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## REVIEW & OUTLOOK

### Vietnam's Hostages

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In the capitalist world, if you make a bad business decision you live with the consequences. But not, apparently, in Vietnam. Details have emerged from Hanoi about how staff working for a foreign bank are being held hostage by police until their employer agrees to "compensate" a state-owned bank for the \$5.4 million it lost in speculative foreign-exchange trades.

Vietnam was supposed to be heading in the right direction. Its economy is booming amid rising foreign investment, and a bill granting permanent normal trade relations is before the Senate. A free-trade agreement with Washington may be next, and President Bush recently backed Hanoi's bid to join the World Trade Organization.


But now comes the appalling treatment of staff of the Dutch bank ABN-AMRO, caught up in what even Vietnamese regulators say were legitimate business transactions. The story highlights how, for all its strides toward a market economy, this Communist state is still not always a safe place to do business. In Hanoi, Tom O'Dore, chairman of the American Chamber of Commerce Vietnam, says "This particular case reeks of human-rights abuses."

We don't know all the details of the dispute between ABN-AMRO and the state-owned Industrial and Commercial Bank of Vietnam. But we do know that Incombank claims the employee who conducted the disputed trades with the Dutch bank wasn't authorized to carry out forex transactions, and that her boss approved them only because he couldn't read enough English to understand the contracts.

As a result, one ABN-AMRO staffer has now been held for more than four months in a top security prison for hardened criminals and refused permission to see his family or a lawyer. A second was detained last month. Two more escaped the same fate only because they have young children; they were placed under house arrest. A senior bank staffer in Hanoi, Vietnamese-American De Pham, has faced difficulties leaving Vietnam, even though she is six months pregnant and needs medical treatment overseas. A civil case between the two banks is due to begin in a Hanoi court soon, but meanwhile the staff is being treated like criminals.

All this over forex trades that were given a clean bill of health in a recent audit by the country's financial regulator, the State Bank of Vietnam. As Mr. O'Dore told us, all of this

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has left others doing business in Vietnam fearful that they could suffer the same fate. "They're criminalizing what appears to be a legitimate business transaction," he says. "This is very bewildering in a country that's trying to get into WTO and sends an inappropriate message to the U.S. Congress."

The ABN-AMRO saga will be familiar to foreigners who do business in China. Jerome Cohen, a New York University professor who specializes in China's legal system, says he continues to encounter numerous such cases in that country. In Vietnam, police are allowed to hold suspects without charges for more than a year. That doesn't necessarily mean the ABN-AMRO staff will remain in limbo for that long. Vietnam's reformist new Prime Minister Nguyen Tan Dung is reported to have ordered an urgent investigation into the case. He seems unlikely to risk Vietnam's trading status with the U.S. for the sake of one state-owned bank.

But even if this case is resolved through pressure from foreign governments, it stands as testament to how far Vietnam still has to travel before foreign companies can be confident of a fair and transparent business climate and a reliable rule of law. WTO entry is no panacea, with China's 2001 accession failing to halt its abuses.

In the free world, governments don't go around abducting a competitor's staff over a business dispute. Until state-owned companies are forced to live with the consequences of bad business deals -- or resolve disputes through the legal system -- Vietnam can never expect to become a full-fledged member of the world business community.

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