



Indochina

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TRADE/INVESTMENT

US-Vietnam updates

◆ **Say Cheese** - After an absence of 20 years, Polaroid Corp and its Hong Kong-based subsidiary, Polaroid Far East Ltd, announced 14 July that the company will market many of its amateur and professional photographic equipment in Vietnam. Polaroid also announced the appointment of HCMC Photo Company, an enterprise of the Vietnamese Ministry of Culture, as its marketing representative and retail distributor. Polaroid's Studio Express franchise will provide the special cameras and film for use with national identity cards, passports, and visas.

◆ **Plumber's heaven** - Japan's Marubeni Corp is planning to join the US firm Occidental Chemical and two Vietnamese firms to produce polyvinyl chloride (PVC) in southern Vietnam. The total investment for the new venture, Oxy-vina Plastics and Chemical Co Ltd, will be US\$110 million. Occidental Chemical will hold a 40% share of the venture, with Marubeni holding 30%, and the Vietnamese firms, the Vietnamese Gas Co and Import-Export Technical Raw Material Trading and Supply Co, each holding 15%.

Vietnam banking news

◆ **Citicorp loan** - Citicorp said on 20 July that it has given a US\$4.6 million loan to the Hue Brewery Ltd. The Hue Brewery, in a joint venture with Carlsberg A/S's Tuborg International, plans to bring Denmark's Tuborg beer to Vietnam and to use the loan to finance a plant expansion that will double its capacity.

◆ **Sanwa** - On 12 July, Sanwa Bank Ltd announced it will work with Vietnam's Finance Ministry to promote Japanese investment in Vietnam. Sanwa will provide the ministry with information about Japanese firms interested in investing in Vietnam, and in return the ministry will provide Sanwa with information, including data on public projects. Sanwa is the first Japanese bank to reach an agreement of this kind with Vietnam.

◆ **Chinatrust** - On 13 July, Taiwan's Chinatrust Commercial Bank opened a representative office in Vietnam, its fifth such office in southeast Asia.

◆ **UOB** - On 18 July, Singapore's United Overseas Bank opened a branch office in HCMC, the first Singapore bank branch in Vietnam.

◆ **Russian Credit** - On 20 June, the State Bank granted permission to Russian Credit, the fourth largest private bank in Russia, to establish a representative office in HCMC. The office is expected to open by September.

Vietnam updates

◆ **Hyundai hunts for deals** - On July 16, South Korea's Hyundai Group sent a 17-member delegation to Vietnam to discuss investment possibilities. The delegation discussed several of Hyundai's planned joint-venture operations, including an assembly plant in HCMC to produce 20,000 cars a year, a factory in Hanoi to produce 20,000 tons of steel pylons per year, a Vung Tau clinker plant to produce 500,000 tons annually, and a ship repair yard in Da Nang to have an annual output of 400,000 deadweight tons. On 20 July, Hyundai reached an agreement with Vietnam's Corporation 900 for a US\$200 million joint venture car factory near HCMC. Besides joint-venture deals, Hyundai wants to build a power station, a cement plant, an oil refinery, and to take part in gas and oil exploration projects in Vietnam. The total value of Hyundai's desired investment is US\$300 million.

◆ **First privately-owned port** - In co-operation with Vietnamese and Taiwanese interests, Mitsui & Co Ltd and Singapore's Neptune Orient Lines Ltd will construct Vietnam's first privately owned container port. The venture, First Logistics Development Joint Venture Co, will be built about six km from HCMC. The companies will invest US\$33 million to construct the port [see *Digest*, 7 Oct 94].

◆ **Thai telecom contract** - On 17 July, Thailand's Jasmine International Plc announced that its unit, Newtel Co Ltd, has signed a contract with Sigelco Co Ltd to operate telecommunications services. Sigelco, which is majority owned by Vietnam's defense ministry, will cooperate with Newtel to jointly build a nationwide telecommunications network, complete with a manufacturing plant. Sigelco has government approval to provide Vietnam with telephone, cellular mobile phone, paging and international gateway services.

◆ **Video parts venture** - Japan's Muto Seiko Co announced 17 July a joint venture with Tomen Corp to produce plastic parts for video cameras and the metal molds for those parts. Total investment for the project is US\$5 million, employing 200 local employees for the venture near HCMC. Initial sales are estimated at US\$2.26 million.

◆ **Peregrine gets licence** - On 12 July, Peregrine Capital Vietnam Ltd (PCV), owned by Peregrine Investments Holdings Ltd, was granted an investment and financial advisors license by the Vietnamese government. PCV will begin launching several businesses, including financial services, coffee exports, life insurance, and car and consumer goods distribution. PCV's agency already provides service to Honda, Mercedes, Hewlett-Packard, and Johnson & Johnson.

◆ **Taiwanese industrial park** - On 13 July, Taiwan's ruling Nationalist Party announced it was planning a T\$10 billion (US\$387 million) investment project with Japan's Mitsubishi group to establish a 2300-hectare industrial estate for exports at Haiphong.



◆ **BP gas discovery** - On 18 July, British Petroleum (BP) announced that BP and Statoil have made their third significant gas find off the coast of Vietnam. The Hai Thach discovery, which is 50 km north of the Lan Tay and Lan Do gas fields discovered last September, has estimated reserves of two trillion cubic feet. BP Exploration Chief Executive Rodney Chase declared: "This latest discovery has greatly increased our confidence that Vietnam can develop a substantial offshore gas industry." BP and Statoil are also working with PetroVietnam and other companies on a feasibility study for a gas pipeline to take gas ashore from the Nam Con Som basin for power generation, fertilizer production, and other projects.

◆ **Samsung wins gas platform contract** - On 20 July, Samsung Group of South Korea and France's Bougyes Offshore won a contract to build a gas compression platform at the *Bach Ho* (White Tiger) oil field. The project, to be completed by May 1996, will transport 8.1 million cubic meters of gas 75 miles to Vung Tau. The contract, originating from PetroVietnam, is worth US\$150 million.

◆ **Japanese cement plant** - Vietnam's Morning Star Cement Ltd granted a US\$115 million contract to Kobe Steel Ltd and Nissho Owai Corp to build a cement factory in Vietnam. The plant, located in Hon Chong, 160 miles west of HCMC, will be constructed and supplied by Kobe. Nissho Iwai arranged most of the financing for the project. When completed in February of 1998, the plant will have production capacity of 3600 tons a day.

◆ **Taiwanese LPG JV** - On 12 July, Taiwan's Chinese Petroleum Corp (CPC) announced that it will establish a US\$11 million venture to import liquefied petroleum gas (LPG). The venture will include building a harbor for LPG imports at Haiphong. CPC will have a 35% stake in the venture, Taiwan's Chinfon Group will take 35%, and Haiphong's Coditab Co will hold the remaining 30%.

◆ **Korean petrochem JV** - On 12 July, South Korea's LG Chemical Ltd agreed to establish a joint venture dioctyl phthalate plant at the Godau industrial complex near Hanoi with Vietnam's Southern Fertilizer Co and Refining Petrochemical Co. The US\$15 million plant will have an annual capacity of 30,000 tons, and will be built by the end of 1996. According to an LG official, the demand for dioctyl phthalate, used in the production of PVC products, is estimated to increase to 24,000 tons per year in 1997.

Cambodia updates

◆ **Toyota service center** - On 19 July, Japan's Toyota Motor Corp opened its first retail outlet and service center in Cambodia. The company managing the venture, TTHK Co, is a joint venture among Toyota Tsusho of Japan (41%), Toyota Tsusho of Singapore (10%), Australia's Henry Walker Group (24.5%), and Cambodia's Kong Nuong Import-Export Co (24.5%), with a registered capital of US\$1.6 million. Toyota's current share of the Cambodian market is about 70%, of which most are imported second-hand vehicles.

◆ **Malaysia to twin city** - Malaysia and Cambodia plan to twin Kuantan, a seaport on the east coast of Malaysia, and Sihanoukville, to enhance trade and development. The proposal was discussed during a private visit of Second Prime Minister Hun Sen to Kuala Lumpur on 14 July. Malaysian companies are assisting with the reconstruction of Sihanoukville's port.

VIETNAM

EU accord signed

On 17 July, Vietnam and the European Union (EU) signed an economic cooperation accord in Brussels, Belgium, during a meeting of the foreign ministers of the EU's 15 member-nations. The agreement was signed by Vietnam's Foreign Minister Nguyen Manh Cam and Spain's Foreign Minister Javier Solana, who represented the EU's presidency. The accord provides a framework for cooperation in economic affairs, trade, investment, science, technology, and includes provisions on market access, investment promotion, and environmental protection. The agreement also provides for additional help in Vietnam's transition to a market economy in areas such as accounting and auditing, intellectual property, and quality standards. It also deals with human rights and the issue of the repatriation of Vietnamese refugees in Europe.

"The ceremony today signals a reinforcing of relations between the European Union and Vietnam," Solana said. "Vietnam is making lots of efforts and we hope that it will result in further integration into the world economy."

Vietnam and the EU established diplomatic relations in 1990. The present accord took over two years to negotiate. Initial delays occurred over the issue of a human rights clause, resolved in the spring of 1994 [see *Digests*, 13 May & 11 Mar 94] by placing the clause in the foreword to the agreement. A second contentious issue, the large number of illegal Vietnamese immigrants in Germany, was resolved this year [see *Digest*, 7 Jul]. Under the EU pact, separate declarations expressing the different Vietnamese and European points of view on the repatriation issue were annexed to the agreement. Vietnam's statement stresses that the repatriation must be done in an orderly fashion with respect for the security and dignity of the returnees. The EU statement clarifies expectations for Vietnam to easily readmit the returnees without creating new obstacles.

AO team harrassment update

Eight of the nine members of a team of US scientists conducting research into the effects of dioxins contained in herbicides that the US sprayed during the war were thoroughly searched by Vietnamese customs agents on their departure from Hanoi on 30 June and 1 July. Some documents were confiscated [see *Digest*, 7 Jul]. Customs officials retained health questionnaires in Vietnamese, statistics on cancer rates, and maps showing where agent orange had been sprayed. Another member of the team, Dr. Arnold Schecter, who has made 11 previous trips to Vietnam to study the effects of agent orange, said that there was no official explanation why the documents were seized. Dr. Schecter said that during his previous trip with Adm. Elmo Zumwalt in September 1994, high-level officials pledged full cooperation on agent orange research [see *Digest*, 16 Sep 94].

HCMC cyclo ban

On 20 July, *Vietnam News* reported that HCMC authorities have banned cyclos from 50 streets in the city's center to reduce traffic congestion. About 40,000 cyclos operate in HCMC. A trade union of cyclo drivers has appealed for city funds to help drivers find other work.



Unlicensed Briton fined

The Vietnam Ministry of Trade fined British businessman Clive Cartwright US\$50,000 for operating a representative office in Hanoi without a license. Cartwright, head of Clive Cartwright and Associates, said he was awaiting the result of his application for an office license for the London-based accounting firm RSM International, for which his firm was the Indochina Representative. Cartwright said the RSM license was issued on 4 May, but it was held back to investigate his office. "I had been effectively operating on the basis of expecting the rep office license to be issued," he said, adding that the government did not understand the link between the two companies.

Amnesties pending

On 19 July, *Vietnam News Agency (VNA)* reported that the names of 2900 prisoners were being proposed for release to mark the 50th anniversary of Vietnam's National Day on 2 September. The list was presented to President Le Duc Anh for approval. "This is the second occasion this year that the State President has decided to grant special amnesty to prisoners who show repentance and desire to redeem their faults," VNA said. Earlier, 957 inmates were released to mark the 20th anniversary of the communist victory in 1975 [see *Digest*, 12 May].

Fair air fare

On 10 July, increases in air fares averaging 30% for Vietnamese went into effect on domestic routes. An official of the Vietnam Aviation Corp told *Saigon Giai Phong* that the increase was needed to pay for the rental of new aircraft, the improvement of passenger services, and increases in fuel prices. After the price hike, a Hanoi-HCMC round-trip fare rose to 1.6 million *dong* (US\$145), a 23% increase. However, on 17 July, the price increases were suspended, and Vietnam Airlines and Pacific Airlines were instructed to reimburse customers who paid the higher fares. Press reports said that the fare increases had not been fully approved, and that the increase was rescinded due to concerns over rising inflation.

Trade secrets

On 14 July, the *Saigon Newsreader* reported that the government has declared that trade and customs information is a state secret and cannot be released until specifically cleared for publication. The General Department of Statistics releases trade figures each month, but several publications in Vietnam include trade figures on a weekly basis. The *Saigon Newsreader* said traders "will have to operate in the dark" and said the new restrictions are a major setback to Vietnam's economic reforms.

CAMBODIA

Treng recaptured

On 18 July, *Xinhua* news agency reported that government troops recaptured Treng village on 16 July, which was overtaken by the Khmer Rouge on 4 July [see *Digest*, 7 Jul]. Citing provincial police sources, *Xinhua* said that 12 government soldiers were killed, and that the Khmer Rouge seized more than 300 guns and 350,000 rounds of ammunition during the fighting.

Washington embassy opens

On 20 July, Cambodian Ambassador to the US Var Huoth officially reopened the Cambodian Embassy in Washington. The building, located on 16th Street, NW, was purchased by Cambodia's government after diplomatic relations were established in 1954, but was closed in 1975. US Assistant Secretary of State Winston Lord attended the ceremony. "I pledge to you on behalf of the American people and government, the continued support of the United States," he said. The US reopened its embassy in Phnom Penh in September 1993.

Rainsy's bodyguards detained

Four body guards of Sam Rainsy were arrested on 13 July and detained for 24 hours, and allegedly beaten by military investigators who accused them of being Khmer Rouge sympathizers. Currently in Europe, Rainsy is the former finance minister and former member of the National Assembly, and an outspoken critic of the government. "Four of our bodyguards were arrested, detained for 24 hours, hit, and forced to make confessions," said Tioulong Saumara, Rainsy's wife. One of the body guards said he was hit with the butt of a rifle, and believed the detention was an attempt to intimidate the bodyguards into quitting. Another said he was accused of coming to Phnom Penh to "buy weapons, ammunition, and uniforms for the Khmer Rouge, and hiding seven Khmer Rouge in Phnom Penh." The Ministry of Defense confirmed that the arrests took place, but denied that the four were ill-treated or that the arrests were linked to Rainsy.

Foreign ministers visit

◆ **Singapore** - Singapore's Minister for Law and Foreign Affairs Shanmugam Jayakumar visited Cambodia on 18-20 July at the invitation of Cambodia's Foreign Minister Ung Huot. The visit, aimed at promoting trade and economic relations, included meetings with senior government officials, and a visit to Angkor Wat on 19 July. Jayakumar pledged that Singapore would continue to support Cambodia, especially in the fields of human resources development and investment.

◆ **Laos** - Lao Foreign Minister Somsavat Lengsavad visited Cambodia on 14-17 July at the invitation of Cambodia's Foreign Minister Ung Huot. During the visit, the two countries signed agreements on border issues and tourism. They also discussed plans for a hydroelectric power plant on the Mekong River, and construction of a highway to connect Phnom Penh with Vientiane.

Press law's final passage

On 18 July, the National Assembly completed passage of a controversial press law by a vote of 90-4 [see *Digest*, 4 Jul]. The law has raised concerns among human rights groups that it can easily be used to put journalists in prison, and may suppress a free and open media. Article 12 of the law provides for fines and imprisonment for publishing material affecting "national security and political stability." The president of the Khmer Journalists Association said: "I would like the Royal Government to discuss the meaning of the terms political stability and national security." Another provision of the law is Article 20, which states that "no one shall be arrested or jailed for expressions or opinions."



Updates

- ◆ **ADB loan** - On 19 July, the Asian Development Bank (ADB) signed a memorandum of understanding with Cambodia to provide a US\$25.2 million loan to improve rural infrastructure. According to the Cambodian finance ministry, the 40-year interest-free loan will be used to improve rural roads, markets, civil works, and government services in six eastern provinces. Further loan negotiations will be held at the ADB headquarters in Manila next month, to receive an initial installment of US\$1.5 million.
- ◆ **Chinese demining assistance** - On 10 July, China signed an agreement to provide mine-clearing equipment to Cambodia, including TNT explosives, electronic detonators, multiple mine detectors, and demolition equipment. China also offered to help train ten mine-sweeping technicians for the Cambodian armed forces. The agreement follows a pledge by Chinese Vice Foreign Minister Tang Jiaxuan to assist with demining efforts when he visited Phnom Penh in March [see *Digest*, 17 Mar].
- ◆ **Malaysian military assistance** - On 17 July, a group of 71 military personnel left for Malaysia for three months of military training. Malaysia's ambassador to Cambodia said that the tour will enable the trainees to share Malaysia's experience "in the area of basic soldiering, military discipline and professionalism, as well as military-civilian relations in a democratic society," adding that "these 71 soldiers are not going for combat training."
- ◆ **Hijacked ship released** - On 13 July, China released a Panamanian-registered cargo ship, following intervention by the Cambodian government. The ship was seized on 24 June while travelling from Singapore to Cambodia and taken to Shen Wei, China [see *Digest*, 30 Jun].

◆ **Bankrupt hotel** - On 17 July, Phnom Penh's Vice-Mayor Khov Meng Hean told *Reuters News Agency* that the Monorom, one of Cambodia's best known hotels, has gone bankrupt with more than US\$165,000 rent due. The current management took up a lease contract on the 65-room hotel in 1990 to take advantage of the arrival of the 22,000 UN peacekeeping forces. However, since the departure of the large UN contingent, the hotel has fallen on hard times. Hean said the city will start to look for new investors.

◆ **Dengue fever outbreak** - Cambodia is experiencing its most severe outbreak of Dengue Hemorrhagic Fever since 1990. The Ministry of Health said that, as of 10 July, 2888 cases have been reported, including 142 deaths. The most seriously affected areas include Phnom Penh, Kandal, Battambang, and Kompong Speu.

REFUGEES

Hong Kong jailbreak

A group of about 90 Vietnamese boat people broke out of the High Island Detention Center early in the morning of 16 July by cutting through a barbed wire fence. Sniffer dogs and helicopters were used to search the area. Government authorities were able to round up about 20 escapees.

Malaysian relief

On 20 July, Malaysian authorities dropped all charges against 20 Vietnamese boat people who were arrested outside the Sungai Besi camp on 5 June [see *Digest*, 9 Jun]. The Vietnamese had been charged with rioting and being illegally armed.

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