



Indochina

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TRADE/INVESTMENT

Vietnam keeping up with the Joneses

On 11 December, the State Bank of Vietnam will sign an agreement with US firm Dow Jones/Telerate for a domestic dealing system for the country's foreign exchange interbank market. The system, which allows for both communications and business transactions, will initially be used for fixed format spot foreign exchange deals and will later be upgraded to support trading of t-bills, inter-bank money market transactions and forward transactions. A Dow Jones representative said, "We are very pleased we've been able to get the confidence of the State Bank, and we're looking forward to supporting Vietnam's future development in the banking sector."

Vietnam updates

◆ **They have to lease this . . .** - Hong Kong based Asia Satellite Telecommunications Co (Asiasat) said 6 December that it has signed an agreement to lease part of its newly launched Asiasat II satellite to Vietnam Telecom International. Vietnam Telecom will use one of Asiasat II's C-band transponders to provide telephone data and communications in Vietnam via its new VSAT network.

◆ **. . . if they're going to build this** - On 6 December, Hughes Network Systems (HNS) announced an agreement between Vietnam's Telstra Corporation and Mitsui Co, Ltd, an HNS agent, to construct a VSAT (very small aperture terminal) satellite communications network. The network will provide communications to remote areas, such as coastal islands and oil rigs. Under terms of the agreement, which is valued at approximately US\$2 million, Mitsui will provide Telstra with 45 VSATs and a VSAT management system. Telstra is working with Vietnam Posts and Telecommunications to complete the network's hub station in HCMC. The hubstation will be completed in February 1996 and commercial service will begin the following month, using the Asiasat II satellite.

◆ **Rice** - The Philippines will purchase 50,000 tons of rice from Vietnam and has an option to buy an additional 150,000 tons in 1996. Vietnam will ship 10,000 tons this month and 40,000 tons next month. The Philippines must decide by January if it will exercise its option. Prices and terms of the agreement, signed by President Le Duc Anh during a visit to Manila, were not disclosed.

◆ **Wrap it up** - Packaging group CarnaudMetalbox (CMB) Asia Ltd announced 1 December that it will open a US\$54.9 million can manufacturing plant in HCMC. The joint venture plant, of which Saigon Brewery will hold a 30 percent stake, will have an annual production of 460 million cans. It is expected to begin production in mid-to-late 1996.

◆ **Coffee tax out** - The US\$100 a ton export tax on coffee was lifted 4 December as local prices in HCMC fell well below US\$2000 a ton. The move, which has sparked a new wave of selling, will last until further notice.

◆ **Gold seekers** - Joint venture partners Leader Resources NL of Australia and Teck Exploration Ltd of Canada have applied for two gold licenses in central and northern Vietnam. The venture, Leader-Teck Joint Venture NL, is seeking permission to mine in Kim Hoa and Khau Au. The venture also announced that it plans to change its name to Golden Tiger Resources NL.

◆ **Auridiam** - Auridiam Consolidated Ltd announced it wants to merge its 40 percent interest in the Sin Quyen copper and gold project with the 40 percent interest held by North Star Resources NL. The remaining 20 percent is owned by Precious Minerals Corp.

◆ **Korean spinning** - On 28 November, South Korea's Tongkook Co began construction of a US\$26.4 million spinning factory at the Tuy Ha A Industrial Park at Nhon Trach in Dong Ngai province.

Laos updates

◆ **Do you mine?** - Malaysia's Bunduon Sdn Bhd and Malaysia Mining Corp Bhd have signed an agreement with the government of Laos to explore for minerals in the country. The agreement gives the two companies exclusive rights to explore for, evaluate and mine any economic minerals in an area of Xieng Khouang province. They will initially undertake exploration programs to search for economic gold and base metal deposits.

◆ **More flights** - Thai Airways International has received permission from Lao Aviation to run an additional flight per week from Bangkok to Vientiane, bringing the total to six flights. The two countries also agreed that each national carrier can carry up to 900 passengers a week on the Bangkok-Vientiane route.

**VIETNAM****Do Muoi Visit Called Success**

Vietnamese Communist Party chief Do Muoi ended his seven day visit to China on 2 December [See *Digest*, 24 Nov] with a renewed commitment of new ties between the two nations. In a last minute agreement, the People's Republic and Vietnam agreed to restore railway transport ties and work to settle their disagreements amicably. The tone at the end of the meetings between Do Muoi and his Chinese counterpart, Jiang Zemin, was a decided improvement over the "frank" exchange the two had earlier in the week. On 1 December, the Chinese official news agency described talks between the two leaders as being held "in an atmosphere of friendship, sincerity, mutual respect and understanding." The communique went on to note that China and Vietnam "believe that there is immense potential for the two countries to expand economic and trade cooperation." Presently, Vietnamese-Chinese trade stands at \$900 million, a sixty percent increase from 1994.

Do Muoi Talks: No Shift In Strategy

The calm and positive tone set by the recent talks between Chinese and Vietnamese party leaders does not mark a strategic shift in Vietnam's opening to the West, East Asia experts say. While pressures are mounting on China to reform its human rights record, its renewed opening to Vietnam after nearly a decade of sometimes tense relations is more a reconfirmation of the long border that the two nations share. Vietnam will maintain open relations with the West, despite the success of the party leader's cordial talks in Beijing: "We always have our own way of thinking," Nguyen Trong Vinh, Vietnam's former ambassador to China told the *Reuter's News Agency* on 2 December. "I would like to reassure that while the relationship with China is strengthened it will not affect our relations with the West. Vietnam establishes relations with all countries with respect to sovereignty and independence."

World Bank Blessing

The World Bank has praised Vietnam's movement towards opening its economy and cited the nation for "impressive economic progress and tangible gains in the quality of life." The description was issued by Callisto Madovo, chairman of the organization's consultative group meeting and World Bank director for East Asia and the Pacific region, who also announced that Vietnam will be receiving US\$2.3 billion in aid pledged by international donors. US\$1.8 billion of funding will be designated to support projects, US\$360 million will be program aide, and \$US130 million will be set aside for technical assistance. \$US500 million of the money will come in the form of grants. Madavo made it clear that the increase in donor monies is in sharp contrast to the international financial aid given to other nations and marks an increase in World Bank funding for Vietnam - which stood at \$US1.9 billion for 1994. Vietnam reacted positively to the announcement: "We are fully satisfied by the result of the meeting both in terms of the level of aid and of the spiritual support shown to Vietnam," Planning and Investment Minister Do Quoc Sam said. He pledged that Vietnam "will continue to pursue the process of 'doi moi' or renovation, taking advantage of favorable conditions to realize rapidly our objectives of achieving greater prosperity for our people, a strong nation and a fair and civilized society."

Still golden

Vietnam has approved a US\$30.4 million plan to stop drug production and abuse in the country, according to Vietnamese officials. The plan was signed by Vietnamese Prime Minister Vo van Kiet on 24 November. It calls for the elimination of opium poppy growth in the country by the year 2000, and details steps that will be taken to eliminate trafficking, transport, storage, use and addiction to dangerous drugs. The Vietnamese have pledged US\$14.5 million in its eradication effort and have received pledges from foreign donors. The plan follows a spate of reports that Southeast Asian drug traffickers continue to use the country as a major transit point in the shipment of illegal drugs from the "golden triangle" to the east. The new plan specifically targets the Ky Son district of Vietnam's northwestern Nghe An province where it says it will focus its efforts to provide agricultural alternatives to poppy growing. Vietnam has sentenced over 600 people to jail terms for drug offenses in the last year.

Start me up

The International Atomic Energy Commission has begun work in Vietnam to assess the nation's plans to develop a nuclear power industry. The IAEC's team is making the trip prior to Vietnam's decision on what technology, specifically what reactor type, to purchase. That decision will not come until sometime next year, Vietnamese officials said. Still, Vietnam is a long way from developing nuclear power: the Vietnamese leadership did not approve such a plan until last year, and it will be another twenty years before a nuclear power plant is actually built and in operation. Communist Party chief Do Muoi has been quoted in the past as saying that Vietnam must develop nuclear power if it is to keep up with the nation's growing energy demands. Meanwhile, an ASEAN working group has proposed adoption of a final text that would make Southeast Asia a nuclear weapons-free zone. The document will reportedly be signed in Bangkok on 14 December.

No Bonds For Vietnam: WB Advises

The World Bank has advised the Vietnamese government against issuing bonds on the international market, citing the high interest rates the nation would be forced to pay on such an issue. Bradley Babson, the World Bank's representative in Hanoi, said that government officials have told him that they agree with the advice and will follow it. The announcement follows weeks of speculation that Vietnam would be taking moves to raise capital on international financial markets, and even move to open a stock market. Vietnam's minister of planning confirmed Babson's report, saying that a bond issue was very unlikely at any point in the near future. Earlier in November Vice Finance Minister Le Thi Bang Tam was quoted in newspaper reports as saying that Hanoi was working on bond issue procedures with several large foreign concerns - which were said to include Nomura Securities of Japan and Germany's Deutsche Bank.

The Last Socialist

Cuban Premier Fidel Castro began a visit to Vietnam 7 December following a state visit to China. The visit is scheduled to last until 12 December. The Cuban premier is expected to work to reconfirm ties between the two nations:



Cuba is closely watching Vietnam's economic liberalization program, hoping to make a model for their own efforts in the near future. "Reform is important in a country like Vietnam, which has managed to develop its economic reforms without abandoning its ideals," Cuba's ambassador to Vietnam, Tania Maceira Delgado told the *Associate Press*. Cuba is also an importer of badly needed Vietnamese rice. Castro is scheduled to meet with Vietnamese leaders, tour a rice-growing village and textile mill, and visit to a new export processing zone outside of Hanoi.

113 sent back

Hong Kong flew 113 Vietnamese boat people back to Hanoi on 6 December, the largest such flight since they began four years ago. This brings to 1737 the total number of Vietnamese who have been forcibly repatriated from Hong Kong after unsuccessfully seeking residence in other countries. Hong Kong's refugee coordinator, Brian Bresnihan, stressed that the government is committed to returning those who have been denied residency in third-party countries. Bresnihan had just returned from Hanoi, where the Vietnamese Immigration Department had recently issued 3000 clearances for the refugees to return. Approximately 6000 boat people remain in Hong Kong, cleared by both sides for forced repatriation.

Updates

◆ **Franc you very much** - On 30 November, French Finance Minister Jean Arthuis and Vietnamese Planning and Investment Minister Do Quoc Sam signed a 410 million franc (US\$ 80 million) protocol in favor of Vietnam. The protocol covers health, civil aviation, television and business and financial training projects.

◆ **Sentence upheld** - An appeals court in Hanoi has upheld the 20 year prison sentence for John Joseph Daniels, an American convicted of smuggling approximately 3,530 pounds of hashish from Thailand. Daniels was arrested at sea in early 1994 with two Thai men. Police say they planned to bring the drugs to Indonesia and the US.

◆ **Vietnam to host Francophone summit** - Vietnam has been selected to host the sixth summit of La Francophonie, an organization of French-speaking countries, in 1997. Speaking at the organization's fifth summit, which ended 5 December in Benin, French President Jack Chirac said, "Vietnam is a great country with exemplary people ... which can bring much to the Francophone family."

◆ **Waste not** - Authorities in Hanoi have instructed government offices and state firms not to print calendars or greeting cards to usher in the year of the Rat, which begins next February. A circular issued last week said the move is part of state efforts to reduce waste and save money.

◆ **Bailed out** - The Vietnamese Navy reported on 1 December that it had rescued 15 Chinese fishermen in an area near the disputed Paracel Islands. The fishermen were rescued from two lifeboats after their ship sank 20 November. They were taken to Quang Ngai province to wait for Vietnam to complete "necessary procedures" before returning them home.

◆ **Ahoy there matie** - On 4 December, the Asian Shipowners' Forum Safe Navigation Committee issued a statement expressing concern over piracy in several parts of the South China Sea, including some coastal waters of Vietnam. "This continuing trend has been recently observed to be characterized by a high degree of precision and sophistication in the manner these attacks were conducted." They urged governments to set up patrols in these areas.

CAMBODIA**Cambodia Feast**

The chairman of China's People's Political Consultative Conference Li Ruihuan was the focus of a banquet held in his honor in Phnom Penh, following the completion of a four-day visit. The visit was made to improve relations between China and Cambodia and featured talks between the two nations on improving Cambodia's economic outlook. In his remarks during the banquet, Li emphasized the need for political stability to assure economic growth, but did not otherwise directly allude to the recent political controversy surrounding an alleged plot to assassinate co-Premier Hun Sen (see *Digest*, 24 Nov).

Hun Sen Protest

Cambodian Second Prime Minister Hun Sen, in a bitter denunciation of the United States and France 5 December, said that he would launch protests against the countries for their "meddling" in Cambodia's internal affairs. In a speech delivered on national television, Hun Sen said that the US Senate should consider its responsibility for the devastation it launched against Cambodia in the 1970s, during its involvement in Vietnam, in determining whether to grant his nation most favored nation trading status. Hun Sen was apparently stung by criticisms of his government following the arrest of King Norodom Sihanouk's half-brother and FUNCINPEC party leader Norodom Sirivudh. While the US House of Representatives has passed legislation granting most favored nation status to Cambodia, the legislation has been delayed in the Senate. Sirivudh was taken into custody on 21 November after being accused in an alleged plot to assassinate Hun Sen (See *Digest*, 24 Nov).

While the US has made no official statement on the arrest, the Cambodian government is apparently sensitive to claims that the arrest was unlawful. Hun Sen said that he would "launch a demonstration" if the US protested the arrest of Sirivudh. "The demonstration will be directly led by me, because now our sovereignty is being severely trampled. If I launch a demonstration one million people [will take part]," he said. Hun Sen said that the United States owed Cambodia \$20 billion in war reparations as a result of its policies in Indochina. "I send this message to those senators [considering MFN policy]," he said, "you can give us aid or not but you must pay compensation for the war because you overthrew our king and created a war in Cambodia." Earlier, Cambodian Commerce Minister Cham Prasidh said that Cambodia would "reconsider" its policy towards the United States if the Senate withholds MFN status.



Cambodia Expels Plotters

The Cambodia government gave six US citizens, including five ethnic Vietnamese, one week to leave the country. The announcement was made on 2 December. The Cambodian government says they were plotting to overthrow the government of Vietnam (see *Digest*, 10 Nov). The six were among a group of 38 people summoned to the Phnom Penh police headquarters by national police chief Hok Lundi. The government says that the group is part of an anti-Hanoi organization that has been operating in Cambodia for the last year. The US State department had no official comment on the allegations, except to say that the US did not support or condone the overthrow of foreign governments. The allegations are apparently being taken seriously, since a Vietnamese diplomat said that the plot included two groups - the Free Vietnam Government and the Government for Vietnamese Restoration.

Putting out the unwelcome mat

On 24 November, three farmers were arrested in Battambang for conspiring to kidnap or kill foreigners in exchange for cash rewards. According to *Cambodia Daily*, the three planned to abduct or kill foreigners who were exercising in the town along the river. Khmer Rouge soldiers allegedly promised the farmers US\$1600 for each foreigner abducted and US\$800 for each one killed.

Sihanouk updates

◆ **New illness** - King Norodom Sihanouk, who has already undergone treatment for prostate cancer, has been diagnosed with diabetes. A palace statement said, "It is this diabetes which, probably, explains the extreme fatigue of His Majesty in recent weeks, fatigue which increases in this month of December."

◆ **No stopping him** - Despite the revelations regarding his health, King Sihanouk left on 7 December for a scheduled visit to Laos. King Sihanouk stressed, "Though my health is not good, I have an obligation to travel to Laos, which is one of Cambodia's great friends." He is scheduled to return on 10 December and then depart for a two-day visit to Vietnam on 14 December.

LAOS

Happy birthday

The government of Laos celebrated its 20th anniversary on 2 December in a ceremony held in the national assembly. Prime Minister Khamtay Siphadone, presiding over the celebration with President Nouthak Phoumsavanh, said the victory of the Lao People's Revolutionary Party over royalist forces in 1975 ushered in an era of "independent sovereignty and self-determinism." Khamtay set forth three principles for the future of Laos: increasing the role of the party as it is a nucleus of the political system, firmly maintaining the political stability and social order, and maintaining annual growth at the present rate of about 8 percent. There were few public celebrations in an effort to save funds.

Thais to buy

The Electricity Generating Authority of Thailand (EGAT) will buy 210 megawatts of electricity annually from a hydroelectric dam scheduled to be completed in late 1997, EGAT announced. The purchase is part of the 1500 megawatts Thailand has agreed to purchase from Laos by 2000. MDX Plc is building the dam south of Vientiane.

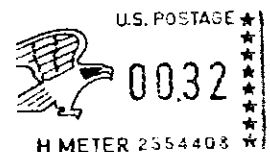
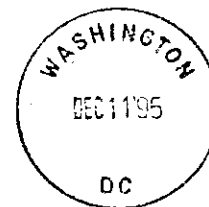
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