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SOUTH VIETNAM-JAPAN ECONOMIC PROJECTS BEING DISRUPTED

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[Text] Tokyo April 4 KYODO--The stepped-up communist drive is proving a major stumbling block to South Vietnamese-Japanese joint economic projects. Bilateral industrial ventures, such as oil development and construction of industrial plants, have been suspended with no prospects for their early resumption. Japanese trading firms have instructed employees and their families to leave the country and some have shut down local offices.

Informed sources said Japan might be forced to sever economic relations with South Vietnam for the time being.

Kaiyo Oil Co of Japan has been notified suspension of work by Mobil Oil Corp of the United States, its partner in prospecting for oil offshore South Vietnam. Hazama-Gumi Co, a construction firm, has abandoned its telephone network expansion work in Saigon, and its employees are expected to pull out of the country by mid-April. Nippon Koei Co, undertaking an irrigation project, has decided to withdraw its staff and close the Saigon office. Matsushita Electric Industrial Co and Sanyo Electric Co have instructed families of resident employees to return to Japan.

Foreign banks, including the Bank of Tokyo, reported gains in deposits as Vietnamese started transferring their accounts from local banks.