



THE VIETNAM NEWSLETTER

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HIGHLIGHTS

AGRIBUSINESS. A delegation from the HCMC Food Company (FOODCO) visited France in late October at the invitation of Sueden. FOODCO and Sueden signed a US\$10 million contract whereby FOODCO will purchase wheat flour and pay for it in rice within one year. The delegation also had meetings with several French banks and ministries of agriculture, foreign trade and tourism.

FOODCO and the Food Industry Group of Taiwan Glutamate entered into a joint venture to build a monosodium factory with an annual capacity of 20,000 tons. The venture's legal capital totals US\$38.725 million, sixty percent of which is contributed by the Taiwanese side.

AIR SERVICE. Direct charter flights between Australia and Vietnam on Qantas airlines are scheduled to begin between Sydney and Melbourne and HCMC. Four flights have been scheduled between December 22, 1990, and March 1991.

Lufthansa, by launching its weekly service to HCMC last month, became the first foreign carrier to have scheduled flights between Singapore and HCMC.

Garuda of Indonesia, Malaysia Airlines and Philippine Airlines all offer regular service to HCMC, catering to the growing numbers of expatriate Vietnamese who are returning home to visit relatives and friends.

Cathay Pacific of Hong Kong, Tradewinds, a subsidiary of Singapore Airlines, Japan Airlines and EVA Airways of Taiwan all believe Vietnam offers good business opportunities and has potential as a major tourist destination.

AQUACULTURE. The chief of the Thai Fishery Department and the heads of several Thai fishing firms visited Hanoi to reassess Vietnam's position on the formation of joint ventures with Thai private interests. Thai fishing firms have proposed the establishment of a central fishing company, composed of private fishing operators and government representatives. It will select and supervise Thai companies who want to fish in Vietnam. Several Thai fishing firms have already been awarded licenses to fish in Vietnamese waters without going through the central firm.

At the end of October *The Nation*, a Bangkok newspaper, reported that Vietnam had established three new state companies

to form joint ventures with Thai firms involved in fishing activities. Vietnam intends to develop fishing and related industries, such as shipbuilding, cold storage, canneries and farming, in cooperation with foreign enterprises.

ASEAN. Vietnam would like to become a signatory to the ASEAN treaty of amity and cooperation. The treaty states that member countries will practice peaceful cooperation and not use force to settle conflicts. President Vo Chi Cong said in a State radio broadcast that Vietnam "maintained the stance to contribute to developing friendship, cooperation and good neighborliness with Southeast Asian countries and other regional nations for a Southeast Asia of peace, stability, friendship and cooperation in which Vietnam-Indonesia relations play an important role."

BANKING. The Vietnam News Agency reports that Vietnam is restructuring its banking system. The Central Bank will have an eight-member board of directors. The board will be composed of economists and representatives from the financial, commercial, trade and investment sectors. Four autonomous national commercial banks are to be established: the Bank of Agriculture, the Bank for Investment and Development, the Bank for Trade and Industry and the Vietnam Bank for Overseas Trade.

A financial joint venture was signed between the Vietnam Industrial and Commercial Bank and P.T. Bank Summa of Indonesia according to a report by the Vietnam News Agency. The joint venture, Indovina, has a prescribed capital of US\$10 million. Indovina is to handle banking services in foreign currency, foreign exchange and export and import payments. Indovina is Indonesia's first investment in Vietnam.

The Bank of Tokyo, which had a branch in Saigon from 1962-1975, is considering reopening an office in Vietnam.

CAM RANH BAY. According to the Vietnam News Agency, General Secretary Nguyen Van Linh told NHK, a Japanese television station, that Hanoi is ready to remove obstacles to normalized relations with the US and would grant the US (and Japan) access to the US-built air and naval base at Cam Ranh Bay. The offer came as the US was negotiating for continued

access to Philippine bases after its current lease expires. Washington has not responded to Hanoi's offer.

The Soviet Union is not opposed to Vietnam's offer to let US forces return to Cam Ranh Bay, according to a statement made by the Soviet Ambassador to the Philippines. Soviet forces will cease using the base in 1992.

COCOM. A spokesman for Vietnam's Foreign Ministry criticized COCOM's opposition to Vietnam's purchase of two Airbus aircraft. The spokesman said, "Policies of isolation and embargo are obsolete and could cause losses to companies doing business with Vietnam." A Western diplomat said "COCOM's decision was more likely imposed by the United States as part of its embargo than taken out of a desire to stop the export of advanced technology, now that Airbus Industrie sells aircraft to the East."

CONFERENCE. An international business conference was held in Hanoi in mid-November. More than sixty Western businessmen from fifty-six companies attended the meetings. The participants met several government ministers, including Prime Minister Do Muoi. The conference is part of Hanoi's efforts to increase business with non-communist countries in view of the end of preferential trade agreements with the Soviet Union.

DEATH. *Quan Doi Nhan Dan* reported that Vietnam's deputy interior minister Lam Van The died. Mr. The was the head of HCMC's security service.

ECONOMIC DELEGATIONS. A delegation from Germany's Ministry of Economic Cooperation visited Vietnam in early November to discuss how Germany's allocation of DM7 million in aid should be used. The delegation also discussed economic cooperation between Vietnam and united Germany.

A delegation of more than twenty Danish businessmen, headed by the chief of the Department for East-West Cooperation of the Danish Foreign Ministry, also visited Vietnam in early November to discuss measures to promote economic cooperation between Denmark and Vietnam. Both nations agreed to continue the Vietnam-Denmark agreement of economic and industrial cooperation signed in 1977. Businessmen from Singapore and Macau

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attended a meeting sponsored by HCMC's Economic Institute and the Information Resources Center of Singapore to exchange views on economic cooperation. The foreign businessmen were interested in establishing trade relations with HCMC's engineering, rubber and sea product branches.

An official Taiwanese delegation composed of representatives from the Communications Ministry, the Civil Aeronautics Administration, China Airlines and newly-established EVA Airways visited Vietnam to discuss air and shipping links. In June, industrial associations from Vietnam and Taiwan signed aviation and trade agreements.

According to Thailand's foreign minister, Thailand and Vietnam are to increase economic, trade and investment cooperation through a joint Vietnamese-Thai commission. Two draft agreements prepared by the Thai Economic Department, one on the establishment of a joint economic commission on natural energy, petroleum and gas exploration and the other on investment, promotion and protection will be studied by Hanoi.

ECONOMIC OUTLOOK. *Nhan Dan* reported that Secretary General Nguyen Van Linh warned that Vietnam's economy will face tremendous difficulties in 1991 as Vietnam will be required to pay for commodities, raw materials and fuel in hard currency. The Soviet Union, Vietnam's main economic partner since the late 1960s, announced that trade between member COMECON countries would be conducted on the basis of international prices with settlement in convertible currency. Vietnamese officials were in Moscow in early November to work out an economic cooperation plan for 1991. The Soviet Union has advised Vietnam that it cannot provide the same amount of aid that it has given in the past. Vietnam owes the Soviet Union fifteen billion roubles (US\$8.4 billion); bilateral trade so far this year totaled 2.5 billion roubles (US\$1.4 billion).

ENVIRONMENT. Professor Dang Huu, Chairman of the State Science Commission, attended a ministerial conference on the environment in Bangkok at the end of October. The conference adopted a report on the status of the environment in the Asia-Pacific region.

EXHIBITION. Gilman Office Machines, a division of Hong-Kong based Inchcape Pacific Ltd., held an advanced office equipment exhibition in Hanoi during July and August. The exhibition, which featured copiers, facsimiles, binders, electronic typewriters and offset printers, attracted more than 5,000 visitors including government officials.

EXPORTS. The Vietnam News Agency reported that Vietnam's October export revenue rose thirteen percent from the same month a year earlier. The highest

increases in export earnings were from tin, rubber and coal. Exports of coffee, tea and rice fell.

FOREIGN INVESTMENT. After returning from a trip to Vietnam, Korn Dabbaransi, a minister attached to the Thai Prime Minister's office encouraged Thai investors to make a quick decision to get into Vietnam before opportunities vanish due to the growing number of foreign investors. Prime Minister Do Muoi plans to visit Thailand before the end of the year for talks with his Thai counterpart, General Chatichai Choonhavan. The two leaders are likely to cover cooperation on tourism development and oil exploration and refineries.

Nhan Dan reported that eleven foreign investment projects worth US\$104.2 million were approved in September and eight foreign investment projects worth US\$98 million were approved in October. Of the eleven projects approved in September, five were in the industrial sector, two in the transport sector and one each in tourism, fisheries, agriculture and construction. The foreign parties invested US\$68 million of the total amount invested. A US\$43 million Soviet coffee growing and processing project represented 41.26% of the US\$104.2 million invested.

FOREIGN TRADE. Figures released by the Japan-Vietnam Trade Association indicate that Japan's trade with Vietnam for the first eight months of 1990 increased seventy-three percent over the same period last year. Japan exports color television parts, paper and cardboard and imports wood, garments and crude oil. Oil accounts for more than half of Japan's imports from Vietnam. Japanese companies are focusing on oil, iron ore, electrical appliances and textiles. There are twenty Japanese companies operating more than thirty offices in Hanoi and HCMC. A spokesman from Japan's foreign ministry said the government was not particularly concerned about the renewed business interest in Vietnam.

Although Taiwan and Vietnam do not have diplomatic relations, Taipei opened direct trade with Hanoi in September 1989. Two-way trade increased from US\$9.7 million in 1988 to US\$41.2 million in 1989. Taiwan exports machinery, transportation equipment, telecommunications and petrochemical products to Vietnam and imports feathers and other agricultural products, lumber, bamboo and rattan from Vietnam.

INFRASTRUCTURE. During his visit to Japan in November, Foreign Minister Nguyen Co Thach was told by leading Japanese businessmen that Vietnam must accelerate the development of its infrastructure to attract Japanese investment.

MANUFACTURING. Osaka-based Teika Corp., a chemical manufacturer, together with Tomen Corporation, launched a US\$2 million joint venture to make raw materials for the manufacture of detergents and shampoo. The venture hopes to produce 10,000 metric tons of detergent ingredient

and 1,000 tons of a shampoo ingredient for the local market by 1992.

MEDIA. *Nhan Dan* reported that the government has decided to censor the press and publishing houses and to reorganize the entire publishing industry. The decision, taken as a result of a Council of Ministers resolution, was made because "the press and publishing work occupy a particularly important place on the ideological and cultural front."

The *International Herald Tribune* is awaiting official approval that will allow its circulation in Vietnam.

NORMALIZATION. Indonesian President Suharto conducted a three-day official visit to Vietnam, becoming the first head of state from a Southeast Asian country to visit Vietnam since the end of the Vietnam War in 1975. This was also the first visit by an Indonesian president in thirty years.

Indonesia signed an economic, scientific and technical cooperation agreement with Hanoi marking an official end to Vietnam's fifteen-year isolation in the region. In a joint communique, Foreign Ministers Nguyen Co Thach of Vietnam and Ali Alatas of Indonesia encouraged joint venture investments in petroleum, port construction, air flights, tourism, agriculture, banking and management training.

Party General Secretary Nguyen Van Linh, commenting on normalization with China, said that "the time will not be far off." Mr. Linh also said that economic, scientific and technical teams from the two countries will be exchanging visits soon. Vietnam reopened Hanoi University's Chinese language as a sign of goodwill towards China. The Chinese language school was closed in 1982.

OIL. Radio Hanoi reported that Britain's Enterprise Oil struck oil at a site about eighty miles south of Vung Tau. It is estimated that 300 barrels per day can be pumped from this new well. The oil is similar in quality to oil from the Bach Ho field. This is the first discovery by a Western oil company since Vietnam opened its doors to foreign oil companies.

Thailand and Vietnam have agreed to form a committee to investigate offshore oil exploration in the overlapping areas between the two countries in the Gulf of Thailand. The oil exploration area in the Gulf of Thailand covers about 6,000 square kilometers.

Vietnam's oil deposits are said to match those of Indonesia. Vietnam is expected to be one of the largest oil exporters in Asia. Vietnam plans to more than double oil output by 1995 to six millions tons. Radio Hanoi reported that during the first ten months of 1990, Vietsovpetro produced 2.2 million tons of crude, exceeding its production plans by seven percent.

PETROCHEMICALS. Four Japanese companies are conducting feasibility studies for a large petrochemical project near HCMC. The project, valued in excess of US\$600 million, will have an oil refinery

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PINE RESIN. According to the Vietnam News Agency, Tomen Corporation of Japan received a license to produce pine resin in Quang Ninh Province. Tomen opened an office in Hanoi at the end of October and expects to establish another office in HCMC. It plans to invest in agricultural and forest products processing, mining, light industry and import substitution industries.

PLENUM. The Central Committee of the Communist Party concluded a plenary in preparation for the Party Congress to be held in May 1991. Radio Hanoi said that the Party is to unveil proposed economic and political programs that would strengthen the Party's role and reaffirm its commitment to socialism. Four documents outlining a passage between the socialism of the past few decades and pressing demands for greater economic and social freedom were discussed.

Nguyen Van Dang, deputy Editor-in-Chief of *Tap Chi Cong San*, the party's theoretical journal, said "I don't hide from you that the present moment is the most crucial for our party. It is the moment of transition from one generation to another."

POWs/MIAs. The November 8, 1990 edition of the *South China Morning Post* reported that a US military team flew to Hanoi to discuss ways to speed up an accounting of the fate of American soldiers missing from the Vietnam War.

The US Department of Defense and the National League of Families of Prisoners of War and Missing in Action list 2,302 Americans as unaccounted for in the sixteen-year war with Vietnam. By comparison, 78,750 and 8,200 Americans are listed as missing in action from WWII and the Korean War, respectively.

Senator Jesse Helms (R-NC) issued a report prepared in early November by the minority staff of the Senate Foreign Relations Committee which concluded that there is a "probability" that Americans are still being held in Indochina. The report presented no evidence to support this conclusion.

RELIGION. As a result of a visit to Vietnam by an official Vatican delegation, Pope John Paul II said the Vatican and Vietnam were moving towards reconciliation. There are an estimated four to five million Roman Catholics in Vietnam.

ROAD WORKS. The state has allocated 1.7 billion Dong (US\$265,625; D6,400=US\$1) to repair the 170-kilometer long Friendship Road from Yen Bai City (Hoang Lien Son Province) to the Sino-Vietnamese border.

SAND. A joint venture between IMEX of the Philippines and a Vietnamese export and shipping company to extract sand from a mine at Cam Ranh went into operation in mid-November. The project expects to extract 250,000 tons of sand annually from a mine with estimated reserves of forty-one million tons.

SERVICE ORGANIZATIONS. SCCI granted a license to INVESTIP to operate as an investment service organization. INVESTIP joins FISC, IMC, INFISCO, INVESCON and INVESTCONSULT as service organizations that are authorized to render services to foreign investors relating to cooperation and investment projects in Vietnam.

SHIPPING. Taiwan's Uniglor Marine Corporation (UMC), a subsidiary of Evergreen Marine Corporation, is to begin the first shipping operation between Taiwan and Vietnam in December.

SPECIAL ZONE. The Vietnam News Agency reported that a total of twenty-four licenses representing US\$20 million in investment have been issued to foreign companies interested in the economic development of the Vung Tau-Con Dao special zone. Foreign contributions totaled US\$14.4 million. The investments include nine tourist development projects, four aquaculture projects, three trading services and two garment projects; the remaining six projects were not described. The foreign investors are from Japan, Australia, Britain, France, Canada, Thailand, Hong Kong, Taiwan and Czechoslovakia. Vung Tau-Con Dao, 125 kilometers southeast of HCMC, is one of Vietnam's ten major tourist centers.

SPRATLYS. In response to reports of Philippine Air Force maneuvers in the area, a foreign ministry spokesman said that the Spratly Islands in the South China Sea belong to Vietnam. The islands are claimed by Vietnam, China, Taiwan, the Philippines and Malaysia.

TELECOMMUNICATIONS. OTC Ltd. of Australia received approval in October for a US\$87 million telecommunication infrastructure project.

Vietnam inaugurated its first modern telephone exchange, installed by Alcatel of France. Alcatel said the exchange, handling 15,000 lines in Hanoi, would improve international telephone calls and provide a base to expand Vietnam's telephone system. The exchange added 3,000 new lines to Hanoi's pre-existing 12,000 lines. International direct dialing to Hanoi should be available in a few months.

TOURISM. According to the Vietnamese department of tourism, more than 150,000 overseas visitors are expected to have visited Vietnam by the end of 1990, compared with 100,000 in 1989. About eighty percent of the arrivals are in HCMC. By 1995, when many hotel projects are completed, Vietnam expects to receive 500,000 visitors, generating US\$450 million.

A delegation from the Malaysia Agency of Tourist Associations and representatives of the Asia-Pacific Tourist Association met with representatives of the Vietnam Tourist General Corporation. An invitation to visit the association in Malaysia and to join the Asia-Pacific Tourist Association was extended to the Vietnamese representatives.

TRADING. Kanematsu Corp., one of Japan's major trading houses, has applied

for a license to open offices in Hanoi and HCMC. Kanematsu plans to renovate Vietnamese factories and make equipment to help make the country's products competitive.

Victor Co. and Sanyo Electric Trade Co. of Japan plan to open offices in HCMC. Victor exports television sets to Vietnam. Sanyo, a vendor of home appliances, exports televisions, air conditioners, refrigerators and other appliances to Vietnam.

US ELECTIONS. Senators John Kerry (D-MA) and Mark Hatfield (R-OR), who have spoken out against the US embargo on Vietnam, retained their seats in the November 6, 1990 election. Senators Kerry and Hatfield co-signed the October 29, 1990 letter to President Bush calling for the lifting of the embargo [see story on page 18 of our November 15, 1990 issue.] Representative Chet Atkins (D-MA), another critic of US policy in Indochina, retained his congressional seat.

US INVESTMENT. The Kyodo News Agency reported that it has obtained a Vietnamese government report on foreign investment that lists the US as the 19th largest investor among 29 countries. US companies have purportedly invested in three projects worth US\$1.94 million. SCCI and unidentified sources quoted by Kyodo said the US companies have invested in Vietnam through partnerships with other Western nations. The US companies have bought oil exploration rights in Vietnam, according to the news agency.

VIETNAMESE VETERANS. A delegation of Vietnamese veterans traveled to the US to support improved relations between Vietnam and the US, including the lifting of the embargo. Nguyen Ngoc Hung, a Vietnamese combat veteran and Tran Van Thai, a representative of the Vietnam-US Friendship Association, want to exchange experiences with American Vietnam veterans to heal the wounds of war. Mr. Hung told American Vietnam veterans that they are not the only ones with soldiers missing in action—his younger brother is one of 300,000 Vietnamese soldiers who remain unaccounted for—and that Vietnamese veterans also have emotional problems as a result of the war.

On Veterans Day, Mr. Hung stood in front of the Vietnam Veterans Memorial in New York City and pledged to organize Vietnamese combat veterans to search for the remains of US servicemen.

WORLD BANK. A World Bank delegation spent a week in Hanoi in late November studying public projects for which Hanoi would like international financing. This is the second delegation to visit Vietnam since April 1990. The US is pressuring the World Bank and the IMF to maintain the embargo on Vietnam. The US also wants loans to be conditional on resolution of the Cambodian conflict and the normalization of US-Vietnamese ties.