit of nearly US\$22 million. Officials attribute the rise to an increase in total area under production (240,000 hectares) and in yield per hectare.

◆ **Seafood exports rise** - Vietnam anticipates 1995 earnings from seafood exports to total US\$550 million, US\$100 million more than in 1994, the *Vietnam News Agency* reported on 7 February. The government's fisheries service expects a gross catch of 1.28 million tons of shrimp, fish, and other marine products, 78,000 tons more than last year. Frozen seafood is a major export earner, following crude oil and rice.

◆ **Rice exports resume** - Following four months of disruption due to floods and typhoons, Vietnam has resumed rice exports. Prime Minister Vo van Kiet had told the agriculture and trade ministries to cut or delay rice exports beginning last October to stabilize the domestic market following floods in the Mekong Delta and typhoons in the north.

◆ **State fuel firms merge** - On 8 February, *Tuoi Tre* newspaper reported two oil trading firms, Kerogasimex and Petrolimex, were merged under the name Petrolimex. Kerogasimex, which specialized in the import and export of kerosene, and Petrolimex, a petroleum trader, are both owned by the Ministry of Trade. The trading firm has capital of about 1,500 billion *dong* (US\$140 million), *Tuoi Tre* said.

◆ **US water** - On 7 February, the *Vietnam News Agency* reported that US firm Hensel Construction Ltd and Quang Tri's Beer Enterprise entered a US\$3.22 joint venture to produce mineral and pure water in Vietnam. Hensel will contribute 70% of the total capital for the project.

◆ **US phone system** - Portacom International Ltd, a subsidiary of the Santa Ana, California based Extreme Technologies Inc, has announced the establishment of a joint venture company that will develop and construct a fully integrated wireless telephone company in HCMC. Additionally, the project allows for the establishment of an international telecommunications switching/ satellite uplink center for U.S.-Vietnam long distance calling.

◆ **Hoch's big hooch** - Goh Hoch, a Malaysian firm, has signed a joint venture deal with Vietnam's Quang Ninh Export-Import to construct a US\$400 million luxury resort over the next five to six years at Halong Bay. The local tourist office has forecast 1.1 million visitors annually by the year 2000.

◆ **Bayer opens representative office** - On 3 February, German chemical giant Bayer opened its representative office in HCMC. The company also received a license to establish a second office in Hanoi, but no date has been set for the opening. The firm has not yet received permission to produce in Vietnam.

◆ **Mexican cigarettes** - On 7 February, Mexican tobacco firm Empresas La Moderna announced its subsidiary, Cigarrara la Moderna, signed agreements to market its "Montana" brand cigarettes in Vietnam, beginning in September. The firm signed a contract with the Thanh Hoa Tobacco factory, Vietnam's third largest producer of cigarettes, to manufacture its product, and with Asian Tobacco Services Ltd for distribution.

#### Cambodia updates

◆ **First foreign law firm** - On February 1, the law firm of Dirksen, Flipse, Doran and Le announced that it had been issued a license by the Cambodian Development Council, making it the first international firm to establish itself in Cambodia. The Seattle-based firm also has offices in HCMC and Vientiane. The firm will specialize in business and contract law, but will offer a full range of international and domestic services to investors in Cambodia.

◆ **Timber tops export list** - According to the director of Sihanoukville Port, timber was Cambodia's largest export earner in 1994, followed by rubber, then cane furniture and garments. In a 6 February interview with *Reuters News Agency*, the director said 63,900 cubic meters of sawn timber, 25,800 cubic meters of unprocessed logs, and 7,900 cubic meters of plywood were exported last year. Natural rubber exports totaled 1,100 tons, and cane furniture and garments totaled 251 tons.

**VIETNAM****Travels with Cam**

◆ **The Philippines** - Foreign Minister Nguyen Manh Cam visited Manila 3-5 February for a conference of the Philippines-Vietnam joint commission for bilateral cooperation. Cam and his counterpart Roberto Romulo signed agreements on the orderly repatriation of Vietnamese boat people, and a mutual cooperation agreement. The two ministers discussed the Spratly Islands, and renewed appeals to rival claimants to refrain from any action that could raise tension in the disputed region. Romulo told a news conference he expects Vietnam to become a full ASEAN member in July.

◆ **Australia** - Cam flew to Australia on 5 February to begin a six-day visit. Following discussions with his counterpart Gareth Evans on 6 February, the two countries agreed to reschedule an Australian parliamentary delegation visit to Vietnam, possibly in April. The delegation's visit, originally scheduled for July 1994, was canceled after Vietnam refused a visa to one of its members following his comments about human rights [see *Digest*, 8 Jul]. "The parliamentary delegation we are now sending will be canvassing a whole variety of bilateral issues but the human rights one will certainly be central among them," said Evans. At a separate news conference, Cam said, "The condition is neither side intervenes in the internal affairs of each other." He added that Vietnam is willing to provide any information that interested the delegation in the interests of better relations.

◆ **Singapore** - Cam will complete his three-nation tour with a two-day visit to Singapore on 11-12 February.

**International organization updates**

◆ **ASEAN** - On 26 January, Vietnam was officially admitted to ASEAN's standing committee as an observer. ASEAN Secretary General Ajit Singh told *Reuters News Agency*: "The ASEAN standing committee is one of the central organs of ASEAN which looks into coordination matters on all ASEAN issues. Vietnam joined this committee for the first time during the meeting in Jakarta on 26 January."

◆ **WTO** - The first meeting of the General Council of the new World Trade Organization was held in Geneva on 31 January, attended by the 76 countries that ratified the Uruguay Round treaty creating the WTO. The new body agreed to form a working group to negotiate the terms of accession for Vietnam. Nguyen Long, the head of Vietnam's mission to the UN in Geneva, told the General Council that Vietnam is eager to be integrated into the world economy and trading system and is "intensely preparing for membership."

**Euro-updates**

◆ **EU accord** - On 10 February, French Ambassador Jean-Francois Nougarede told reporters in Hanoi that Vietnam and the EU should complete their first economic cooperation accord by mid-1995. The dispute over repatriation of illegal Vietnamese immigrants in Germany was resolved in early January [see *Digest*, 13 Jan]. An earlier problem of Vietnam's opposition to the inclusion of a human rights clause in the accord was resolved last year [see *Digests*, 13 May & 11 Mar 94]. The clause, an integral part of all EU cooperation

accords, will now be placed in the foreword to the agreement, and not in the main body. Nougarede said he hoped the accord will be completed before France hands over the EU presidency to Spain at the end of June.

◆ **French relations** - During the 10 February press conference (above), Ambassador Nougarede expressed regret over the strain in Franco-Vietnamese relations after France gave an award to novelist Duong Thu Huong [see *Digest*, 30 Dec]. "The Vietnamese expressed bitterness because they saw in the award the support of the French government for Vietnamese dissidents," Nougarede said, adding the award was not political, but cultural. Nougarede will leave his post next month after two years as France's ambassador to Hanoi, and will be replaced by Gilles d'Humieres. According to the 12 February issue of the *Far Eastern Economic Review*, the French Embassy in Hanoi is believed to have counseled against the award for Huong.

**US-China trade war fallout**

The possibility of a trade war between the US and China has officials concerned about ramifications on Vietnam's fragile economy and the progress of economic reform. Trade analysts and businessmen in Hanoi are concerned about a potential flood of millions of dollars worth of Chinese goods into Vietnam if China's imports are closed off from the US market. Illegal imports smuggled in from China, especially electronics, compact discs and toys, already pose a serious problem for the domestic market.

At the same time, an uncertain investment climate in the wake of threatened US trade sanctions have export-oriented firms in China looking to Vietnam. Without most favored nation (MFN) status or General System of Preference (GSP), however, tariffs on Vietnamese goods prevent them from being competitive. Trade experts predict the real benefit to Vietnam of a US-China trade war may lie in the reconsideration of US foreign investment policy.

**Updates**

◆ **Inflation** - Inflation for the month of January rose to 3.8%, up from 1.2% in December, according to government statistics released 7 February. The rise is attributed to the traditional surge in spending before Tet, and the growing buying power of consumers. In HCMC, food and beverage prices rose between 30% and 60%.

◆ **HIV increases** - On 9 February, the National Committee Against Aids released statistics showing Vietnam has recorded 2,280 people testing positive with the HIV virus, an increase of 125 since December. There are 132 people with AIDS. Most of the cases are concentrated in HCMC, and the provinces of Khanh Hoa and Quang Nam-Da Nang. The World Health Organization (WHO) estimates Vietnam will have 400,000 HIV cases by the year 2000.

◆ **More workers abroad** - Vietnam continues to increase the number of workers it sends abroad as 6,000 laborers left to work in foreign countries last year. That figure represents a 100% increase over last year's level and it is expected that as many as 9,000 workers will leave to work in one of about 30 countries this year. Over 3,000 Vietnamese worked in South Korea last year, with workers also going to Ukraine, the Czech Republic, Libya, Lebanon, Malaysia, Japan, the Middle East, and many other locations. The workers sent back over US\$20 million in foreign exchange last year.

**CAMBODIA****British NGOs recalled**

On 31 January the British Foreign Office issued a directive calling all expatriate staff of NGOs receiving aid from the British government to return to Phnom Penh for security reasons. On 3 February, British Ambassador Paul Reddicliffe sent a letter to the heads of the 14 affected organizations stating there was no alternative but "strongly to advise all NGOs employing UK personnel to withdraw UK staff residing outside Phnom Penh." The letter added: "Because it would be inconsistent to maintain official British funding for such projects, Overseas Development Administration (ODA) funding for NGO projects involving UK personnel outside Phnom Penh is to be frozen." On 6 February, the heads of the NGOs met to write a letter to the ambassador protesting the decision and asking for it to be withdrawn. "To stop funding projects outside the capital is a very cowardly decision and shows very little solidarity with the Cambodians at a time when rural development is urgently needed to improve security," said the director of the Mines Awareness Group. "It is playing into the Khmer Rouge's hands if resources are withdrawn," said another aid worker.

**French minister visits**

On 6 February, French Minister for Cooperation and Development Bernard Debre arrived in Cambodia for a five-day visit. Debre held talks with King Sihanouk, Co-Prime Ministers Norodom Ranariddh and Hun Sen, and Foreign Minister Ung Huot. He also met with French NGOs and inaugurated the newly renovated Pasteur Institute and the Institute for Technology.

**King's health**

On 3 February, the *Cambodia Daily* reported that "the king's cancer is in complete remission but he suffers from high levels of cholesterol with effects on the arteries that are clearly cause for alarm." The paper quoted a report from a Geneva-based cardiologist. On 6 February, the palace announced that King Sihanouk will return to China for additional treatment for cancer and arterial problems in April, after the Khmer New Year (13-15 April), and will return to Cambodia two or three months after that.

**ASEAN observer**

On 6 February, Finance Minister Keat Chhon told reporters in Canberra that Cambodia plans to sign ASEAN's Treaty of Amity and Cooperation in July, and thus assume ASEAN observer status. Chhon is visiting Cambodia for talks centering on bilateral aid and economic development, and made his remarks following a meeting with Australian Foreign Minister Gareth Evans.

**Taiwan representative**

On 9 February, an official of Taiwan's foreign ministry said Taiwan will open a representative office in Cambodia. The Taipei Economic and Cultural Representative Office in Phnom Penh is expected to start work within two months. Two-way trade in 1994 between Taiwan and Cambodia totaled US\$11.9 million, a 24% increase over 1993.

**REGION****Sino-Filipino Spratly row**

The Philippines is alarmed at photographic evidence showing Chinese-flagged vessels and four apparently permanent, octagonal-shaped structures in an area of the Spratlys known as "Mischief Shoal." The area is claimed by the Philippines, and called the Panganiban Reef. President Fidel Ramos said he will convene the Philippines' National Security Council on 15 February to discuss the situation. China claimed the vessels are not warships, and that "the facilities are aimed at ensuring the safety and lives as well as the production operations of the fishermen who work in the waters of the Nansha [Spratly] Islands." Philippines' Foreign Minister Roberto Romulo told reporters on 9 February that he met with the Chinese ambassador, but only said: "We will pursue quiet diplomacy. Anything that is diplomatic will be done in silence."

**Japanese forum**

Japan is planning to host a two-day, international forum to discuss ways to facilitate development in Laos, Cambodia and Vietnam. The ministerial-level "Forum for Comprehensive Development of Indochina" will be held in Tokyo on 26-27 February. According to Deputy Foreign Minister Sadayuki Hayashi, the forum will focus on "priority areas" such as infrastructure and human resources development, trade and investment, and assistance for transition to a market economy.

**US POLICY****US Liaison office (correction)**

On 7 February, the US Liaison Office in Vietnam flew the US flag outside its office, the first time the US flag has flown over a US government building in Hanoi since December 1955. The correct address for the US Liaison Office [see *Digest*, 3 Feb] is: 7 Lang Ha Road, Hanoi, Vietnam, Telephone 844-4-350445. The APO address is USLO Hanoi, PSC 46, Box 400, SPO AP 9652-002.

**USDA office**

The Foreign Agricultural Service of the US Department of Agriculture plans to open an office in Hanoi as part of its 1996 budget proposal. "Vietnam is one of the nations where the Foreign Agricultural Service believes there is potential," said Deputy Agriculture Secretary Richard Rominger.

**MFN for Cambodia?**

During the testimony of Assistant Secretary of State Winston Lord before the House International Relations Committee on 9 February, Lord said the Clinton administration supports extending most favored nation (MFN) trading status to Cambodia. Congressman Dana Rohrabacher (R-Ca) pointed out that as the US revives trade with Vietnam, it should reward Vietnam's neighbor more actively for embracing the US goal of promoting democracy.



**FYI**

**Vietnam infrastructure seminars**

The Washington-based VietLink is organizing a series of seminars on infrastructure investment in Vietnam. "Vietnam Infrastructure Investment Summit '95" will consist of a full day conference in Atlanta, GA on 14 March, with half-day seminars in San Francisco, CA on 16 March and Roanoke, VA on 10 March, and a reception in Washington, DC on 8 March. The Atlanta conference will include speakers from the World Bank and the governments of Vietnam and the US. The Vietnam delegation includes Le Xuan Trinh, Chairman of the Office of Government, Pham Chi Lan, Secretary General of the Vietnam Chamber of Commerce and Industry, and vice-ministers from the Ministries of Energy, Transport & Communications, and SCCI. For more information, contact VietLink at 202-797-8199 or the Summit Hotline at 415-288-0368.

**Vietnam media seminar**

The US-Vietnam Trade Council and the Columbia University School of International and Public Affairs is holding a media seminar, "Vietnam in 1995," on 2 March at Columbia University in New York, NY. The seminar is designed to present the media with a complete picture of Vietnam today, in preparation for those planning coverage of the 20th anniversary of the events of April 1975. Topics to be covered include ASEAN and Chinese relations, the economy, Vietnamese Americans, human rights, the MIA issue, US programs in Vietnam, and art and religion. The fee is \$175. For more information, call 212-770-6608.

**Peacework-20th anniversary special issue**

The February 1995 issue of *Peacework* magazine, published by the American Friends Service Committee, is a special issue titled "Still Seeking Reconciliation: 20 Years After the War in Vietnam." The 32-page issue includes articles written by Noam Chomsky, Ngo Vinh Long, Lady Borton, Brian Wilson, Kathy Knight, Don Luce and John McAuliff. Single copies are available for \$2.00 each, with a discount available for bulk orders. For more information, contact Peacework, AFSC, 2161 Mass. Ave., Cambridge, MA 02140, tel: 617-661-6130; fax: 617-354-2832.

**Medical supply airlift**

Kansas-based Heart to Heart International is organizing an airlift of US\$10 million in medical supplies to Vietnam in April. The airlift has the support of Senators Kit Bond, Bob Dole, John McCain, John Kerry, Nancy Kassebaum, Congresswoman Jan Meyers, and a host of major US corporations. Heart to Heart relies heavily on volunteers with 99% of all contributions going directly toward relief efforts. For more information, contact Lori Ketterling at tel: 913-764-5200; or fax: 913-764-0809.

**Radio days**

California-based Innocents Abroad Productions will air a four-part radio documentary, "Vietnam-Peace at Last" in April/May. The 29-minute episodes will focus on investment opportunities, the tourist industry, transition to the market economy, and the work of US veterans building schools, clinics, and peace centers. The programs will air on Public Radio stations, college and university stations, and the US Armed Forces Radio/Television Satellite Service. For more information, contact: tel: 707-964-7821; fax: 707-964-4181.

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