

Session III: Plenary Meeting

After the reports and the comments in Session I and II, a plenary meeting was held in which each reporter gave some supplementary comments on his report. The discussion in the plenary meeting was varied and significant. Here is the summary of the whole symposium.

Concluding Remarks of the Symposium

Chairperson: Tsutomu Murano

Reporter: Ikuo Takeuchi, Nguyen Xuan Oanh, Panom Lathouly, Michael Vickery,
Thanyathip Sripana, Douglas Pike, Tetsusaburo Kimura

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The objective of Session I entitled "Current Economic Situation and Economic Growth Planning of the Indochinese Countries" was, first, to gain a better understanding of the current situation of the economy and reform in each country and secondly, to determine whether these countries could qualify for international assistance.

As expected, there was a significant difference between the perception from the Vietnamese and Laotian participants and that from the Japanese participants about how far the countries had proceeded in their efforts to reform, especially to develop a market-oriented economy.

Both Mr. Oanh from Vietnam and Mr. Panom from Laos emphasized the achievements of the reform for a market-oriented economy, from the standpoint of those who have actually been engaged in the reform. The appreciation of Vietnam's reform was also expressed in the report by Mr. Pike from the U.S. However, the report by Mr. Takeuchi and Mr. Kimura's comment on Mr. Oanh's paper pointed out the weakpoints and the problems in Vietnam's reform, although the two acknowledged that some progress had been made. The argument that there are

still many problems yet to be solved in the present stage of the reform in these countries until international assistance can be extended, was also expressed by Ms. Thanyathip who referred to the cooperation between Thailand and Indochina. Mr. Domoto who commented on Mr. Panom's report, also pointed out, the problems found in the economic policy implemented by the central government of Laos.

Mr. Takeuchi added that Vietnam is still strongly characterized as a socialist state in the traditional sense despite efforts to reform the economy and to open doors. Mr. Takeuchi gave as an example the present situation of state-run enterprises which have undergone reform since 1988. He did not hesitate to point out the weak points or inefficiency found in the relationship between economic planning and the economic contract system, or in the price-setting mechanism. In response to this criticism, Mr. Oanh emphasized that the weak points in the present stage of *Doi Moi* should not be hastily criticized because the transition to a market oriented economy is likely to take a long time. He added that the future economic reform in Vietnam should be accompanied by the revision of the laws and regulations, by the privatization of state-run enterprises and also by the newly-defined relations between the Communist Party and the government. Anyway, when the extension of aid or private investment is considered, those should be a clear understanding of the stage of reform at which each country presently stands.

Compared with Vietnam reform in Laos is more advanced although the two countries embarked on a similar type of reform. Mr. Panom mentioned that the reason for the relative success registered by Laos lies in the strong leadership in the Laos Government. However, as Mr. Murano pointed out, this situation can be ascribed to the fact that Laos is already in a position to receive assistance from international financial institutions, while Vietnam is still suffering from the economic embargo enforced by the U.S. and the West. Actually Mr. Panom indicated that the privatization of the Laotian state-run enterprises started in 1990 and has already resulted in the establishment of more than 100 private companies. The privatization effort is being pursued through distinct guidelines set up by the World Bank, IMF and Asian Development Bank and with a free grant from UNDP.

Therefore, whether the economic reconstruction and economic growth will be successful in Vietnam, will depend mainly on the economic cooperation or aid extended by the industrialized nations in the West and by international financial organizations as well as on the private investment by the West, although it is still necessary for Vietnam to promote "self-help," as suggested in Mr. Murano's address. As for the Japanese ODA, the key point will lie in the timing of when the U.S. will lift its embargo, as indicated by Mr. Kinoshita in his comment on Mr. Kimura's report.

In his report on the U.S. policy toward Vietnam, Mr. Pike mentioned that the U.S.-Vietnam relations could be normalized as early as in the spring of 1993. Regardless of whether this forecast corresponds to the reality, it appears that the interest of the American business community in advancing into Vietnam is very limited. Mr. Pike added that the conditions will have to be further improved before large-scale investment can be made in Vietnam. In other words, Vietnam should establish a strong leadership willing to make sacrifices for the economy, should improve its higher education, should eliminate the North-South antagonism or regionalism

and should also develop friendly relations with the world countries. This opinion is shared by the majority of the business community. This is why there is little pressure on Washington to lift the embargo on Vietnam. The U.S. attitude to Vietnam seems to be very cool compared with that of the Japanese business community which trends to favour the penetration into the Vietnamese markets.

Apart from Vietnam and Laos which have already initiated reforms, Cambodia must solve its political problems in accordance with the signature of the Peace Accord and also tackle the most crucial problem of reconstructing a nation. In order to achieve these objectives, a strong government is indispensable, Mr. Vickery emphasized this aspect in his report, and Ms. Amakawa, his commentator and many other participants also expressed the same opinion.

The problem now is how to devise a specific plan and the schedule of international assistance. The participants generally recognized that the implementation of general elections followed by the establishment of a new government, or at least the guarantee of political stability is the prerequisite for the initiation of aid. Mr. Vickery added to this argument that Cambodia is in more urgent need of assistance than Vietnam, and that the aid to Cambodia should be extended immediately. He reiterated that economic stability is the only guarantee for political stability and even general elections could be difficult without the former.

Mr. Vickery's argument is based on his appreciation of the relative success achieved by the Phnom Penh Government under severe criticism, as well as on his humanitarian approach about which he acknowledged that the U.S. economic sanctions against Cambodia had been a mistake. He further expressed his apprehension that a massive inflow of foreigners as members of the peace-keeping forces or of the international surveillance organizations may create an element of instability in the Cambodian economy.

Mr. Pike indicated that Mr. Vickery's opinion on the future Cambodian situation is too pessimistic. Mr. Vickery's opinion is unique in its emphasis on the "stability" element in economic cooperation, when most of perspectives emphasized "achievements."

In Session II entitled "Economic Reconstruction of Indochinese Countries and Asian-Pacific Economy," the discussions dealt with the form of international assistance to be extended to the three Indochinese countries. The discussions here can be summarized in the following manner.

The first point was that an appropriate form of economic cooperation should be extended to Indochina. The importance of ODA was mentioned in every report referring to the problem. However, Mr. Kinoshita proposed in his comment to make use of OOF (Other Official Funds).

The importance of private investment was also pointed out in many reports. The majority of the participants argued that it is appropriate to extend ODA to Cambodia, and ODA plus private investment to Vietnam. With regard to Laos to which a plausible answer might be ODA, Mr. Kinoshita suggested the promotion of private investment or reinvestment by the Japanese companies stationed in Thailand or other ASEAN countries.

The second point was concerned with the contents of assistance. Mr. Oanh gave specific figures indicating that Vietnam needs some 2-3 billion dollars annually

for its economy to take off within 5–6 years. However, it is very difficult to give specific figures when neither the date for the resumption of full-fledged assistance by the Western countries including Japan nor the date when the reforms in those three Indochinese countries will be fully promoted is clear. Therefore, most of the participants suggested that the specific content of assistance should be decided in accordance with the stages of rehabilitation and development of each of the three countries.

Most of the participants agreed that the major step was the nurturing of human resources. Mr. Takeuchi suggested that Vietnam should educate senior expert officials well-versed in Western style of management and conditions. Mr. Domoto stressed in his comment that Laos should train human resources both in the public and private sectors. Ms. Thanyathip, too, called for the training of manpower in public hygiene, finance, agriculture, irrigation and telecommunication in relation to the Thai cooperation with all the Indochinese countries. On the other hand, in his comment on Mr. Takeuchi's report, Mr. Mio referred to private investment, and stressed that the most desirable form of cooperation at the present stage is that between Japanese small-scale enterprises and non-governmental enterprises in Vietnam.

The economic cooperation between the Indochinese countries and their neighbors may be important, but the level of the discussions is insufficient. The need for expanding the cooperation between Thailand and the Indochinese countries was pointed out not only by Ms. Thanyathip but also by Mr. Domoto. Mr. Hoa argued in his comment that mutual understanding between Thailand and the Indochinese countries should be promoted from the viewpoint of international diplomacy.

A large number of proposals and opinions were expressed on Cambodia, besides the call for assistance which would help promote a strong government. Mr. Vickery proposed to make the best use of the discharged soldiers so that the assistance may not be advantageous to the minority forming the privileged class. Mr. Kimura came up with a unique idea that Japan should extend assistance to the mine-removing operations in which all the parties involved in the Cambodian problem should participate.

As a means to minimize the frictions associated with economic assistance, Mr. Kimura suggested that the Vietnamese, the Cambodians and the Laotians residing overseas should temporarily be permitted to return home and should take part in the reconstruction of their home country. Mr. Panom said that the plan could be realized since it is obvious that these Indochinese people are willing to help their homeland.

The third point was the need to consider the assistance to all Indochina in a broad, global perspective. Mr. Kimura indicated that a comprehensive investigation should be conducted before drawing a development plan for the whole Mekong Valley. He suggested that the Japanese ODA should subsidize an international team to carry out this investigation.

In addition, Mr. Oanh expressed his expectation that Japan will establish Indochinese Development Bank or create a Development Fund which would cover the three countries. If such an organization were to be established, it could be very

beneficial to the countries. At the same time, Mr. Oanh called for Japanese assistance in drawing up a comprehensive development plan for the three countries and in technology transfer, especially that of management.

Mr. Panom stated that there should be a thorough investigation on how to use the natural resources in the three Indochinese countries. Mr. Panom suggested that the investigation should be carried out in cooperation with Indonesia, Malaysia and Myanmar. In this proposal again, he called for Japan to play the role of a mediator as well as that of a fund generator.

All these proposals and opinions, especially the ones expressed by the Indochinese participants reflect the difficult conditions faced by these countries as they urgently need the assistance from existing international financial organizations as well as whatever assistance may be specifically targeted for Indochina. The proposals were all made with Japan always in mind, no matter how they were worded. This fact should be borne clearly in mind whenever Japan considers extending international assistance to any Indochinese country.