



# Indochina

---

## Digest

Vol. IX

19 January 1996

No. 3

### TRADE/INVESTMENT

#### PetroVietnam to be given more freedom

On 17 January, Finance Minister Ho Te announced that PetroVietnam will be given greater financial independence in an effort to increase its role in Vietnam's infant oil industry. "The government of Vietnam will make PetroVietnam gradually become financially autonomous and accumulate capital from its production," he said. He added that the government is encouraging foreign investment in PetroVietnam and injected US\$818.2 million into its capital reserves on 1 January.

#### Vietnam updates

◆ **Oil exports** - Ho Si Thoang, head of PetroVietnam, told the *Vietnam Investment Review* that he expects Vietnam to export at least 8 million tons of crude oil in 1996, compared with 7.7 million tons in 1995. "Vietnam's target of exploiting 20 million tons [annually] by 2000 and between 20 and 30 million tons [annually] by 2010 depends entirely on the size of its reserves," he said.

◆ **Energy mission** - On 15 January, Singapore's Trade Development Board (TDB) began a five-day energy mission to Vietnam. The 17-member delegation included representatives of energy and related companies. The delegation was slated to visit Hanoi, HCMC, Vung Tau and Dong Nai.

◆ **Casmyn** - US-based Casmyn Corp has signed a memorandum of understanding with the government of Vietnam to acquire gold exploration rights in several areas of the country. Casmyn's subsidiary, Vector Environmental Technologies, has been working with the government since 1993 to develop Vietnam's rural water supply infrastructure.

◆ **Hotel Properties/Luks** - Singapore's Hotel Properties Ltd (HPL) has agreed to lend US\$23 million to Luks Vietnam, a subsidiary of Hong Kong's Luks Industrial Co Ltd. As part of the agreement, HPL will have the option to buy 50 percent of Luks subsidiary Luks Land for US\$26.5 million. HPL will later have the option to buy another 20 percent of Luks Land for US\$12.6 million. Luks Industrial will use the US\$23 million to repay debts. Luks Land sole investment is a 75 percent share of a joint venture whose sole asset in Vietnam is the proposed Saigon Trade Center in HCMC.

◆ **Coffee** - After hitting a two-year low last week, Vietnam's coffee prices rebounded this week. The increase from US\$1430 a ton to approximately US\$1500 a ton is attributed to fear of cold weather in Mexico and South America.

◆ **Tainan Spinning** - Taiwan's Investment Commission has approved a US\$20 million project by Tainan Spinning Co to form a textile firm in Vietnam. The project was part of US\$96.6 million worth of overseas investments by Taiwanese firms approved by the Commission.

◆ **ABB** - Swedish-Swiss engineering group Asea Brown Boveri (ABB) has announced that an ABB-led consortium has won a contract to build a US\$100 million gas turbine power plant. The plant will be located at Phu My, southeast of HCMC. Construction will begin in February.

◆ **Come on over** - 1.3 million foreign tourists visited Vietnam last year, a 20 percent increase over 1994, and domestic tourists rose to 5.5 million. Profiting from the rise, the Vietnamese tourism industry reportedly earned approximately US\$900 million in 1995.

#### Cambodia updates

◆ **Welcome** - Tourism Minister Veng Sereyvuth announced on 18 January that almost 220,000 foreigners flew into Cambodia in 1995, a 24 percent increase over the previous year. The minister predicted that the number of foreign arrivals will continue to grow at the rate of 25 percent, and "by the year 2000 we should be able to look forward to a million tourists a year."

◆ **Japanese exploration extended** - Cambodia Petroleum Exploration Co Ltd (CAMPEX), a Japanese oil consortium led by Japan National Oil Corporation, announced that it has signed an agreement to extend its exploration period in Cambodia. CAMPEX has conducted two test drillings since beginning exploration in 1991 and plans to drill a third well in late 1996. The consortium plans to spend US\$4 million on the latest well, bringing its total investment in Cambodia to US\$40 million.

◆ **Cambodian exports soar** - On 13 January, the Cambodian Ministry of Commerce reported that exports for 1995 totaled US\$27 million, compared with US\$3 million in 1994. Garments comprised most of the total at US\$26 million, while furniture, lumber, farm produce and beer accounted for the remainder. So far, 26 countries have pledged to give Cambodia preferential trading status.

#### More Laotian electricity sold

On 15 January, the Electricity Generating Authority of Thailand (EGAT) signed a memorandum of understanding with the builders of a power station at Houay Ho dam in Laos. Under terms of the agreement signed by EGAT, Electricite du Laos, South Korea's Daewoo Corp and Loxley Plc, EGAT will buy 126 megawatts of electricity at a rate of 4.22 cents per kilowatt per hour. US\$20 million power plant will begin delivering electricity to EGAT in 2000.

**VIETNAM****State run units partially to blame**

On 12 January, the Ministry of Internal Relations released figures showing that among 463 prostitution rings uncovered, 170 involved state-run units. "This includes guest houses, hotels and restaurants of several departments and ministries. What is worse is that many were organized by Party members," stated *Quan Doi Nhan Dan*, the official army newspaper. It went on to quote Tran Hoan, Minister of Culture and Information, as saying "spotless hands are needed to clean another," and that if the new campaign against social evils is to succeed "the government must first sweep out its own closet."

**Vietnam aims to privatize**

On 17 January, the *Saigon Newsreader* reported that Vietnam plans to privatize approximately two percent of state-owned companies this year and will begin trial sales of shares to foreign investors. Phan van Tiem, minister in charge of the committee for state-owned company reforms, said the plan will affect 120-150 enterprises. According to the *Newsreader*, Tiem has submitted a plan to Prime Minister Vo van Kiet under which capital will be raised from firms' own employees, the public, and domestic and foreign institutions to upgrade equipment and develop the companies involved. Tiem emphasized that equitized firms will have to reform their management style, stressing "the role of the working class as the real master of the enterprise."

**Irrigation project**

Prime Minister Vo van Kiet has approved a US\$108 million project to improve irrigation and prevent flooding in the Mekong Delta. Half the funds come from the state budget, and the remainder will be raised through loans and bond issues. The plan, which calls for the widening of many canals and the construction of protective dikes, is part of a proposed US\$545 million five-year plan for the region's development.

**World Bank's good deeds**

◆ **State Bank** - The World Bank has agreed to provide Vietnam with US\$49 million in low interest loans to help it modernize the payment system of its state bank and of local commercial banks. The commercial banks will pay the remaining US\$53 million of the total upgrade cost. The World Bank loan will be repaid over 40 years.

◆ **Health projects** - On 17 January, the World Bank announced the approval of US\$151 million in credits for two health projects in Vietnam. National Health Support Project, which plans to expand access to primary health care to 40 million Vietnamese, received a credit of US\$101 million. Approximately US\$50 million will go to the Population and Family Health Project, which aims to reduce population growth and reduce infant and maternal mortality rates. The credits are granted through the International Development Association, a World Bank affiliate.

**Updates**

◆ **First strike** - On 17 January, as part of Vietnam's new campaign against social evils, police in HCMC destroyed more than 30,550 video tapes, 12,570 audio tapes, 13,000 compact disks and 134 laser disks. In Dong Nai province, police are investigating 200 cases involving illegally produced cultural products.

◆ **Death sentence for counterfeiter** - Tran van Minh, an army deserter, has been sentenced to death for heading a counterfeit money operation in Dong Nai province. Official reports state he had printed a total of 67 million *dong* (US\$6090). Five others received 20-year prison terms, and 18 others received lesser sentences.

◆ **Eggheads unite!** - Documents on scientific cooperation between Russia's Academy of Sciences and the Vietnamese National Center of Social and Humanitarian Sciences were signed in Hanoi on 15 January. The protocol and thematic plan will lead to several bilateral research programs, exchange of scientific information, writing of joint articles and holding of symposiums.

**CAMBODIA****Lord visits**

On 14 January, US Assistant Secretary of State Winston Lord began a three-day visit to Cambodia. He met with Prime Ministers Norodom Ranariddh and Hun Sen, as well as with parliament chief Chea Sim, members of parliament and human rights representatives. "I want to hear first hand from them how they are doing in their movement towards democracy and stability and security and to reaffirm American support... and to discuss, frankly, some problems," he said upon arrival. Discussions were centered on economic development and recent concerns over alleged human rights violations. He called on the Cambodian government to allow greater freedom of the press and individual expression. He also told reporters that the Clinton administration continues to back unconditional Most Favored Nation status for Cambodia. The US House of Representatives approved MFN status for Cambodia last year, but the legislation has yet to be approved by the Senate.

**Vietnam allegedly encroaches**

The *Phnom Penh Post* recently reported that Vietnamese farmers were moving frontier posts on border areas to enlarge their fields. In a speech before graduating law students on 17 January, First Prime Minister Prince Norodom Ranariddh said that border markers in the southeast province of Svay Rieng had been moved 300 to 400 meters into Cambodia. Ranariddh said that a Cambodian policeman was killed and two Vietnamese were injured during recent border skirmishes, and that the Vietnamese "brought tractors in to cultivate the fields in places that they have not used before and that belong to Cambodia." The Vietnamese Foreign Ministry issued a statement on 18 January, saying that Vietnam is ready to meet Cambodian officials to discuss the allegations. "The Vietnamese Expert Working Group on the border issue is prepared to meet with the Cambodian counterparts to discuss and settle all the remaining issues of the border problem."

**Hands off**

On 16 January, Cambodia's parliament unanimously approved new legislation against human trafficking. The law provides for jail terms of between 5 and 20 years for those found guilty of kidnaping, procuring, selling or forcing people into prostitution. Penalties are heaviest if the victim is under 15 years of age. Those convicted of running an establishment for "debauchery" or "obscene acts" can now be sentenced to up to 5 years in prison, although there is no firm definition given for debauchery or obscenity. The law must now be signed by King Sihanouk upon his return from France on 20 January.

**Can we talk?**

Prime Ministers Norodom Ranariddh and Hun Sen have refused to meet with United Nations human rights envoy Michael Kirby, displaying their displeasure over Kirby's comments on issues such as the legalization of opposition parties, political violence and the deportation of Prince Norodom Sirivudh. Kirby said his visit had been planned long in advance "and the resolution of the UN General Assembly requires me to work closely with the royal government, which is difficult when it's impossible to have access to the two prime ministers." Prime Minister Hun Sen's office played down the apparent snub, stating that the Prime Minister was simply too busy to meet with Kirby. Kirby is leaving his position soon to join Australia's highest court.

**Hey, can you spare 40 million?**

On 11 January, Minister of Information Ieng Mouly announced that Cambodia will seek US\$40 million over the next five years from the US government to help Cambodia's demining effort. The assistance would supplement aid already being received from Australia, Britain, Japan, the Netherlands and Sweden. Cambodia will contribute US\$10 million to the clearance effort. Mouly claimed that no new landmines are being laid, but that his government still needs to convince the Cambodian military to destroy its stockpiles.

**On the road again**

◆ **Thanks, Japan** - On 17 January, Prime Minister Hun Sen attended the reopening of National Route 6A, a 44.5 kilometer road which stretches from Phnom Penh to Ta Poy eastward along the Mekong River. The road was rebuilt with a US\$30 million Japanese grant, and Japanese companies oversaw the reconstruction which included the rebuilding of 26 bridges.

◆ **Thanks again** - On 16 January, Cambodia and Japan opened a US\$21 million road construction and maintenance center rehabilitated with Japanese funding. In addition to serving as a materials and equipment depot, the road construction center will serve as a training center where Cambodian engineers and mechanics can upgrade their technical knowledge from Japanese experts. Japan's Obayashi Corporation carried renovated the facility with Yachiyo Engineering Co Ltd serving as technical supervisors.

◆ **Upgrades** - Cambodia spent US\$55 million in 1995 improving its road system, asphaltting 882 kilometers of national highways and repairing 68 bridges. The projects were funded by the Asian Development Bank, the United Nations Development Program and private donations from Japan. The Ministry of Public Works will upgrade No 6 National Highway between Kompong Thom province and Siem Reap province in 1996 at a cost of US\$1.5 million.

**Updates**

◆ **ADB grant** - The Asian Development Bank has granted Cambodia US\$980,000 to help improve its program for technical and vocational education and training (TVET). The main purpose of the grant is to strengthen and upgrade inefficient and outmoded educational institutions. TVET currently concentrates on disadvantaged groups such as demobilized soldiers, female heads of households and the rural poor.

◆ **India MOU** - On 18 January, Indian Foreign Minister Pranab Mukherjee and Cambodian Foreign Minister Ung Huot signed a memorandum of understanding between their two countries covering technical and economic cooperation and agreed to establish a joint commission for bilateral ties. "We have a very old relationship, and there was a gap for some time. Now we do feel it is time for us to catch up," Mukherjee said. He added that he hopes an agreement on the joint commission could be signed when Prime Minister Norodom Ranariddh visits New Dehli later this month.

**REGION****Security notes**

◆ **China expels** - China has ordered an American and a Japanese military attache to leave the country by 18 January, accusing them of entering restricted zones and obtaining military intelligence. Chinese authorities detained the two men on 8 January after they entered and photographed a naval base on China's Hainan Island. The photographs and videotape were confiscated. The two men were again caught at a military airport outside Zhanjiang in southern Guangdong province. Zhanjiang is the headquarters for China's South Sea Fleet, which has the responsibility for protecting China's claim to the Spratly Islands. US State Department officials claimed that the American attache's mission was approved by Chinese authorities.

◆ **Defense bloc proposed** - At the start of a two-day visit to Hanoi on 12 January, Thai Defense Minister General Chavalit Yongchaiyudh told a news conference that Thailand and Vietnam would discuss proposals for a NATO-style regional defense bloc to be presented to other Southeast Asian countries at a military conference in March. "We would like to discuss measures or an organization to solve all disputes in the region," Chavalit said. "Of course, we don't expect any disputes in the region, but if there are, we should have an organization to solve them. An example for that is NATO, in Europe, which is the organization to solve all such kind of disputes or disagreements."



◆ **US wants nuclear pact changed** - On 13 January, US Assistant Secretary of State Winston Lord told a news conference in Bangkok that the US would seek changes in the ASEAN nuclear weapons free zone pact, which was signed last month [see *Digest*, 15 Dec]. The pact allows "innocent passage" of foreign warships and submarines which may be carrying nuclear weapons, allowing such ships to pass through the region's waters or docking at its parts if they show no warlike intentions. However, the US and other nuclear powers objected to the pact, stating that the treaty implies territorial rights that they do not accept and may threaten their ability to move warships around the globe. "Clearly, for us to be comfortable, and I suspect for the other nuclear powers, we're going to have to work out some way to make some adjustments," Lord said. "If this treaty is to take on even greater significance it should have the support/adherence of the nuclear powers."

## LAOS

### Cooperation plan signed with Vietnam

After a two day meeting in Vientiane, Laos and Vietnam have reached cooperation agreements on investment guarantees and protection, and on avoidance of double taxation. The delegations, headed by Vietnamese Deputy Prime Minister Phan van Khai and Laotian Deputy Prime Minister Khamphoui Keoboulapha, also discussed economic, cultural and scientific-technical cooperation for 1996-2000. They signed an agreement stressing cooperation in fields including agriculture and forestry, industry, trade, education, public health and culture.

## REFUGEES

### World leaders meet

On 14-15 January, approximately 100 delegates from Asian host countries and western donor countries gathered in Bangkok at closed door sessions sponsored by the UN High Commissioner for Refugees (UNHCR). The delegates, members of the steering committee of the International Conference on Indochinese Refugees, met to discuss ways to complete the Comprehensive Plan of Action, which originally planned to have all refugees repatriated by the end of 1995. At the end of the conference, UNHCR Asian head Alexander Casella told reporters: "The time for these people to go back has come." He said that the remaining camps around Asia should be closed by July and that the UN will stop paying to support them. UNHCR will cover the cost of sending boat people home, but that will not apply if host countries use "unacceptable force" to send them back. Vietnam has assured host countries that it will speed up its procedures for accepting and processing boatpeople, agreeing that much of the process could be completed by July. However, given the number of boatpeople it has, Hong Kong may take as long as a year to empty its camps.

### Unrest in Malaysia

Malaysian police fired teargas at boatpeople in a refugee camp outside Kuala Lumpur on 18 January after the inmates set fire to two of their barracks. It is the second clash between police and boatpeople at the camp this year [see *Digest*, 9 June]. Riot police arrived at the camp after the Vietnamese burned down one building, then moved on the crowd after a second building was set on fire. There were no immediate reports of casualties.

The *Indochina Digest* is published weekly by the Indochina Project, a non-profit program of the Vietnam Veterans of America Foundation. Articles are based on wire service stories, published news accounts and staff reporting from a broad network of primary sources. Reprint of *Digest* material is encouraged, but attribution is requested. Reader contributions, corrections and comments are invited. If you would like more information on any of these articles or to subscribe to the *Digest*, contact the Indochina Project.

**Indochina**



**Project**

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

