



Indochina

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TRADE/INVESTMENT

Vietnam licenses automobile projects

◆ **Chrysler** - On 6 September, Chrysler Corp was granted a joint venture license to assemble vehicles in Vietnam. Chrysler has 70% ownership in the venture with Vietnam's Vinapro, the second-largest manufacturer of diesel engines in southern Vietnam [see *Digest*, 2 Jun]. Investment in the project could reach up to US\$190 million by 2003, and is licensed to produce 17,000 vehicles per year. Chrysler initially plans to assemble US-made Dodge Dakota pick-up trucks at a plant in Dong Nai province, at a rate of 500 to 1000 vehicles annually. Chrysler is also considering manufacturing the Neon passenger car and Jeep Cherokee sport utility vehicle in Vietnam.

◆ **Ford** - On 6 September, Vietnam approved a license application submitted in February to the Ford Motor Co and Vietnam's Song Cong Diesel Co for a US\$102 million project to assemble a range of Ford cars and trucks [see *Digest*, 23 Feb]. Ford will hold a 75% share of Vietnam Ford Ltd, which will construct a 15,000 square meter plant in Hai Hung province. Ford plans to start manufacturing 10,000 to 12,000 vehicles, with the plants capacity eventually reaching 25,000.

◆ **Toyota** - Toyota Motors Corp also received a license on 6 September for a US\$170 million automobile assemble plant. Toyota is planning a factory in Vinh Phu to produce sedans, minibuses, and 4x4 utility vehicles [see *Digest*, 17 Feb].

Total quits Vietnam refinery project

On 6 September, the chairman of France's Total oil firm, Thierry Desmarest, announced that the company has withdrawn from Vietnam's first refinery project. Total disagreed with Vietnam's decision to locate the US\$1 billion refinery at Dung Quat in central Vietnam, far from Vietnam's offshore oil fields and its main markets for refined oil products [see *Digests*, 28 Apr & 17 Feb]. Desmarest said that the feasibility study for the project found a "weak return on investment, bearing in mind the site authorities have chosen for the refinery and the difficulty that would pose in raising the finance."

Vietnam has defended its choice of the site, stating that the selection had "strategic meaning" and macroeconomic importance. Total held a 30% share in the project. Other partners included Taiwan's Chinese Petroleum Corp (CPC) with 30%, the Vietnam Oil and Gas Corp (PetroVietnam) with 30%, and Taiwan's Chinese Investment and Development Corp with 10%. CPC announced it had not plans to withdraw, with a CPC official in Taiwan stating: "We will definitely keep our project."

Vietnam updates

◆ **US cement company** - On 7 September, Boston-based Stone & Webster Engineering Corp announced that it signed a tentative contract to build a US\$200 million cement plant in Vietnam, with a capacity of 1.2 million tons per year. The company signed the joint venture agreement on 2 August with officials of Bac Thai province. The project is subject to the results of a final feasibility study, to be conducted over the next several months.

◆ **Taiwan food** - On 3 September, Taiwan's I Mei Foods Co Ltd announced plans to invest in three projects totalling US\$34 million. The projects include a US\$10.5 million food manufacturing plant and a US\$12 million project to manufacture agricultural products for export. I Mei will also take a 17.5% share in a US\$6 million sugar plant.

◆ **Hong Kong video ads** - On 4 September, Hong Kong's Television Broadcasts Ltd (TVB) announced that it has received approval to carry video advertising in Vietnam. The approval allows TVB to accept advertising on all TVB programs distributed on video by Vietnam's Cinema-Video Film Export-Import Cooperation and Distribution Co (Fafilm). TVB programs are currently available at more than 800 video rental outlets, and over 600 hours of TVB programs are released annually in Vietnam.

◆ **Gem conference canceled** - On 5 September, Gemrusa Inc announced that Vietnam has postponed an international conference on the development of its gems and jewelry industry originally scheduled for 25 September. Gemrusa officials said the government did not want to hold the conference before an official policy on the gems industry has been promulgated.

Cambodia updates

◆ **Airport project** - On 5 September, Cambodia's Ministry of Public Works and Transport awarded a US\$120 million contract to a joint venture between France's Dumez-GMT and Malaysia's Muhibbah Engineering Bhd to renovate Phnom Penh's Pochentong airport. Transport Minister Ing Kieth said the project would include "the construction of new runway and accesses with lighting and navigational system according to international standards and the extent and strengthening of the existing runway." The contract also includes extension of the parking apron and taxiways, and building of new terminal capable of handling 600 passengers per hour. A new 3600 meter-long runway will be built adjacent to the present one, enabling wide-bodied aircraft such as Boeing 747s to land. Cambodia is planning a second international airport to be located at Siem Reap, near Angkor Wat, to be built early in the next century.



♦ **Thai hotel** - On 2 September, Thai Nakorn Patana and Minor Group signed an agreement with Cambodia's tourism ministry to build a luxury hotel near the ancient Angkor Wat temples. The complex will feature a 210-room four-star hotel. The first 150 rooms are expected to be ready by 1997.

♦ **Thai TV sale** - Thailand's International Broadcasting Corporation (IBC) may sell its share in a Cambodian television station due to mounting losses and government demands that it cut its majority stake. IBC TV Cambodia's general manager Pichai Chand-Aium said Information Minister Ing Mouly gave the station two options: allow IBC to keep 100 percent control but cut its lease to 15 years from 30 years, or sell 51 per cent to a Cambodian company or individual and keep the 30 year franchise. A spokesperson for IBC admitted that the company was incurring high operating costs and falling revenues.

VIETNAM

50th anniversary of independence

On 2 September, Vietnam celebrated the 50th anniversary of Ho Chi Minh's declaration of independence in 1945. Celebrations included a National Day parade at Ba Dinh Square in Hanoi, a dragon boat race on Hoan Kiem Lake, and fireworks. A state dinner was held on 1 September, with a performance of the National Symphony Orchestra and traditional dancing at the Opera House on 2 September. On 3 September, representatives of over 30 countries were invited to an official state reception with Secretary-General of the Communist Party Do Muoi, Vice Prime Ministers Pham van Khai and Nguyen thi Binh, and Foreign Minister Nguyen Manh Cam. John Terzano, president of Vietnam Veterans of America Foundation, was the invited guest from the US.

George Bush visit

Former US president George Bush and his wife Barbara arrived in Hanoi on 4 September on a private five-day visit sponsored by Citibank. On 5 September, Bush met with Prime Minister Vo van Kiet, President Le Duc Anh, and Foreign Minister Nguyen Manh Cam. On 6 September, Mr. and Mrs. Bush visited the orthotics clinic at the Hanoi Children's Hospital sponsored by Vietnam Veterans of America Foundation (VVA). Bush said the visit to the clinic "may well be the highlight of our trip to Vietnam." Bush also visited the US Embassy, was briefed by US military officials at the Joint Task Force Full Accounting office, and spoke at a luncheon for US business executives in Hanoi. On 7 September, Bush visited an MIA search site near Danang before continuing on to HCMC.

Bob McMullan visit

On 6 September, Australian Trade Minister Bob McMullan led a business mission to Vietnam. During the visit, Vietnam and Australia signed a memorandum of understanding on intellectual copyright protection and convened a meeting of their trade and economic cooperation committees. On 8 September, McMullan opened Australia's Consulate-General in HCMC.

Cam visits Malaysia

On 6-7 September, Foreign Minister Nguyen Manh Cam visited Malaysia to establish the Vietnam-Malaysia Joint Commission, aimed at improving bilateral diplomatic and economic cooperation. The commission agreed to increase cooperation in a broad range of fields, including science and technology, the environment, agriculture, and tourism. During the visit, the two countries also signed an agreement on the avoidance of double taxation.

Education updates

♦ **Enrollment up** - On 5 September, the *Vietnam News* reported that 17.8 million pupils were enrolled in primary and secondary schools, nearly two million more than in 1994. Primary school enrollment increased by 5.5% and secondary school enrollment increased by 18%. The Ministry of Education and Training and UN Children's Fund (UNICEF) have set a goal of 100% national primary education by the year 2000.

♦ **Teachers to Angola** - On 1 September, Angolan Minister of Education Joao Bernardo and Vietnamese Deputy Minister of Education Tran Chi Dao signed an agreement in Luanda to send Vietnamese teachers to work in Angola's secondary schools.

Other updates

♦ **No more casinos** - On 31 August, *Lao Dong* reported that Government Office Minister Le Xuan Trinh signed a decision in mid-August not to approve any more casino projects. Vietnam currently has one operating casino, at Do Son, near Haiphong. Only foreigners can use the casino.

♦ **Bamboo bikes** - On 31 August, the *Vietnam News* reported that a Vietnamese company, Lixeha, is manufacturing bicycles with frames made of rattan reinforced with steel rods. The bikes sell for US\$80, and several dozen have been shipped to Switzerland. "European people will like to have it for environmental reasons," said Lixeha's general director. "The bike is not as durable as others, but who cares. Buyers just wish to have a cheap bike to use for one or two seasons."

CAMBODIA

Sihanouk visits Malaysia

On 5 September, King Sihanouk and Queen Monineath arrived in Malaysia for a three-day state visit aimed at strengthening bilateral ties. During a state banquet, Sihanouk thanked the Malaysian government and people for helping to bring peace to Cambodia. Malaysian Prime Minister Mahathir Mohamad assured Sihanouk that his country would continue its efforts to rebuild the Cambodian economy and expressed his hope that Cambodia would become a full member of ASEAN in the "not too distant future." Malaysia is the biggest investor in Cambodia, with investments totalling US\$ 1.6 billion.



Former KR official in US welcomed home

On 6 September, First Prime Minister Prince Norodom Ranariddh said Cambodia would welcome former Khmer Rouge diplomat Thiounn Prasith if he is deported from the US. Prasith was the former ambassador of "Democratic Kampuchea" to the UN, and the Khmer Rouge representative in the coalition of Cambodian resistance parties from 1982-1991. Prasith remained in New York and was living quietly until the *New York Times* and other newspapers brought media attention to his whereabouts. US officials said Prasith has an H-4 visa, as the spouse of someone admitted to this country because he or she provides an essential service. The visa expires in August 1996. On 5 September, US State Department spokesman Nicholas Burns said the US is seeking to halt Prasith's application to become a permanent resident, and is looking at ways to expel him.

Ranariddh said that if Prasith "decides to come back to his country to be a simple citizen, because I don't believe that he's on the black list or the red list, I think that His Majesty the King could give him an amnesty." Ranariddh said he is impressed with Prasith's intelligence and negotiating skills, adding: "If he's willing to serve his country as, in particular, a negotiator, because we now have to talk to Thailand, to Vietnam about the delimitation of the borders, I think that he's good enough, he's strong enough, but its up to him to decide." Ranariddh also joked that "if he likes to set up a political party to be with His Excellency Mr. Sam Rainsy, why not? Altogether he would form a good team. Personally I will agree."

NGOs chide EU's choice of landmine firm

On 5 September, the 40-member Non-governmental Organization (NGO) Forum on Cambodia held a press conference calling on the European Union (EU) to sever its relationship with British consultancy agency Hunting Technical Services because of its links to Hunting Engineering, which manufactures landmines for export. The EU hired Hunting Technical Services to provide technical expertise for a six-month Food for Work program. The NGO Forum produced evidence that they say shows the agency is part of the same group as Hunting Engineering, which was listed in Jane's Defense as a manufacturer of air, naval, ground, and vehicle-launched mines. It is not clear whether Hunting continues to make weapons such as the HB876 cluster bomb, which carries "minelets," but information gathered by the Mines Advisory Group of Britain indicates Hunting was still active at arms fairs and was redeveloping the HB876. The NGO Forum said it would like the EU to follow the example of the UN High Commissioner for Refugees, which said it would not knowingly do business with companies that manufacture antipersonnel mines or their components. The NGOs said their aim was not to sabotage the Food for Work program, but to highlight the inconsistent approach of the EU, which also provides aid to demining agencies.

Police seize bum bucks

On 7 September, police seized counterfeit US dollar notes worth US\$2.8 million, two AK-47 assault rifles and one M79 grenade launcher and arrested a military general with three other people in Phnom Penh. Those arrested were Chan Khemmarak, a general in the logistics section of the armed forces, two other officers and a timber businessman. Drug

squad police general Heng Peo said the men told investigators that they planned to sell the fake bank notes, to customers in Phnom Penh. Earlier this year, police seized \$1 million forged bills at the Thai-Cambodia border crossing of Poipet and US\$20,000-30,000 in Phnom Penh.

Giving women credit

The US announced an \$800,000 grant, 6 September, to implement an affordable rural credit system for more than 3500 impoverished women and their families. The Catholic Relief Service will use the funds to provide loans to local agencies, which in turn will offer loans to the women at rates of 4-5 percent per month. CRS representative Mark Pierce said his organization planned to work with three district-based Cambodian NGOs to channel the loans through a network of 78 village banks.

Khmer Rouge updates

♦ **Landmines laid** - On 27 August, Robin Biddulph, location manager for the British-based demining group HALO Trust said Khmer Rouge guerrillas are laying new landmines in Cambodia's northwest in a campaign aimed at civilians and the families of rebel defectors. HALO Trust deminers were uncovering newly laid Chinese-made Type 72 landmines and a Type 69 "bouncing mine," also made in China. Other Khmer Rouge devices include booby trapped mortar rounds and homemade landmines hidden in milk containers and cigarette packs.

♦ **Highway attack** - On 29 August, Khmer Rouge guerrillas attacked government soldiers on Highway 4, 70 miles southwest of Phnom Penh. The guerrillas blew up a stretch of the US\$30 million Highway 4, the 115-mile road that links Phnom Penh to Sihanoukville, built with US funds.

Other updates

♦ **Thai loggers killed** - A Thai logger was shot to death and four others were wounded 4 September by unidentified gunmen on a Cambodian island near the Thai-Cambodian border. The wounded managed to flee by boat to Thailand after the attack, bringing their dead colleague with them. Nine Thai logging company workers were inspecting the forest-covered island in the Cambodian province of Koh Kong when they were attacked. It is not clear whether the loggers were given permission to enter the area.

♦ **Thai-Cambodia joint border pact** - Thai Foreign Minister Kasem Kasemsri arrived in Cambodia on 2 September for talks on implementing agreements on a joint border commission and an extradition treaty. Kasem and Cambodian Foreign Minister Ung Huot also discussed how to resolve overlapping claims to areas potentially rich in oil and gas reserves. During the talks, Kasem pledged to returned 13 ancient Cambodian artifacts seized from smugglers. The two foreign ministers also discussed economic, political and security issues and met with King Norodom Sihanouk and co-premiers Norodom Ranariddh and Hun Sen.

♦ **Foreign Minister visits Vietnam** - On 8 September, Foreign Minister Ung Huot arrived in Hanoi for a three day visit. Huot is attending the first meeting of the joint commission for cooperation between Cambodia and Thailand, which was established in July 1994.



REFUGEES

Repatriation updates

♦ **ADB loan approved** - On 31 August, the Asian Development Bank (ADB) announced that it has approved a US\$20 million loan to provide infrastructure development and health services. "The project will help develop basic skills training needed for physical infrastructure development for its growing service industry and for the delivery of basic health services in Cambodia. Disadvantaged and displaced people will be equipped with basic-income skills and planning and management capacities in technical and health training will be discussed," the ADB said. The interest-free loan will come from the Bank's concessional ADF, to be repaid over 40 years, with a 10-year grace period and an annual services charge of 1%.

♦ **Australian military visits** - Australia's Chief of General Staff, John Sanderson will visit Cambodia in October for the first time since he ended his mission as commander of 15,000-strong UN peacekeeping force two years ago. Sanderson was the head of the military wing of the UN Transitional Authority in Cambodia (UNTAC) in 1992-1993. He will be preceded by his boss, Australia's chief of defense forces, General John Baker, who will visit from September 12 to 14. Both Sanderson and Baker have recently been appointed to the top positions in the Australian defense forces and are visiting Cambodia as part of routine familiarization by new commanders to countries with which Australia has military agreements.

♦ **Battambang prostitute crackdown** - On 22 August, Battambang police raided brothels, rounding up 232 women and girls and 39 alleged brothel owners. Of the 232 females, 62 were reported to be under the age of 18, with 32 aged just 14 and 15. The raids were prompted by reports young women were being forced into prostitution and mistreated, and by the recent death of a 23-year-old prostitute said to have been injured by numerous assaults in a brothel.

♦ **Hong Kong** - On 7 September, China told Britain that all Vietnamese boatpeople must be out of Hong Kong by the time it takes over the colony in mid-1997. "The British Hong Kong authorities have an unshirkable responsibility for the timely settlement of this issue," a Chinese foreign ministry spokesman said, adding that China hopes that the British will "adopt concrete measures to ensure a smooth repatriation and avoid leaving burdens to the future Hong Kong SAR [Special Administrative Region]."

♦ **Malaysia** - On 7 September, Malaysia said it intends to send back the remaining 4505 Vietnamese boat people by the end of this year. Foreign Minister Abdullah Badawi discussed the issue with visiting Vietnamese Foreign Minister Nguyen Manh Cam.

♦ **Congressional plea** - On 1 September, US Congressmen Christopher Smith (R-NJ) and Ben Gilman (R-NY) sent a letter to President Clinton stating Vietnamese refugees should not be forcibly repatriated if they had any connection with the US. "Vietnam is still a dangerous place for people who left because of a genuine fear of political and/or religious persecution," the letter said. "US tax dollars should not support any program that involves the forced repatriation of persons who fought on the side of the United States or were otherwise closely identified with the United States war effort, victims of religious persecution or other persons who are refugees under US law."

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