



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Vietnam updates

◆ **Northern Telecom switching equipment** - On 29 August, Canada's Northern Telecom (Nortel) announced that it has commissioned its DMS-100 digital switching equipment in Haiphong, providing an additional 12,500 telephone lines. The second stage of the US\$6 million project, to be completed by the end of the year, will increase the capacity to another 26,500 customer lines with over 1750 trunk lines. Earlier this month, Nortel announced it was awarded a contract to supply a 1800-mile optic transmission network to Vietnam [see *Digest*, 18 Aug].

◆ **Coke opens plant** - On 26 August, the Coca-Cola Co inaugurated its US\$24 million plant in Ha Tay province. The Coca-Cola Ngoc Hoi Soft Drinks Co is a joint venture between Coca-Cola Indochina and Vietnam's Vinalimex. The new plant, 10 miles south of Hanoi, has a capacity of 7.5 million cases of bottled Coke, Sprite, and Fanta per year. The company plans to introduce a canning line later this year.

◆ **PM approves car plants** - On 31 August, officials said that the office of the prime minister has approved "in principle" plans by US auto firms Chrysler and Ford and Japanese auto firms Toyota and Isuzu. The State Committee for Cooperation and Investment (SCCI) is expected to issue licenses to the four auto manufacturers soon, which will bring the total number of automobile assembly plants licensed in Vietnam to 11.

◆ **Fiat to assemble cars** - On 31 August, Italy's Fiat announced that Vietnam's Mekong company will assemble its Tempra model from the end of this year. Fiat said that 1600 Tempras will be built in 1996 in Vietnam, with the number to increase in subsequent years.

◆ **South Korea TV plant** - On 26 August, South Korea's LG Electronic Inc (formerly know as Goldstar) and Vietnam's Starlight Electronics Co (SEL) announced that they have received a license to build a US\$12 million plant in Hai Hung province. The plant, which will assemble color TV sets, refrigerators, and other electronic products, will begin production in March.

◆ **New Zealand rail containers** - On 1 September, the *Vietnam News* reported that New Zealand Railways and McConnell International are planning to join the Vietnam Railway Corp in a rail container project. The New Zealand companies will contribute 60% of the US\$5.1 million needed for the venture. The first phase of the rail container project will operate between Haiphong and Hanoi, with a capacity of 20,000 tons of cargo by 1996 and 35,000 tons by 1997.

◆ **HCMC office tower** - On 1 September, Hong Kong's Sun Wah Group and Japan's Marubeni Corp began construction of a US\$40 million, 19-story office tower in HCMC, which is expected to be finished in 1997. The joint venture project's local partner is the First District Import-Export Company.

◆ **Taiwan CDS** - On 28 August, Taiwan's BIS Technology announced plans to invest US\$19 million to build a compact disc manufacturing plant near HCMC. The plant will have the capacity to produce 70 million CDS per year.

◆ **Taiwan textiles** - On 29 August, Taiwan Spinning announced plans to invest US\$20 million to transfer 48,000 of its textile plant spindles to Vietnam. The company currently produces 250,000 spindles in Taiwan, but made its decision to transfer some of its operations to Vietnam based on labor costs and market considerations.

◆ **Singapore seasoning** - On 28 August, Singapore's Cerebos Pacific Ltd announced that it has launched its Brand's Essence of Chicken in Vietnam. "This is the company's first move into the Indochina market and Cerebos anticipates a favorable response from the Vietnamese as the economic climate continues to develop," a company statement said.

◆ **Dubai airlink** - On 27 August, Dubai-based Emirates Airlines announced that it will begin twice-weekly flights to HCMC on 30 October, the 23rd foreign carrier to fly to Vietnam. The airline will fly an Airbus A310, which will continue on to Singapore, where the return leg will originate. Vietnam Airlines already flies to Dubai on its Paris and Berlin routes.

◆ **South Korean oil compression** - On 1 September, South Korea's Kolon International Corp announced that it won a US\$15 million order to build an offshore gas compressor platform. The platform, to be installed at the *Bach Ho* (White Tiger) field, is to be completed by the end of 1996 and will have a capacity of 1.5 million cubic meters.

#### Cambodia updates

◆ **Westinghouse power deal** - US power firm Westinghouse is discussing a US\$10 million contract with Cambodia. The company is planning to invest in power development in seven provinces and building service and maintenance centers in Phnom Penh and the provinces.

◆ **Hotel remodeling** - On 29 August, Singapore-based Raffle, a unit of DBS Land, began work on a US\$20 million project to renovate Phnom Penh's Royal Hotel [see *Digest*, 16 Dec]. The hotel was built in 1920 in the French colonial style, and known as Samaki or Solidarity Hotel in the 1980s. Upon completion in 1998, the hotel will have 209 rooms and employ 600 people.

**VIETNAM****International organization updates**

◆ **FAO** - The director-general of the UN Food and Agriculture Organization (FAO), Jacques Diouf, visited Vietnam on 28-29 August. Diouf praised Vietnam for increasing food production, but said Vietnam's ability to remain a net food exporter will depend on adopting more technology and modern production methods, and called a 20% decrease in official development assistance to Vietnam's agricultural sector over the past decade "a trend in the wrong direction."

◆ **IMF** - On 24 August, *Reuters News Agency* interviewed Erich Spittler, outgoing country representative of the International Monetary Fund (IMF). "The program with the IMF is broadly on track," Spittler said, adding that Vietnam just received a second US\$90 million credit under its structural adjustment program. Spittler said Vietnam intends to conclude London Club negotiations by the end of this year. Vietnam's commercial debt totals US\$700-\$800 million, 95% of it to Japanese banks. Vietnam continues to finance its budget deficit from aid and domestic bonds, and not by monetary financing. Vietnam honored its agreement with the IMF to limit commercial borrowing to US\$350 million from July 1994 to the end of September 1995, and will discuss a new limit with the IMF after September.

◆ **UNICEF** - On 27 August, American folk singer Judy Collins, spokeswoman for the UN Children's Fund (UNICEF), arrived in Vietnam for a one-week visit to assess UNICEF's health, nutrition, and education projects. Collins praised Vietnam for being the first country to adopt UNICEF's program of children's rights. She welcomed the recent US decision to normalize relations with Vietnam, stating that steady contacts and exchanges were the best way for the US to encourage Vietnam's leaders to improve human rights. "The one thing we do not want to do is close the doors to conversation and communication," Collins said. UNICEF plans to raise US\$750,000 in US contributions this year for activities in Vietnam.

**Thai-relations updates**

◆ **DPM visits** - On 30-31 August, Thai Deputy Prime Minister Somboon Rahong visited Vietnam. Somboon is also honorary president of the SAS Trading Co. Somboon said the SAS Group will grant Vietnam US\$1 million to establish an ASEAN liaison office in Hanoi, and to maintain the mausoleum of the late president Ho Chi Minh. In a meeting with Prime Minister Vo van Kiet, Somboon said Thailand wanted to buy gas from Vietnam and develop communications projects.

◆ **Sea border talks** - On 29-31 August, Vietnam and Thailand held the fifth round of talks on settling disputed continental shelves in the Gulf of Thailand. The talks, held at Pattaya, Thailand, were co-chaired by Bykrit Ganjana-Koonchorn, director-general of the Thai Foreign Ministry's International Law and Treaty Affairs Department and his Vietnamese counterpart Nguyen Qui Binh. The two sides agreed that Tho Chu island should serve as the basis for delimitation of the territorial waters. Tho Chu lies 250 km SSE of Thailand and 50 km west of the southernmost tip of

mainland Vietnam. The sixth round of talks, to be held in Vietnam, will draw the delimitation line and settle overlapping claims covering more than 6500 sq km.

**Other updates**

◆ **Typhoon Lois damage** - On 30 August, Typhoon Lois moved into the northern part of Vietnam, with winds up to 75-80 miles per hour. The storm destroyed 100 houses and damaged another 2000 in Thanh Hoa province, which was the hardest hit by the typhoon. Lois damaged 670,000 hectares (1.7 million acres) of ricefields in Ninh Hoa, flooding 18,000 hectares (45,000 acres). In Ninh Binh province, 1500 hectares (3750 acres) of ricefields were flooded. There were no reports of deaths or injuries.

◆ **Crestone contract criticized** - On 31 August, the Foreign Ministry issued a statement condemning a recent contract between US oil firm Crestone Energy Corp and China's Exploration Development Research Center [see *Digest*, 25 Aug]. The statement described the contract as "an illegal move violating Vietnam's sovereignty," and said that Vietnam would continue to carry out "normal exploration and exploitation of natural resources" in the area.

◆ **Inflation** - In August, food prices rose 0.2%, boosting overall month-on-month inflation to 0.3%, after a 0% month-on-month change in July. Year-on-year inflation decreased to 18.4% from 20.1% in July [see *Digest*, 28 Jul]. The price of gold fell in August. Inflation since 1 January reached 11.7% so far this year.

◆ **Bank reserves** - On 24 August, the *Vietnam News* reported that Vietnamese banks are pooling cash in a reserve fund to help reduce depositors' fears of bankruptcies. The goal of the fund, designed with assistance from the German government, is to dispel concerns that banks will run out of cash. The fund will not insure depositors against loss, and the State Bank has not given any assurance that it will rescue an insolvent bank.

◆ **Cement plant** - On 27 August, Vietnam held a groundbreaking ceremony for the US\$196 million But Son cement plant in Nam Ha province. Vietnam is using its own capital, rather than foreign investment, for the But Son plant, which will have an annual capacity of 1.4 million tons. Vietnam has contracted with the French firm Technip-CLE to provide equipment for the plant [see *Digest*, 9 Sep 94].

◆ **Sugar imports** - Vietnam has imported 160,000 tons of sugar this year, exceeding its announced sugar import quota for 1995. Imports of 90,000 tons of white sugar and 70,000 tons of raw sugar exceeded the government quotas of 80,000 tons of white and 60,000 tons of raw sugar. The *Saigon Marketing* magazine said the government will raise the quota 200,000 tons.

◆ **Nuclear recommendation** - On 27 August, the *Vietnam Investment Review (VIR)* reported that a team of official and academic experts have recommended that the country build its first nuclear power plant early next century [see *Digest*, 28 Jul]. *VIR* said that the team recommended a 600 to 1000 MW plant be built in south-central Vietnam, beginning construction in 2003, with completion between 2012 and 2015. Estimated costs are between US\$2 -US\$3.3 billion.

**CAMBODIA****Foreigners shot**

Four foreigners were shot and injured near the home of Second Prime Minister Hun Sen on 26 August. Those injured included a Briton, shot in the arm, an Australian with a slight head wound, and a Bulgarian, a diplomat's son, who received three shots in the upper body. Another Bulgarian received serious head injuries in a fall from a motorcycle. According to unofficial reports, security near the house was increased following reports that 100 troops were advancing on the capital to attempt a coup. Later it was learned that the troops were those loyal to first Prime Minister Prince Norodom Ranariddh taking part in a military exercise. Hun Sen suggested that guerrillas may have done the shooting. He said three armed Cambodians passed his house on a motorcycle similar to that carrying two of the foreigners about 15 minutes prior to the shooting.

**Sihanouk updates**

◆ **Indonesia visit** - On 31 August, King Norodom Sihanouk, accompanied by his wife and a 21-member entourage, arrived in Indonesia for a three-day state visit. The king met with President Suharto, who assured Sihanouk that Indonesia would always be ready to share its experience as a developing nation, and welcomed Cambodia's early membership in ASEAN. "We warmly welcome the acceptance of Cambodia as an observer in the ASEAN regional organization. We hope that in the not too distant future Cambodia could also enjoy ASEAN membership," Suharto said. King Sihanouk extended his gratitude for Indonesia's assistance, and for its role in helping to settle the conflict in Cambodia. The King also met with Mrs. Hartini Sukarno, wife of the late president Sukarno.

◆ **French invitation** - On 30 August, French President Jacques Chirac sent an invitation asking King Norodom Sihanouk to visit France later this year or early in 1996, the French embassy said. Chirac visited Cambodia as mayor of Paris in February 1994.

◆ **Vietnamese appreciation** - On 28 August, King Sihanouk acknowledged Cambodia's debt to Vietnam, saying the Vietnamese invasion of late 1978 saved him and his people from death at the hands of the Khmer Rouge. He added that while the December 1978 invasion was illegal, it toppled the Khmer Rouge the following month. Sihanouk also exonerated the Vietnamese-installed government that ruled Cambodia from 1979 until the UN-supervised elections in 1993. "At least we have survived, that's why we can say that the Cambodian People's Party (CPP) is not at fault, because if we were not liberated from Pol Pot the nation would have died," he said.

◆ **Abdication implication** - In a letter to the Geneva-based Interparliamentary Union (IPU), sent in early August, King Sihanouk has publicly raised the possibility of his abdication from the throne. The IPU had sought Sihanouk's help in reversing a decision to expel dissident politician Sam Rainsy from the parliament. The letter stated: "The only course left open in order to satisfy the Interparliamentary

Union and other defenders of human rights, the press, liberal democracy in Cambodia is my abdication. Is that what you want?" The king's letter also stressed that he had taken great pains to defend the former legislator and to defend other victims of human-rights abuses.

**Press updates**

◆ **Press law signed** - On 1 September, acting Head of State and President of National Assembly Chea Sim signed a controversial new press bill into law [see *Digest*, 21 Jul]. Chea Sim signed the law while King Norodom Sihanouk was out of the country, visiting Indonesia. The king nominally signs all bills passed by the national assembly. Earlier, the king stated that the press law was not necessary, but it was not clear whether he would have signed the new law. "I think the king didn't want to sign," said Kem Sokha, head of national assembly's commission on human rights, adding, "It's not a good law."

◆ **Newspaper closed** - On 28 August, the Phnom Penh Municipal Court ordered the *Khmer Ideal* newspaper to close and publisher Thun Bunly was ordered to pay US\$4000 in fines for describing government officials as greedy dictators, and calling on the government to return power to the constitutional monarch, King Sihanouk. Thun Bunly was charged with publishing false news and damaging national security, and was given two months to appeal. Thun Bunly said the articles were not news, but opinion, and that the proceedings were an attack on his freedom of expression. Thun Bunly was charged with publishing false news on two earlier occasions, and was fined US\$2000 in April.

◆ **US publisher to be questioned** - On 31 August, acting ministry of information spokesman Leng Sochea said that the government will question American Michael Hayes, publisher of the *Phnom Penh Post*, in relation to a complaint filed against the newspaper last month for allegedly spreading misinformation [see *Digest*, 25 Aug]. "I think they will send a letter to Mr. Michael Hayes soon for an interview, maybe in September, and after that they will fix the date for the trial," he said. The government took exception to a 24 March story alleging internal leadership splits and maneuvering.

**FAO leader visits**

UN Food and Agriculture Organization (FAO) Director General Jacques Diouf visited Cambodia on 30 August to 1 September. Diouf met with King Norodom Sihanouk and Co-Prime Ministers Norodom Ranariddh and Hun Sen on ways to boost cooperation. FAO is currently carrying out a US\$2.9 million project on the natural resource management in Tonle Sap region. During the past year FAO has also carried out several projects to increase food security in Cambodia, the largest being a US\$16.25 million project to supply and distribute fertilizers. Diouf said that Cambodia must tackle several major problems in order to restore the system that created a rice surplus in the 1960s. "The biggest problem is to put a complex system back into place and operation, which is putting the authorities in the very difficult position of having to tackle many important elements at the same time," he said.



## LAOS

### UN to upgrade air traffic control

On 29 August, the UN Development Program (UNDP) announced that it would spend US\$500,000 on a one year project to help Laos upgrade its air traffic control and air transport services. "The project is designed to complement an infrastructure development program in the civil aviation sector, financed through a loan and grant package from the Asian Development Bank and other bilateral and multilateral donor." Laos will draft legislation on aviation and civil air regulations to meet its international obligations.

### ADB road funds

On 31 August, the Asian Development Bank (ADB) announced a US\$48 million concessional loan to Laos to improve two national road sections in the southern province of Champasak. The 200-km road sections link the road networks of Cambodia and Thailand. The total cost of the project is estimated at US\$60.1 million. The ADB also approved two advisory technical assistance grants of US\$350,000 each for feeder roads, maintenance, training, and management of an information system within the Ministry of Communication, Transport, Post and Construction.

### Heroin trafficking

A recent government report indicates that criminal rings are increasingly using Laos as a transit route for trafficking narcotics from Burma. During the first four months of this year, 38 kilograms of heroin were seized by Lao authorities,

while 52.9 kilos were seized in all of 1994, and only 12 kilograms in 1992. In recent years, Laos has made considerable progress in reducing drug production within its own borders and the government hopes to reduce the country's opium output by 50% by the year 2000. Laos currently ranks fifth of the opium producing countries in the world, compared with its ranking of third in 1992.

### AIDS prevention program

On 1 September, the UN reported that Laos has launched a nationwide campaign to prevent the spread of AIDS. The UN Development Program (UNDP) gave Laos US\$252,000 for the eighteen-month campaign, which involves restructuring the Laos AIDS control organization and the promotion of national AIDS awareness. So far, there have been 59 HIV-positive cases resulting in ten AIDS-related deaths in Laos.

## REGION

### Chinese fishermen pardoned

On 25 August, Philippine President Fidel Ramos pardoned 58 of the 62 Chinese fishermen who arrested in disputed territory in the Spratly Islands in March. The fishermen were convicted of malicious mischief on 10 August [see *Digest*, 11 Aug]. The captains of the four boats apprehended are being investigated further for violations of local laws. Ramos said China may reciprocate his decision to pardon the fishermen, but stressed that his action was not related "to any quid pro quo" arrangement, and the decision was based "on the merits of the case and on the situation we face there [in the Spratlys]."

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## Project

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