



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Vietnam updates

◆ **Isuzu cars** - The *Kyodo News Service* reported on 26 October that Japan's Isuzu Motors will soon receive government approval to establish a joint venture that will assemble automobiles at Go Vap in HCMC. The joint venture includes Isuzu (30%), Japan's Itochu Corp (30%), Saigon Auto Engineering Corp (20%), Go Vap Import-Export Corp (10%), and a Japanese-Vietnamese trader, Nguyen An Trung (10%). The US\$50 million venture will initially assemble kits, but plans to produce at least 30% of its components in Vietnam within ten years.

◆ **Nissan cars** - On 26 October, *Associated Press* reported that the Danang Auto Engineering Factory received preliminary approval for an automobile and mini-van assembly plant with Japan's Nissan Corporation and Malaysia's Tanchong Corp. The US\$55 million factory will be located at the Hoa Khanh industrial zone. The venture plans to begin work on the factory in early 1996 and begin assembling up to 300 vehicles per month by the end of 1997.

◆ **Sanyo washing machines** - Japan's Sanyo Electric Company announced 25 October that it plans to establish a venture within the next year to manufacture and market washing machines in Dong Nai. Total investment is slated to be US\$30.86 million, with US\$24 million in capital. Sanyo expects to produce 200,000 machines in 1997, expanding to 540,000 annually by 2000.

◆ **Hop on board** - The *Vietnam Economic Times* reported on 25 October that South Korea's Daewoo Group has signed an agreement with the Hanoi Car Service Co to establish a joint venture bus and taxi service. Total investment for the first stage of the project is US\$136,000 and will fund an inner city bus service for Hanoi. The venture may later be expanded to include intra-city bus service.

◆ **Coffee up big** - The Vietnamese National Coffee Corp announced on 22 October that 145,000 tons of coffee were exported during the first nine months of 1995. This figure, up 31.5% from the same period last year, represents approximately US\$400 million in export earnings.

◆ **Deal cemented** - The International Finance Corporation (IFC) announced 23 October that it will loan US\$96.6 million to Morning Star Cement Ltd. to build a US\$309 million cement production facility and pozzolan grinding plant to serve southern Vietnam. Morning Star, a joint venture between Ha Tien I Cement Co and Switzerland's Holderbank Financiere Glaris Ltd, plans to begin production of 1.8 million tons of cement annually in 1998. IFC has nearly US\$500 million invested in Vietnam.

◆ **EPZ nixed** - On 19 October, the *Far Eastern Economic Review* reported that the government canceled a US\$150 million export processing zone (EPZ) in Haiphong. The government said that the main shareholder, Hong Kong's Very Good International, failed to meet the target for "capital contribution and infrastructure construction."

◆ **TV exports** - On 26 October, the *Vietnam News* reported that the Orion Hanel joint venture exported its first shipment of 11,600 television tubes to Indonesia on 24 October. The US\$170 million joint venture with South Korea's Daewoo Group was established in 1993, and began production in June [see *Digests*, 15 Sep 95 & 29 Jan 93].

#### Cambodia updates

◆ **US oil is back** - The *Ramsei Kampuchea* newspaper reported on 26 October that Caltex, a joint venture between Chevron and Texaco, is negotiating to build a US\$20 million oil storage facility in Sihanoukville. The Commerce Ministry has agreed to lease Caltex a site for 30 years. In addition, Caltex is also planning to construct a retail network and fuel stations that will begin operating in early 1996.

◆ **Important repairs** - Cambodia's Ministry of Public Works and Transport announced on 21 October that it has signed a contract with four Japanese firms for the rehabilitation of the Phnom Penh Port. The US\$14.6 million contract covers the second and last stage of the port's repair. The repair effort is financed by part of a US\$30 million grant from the Japanese government and is planned to be completed by the end of 1996.

◆ **Taiwan rep office** - The *Phnom Penh Post* reported 21 October that Taiwan is actively seeking space and local staff in Phnom Penh to open a representative office to handle growing business relations. The paper quoted James Chu, of the Taipei Economic and Cultural Representative Office, as saying the office is scheduled to open in November. Approximately 150 Taiwanese businesses now operate in Cambodia.

#### Electricity rate hike in Laos

A consortium, led by Daewoo Group, is seeking to raise the price of hydroelectric power at its Houay Ho power station in southern Laos expected to open in 1999. The consortium notified state-run Electricity Generating Authority of Thailand (EGAT) of the increase (4.22 to 4.35 cents/kgwatt/hour) last week. EGAT, which has agreed to purchase 95 percent of the power generated, has stated that it will not agree to the increase, as the final price would exceed the cost of generating power domestically in Thailand.



## VIETNAM

## Reinventing government

On 21 October, the government announced that the National Assembly has approved plans for major changes in the structure of government ministries. The reforms, first proposed by Prime Minister Vo van Kiet, include the consolidation of several committees and ministries into three new ministries. The State Committee for Cooperation and Investment and the State Planning Committee will be combined into the Ministry of Planning and Investment, headed by former State Planning Committee Minister, Do Quoc Sam. The Ministries of Agriculture, Food, Forestry and Irrigation will form the Ministry for Agriculture and Rural Development, headed by former Minister for Food and Agriculture Nguyen Cong Tan. The Ministries of Light Industry, Heavy Industry, and Energy become the Ministry of Industry, headed by Dang Vu Chu, former Minister of Light Industry. The changes will down-size government agencies from 20 ministries and seven ministerial-level agencies to 17 ministries and four ministerial level agencies.

The reforms are aimed at eliminating duplication of efforts and lessening inefficiency within the government. Phan Ngoc Tuong, head of the Commission for Organization and Personnel, said in a statement: "The process of renovation and growth has brought about many new problems and made more apparent the weaknesses in the state administrative machinery." He added that the reforms are in line with trends in other ASEAN countries.

## US educational updates

♦ **Achievement, Jr.** - Junior Achievement International (JAI) announced on 24 October that it is planning to launch business education programs in Vietnam. The organization is working with the Hanoi-based ESP resource center, which has organized an advisory task force comprised of business people from multinational and local companies in Vietnam. Sam Taylor, Chief Operating Officer of JAI, said, "We are currently seeking funding from multinational companies with operations in Vietnam to support the creation of a Junior Achievement organization there. Our goal is to have pilot programs running at the university level by the end of 1996." Junior Achievement is a US-based, non-profit economic education organization that runs programs for primary, secondary, and university students in 88 countries.

♦ **Technical exchanges** - On 9 October, the *Vietnam Investment Review* reported that a cooperative agreement has been established between the Ministry of Education and Training and the US-based South-East Consortium for International Development (SECID) to promote higher education and training in Vietnam. The agreement will establish multi-sector field universities by combining existing colleges, establish training programs based on higher education models and masters and doctorate programs, and consolidate resources, especially laboratories, libraries, and training material. SECID, a non-profit organization founded in 1977 with a membership of 23 US universities and research institutes, specializes in training and research programs in developing countries.

## Financial updates

♦ **Trading floor temporarily tabled** - Finance Minister Ho Te announced on 20 October that the government will probably not be able to meet the target date of late 1996 for the opening of Vietnam's first stock market. State Bank Governor Cao Si Kiem stated on 27 September that the target date would likely be met [see *Digest*, 29 Sept]. Minister Te blamed the slow pace of privatization for the delay. "Equitization is needed to create the conditions for capital markets," Te said.

♦ **Loan restrictions tightened** - In an attempt to prevent high-risk transactions, the director-general of Vietnam's State Bank has ordered stricter controls over bank guarantees. Under the new restrictions, banks can only guarantee loans that total less than ten percent of the bank's total assets. If the loan amount exceeds ten percent, the bank must gain approval from the State Bank. The new restrictions took effect 19 October.

## Other updates

♦ **Tax accords with Japan** - On 24 October, Japan and Vietnam signed accords aimed at avoiding double taxation and evasion of income taxes. Finance Minister Ho Te and Japanese Ambassador Katsunari Suzuki signed the agreements, which are expected to encourage economic and cultural exchanges, according to the Japanese embassy.

♦ **Red sky at morning** - Norwegian and Vietnamese technicians have completed work on a typhoon warning system off Vietnam's northern and central coast. The system, manufactured by Norway's Oceanor A/S, was financed by the Norwegian government at a cost of US\$1.5 million. It consists of a network of buoys that transmit data to a land-based forecasting center. The system is part of a UN plan to lessen the impact of natural disasters on Vietnam.

♦ **PM wants action on floods** - In a statement in the 25 October *Vietnam News*, Prime Minister Vo van Kiet called for government action to aid flood victims in the Mekong Delta, where the death toll has risen sharply to over 140. Not only did he call on government agencies to protect victims from "the imminent danger of epidemics and hunger," but he also said that financial assistance should be given to farmers to help protect crops from long-term damage. The area remains at maximum alert after nearly two months of flooding, despite recent signs that water levels are receding.

♦ **Work starts at airport** - The *Vietnam News Agency* reported 25 October that work will begin early next month on a new terminal at Hanoi's Noi Ba International Airport. The five-story, 570,000 square foot (53,000 square meter) terminal is due for completion in 1997 and will give Noi Ba the capacity to serve 2.5 to 3 million passengers annually. Further construction at the airport is planned to raise its capacity to 3.5 to 4 million annually and should be completed by 2002. The government is providing approximately US\$30 million in investment capital, with an additional US\$30 million coming from outside loans.



## Child labor problems

On 25 October, Daniel Duysens, regional director of the International Labor Organization (ILO), and Suy Sem, Cambodia's State Secretary of Social Affairs, signed an agreement in Phnom Penh to prevent and ultimately eliminate child labor in Cambodia. Under the agreement signed, the ILO will provide an initial grant of US\$50,000 to start teaching skills and providing job opportunities to rural children. "In Cambodia now, exploitation of children in factories is not a major problem because industry is underdeveloped and adult labor is so cheap that there's no incentive to employ children here," Duysens said. "It is inevitable in Cambodia, where the rural population is expanding so rapidly that young people will move to urban centers, and without skills they will be vulnerable to exploitive labor markets like prostitution." ILO official Vali Jamal added that Cambodia's economy is facing problems because the education level of the work force is low. "There is illiteracy in 35% of the adult population, and among women, it is 50%."

## Updates

♦ **Newspaper office attacked** - On 23 October, the office of the *Sereipheak Thmei* (New Liberty News) newspaper was destroyed, allegedly by a group from the Kraing Yov development center in Kandal province. The paper's editor, Hen Vipeak, said that three trucks carrying people from the center arrived after he left the office. The Kraing Yov development center is supported by Second Prime Minister Hun Sen. According to witnesses, the attackers were angered by a recently published article in *Sereipheak Thmei* that was critical of an irrigation project supported by Hun Sen.

♦ **Critical chamber** - On 25 October, *Rasmei Kampuchea* reported that the newly-elected president of the Chamber of Commerce, Teng Boonma [see *Digest*, 20 Oct], complained about the obstruction of commercial traffic along the Mekong River by Vietnam. "Transportation of goods along an international river like the Mekong should not be controlled or subject to permission of Vietnam," Boonma said. On 10 September, Trade Minister Cham Prasidh returned from a visit to Vietnam, and said that Vietnam agreed to help simplify the transit of goods along the Mekong [see *Digest*, 2 Sept].

♦ **Pedophile convicted** - On 24 October, a 39 year old British doctor was convicted of sexually assaulting five boys between the ages of 14 and 16. The doctor was sentenced to 24 months in prison, with 19 months suspended, and four months already served while awaiting trial. He was also ordered to pay each victim one million *riel* (US\$400), and was barred from reopening his medical practice in Cambodia. The doctor pleaded not guilty, and said he would appeal the verdict. "Everyone knows the boys are bloody prostitutes," he said. "They are lying." The doctor's lawyer said the trial was successful in terms of the jail sentence. "My first priority was to get him out as soon as possible," the lawyer said. Children's rights groups welcomed the verdict. "We are happy with this. We believe that a world-precedent has been set by the actions today and the courts decision," said Tony Culnane of World Vision.

## CAMBODIA

## According to the King . . .

♦ **Election oversight role nixed** - On 21 October, *United Press International (UPI)* reported that King Sihanouk has said that he will not supervise Cambodia's next elections in 1998. *UPI* obtained a copy of a 20 October facsimile message that Sihanouk sent from Beijing to Khmer Rouge leader Khieu Sampan, in which he stated: "I do not accept responsibility for commanding the armed forces, the national police or for their organization, supervision and control of the results of the legislative elections in 1998. Neither the actual constitution, nor my age, nor the state of my health, nor the conception of royal power in the service of the people permit me to take command." Sihanouk's son, First Prime Minister Prince Norodom Ranariddh recently suggested placing all security forces under the control of the King during the elections [see *Digest*, 20 Oct].

♦ **On Taiwan and Korea** - On 22 October, King Sihanouk issued a statement criticizing government officials trying to recognize both China and Taiwan. "Such a policy and such diplomacy is absolutely contrary to the UN," Sihanouk said. "My position taken in the name of Cambodia, since 1955, is and will remain the same until the end of my life. There is only one China, and Taiwan is and will only be a province of China." On the Korea's, the government only recognizes Pyongyang, but "certain Cambodians are also trying to recognize Seoul," Sihanouk said. "King Sihanouk firmly opposes this maneuver."

## Election seminar

On 23-25 October, government officials, international consultants, and foreign diplomats participated in a seminar entitled "Electoral System and Administration" in Phnom Penh. The seminar was organized by the Ministry of Interior and the Khmer Institute of Democracy, and sponsored by the Konrad Adenauer Foundation and the Asia Foundation. In opening comments read to the seminar participants, King Sihanouk said: "For our democracy to survive, it is fundamental that the next election be free and fair." At the close, Co-Interior Minister Sar Kheng listed eleven conditions that he believes are necessary to ensure free and fair elections, including the establishment of an independent polls commission and an ombudsman. "With or without government's participation, an independent election commission with full authority during the election period must be established," he said. He also said that the military should be "put under special assignment so as to ensure order and security during the election."



## LAOS

### Reconnected

On 25 October, South Korea and Laos reestablished full diplomatic relations after a twenty year absence. The South Korean Foreign Ministry stated: "The establishment of diplomatic ties will help our firms take part in a variety of industrial development projects on the Indo-Chinese Peninsula and secure natural resources such as lumber and minerals." An agreement was signed in Seoul by both countries' deputy foreign ministers.

## REGION

### Patent policing proposed

Weerawit Weeraworawit, a director of Thailand's intellectual property department, said 23 October that ASEAN member countries have reached a broad agreement on the need for a region-wide patent and trademark system to strengthen enforcement of intellectual property laws. While the agreement does not yet have a framework or timeline for execution, it will involve harmonizing the IP laws of member states and the establishment of ASEAN patent offices in each state, where trademarks and copyrights can be registered that will be honored throughout the region. Weerawit made the statement at the opening of a three-day ASEAN conference on Intellectual Property Rights.

## United Nation's 50<sup>th</sup>

Cambodia, Laos and Vietnam were represented at the special commemorative meeting of the General Assembly for the UN 50<sup>th</sup> anniversary this week in New York. Vietnamese President Le Duc Anh, in the US for the first time, addressed the Assembly on 23 October, thanking the UN and General Secretary Boutros Boutros Ghali for "their sympathy and precious assistance to Vietnam." On 24 October, Cambodian First Prime Minister Prince Norodom Ranariddh and Laotian Foreign Minister Somsavath Lengsavad addressed the Assembly.

## US POLICY

### Vietnam air links?

On 25 October, *Reuters News Agency* reported that US Secretary of Transportation Federico Pena will include Vietnam in a two-week, six-nation visit to Asia which begins on 6 November. His visit is designed to promote US interests in aviation, aerospace, and other transportation sectors. "The trip is part of the administration's effort to open up new markets for American business and create more jobs at home," Pena said in a statement. On 2 October, the *Vietnam Investment Review* reported that Vietnam's Vice Minister of Transport, Le Ngoc Hoan, met with Pena during a visit to Washington in late September. Vietnam and the US are seeking to revive stalled talks on an air service agreement. Pat Murphy, US deputy secretary for aviation and international affairs, said that negotiations broke down last year. "The Vietnamese and the Americans have quite different views on what-joint air service might look like," Murphy said. "They want a joint agreement. We want our carriers to be able to fly in independently."

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