

BULLETIN

VIET NAM TRADE & INVESTMENT

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Dear all,

Vietnam Trade & Investment Bulletin is published by monthly 15th. VIPIIP.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.

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VIETNAM: TRADE & INVESTMENT BULLETIN No.36

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DEVELOPER'S INTRODUCTION

Ascendas-Protrade Singapore Tech Park (APSTP)

Ascendas Pte. Ltd., Asia's leading business space provider, and Protrade Corporation, a prominent Vietnamese state-owned enterprise, have teamed up to create **Ascendas-Protrade Singapore Tech Park (APSTP)**, a superior quality business address in Binh Duong, Vietnam.

Set within the 1,350ha integrated township of An Tay Industry and Service Complex, the APSTP is well located at **40km away from both Ho Chi Minh City and Tan Son Nhat International Airport**. Specially designed to integrate complete **clusters of business infrastructure** with a host of amenity within the township, APSTP offers a vibrant **work-live-play-learn industrial hub** that blends high **quality business space** and **reliable solutions** with a conducive business style.



Spread over 500ha of land, APSTP offers an excellent range of options - **Prepared land parcels**; Well-designed **Ready Built Facilities** with good quality finishes; **Build-to-Suit facilities** customized to your requirements - for companies in Electronics, Precision Engineering, Information Technology; Pharmaceutical; Food & Beverage and General Industry.



Investors can rely on the management of APSTP to address all your real estate needs so that you can focus on succeeding your business. **Quick and hassle-free start-up; Reliable utilities and One-stop customers** and estate management services are some of the key features being offered.



Mapletree blossoms in Vietnam



Mapletree is a leading Asia-focused real estate development, investment and capital management company headquartered in Singapore.

The organization views Vietnam as an increasingly attractive investment destination, with many international corporations choosing it as an alternative production base to China. Mapletree currently has a total committed investment of USD 1 billion in logistics, industrial, office, retail and commercial real estate projects. Mapletree has plans to launch a Vietnam-focused private real estate fund in the next few years.

HO CHI MINH CITY

The impact of Vietnam’s growth is most readily felt in Ho Chi Minh City (HCMC), the commercial hub of the country. Mapletree has partnered with Saigon Co.Op Investment-Development JSC to develop SC VivoCity, a 72,000 sqm one-stop family lifestyle destination mall in Nguyen Van Linh Boulevard in HCMC’s District 7. When completed, SC VivoCity will have five floors and a basement level where the city’s middle to middle-upper class Vietnamese, expatriates and visitors converge for shopping, dining and entertainment.



SC VivoCity forms the retail component of the Saigon South Complex, a 4.4-hectare integrated mixed-use development, which will also comprise modern Grade A high rise office towers and internationally-operated serviced apartments. This integrated development is being built at a cost of USD360 million in District 7, an area known for its large multinational corporations and resident expatriate communities.

Mapletree is evaluating several commercial and residential projects in this bustling commercial city.

BINH DUONG - Leveraging on Ho Chi Minh City’s Growth

As the traditional commercial hub of South Vietnam, the economic buzz generated in HCMC continues to radiate outwards to its surrounding cities and provinces. Indeed, one of the fastest growing provinces in Vietnam now is Binh Duong, located just 30 km north of HCMC’s city centre. Being one of the four neighbouring provinces to HCMC, this relatively young district has produced stellar economic growth

and looks poised for further advances. It has been consistently ranked within the top ten by Vietnam’s Provincial Competitiveness Index (PCI)¹ since 2005 alongside HCMC.

Binh Duong province has constantly excelled in several areas of the PCI scoring, such as pro-activeness of provincial leadership, labor training, access to land and legal institutions’ support. Being a centre of the Southern Key Economic Zone, Binh Duong has a strategic position. Its annual GDP growth of 14.0% far exceeds the nation’s average.

Growing with Binh Duong

The influx of investments into Binh Duong has driven up demand for good quality business spaces and other supporting real estate infrastructure, such as business parks, logistics facilities and other warehousing solutions. Recognising that potential, Mapletree made its first foray into Binh Duong in 2005 with the setting up of its first office and the development of Mapletree Logistics Centre in the Vietnam-Singapore Industrial Park I (VSIP I). As adequate good quality logistics facilities were then lacking to meet the needs of many multinational companies there, Mapletree saw the opportunity to bring its expertise in sourcing, developing, and managing logistics facilities to support the province’s growth. Comprising five units of multi-tenanted single-storey warehouses with mezzanine offices, Mapletree Logistics Centre has been fully leased since it opened in March 2007.



The success of Mapletree Logistics Centre is now followed by the development of Mapletree Binh Duong Logistics Park in Vietnam-Singapore industrial Park II (VSIP II). Situated 15 km north of Mapletree Logistics Centre and VSIP I, this new 68-ha USD110 million logistics park will house not only modular logistics and warehouse facilities for companies looking for ready space, but also build-to-suit facilities customised to clients’ specific requirements. To date, eight warehouse blocks have been completed and leasing is underway.

¹ Vietnam’s PCI is the largest and most comprehensive assessment and ranking of the performance of provincial governments based on the views expressed by thousands of domestic entrepreneurs and managers from firms across Vietnam’s 64 provinces.

A New City

Conceived in 2007 as part of Binh Duong’s master development plan through 2020, Binh Duong New City is jointly developed by the provincial government and Becamex IDC Corporation, the province’s leading state-owned company. Binh Duong New City is constructed to become Binh Duong province’s new administrative centre and it will promote and support the development of Thu Dau Mot City, with the two urban areas being united to be the core of Binh Duong City in 2020.

Business Has a New Centre



In addition to its logistics developments, Mapletree is also proud to partner the development of Binh Duong New City with Mapletree Business City @ Binh Duong (MBC@BD), a first-class business park. Bringing its expertise in creating vibrant integrated mixed-use developments for “Work, Live and Play” to Binh Duong, Mapletree envisages this to be the leading business park in not only the province, but the country as a whole.



With a strategic location and good connectivity to surrounding ports, MBC@BD offers ready-built quality business spaces with modern infrastructure, reliable power/water supply, and integrated telecommunication services. MBC@BD is a particularly attractive destination for businesses in the growth sectors, with supporting amenities including retail and food and beverage outlets. Currently, it is at 100% occupancy for its first phase of development, and continues to enjoy strong demand for its high quality facilities.

HANOI and BAC NINH

Beyond investments in South Vietnam, Mapletree is also capitalising on other dynamic business opportunities in the country’s north. Many multi-nationals from the manufacturing and services sectors have set up their presence in the capital city, Hanoi.

Recognising the potential of Hanoi and its environs, Mapletree acquired Pacific Place, a mixed-use development located at the center of Hanoi city. It is an 18-storey building comprising office units, serviced apartments, dining outlets and retail stores. Mapletree’s third office in Vietnam is located here.

Featuring Grade-A office specifications, Pacific Place is a prestigious business address for many global corporations. Some of its key tenants include the Delegation of the European Union, IBM, HSBC, Bank of Tokyo-Mitsubishi and General Electric. Pacific Place also offers 179 luxurious apartments and residents enjoy the assurance of contemporary finishes and uninterrupted security, as well as exclusive key-card access to a roof-top swimming pool and gymnasium. The retail podium at Pacific Place offers an attractive blend of lifestyle brands and luxury boutiques, catering to a discerning, cosmopolitan clientele. A banking hall and medical clinic provide tenants and residents easy access to essential services, while its four restaurants, bar and cafe feature a myriad of culinary and entertainment options.



Another location that the Mapletree is looking at is Bac Ninh, a neighbouring province to Hanoi. Since implementing an economic development plan in 2006, the province has transformed its largely agricultural economy into an industrial one. In terms of industrial production, Bac Ninh has leapt from 19th position in 2004 to 8th place in 2011 among the 63 provinces nationwide. It has an average GDP growth of 15.3% per year over the past five years. In terms of PCI ranking,

Bac Ninh has leapt from 16th place in 2008 to 2nd position in 2011.

To meet the demand for quality logistics space that is accompanying the growth of the province as an industrial hub, Mapletree is developing the Mapletree Bac Ninh Logistics Park, a 55-hectare logistics park over five phases. Currently, the first phase is fully developed with three blocks of modular high quality warehouse space for immediate lease. When fully developed, Mapletree Bac Ninh Logistics Park will house about 300,000 square metres of ready built and built to suit logistics facilities.

Looking Forward, Looking Good

Mapletree is optimistic that Vietnam’s strong growth as an emerging market will continue to offer exciting opportunities. As an essential part of its “follow the client” strategy, Mapletree sees itself as a strategic real estate partner to its customers, working and growing in tandem with them by providing an integrated suite of real estate solutions to support their business expansion in Vietnam.

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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.

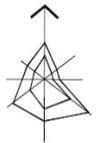
The IP has advantages on location such as: away 26 km from Tan Son Nhat airport; 29 km from the center of Ho Chi Minh City; 30 km from Sai Gon port; away from Hiep Phuoc Port: 43 km; Ben Luc port: 43 km; Moc Bai International Border Gate: 48 km; away 20 km from the center of Binh Duong Province.

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



**LONG AN PROVINCE
 DUC HOA III- RESCO INDUSTRIAL PARK
 LOCATION MAP AND AREA RELATIONSHIP
 INVESTOR: DUC HOA III - RESCO COOPERATION**



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 HiepPhuoc ICD port	43 km
Cảng Cát Lát CatLai port	45 km



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.

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 03/2012, 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.

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GENERAL REVIEW

City has 20 new hotels every month

HCMC as the country's biggest tourism center had an average of over 20 new hotels entering the market each month in the year's first half with a number of new hotels in this period amounting to 130.

Besides, the number of new travel agencies increased as many as last year, said Truong Vinh Tho, head of the Hotel Division under the HCMC Department of Culture, Sports and Tourism. Most of new hotels are of one and two stars, with an average of ten rooms for one-star hotels and 20 rooms for two-star ones, he said. "Investors of these hotels are mainly individuals, and such hotels are operated pretty well," said Tho.

HCMC is having up to 990 hotels with over 28,900 rooms in total. The occupancy rate of three- to five-star hotels in the first six months was 67%, dropping by 3% points from the same period last year, and the average room price of three- to five-star hotels was around VND1.95 million. In addition, there were 35 new travel firms providing international tourism services in the first half, which is equivalent to the rise of last year. HCMC has accounted for more than half of travel firms nationwide with 435 firms.

According to the department, the number of international tourist arrivals in the first six months rose to nearly 1.82 million, up 10% from the same period last year, while the total tourism revenues were around VND34 trillion with a year-on-year rise of 15%.

(Source: The Saigon Times Daily)

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Job creation in focus

Despite the creation of 734,000 jobs in the first half of this year, it requires greater efforts to fulfill the yearly target for 1.6 million jobs.

Since early this year, the labour market across the country has picked up with more than 300 employment transactions conducted in 44 provinces and cities so far, double the number recorded in the same period last year. This is, in part, thanks to the provision of vocational training for about 525,000 people (accounting for 28 % of the yearly target) to meet the growing demand for skilled workers in many key industries in the process of restructuring the rural labour force.

As a result, as many as 695,000 jobs have been generated and 39,000 workers sent to work abroad while the number of labour disputes and strikes has dropped sharply.

According to the Ministry of Labour, Invalids and Social Affairs (MoLISA), there is a stable growth in the traditional labour markets such as Taiwan, Malaysia, Japan and the Republic of Korea (RoK) despite a fall in the number of Vietnamese guest workers in recent months. With the Middle East market bouncing back and some new markets taking shape, there is high hope that Vietnam's labour exports will increase steadily in the second half of this year and next.

Over the past six months, the government's unemployment insurance policy has paid off well with more than 155,400 workers enjoying insurance benefits, 98,000 people getting new jobs and more than 1,088 receiving vocational training subsidies.

MoLISA Deputy Minister Nguyen Ngoc Phi says there is a sharp increase in the number of job seekers in HCM City and Hanoi. MoLISA has asked other cities and provinces to keep a close watch on the labour employment situation and ensure suitable subsidies and insurance benefits for the jobless.

The National Employment Fund is responsible for supporting small and medium-sized enterprises in getting loans for job creation, instead of lending money directly to households.

Ideally speaking, local authorities should create favourable conditions for jobless workers to borrow money from the National Employment Fund and make it on their own, apart from encouraging businesses to employ them under long-term contracts. However, Minister Phi argues, every enterprise needs capital and skilled workers to keep operating efficiently in the long run. No doubt, there is an urgent need for a specific support policy to help workers and businesses through a hard time, Phi says. But MoLISA needs more time to conduct a fact-finding survey of the employment situation in all localities before making its final decision.

(Source: VOV)

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Business closures in Vietnam pass 26,000

Unable to cope with difficulties caused by the global economic crisis, 26,340 Vietnamese businesses have suspended operations or shut down in the first six months of 2012, a year-on-year increase of 5.4 %, the General Statistics Office (GSO) says.

According to figures released by the GSO in Ha Noi on Friday (30 Jul), the number of enterprises dissolved, 4,105, marked a year-on-year increase of 35.4 %, showing businesses were finding it increasingly difficult to survive in the current environment.

In June 2012, 4,110 firms declared bankruptcy or suspended operations. Of these 610 were dissolved.

Of the 11,329 foreign-invested enterprises, 232 firms (two % of the total number of registered FIEs in the country) have temporarily suspended operations, 696 enterprises (6.3 %) are about to be dissolved because of losses or changes in the investment environment. In addition, 92,700 other private firms have "disappeared." Nguyen Bich Lam, deputy head of GSO, said these companies were founded for "invoice selling" and have never paid taxes. Some 1,000 other FIEs, including nearly 800 from HCM City, have also "disappeared," he said.

About 23,000 State-owned enterprises (SOEs) have suspended operations while over 30,000 other SOEs could be dissolved. Lam said SOEs, which are most "vulnerable" in the current state of economic turmoil, needs more support from the Government.

As of 1 January 2012, enterprises that temporarily suspended operations in several provinces and cities amounted to 10 to 20 % of the total number of registered firms – 19.4 % in Soc Trang, 19 % in Can Tho and 15.8 % in Hai Duong. Lam said 70 % of these enterprises reported losses, 28 % cited insufficient capital and nearly 15 % said they could not sell their stock. Over 35 % of the enterprises said they were unable to cope with interest rates of over 19 %. Nearly 90 % of them said they can accept interest rates on loans of less than 15 %.

According to the GSO, 27 % of surveyed interviewed said high interest rates are the biggest challenge facing their business; 19.5 % blamed high inflation and economic changes; 17.4 % cited difficult access to capital; 9.7 %, high transportation costs; 7 %, unstable electricity supply and another 7 %, macroeconomic policies. Meanwhile, the HCM City Department of Labor - Invalids and Social Affairs has reported that over 4,800 HCM City-based businesses reduced their work force in the first four months of 2012.

According to the results of a survey conducted recently by the department, over 16,700 workers from the construction, chemicals, mechanics and service sectors have been sacked. The survey also revealed that the workers were sacked because their employers faced bankruptcy, disintegration, suspension of operations and other difficulties due to the economic crisis. In addition, many other businesses have had to reduce the work hours of their employees due to a shortage of orders for their production and processing lines.

(Source: VNS)

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Vietnam economic report: GDP weakness persists

Vietnam economic report: GDP weakness remains policy issue of serious concern. Fiscal policy is now implemented more actively. Inflation continues a rapid downtrend. The SBV maintains a strong effort to help 4 priority sectors (agriculture, exports, intermediate inputs, SME) by capping their loan rates to 3% above the deposit cap. Monetary policy is still not effective to help GDP recover.

GDP weakness remains policy issue of serious concern. Many thousands more of enterprises have ceased operations, in addition to the 50,000 in 2011. Under a year-long credit squeeze, aggregate demand has fallen such that invention levels are high and still rising. The support measures would take time to start exerting some helpful impact. For the near future, we expect the business sector to face some degree of non-negligible difficulty.

As we have recommended in a policy memo, fiscal policy is now implemented more actively. An unutilized fund of 120 trillion in public investments is being disbursed to boost GDP. We also note that due to a policy lag, real effects of such measures can come by end of 2012. We project a subpar growth rate of 5.5% for 2012.

Inflation continues a rapid downtrend, with 0.18% mom, 8.3% yoy, and 2.78% YTD, respectively. Foods and fuels, commonly considered strong inflation drivers, have behaved moderately, and contributed to a single digit CPI rate in May. Another factor helping to keep inflation in check is weak demand pressures. Inflation would likely maintain a downtrend to the end of 2012 and into 2013 as well.

The SBV maintains a strong effort to help 4 priority sectors (agriculture, exports, intermediate inputs, SME) by capping their loan rates to 3% above the deposit cap. It continues to reduce policy rates to keep up with a quickly declining inflation. By early June, the VND deposit cap (for maturities of < 12 months) is down to 9%, and is negotiable for term of > 12 months. The SBV is in effect allowing long-term deposit rates to reflect market forces: a clear signal that it may soon abolish any deposit cap altogether.

Monetary policy is still not functioning effectively to help GDP recover from a hard landing in Q1. As of end May, credit growth is slightly negative for the banking system as a whole. Some individual banks may report positive loan increases, but in a low range of 5-6%. The SBV's original goal of expanding money supply by 15-17% is now judged to be not achievable. The PM office promises a 2% credit growth per month in H2 to help business access affordable funding. Even this modest goal of 13% monetary expansion for this year is open to doubt.

(Source: VinaCap)

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TRADE

Vietnam still world's No 1 pepper exporter

Vietnam exported 62,000 tonnes of pepper worth USD424 million in the first five months of the year, maintaining its top position among pepper exporters worldwide, according to the Export – Import Department under the Vietnamese Ministry of Industry and Trade.

The department said the amount of exported pepper, which accounted for 40-50 % of the world's pepper output, increased 14.5 % in volume and 47.2 % in value, compared to the same period last year.

For May, 15,000 tonnes of pepper were exported, with a turnover of more than USD102 million.

The US, Germany and the United Arab Emirates (UAE) are the three largest import pepper markets for Vietnamese pepper. Turnover was more than USD30 million each from these markets. As of the end of April, five other markets brought more than USD15 million each, including Egypt (USD18.93 million), India (USD21.7 million), Holland (USD27.7 million), Singapore (USD18.33 million) and Spain (USD21.26 million).

The UAE is a market with high potential because of strong pepper demand and favourable trade conditions, with no tariff barriers or charges. Vietnamese companies have been urged to seek long-term relationships with UAE agents and distributors to gain prestige and a foothold in the country.

(Source: VNS)

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Vietnam's rice export down over 15pct in H1 2012

Vietnam's rice export in June reached 866,792 tonnes worth USD401.4 million (according to FOB price) and USD408.3 million (according to CIF price), bringing the total figures in Jan-Jun to 3.414 million tonnes of rice valued at USD1.57 billion (according to FOB price) and approximately USD1.6 billion (according to CIF price), Vietnam Food Association (VFA) reported.

Thus, Vietnam's rice export in the first six months of this year declined strongly in both volume and value over the same period last year with 4.03 million tonnes of rice worth USD1.98 billion.

According to the recently announced figure from General Statistical Office (GSO), in Jan-Jun, the country's rice export earned USD1.688 billion in the first six months of this year, down 15.3 % in value and 9.4 % in quantity from the same period last year.

Ministry of Agriculture and Rural Development said that Vietnam's rice export in Jan-Jun fell sharply due to competition pressure from other cheap rice export markets such as India and Burma. India currently dominates low-grade rice export market thanks to bumper crop, high inventory and depreciation of rupee, which have made Indian rice prices cheaper than other countries. Not only Vietnam but also Thailand is also witnessing strong fall in rice export in Jan-Jun. According to the news provider Reuters, Thailand's rice export from early this year so far has fallen 45 % to 3.24 million tonnes, from the notch of 5.97 million tonnes of the same period last year.

VFA said that last week, the dried paddy price at warehouse in the Mekong Delta region for common type ranged between 4,650 dong and 4,750 dong per kilogram, and long grain paddy price at 5,000-5,100 dong/kilogram.

The price of material rice type 1 to make 5 % broken rice is currently at 6,600-6,700 dong/kilogram depending on localities and material rice price for 25 % broken rice is at 6,400-6,500 dong/kilogram

depending on quality and localities. The price of 5 % broken rice without bag at boat is now at 8,000-8,100 dong/kilogram, 15 % broken rice at 7,550-7,650 dong/kilogram and 25 % broken rice at 7,150-7,250 dong/kilogram depending on quality and localities.

(Source: Vietbiz24)

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Export to Myanmar rises 65.6% in first half

The two-way trade between Vietnam and Myanmar surged 65.6% in the first half of this year to some USD130 million, according to the General Department of Vietnam Customs.

Of the figure, Vietnam shipped some USD50 million of goods to Myanmar in the reviewed period, up 36.3%, and imported USD80 million worth of products from the foreign country, up 91.2%.

Vietnam exports mainly steel, garment and textile materials and accessories, mosquito nets, fertilizers, construction materials, electrical equipment, tires and tubes, stationeries, plastic products, pesticides, processed foodstuffs, chemicals, medicines, medical equipment, cosmetics, computers and components... to Myanmar.

The country imports mostly agricultural products, rubber materials, copper, wood and forest products, and seafood. The two countries are strengthening bilateral trade ties through a series of events in 2012, including a business forum and two trade fairs in Yangon.

(Source: VBN)

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Oil import taxes up, petrol prices down

Import taxes on some petroleum products on July 3 increased by 2%, the Ministry of Finance announced.

It was the fifth time that fuel taxes have changed this year. According to Circular 109/2012/TT-BTC, tariffs on RON 97 Oil, naphtha, reformate and alpha olefin rose from 10 % to 12 %.

Diesel tax was increased to 10 % from 8 % and the tariffs on aeroplane fuel and kerosene also rose by 2% to 12%. On July 2, the Ministry of Industry and Trade and the Ministry of Finance cut retail prices of petrol, kerosene and oil on the domestic market following a fall in world oil prices. The price for A2 petrol dropped by VND600 per litre to VND20,600 (USD0.98) and by VND300 per litre to VND17,650 for fuel oil.

Diesel oil prices fell by VND200 per litre to VND19,900, and kerosene fell to VND20,050. Tran Ngoc Nam, deputy general director of the Vietnam National Petroleum Group (Petrolimex), said on July 2 that on the world market, the price of crude oil fell by 1.73 % to USD83 per barrel against the previous day, the lowest rate since April last year.

(Source: VIR/VNA)

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The Vietnam economy should be thanking the exporters

In June, the benchmark Vnindex was down 6.8 points or 1.6%. 1-H GDP was announced officially and came to 4.38% y/y. June CPI saw the first actual m/m drop since March 2009. Vietnam has just announced to cut key policy rates to stimulate the economy.

Vietnam has just announced to cut key policy rates to stimulate the economy. The refinancing rate was down from 11% to 10%; and the discount rate from 9% to 8%. However, the important deposit cap was left unchanged at 9%. This may have had some impact on reducing interbank overnight rates after they had surged recently.

1-H GDP was announced officially and came to 4.38% y/y; Q2 GDP growth was up 4.66% following the 4% growth seen in Q1. To realize the whole-year target of 6 – 6.5%, strong efforts are needed in the second half of 2012 to achieve the growth rate of 7.29-8.21%.

In 1-H 2012, trade deficit shrank to USD690 million, compared to USD6.65 billion in the same period of 2011. Exports were up 22% to USD53.12 billion, while imports rose at a slower pace of 6.9 percent to USD53.81 billion. It helps Vietnam improve its payment balance and increase foreign currency reserves.

FDI mobilization in 1-H 2012 reached USD6.4 billion, down from USD8.8 billion in the same period of 2011. However, FDI disbursement amounted to USD5.4 billion, compared with last year's 5.3 billion. It is positive sign for Vietnam at a time of global economic crisis.

June CPI saw the first actual m/m drop since March 2009. June CPI was down 0.26% m/m and eased further to 6.9% y/y.

Industrial production increased 8% in June, accelerating from 6.8% in May. Real retail sales (ex inflation) were up 6.5% in H1 2012 to about USD54.6 billion, and production inventory increased 6.5%.

The real estate sector's bad debts reached USD 2.73 billion up more than 8 times the reported figure by banks. Total outstanding loans to the real estate sector were estimated at around USD16.73 billion.

Average Price of electricity will increase to 1,369 dong per KWh (6 US cents), up 65 dong or 5% from July 1. The extra increase will be used to compensate for a rise in price of coal and several other costs.

In June, the benchmark Vnindex was down 6.8 points or 1.6%. The Hnindex reduced 3 points or 4%.

(Source: VNReport)

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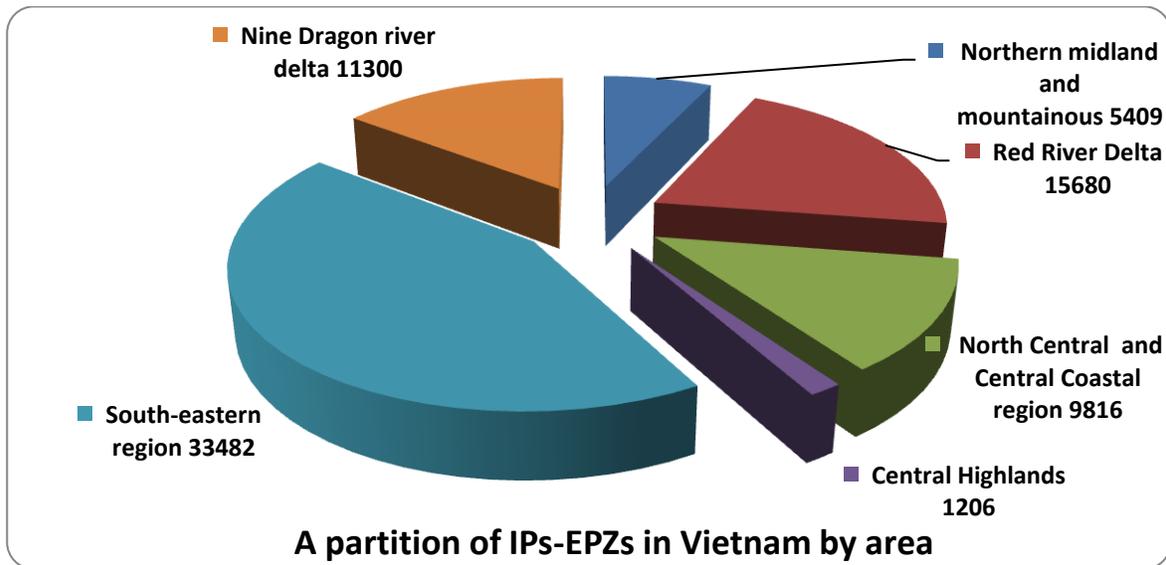
INVESTMENT

IPs and trend of Japanese investors

Viipip.com – The development of IPs and EPZs in Vietnam, has marked the impacts of trend industrial development of provinces, regions and country in 20 years. Their important contributions in field of economy and society were noted the report of provinces, regions and center and on magazines and communication networks.

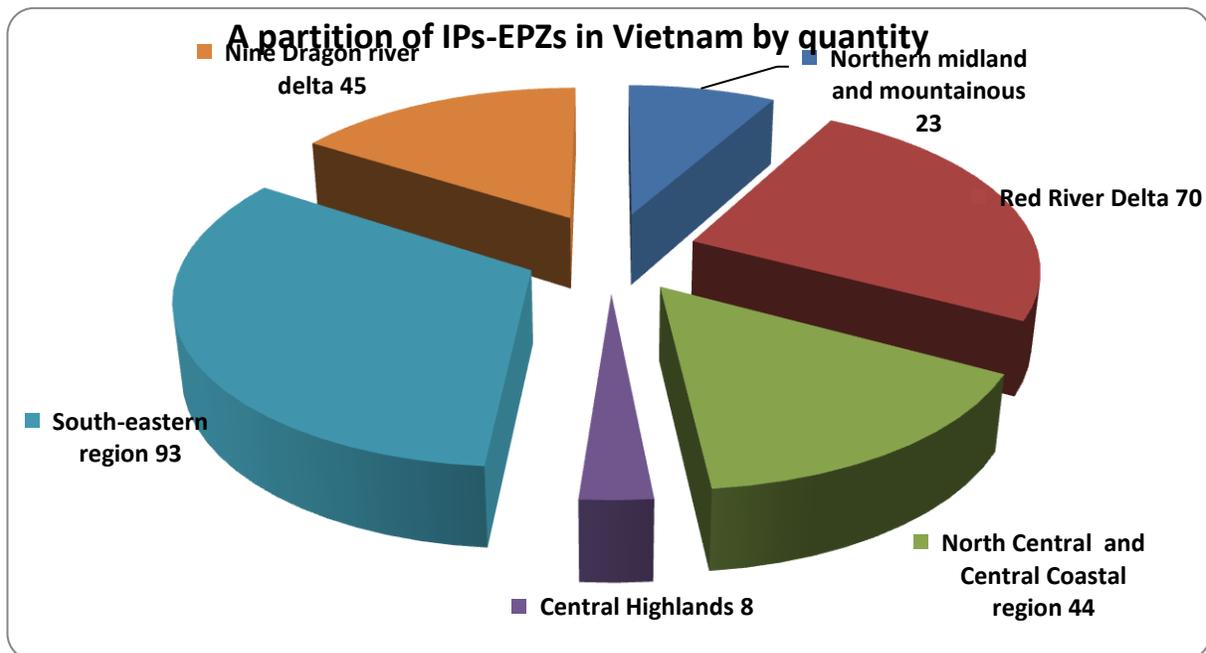
At the end of 2001, there are 283 IPs and EPZs of 76000ha. **Picture 1** shows the area partition of IPs and EPzs in 6 zones in country. Southeast region and the Mekong Delta attract more 50% about the number of IPs and EPZs and total land-used area.

Picture 1: IPs-EPZs in Vietnam by area (ha)



Source: Industrial park magazine

Picture 2: IPs-EPZs in Vietnam by quantity



Source: Industrial park magazine

Sustainable development problem for IPs/EPZs in country is interested by government authorities and IP Management Board in provinces. Ensuring to build the sustainable development criteria of valuation system for IPs/EPZs, need time and efforts of agency coordination.

In 2012, due to general situation of global economic downturn, foreign investors came to invest in IPs/EPZs in Vietnam decreasingly. Domestic clients (tenants) have postponed their resettlement plan for

factories. Some observations have seen owners (developers) of IPs/EPZs trying to find a new ways of attracting tenants (investors). The traditional way in attracting investors is less effective and IPs/ EPZs can't wait investors to come, they ought to have a better marketing plan to reach potential domestic and foreign customers.

The foreign investors recently come from Asian, European countries etc. Earlier months of 2012, according to a survey of Vietnam Industrial Park Investment Promotion (Viipip.com), Domestic investors' interest tends to decrease while Japanese investors' interest tends to increase dramatically. In recent years, there are 2 types of Japanese investors:

1. The trend of specific investment (renting from the first investors)

With rather large land scale, from a few hectares to tens of hectares, the secondary investors (tenants) call for investment and develop infrastructure depending on the model of clusters or IPs for specific industry. They rent land, hold and sublease to small customers (often investing in production field of supporting industry).

This model is quite popular, can find in motorcycle-car assembly field, wooden furniture...However, there is an attention that leasing price of land from the first investors is rather low (wholesale price of raw land – no infrastructure). However, in recent 2-3 years, this trend goes slowly under many reasons. This trend has been developed in some regions, including (i) The South: At Long An, Vung Tau, Binh Duong and Tay Ninh. (ii) The North: At Vinh Phuc, Hai Phong, Hung Yen, Bac Ninh, while it doesn't appear in the Central Vietnam.

2. Ready-Built Factory

Small and medium Japanese investors are looking for ready – built factory from 500m² – 5,000m². Geographic position of IPs is the first choice. The first choice this group includes packaged services, land and infrastructure which are ready totally. They are ready to pay price of lease land from 3.6-5.0 USD/m²/month.

IPs/EPZs owner (developer) are also changing themselves to satisfy the demand of Japanese customers by supplying minimum land areas to the lowest area of 2,000m² now, the lowest factory area of 500m². Especially, in Binh Duong the RYOBI Hub model from building factories with a small size to added services and facilities, marketing and sales advisory staff in Japanese style is highly appreciated by Indochina Int'l Consulting Co - **IICo** (owner of Viipip.com). However, many IPs/EPZs planned their industrial park many years ago, land – using plan was rather large (above 1ha). To meet this trend, owners of IPs/EPZs are standing at crossroads – change their master plan or constructing ready – built factories. To change master planning, they need time and capital but it's very difficult in present situation. Many of those are interested in building ready-built factory.

In general, Japanese customers require a ready land and infrastructure beside packaged services, possibility to expand their investment in future, especially convenient transportation. Via Viipip.com survey, IP owners are trying their best in finding and meeting Japanese customer's demand. A new industrial park in Hai Phong and other in Vung Tau are in planning stage, In Long Thanh (Dongnai), a Japanese investor has being carried out a plan of about 100 ha IP (80% leased by Japanese customers) till the end of 2011. Another one in Long An was attracted 35 Japanese companies in 2011 and has the consolidating plan to promote investment in 2012 and 2013.

(Source: Dr. Ton That Tu - Chairman of Indochina Int'l Consulting)

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Vietnam on track to attract USD15 billion in investments

Vietnam is well set to achieve this year's foreign direct investment (FDI) targets, including mobilization of USD15 to 16 billion and disbursement of USD10 billion, a senior official from the Ministry of Planning and Investment has said.

Do Nhat Hoang, head of MPI's Foreign Investment Department, said FDI mobilization in the first half of the year reached USD6.4 billion compared with the USD8.8 billion in the same period of 2011. FDI disbursement during the same period amounted to USD5.4 billion, compared with last year's USD5.3 billion. He said FDI figures for the first half of 2012 are a positive sign for the Vietnamese economy, especially at a time of global economic crisis. The downward tendency in FDI mobilization of late is because Vietnam is targeting higher quality inflows, Hoang said.

"We can say that recently compiled statistics on FDI mobilization and disbursement are in conformity with our expectations." Hoang said FDI in the manufacturing industry increased from 64 % in the first half of 2011 to 65.3 % during the same period this year. Meanwhile, foreign investment in the service sector fell from 35 % to 34 %, while rising in the agricultural sector from 0.4 % to 0.9 %.

With an investment of USD1.2 billion in the Tokyu property development project in Binh Duong Province, Japan was the largest foreign investor in Vietnam in the first half of 2012. Hoang said this was a good sign for the local property market because Japanese investors were very cautious in their decision – makings. Barring major unforeseen changes, the measures taken by the Government to improve the country's investment environment would help Vietnam reach its FDI mobilization and disbursement targets for 2012, he added.

(Source: VNS)

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Vietnam promotes investment and tourism in Hong Kong

A seminar was held in Hong Kong on June 27 by the Ministry of Culture, Sports and Tourism (MCST), Vietnam Consulate General and Enigma Group, to introduce Vietnam's tourism and attract investment in Hong Kong.

Consult General to Hong Kong and Macao Nguyen Thi Nha said bilateral relations between Vietnam and Hong Kong have developed well in various areas, thanks to the regular exchange of visits and signing agreements over the years.

Two-way trade turnover between Vietnam and Hong Kong hit USD3.2 billion in 2011, a year-on-year increase of 37 %. Nha added that the two sides have enormous potential for cooperation, not only in economics and trade but also in culture and education.

MCST Deputy Minister Le Khanh Hai said after 20 years of renewal process, Vietnam has won credit for its socio-political stability, constant high growth, and open policies for investors.

For his part, Jonathan Choi, President of the Hong Kong-Vietnam Chamber of Commerce, said Vietnam blessed with beautiful landscape is drawing an increasing number of visitors. So while investing in the country businesses should spare time studying Vietnam's land, people and culture.

(Source: VNB)

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Bridgestone starts work on tire plant

Japanese tire producer Bridgestone has commenced work on a factory in Haiphong City's Dinh Vu Industrial Zone with total investment capital of USD575 million.

When Vietnam was chosen for the facility, the company would have the opportunity to boost localization through Vietnamese partners, said Kazuhisa Nishigai, chief operating officer of Bridgestone. He also highlighted favorable investment conditions in the country such as infrastructure, labor cost, operating cost and market potential.

Covering 102 hectares, the plant is expected to turn out 24,700 products a day for export to the EU, the U.S. and Japan when it is in place in March 2014. The factory will employ some 1,900 workers between 2013 and 2016. This is the 47th tire plant that Bridgestone has developed outside Japan.

(Source: SGT)

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Potential attraction of Vietnamese aviation market

According to experts from foreign airlines, the Vietnamese aviation market is becoming increasingly attractive, and the country needs to take full advantage of its strengths providing investors with better human resources and specific business experience to invest in the industry.

According to the Civil Aviation Authority of Vietnam (CAAV), the Vietnamese aviation market posted relatively high growth in recent years. In 2011, the Vietnamese aviation market recorded a growth of 14 %. Until now, 48 airlines have opened routes to Vietnam and it's predicted that by the end of this year, five more airlines will open or reopen routes to Vietnam including Air Hong Kong (China), Jeju Air (Republic of Korea), Saudi Arabian Airlines (Saudi Arabia), United Airlines (the US) and Air China Cargo (China). Singaporean Silk Air is also expecting to launch new routes to Hanoi, in addition to its flights to Da Nang City.

Statistics from CAAV also revealed that in 2011, visitor arrivals by air reached five million people (of the total six million visitors coming to Vietnam), up 135 % compared to 2010. In the tourism sector, 327,981 passengers traveled by air to Vietnam in the first five months of this year.

The International Air Transport Association (IATA) forecast that Vietnam would become the third fastest growing international cargo and passenger transport market in the world in 2014 after China and the UAE. By 2015, passenger numbers are expected to reach 34-36 million and 52-59 million by 2019. Cargo transport is expected to reach 850-930,000 tonnes in 2015 and 1.4-1.6 million tonnes in 2019.

One of favorable factors making Vietnamese aviation market attractive to many global airlines was a Ministry of Finance decision to reduce some service charges in November 2011. Service charges could be reduced by up to 50 % to those airlines that opened international routes to Vietnam for the first time, offering flights in off-peak hours and using Vietnam's air transportation market for the first time.

In early May 2012, Finland's Finnair officially entered the Vietnamese aviation market. Business Director of the carrier Retteri Kostemaa said joining Vietnamese market marked a significant development in its network expansion in Asia, particularly in terms of Southeast Asia. Vietnam will be one of the key markets that Finnair hopes to open a direct route to from Helsinki. In Vietnam, Finnair cooperates with Cathay Pacific, Vietnam Airlines and Jetstar, to carry passengers traveling from Vietnam to Finland and 60 other destinations in Europe.

In addition, many foreign airlines have increased flights and opened new routes to Vietnam. In March 2012, Cebu Pacific launched twice weekly flights between Manila and Hanoi; Saudi Airlines Cargo (Saudi Arabia) debuted a cargo service linking Ho Chi Minh City (HCMC)-Middle East-Frankfurt twice a week or United Continental Holdings and All Nippon Airways (ANA) started expansion of its trans-Pacific joint venture, allowing passengers more flight options when traveling between Vietnam and the US. .

In the latest development in June 2012, Emirates announced an expansion to its global network with the start of a non-stop, daily service Dubai- HCMC which will help to boost business cooperation between HCMC, Dubai and more than 120 other destinations in the world.

Thierry Antinori, Emirates' Executive Vice President, Passenger Sales Worldwide said that Emirates, through its cargo arm SkyCargo, will offer shippers a convenient cargo solution, with imports generally being automotive parts and raw materials and exports consisting of garments, footwear and seafood.

The General Director of Philippine Airlines Michelle Frances M.Narvaez said it is striving to expand services and products on Vietnamese aviation market to meet the growth demand this year and in the coming period. She also said Vietnam is a fertile market for foreign carriers to exploit therefore Vietnam needs to take full advantage of its potential for the development of the aviation industry.

Along with the appearance of foreign airlines, the domestic airlines such as Vietnam Airlines, VietJet Air and Air Mekong are having plans and strategies to strengthen their positions and brand names and step up their restructuring and equitization process, heading for higher growth and a development of a positive national image globally.

(Source: VEN)

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Laos Company builds new factory in Ha Tinh

A ground breaking ceremony for a wood processing plant funded by Laos was held in the central province of Ha Tinh on July 4.

Speaking at the ceremony, the Chairman of the provincial People's Committee, Vo Kim Cu, said that the construction of the factory was just one of the activities marking the 50th anniversary of Vietnam-Laos diplomatic ties, 35 years of the signing of the Vietnam-Laos Friendship Treaty and Vietnam-Laos Friendship and Solidarity Year 2012.

The USD50 million factory will be operated by Laos' Phone Sack Group and is designed to have the capacity to process 180,000 cubic metres of wood annually.

Situated on a 30ha site in the Vung Ang Economic Zone, the factory will manufacture wood products such as floorboards, tables and desks with most of the raw materials imported from Laos, Myanmar, Indonesia and Malaysia.

The provincial leader asked the economic zone management board to create favourable conditions for the investor to ensure the work progresses. Once operational in late 2013, the factory is expected to generate jobs for over 1,500 local people.

(Source: VIR/VNA)

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Binh Duong boasts a record of FDI attraction

Binh Duong has attracted USD2.83 billion foreign direct investment (FDI) since earlier this year, double this year's plan.

Currently, there are 2,070 FDI projects with a total capitalization of USD16.838 billion.

Among 51 new projects in the reviewed period include the Tokyu Group's project worth USD1.2 billion, the Dai Nippon Printing Group (USD35 million), Vietnam Biomin Ltd Company (USD8 million), Net Hoa Company (USD5.2 million). 57 additional capital projects include Sunsteel joint stock Company (USD120 million), United International Pharma (USD6 million) and Liwayway Food Industry Company (USD14.5 million).

This is attributed to local efforts to call for investment from potential markets, such as Japan and the Republic of Korea (RoK). Most of the projects are focused on services, infrastructure construction and urban development.

Tran Van Lieu, head of the management board of the provincial industrial parks, said in order to attract foreign investors, the province has spared no effort to improve industrial and transport infrastructure, social welfare, human resources training and urban development. The province has closely coordinated with universities and colleges in ensuring an abundant supply of human resources to both domestic and foreign businesses.

(Source: VOV)

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HCMC - Industrial parks see falling investment

Total investment capital in industrial parks and export processing zones reached USD202.29 million as of June 10, a drop of 38.35 % compared to the same period last year, according to the HCM City Export Processing and Industrial Zones Authority (HEPZA).

Of that amount, FDI capital was USD75.84 million, a drop of 59.45 % over the same period last year. There were eight newly registered FDI projects worth USD23.03 million.

Domestic investment capital was estimated at USD126.45 million, a fall of 10.39 %. The drop in investment capital was due mostly to the strained global and local economies, which affected factory activity in industrial parks and export processing zones.

So far this year, 90 projects have either been suspended or have stopped operations or decreased capacity. This was due mostly to capital difficulties, a drop in orders and an inability to find new markets.

Of that number, 28 of the projects were foreign-direct invested, and the rest were domestic businesses.

According to the management board of HEPZA, the number of projects that have had difficulties for the first half of the year equalled the total number of projects that had stopped over the 20 years of establishment of HCM City IPs and EPZs.

(Source: VNS)

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FINANCE – BANKING

Constructing proper tax policies for investment funds

The Vietnam Association of Financial Investors (VAFI) has advocated the drafting of preferential tax policies for domestic securities investment funds in order to increase their development which has been stymied by high tax rates.

VAFI said that while securities investment funds play an important role in the securities market, the number of such funds in Vietnam remains modest, and that adequate knowledge of the nature and role of domestically founded securities investment funds was vital to constructing appropriate tax policies.

Normally, a securities investment fund trades in securities itself with capital from a fund management company. Securities investment funds usually provide professional investment management services for investors, including investment management for each individual and organization inside and outside Vietnam according to investment authorization contracts. Securities investment funds' capital could come from individuals and organizations inside and outside the country. The funds actually manage investors' capital.

Regarding the fund management industry's role in the securities market and the economy as a whole, VAFI said that any country considers securities a major industry of the economy, of which domestic fund management industry plays the ruling role in providing capital for the economy and the banking system. This is why fund management industry development will help strengthen the securities market's stability and increase organization shareholders' holdings in businesses, which would help improve business administration.

According to VAFI, in developed countries, domestically founded securities investment funds represented 30-50 % of the securities market's transaction value and account for 30-50 % of listed and public companies' holdings; here in Vietnam, there are only several domestically founded securities investment funds and these funds are going to finish their operation soon; no securities investment fund was founded in the country over the past three years; this shows that Vietnam had not created a good foundation for the fund management industry's presence and development.

VAFI General Secretary Nguyen Hoang Hai said that the high tax rates, which are even higher than those subject to direct securities investors, are one of major reasons of the small number of domestically founded securities investment funds; in the medium term, it is necessary to construct preferential tax policies for domestically founded securities investment funds to form and develop a fund management industry; these preferential policies need to be amended and supplemented upon amending and supplementing the current enterprise income tax law; securities investors pay a tax equaling 0.1 % of securities transfer's value no matter that they make a profit or loss, a tax equaling five % of the total bond income and a five % dividend tax; investing in a securities investment fund, investors do not pay a securities transfer tax but a five % dividend tax and a 25 % enterprise income tax. This policy is improper as individuals investing in securities investment funds are applied to tax rates higher than tax rates subject to investors directly trading in securities; this makes it difficult for investment fund management companies to mobilize investment capital even when the five % dividend tax is not applied to individual investors, VAFI said.

VAFI proposed that the relevant authority only apply a 0.1 % tax to each securities transaction no matter that the investor makes a profit or loss and a bond or deposit income tax of five %. It said that this imposition is rather fair for domestic and foreign individual investors and foreign investors (investing in

authorized investment funds). Domestic organizations could be subject to a certain fixed tax rate when investing in a securities investment fund.

(Source: VEN)

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Nation's payment balance, credits improve

The nation's international payment balance was expected to see a surplus of about USD7.5 billion in the first half of this year with an improved trade situation, the National Financial Supervisory Committee said in a report submitted to the Government.

Improved bank liquidity, falling interest rates and stable exchange rates helped foreign exchange reserves increase by 30 % since the beginning of the year.

Total credits grew 0.17 % by June 12, better than the figure of May 31 when the five-month lending rate was reported to decline 0.28 %, the committee quoted the State Bank of Viet Nam's data. It said despite lending tending to rally over the last few months, it would be difficult for credit to increase during the remainder of the year since bad debts remained significant. It anticipated a total credit increase of only about 8 % this year, possibly averaging 1.5 % per month.

Thus, middle- and long-term lending capital sources for the economy next year would decrease about VND80 trillion (USD3.85 billion), equivalent to a 0.6-%age-point decline in the gross domestic product (GDP) growth rate. However, as inflation was expected to be controlled at around 6 %, a "very low" rate compared to the target the Government had previously set of 10 %, pressure on the total social investment would ease with an investment value of around VND36 trillion (USD1.73 billion).

With such an inflation prediction, the committee suggested the country be cautious in managing interest rates and investment capital in the coming months. In order to stabilise the economy in the middle and long terms, it would be reasonable if around VND80-85 trillion (USD3.85-4.09 billion) worth of investment capital was pumped into the economy every month during the remainder of the year, it said.

(Source: VNS)

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Two joint stock banks still have substandard chartered capital of less than 3trillion dong

Vietnam's entire banking system has 35 non-state joint stock banks, of which there are still two banks with substandard chartered capital of three trillion dong and only three lenders with chartered capital of over 10 trillion dong.

Apart from five state-owned banks namely Vietnam Bank for Agriculture and Rural Development (Agribank), Vietnam Commercial Joint Stock Bank for Foreign Trade (Vietcombank-VCB), Vietnam Commercial Joint Stock Bank of Industry and Trade (VietinBank-CTG), Bank for Investment and Development of Vietnam (Bidv) and Mekong Housing Bank (MHB), the country's whole banking system has 35 non-state joint stock banks.

According to the statistics from the State Bank of Vietnam (SBV), till the end of 2011, there were still two banks namely PG Bank and Bao Viet Bank with substandard chartered capital of less than three trillion dong.

Thirty-three remaining banks have increased enough and exceeded the standard chartered capital of three trillion dong. Of which, 11 banks have touched the chartered capital threshold of three trillion

dong, 12 others have chartered capital of from 3-5 trillion dong, seven at 5-10 trillion dong and only three banks with chartered capital at above 10 trillion dong.

Particularly, banks with chartered capital of less than three trillion dong include Bao Viet Commercial Joint Stock Bank (BaoVietBank) at 1.5 trillion dong and Petrolimex Group Commercial Joint Stock Bank (PG Bank) at two trillion dong.

Eleven banks with chartered capital of three trillion dong include Nam A Bank, Bac A Bank, HCM City Development JS Bank (HDBank), Viet Capital Bank, Orient Commercial JS Bank (OCB), GP Bank, KienLongBank, Viet Bank, Trust Bank and TienPhongBank.

Twelve banks with chartered capital of 3-5 trillion dong are NaviBank (3.01 trillion dong), Saigon Bank (3.04 trillion dong), VietABank (3.98 trillion dong), DaiABank (3.1 trillion dong), MDB (3.75 trillion dong), Southern Bank (four trillion dong), HabuBank (4.05 trillion dong), ABBank (4.199 trillion dong), VIB (4.25 trillion dong), DongABank (EAB-4.5 trillion dong), Saigon Hanoi Bank (SHB at 4.815 trillion dong) and Ocean Bank (five trillion dong).

Seven banks with chartered capital of 5-less than 10 trillion dong include Vietnam Prosperity Bank (VP Bank with 5.05 trillion dong), SeABank (5.334 trillion dong), LienVietPostBank (6.4 trillion dong), Military Bank (MB with 7.3 trillion dong), Maritime Bank (eight trillion dong), Techcombank (8.788 trillion dong) and ACB (9.376 trillion dong).

Three banks with chartered capital of above 10 trillion dong are Saigon Commercial Bank (SCB) with 10.584 trillion dong, Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank-STB) with 10.74 trillion dong and Vietnam Export Import Commercial Joint Stock Bank (Eximbank-EIB) with 12.355 trillion dong.

(Source: Vietbiz24)

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ANALYSIS – OPINION

State firms need fair assessment

Minister of Planning and Investment Bui Quang Vinh spoke about the performance of State-owned enterprises and solutions to raise their effectiveness.

How do you assess the role of State-owned enterprises in the current national economic context?

This is a major issue, to be assessed carefully, objectively and fairly because State-owned enterprises with long-lasting traditions are key in national socio-economic development.

We are moving towards a socialist-oriented market economy including many sectors. However, the State sector or State-owned groups and enterprises still control major national resources including infrastructure and technique, making huge contributions in manufacturing and providing basic products or services that help regulate the national economy. Products and services such as telecommunications, power, fuel, cement, oil, coal, fertilisers and chemicals are all important input materials for industries. Thus, they add a large proportion to the national budget.

Out of 85 State-owned groups, 30 are reported to have excessive debt-to-equity ratios. Can it be assumed that these groups burden the national budget and economy?

Government passed a decision that regulates that debt-to-equity ratios of State-owned groups must not be more than 3 times. Finance Ministry statistics show that the current ratio is 1.36 times with total debt at VND1,008 trillion (USD48billion) and total equity at VND790 trillion (USD37.6 billion). In many groups, the ratio is high because of required investment for production.

For example, Electricity of Viet Nam (EVN) has incurred debts investing in construction and developing power plants to meet demand in national socio-economic growth. When these plants go into operation, EVN will profit and repay its debts. Therefore, we should not think State-owned groups burden national budget or the economy.

According to a Finance Ministry report, up to 2010, 20 % of State-owned groups claimed losses and broke even while the rest gained profits. Their contributions to the national budget increases yearly. The groups play a major role in helping the Government stabilise prices, ensure social welfare and join in fields the private sector has yet to discover. However, State-owned groups have yet to use resources as effectively as expected.

In the past, some groups were reported to commit violations. What measures are there to better monitor and improve the effectiveness of State-owned enterprises?

When a violation occurs at a State-owned group, Government management bodies and socio-political organizations are partly responsible. Moreover, I think the major fault belongs to leadership, which Government assigns to directly manage the group. For example, in the cases of Vinashin and Vinalines, individuals intentionally violated laws. While these need to be punished, we should not deny the contributions of millions of people working at these groups.

A key solution would be to set up stricter sanctions that force groups to publicize and report information on their operations and financial statuses such as those in the securities market. In addition, it is necessary to impose compulsory yearly auditing at State-owned groups.

Following the direction of the Prime Minister, the Ministry of Planning and Investment is co-operating with other relevant ministries and sectors to review and amend Decision 132/2005/ND-CP on the rights and obligations of equity in State-owned enterprises. The amended decision, expected to be submitted this month, will empower ministries to manage groups directly and more comprehensively.

(Source: VNS)

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A paradoxical result of real estate market

Houses and apartments in major cities have gone up in price, three or four times higher than the per capita income growth rate.

During the 2000-2011 period, house prices saw a tenfold increase, compared to the value of gold (7.3 fold), the US dollar (1.5 fold), saving interest rates (2.2 fold) and the CPI (2.2 fold). This has been put down to the lack of transparency in management as well as speculation.

Lack of transparency

Dr Le Xuan Nghia, former Head of the National Financial Supervisory Commission (NFSC), argues that speculation is not a reason for real estate price hikes in a long time.

Speculation can only cause a 10-15 % spike in a short period of time, he says, adding that the lack of transparency in the management of real estate market is the root of the problem.

International experts underscore other reasons such as poor planning to meet migrant workers' demand for accommodation, and slow progress in housing projects for low-income earners.

Complicated procedures and land-grab scandals also contribute to driving up real estate prices in Vietnam to a world record high, they say.

Bui Duc Trung, Deputy General Director of the Petrowaco Joint Stock Company, cites another factor that is too much time spent on preparations for real estate projects to get off the ground.

Discount cannot improve liquidity

Judging by the current situation, many real estate investors have offered buyers special discounts, but this is of little help to improve the liquidity of the market.

Le Hoang Hoan, General Director of the VietLand Group, says the supply of houses and apartments is still far from meeting the demand of low- and middle-income people.

Most people can only afford to buy small apartments at the price of less than VND1 billion (USD50,000) while there is an abundant supply of luxury apartments worth VND2-3 billion (USD100,000-150,000), he says.

The lowest price of land in Hanoi hovers around VND70-80 million per sq.m. This means that the average income earner (USD1,200 per year) will have to work 90 years without spending if he wants to own 30 sq.m of land in Hanoi, Hoan notes.

A Deputy Minister of Construction says even a Minister has to save money in 40 years for the purchase of an apartment. What's lacking here is credit policies to support employees in need of housing.

Vietnam has a house price to household income ratio of 26.6, much higher than other countries in South Asia (6.25), East Asia (4.14), Africa (2.21), Europe, the Middle East and North America (2.38).

According to the UN, the ratio should be just 3 or 4 %. The Ministry of Construction estimates that as many as seven million people in cities need houses or apartments covering 150 million sq.m.

Hanoi alone has to build 110,000 apartments (totaling 5.5 million sq.m) for workers in industrial parks, the ministry says.

According to a recent survey of CBRE, the world's leading commercial property and real estate services adviser, in the first quarter of this year, apartment prices in Hanoi plunged to a five-year record low and more than half of apartments on sale were at less than VND20 million (USD1,000) per sq.m.

In the second quarter, all the newly-built apartments were priced at less than VND30 million (USD1,500) per sq.m and half of them at less than VND20 million (USD1,000) per sq.m. According to a recent survey of CBRE, the world's leading commercial property and real estate services adviser, in the first quarter of this year, apartment prices in Hanoi plunged to a five-year record low and more than half of apartments on sale were at less than VND20 million (USD1,000) per sq.m.

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(Source: VOV)

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Untimely price hike

At a glance, the decision by Vietnam Electricity Group (EVN) to hike power tariffs by 5%, effective in 01 July, does not seem to hit end-users hard. Neither does it likely stir up the market since the EVN move, endorsed by the Ministry of Industry and Trade, has been timed to coincide with the falling consumer price index (CPI) for June. The price hike also looks lawful as any price adjustment within 5% is within the jurisdiction of the State utility as approved by the Prime Minister.

In a press briefing in the end of June, the Ministry of Industry and Trade explained that the price hike is necessary to cover higher input costs like higher coal and gas prices as well as the rise of the U.S. dollar versus Vietnam dong. Deputy Minister of Finance Nguyen Thi Minh, meanwhile, softened the impact on the economy, saying that the higher power tariffs will cause the input cost to increase a mere 0.5% for those enterprises heavily reliant on electricity. In an encounter with reporters early this week, Chairman of the Government Office Vu Duc Dam clarified the 5% upward price revision by EVN is permissible, except that EVN has not made transparent the basis for the price change. But, against the backdrop of economic stagnation, the price hike is unacceptable, let alone the basis for such a price change, says local media.

Albeit a slight change, enterprises voice the biggest protest.

“That price hikes could be a wrongful policy... (It is) impossible to revise up the power prices at a time when the business circle for the most parts is facing huge difficulties like now,” the news site Vietnamnet quotes Do Duy Thai, CEO of Viet Steel Co. Ltd., as saying. Seconding the point, Chairman of the Vietnam Cement Association Nguyen Van Thien says the price rises “have opened up a gloomy horizon for enterprises in the industry” as industry players have incurred losses since the beginning of this year.

Several business leaders say on Vietnamnet that they would have to shoulder bigger costs at a time of economic uncertainty. Board chairman of Saigon Paper Cao Tien Vi says his company will have to pay an additional VND250 million a month on top of the current power expense of VND5 billion, while a garment maker in HCMC’s Cu Chi District laments he will have to pay VND500 million more each month. The news website likens the power price hikes to a knock-out punch to the struggling business community.

In Tuoi Tre, Chairman of the Vietnam Steel Association Pham Chi Cuong also uses the terms of a hard boxing punch to refer to the price hike, saying “I cannot understand why this time is chosen to raise the power tariffs.” Meanwhile, board chairman of Rang Dong Plastics bemoans “many more enterprises will soon pass away.”

Experts have also blasted the move by EVN.

Pham Chi Lan says on Vietnamnet that with the new power prices, other input costs will be higher, so enterprises will find it hard to survive tough times. Ngo Tri Long, a pricing expert formerly serving as vice head of the Institute for Market and Pricing, says in Tuoi Tre that production is still mired in stagnation, and the falling CPI is due to rising inventories rather than higher productivity, so “this is not the right time to raise the power tariffs.”

Local media also points out that EVN has “fished in troubled waters” when raising the power prices, passing on difficulties to others for its own gains. The new power prices, as calculated by the Ministry of Industry and Trade, will swell the power company’s revenue by over VND3.7 trillion, or some USUSD180 million, in the rest of this year alone, and the sum will be used to partly cover losses EVN

incurred in previous years, according to Tien Phong. The paper stresses that EVN does not have any solid ground for the price hikes, and the Ministry of Industry and Trade's reasons for the move are also baseless.

The exchange rate has been stable this year, while the prices of coal and gas so far this year have not risen, and much of the electricity consumed this year is from hydropower plants whose costs are low, according to Tien Phong. "In May, hydropower accounted for over 46% of the total, while energy from coal-fired plants made up only 16%, and that from gas-fueled plants was 34%," asserts the paper. It also unveils huge profits from the power sector in the first quarter, including VND21 billion at Thac Ba Hydropower Plant, and VND168 billion at Pha Lai thermo-power plant, not to mention numerous other hydropower plants whose depreciation terms have expired like Thac Mo, Hoa Binh, Tri An and Yaly.

Tran Viet Ngai, chairman of the Vietnam Energy Association, also criticizes EVN, saying the power purchased by the group averages out at only VND700 a kWh, but the selling price is twice as much.

"If the power price is market-driven, there must be increases and decreases. In times of redundant power like now, the power prices should be revised down," Ngai is quoted by Vietnamnet. He also clarifies that input costs for the electricity sector has been falling since the year's beginning, especially the oil and gas prices. Dinh Phong, a member of the HCMC Fatherland Front Committee, says in a committee meeting that energy losses cannot be passed onto the people by increasing the power prices, referring to the loss ratio of nearly 10% in the sector as one of the key reasons behind inefficient EVN business, according to Phap Luat.

The power price hikes – seen as inevitable to ensure that the selling price covers all the production costs – does more harm than good when it is untimely decided this time, says Tuoi Tre. It is like an ambush against the people, says Dan Tri.

(Source: The Saigon Times Daily)

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NEWS IN BRIEF

The Ministry of Transport has submitted a proposal to Prime Minister for approval to restructure national flag carrier Vietnam Airlines into a national group in the next eight years. The restructuring project aimed to develop the corporation into a large carrier group including key businesses in sectors of aviation transport, aviation industry and other relating services in the Southeast Asia. The ministry said Vietnam Airlines would have to implement four pillars in their restructuring program including restructuring profession and business sectors, strategy and products, human resources and investment, finance and management to reach the target. Under the restructuring project, the group would have four aviation service companies, 15 subsidiaries, 12 joint ventures compared to the current 18 subsidiaries and 14 joint ventures and six new established companies.

BKAV in 3 Jul warned that a critical flaw in Remote Desktop Protocol (RDP) across supported versions of Windows is affecting about 32 % of the Vietnam's Government web servers. The vulnerability allows attackers to remotely execute a code on an unpatched system that is Remote Desktop enabled, the Ha Noi-based company said. Microsoft's Remote Desktop Protocol, which is disabled by default on newer Windows installations, allows users to remotely connect to Windows' desktops or servers, and is widely used by enterprises. Microsoft in March asked system administrators to apply its latest update as a "special priority" given the nature of the flaw, but about one-third of Government web servers in Vietnam were still vulnerable, BKAV said.

The money supply in Vietnam's banking system at the end of June was an estimated 6.84 % higher than at the end of 2011, the government said on Tuesday (3 Jul), without stating a figure. A government statement,

again not giving a value, said that in the first half of 2012, total deposits at banks increased 7.83 % from the end of last year. It said that credit growth has started to increase, without giving any numbers. Many businesses in Vietnam have found it hard to get loans this year, and the central bank has cut interest rates five times in an effort to boost lending.

Japan will help Vietnam to promote fair competition in the country's business market through a JPY140 million (USD1.75 million) project which started this week. The four-year project, signed between the Japan International Co-operation Agency (JICA) and Vietnam Competition Authority (VCA), will help the VCA to amend the Competition Law to suit increasing economic activities, strengthen investigations, and promote advocacy of laws and policies in Vietnam. These goals will be achieved through several activities, including training courses for VCA investigators and dissemination campaigns for Government members, enterprises, consumers and academics.

In the first half of this year, bonds worth a total of VND54.8 trillion found buyers, an increase of 45 % compared to the same period last year. Around 74 % of the bonds were three-year and five-year bonds. In accordance with the decline in bank interest rates, bonds yields also decreased throughout each month. The yields in June ranged around 9-9.5 %. Meanwhile, sold Government-guaranteed bonds totaled VND32.6 trillion, accounting for 55 % of this year's plan. Of these, the Vietnam Development Bank successfully sold a value of VND20 trillion, while the remaining was issued by the Social Policy Bank. The State Treasury was set to raise capital through the issuance of Government bonds worth VND100 trillion and Government-guaranteed bonds worth VND59 trillion this year.

The value of most restricted imports has fallen considerably since early this year, according to the General Statistics Office. The sharpest decrease has been seen in the import of complete built unit (CBU) automobiles (50 %), CBU motorbikes (40 %) and mobile phones (50 %), compared to the same period last year. Fruit and jewelry imports also dropped by 20 %. In southern Vietnam, the dealers have cut down on imports as local consumers are tightening their belts as a consequence of the economic slowdown. The import value of luxury goods such as wine and beer via Cat Lai port in HCM city fell by 40 % year on year.

More than 400 enterprises from 20 countries across the world are taking part in the Vietnam International Precision Engineering, Machine Tools and Metalworking Exhibition (MTA), which opened in Ho Chi Minh City on July 3. The four-day expo features 10 international stands showcasing the high quality machine tools, precision engineering and metalworking industries, as well as advanced technological solutions by leading enterprises from Vietnam, Singapore, Germany, Japan, the Republic of Korea, Taiwan, Thailand, and the UK. The exhibition aims to enhance business cooperation between domestic and foreign enterprises and also to create an international trade forum to connect manufacturers, suppliers, and buyers with Vietnam's industrial sector.

The Russian-Vietnamese oil and gas joint venture, Vietsovetro announced on July 2 that it has discovered a new deposit of oil in lot 09-1 to the northwest of Bach Ho (White Tiger) oil field. Vietsovetro Deputy General Director Le Viet Hai said the oil flow of 1,690 barrels a day was discovered at a depth of 3,500-3,650m in well ThT-1X in the Tho Trang (White Rabbit) structure. The new oil supply is in a separate geological structure in lot 09-1, Hai added. The JV is scheduled to test four other potential deposits in the upper layers of the well. Hai also said that after well ThT-1X, Vietsovetro will drill well ThT-2X to make an assessment for the oil and gas reserve in the Tho Trang structure and conduct further economic and technical solutions to exploit the supply in 2013.

Construction firm Vinaconex No 11 (V11) would delist from the Ha Noi Stock Exchange at an appropriate time to restructure its business, its shareholders have approved after the annual meeting. Last year, Vinaconex No 11 faced a loss of VND31 billion, and revenue reached VND320 billion. Therefore, it expects to earn only VND300 billion in revenue and continue to be unprofitable with a loss worth VND22 billion. V11 shares bottomed out during yesterday's session, reaching only VND2,100 per share.

Natural resource explorer Tai Nguyen Corp (TNT) plans to increase its charter capital by 3.5 times from VND85 billion to VND300 billion via issuing 21.5 million shares. The company aims to invest VND150 billion

in its project in the northern province of Hoa Binh and use VND50 billion in working capital. With the plan, it expects to achieve a net profit of VND12.75 billion this year compared to the level of VND353 million last year.

The Ministry of Development, Industry and Foreign Trade of Brazil (MDIC) has decided to sue Thailand, China, Taiwan and Vietnam for dumping motorbike tires on its market. The MDIC announced on June 25 that it will conduct investigations into tire imports from the aforementioned countries over the period from July 2010 to June 2011. The decision came after Brazil's National Tire Industry Association (ANIP) filed a lawsuit to the MDIC, accusing tire manufacturers from Thailand, China, Taiwan and Vietnam of injuring domestic production. According to the Vietnam Competition Authority, Thailand's dumping margin of USD7,790/ton (equivalent to 279.21 %) will be used as the benchmark for the investigation. This is Brazil's third anti-dumping lawsuit against Vietnam this year, following those on fiber and flat-rolled stainless steel.

Vietnam earned nearly USD50 million from exports to Myanmar in the first six months of this year, up 36.3 % over the same period last year. The two-way trade turnover reached USD130 million, representing a year-on-year increase of 65.6 %. Vietnam is Myanmar's 13th largest exporter of steel, garment and textiles, mosquito nets, fertilizers, construction materials, electricity equipment, stationary, plastics, pesticides, chemicals, cosmetics and computer equipment. The country is among the top ten importers of farm products, rubber, timber and seafood from Myanmar. The two countries are strengthening bilateral trade ties through a series of event in 2012, including a business forum in Yangon and two trade fairs in Yangon.

A Vietnamese-Portuguese business meeting was held in Hanoi on July 3 to boost economic cooperation between the two countries. The event, held by the Vietnam Chamber of Commerce and Industry (VCCI), was attended by many Vietnamese and Portuguese businesses who were keen to study the local market and seek trade partners. Local businesses had an exchange with Portuguese leading firms operating in the fields of publication, food processing, recycled industrial product distribution, construction machinery, plastic films, and animal feed production. Since Vietnam and Portugal established their diplomatic ties in 1975, two-way trade turnover has grown significantly, from USD100 million in 2008 to USD170 million last year.

Vietnam earned USD666 million from exporting 97,000 tons of cashew nuts in the first six months of this year, a year-on-year increase of 26.6 % in value and 41.2 % in volume. About 20,000 tons were shipped abroad in June alone, according to the Ministry of Agriculture and Rural Development. However, the average export price decreased 8.1 % to USD6,842 per ton at present due to inactive market transactions and falling prices. Vietnam remains the world's biggest cashew nut exporter, making up 60 % of the global volume. Its major consumers are the US (that purchases 37.7 % of the total), China (26.3 %) and the Netherlands (17.4 %). Vietnam is expected to export nearly 200,000 tons of cashew nuts this year.

Vietnam cut petroleum retail prices for the fifth time in two months as global oil prices continued to fall. The price of 92-RON gasoline, the most common grade of fuel in Vietnam, was reduced by VND600 to VND20,600 a liter, local media reported, citing a decision by the Finance Ministry. Other fuel products had their prices cut by at least VND200 per liter. The new prices took effect at 7 p.m. Monday (2 Jul). Fuel prices had been cut twice in May and then twice earlier this month. Prior to the first reduction in May, gasoline prices stood at a high of VND23,800 per liter. The Finance Ministry has also raised fuel import taxes four times this year, with the tariff on gasoline now standing at 10 %.

The Bank of Mandiri, the largest in Indonesia, has announced that it plans to open branches in Vietnam, Myanmar and Thailand, as part of its plans to become the foremost lender in Southeast Asia. According to the bank's Vice President Riswinandi, Mandiri has set a target of becoming one of the five leading banks in ASEAN by 2013 and one of the top three banks in the region by 2020. Created by the merger of four State banks more than a decade ago, the Bank of Mandiri started its first overseas commercial operation in Shanghai in China last November. At present, the Jakarta-based bank has total assets of around USD58 billion.

Total late last week announced its acquisition of the local liquefied petroleum gas (LPG) trader Dai Viet Energy Co. Ltd., thus strengthening its position in the local LPG market. The local company operates an LPG distribution network in the southern area under the brand Vinagas as well as three LPG filling facilities in

HCMC, Vinh Long and Daklak provinces. However, the value of this deal was not disclosed. Total is a strong player in the LPG market, with a market share of above 10% nationwide, especially in HCMC and the Mekong Delta where it operates seven filling plants. The company markets in Vietnam such LPG brands as Totalgaz, Elf Gaz, Saigon Gas and now Vinagas.

Jeongsan VinaCo. Ltd., a subsidiary of South Korea's Taekwang Group, on Sunday (1 Jul) opened the Taekwang Jeongsan Country Club golf course in Nhon Trach District, Dong Nai Province. The 18-hole course features high-grade entertainment, resort and service facilities. According to the project owner, players can come to the golf course by road or water from Bach Dang Wharf in HCMC, which takes 30 minutes. The course designed by the U.S. -based Golf Plan Company is developed on an 84-hectare area, consisting of resort, swimming pool and tennis court. The total cost of the project is USD44 million. This is the third golf course put into operation in Dong Nai. The other two are Long Thanh and Song May golf courses located in Trang Bom Town. It is also the second South Korean-invested golf course in the southern region, after Twin Doves in Binh Duong.

Bridgestone in 3 Jul celebrated the groundbreaking of its new passenger car tire facility in Vietnam, the company's first factory in the country. The new 1.02 million square meter facility will serve as an export base for replacement tires sold in Europe, North America and Japan. Bridgestone recently also has increased its production capacities at the Nong Khae Plant in Thailand and Karawang Plant in Indonesia to supply tires to these markets. Regardless, the tire-maker determined that a new plant in Vietnam was necessary in order to respond to continuing growth in demand. Operations in Hai Phong City will begin in March 2014, and by the time the plant is complete in the first half of 2016 it will boast a daily production capacity of 24,700 tires. By this time the factory should employ some 1,900 workers.

Siemens Vietnam on Sunday (01 Jul) appointed Dr Pham Thai Lai as the new President and CEO in replacement of Mr Erdal Elver, who will assume the position of President and Chief Executive Officer of Siemens Taiwan. Lai, who was born in Vietnam and grew up in Europe, is the first Vietnamese CEO in Siemens's history in Vietnam.

Tokyo Style Vietnam Hue Co last week inaugurated a USD21 million garment and textile factory in the central province of Thua Thien-Hue. The factory, which is located at the Phu Bai Industrial Zone, has an output of 500,000 units per year, of which 70-95 % will be exported.

Vietnam Airlines (VNA) launched its new direct flight route from Ha Noi to China's Chengdo late last week with the frequency of three flights per week on Wednesday, Friday and Sunday. Trinh Hong Quang, deputy head of Vietnam Airlines, said that this new route would help increase opportunities of economic, cultural, tourist and educational exchange and co-operation between Vietnam and southwestern China. There are currently 36 direct flights weekly between the two countries.

A rice mill that can process 24 tons of rice per hour and store 40,000 tons opened in the Mekong province of An Giang on Saturday (30 June). Phu Vinh Food Processing Joint-stock Company has built the plant at a cost of VND200 billion (USD9.5 million) in Thoai Son District's Vinh Chanh Commune. It is the largest in the province. Pham Vinh Thao, chairman of Phu Vinh, said the mill would help the company buy paddy from farmers in An Giang who are taking part in the large-scale rice program by pooling their fields.

Retail gas prices in HCM City in 2 Jul declined by VND36,000 (USD1.7) to VND315,000 (USD15) per 12-kg canister, according to the city's gas retailers. The move followed a price decrease of USD125 in the world's gas market. It was the fourth adjustment in the domestic gas market since April.

Vietnam's central bank trimmed key interest rates effective in 1 Jul, its fifth cut so far this year as inflation cools amid signs of weakening economic growth. The State Bank of Vietnam said in 01 Jul the refinancing rate — charged on loans to commercial banks — would be cut to 10 % from 11 %. Other measures include lowering the discount rate from nine % to eight %, and the overnight inter-bank lending rate to 11 % from 12 %. This is the fifth time this year the central bank has cut rates, following similar reductions in March, April, May and June.

Vietnam's export revenue in the first half of 2012 reached USD53.127 billion, a rise of 22.2 % year on year, according to official figures. The country earned USD9.75 billion from exports in June, up 0.6 % against May, with mineral and oil exports surging by 21% month on month. During the six-month period, industrial exports went up 30.5 % while agricultural and mineral exports rose by 8.4 % and 4.9 % respectively. In June, Vietnam's imports fell by 3.2 % against May to USD9.9 billion, bringing the aggregate import turnover in the first half of 2012 to USD53.812 billion, up 6.9 % year on year. The trade deficit during the January-June period stood at USD685 million, equivalent to 1.29 % of the export value.

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Vietnam's electricity price will be raised by 5 % from July 1, 2012, according to a circular issued by the Ministry of Industry and Trade. EVN is amongst the state-owned enterprises with steep debts and losses. Under the new circular, the power will fetch an average price of VND1,369 per kwh, excluding value-added tax, up VND65 from the current price. The Electricity of Vietnam (EVN) said they will earn an additional VND 3,700 billion in revenues from the increase. However, the price will remain unchanged at VND993 per kWh for the first 0-50kWh for poor households, ENV added. EVN also asked local media outlets to widely announce the power hike to the public and business sectors in order to curb the abuse of power price adjustment to push up price of other goods and services inappropriately which they said may affect people's lives and the country's economic development.

Vietnam and Thailand have agreed to work towards signing of a mutual recognition agreement on control and supervision of quality and hygiene safety of aquatic products. The agreement was reached during a visit to Thailand by Deputy Minister of Agriculture and Rural Development Vu Van Tam from June 26-30. Under the agreement, both sides agreed to cooperate in preventing and solving the two countries' fishing vessels encroaching on each other's territorial waters, increasing the exchange of information and experience on aquaculture, and the prevention and control of sea product diseases as well as promoting two-way trade of seafood. They also agreed to boost cooperation in the training of technical workers and managers in the fisheries sector.

Small and medium sized enterprises (SMEs) are expected to generate between 3.5 and 4 million jobs during the 2011-2015 period. The target was announced by the Business Development Department at the Ministry of Planning and Investment, during a recent seminar on the development plan for SMEs until 2015, held in the Mekong Delta city of Can Tho. Under the plan, by 2015, around 350,000 new small and medium sized enterprises will have been set up and between 8-10 % of them will involve in exports. The level of investment injected into the economy by SMEs will account for 40 % of total social investment. From 2006 to 2010, more than 320,000 SMEs were set up across the country, generating 2.7 million jobs.

As of June 1, the inventory index of the processing industry surged 26% year-on-year as consumption demand for processed products stayed low, according to the General Department of Statistics. Some industries with high indices of inventory are packaging, automobile and motorbike production, and vegetable processing with respective increases of 130%, 116.7% and 113.3%, while metal production, plastics, seafood processing and preservation also recorded high volumes of unsold products.

HCMC's Department of Natural Resources and Environment and the management board of Saigon South new urban area are jointly supervising the implementation pace of investment projects and warning of revocation. The urban area is now home to 20 locally-invested and 74 foreign-invested projects. Supervision results will be presented to the city government later this month.

The price of urea fertilizer in the Mekong Delta has recently surged with an average increase of VND5,000 per 50-kilo bag. For instance, Phu My urea fertilizer is sold at VND575,000 a bag in Tien Giang Province while the price of Ca Mau and China urea fertilizer is VND535,000 and VND545,000 respectively.

The Vinh Long provincial People's Committee has announced a list of 36 major projects that need investment in the 2012-2015 period. The total amount of capitalization is estimated at VND18 billion. Three major projects are related to building infrastructure in Binh Tan industrial park at a cost of VND2,000 billion, Dong Binh industrial park (VND1,750 billion), and An Dinh industrial park (VND1,000 billion). In addition, a cluster of six industrial projects in districts cost VND2,380 billion and two projects on high technology at Mang Thit and Binh Minh about VND220 billion and VND340 billion, respectively.

Standard Chartered Bank Vietnam Ltd has teamed up with Parkson Shopping Centre (Parkson) to offer customers 5%-cash back on each completed transaction at a Parkson shopping center. The program, which was launched in 01 Jul and will run until the end of this month, will apply to all Standard Chartered cardholders.

JW Marriott Ha Noi Hotel has increased its total investment in the country to USD168.2 million, double its initial estimate in 2007. The Bitexco Group, the project's investor, said the increased capital was necessary because of the global economic downturn and economic difficulties in Vietnam. The five-star hotel, will be managed by the US Marriott Group.

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COMING EVENTS

Vietnam Green Energy

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam **Start Date:** 25 July 2012 **End date:** 28 July 2012

Event profile

Event is specifically aimed at introducing latest technology and equipment for generating and utilizing green energy; renewable energy.

Exhibitors' Profile

Manufacturers / Exporters of: Power-plants and facilities (thermal, hydro, solar..), Energy-saving LED lighting and products, Power generators, Transmission-lines, transformers, Diagnostic equipment and instruments.

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International Footwear & Leather Exhibition Vietnam

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam **Start Date:** 19 July 2012 **End date:** 21 July 2012

Event profile

The International Footwear & Leather Exhibition Vietnam (IFLE - VIETNAM 2012) has been recognized as a renowned exhibition and contributed to advance developing Shoes and Leather Industry in Vietnam; which provides a chance to discover the latest product innovations, talk with the technical experts and find solutions to your manufacturing challenges.

Exhibitors' Profile

Manufacturer of classic, small leather goods, handbags and briefcases, fashionable handbags, footwear, travel ware, leather garments, fashion accessories and lifestyle products, impressed participants with its range of products, innovative design ideas, and information on upcoming color and materials trends will be participating in the event.

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Shoe & Leather Vietnam

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam **Start Date:** 19 July 2012 **End date:** 21 July 2012

Event profile

Shoe & Leather Vietnam is the largest footwear show in Vietnam and features approximately 600 fashion footwear brands exhibiting in open booths, international pavilions.

Exhibitors' Profile

Exhibitor categories include women's, men's and children's footwear, handbags and accessories, industry technology, footwear publications and footwear industry associations.

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