



Indochina

Digest

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TRADE/INVESTMENT

Vietnam updates

◆ **Industrial zones** - On 24 August, American International Group (AIG) said that the prime minister's office has granted approval in principle for a 973 hectare (2404 acre) industrial zone on the Dinh Vu peninsula near Haiphong. AIG's partners in the US\$556 million venture are Belgium's International Port Engineering Co, Thailand's Ban Chang Regional Development Co, and the External Economic Committee of the Haiphong government. On 23 August, the *Vietnam News* reported that the HCMC government authorities have approved two new suburban industrial zones with a combined area of 865 acres for use by manufacturers. Vietnam is planning to build 11 industrial zones, and has granted licenses for two: a US\$120 million project also near Haiphong, and a US\$46 million project at the former US military base at Long Binh near HCMC.

◆ **Coal production** - On 23 August, the *Vietnam News* reported that Vietnam produced a record 4.2 million tons of coal during the first six months of 1995, and exported 1.7 million tons of coal this year. Countries importing Vietnamese coal include Japan, South Korea, and countries in Europe and South America. Vietnam exported 2 million tons of coal in 1994.

◆ **Crude production** - On 22 August, the *Vietnam News Agency (VNA)* reported that Vietnam produced 4.16 million tons of crude oil this year, and should reach its production target of 7.5 million tons in 1995. Vietnam produced seven million tons of oil last year. VNA also reported that during its first 100 days of operation, Vietnam's first offshore natural gas project pumped 83 million cubic meters of gas to the Ba Ria power station near Vung Tau.

◆ **Mobil buys crude** - On 19 August, Mobil Corp said that it has signed an agreement with oil trading firm Petechim to buy a cargo of 350,000 to 450,000 tons of crude oil. This is Mobil's second purchase of Vietnamese crude oil, the first was in June 1994 [see *Digest*, 1 Jul 94].

◆ **Beer increase** - On 20 August, Singapore's *Business Times* reported that Asia Pacific Breweries (APB) plans to triple its Vietnamese brewing capacity to 150 million liters per year. APB, a joint venture between Holland's Heineken and Singapore's Fraser and Neave, produces Heineken and Tiger beer at its HCMC plant, capturing about 10% of Vietnam's premium beer market. APB is expanding its joint venture with HCMC's Service of Commerce (Vietnam Breweries Co Ltd), and is planning to build a brewery in Hanoi. Vietnam Breweries Co Ltd recently announced an increase in its investment capital to boost beer production to 70 million liters by September [see *Digest*, 4 Aug].

◆ **Danang Hotel** - On 17 August, Australia's Accor Asia Pacific (AAPC) Ltd announced that ground was broken to begin construction of the Novotel Tourane Da Nang Hotel. The hotel is a joint venture between Australia's Leda Holdings Pty and Danang's local authorities, and will be managed by AAPC. The hotel is being built at the site of the former US consulate in Danang, and will retain the facade of the consulate and two villas constructed as a part of the former US compound.

◆ **Arthur Anderson licensed** - On 23 August, the Chicago-based accounting firm, Arthur Anderson Worldwide Organization (AAWO), announced it received a license from the State Committee for Cooperation and Investment (SCCI) to operate a wholly-owned firm in Vietnam. "Through our representative relationship in Vietnam since 1991 with Foreign Investment Service Co (FISC), we have built relationships at the ground level, which will enable us to advise clients and offer practical and strategic solutions more effectively. With the receipt of the license from SCCI, we will now be able to act faster and independently, while still working in alliance with local forms," an official with Arthur Anderson said. The company said it will continue to work with the Ministry of Finance on raising the level of accounting and auditing professionalism through training and recruitment of local accounting graduates.

◆ **Hong Kong tenants** - On 21 August, Hongkong Land announced that the Finnish Embassy will be a major tenant in its seven-story Central Building in Hanoi, which is scheduled to be completed in October. The Finnish Embassy will occupy about 10%, or 400 square meters, of the building. Hongkong Land, which is part of the Jardine group of companies, said over half of the building's office and retail space has been reserved.

◆ **Korean cement** - On 22 August, South Korea's Ssangyong Cement Industrial Co announced that it plans to build a US\$250 million cement factory in Hoanh Bo, 100 miles west of Hanoi. Ssangyong said it will cover 40% of the cost, with its two partners, Korea's Hanjung Co and Vietnam's Quang Ninh provincial government, sharing the remaining 60%. The plant will produce 1.53 million tons of cement per year.

◆ **Dutch decorations** - On 21 August, Holland's Akzo Nobel announced that it has acquired a 51% share in Sapina Denzo Saigon Co Ltd in HCMC. The company, specializing in decorative paints, was founded in 1992 as a joint venture between Thailand's Sapina Holding Corp Ltd and Vietnam's Housing and Construction Co of Phu-Nhuan. The company has 36 employees, with sales of US\$2 million in 1994.

◆ **ME airlinks** - On 19 August, Vietnam's Civil Aviation Administration signed an air transportation agreement with the Civil Aviation and Meteorology Department of Oman. Vietnam Airlines currently flies to Dubai, and signed an agreement earlier this year to begin flights to Bahrain.

**Cambodia updates**

◆ **Private investment stats** - During the first six months of 1995, the Cambodian Investment Board approved 70 private investment projects worth US\$412.3 million. Cambodia-led ventures accounted for projects worth US\$260 million, followed by Singapore (US\$46 million), Britain (US\$27.3 million), Thailand (US\$27 million), Malaysia (US\$14 million), and France (US\$13 million). The 70 approved projects are expected to create over 16,000 jobs.

◆ **Ranariddh on investing** - On 21 August, Singapore's *Business Times* printed an interview with First Prime Minister Prince Norodom Ranariddh. Ranariddh said that Hyatt, Sheraton and Club Mediterranee visited areas where they wanted to set up hotels, and that Westinghouse is on the verge of signing a major power contract with Cambodia. Ranariddh noted that the French construction firm Dumez-GTM is planning to invest with Malaysia's Muhibbah Engineering Bhd on a US\$117 million project to upgrade Pochentong airport. "The French, the Australians and the Americans are still very scared. But when big companies see that we are signing a contract with Dumez, they will think that if Dumez dares to come and invest in Cambodia, then they will come as well," Ranariddh said. "We are not yet successful in attracting serious Japanese investors. We believe when we have the French, Australian and American groups investing in Cambodia, the Japanese will come."

◆ **Tourism increases** - On 23 August, a tourism ministry official said that more than 90,000 tourists and business travelers arrived in Cambodia in the first six months of 1995, a 35% increase over the same period of 1994. The ministry reported that 71,227 visitors passed through Phnom Penh's Pochentong Airport on tourist visas during the six months. Immigration officials recorded 18,866 persons arriving with business visas, and 5862 persons on official visits. The statistics did not include business persons and tourists who arrived by overland routes from Thailand and Vietnam. Cambodia expects 250,000 people will visit by year's end.

◆ **Logging concession considered** - On 25 August, Minister of Agriculture and Forestry Tao Seng Hour said the government is discussing plans to award a large logging concession to Indonesia's Panin Group Co. The Indonesian embassy said the Panin Group submitted a proposal 2 years ago to log 1.5 million hectares (3.7 million acres) of forest.

◆ **Thai law firm** - Tilleke and Gibbins, Thailand's oldest law firm, has been granted a license to open a law office in Cambodia. The firm is expected to officially open its office in October. Tilleke and Gibbins is active in the region, and opened offices in Vietnam in 1992.

VIETNAM**Cam to visit US, discuss economics**

On 25 August, the foreign ministry said Foreign Minister Nguyen Manh Cam will visit Washington, DC, to attend a 5 October conference on normalization of economic relations, sponsored by the US-Vietnam Forum. Senior trade, finance, and investment officials will accompany Cam. A Forum statement said that Cam will also discuss economic normalization, entry into international organizations, and regional security with US officials.

American jailed on firearms charge

Everett Sennholz, a US tax consultant who has been living in Vietnam since April, was arrested on 12 August in Haiphong after customs officials found two undeclared weapons and ammunition in a freight shipment from his home in Puyallup, WA. The weapons included a rifle fitted with a long-range scope. Authorities have not yet filed charges against Sennholz. Under Vietnamese law, police have up to four months to investigate the case before charging him. A US official visited Sennholz in prison on 19 August.

Human development improves

According to the 1995 human development index compiled by the UN Development Program (UNDP), Vietnam received a score of 0.539 out of 1 in human development indicators for 1995, ranking 120 out of 174 countries. The annual assessment is based on whether people lead long and healthy lives, are educated and knowledgeable, and enjoy a decent standard of living. Last year Vietnam received a score of 0.514, ranking 116 out of 173 countries. This year's UNDP report focused on gender and development issues in advance of the Fourth World Conference on Women to be held in Beijing next month. UNDP said that there is "near gender equality" in Vietnam, ranking 74 out of 130 on the gender-related development index. The report states that men and women in Vietnam enjoy almost equal rates of primary school enrollment, adult literacy, access to health care, and labor force participation, and that there is currently no difference in schooling attainment for men and women at the age of 22 to 24. A UNDP official noted that 18% of Vietnam's parliament members are women, a higher proportion than in the US or Japan.

Updates

◆ **AIDS** - On 18 August, the National AIDS Protection Committee reported that 70 people have died from AIDS in Vietnam, increasing from 55 in early June. A total of 2913 people tested positive for the HIV virus, an increase from 2520 in early June, and the number of people with AIDS increased from 131 in early June to 231. Of those testing positive for the HIV virus, 80% were drug addicts, and 3.7% were prostitutes. On 19 August, the *Vietnam News* quoted the World Health Organization stating that the number of HIV-infected persons could reach 570,000 by 1998.

◆ **Bomb deaths** - On 20 April, the *Vietnam News* reported that six people were killed when a 500 kg bomb exploded in Binh Dinh province. The victims were trying to open the war-era bomb for its gunpowder and scrap metal value. The newspaper reported on 15 August that a man in Quang Tri province was killed and his house was blown up as he tried to salvage a US artillery shell in his back garden. Oxfam Hong Kong recently reported that 474 people had been killed in similar incidents since 1985 in Quang Tri.

◆ **Flooding** - On 24 August, the *Vietnam News* reported that 12 persons are believed dead and two others missing as a result of floods in the northern provinces of Tuyen Quang, Bac Thai, Lai Chau, and Quang Ninh. The newspaper said that food crops in one-tenth of the 1.2 million hectares of the Red River basin were ruined. Torrential rains enabled Vietnam's hydropower plants to operate at full capacity for the first time in several years.

**Sihanouk wins Russian film award**

On 21 August, the director of the St. Petersburg film festival presented King Norodom Sihanouk with a bronze award for his latest film, "An Ambition Reduced to Ashes." The award decided on by an international jury. The 46-minute color feature is set in present-day Cambodia and tells the story of a young prince whose love for a woman eventually costs him his magical powers. The King, who takes the credit as producer, scriptwriter and score master of the film, is reported to be working on a new film entitled "Flower of Vietnam," based on the friendship between a Cambodian general and a Vietnamese woman.

Gambling updates

◆ **Malaysia's gaming rights** - On 16 August, a cabinet meeting decided that the government would shut down all casino operations in the country except those operated by Malaysia's Ariston Company. Ariston recently signed an agreement to invest US\$ 1.3 billion to build a casino on an island off the port of Sihanoukville. Ariston is also operating a casino aboard a ship off Phnom Penh.

◆ **Malaysian casino official kidnapped** - On 22 August, a military policeman and two other men were arrested for abducting a Malaysian casino executive in Phnom Penh. Co-interior Minister You Hokry claimed that the men were behind the 17 August kidnapping of Naga Resorts' CEO Lim Kim Hock and his bodyguard, and that the kidnappers "demanded a ransom of US\$400,000" for Hock's release. Two Malaysians and two Chinese were released after paying ransoms in other kidnapping cases this year.

Other updates

◆ **Newspaper complaint** - On 24 August, an court clerk said that the government filed a complaint on 3 July with the municipal court charging the *Phnom Penh Post* with "publishing false information." Sources say the charges stem from a 24 March story alleging internal leadership splits and maneuvering. Information Ministry spokesman Sieng Lapresse said he was told that the Council of Ministers will bring the *Post* and the Cambodian-language *Khmer Conscience* to court, but was unable to confirm the report. The government has taken action against several Khmer-language newspapers, but this would be the first action against the foreign-language press.

◆ **EU education assistance** - The European Union (EU) is sponsoring a six-year program for social science courses in Cambodian primary schools from September, including civil and moral awareness, health and hygiene, art, history, geography, ecology, and environmental protection. Education minister Tol Lah said the social science program will be taught at 4850 Cambodian primary schools to 1,650,000 children, and that 45,000 teachers were trained to prepare for the program.

◆ **Toll of landmine victims drops** - On 16 August, a prosthetist with Britain's Cambodia Trust said that the toll of Cambodians losing limbs in landmine blasts has dropped significantly, from about 500 a month a few years ago to about 120 a month. The decrease is the result of the demining process and to a higher awareness of the danger of landmines among local people.

CAMBODIA**Japanese Foreign Minister Visits**

Japanese Foreign Minister Yohei Kono visited Phnom Penh on 23 August during a three-nation Asian tour. Kono met with King Norodom Sihanouk, First Prime Minister Norodom Ranariddh, Second Prime Minister Hun Sen, Foreign Minister Ung Huot, and Japanese Ambassador Yukio Imagawa. Discussions focused on Cambodia's reconstruction efforts, bilateral relations, investment opportunities, and regional security. Kono visited two Japanese-funded projects, the Phnom Penh river port restoration project and a road construction center.

Kono signed agreements to provide US\$18 million in aid to improve Phnom Penh's telephone system and provide English-language educational TV programs. In addition, Kono has pledged US\$6.2 million worth of rice for farmers hit by severe drought and floods, and US\$518,000 for equipment needed for repair work at Angkor Wat. Earlier in the week, Imagawa gave US\$130,000 to representatives of three rural development projects in a gesture honoring Kono's visit. Japan has given Cambodia approximately US\$350 million in aid since 1991.

Other visitors

◆ **Thai military delegation** - A Thai military delegation will begin a three-day visit to Cambodia on 26 August to discuss methods to implement joint border cooperation mechanisms agreed on by the two countries in May. The cooperation is expected to be carried out at three levels, the defense ministers, supreme commanders, and the local officers. The program is aimed at resolving problems of fighting spillovers, banditry, and illegal trade. The two sides will also discuss the formation of a Thai-Cambodian joint border committee, to be chaired by the two defense ministers.

◆ **US senators** - On 24 August, Senators Hank Brown (R-CO) and Arlen Specter (R-PA) arrived in Cambodia on a fact finding mission, and met with King Norodom Sihanouk, First Prime Minister Norodom Ranariddh, Second Prime Minister Hun Sen, members of the National Assembly, and representatives of non-governmental organizations. The senators' discussions focused on human rights and the political situation in Cambodia.

Economy to show healthy growth

On 21 August, Chanthol Sun, head of Cambodia Development Council (CDC), said that Cambodia's economy is forecast to grow 7% in 1995 and inflation, which is currently over 10%, will be brought down into single-digit figures by the end of the year. Sun said the CDC approved US\$375 million worth of foreign investment projects in the first five months of the year and is expected to reach US\$1 billion by the end of the year.



◆ **Organization for the disabled formed** - On 21 August, the Cambodian Disabled People's Organization (CDPO) held its first general assembly meeting in Phnom Penh, calling for more rights and opportunities. The assembly, attended by representatives from each province, discussed the constitution of CDPO and a two-year plan of action. During the opening speech, First Prime Minister Prince Norodom Ranariddh urged foreign investors to train and employ the disabled, and said that the government would lead by example in employment of the disabled.

◆ **World Bank credit** - On 11 August, Cambodian Finance Minister Keat Chhon and World Bank representative Christopher Chamberlin signed a development credit agreement for a social fund project in Cambodia that is expected to start operations in September. The US\$20 million interest-free credit is repayable over 40 years with a 10-year grace period.

◆ **Uranium smuggling** - On 17 August, police announced that two Cambodians were arrested and accused of trying to smuggle 19.8 pounds of uranium from Vietnam to Thailand. A representative of Interpol, said that he believed the uranium once belonged to the US Army in Vietnam and that the letters "USA" were seen on the boxes.

REGION

ASEAN agriculture ministers meet

On 24 August, the agriculture ministers of the seven ASEAN countries began a three day meeting in Singapore to discuss the inclusion of agricultural products into the Common Effective Preferential Tariff (CEPT) program of the ASEAN

Free Trade Area (AFTA) [see *Digest*, 4 Aug]. The ministers agreed to lower tariffs on 1304 agricultural commodities, representing 62% of the agricultural products traded in the region. The tariff reductions will be part of the AFTA plan, which aims to reduce tariffs on manufactured items to between 0% and 5% by the year 2003. However, the agriculture ministers failed to agree on lower tariffs for key commodities such as rice, other grains, and edible oils. The discussion will continue when the ASEAN economic ministers meet in Brunei next month.

ASEAN meets on drug control

On 25 August, ASEAN officials concluded a week-long meeting in Bangkok where they discussed efforts to prevent the spread of drug abuse. The group agreed on a three-year plan of action covering prevention, treatment, and law enforcement. Representatives of Burma and Interpol also attended the meeting.

Crestone signs research agreement

On 21 August, Denver-based Crestone Energy Corp announced that it has signed a joint venture agreement with China's Exploration Development Research Center (EDRC), the scientific and research subsidiary of the China National Offshore Oil Corp. The research project will help determine the hydrocarbon potential of Crestone's oil concession granted by China in a disputed area of the South China Sea. Crestone said it was accelerating its exploration work program and will commence additional exploration activities based on the results of earlier and on-going studies. The Crestone concession is near Vietnam's *Thanh Long* (Blue Dragon) oil field where Vietnam granted a concession to a consortium led by Mobil Corp.

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Project

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