



Indochina

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TRADE/INVESTMENT

Vietnam updates

◆ **IFC funding** - On 11 August, the International Finance Corp (IFC) of the World Bank announced that it has approved two financing packages for Vietnam worth US\$26 million. The IFC approved a US\$15 million loan for a steel rolling mill near Vung Tau. Investors in Vina Kyoei Steel Ltd include the Vietnam Steel Corp and three Japanese firms, Kyoei Steel Ltd, Mitsui & Co Ltd, and Itochu Corp. The total cost of the steel plant is US\$70 million. The IFC also approved a US\$11 million loan for the Vimaflour plant in northern Vietnam. Vimaflour is a joint venture between Malaysia's Malayan Flour Mills (70%) and the Vietnam Central Food Corp (30%).

◆ **July stats** - Vietnam issued 42 foreign investment project licenses worth US\$1.108 billion in July, the highest level in any single month period since Vietnam passed its liberal foreign investment law in 1987. Vietnam's trade deficit continued to grow in July, with exports totalling US\$363.3 million (a 37.7% increase over July 1994), and imports totalling US\$548 million (a 48.7% increase over 1994). During the first seven months of 1995, exports totalled US\$2.603 billion while imports totalled US\$3.351 billion, making the cumulative trade deficit US\$748 million.

◆ **4th T-bill auction** - On 10 August, Vietnam held its fourth treasury bill sale, auctioning 60 billion *dong* (US\$5.4 million) worth of domestic treasury bills. The annual interest rate for the bills was 17.2%, with eight successful companies out of 17 bidders. Earlier auctions were held in June and July [see *Digests*, 28 Jul, 9 & 23 Jun].

◆ **Hong Kong hotel deal** - On 4 August, Hong Kong's Mandarin Oriental International, an affiliate of Jardine Matheson Holdings Ltd, announced that it signed a letter of intent on a hotel development project in HCMC. The hotel is scheduled to open in August 1996, and will be part of the Saigon Center, an office, residence, and shopping complex. Mandarin will manage the US\$66 million, 250-room hotel, and hold a 53% stake in the project. Other joint venture partners include Vietnam's Waterborne Transport Co II and the Housing Management & Trading Co, Hong Kong's First Pacific Land Ltd, and Singapore's Straits Steamship Land.

Thailand's Indochina fund

On 4 August, Bank of Thailand Governor Vijit Supinit said that Thailand plans to send up a five billion baht (US\$200 million) fund to provide inexpensive loans to Cambodia, Laos, and Vietnam for development projects. "Half of the funds will be raised from the treasury reserve while the rest will come from the government budget," Vijit said.

VIETNAM

Warren Christopher visits

US Secretary of State Warren Christopher paid a two-day visit to Hanoi on 5-6 August, arriving exactly 31 years after the US began bombing North Vietnam in 1964. Christopher is the first US Secretary of State to visit Hanoi, and the first to visit Vietnam in 25 years. Upon his arrival, Christopher presided over a ceremony for the repatriation of four caskets containing what are believed to be the remains of missing US servicemen. "Closer engagement is in America's interest, first and foremost to achieve the fullest possible accounting [of US MIAs], but also because Vietnam is a vibrant country in a region of great importance to the US," Christopher said. He later met with Communist Party Secretary-General Do Muoi, President Le Duc Anh, Prime Minister Vo van Kiet, and Foreign Minister Nguyen Manh Cam.

On 6 August, Christopher attended a ceremony for the opening of the US Embassy in Hanoi. "By helping to bring Vietnam into the community of nations, normalization also serves our interests in working for a free and peaceful Vietnam in a stable and peaceful Asia," Christopher said.

In a speech before a group of 300 students, Christopher called on Vietnam to permit a political system in which "efficiency, hard work, and imagination are rewarded," and "courts provide due process and newspapers are free to expose corruption." Christopher said: "Each of you ought to have the right to help shape your country's destiny, as well as your own." Christopher told the audience that Vietnamese-Americans can help build better relations: "The one million people of Vietnamese origin who now live in the United States can also be a bridge for reconciliation and cooperation between our two countries." On reforms, Christopher said: "I would ask you to look at economic reform as a passage over a ravine: You cannot do it by taking several little steps; only one giant leap will get you across." Responding to Christopher's speech on 7 August, Foreign Minister Cam said: "We will carry out reforms at the highest speed we can in conformity with the specific conditions of Vietnamese society. All the liberties and all the freedoms of individuals are clearly guaranteed in our constitution, and, in reality, all these rights are observed."

The Secretary also met with American businessmen, and discussed plans to send a delegation to Hanoi in September to begin negotiations on a bilateral trade agreement. The US is the sixth largest foreign investor in Vietnam, with projects worth US\$700 million. US exports in 1995's first quarter were US\$37 million, and imports were US\$64 million. Vietnam was included in the list of the world's most promising "emerging markets" for US business announced by the US Department of Commerce in July.



Washington embassy opened

On 5 August, Vietnam held a ceremony to mark the opening of its embassy on R Street in northwest Washington, DC. Kent Weidemann of the US Department of State attended the ceremony. Until the renovation work on the R Street building is complete, the Chancery will continue to be located at 1233 20th Street, NW.

Updates

◆ **ASEAN pacts approved** - On 9 August, the National Assembly approved the country's adoption of an ASEAN tariff agreement and an ASEAN Free Trade Area (AFTA) pact. The National Assembly assigned a task force to plan a specific program of action to implement the two documents.

◆ **Inflation curbs** - In an interview published by *Saigon Giai Phong* on 8 August, State Bank Governor Cao Si Kiem said Vietnam will adopt stricter measures including "keeping a tight rein on the budget, punishing all government agencies that artificially create inflated prices and temporarily (stopping the use) of *dong* to buy foreign currencies," in order to cope with a growing inflation problem. The consumer price index rose by 11.4% during the first half of 1995. However, in July, Vietnam suffered no price rises on goods and services. Food prices dropped by 2.6% as a result of a bumper harvest and construction materials fell by 2.3%.

◆ **Japanese aid** - On 11 August, the Japanese foreign ministry announced that it will provide Vietnam with three billion yen (US\$32 million) in grant-in-aid to help restructure its economy and cope with its debt. The "non-project grant assistance" was in response to a Vietnamese government request for assistance in dealing with unemployment and the current account deficit.

◆ **Dutch debt clearing help** - Dutch bank ING is holding talks with the Ministry of Finance to help clear approximately US\$50 million of the country's debt, proposing a debt swap arrangement. "It's non-London club and non-Paris club debt that eventually could be swapped," ING's country manager Juerg Vontobel said. Vietnam is negotiating with the London club, an informal group of commercial banks dealing with loan problems, to clear roughly US\$700 million in commercial arrears.

◆ **German crime-fighting deal** - On 10 August, Vietnam and Germany signed an agreement to fight organized crime. Vietnam will send officers to Germany to help investigate Vietnamese crime suspects. Germany said that in 1994, 14,296 Vietnamese were under criminal investigation, mainly for street-peddling smuggled cigarettes.

◆ **Stock market ventures** - On 4 August, the *Vietnam News* reported that Vietnam is considering allowing foreign securities companies to establish ventures with Vietnamese partners. "To draw on the business management experience of foreign companies, it is proposed that foreign securities companies be allowed to establish representatives offices in Vietnam, and that securities joint ventures be considered," Deputy Finance Minister Nguyen Sing Hung said.

◆ **Dengue fever** - An outbreak of dengue fever in southern Vietnam has killed 30 people, including 17 children. Newspapers reported that 5536 people in HCMC, Ben Tre province, and Ba Ria-Vung Tau were infected by the disease, which is carried by mosquitos.

CAMBODIA

Vietnam President visits

On 8 August, Vietnamese President General Le Duc Anh arrived in Phnom Penh for a two-day visit, and met with King Norodom Sihanouk, First Prime Minister Norodom Ranariddh, Second Prime Minister Hun Sen, and Chea Sim, president of the National Assembly. Sihanouk accepted Anh's invitation to visit Vietnam later this year. Anh laid wreathes at the Independence Monument and the Cambodia-Vietnam Friendship Monument, commemorating those who died in Cambodia's civil war after 1978.

The two countries pledge to resolve disputes over their common border. Foreign Minister Ung Huot said that the two countries have established a Joint Commission, which will meet every three months beginning on 9 September. Huot also said that Phnom Penh will host a meeting in October to try to resolve the issues of 3600 ethnic Vietnamese on the border who tried to flee Khmer Rouge terror tactics in 1993.

In late July, First Prime Minister Norodom Ranariddh paid a private visit to Vietnam, with stops in HCMC and Dalat. Ranariddh was accompanied by his wife and several ministers and state secretaries. On 27 July, Ranariddh met with Vietnamese Prime Minister Vo van Kiet in Dalat.

American's killers convicted

On 8 August, four Khmer Rouge guerrillas were sentenced to prison terms for murdering American tourist Susan Ginsberg Hadden and her guide, and wounding her husband, while they were visiting Angkor Wat temple last January [see *Digest*, 20 Jan]. Two of the guerrillas, Khang Choeun and Sok Kfok, were convicted of premeditated murder, robbery, and being members of the outlawed Khmer Rouge, and were sentenced to 18 and 15 years in prison, respectively. Two others, who escaped from jail in April, were sentenced in absentia to 20-years prison terms. Three others charged with the murder were acquitted.

Ranariddh demeans democracy

In a statement dated 3 August that was just released, First Prime Minister Prince Norodom Ranariddh said Cambodia is not yet ready for Western-style democracy. "It is easy to preach or advocate democracy when one is living comfortably in a fully air-conditioned villa or mansion. But what about the rural poor people. To them, and there are millions like them in Cambodia, democracy is just a phrase to be talked about in idle gossip. It does not ensure food for their stomach nor an end to their plight," Ranariddh said. "Democracy means food for the people's stomach, shelter, education, medical facilities and basic amenities and the freedom to express and move freely. This is democracy in the Cambodian sense. It is ludicrous that there are suggestions of Cambodia being undemocratic when these very derogatory people sit in comfortable studios in London, Paris or New York and talk about absence of democracy or human rights when they have hardly set foot in the most remote commune in the country."



BLDP members expelled

On 5 August, six members of the Buddhist Liberal Democratic Party (BLDP) were expelled from the party, included four members of the National Assembly: Son Sann, Son Soubert, Kem Sokha and Keat Sokun. "We want to promote more reconciliation with the ruling parties and reduce dissent in parliament," said Information Minister Ieng Mouly, who was elected as BLDP president on 9 July [see *Digest*, 14 Jul]. "Our opposing faction have sent a message outside of Cambodia, saying there is no respect of human rights here and my faction believes human rights abuses should be dealt within Cambodia." It is not clear whether the expulsion of the four parliamentarians from the BLDP automatically prevents them from retaining their seats in the National Assembly. A BLDP official said that the party will request the four members be removed from the National Assembly.

Legislator commits suicide

On August 8, Meas Chanleap, a member of the National Assembly and the Buddhist Liberal Democratic Party (BLDP) shot himself in the mailroom of the National Assembly building. There were no witnesses to the incident, and police would not speculate on a motive for the suicide. A BLDP member said two letters were found with the deceased, addressed to former BLDP president Son Sann and Ieng Mouly asking the two for a reconciliation.

UN human rights representative visits

Michael Kirby, UN Special Representative for Human Rights arrived in Cambodia on August 5 to assess what he referred to as "worrying developments." Kirby promised a thorough investigation of the legality of the recent expulsion of former finance minister Sam Rainsy. In addition, Kirby said he will be examining a new press law, a proposed new law dealing with illegal immigrants, and the fate of 2000 ethnic Vietnamese stranded at the Chrey Thom river border for more than two years. He said, "These are worrying developments and it will be my task in the next 12 months to explore these issues," he said. "I am going to be concentrating on some areas I haven't looked at before, for example children's rights, and I am going to look at that issue very closely."

IFI updates

◆ **World Bank** - On 9 August, Cambodia signed US\$40 million World Bank concessional loan to renovate Phnom Penh's distribution system and to strengthen development of Cambodia's power sector. The loan will also be used to install 100 km of 22 kv overhead and underground power lines, 300 km of low voltage lines, distribution transformers, and 40,000 consumer connections. The loan will also be used to fund environmental and safety upgrades at the city's existing power-generating plants.

◆ **ADB** - On 10 August 10, Finance Minister Keat Chhon announced that the Asian Development Bank (ADB) agreed to provide funding of US\$75 million per year for 1996 and 1997. The ADB will also provide two loans totaling US\$45.2

million for a Basic Skills Project (US\$20 million) and a Rural Infrastructure Improvement (US\$25.2 million). Currently, ADB provides technical assistance for projects and institutional strengthening programs worth US\$8 million per year. An agreement was also reached for the ADB to help establish a think-tank for strategic planning to formulate long-term development strategies for Cambodia.

Updates

◆ River Port Project

Work at a rehabilitation project for Phnom Penh's second major river port, Neak Luong, will begin soon. Neak Luong is located 38 miles southeast of the capital city. Dezeure Jaques, Project Manager of the Mekong River Commission's secretariat in Bangkok, said that the US\$20 million Danish-funded rehabilitation project will renovate the river port and its ferries, and will include two new ferries.

◆ **Army reductions** - On 26 July, Second Prime Minister Hun Sen told visiting German Member of the Reichstag Christian Ruch that Cambodia plans to reduce its armed forces from 130,000 to 90,000 by 1997 and to 60,000 by 2000. Hun Sen added, however, that the reduction had to be done in accordance with the country's security situation.

◆ **Africans jailed** - On 31 July, three Africans were sentenced to jail terms by a Cambodian court after being found guilty of heroin trafficking. A Nigerian received a ten year sentence, while two others from Zaire and Ghana each received five year sentences. They were arrested last December with almost four kg (8.8 lb) of white powder, which was found to contain just eight gm (0.28 oz) of heroin when analyzed at a US laboratory. The convicted smugglers have two months to appeal the sentences.

◆ **Dengue fever deaths** - A health official in charge of an anti-dengue program said that at least 355 children had been affected and more than 40 children have died from dengue fever this year in Battambang and Kompong Cham. He added that dengue fever was on the rise because of the start of the rainy season and the lack of medicine. A press release by the Health Ministry on 25 July reported that by 10 July, the number of dengue fever cases was 2888, with 142 deaths [see *Digest*, 21 Jul].

◆ **AIDS deaths** - On 26 July, *Rasmei Kampuchea* reported that two of five Cambodian babies infected with the HIV virus at Phnom Penh infant center had died. The paper quoted official sources as saying that between 5000 and 7000 Cambodians are believed to be HIV-positive. It also quoted medical sources estimating that 10% to 40% of Cambodia's estimated 30,000 prostitutes are infected with HIV virus.

◆ **Lao parliamentary delegation** - On 24 July, a 23-member delegation of Laotian lawmakers arrived in Cambodia for a four-day official visit, headed by Saman Vinhaket, president of the National Assembly. A senior Cambodian parliamentary official said that the main purpose of the visit was to strengthen and expand cooperation between the two national assemblies and to exchange views.

**REFUGEES****Malaysia melee**

Six Vietnamese boat people were injured on 10 August during a scuffle with Malaysian authorities at Sungei Besi camp near Kuala Lumpur. The Malaysian officials were trying to segregate the boat people into various groups in preparation for their repatriation by the end of August. Malaysia has set a deadline of 31 August to close down the camp. Thirteen Vietnamese were injured in an earlier outbreak of violence in June [see *Digest*, 9 Jun].

US POLICY**Thai-Khmer Rouge relations questioned**

Senator Craig Thomas, Republican chairman of the Senate's East Asia and Pacific Affairs Subcommittee, issued a statement in late July, claiming that Khmer Rouge timber sales to Thailand are funding the guerrillas' war. "Despite the campaign being mounted against [the Khmer Rouge], they still receive a steady flow of food, military supplies and currency, sufficient to pay their 10,000 to 20,000 militia. Therein lies the connection to the timber trade and Thai military. If this cross-border logging continues, the Khmer Rouge still have the money to buy food, medicines and weapon to continue the war," Thomas said. Thomas also noted that US law requires that the president "terminate assistance to any country or organization that he determines is cooperating, tactically or strategically, with the Khmer Rouge in their military operations." Thailand denies reports that the illegal trade is continuing. On 11 August,

Agriculture Minister Tao Seng Hour said that "Cambodia supports the US call to cut off Khmer Rouge supply lines." Seng Hour called on the US government to put pressure on US companies that buy timber from the KR in Thailand.

REGION**China-Philippines discuss Spratlys**

On 9-10 August, China and the Philippines held two days of talks on how to ease tensions and avert conflicts in the Spratly Islands. The seven-member Chinese delegation was led by Assistant Foreign Minister Wang Yingfan. Foreign Undersecretary Rodolfo Severino led the Philippine team. On 10 August, Severino said that the two sides agreed to adopt a "code of conduct" that enjoins both countries to "work together to promote peace and stability" and resolve their differences through "friendly consultations and negotiations." On 11 August, Serevino said that the code of conduct will be shared with ASEAN members. "I think we can give the assurance that we will undertake consultations with other claimants who are members of ASEAN," he said.

Mischievous fishermen

On 10 August, a lawyer for 62 Chinese fishermen arrested in disputed territory in the Spratly Islands last March [see *Digest*, 31 Mar] said that the fishermen pled guilty to the lesser charge of "malicious mischief" instead of illegal fishing. The hearing was held on 9 August at a court on Palawan island, where the Chinese have been held since their arrest. The minimum sentence for malicious mischief is six months in jail, and with the amount of time already served, the Chinese could be released next month.

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