



Dear all,

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

*Thank you for your interest in our services!*



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## DEVELOPER'S INTRODUCTION

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## INVESTORS' TRUSTED PARTNER



## BA THIEN 2 INDUSTRIAL PARK

**Ba Thien 2 Industrial Park** - one of the leading industrial park in Vietnam is located in Northern Vietnam. With a turnkey business model and a world class infrastructure, Ba Thien 2 Industrial Park offers the best telecommunication, manufacturing setup, water treatment and energy supply at the most competitive cost, and the best conditions for the start of your manufacturing operation.

Ba Thien 2 Industrial Park aims to be a modern master-planned industrial park in Vietnam, with a capacity to accommodate various

industries ranging from manufacturing and process to distribution. For investors who are looking for strategic industrial parks to invest in Vietnam and especially in North of Vietnam, Ba Thien 2 IP is the right place to start your investment. Ba Thien 2 IP is prepared to make you compete and focus in your core business: manufacturing.

## FIVE REASONS TO INVEST IN BA THIEN 2 INDUSTRIAL PARK

### To Reduce Costs

- ✓ For transportation cost reduction, Ba Thien 2 IP offers a strategic location
  - 6km from Noi Bai – Lao Cai – China Asian Expressway
  - 10km from Vinh Yen Town - capital of Vinh Phuc Province
  - 50km from Hanoi
  - Easy access to National Highway No. 2 (to Viet Tri - Ha Giang - China), National Highway No. 18 (to Cai Lan Deepwater Seaport in Quang Ninh) and Hanoi's 4<sup>th</sup> ring road
  - In Kunming – Hanoi – Hai Phong economic corridor
  - 8km from Huong Canh Railway Station (rail route Hanoi – Vinh Phuc – Lao Cai – China)
  - 20km from Noi Bai International Airport
  - 160km from Hai Phong Seaport and 180km from Cai Lan Deepwater Seaport.
- ✓ For construction cost reduction, Ba Thien 2 IP has the best topography
  - Hard solid ground that is favorable for building factory foundations - reduce about 20% of construction cost.
  - 19m above sea level – flood free
- ✓ Ba Thien 2 IP has a competitive land leasing price comparing to other industrial cities or provinces.

### To Save Time

- ✓ Ba Thien 2 IP offers the complete infrastructure with high standard included:
  - Prepared land parcels
  - Completed traffic, lighting, technical infrastructure system
  - Stable, adequate electric power and water supply
    - Power national grid: 110/22 kV sub-stations, phase 1's capacity is 63 MVA, will be increased to 126 MVA, installed to the fence of tenants
    - Clean water supply: capacity of 3,000 m3/day for phase 1, will be up to 10,000 m3/day

- On-site waste water treatment plants: meet type A standards (QCVN 40:2011/BTNMT), phase 1's capacity is 2,500 m3/day, will be increased to 10,000 m3/day
- International standard telecommunication services (broadband Internet, telephones, fax, etc.)
- Health service, fire protection station, security 24/7
  - ✓ One-Stop Service
- Ba Thien 2 IP's service center supports investors to complete the legal investment procedures quickly.
- Investors will be supported with all the legal procedures needed both before and after the operation.

**Abundant labor force with low worker's salary**

- ✓ Vinh Phuc's labor force: ~700,000 people, accounting for 61.6% of the total population
- ✓ Vinh Phuc is stipulated as the 2nd region with worker's salary
- ✓ There are around 20 universities, colleges, and professional vocational schools at central level located near Ba Thien 2 IP (approximately 53,000 graduates each year)
- ✓ The local labor force can meet the demand for economic development in term of quantity and quality.

**Strong support from local authority**

- ✓ Vinh Phuc has created an attractive investment environment with investment supporting policies for businesses.
- ✓ Together with the common policies of the Government, Vinh Phuc Industrial Zone Management Board assists initial investment fees for establishing projects, proclaiming establishment of a business, promoting products, environmental impact reports, and licensing land use rights.

**Quality lifestyle**

- ✓ Ba Thien 2 IP is designed with nearly 14% of green area which creates a better working and living environment for tenants.
- ✓ The community surroundings Ba Thien 2 IP is further enriched by a range of facilities such as schools, hospitals, supermarkets and so on, to ensure comfort and convenience for its residents.
- ✓ There are also many resorts and sightseeing places close to Ba Thien 2 IP such as Dai Lai Reservoir, Dai Lai Golf Resort, Tam Dao Resort, Tam Dao National Park.

**LAND MAP:**



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**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.

Owning 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,...

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)

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 ensure to meet investment projects such as 500-bed general hospital, over 4,000 internatinal - standard rooms, resorts suitable to organize major international events...

From its establishment, Chu Lai OEZ has attracted domestic and foreign projects from the United States of America, Japan, France, Canada, South Korea, Taiwain, 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 1.300tons 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 OEZ, the investors will enjoy peaceful land, friendly people and comfortable investment environment for developing the business.



## GENERAL REVIEW

### Vietnam, Australia foster trade, energy cooperation

Minister of Industry and Trade Vu Huy Hoang have discussed with several Australian ministers an array of issues regarding the two countries' cooperation in trade and energy during Hoang's visit to Australia from April 22-28, 2013. At Hoang's meeting with Australian Minister for Trade and Competitiveness Craig Emerson, the discussions focused on how to make the best use of the ASEAN-Australia-New Zealand Free Trade Agreement as well as cooperation in food hygiene, quarantine and the transfer of seafood processing technologies.

The two ministers took note of the outcomes so far in cooperation in policies on competitiveness, and agreed to encourage the two countries' trade promotion agencies – the Vietnam Trade Promotion Agency and the Australian Trade Promotion Commission, to continue their efficient and sustainable cooperation.

On this occasion, the Vietnamese side called on Australia to back proposals of the Australian Seafood Importers' Association to open a sea food quality control office in Vietnam in order to facilitate the export of Vietnamese products to Australia.

The two ministers also exchanged views on achievements as well as efforts in the Trans-Asia Pacific Partnership (TPP) negotiation process. They agreed to tighten cooperation in negotiations of the Regional Comprehensive Economic Partnership between ASEAN and partners.

The Australian side said it will consider and give official opinions on the continuation of the post-WTO technical support programme for Vietnam through the Australian Agency for International Development. Responding to Vietnam's suggestions to strengthen the two countries' linkages in energy, the Australian minister expressed support of the extension of the memorandum of understanding in energy cooperation.

Hoang also met with Australian Minister of Natural Resources, Energy and Tourism Gary Gray, during which they discussed cooperation in oil exploration and exploitation, the import-export of coal, the production and import-export of liquefied natural gas and energy saving. During the visit, Minister Hoang witnessed the signing of a number of memoranda of understanding and contracts for long-term coal supply and cooperation in the fields of power and oil and gas between Vietnamese groups and Australian partners.

He also met with the governors of Queensland and New South Wales to seek ways to promote cooperation in energy and trade between Vietnam and the states.

*(Source: VietnamNews)*

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### Japan helps nation prepare for floods

The second phase of Vietnam's society resilient against disasters project was launched on April 23 with the signing of an agreement between several Vietnamese provinces and the Japan International Cooperation Agency (JICA).

Under the agreement, the Japanese side will donate 393 million JPY (approximately 4.17 million USD) to the second phase which aims to improving water-related disaster prevention through an integrated flood management (IFM) system. It is due to start in September and last three years.

Japanese experts will be sent to Vietnam to help the country transfer technology while Vietnamese partners will receive training in Japan.

Vietnamese agencies involved in the project include the Ministry of Agriculture and Rural Development, the Ministry of Natural Resources and Environment and authorities from the central provinces of Nghe An, Quang Binh, Ha Tinh and Thua Thien Hue.

Besides, JICA provide machinery and equipment.

"Japan has long history and experience of dealing with natural disasters, I hope this project can utilise that knowledge and contribute to the reduction of flood risks in the central provinces while increasing the resilience of society against the dangers," said JICA Vietnam Chief Representative Tsuno Motonori.

The first phase of the project was carried out by JICA from 2009 to 2012. It was successful in its aims, including the formulation of an Integrated Flood Management Plan in Thua Thien Hue province and the preparation of guidelines on community based disaster resilience management.

*(Source: Vietnam+)*

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## **Rotterdam, HCM City to sign environmental MoU**

*HCM City and Holland's Rotterdam city are set to sign a new Memorandum of Understanding (MoU) that will advance co-operation between the two sides in climate change adaptation.*

The development follows the city submitting a comprehensive climate change adaptation strategy at a meeting held between the two sides today.

"The established climate adaptation strategy is the start of a new phase for which Rotterdam has been explicitly requested to continue to play a role, especially when it comes to securing responsibilities and increasing the knowledge of the various government agencies. The cooperation agreement will formalise this," said Rotterdam deputy mayor Alexandra van Huffelen.

Huffelen will sign the new MoU on behalf of the Rotterdam, the Dutch Consulate in HCM City said in a press release.

HCM City is one of the cities in the knowledge network Connecting Delta Cities (CDC) and the completed strategy will be shared with CDC member cities, it said.

"Delta cities are to some extent similar throughout the world. More and more people are living in these areas, there is a need for more space and the cities are prone to the sea level rise because of their location.

"The strategy for HCM City could, therefore, serve as a blueprint for an integrated approach to the climate issues in delta cities around the world," said Van Huffelen.

The problems city residents experience and the risks they face will only increase as a result of the predicted rising sea levels, increased water discharge from rivers and rising temperatures, the press release noted.

Since its population and economy are growing rapidly at the same time, HCM City has been expanding towards flood prone areas along the coast. A third of the city is already exposed to flooding at present. The city's expansion and urbanisation is bound to continue, given its attraction as a location to move to, and its population has already doubled in the past 25 years.

If HCM City's master plan through to 2025 is implemented, its built-up surface will increase by fifty per cent and two-thirds of the city will experience regular flooding, the press release noted.

*(Source: VNS)*

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## **Vietnam vows not to let foreigners touch its material growing areas**

*The Vietnamese laws clearly stipulate that foreign businessmen are not allowed to collect materials directly from Vietnamese farmers. However, they still have been attempting to control the material growing areas in Vietnam to optimize their profits.*

The Ministry of Industry and Trade has released the Circular No. 08 which takes effects on June 7, 2013, on the foreign invested enterprises' activities of goods purchase and sale.

Director of the Domestic Market Department - Vo Van Quyen, emphasized that this is not a new regulation at all. The circular only concretizes the existing provisions mentioned in the Decree No. 23 which guides the implementation of the Commercial Law.

"The regulation has been applied since 2007 already, under which foreign invested enterprises can buy Vietnamese goods for export, but they must not collect materials directly from Vietnamese farmers, but have to do this through Vietnamese licensed businessmen.

## **Foreigners attempt to control material growing areas**

A report of the Ministry of Agriculture and Rural Development (MARD) showed that foreign invested enterprises have controlled 50-60 percent of the total coffee output, or 600,000 tons per annum. In Dak Lak province alone, there are eight foreign invested coffee collectors, namely Ngon Coffee, the branch of Louis Dreyfus Commodities, Dakman, Amazaro Vietnam, the branch of Newman Group, branch of Olam Vietnam, the branches of Ha Lan Vietnam and Vinh An companies.

In Gia Lai province, the volume of coffee the branch of Louis Dreyfus Commodities alone collected accounted for more than 40 percent of the total export coffee turnover in 2012.

According to the Vietnam Pepper Association, 7 foreign invested enterprises collect material and export pepper. In 2012, the enterprises exported 36.6 percent of the total export turnover, an increase of 11.6 percent compared to 2011.

Chief Secretariat of VPA Tran Duc Tung said that in the first quarter of 2013, foreign enterprises saw a very high growth rate in terms of export turnover. One of them reported the 280 percent growth rate.

“Foreign enterprises have been controlling the material growing area thanks to their powerful financial capability and the large distribution network,” Tung said. “Some of them are believed to conduct the transfer pricing when buying pepper at high prices and selling to the foreign holding companies at lower prices.”

The jump of foreign invested enterprises into the material collection market has benefited farmers who can sell materials at higher prices. However, Vietnam does not think that this would bring long term benefits. The director of a leading coffee export company has warned that when foreign groups can control the material growing areas, they would be able to control the coffee industry.

He affirmed that the enterprises would not pay high for materials for ever. Once they can control the whole material area and eliminate domestic firms out of the market, they would lower the purchase prices. “This happened in some countries in the world already. If the government does not do anything to stop this, the scenario would occur in Vietnam as well,” he said.

Dr. Hoang Tho Xuan, a trade expert, affirmed that under the trade treaties Vietnam signs with other countries, foreign invested enterprises have the right to collect goods for export and distribute domestically through Vietnamese enterprises, not directly from producers. “Therefore, we have every reason to prevent foreign enterprises from making transactions directly with farmers,” Xuan said.

*(Source: VietNamNet Bridge)*

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## TRADE

### Vietnam strives for 1 billion USD in vegetable exports

*Vietnam is expected to earn 1 billion US dollars from fruit and vegetable exports this year. The goal was set during a congress of the Vietnamese Fruits and Vegetables Association in Ho Chi Minh City on May 7.*

During the event, the association put forth its key orientations and tasks in the coming time, striving for Vietnamese fruits and vegetables to be exported to numerous countries. To achieve the goal, participants at the congress said that businesses should improve their competitiveness and ensure product quality as well as food hygiene and safety.

From 2007 to 2013, the association made a great contribution to the growth of fruit and vegetable exports.

The exports of fruits and vegetables rose steadily over the past years, reaching 305 million US dollars in 2007, 628 million US dollars in 2011 and 829 million US dollars last year.

However, the association said, much remains to be done to boost fruit and vegetable export, as investment in the sector remains modest, the purchase of fruits and vegetables for export remains difficult and few vegetable and fruit planting units obtain the Good Agricultural Practice standard.

*(Source: Vietnam+)*

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## **Amway targets Vietnam sales of \$100 mln within three years**

*Amway Corp. plans to reach sales of US\$100 million in Vietnam within the “next two, three years,” as the nutritional products and cosmetics maker sets up a second factory in the nation, said President Douglas DeVos.*

The second factory is being built because of capacity constraints at Amway’s first plant, DeVos said in an interview. The \$20 million plant is set to open in the southern province of Binh Duong by 2015, according to the company. Michigan-based Amway plans to make nutritional products at the new plant and may use it for regional exports, he said.

“We’re really trying to fit it into the global supply chain,” DeVos said in Ho Chi Minh City on April 16.

Amway has benefited from economic growth in Vietnam that averaged about 7 percent over the last decade and is forecast by the World Bank to expand 5.2 percent this year. Amway’s revenue in Vietnam has risen more than 20 percent annually in recent years, reaching about \$70 million last year, with 46 percent made up of nutritional products, DeVos said. Alticor Inc., the parent of Amway, had global sales of \$11.3 billion last year.

“You’re not going to maintain those rates for very long,” DeVos said. “We would see those starting to come down into more of a 10-15 percent sort of range, but we see it having the potential to stay in the double-digit range for a while.”

The existing plant in the southern province of Dong Nai has an investment capital of \$14.8 million, said Dang Ngoc Thu Ha, Amway’s public affairs manager in Vietnam.

Herbalife Ltd., which uses a similar direct-selling model for its nutrition products, is fighting accusations from Bill Ackman, founder of New York hedge fund Pershing Square Capital Management LP, that it uses inflated pricing, misleading sales information and a complicated incentive structure to hide a pyramid scheme. Herbalife has repeatedly denied the allegations.

“Herbalife is an honorable company that’s been part of our industry for many years,” said DeVos. “They’ll move through it.”

In a 1979 case, the US Federal Trade Commission found that Amway’s sales plan was not a pyramid scheme, according to a 1998 statement posted on the FTC website.

“We’ve been reviewed up one side and down the other, and we’ve been very transparent with how our business works,” DeVos said. “The compensation structure is always based on the sale of a product.”

*(Source: Bloomberg)*

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## **Vietnam set for 1st international ports festival**

*Both fun and games business will feature at the first International Seaports Festival to be hosted by Vung Tau town, a resort town in southern Vietnam, from May 17 to 19, 2013*

An opening ceremony will be followed by a golf tournament, exhibitions and fairs, forums, workshops and conferences, an international music show, a gala dinner, and others.

The organizers said the activities would highlight mechanisms and policies in place to develop ports, Vietnam's marine tourism status, trade promotion and investment, capacity building, and creating opportunities for domestic and foreign investors to compare notes.

The exhibitions will showcase products, equipment, and technologies for the construction and development of the ports, training and supply of human resources, marketing for the logistics industry, and global maritime, import-export, and customs procedures.

It will provide delegates to compare notes on management of commercial ports, connecting carriers, and logistics systems.

The festival is also expected to raise international awareness about Vietnam's sovereign seas and islands.

Ba Ria – Vung Tau's importance as a transshipment port is well-known and can stand comparison with Singapore, Malaysia, Hong Kong, or Taiwan.

*(Source: ThanhNien)*

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## **Sugar surplus deals bitter blow to traders**

The local sugar inventory has snowballed to a record high of over 600,000 tones, according to Chairman of Viet Nam Sugar and Sugarcane Association (VSSA) Nguyen Thanh Long.

VSSA said for the sugarcane crop year 2012-13, the country's sugarcane output reached around 1.5 million tones, while national demand stood at 1.1 million tones and the amount of sugar exported from the beginning of the year reached just 25,000 tones. By May 3, sugar refineries' inventories had reportedly reached 579,818 tones. Adding the inventories of trade companies which are members of the sugar association, estimated at 28,000 tones, the total inventory exceeded 600,000 tones.

VSSA admitted it will be hard to clear the stock before the new crop is ready at the end of August. Furthermore, with a global inventory of 5.86-6.18 million tones, world sugar prices have also been on the decrease.

On May 1, white sugar was being traded at US\$501.2 per ton, but the price fell rapidly to \$496 per ton on May 3 and continued down to a nadir of \$487.2 per ton on May 9.

With high inventories, the price cut is easy to understand. However, retail sugar prices remain unchanged despite the drop in wholesale. According to the Ha Noi Supermarket Association, white sugar retail prices in the capital still stood at VND21,000-22,000 (\$1.005-1.053) per kilo despite wholesale prices at factories falling to VND15,600-16,600 (\$0.75-0.8) per kilo.

In some markets and retail shops, the prices even reached VND24,000 per kilo. So, prices for consumers were VND4,000-5,000 (\$0.19-0.24) higher than wholesale, even VND7,000 (\$0.33) per kilo in some instances. This price behavior is due to the fact that the factories have no formal distribution networks and prices are controlled by middle men traders, said representative of VSSA in Ha Noi, Ha Huu Phai.

To ease this situation, VSSA and the Department of Agro-forestry Processing and Salt Industry under the Ministry of Agriculture and Rural Development will this year establish a joint decree on sugar and sugarcane management that will clearly stipulate sugarcane growth planning and policies to protect the profits of both farmers and producers, he said.

On the other hand, the Government needs to develop measures to fight sugar smuggling which is damaging the domestic sugar industry. Sugar should be added to the list of commodities not allowed for temporary import for re-export to combat trade fraud, he recommended.

(Source: VEF&VNA)

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## INVESTMENT

### Da Nang city seeks hi-tech investment

*The central coast city of Da Nang will continue to perfect infrastructure facilities at its Hi-Tech park to help attract more investment, especially from foreign groups.*

According to the park's development plan for the next two years, top priority will be given to encouraging foreign investors from Japan, the Republic of Korea, the US, Taiwan and Singapore. The plan, which was approved late last year by the municipal People's Committee, also aims to accelerate administrative reforms to better fascinate investors and support them in seeking financial resources to develop projects.

In addition to implementing measures for human resource training to better meet the demands of foreign investors for skilled employees, there will be a focus on speeding up domestic and overseas investment promotion to timely provide enough updated information about the park. Established in October 2010, the Da Nang Hi-Tech Park, the third of its kind in the country after Hoa Lac and HCM City hi-tech parks, covers an area of 1,010ha in Hoa Vang district.

Over half of the park is designated for facilities related to scientific and technological research and development as well as hi-tech human resource training. Other prioritized industries include biological, new material and energy production, nano-technology and environmental and micro-electronics technologies.

City authorities are offering preferential policies on land use tax, waste water treatment fees and corporate income tax to encourage investors. In 2012, the park's management board granted approval for Japanese firm Tokyo Keiki Co to develop a 40 million USD factory producing electromagnetic switching valves and high-pressure pumps for export, making it the first project in the park.

Another Japanese firm, Niwa Foundry Company, has also committed to pumps 21.87 million USD into a 2ha casting parts production project in the park. The US-based semiconductor Qualcomm pledged to broaden its mobile ecosystem by offering cheaper smart phones, better networks and more local digital content for users. The company has invested in foundation technologies that allow computer programmers to create quicker and better products.

More than 70 of local computer programmers of applications have taken part in the company's workshop on new technologies for the Vietnamese market. The company has also connected Vietnamese programmers and international investors who want to work with network service providers' value –added units.

By 2016, 90 percent of the country's population will be able to use 3G services as the infrastructure in Vietnam is the best in Southeast Asia.

### Israel keen on Da Nang's IT Park

Israeli Ambassador to Vietnam Meirav Eilon have worked with leaders of the central city of Da Nang to seek investment opportunities for Israeli businesses in the city's Information Technology Park. At the meeting in Da Nang on May 7<sup>th</sup> 2013, Chairman of the Da Nang People's Committee Van Huu Chien briefed the guest on the socio-economic development of the city and the situation of the park, which was established three years ago.

Covering an area of over 1,100 hectares, the park is the third multi-functional high-tech one of the country. Over half of the park is designated for facilities related to scientific and technological research and development as well as hi-tech human resource training.

Other prioritized industries include biological, new material and energy production, nano-technology and environmental and micro-electronics technologies.

Ambassador Eilon applauded the development of Da Nang. She pledged to do her utmost to get Israeli businesses access to investment opportunities in this promising city.

*(Source: VNPlus & VIR)*

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### Mega refinery project gains momentum

*Phu Yen Provincial People's Committee is approaching the final step to grant an amended investment certificate for a \$3.1 billion oil refinery and petrochemical project.*

Tran Quang Nhat, vice chairman of the committee, said the authorities "are determined" to hand over 450 hectares to UK-headquartered Technostar Management this year for the construction of the oil refinery and petrochemical project. The site is located in Hoa Tam industrial park, South Phu Yen Economic Zone.

Technostar Management, through its wholly-owned subsidiary Vung Ro Petroleum, in 2007 obtained an investment certificate for building a \$1.7 billion oil refinery in Vung Ro area, Phu Yen province, which will have annual capacity of four million tonnes. But due to the change of business strategy, the firm proposed the government expand annual capacity to eight million tonnes, with total investment cost of more than \$3 billion.

Because of the capacity expansion, Technostar asked for relocating its project to Hoa Tam industrial park because the current site in Vung Ro area was too small for the expanded refinery. "This is a very important project. We cannot miss this opportunity to boost the economic development of the province," said Nhat. He added that the provincial committee would reduce the scale of Hoa Tam industrial park to provide land to Vung Ro Petroleum.

Three years ago the province granted an investment certificate to Hiep Hoa Phat Company for developing Hoa Tam industrial park, which covers around 2,300ha. However, the developer has not started construction and is still in steps of making master plan for the industrial park. The provincial committee has also not handed over land to Hiep Hoa Phat because of the firm's slow progress.

“If we wait for Hiep Hoa Phat to complete the master plan and build the infrastructure system, we cannot ensure timeline for the construction of the oil refinery and petrochemical project,” said Nhat, explaining why the provincial committee decided to scale down site of Hiep Hoa Phat’s project.

The Government Office, in an announcement released in February, also stated that Prime Minister Nguyen Tan Dung also approved the expansion proposal of Vung Ro Petroleum, and he also allowed the investor to relocated the project.

Meanwhile, the Ministry of Planning and Investment, in an earlier document sent to the prime minister, stated that Phu Yen People’s Committee should hand over land directly to Vung Ro Petroleum for ensuring construction timeline of the project, because Hiep Hoa Phat had not yet developed infrastructure in this site.

Nhat said the provincial committee would compensate Hiep Hoa Phat for the cost of researching and making master plan for its project. “We will try our best to help Vung Ro Petroleum start construction of the project within the third quarter this year,” said Nhat.

In August 2012, Vung Ro Petroleum reached a technology transfer agreement with Honeywell’s UOP, a leading international supplier and licensor for the petroleum refining and petrochemical production. This agreement aims to ensure that Vung Ro Petroleum owns the latest petroleum refining technology.

Nguyen Chi Hien, director of Phu Yen Department of Planning and Investment revealed that Vung Ro Petroleum had spent \$42 million preparing the project and would sign a construction contract worth \$287 million following the granting of the amended investment certificate. The company has deposited \$5 million to local authorities to show its commitment in pursuing the project.

The refinery will not only contribute to the improvement of investment climate, but is expected to also notably contribute to State budget as Hien estimates this oil project will generate around \$111 million of taxes each year while creating 1,000 jobs for residents.

*(Source: VIR)*

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## **Southern city receives more foreign investment**

Four projects in seafood processing and waste incineration worth nearly 10 million USD have been approved in southern Can Tho city, increasing the total number of valid project in the city to 2014.

These valid projects, currently leasing 564.9 hectares of industrial land, have registered capital of 1.8 billion USD, and already disbursed more than 805 million USD.

Creating 33,000 jobs for local people, the industrial zones in Can Tho are considered to be the most productive in the Mekong Delta region. During the first four months of this year, the zones generated 528 million USD including 380 million USD from industry, a year-on-year increase of 1.8 percent; and 167 million USD from exports, an increase of 1 percent over the same period last year.

In order to attract investment, the city has reformed its administrative procedures, reducing the license authorization term to five days. Can Tho has also improved its infrastructure, expanded industrial zones, invested in a sewage processing system, and strengthened trade promotion activities.

In addition, the city has created a more favorable investment environment for businesses by cutting taxes and introducing interest support policies and professional training. Particularly, BOT (Build-Operate-Transfer), BTO (Build-Transfer-Operate) and foreign invested projects will be exempt from the land lease tax, land use tax and corporate income tax for 8-15 years

*(Source: Vietnam Plus)*

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### **Budweiser to enter Vietnamese market**

*Vietnam, with a population of about 90 million, is considered one of the most attractive markets in the region for brewers, with estimated beer sales growing by 10 percent annually from 2010 to 2020.*

Anheuser-Busch InBev Chief Executive Carlos Brito says his firm has already got the land license for the project. Anheuser-Busch InBev is currently the world's No1 beer maker, holding 25 percent of the global market share.

According to Euromonitor International's recent survey, Vietnam ranked first in Southeast Asia for beer drinking, with nearly 2.6 billion litres of beer consumed in 2011. Last year, Japanese beer company, Kirin Holdings, also reported that Vietnam was among the top 25 beer consumers in the world, seeing an increase of 15 percent.

The world's leading beer brand names like Rivals Carlsberg, Heineken and SABMiller have entered Vietnam, either directly or through joint ventures.

*(Source: VOV)*

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### **AB InBev plans Vietnam brewery**

Busch InBev (ABI.BR), the world's largest beer maker, plans to join rivals with a push into Vietnam at the end of next year, constructing a brewery to tap the large and fast-growing Asia market.

Vietnam, with a population of some 90 million, is seen as one of the most attractive markets in the region for brewers, with beer sales seen growing by about 10 percent per year on average for 2010-2020. "We think our global brands have a big appeal, especially Budweiser... so we think it's a natural place to go after our position in China," AB InBev Chief Executive Carlos Brito told reporters after the company's annual shareholder meeting.

"It's a brewery that we'll build in Vietnam. We already have the land license," he added. Rivals Carlsberg (CARLb.CO), Heineken (HEIN.AS) and SABMiller (SAB.L) all have operations in Vietnam, either directly or through joint ventures.

Brito also expressed his delight that AB InBev was nearing the end of its planned full takeover of Mexico's Grupo Modelo after the settlement of its dispute with the U.S. Justice Department. AB InBev plans to realize \$1 billion of synergy gains over four years and also sees huge potential in the Corona brand from its \$20.1 billion purchase of the half of Modelo it does not already own.

Brito said the company had succeeded with its international expansion of Budweiser, since InBev bought Anheuser-Busch in 2008. Now launched in China, Brazil and Russia, international sales rose 6 percent last year from no growth in 2008. "If you project that same approach to Corona, not the numbers,... it makes us very excited about moving with this brand."

The Modelo deal is expected to be sealed in about four to six weeks time, with a variety of transactions in Mexico, such as the merger of two subsidiaries, needing to take place before a mandatory offer was launched. Corona is already the leading import beer in 38 countries and the fourth most valuable beer brand worldwide. However, it is currently sold by a variety of different importers and distributors around the world.

Brito said that AB InBev would respect existing contracts, but also look to see whether it might be better to sell Corona itself in a given country. "We will see what's there and depending on the geography to see if the brand is best served within our system or with the current distributor or with another distributor," he said.

*(Source: ThanhNienNews)*

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## **New Zealand boosts projects in Binh Dinh province**

*New Zealand will orient its cooperation with Vietnam to a strategic partnership with the intensive development of projects in central Binh Dinh province, said New Zealand Ambassador to Vietnam Haike Manning.*

At a press briefing in Quy Nhon city on April 10 on New Zealand's cooperation programs and projects in the province, the ambassador highly valued the effective implementation of the projects. New Zealand's cooperation projects in Binh Dinh will focus on three key areas, including education and research, trade and working holiday scheme (WHS) for local youths in New Zealand, he said.

Haike Manning said his country will continue providing graduate and post-graduate scholarships for Vietnam's State officials and university lecturers. It will also organize research cooperation programs between the two countries' universities and institutes as well as between Binh Dinh and organizations in New Zealand, added he. In the medical field, New Zealand is ready to help Binh Dinh train its physician staff, he noted.

According to the ambassador, the two sides may cooperate in woodwork production as Binh Dinh boasts strength in processing timber and forest products and New Zealand can provide a large amount of wood materials.

Currently, two New Zealand-funded projects have been effectively implemented in Binh Dinh province, including the 1.7 million USD project on sustainable rural livelihood and the other on modernizing land management using over 12 million USD from the World Bank's loan.

The second project has also been carried out in other eight provinces across the country. On the occasion, the New Zealand ambassador conducted a fact-finding tour of two other projects on improving the quality and use of mother and child health care services, and pre-school education in the province

*(Source: Vietnam+)*

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## **WB approves US\$202.5 mil to upgrade Da Nang infrastructure**

*The World Bank (WB) Board of Directors approved US\$ 202.5 million in credit on April 26<sup>th</sup> 2013 to support sustainable development in Da Nang city.*

The credit is being provided under the Da Nang Sustainable City Development Project to help improve the city’s drainage systems, wastewater collection and treatment services, arterial roads and public transportation.

The project aims to expand and upgrade the public transport system and provide better access to sanitation facilities for most city residents, especially women, the elderly and other vulnerable populations. It will also make the city more attractive and friendly to investors and tourists through better infrastructure and urban management.

World Bank Country Director for Vietnam Victoria Kwakwa said she hopes that the project will create a good model for a “green city” and sustainable urban development to inspire similar development in other cities across Vietnam. She added that the strong leadership of the Da Nang People's Committee to promote the concept of green urban development, accelerate quick decision making and support close monitoring will ensure the project’s smooth implementation so Da Nang residents can enjoy the advanced infrastructure of a sustainable city.

The project credit comes from the International Development Association, the WB’s fund allocated for the poorest countries. It will be used for the project’s five components, including improving drainage and wastewater systems, developing a rapid transit bus system, improving strategic urban roads, capacity building for city authorities in managing urban infrastructure, and completing major infrastructure sub-projects initiated by the Da Nang Priority Infrastructure Investment Project.

Da Nang is Vietnam’s fourth largest city and is widely regarded as a being well-planned and well- governed, with a higher quality of infrastructure compared to other cities in the Country. Municipal leaders have committed to developing Da Nang into a “green” city by 2025, with an emphasis on high-tech industries and tourism.

*(Source: VOV)*

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## **Project on greenhouse gas emission control launched**

A project on improving the Vietnamese industry and trade sectors’ capacity to control greenhouse gas emissions and increase adaptation to climate change has been recently launched in Hanoi by the Ministry of Industry and Trade (MoIT) and the United Nations Development Programme (UNDP).

Vietnam Government Portal (VGP) quoted MoIT Deputy Minister Le Duong Quang as saying that the 3 million USD project will be implemented between 2013 and 2016. It aims to raise awareness and capacity for policy makers, seek suitable mechanisms to respond to climate change, reduce greenhouse gas emissions and tap green trade opportunities to promote the sector’s sustainable production, he said.

The three-component project will focus on analyzing and reviewing current policies and recommending mechanisms and solutions to reduce emissions towards a sustainable industrial production. It will improve policy makers’ awareness of climate change and support the connectivity among businesses while helping financial institutions and service suppliers promote the investment in developing a sustainable industrial production, reducing the emissions and expanding the market.

To realize the project's targets, Vietnam should have decisive and effective measures for energy usage, said UNDP Deputy Country Director Bakhodir Burkhanov, adding that production should be cleaner and more modern, the behaviors of consumers and businesses must be improved, and relevant agencies should work closely together. Vietnam is implementing the National Strategy on Green Growth in the 2011-2020 period, with a vision to 2015, in which it has targeted to reduce emissions by 8-10 percent by 2020 compared to 2010.

*(Source: Vietnam+)*

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### **Italian businesses interested in Vietnam**

*Businesses from Vietnam and the Umbria region of Italy met in Hanoi on April 25th, 2013 to discuss ways to strengthen links.*

Addressing the event, held by the Italian Chamber of Commerce in Vietnam (ICHAM), Italian Deputy Ambassador to Vietnam said Italian businesses' visit to Vietnam shows their interest in investment and trade opportunities with the country. He added that the firms are on the road to achieving their goal of increasing their investment in Vietnam.

Michele D'Ercole, ICHAM Chairman, said the Italian businesses hope to introduce their products, while offering technological training to their Vietnamese partners to help them access the latest technologies. Despite modest trade between Vietnam and Italy, Vietnam remains a promising market for Italian businesses.

Last year, Italian firms invested 250 million USD in Vietnam. The visiting businesses operate in various areas, including food, cosmetics, pharmaceutical products, construction materials, healthcare, vehicle manufacturing and other industrial sectors.

During the meeting, they expressed their hope to work with Vietnam's relevant ministries and branches to learn more about the country's laws, investment policies and mechanisms. They also hope to get an overall snapshot of Vietnam's economy to find more opportunities in the country.

*(Source: VietnamPlus)*

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### **Can Tho seeks bids for port complex**

*Can Tho People's Committee is calling on investors to help develop an international port complex and logistics project on 110 hectares at the Hung Phu I Industrial Park.*

Vo Thanh Hung, head of Can Tho Export Processing and Industrial Parks Management Authority, said that according to the newly adjusted decision approved by the government last month, the province would enlarge the existing Cai Cui port, adding this new port and logistics development.

Hung said that top priority would be given to Saigon- Can Tho Industrial Park Joint Stock Company under Saigon Invest Group (SIG). It is one of the leading domestic private groups that obtained an investment certificate to develop 262 hectares Hung Phu I IP 10 years ago. So far, the investor has not yet finished site clearance.

“In case, Saigon-Can Tho Industrial Park Joint Stock Company refuses to pursue the international port complex and logistic area project, this company will only develop 152 hectares out of the 262ha Hung Phu I IP and the province will call other investor to deploy the port project,” added Hung.

As of last week, Saigon-Can Tho Industrial Park Joint Stock Company had not responded to the new development plan. Hung said the 110ha port project would be similar to Cai Mep Thi Vai international port complex’s model. When entirely completed, the development could meet the needs of marine transportation and international trade in the future, he said. It would also make a positive contribution to speeding up the socio-economic development of the Mekong River Delta area and the province.

According to the latest figure from Can Tho Export Processing and Industrial Parks Management Authority, at present, only two out of eight industrial parks namely Tra Noc I and Tra Noc II with total area of 292ha have leased all of their space. In the first four months of this years, the two industrial parks granted investment certificate for four projects including two foreign direct investment projects.

*(Source: Vir/Nguyen Chung)*

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### **Work on world-class port underway in Hai Phong**

*Construction of an international port in northern Hai Phong City began yesterday to be completed in 2016.*

The port will have modern cargo-handling equipment and be capable of receiving container ships of up to 8,000 TEU (the Twenty-foot Equivalent Unit is based on the volume of a 20-foot-long (6.1m) container).

Core infrastructure will be built in Lach Huyen port area in Cat Hai island district, according to a plan that took nine years to prepare. Prime Minister Nguyen Tan Dung said the port's construction was important to the socio-economic development of the region, particularly when the existing Hai Phong port is overloaded and fails to meet the growing demand of marine transportation. Dung thanked the Japanese Government for its financial and technical support, expressing his belief that the strategic partnership between the two countries will reap further positive results for the common goal of peace and prosperity in the Asia-Pacific region.

Construction of the port is divided into two parts. Part 1 covers the building of port infrastructure. It is being managed by the Viet Nam Marine Administration with investment of over VND18.6 trillion (US\$885 million) sourced from Official Development Assistance and the State budget. Part 2, a joint venture of Vietnamese and Japanese enterprises with more than VND6.57 trillion (\$315 million) in investment, will build two wharves with a total length of 750m, capable of handling 100,000-tonne container ships.

Once operating, the port will cater for goods going to northern region to US and European markets without having to go through Singapore or Hong Kong ports

*(Source: VNS)*



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## Malaysian company takes stake in VN's top e-payment firm

*Malaysia's e-payment services provider, MOL AccessPortal Sdn Bhd, has joined an agreement with pioneering Vietnamese e-commerce group, PeaceSoft Solutions Corp, to acquire a 50 percent stake in Ngan Luong Joint Stock Co., one of the leaders in e-payment in Vietnam.*

Under the agreement, MOL and PeaceSoft will jointly operate one of Vietnam's first online payments, together with other related e-payment services in the country, according to Malaysian National News Agency (Bernama).

The news agency quoted MOL Global Group chief executive officer Ganesh Kumar Bangah as saying in a statement that Vietnam is one of the largest Internet markets in Southeast Asia, with over 31 million users. Opportunities for e-commerce and e-payment growth in Vietnam are great, given the rapid adoption of mobile devices and Internet usage, he said.

Meanwhile, PeaceSoft Group president and chief executive officer Nguyen Hoa Binh said this is an excellent combination as MOL could bring its global network of merchants to Vietnam.

"This also gives an opportunity to Vietnamese merchants and publishers to sell their products directly to over 12 markets through MOL's growing payment network," he added

*(Source: TNN)*

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## Binh Phuoc province lures Japanese investors

*Leaders of southern Binh Phuoc province have vowed to create a favorable environment for Japanese investors in the time to come.*

At an investment promotion seminar in Ho Chi Minh City on April 24, Deputy Chairman of the provincial People's Committee Pham Van Tong said Binh Phuoc has over 5,200 hectares of available land in eight industrial zones for industrial development.

In addition, a plan for the 28,300 hectare-Hoa Lu border economic zone and other industrial clusters have been approved, offering extra opportunities for investors, Tong said. He added that Binh Phuoc is a key economic area that bridges the southern region with the Central Highlands and neighboring countries Cambodia, Laos and Thailand.

The local economy is on the right track and the quality of human resources training has improved, Tong said. Japanese Ambassador to Vietnam Yasuaki Tanizaki said Japan will pour more capital into some cities and provinces, including Binh Phuoc, which boasts economic and tourism potential.

The provincial leaders pledged to speed up administrative reforms and hold dialogues with investors to introduce investment opportunities and clear obstacles

*(Source: Vietnam Gov Information Portal)*



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## Japanese food group invests in Vietnam

*Nichirei Foods of Japan has entered the Vietnamese market by acquiring a 19 percent of stake in Vietnam 's food joint stock company Cholimex.*

Having paid 6.25 million USD for the investment, Nichirei Foods said it plans to expand its presence in the Vietnamese processed food market in due course. Vietnam's trade in frozen food totaled some 125 million USD and Thailand's was about 312 million USD while the market in Japan was worth 10.3 billion USD. Therefore, Nichirei expects the Vietnamese market will grow strongly in future.

Cholimex is one of Vietnam's biggest providers of spices and an exporter of frozen food to Europe. The company's turnover is around 25 million USD a year with an average annual growth rate of 30 percent. Nichirei Foods plans to send technical staff to help Cholimex diversify its frozen food products and establish a business foundation in Vietnamese potential market in the coming times.

If everything runs well, the Japanese company will increase its investment in Cholimex in two years. Nichirei Foods' main products are frozen foods and other processed foods.

*(Source: Jetro & VNPlus)*

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## PepsiCo, Suntory alliance begins Vietnam operations

*Suntory Holdings Limited has announced that it will acquire a 51 percent stake in PepsiCo's Vietnam beverage business, while PepsiCo will be a 49 percent shareholder.*

It is a part of a recent agreement between the two parties to form a strategic alliance which is expected to build on PepsiCo's existing position in Vietnam and create new growth opportunities for PepsiCo and Suntory in the market.

The alliance is designed to combine the capabilities of both companies in ways that are mutually beneficial to their businesses, customers and consumers. Suntory and PepsiCo will hold key roles in the management team of the new joint venture, which will serve as the bottler for both companies in Vietnam, they said.

PepsiCo, one of the leading players in Vietnam's liquid refreshment beverage sector, will retain marketing and innovation responsibilities for its portfolio of iconic beverage brands in Vietnam, which include Pepsi-Cola, 7-UP, Sting, Mirinda, Tropicana Twister, Lipton and Aquafina.

PepsiCo and Suntory have an established record of successfully working together in other beverage markets, including the United States, Japan and New Zealand.

Since entering the market in 1994, PepsiCo has undertaken an investment program of more than \$500 million and now has five beverage manufacturing plants in Vietnam, a high priority market in PepsiCo's aggressive emerging and developing markets growth plans.

PepsiCo nearly tripled its business in emerging and developing markets, from \$8 billion in annual revenue in 2006 to \$22 billion in 2011.

Suntory has accelerated its global strategy and expanded its beverage business in Southeast Asia following the establishment of Suntory Beverage & Food Asia Pte. Ltd. in Singapore.

As a result, expansion into Vietnam is a key part of Suntory's long-range plans.

However, PepsiCo will continue to independently operate its foods business in Vietnam.

“This alliance is one of our strategic initiatives to pursue further growth in the region. Suntory is committed to the Vietnam business together with PepsiCo, our partner of more than 30 years,” said Henry Park, CEO of Suntory Beverage & Food Asia Pte Ltd, a wholly owned subsidiary of Suntory Holdings Limited.

“Vietnam is a highly attractive growth market where PepsiCo is well positioned in the food and beverage marketplace. We're focused on expanding our food and beverage business in Vietnam through continued investment across our portfolio,” said Umran Beba, President, PepsiCo Asia Pacific.

Suntory Group, which was founded in 1899, is a multi-national major beverage company with a broad range of business including wellness, food, restaurants and flowers with consolidated sales worth more than \$23 billion in 2011. It has about 200 group companies, with 28,532 employees across Japan, the United States, Europe and Asia Pacific.

PepsiCo is a global food and beverage leader with net revenues of more than \$65 billion and a product portfolio that includes 22 brands that generate more than \$1 billion each in annual retail sales.

*(Source: ThanhNien&TuoiTreNews)*

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## FINANCE – BANKING

### Coffee business gets Standard Chartered Bank loan

The Standard Chartered Bank (SCB) on April 9<sup>th</sup> 2013 signed an agreement lending 24 million USD to the Daklak September 2nd Import-Export Co. Ltd (Simexco Daklak), the second largest state-owned coffee trader in Vietnam.

Simexco General Director Le Duc Thong said the loan will help the company to achieve its export revenue goal. Meanwhile, Louis Taylor, General Director of Standard Chartered Vietnam, said that the Vietnamese coffee industry has seen a spectacular development over the past 20 years and has become one of the main drives for the country's export.

The strategic partnership between SCB and Simexco is evidence of the bank's commitment to sustainable development in Vietnam.

Founded in 1993, Simexco Daklak has built up a dynamic purchasing network directly from farms and investing in modern coffee processing factories, staff training and quality control systems in key coffee growing areas of Vietnam. Last year, the company's revenue reached 6,577 billion VND (approximately 314.9 million USD), a year-on-year increase of 41 percent.

*(Source: Vietnam+)*



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## **ADB urges State enterprises reform**

*The Asian Development Bank predicted GDP growth of 5.2 per cent for Viet Nam in 2013, urging the country to ensure that its reform of State-owned enterprises could match up to similar reforms in other regional economies.*

Although the Government has eased monetary policies, the uncertain health of the banking system has constrained credit growth in Viet Nam, said ADB country director Tomoyuki Kimura at the Asian Development Outlook 2013 in the capital city. As a result, the country experienced GDP growth of 5 per cent last year – the lowest in 13 years, he noted.

As economic growth depended significantly on State-owned enterprises (SOEs) and the banking system, restructuring of these institutions should be done more strategically and selectively, according to the director. "All the restructuring work cannot be done at one time, but some initial success and progress would spur further reform momentum," he said.

ADB has approved US\$630 million in financial support for SOEs in Viet Nam since 2009, as the bank considers SOE reform critical to reducing the dominance of inefficient state production, promoting private sector development and enhancing economic growth in the country.

To cope with the challenges facing it, said ADB's Country Economist Dominic Mellor, the country should establish a good classification system for risk and loans, establish an asset management company and allow foreign investment in commercial banks to surpass 30 per cent.

Although the country remains attractive to foreign investors, most foreign investment went towards export and the purchase of raw materials from other countries, which does not significantly benefit domestic firms. Furthermore, the ASEAN integration in 2015 will be a challenge for Viet Nam, as it adds more regional competitors to the market such as Indonesia and Myanmar.

A better economic environment and effective SOE reforms would help increase local competitiveness and bring back high GDP growth, the director said. He used the phrase "slow reform, slow growth" to emphasize that if reform was slow, growth would also lag behind. ADB also forecast that inflation would reach 7.5 per cent in 2013.

*(Source: VNS)*

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## **State Bank warns of further interest rate cuts**

*The State Bank of Viet Nam (SBV) will effect further interest rate cuts soon, Governor Nguyen Van Binh said at a conference held in HCM City last Friday.*

The conference discussed monetary measures needed to boost socio-economic development in the city. "Inflation is lower now than at the same time last year, but it can rise again if we do not have effective measures to control it.

"This year, the GDP is likely to be higher than last year's figure. So, if we can keep inflation under 7 per cent the deposit interest rate can be reduced to 7 per cent per year and the lending interest rate will stand at around 10 per cent." The SBV's main policy this year is to concentrate on accurately restructuring debts, ensuring enough provisions and properly using reserves to handle credit risks. The bank will also strongly punish credit institutions that do not meet reserve requirements but give out dividends, he said.

To Duy Lam, director of the SBV Branch in HCM City, told the conference that the city's monetary market had been stable in the first three months of the year with interest rates down by between 1.5 and 2 per cent per year over late last year. "Local banks have applied the lending interest rate of 12 per cent and now 11 per cent to five prioritized sectors. They have also launched several special preferential credit packages with interest rates of 8 or 9 per cent per year."

This has seen credit growth pick up in March, reaching nearly VND858 billion, up 0.81 per cent over late February." Local banks also actively restructured debts so outstanding loans with the interest rates of less 15 per cent per year now account for 83 or 85 per cent their loan portfolio, he said.

In addition, the city government has implemented many programs that aim to connect banks with enterprises, thus helping businesses overcome financial difficulties and banks improve their credit growth. Governor Binh noted that HCM City has achieved several growth rates that are much higher than national rates.

Many delegates at the conference said local enterprises still found it difficult to access bank loans. They wanted the central bank to allow more enterprises find low cost capital to run their business. Le Ngoc Dao, deputy director of the municipal Department of Industry and Trade, said many companies in the city were still stuck with old debts with interest rates of between 15 and 19 per cent.

He also said that the current interest rates of 6-7 per cent per year that local banks were applying for foreign currency loans were too high. Dao suggested the central bank should also proactively ensure that the lending interest rates are in accordance with the lowered dong deposit rates.

The fact is that there is still a big gap between the lending and deposit interest rates. Many individuals and companies are still suffering lending interest rates of 12 to 15 per cent despite the fall in deposit rates to 7.5 per cent. The banks are arguing that these loans were made when their mobilization costs were high. Binh agreed with Dao, saying that the central bank was trying to establish a proper lending interest rate that is appropriate to inflation so as to ensure macroeconomic stability.

*(Source: VNS)*

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## **Vietnam equitizes ports, trying to call for private investment**

*Vietnam plans to equitize some first class ports including Hai Phong, Da Nang, Quang Ninh, Saigon and Quy Nhon, a part of the program to call for private investment into the infrastructure development.*

### **A series of ports to be equitized**

It is expected that 3 ports of Quy Nhon, Da Nang and Hai Phong would see the equitization process completed in 2013. Meanwhile, the equitization of the Saigon port would begin later, because it needs to be relocated to the Hiep Phuoc area before the equitization starts. In the latest news, Le Cong Minh, General Director of the Saigon Port, said on Saigon Tiep Thi that if the proposals of the ports are approved, he can be sure that the relocation of the port would be completed by the end of 2014.

The Vietnam National Shipping Lines (Vinalines) has reportedly decided that the Quy Nhon port would be the first unit of the corporation to go equitized. The procedures are hoped to be completed prior to June 30, 2013, which means that the port

would operate under the mode of a joint stock company from July, in which Vinalines would still hold 75 percent of the chartered capital.

Vietnam plans to sell 25-49 percent of stakes to investors to diversify the investment sources and ease the investment burden on the state budget. The equitization also aims to improve the efficiency of the seaports, assisting the process of restructuring the maritime industry, help ease the difficulties being faced by the shipping lines. The changes of the management mechanism are believed to help improve the business performance.

As planned, some 10 first class ports and the units belonging to Vinalines would be put into equitization.

### How and when?

Though the government has shown its determination to speed up the equitization process, experts still have doubts that the plan can be fulfilled soon. Thoi bao Kinh te Saigon has quoted Nguyen Ngoc Toi, Secretary of the Board of Members of the Saigon Port as saying that it would be very difficult to transfer a part of capital when going equitized.

Meanwhile, the port's management board has been busy with the relocation. The most important thing they need to do now is to seek capital to speed up the relocation. Minh said that he has proposed the government to act as the guarantee for its borrowings, or to instruct the Vietnam Development Bank to lend to the port at the preferential interest rates.

It's obviously very difficult to seek capital from commercial banks which only accept to provide short term loans at high interest rates. Minh has also proposed the Ministry of Finance to allow the Saigon port to suspend the payment of the ODA (official development assistance) loan's interests for 3 years. Saigon Port now has to pay \$1,086,750 every year for the loan, which includes \$942,950 in principal and \$143,800 in interests.

It's difficult to call for investment into port development. According to Dr. Nguyen Huy Hoang from the Transport Strategy and Development Institute, by the end of 2012, the ports in Vietnam had had the total capacity of \$294.5 million tons per annum.

It is expected that Vietnam would need some VND360-440 trillion, or \$18-22 billion to develop its port development. However, Hoang said it's very difficult to call for private investment into big ports such as Van Phong or Lach Huyen, though these have been cited as the most important projects in the port development program.

*(Source: Vietnamnet)*

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## ANALYSIS – OPINION

### Foreign home buyers expanded to boost property market

*Expanding foreign home buyers is now very necessary to help foreigners enjoy a better life in Vietnam as well as help boost the domestic real estate market.*

The Vietnam Law and Legal Forum magazine published by the Vietnam News Agency highlighted this issue in its issue No. 224 - April 2013.

Four years after Vietnam allowed foreigners to buy homes in the country, only 427 foreigners, including overseas

Vietnamese, officially owned a Vietnamese home, according to statistics of the Land Administration under the Ministry of Natural Resources and Environment.

This figure was so modest compared with the number of foreign residents in the country which now reached some 80,000.

The policy to allow foreigners to buy homes in Vietnam was introduced in 2008 under National Assembly Resolution No.19 which allowed foreign organizations and individuals to buy and own homes in Vietnam starting from 2009.

But strict restrictions on foreign home buyers and their limited right to own and transfer property have discouraged foreigners from buying homes in Vietnam even though their housing demand was high, estimated at around 1 million square meters.

Under the resolution, foreigners eligible to buy houses include five groups: direct investors in Vietnam or holders of managerial posts hired by foreign businesses in Vietnam; persons who are awarded orders or medals by the President for their contributions to Vietnam, or as decided by the Prime Minister; holders of tertiary or higher degrees working in social and economic fields and specialists in fields which Vietnam has demand for; spouses of Vietnamese citizens; and foreign-invested enterprises not engaged in real estate business which buy houses for their employees.

To own a home in Vietnam, a foreigner must be allowed to reside in the country for at least one year and not be entitled to diplomatic immunities. He can own an apartment for maximum 50 years and use it only for residence without leasing or using it as an office or for other purposes.

Analysts said the Government should expand target beneficiaries and ease procedures for foreigners to own homes in Vietnam to warm up the sluggish real estate market which now have some 26,000 apartments left unsold in Hanoi and over 20,000 apartments in Ho Chi Minh City.

Foreigners buying homes in Vietnam will have positive impacts on the property market, making it reach market economy standards, said former State Bank governor Cao Si Kiem, stressing that it is now the time for the Government to legalize the home ownership of foreigners in Vietnam rather than to pilot it as currently.

The Government should allow foreigners to buy and own homes in Vietnam as a way to increase liquidity of the domestic property market, said Le Hoang Chau, president of the Ho Chi Minh City Real Estate Association.

Real estate inventories in the country's two largest cities of Ho Chi Minh and Hanoi are mostly luxury and high-class apartments hardly affordable to Vietnamese, Chau said, seeing expansion of foreign home buyers as an option to boost sale.

To Nguyet Minh from a real estate consultancy firm agreed that foreigners' home purchase will help trigger demand for the real estate market as it will break the market's psychology to watch for lower prices. Once sales picked up, demand will probably rise as buyers might be afraid of losing good chances to own property, Minh said.

Allowing foreigners to own homes is a practical policy to promote investment and economic development, creating conditions for foreigners to settle in Vietnam, Minh said.

Former Deputy Minister of Natural Resources and Environment Dang Hung Vo stressed this move will help not only warm up the market but also build confidence for foreign investors to make long-term investment in Vietnam.

Foreigners buying houses should be regarded as on-the-spot export, lawyer Tran Vu Hai said, recommending foreigners

should be allowed to buy high-grade apartments (worth 100,000 USD or more) in unlimited number with simple procedures.

Analysts said the Government should consider allowing foreigners not only to own homes but also to sell or lease them, which was quite reasonable.

Vietnam should remove all barriers for foreigners to buy homes in the country, said Vietnam Construction Association Vice President Pham Sy Liem who saw no reason for keeping financially viable foreigners from acquiring housing products.

To encourage foreigners to buy houses, the Government needs to speed up the grant of home ownership right certificates, an investor from the Republic of Korea said, citing the time to obtain such a certificate might last two years which, in many cases, is longer than the stay of a foreigner in Vietnam.

The Ministry of Construction is considering expanding foreign home buyers and easing home purchase conditions, particularly for luxury apartments, a solution to rescue the real estate market, Minister of Construction Trinh Dinh Dung said, adding the ministry will make proposals to the Government for submission to the National Assembly this year.

*(Source VIR/VNA)*

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## Retailers lose ground against foreign rivals

*In July 2011 E-Mart, South Korea's top discount store chain, signed an agreement with Viet Nam's U&I Investment Corporation to form a distribution joint venture in the country.*



E-Mart Vietnam was expected to be capitalized at US\$80 million, with 80 per cent brought in by E-Mart and the rest by U&I. The JV was expected to expand to 52 outlets by 2020 at a total cost of \$1 billion.

Then, last year two Japanese retailers, Aeon and Takashimaya, also entered the Vietnamese market. Aeon has already begun construction of two large retail centers in HCM City and Binh Duong Province: Celedon and another shopping mall.

It has also tied up with the Trung Nguyen Group to open 13 convenience stores in HCM City. Takashimaya has leased 15,000 square metres in Sai Gon Centre in District 1 to open an outlet in 2015.

Besides the newcomers, major foreign retailers already having a presence in the Vietnamese market – like Metro Cash & Carry, Big C, Lotte, and Parkson – are also investing to expand distribution networks and open new outlets.

Metro, for instance, hopes to open 30-35 outlets in three to five years in addition to the 17 it already has. A source said French retailer Group Auchan plans to return to Viet Nam and invest US\$500 million within 10 years after its business has been interrupted for several years.

The presence of more and more foreign retailers in recent years is churning the market. Joining the World Trade Organisation five years ago has benefited Viet Nam in many ways: Gross Domestic Product has risen by nearly 2.3 times in the period, and

GDP per capita by two times. Exports are up three-fold, and Viet Nam ranks among the world's top 15 countries in attracting FDI.

### **But the benefits have not been uniform.**

The domestic retail sector is among those most affected adversely by the country's accession to the WTO. Though domestic retailers may dominate the market in terms of number of outlets, they face many problems like small size of market, low demand, and the dominance of traditional markets, which account for nearly 80 per cent of retail revenues.

The retail industry lacks a cogent development strategy or professionalism, especially in management, and human resource quality is not high. Other problems that make it difficult for domestic retailers and distributors are unfair competition, poor infrastructure, and outdated technologies.

Meanwhile, their international competitors have greater experience in management and logistics, professionalism, and deep pockets, which allow them to withstand initial losses. The battle between local and foreign retailers actually began last year when foreign businesses were allowed to distribute all products.

Consequently, domestic distribution channels are being taken over by foreign retailers.

According to forecasts, retail sales will increase 23 per cent a year from now through 2014. Thus, it is essential for domestic retailers to improve their competitiveness to get back their market share. They also need to strengthen the links between manufacturers and distributors to support brand development and protection.

It is crucial for authorities to take measures to protect domestic distributors and retailers in accordance with WTO commitments, build a healthy competitive environment, and prevent abuse of transfer pricing and price undercutting.

The allocation and lease of land to domestic retailers should be transparent to create favorable conditions for them to get access to suitable sites to develop their business.

### **Banking upheaval**

The banking sector is witnessing some major changes this year with mergers and acquisitions taking centre stage. At their annual general meetings this year many banks discussed M&A- related issues, which promise to add impetus to the industry's ongoing but snail-paced restructuring process.

They included Military Joint Stock Commercial Bank, HCMC Development Joint Stock Commercial Bank (HDBank), DaiA Joint Stock Commercial Bank, Sai Gon Thuong Tin Joint Stock Commercial Bank (Sacombank), Export and Import Joint Stock Commercial Bank (Eximbank), Maritime Commercial Bank (MaritimeBank), and Southern Commercial Bank (SouthernBank).

At HDBank's meeting last month shareholders approved plans to acquire a consumer finance company and also considered a plan to take over a commercial bank. The merger between HDBank and DaiA has been approved in principle by the central bank.

Military Bank is also looking for a merger candidate. A few banks have evinced interest in the merger but none meet the former's stringent criteria including healthy finances, good administration, and low bad debts.

At its AGM this year, Maritime Bank's shareholders approved a proposal to buy stakes in other credit organizations. DongA has a potential merger plan approved by its shareholders last year and is considering several banks.

For Eximbank, Viet Nam's eighth largest lender by assets, merger is the shortest route to expansion considering the central bank's tough regulations on opening branches and expanding operations. A number of small lenders are looking at mergers as a way to avoid being eliminated from the marketplace.

Partly private Phuong Tay Bank (Western Bank) and Petrovietnam Finance Corp – owned by the state oil giant – have completed the formalities for their merger. M&A is an important tool in the banking industry's restructuring process since it can help reduce the number of banks, expand the remaining ones, and improve their service quality.

It is also part of the State Bank of Viet Nam's scheme to restructure lenders saddled with bad debts. An SBV source said around 10 banks would be restructured this year. But the restructure plan is not progressing at any pace. Of the nine ailing lenders identified early last year only four have been restructured so far. The mergers are expected to accelerate the restructuring process, enabling the banking system to develop sustainably and meet global competitiveness requirements.

### **Firm to buy bad debts**

The Viet Nam Asset Management Company is likely to be created this month to take over bad debts from banks. The VAMC, which will be directly controlled by the State Bank of Viet Nam, will be capitalized by the Government at VND500 billion (US\$24 million).

The VAMC will trade the bad debts after buying them by paying their book value. A recent draft decree says nearly its entire capital requirement will be met by issuing bonds to the banks in place of their bad debts.

Its bond will have a tenor of five years and carry a coupon rate of zero per cent. During this period the banks will have to make an annual provision of 20 per cent of the value of the debts they sell to the VAMC. The VAMC will liquidate the debts in various ways – by using them as security, turning them into equity, auctioning them, and selling off the assets mortgaged by the borrower. The VAMC is expected to help settle the bad debts problem if the Government manages to develop the debt market.

*(Source: VietNamNet)*

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### **Food processors spend big money on marketing and distribution network**

*Food processors tend to spend more money on marketing and the distribution networks.*

An economist has noted that the food processing sector has been dominated by the private capital. Almost the leading enterprises in the field in Vietnam are private owned. Vinamilk is still a state owned enterprise. However, the state's ownership ratio in the enterprise has been decreasing following the government's policy to reduce the state's capital contribution through the equitization process.

Private investors have proved that they are completely capable to run food processing companies in the small and medium scales. However, it would be a big challenge to grow more to become as big as Vinamilk or Masan. The consumer growth in

Vietnam in the next five years is believed to rely on the young customers and the group of customers with the average income of \$5,000 a year.

Meanwhile, the consumer habit and the consumer style of both the groups of consumers would be influenced by the brand recognition and the convenience to obtain the products, or the distribution network. Analysts have noted that it is getting more and more costly to develop brands and make brands more popular and recognizable to consumers.

The report of a foreign market survey firm showed that Vietnam has 12 domestic brands which have the turnover of over \$100 million a year, or VND2.1 trillion. The costs for branding have been increasing so rapidly with the amount of goods sold per every ad unit has been decreasing dramatically.

This has been attributed to the consumer habit changes. In the economic recession, people tend to fasten their belt and spend less money on daily items. However, analysts believe that the more important reason behind this is the small scale of the retail industry in Vietnam in comparison with that in South East Asia. The Vietnamese retail industry is believed to be equal to ¼ of that of Indonesia.

“In order to compete with multinational groups and foreign invested enterprises, we still have to spend money on branding, despite our limited budget,” a businessman said. Kinh Do, after withdrawing capital from the projects in different fields and deciding to gather its strength on the core business fields – sweets manufacturing – have allocated big budgets on moon cake and cream branding.

Bibica, a smaller manufacturer spent VND24 million in 2011 and 2012 on advertisement campaigns, which was equal to 1/3-1/2 of its yearly post tax profit. Posting ad pieces on TV remains the most popular choice for food processors. Banderoles hung over the streets and leaflets delivered to every consumer have also been chosen. Meanwhile, the processors do not choose billboards because of the high costs.

The well-known brand of Vinh Hao was also the main reason because of which Masan Consumer accepted to pay VND85,000 for every share of the mineral water producer. The price was 3.5 times higher than the Vinh Hao share price on the OTC market at the same time. Masan Consumer plans to raise the revenue of Vinh Hao mineral water products to VND4 trillion a year from the current modest revenue of VND500 billion. One of the ways Masan Consumer would do to reach that end is to take full advantage of its 176,000 retail points.

Businessmen in Vietnam all understand the important role of the distribution networks in the business performance of enterprises. Philippe Serène, who was the general director of Proconco, when asked about Proconco’s secret to success said that one old woman and one flat winnowing basket would be enough to serve as a sales agent of Proconco.

*(Source: DNSG)*

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## NEWS IN BRIEF

### [Aquafeed plant inaugurated in Vinh Long province](#)

The Netherlands’ De Heus Branch Co. Ltd. on May 8 put into operation an aquafeed plant in the Hoa Phu Industrial Zone, southern Vinh Long province. Covering an area of 3 hectares, the 7.5 million USD plant has a designed capacity of 100,000 tonnes of aquafeed a year, providing aquafeed for northern provinces and the southeast region and export. By 2015, the company will inject an additional investment of 5 million USD to raise the plant’s production capacity to 200,000 tonnes per year. The Hoa Phu Industrial Zone now has four aquaculture feed plants with a total capacity of 5,000 tonnes per month.

### **French group helps train hi-tech engineers in Vietnam**

A cooperation agreement in hi-tech engineer training was signed in Ho Chi Minh City on April 8 by France's Dassault Systèmes Group, the French Education Ministry and the University of Science and Technology of Hanoi (USTH). Under the agreement, Dassault Systèmes, a world leader in three-dimensional (3D) design and product lifecycle management (PLM), will establish a PLM competency centre in USTH to help its students experience lessons using 3D technology. It will introduce PLM, 3D software and applications to Vietnamese teachers and students, and provide staff with advanced teaching methods using technology.

### **Vinh air terminal construction underway**

The Airports Corporation of Vietnam held a ground-breaking ceremony for a passenger terminal in Vinh city, the central province of Nghe An, on April 26, 2013. The VND800-billion project is scheduled to be put into operation on September 2, 2014 to receive A320s, A321s or ATR72s and serve 1,000 passengers during peak hours. Once operational, it will serve more domestic routes and a number of short-distance routes to Bangkok (Thailand), Vientiane (Laos), Cambodia and Hainan (China). It is conducting 20 flights per day on domestic routes: Saigon-Vinh-Saigon, Hanoi-Vinh-Hanoi, Vinh-Buon Ma Thuot-Vinh, Vinh-Danang-Vinh

### **Major power projects go on line**

A major transmission line and a transformer station costing a combined 41 million USD have finally come on line to improve connection between the southwest power system and the national grid, according to the National Power Transmission Corporation. The second transformer with a capacity of 450MVA of the O Mon 500kV transformer station and the 220kV power transmission line between Vinh Long and Tra Vinh provinces were both launched on April 25. Construction on the transformer started in September 2011 with a total investment of 306 billion VND (14.5 million USD) funded by the World Bank and the corporation's own capital. Meanwhile, the power transmission line is 62.2 km long. Besides the corporation's investment, the WB also provided part of the line's total cost of 554 billion VND (26.3 million USD).

### **US\$20 million factory granted licence in Dong Nai**

Southern Dong Nai Province has given the green light for the Japanese company Pegasus-Shimatomo Auto Parts to start construction on a factory for automobile and motorbike spare parts. The US\$20 million plant will be built in the Long Duc Industrial Zone, in Long Thanh District. The plant is the 11th project in Dong Nai for the first quarter of 2013 with total investment in the province totaling \$155.5 million. Japan took the lead in foreign investment flows in the province with eight projects bringing in \$134.5 million in the first quarter. Japan has also increased investment in eight other registered projects with the total investment coming up to \$58.8 million. The province's Industrial Zones have attracted \$288 million of Foreign Direct Investment and \$59 million of domestic investment in this period.

### **Vinamilk inaugurates \$100 mln plant**

Vietnam's largest dairy producer Vinamilk inaugurated Monday its new milk powder making plant in the southern province of Binh Duong, a facility that cost nearly US\$100 million. Spanning 6 hectares in the VSIP 1 Industrial Park, the plant is capable of producing 54,000 tons of many different types of powder milk a year, according to Vinamilk. The facility is also equipped with the state-of-the-art technology provided by GEA/NIRO Group and other leading companies in G7 and EU. The equipment includes two giant drying towers, which are considered the most modern in Asia, the company said. "The new plant will increase Vinamilk's milk powder making capacity by five times," CEO Mai Kieu Lien said. Vinamilk's sales last year rose 23 percent to US\$1.3 billion, while net profit jumped nearly 40 percent to \$280 million. It also wrapped up 2012 with a US\$180 million export turnover, or 14 percent of total revenues. The company targets a \$3 billion revenue in 2017, in order to enter the list of 50 leading dairy producers in the world.

### **Australia fund six bridges in Ben Tre**

The Ben Tre provincial Department of Transport on April 26 launched the construction of six bridges funded by the World Bank and the Australian Government. The bridges, which will be built at a total cost of over 178 billion USD, are located on provincial road 884 that not only links Chau Thanh with Cho Lach (both well-known for their fruits and flowers) but also is the shortest route between Ben Tre and Vinh Long cities. Once the bridges, with a combined length of 426 meters, are put into use, they will

facilitate local people' travel and goods transport as well as contribute to the economic development and cultural exchange in the province

### **Highway loan deal signed with S Korea**

A US\$200 million loan agreement was signed last Friday for the Lo Te-Rach Soi highway construction project. Signatories were Deputy Finance Minister Truong Chi Trung and Chairman of the Republic of Korea (RoK)'s Import-Export Bank Kim Yong Hwan. The Lo Te-Rach Soi highway runs through the Mekong Delta provinces of Can Tho and Kien Giang and connects Vam Cong Bridge and Rach Gia bypass as part of the southern coastal corridor, provided via the Economic Development Cooperation Fund (EDCF), is part of a Viet Nam-RoK credit agreement for the period 2012-15 worth \$1.2 billion signed in 2012. The EDCF has so far financed 43 projects in Viet Nam with a total capital of \$1.7 billion.

### **HCM City keen on Belgium's seaport support**

Chairman of the Ho Chi Minh City People's Committee Le Hoang Quan has expressed his hope that the region of Wallonia in Belgium will assist the city in seaport management and development. While receiving Minister President of Wallonia Rudy Demotte on April 12, Quan said the two sides have great potential for cooperation, adding that the two sides need to enhance links in economics, culture, science, art and urban infrastructure in the near future. Demotte said the two sides should also work together to boost trade and investment. He added that Belgium will work out 28 technical assistance projects in Vietnam in the time to come, as well as seek ways to maintain their effectiveness. In the past, Belgium assisted HCM City in numerous important projects, notably it provided aid worth 75 million EUR to dredge Soai Rap River .

### **Vietsovpetro to complete Tho Trang 01 oil rig sooner**

Vietsovpetro, a joint Vietnamese-Russian enterprise for oil and gas exploration, has set out its goal to complete the installation work of Tho Trang 01 (White Rabbit 01) oil rig 15 days ahead of schedule in July. The Trade Union of the Vietsovpetro joint venture on May 11 launched a contest in central Ba Ria - Vung Tau province for an earlier operation of the platform which was previously scheduled on July 15. Located 7.5km away from the Bach Ho (White Tiger) oil field to the northeast in lot 09-1, the 3,200-tonne platform is expected to yield 700,000 tones of oil per day. The output would help the joint venture fulfill its plan to tap 5.4 million tons of oil this year. Tho Trang 01 is the newest among the fourth generation of its kind totally designed and installed by Vietsovpetro.

### **Exhibition backs support industries**

Thailand's Reed Tradex will join Japan's External Trade Organization (Jetro) and the Ministry of Industry and Trade's Trade Promotion Agency to organize exhibitions on support industries in Ha Noi from September 4-6. They include the Reed Tradex-hosted Viet Nam Manufacturing Expo 2013, the fifth Viet Nam-Japan Exhibition on Support Industries co-organized by Jetro and Vietrade, and the Japanese Monozukuri Technology Exhibition. The managing director of Reed Tradex, Chainarong Limpkittisin, said that many foreign investors believed that the development of support industries helped to foster a nation's manufacturing sector and the whole economy. Continued foreign direct investment (FDI) in Viet Nam was also effective evidence that the manufacturing and support industry here not only had a bright future but also played vital roles in the health of the economy, Chainarong said.

### **Saigontourist receives award**

The HCM City-based Saigontourist Holding Company has received the Labor Hero title from the Government. The award, made in recognition of its outstanding achievements from 2002 to 2012, was presented at a ceremony held in HCM City on Tuesday. A leading firm in the country's tourism industry, the 38-year-old company specializes in hotels, resorts, restaurants, travel services, entertainment and training. With 87 subsidiaries, Saigontourist annually provides services to 2 million travelers, earning sales turnover of over VND13 trillion (US\$620 million) a year.

### **Software firm wins \$1 million Laos contract to develop network centre**

FPT IS, a subsidiary of software giant FPT, has announced it has won a US\$1 million software contract from Lao Telecommunications Company to develop a network operation centre in Laos. To win the contract, FPT IS had to overcome bids

by leading telecommunications providers from China and Thailand. The centre is a software application developed by FPT that will open up opportunities to deploy the overall operating systems for all telecoms companies in the region. The centre is expected to be finished within five months. The new software application will help Laos to focus on managing its whole telecoms network, including wireless, core and transmission.

### **Navigos Group to sell 90 pct stake to En-Japan Inc**

Based En-Japan Inc has said it will buy stakes in Vietnam's leading recruitment company Navigos Group this month. A spokesperson for Navigos, which runs the two biggest jobs websites in Vietnam, vietnamworks.com and navigosearch.com, confirmed this without providing more details said Saturday. According to some investment funds, Navigos is likely to sell around 90 percent to En-Japan Inc, an online jobs company. The value of the deal is estimated at around US\$22 million. Reuters last week quoted En-Japan Inc as saying it would acquire 9.98 million shares (89.8 percent stake) in Navigos for \$22.11 million on April 26, and the remaining 10.2 percent by March 2016. Founded in 2002, Navigos has 210 employees working in Ho Chi Minh City and Hanoi. En-Japan has operations in China, Singapore, Hong Kong, Australia, and Korea. In February US online employment giant CareerBuilder announced its Vietnam entry with a deal to buy out DFJ VinaCapital, the main shareholder of Vietnam Online Network which owns job sites HRVietnam and KiemViec

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## **COMING EVENTS**

### **4TH ANNUAL VIETNAM POWER AND ENERGY SUMMIT**

*Venue:* [Melia Hanoi, Vietnam](#)

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

*Start Date:* **18 June 2013**

*End date:* **19 June 2013**

#### **Conference Description**

This year's summit comes at a critical time for planning when Vietnam's power authorities are re-capitalizing and the domestic economy is on the brink of an expected shift in foreign investment. The summit will bring together insight from the industry's key stakeholders; including representatives from the government, leading independent developers, investors and consultants.

Topics will cover all aspects of contemporary power projects in Vietnam, from how to best work with the regulatory environment and transmission line infrastructure, to capitalizing on weather and the latest efficiency-boosting technologies. With regulators setting the stage for market growth and developers showcasing the latest investment opportunities, this event is set to energize the power sector.

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### **VIETBUILD 2013-THE FIRST TERM INTERNATIONAL EXHIBITION**

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

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

*Start Date:* **13 June 2013**

*End date:* **17 June 2013**

#### **Event Description & Exhibitors' Profile**

Please kindly refer to <http://www.vietbuildafc.com.vn/en/Hoi-cho-ct.aspx?pg=Hoi-cho&id=40>

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## **VIETFISH 2013**

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

*Country:* Ho Chi Minh City, Vietnam

*Start Date:* 25 June 2013

*End date:* 27 June 2013

### ***Event Description***

Please kindly refer to <http://vietfish.org/2012081302242474p49c64/vietfish-2012-golden-opportunity-for-seafood-trade.htm>

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## **SAIGON AUTOTECH & ACCESSORIES SHOW 2013**

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

*Country:* Ho Chi Minh City, Vietnam

*Start Date:* 30 May 2013

*End date:* 2 June 2013

### ***Event Description & Exhibitors' Profile***

Please kindly refer to <http://www.vinautoexpo.com/>

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