



Indochina

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TRADE/INVESTMENT

Vietnam cuts trade deficit

According to a 9 May General Statistical Office (GSO) report, Vietnam reduced its trade deficit in the first four months of 1995 to US\$80 million from US\$228 million in the same period last year, due to a dramatic increase in exports. Exports were up 48%, to US\$1.48 billion, while imports rose 27.4% to US\$1.56 billion over last year. These exports include 2.7 million tons of crude oil, 840,000 tons of coal, 870,000 tons of rice, 31,000 tons of rubber and 81,600 tons of coffee, representing increases over last year of 20.4%, 72.4%, 72.3%, 5.4% and 12.1% respectively. Garment and textile exports increased 40.7% over last year, reaching US\$120 million, with maritime products at US\$155 million, up 6.2%. Cement imports rose 136.9% due to a nationwide building boom and shortfalls in the local market. Imports of fertilizer, sugar, aviation fuel, steel and motorcycles rose 35.2%, 130.8%, 42.7%, 0.6%, and 24.7% respectively. Car imports fell 66.5% due to higher import taxes, which now stand at 200%.

Vietnam updates

◆ **Rice exports delayed** - On 11 May, Deputy Agriculture Minister Nguyen Thien Luan said Vietnam is delaying overseas rice shipments to maintain reserves for domestic markets. Luan denied reports that there was a ban on official exports, "but there are measures to delay the pace." Luan said the measures were taken because there were 38 ships, more than double the normal number, waiting to load rice at the port of Saigon, and "loading all [the ships] in a disorderly manner would strain local supplies." He added that "now is the most difficult time for balancing [supply and demand]." Farmers in the Mekong Delta are producing a record winter-spring crop of more than 6 million tons [see *Digest*, 5 May], but supplies are threatened due to increased rice smuggling to China and damage by pests to the rice harvest in northern Vietnam.

◆ **Back on the farm** - At a seminar for foreign business executives held on 10 May, Agriculture Minister Nguyen Cong Tan said Vietnam is seeking over US\$1 billion in foreign investment in the farm, fish, and forest industries by the year 2000. Tan said US\$1.78 billion will be spent to develop key farm sectors, including: US\$200 million for food production, US\$20 million for coffee, US\$500 million for rubber, US\$40 million for tea, US\$20 million for cashew nuts, US\$40 million for silk, US\$15 million for cotton, US\$800 million for fruit and vegetables, and over US\$110 million for livestock breeding. Vice Minister of Fisheries Vo van Trac said Vietnam expects to double exports of fish and seafood products by 2000. There are 38 fisheries projects with foreign investment in Vietnam totaling US\$100 million.

◆ **Shell activities** - On 9 May, Shell Vietnam announced plans to build a lubricants plant in Dong Nai province, near HCMC, in a joint venture with PetroVietnam. The venture is Shell's third project in Vietnam. Last week, Shell signed an agreement to construct a liquefied petroleum gas (LPG) terminal and bottling plant in Haiphong [see *Digest*, 5 May]. Shell is also building a bitumen terminal in the port city of Vinh, to be completed in early 1996 in time to assist in upgrading projects planned to begin on Vietnam's Highway One. Shell is also planning to construct bitumen terminals for HCMC and Haiphong.

◆ **Foreign investment stats** - According to the State Committee for Cooperation and Investment (SCCI), Vietnam has licensed 122 foreign investment projects in the first four months of this year, totalling US\$2.4 billion. In April, 35 joint venture projects worth a total of US\$555 million were approved. Since it opened its economy to foreign investment in 1988, Vietnam has licensed projects worth US\$13 billion. The government hopes to reach US\$50-55 billion in investment to help meet its target of doubling GDP by the year 2000.

◆ **Korean oil strike** - On 8 May, South Korea's Petroleum Development Corporation (PEDCO) announced its third oil and gas strike in offshore block 11.2 in the Nam Con Son basin. According to exploration manager S.H. Kim, gas is flowing at 26 million cubic feet per day and condensate at 300 barrels per day. PEDCO is the operator of block 11.2 for a consortium that includes Korean firms Daewoo, Hyundai, Samsung and the Anglo-Dutch firm Shell. Two earlier finds, located in the same bloc, are flowing at yields of 3419 barrels of oil and 22 million cubic feet of gas, and 2356 barrels and 43 million cubic feet per day.

◆ **US banks** - On 9 May, Chase Manhattan Bank formally opened its representative office in Hanoi, making it the third US bank operating in Vietnam. According to Robert G. Murphy, Chase's Executive Vice President, the Hanoi office will serve the bank's multinational and local clients with corporate finance services. On 8 May, the president of the Bank of Boston said the bank is planning to expand its trade operations in Asia, and may open an office in Vietnam.

Thai coal mining in Laos

On 8 May, Thailand's Jasmine International Plc announced that it signed a memorandum of understanding (MOU) with the Laotian government to explore and develop coal mines in Sarawan and Chekong districts, an area of about 2,955 sq km. The coal will be used to fuel a new power plant, which is expected to have a generating capacity of 600 megawatts. Jasmine is seeking a joint venture partner to share in investment costs, estimated at 25 billion baht (US\$1 billion). Under the MOU, Jasmine reserves the right to operate businesses related to the mine and power plant projects.

**VIETNAM****Rice plants to car plants?**

On 7 May, the *Vietnam Investment Review (VIR)* reported that automotive giants Ford and Toyota will serve as test cases for exemptions from a government ban on building factories on rice fields, issued in March [see *Digest*, 24 March]. Both firms need exemptions from Prime Minister Vo van Kiet in order to continue with plans to build joint venture vehicle assembly plants on land currently used to grow rice. *VIR* quoted Toyota's local partner, Engineering and Agricultural Machine General Company, as saying the land in Vinh Phu province, northwest of Hanoi - where Toyota is planning to build its US\$89.6 million plant - did not produce a big rice crop. The local authority in Hai Hung province, east of Hanoi, where Ford is planning its US\$102.7 million plant, asked for special consideration as the factory would be in an area already earmarked for an industrial zone, *VIR* said.

State economic sector reforms

On 11 May, *Lao Dong* reported that the government plans to close 50 of its 150 largest state owned enterprises and will attempt to restructure and merge 65 others to make them stronger, according to Deputy Chairman of the State Planning Committee Tran Xuan Gia. The decision reflects Vietnam's attempt to make its businesses more competitive with privately owned foreign and domestic firms.

On 8 May, *Saigon Giai Phong* reported that Prime Minister Vo van Kiet has authorized the formation of seven new state-run business conglomerates. The new corporations, approved on 29 April, combine existing state owned enterprises in the paper, rubber, steel, coffee, tobacco, shipping and textile industries.

Foreign relations

◆ **France** - President Le Duc Anh arrived in Paris on 7 May, part of his three-nation tour to Kuwait, Syria, and France [see *Digest*, 5 May]. Anh attended ceremonies marking the 50th anniversary of the Allied victory in World War II. On 8 May, Anh congratulated Jacques Chirac on his election as French president, and met with Chirac later in the week.

◆ **Russia** - On 10 May, a Russian Duma delegation, led by Deputy Chairman of the Committee on Education, Culture and Science V. Shevelukha, and Secretary of the Russian Democratic Party National Committee V. Talanov, ended a seven day visit to Vietnam. Shevelukha told reporters that the aim of the visit was to "restore interparliamentary relations." Preparations for a visit by a Vietnamese delegation to Moscow scheduled for August were discussed.

Religious updates

◆ **More tolerance indicated** - On 10 May, *Saigon Giai Phong* reported that Religious Affairs Board official Nguyen van Ngoc told Catholic leaders in HCMC that the government plans to reform its laws on religion in keeping with the trend towards greater openness. However, Ngoc stressed that foreign religious communities were still expected to respect Vietnam's sovereignty on issues of religion.

◆ **Catholic administrator rejected** - In an interview that appeared in *Saigon Giai Phong* on 9 May, Religious Affairs Board official Nguyen van Ngoc said Vietnam rejected the Vatican's nomination of an apostolic administrator to assist the ailing Archbishop Nguyen van Binh in HCMC. Ngoc criticized the nomination as an attempt by the Vatican to reduce the Archbishop's authority, saying the Vatican was trying to "totally dismiss Bishop Binh." Vietnam ordered the nominee, Bishop Huynh van Nghi, to stop his activities last month.

◆ **Monk freed** - On 9 May, *Reuters News Agency* reported that Buddhist monk Thich Hai Chanh has been released from jail. He was one of 957 prisoners freed under an amnesty ordered by President Le Duc Anh to mark the 20th anniversary of the communist victory in the Vietnam War. The monk was jailed in 1993 for his part in anti-government demonstrations in Hue [see *Digest*, 24 May 93].

Ho Chi Minh tome

On 10 May, the *Vietnam New Agency* reported the official release of a new edition of the works of the late president Ho Chi Minh. The first three volumes of the 12-volume set includes 3,000 pages of newly verified information on the president's life and revolutionary activities. The work includes major speeches and newspaper articles between 1919, when Ho was living in Paris as a young revolutionary, and the year of his death, 1969. The release coincides with the 105th anniversary of Ho Chi Minh's birth on May 19.

Corruption sentences

On 9 May, eight police officers and customs officials were sentenced to prison for issuing licenses for smuggled cars. Sentences ranged from one to two years. Pham Thai, former chief of Hanoi's traffic police department, received a 20 month sentence. Nine others were given suspended sentences for selling contraband vehicles.

CAMBODIA**Peace walk**

On 8 May, more than 500 Cambodian monks and nuns set out from the northwestern border town of Poipet on a three-week peace walk across Cambodia. The fourth "Dhammayeitra Pilgrimage for Peace" is being joined by more than 50 representatives of the international Interfaith Pilgrimage for Peace and Life, which started at the former Nazi death camp in Auschwitz, Poland, and is scheduled to end in Hiroshima in August on the 50th anniversary of the dropping of the atomic bomb. The march started despite continued Khmer Rouge attacks. "We would like to pray to stop the war and have peace and reconciliation in Cambodia," Buddhist monk Maha Gosananda, who led the march, said in a welcome speech for the international marchers. Last year, one monk and one nun were killed on a similar peace march when the procession was caught in crossfire between Khmer Rouge guerrillas and government troops in northwestern Cambodia. On 12 May, the peace walk reached northwest Battambang where 10,000 people welcomed the marchers. Organizers said there were no incidents on the 125 km walk from Poipet.

**Landmine ban**

On 10 May, Information Minister Ieng Mouly announced that Cambodia will draft legislation banning the use of landmines. If passed, Cambodia would become the first Asian country to formally outlaw the use of landmines in its military arsenal. Mouly conceded, however, that some elements in the military were opposed to a total ban on landmines while the government army was still fighting the Khmer Rouge. He estimated that the number of uncleared mines in Cambodia was between six and ten million and emphasized the continued need for foreign financial assistance in clearing mines. Mouly said the main problem in clearing mines was the cost. "One mine costs five to seven dollars. But once it is planted we need \$1000 to remove it," he said. Mouly, who is also the director of the Cambodian Mine Action Center (CMAC), said that a ban on landmines would act as an inducement to foreign aid donors to provide money for continued clearing operations and help guarantee CMAC's viability.

Thai relations

On 7 May, following a two-day visit by Thai Foreign Minister Krasae Chanawongse to Phnom Penh, Cambodian Foreign Minister Ung Huot announced at a news conference that Thailand and Cambodia have agreed to set up a committee to promote peace and stability along their common border. The agreement was reached during the first meeting of the Thai-Cambodian Joint Commission for Bilateral Cooperation, which was established during a visit by Thai Prime Minister Chuan Leekpai to Cambodia in January 1994. Krasae said that the commission also agreed to establish two permanent border checkpoints at Poipet and Koh Kong "to facilitate the flow of trade and contact between our peoples."

Following a meeting between Krasae and First Prime Minister Prince Norodom Ranariddh on 6 May, Thailand announced it will give Cambodia 40 million baht (US\$1.6 million) in foreign aid for development projects in the areas of agriculture, education, public health and infrastructure. Krasae also indicated that Thailand would support Cambodia's bid for full membership in ASEAN.

Baby-Barings bank closed

On 9 May, the National Bank of Cambodia officially confirmed the withdrawal of a banking license for the Credit Bank of Cambodia after it encountered financial difficulties over futures trading. The withdrawal of the license went into effect on 6 May and led to the immediate closure of the bank, which is owned by five Canadian-Khmer nationals. National Bank Vice-Governor Tiulong Saumura said that the bank failed to comply with banking laws stipulating a minimum legal capital requirement of 10 billion riel (US\$4.35 million), and that the closure followed increased National Bank of Cambodia surveillance of the activities of all banks currently operating in the country. The Credit Bank suffered heavy losses trading on US dollars during March and April, Saumura explained. "They [the Credit Bank] were involved in futures trading overseas, like Barings. But this is much smaller," he said.

Khmer Rouge fighting

On 11 May, *Xinhua* reported that the Cambodian air force carried out a number of bombing raids on the city of Pailin, the seat of the Khmer Rouge headquarters in Battambang province. According to *Xinhua*, the air force destroyed two hotels. On 12 May, Interior Minister You Hockry announced that government troops backed by artillery and tanks recaptured most of the northwestern area, including Treng, from the Khmer Rouge. "Treng fell into government hands at noon yesterday [11 May], with only one government soldier injured," said General Nhek Bun Chai. He added that 20 Khmer Rouge fighters were killed, but said that the Khmer Rouge were able to withdraw their tanks.

US to grant MFN

On 12 May, *Rasmei Kampuchea* quoted senior commerce ministry official Lu Laysreing as saying the US will grant Cambodia most favored nation (MFN) trading status beginning in July. Laysreing said the two countries will sign documents relating to the MFN issue before July. During the first four months of 1995, 27 countries have pledged to give Cambodia preferential tariff treatment, including France, Britain, Germany, Australia, and Austria.

LAOS**Burmese economic cooperation**

On 8 May, Burma and Laos signed agreements to cooperate in the areas of trade, agriculture, forestry, tourism, narcotics-suppression and boundary matters. The pacts were signed during a five-day visit to Burma by Laotian President Nouhak Phoumsavan. Nouhak was accompanied by a 28-member delegation including senior Laotian government officials.

REGION**Spratly updates**

◆ **Magical Mischief Reef tour** - On 11 May, 38 Philippine and foreign journalists departed for a six-day tour of the Spratly Islands organized by the Philippine Defense Department. China's ambassador to Manila asked the Philippines to stop the trip as "it would internationalize the issue." A foreign ministry spokesman in Beijing commented: "The Chinese government has made solemn representations with the Philippine Defense Ministry organizing foreign journalist to give news coverage on the Nansha [Spratly] Islands as this is a provocative action." The tour began after intervention by Philippine President Fidel Ramos: "Let them go. It's a press flight, not a military flight," he said. The journalists flew to Palawan island, where they were scheduled to sail to an area the Philippines calls the Kalayaan group.



◆ **US weighs in** - On 10 May, the US State Department issued a statement calling for the six claimant countries to the Spratlys to resolve their dispute through diplomatic means. "The United States is concerned that a pattern of unilateral actions and reactions in the South China Sea has increased tension in the region," the State Department said. "The United States calls upon claimants to intensify diplomatic efforts which address issues related to competing claims and which contribute to peace and prosperity in the region." The statement added that the US is willing to assist "in any way the claimants deem helpful." The US takes no position on any of the competing claims, but said it would view "with serious concern any maritime claim or restriction on maritime activity in the South China Sea" which is inconsistent with international law.

REFUGEES

Hong Kong riot

On 11 May, a riot broke out at the High Island detention center when authorities attempted to remove 38 Vietnamese for forced repatriation. Eight Vietnamese and 47 prison and police officers were injured when protesters took over five rooftops and dropped buckets of hot water, burning charcoal, broken glass and stones on officers. Hundreds of other Vietnamese resisted efforts to control the situation. All 38 Vietnamese targeted for transfer were sent to Victoria Prison where they will be held until 16 May when they depart for Vietnam. 43 others scheduled for departure were transferred without incident on 10 May. "We do not like having to use force but we remain determined to resolve the Vietnamese migrant problem as soon as possible," Hong Kong Refugee Coordinator Brian Bresnihan said.

FYI

VVAF Business Fellowship Program

Vietnam Veterans of America Foundation (VVAF) will bring a group of twenty-five Vietnamese entrepreneurs to the US for training in American companies this fall. With funding from the US Information Agency and in collaboration with the US-Vietnam Trade Council, the Vietnam Business Fellowship Project will start in Hanoi in late September, with an orientation program for the fellows, followed by a week-long seminar in Washington on the fundamentals of US business practices. The fellows will spend six weeks in host companies, participating in their business operations and learning how to run a company in a free market system.

VVAF is actively recruiting individuals between the ages of 25 and 50, who have functional English language capabilities and come from specific sectors of the Vietnamese economy: textile manufacturing, food processing, banking, travel and tourism, construction and light technology. The ideal candidate will be a senior-level member of the management team, such as a senior vice president for operations or a senior budget officer. Candidates must possess familiarity with basic business practices and have experience or theoretical training in business management.

For further information, contact the program director, Gail Griffith, Vietnam Veterans of America Foundation, 2001 S St., NW, Suite 740, Washington, DC, 20009; phone: 202-483-9222; fax: 202-483-9312.

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Project

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

