



Indochina

Digest

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TRADE/INVESTMENT

Vietnam updates

♦ **Well, well** - On 13 December, Oklahoma-based Parker Drilling Co announced that it has won a contract from Australia's Anzoil NL to work on-land on an oil project south of Hanoi near the Gulf of Tonkin. The contract calls for Parker to provide a rig and drill two wells.

♦ **Thank the bank** - Vietcombank announced on 12 December that it has cut monthly interest rates by .4 percent in an attempt to counter Vietnam's growing trade deficit. Maximum monthly interest rates are now 1.5 percent. It is hoped these lower interest rates will help export-oriented industries. Vietnam's 1995 trade deficit is estimated to be US\$1.8 billion.

♦ **Hotel deal** - Hong Kong's Meija Enterprise Ltd has won a license from the Vietnamese government to build the Hai Phong Star, a US\$26 million joint venture hotel complex in Haiphong. Ocean Tourist Co of Haiphong will hold a 30 percent stake in the venture, increasing to 40 percent after 15 years and 50 percent for the last 10 years of the fifty year contract. The complex will include a three star hotel, apartments, villas and restaurants.

♦ **Erratum** - Last week, we incorrectly identified the nationality of Telstra Corp, which is an Australian company.

Bank buy

On 14 December, *The Cambodia Daily* reported that Macau businessman Che Seak Man has purchased a 49 percent stake in the Bank of National Wealth of Cambodia. "People in Cambodia still don't believe in banks, but confidence in the banking system is growing," he said. He added that he expects his purchase will further enhance public confidence.

VIETNAM

Sihanouk visit

On 14-16 December, Cambodia's King Sihanouk visited Vietnam, accompanied by his wife, Queen Monineath, and an official entourage. Sihanouk met with President Le Duc Anh on 14 December, and held meetings with Communist Party Secretary-General Do Muoi, former Prime Minister Pham van Dong, retired General Vo Nguyen Giap and Deputy Prime Minister Pham van Khai on 15 December. He also visited the mausoleum of former President Ho Chi Minh. The last time Sihanouk visited Vietnam was in 1973.

Rehabilitation delegation

On 9 December, a six-member delegation of medical professionals from the Kennedy-Krieger Institute in Baltimore, MD, completed a two-week work/study tour of Vietnam. The Institute specializes in rehabilitation for children with disabilities. The visit was sponsored by Vietnam Veterans of America Foundation (VVAFA), Citibank, and the US Agency for International Development (USAID), and worked with the Institute for the Protection of Children's Health (IPCH) in Hanoi. VVAFA operates a clinic for disabled children at IPCH, with funding from USAID. The medical delegation spent the first week visiting hospitals, clinics and community-based rehabilitation programs in provinces in the north and south. During the second week, the team conducted a series of workshops on rehabilitation training for over 45 Vietnamese medical professionals at IPCH. Two Vietnamese rehabilitation therapists were chosen to spend a three-month training course at Kennedy-Krieger Institute next spring under Citibank sponsorship. The Institute and IPCH are planning further collaborative efforts to help the children of Vietnam, through the assistance of VVAFA and Citibank.

Russian planes crash

On 12 December, three Russian SU (Sukhoi)-27 fighter planes crashed into a mountain near Cam Ranh Bay, killing the four pilots on board. The cause of the crashes is being attributed to adverse weather conditions. Six Russian aircraft, an IL (Ilyushin)-76 military cargo plane and five SU-27's, were returning from an air show in Malaysia, with a scheduled stopover in Vietnam. The IL-76 successfully landed at Cam Ranh, while two SU-27's were diverted to an airfield at Phan Rang. Russian and Vietnamese search teams, hampered by poor weather, reported locating wreckage on a mountainside near Cam Ranh on 14 December.

Nope to dope

On 11-15 December, Vietnam hosted a forum on controlling drug consumption in Southeast Asia and the Pacific region. The meeting included representatives from Western Samoa, New Zealand and, for the first time, North Korea. "Of course we do not have any drug problem in our country," said North Korea's representative. "This is our first attendance at such a meeting, and we're here to play our role as part of the international community." Vincent McClean, Southeast Asia director of the UN Drug Control Program, said that government action alone was not enough to curb the drug problem, and that all levels of society need to be engaged, especially in the area of demand reduction. Vietnam said its opium poppy-planting area has decreased from 20,000 hectares several years ago to 3700 hectares. The country has sentenced six drug traffickers to death, and another 17 to life imprisonment.



ADB fishing loan

On 11 December, the State Bank announced that the Asian Development Bank (ADB) has approved a US\$57 million loan to upgrade 10 major fishing ports and to provide credit to fishermen and port traders. Vietnam will contribute US\$14.4 million toward the project.

On the rights front

◆ **Dissident arrests/dismissals** - On 9 December, *Reuters News Agency* reported that academic Ha Si Phu was arrested on charges of spreading anti-party propaganda and making negative comments about the Vietnamese government during a telephone interview with a Vietnamese-language radio station in California. *Reuters* also reported that Le Hong Ha, a former police official, and Lu Phuong, a former officer of the National Liberation Front (the pre-1975 Communist forces in the south) were dismissed from the Communist Party.

◆ **American detained** - On 8 December, the *Associated Press* reported that George H. Morris of Eclectic, Alabama, was detained by police in HCMC after being stopped from distributing 5000 questionnaires at the HCMC Polytechnic University. Morris said he was trying to poll Vietnamese opinions on other countries as part of his research for a college degree. *Reuters News Agency* reported that Morris was released after two hours. In 1989, Morris was detained for four days, fined, and deported, after flying a light plane into southern Vietnam without permission.

◆ **Religion de-sect-ion** - On 14 December, the *Vietnam News* reported that a Buddhist religious sect, Doan Phu Tho 18, was declared illegal in November on orders of the State Commission for Religious Affairs. The group worships the number 18, holds regular meetings on the 18th day of each month, and maintains that Ho Chi Minh was the 18th in a line of Hung dynasty kings idolized by the sect. The Hung kings are viewed as the founders of Vietnam.

◆ **Foreign cultural influences targeted** - On 8 December, *Saigon Giai Phong* reported that HCMC authorities have stopped issuing licenses to karaoke bars and discos, as part of "a major campaign to crack down on illegal cultural products," ahead of the Tet lunar New Year festival on 19 February. Items targeted by the campaign include video and cassette tapes, signs outside bars and discos, and other products which could "influence Vietnamese culture in a negative way."

CAMBODIA

Sirivudh exile considered

Prince Norodom Sirivudh, under arrest for allegedly plotting a coup against Second Prime Minister Hun Sen, has refused to accept an offer of exile, according to published reports. The denial came after King Norodom Sihanouk wrote a letter to Hun Sen suggesting that Sirivudh's exile might be the best way to help resolve the growing controversy over

his half-brother's arrest. "He rejects the notion of exile or banishment which has been offered because it does not exist in national or international legislation, the concept of exile is completely illegal," Sirivudh's wife told the press after visiting him in prison. The announcement seemed little more than a formality however, as Sirivudh himself has apparently agreed that he would accept exile if it were temporary - pending the outcome of a trial on the charges against him. He is said to be considering moving to a country nearby Cambodia. King Sihanouk has urged Sirivudh to accept exile because, as he told him in a letter, "you would be alive and would avoid the horrible prison where inhuman criminals include killers and assassins."

Hun Sen threats

After one week of mounting tensions resulting from Second Prime Minister Hun Sen's veiled threats against foreign interests who questioned the legal grounds for Prince Norodom Sirivudh's arrest, the situation in Phnom Penh is easing - in part because of Hun Sen's vow that he would not tolerate any acts of violence against foreign embassies. Hun Sen was angered by reports that the US Senate was reconsidering a vote granting Cambodia Most Favored Nation (MFN) status. Hun Sen said that if there were any unauthorized demonstrations against the embassy the violators would be arrested, and any violent attacks against any embassy would not be tolerated. Cambodian police placed barriers on the road leading to the US embassy.

But while Hun Sen eased his attack on foreigners, he lashed out against the Cambodia press, saying that they were responsible for the deteriorating political situation and blaming them for misreporting his threats: "If there's a grenade explosion at the embassy, you [newspaper editors] will be arrested, anyone who exaggerates the truth will be arrested because you create it, you turn black to white. It's not the right to express opinion, it's incitement," he said. In addition, he questioned the legality of the *Cambodia Daily*, an English-language paper run by a US citizen. "It's not completely legal - if it's not completely legal, why is it allowed to be based in Cambodia," he said, adding that the paper should be closed if it is illegal. His remarks prompted a state-owned printing company to stop printing the *Daily*.

PPX

Malaysia and France have formed a joint venture to manage Cambodia's Pochentong International Airport, Malaysia Airports Bhd has announced. The two, Malaysia Airports Bhd and Aeroports de Paris Management (ADPM), have formed Cambodia Airport Management Service to oversee management of the airport. Prior to the announcement, Cambodia awarded a \$US120 million contract to a Malaysian-French consortium to upgrade the airport's existing facilities, which included building a new terminal, runway, and apron. The announcement of the joint venture followed by one week a visit by Cambodian First Prime Minister Norodom Ranariddh to Malaysia, during which he announced that Cambodia would be interested in buying at least light aircraft from the country. Ranariddh also said that Cambodia would be interested in purchasing Malaysian-made fast patrol boats.



LAOS

More rice would suffice

Finance Minister Xaysomphone Phomvihane said on 11 December that, due to this summer's heavy flooding, Laos faces large rice shortages and potential famine in 1996. Despite promised assistance from many countries, the country still needs additional help to offset the loss of approximately 200,000 tons of rice. According to a report by the World Food Program and the Food and Agricultural Organization, approximately 62,000 hectares of rice fields were destroyed, affecting some 375,000 people. It added that much of the food deficit could only be met through international assistance and advised that 70,000 tons of emergency rice is needed.

Nation's inflation consternation

Annual inflation in Laos is expected to increase to 19 percent due to the recent steep rise in food prices, according to the World Bank. In an interview with *Reuters*, Finance Minister Xaysomphone Phomvihane conceded that the government did not take appropriate action quickly enough to curb inflation early this year. "In fact the government did intervene but not strictly enough," he said. He pointed to current government anti-inflation measures, such as import taxes on luxury goods and plans to increase local production of currently imported goods. The government has issued bonds, raised interest rates and limited its issuing of credit. IMF officials expect annual inflation for 1996 to drop to approximately 10 percent if the government adheres to its current program of monetary and fiscal austerity.

Updates

◆ **Commodities pushed** - In a move aimed at encouraging the cultivation of export-oriented commodities, like coffee and cotton, the government has exempted such crops from export taxes. In addition, companies involved in crop cultivation are exempt from import taxes on farm equipment. According to Minister of Agriculture and Forestry Sisavath Keobounphan, Laos will produce 10,000 tons of coffee and export 2000 tons of cotton in 1995.

◆ **Do I hear a dollar?** - The Bank of the Lao People's Democratic Republic plans to hold dollar auction's soon to help stabilize the kip exchange rate. Pany Yathotou, acting governor of the bank, says she welcomes IMF proposals for Laos to hold the auctions and hopes to get them underway as soon as possible. "We want to set it up next month, but we need some more time," she said.

◆ **Angkor Wat II?** - The United Nations Educational, Scientific and Cultural Organization has added the Luang Prabang palace and monastery complex to its list of World Heritage sites. The list now includes 469 sites which have been designated to be of exceptional universal value.

Land line

Germany has granted 15 million marks to Cambodia to lay a telephone land line between Phnom Penh and Bangkok, a German diplomat announced on December 8. The grant agreement - which is worth the equivalent of \$US10 million - was signed in Phnom Penh. The new land line would allow direct calls to be routed to Thailand without the use of an Intelsat system, one of the more costly means of transmitting telephone calls. Cambodia's international telephone rates are now among the highest in the world.

Child trafficking

The United Nations opened a four-day regional forum on the problem of trafficking children for sexual exploitation in Phnom Penh on December 12. The problem has been gaining increased attention in Cambodia recently after the release of a report claiming that child prostitution is increasing in the country. The report found that at least one-third of the prostitutes in Cambodia are under 17 years of age, with the youngest aged 12. The report also determined that over fifty percent of the prostitutes were forced into the trade by their family. Poverty plays a major role in the increase of the sex trade, the report said. "Their desperate situation makes orphans vulnerable to the temptation of a few extra dollars, families vulnerable enough to believe promises of jobs in cities for their young daughters and people desperate enough to sell children into prostitution," the report said.

Timber

The London-based environmental group, Global Witness, says that it has obtained secret papers that reveal that the Cambodian government is planning to log almost all of the remaining forests in the country. The organization says that the documents show that more than 6.4 million hectares (approximately 15.8 million acres) of trees are earmarked for logging. The forests would be harvested by mainly foreign companies operating in Cambodia. "These massive concessions cover over a third of Cambodia's total land area and threaten an environmental catastrophe on an unprecedented scale," Global Witness Director Patrick Alley says. According to Alley, plans for the logging are already underway. State Secretary of Finance Chanthol Sun, who is secretary-general of Cambodia's development council called the report "rubbish."

Paying their way

The Australian government has agreed to pay the US\$339,000 admission fee for Cambodia's entry into the International Finance Corporation, the private sector arm of the World Bank. Finance Minister Keat Chhon stated, "Membership in IFC will indeed reinforce a sound investment base as well as assist Cambodia to further develop its vibrant private sector." The IFC will work with Cambodia to try to make it more attractive to developing private businesses and to spur foreign investment.



REGION

ASEAN accomplishments

The Bangkok meeting of the leaders of the seven Association of Southeast Asian nations concluded Dec. 15 with the accomplishment of three major goals: an agreement to admit Cambodia, Laos and Burma as ASEAN members; a pledge among member countries to lower tariff and trade barriers, and the endorsement of a protocol creating a Southeast Asian Weapon-free Zone treaty. The agreement to admit Cambodia, Laos and Burma is seen as a huge step forward in meeting the vision of the original five ASEAN members - to create a unified Southeast Asian bloc that could provide stability and prosperity in the region. The eight percent annual economic growth over the last decade (coupled with the admission of Cambodia, Laos, and Burma) brings that vision closer to reality. The member states also reiterated their goal of forming an ASEAN Free Trade Area before 2003. ASEAN's decision to endorse a nuclear free weapon's zone - a treaty that bans possession, manufacture and acquisition of nuclear weapons - was not without controversy. Both the United States and China have objected to the protocol, believing that its provisions contravene international agreements on free sea passage and territorial rights. But ASEAN leaders would not back down from the agreement, saying only that the protocol could be amended to take into consideration the views of the superpowers when ASEAN ministers meet again, early next year.

Let my people go

Thai Prime Minister Banharn Silpa-archa met with Vietnamese Prime Minister Vo van Kiet in Bangkok on the eve of the ASEAN summit to discuss relations between the two countries. Banharn asked Kiet to release Thai fishermen imprisoned in Vietnam for intruding into Vietnamese waters. "We have about 65 fishermen being held in Vietnam right now . . . so my prime minister asked the (Vietnamese) prime minister to give consideration to this," said a Thai official. He added that Kiet's reaction was "very positive."

REFUGEES

Hong Kong to Hanoi . . . or maybe Ohio

The US State Department is negotiating a plan to repatriate the 40,000 Vietnamese boat people now confined in camps in Hong Kong, Thailand, Indonesia, Malaysia and the Philippines. The plan calls for refugees to repatriate voluntarily to Vietnam, where they would be guaranteed interviews with US immigration officials. Those found to have a credible fear of persecution would qualify for resettlement in the US. On 4 December, State Department spokesman Glyn Davies told a news briefing, "We have negotiated with Vietnam a comprehensive plan of action to bring this matter to a safe and humane conclusion, and that's why we're considering this plan. It hasn't yet gained final approval." Other details of the program have not been set. Davies added that while the US is insisting that the returning Vietnamese be "given every protection", the US is not concerned that they would be in any great danger.

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Project

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

