



# Indochina Digest

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## TRADE/INVESTMENT

### Vietnam oil and gas updates

◆ **Thoang talks** - On 2 March, PetroVietnam president Ho Si Thoang told the PetroVietnam '95 oil exhibition in HCMC that Vietnam expects to increase oil output fourfold over the next 15 years. He added that his company plans to finalize a master plan for the natural gas industry. Thoang said that interest has been shown in bidding for offshore blocks 15.1, 9 and 16 [see *Digest*, 9 Sep], and added that PetroVietnam expects to take a greater management role in blocks 9 and 16. Thoang defended the controversial decision to locate Vietnam's refinery at Dung Quat in the central area, rather than closer to the offshore fields further south [see *Digest*, 17 Feb & 25 Nov]. "It would be convenient to site the refinery near Vung Tau but the government must consider other factors for overall development," Thoang said.

◆ **Total discovery** - On 1 March, the French oil company Total announced it has discovered oil and gas in offshore block 11-1. "The well CA-CHO was drilled at a depth of 4,275 meters. Several oil and gas layers were found in which three tests have been performed yielding a cumulative oil and condensates production rate of 2,100 barrels per day and a cumulative gas production of 32 million cubic feet per day," Total said. "Supplementary works will be necessary in order to appreciate the extension of the commerciality of this discovery." Total shares the block with PetroVietnam, Shell, Marubeni, and Norsk Hydro.

◆ **Mobil's dragon blues** - The oil consortium MJC Petroleum is abandoning its first wildcat well in the offshore Blue Dragon oil field. Robert Gaca, a senior executive with Mobil Corp, the consortium's largest partner, said mechanical problems and bad weather forced drillers to abandon the well. Industry sources speculate that drillers may have encountered a pocket of unusually high pressure. The consortium of six oil firms began drilling the well last August. MJC plans to begin drilling a second well in July.

### Vietnam vehicle updates

◆ **Mitsubishi** - On 27 February, Mitsubishi announced that Vina Star Motors Corp, Mitsubishi's joint venture with Malaysian auto manufacturer, Proton, and state-owned Vietranscimax, will begin manufacturing Mitsubishi trucks at a factory outside of Hanoi in April. The joint venture plans to produce 250 of Mitsubishi's 6.3-ton Canter trucks in 1995, with output targets of 500 in 1996 and 1000 by the end of the decade. Vina Star Motor will begin production of Delica minibuses outside of HCMC in April [see *Digest*, 7 Feb]. Mitsubishi said the two projects were in line with the governments efforts to balance industrial development between the north and south.

◆ **Mazda** - On 27 February, Japan's Mazda Motor Corp reported it sold 735 assembled cars and trucks in Vietnam in 1994, up 280% from 1993 sales. Mazda's joint venture partner Vietnam Motor Corp (VMC) has set the 1995 sales target at 1000 vehicles. VMC also assembles South Korea's Kia, Germany's BMWs, and is planing to assemble France's Renault-19s.

◆ **Piaggio** - Italian motorbike manufacturer Piaggio announced on 27 February that it will resume sales of the popular Vespa scooters in Vietnam. Stephen Wyatt, director of trading development, estimates approximately 200,000 Vespas are still on the road, 20 years after sales to Vietnam were halted. *Vietnam News* said Piaggio is also expected to build a production line to assemble kits brought from Italy.

### Other Vietnam updates

◆ **Motorola paging** - On 2 March, Motorola executive Jose Lastres said the company is negotiating with Vietnam's Sigelco to establish a nationwide network for paging in Vietnam. "It will take up to ten months before we launch the new company," Lastres said. Motorola has already signed a cellular phone agreement in Vietnam [see *Digest*, 17 Oct].

◆ **Siemens mobilizing** - On 27 February, Germany's Siemens AG announced that it has been awarded a contract to set up a country-wide GSM (Global System for Mobile Communication) mobile telephone network in Vietnam by the end of 1995. The network will include 35,000 users in Hanoi and HCMC.

◆ **Cable TV** - On 25 February, the *Vietnam Investment Review (VIR)* reported that HCMC's Post and Telecommunications Office plans to launch a cable television network. The office's director, Vo Hoa Binh, told *VIR* that the company plans to run a pilot project in 1996, hooking up 1000 homes using optical lines.

◆ **South Korean heavies** - On 3 March, *Vietnam News* reported that South Korean Heavy Industry and Construction Corporation Ltd (Hanjung) and the Duyen Hai mechanical factory signed a contract to build a US\$23 million plant to manufacture heavy machinery in Haiphong. The joint venture, Han-Viet Heavy Industry Corporation (HANVICO), will be Vietnam's first to specialize in the production of heavy steel machinery for the growing hydro- and thermo-electricity and cement production industries. HANVICO will target both domestic and export markets.

◆ **Tan Son Nhut upgrade** - On 3 March, *Agence France Presse* reported that Prime Minister Vo van Kiet signed a 15-year, US\$4 billion master plan to upgrade Tan Son Nhut International Airport in HCMC. Last year, Vietnam announced a US\$558 million plan to expand the airport by the year 2000 [see *Digest*, 26 Aug].



◆ **San Miguel glass** - On 2 March, San Miguel began construction on its US\$27 million glass manufacturing plant in Haiphong. The San Miguel Haiphong Glass Co. Ltd., a 65-35 joint venture with the Haiphong Glass Factory, will produce glass products for the local retail market.

### Cambodia updates

◆ **Japan port** - Construction began on the Japan-funded US\$30 million project to renovate the port of Phnom Penh on 2 March. Pent-Ocean Construction, Pacific Consultants International and Sumitomo Corp are administering the project in cooperation with Cambodia's Ministry of Public Works and Transport. The renovation, to be completed in 1996, will more than double the port's capacity, and includes repairing jetties, constructing a 10,000-meter container yard, setting up navigation aids, and building a workshop.

◆ **Japan power** - On 27 February, the first of two power stations was opened in Phnom Penh as part of a Japan-funded US\$40 million power project [see *Digest*, 2 Dec]. Japan's Itochu Corp and Nippon Koei completed the renovation work, which included adding a new 5,000 kw diesel engine, and seven km of underground cable. Renovation of the second power station, including another 5,000 kw generator, is to be completed by January 1996.

◆ **Singapore deals** - Cambodia approved four investment contracts worth more than US\$100 million during the visit of a 60-person Singapore trade delegation, led by Goh Chee Wee, Singapore's minister of state for trade, industry and communications. The Council for the Development of Cambodia said, "the approved projects comprise an inland container depot in Phnom Penh, a television and video assembly plant, an agricultural project," and a golf course. Singapore is the second largest investor, after Malaysia, with investments worth US\$260 million approved in 1994.

## VIETNAM

### EU agree

On 28 February, Gwyn Morgan, head of the Thailand Delegation of the European Commission, said an agreement between Vietnam and the EU on economic, industrial, scientific and cultural cooperation could be signed by early May, possibly to coincide with the opening of the EU embassy in Hanoi [see *Digest*, 13 Jan]. Addressing reporters in Hanoi, Morgan said the issue of illegal Vietnamese immigrants in Germany was no longer an obstacle, even though talks on that issue between Vietnam and Germany have broken down [see *Digest* 23 Feb]. Morgan also said the EU will continue to assist Vietnam with the reintegration of boatpeople this year.

### Overseas banking

On 1 March, *Tuoi Tre* reported that the State Bank will allow overseas Vietnamese to open current or deposit accounts in any bank in Vietnam, and to remit their capital and interest to foreign countries. Money can be withdrawn in either foreign currencies or in *dong*. The finance ministry recently announced it would set up a fund to offer low-interest loans totaling 10 billion *dong* (US\$9 million) to residents and overseas Vietnamese to invest in rural areas.

### Wall Street East

On 1 March, *Tuoi Tre* reported that the State Bank presented a three-step plan to develop Vietnam's stock market over the next two years. The plan includes the creation of three offices to regulate the market: A National Securities Committee (NSC), an NSC standing office, and an Office for Securities Transaction (OST). The first phase is the establishment of the NSC this year, followed by a privatization program, preparations for an accounting system and auditing firms, and the establishment of the OST in HCMC. The second phase includes setting up the operation and support systems for OST, including a settlement system, securities transfer, and securities storage. In phase three, the OST network will be expanded to Hanoi.

### On the water front

◆ **ADB** - On 2 March, the Asian Development Bank announced the approval of a US\$30 million loan to rehabilitate HCMC port facilities. "Vietnam's transport infrastructure is in a serious state of disrepair and poses a major restraint on economic recovery and investment from the private sector," an ADB statement said. The interest-free loan will come from the ADB's concessional Asian Development Fund, to be repaid over 40 years, with a 10-year grace period, and an annual service charge of 1%.

◆ **Australia** - On 1 March, the Australian International Development Assistance Bureau signed an agreement for a five-year, US\$27 million project to assist Vietnam in developing its urban water supply systems. The project will design and construct new water supply facilities in four towns, and will provide training to the Ministry of Construction to plan, manage and implement water supply and sanitation projects.

### Emission impossible

The *Vietnam News Agency* reported on 25 February that vehicles will soon be required to undergo safety inspections and emission testing. Transportation Minister Bui Danh Luu said that only a small number of cars, buses, and trucks on Vietnam's roads are in good condition. After 1 April, vehicle owners will be required to change defective parts, and vehicles that emit exhaust fumes above a prescribed level will be banned.

### Anniversary amnesty

President Le Duc Anh has decided to grant amnesty to some prisoners on the 50th anniversary of Vietnam's declaration of independence on 2 September. To be eligible, prisoners must have served at least one-third of their sentences (10 years for life sentences) and must fit one of several other categories such as old age, infirmity, carrying out good work or study in jail, being a war invalid, or being related to a soldier in the People's Army killed in the war.

## CAMBODIA

### Funny money

Police in the western border town of Poipet arrested four Thais on 3 March and charged them with trafficking in counterfeit US dollars. Police found US\$1.5 million in counterfeit dollars inside the suitcase of one of the Thais.



## 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>					
Basic skills rehabilitation (Skills Dev) LP	Build human resource development capacity. Establish priority technical and vocational skills training and health personnel development	Mgmt review meeting to be sched	20m	To be determined	Ministry of Education, Youth and Sports
Training of State Bank staff TAA (new entry)	Train officials and staff in various aspects of banking operations: basic banking activities, commercial banking, senior officer training	Fact finding mission completed	350,000	Will be required for all aspects of training	National Bank of Cambodia
Educ sector investment & aid mgmt TAA (new entry)	Develop investment program mgmt, system to monitor aid mgmt. Organize personnel, develop implementation and evaluation plan and forecast costs	Technical assistance paper under preparation	500,000	To be determined	Ministry of Education, Youth and Sports
<b>LAOS</b>					
Small scale irrigation TAP (new entry)	Conduct feasibility study to develop and/or rehab low-cost gravity irrigation. Prepare preliminary plans for community involvement; calculate costs	Fact finding mission to be sched	250,000	To be determined	Ministry of Agriculture and Forestry
Dev plan for shifting cultivation stabilization TAA (new entry)	Provide information on achievable objectives and program formulation to stabilize shifting cultivation. Analyze data, past experience to allow gov't to rank watersheds and assess needs, costs	Fact finding mission to be sched	200,000	To be determined	Ministry of Agriculture and Forestry
Institutional strengthening of Ministry of Ag and Forestry TAA (new entry)	Follow-up previous institutional strengthening by training staff in selected provinces in: program development, manpower planning, and monitoring and evaluation	Fact finding mission to be sched	600,000	To be determined	Ministry of Agriculture and Forestry
Agricultural credit study TAA (new entry)	Identify options to enhance benefits of public sector credit programs: analyze demand for and uses of Ag credit, quantify impacts of credit distribution system, ag markets, and tech transfer	Fact finding mission to be sched	250,000	To be determined	Bank of Lao PDR
Integrated urban development LP	Assist gov't provide urban infrastructure svcs: roads, drainage, solid waste mgmt; improve mgmt institutions and resource mobilization	Mgmt review meeting completed	18.6M	Req'd: project mgmt, eng and construction supervision	Ministry of Communication, Transport, Posts and Construction
Basic job training (Vocational tng) TAP	Assist in preparation of vocational tng project to improve quality of human resources	Fact finding mission completed	400,000	To be determined	To be determined



## VIETNAM

Financial sector program loan LP (new entry)	Assist Bank-required policy and regulatory reform to make financial system more market oriented, competitive, efficient. Help financial sector mobilize resources to develop various sectors of economy	Fact finding mission to be sched	150m	To be determined	Ministry of Finance
Saigon Port LP	Repair/rehab port area, provision of new equipment	Loan negotiation completed	30m	Req'd: assist proj implement, equip procurement	Saigon Port Authority
Capacity building for provincial water supply co's TAA (new entry)	Train provincial water service company personnel to manage new facilities, plan extensions, and improve financial management	Fact finding mission completed	600,000	Req'd: financial mgmt & acct, water resource planning, water supply eng	Ministry of Construction
Improve environ health in provinces TAA (new entry)	Assist communities prepare, implement plans for public taps, low cost sanitation; improved solid waste mgmt	Fact finding mission completed	550,000	Req'd: envir eng, community participation specialist	Ministry of Construction
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	Technical assistance approved	State Planning Committee

- \* 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

## VIETNAM TRADE STATISTICS AND INFORMATION

## 1995 Import - Export figures

January: Exports US\$250 million Imports US\$270 million Trade deficit US\$20 million  
(export growth of 16.1% and import growth of 7.7% over January 1994)

February: Exports US\$220 million Imports US\$280 million Trade deficit US\$30 million

In the first two months of 1994, exports totaled US\$424 million and imports totaled US\$465 million.  
Rice and crude oil exports continue to be Vietnam's largest exported commodities

## Revised 1994 figures

Revised, but still provisional figures for Vietnam's trade and deficit:  
Trade deficit of US\$600 million, with total trade US\$7.8 billion

## Pulp interdiction

On 28 February, Cambodian Agriculture Minister Tao Senghuor announced that Cambodia will ban timber exports from local or foreign logging companies to protect its dwindling forests beginning at the end of April [see *Digest*, 30 Dec]. A controversial deal, authorized by Cambodia's co-premiers Prince Norodom Ranariddh and Hun Sen, gave logging rights on 800,000 hectares (1.9 million acres), or 4% of the entire country, to the Malaysian Samling company. King Sihanouk has strongly opposed the government's support for deforestation and former finance minister Sam Rainsy called the multi-million dollar deal unconstitutional.

## Paris club forgiveness

On 28 February, the Paris Club of creditor nations issued a statement announcing it has awarded "Naples terms" of debt relief to six countries, including Cambodia [see *Digest*, 3 Feb]. The new terms allow up to 67% of the debts of the world's poorest nations to be rescheduled or canceled. A club statement said that it agreed to "write off 67% of debt service obligations due under eligible loans and credits," for Cambodia.

## Corruption costing millions

An estimated US\$100 million per year in revenue is being lost because of graft, corruption and tax evasion according to Finance Minister Keat Chuon. "30% of Cambodian goods don't pay import duty," Chuon told a group of government ministers, ambassadors and other senior diplomats during a conference on corruption in Phnom Penh on 2 March. Chuon told the delegates that the logging industry and the customs department were two areas that needed reform.

US Ambassador Charles Twining told the conference that government corruption will have an impact on the upcoming international donors meeting later this month. "We, the donor countries, are inevitably thinking of this issue of corruption as it impacts on Cambodian growth and development and any aid we'll contribute towards those ends as well," said Twining. The third International Conference for the Reconstruction of Cambodia (ICORC) will meet in Paris 14-15 March. Cambodia is requesting US\$540 million in financial assistance.

## Editor jailed

On 27 February, the Phnom Penh Municipal Court imposed a one year prison sentence and a five million *riel* (US\$2,000) fine on the editor of a Cambodian newspaper for publishing "false and defamatory news." Chan Rotana, director of the Voice of Khmer Youth, was responsible for a commentary and a cartoon which criticized the country's two Prime Ministers [see *Digest*, 20 Jan].

## Israeli demining assistance

On 1 March, Israel's foreign ministry announced that the Israeli army and its military industry are ready to participate in mine-clearing operations in Cambodia and other mine-infested countries. Deputy Foreign Minister Yossi Beilin was responding to requests from several countries and the UN.

## LAOS

## Arraigned in Spain

On 28 February, Spanish fugitive Luis Roldan was returned to Madrid after being extradited from Laos. Roldan is the former chief of Spain's paramilitary Civil Guards. Roldan fled Spain on 29 April while under investigation following reports that he embezzled US\$40 million. Spain's Minister of Justice and Interior Juan Alberto Belloch said Spain had to agree to drop charges that do not exist in the Laotian penal code or are not included in any agreements between Laos and Spain in order to have Roldan extradited. Belloch said 144 Spanish police officials and 54 foreign officials were involved in the 11-month search for Roldan.

## Sunken treasure

France's *Journal des Arts* recently reported that in 1964 Britain was considering a plan to recover a Laotian treasure that was lost in the Mekong River. In 1910, the French government sent a Louvre museum specialist to Laos to select articles from the royal collection in the former capital Luang Prabang for the museum. The treasure, which consists of gold and bronze statues of Buddha, works in silver, and other decorative objects, was on a boat that sank in the Mekong River. According to declassified British documents, in 1964 the British Foreign Office considered salvaging the treasure and returning it to Laos, to please Laos, and to embarrass the French leader Charles de Gaulle, with whom Britain was having strained relations. However, the project was abandoned when the Labor Party came to power.

## REGION

## Tokyo forum

Twenty-five countries, the European Commission, and eight international organizations participated in the International Forum for Comprehensive Development of Indochina in Tokyo on 26-27 February [see *Digest*, 10 Feb]. Japan was chosen to be the chief organizer for international aid to Cambodia, Laos, and Vietnam. The forum's final statement announced the creation of two working committees. The committee on infrastructure development will be headed by Japan with the ADB as the cooperating agency. The other committee, on human resources, will be headed by France, with the UN Economic and Social Commission for Asia and the Pacific as the cooperating agency.

## US POLICY

## Drug certification

On 28 February, President Clinton signed Presidential Determination No. 95-15, Certifications for Major Narcotics Producing and Transit Countries [see *Digest*, 3 Feb]. The memorandum said Laos and Vietnam were determined to be countries that "have cooperated fully with the United States, or taken adequate steps of their own, to achieve full compliance with the goals and objectives" of the 1988 UN convention against illegal drug trafficking.



## Non-lethal military aid to Cambodia

At a press conference in Phnom Penh on 1 March, US Deputy Assistant Secretary of Defense Patricia Irwin praised efforts to reform the Royal Cambodian Armed Forces (RCAF), and pledged that the US will continue to provide non-lethal military aid. She described the aid as "excess defense property," including mosquito nets and medical supplies. When asked if the aid was being properly used, Irwin said, "we have not seen a problem with it yet but the embassy here will be keeping an eye on it." Irwin said there were "no plans to provide [lethal] military aid" to the RCAF.

## Frozen assets still thawing

On 1 March, *Reuters News Agency* reported that the US is still working out details for the return of Vietnam's frozen assets, including the establishment of an account in Vietnam's name at the New York Federal Reserve Bank. Under an agreement signed on 28 January in Hanoi, the US pledged to unblock Vietnam's frozen assets within 30 days, deducting US\$208.5 million for a lump sum settlement for US claims against Vietnam [see *Digest*, 3 Feb]. "It's taken longer than we expected to work out the issues," a State Department official said. He added that the transfer would take place in the "near term."

FYI

## Get the fax straight

The correct fax number for the US Liaison office in Hanoi [see *Digest*, 23 Feb] is: 84-4-350484. Three strikes, we're out, we apologize for any inconvenience.

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Indochina



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## Books . . .

♦ **Novels** - An English version of the book *Novel Without a Name*, by Duong Thu Huong, translated by Phan Huy Duong and Nina McPherson, is now available from William Morrow & Co. The novel is about what the Vietnamese called "the War Against the Americans" and tells the story of a 28 year-old captain in the North Vietnamese Army. William Morrow & Co also published the English version of Huong's previous novel, *Paradise of the Blind*. For information, contact William Morrow & Co at 212-261-6567. Also, *The Sorrow of War: A Novel of North Vietnam*, by Bao Ninh, translated by Phan Thanh Hao, edited by Fran Palmos, is available from Pantheon books.

♦ **Cambodia chronology** - The Institut fur Asienkunde (Institute for Asian Affairs) in Hamburg, Germany has published *The Cambodia Conflict: Search for a Settlement, 1979-1991*, by Patrick Raszelenberg and Peter Schier. The book is a detailed chronology of the resolution of the Cambodia conflict, containing all events, approaches, initiatives, meetings, conferences, proposals and plans to resolve the conflict. The book costs US\$45, plus US\$4 for surface mail, US\$10 for airmail, from: Institut fur Asienkunde, Rothenbaumchaussee 32, D-20148 Hamburg, Germany; Tel: 49-40-44 30 01-03; Fax: 49-40 410 79 45

## and music

A compact disc of traditional music of Vietnam, *Stilling Time*, by Minnesota artist Philip Blackburn, has been released by *innova*, the label of the Minnesota Composers Forum. Blackburn recorded the music during his residency in Vietnam last winter. *Stilling Time* is distributed by Albany Distributors, 1-800-752-1951. For more information, contact Philip Blackburn at 612-228-1407.



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