



Indochina

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TRADE/INVESTMENT

Vietnam updates

- ◆ **Serious air time** - US aircraft makers Boeing and McDonnell Douglas Corp. are in Vietnam this week exhibiting their products alongside European competitor, Airbus, at the country's first aviation trade fair in Hanoi. The three are competing for sales to Vietnam Airlines, which plans to spend US\$3 billion to overhaul its fleet over the next five years. The airline currently leases eight Airbus A-320s and four Boeing 767s for domestic and international routes to over 25 foreign cities.
- ◆ **IATA growth forecast** - On 20 September, Tony Kelly of the International Airline Transport Association (IATA) said the Asia Pacific will continue to increase its share of world international scheduled passenger traffic, increasing to 37% of world traffic by 1999, and 50% sometime after 2010. The IATA said that the fastest growth rate of 18.7% between 1994 and 1999 is forecast for Vietnam, followed by China at 17.9%. Kelly was speaking at a two-day conference on Asian infrastructure in Kuala Lumpur.
- ◆ **P&O pull-out** - On 16 September, *Vietnam News* reported that P&O Australia has pulled out of its joint venture at Ben Nghe Port in HCMC after the first phase of the project, involving US\$19 million worth of investment, failed to get off the ground after eight months of negotiations. P&O cited lack of commitment on the part of the Ben Nghe Port Authority (BNPA) as the source of difficulty, stating: "BNPA's ambivalent attitude unfortunately resulted in much time and development costs, including detailed terminal design specifications which BNPA now have the benefit of. Despite many attempts at meaningful negotiations, no serious progress has been made for eight months." P&O encountered difficulties when BNPA altered conditions for the tender criteria after the company was selected by the People's Committee as the project's foreign partner last November. The upgraded port would have expanded annual capacity more than 25-fold, from current levels of 15,000-20,000 to as many as 500,000 containers.
- ◆ **Hotel hiatus** - On 19 September, *Vietnam News* reported a government suspension of joint venture licenses for the construction of hotels and office blocks. The State Committee for Cooperation and Investment (SCCI) is considering new regulations that would include a greater percentage of ownership by Vietnamese partners and a reduction in such joint venture duration. Under the new regulations, local partners would be required to hold at least 40%, up from the 30% average previously required. According to SCCI, licensing has been suspended indefinitely, until a decision on the new regulations is made by Premier Vo van Kiet.
- ◆ **Italian refrigerators** - On 20 September, the *Vietnam News Agency* reported that Italy's Zanussi International Spa has opened a joint-venture factory in Nam Ha province with the Nam Dinh Electronics, Refrigeration and General Service Co to produce refrigerators and other electrical appliances [see *Digest*, 26 May].
- ◆ **US paper** - On 16 September, the Tacoma, WA-based Simpson Paper Co announced that it sold 750 tons of brown paper to Vietnam, and hopes to make another large sale soon. Simpson is the second Washington mill to sell paper to Vietnam. Longview Fibre Co made a sale earlier this year.

Japan-Vietnam JVs

- ◆ **Gum** - Japanese confectioner Lotte Co plans to establish a joint venture to manufacture and sell chewing gum in Vietnam, according to a 19 September report in *Nikon Keizai Shimbun*. The US\$12.4 million venture with the Binh Duong Sugar Co and Marubeni Corp of Japan is expected to bring in sales of 500 million yen (US\$5 million) in the first year.
- ◆ **Bottles** - On 20 September, Yamamura Glass Co Ltd announced that it is joining San Miguel Corp of the Philippines in a joint venture to manufacture glass bottles in Vietnam. The venture, worth US\$17.45 million is scheduled to begin in September 1996.
- ◆ **Computer disks** - Fujitsu Ltd will begin production of hard disk computer materials out of its wholly owned venture in Vietnam by September 1996. The US\$24 million venture will export the materials to Fujitsu assembly factories in Thailand and the Philippines.

Cambodia updates

- ◆ **Things go better with Coke** - Coca-Cola's business in Cambodia has grown 30% over the past 12 months, according to Prakash Wakankar, general manager of Coke's joint venture, Cambodia Beverage Company Ltd. The company launched a new "re-mix" fountain dispenser on 1 September. Wakankar said this gives the company "the opportunity to serve ice-cold drinks right where the customer is, at an even more affordable price." Fountain drinks are priced at around 500 *riel* whereas bottled drinks cost an average of 750 *riel*.
- ◆ **BAT cigarettes** - On 17 September British cigarette manufacturer, B.A.T Industries Plc, launched its Player's Gold leaf brand in Cambodia. B.A.T's joint venture with SUTL Investments of Singapore and Cambodian Tobacco Company (CTC) was announced on 18 September. B.A.T will hold 51% of the company and invest US\$25 million. SUTL, which will provide US\$5 million, estimates sales of 5 billion cigarettes a year. B.A.T currently sells 555, Lucky Strike, Embassy, and Benson & Hedges in Cambodia.

**VIETNAM****EU commissioner visits**

Manuel Marin, vice president of the European Union's executive commission and its commissioner responsible for trade relations with developing nations, visited Vietnam on 19-21 September, the first visit by an EU commissioner since Vietnam signed a trade and cooperation accord with the EU in July [see *Digest*, 21 Jul]. The purpose of the visit was to follow-up on the July accord and to expand cooperation and political ties. Marin met with Communist Party Secretary-General Do Muoi, Deputy Prime Minister Pham van Khai, and other senior officials, and visited an EU aid project near Haiphong. At a news conference, Marin said Vietnam accepted the EU's request to open a permanent diplomatic office in Hanoi. Marin also said the EU offered to assist Vietnam to develop its private sector, reform its banks, and streamline state-owned enterprises.

World Bank visit

On 20 September, a senior delegation from the International Finance Corp (IFC), the World Bank's private sector development unit, began a four-day visit to review IFC activities in Vietnam. The delegation, led by the new Asia Director, Peter Cook, is meeting with government officials and company executives involved in projects with IFC loans, and projects under consideration by the IFC. The IFC has approved six investments in Vietnam totaling US\$170 million for projects including cement, steel, hotels, and dairy processing. The IFC is considering funds for projects in other areas, such as oil and gas, petrochemicals, construction materials, agriculture, and tourism. The IFC is also advising Vietnam in developing capital markets.

AIPO joined

On 19 September, the ASEAN Inter-Parliamentary Organization (AIPO) admitted Vietnam as its sixth member during the 16th AIPO General Assembly being held in Singapore from 18-23 September. (ASEAN's seventh member, Brunei, is a sultanate with no parliament, but attended the AIPO meeting as a special observer). Also, on 17 September, Nong Duc Manh, chairman of the National Assembly of Vietnam, began a seven-day visit to Singapore to discuss cooperation between the parliaments of the two countries. Manh met with Singapore President Ong Teng Cheong, his counterpart Tan Soo Khoon, and other officials.

Updates

◆ **Party visit to China** - On 19 September, a visiting delegation of the Communist Party of Vietnam (CPV) met with Chinese President Jiang Zemin, Hu Jintao, a member of the Standing Committee of the Politburo of the Communist Party of China (CPC), and other Chinese officials. The Vietnamese delegation, on a weeklong visit at the invitation of the CPC, was led by Dao Duy Tung, a member of the CPV Politburo, and permanent secretary of the Secretariat of the CPV Central Committee.

◆ **Interest rates raised** - On 15 September, the State Bank raised the interest rates on demand deposit accounts of Vietnamese economic organizations from 0.5% to 0.7%. This was the second increase in three months [see *Digest*, 7 Jul].

◆ **Prostitution ring** - On 15 September, the *Vietnam News* reported that police in HCMC arrested two Hong Kong men and four Vietnamese on charges of sending women to brothels in Hong Kong and Macao. *Vietnam News* said the two foreigners were sent to Vietnam two years ago by a Hong Kong boss to hunt for women, and sold 55 Vietnamese women to Macao through Guangzhou airport in China.

◆ **Taxes not tallying** - News reports on 15 September said that Vietnam is facing a tax revenue shortfall of 1000 billion *dong* (US\$90 million), and may not meet the tax target for 1995. Authorities blame an inefficient tax system which presents many opportunities for tax evasion as the cause of the shortfall. Tax evasion is common among state-owned enterprises, and is as high as 70% in the private sector. The press reports said the problem lies in light punishment of tax evaders, stating that only those who evade taxes over 30 million *dong* (US\$2720) are brought to court and that no case has ever resulted in a sentence with jail terms.

◆ **Nights at the opera postponed** - On 21 September, the government announced that the Opera House in Hanoi will be closed for two years for renovation starting on 1 September [see *Digest*, 31 Mar]. France's H&H Architecture Urbanisme is the architectural advisor for the renovation of the Opera House, which was built in 1911.

◆ **HIV infections** - On 20 September, the *Vietnam Investment Review* reported that two babies under 18 months in HCMC and Hanoi have tested positive for the HIV virus, the first reported cases of the disease affecting infants. An official with the National AIDS Committee said the virus could affect 10,000 to 20,000 children by the year 2000.

CAMBODIA**Updates**

◆ **Balloon protesters released** - On 18 September, the government released six men who were arrested on 5 August for attempting to distribute anti-government leaflets tied to balloons during the visit of US Secretary of State Warren Christopher [see *Digest*, 18 Aug]. The order for their release, signed by Phnom Penh Municipal Court Deputy Judge Nop Sophon on 16 September, said that they should be released because they "did not cause any alarm or public disorder." The release followed international and domestic pressure, including a 28 August letter from King Sihanouk to co-premiers Prince Norodom Ranariddh and Hun Sen asking that they be set free. "We never oppose the King's suggestion, and we follow what we can do," Sophon said.

◆ **PP Postreprieve** - US Ambassador Charles Twining told a news conference on 18 September that First Prime Minister Prince Norodom Ranariddh has told US publisher Michael Hayes that: "The government is not going to close the *Phnom Penh Post*" [see *Digests*, 1 Sep & 25 Aug]. Last month, a court clerk said that the government has filed a complaint against the *Post* for allegedly publishing misinformation. While Hayes was cited as the defendant, he has not yet received formal notification of any pending court action. The 21 September issue of the *Far Eastern Economic Review* reported that King Sihanouk has quietly given Hayes a written assurance that if he is charged and convicted, he will receive a royal pardon. The King has criticized Cambodia's new press law, which provides fines and prison for publishing material affecting "national security or political stability."



◆ **BLDP faction plans party congress** - Expelled members of the Buddhist Liberal Democratic Party (BLDP) have requested permission to hold a party congress on 1 October at the national stadium, and will try to heal the schism in the party. BLDP founder Son Sann, who was expelled with five supporters during a party congress in July [see *Digest*, 21 Jul], requested permission from the Interior Ministry. Kiet Sokun said he and the others expelled "will strive further to solve our internal problem and will organize a joint congress if successful." However, another expelled member, Kem Sokha, said: "If we make all our effort and there is no positive response from His Excellency Ieng Mouly, then we will organize the congress because it is our right. We are not going to ask the permission from the government, but we ask the security from the government because it is the duty of the government to provide security to our congress."

◆ **Bank official resignation** - On 16 September, First Prime Minister Prince Norodom Ranariddh said that Saumura Tiouloung, deputy governor of the National Bank, has submitted her application for resignation to King Sihanouk and other officials. Saumura is the wife of former finance minister Sam Rainsy, who was expelled from the National Assembly in June [see *Digest*, 22 Jun]. Ranariddh stressed that Saumura asked to resign voluntarily, and was not dismissed or pressured to resign by the government.

◆ **Khmer Rouge news** - On 18 September, an army officer said government troops have surrounded a Khmer Rouge base near Koh Slar village, and may have trapped the Khmer Rouge General responsible for the deaths of three Western hostages last year. On 19 September, a Thai official said that severe flooding in northwestern Cambodia near Phnom Malai has forced government troops and Khmer Rouge guerillas to abandon front-line positions and withdraw to higher ground. Government troops are using the situation to try to capture Khmer Rouge weapons. "When there's flooding, we look for arms transportation along rivers. We are on top of that," Information Ministry spokesman Sieng Lapresse said.

◆ **Sihanouk surgery successful** - Chinese surgeons successfully removed cataracts from King Sihanouk's left eye on 21 September in Beijing [see *Digest*, 15 Sep].

◆ **Vietnam border crossing** - Trade Minister Cham Prasidh said the Cambodian ministerial team visiting Vietnam returned on 10 September [see *Digest*, 8 Sep] with an agreement to open a new border crossing at Phnom Den in Takea province. Prasidh said Vietnam also "agreed to help simplify the transit of goods along the Mekong [River]," and to increase tourism cooperation.

◆ **Military planes** - In an address to air force officers in Phnom Penh on 9 September, Co-Prime Minister Prince Norodom Ranariddh announced the purchase of at least six new air craft to upgrade the Royal Air Forces. Ranariddh said that 37 pilots and mechanics will receive training in an unnamed country. Cambodia will build a pilot training school and will possibly also purchase several Israeli planes.

◆ **Dance festival** - Ministry of Culture official Hang Soth announced that Cambodia will hold an international dance festival at Angkor Wat on 25-31 December. Soth said the festival will showcase versions of the Hindu Ramayana epic, and that dance troupes from Burma, Malaysia, Indonesia, India, Laos, Singapore, and Thailand are invited to attend.

◆ **Nuke suspects** - On 12 September, police arrested four soldiers, and seized 13 kg (29 lbs) of a metal stamped "uranium." Police arrested two men last May suspected of carrying uranium [see *Digest*, 25 Aug], but the metal turned out to be lead.

◆ **Squatter fire** - A fire in Phnom Penh on 21 September, caused during a domestic argument when the husband threw a lantern onto a mattress, razed 125 registered homes and more than that number of illegal structures. A 14 year old Vietnamese boy was killed. Phnom Penh authorities issued an order barring squatters from rebuilding their shacks "because the municipal government wants to avoid violence between homeless people trying to reoccupy the land," according to a police official. On 22 September, 50 of the homeless staged a protest before the homes of the two prime ministers.

◆ **Flood damage** - On 21 September, the Cambodian Red Cross reported that flooding on the Mekong River, broken dikes, and torrential rains have displaced 337 families and destroyed 2900 hectares of rice fields.

LAOS**ADB education loan**

On 20 September, the Asian Development Bank approved a US\$20 million loan to help Laos conduct post-secondary education reform. The loan will be used to assist in the establishment of the National University of Laos, and support programs in economics, management, and science.

US POLICY**Senate rejects anti-Vietnam legislation**

On 20 September, by a vote of 58-39, the US Senate rejected a proposal by Senator Bob Smith (R-NH) to prohibit financial assistance to Vietnam unless the administration certified Vietnam was fully cooperating on the MIA issue. Smith's proposed amendment to Foreign Operations Appropriations Bill would have prohibited funds for Vietnam for most favored nations status (MFN), or financial assistance from the Export-Import Bank, the Overseas Private Investment Corp (OPIC), and the Trade and Development Agency, unless the administration certified that Vietnam was being fully cooperative on the MIA issue and that it was making substantial progress on certain human rights issues. The limited debate included speeches by Senators Smith, Thomas (R-WY), and Snowe (R-ME) in favor of the amendment, and Senators McCain (R-AZ), Bond (R-MO), and Kerry (D-MA) against the amendment.

The bipartisan vote on the amendment roughly tracked that of the Senate resolution calling for a lifting of the trade embargo on Vietnam in January 1994 [see *Digest*, 28 Jan 94], which passed by a vote of 62-38. Four senators who voted to lift the embargo also voted in favor of the Smith amendment. However, seven senators voting against the lifting of the embargo voted against the Smith proposal, including declared presidential candidates Lugar (R-IN) and Specter (R-PA). Three senators voting to lift the embargo did not vote on the amendment. Nine of the eleven freshmen senators voted in favor of the Smith amendment.



House hearing on Cambodia

On 21 September, the Subcommittee on Asia and the Pacific of the House Committee on International Affairs, chaired by Rep. Doug Bereuter (R-NE), held a hearing on the situation in Cambodia. Assistant Secretary of State Winston Lord testified that while there are some disturbing trends in Cambodia, including the intimidation of journalists and the expulsion of Sam Rainsy and the split in the Buddhist Liberal Democratic Party (BLDP), the US should continue to support Cambodia's budding democracy.

Rep. Bereuter asked about Khmer Rouge commercial collaboration with Thailand, specifically mentioned the report on logging activities by the British NGO Global Witness. Lord testified that his department has respect for Global Witness and was following up on allegations made in the report. Lord also said that there is no question that Thailand's official policy is to stop all cross-border trade with the Khmer Rouge, and that Thailand is making a good faith effort to seal the border, but that the Thai's will be the first to admit that it is a very long border which is difficult to police.

Other witnesses included Fred Brown, professor at the Johns Hopkins University School of Advanced International Studies, Lorne Craner of the International Republican Institute, and Maureen Steinbruner of the Center for National Policy.

USDA official to visit Vietnam

US Department of Agriculture Deputy Secretary Richard Rominger will include a visit to Vietnam during his trip to Asia 23 September to 4 October. In Vietnam, Rominger will discuss normalization of agricultural relations, including US Department of Agriculture market development programs.

FYI

VVAF landmines study

Vietnam Veterans of America Foundation (VVAF) has published a report, *After the Guns Fall Silent: The Enduring Legacy of Landmines*, which examines the social and economic impact of landmines. To produce the report, VVAF deployed researchers to the world's most heavily mined countries, including Afghanistan, Cambodia, Mozambique, Croatia, and Bosnia-Herzegovina. Copies of the 550-page report are available for US\$19.95 plus postage from VVAF. For more information, contact VVAF at the Indochina Project's address and telephone numbers below.

Genocide report

The Cambodian Genocide Program of Yale University [see *Digest*, 20 Jan] issued its first progress report on 15 September, covering identification of legal options for redress, documenting the Cambodian genocide, recreating lost histories, training Cambodian lawyers, and creating a permanent Cambodian Documentation Center. For copies of the report, contact Dr. Craig Etcheson, at P.O. Box 208206, New Haven, CT 06520, Tel: 203-432-9346; Fax: 203-432-9381.

USDOC Vietnam briefing

As part of its Asia-Pacific Briefing Series, the Asia Business Center of the US Department of Commerce (USDOC) will hold a focus on Vietnam on 12 October. The briefing will include morning presentations by the Embassy of Vietnam, the Office of the US Trade Representative, USDOC, and a US company official. Individual appointments will be available in the afternoon. For more information, contact the Asia Business Center, Room 2327, USDOC, Washington, DC 20230, Tel: 202482-2522; Fax: 202-482-4453.

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