

## THOUGHTS ON CAP ST. JACQUES AS A FREE PORT

1. A distribution center is an economic necessity in South East Asia.
2. Hongkong now performs this service. An alternative location should be developed because:
  - a. The Chinese Reds can close down Hongkong whenever they want to.
  - b. Without the Chinese market, Hongkong is now on the periphery of the area it serves. Transportation costs to the balance of the area would be less if the distribution center were located in Saigon, roughly equidistant from Bangkok, Singapore, Manila, Hongkong.
3. An economic incentive, such as a "free port" area, would be helpful in attracting trade and industry to Viet Nam. The term "free" refers to payments of customs duties, etc; from a political and police-military security standpoint, it would be as Vietnamese as the Palace grounds (for Palmer's benefit).
4. Use of the Cap St. Jacques area for this purpose has many advantages:
  - a. It has deep water and some heavy port facilities.
  - b. Enlargement of economic activity there would ultimately reduce the drop in property values and unemployment that will result when the French leave.
  - c. The area has a good beach and could be made attractive to tourists, especially if retail prices at the Hongkong level prevail.
  - d. The entire area could be sealed off relatively easily for customs purposes.
  - e. If, as part of the project, a new direct road were built - Saigon-Cap St. Jacques - a new market would be opened up for the fishing and vegetable growing villages in that area. I understand that it is now very difficult to get perishables to the Saigon market from this area.
5. Initial capital required for the project should not be too great:
  - a. An engineering survey to develop a master-plan and determine what utilities, roads, wharfage, etc. will be required, and when.
  - b. The initial group of roads, utilities, and wharves. (Possibly the World Bank would finance this.)
6. If the first unit is a success, there should be no trouble financing successive units.

There will be probably scores of other problems —

Should the government be the sole owner of land zoned for commerce and industry and lease it in order to better control the direction of growth? If not, should there be some sort of special assessment program, so that present land owners and speculators won't get all of the benefits of the program?