



Indochina

Digest

Vol. VIII

10 March 1995

No. 10

TRADE/INVESTMENT

Vietnam baywatch

◆ **Cape Saint Jack is back** - A Bahamas-based company, Cap Saint Jacques Promotions SA and the Vung Tau Tourism and Economic Services Development Co have been granted a license to jointly develop a US\$264 million resort at Vung Tau. The 190-acre complex will include two hotels, a 250-berth marina, a golf course, a race track, a sports center, and a heli-pad. It will take eight years to complete. Cap Saint Jacques was the name of the Vung Tau resort area under the French colonial period.

◆ **Deep water port plan** - On 4 March, a consortium of companies from Singapore, Japan and Malaysia signed a contract with the Vietnam National Maritime Bureau to build and operate a US\$637 million deep-water port at Vung Tau. The group, led by Tredia Vung Tau Port Development Pte Ltd of Singapore, will transfer the port to Vietnam after 50 years. The port will serve container ships with a capacity of 3,000 to 5,000 teu (twenty-foot equivalent unit) and handle 1.8 million to two million teu a year. The consortium's managing director, Alan Ong, told the *Vietnam News* that the consortium's equity structure has not yet been finalized, and that more partners are being brought in.

Vietnam updates

◆ **Swift banking** - On 6 March, Vietnam was linked to the Brussels-based SWIFT (Society for Worldwide Interbank Financial Telecommunications) system [see *Digest*, 17 Feb], allowing direct access to international payments, securities trading and trade finance markets with 4,600 other institutions around the world. The domestic system, Vietswift, has 14 members that include the six national banks of Vietnam, which account for 85% of the international financial transactions in the country, and eight joint-stock or foreign firms, including Credit Lyonnais and Standard Chartered. Vietswift, funded by the World Bank and the Swedish International Development Agency, will provide the first direct telecommunication links between Vietnamese banks and foreign firms.

◆ **BASF chemicals** - On 7 March, the German chemical group BASF opened a representative office in HCMC. BASF currently sells plant care materials for rice and coffee production, vitamins for animals, and materials for the textile, leather and plastics industries.

◆ **GAN insurance** - On 6 March, the French insurance company GAN announced it has opened a representative office in Hanoi. GAN, a leading French insurer in the Vietnamese market, has been working with Vietnam's BaoViet Insurance Co since 1993.

◆ **Suds sales** - The Anglo-Dutch consumer products group Unilever has received approval from the State Committee for Cooperation and Investment to form two joint ventures to manufacture and sell toilet soaps, shampoos and detergents. Unilever will provide two-thirds of the US\$50 million investment for the two companies, Lever Haso in Hanoi and Lever Viso in HCMC. The two ventures will employ a total of 700 people. Unilever currently exports Lux soap, Close-up toothpaste and Dimension shampoo to Vietnam.

◆ **Gas project** - British Gas PLC and Mitsui and Co Ltd of Japan plan to invest US\$500 million in a joint venture to develop Vietnam's natural gas industry over the next two years. The venture will include a processing plant for liquefied petroleum gas, an export facility, and a compression system to speed the flow of gas through Vietnam's first offshore pipeline. The pipeline, linking the *Bach Ho* (White Tiger) field with Vung Tau, is expected to be completed later this month. The feasibility study for the British Gas/Mitsui project was delayed last October after a ship's anchor damaged the pipeline [See *Digest*, 11 Nov].

◆ **A brake thru** - On 4 March, *Vietnam News* reported that the government will lift its ban on importing second-hand cars and motorcycles in order to reduce the number of older, unsafe vehicles on the road. Deputy Commerce Minister Nguyen Xuan Quang said that lifting the ban, originally imposed last year [see *Digest*, 1 Apr 94] for environmental and quality control reasons, will also reduce the flow of illegal cars and bikes being smuggled into southern Vietnam from Cambodia. Quang estimated half the cars and trucks imported this year would be second-hand, with import duties at 70% of the cost of a new vehicle of the same type.

◆ **Holderbank cement** - On 5 March, the *Vietnam Investment Review* reported that the Swiss group Holderbank Financiere Glaris, one of the biggest investors in Vietnam's cement industry, will invest in a US\$220 million cement plant to be built in Danang. Holderbank is currently building a US\$233 million cement plant in the Mekong Delta.

◆ **Concrete steps** - In order to meet demand from the domestic construction boom, Vietnam plans to produce 6.5 million tons of cement in 1995, and 20 million tons by the year 2000, according to a 3 March *Vietnam News* report. Cement demand has increased at an annual rate of 20% over the past few years and is forecast at 7.5 million tons in 1995. The Construction Ministry plans to spend an estimated US\$1.5 billion to upgrade existing production lines and launch joint venture projects to construct new plants, in order to meet the higher production targets.

◆ **Coffee tax** - The government's price committee raised the surtax on coffee exports from US\$100 to US\$200 per ton, effective 6 March, in response to higher international and local prices. Last December, the surtax was cut to US\$100 in response to lower world prices [see *Digest*, 23 Dec].



◆ **More grounds for coffee** - Vietnam plans to plant 15,000 more hectares of coffee in 1995, bringing the total for the year to 155,000 hectares, and nearing the government's goal of 200,000 hectares under cultivation by the year 2000 [See *Digest*, 20 Jan]. The Vietnam Coffee and Cocoa Association said the government plans to finance the planting of an additional 2000 to 3000 hectares in the northern provinces.

VIETNAM

Singapore defense ties

Defense Minister General Doan Khue paid a three-day official visit to Singapore, during which the two countries agreed to establish bilateral defense ties. General Khue met with Singapore Prime Minister Goh Chok Tong and Defense Minister Lee Boon Yang. "The visit by General Khue heralds the establishment of bilateral defense ties between Vietnam and Singapore," Singapore's Ministry of Defense said.

Burmese leader visits

Senior General Than Shwe, prime minister and chairman of Burma's State Law and Order Restoration Council (SLORC) began a five-day visit to Vietnam on 9 March. He was accompanied by Lieutenant General Khinh Nyunt, intelligence chief and first secretary of SLORC, and a large delegation of other high-ranking officials. The visit will include meetings with Prime Minister Vo van Kiet, President Le Duc Anh, and General Secretary of the Communist Party Do Muoi. Vietnam and Burma are expected to sign economic agreements, and a drugs control agreement similar to those Burma has already signed with Laos and Thailand. The two countries signed agreements on trade and tourism during a visit by Kiet to Rangoon last May [see *Digest*, 13 May 94].

Ground rules

A draft mineral resources law, scheduled to go before the National Assembly in March, provides new incentives for foreign investors and aims to reduce illegal mining by organizing miners and giving them fixed plots. "There are a lot of clauses in the new law guaranteeing and encouraging foreign investment," Nguyen Tien Phuong, director of the State Department for Management of Mineral Resources said in an interview with *Reuters News Agency*. The law will guarantee foreign mining firms first rights to exploit the minerals they discover, and will reduce royalty payments. Vietnam has identified 5,000 deposits of 90 minerals.

The new law also seeks controls on illegal mining by local prospectors. Phuong said the prospectors "will become small-scale miners, they'll work in a licensed group." Phuong said that the government will give them a specific area of a mine and limit them to that area, adding that the guarding of mine sites will also be improved. The *Vietnam News* reported troops and police cleared out a mine in Dac Lac province where 7,000 people were searching for sapphires. The illegal miners disrupted agriculture production, caused an increase in food prices, and laid waste to forest areas. Police set up road blocks and seized 23 kg of gems, along with mining equipment and vehicles. The *Vietnam News Agency* reported losses to the state were US\$15,000 a day from illegal mining.

Tet tallies tilt target

The General Statistical Office reported that prices rose 3.4% in February, down from 3.8% in January, which will make it difficult to reach the government target of single-digit inflation for the year. The high inflation rate is being blamed on holiday spending during the Tet lunar new year.

State sector solace

On 6 March, *Nhan Dan* reported that General Secretary of the Communist Party Do Muoi defended the state sector at a conference of managers of state firms. "State-owned enterprises are indispensable in a socialist state," Muoi said. Muoi said there have been "positive changes" in the state sector, with its gross domestic production rising from 36% in 1989 to 42% in 1994. Vietnam has reduced the number of state enterprises from 12,000 to 7,000 since launching its economic reform program in 1986, but is facing political and economic problems with further privatization. The upcoming session of the National Assembly is scheduled to debate a bill to decide what the government will sell and what it will keep under state control.

General dies

General Dam Quang Trung, one of the founders of the People's Army of Vietnam, died on 3 March at the age of 74. The General was a leader of the Propaganda Army for the Liberation of Vietnam, which preceded the People's Army founded by Ho Chi Minh in 1944. Trung was elected to the secretariat of the central committee of the communist party in 1976 and vice president of the council of state in 1987.

Killer cop executed

On 5 March, Nguyen Tung Duong was executed by firing squad after President Le Duc Anh denied an appeal for clemency. Duong was convicted last October for shooting a young man in 1993 after pulling him over for a traffic violation, and taking the 5,000 *dong* he was carrying for his company. His death sentence was upheld by the Supreme Court last December [see *Digest*, 23 Dec].

Prime minister to the fore

On 5 March, Prime Minister Vo van Kiet hit a few golf balls at the King's Island Club being built near Hanoi. Club officials said Kiet received some basic tips from Singapore's Ambassador Toh Hock Ghim. Kiet is reportedly the first senior communist leader to try golf. In 1993, Secretary General of the Communist Party Do Muoi visited the Song Be Golf Club near HCMC, and walked on the fairway, but did not hit any balls.

Dangerous dike digging

On 23 February, the *Vietnam News* reported Prime Minister Vo van Kiet has ordered investigations into the construction of villas on the main dike separating Hanoi's West Lake and the Red River. Hanoi's deputy chief architect and two other officials were suspended pending an investigation. The new construction reportedly threatens the stability of the dike, which supports the main riverside road and protects the capital from floods. Officials have identified over 1,100 cases of illegal construction.



Deforestation investigation

Alarmed at reports of severe depletion of Vietnam's natural forest reserves, Prime Minister Vo van Kiet ordered a clamp down on illegal trade in timber, and a survey by the Forestry Ministry to determine the extent of damage. According to official figures, forest area fell from 13.5 million hectares (33.3 million acres) in 1943 to 9.18 million hectares (22.7 million acres) last year. The losses are attributed to growing exports of wood, a boom in construction, Vietnam's growing population, and damage caused during the war. Despite the government's plan to replant 15 million hectares of forests, environmentalists say the ecological ramifications of the current level of deforestation could be catastrophic.

CAMBODIA

Hostage killers named

On 9 March, the *Age of Melbourne* newspaper reported that Sihanoukville's Deputy Commissioner of Police Brigadier-General Tak Van Tha has identified five Khmer Rouge guerrillas responsible for the murder of two Britons and an Australian last year. The three hostages were taken at gunpoint from their taxi on National Route 4 last April, and confirmed dead in September [see *Digest*, 15 Apr & 2 Sep]. Police named the five accused killers in a court document. Tak Van Tha described the alleged killers as "the right-hand lieutenants" of Khmer Rouge commander General Sam Bo, who is said to have ordered the murders.

Shrimp farming licenses halted

According to a 7 March statement, the Ministry of Environment has temporarily stopped issuing shrimp farming licenses due to increasing environmental damage [see *Digest*, 17 Feb]. "A temporary ban has been placed on new shrimp farming licenses and the ministry is looking urgently to develop new policies to protect the area's remaining mangrove forests," the ministry said. Shrimp farming and charcoal production have reduced the area of mangroves from over 63,000 hectares in 1992 to less than 16,000 hectares.

Countering corruption & criticism

On 4 March, following a two-day anti-corruption conference [see *Digest*, 3 Mar], Finance Minister Keat Chhuon proposed the "creation of a body of law, an impartial judicial and enforcement process, and a transparent and accountable public service." Chhuon said he was "ashamed" of official corruption, adding that "we should learn from other countries, but Cambodians have to solve this problem by themselves."

On 8 March, the government released an 11-page statement aimed at countering allegations of illegal contracts with Malaysian companies by former finance minister Sam Rainsy. The statement addressed each of Rainsy's allegations of corruption and ineptitude in contracts involving the Sihanoukville casino-resort complex, the launching of Royal Air Cambodge, and logging contracts.

Allegations of corruption threaten to hinder funding prospects at the 14-15 March meeting of the International Conference on the Reconstruction of Cambodia (ICORC) in Paris. On 8 March, King Sihanouk urged donor nations to help Cambodia's fledgling democracy. "I believe ICORC is in a position to get something from the royal government such as a promise to improve our democracy, to make it genuine," Sihanouk said, but rejected Rainsy's request to the international community to attach strict conditions to aid.

LAOS

Musical chairs

At its closing session on 8 March, the National Assembly announced several changes in the government cabinet. Saysomphone Phomvihane, former governor of Savannakhet province and the son of the late president and prime minister Kaysone Phomvihane, was appointed finance minister. Khamtai Souphanouvong, son of the late "Red Prince" Souphanouvong, moved from finance minister to minister in the Prime Minister's Office. His predecessor, Phao Bounnaphon, was appointed minister of communications, transport, posts and construction. The former minister of communications, Bouathong Vonglokhom, was appointed deputy chairman of the committee for planning and cooperation.

Spaniard in the works

Spanish government officials have acknowledged that documents used to extradite fugitive ex-policeman Luis Roldan from Laos to Spain are false [see *Digest*, 3 Mar]. Suspicions regarding the documents arose when officials in Vientiane said Laos had issued no visa to Roldan, had no record of his entering the country, and had no official knowledge that he had ever been there. Roldan allegedly embezzled US\$40 million, and fled Spain last April. Spain's government originally hailed Roldan's return as a triumph for its police and interior ministry, but the controversy over Roldan's arrest is now undermining the government's credibility.

REGION

Tiger talks

On 3 March, conservation experts from Vietnam, Laos, and Cambodia met in Hanoi to discuss ways to save the endangered Indochina tiger from extinction. The three countries agreed to work together, and appealed for international funds to support their efforts. The Indochina tiger is among five surviving tiger subspecies in the world. Participants at the conference said the tiger population in Indochina has dwindled to 1000, and could be as low as 500. According to the International Union for the Conservation of Nature, there are an estimated 150 to 300 tigers in Vietnam, fewer than 300 in Cambodia, and an unknown number in southern Laos. Widespread hunting and poaching are reducing the number of tigers.



Just us fish

On 8 March, Fereidun Fesharaki, director of the resources program at the East-West Center, told an ASEAN oil and energy forum in Manila that there are no vast oil reserves under the Spratly Islands. "There is no Saudi Arabia under the Spratlys," Fesharaki said, adding that any oil resources under the Spratlys "would be a drop in the bucket." Fesharaki made a similar claim two years ago in the *Washington Post*, stating the oil potential of the Spratly Islands region may be exaggerated [see *Digest*, 23 Apr 93].

The greening of the ADB

On 6 March, the Asian Development Bank (ADB) announced that it would not finance any rural infrastructure or other public investment projects that contribute to the loss of forests in the Asia-Pacific region. A recent ADB report said the Asia-Pacific's total forest area was reduced by 9%, or by 45 million hectares, between 1980 and 1990. The new ADB forestry policy includes three main goals: protection of forest soil, water and biodiversity; production of renewable resources and harvesting in a sustainable manner; and the participation of local communities and non-governmental organizations in policy formation and implementation.

FYI

Gatherings

◆ **Summer forum** - The Forum on Vietnam, Cambodia and Laos (formerly the US NGO Forum) will hold its Sixth Annual Conference of NGOs, Relief & Development Agencies, Universities, Foundations & Businesses Working in Vietnam, Laos and Cambodia in New York City on 8-11

June. For an agenda and registration forms, contact the Forum at: 220 West 42nd Street, Suite 1801, New York, NY 10036, tel: 212-764-3925; fax: 212-764-3896. Also available from the forum are the quarterly newsletter *Indochina Interchange*, NGO directories of aid projects, a directory of US education and cultural exchange programs, an annotated listing of not-for-profit agencies, and guidelines for corporate philanthropy.

◆ **California programs** - The California-Southeast Asia Business Council (Cal-SEA) is conducting two programs on trade with Vietnam. "Doing Business with Vietnam," 20 March at 6:00 pm in San Francisco, and "Trading with Vietnam: What You Need to Know to Import and Export," a morning seminar on 4 April in Los Angeles. Cal-SEA is also holding a food and cultural gala in San Francisco on 31 March. "Southeast Asia Night" will feature cuisines from Vietnam and other Southeast Asian countries, ethnic musical and dance performances, and raffle prizes that include round-trip air tickets to the Philippines, Malaysia and Vietnam. For more information, contact Cal-SEA at, tel: 510-536-1967; fax: 510-261-9598.

Oxfam report on Thai aid to KR

Oxfam America has published "Cambodia: Still Waiting for Peace," in response to a US government report on Thai support for the Khmer Rouge [see *Digests*, 17 Feb & 26 Aug]. The US administration's report remains classified. Oxfam conducted its own intensive search of international, public sources documenting Thai collaboration with the Khmer Rouge since the signing of the Peace Accords in 1991. Oxfam delivered over 225 articles and transcripts to the US State Department in December. This report is based on Oxfam's research. Single copies of the report are available on request from Oxfam America, 26 West Street, Boston, MA 02111-1206, contact: Kathy Knight, tel: 617-728-2416.

The *Indochina Digest* is published weekly by the Indochina Project, a non-profit program of the Vietnam Veterans of America Foundation. Articles are based on wire service stories, published news accounts and staff reporting from a broad network of primary sources. Reprint of *Digest* material is encouraged, but attribution is requested. Reader contributions, corrections and comments are invited. If you would like more information on any of these articles or to subscribe to the *Digest*, contact the Indochina Project.

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ID#3.777