

INDOCHINA INTERNATIONAL CONSULTING J.S.C (IIC.)

VIETNAM: TRADE & INVESTMENT BULLETIN

NO. 39

Dear all,

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in Vietnam.*

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VIETNAM INDUSTRIAL PARKS INVESTMENT PROMOTION (VIIPIP.COM)

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October 2012

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DEVELOPER'S INTRODUCTION

THE “NEW BUSINESS CENTER”

Mapletree Business City @ Binh Duong



Artist's Impression of the Mapletree Business City @ Binh Duong.

MBC@BD is located **30km from Ho Chi Minh City**, or a mere **45 minutes' drive away**, in the southern province of Binh Duong, one of Vietnam's fastest-growing provinces. The strategic positioning of MBC@BD in Binh Duong New City as the centre of the Southern Key Economic Zone, further complemented by ample amenities such as retail and F&B options, has attracted multinational corporations. This has defined new quality for business spaces.

Meeting this need for quality real estate is MBC@BD, which features a contemporary modular infrastructure that offers its users a comprehensive suite of solutions, from ready-built facilities to build-to-suit options. These products feature efficient layouts with column-free spaces and high-end specifications for modern businesses.



Breathtaking and Stunning Façade



Completed 5-storey office building – 2,000sqm column-free office space per floorplate



RBBS2000 factories: 2,000sqm of column-free production and floor-to-ceiling glass windows at mezzanine office

MBC@BD FAST FACTS

Location : Binh Duong New City
Binh Duong Province
Vietnam

Land area : 75 hectares

Product type : Mixed-use
– Ready-Built Business Space (RBBS)
– Business Park
– Built-to-Suit (BTS)
– Land Lease

RBBS 1,000 : 5 units of 1,000 sqm Ready-Built factory space
– Completed in January 2011
– 100% occupied

RBBS 2,000 : 7 units of 2,000 sqm of Ready-Built factory space
– Completed in April 2012
– Immediate occupancy available

Business Park : Retail and office space
– Completed in May 2012
– Dynamic features:
column-free space,
large floor-to-ceiling windows
– 3 units of retail space;
NLA: 450 – 750 sqm
– A total of 39 units of business park space; NLA: 190 – 250 sqm

BTS : Customised space enabling companies to be asset-light in terms of real estate needs
– VNTT Data Centre:
GFA of 4,000 sqm;
Completed in February 2011

Land Lease : Enables customers to develop their own commercial / industrial / business park buildings for long-term use

For leasing queries, please contact:
Mr Khritopher Phay
(Tel: +84 909 730 579 / +65 8188 3355;
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Prime Location with High Connectivity

With the completion of a new highway to Ho Chi Minh City, Vietnam's commercial centre, is now just a short 45-minute drive away. The travelling time will be shortened yet again as a significant part of the My Phuoc-Tan Van Highway completes at the end of 2012.

As part of the Binh Duong New City, MBC@BD also enjoys convenient access to major transport hubs including airports and seaports. This makes it an ideal site for businesses to co-locate both their office and support operations.

Development Following Success

The widely-anticipated office building was completed in May 2012, offering a **total lettable area of more than 10,000 square metres** across four floors of office units and ground floor retail space.

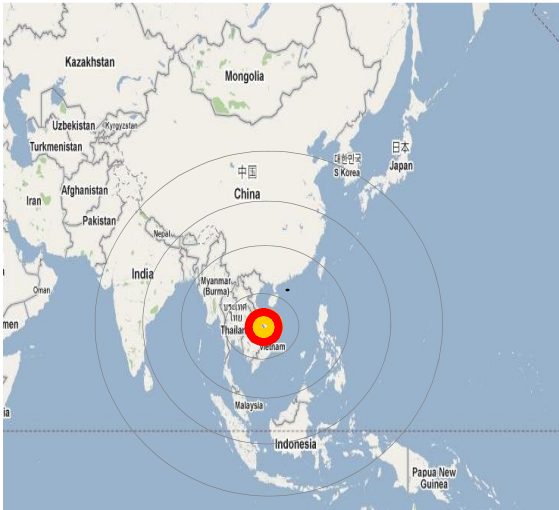
Meanwhile, the e-datacentre, purpose-built by MBC@BD for VNTT, as well as food packaging plant, undergarment and biscuit production plant, are already fully operational. The well-received phase 1A development (currently at 100% occupancy) had spun off hot enquiries, **securing lease commitments for approximately half of the remaining ready-built factories**. MBC@BD's clientele (existing and pre-committed) comprises of manufacturers from Australia, Europe, Philippines, Singapore and Vietnam.

Given the high demand, MBC@BD will be proceeding with the next development phase before the end of 2012. Adhering to customers' needs for smaller industrial spaces, some of its ready-built factories may be subdivided into small factories (**approximately 750 square metres**) for new start-ups coming into Vietnam.

As with Singapore's Mapletree Business City, Mapletree envisages that as MBC@BD gains recognition among the burgeoning Vietnam business community, it will reinforce its positioning as a successful development concept that the Group will continue to roll out across Asia.

CHU LAI OPEN ECONOMIC ZONE: THE BEST PLACE TO MEET INVESTORS' DEMANDS

Chu Lai open economic zone (OEZ) - the coastal economic zone established by the Government of Vietnam in Quang Nam province, where there are two world cultural heritages: Hoi An ancient town, My Son ancient temples complex and the world biosphere reserve of Cham Island. Chu Lai OEZ is a general, multi-disciplinary, multi-sector economic zone with the total area of 42.000ha.



Chu Lai OEZ has a convenient geographical location connecting to other areas of Vietnam and the world: locates in the middle of Vietnam and the center of ASEAN; away from Ha Noi and Ho Chi Minh city about one hour flight. With the radius of 3.000 km, Chu Lai OEZ easily accesses the most dynamic center of East Asia by air and marine such as Singapore, Hong Kong, Shang Hai, China, Japan, South Korea,...

The oriented development of Chu Lai OEZ is to build the Chu Lai OEZ and the Eastern region of Quang Nam province according to the model of a general economic zone, in which automobile mechanic industry is a key one, combining with the development of the automobile auxiliary industry, electronics, high-tech

industry and constructional material industry, simultaneously, focusing on developing service industry such as tourism, urban, cargo transit and international passengers transport, commercial services.

Chu Lai OEZ has the first free trade zone of Vietnam operating under international practices with the total area of 1.700ha, contiguous to Chu Lai international airport and Ky Ha seaport; 5 concentrated industrial zones (Tam Hiep, Bac Chu Lai, Truong Hai, concentrated automobile and multi-purpose mechanic IP Tam Anh, Tam Thang) with the total area of 4,500ha, in which completed infrastructure of 3 industrial parks), 70km of seaside with the total area of 10.000 ha, white sand, sunlight - an ideal environment to build resorts and high - level entertainment complexes; especially 15.000ha for developing urban complexes with 4 main ones (South Hoi An, Tam Phu - Easten Tam Ky, Tam Hoa – Tam Anh, Tam Hiep – Nui Thanh)



Chu Lai OEZ is powered by national power network in adequate capacity and stability and supplied 5,000 cubic meters/24 hrs from Tam Hiep Water Plant and 15,000 cubic meters/24 hrs from Tam Ky Water Plant. Besides water source from Thai Xuan and Phu Ninh lakes meets the conditions to increase the capacity of the water plants up to 100,000 to 200,000 cubic meters/24 hrs. The system of post and telecommunications infrastructure has been constructed comprehensively and completely with a full range of high-quality services.

Quang Nam Province has an ensured quality workforce to meet the demands of investors in Chu Lai OEZ. In addition, social utilities of Chu Lai OEZ and Quang Nam province ensure to meet

investment projects such as 500-bed general hospital, over 4,000 international - standard rooms, resorts suitable to organize major international events such as senior official meetings, the conference of tourism Minister,...

Coming to Chu Lai OEC, the investors will enjoy the best high preferential policies of Vietnam including land, corporate income tax, import and export tax and investment supporting policies such as clean land, electricity, water, telecommunication, training support and labour supply, free land to build houses for workers,...; synchronized infrastructure such as airport, seaport, road, railway,... Especially, “one - stop” and “one - stop shop” policy is applied in Chu Lai OEC thereby Chu Lai OEC Authority is responsible for procedures to invest in Chu Lai.

From its establishment, Chu Lai OEC has attracted domestic and foreign projects from the United States of America, Japan, France, Canada, South Korea, Taiwan, China,... in which, there are some large - scale projects such as Chu Lai - Truong Hai automobile mechanical industrial zone, bus and car factories, plants for manufacturing details and spare parts of engine vehicles with the total capacity of 55,000 vehicles per year and the total investment of 400 million USD; Chu Lai Float Glass plant with the total capacity of 1,300 tons per day, 150 million USD invested; Soda manufacturing plant with the capacity of 200,000 tons per year, invested 120 million USD; Chu Lai eco-tourism zone with the total investment of 25 million USD; Gold sand eco – tourism park, the capacity of 50 million USD; Engine manufacturing plant with the total investment of 125 million USD; Number one Chu Lai Beverage Plant with the total investment of 91 million USD.



To Chu Lai OEC, the investors will enjoy peaceful land, friendly people and comfortable investment environment for developing the business.

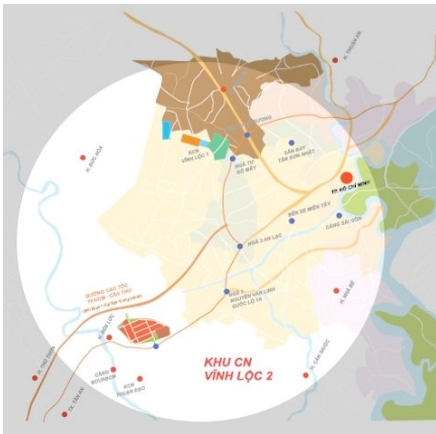
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VINH LOC 2 INDUSTRIAL ZONE: THE DESTINATION FOR GLOBAL INVESTORS

After three-year operation, with the slogan “Unselective investment attraction”, Vinh Loc 2 Industrial Zone has actively promoted the investment and consulted the effective opportunities to clients. Until now, Vinh Loc 2 Industrial Zone (IZ) has attracted more than 20 local and foreign investors such as Binh Minh Plastic Joint-stock Company, Nguyen Minh Steel Corporation, Vietnam Steel Corporation, Goodearth Grenfell PTE Company...that are in the process of factory construction.

Convergence of many advantages



Located in Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province, Vinh Loc 2 IZ – that developed by Vinh Loc - Ben Luc IZ Construction & Investment Corporation belongs to the key economic zone and has an important role in the Vietnam



economic development strategies. With the special advantages on strategic location: convenient transportation hub, 25km to the western center city, near the airport and international port, the main gate directly connects to National Road 1, the back closes to Saigon - Trung Luong Highway, Vinh Loc 2 IZ is well connected with modern infrastructures in HCM City to freight to the Mekong Delta provinces.

In past time, by the promotion of available advantages and implementation of many positive solutions, Vinh Loc 2 IZ has many creative steps to success in the investment attraction. In order for green - clean IZ with modern infrastructures as well as to meet the expectation of

investors, Vinh Loc 2 IZ is trying to complete the infrastructures system of power supply, water supply, water drainage, internal road, technical works, “green, clean, nice” manufacturing and working environment. In addition, Vinh Loc 2 IZ also has an available land area for utility services such as accommodation for specialists and workers, health services, banking, telecommunication, trading center, kindergarten, school ... to support their life.

Attractive policy

With the pressure on scarce land and infrastructures as well as the expensiveness in HCM City, many investors tend to seek the neighboring areas of which Ben Luc - Long An is an interesting

destination for many local and foreign investors. In the posture of always attracting investors, Vinh Loc 2 IZ has flexibly applied the investment attraction measures to fill up whole industrial land for lease in the fastest time.

Choosing Vinh Loc 2 IZ, investors have many options to own the best products and services at reasonable investment cost, competitive land price, flexible payment method, adaptive requirement of each investor, lease term extends up to March 2061 so that investors are able to develop long-term business. Moreover, with enthusiastic, experienced and dynamic staffs

of Vinh Loc 2 IZ, investors will be consulted and supported the legal procedures under simple and quick process, creating favorable conditions for enterprises.

On the basis of understanding the mutual relationship “The existence and development of investors leads to the success of IZ”. Conversely, the growth and success of IZ will improve its capacity to serve the activities and development of investors”. Vinh Loc 2 IZ has committed to bring a professional and friendly service style to investors; especially always create a really effective investment environment. The advantages

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and differences of Vinh Loc 2 IZ will be demonstrated during the actual development experiences of investors. Vinh Loc 2 IZ always tries to complete its mission: “Development to improve the life quality for society and become a destination for global investors”■



**VINH LOC – BEN LUC IZ
CONSTRUCTION AND
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GENERAL REVIEW

ADB: Vietnam's economy to grow 5.1 % in 2012

Vietnam's economy will grow 5.1 % in 2012 and 5.7 % next year, according to the Asian Development Outlook 2012 Update released by the Asian Development Bank (ADB) on October 3.

ADB country director in Vietnam Tomoyuki Kimura said that the government's commitment to implementing a reliable reform roadmap with specific actions will recover lending and improve confidence in the market.

ADB economic expert Dominic Mellor said that the bank backed the government's plans to reform the financial sector and state-owned enterprises. Sharing views on challenges Vietnam has to overcome in the coming time, he stressed the need to solve bad debts and ensure bank capital safety.

(Source: VIR/VNA)

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Legal updates: New rules on share issuance, redemption, and carrying gold

Circular No 130/2012/TT-BTC on August 10 regulates the redemption and resale of treasury shares by enterprises and certain additional share issues and draft circular on carrying gold in and out of Vietnam.

Redemption and resale of treasury shares by enterprises and certain additional share issues.

The Ministry of Finance issued Circular No 130/2012/TT-BTC on August 10, regulating the redemption and resale of treasury shares by enterprises and certain additional share issues.

Under the circular, public companies which seek to redeem shares must have sufficient capital reflected in its most recent audited financial statements. Except in cases of public tenders or public redemptions in proportion to each shareholder's stake, public companies may not redeem shares owned by managers and their relatives in accordance with the Law on Securities, individuals whose shares are precluded from sale, or primary shareholders as defined in the Law on Securities.

The circular provides that dividends may be paid in the form of shares if a plan has been ratified by a general meeting of shareholders (GMS) and the company has posted a net profit.

Additional shares may be offered to employees of the company if an issuing plan setting forth a system for determining which employees are qualified to participate has been ratified by the GMS, total shares issued in any 12 months do not exceed 5 % of all outstanding shares, and the list of involved employees, principles for determining share price, principles for allocating the shares and the timeline for the allocation have been published by the board of management.

Circular No 130 took effect on Monday (2 Oct), replacing Circular No 18/2007/TT-BTC of March 2007.

Carrying gold in, out of country may be banned

The State Bank of Vietnam has posted on its website a draft circular that would ban both Vietnamese and foreigners from carrying gold bars and gold materials when they enter or leave the country. Travelers wearing gold jewelry or bringing along gold items weighting more than 300 grams would also have to declare them with customs offices and pay taxes. Vietnamese with legal permanent residency

abroad would be allowed to carry up to one kilogram of gold if they possess a permit issued by the provincial State Bank branch of the locality in which they reside.

Vu Ngoc Lan, deputy director of the State Bank's legal department, said the draft circular aimed to strengthen the management of the gold supply and keep the market stable. "Strict management will create proper conditions for gold processing and trading and assure the rights of residents and gold enterprises," Lan said. When finalized, the draft circular would replace Decision No 1165/2001/QD-NHNN, which allowed gold to be carried out of the country upon permit from the State Bank and declaration to customs officials.

(Source: BIZ CONSULT/VNA)

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CPI rises sharply in September

September's CPI represented the highest monthly figure since June 2011, and hit a record high for the month in the 1995-2011 period.

According to the GSO, prices of all 11 groups of commodities used to calculate the CPI went up this month between 0.01-23.87 %.

The sharpest price hike was in pharmaceuticals and the healthcare sector, while the lowest was recorded in post and telecommunications.

Nguyen Duc Thang, Director of the GSO CPI Department, attributed the strong increase to rising prices of essential goods and services, including education, healthcare, transportation, housing and construction materials, which contributed 2.1 % of the country's 2.2 % CPI increase. Hanoi and Ho Chi Minh City, as well as Hai Duong, Thai Binh, Lao Cai, Lang Son and Ha Tinh provinces experienced the highest CPI increases. Thang predicted that the CPI is likely to continue going up as many localities are increasing the cost of education and healthcare services in October. The Government's stimulus package and loose monetary policies may also put pressure on the CPI, which is forecast to reach an average of more than 7 % by the end of this year, he added.

(Source: VOV)

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TRADE

Vietnam exports over 5.8 mln tonnes of rice in 9 months

Vietnam's rice exports recorded 5.845 million tonnes in the first nine months of this year, equal to the same period last year, said the Vietnam Food Association on October 5.

The figure accounted for over 81 % of the country's whole-year plan of exporting 7.2 million tonnes of rice. In September alone, rice exports totalled about 750,000 tonnes, a decrease of 50,000 tonnes compared to the set plan. The decline was attributed to the unfavourable weather conditions affecting the delivery, weak import demands and a slump in number of registered contracts. It is expected that Vietnamese businesses will export around 1.4 million tonnes of rice in the last three months of this year, estimated the association.

(Source: VIR/VNA)

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Trade deficit of local firms put at USD8.6 billion

Foreign-invested enterprises (FIEs) enjoyed a trade surplus of USD2.28 billion in the first nine months of 2012, while local firms had a trade deficit of nearly USD8.6 billion.

The total export turnover of Vietnam by the end of September is estimated at USD83.79 billion, rising 19% against the same period last year. FIEs exported over USD46 billion worth of products, excluding crude oil, up 37.9% year-on-year, while their local counterparts recorded a 0.6% drop in export turnover.

The country suffered a big trade deficit of over USD6.3 billion in the first nine months of the year. However, if revenue from crude oil is included, Vietnam gains a trade surplus of USD34 million, said the Ministry of Industry and Trade.

FIEs continued to generate the biggest export value. The proportion of their exports in the total export turnover kept rising, with new export items such as cell phones, cameras and video recorders contributing more than USD5.4 billion.

Import of products in the restriction list and those subject to strict control went down, while import of essential items increased further to meet the production demand. While imports of FIEs kept surging, hitting USD43.86 billion, local enterprises recorded an import decline, pointing to poor adaptability and competitiveness of local firms in the current global economic recession.

The trade ministry noted trade deficit in the context of troubled economy and production slowdown should receive due attention so that appropriate policies would be introduced to boost production. Given the export turnover of USD83.79 billion in the first nine months and the trend of strong export growth at year-end, the ministry forecast exports would reach some USD113 billion by the end of the year. Earlier, the country set an export growth target of 12% for this year, or a total export revenue of USD109.5 billion by the year's end.

(Source: The Saigon Times Daily)

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Breakthrough opportunity for exports

The number of businesses searching for capable producers through e-commerce is ever increasing, creating excellent opportunities for Vietnamese exporters to boost their market penetration.

Vincent Wong, Senior Managing Director of Buyers, Services, and Development at e-commerce site Alibaba.com, explains that major importers previously searched for goods and resources from traditional markets like India and China. He believes their priorities are changing, encouraging more to seek products from new markets with better quality and lower costs.

Three Vietnamese product groups are currently much sought after by customers via Alibaba.com - agricultural products (20 %), food and beverages (19 %), and building materials and real estate (8 %). Most customers are from the US (9 %), India (8 %), and China (8 %). The fact that China and India - two of the world's major supply markets - are sourcing Vietnamese products demonstrates the significance of the changes underway in the global supply of resources.

The search rate for Vietnamese products on Alibaba.com originating in China alone increases by 2 % year-on-year.

Apart from its daily online transactions, Alibaba.com has recently dealt directly with major global groups' demand for Vietnamese suppliers working in a variety of sectors. The global groups, primarily

the world's leading retailers, include Kmart, Carrefour, OfficeMax, and Walmart. Vietnamese products are evidently seizing the attention of the international consumer.

Tran Dinh Toan, Deputy Director of investment and technology joint stock company OSB, is optimistic about the e-commerce future for Vietnamese products. Statistics from B2B Alibaba.com indicate Vietnam places in the world's top ten most sought after markets. There are already 230,000 Vietnamese Alibaba.com members, eager to exploit the nearly unlimited opportunities to find customers via the e-commerce channel. Toan stressed the capacity for sellers to connect directly with potential buyers through the website. He feels savvy businesses should be able to take advantage.

A survey conducted by Nielsen, a global information and measurement company, reveals Vietnamese buyers prefer to connect directly with prestigious producers without going through a middleman. Vietnamese businesses are thus able to transport their products to large markets without exporting to a third country. The economic slowdown has meant quality and reasonable prices are even more important to the importers who select their goods and resources from the range of countries that can meet their stringent demands,

Experts urge businesses to remember the unique speed of the e-commerce environment and recognise the need to give customers regular and rapid feedback. Without constant two-way communication, the potential of the e-commerce search channel can never be properly realised.

Vietnamese businesses must also protect themselves against trade frauds plaguing e-commerce floors. Swindlers from new markets have previously committed trade frauds involving tens of millions of USD. Vietnamese businesses number among their victims, sometimes losing tens of thousands of USD in hasty transactions with partners who have not been properly verified.

Incomplete statistics from the African, West and South Asian Markets Department in the Ministry of Industry and Trade show that since 2011, Vietnamese businesses have sent 70 letters to regional trade offices requesting verification of the identities of their partners. All the results of those requests found the partners to be fraudulent.

Ly Quoc Hung, Head of the African, West and South Asian Markets Department, says that maintaining long-term trade links will require Vietnamese businesses to study the business traditions of Africa and the Middle East, meet potential partners in person, and carefully consider products before buying. Hung also urges Vietnamese businesses to participate in exhibitions, fairs, and trade promotion programmes in partner countries, assiduously comply with relevant regulations and legislation, and always verify the identities of the businesspeople involved.

(Source: VOV)

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Agro-forestry-seafood exports hit 20.4 bln USD

Vietnam earned 2.3 billion USD from exporting agro-forestry and fishery products in September, pushing the total revenue for nine months of this year to 20.4 billion USD, up 10.2 % year on year.

The Ministry of Agriculture and Rural Development reported on September 25 that agricultural products brought home 11.1 billion USD, up 6.2 % from the same period of last year. Most products saw rises in both volume and value, except for rice, rubber and pepper.

During the nine-month period, the country shipped 6.2 million tonnes of rice for 2.78 billion USD, up 4.5 % in volume but down 6.1 % in value. China has become Vietnam 's largest rice importer since the beginning of this year.

Coffee also contributed 2.85 billion USD, up 29.8 %, to the country's farm produce exports with a total volume of 1.36 million tonnes, a 36.8 % rise. The growth was attributable to rising demand from Germany and the US, the largest consumers of Vietnam 's coffee.

Tea products maintained a stable growth, bringing in 161 million USD, up 8.8 % and 8.3 % year on year, in volume and value, respectively. Meanwhile, pepper earned 627 million USD in revenues, down 0.9 % for a volume of 91,000 tonnes, a 16.7 % decrease. The country's largest pepper importers are the US , Germany and the United Arab Emirates .

Wood and wood products export reached nearly 3.4 billion USD, an increase of 17.2 % from the same period of last year. Almost all Vietnam 's key markets saw a strong growth, including the US, China and Japan , which account for 30.6 %, 14.4 % and 17.2 % of the total revenue, respectively. Aquatic products brought in an estimated 4.5 billion USD, up 3.5 % from last year's same period. The US remains the top importer of Vietnam 's seafood. It is followed by Japan and the Republic of Korea.

(Source: VNA)

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INVESTMENT

September sees 1 billion USD in FDI

September's foreign direct investment (FDI) reached over 1 billion USD, bringing the total nine-month FDI in Vietnam to 9.52 billion USD, said the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment.

The figure is equivalent to 72.1 % of the amount in the same period last year. The processing industry and manufacturing attracted the most FDI, with over 6.2 billion USD, which accounts for 65.5 % of the total registered capital so far, the agency reported. Real estate saw a total registered capital of over 1.8 billion USD, while other areas including wholesale, retail and media attracted only over 400 million USD.

FIA reported that Japan by far registered the highest amount of investment with 4.7 billion USD, followed by Samoa and the Republic of Korea with 899 million USD and 711 million USD, respectively. However, September's FDI disbursements only hit 820 million USD, which was the lowest level during the last five months, said FIA. FDI disbursement during the first nine months recorded 8.1 billion USD, equal to 98.8 % of the level in the same period of last year.

(Source: VBN)

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Over USD1.3 billion FDI poured into Chan May-Lang Co EZ

As of October 2012, Chan May-Lang Co economic zone (EZ) in the central province of Thua Thien-Hue has attracted 32 investment projects, including 11 foreign owned, capitalised at USD1.3 billion.

Major economic groups have implemented projects in the EZ, such as the USD1 billion Laguna eco-tourism zone from Singapore's Banyan Tree Company.

Thua Thien-Hue has injected more than VND1.733 billion in building technical and social infrastructure to attract investment projects. The EZ boasts the Chan May deep-water port near Lang Co Bay and Highway 1A, which can handle vessels up to 50,000 tonnes. In addition, infrastructure has been upgraded to fully tap the advantages of Lang Co beach.

The province has completed more than 80km of roads connecting the port to Highway 1A, creating favourable conditions for investors. It has completed construction of three 110/22KV electrical transformer stations with a total capacity of 75MVA and the Chan May water plant with a capacity of 6,000 cubic metres per day and more than 20 km of pipelines to ensure a sufficient power and water supply for projects. A 5,000 cubic metre wastewater collection and treatment system has also been put into operation.

Preferential policies to attract investment in the Chan May-Lang Co EZ are also being offered, including a four year exemption from corporate income tax and a 50 % income tax reduction for high income earners who work in Lang Co.

(Source: VOV)

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Hanoi draws 231 FDI projects in nine months

In the first nine months of 2012, the capital city Hanoi attracted 231 FDI projects with a total registered capital of USD919 million, 88 % that of the same period last year, reported the Hanoi Statistics Office.

Of these projects, the number of newly-granted projects was 155, with capital of USD579 million, and 76 projects registered to increase capital by USD340 million.

Also according to the Hanoi Statistics Office, since early this year, the total investment and development capital in the city reached more than VND146 trillion, up 12.9 % compared to the same period last year. Of this, state capital posted more than VND42.4 trillion, up 11.5 %

(Source: VBN)

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Japanese investors hope Binh Duong to improve environment

Japanese businesses have suggested the southern province of Binh Duong to further improve its investment environment so as to attract more foreign investors.

At a meeting with provincial leaders on October 3, representatives of Japanese companies operating in Binh Duong said they are pleased with the province's stable political and security situation which has created favourable conditions for their operations. However, they noted that the province should have tax incentives in priority areas such as hi-tech in order to lure investment to industrial zones.

Binh Duong needs to work out roadmaps on environmental protection and publicise them so that businesses can take the initiative in changing technologies, they said.

Japanese businesses also raised concerns about a serious shortage of labour force while more and more projects in industrial zones are getting underway. They also proposed that the adjustment of the

minimum salary be applied on January 1 every year, creating favourable conditions for businesses to make yearly business plans as well as plans to increase salary for workers.

Chairman of the provincial People's Committee Le Thanh Cung spoke highly of Japanese businesses' recommendations, affirming that the province will consider all to better its investment environment. According to the provincial Department of Planning and Investment, Binh Duong has so far attracted 167 projects from Japanese investors with a total investment of over 3.1 billion USD.

(Source: VNA)

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Casino developers to soon be able to roll the dice in

A new decree draft on casinos is expected to open the door for the once discouraged gambling industry in Vietnam.

The Ministry of Finance (MoF) two weeks ago released a decree draft on investors developing casinos in Vietnam as long as an integrated resort was built at total investment capital of at least USD4 billion. Furthermore, the investor must have 10 years casino industry experience.

The MoF is now seeking comments from experts and businesses for this decree before submitting it to the prime minister for approval. However, the draft is a signal indicating that the gambling industry is likely to be developed legally in Vietnam.

“We are very pleased that the government of Vietnam has created a draft regulatory framework to ensure the highest standards, and to enable world class operators to bring all the benefits of increased tourism, job creation, career development and tax revenue to Vietnam. We are looking forward to its expeditious implementation,” said Lloyd Nathan, chief executive officer of Canada-based Asian Coast Development Limited (ACDL), the developer of USD4.2 billion integrated resort Ho Tram Strip in Ba Ria-Vung Tau province.

ACDL is now constructing the first resort in Ho Tram Strip, MGM Grand Ho Tram, which is expected to be launched in the first quarter of 2013. It includes two hotels, a 13,600 square metre gaming entertainment area with 90 live table games and 500 electronic gaming machines, a world-class conference facilities, a wide variety of recreational activities and pool and beach facilities. In addition, ACDL also sold a 26 % of stake to Pinnacle Entertainment, a Las Vegas-based integrated resort developer and manager. Accordingly, Pinnacle Entertainment and ACDL will develop the second resort in this project site.

“When it comes to world class operators such as MGM Resorts and Pinnacle Entertainment, they are licenced globally, by many and varied jurisdictions, all of which strive to ensure the highest standards for this industry. As such, MGM and Pinnacle need a clear and appropriate regulatory structure in any new jurisdiction where they might operate,” said Nathan.

Since 1992 when gambling limitedly allowed for the first time in the country, Vietnam has only one recognised casino in Do Son, Haiphong. Meanwhile, the country also licensed 50 gambling facilities nationwide, but just recognised them under the name of “prize-winning electronic gaming” facilities.

According to the MoF, if this decree were approved, it would be the first legal framework regulating casino business in Vietnam. It expects the gambling industry could spur the tourism industry, create jobs and contribute significantly to the state budget.

From 1992 till now, the total revenue from prize-winning electronic games business is estimated to reach about USD72 million per year and created around 40-1,000 jobs for each gaming spot and contributed to the budget at the average level of USD11.5 million per year, according to the ministry. While Asia is drawing the attention of casino companies, Vietnam in particular is considered as among the most attractive place. Gambling operators are trying to encourage the Vietnamese authorities to allow integrated gambling-and-convention resorts in the country. The Las Vegas Sands Corporation is proposing to build integrated resorts with casinos in Ho Chi Minh City and Hanoi.

“Our interest in Vietnam remains very strong. We have spent a number of years working with people in Vietnam to help them understand what an integrated resort is about, what we as investors will bring to Vietnam and to the Vietnamese people,” said George Tanasijevich, managing director of global development for Las Vegas Sands Corporation.

(Source: VIR)

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Urban design for downtown HCMC completed

The existing expanded center of HCMC will undergo changes in terms of urban design and urban architecture as a planning scheme has been completed by Nikken Sekkei before a meeting of the HCMC People’s Council on urban planning.

The existing expanded center of HCMC includes the entire core part of District 1 and parts of District 3, District 4 and Binh Thanh District, covering some 930 hectares, according to the scheme.

The city center is bordered by the Saigon River to the east, and Dinh Tien Hoang, Vo Thi Sau and Cach Mang Thang Tam streets in District 3 to the west. Nguyen Huu Canh Street and Thi Nghe Canal mark the northern border, while the southern one is formed by Nguyen Thi Minh Khai, Cong Quynh, Nguyen Cu Trinh, Nguyen Thai Hoc streets and Ong Lanh Bridge in District 1 and Vinh Phuoc, Hoang Dieu and Nguyen Tat Thanh streets in District 4.

According to the design approved by the HCMC Department of Zoning and Architecture, the downtown area is divided into five sub-areas. They are the central business district, the historical-cultural area along Le Duan Boulevard, and the west bank of the Saigon River from Saigon Bridge to Tan Thuan Bridge. Included will also be the villa area in District 3 and part of District 1, and neighboring areas to the central business quarter in districts 1 and 4.

The scheme suggested many architectural solutions for downtown HCMC in the future, such as building underground structures from Ben Thanh Market to the City Opera House, setting up parks on the west bank of the Saigon River, and developing high-rise buildings at the inner-city ports along the Saigon River. However, the Japanese designer said the city needs to conserve more than 200 buildings of historical significance, apart from the Notre Dame Cathedral, the Central Post Office, Ben Thanh Market, Children’s Hospital 2 and the French villa area.

Saigon Zoo, Tao Dan Park, April 30 Park and September 23 Park are seen as valuable green spaces of historical significance. Therefore, historical parks and long-standing trees will be conserved to retain memories of an ancient city. A senior leader from the architecture department said the most precious thing of an urban area is its development history. “The city center has lost many architectural structures of historical value, but effort for conservation is never too late,” said the source.

(Source: The Saigon Times Daily)

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The development of PPP model

Vietnam should complete a legal foundation, optimize financial resources and accelerate ground clearance to attract private investors to participate in building infrastructure through Public Private Partnerships (PPP).

Lord Mayor of the City of London Alderman David Wootton when visiting Vietnam on September 22-26 discussed policies focusing on the legal framework for PPP projects in Vietnam with the Minister of Planning and Investment Bui Quang Vinh on September 24 in Hanoi.

Minister of Planning and Investment Bui Quang Vinh said that Vietnam aims to become a modern industrial country by 2020. To achieve this goal, Vietnam has a huge demand for capital for infrastructure development. According to preliminary calculations, each year Vietnam will need around USD16-17 billion to develop essential infrastructure, whereas the ability to raise capital from traditional investment channels only meets about 50 to 60 % of that demand.

In order to resolve this problem, Vietnam has launched measures to mobilize national and international private resources to invest in infrastructure. In terms of policy, the Government issued Decree 108/2009 /ND-CP on investment in the contacts of Build-Operate-Transfer (BOT), Build-Transfer-Operate (BTO) and Build-Transfer BT and Decision 71/11/2010 on promulgating regulations on experimental PPP investment forms.

Public Procurement Agency of the Ministry of Planning and Investment director general Le Van Tang said that Vietnam faced difficulties implementing PPP policies due to an incomplete legal basis and uneven awareness of PPP awareness among ministries, sectors and localities. PPP projects require large capital and long deployment periods, whereas domestic capital remains limited and the ability to access capital in the international market has proved difficult due to the global economic recession and debt crisis in Europe.

Alderman David Wootton said that Vietnam had built a basis for PPP in terms of its legal documents. However, in order to attract private investors to participate in PPP, Vietnam must continue perfecting this framework in accordance with international standards. Moreover, Vietnam should establish groups that will be responsible for PPP and create clear financial guidance. Alderman David Wootton also confirmed that the UK had a lot of experience in the implementation of PPP model, providing consultancy to a half of the world's PPP projects. Therefore, the United Kingdom was ready to support Vietnam in the process of working out the plan to raise capital.

Allen & Overy lawyer Adam Moncrieff said that to successfully implement PPP models, Vietnam must have a simple and convenient legal framework that meets international standards. Legal frameworks also need to have the stability to create confidence for investors when investing in Vietnam in PPP. In addition, it is necessary to optimize financial resources by establishing a specialist agency to monitor procurement activities and promote the progress of project implementation.

Tom Nguyen, head of Standard Chartered Bank in Vietnam, Cambodia and Laos' Legal Department said that to improve the economy, Vietnam needs capital. However, in order to raise capital for the construction of infrastructure projects, Vietnam needs transparency in its licensing procedures. Moreover, it remains necessary to simplify complex procedures in order to increase the attractiveness for private investors.

Vietnam should accelerate ground clearance for infrastructure projects since so many infrastructure projects are needed in Vietnam. Another challenge for Vietnam is the scale of infrastructure investment projects, including port and airport building projects. They need huge capital, while returns on capital take between 20 to 30 years. Therefore, there should be a legal basis to allocate risks. In addition, Vietnam needs investment funding to provide capital for projects.

(Source: VEN)

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Japanese investment shifts to Vietnam from China

It is believed that Japanese companies are shifting investment from China to Vietnam due to the current escalating tensions between the Asian superpowers over territorial disputes.

Tadashi Kikuchi, economic attaché of the Japanese Consulate General in HCMC, said there had been no clear changes showing Japanese investment will rush to Vietnam from China. However, he said due to the crisis with China, active Japanese investors will have to look for a new investment destination. And Vietnam is considered attractive to them, he said.

According to economist Pham Chi Lan, with the rising tensions, Japanese companies might withdraw from the Chinese market in droves. "Vietnam needs to take a proactive role in improving the local investment environment in order to welcome a new wave of Japanese investment in the country," Lan noted. Besides taking the lead in mergers and acquisitions deals in Vietnam, Japan is also the highest investor this year. As of last month, total newly-registered and increased capital of Japanese investors in Vietnam, amounted to USD4.68 billion, over 49% of the total recorded by the Ministry of Planning and Investment.

Japan has invested in more than 1,700 projects in Vietnam with total value of up to USD28 billion. In fact, many localities already have plans to attract Japanese investors. A series of investment promotion delegations of Haiphong, Thua Thien-Hue, Binh Dinh, Phu Yen and Ba Ria-Vung Tau came to Japan last month to talk-up their locations to woo Japanese investment.

Ho Van Nien, vice chairman of the southern coastal province of Ba Ria-Vung Tau, said his province is urgently drafting a project to develop an industrial park targeting Japanese firms only. And the province also calls for Japanese enterprises to develop logistics services and supporting industries in the locality, Nien added. Similarly, Nhon Trach 3 Industrial Park in Dong Nai Province has also set up a plan to receive a possible influx of investment from Japanese firms in the near future.

(Source: The Saigon Times Daily)

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FINANCE – BANKING

New rules discourage banks from listing

Joint-stock credit institutions, including banks and financial companies, are expected to face even more difficulties to be listed on the stock market after the central bank's newly issued circular goes into effect on October 29.

On September 13, the State Bank of Vietnam issued Circular No 26/2012/TT-NHNN, guiding approval procedures for listing shares of joint-stock credit institutions on domestic and foreign securities markets.

According to the new circular, joint-stock credit institutions, including joint-stock banks, joint-stock financial companies and joint-stock financial leasing companies, will be required to meet nine conditions if they want to get permission from the SBV to list shares on the stock market.

One of the strictest regulations concerns the non-performance loan (NPL) ratio. At the end of the quarter, it must be less than 3 % of the total outstanding loan during the two quarters preceding the application, instead of two years as the current rules require.

In the context of current economic and financial difficulties, many banks, including major ones, are unable to keep their NPL ratio under 3 % for two quarters.

Banks are also required to perform debt classification and risk provisioning at the end of the quarter, preceding the quarter of application, in accordance with the SBV's regulations. Many banks find it difficult to meet the rules of SBV Decision No 493 on classification of debts and loss provision for banking operations of credit institutions. Thus, many of them do not have qualified risk-reserve funds.

The new circular also says that subjected credit institutions must comply with restrictions to ensure safe operations in accordance with applicable legal texts for a continuous six-month period, preceding the time of application for listing shares.

The credit institutions eligible for being listed must have an internal audit entity and internal control systems to ensure compliance with Article 40&41 of the Law on Credit Institutions and other relevant legal texts.

This regulation is also difficult for many banks to realize because many of them do not have qualified internal audit entities or control systems. The circular also requires that joint-stock credit institutions will have an operational duration of at least two years, up to the date of the application, instead of five years in the current rule.

Nine credit institutions are listed on the domestic stock markets: the banks ACB, CTC, EIB, MBB, NVB, SHB, STB and VCB as well as a finance company PVF. Many banks planned to list their shares this year, but they may have to delay their application because of strict regulations. They include Nam A, Phuong Nam, Dai A, DongA, Techcombank, Quoc Te and HDBank.

(Source: VNS)

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Overseas Vietnamese send USD20 billion home every year: official

Remittances and investments by overseas Vietnamese reach nearly USD20 billion a year, contributing significantly to the country's economic development, a government official said.

Overseas remittances alone hit USD6 billion in the first half of the year, Deputy Planning and Investment Minister Dao Quang Thu was quoted by a news website as saying. He added that Vietnamese living abroad have invested in more than 2,000 projects in the country so far.

“Vietnam has established diplomatic and economic ties with almost all countries and territories in the world. Overseas Vietnamese therefore have many opportunities to return and invest in their home country,” Thu said. About 1,000 Vietnamese from around the world gathered in Ho Chi Minh City Friday for a conference on overseas Vietnamese, where they expressed their interest in Vietnam as an investment destination.

A newspaper cited Robert Chuong from the US as saying he is developing an apartment project in the southern province of Ba Ria-Vung Tau and plans to open a casino in the country. Chuong, originally from the northern city of Hai Phong, said one of the main reasons he returned to Vietnam to do business is the huge potential of the local market.

There are around four million Vietnamese living and working overseas. Their remittances are a major source of foreign currency in Vietnam. Vietnam received a record USD9 billion in overseas remittances last year, up from more than USD8 billion in 2010. It was one of 10 developing countries receiving the most overseas remittances, according to the World Bank.

(Source: ThanhNienNews)

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Analysts wary of foreign investment in banking

Foreign partnerships in banks could help bolster the banking system, especially in terms of dealing with bad debts and improving management, but increasing the foreign ownership cap in banks should be considered carefully to prevent a wholesale takeover, experts warn.

The governor of the State Bank of Vietnam, Nguyen Van Binh, said increasing the rate up to which foreign investors can buy into Vietnamese banks would help restructure the banking system, and the central bank has recommended this. But he admitted that the issue should be carefully considered to ensure it does not harm the nation's interests.

Vietnam allows foreign investors to hold a maximum of 30 % in its banks, pursuant to its World Trade Organization commitments.

Former central bank governor Cao Sy Kiem said: "For weak credit institutions, increasing capital is quite necessary to help them deal with bad debts and increase their liquidity. Because of the gloomy domestic capital market, seeking more foreign funds is a reasonable step." But banks face the risk of being taken over if foreign investors hold large stakes, he said. "With their deep pockets, good management, advanced technology, and qualified staff, foreign investors could take control of banks. This is very dangerous."

Foreign investors, amid the economic slowdown and bear market, could purchase massive stakes in local banks at low prices and then resell to local investors at higher prices when the economy and market rebound, he said. "Vietnam should keep the foreign ownership cap unchanged now. The cap should be raised only when the bad debt issue is resolved, and liquidity in the banking system improves." Bad debts were estimated at 8.6 % of total loans at the end of March. The ownership cap would not be important when banks get their act together, Kiem said.

"At that time we wouldn't have to worry even if we allow 100 % foreign ownership. "In fact, Vietnam could restructure its banking system without depending on foreign funds. But it may have to spend more time on this, maybe several years, because of the lower capacity of its banks compared to foreign ones."

Le Tham Duong of the Ho Chi Minh City Banking University said the participation of foreign investors in the restructuring of local banks is very important amid the current trend of globalization. However, it does not mean that Vietnam cannot do it without foreign money, he said.

"A local bank with a good CEO and stable funds mobilized domestically could successfully restructure without the participation of foreign partners," he pointed out. The Asian Development Bank's Vietnam chief, Tomoyuki Kimura, said: "The current adverse business climate means banks' assets may be sold

at cheap prices.” However, restructuring of the banking system would require substantial capital injections and be potentially very costly, he said. This capital could come from overseas or domestic sources, he said.

Currently, both international and domestic market conditions are not conducive to risky measures such as equity investments in developing country banks, he said. “Given the size and complexity of restructuring the banking industry, the government should explore all options, not just domestic options. “Not just for the capital but also to benefit from transfer of knowledge and international know-how.”

Foreign investors’ hope

Kimura said increasing the foreign ownership cap in banks could benefit the banking industry through transfer of capital and international expertise as well as through business collaboration.

The process could contribute to improved corporate governance, facilitate a transition towards adoption of international banking standards like provisioning and accounting, and lead to improved accountability and transparency, he said.

The decision of how much foreign ownership to allow is therefore not just a technical decision but also a political one, he said. In determining the appropriate share, the government needs to balance these strategic objectives against the need to create the right conditions to attract foreign investments into the sector, he said. “Foreign banks may be reluctant to invest in equity of local banks if they view the share as too small to influence strategic decisions within the bank.”

Sumit Dutta, CEO of HSBC Vietnam, said the government should consider an increase in foreign ownership limit in banks. With rich management experience, advanced technology, and strong capital, foreign investors would help improve the efficiency of local banks, he said.

Foreign banks, instead of establishing their own banks in Vietnam, could invest in local ones to make use of their branches and customers, he said. Thus more foreign investors would consider cooperating with small local banks if the government raises the ownership limit, even to 100 % of chartered capital, he said. With larger stakes, foreign investors would have more say in management, which would help improve weak banks, Dutta said.

If the central bank decides to restructure the banking system, small weak banks would ask to sell stakes to bigger ones or foreign investors to improve their financial situation and competitiveness, he pointed out. Vietnam should also improve transparency in the banking system so that foreign investors feel assured when collaborating with local banks, he said.

An economist said foreign investors are interested in the Vietnamese banking industry since they perceive an opportunity to take over a leading lender. But they may be reluctant if the restructure of the banking system is too tardy and implemented ineffectively.

Last September Japan’s Mizuho Bank purchased a 15 % stake in Vietnam’s third biggest partly-private lender, Vietcombank. It cost USD567.3 million, the biggest ever merger and acquisition deal in Vietnam. Earlier the International Finance Corp paid USD182 million to buy a 10 % stake in the country’s second biggest partly-private bank, VietinBank.

Vietnam is in the process of restructuring its banking system, with two mergers having taken place since the end of last year.

Credit rating agency Fitch said last month that Vietnamese banks are still vulnerable due to the high credit-to-GDP ratio relative to many emerging markets. “This, together with broader macroeconomic

vulnerabilities often found in developing markets, makes the financial system particularly sensitive to shocks,” it said.

Standard & Poor’s said Wednesday that Vietnam’s process of restoring confidence in the banking system and monetary policy is in an early phase and calls for careful management, especially when non-performing loans are rising.

(Source: Thanh Nien)

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ANALYSIS – OPINION

Maybank wants bigger role in Vietnam’s banking industry

Malaysian-based Maybank has acquired a stake in Kim Eng Securities besides its holding of a 20% stake in Vietnam’s An Binh Bank in a move to deepen its presence in Vietnam’s financial market. Dato Sri Abdul Wahid Omar, chairman and CEO of Maybank, spoke in Kuala Lumpur on the banking group’s business vision in Vietnam. Excerpts follow.

What are your plans in Vietnam for the years to come?

We believe that we would be most effective if we were to have all of our own branches (in Vietnam). That was our original intention but obviously given the fact that we’re not locally incorporated in Vietnam as yet so that has restricted our capacity to open additional branches. There have been discussions before about expanding presence via local incorporation but that remains a discussion point within the regulators. Whilst we pursue that, I think the other alternative would be to have greater influence and participation in An Binh Bank. Obviously, our ability to do more in An Binh Bank is also limited by the 20% shareholding that we have but we would like to play a more meaningful role when the opportunity comes.

So do you think you would buy stock in another bank bigger than An Binh?

No, we are not looking at other entities. We need to focus on the current ones that we have and I think that we can make it work better. So the other way would be to grow An Binh Bank to make it bigger, as opposed to looking at another bank. And it is our belief that Vietnam has got great potential for growth; I think it’s just a matter of time before Vietnam will become a strong economy. And, in order to facilitate a strong economy, you need a number of strong banks to help fuel economic activities, like what we have seen in other markets. So it is our hope that An Binh Bank will be able to play that role.

Do you have intention to open Maybank as a 100% foreign capital entity in Vietnam?

This has been discussed before. I think our intention would be to open more branches if it is within our ability. Just like in Cambodia, we had had three branches there for many years and in recent times we’ve decided to increase our presence and now we have 11 branches. We feel that it’s time to locally incorporate and this is actually encouraged by Cambodian authorities. We’d be prepared to do the same in Vietnam, if we are able to open more branches.

If you expand your presence in Vietnam, would it be investment banking or commercial banking?

We believe in the universal banking model. If you look at how successful we’ve been here in Malaysia, it’s because we have retail, commercial and investment banking activities as part of the group. And when you have those activities, they are able to complement each other and you can certainly serve your

corporate customers well. With the acquisition of Kim Eng, we are now able to expand our investment banking activities to Singapore, Indonesia, the Philippines, and of course Vietnam. I think with Maybank Kim Eng Vietnam, we have strengthened our position there and it is our hope to be able to grow Maybank Kim Eng Vietnam to also become the number one investment bank in Vietnam.

Many Vietnam banks, including An Binh, have a lot of challenges at the moment. Do you think that you will consolidate the relationship with An Binh to help it overcome such challenges?

Let me reiterate that we are fully committed to growing within ASEAN and believe in the future of ASEAN. Vietnam is a major economy within ASEAN and it is our intention to have a permanent, long-term presence in Vietnam. Along the way, there will be challenges but if you remain steadfast and you're in there for the long-haul, you will find ways to improve the situation. And it is our belief that with any country to prosper, it must be supported by a strong financial system. A strong financial system comes with strong players in the market. I think that Vietnam will benefit greatly from the presence of strong ASEAN-based banks that will help to facilitate trade and investment flows between Vietnam and the other ASEAN countries, and even outside of ASEAN.

(Source: SGT)

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Cheap labour a double-edged sword for nation's development

Vice Chairman of the NA Office Nguyen Sy Dung spoke to Hai quan (Customs) newspaper about the quality of the labour force in Viet Nam in the context of global competitiveness.

The fact that Viet Nam has many young people willing to work for low wages has been seen as an advantage for the last few decades, attracting significant investment into the country. Does this continue to be an advantage?

It will still be an advantage, but also a dilemma. This means foreign investors just come to Viet Nam for cheap labour.

We are facing a real difficulty. If we don't offer cheap labour, workers will be unemployed. But if we continue to do so, our labour resources will be exhausted. So the cheap labour will continue from generation to generation if not enough is invested in labour resources. Labourers must be more skilled than they are now in order to remove their cheap status. Also, a cheap labour force with high quality will be more competitive.

What are the reasons for the low quality of the Vietnamese labour force?

The first reason is unprofessional labour organisation. For example, people have to do things totally different from what they are trained to do. On the other hand, they employ six people for a job that only needs five.

The second reason is that our training programme has not been very in-depth as we focus too much on theory but not at all on practice. This problem originated a long time ago, so it cannot be solved at once. Skill is very important. Knowledge is just the foundation for the development of skill.

The third reason is that Vietnamese labourers can understand ideas quickly and work fast but have yet to reach the level of quality that workers have in other countries.

There are also other reasons such as a shortage of money for technology updates and a lack of competition among labourers.

Is that because labourers, in general, and students, in particular, are not active enough?

Labourers continue to follow the market. A graduate of law school can shift to work in foreign trade or finance if he has not got a job as a lawyer. That means people are moving towards opportunities.

We cannot say that students are not active. Even their choice of a profession to study indicates that they are active. Those who are not active must lower their expectations. However, the reality in Viet Nam is that many people go to school to get a degree but not a profession.

Viet Nam's educational system has failed to push people to study for knowledge. Just earning a degree can result in a job opportunity. Some employers also see degrees as a type of insurance. However, if an employer sees too many workers who have excellent degrees but cannot really work, degrees will begin to mean nothing to him or her.

There is a controversy right now about the in-service training programme [which offers a university education to employees outside working hours]. Even the degrees from the system have been denied in some localities. Should the education be continued?

We should continue the programme. However, it should not lead to automatic promotion, but should provide a way for people to perform their work better. The requirement for managers to have degrees has changed the meaning of the degree itself.

Terminating the in-service training programme would mean breaking many people's legitimate aspirations to develop. Just remember that the in-service training is to give trainees skills they can contribute to their work afterwards, not only to get a degree.

(Source: VNS)

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NEWS IN BRIEF

The public is currently holding some 400 tons of gold, worth a massive USD22 billion, in reserve, but this huge source of foreign currency will remain uncirculated if the State Bank of Vietnam insists on banning banks from mobilizing gold deposits. The USD22 billion gold volume approximates the country's foreign-exchange reserves, economics experts said at a conference on Thursday (4 Oct), where they convened to find ways to make use of the public's gold reserves once the ban becomes effective. Vietnam imported some 500 tons of gold from 1990 to 2011, most of which has been made into SJC gold bullion. There are approximately 12 million taels of gold in the country, said Doctor Nguyen The Hung, chairman of the Vietnam Gold Investment and Trading Corporation (VGC), citing figures from the Swiss banks, the country's main source of gold. "If half of the gold reserves are mobilized, we will have USD10 billion circulated in the economy," he said. On April 29, 2011 the central bank halted gold mobilization at banks, but lifted the ban a year later, ruling that the credit institutions would still be able to accept savings in gold bullion until November 25, 2012.

All Customs departments will go on-line over the next three years, according to a Ministry of Finance plan to develop the information technology sector. The new procedure is expected to speed up import, export and commercial activities for businesses and customs offices. In the period, 85% of all Customs declaration forms will be conducted via e-portal and the ministry will continue to expand on-line, import-export tax collection to the 33 customs departments nation-wide. By the end of next year, at least 60% of total import and export taxes will be collected through e-banking. In addition, a customs-information system will also be set up. In the first six months of 2012, e-customs procedures were used by 55,000 enterprises using a total of two million declaration forms.

The procedures are already reported to be bringing benefit to both businesses and customs offices, contributing to the reform of customs administration.

More than 140 investors from 15 countries with projects worth a total of USD700 million have set up business in Linh Trung Export Processing Zone I, II, and III in the last 20 years. More than 92,000 jobs have been generated, according to speakers at a ceremony held in HCM City on Sunday (30 Sep) to celebrate the 20th anniversary of the establishment of the zone. The Sepzone Linh Trung has developed three sections with a total area of 326 hectares. Export turnover of the tenants in Linh Trung EPZs has been on a steady rise, significantly contributing to economic development in HCM City and Vietnam. Total annual import-export turnover has reached USD3.2 billion.

METRO Cash&Carry opened a new wholesale center in southern Kien Giang Province's Rach Gia City on Wednesday. With an investment of USD15.7 million, the 4,200 sq.m Metro Cash&Carry Rach Gia, the German group's 18th wholesale outlet in Vietnam, sells more than 25,000 food and non-food items. It has also generated 400 new jobs for the local community. The center's targeted customer groups such as small and mid-sized retailers, hotels, restaurants, caterers, service companies and offices.

The central Danang city's People's Committee has approved an eight-year, deep-sea fishing production project worth VND1.1 trillion (USD52 million). The project is aimed at increasing productivity and providing bigger and better high-capacity vessels equipped with the latest technology. This includes the development of a fleet of 400 trawlers by 2020, most equipped with global positioning and fish-detection systems. The central city, which has 15,000sq.km of fishing grounds, has a fleet of 2,300 fishing boats, of which 699 are deep-sea trawlers.

Robert Bosch Vietnam in 4 Oct opened its branch in the central city of Danang, marking the business expansion of Bosch in the local market. Speaking at the opening ceremony, Martin Hayes, president and managing director for Southeast Asia at Robert Bosch, said that favorable economic conditions have encouraged Bosch to expand investment in Vietnam. He noted the company's 2011 revenues surged 75% year on year to USD220.5 million. Southeast Asia is a vibrant economic region and a major market in Bosch's development strategy. Especially, Vietnam has proved itself as an active market and an attractive destination, said Hayes. Vo Quang Hue, managing director of Robert Bosch Vietnam, said that the firm had many customers in Danang City, with big ones such as the Danang international airport project and the city's administrative center.

Foreign-invested schools can enroll Vietnamese students, but the number shall not exceed 10% for elementary and junior high schools while the %age is 20% for senior high schools, according to the latest regulations. Decree 73/2012/ND-CP issued by the Government on September 26, which will come into force on November 15, is said to be more open as it allows foreign investors to provide primary and secondary education to Vietnamese students which was banned before. Under a commitment to the World Trade Organization, Vietnam enables development of wholly foreign-invested facilities giving higher education in natural sciences, technology, business administration, economics, accountancy, international law and linguistics. The country also sets certain requirements for curricula and teaching staff.

Coca-Cola and Samsung have pulled their advertising from a popular Vietnamese website notorious for providing unlicensed downloads of Western and local songs, in a rare victory against online piracy in a country where it has grown unchecked. The companies abandoned Zing.vn after The Associated Press alerted them to local and international concerns about the website, which is the sixth-most visited in the nation of 87 million people. Zing's audience of young, tech-savvy web users has made it attractive to companies wanting to promote their products in a fast-growing Asian market where some 30 million people are online. It was unclear if the companies were ignorant of the content of the site or chose to ignore it.

Vietnam's economy will grow 5.1 % in 2012 and 5.7 % next year, according to the Asian Development Outlook 2012 Update released by the Asian Development Bank (ADB) on October 3. ADB country director in Vietnam Tomoyuki Kimura said that the government's commitment to implementing a reliable reform roadmap with specific actions will recover lending and improve confidence in the market. ADB economic expert Dominic Mellor said that the bank backed the government's plans to reform the financial sector and state-owned

enterprises. Sharing views on challenges Vietnam has to overcome in the coming time, he stressed the need to solve bad debts and ensure bank capital safety.

Masan Consumer JSC announced Tuesday (3 Oct) that it will acquire a 40 % stake in Viet French Cattle Feed JSC, the manufacturer of the well-known animal feed production Proconco, or Cam Con Co in Vietnamese. Masan Group, one of Vietnam's largest private sector business groups, acquired the 40 % stake in Proconco on behalf of Masan Consumer from Prudential Assurance Private Limited and PCA International Funds SPC (Vietnam egregated Portfolio). Masan will transfer the 40 % stake to Masan Consumer at cost. Morgan Stanley advised Masan Group and Masan Consumer on the acquisition of Proconco. The deal cost a combined USD96 million, Masan said. Proconco is one of the country's leading animal feed producers, specializing in pig, poultry, fish and shrimp feeds.

Three provinces in the central coastal region are expected to revoke a number of investment licenses for long-delayed tourism projects, according to local officials. In Quang Ngai Province, an area known for its beautiful coastline and scenic spots, officials said that 76 licensed projects have not started construction. Another central province, Binh Dinh, has granted licenses to nine tourism projects since 2005, with registered investment capital of more than VND15 trillion (USD750 million). However, only two projects, Vinh Hoi Resort and Hai Giang Tourism Park, have been developed. At least 406 tourism projects have been registered in Binh Thuan Province, covering a total of 7,300ha with registered capital of VND57.3 trillion (USD2.7 billion). However, construction on 249 projects has not begun, even though land clearance has been completed.

The Mekong Delta province of Ca Mau, the country's largest shrimp producer, has set a target to produce 270,000 tons of shrimp this year. According to the province's Department of Agriculture and Rural Development, shrimp output reached nearly 200,000 tons in the first eight months of 2012, up 12 % against the same period last year. Ca Mau has nearly 270,000ha devoted to shrimp breeding under the extensive farming model. It also has 5,000ha of industrial shrimp farming, with an average yield of five tons per ha for black-tiger shrimp and eight tons per ha for white-legged shrimp. However, farmers are facing several difficulties, including a shortage of baby shrimp, disease outbreaks and hikes in prices for input materials and higher labor costs. As of May, Ca Mau had about 560 shrimp-fry farms, supplying 7-8 billion shrimp fries a year, meeting only half of farmers' demand.

Central Thua Thien-Hue Province has made plans to build two docks that will provide shelter for boats during storms in Phu Loc and Phu Vang districts by the end of 2013. The project is estimated to cost VND120 billion (USD5.8 million) of Government funding. The province currently has nearly 30 docks located in coastal communes and lagoon areas, and many of these are in makeshift condition. Around one third of nearly 1,750 boats operating in the sea, and many others working in the rivers or lagoons in the province have no shelter for docking during storms, according to authorities.

Vietnam and Ukraine have the potential to boost trade and investment, a meeting between businesses from the two nations heard in HCM City in 2 Oct. Organized by the two countries' Chamber of Commerce and Industry, the event was attended by executives from 15 Ukrainian businesses operating in areas like metallurgy, fertilizers, chemicals, aircraft engines, oil and gas, and others. Deputy Minister of Industry and Trade Tran Quoc Khanh said, "Vietnam and Ukraine have a long-standing traditional friendship, and trade between them has surged in recent years to reach nearly USD300 million last year." The figure topped USD175 million in the first eight months of the year, up 17 % over the same period last year, he said. But he agreed with the Ukrainian side that the potential for trade between them remained largely untapped.

Hong Kong-based Cathay Pacific Airway will add two return flights a week between HCM City and Hong Kong from Oct. 31, taking the total number of weekly flights between the two cities to 23. They will depart HCM City on Thursday and Saturday. The airline has also unveiled a promotion offering discounts from October 2 to 30 for customers buying with HSBC credit cards. They will get 25 to 40 % discounts on tickets from Vietnam to London, Paris, Seoul, Pusan, Sydney, and Melbourne for travel between November 1 and May 30 next year. The two signed a deal in 2 Oct.

Friesland Campina Vietnam would increase prices of some milk products from 3.8 % to 5 % on Monday (2 Oct), according to the company. The price increase this time would apply to milk products such as Dutch Lady Milk 1-litre box and Ovaltine which are not on the list of milk products whose price is controlled by the Ministry of Finance, said Nguyen Ngoc Kinh Luan, the representative of Friesland Campina Vietnam. Additionally, the price increase was due to increases in input prices and production costs. Meanwhile, the prices of other FrieslandCampina Vietnam dairy products would not change so as to retain stability in the local market during the current economic crisis, he said.

VietJetAir will open new domestic routes later this year as part of its efforts to meet increasing demand from domestic and foreign passengers, the low-cost carrier announced in 2 Oct. It will launch the following new routes: HCM City–Hue on Nov. 22; HCM City–Vinh on Nov. 15; HCM City–Phu Quoc on Dec. 20; Ha Noi–Da Lat on Dec. 7. The airline is also offering a massive promotion by selling 100,000 tickets for just VND10,000 (USD0.47). The promotion is available for passengers travelling on all its domestic routes from Oct. 2012 to 2013. VietJetAir also announced plans to increase flight frequency on two domestic routes from HCM City and one flight linking the capital Ha Noi to Da Nang in mid-October. The HCM City–Nha Trang route will have two round trips per day while the HCM City–Da Nang route will increase to three daily round trips. The Ha Noi–Da Nang link will also increase from one to two round trips per day. The route connecting HCM City and Ha Noi will now have eight round trips a day.

Hong Leong Bank Bhd's wholly-owned subsidiary, Hong Leong Vietnam Ltd, has inaugurated its new branch in Binh Duong Province, its fourth branch in the country since it commenced operations there in October 2009. The Binh Duong branch, which is strategically located at the Canary Complex on the main boulevard of Binh Duong, will serve the financial needs of the business community and individuals working and living there.

Major confectioner Ezaki Glico Co. said it has started marketing chocolate-and-strawberry cream-coated biscuit sticks in Vietnam together with Kinh Do Corp., a Ho Chi Minh City-based biscuit manufacturer. Following Tuesday (25 Sep)'s release of Pocky Chocolate Flavor and Pocky Strawberry Flavor biscuits in Ho Chi Minh City, the products will be sold in other Vietnamese cities, including Hanoi, Hai Phong, Nha Trang, Can Tho and Da Nang, it said. The products will be manufactured at Thai Glico Co. in Bangkok and exported to the Vietnamese market.

UK agencies have signed an MoU on strengthening trade and investment cooperation with Vietnam. The MoU was inked on September 26 by representatives from the UK General Consulate in Ho Chi Minh City, the UK Trade & Investment (UKTI), and the UK Business Association in Vietnam. The signing ceremony was witnessed by the City of London's Lord Mayor Alderman David Wootton as part of his current visit to Vietnam. Under the MoU, enterprises will receive up to date information on the Vietnamese market, its current business climate, and the latest policies aimed at attracting further investment. At present more than 400 UK businesses are investing in Vietnam. Nick Holder, chairman of the UK Business Association in Vietnam, said he believes the MoU will help UK enterprises by facilitating the provision of information through official channels including the UK General Consulate and the UK Trade & Investment (UKTI).

Alfa Laval – a world leader in heat transfer, centrifugal separation and fluid handling – has won an order to supply Alfa Laval Aalborg boilers to an off-shore oil production vessel in Vietnam. The order value is approximately SEK 50 million and delivery is scheduled for 2013. The Alfa Laval Aalborg boilers will be included in a module containing of boilers, combustion system and controls. The module will be installed on a Floating Production Storage and Off-loading vessel (FPSO) to produce steam and heat for the processing of crude oil. "The complete Alfa Laval Aalborg module is unique in the sense that we are the only supplier that can deliver a full package for this off-shore duty", says Lars Renström, President and CEO of the Alfa Laval Group. "The order confirms our ability to supply reliable systems for the demanding oil and gas industry."

Telephones and spare parts ranked second among Vietnam's top ten export earners in the first eight months of this year. The General Department of Customs' latest statistics showed they enjoyed a record year-on-year rise of 123% to USD7,977 billion in export revenue. For many months, they have been listed among export

items earning more than USD1 billion, fetching USD2.69 billion in the first quarter, up 161.9% compared to the same period last year, and USD5.03 billion in the first half of this year. Such impressive results are owing to foreign businesses, including Samsung, Intel, Cannon, Compal and Foxconn, operating in Vietnam, which make up 80% of the domestic market share and 90% of total export turnover. Vietnam's key export markets are the European Union (EU), Russia and Saudi Arabia. Vietnam's electronic sector is likely to earn an export turnover of USD15-16 billion by the end of 2012, VEIA forecasts.

Ninh Thuan province of, one of the country's leading salt producers, has closed this year's production season with an output of more than 202,000 tons, up 55% against last year. The province's Department of Agriculture and Rural Development says that with an average yield of 400 tons per ha and selling prices around VND1.1 million (USD50) a ton, salt farmers have earned a high income this year. Many salt farmers said they harvested a bumper crop and earned better prices this year because other salt producing provinces were affected by rains and poor harvests, while Ninh Thuan had little rain and more sunny days. The salt producing season normally begins in December and lasts until the end of August next year. Some years, the season lasts till September. With a coastline more than 105km long and sunny weather almost all year round, Ninh Thuan has great advantages for salt production. The province now has 2,371ha of salt fields, mostly in Thuan Nam and Ninh Hai districts.

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COMING EVENTS

Vietnam International Industrial Fair

Venue: Vietnam Exhibition & Fair Centre

Address: 148 Giang Vo Road, Ba Dinh Street

Country: Ha Noi, Vietnam

Start Date: 17 Oct 2012 *End date:* 21 Oct 2012

Event profile

Vietnam International Industrial Fair will create the opportunities for investors seeking for market as well as bring local producers chances in trade exchange, co-operation, technological innovation, quality improvements, market development & penetration to have a firm premise in the integration into WTO.

Visitors' Profile

Trade Visitors - manufacturers, importers & exporters of Kitchen wares, Home Electronics, Appliances, Bathroom Items, Furniture, General Gifts, Personal Accessories, Home Repair Items, Home Decoration, Leisure Items, Sports & Health Items & General Pubile.

Exhibitors' Profile

Profile for exhibit include Machinery and equipment, agricultural, industrial and handicraft products, consumer and intermediate goods, investment opportunities & tourist attractions etc.

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Vietnam International Plastics & Rubber Industry Exhibition

Venue: Saigon Exhibition & Convention Center (SECC)

Address: 799 Nguyen Van Linh Parkway, Tan Phu Ward, District 7

Country: **Ho Chi Minh City, Vietnam**

Start Date: **24 Oct 2012** End date: **27 Oct 2012**

Event profile

The 12th Vietnam International Plastics & Rubber Industry Exhibition is a premium exhibition providing the latest and the best in plastic materials for all manufacturing and processing industries alike. The unique feature of the expo is the presence of the entire spectrum of plastic & rubber products manufacturers.

Visitors' Profile

Professionals related to the field of Furnishing, Electromecanic, Packaging, Transport, Safety and security, Office equipment, Hotel, Restaurant, business, Chemistry and plastics engineers, Managers of survey and services offices, analysis laboratories, Searchers and training centre managers, Purchasing managers, Companies chief executive officers in all sectors of activities.

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Vietnam Food Processing & Pharmaceuticals Technology Industry Exhibition

Venue: **Saigon Exhibition & Convention Center (SECC)**

Address: **799 Nguyen Van Linh Parkway, Tan Phu Ward, District 7**

Country: **Ho Chi Minh City, Vietnam**

Start Date: **24 Oct 2012** End date: **27 Oct 2012**

Event profile

The 12th Vietnam International Food Processing & Pharmaceutical Technology Industry Exhibition (VnFoodtech 2012) is where you can Raise your profile in the industry and add value to your brands, Locate new agents and distributors for your products, Launch a new product and generate media interest.

Visitors' Profile

Professionals from Hotels, Restaurants, Supermarkets, Catering service establishments, Schools, colleges and universities, Financial specialists, Catering and hospitality colleges, Hospitals, Airlines, Food and beverage suppliers and distributors, Sports and leisure clubs, Cleaning service companies, Architects, interior designers & engineering consultants, Contractors.

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Vietnam International Shop + Franchise Show

Venue: **Saigon Exhibition & Convention Center (SECC)**

Address: **799 Nguyen Van Linh Parkway, Tan Phu Ward, District 7**

Country: **Ho Chi Minh City, Vietnam**

Start Date: **01 Nov 2012** End date: **03 Nov 2012**

Event profile

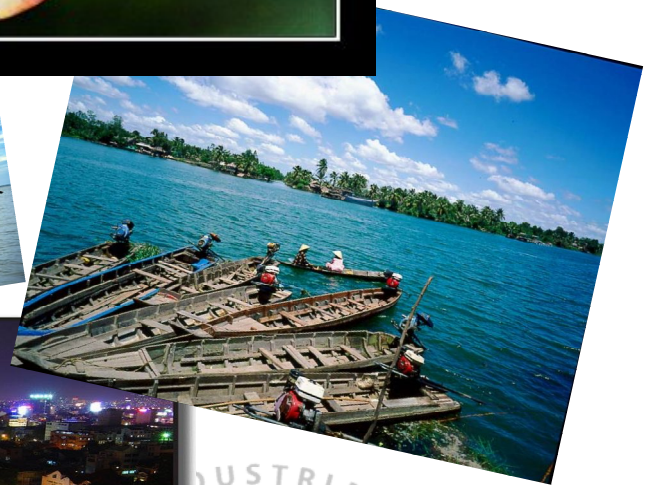
Vietnam International Shop + Franchise Show is one of the premier franchise sector related trade events in Vietnam. The event serves as a convenient business platform for leading professionals from this sector to directly interact with each other and deliberate upon the latest happenings from this sector. More than 123 exhibitors participate in the event at each of its editions, showcasing an extensive array of food items, beverages, wholesale and retail products, store designing accessories, educational material and security systems, along with several other related products. Visitors to the show hail from as many as 28 countries all across the globe, lending a true global feel to the occasion. Expert financial and insurance consultancy services are also provided to the attendees, enhancing the overall business worth of the show. Qualified and well targeted buyers are present here in large numbers too. The event is held concurrently with the Premium Interior Design Show and the Vietnam Wedding and Baby Show.

Visitors' Profile

Vietnam International Shop + Franchise Show is attended by 10,400 visitors, hailing from as many as 28 different nations. Leading architects, constructors, interior and exterior decorators, display designers, landscaping experts, wholesalers and retail agents participate on a regular basis at the show. Advertising and PR professionals, investors, franchise consultants, finance and insurance service providers, buyers, planners and procurement experts are also present at the show. Senior industry decision makers participate in the event as well.

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About Viipip.com

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

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