



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Investment approvals soar

Vietnam approved a total of US\$2.1 billion in investment projects during the first quarter of 1995, the SCCI reported on 4 April. This figure is roughly half of last year's total of US\$4.1 billion, and includes approvals for 87 new projects worth US\$1.9 billion and extensions for 24 existing projects worth US\$301 million. Approval for 16 projects worth US\$39 million was revoked. The SCCI said the high level of approvals in the first quarter was the result of reforms on investment procedures designed to speed up licensing procedures and administrative reforms. The government's target for investment in 1995 is between US\$5.5-6 billion.

#### Vietnam updates

◆ **Double your trouble** - Executives from the Wm. Wrigley Co, the firm that produces Doublemint and Juicy Fruit chewing gum, are upset over a report that a Japanese-Vietnamese joint venture is planning to produce chewing gum in Vietnam copying Doublemint packaging and trademarks. A company spokesperson said it will "take any steps necessary to protect our trademarks."

◆ **Smuggled stogies** - On 4 April, London-based B.A.T Industries announced it stopped producing "555" brand cigarettes in Vietnam because millions of 555s are being smuggled in from Cambodia and China and sold at lower prices. According to B.A.T, the Vietnamese government has initiated a program to allow confiscated cigarettes to be sold through two state-run companies, Sundries Electric Appliances Co and Saigon Tourist. They sell a pack of 555s for 7,000 dong, or US\$0.63, compared to B.A.T's 20,500 dong or US\$1.86. B.A.T received a license to produce cigarettes with Vietnam National Tobacco Corp in November 1994.

◆ **Sprint to the capital** - On 4 April, US telecommunications group Sprint announced it received a multi-million dollar contract with Vietnam Posts and Telecommunications to supply the country with a high-speed data network and electronic multimedia system. The network will provide nationwide access to local and international multimedia electronic messages, data banks, and the Internet.

◆ **Buildup** - New York-based Manolis & Co announced it entered a US\$30 million joint venture project to build an office building in Hanoi. The Vietnamese partner, Chan Hung Production and Export-Import Co, will hold 30% of the venture, with Manolis and Hong Kong Land Group Ltd holding the remaining 70%. SCCI has approved the project, which is due to be completed in 1998.

◆ **Drug plant** - Gateway Pharma, an Australian drug company, signed a contract to build a US\$33.2 million pharmaceuticals factory in Ha Tay province west of Hanoi, the *Vietnam News Agency* reported on 6 April. Gateway will hold 70% of the project and the state-owned Medical Import-Export Company No.1 will hold 30%. The factory will produce 16 types of drugs. Output is expected to meet 25-40% of domestic demand in its first year of operation, and eventually export 50% of its output.

#### Vietnam oil & gas updates

◆ **Well done?** - After discovering that the Dai Hung (Big Bear) oil field contains only a quarter of the reserves originally expected, Broken Hill Proprietary Ltd (BHP) Petroleum announced it is renegotiating the terms of its 1993 production sharing contract with the Vietnamese government. The field was originally estimated to hold 800 million barrels of oil, but current estimates bring that down to 100-200 million barrels. BHP owns 43.8% of Dai Hung, which began production in October 1994.

◆ **Gas pipeline study** - Vietnam's state oil company PetroVietnam and several foreign firms have signed an agreement to undertake a feasibility study for building the country's largest gas pipeline. The study will be conducted by PetroVietnam, British Petroleum (BP), Statoil of Norway, the Broken Hill Proprietary Co (BHP) of Australia, and Mobil Corp. PetroVietnam and BP said the six month study will cover the construction of a transportation and processing system for gas from the Nam Con Son basin. BP and Statoil have discovered wells in the basin with recoverable reserves of two trillion cubic feet of gas. BHP is also considering a US\$730 million gas, electricity, and fertilizer project in coordination with the pipeline project.

◆ **Pumping up** - Vietnam pumped two million tons of crude oil in the first three months of 1995, the *Quan Doi Nhan Dan* reported on 6 April. VietSovPetro, a Vietnamese-Russian joint venture, produced 1.7 million tons of the total from the White Tiger and Dragon oil fields, and a consortium led by BHP produced the rest from the Big Bear field.

#### Laos updates

◆ **Hydropower study** - On 27 March, Thai industrial developer MDX Plc announced it signed a memorandum of understanding with the Laotian government for a feasibility study for the Nam Ngum III hydroelectric power project. MDX said the project is worth US\$600 million.

◆ **Air express service** - On 7 April, DHL Worldwide Express announced that it has received approval to provide Laos with international air express shipment services. DHL will hold 70% of the joint venture, DHL Laos Limited, with Laos' Air Express Service, which will hold the remaining 30%.

**VIETNAM****Finally . . . Australian talks**

On 5 April, an Australian parliamentary delegation began a week of talks with senior Vietnamese government officials on potentially delicate political issues including human rights, as well as Vietnam's economic and political reforms in recent years. The initial Australian "consultative delegation" was canceled last July after Vietnam refused a visa to Quang Luu, a Vietnamese-born Australian broadcaster, following his comments that the visit's primary aim was to examine human rights [see *Digest*, 8 Jul 94]. According to the 22 March *Melbourne Age*, Mr Luu was replaced by Tang Thomas, the ethnic affairs commissioner of Victoria province. Foreign Minister Gareth Evans said that the delegation will meet with police, lawyers, court and prison officials. Vietnam says it is prepared to discuss human rights with Western countries and provide information, but not to accept investigation, which it regards as interference. Australian Governor-General Bill Hayden will visit Vietnam in mid-April.

**Revered hopes**

After a week-long visit to Vietnam [see *Digest*, 31 Mar], Vatican envoy Monsignor Claudio Celli on 3 April concluded that despite disagreement over issues such as church appointments and religious freedom, relations between the Vatican and Vietnam are improving. Celli said he was pleased to celebrate mass at Danang Cathedral and meet with Vietnamese bishops. He expressed disappointment about the fact that Hanoi has rejected the Vatican's nomination of four bishops. Celli stated the Vatican was working towards establishing diplomatic relations with Vietnam, which are being held up over the issue of religious freedoms. On 6 April, Foreign Ministry spokeswoman Ho The Lan said that talks with the Vatican will continue, and that some disagreements were "normal and understandable."

**Reform plans**

◆ **Taxes** - On 30 March, Finance Minister Ho Te told a conference in Bangkok that Vietnam is planning a series of tax reforms aimed at clarifying the tax system. The reforms include establishing a uniform tax system, introducing a value-added tax (VAT) as a substitute for the turnover tax, imposing excise taxes on homemade goods, introducing a corporate income tax as a substitute for the existing profit tax, and introducing an individual income tax to replace the existing personal high income tax. Vietnam will also simplify the rate structure for import and export duties in preparation for its integration into ASEAN, APEC and GATT. Te hopes the reforms will be submitted to the National Assembly in October and implemented in 1996.

◆ **Land** - The UN Development Program (UNDP), Western Australia's Department of Land Administration, and the Institute of Land Management of Australia have completed a US\$1.7 million study on Vietnam's land administration system. In a 5 April press release, UNDP urged Vietnam to adopt a modern land system to support the development of a market economy. The government has issued 2.5 million land use certificates since January 1991, and in 1993 passed

a law giving tenant farmers up to 50-year, renewable leases on land they farm. The report estimates that a comprehensive system, requiring the definition and registration of 75 million land parcels throughout the country, will take 15 years to complete and will cost US\$350 million. "With the long-term security of a land use certificate, foreign and local investors would have greater confidence to build large scale infrastructure to support the country's development," UNDP said.

**Updates**

◆ **German economics minister visits** - On 6 April, German Economics Minister Gunter Rexrodt arrived in Hanoi for a three-day visit. Rexrodt was accompanied by a 30-member business delegation. Germany is one of Vietnam's top ten trading partners and ranks 31st on the list of top investors in Vietnam, with nine projects worth US\$22.4 million.

◆ **Amnesty** - On 4 April, *Quan Doi Nhan Dan* announced that authorities have granted amnesty to 500 prisoners, which will take effect on 30 April, the 20th anniversary of the victory over South Vietnam. A deputy minister of interior said another 3500 inmates will be set free to celebrate the 50th anniversary of the proclamation of independence on 2 September [see *Digest*, 3 Mar].

◆ **Moving targets** - On 6 April, *Lao Dong* reported that Deputy Prime Minister Phan van Khai said that the government plans to increase GDP by the year 2000 by 2.5 to 2.7 times the 1990 figure, up from the previous target of doubling GDP in that time period. Vietnam's 1994 economic growth rate was 8.8%. Khai set the average annual growth rate target at 10% in 1995 and between 10%-12% from 1996 to 2000. Other annual targets include industrial growth of 15%-16%, a 24% increase in exports and a 22% increase in imports. Khai also said Vietnam needed US\$50-55 billion in investment between 1996 and 2000, with half of that figure from domestic sources. Khai's statements preceded a two-day economic forum in HCMC.

◆ **Power loan** - On 3 April, World Bank officials announced the Bank is negotiating with Vietnam for the country's first power sector loan. The loan will include funding for the expansion of a power station at Ba Ria in southern Vietnam and to upgrade the electricity network in HCMC. The World Bank did not disclose the size of the loan package. According to *Vietnam News*, the first phase (1995-97) of the HCMC project, valued at US\$43 million, has been approved by the Vietnamese government and will be financed by loans from the World Bank and Vietnamese banks.

◆ **Cyclomania** - On 5 April, *Vietnam News Agency (VNA)* reported that 2.7 million motor bikes have been registered in Vietnam, with another 2.35 million expected to be imported by the end of the decade. According to an Interior Ministry report, Hanoi currently has 400,000 registered motorbikes, while HCMC has double that number. VNA estimates motorbike imports will reach 350,000 this year and maintain a level of 500,000 annually.

◆ **Another ox** - On 5 April, *Vietnam News* reported that officials in Nghe An province are nurturing a rare Vu Quang ox calf, found in the local forests, on milk and leaves to keep it alive. The only two previous specimens died in captivity [see *Digest*, 14 Oct 94].

**CAMBODIA****On inflation and appreciation**

On 2 April, the National Bank issued the latest edition of its *Economic and Monetary Review*, reporting that Cambodia's annual rate of inflation fell from 26.1% in December to 18.5%. "The monthly rate of CPI [Consumer Price Index] inflation for January was -3.9%, compared to December's nil increase," the *Review* said. On 4 April, the National Bank released official figures noting that the *riel* appreciated by nearly 11% to the US dollar since mid-March. "At 11 o'clock today the *riel* stood at 2300 to one dollar. It is too much," National Bank governor Thor Peng Leath told *Reuters News Agency*. "I am trying to stop more appreciation because, for the businessmen, too much appreciation is bad for imported goods." An IMF official in Phnom Penh warned that despite growing confidence in the new *riel* notes and coins, a further appreciation could lead to an increase in inflation.

**Sihanouk returns**

On 5 April, King Norodom Sihanouk returned to Cambodia after undergoing medical tests in Beijing [see *Digest*, 24 Mar]. Doctors advised Sihanouk "to have a good rest" and "to avoid by all means overworking, too many activities, stress, fatigue, and intercurrent infection of any kind." Sihanouk stated that his cancer has completely disappeared but that it could reappear if he does not reduce his workload: "With age and serious health problems, I cannot and should no longer work and behave as if I was 20 or 10 years younger."

**Foreign visitors**

On 6 April, an Iranian delegation led by Deputy Foreign Minister Alaedin Bourojerdi arrived for a three-day visit, and a Hungarian delegation, led by parliamentary vice-president Maria Korodi, arrived for a two-day visit.

**REGION****A river runs through it**

On 5 April, ministers from Thailand, Laos, Cambodia and Vietnam signed the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, which gives freedom of navigation along the river, regardless of national boundaries, and allows members to use its waters without approval of other members, except during the dry season [see *Digest*, 2 Dec 94]. Environmental organizations are criticizing proposals to build as many as 11 dams on the Mekong, which they believe could destroy the region's delicate ecosystem. Approximately 52 million people in the four countries involved live along the river basin.

**Taiwan fires on Vietnamese vessel**

On 6 April, the Taiwanese military acknowledged that it fired four warning shots near a foreign vessel in the Spratly islands on 25 March. The acknowledgment follows an accusation by the Vietnamese government that Taiwan's military fired a number of 25-37 mm shells at a Vietnamese

cargo vessel near Taiping (Itu Aba) Island. Taiwan said foreign boats are not allowed to enter an area 6,000 meters (3.7 miles) from the Taiwan-controlled islands, and areas within 4,000 meters (2.5 miles) of its territory are under "combat readiness." Taiwan's navy said that since the foreign vessel was within 3,700 meters (2.3 miles) of shore, it had the right to fire the shots. Taiwan canceled military patrols in the Spratly islands, changing the course of three vessels that departed Taiwan on 31 March [see *Digest*, 31 Mar].

**ADB expects strong growth in SE Asia**

In its *Asian Development Outlook 1995 and 1996*, the Asian Development Bank (ADB) predicted rapid growth for the emerging economies of Indochina. Vietnam's economy is forecast to grow 8.5% in 1995 and 9% in 1996, but the Bank said the country's macroeconomic reform management will be difficult. The report said Vietnam needs an improved legal system and it needs to rationalize state enterprises and close those firms that continually incur losses. The ADB predicted economic growth for Cambodia to be 7-8% per year over the next two years, following 4.9% growth in 1994. Macroeconomic stability, economic reform, and political stability are instrumental for growth, with cutting the budget deficit, which reached 6.2% of GDP in 1994, a top priority. Growth in Laos is expected to be at 6-7%, following 8% growth in 1994.

**Dollars for defense**

On 28 March, the US Arms Control and Disarmament Agency released a report stating military spending is in a sharp decline worldwide, with spending on weapons at its lowest level in 25 years. While military spending is down in areas such as Russia, Eastern Europe, and Central America, defense spending increased in South Asia, East Asia, and Oceania. Laos was included with the five Eastern Asia countries cited for rapidly rising spending. On 5 April, *Jane's Intelligence Review* previewed a report by Great Britain's International Institute for Strategic Studies, which states that the peace dividend from the end of the cold war has skipped Asia, which has the fastest-growing rates of military spending. The report states that Vietnam was the only East Asian country whose defense spending was down, by 24%.

**REFUGEES****Competing crises**

On 5 April, Ruprecht von Arnim, the UN High Commissioner for Refugees representative in Thailand, said that money currently being spent to provide food and shelter for 40,000 Vietnamese living in camps in Southeast Asia would be better spent on refugees fleeing persecution in Africa. "It has cost millions to support them and totally out of proportion to what we must do in Burundi and Rwanda," he said. "This is out of proportion and it's revolting." Von Arnim added that none of the Vietnamese face the slightest danger of being harmed if they go back to their homeland, while tens of thousands of people in Burundi and Rwanda have fled for their lives due to ethnic violence. According to von Arnim, countries like the US, which has opposed forced repatriation, now accept that force may have to be used in cases where non-refugees resist return.

**US POLICY****McCain calls for MFN for Cambodia**

Senator John McCain (R-AZ) recently introduced legislation which would allow the President to grant Most-Favored-Nation (MFN) status to Cambodia [See *Digest*, 13 May 94]. Currently there is an anomaly in the law which prevents the president from granting such status. Although the 1974 Trade Act provides a process for granting MFN status, portions of Cambodia were denied MFN status then because they were under "Communist control." In 1975, an executive order was signed denying the entire nation MFN status and the 1988 Trade Act confirmed this status. Since Cambodia's trade status was codified by the Congress, McCains' legislation would give the president the authority to determine Cambodia's trade status. The administration is on record in support of MFN for Cambodia [See *Digest*, 10 Feb].

**FYI****Twenty years after**

Following are some of the events planned to commemorate the 20th anniversary of the events of April 1975 in Vietnam.

◆ **Airlift** - Kansas-based Heart-Heart Int'l will airlift medical equipment and medicine valued at US\$10 million on a McDonnell Douglas MD-11 aircraft owned by Federal Express [see *Digest*, 10 Feb]. The plane will unload the humanitarian aid in HCMC, Danang, and Hanoi at the end of April. Contact Lori Ketterling, Tel: 913-764-5200.

◆ **Memorial** - On 24 April, the Vietnamese Memorial Association will open a 12-classroom grade school for 535 students in Dong Ha, Quang Tri province [See *Digest*, 29 Oct 93]. Former *Associated Press* reporter Terry Anderson will inaugurate the school, which will be dedicated to Lew Puller, the Pulitzer Prize-winning author of *Fortunate Son* who died last year. Contact 202-347-2422.

◆ **Conference** - The University of California, Davis, is holding a conference, "Vietnam Legacies, 20 Years Later" on 27-30 April. The conference will focus on the historical, political, ecological, and cultural legacies of the war. Contact Sharen Chaffin, Campus Writing Center, Tel: 916-752-4041.

◆ **Sculptures** - An exhibition by California sculptress Darlene Nguyen-Ely, entitled "Trauma and Healing: The Vietnam War," will be held at the Richard U. Reynolds Gallery at the University of the Pacific campus from 11 April through 5 May. Contact 209 -946-2241. There will also be an art exhibition entitled "20 Years After the Fall: Vietnamese American Art," in Downey, California from 8 June to 23 July. The exhibition will include works by Ms. Nguyen-Ely, Viet Nguyen, Ann Phong, Kim Tran, Le Ha Nguyen, and Hoang Vu. Contact Scott Ward, 310-861-0419.

◆ **Film** - *From Hollywood to Hanoi* will be shown at the Laemmle Monica 4 Plex theater in Los Angeles on 30 April at 11:00 am. Film-maker Tiana Alexander and Executive Producer Oliver Stone will be present. Contact Indochina Film Arts Foundation, Tel: 818-350-1209, Fax: 818-350-1232.

◆ **TV** - Cable News Network (CNN) will air a two-hour special "Vietnam: Coming to Terms" on Sunday, 30 April at 8:00 pm Eastern Daylight Time. The program will include appearances by Generals Westmoreland and Giap, Henry Kissinger, Alexander Haig, Tiana Alexander, Neil Sheehan, Tim O'Brien, Senator John Kerry, and Walter Cronkite.

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