

**VIETNAM: TRADE &
INVESTMENT BULLETIN No.33**

APRIL

2012



**VIETNAM INDUSTRIAL PARKS
INVESTMENT PROMOTION
(VIIP.COM)**

*KK11 Ba Vi Street, Ward 15, District 10,
HCM City, Vietnam*

Tel: (+84-9) 13 964 941

Fax: (+84-8) 3911 1453

Dear all,

*Vietnam Trade & Investment Bulletin is published by monthly 15th.
VIIP.COM would like to collect info and reflect an overview of Vietnam
economic climate. Through this, readers would find useful information for
research and investment
in Vietnam.*

Thank you for your interest in our services!



VIETNAM: TRADE & INVESTMENT BULLETIN No.33

April 2012

<p><u>GENERAL REVIEW</u></p> <p>Inflation expected to see modest reheating in April</p> <p>New regulations to take effect in April</p> <p>Online tax returns encouraged</p> <p>M&A deals in Q1/2012 continue to be vibrant</p>	<p><u>INVESTMENT</u></p> <p>Foreign investors keen to buy office buildings in Vietnam</p> <p>Korea tops FDI list in Vietnam</p> <p>Mekong Delta Attracts USD10 bil FDI</p> <p>Special eco-commercial zone sinking with low consumption</p> <p>Saudi enterprises to increase Vietnam investments</p> <p>CJ wants to expand investment in city</p> <p>City lacks realty information</p> <p>Ninh Binh markets first urea products</p> <p>BOT investors hastily return projects to gov't</p>
<p><u>TRADE</u></p> <p>Vietnam, EU poised for FTA negotiations</p> <p>Export revenues rise by 23.6 % in Q1</p> <p>Garments and textiles lead exports in Q1</p> <p>Seafood Exports Stable, Rice Exports Down</p> <p>Vietnam attempts to penetrate Chinese market through official channels</p>	<p><u>ANALYSIS</u></p> <p>Competitiveness crucial to State-sector reform</p> <p>Proper discussion will lead to right decision</p> <p>Rivers of fortune for Mekong's Ben Tre</p>
<p><u>FINANCE – BANKING</u></p> <p>Vietnam's real estate sector safe and sound: official</p> <p>Vietnam has one of the best balance of payments in Asia: ANZ</p> <p>Banks look to be global players</p>	<p><u>COMING EVENTS</u></p> <p>The Da Nang International Fireworks Competition 2012</p> <p>Cosmobeaute Vietnam</p> <p>Paper Chem Tech Vietnam</p>
<p><u>NEWS IN BRIEF</u></p>	
<p><u>DEVELOPER'S INTRODUCTION</u></p>	
<p>Supported by:</p>    	

DEVELOPER'S INTRODUCTION

Duc Hoa III – Resco Industrial Park – A Launching Base for Success of Investors



Duc Hoa III- Daresco Industrial park

The project of Duc Hoa III - RESCO is officially under construction from December 2010, with a total area of 300ha, total investment capital of VND 850 billion. The industrial park (IP) has attracted 10 investors with lease area more than 60 ha, is currently completing the leveling and infrastructure construction of the first phase with more than 70ha land available to investors.

The IP has advantages on location such as: away 26 km from Tan Son Nhat airport; 29 km from the center of Ho Chi Minh City; 30 km from Sai Gon port; away from Hiep Phuoc Port: 43 km; Ben Luc port: 43 km; Moc Bai International Border Gate: 48 km; away 20 km from the center of Binh Duong Province.

Investor finds access to infrastructure conveniently to Cu Chi North West Urban Township (6,082ha); Urban Zone of Berjaya International University (925ha). 3rd Outer Road is connecting Long An - Ho Chi Minh City and the southeastern provinces under the traffic master planning of the region as well as the Trans-Asia Road is connecting Ho Chi Minh City and Cambodia.

In addition, investors can approach markets such as Ho Chi Minh City; Binh Duong; the southeastern, southwestern provinces and Cambodia. Highlight of the IP is that infrastructure inside and outside of the IP invested completely and synchronously, with FOC and professional supporting services to investors.



Từ KCN Đức Hòa III – RESCO đến: Distance from DucHoa III – RESCO IP to:	Khoảng cách Distance
Đường Xuyên Á (Quốc lộ 22) TransAsia Highway No.22	07 km
Sân bay Tân Sơn Nhất Tan Son Nhat International Airport	26 km
Trung tâm Tp. Hồ Chí Minh HoChiMinh City Centre	29 km
Cửa khẩu Quốc tế Mộc Bài MocBai International Border Gate	48 km
Trung tâm Tp. Tân An, Long An TanAn City, Long An Province	58 km
Cảng Sài Gòn SaiGon port	30 km
Cảng Bến Lức BenLuc port	43 km
Cảng ICD Hiệp Phước HiiepPhuoc ICD port	43 km
Cảng Cát Lát CatLai port	45 km



Besides, there are other advantages from DARESCO to investors such as: to make corporate income tax incentives within 10-15 years; the most competitive leasing fee and transfer price in the region; in addition, investors get all the rights under the Law land with flexible payment methods to meet the financial conditions of the investment; enthusiastic team of consultants; consulting and legal assistance free of charge, make daily visit tour...

Regarding labor issues; DARESCO has implemented in parallel residential area building Duc Hoa III – RESCO. In 05/2012, DARESCO will assign land background for tenants leasing land in the first phase. Investors feel okay about the labor and housing when selecting Duc Hoa III - RESCO IP for setting up their plant.

In addition to the competitive advantage of own DARESCO on price and the professional support services; the next time, DARESCO will link with other IPs and accompany with Provincial Investment Promotion Center and Economic Zone Management Board to create a strong attraction to investors, promote the provincial economy in stable and solid development.

DARESCO will go on promoting and attracting domestic and foreign investment, particularly countries in the Asian region. Investment priorities focus on mechanical industry, electronics and industries of consumer, textile, plastics, high-class ceramics, agro-forestry processing industry... not causing to environmental pollution.

Not only focusing on improving infrastructure for the IP, but also making an orientation for the promotion of local economic development and environmental protection, DARESCO will bring benefits to its shareholders.

[Back to top](#)

GENERAL REVIEW

Inflation expected to see modest reheating in April

Inflation in April is expected to rise by a one-month rate of as much as 0.5 %, representing an increase over March's very gradual increase in the consumer price index of just 0.16 %, according to experts at a meeting held in the late of March by the Ministry of Industry and Trade's market management team.

They pointed to recent hikes in energy prices, including petrol, as likely to lead to a modest reheating of inflation. Higher transport and distribution costs have already led some major retailers to increase retail prices on goods by 3 to 4 % in recent days, and rising healthcare costs were helping drive up inflation, experts said. Only a declining trend in gas prices worldwide has allowed domestic cooking gas distributors to plan price reductions of an estimated 16 % this month.

Other optimistic signs expected to keep inflation in check included sufficient supplies of food and food products in the market.

At the Government's monthly meeting in the late of March, the Ministry of Finance also reaffirmed that goods subject to State price controls or required by the State for public purposes or national programs would continue to be closely monitored between now and the end of the year. Prices of other consumer products, including agricultural and food products, would continue to be set by the market, with all price control systems to be lifted gradually, according to the ministry.

Electricity rates would only be allowed to increase slightly and would not be adjusted to reflect disparities between domestic and foreign currencies or the power industry's accumulated losses in 2010, the ministry said. Coal prices would also be adjusted to the equivalent of 90 % of the price for comparable types of coal for export.

Fuel prices would continue to be managed under Government Decree No 84, the ministry said. Under the decree, petrol distributors could adjust petrol prices by up to 7 % when global prices fluctuate by up to 7 % within the past 30 days. When the global oil prices rise by 7-12 %, these enterprises would be allowed to increase prices by an amount up to 60 % of the global increase, while the balance to be offset by import tax adjustments and the fuel stabilization fund.

The costs of healthcare, education and other public services would be allowed to increase according to market forces in order to ensure providers remain solvent and provide high-quality services, the ministry said.

(Source: VNS)

[Back to top](#)

New regulations to take effect in April

Shortening the time limit for visa exemption certification, giving medical treatment support to 2 more subjects, and lowering import duties are among the new regulations that have either just been implemented, or will come into force this month. Below are the briefs of several of those new regulations.

Five days for visa exemption certification

Under Decision 10 of February 10, 2012 by the Government, the time limit for granting a certificate of visa exemption for overseas Vietnamese to return to Vietnam will be shortened to 5 days from the current 7 days.

People who enter Vietnam using a visa exemption certificate are allowed to stay in Vietnam for no more than 90 days. In case they want to stay longer, they will be considered for an extension of no more than 90 days if they have legitimate reasons and obtain a guarantee from an agency, organization or individual.

Those who want to extend their stay in Vietnam are required to carry out procedures for extension five days before the period expires. The extended period of stay must not exceed 90 days for each extension.

This decision will be effective from April 15.

Lower import duty for many commodities

The Ministry of Finance has issued two new circulars on preferential import tariffs under the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP) and the Vietnam-Japan Economic Partnership Agreement (VJEPA) in the 2012-2015 period.

Accordingly, a number of goods in almost all fields will enjoy regular tax reductions for the next two to three years. Taxes on electronic goods will be axed from 5 to 2.5 % in 2014, and several types of digital cameras will even be free from the import tax.

For a number of garment items, taxes will be lowered from 13 % in 2012 to 11 % and 9 % in 2013 and 2014, respectively. Household items such as bathtubs, basins and kitchen utensils will also enjoy tax cuts from 19 % in 2012 to 14 % in 2014. The two circulars took effect on April 1.

Fines for violations of tourism regulations

Government Decree 16, which will come into effect on April 30, stipulates the following fine rates for administrative violations in the field of tourism:

A fine of VND500,000-VND1 mil (USD48) for tourist guides who are operating without bearing their cards or bringing a certificate of qualification along with them.

A heavier fine of between VND5 mil and 10 mil will be applied for one of the following acts: guiding tourists without having obtained a certificate of qualification; using fake cards of tour guides; or providing tourists with wrong or incorrect information about Vietnam's history, culture, land and people and thereby causing harm to the Vietnamese nation's image, tradition, morality, or habits and customs and so on.

The heaviest fine, VND30-40 mil (USD1,920), will be given to unlicensed operators of international travel services or those who give their license to others for the latter to conduct international travel services

Marriage certification: 3 days

According to Decree 06/2012 by the Government, the time limit for granting a certificate of marriage registration will be shortened from the current 5 days to 3 days.

An application for a certificate of marriage registration can be sent to the authorities by post and any copies of documents attached to the application must be certified. In case applicants personally submit their applications, they are required to bring the originals along for comparison.

The decree has taken effect from April 1.

Medical treatment support for 2 more groups

As of April 15, two more groups will be added to the list of beneficiaries of support in medical examination and treatment, according to Governmental Decision 14/2012 on medical examination and treatment for poor people.

One of the two newly supported groups is those who have cancer, are on dialysis, or need to have heart surgery but cannot afford the high cost of treatment. The other is those who are enjoying monthly social allowance. Currently, only two groups enjoy this kind of support, including those who belong to poor households or are living at State-funded social centers, and those who are members of an ethnic minority living in disadvantaged areas.

(Source: VietNamNet/Tuoi Tre)

[Back to top](#)

Online tax returns encouraged

The General Department of Taxation reports that there will be more than 100,000 enterprises implementing online tax declarations by the end of this year.

Alongside benefits such as time saving and lower costs, some disadvantages remain.

According to the department, the number of firms registering for online tax declarations reached up to 86,000 last year.

Vietnam officially undertook online tax declarations in August 2009. "Online tax declarations, certificate authority (CA) and digital signatures are much more simple and faster, helping companies save time and cut costs," said Nguyen Bao Khanh, deputy director of Saigon Alliance.

Nguyen Huu Quang, deputy director of Tri Quang Construction, agreed, saying that online tax declarations were more convenient in comparison with previous methods. However, some companies have met with difficulties in carrying out declarations while others remain skeptical of the process.

A representative of Paylink Vietnam told Bao Cong Thuong or Industry and Trade Newspaper that if firms implemented online tax declarations during working hours, they might struggle with internet congestion and unenthusiastic staff.

Whereas, according to Nguyen Ngoc Thuan, management board chairman of Khanh Binh, his business met impediments when it did not have certificates to verify it had submitted tax declaration documents. Consequently, commercial banks did not allow it to participate in construction tenders.

Pham Xuan Hong, director of No 3 Saigon Garment Co, said his firm still applied the previous tax declaration method and was not willing to declare online because of slow progress.

Director of the HCM City Centre for Information Integration and Storing, Duong The Quang, attributed the firms' hesitation to the fact that tax offices only encouraged online declarations while it is not compulsory. In addition, some enterprises did not want to publicize declarations.

The process involving data declarations and receipts was sometimes not systematic, thus in some cases, firms needed to submit tax documents due to technical errors. The overloaded transmission line sometimes occurred during peak days, making trouble for taxpayers, he added.

(Source: VNS)

[Back to top](#)

M&A deals in Q1/2012 continue to be vibrant

Mergers and Acquisitions (M & A) activities in the first quarter this year continue to be vibrant. However, most big deals are issuances of shares to foreign partners.

Only one M&A deal with the true meaning was the stake buyback of Hanel into Daewoo Hanoi hotel. The remaining M&A deals witnessed the purchase value of only 15-25% stake and there were any moves of acquisition.

Not long ago, Thomson Reuters has offered figures about the value of M&A activities in Vietnam in the first quarter of 2012 with USD1.5 bil. This figure may be calculated to the value of the merger between Vinpearl and Vincom. Although the share swap was completed in 2012, this deal is more reasonable to be included in M&A activities of 2011.

Vietcombank-Mizuho: deal of biggest share issuance ever

In early January, Vietnam Commercial Joint Stock Bank for Foreign Trade (Vietcombank-VCB) finalized the issuance of 347.6 mil shares, equaling to 15% stake for Japanese Mizuho Corporate Bank.

The offering price was 34,000 dong per share, equaling to the total value of 11.8 trillion dong (USD567.3 mil), marking the biggest valuable share issuance ever that a local business has made. This issuance also dominated the large foreign capital flow into Vietnam market since early this year so far.

Not only accepting a higher price against the market price, Mizuho also accepted condition not to transfer these shares within five years. Another Japanese bank namely Sumitomo Mitsui Banking Corporation currently holds 15% stake in Vietnam Export Import Commercial Joint Stock Bank (Eximbank-EIB).

During 2011, Japanese firms had a series of acquisitions of shares in Vietnamese enterprises such as Unicharm's acquisition into Diana, Kirin Holdings acquired Interfoods, Daio Paper bought stake of Saigon Paper and SBI Securities bought stake in FPT. In Q1 this year, this trend continues to remain strong.

Together with the Mizuho-Vietcombank deal, there are many other deals like Ezaki Glico acquired 10.5% stake in Kinh Do Corp (coded KDC), DI Aisan Industrial Fund acquired 31% stake in Japan-Vietnam Medical Equipments Joint Stock Co (JVC) and Nichirei Foods bought 19% stake in Cholimex Food. CyberAgent also made some investments in technology companies in Vietnam.

Two quiet deals in plastic tube sector

By the middle of March, a Thailand-based plastic firm namely Nawaplastic Industry (Saraburi) Co suddenly announced becoming a majority shareholder with holding of 16.72% stake in Binh Minh Plastic Joint Stock Co (coded BMP) and 22.67% stake in Tien Phong Plastic Joint Stock Co (coded NTP), two largest firms in the field of manufacturing construction plastic pipe.

This is a move to penetrate Vietnam market of Thai Plastic and Chemical (TPC), the holding company of Nawaplastic Industry (Saraburi). TPC now holds 50% market share of PVC plastic tube products in Thailand.

Speaking on the Bangkok Post, TPC's leader said the company plans to raise its stake to 49% in both NTP and BMP. Initially, if wanting to increase its stake to 25% in these local firms, TPC will have to conduct a public tender offer or seek shareholders' approval of these two companies.

Hanel acquired whole Daewoo hotel

Hanoi Electronic Co (Hanel) has announced that it has acquired and holds 100% stake in Daewoo Hanoi Hotel. Details of the deal were not disclosed.

Coteccons issues more than 10 mil shares to Kusto Group. Cotec Construction JSC - Coteccons (coded CTD) will issue 10.43 mil shares, equivalent to 24.7% of chartered capital after the issuance for the strategic partner namely Kusto Group.

The offering price will be 50,000 dong per share, equaling to total value of 525 bil dong (USD25 mil). This price is higher than the current market price of CTD (about 37,000-38,000 dong per share).

(Source: Vietbiz24)

[Back to top](#)

TRADE

Vietnam, EU poised for FTA negotiations

Vietnam and the European Union have completed technical works in preparation for negotiations on a bilateral free trade agreement (FTA).

Vietnamese Minister of Industry and Trade Vu Huy Hoang and EU Trade Commissioner Karel De Gucht reached agreement on remaining issues under the term of reference at a bilateral meeting in Phnom Penh on March 31, within the framework of the ASEAN Summit.

The EU-Vietnam FTA will be a comprehensive agreement in accordance with principles of the World Trade Organisation (WTO). It will cover a broad range of issues relating to trade in goods and services, investment and other areas of common concern.

Vietnam and the EU believe that the negotiation and implementation of the FTA will help promote bilateral relations as well as strengthen the ASEAN-EU regional ties, eyeing towards forming an FTA between the two regions in the future.

The EU is Vietnam's third largest trading partner and second largest importer of Vietnamese goods. Two-way trade between the two sides reached USD24.3 bil in 2011, of which Vietnam's exports to the EU were USD16.5 bil. Vietnam's main export items are footwear, garment and textiles, coffee, furniture and seafood.

The EU is also a major investor in Vietnam, running 1,687 projects with a total registered capital of USD32.85 bil. EU businesses are involved in most of Vietnam's key economic sectors, particularly in high-tech industries and services.

(Source: VIR/VNA)

[Back to top](#)

Export revenues rise by 23.6 % in Q1

Vietnam earned 24.5 bil USD from exports in the first quarter of this year despite the adverse impacts of the global market, recording a year-on-year increase of 23.6 %.

Export earnings in the foreign-invested sector made a year-on-year increase of 48.8 %.

By the end of the first quarter, textiles and garments earned an export turnover of 3.2 bil USD, followed by seven commodities with export revenues of one or more bil USD each; seafood, coffee, crude oil,

footwear, electronic products, mobile phones, machinery and general equipment. Meanwhile, the import turnover for the first quarter of the year stood at 251 mil USD, the lowest figure for a number of years.

At a regular teleconference between Hanoi and Ho Chi Minh City, Deputy Minister of Industry and Trade Nguyen Nam Hai said that Vietnamese businesses are facing difficulties accessing loans and with the rising costs of imported raw materials while the export price of commodities have fallen this year.

To help businesses, Deputy Minister Hai said that the ministry proposed lengthening the time scale for them to pay tax and implementing an export credit insurance scheme on a trial basis, besides helping businesses look at trade barriers on certain imported goods.

To fulfill the export targets set for this year, Hai said the ministry will instruct businesses to save energy, reduce unnecessary expenditure, upgrade their technologies, increase the quality of management and restructure their business operations.

(Source: VNA)

[Back to top](#)

Garments and textiles lead exports in Q1

In March alone, garment exports earned USD1.15 bil, which was more than in the previous month and the only item fetching more than USD1 bil in export revenue.

According to Dang Phuong Dung, Vice Chairwoman and Secretary General of the Vietnam Textile and Apparel Association (VITAS), the garment and textile sector is still likely to face challenges in next quarters due to economic difficulties that have lowered demand in major markets.

However, she said, the sector's export growth will be still high in the second and third quarters of this year as this period is the peak season for garment exports. Last year, garment businesses received plenty of export orders during that time, Dung added.

Local garment exporters have already signed several big contracts for the second and third quarters and are hopeful about reaching their targets. It's worth noting that the USD300 mil LuxFashion project by Lifepro Vietnam Joint-Venture Company, which comprises 11 closed-circuit garment complexes, is now operational in the northern province of Ninh Binh. This is the largest and most modern textile-dyeing-industrial garment production line in Vietnam and it is expected to contribute to higher export revenues in the future.

Lifepro Vietnam's main products include mass-produced fashion clothing, jeans, sportswear, and technical and protective clothing. The company shipped its first five batches of goods to Europe on March 30 and it has signed a USD137 mil contract with the US Globe Manufacturing Company LLC to supply protective clothing for American firefighters. This is a positive sign for the garment sector to achieve its set target of USD16 bil in export earnings this year.

(Source: VBN)

[Back to top](#)

Seafood Exports Stable, Rice Exports Down

The General Statistical Office said that Vietnamese agricultural and forest product and seafood exports came to USD2.2 bil this March increasing the total export revenue to almost USD5.9 bil in the first quarter of this year, almost as much as in the same time last year.

Major agricultural exports fell 14 % to USD3.2 bil. Seafood exports in particular increased 9.1 % to USD1.2 bil, and forest product export also went up 5.9 % to USD922 mil.

Rice exports were about 600,000 tonnes and USD315 mil in March and 1.3 mil tonnes and USD681 mil in the first three months of this year, down 32.1 % in volume and down 29.5 % in value against a year ago. Although the competition with Thailand has reduced as the country has put in place a policy to ensure farmers' high selling prices, Vietnam still has to compete with other average-quality rice exporting countries including India, Myanmar and Pakistan given that Vietnamese rice prices are currently higher than these countries.

Despite the sharp drop from the same period last year Indonesia is still Vietnam's largest rice buyer making up one-third of its rice exports. Vietnamese fragrant rice has also gained a reputation in the markets in Hong Kong-China, China and Chinese Taipei. Rice exports to these markets increased 2-4 times from a year ago.

Major forest product and wood furniture exports hit USD280 mil in March increasing the first-quarter export earnings by 5.9 % to USD922 mil. Of this, USD866 mil came from wood and wood furniture (increasing 6 %), and rattan and bamboo articles and sedge carpets USD50 mil (increasing 4.5 %).

Apart from the decline in the EU market, Vietnamese seafood maintained its major markets in Japan (increasing 22.9 %), the Republic of Korea (increasing 23.8 %) and Mexico (increasing 65.9 %).

(Source: VEN)

[Back to top](#)

Vietnam attempts to penetrate Chinese market through official channels

Instead of squeezing into China by exporting goods in small volume across the border, the way that Vietnamese enterprises have been following for the last many years, they now attempt to find a new way to penetrate the world's biggest market.

The Vietnam High Quality Goods Production Enterprises' Association and its member companies would leave for China to look for the opportunities to access modern distribution channels. They would have working sessions with production partners and trade consultants in China in early May.

Vietnamese enterprises do not hide their plan to take full advantage of the ASEAN+1 agreement to penetrate the Chinese market in a formal way and try to develop modern trade channels.

Nguyen Lam Vien, General Director of Vinamit, said that Vietnam would not be able to boost exports to China and increase the export turnover, if it only relies on cross-border exports. The exporters are mainly small merchants in the border area; therefore, they do not have deep knowledge about the Chinese market.

In the last many years, Vietnam's exports across the border have been unstable. Vietnamese merchants do not know exactly the actual demand from China, because no export contract is signed. They simply carry goods to the border areas and then seek buyers. In many cases, Chinese merchants refuse to purchase the goods, or only accept low prices. Vietnamese enterprises cannot control the prices. However, it would be not an easy task to penetrate the Chinese market through the official channel. The gap between the price of goods provided by merchants and the goods available at supermarkets is still big, at 50 %.

Another big barrier for Vietnamese goods to penetrate the market is the difficulty in registering trademark. Many Vietnamese well known brands have been lost in the Chinese market, simply because Chinese businesses had registered the trademarks before already.

Analysts have pointed out that the best way to boost exports to China is to minimize the exports through unofficial channel. Once Vietnamese goods can be officially distributed by the supermarket chains, they would be able to enter in the accounts the expenses on fees, taxes, thus allowing Vietnamese enterprises to take initiative in the “game.”

Nguyen Trung Dung, President of Vifon, has said that Vietnam would not succeed if its enterprises do not join forces to penetrate the market. He thinks that it would take less time to penetrate into the Chinese market if enterprises can receive the support from the predecessors which have been operating in the market already.

“Besides, offering diversified goods proves to be the good way to have more power in the negotiations on bringing Vietnamese goods to Chinese supermarkets,” he said. Vifon, for example, has been penetrating the Chinese market through the distribution channel of Vinamit, according to Dung.

Vietnamese businesses have expressed their worry about the increasing development of counterfeit goods in China. Most recently, counterfeit Vinamit’s products and Buon Ma Thuot coffee have been available on the market. This would be the biggest barrier that may hinder Vietnamese goods trade in the market. Vien from Vinamit, which specializes in dried farm produce, had to follow legal procedures to claim the well known brand back.

In the latest news, the negotiation with the Shenzhen Trade Center on the reserving of 6000 square meters of the business premises here for Vietnamese enterprises has nearly wrapped up. It is expected that the Vietnamese enterprises, when set up booths at the trade centers would enjoy special preferences in the first five years of operation.

(Source: Vietnamnet)

[Back to top](#)

INVESTMENT

Foreign investors keen to buy office buildings in Vietnam

Many signals showed that the deals of buying back office buildings are taking place in spite of current difficulties.

According to Saigon Businessman Magazine, a lot of foreign investors are seeking and buying office buildings Grade A, B, C in HCM City. They believe that the well-located projects will attract a group of fixed renters. However, investors are keen on center areas in District 1 and District 3. The buildings outside the center areas do not price advantage anymore because the office rental in center areas is more suitable and attractive.

KHM Capital, a fund representing for South Korean investors in Vietnam, said that they are managing to look for Grade A office projects to buy the whole or contribute capital to develop these projects.

Acecom Technologies Pvt. Ltd, one of Singapore’s top 50 distributors and suppliers of technological solutions, is seeking and acquiring the office buildings Grade B and C. Average investment for each

project is estimated at USD50 mil. Buyback purchase of this firm will start in 2012-2013 and be operational from 2014.

In case it fails in seeking partners for transferring the projects or there are few renters, Acecom will use the offices to develop commodity distribution centers for their company. Acecom focuses on office buildings Grade B and C on basis of modest investment and human resource demand, and low management cost. Once these projects are operational, investors could shorten the capital withdrawal time.

Mr. Nathan Cumberlidge, Vice Director of CB Richard Ellis Vietnam, was quoted as saying that there were six factors affecting to the decision of office investors, namely prices, fulfillment ratio and adjustment potential. After considering all aforementioned factors, investors will select suitable investment methods: buying whole project, or becoming shareholders of office buildings, or renting in 40 years. Usually, the capital withdrawal time for office investors is around 10-15 years.

Office buildings Grade A, B, C depend on comfort and location of these projects. According to CBRE Vietnam, till the end of 2011, HCM City had 47 buildings Grade B and 234 buildings Grade C with the respective fulfillment ratio of 17.3% and 10.1%.

(Source: Vietbiz24)

[Back to top](#)

Korea tops FDI list in Vietnam

Within two decades, bilateral relations between Vietnam and Korea have achieved remarkable progresses. Trade turnover between the two countries, which reached only USD500 mil in 1992, increased 26 times to USD13.7 bil in 2010 and USD18.1 bil in 2011.

Korean investments in Vietnam have increased significantly. As of November 20, 2011, Korea has become the leading country in foreign direct investment (FDI) to Vietnam with total registered capital up to USD23.65 bil for 3,072 projects.

Bilateral economic relations between Korea and Vietnam have been developing very fast thanks to factors such as geographical proximity, cultural similarity and economic structure. In addition, it is also thanks to the positive efforts of the Korean government to improve economic structure and investment environment in Vietnam as well as build a solid foundation for mutual benefit cooperation through Program of Official Development Assistance (ODA) for Vietnam.

Especially, the support from the Economic Development Cooperation Fund (EDCF) through the Export-Import Bank of Korea has actively contributed in improving the bilateral relations of two countries.

This fund has promoted the economic development of Vietnam through the active and effective support for the projects to upgrade infrastructure such as roads, bridges, power plants, hospitals, schools and facilities for urban development, etc.

So far, Korea is the second largest ODA donor for Vietnam. In fact, 20% of USD8.1 trillion of funds to support EDCF, or about USD1.6 trillion, is invested in Vietnam, demonstrating the favor of Korea to Vietnam as an important counterpart for economic cooperation.

(Source: Vietbiz24)

[Back to top](#)

Mekong Delta Attracts USD 10 bil FDI

The Mekong Delta provinces attracted USD126 mil in foreign direct investment (FDI) in the first two months of this year. The region currently has 668 valid FDI projects with registered capital of USD10.4 bil, amounting to 5.2 % of the total national registered FDI. The processing and manufacturing sector drew the most foreign investor attention.

Efforts to attract FDI

In recent years, the Mekong Delta provinces have focused on improved transport infrastructure, developing services and support industry; promoting administrative reform, training and providing human resources and enhancing information quality and investment promotion in order to create more favorable condition and increase the attractiveness of the region especially for foreign investors. In addition, the Mekong Delta also associated and developed infrastructure with the South East key economic regions and other regions along 1A National Highway, the N1 and N2 routes, Phu Quoc Island and the Ca Mau, Phu Quoc and Can Tho airports; strongly associated with other provinces to expand trade with regional and international countries, creating a fundamental change in attracting FDI. Until now, the Mekong Delta has 74 industrial zones approved by the government, 43 of which have been put into operation and 214 industrial clusters planned by localities. The Mekong Delta provinces are intensifying site clearance, investing in industrial zone and cluster infrastructure to call for investment, actively promoting investment in foreign countries and calling directly for businesses to accelerate FDI.

Regional provinces are determined to improve the environment in order to enhance investment attraction. Specifically, thanks to open and transparent policies to reform administrative procedures and support businesses, Dong Thap Province ranked fourth in the country's competitiveness index in 2011 and became member of the highest investment attracting group in the Delta. From an agricultural province, Dong Thap has attracted a large number of businesses investing in industrial zones and clusters with over 120 businesses at three key industrial zones, including in Sa Dec Town, Tran Quoc Toan (Cao Lanh District) and Song Hau (Lai Vung District). Long An has been the highest FDI attracting the Mekong Delta province. Long An currently has 407 foreign investment projects with registered capital of USD3.4 bil. The province has been gradually limiting polluting investment projects and encouraging more environmentally friendly projects. Another example is Hau Giang Province, which has chosen to strongly invest in human resources as a foundation for socioeconomic development and investment attraction. The province has focused staff in education and health and rural development engineers to study and support costs. The province currently has 516 master and five PhD degree holders trained via this program. In addition, honor graduates do not have to take a probation period and are paid full of salaries.

Concentrating on investment promotion

Can Tho People's Committee Deputy Chairman Vo Thanh Thong said with the advantages of large city and being a regional center, in addition to administrative reform, Can Tho needs a coordinating agency to provide guidance, information and focus on foreign investor promotion. Can Tho will concentrate on promoting investment, introducing potential development and investment projects to domestic and foreign investors and improve the competitiveness index of the city. In March, the Consul General of Netherlands with its businesses operating in Vietnam, such as Royal Haskoning, Tebodin, Boskalis, Howaco, East West Seed came to Can Tho to explore investment and trade with partners in the Delta, particularly in the agricultural sector.

In case of An Giang last year, the province granted investment licenses for 59 projects with total capital worth VND8.4 trillion, in which 6 foreign investment projects totaled VND825 bil. One of the key tasks

in investment promotion in 2012 is developing and expanding markets in the fields with the highest competitiveness, such as agriculture or seafood. In addition, the Cuu Long Delta exhibition will take place from April 27 to May 1 in the urban areas of South Can Tho River and is expected to attract the attention of many investors, international organizations and diplomatic missions to increase investment in agriculture and rural in the Mekong Delta.

According to the Ministry of Planning and Investment, in recent years, with the advantage of raw materials, labor, open investment encouragement policies and good infrastructure, the Mekong Delta provinces have attracted a number of foreign investment projects. Many regional localities have issued investment attraction strategies, including prioritizing high-tech projects. In order to implement this, the Mekong Delta provinces need a comprehensive planning and human resources training strategy. Besides planning infrastructure development, human resources, business support services and environmental protection, FDI attraction will also provide a breakthrough in terms of new policies in agriculture and rural development.

(Source: VEN)

[Back to top](#)

Special eco-commercial zone sinking with low consumption

The VND500-bil (USD24 mil) Lao Bao Special Economic – Commercial Zone in the central province of Quang Tri has fallen into disuse over the last few years as there are almost no customers.

The Lao Bao Commercial Center, where most of the commercial activities of the zone gather, in March saw nearly 50 % of its 200 booths shut their doors. Those opting to remain open find almost no customers these days. “Never before has business been this slack,” said Lien, a stand owner.

Sharing the same fate is the Dong Nam A supermarket, one of the three largest of its kind in the zone, which has nearly shut down operation.

The two remaining such stores, Thien Nien Ky and duty-free Thailand Mucdahan supermarkets, see their number of customers steadily fall day by day.

“As customers are restricted to buying no more than VND500,000 worth of duty-free goods, most come for window shopping,” said Nguyen Van Minh, managing director of the Mucdahan supermarket.

Meanwhile, Nguyen Van Binh, deputy head of the management board of the local economic zones, said several investment projects in the Lao Bao special economic-commercial zone have been delayed due to the low consumption.

Besides the global economic turbulence, the situation will be exacerbated when the government cuts some incentives for the zone in the near future, added Binh. “The duty-free policy targeting automobile and motorbike will be removed, and the corporate tax exemption extension will be cut to only 15 years, making investors hesitant to open their pockets,” elaborated Binh. Binh said restoring these incentives is the lifebuoy for the sinking economic zone.

(Source: Tuoitre)

[Back to top](#)

Saudi enterprises to increase Vietnam investments

Many companies in Saudi Arabia are seeking investment opportunities in Vietnam because of its promising markets, according to a Saudi official.

Speaking at a press conference in HCM City in late of March, Ambassador to Vietnam Salah Ahmed Sarhan said that Saudi companies were especially interested in the agriculture sector, particularly the production and export of rice.

In addition to agriculture production, Saudi enterprises expected to establish relations soon with Vietnamese companies in the steel, petroleum and refinery industries as well as in real estate and tourism. He said the governments of Vietnam and Saudi Arabia recently had a successful meeting to discuss the development of trade and investment relations between the two countries.

The signing of an Investment Protection Agreement between Vietnam and Saudi Arabia, which is scheduled to take place in mid-year, is expected to help increase trade and investment co-operation between the two countries. "We encourage Saudi businessmen to come and invest in Vietnam," he said.

Although ties in trade and investment between Vietnam and Saudi Arabia began only recently, bilateral trade turnover reached nearly USD1.05 bil last year. Vietnam's major exports to Saudi Arabia include aquatic products, garments, pepper and electronic products (mobile phones and televisions).

Sarhan said that logistics was good in Vietnam, particularly in the aviation area. He pointed out that the country had many modern planes but aviation infrastructure was still inadequate. Saudi enterprises hoped to work with the aviation sector to invest in aviation infrastructure. Saudi Arabia also planned to increase its co-operation with Vietnam in culture, education and labor activities.

Also speaking at the press conference, Peter Scholten, vice commercial president of Saudi Airlines Cargo, said the company had begun two B-747 freighter flights per week from HCM City in combination with its Hong Kong flights.

(Source: VNS)

[Back to top](#)

CJ wants to expand investment in city

South Korea's CJ Group is planning to expand investment in various fields in HCMC after having developed some projects in Vietnam, said Lee Jay Hyun, president of the company.

Speaking at a meeting with leaders of the city on Tuesday (3rd April), he said the investment expansion plan for HCMC was part of CJ's globalization strategy. The company is active in sectors such as food, catering services, entertainment and communications, pharmacy, home shopping and goods transport.

The home shopping service of CJ is running well but the group targets to offer more products to customers instead of 70 products as at present. CJ now buys Vietnam's farm produce and seafood products for export to South Korea.

At the meeting, HCMC chairman Le Hoang Quan said he appreciated CJ's plan and proposed the group study developing a pharmaceutical industrial park in the city. Regarding the entertainment and communications sector, HCMC vice chairman Hua Ngoc Thuan said the group should consider getting involved in a film studio project of HCMC Television Station underway on 100 hectares in Cu Chi District.

CJ is now a major stakeholder of the MegaStar cinema chain and the owner of the Tous Les lours bakery chain. It has facilities that supply meals for workers and is involved in a comprehensive cooperation deal with C.T Group.

(Source: *The Saigon Times Daily*)

[Back to top](#)

City lacks realty information

The shortage of information and data is a drawback for the crisis-hit real estate market in HCMC, according to the city's Steering Committee for Housing Policy and Real Estate Market.

With sufficient and accurate statistics reflecting the real situation of the housing and land market, State management agencies are able to make proper orientations, forecasts and policies for the development of the market. However, each State agency has developed its own database. This explains why the relevant authorities' quarterly reports on the realty market are based mainly on data from CB Richard Ellis Vietnam (CBRE), making it hard to offer a full picture of the market, according to the committee.

Local media is also dependent heavily on reports, analyses and market reviews by CBRE, Savills Vietnam, Colliers International and Knight Frank Vietnam. This shows the urgency of the establishment of a database center where the local realty market can be forecast and reviewed in a more professional way.

This year the committee has told the HCMC Statistics Office to conduct a survey and collect data on the city's housing and real estate development annually and every five years.

The city has 163 condo projects completed so far, providing the market with about 41,400 units, 33.6% of them for low-income people.

Most successful condo transactions done in recent times are in the low-cost segment, showing strong demand for low-priced housing.

An estimated 27,700 apartments will be marketed this year, with 11,600 of them for low-income buyers, 7,500 for the medium-cost segment and 8,200 the luxury segment. The new supplies, coupled with the unsold, will put greater pressure on the dampened realty market in the coming time.

(Source: The Saigon Times Daily)

[Back to top](#)

Ninh Binh markets first urea products

Ninh Binh urea plant began launching its first commercial products after nearly four years of construction, said Vu Van Phuong, deputy director of the factory under Vietnam National Chemical Group (Vinachem) in late of March.

The plant is expected to operate in full swing with the highest output of 560,000 tons a year in June to supply the country's north, Phuong told. The factory in Khanh Phu Industrial Park in Yen Khanh District in the northern province of Ninh Binh would only meet the north's demands before considering exporting products to other Asian markets, he said.

Work started on the USD700 mil fertilizer project in 2008, which runs on coal dust from mines in the northern province of Quang Ninh. Phuong said Vinachem was investing an additional USD500 mil to raise Ha Bac urea plant's capacity from 170,000 tons a year to around 560,000 tons.

The combined output of all the major urea plants in the nation, including Phu My, Ca Mau and Ha Bac, amounts to 2.7 mil tons a year. This means Vietnam will obviously shift from being a urea importer to an exporter in the coming time as local demand stays at around two mil tons a year.

(Source: SGT)

[Back to top](#)

BOT investors hastily return projects to gov't

Many build-operate-transfer investors have transferred their infrastructure projects back to the Ho Chi Minh City government after operating them for a short time, far sooner than originally planned, due to poor effectiveness.

In a BOT contract, a private company builds an infrastructure project, operates it, and eventually transfers the ownership of the project to the government. But many investors have practically skipped the operate stage and quickly jumped to the last stage -- transfer, since they have simply failed to recoup their investment from operating the projects.

One of these is the Phu My Construction Investment Corporation (PMC), which has recently demanded to return the Phu My Bridge, which connects Ho Chi Minh City's District 2 and 7, to the municipal government, instead of operating it for 26 years as earlier contracted.

Inaugurated in September 2009, the 2.4-km Phu My Bridge, which spans the Saigon River, was expected to attract a huge traffic flow of transporters from the Mekong Delta to the central and northern parts of Vietnam, and help ease congestion in the inner city. However, over the last two years, few container trucks and other heavy-weighted vehicles, the investor's main source of toll collection, have passed through the bridge that cost PMC a huge investment of VND3.4 trillion (USD163.3 mil).

The poor toll collection for recouping investment has driven PMC to ask for help from the city's government, while the contract has more than 20 years remaining. In response, the Ho Chi Minh City People's Committee said in February that they agreed to receive the bridge, a final conclusion following a series of meetings held to discuss a solution to assist the investors that began when the bridge was opened to traffic.

Other cases

But Phu My Bridge is not the first BOT project to die prematurely. In 2007, the Construction and Natural Gas JSC, or IDICO – CONAC, returned the project of upgrading Provincial Route No 15, which is now Huynh Tan Phat Street in District 7, to the municipal government. The move was made for a similar reason to the case of PMC, with IDICO failing to regain investments from low toll collection.

The investor has recently received VND230.2 bil from the municipal Department of Finance, as reimbursement for its investment. Similarly, in 2006 the city's Department of Transport had to repurchase the BOT project of building the 285-m Ong Thin Bridge in Binh Chanh District from CIENCO 5 at VND31.2 bil.

The investor gave up on the project since they were only allowed to collect traffic fees worth no more than 65 % of the rate stipulated by the finance ministry.

False prediction

More and more BOT investors have given back projects to the public sector due to the slow progress of recouping their huge investments, said economic expert Le Dang Doanh.

Since most of the investors intend to reclaim money by setting up toll booths, their recoupment plans will be ruined if there is little traffic passing through the bridges or roads, he said. Similarly, Doctor

Nguyen Xuan Thanh, director of the Fulbright economic teaching program, said it is risky for investors to take up BOT contracts.

The actual traffic flow through the projects does not meet the investors' expectations, so they have to get rid of them, said Thanh. "[The investors] should have to share the risks with the government, but as allowed by the contract, they have the rights to evade responsibility," he said. "Hence, the government is now clearing debts for such projects."

(Source: Tuoi Tre)

[Back to top](#)

FINANCE – BANKING

Vietnam's real estate sector safe and sound: official

Vietnam's real estate loans stand at a safe level and property developers are not on the verge of bankruptcy, despite an ongoing market slump, a government official has said.

Real estate has not been the cause of the country's credit problems, Deputy Construction Minister Nguyen Tran Nam was quoted as saying in an interview. "In fact the sector has been the victim of instabilities and weaknesses within the banking system."

Nam said outstanding loans for the sector, including those given out to pay for site clearances and new factory projects, only account for around 8 % of total outstanding credit.

"This is not high and it's still safe," he said, noting that real estate loans are secured by properties whose prices tend to appreciate over time.

The bad debt ratio of the sector is around 3 %, which is approximately the same as the average ratio of the overall banking system, Nam said. "Some banks owned by real estate companies have large internal loans, so their property credit may reach 30 or even 50 % of their total loans. But it's rare and it's their own fault," he said.

Vietnam's property market is still in a downturn that began two years ago, following a peak in 2007-2008. Experts said a credit squeeze imposed by the government on the sector since last year has left developers and homebuyers struggling.

Nam said it was not necessary to worry about the real estate industry collapsing now even as many companies in other sectors are struggling. Property firms often have a simple organization structure and their assets are also products that can be sold, he added.

"Property firms have been complaining, but I don't think the situation is so bad that they will have to declare bankruptcy," he said in the interview.

(Source: Thanh Nien News)

[Back to top](#)

Vietnam has one of the best balance of payments in Asia: ANZ

ANZ said in its March report that Vietnam's re-discounting interest rate would be maintained at 14% per annum (p.a) within this month [April] and lowered to 11% p.a by the year end, according to a local newswire.

The report aimed at newly-emerging economies, accordingly 2011 was the impressive year for Vietnam as the balance of payment of non-resident accounts was quite balanced with a surplus of USD200 mil,

taking up 0.1% of the country's Gross Domestic Product (GDP). This was the lowest surplus in balance of payments among reported economies.

In Asia, the surplus of payment of non-resident accounts also plunged from USD533 bil in 2007 to USD333 bil last year. The surplus on GDP ratio even was more down sharply, from 7% in 2007 to 2.5% in 2011. The above information was the good signal when Asian region is contributing to narrow the global unbalance.

Citing the report, China and India both had trade surplus but their outbound investment surged more strongly than the domestic consumption, showing that there are fewer investment opportunities and favorable conditions in those countries. Meanwhile, both non-resident accounts and investment of Vietnam proved that the domestic saving still increased more than overseas investment.

Also, ANZ predicted, Vietnam's refinancing interest rate will be kept at 14% in April, and then lowered to 11% pa by the year end and 10% in the first half of 2013 by the State Bank of Vietnam (SBV), the country's Central Bank.

Though the economy is facing a lot of hardships when Q1 GDP rose only 4%, Vietnam still will ensure the GDP growth rate at 5.5-6% for the whole year. Its small trade deficit is expected to reinforce the stability of forex rate.

(Source: Vietbiz24)

[Back to top](#)

Banks look to be global players

Local banks are displaying a growing appetite for global reach.

In late 2007, Ho Chi Minh City-based Sacombank was the first Vietnamese bank to set a foothold in a foreign market by opening a representative office in China.

In the following years, the bank launched a branch office in Laos (2008) and another in Cambodia (2009). Now local banks such as SHB, BIDV, VietinBank and Agribank followed by setting up branch offices in Laos, Cambodia, Czech, Singapore and several other countries.

Shortly after making inroads into foreign markets, banks unveiled healthy business figures. For instance, after two years operating in Cambodia, Sacombank founded a wholly owned bank in this country. As of March 20, 2012 its Cambodian affiliate reported USD47 mil in total deposits and USD60 mil in outstanding loans.

After several years in Laos and Cambodia, BIDV has been included among top performers in these markets. The bank also plans to enter Myanmar.

In February, SHB inaugurated a branch office in Cambodia and raised USD2.5 mil from local residents. SHB had developed a well-conceived strategy for outbound investments, said its chairman Do Quang Hien.

Maritime Bank is also looking to establish a branch office or a wholly owned affiliate abroad. But, only VietinBank has entered a giant market Frankfurt, a leading business and financial centre in Germany.

“Europe's biggest financial centre expresses our strategy to grow into Vietnam's leading financial group capable to compete head-on with foreign players,” said its chairman Pham Huy Hung. “Besides Germany, our bank set to expand footprints in other markets like Czech, Poland, the UK or France,” Hung added. “In respect to banking operations, striving for global reach is the right move since banks need to operate in multi markets for alleviating risks,” said senior financial expert Dr. Nguyen Tri Hieu.

“However, Vietnamese bank operations abroad remain limited in scope. It does not require much money to open a branch or representative office in foreign markets. For example, it only needs USD15-20 mil for a representative office to enter into service in the US,” said Hieu.

Economists assumed outbound investment ventures could help local banks promote brand values, enrich experiences and uphold local import export firms. But, banks need to scale up capital scope, technology and particularly management expertise to succeed in breaking into big world financial centres.

(Source: VIR)

[Back to top](#)

ANALYSIS – OPINION

Competitiveness crucial to State-sector reform

How will Vietnam go ahead with the ambitious State-owned enterprise reform? Jonathan Pincus, resident curriculum advisor to Vietnam Program of the Ash Center for Democratic Governance and Innovation at the Harvard Kennedy School, spoke on the matter. Excerpts:

Vietnam is once again trying to speed up the State-owned enterprise reform. What is your comment?

- I think the Government is very serious in the SOEs reform. The lessons of the past few years send a very strong signal that largest SOEs are not making positive contribution to the economy and that achieving higher economic growth in the longer period requires structural reform as well as reform of SOEs. This is a change because four or five years ago I did not think it is true. At that time many people insisted large SOEs were the main driver for economic growth and the Government could create national champions from large SOEs which formed the leading sector of the economy. It is a wide perception in the Government that the largest SOEs are not competitive now, so I do believe the Government is serious about SOEs reform.

As senior country economist of UNDP Vietnam years ago, you have witnessed Vietnam’s efforts to reform SOEs in the past decade produced no good results. Why are you positive this time?

- As I said before, I do believe that now there is awareness that SOEs reform is central if Vietnam is going to achieve a higher rate of growth over the next decade. Everybody understands that. I don’t think it was 10 years ago. Ten years ago, there was still a very strong belief among many policymakers that SOEs were going to be the leading sector forever in Vietnam. The majority of policymakers now understand that making SOEs competitive and moving many of them into the private sector were ultimately better for the economy and accelerate growth. It is a big change. This is an important change. Five or six years ago there was a massive push consolidating SOEs and creating huge conglomerates out of existing SOEs in order to drive growth forwards. Now we can conclude that doesn’t work partly because of the global environment, and moreover, these firms don’t have incentives to compete. They actually become bigger, but not to become more efficient. As a result, they borrow a lot of money, but their results are not good. They do not export, they haven’t developed technological capabilities, they operate in too many sectors, which are not generating revenues. Therefore, there are many problems. People now recognize they cannot create huge SOEs. Now it is a challenge to create companies that are more competitive. Whether they are state sector or private sector, they need to be forced to compete.

What point in the program that attracts your attention the most?

- The current strategy relies too much on equitization as a reform mechanism, but it is not enough, firstly for competition and secondly transformation for the governance likes transparency, management, ownership. I think there is a difference between large SOEs in Vietnam and large state companies in China. One of the differences is that large SOEs in China are subject to domestic competition. Even if they are state-owned, they have to compete with other private and other public companies. They don't have monopoly power. The second thing the Chinese have done very effectively is that they have adopted international standards of good governance in their large SOEs. They've done it partly by selling shares on overseas stock markets in Hong Kong, Singapore or New York, and partly by bringing independent managers and directors from outside into the firms to actually shake up management of their enterprises in order to be internationally competitive. None of this is seen in Vietnam.

So I think equitization is just a part of the answer. It needs to reform a company by two things. One is more domestic competition, and the second is transformation of the governance of these firms even after they are equitized. I think too much emphasis on equitization is not enough to improve their competitiveness.

SOEs are required to conduct social policies while they also have to ensure business profits. How do you think about this?

- People now are increasingly aware that you cannot formulate social policies through SOEs. The idea that you can use SOEs for social policies is generally recognized a bad idea. However, that doesn't mean they can stop immediately. Electricity for example, there is appreciation now that selling electricity very cheaply as a social policy makes it very difficult to develop the grid. It means to impose massive costs on EVN and huge governance problems. It would be much better to create market prices and turn EVN into an electricity regulator rather than the owner and provider of electricity. That would be huge step forward to achieve it. However, moving toward the target is quite complicated both economically and politically. One of the reasons SOEs fail to become internationally competitive is that they are asked to do many things. They are asked to make money, to support the poor, (and) there is a long list of things they are asked to do. They can't do it all and are still competitive. But still it can take time because the practice has been in place for many years and not easy to dismantle.

(Source: SGT)

[Back to top](#)

Proper discussion will lead to right decision

Las Vegas Sands Corp. has shown keen interest in developing casinos in Vietnam. George Tanasijevich, president and chief executive officer of Marina Bay Sands Pte. Ltd. and managing director of Global Development for Las Vegas Sands Corp., talks about this corporation's investment plan in Vietnam. Excerpts follow.

Building casinos is a hot issue more than ever in Vietnam, as covered on local media. Do you follow this debate in Vietnam and what is your comment on this?

Yes. We follow the news in Vietnam. I think that when a new market is considering casino-style gaming and integrated resort (IR), it is always good to have a healthy debate at the beginning so the people can express their opinions, so that they can learn more about the industry. The information can be gathered and that is the best way for a new market to make the right decision about IR.

Your project will have to face legal framework issues in Vietnam as Vietnamese people are not allowed to enter a casino. To our knowledge, the Government is examining some options for legalizing casinos

and gambling centers. Recently, the Minister of Finance went to Singapore to learn about this. Do you have any comment on this?

- I think at the early stage that Vietnam is in right now, it's critical to gather all of the relevant information and make sure that you are working off the facts, not misperceptions. In addition, if you start with that, you can have a proper discussion that will lead to the right decision. I think the controversy that might have been expressed relates to social issues and Singapore provides a good model for Vietnam to study, because it has done a very good job of creating a system of social safeguards that are designed to protect people from going to a casino too frequently or to even keep some people out. There is an entry levy system here, which requires Singaporeans and permanent residents to pay a levy to be allowed into a casino for a certain period. There are certain groups of people who are excluded from the casino because of their statuses of being on public assistance or bankruptcy or having a certain background.

So there is a whole range of things that a new market can look to incorporate into its system of regulations for casinos and Vietnam needs to decide what the appropriate arrangement is for it. It may be something similar to Singapore or maybe something different but we, as an experienced operator, are available to participate in discussions with the Government about these types of measures to assure the people of Vietnam and its Government are comfortable with the concept and that you have a positive result in the event that you move forward with the IR.

Some sources from the Vietnamese government revealed that your project has been approved by the Government, or has received positive signals. Is it true?

- No, no. That's not true. We've had some discussions with Government people to help them understand what our industry is about and how we put together an IR that is appropriate for a particular market, how we manage the casino aspect of it and effectively implement social safeguards. So it is really a part of the due diligence process that the Government is going through in order to understand what the opportunity is and to make the right decision.

So far, most of the gambling center projects in Vietnam are located in remote areas or in tourism or coastal areas. But as announced, you want your projects to be developed in highly populated cities like Hanoi and HCMC. Why?

- The city environment is where our business model is most effective. Our IRs are very much focused on both the leisure traveler and the business traveler. We look to invest billions of dollars in creating iconic architecture structures that are very strong in terms of attracting tourism and we need to be in a market that is well connected to markets outside of where we operate. Therefore, strong international airports are very important for us. The distant or the remote leisure destination lacks this kind of accessibility and does not work for our business model and does not position the IR to deliver the positive results that you see Singapore is experiencing at this time.

Actually we still wonder why you are so fascinated in creating your IR in Vietnam, even two IRs in HCMC and Hanoi, while there are only a few IRs in the world. Could you please say why you want to invest in Vietnam?

- We think that Vietnam is a very exciting place for tourism today. We think that Vietnam is on the upswing. Vietnam has rich cultural history and lots of existing sites that are attractive to international tourists. We think that an IR serves as a very strong entry point for those international tourists who can come in and experience what we have to offer but then dig deeper into Vietnam and experience some of the great things that you have in your country.

We also like the geographical location of Vietnam. We think it is positioned well within Asia. Asia is a very strong performing part of the world in terms of its economy. We think we could deliver benefits within Vietnam that would be very important to the Vietnamese people. We're looking to come in there and create tens of thousands of jobs that would provide a source of economic vitality to this market. It could give careers and job opportunities to Vietnamese people. We think, in that respect, it positions Vietnam to prosper and continue on the track they are now right now and well into their future.

To my knowledge, whether or not to have a casino had also been a hot debate topic in Singapore before they said yes to your project. So could you please tell us how you convinced Singapore to say yes?

- Well, the Singapore government made its own decision. They went around the globe to all the major markets that had casino-style gaming and did a study of what worked there, what did not. After completing that process, they determined that the upside or the benefits that could come from IRs far outweighed any type of negative consequence. In fact, there are ways to mitigate the negative consequences that sometimes people focus on, through the selection of the appropriate operator and establishing the right framework for the operation of casinos. And they decided to get serious about tourism.

And the results have been dramatic and immediate. The first year of partial operations of the IRs in Singapore led to 20% increase in the number of foreign tourists coming there in 2010. Last year, we (Singapore) welcomed 13.2 mil tourists - a growth rate of around 13%. The number of people coming in is growing dramatically and the amount of money they are spending here to stimulate the economy has been substantially more. And this is all leading to an economic impact that really goes throughout the island. Marina Bay Sands has been estimated by The Economist to have been responsible for the creation of 37,000 jobs, island wide. So you see the positive benefits that come from it.

Could you tell us the number of Vietnamese visitors in Marina Bay Sands?

- We do not specifically break that down. We are a publicly-traded company so we have certain disclosure requirements that determine what we can release to the public. But rest assured that Vietnam is an important source of tourism to Singapore. It is one that we are looking to grow everyday. We conduct road shows in Vietnam to try to explain to the people who are the organizers of the events or leisure tourist agents on what we are offering in Singapore in order to promote Marina Bay Sands to Vietnamese travelers.

I would like to have a follow-up question on your entertainment component and cultural investment. If your project in Vietnam is approved, how much will you invest in the cultural component in comparison with other elements such as gaming center and hotel?

- This is the kind of thing that we would learn through research as we move forward with the development of our concept. The best way for us to answer your question correctly is by working closely with local people. We will do this through the people we hire; we would do this through consultants, through our communication and collaboration with the government. There are so many ways that we could be able to do our research to figure out physically what element should be put in this building to reflect Vietnamese culture or would be able to host the events that would be cultural in nature and promote Vietnam and its history. So it is a part of the process that we go through as we're designing a building and deciding how we can program it. It is a collaborative effort and we do not assume to know the answer right now.

How patient are you with your project in Vietnam? To make it specifically, if we assume that the Government does not approve it this year or next, will you be patient enough to wait for another two or three years? What is your roadmap or timeline for this project?

- It is our belief that IRs designed and developed by Las Vegas Sands contribute immensely to the markets in which we operate. So our view is you can't do it too soon but you could not possibly do it too late. We do not put a precise timetable on this project because as I say, it does not depend on us, but it is the decision of the Vietnamese people and Vietnamese Government. What we are trying to do is to facilitate that process and to provide information on how our industry works, to explain how we manage responsible gaming issues, to show them our track record, to host them on our property. So they are informed about what we can do and what benefits we could bring to the local society and hopefully things could move along.

The Government still stands firm on banning local people from the casino. So if this decision does not change, will you still move forward with your project in Vietnam?

- I think the objective of the Government should be to figure out what part of Vietnamese society should be allowed access to the casino and which part should not. Honestly, the way we look at the opportunity in Vietnam is that there is a segment of society that can afford to responsibly participate in gaming activities and therefore they should be allowed entrance to the casino. There are certain groups, because of the income that they make and certain circumstances that is not appropriate for them to participate in gaming activities, so they should not come in. We don't want them as our customers.

I heard that you have already created the design for the HCMC project. What about Hanoi?

- We haven't built any models yet. We have done some designs. We are exploring Hanoi right now to see where the most appropriate location for our project could be. It is the important first step because it could impact the design and the style of our project. So we are still in the process of doing our homework on that. Generically speaking, we are looking to create something that is not existed in Hanoi, something that is iconic for the city, something that could represent Hanoi as a landmark property.

We are very impressed with your design for the HCMC project with the image of two sails in a ship. How you could be sure that it is could be the iconic image for HCMC and Vietnam?

- We go out and find the world's best designers and architects and engineers. And we challenge them to create something that is new and different, something that is interesting and challenging and could draw attention and tourism. So we have a lot of creative minds working on this right now and I'm very confident that we could come up with something that is appropriate for both cities.

(Source: The Saigon Times)

[Back to top](#)

Rivers of fortune for Mekong's Ben Tre

Mekong Delta province Ben Tre is in the middle of a boom with agriculture and aquaculture the mainstays of this solid growth. Here, Ben Tre Provincial People's Committee chairman Nguyen Van Hieu tells about the innovative ways the province plans to maintain growth in 2012 and beyond.

Ben Tre got a whole lot closer to Ho Chi Minh City when Rach Mieu Bridge opened in January 2009. Could you tell us about Ben Tre's development in recent years?

Ben Tre is one of 13 cities and provinces in the Mekong Delta. It covers 2,360 square kilometres, has a 65km coastline on the South China Sea and is contiguous to southern dynamic economic region. It is only two hours by car from the province to Tan Son Nhat international airport and around a 1.5-hour drive to Ho Chi Minh City along the Trung Luong-Ho Chi Minh City expressway.

In 2011, the first year of carrying out the ninth provincial Party Resolution, Ben Tre chalked up laudable achievements in diverse socio-economic aspects amid a dismal economic outlook both at home and abroad. The provincial gross domestic product (GDP) grew 8.47 %, GDP per capita income averaged VND23.7 mil (USD1,100) and exports hit a record USD364 mil.

In terms of the business environment, last year the province saw 288 firms coming into existence with over VND1.116 trillion (USD53.6 mil) in total chartered capital. During 2006-2010, the province attracted 1,262 businesses, including 27 foreign-invested enterprises (FIEs). This means an average of 252 businesses settled down in the province every year.

Now, Ben Tre is home to 2,528 businesses with more than VND6 trillion (USD288.4 mil) in total registered capital. This includes 34 FIEs with USD238.5 mil in total investment capital. The provincial competitiveness index ranking has been top 15 for four straight years. The province's excellent marine and farm-based economy and its fertile land, and strong agricultural material and young human resources are the province's comparative advantages.

From 2011 to 2015, Ben Tre will further capitalise on its potential and advantages to propel socio-economic development. The province is striving for GDP growth of 13 % per year up to 2015 and an average GDP per capita income of VND36 mil (USD1,500) by that year. Similarly, export value will reach USD370 mil by 2015, growing 20 % per year and 115,000 provincial workers will have stable jobs.

What are Ben Tre's specific competitive advantages for investors?

The agricultural and marine economies are the two pillars of the province's income-earning capacity. Ben Tre is home to around 32,000ha of farm and their food output is 320,000 tonnes annually. The province has formed specialty fruits growing areas in a step-by-step manner and these meet Vietnam's and global good agricultural practices like Vietgap and Globalgap. Its craft villages producing ornamental flower and bonsai trees are well known throughout the country.

The province is also the coconut kingdom with a 52,467ha area turning out 413 mil coconuts per year, a fruitful input material source for the processing industry. Ben Tre also accommodates nearly 9,000ha of cocoa with an annual output of 42,000 tonnes. Cocoa areas will rise to 15,000ha by 2015. Our semi-processed cocoa beans have been exported to Europe.

Ben Tre is also strong in livestock breeding with over 600,000 heads of cattle and around five mil poultry. Thus, the province has great potential for food processing and provides a competitive market for cattle and poultry food producers.

With a 65km coastline and vast marine territory Ben Tre is highlighting the development of aquaculture, fishing logistic services and sea tourism. The aquaculture areas now amount to 42,000ha with production output reaching 300,000 tonnes per year.

Ben Tre features rivers and streams which facilitate waterway transport of agricultural and seafood products to other local and international destinations. In addition, its rich water-based ecosystem is beneficial for promoting green tours and farm tours, a unique tourism offering of the Mekong Delta which is hard to find elsewhere in Vietnam.

How could Ben Tre fully tap this abundant potential?

Ben Tre now hosts two industrial zones – the first-phase 100ha plus Giao Long industrial zone (IZ) and the 72ha plus An Hiep IZ – which have attracted 14 foreign direct investment projects valued at USD184 mil and 10 domestic investment projects capitalised at VND2 trillion (USD96.1 mil). These two IZs generated VND3.3 trillion (USD158.6 mil) in total industrial production and over USD140 mil in export value in 2011 while providing jobs to 13,000 labourers. Now, 87.3 % of land at Giao Long IZ and 78.3 % at An Hiep IZ are occupied by tenants.

Hence, creating more clear land is essential to woo investors in the coming period. Parallel to expanding its two existing IZs, the province is calling for investment into building infrastructure for three new IZs and some industrial clusters covering a total 800ha. The provincial authorities have been consistent in creating an investment climate that benefits investors.

For instance, IZ infrastructure investors will be supported with land clearance and the costs of building housing for workers.

(Source: VIR)

[Back to top](#)

NEWS IN BRIEF

A report recently released by Hong Kong-Shanghai Banking Corporation (HSBC) showed that Vietnam's economy would be more stable as interest rates in Vietnam dong (VND) were following a downward trend. HSBC said that the Vietnamese Government's efforts to reduce demand seemed rather successful. In March, the prices of petrol and gas increased by 10 %, but the rate of inflation dropped to 14.2 % from 16.4 % in February. Judging from the current low level of domestic demand, HSBC forecast that inflation would continue to slow down this year, and the State Bank of Vietnam might reduce interest rates in VND by 1 % each quarter. HSBC predicted Vietnam's economic growth rate at about 5.7 % this year as domestic demand would drop to a level lower than expected.

Almost 6,000 businesses were dissolved or temporarily stopped operating in Ho Chi Minh City in the first quarter of this year. Of these, 930 already completed procedures for dissolving and more than 5,000 businesses announced a temporary suspension of operations. The HCM municipal People's Committee has instructed banks to reduce lending interest rates, and create favorable conditions for small-and medium-sized enterprises, particularly involved in import-export businesses to access loans from now until the end of this year, which are estimated at VND400,000 bil in total.

The Vietnamese Embassy in the US held a meeting with the Vietnamese Business Association (VBA) to introduce Vietnam's current policies and its investment environment. Ambassador to the US Nguyen Quoc Cuong praised the association's role in helping US businesses to invest in Vietnam and Vietnamese businesses to seek opportunities in the US. The VBA spoke highly of Vietnam's investment environment and encouraging policies for investors. They said political stability has helped investors do business successfully in Vietnam. However, there remain some obstacles, such as weak foreign currency management, poor infrastructure and some cumbersome procedures. Two years after its establishment, the VBA has 125 members across the US.

Vietnam-Myanmar two-way trade is estimated to reach USD45 mil in the first three months of this year, increasing 17.8% from the same period of 2011, according to the Myanmar's customs office. In details, Vietnam earned USD20 mil from exports to Myanmar, up 16.8% on year while it spent USD25 mil to import goods from Myanmar, up 18.6%. Vietnam's export staples to Myanmar include steel, garment and textile's accessories, mosquito nets, fertilizers, construction materials, electric equipment, tires, written stationeries, plastic roof tiles and plastic materials. Vietnam and Myanmar have gained positive progress in trade promotion recently.

However, Vietnam's exports to the Myanmar still ranked the 12th level after Singapore, China, Indonesia, Japan, USA, Thailand, Korea, Malaysia, India, Saudi Arabia, Australia, the Vietnam Trade Office in Myanmar said.

Thailand's leading developer of industrial park facilities Amata Corp, alongside fellow investors, plans to pump a massive USD20 bil into an integrated industrial estate in Long Thanh Commune, Dong Nai Province. The Amata Express City will cover 1,300ha close to the new Long Thanh international airport in HCM City and Dong Nai River. The project would include a 760ha urban area next to the river, a 420ha high-tech industrial area and another 105ha urban site, said General Director of Amata Vietnam Huynh Ngoc Phien. With design complete, construction is scheduled to commence early next year, first phase development expected to finish by 2015.

Deputy Prime Minister Hoang Trung Hai has asked the Ministry of Transport, Ba Ria-Vung Tau authorities, and PetroVietnam Group to hand over land for the project to build a large petrochemical complex in the province. In his dispatch, Hai requested these agencies and the project investor to agree on the amount of funding for construction of resettlement areas and roads to Long Son industrial park. The Southern Petrochemical Complex has a total investment of nearly USD4 bil and a design capacity of more than three mil tons of products per year. It will be built on an area of 400 hectares inside Long Song industrial park, next to the Long Son oil refinery. Once operational, the complex is expected to meet 65 % of the country's demand for polyethylene and polypropylene and stabilize the supply of input materials for the petrochemical industry.

Nearly 500 Vietnamese and Chinese businesses attended a forum on economic cooperation in Yunnan province on April 3. The event, co-organized by the Vietnam Chamber of Commerce and Industry (VCCI) and the Yunnan provincial People's Committee, aimed to provide opportunities for businesses to build mutual trust and bring bilateral relations to a new height. At the forum, seven cooperation projects were signed in connection with purchasing 220,000 tons of coffee from Vietnam, building a coffee processing chain with an annual capacity of 5,000 tons, setting up a wood furniture company with an estimated capitalization of USD30 mil, and developing a scientific and technological base for production at a cost of USD12.77 mil.

Domestic airlines have announced new local and international flight discounts for April. National carrier Vietnam Airlines will cut 40 % off its two-way flights from HCM City to Ha Noi, Hai Phong, Da Nang and Phu Quoc Island. The reduced fares will apply to flights undertaken from April to the end of December. Meanwhile, Jetstar Pacific will apply cuts to flights purchased between April 1 and 5. One-way Ha Noi-Singapore flights will be priced at VND950,000 (USD45.2), HCM City-Kuala Lumpur flights at VND645,575 (USD30.7), Ha Noi-Manila flights at VND1,816 (USD86.5), HCM City-Jakarta flights at VND794,051 (USD37.8) and Ha Noi-Hong Kong flights at VND2,145,199 (USD102).

Vietnam has become one of the top 10 countries in the world to build international standard jack-up drilling rigs. A ceremony to transfer Tam Dao 3 rig to its owner, Vietsoyepetro, was held on March 30 at the PetroVietnam Marine shipyard in southern Vung Tau City. With a 145m jacket, the rig is able to drill wells up to a depth of 6,100m. The Vietnam Shipping Registration Agency and the American Bureau of Shipping approved construction on the rig.

The Ha Noi Stock Exchange is promptly working out specific plans to facilitate the development of Vietnam's bond market, of which a variety of new systems to be installed in the first half of the year, according to leaders of the exchange. The exchange in May will allow new types transactions on treasury bonds. In June, they will likely launch electronic procurement, yield curve and bond index. Market members have asked the Ministry of Finance, the central bank and the State Securities Commission to come up with a road map for the development of the bond market through 2020, and come up with a legal framework that would guide the issuance of treasury bills, listings and trading, as well as the introduction of new products, such as futures and sales and re-purchase agreements.

Vietnam Oil and Gas Group, or PetroVietnam, said Wednesday (4th April) that it has signed with SK Holdings an MoU under which the South Korean firm may join PetroVietnam's energy projects. PetroVietnam said in a statement that it encourages SK Holdings to participate in the projects to develop coal-fired power plants

as well as oil exploration & production and oil processing, it said in a statement. The deal was signed in Seoul during Vietnamese Prime Minister Nguyen Tan Dung's visit to South Korea late March. PetroVietnam also signed a memorandum of understanding with Korea National Oil Corp. to expand the two companies' cooperation in oil exploration, production and storage, it added.

Construction of a 30MW wind power plant started on April 3 at the Nhon Hoi Industrial Park in central Binh Dinh province. Clean Energy JSC and CP Phuong Mai Wind Power JSC will invest a total of 1.2 trillion VND (60.25 mil USD) in Phuong Mai Wind Power Plant No 1. The plant, covering 143ha, will be located on Phuong Mai Peninsula where the IP is situated. Operating in an average wind speed of 12 meters per second, the 12-turbine plant will be able to generate 82 mil kWh per year. Investors in the plant have signed a contract to sell electricity to national power utility Electricity of Vietnam (EVN) for 1,600 VND per kWh. The plant will make a major contribution to the development of clean energy in Vietnam when it starts operations in the second quarter of 2012.

Vietnam is estimated to have produced a total of 26 bil kwh electricity in the first quarter of this year, making a year-on- year rise of 15.1%, the government's General Statistics Office (GSO) said on its website. In March alone, the country's electricity output is estimated at 9.6 bil kwh, up 17.9% on year, the data showed. Vietnam Electricity Group (EVN) targeted to increase produced and imported electricity amount to 120.7 bil kwh in 2012, up 10.9% from 2011.

Vietnam's Ministry of Industry and Trade has called for suspension of a new environmental tax on plastic bags, saying the plastic industry is struggling with low sales due to higher prices. The tax is not reasonable and has caused many difficulties for businesses, news website thesaigontimes.vn reported, citing a proposal sent to the Ministry of Finance. According to the trade ministry, the tax is confusing since there are various kinds of plastic bags and it is not clear which of them are subject to the tax. Under the the Law on Environmental Taxes, which came into effect in January, plastic bags are taxed at VND40,000 (USD1.92) per kilogram. The Vietnam Plastics Association has complained that prices of plastic bags have surged sharply due to the tax, causing sales to drop 35 % in January compared to a year earlier. Around 20 % of workers at its member companies lost jobs the same month, the association said.

Vietnam will receive loans worth a combined USD1.6 bil from Japan to fund eight projects to develop its infrastructure and technology, the Finance Ministry said on Friday (31 March). The loan agreements, signed by the ministry and the Japan International Cooperation Agency on Friday (31 March), brought Japan's fund commitment to Vietnam to around USD21 bil, the ministry said in a statement. The loans will fund Vietnam's development of Hoa Lac science and technology city and infrastructure projects including the expansion of Hanoi-based Noi Bai airport, National Road 3, Ho Chi Minh City railway, the statement said. Japan is now Vietnam's largest international donor, the ministry said.

The Japanese Sojitz Group plans to cooperate with its fellow food agency to buy Huong Thuy Trade, Services and Production Company and use its infrastructure to expand shares in Vietnam. Sojitz which is currently holding 25.01 % of Huong Thuy's shares will buy an additional 25.99 % of shares while its fellow agency, Kokubu will purchase 19 % of shares. Accordingly, Sojitz will become the biggest shareholder of Huong Thuy and will turn it into Sojitz's subsidiary company. Sojitz plans to raise Huong Thuy's sales revenues from 4 bil yen in 2011 to 20 bil yen in 2016 and build a supply chain to Myanmar and Cambodia and then to the whole of Southeast Asia. Huong Thuy Company in Ho Chi Minh City is Vietnam's biggest food retailer which provides different kinds of foods and drinks for around 40,000 shops across the country.

Members of the Vietnam Gas Association have agreed to lower the retail price of gas by up to VND46,000 (over USD2) for a 12kg cylinder for April. Customers will be able to purchase 12kg gas cylinders for between VND405,000 to VND410,000 (about USD20), depending on the brand. Association members have been ordered to ensure the price reduction is passed onto consumers. The association said global gas prices had dropped by about USD160 per ton compared to early March because of falling demand after the colder than normal winter. In January, prices rose by VND126,000 (USD6) per 12 kg following global price rises. Meanwhile, the average cost of food has decreased 1.25 % against in March due to abundant supply, the General Statistics Office said.

Vietnam Report Co and online news VietnamNet will announce on April 10 the list of 500 companies with the fastest growth rate in Vietnam. The FAST 500 list, drawn up for the second year, is based on the growth in total assets, profits, and number of employees. It aims to highlight effectively run companies who operated in a variety of fields across the whole country under the current difficult period.

U.S. hedge fund Elliott Advisers LP has dropped a lawsuit against Vietnamese state shipbuilder Vinashin, according to a person familiar with the matter Monday (2nd April). Elliott sued Vinashin in the British High Court in December for its investment in a USD600 mil syndicated loan that Vinashin defaulted on in December 2010. Vinashin initially offered repayment of 35 cents on the dollar to bondholders before Elliott filed that suit, according to a person familiar with the matter. Elliott was suing for par value of its debt along with unpaid interest and default interest, totaling USD13.2 mil, according to a filing made to the court seen by the Wall Street Journal.

The PetroVietnam Group last year earned a record of over VND207 trillion (USD9.8 bil) from petroleum services, equal to 30.8 % of its total turnover. The figure, which was 25 to 30 % higher than the set target, was released at a conference held in the southern Vung Tau City in late of March to review last year's petroleum services. This record turnover came during the first year of a five-year plan for the 2011-15 period, creating favorable conditions for the group to achieve higher results. As of the end of last year, PetroVietnam had built a system to provide petroleum services in several fields with a total asset value of VND140 trillion (USD6.7 bil).

Saigon Beverage Co, or Tribeco (TRI), has vowed to protect the rights and interests of existing shareholders as it delists from the HCM City Stock Exchange by making public offerings to internal shareholders. Nguyen Xuan Luan, a member of Tribeco's management board, said TRI would announce the result of the first such offering on April 20. If Tribeco opts to continue in the form of a joint stock company after delisting, it would list shares on the unlisted public company market (UPCoM), the company said.

An Giang-based rice trader Angimex has filed to list 18.2 mil shares on the HCM City Stock Exchange. Angimex posted a profit of VND70.4 bil (USD3.3 mil) last year but has estimated that this would decline to about VND54 bil (USD2.57 mil) this year. Angimex has charter capital of VND182 bil (USD8.6 mil), and the Nguyen Kim Investment and Development Co is the controlling shareholder, with a 50.3-per-cent stake, followed by the State Capital Investment Corporation, with nearly 28.2 %.

Japanese group Cocco is providing the Vietnamese company Hanel with the technology to produce the world's first third-generation lithium-ion batteries from magnesium extracted from sea water. This was the most advanced technology in the field and it was being transferred solely to Vietnam, said Cocco president Kazuyuki Toyosato at a recent signing ceremony in Tokyo. These rechargeable batteries manufactured by Hanel will be shipped to Japan. Magnesium batteries were environmentally-friendly and helped conserve energy while the ocean's magnesium reserves were virtually limitless, Yabe said.

The Global Finance Magazine recently awarded the prize of "Best Emerging Market Bank 2012 in Asia" to the Commercial and Technology Joint Stock Bank (Techcombank). Last year, the bank posted a pre-tax profit of VND4.2 trillion (USD200 mil), up 53.2 % over the previous year. Its total assets increased by 20.4 %, reaching VND180.8 trillion (USD8.6 bil) by the end of 2011. Global Finance is an English-language monthly financial magazine based in New York. The magazine in financial globalization is distributed in 163 countries.

The Cambodia - Vietnam Foods Company (Cavifoods) on March 30 opened a rice-milling plant in Phnom Penh that is expected by May to have the largest capacity and best product quality of any milling plant in the country. When the plant opens its second production line in May, it will become fully operational, with a total capacity of 40,000 tons, according to Doan Anh Sang, Cavifoods chairman. Cavifoods has three shareholders, Vietnam's Cambodia Investment and Development Company (IDCC), Vietnam Southern Food 2 Corp (Vinafood2) and the local company Green Trade, which represents 33 %, 37 % and 30 %, respectively, of the nearly USD8 mil in charter capital.

Bao Viet Holdings, which specializes in areas of insurance, banking and financial services, aims for a profit growth of 14 % this year. The company, listed on HOSE as BVH, expects a 20 % increase in turnover this year, according to CEO Nguyen Thi Phuc Lam. The targets are subject to approval by its annual shareholder meeting

later this month. The group earned total pre-tax profits of VND1.521 trillion (USD72.5 mil) last year, more than 17 % over the previous year. Its revenues of VND14,872 bil (USD708 mil) marked a 15.32 % increase over 2010.

Mechanics Construction and Foodstuff Co (MCF) has increased its charter capital from VND35 bil (USD1.6 mil) to VND80 bil (USD3.8 mil), with Vinafood II holding a 60-per-cent stake in the company. MCF has targeted earnings this year of around VND700 bil (USD33.3 mil), a net profit of VND18.75 bil (USD892,850), and a dividend payout of 15.9 %.

Vietnam and the US on March 28 started consultations on the second lawsuit over US anti-dumping taxation on Vietnamese export frozen shrimp, after former's request to the WTO Dispute Settlement Body on February 20. The 60 day consultations focus on US compliance with the July 11, 2011 conclusion of the previous lawsuit, its moves in amending laws on calculating dumping margins and the US's implementation of procedures relating to anti-dumping on goods shipped from Vietnam. If the US accepts Vietnam's arguments, the disputes will be settled and the US must remove all unfavorable calculations on anti-dumping duties and regulations, or Vietnam will ask the WTO to form a panel to mediate the differences. In the first Vietnam-US lawsuit, the WTO concluded that US use of zeroing to calculate the common tax rates on Vietnamese frozen shrimp was inconsistent with WTO regulations.

Vietnam's index of industrial production rose an estimated 6.5 % in March from the same month last year, slowing from a surge of 22.1 % in March, the General Statistics Office said on Thursday. For the January-March period the index rose 4.1 % from the same period last year, the office said in a monthly report. In June 2011, the ministry-run General Statistics Office started using the IIP in place of a previous industrial output index that used 1994 prices as a base. It gave no value for industrial output.

The Japanese Government will provide more than 136 bil yen in official development assistance (ODA) for Vietnam's socio-economic infrastructure development projects. Minister of Planning and Investment Bui Quang Vinh and Japanese Ambassador to Vietnam Yasuaki Tanizaki signed an exchange note in Hanoi on March 30. At the signing ceremony, Vinh said Japan's ODA has actively contributed to Vietnam's stable economic growth, poverty reduction and environmental protection. For his part, Ambassador Yasuaki expressed his hope that Vietnam will use Japanese aid effectively.

Viettel Corporation and Vietnam Posts and Telecommunications Group (VNPT) are waiting to be licensed to expand mobile network in Burma, revealed Tran Bac Ha, Chair of Bank for Investment and Development of Vietnam (BIDV) at the bilateral investment meeting on the recent visit of Burma's president. Currently, Viettel has been doing business in five countries namely Laos, Cambodia, Mozambique, Haiti and Peru and is about to set foothold in another three and four nations. However, Burma would be its first ever overseas market should the license be granted. This military-run firm is of intention to either build its own infrastructure overseas or buy back that of existing enterprises and make further investment.

[Back to top](#)

COMING EVENTS

The Da Nang International Fireworks Competition 2012

On February 16th 2012, the Da Nang People's Committee held a Press conference and signed a sponsorship deal for the Da Nang International Fireworks Competition 2012 (DIFC 2012). At the ceremony, programs and supporting activities of the competition were named by the Da Nang People's Committee. At the same time, the signing procedures of the first sponsors were also carried out. The ceremony attracted representatives of departments, agencies, a number of enterprises, and over 50 Press agencies operating in the city of Da Nang.

The Da Nang International Fireworks Competition has been held successfully for 4 years, 2008, 2009, 2010 and 2011 and has attracted the attention of thousands of tourists and millions of television viewers. This event has become one of the special cultural events, not only for Da Nang City, but also for Vietnam. The DIFC is eagerly looked forward to by millions of residents and visitors annually.

In 2012, Da Nang is continuing to organize the 5th competition, (renamed The Da Nang International Fireworks Display), with the theme "Colors of Da Nang" on April 29th and 30th 2012 with the participation of international teams who were champions in previous years. These teams are: Canada (2008), China (2009), France (2010), Italy (2011) and team Da Nang - Vietnam. The scenic Han River will be the location of this spectacular and colorful fireworks display.

In addition to the fireworks, many other supporting activities will also take place such as: food exchange festivals, decorative lighting art, a decorated boat march, sea sports activities and music and fashion shows. These activities will certainly attract the attention of numerous people throughout the country as well as international tourists.

The organizational tasks such as professional preparation, mobilization of financing, investing in building facilities, equipment and technology including building an impressive fireworks team with their own style, has been facilitated by The Da Nang People's Committee.

The Da Nang City People's Committee has agreed to build alternative DIFC stands for 2012, which includes two areas: stands A, B at the main stage with a capacity of more than 9,000 seats and Zone C at the north of the stand A, B with a capacity of 16,000 seats. As expected, the DIFC 2012 Organization Board will issue about 16,000 tickets at Hanoi, Ho Chi Minh City and Da Nang. The ticket prices at C1, C2, and C3 is 300,000 VND, 250,000 VND and 200,000 VND / ticket / person / night respectively.

In addition, to meet the needs of viewing fireworks on tour boats, the Da Nang People's Committee has allowed the units to sell tickets on the cruise ships and tour boats to watch the fireworks. However, safety and security as well as quality of service and ticket prices that do not exceed 300,000 VND / ticket / person / night must be guaranteed.

The limits for funding for DIFC 2012 remains at 3 bil or more for Diamond Sponsors.

As of 17:00 on February 15th 2012, there are 24 companies that have registered to fund DIFC 2012 with a total funding value is 27.596 bil, of which 20.75 bil are cash and products and 6.846 bil are for services including airline tickets, hotel rooms, communications, insurance and other products and services.

For more information, please contact:

1. DIFC 2012 Organization Board: Office of People's Committee of Da Nang City

- Address: 42 Bach Dang Street, Hai Chau District, Da Nang
- Phone: (84 511) 3812340 - Fax: (84 511) 3825321
- Person in charge: Hoang Son Tra - Deputy Head of Society - Culture Dept.
- Tel: 0936 331 339 - Email: trahs@danang.gov.vn

2. Communication unit, sponsor mobilizing for the program: Viet Art JSC

- Address: 62 Nguyen Thi Minh Khai Street, Hai Chau District, Da Nang
- Phone: (84 511) 3840780 - Fax: (84 511) 3840782

- Person in charge: Le Tan Trung Ba – Director - Tel: 0903 320 177 - Email: baltt@vietart.vn

(Source: <http://fireworks.danang.vn>)

[Back to top](#)

Cosmobeaute Vietnam

Venue: [Saigon Exhibition & Convention Center \(SECC\)](#)

Country: [Ho Chi Minh City, Vietnam](#)

Industry: [Cosmetics](#)

Start Date: [19 Apr 2012](#)

End date: [21 Apr 2012](#)

Event profile

Cosmobeaute Vietnam is the biggest Beauty Trade Show and the only Business to Business (B2B) Trade Exhibition in Vietnam was held its 4rd edition from 21 - 23 April 2011 at the Saigon Exhibition and Convention Center (SECC). This event attracted 122 exhibiting companies, 208 brands and more than 8000 visitors both local and international, including Beauty and Hair Salon Owners, Beauticians, Distributors, Beauty Salon/Spa Investors.

Exhibitor's profile

Perfumery, Cosmetic and personal Hygiene; Natural Health Products, Health Food & Beverages; Dietary Supplements; Professional Care Products, Equipments & Solutions for Beauty Salon; Salon Furnishing Spa & Wellness Facilities; Packaging & Processing Equipments; Contract Manufacturing & Private label (OEM/ODM); Raw Materials; Medical Aesthetic Products & Equipments; Product Development & Design.

[Back to top](#)

Paper Chem Tech Vietnam

Venue: [Saigon Exhibition & Convention Center \(SECC\)](#)

Country: [Ho Chi Minh City, Vietnam](#)

Industry: [Paper](#)

Start Date: [19 Apr 2012](#)

End date: [21 Apr 2012](#)

Event profile

Paper Chem Tech Vietnam will see participations from top business houses from the sectors of paper, chemicals as well as technologies. Being part of this show, the exhibitors will get a wonderful opportunity to display all their goods and services. This event will also help the foreign companies to understand the market of Vietnam and also the international companies can form collaborations with the national companies for forming efficient business network for gaining wider market access.

Paper Chem Tech Vietnam will be attended by large number of attendees who will get to see huge number of products from the related sectors under one roof. Starting from products and equipments to converting machinery, from packaging and photo paper to carbonless papers, this event will have everything catering to the needs of customers from all over Asia.

Exhibitor's profile

The exhibits will include Bristol card, Carbonless paper, Converted papers, Coated art paper and board, Duplex board Envelopes , Newsprint , Packaging paper, Photo paper, Uncoated paper, Waste paper,

Wrapping paper. Exhibits will also come from fields like MACHINERY and the products will include Paper Mill Machinery, Converting Machinery, Printing Machinery. Products will also come from RAW MATERIAL field and the items will include Waste paper, Pulp and Fiber, Minerals and Pigments, and Specialty Chemicals.

[Back to top](#)





About Viipip.com

Viipip.com, most powerful InfoGate for Vietnam Industrial Park headquartered in Centre of Ho Chi Minh City, is national consulting firm with 66 experts in industrial properties. Viipip.com serves industrial properties' owners, investors and occupiers in Vietnam, specializing in Southern Key Economic Zone and other zones. Viipip.com offers Investment strategic Advisory, Investment Studies, Market Intelligence, Development Services and Business Trip Customization regarding industrial properties.

Clients can use Comparison Tool and Search Engine at our InfoGate to take an in-depth view on developers and owners of Industrial Parks in Vietnam.

Please visit our InfoGate at <http://Viipip.com> for your better view of Vietnam.

Disclaimer: Information within this bulletin is combined from various Vietnamese Governmental agencies, local and international media for reference purpose only. Viipip.com hereby disclaims responsibility for the accuracy of the information contained in this bulletin. No Claim for damages, actual anticipated or consequential, economic or otherwise, will be entertained.

Edited by: Huy Nguyen & Trieu Nguyen