



# Indochina

---

## Digest

Vol. VIII

24 March 1995

No. 12

### TRADE/INVESTMENT

#### Vietnam's trade deficit declines

The General Department of Statistics reported trade figures for the first two months of 1995. Exports for January and February totaled US\$610 million and imports totaled US\$614.2 million, creating a trade deficit of US\$4 million for the period. The trade deficit for the same period last year was US\$20 million. Garment exports increased 236%, with coal, rubber, sea products, rice, and crude oil exports also increasing. Imports of cars and motorbikes decreased, while cement and fertilizer imports increased.

#### Vietnam to export power

Vietnam and Laos began construction on a US\$3.6 million, 200-km power line between northeastern Laos and Son La province in northern Vietnam. The 35-kilovolt line, which is expected to be operational by August 1996, will supply Laotian border areas with Vietnamese electricity. Vietnam also plans to export electricity to Cambodia. A Vietnamese delegation will travel to Phnom Penh on 25 March to discuss establishing a power supply network that will allow Vietnam to export 60 megawatts of electricity to Cambodia.

#### Vietnam updates

◆ **Indonesian involvement** - Indonesia's Trade Minister, Satrio Budiardjo Yudono, visited Vietnam from 21-25 March, holding talks with Vietnamese Trade Minister Le Van Triet. Yudono and Triet discussed ways to increase trade and broaden investment cooperation between the two countries. Indonesian companies currently have 11 investment projects worth US\$161 million in Vietnam and bilateral trade was US\$300 million last year.

◆ **Swedes smell cell success** - Sweden's Minister of Transport and Communications, Ines Uusmann, announced on 20 March that Swedish telecommunications firms Comvik International and Ericsson International are expected to sign a US\$300 million deal with Vietnam's Ministry of Posts and Communication to establish a nationwide mobile telephone system in Vietnam [see *Digest*, 25 Nov]. Uusmann is leading a 20-member Swedish telecommunications and transport delegation through Vietnam.

◆ **German bank on the mark** - The Bayerische Hypotheken- und Wechsel Bank (Hypo-Bank) announced on 22 March that it has signed a framework credit agreement worth 50 million marks (US\$35 million) with Vietcombank. The German government's Hermes export guarantee supports the agreement.

◆ **German industrial group** - On 21 March, German industrial group Thyssen AG announced it has officially opened a representative office in Hanoi. The group, which is primarily involved in the areas of steel, capital goods, trading, and services, is planning a second office in HCMC.

◆ **Drought threatens coffee output** - Vietnamese coffee industry officials expect that output next season will likely be less than 150,000 tons, a decrease of 30,000 tons from the 1994 season, due to a severe drought affecting many coffee-growing provinces. The overall expected decrease in output is over 16 percent, but certain regions may lose 30 to 50 percent of their crops. Coffee growers attribute the water shortage to a short rainy season and deforestation. The drought is so severe that water is selling for about US\$2 for 200 liters. Also, on 24 March Vietnam agreed to join the Association of Coffee Producing Countries.

#### Japanese execs visit Cambodia

A 29-member Japanese business delegation that included representatives from Toshiba, Marubeni, Sumitomo, and Mitsubishi, visited Cambodia on 21-22 March. The delegation held talks with Cambodia's Finance Minister Keat Chhon and other senior officials, discussing Cambodia's economic potential. Discussions also covered Cambodia's security situation, political stability, and Cambodian efforts to establish a legal framework to protect and regulate investment. After spending time in Phnom Penh, the delegation's fact-finding mission led them to Sihanoukville.

### VIETNAM

#### South Korea lends and commends

On 22-23 March, Vietnam and South Korea held a joint economic committee meeting in Seoul. South Korean Assistant Foreign Minister for Economic Affairs, Sun Joun Yung, met with Deputy Foreign Minister Vu Khoan. The two countries initialed an agreement for an Economic Cooperation Development Fund (EDCF) soft loan on 23 March, under which South Korea will provide US\$50 million to finance the expansion of telephone services in Haiphong and the repair of national route 18 north of Hanoi. The agreement is expected to be formally signed in April when Do Muoi, General Secretary of the Vietnamese Communist Party, visits Seoul. Also during the two-day meeting, the two countries agreed to enhance bilateral cooperation in resources development, telecommunications, and agriculture. South Korea said it would provide additional loans to Vietnam, participate in social overhead capital (soc) projects in Vietnam, and invite officials and students to South Korea to train them in the stock market system.



## Anti-inflation measures to be taken

According to government reports, Vietnam will take measures to cut inflation, which climbed to an annual rate of 18.4% last month. Prices have already increased 7.3% in the first two months of this year, with food prices leading the increase. To cut inflation, food will be shipped from the Mekong Delta region to northern regions, where food prices have increased 47% in the last year. Authorities will also attempt to cut illegal exports of rice to China and the Ministry of Trade will allow increases in imports of consumer goods and unrefined sugar to meet growing demand. Last year, the National Assembly set a target of 10% inflation for 1995.

## Land scapes

◆ **Grounds for concern** - On 19 March, *Agence France-Presse* reported that a new regulation that limits land-use rights is causing problems for local firms. The circular, issued last month with the aim of reducing land speculation, states that local businesses are only allowed to rent land from the state and will not be granted land-use rights. Local banks are refusing to accept land lease agreements as collateral for loans. Businesses using land as their share of joint ventures with foreign firms are not affected by the new regulation, but local manufacturers are now having difficulty borrowing capital for overseas purchases, and firms that have invested in land have lost a majority of their capital. Lawyers said the new rule is causing even more confusion in a legal system that has already scared off many investors or created long delays in foreign property developments.

◆ **Rice fields banned from industry** - According to the *Vietnam Investment Review*, Prime Minister Vo van Kiet has issued a ban on the conversion of rice fields for industrial use in order to maximize Vietnam's rice production. The aim of the ban, effective 3 March, is to prevent possible food shortages and significant cuts in export earnings. Business sources said the decision could discourage potential foreign investors and disrupt plans for industrial zones and large factories on the outskirts of big cities.

## Health notes

◆ **Measles epidemic** - According to a 22 March *Vietnam News* report, 20 children died in a measles epidemic in the northern province of Ha Giang. Doctors were quoted as saying that more than 60 children below the age of ten suffered from measles in Dong Van district. Authorities have expressed fear that the epidemic, which is blamed on the absence of an immunization program, could spread to neighboring districts. They have sent medical personnel to the affected district, intending to vaccinate all children under five years of age against measles.

◆ **AIDS aid** - On 23 March, UN Development Program (UNDP) signed an agreement in Hanoi for a two-year, US\$1 million project to help Vietnam coordinate foreign aid for its fight against AIDS. The project will include information exchanges programs between donor agencies and will provide training for officials involved in the government's anti-AIDS drive.

## Updates

◆ **ASEAN coordination committee** - On 21 March, *Tuoi Tre* reported that Prime Minister Vo van Kiet has issued a directive to establish a special high-level group that will coordinate policy with ASEAN members in preparation for Vietnam's impending membership in July. The group will consist of a standing committee, headed by a vice minister of foreign affairs, and will include department heads from the foreign ministry's ASEAN department, the prime minister's office, and the state planning committee.

◆ **Paper to plastic** - On 20 March, an official of MasterCard International announced that the company will license four Vietnamese banks to issue the country's first international credit cards. Vietcombank, Firstvina Bank, Asia Commercial Bank, and Vietnam Export-Import bank will begin issuing cards to local customers that will be accepted by about 500 businesses in Vietnam, mostly in the travel and tourism industry. The card will initially appeal to Vietnamese business travelers, but MasterCard expects to see a rapid rise in the number of creditcard users as consumers use less cash.

◆ **Vung Tau port upgrade** - The Japanese Embassy in Hanoi announced it will grant Vietnam 379 million yen (US\$4.2 million) to upgrade facilities at Vung Tau's fishing port. Japan, Vietnam's biggest aid donor, gave Hanoi US\$670 million in aid last year.

◆ **Brown out** - American soul singer James Brown was forced to postpone two concerts, originally scheduled for 8-9 April, as they coincide with a series of concerts planned by the Vietnamese army for 11-20 April to commemorate the 20th anniversary of its takeover of the city. Brown's concert organizer quoted a letter from the People's Committee, which said Brown's concert dates "collided with the main cultural activities in the city." The organizer told reporters that the army did not want any competition from Brown's performances. No new date has been set for Brown's concert.

◆ **Soccer coach scores** - On 15 March, the Vietnamese Football Federation (VFF) announced that veteran German soccer coach Karl Heinz Weigang has been hired to train Vietnam's national team, and to prepare the team for the Southeast Asian Games in Chiang Mai, Thailand next December. Weigang coached a South Vietnamese team that won the 1966 Merdeka Cup in Malaysia, and the Malaysian teams that won the Southeast Asian Games in 1977 and 1979. Brazilian coach Edson Tavares resigned from the position last January [see *Digest*, 20 Jan].

## CAMBODIA

### King gets health check in China

On 22 March, King Norodom Sihanouk flew to China for urgent medical treatment. The weekend before, Sihanouk, who is 73, announced on state television that blood tests showed his health was weakening and his doctors had insisted he leave immediately for tests in China. Neither Sihanouk nor his doctors said what the problem is, but Sihanouk has battled cancer and artery problems. He pledged to return by mid-April, in time "to celebrate the (Khmer) New Year with my children and grandchildren."



## Human rights center

On 20 March, Second Prime Minister Hun Sen met with UN Secretary-General Boutros Boutros-Ghali in New York, and proposed that the mandate for the UN center for human rights in Phnom Penh not be renewed when it expires at the end of the year. The center was opened in October 1993 to support the work of local human rights groups and assist the government in meeting its human rights obligations following the conclusion of the 1992-93 UN peacekeeping mission. The center has written reports criticizing abuses by the military, threats against members of parliament, intimidation of the press, ill-treatment of ethnic minorities and other human rights issues. The government said it felt the center was no longer necessary since the National Assembly has its own human rights commission, there are many NGOs looking out for human rights in Cambodia, and the UN center should be providing assistance, such as training on democracy, as opposed to writing reports about the country. According to a government statement, it wants the center closed as it is "no good for investor and donor confidence." UN spokesman Joe Sills said Boutros-Ghali rejected the request, and will send an envoy to Phnom Penh to investigate the issue. Domestic and international human rights groups strongly criticized the request, claiming that widespread human rights abuses are intensifying.

## Updates

◆ **General demotions** - On 17 March, the government announced that it had reduced the number of its top military officers from about 2,000 to under 200, and plans further cuts in the number of soldiers from 140,000 to 90,000 by 1997. The cuts are part of a military reform program. The US and other countries have made aid packages contingent on demonstrated efforts to address rampant corruption in the Cambodian military.

◆ **National Park opens** - On 21 March, First Prime Minister Prince Norodom Ranariddh opened Cambodia's first national park [see *Digest*, 27 Jan]. The park consists of 37,000 acres (15,000 hectares) of forest and beaches, and is located 12 miles (20 km) east of Sihanoukville. "Today's inauguration is another achievement to show the efforts of the royal government in protecting the environment and natural resources," Ranariddh said in a speech.

## REGION

### Rough waters in South China Sea

◆ **Sino-Philippine talks** - On 20-22 March, Philippine Undersecretary for Foreign Affairs Rodolfo Severio met with Chinese Vice Foreign Minister Tang Jiaxuan in Beijing for talks focusing on China's recent moves in the Spratly Islands near the Philippines [see *Digest*, 10 Feb]. Annual bilateral talks, usually held in July, were moved up to discuss the Spratly dispute. During the talks, China reasserted its claim of sovereignty over the Spratly Islands. At the close of the talks, *Xinhua* news agency reported that the two sides had agreed to solve the dispute peacefully and would conduct further talks at an unspecified date.

◆ **Filipinos destroy Chinese markers** - On 23 March, the Philippines announced that it had demolished several markers and structures in Philippine-claimed areas of the Spratlys. Philippine Chief of Staff Gen. Arturo Enrile said that among the Chinese installations destroyed were those on the Jackson Atoll, the Half Moon reef and the Sabina reef, which are 80 miles off the coast of the Philippines.

◆ **Malaysians fire at Chinese trawler** - On 16 March, four Royal Malaysian Navy (RMN) patrol boats fired shots at a Chinese fishing trawler allegedly encroaching in Malaysian territorial waters off the coast of the Borneo state of Sarawak. Four of the Chinese crew were injured by the gunfire. The RMN detained the vessel, and sent the wounded to a hospital in the coastal town of Bintulu. A Malaysian official said twelve other crew members were detained, and would be released in about two weeks. Malaysia defended its action as safeguarding its Exclusive Economic Zone (EEZ). "In this case, they were fishing about 80 nautical miles off Bintulu," the official said. "We wouldn't have the intention of fishing within 80 miles off China."

◆ **Vietnam scientific station** - On 23 March, Nguyen The Tuong of the Sea Meteorological and Hydrographical Center announced Vietnam has begun construction of a scientific station on the Spratly Islands. "The station will serve scientific studies on the sea and affirm Vietnam's sovereignty over the Spratly Archipelago," he said.

## Hold the rice!

Australian and Asian scientists have begun preparations for a major study of rice-eating rats, which they say are a growing threat to Asia's most important crop. According to Grant Singleton of Australia's official rodent research group, rice production must increase 70% over the next 30 years to feed the region's forecast population of about four billion people in 2025, but rodents eat up to 17% of some countries' potential output. Badly affected countries include Vietnam, Laos, Indonesia, Malaysia, Thailand, and the Philippines. The three-year, A\$1.7 million (US\$1.27 million) study, funded by Australia's Commonwealth Scientific and Industrial Research Organization, will investigate non-chemical methods of control, including traps, better crop management, and perhaps, the use of a biological agent, Singleton said.

## US POLICY

### Congress expresses Spratly concern

Republican Congressman Benjamin Gilman, chairman of the House International Relations Committee, introduced a resolution calling on the administration "to review the defense needs of democratic countries with claims to territory in the South China Sea." The resolution urges China to adhere to its 1992 pledge to peacefully resolve any territorial dispute that it may have with other Asian countries. Republicans have expressed concern that the administration is not taking China's military build-up seriously. "They've gone AWOL [absent without leave] on this issue," said William Triplett, an advisor to Republican members of the Senate Foreign Relations Committee.



## Vietnam's assets unblocked

In the 9 March issue of the *Federal Register*, the Office of Foreign Assets Control of the US Treasury Department announced that it is unblocking assets in which Vietnam or its nationals has an interest. The announcement follows the agreement between the US and Vietnam on the settlement of claims [see *Digest*, 3 Feb].

## REFUGEES

### Updates

◆ **Philippines** - On 21 March, US Embassy spokesman in the Philippines Jim Nealon said the US was ready to repatriate the 272 Vietnamese not eligible for resettlement in the US, but "the problem is we're currently engaged in very difficult negotiations with the Vietnamese government." The US refused admission to the group after discovering their ODP applications contained fraudulent documents [see *Digest*, 17 Mar]. The US has offered to pay a US\$240 stipend to each returnee. On 24 March, Vietnam said it "is willing to receive these people if it can be proved the documents were forged, if it is based on voluntary repatriation and if there is aid from the US side to help Vietnam to repatriate and resettle these people." Three of the 34 Vietnamese that were discovered missing during the transfer from Morong camp to Palawan island have been found. Police continue the search for the remaining 31.

◆ **Thailand** - On 22 March, the UN High Commissioner for Refugees (UNHCR) office in Bangkok announced that Thailand will begin cutting programs and benefits to Vietnamese and Laotian non-refugees in an effort to

encourage their return home. Measures include closing shops, restaurants, and movie theaters, clamping down on black market activities and freezing cash remittances from abroad. There are 10,502 Laotian and 5,899 Vietnamese still living in three camps in Thailand.

## FYI

### Vietnam business book

Pacific View Press has published *Vietnam: Business Opportunities and Risks*, by Joseph P. Quinlin. The 188-page book provides in-depth and comprehensive insight into Vietnam's trade and investment environment, in a style which is both interesting and easy to read. The author writes frequently on Asian economic affairs for *The Wall Street Journal*, *The Christian Science Monitor*, and *The Journal of Commerce*. For more information, contact Pacific View Press, P.O. Box 2657, Berkeley, CA 94702; Tel: 510-849-4213; Fax: 510-843-5835.

### Ohio conference

The Center for International Studies of Ohio University is holding the Fifth Annual Tun Abdul Razak Conference on 21-23 April in Athens, Ohio. The conference will discuss economic development in Southeast Asia, and will include several sessions on Vietnam. Dinner guest speakers are Dr. Clifton Wharton, former US Assistant Secretary of State, and Dr. Nguyen Xuan Oanh, former economic advisor to the Vietnamese government. Contact Prof. Ahmad Mahdzan, tel: 614-593-2656; fax: 614-593-1837, or the Center: 614-593-1840.

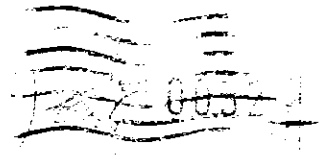
The *Indochina Digest* is published weekly by the Indochina Project, a non-profit program of the Vietnam Veterans of America Foundation. Articles are based on wire service stories, published news accounts and staff reporting from a broad network of primary sources. Reprint of *Digest* material is encouraged, 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.

**Indochina**



**Project**

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



ID#3,777