

Towards closer relations with the Vietnamese

By A. Kadir Jasin

THE official visit to Vietnam (which began yesterday) by Prime Minister Datuk Seri Dr Mahathir Mohamad is a manifestation of growing friendship between Malaysia and the Indo-Chinese State.

Dr Mahathir is the first Malaysian Prime Minister to visit Vietnam since it attained independence in 1955.

The Prime Minister told Malaysian newspaper editors on the weekend that he considered the visit important politically and economically.

His view is shared by the private sector which is sending more than 100 senior business leaders.

According to official sources, this is the largest delegation ever to be led by Dr Mahathir.

Also in the delegation are four Ministers: four Menteri Besar and a Chief Minister.

Politically, the visit is the confirmation of Malaysia's commitment to foster cordial and mutually beneficial relations with Vietnam following its withdrawal from Cambodia in 1989 and the signing of the Cambodian peace agreement in Paris last October.

Economically, Malaysia hopes to reestablish, expand and speed up co-operation with Vietnam which was interrupted by its intrusion into Cambodia towards the end of 1978.

In the intervening years following the end of the Vietnam War in 1975, Malaysia was among the first and most active Asian countries to extend economic and technical co-operation to that country.

But the invasion of Cambodia, which Malaysia strongly opposed, ended al-

most all forms of co-operation.

Two outstanding issues in the relations between the two countries that will be discussed during the visit are the overlapping claims on the continental shelf in the South China Sea and the future of the remaining Vietnamese boat people in Malaysia.

The question of the overlapping claims was raised during the visit to Kuala Lumpur by Vietnamese Prime Minister Vo Van Kiet in February last year.

It was agreed in principle that as the legal solution to the problem may take a long time to achieve, efforts should be made at operational level to ensure that co-operation between private sectors of the two countries in exploiting the resources of the disputed areas is not hampered.

Petronas Carigali, which is exploring for oil and gas under a contract from the Vietnamese oil corporation, has been mandated to discuss with its Vietnamese counterpart methods of developing the oil and gas resources in the affected areas.

Offshore Vietnam is one of the newest areas of oil and gas development in the world.

The bulk of foreign investments entering Vietnam, which last year totalled US\$2 billion (\$5 billion), was in oil and gas exploration and development.

On the question of the 11,500 Vietnamese boat people still living at the Sungai Besi transit camp, Malaysia wants to seek the Vietnamese Government's commitment that the process of repatriating them can be speeded up or at least a timetable be drawn to ensure a final solution to the problem.

Malaysia also hopes to en-

gage Vietnam in regional issues, particularly those pertaining to security in the post-Cold War period.

This is seen as timely as Vietnam has made known its intention to become a party to Asean's Bali Accord on regional peace.

It is a matter of time that Vietnam and neighbouring Laos are invited to sign the accord, most probably at the forthcoming Asean Foreign Ministers' meeting in Manila towards the middle of the year.

Dr Mahathir is likely to take the opportunity to brief the Vietnamese on the outcome of the recent Asean Summit in Singapore and the formation of the East Asia Economic Caucus.

Vietnam has indicated that it is not only keen, but in a hurry, to develop an alternative economic system, while holding on to its political ideology; to overcome the negative effects of changes that had taken place in eastern Europe and the former Soviet Union.

The crumbling of the Soviet Union and the liberalisation of eastern Europe left Vietnam without political and economic backers.

Until two years ago, it depended heavily on financial assistance from the Soviet Union.

With unemployment reported to be in the region of 20 per cent, outdated economic infrastructure and rising population, Vietnam is left with little choice but to re-orientate its economic policies and priorities in line with the free market economies of Southeast Asia.

Senior Malaysian diplomats familiar with Vietnam said they had a feeling that the Indo-Chinese State was comfortable with Malaysia.

"They have a good feeling

about us. They see us as being fair and reasonable in our response to their policies," said a senior Wisma Putra officer.

But they warned that friendship alone is not enough to secure business in Vietnam, adding that the Vietnamese are shrewd businessmen and there are many countries courting them.

Initial success by Malaysian companies like Sapura, Petronas Carigali, the Renong Group, Automotive Corporation Sdn Bhd and Public Bank Berhad, and the frequent exchanges of visits by officials and trade delegations suggest that Vietnam is keen to develop more business links with Malaysia, partly to offset its heavy dependence on Hong Kong, Taiwan and, more recently, Singapore.

Though trade between the two countries is still small, the growth is impressive.

Total trade jumped from \$140 million in 1990 to \$235 million last year. It is currently in Vietnam's favour.

Investments by Malaysian companies (\$67 million last year) are meagre compared with other investors, but look set to take off.

Before Vietnam's invasion of Cambodia, Malaysia was helping Vietnam to rehabilitate its plantation industry.

With Malaysia's assistance, a rubber research station fashioned on the Rubber Research Institute (RRI) was set up near Ho Chi Minh City.

Since the resumption of assistance just over a year ago, several projects have been launched.

Malaysian agencies like Bank Negara, Malaysian Industrial Development Authority (Mida) and Petronas are helping the Vietnamese in their respective areas.

Petronas has given technical and managerial training to 100 Vietnamese at its Bangi training centre.

The signing of three agreements between the two countries during this visit will enhance further economic and technical co-operation.

They are the Agreement on Posts and Telecommunications, Co-operation, Agreement on Economic, Scientific and Technical Co-operation and Memorandum of Understanding on Technical Assistance to the Vietnamese rubber industry.