



Indochina

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REGION

Vietnam joins ASEAN

At a ceremony held in Brunei on 28 July, Vietnam became the seventh member of ASEAN member. In a speech at the ceremony, Vietnamese Foreign Minister Nguyen Manh Cam said Vietnam's joining the organization is an "important event of historic significance," which will become a "new factor in the development of economic and trade cooperation in the region." Vietnam is the first Communist member of the regional club, which was originally aimed at economic development. Observers note that Vietnam's entry can strengthen ASEAN's economic power, diplomatic clout, and military might in dealing with other countries. Vietnam's membership in ASEAN also makes it more likely that the dispute over the Spratly Islands can be negotiated on a multilateral basis.

However, there remain some difficulties before Vietnam can be fully integrated into ASEAN, which include the cutting of tariffs agreed upon by the ASEAN Free Trade Area (AFTA). ASEAN officials will allow Vietnam ten years from next January to lower tariffs to less than 5%, while the rest of ASEAN agreed to phase in the low tariffs by 2003. ASEAN has also agreed to allow Vietnam to present a detailed timetable for its tariff reduction program at the ASEAN summit meeting in Bangkok in December.

◆ **Cambodia observer status** - On 28 July, Cambodia signed ASEAN's Treaty of Amity and Cooperation, acquiring official observer status in ASEAN. Burma also signed the treaty on 27 July.

◆ **Schedule of meetings** - The ASEAN Ministerial Meeting, consisting of the foreign ministers of the ASEAN states, is being held from 29-31 July. The ASEAN Regional Forum (ARF), which includes representatives from other nations, will be held on 1 August. The ASEAN post-ministerial conference will be held from 2-3 August.

TRADE/INVESTMENT

Coke venture in southern Vietnam

On 26 July, the Coca-Cola Co announced that it has signed a US\$48.8 million joint venture agreement between Coca-Cola Indochina and the Chuong Duong Beverage Co in HCMC. Coca-Cola Indochina is a joint venture between F&N Coca-Cola Pte Ltd of Singapore (which is 25% owned by the Coca-Cola Co) and Thai Pure Drinks Ltd of Thailand (which is 40% owned by the Coca-Cola Co). The new agreement replaces a previous US\$24.5 million agreement

that never gained government approval [see *Digest*, 8 Jul 94]. Under the new agreement, Coca-Cola Indochina will buy the total assets of the Pacific Beverage Co, and put those assets in the joint venture. The Coca-Cola Co expects swift government approval of the project, which will quadruple its production capacity in southern Vietnam. A Coca-Cola spokeswoman in Atlanta said the company plans to invest US\$100 million during the next five years to develop the Vietnam market.

Two Japan firms scrap Vietnam plans

Japan's major supermarket operator Seiyu Ltd. and the electric furnace steel maker Toa Steel Co Ltd recently announced that they are withdrawing from planned Vietnam ventures due to the complicated investment procedures encountered by foreign firms. Seiyu had agreed with the Vietnam National Agricultural Produce Import-Export Corp to form a joint venture to open a supermarket in central Hanoi, with a US\$500,000 investment [see *Digest*, 8 Jul 94]. However, in March, the Vietnamese firm told Seiyu that the investment would be too small for a shop in the center of the city and therefore wanted to cancel the agreement. Toa gave up plans to make construction materials in Vietnam after being told by the government that the equipment that it was planning to use was too old. Toa wanted to build a US\$100 million electric furnace steel plant capable of producing 800,000 tons of steel a year in northern Vietnam. Toa planned to bring equipment now in use in Tokyo but Vietnam wanted new equipment.

Vietnam updates

◆ **Mitsubishi oil find** - On 26 July, Japan's Mitsubishi Oil Co Ltd announced that its third wildcat well in offshore oil block 15-2 resulted in a crude oil and condensate flow of 1100 barrels per day, and natural gas of eight million cubic feet per day [see *Digest*, 7 Jul].

◆ **Royal Dutch Shell lubricant plant** - On 27 July, *Hanoi Moi* reported that the Royal Dutch Shell Group formed a joint venture with PetroVietnam and the Dong Nai Mekong Trading Co Ltd to build a lubricant blending plant in Dong Nai province. The Vietnamese partners will initially hold a 40% share in the US\$10.6 million venture, a share that will increase to 49% after five years. The plant, which still requires government approval, will have an annual capacity of 25,000 tons.

◆ **Sembawang oil platform** - On 27 July, Singapore's Sembawang Corp Ltd announced that it has delivered phase one of an oil extracting water injection platform to the Vietnamese-Russian joint venture Vietsovpetro, to be used in the *Bach Ho* (White Tiger) field. The US\$100 million agreement provides for a platform that will have the capacity to inject 40,000 tons of water per day.



◆ **Nomura rep office** - A spokesman for Japan's Nomura Securities Co Ltd said that on 26 July, the company received informal approval to open its representative office in Hanoi. If approved, Nomura will become the first Japanese brokerage firm to open a Vietnam office. The spokesman said the approval was in relation to Vietnam's plan to open a stock exchange.

◆ **Bayer to purchase plant** - On 28 July, *Vietnam News* reported that the German pharmaceutical company Bayer AG plans to buy Agritech Saigon, a 100% Australian-owned animal health products company. Agritech specializes in pre-mixes, injections and solutions for animals, and is building a US\$1 million plant in Song Be.

◆ **Third T-bill auction** - On 21 July, Vietnam held its third auction of treasury bills totalling 50 billion dong (US\$4.5 million). The winning interest rate was 17.5% per year. There were 19 registered bidders for the auction, including two state-run commercial banks, two insurance companies and a number of joint-stock commercial banks. Thirteen of the bidders were successful.

VIETNAM

Russian foreign minister visits

Russian Foreign Minister Andrei Kozyrev visited Vietnam on 27-28 July prior to attending the ASEAN post-ministerial meeting in Brunei. Kozyrev met with President Le Duc Anh and held talks with his Vietnamese counterpart, Foreign Minister Nguyen Manh Cam. Kozyrev reconfirmed Russia's continued cooperation with Vietnam in economic, scientific, cultural, and military fields in conformance with a package of bilateral agreements signed last year. Citing Russian foreign ministry sources, *Itar Tass* news agency reported that the two sides agreed to preserve the Russian military base at Cam Ranh Bay at least until 2004, when a Vietnam-USSR treaty on the base expires.

Taiwan minister visits

On 26 July, Taiwan's Economic Affairs Minister Chiang Pin-kung began a six-day visit to Vietnam to discuss economic matters, including a comprehensive agreement to remove trade and investment barriers. The minister was accompanied by a delegation of more than 80 members, including many business executives. On 28 July, the minister attended a meeting of the Vietnam-Taiwan Joint Business Council in Hanoi.

German pact signed

On 21 July in Berlin, German Interior Minister Manfred Kanther and Vietnamese Deputy Foreign Minister Nguyen Dy Nien formally signed an agreement on German aid and the repatriation of 40,000 Vietnamese illegally living in Germany [see *Digest*, 7 Jul 95]. Under the accord, half of the Vietnamese will be sent back by 1998, while Germany will provide 25 million marks (US\$18 million) for the integration of these people and another 75 million marks (US\$54 million) for education and development projects.

Nuclear power plant

The Vietnamese government is studying several proposals submitted by the Ministry of Energy and the Ministry of Science, Technology and Environment to build the country's first nuclear power plant. Vietnam does have a nuclear reactor located in Dalat, which is mainly used for scientific research and for the production of radioactive materials. A number of countries have shown that they are prepared to help build the project.

Kiet on rural and urban development

◆ **Land use** - On 22 July, the *Vietnam Investment Review* reported that Prime Minister Vo van Kiet has relaxed the ban on building factories in rice paddies [see *Digests* 24 Mar & 12 May]. Kiet approved a request of Hanoi city officials to set aside 15,585 acres of farmland around the city for large investment projects, infrastructure development, and high-technology projects. The decision could help investment plans of the Ford Motor Co and Toyota Motor Co to build car assembly lines plants. After issuing the decision in March, Kiet said he would consider approving "special cases."

◆ **Urban eyesores** - On 27 July, *Vietnam News* quoted Prime Minister Kiet as telling a seminar in HCMC that "the construction of many residential and office buildings with bad designs have made many parts of [Vietnam's] cities an eyesore." Kiet called for stricter monitoring of urban development, citing rapid urbanization as destroying the colonial elegance of several cities, and also causing inflationary land prices, inappropriate land use, illegal construction and increasing environmental problems.

Economic indicators

◆ **Inflation** - In July, consumer prices rose 20.1% against Dec 1994, according to figures released by the General Statistics Office. Prices of cereals increased by 41.7% compared to levels of a year ago. Food prices rose by 0.2% in comparison with June, while the prices for construction materials fell by 2.3% compared since May. The figures indicate that the year on year price index for foodstuffs rose by 32.8%.

◆ **Unemployment** - On 22 July, *Xinhua* news agency reported that latest official statistics indicate that unemployment in cities is 6%, while underemployment in rural areas is between 30% and 35%. About 18,000 day laborers from the countryside are in Hanoi looking for work. The government has spent US\$652 million in the past three years to fight unemployment. Vietnam has a work force of 40 million which is growing at a rate of 3% annually.

◆ **Rural electricity** - On 19 July, *Xinhua* news agency reported that 52% or 6.3 million rural families have access to electric power. The percentage in rural areas of the Red River Delta is much higher, at 92%, raising the farmers' standard of living and strengthening agriculture infrastructure.

◆ **Teacher shortage** - On 9 July, *Xinhua* news agency reported that the shortage of teachers rose to 60,000 in 1994, up from 40,000 in 1993, causing a decline in the quality of education. Official statistics for 1992 indicate that while only 8.8% of the population is illiterate, 49.9% of the population failed to complete primary school. Only 6% completed secondary education, and only 1% graduated from the tertiary institutions of learning.



CAMBODIA

Khmer Rouge retake stronghold

On July 22, about 230 Khmer Rouge guerrillas retook a key guerrilla stronghold, Kla Ngab, in northwestern Cambodia, after driving off government troops which captured Kla Ngab earlier this month. Information Ministry spokesman Leng Sochea said that government troops withdrew four kilometers to the west, and would soon launch a counterattack. Kla Ngab forms part of the outer ring of the Khmer Rouge's base main military command center at Phnom Malai, 20 km (12 miles) away. On July 27, a Khmer Rouge's artillery shell killed three civilians and wounded five at the border town of Poipet, about 12 miles north of Poipet.

Hostage killer sentenced

On 24 July in Sihanoukville, former Khmer Rouge guerrilla Chuon Mean was sentenced to 15 years in jail for his role in last year's murder of three Westerners. Three other rebels were sentenced in absentia for terms ranging from 16 to 20 years, including commander Sam Bo, who was charged with having given the execution order. Mean's defense argued that he just followed the orders, and that if Mean and other rebels refused Sam Bo's orders to shoot the captives, they themselves would have been shot.

Mean confessed to the murder of Australian Kellie Wilkinson, 24, and British citizens Dominic Chappell, 25, and Tina Domininy, 24. The three were taken hostage on 11 April 1994, and were shot the following morning. Relatives and foreign embassy officials were satisfied with the sentence. In Canberra, Foreign Minister Gareth Evans said Australia was "pleased that justice has begun to be done."

Press updates

◆ **Press institute** - On 24 July, Cambodia inaugurated the Cambodian Communication Institute. The institute was set up with a US\$500,000 grant from the Danish government agency Danida, US\$200,000 from the French government, and smaller contributions from Australia and the US. Second Prime Minister Hun Sen gave an inaugural address, saying: "I think the press can take part in improving our people living conditions. I therefore would like to put a very important value this institution which we are inaugurating now."

◆ **Journalists' conferences** - On 24 July, Information Minister Leng Mouly told a five-day meeting of international journalists from 19 countries that Phnom Penh was committed to upholding freedom of speech despite the country's controversial press law. The meeting was organized by the Brussels-based International Federation of Journalists (IFJ) and hosted by the Khmer Journalist Association. On the same day, Secretary of State for Information Khieu Kanharith told a separate meeting of a breakaway pro-government media group, the League of Cambodian Journalists (LCJ), that the government retained the right to close newspapers guilty of writing articles which affect national security and political stability.

◆ **Fund for legal defense** - On July 27, the International Federation of Journalists launched a legal defense fund to assist Cambodian journalists who could face jail terms under the country's new press law. The US\$6,000 fund was pledged following the four-day on the IFJ's conference which ended today in Phnom Penh. The conference participants said that the fund will be later extended to a wider Asian region, and was needed because of an increasing threats and violence against journalists.

Aid updates

◆ **ADB grant** - On 23 July, the Asian Development Bank (ADB) announced that it approved a US\$2.6 million technical grant for Cambodia, the majority of which to be used to rehabilitate transportation infrastructure. Of the US\$2.6 million, US\$1.6 million would go for transportation, US\$400,000 to project management and coordination, US\$340,000 to agriculture, and US\$240,000 to education. The Cambodian government will provide US\$100,000 in the form of office space, staff and facilities.

◆ **WFP rice** - On July 19, the World Food Program (WFP) started transporting 250 tons of rice for displaced Cambodians from Thailand to northwestern Cambodia, after a two-week delay due to intense fighting between government troops and Khmer Rouge guerrillas near the Thai-Cambodian border. WFP began transporting rice donated by Germany, Sweden, and Switzerland, from Thailand to Si Sophon on July 4 to feed 70,000 displaced people facing acute food shortages in temporary camps in Pursat, Battambang and Banteay Meanchey provinces.

◆ **Japan religious aid** - On July 19, Cambodia's Ministry of Cults and Religion received a grant of US\$500,000 from a Japanese religious body, Risho Koseikai. Chhorn Iem, undersecretary of State for Religious Affairs said the fund will be used to build a library for Buddhist monks and nuns.

Soccer diplomacy

On 16 July, China's Shenzhen soccer team arrived in Phnom Penh for friendly matches with Cambodian national squad, the first international match played in Cambodia for nearly three decades. The matches offered Cambodians team an opportunity to warm up for the Southeast Asian games which will take place in Thailand in December. China won matches on 20 July by a score of 1-0, and on 22 July by a score of 5-1.

REFUGEES

Second Hong Kong breakout

On 26 July, 23 Vietnamese boat people escaped from the Green Island Detention Center. Three escapees never got off the island, while a fourth was detained in Hong Kong harbor by marine police. Seven were quickly picked up by police in Hong Kong's western district, but 12 remained at large. Earlier, 90 Vietnamese escaped from the High Island Detention Center [see *Digest*, 21 Jul]. Only 79 of the escapees are accounted for, including a 17 year old youth who apparently drowned soon after escaping.

**LAOS****Environmental hearing**

In September, the Lao government will hold a public hearing, to coincide with the official release of the Environmental Impact Assessment (EIA) on the environmental and social impact of a large hydropower project. Laos is planning to build the Nam Theun II dam on the Theun River in Borikhamsay province. The hearing is the first of its kind to be held in Laos on the US\$1.2 billion dam funded by an International Consortium including Transfield Australia, Electricite de France, several Thai concerns and the Laotian government. Jan Mattson, representative in Laos of the U.N. Development Program (UNDP), said the government agreed to allow free and full reporting of the proceedings and to make the final EIA available to all parties concerned. "It will be an opportunity for people and organizations interested in the issues to discuss the EIA with government decision makers before they make their final decision," Mattson said.

US POLICY**From the House hopper**

◆**Anti-normalization legislation** - On 26 July, the House of Representatives passed legislation to bar funds to increase the US diplomatic presence in Vietnam, as part of the Commerce, Justice, and State Appropriations bill (HR 2706). The amendment, introduced by Representative Bob Barr (R-GA), passed by a voice vote. The Barr amendment states that

no funds may be made available for opening or operating any US diplomatic or consular post, expanding any post, or increasing the number of personnel above the levels existing on 11 July, the day President Clinton announced the normalization of relations with Vietnam. Administration officials oppose the House effort to interfere with the conduct of foreign policy. On 27 July, Assistant Secretary of State Winston Lord said: "If one is concerned about the families and getting information on missing in action, this does not promote that objective. We believe that with an embassy and a fuller staff, we can promote all our objectives, and the highest priority, one of the president's, namely, getting more information on the missing in action." Stanley Roth of the National Security Council said: "Obviously we would strenuously oppose any legislative effort to restrict the president's authority to carry out the foreign policy of the country." The legislation now has to go to the Senate.

◆**Refugee hearings** - Representative Christopher H. Smith, Chairman of the Subcommittee on International Operations and Human Rights of the House International Relations Committee, held hearings on 25 and 27 July on the issue of Indochinese Refugees. On 25 July, Assistant Secretary of State Phyllis Oakley testified that in general, the screening process for the boat people had been fair and that repatriated boat people had not been persecuted. "Has the screening process been perfect? No," Oakley said. "Has it been generally fair and in accordance with internationally recognized standards? Yes." Oakley acknowledged that there were some incidents of corruption. Witnesses from the private sector testified that the screening process was flawed. Attorney Dan Wolf, who investigated the Hong Kong camps, said the process was "a mockery of justice." The hearings were held as a follow-up to legislation introduced by Rep. Smith calling for a rescreening of the refugees, which was passed as part of the foreign affairs bill [see *Digest*, 9 Jun].

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