



# Indochina

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## Digest

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### TRADE/INVESTMENT

#### Gone, but not Totally

On 20 January, the *Vietnam Investment Review* reported that France's Total Group plans to bid for a share in Vietnam's second oil refinery despite its withdrawal from the country's first refinery project [see *Digest*, 8 September]. Total's representative in Vietnam stated: "[Total will not] close the door on refining in Vietnam, but it must be economical and near the market with an infrastructure already built." PetroVietnam announced last week that it plans to have a second refinery in operation shortly after 2000. The refinery is planned to have a capacity of five to seven tons of crude oil a year.

#### Philippines to court Cambodia

The Philippine government's Department of Trade and Industry (DTI) has released an action plan that identifies Cambodia as a potential growth market it wishes to tap this year. According to the plan, the Philippines will propose direct air links between Manila and Phnom Penh in scheduled talks later this year to facilitate the flow of goods and investment. The plan also proposes the formation of a joint commission for bilateral cooperation, to oversee that all existing bilateral agreements are carried out. DTI is also assessing the feasibility of sending a representative to Phnom Penh to monitor emerging opportunities and regulations. It has proposed that the Philippine government issue a formal declaration backing Cambodia's entry into ASEAN. Bilateral trade between the two nations totaled US\$420,000 in 1994.

#### Vietnam updates

◆ **ANZ** - Australia and New Zealand Banking Group (ANZ) announced that it has been granted a license to open a branch in HCMC. Its Hanoi branch opened three years ago, and it currently has a representative office in HCMC. The new branch, which will open in March, will offer personal and business deposit and loan facilities and international trade finance services. ANZ becomes the third international bank with more than one branch in Vietnam.

◆ **Natural Gas** - Vietnam awarded a US\$12 million contract to South Korea's Kolon International Corp to build facilities in the White Tiger offshore oil field. These facilities would be capable of exploring for and transporting natural gas, up to two million cubic meters a day.

◆ **Microsoft's hard drive** - On 24 January, Microsoft Corp announced that it will increase its operations in Vietnam. "For some time now we have been working to support the introduction of Microsoft products into the local market," said Nguyen Xuan Nguyen, chairman of Technical Development and Trading Company, Ltd, which distributes Microsoft products in Vietnam. Microsoft will be introducing a Vietnamese version of Windows 95 and appointing new partners including authorized distributors, dealers and solution providers.

◆ **Navigation** - On 23 January, Airport Systems International Inc announced that it has been awarded contracts to supply ground-based navigation equipment and systems, valued at more than US\$1.1 million, to Vietnam and Indonesia. "We are extremely pleased by the great potential for future business in Indonesia and Vietnam," remarked Keith S. Cowan, president and CEO.

◆ **Oil, that is** - Japanese oil companies, Showa Shell Sekiyu KK, Teikoku Oil Co Ltd and Nippon Oil Co Ltd, have joined exploration in a southern Vietnamese offshore block. A seismic prospecting survey has already been completed and drilling will start in March.

#### Cambodia updates

◆ **To boldly go where no man has gone before** - On 23 January, Britain's Enterprise Oil Plc announced that it will drill two new test wells off the southern Cambodian coast in March. Enterprise will be searching for both gas and oil in its Da-1 and Preah Kahn wells. A company official stated that Enterprise had been very encouraged by the results of earlier test drilling: "If the results from Da-1 and Preah Kahn are very encouraging we might well move immediately and drill more wells later this year." The official stressed that the company will need to drill more test wells before eventually beginning commercial drilling.

◆ **Security** - In Phnom Penh, the US-Danish MPA Security Services has opened an office aimed at providing protection for foreign investors and tourists. Country manager Mark Browman emphasized the country's security needs, remarking that, "No foreign investor is coming here unless they feel secure. "Commercial mine clearance will also be available.

◆ **Garments Galore!** - A new garment factory, costing US\$5 million and employing 1500 people, has opened in Cambodia. There have been 24 garment factories established in Cambodia since 1993.

**VIETNAM****Almost full speed ahead**

Government officials and company chiefs agreed last week on a plan that will expand industry at 15 percent a year. The Communist Party put forward a series of nine measures to further renovate the economy, including completion of a comprehensive legal system, restructuring state-run industries and strengthening state-led management of trade to improve the distribution of goods and services which has hindered the growth of the economy. The party added that expansion overseas must be based on stable home-markets. Despite these further market reforms, General Secretary Do Muoi stressed that capitalist impulses will not be allowed to proceed completely unchecked, stating that, "Economics must be allied with politics."

**Relationship in training**

Rail links between Vietnam and China, severed during conflicts in the late 1970s, will be officially reopened on 12 February. The first train to use the new link will depart Hanoi on 12 February and cross the border at Dong Lang early on 13 February. A train will also depart Beijing on 12 February and will reach the border approximately two days later. A second crossing point will also be opened at the city of Lao Cai. Vietnam's Vice Minister for Transport and Telecommunications estimates that the link will carry 500,000 tons of goods annually.

**Losing interest**

On 22 January, the State Bank of Vietnam announced that it is cutting the monthly interest rate ceiling for short term loans from 2.3 percent to 1.75 percent. A bank official stated that the cut's immediate objective is to ease borrowing terms for businesses. Its eventual aim is to bring short-term rates below medium and long-term rates. Discount rates have also been cut, leaving them at an average discount of .35 percent per month. Vietnam's bankers' association has called for a delay of at least six months in introducing the cuts because they could deter depositors. Bank officials said the cut was made possible by lower-than-expected inflation for 1995 and the current stability of the *dong*.

**No need for alarm**

Truong Tan Sang, head of the HCMC People's Committee has cautioned against alarm at Vietnam's recent campaign against foreign influences and "social evils." He said that foreigners should not interpret the government's actions as a return to hard-line Marxism. "This is not a Cultural Revolution or anti-foreign campaign," he said. "We cannot say that all things that are bad come from outside because some are also created by the Vietnamese people themselves." He views the campaign as not just one of punishment, but also as one of encouragement of traditional Vietnamese values and culture. However, official media sources have continued intense criticism of foreign influences and the motivations that drive their importation. The government has pledged to spend US\$16 million on the campaign in 1996.

**Foreign relations updates**

◆ **Israel** - Israeli Finance Minister Abraham Shihah arrived in Vietnam on 22 January for the first visit by an Israeli cabinet minister since the countries reestablished diplomatic relations in 1993. He met with Finance Minister Ho Te and Deputy Foreign Minister Nguyen Dinh Bin, signing agreements on cooperation in economic construction, science, technology, commerce and agriculture, on tourism and a memorandum of understanding on customs cooperation. He said that Israel will promote bilateral cooperation by strengthening ties between ministries and increasing contacts between the two countries' business communities

◆ **Albania** - On 19 January, Vietnam and Albania signed accords on cooperation in economy, trade, science and culture during the Vietnamese Deputy Foreign Minister of Trade's visit to Albania. Similar agreements signed in 1991 were never implemented after Albania's former ruling party was replaced.

**Updates**

◆ **Paper reopened** - Vietnam has lifted its ban on the weekly commerce journal *Thuong Mai* after closing it down in December for reporting details of an alleged corruption case. The paper, which the Culture and Information Ministry closed for "wrong reporting" will resume publication following a review of staff and publishing procedures aimed at complying with press regulations. *Thuong Mai*, which is run by the Trade Ministry, reported in December that a woman had bribed a public official with a solid gold statue.

◆ **Standard January** - Vietnam's inflation rate rose this month as its consumer price index rose sharply by .9 percent. Cereals, whose price rose by 2.6 percent, were among the commodities hardest hit. January is typically a high inflation month due to increased spending before the Tet New Year in mid-February

**CAMBODIA****Khmer Rouge clash**

At least 65 rebels and government soldiers were killed on 24 January as the government struck against a Khmer Rouge base in northwestern Cambodia. The fighting came after 20,000 government troops with tanks and helicopters attacked five separate strongholds at Poipet, Phnom Malay and Kla Ngop in the west, and Anlong Veng and the temple of Preah Vihear in the north. Official reports place the government death-toll at twenty four and the rebels' at forty-one. The offensive aims to push back the rebels who, in recent weeks, have killed and wounded many in mortar and artillery attacks on Poipet, Cambodia's main gateway to Thailand. Nearby Battambang has introduced a curfew in an attempt to thwart possible attacks.

**LAOS****Make up**

On 25 January, Cambodia reestablished official diplomatic relations with Burma after a year of negotiation. Foreign Minister Ung Huot led a delegation to Burma that formally exchanged ambassadors and signed an agreement on future cooperation. Prime Minister Norodom Ranariddh is expected to arrive on 27 January to discuss a number of issues, including the status of Cambodian assets abandoned in 1975 and ways to stem the flow of drugs through the two countries. Ranariddh's delegation will include Cambodia's tourism minister and defense, finance, trade and agriculture officials. A Cambodian official stated that, even though many nations have shunned Burma's military regime, "Cambodia will try to build friendly relations with all ASEAN countries, including for example Vietnam, which has a communist government." Cambodia is expected to join ASEAN in 1997, and Burma hopes to join by 2000.

**If a tree falls in the forest . . .**

On 19 January, Prime Minister Norodom Ranariddh, opening a two-day congress at the Environment Ministry, countered criticism of his government's forestry policy, stating that the state "does have a real political will to protect the environment." He also designated 1996 "reforestation year in Cambodia." Ranariddh said he has asked the UN Development Program and the Food and Agriculture Organization to help Cambodia conduct a "clear and official assessment of the real percentage of existing forests in Cambodia." In addition, the World Bank is helping to revise the government's forestry concession process. Ranariddh stated that the Bank has not found major faults with the concession process, but has criticized the contract system because it does not spell out the importance of sustainability.

**Rainy pours**

In a news conference on 23 January, Sam Rainsy asked the government to negotiate with him over its refusal to recognize his Khmer Nation Party. "If they continue to say that we are an illegal party, we say that they are an illegal government because their decision has no legal basis at all. Every citizen has the right to form a political party," he stated. He added that his party currently has 70,000 members and expects to have 100,000 members within three months. Rainsy recently returned from a speaking tour of western countries, attempting to raise international support for his party.

**Update**

◆ **Back in a few** - On 23 January, First Prime Minister Norodom Ranariddh announced his desire to temporarily depart from political affairs to retire to a Buddhist monastery. In a move most likely prompted by differences with his father, King Norodom Sihanouk, Ranariddh would like to show allegiance to the traditions of the royal family, whose members historically found time to live among Buddhist monks.

**Ox-ident**

Laotian conservationists have announced that a rare adult Vu Quang Ox has been found in the Annamite mountain range. The deer-like animal, first discovered in Vietnam in 1992, is one of only seven species of mammal discovered this century. The Ox, a pregnant female, was found by a hunter and is the only live specimen in captivity. Environment department officials note that this is the first opportunity to study a live specimen. The hunter who found it said he had killed several of the animals before.

**Train rolled on to Vientiane**

On 27 January, foundation laying ceremonies on the banks of the Mekong River will mark the beginning of construction on a railway linking Thailand and Laos. The first phase of a planned network that will eventually include China and Vietnam, the 20-mile railway will link Nong Khai, Thailand with Vientiane. Pacific Construction, a unit of Thailand's Sahaviriya Steel Industries Plc, will finish construction on this phase in one year. Great Britain's Balfour Beatty is currently conducting a feasibility study on the second phase, an 870-mile line running through Laos into southern China.

**EC's TLC**

The European Commission announced that it will provide approximately US\$495,000 in aid for victims of floods in Laos. The aid will enable France's Action Internationale Contre la Faim (AICF) to provide emergency food aid for the next five months. AICF plans to distribute rice and fish to about 7000 people until the next harvest.

**REGION****Vietnam-Cambodia border row**

Commenting on allegations that Vietnam recently encroached on Cambodian territory [see *Digest*, 19 Jan] First Prime Minister Prince Norodom Ranariddh said on 19 January that Cambodia will seek intervention by ASEAN if bilateral talks with Vietnam fail. "I do believe Vietnam does not have any interest to jeopardize our good relations," Ranariddh said, adding that Cambodia will "try to resolve it through bilateral talks, but why not multi-lateral ones?"

On 23 January, *Reuters News Agency* reported that Vietnamese police and provincial officials accused Cambodia of sending additional troops to the area. "On January 17 they sent between 80 and 100 special forces to this area," an official said. "These were not the normal border patrols. They were the military. They raised their guns into the air and opened fire with a total of 27 rounds over several minutes to try and scare local people into leaving the area." The official said that the matter was taken up with Cambodian officials at the local level, and the number of additional troops was subsequently reduced. In Phnom Penh, Information Minister Ieng Mouly told *Reuters*: "We have asked the border committee to look into the matter. I can tell you that there are no Cambodian soldiers outside Cambodian territory."



## US POLICY

### Lord visit fallout

US Assistant Secretary of State Winston Lord concluded a three-day visit to Vietnam on 20 January, during which he held talks with Deputy Prime Minister Tran Duc Luong, and the ministers of foreign affairs, trade, and investment. Lord told the Vietnamese that the MIA issue remains the US's priority in the broadening relationship between the two countries. Lord said that unilateral efforts by the Vietnamese could be stepped up, and that the Vietnamese side needed to improve reporting of its actions. Lord noted that the US and Vietnam "have an increasing agenda of mutual interests." Regarding a US-Vietnam trade agreement, Lord gave no specific date, but said: "We would seek a further opening up of the Vietnamese economy, which is the direction they are moving in anyway." On the issue of Vietnamese boat people, Lord said that the Vietnamese "had some problems" with the US "Track Two" proposal, which would provide returning asylum seekers with another chance to emigrate to the US, but only after they had returned to Vietnam.

In Manila, following the visit to Vietnam, Lord commented on the Spratly issue, and the ASEAN nuclear weapons free zone pact [see *Digest*, 19 Jan]. Lord said that China's current military buildup was starting from a very low base with limited technology, thus limiting its ability to project its military power. "Having said that, they're clearly building up their capability for the Taiwan Straits, for the South China Sea," Lord said. "It's going to be a very tough issue

over many years." On the nuclear free pact, Lord said that the US has shown its willingness to support and adhere to these types of treaties, but there remains concern that the ASEAN pact would affect the passage of ships and aircraft at economic zones in the region. "Our single major concern is the fact that certain exclusive economic zones are included in the terms of the treaty," Lord said. "We want to continue discussion on that."

## REFUGEES

### Malaysia rioters to go home

A riot at Sungai Besi transit camp near Kuala Lumpur [see *Digest*, 19 Jan] left one dead and 23 people injured, including seven Malaysian policemen. Sixty boat people were identified by authorities as the instigators of the riot, and were arrested. UN spokeswoman Erika Feller said that the 60 people arrested in the riot would be sent home this week. The remaining boat people in Malaysia are to be returned to Vietnam by June. "These people are not refugees," Feller said. "Our mandate is to look after the welfare of refugees. We have no more money to keep there here any longer." The UN High Commissioner for Refugees has issued 2000 passports for use by the Vietnamese to return home. There are about 4200 boat people remaining in the Sungai Besi camp. Another 2000 passports are expected to be issued soon.

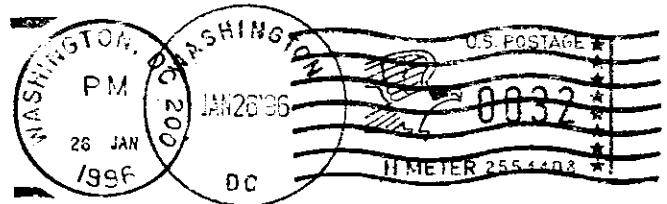
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