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TRADE/INVESTMENT

Vietnam Bank to have foreign shareholders

Following government approval to allow foreign shareholders of commercial joint-stock banks last February, VP Bank, the Vietnam Joint Stock Commercial Bank for Private Enterprises, announced it will soon be the first bank in Vietnam to allow foreign ownership. VP Bank, which is expanding its registered capital from 70 billion *dong* (US\$6.4 million) to 250 billion *dong* (US\$22.7 million), will select three foreign companies to each hold 10% equity in the bank. Bui Huy Hung, president of VP Bank, said the bank is giving priority for ownership to banks, investment funds, and finance companies, followed by large trading and industrial companies. Foreign shareholders will have the right to have seats on the board of the bank.

Strong growth predicted for Vietnam

In its annual *Pacific Economic Outlook*, the Asia Foundation's Center for Asian Pacific Affairs predicted Vietnam will replace China next year as the fastest growing economy in Asia. The report said rising domestic and foreign investment will contribute to Vietnam's expected 1996 economic growth rate of 9.5%. Following economic growth of 8.8% in 1994, the economy is expected to grow by 9% this year. Following a 1994 overall growth rate of 4.7%, Pacific Rim economic growth is expected to drop to 4.1% this year and 4% in 1996.

Exports to Vietnam predicted to increase

The Federal Express Survey of Small Business Exporters, which determines the outlook for small businesses exporting from the US, was released on 24 May. According to the report, two-thirds of small business exporters expect to increase exports this year and 80% expect exports to increase over the next five years. Of the 751 export managers surveyed, 29% believe their companies will trade with Vietnam. Thirty-one percent (31%) of companies who export goods and services to Asia expect to export to Vietnam within the next five years. Forty-seven percent (47%) of exporters to Central/South America plan to do business in China, Vietnam, and South Africa within the next five years.

Vietnam updates

◆ **Cellular system approval** - On 19 May, the State Committee for Cooperation and Investment (SCCI) gave approval for the establishment of a national cellular phone system in Vietnam. The venture, between Comvik International and Vietnam Mobile Services Co, will expand systems in Hanoi and HCMC, and provide nationwide service within three years.

◆ **Hanoi airport upgrade** - On 21 May, *Vietnam News Agency (VNA)* reported the government approved the construction of a US\$49.7 million terminal at Hanoi's Noi Bai airport. The project, to be completed in 1997, will be financed by foreign loans and domestic investment. The airport will be able to handle 2.5 million passengers per year. In 1993 the airport handled one million passengers.

◆ **Tanker lease** - On 24 May, *Vietnam News* reported Falcon Shipping, Vietnam's state oil-shipping company, plans to lease two oil tankers to ship oil exports. The government authorized Falcon to ship three million tons of exports annually, half of total expected exports. In 1994 Falcon shipped over one million tons of crude from Vietnam. Falcon will lease one 65,000-ton and one 85,000-ton capacity ship.

◆ **Fridge factory** - Italian firm Zanussi, a unit of Sweden's AB Electrolux, announced it opened a refrigerator factory in Vietnam. The factory will produce a total of 50,000 units of 140-liter and two-door 180-liter models per year.

◆ **Construction services deal** - On 20 May, Japan's Kurihara Kogyo Ltd and Vietnam's Thang Long Construction Investment Joint-Stock Co and Post & Communications Construction Co established a joint venture to provide services for construction projects. Kurihara-Thang Long will design, install and maintain technical equipment of construction projects. Kurihara Kogyo holds 51% of the 15-year deal, with the Vietnamese partners sharing 49%.

◆ **Singapore office** - On 25 May, Singapore's Trade Development Board (TDB) announced it will open an office in Hanoi in June. TDB opened an office in HCMC in 1993. Singapore's bilateral trade with Vietnam was US\$1.9 billion in 1994, an increase of 26% over 1993. Bilateral trade in the first quarter of 1995 was US\$593 million.

◆ **Long-term luxury** - Hong Kong's Chiap Hua Group announced it is offering long-term leases for luxury apartments in HCMC. Leases of up to 35 years will be available for the apartments, which will be available next year. Leases will cost between US\$100,000 and US\$400,000.

◆ **Korean industrial complex** - On 23 May, South Korea's Daewoo Corp, in partnership with the Hanoi Electronic Corp, announced it received approval in principle from Premier Vo van Kiet's office to construct an industrial complex in the Hanoi suburb of Gia Lam. The project, which will cost US\$1.43 billion, will include an automobile plant, a tire factory, and a consumer electronics factory.

◆ **Japanese hotel** - On 22 May, *Hanoi Moi* reported Japan's Gilemint Investments Ltd signed a US\$26 million contract with Hanoi Tourism to upgrade the Hoan Kiem Hotel in central Hanoi to "four-star" status. The contract, signed on 20 May, must be approved by SCCI.



Cambodia updates

◆ **Malaysian cooperation** - Malaysia's Ariston Sdn Bhd announced on 19 May that it will be involved in two development projects in Sihanoukville. Ariston and Tenaga Nasional Bhd will construct a US\$40-45 million power production plant that will initially produce up to 20 megawatts of electricity. Ariston will also work with Faber Group Bhd to develop a 300-room, US\$50 million hotel.

◆ **Up to BAT** - On 24 May, BAT Industries Plc announced it will invest US\$25 million to take a 51% stake in the Cambodia Tobacco Company. BAT's investment will be in the form of cash and new cigarette making equipment, while the Cambodian side will contribute its equity in the form of existing machinery.

VIETNAM

Updates

◆ **China border talks** - On 23 May, China and Vietnam began technical talks on their 800-mile land border, the fifth session in a series of talks that began in 1994. Both sides reported progress from previous talks, and are scheduled to hold talks in Beijing in July at the ministerial level.

◆ **Food shortages** - On 23 May, *Vietnam News* reported crop failures in Son La province in northwestern Vietnam have caused widespread hunger, and 176,000 people, or one-fourth of the province's population, did not have food. Also, the State radio reported 50,000 people were starving in Dac Lac province in the Central Highlands, which suffered a severe drought.

◆ **Embezzlement sentences** - On 24 May, *Vietnam News* reported that the HCMC People's Court sentenced two managers of a state-owned noodle factory to life imprisonment for embezzlement. The court found Dam Manh Thang and Nguyen thi Thu Thanh guilty of embezzling over 13.2 billion *dong* (US\$1.2 million) and causing other losses to the state of 4.8 billion *dong* (US\$436,000). According to testimony at the court, Thang and Thanh set up a welfare section in the state-owned company that processed and marketed the "Miliket" brand of noodles, turned it into a private company, and misappropriated its assets and trademark.

◆ **Spratly lighthouse** - On 24 May, *Quan Doi Nhan Dan* reported Vietnam recently completed work on a lighthouse on An Bang Island in the southern Spratly islands.

CAMBODIA

Rainsy repelled

On 23 May, FUNCIPPEC Deputy General Secretary Kauv Mean Hean announced the party expelled former finance minister Sam Rainsy. Rainsy has been an outspoken critic of corruption and he last month announced plans to form his own political party [see *Digest*, 28 April]. "The steering committee on May 13, 1995, decided to expel Sam Rainsy from the FUNCIPPEC party once and for all," Mean Hean

said. "We had warned Mr. Sam Rainsy many times about his bad mouthing, his mistakes, his political party, everything. At last our patience was limited." Rainsy's expulsion is seen as an effort to have him removed from the National Assembly. "They [the people] did not vote for Rainsy. They voted for FUNCIPPEC party," Mean Hean said. In a 9 May letter to Rainsy, the author of the UN Electoral Law on Cambodia, Professor Reginald Austin, said any bid to remove him from his parliamentary seat would be unconstitutional. The law states Assembly members can lose their seat only by death, resignation or incapacity.

Rainsy said he refused to accept the party's decision to expel him. "What I have criticized is just for the interests of the party and especially for the interests of the nation," Rainsy told *Reuters News Agency*. Rainsy accused opponents of trying to silence him and predicted he will be arrested "on trumped up defamation charges" if his parliamentary immunity is removed. On 24 May, Rainsy said he has "dozens of documents" incriminating senior officials of corruption that are being kept in Paris and will be released if he is killed by his opponents.

ADB five-year plan

On 26 May, the Asian Development Bank (ADB) and the Cambodian government announced a five-year plan for economic development in Cambodia. The ADB signed a US\$3.9 million Memorandum of Understanding (MOU) with the Council for Economic Development of Cambodia (CDC) and the ministries of planning, and finance and economics. Preparation for the plan will be carried out under a 1992 agreement between the ADB and the UN Development Program (UNDP) in four key areas: economic policy and planning; public finance; money and banking; and statistics. A second MOU was also signed providing Cambodia with a US\$525,000 technical assistance grant to establish a Department of Public Procurement, which includes a computer database to record all government procurements and an ADB-funded advisor to assist with operations.

Media updates

◆ **Newspaper closed** - On 19 May, a Cambodian court ordered the *Uddom Gati* newspaper to close and fined its editor US\$2,200 for publishing an article comparing the two prime ministers to barking dogs. A headline in the 30 October issue urged the co-premiers to "stop barking."

◆ **Army Officer acquitted** - On 19 May, a Cambodian court acquitted Lt.-Col. Sat Soeun, who was arrested last December in Kompong Cham in connection with the murder of Chan Dara, a journalist with *Koh Santapheap* (Island of Peace) [see *Digest*, 16 Dec]. Pin Samkhon, president of the Khmer Journalists Association, said: "It's now the third case of a journalist's murder and each time they have found nothing."

◆ **Editor jailed** - On 20 May, a Cambodian court sentenced Hen Vipheak, editor of *Serei Pheap Thmey* (New Liberty Times) to one year in jail for publishing "false information affecting the reputation and dignity of the two prime ministers." Vipheak was also fined five million *riel* (US\$2,400) and warned that if the fine is not paid in full, his jail sentence will be extended for one year. In January, *Serei Pheap Thmey* published a cartoon and editorial comment describing the co-premiers as thieves [see *Digest*, 20 Jan].



Other updates

◆ **Peace walkers** - On 24 May, over 1,000 peace walkers arrived in Phnom Penh and were welcomed by King Norodom Sihanouk. "Cambodia is far from solving the problems of deforestation, landmines and hunger, but unless we have peace and reconciliation, we cannot solve these problems," Sihanouk told the walkers. The peace walk across Cambodia began on 8 May [see *Digest*, 12 May] and is scheduled to reach Vietnam on 8 June.

◆ **Rotary Club returns** - On 18 May, the Rotary Club of Phnom Penh was officially admitted to the Rotary International after an 18-year hiatus. Rotary International is headquartered in Evanston, Illinois. The Phnom Penh club was originally chartered in 1957, but political conditions interrupted its operations in 1977. Prior to the official opening, the 34-member club held informal meetings and initiated several service projects, including assistance with Cambodia's polio immunization campaign.

◆ **EU aid** - On 23 May, Gwin Morgan, EU's ambassador to Cambodia, announced a grant of US\$80 million for economic development in six provinces in 1995 and 1996.

◆ **Russian accords** - On 25 May, Russia and Cambodia signed a basic friendship declaration, and three accords on bilateral economics and trade, cooperation in the fields of culture, science and technology, and consultation between foreign ministries. The accords were signed in Moscow during the visit of Cambodian Foreign Minister Ung Huot.

◆ **Prison escape** - On 19 May, 57 prisoners escaped from a jail in Siem Reap, including two who were charged with the January-murder of American tourist Susan Hadden and her Cambodian guide [see *Digest*, 20 Jan].

LAOS

ASEAN relations

◆ **Malaysia** - Lao Foreign Minister Somsavat Lengsavat visited Malaysia on 20-23 May. Somsavat met with Malaysia's Foreign Minister, Abdullah Ahmad Badawi, and the two countries agreed to establish a joint commission to increase cooperation and economic ties.

◆ **Singapore** - Singapore's Minister for Foreign Affairs and Law, Prof. S. Jayakumar, arrived in Laos for a three-day visit on 25 May, and will meet with Prime Minister Khamtay Siphandone, Deputy Prime Minister Kamphoui Keoboulapha, and Foreign Minister Somsavat Lengsavat.

REGION

ASEAN updates

◆ **Spratly sidestep** - Senior ASEAN officials, meeting in Brunei on 20-21 May to prepare for the ASEAN Regional

Forum (ARF) meeting in July, decided ASEAN will not collectively raise the Spratly issue with China, but that individual countries could raise the issue bilaterally. The officials said that a collective ASEAN stance on the Spratlys could cause a China-ASEAN confrontation during the July ARF ministerial meeting. On 25 May, Romualdo Ong, Philippine Ambassador to China, released a report which said: "China does not want ARF to be used as a venue for conflict resolution, but is willing to participate in the forum to foster regional cooperation. China also said it does not want the Mischief Reef issue discussed in the ARF."

◆ **ASEANPOL** - Senior police officers from the ASEAN countries met in Jakarta on 22-25 May to discuss regional cooperation. A Vietnamese delegation attended the meeting as observers. An Indonesian official proposed an ASEAN extradition treaty to confront cross-border crimes. Other topics discussed included drug trafficking, commercial crime, phantom ships, fake currencies, training programs, and exchange of personnel. On 26 May, Indonesia announced the attorneys-general of ASEAN will meet in Jakarta in July to discuss ways of furthering cooperation and discuss the possibility of establishing an ASEAN secretariat for attorneys-general.

REFUGEES

Hong Kong riot . . .

On 20 May, violence broke out when 1,200 police and prison officials were deployed to the Whitehead detention center to transfer 1,300 Vietnamese boat people to the High Island detention center. Some boat people climbed on the roofs of camp buildings to quietly protest the operation, waving SOS banners and flags of the former South Vietnamese regime. Others threw rocks, home-made spears, and debris, and started fires. The authorities responded with teargas and water cannons. Government officials said 168 officers and 27 Vietnamese were injured during the riot, mostly with bruises and burns. At 6 pm, 870 boat people had been transferred, some in handcuffs. An additional 400, who were hiding in other sections of the camp of 10,000 inmates, were rounded up and transferred by Sunday morning.

. . . linked to US Congress?

UN High Commissioner for Refugees (UNHCR) officials linked the riot to U.S. congressional legislation that would admit additional boat people to the US. The legislation, introduced by Rep. Chris H. Smith (R-NJ), called for admitting 20,000 Indochinese refugees from Asian camps, and was reported on in the *South China Morning Post* on 18 May. "Information from the camp shows there is a definite link between the Vietnamese's expression of resistance and what's going on in Congress," said Jahanshah Assadi, chief of the UNHCR mission in Hong Kong. On 24 May, Smith said there was no evidence of a connection between the legislation and the violence, and that it is "grossly unfair to blame resistance to forced repatriation on the very people who are trying to come up with a peaceful and gentle solution to the problem of these refugees."



On 24 May, the US House of Representatives approved the legislation as a provision of the State Department authorization bill by a vote of 266 to 156. Smith said the legislation was needed to protect refugees in certain high-risk categories of being persecuted if sent home, including friends of US troops, Buddhist monks, and Catholic nuns. An amendment to the provision, introduced by Rep. James Bereuter (R-NE), was defeated. Bereuter said the people involved were economic refugees rather than individuals who feared for their lives, and said the legislation would encourage Vietnamese to undertake hazardous journeys in unsafe boats from Vietnam.

The administration opposed the legislation. A State Department official said: "We are opposed to the proposed legislation, which, at the 11th hour, seeks to abrogate an international undertaking. It would reopen large-scale screening of those already found to be ineligible for refugee status. It will end voluntary return to Vietnam and create new levels of false hope and result in further disturbances." Administration officials also said the money set aside to handle the boat people would mean less money would be available to handle those found to be legitimate refugees from Vietnam, Cuba, Bosnia and Russia. The House will debate other provisions of the State Department authorization bill when Congress reconvenes on 6 June. The administration has threatened to veto the bill.

US POLICY

On normalization

On 23 May, Senator John McCain (R-AZ) and Senator John Kerry (D-MA) met with President Clinton to urge him to

normalize relations with Vietnam. "It's very important to us to recognize that the war is over," McCain said. "In my view, an improvement in relations between our two countries does a whole lot of things from a practical standpoint, but it also, from a spiritual standpoint, indicates that we are ready to close that chapter. It doesn't matter to me any more whether the president of the US or members of my own party opposed or supported the war. What I think we need to do is look forward as a nation to the healing process, which is long overdue."

"The material that's been turned over most recently adds to what is already the single most extensive and exhaustive accounting for missing in the history of all human warfare," Kerry said. "Never has any country been able to go to the lengths that we are now going to try to account for our missing and dead." Kerry said the US "ought to recognize what all of Asia is recognizing, that this is a country that's a player and we need to involve ourselves diplomatically." Kerry said Clinton "doesn't have a timetable" for normalizing relations with Vietnam. "We simply wanted to discuss our views," he added.

Passport's progress

The first US passport ever issued in the Socialist Republic of Vietnam, and the first issued from US diplomatic representation in Hanoi in 40 years, was given over on 25 May to R. Kyle Horst, chief operating officer for World Vision International in Hanoi. The passport was issued by Charles Neary, Consular Chief of the US Liaison Office. Horst applied for the new passport after problems arose with Hong Kong immigration authorities at Kai Tek airport about the condition of his existing passport. The old passport suffered mildew damage after being caught with its owner in a 1993 monsoon downpour in HCMC.

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