



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.*

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**VIETNAM: TRADE &  
INVESTMENT BULLETIN  
NO. 09/ 2013**

September

2013

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## DEVELOPER'S INTRODUCTION

### QUE VO III INDUSTRIAL ZONE

#### \* Geographic location

- Bac Ninh is adjacent to from Hanoi capital, contiguously Bac Giang province - gateway of the North, and locating in economic growth triangle Hanoi - Hai Phong - Quang Ninh.  
 - The position of Que Vo III Industrial zone is belong to communes Viet Hung, Que Tan and Phu Luong, in Que Vo district of Bac Ninh Province; next to high way 18 to Quang Ninh, near Hanoi - Quang Ninh railway; close to Cau River port, Pha Lai port; 35km distant from Noi Bai international airport, 40km to Hanoi, 105km to Ha Long City- Quang Ninh province, 80km to Hai Phong and 90km to Lang Son.

#### \* Regional traffic relation

**Road:** Industrial park adjacently located the old Highway 18 - the arterial road to Quang Ninh and close to the new planning Highway 18 is going to be built in the near future, which is a modern highway

linking Noi Bai International Airport to Cai Lan port - Quang Ninh.

**Railway:** 12km distant to Hanoi - Lang Son Railway, near Yen Vien - Cai Lan high- speed railway.

**Sea-port :** Conviniently travel to big sea - ports of the South such as Hai Phong Port, Cai Lan Port.

**River port:** Contiguous to Cau River Port, Pha Lai Port they are main river ports of Bac Ninh. It is convinient for trading goods.

**Airport :** To the North, 35km far from Noi Bai international airport.

In general, Que Vo III Industrial Zone has such a strategic location that it is very convenient for economic development.

#### \* Scale of investment:

Total area **598ha** divided into 2 phases:

+ First phase: 303.8ha.

+ Second phase: 217.9ha.

- Urban & services project 68ha:  
 Implement in one phrase.

**Operational time:** Starting from 2012 to 2059

#### \* Main sectors in Industrial Zone:

- Agricultural products manufacturing area will be laid out Southern East of the Industrial zone.
- Industrial textiles will be laid out Southern West of Industrial zone.
- Consumer goods production will be located in the North of Industrial zone.
- Construction materials and electronic devices manufacturing will be arranged in Northern East of Industrial zone.
- Mechanical appliance assembly arranged in the Northern West of Industrial zone.
- Storage and parking area will be located near the main road No.1, categories depending on the requirements of investors.



**Ban quản lý Khu công nghiệp Quế võ III**

**Que vo III industrial zone management board**

**DABACO GROUP**

Address: 35 Ly Thai To Str, Bac Ninh City, Bac Ninh Province

Tel: 084 2413 856 226 Fax: 084 2413 825 496 Mobile: 0989895000;  
 0902022126 Website:www.quevo3.com.vn

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## LONG HAU – HOA BINH INDUSTRIAL PARK - READY TO WELCOME INVESTORS.

Located in a convenient location for trade, infrastructure has been invested in sync, complete with attractive incentives, Long Hau – Hoa Binh Industrial Park has become an ideal destination, attractive for foreign and domestic investors. Long Hau – Hoa Binh Industrial Park is built and operated by Hoa Binh Construction and Real Estate Trading JSC, Long

Hau Corporation and Jesco Holdings Corporation (Japan) - three strategic shareholders, variety of experience and capability in investment, infrastructure development of industrial parks in Vietnam.

Long Hau – Hoa Binh Industrial Park covers about 125 hectares which located in Binh Anh junction, Highway 1A, Thu Thua district, Long An province, 22km from Ho Chi Minh (Nguyen Van Linh crossroads - highway 1A), is the trading gate between the Southern Key Economic Zone and the provinces in the Mekong Delta and Cambodia; convenient transportation, close to abundant labor forces and wide market. Long Hau – Hoa Binh combines factors to contribute to success of investors.

In addition to its favorable geographical location, infrastructure systems of Long Hau – Hoa Binh IP are also invested and constructed completely and synchronously, including: internal road system, power supply system for production, communication system, drainage system with water supply plant capacity 15.000m<sup>3</sup>/day, wastewater treatment plant capacity 4.000m<sup>3</sup>/day; housing workers, health centers, security guards 24/24, sanitation team, tree care,... All are available to serve investors. There are many social infrastructure and utility services around Long Hau – hoa Binh IP such as: bank, post office, medical, vocational schools,...



In the second quarter 2013, Long Hau – Hoa Binh Industrial Park welcomes two new investors are Tan Tan Mai Co., Ltd and Viet Long Co., Ltd. “In the next time, Long Hau – Hoa Binh will boost the promotion to invite investment from ASEAN



countries, priority approach to the foreign investors such as Japan, Korea, Singapore, Taiwan, China, Malaysia ...”- CEO of Hoa Binh Construction & Investment JSC said.

With the motto "Commitment to provide the most reliable infrastructure and services for the sustainable development of enterprises", investors are quite safe when choosing Long Hau – Hoa Binh Industrial Park.

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## GENERAL REVIEW

### Power prices spark tiff

*Disagreements over whether to charge higher electricity prices for major power consumers such as steel and cement plants remain, but advocates of the price rise claim it would encourage firms to modernise the sectors.*

Chairman of the Vietnam Steel Association's (VSA) Pham Chi Cuong last week renewed his call for fair treatment to different sectors including the steel sector when it comes to electricity price. Cuong also confirmed that many local steel makers were using high technology to follow the industry's plan toward 2020 with vision to 2030 approved by Deputy Prime Minister Hoang Trung Hai.

Meanwhile, Nguyen Van Thien, chairman of the Vietnam Cement Association, noted that the total capacity of Vietnam's cement sector reached 68 million tonnes, mostly using ASEAN comparable high technologies. "Only 2.35 per cent of cement firms run blast furnaces," he said. Under the third retail pricing draft compiled by the Ministry of Industry and Trade (MoIT), steel and cement producers using power voltages of 110kV or higher during peak hours would pay 10 per cent more for power compared to the average retail price. The highest price hike for voltages of less than 6kV during peak hours would be 20 per cent as per the draft.

This means power prices for the steel and cement producers would increase 2-16 per cent in comparison with other sectors at all voltage levels. "It is not fair to apply separate higher electricity prices for the cement and steel sectors. Most of cement firms are facing hard times due to large inventories and a woeful real estate market. If the power prices rise, it could push them to the wall," said Thien.

Deputy general director of Vinausteel Joint-Venture Company, Lai Quang Trung said that increasing power prices were aimed to encourage savings and new investment, however the electricity industry should ask them-selves how much the people and other industries would suffer as a result of the price increases. "It seems clear that the decline of the cement and steel industries would have a wider negative impact," he said.

"Power prices are going to rise in this context where the government has given solutions to help domestic firms deal with high inventories and interest rates," said Trung, adding that many more companies were in trouble and might soon face bankruptcy if the power price hikes went through.

According to Trung, seven steel making factories in Haphong, one of the country's steel making hubs, have shut down.

Bui Quang Chuyen deputy head of the MoIT's Heavy Industry Department said that the steel and cement sectors in total consumed 12 per cent of commercial electricity in 2010, 11.6 per cent in 2011 and 11.4 per cent in 2012.

Pham Chi Lan, economist and former deputy chairwoman of the Vietnam Chamber of Commerce and Industry (VCCI), said it was not necessary to apply a separate price framework for the two sectors.

"Instead, state-run Electricity of Vietnam (EVN) can propose to the government a specific amount of power that should be provided to the sectors and regulate which factories qualify for the power," she suggested.

Source: Bao Dau tu

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## Premier Updates on its Southeast Asia Development Projects

*Premier Oil plc provided an update on the progress of the company's development projects in Indonesia and Vietnam when the company announced its half-yearly results recently.*

Operator Premier said the Naga and Pelikan gas projects in Indonesia's Natuna Sea will be tied into the Gajah Baru facilities. Onshore fabrication of both the Naga and Pelikan wellhead platforms is nearing completion for load out, with installation scheduled for the third quarter of 2013.

Meantime, planning for the development drilling campaign is also far advanced with the rig contract awarded. Drilling at the Pelikan platform wells is expected after the monsoon season in the first quarter of 2014, followed by the Naga wells. First gas from both fields, which contain 150 billion cubic feet (bcf) of reserves, is expected in the second half of 2014.

Development work on the Block A Aceh gas development in northern Sumatra, Indonesia, continues, with all engineering, procurement, construction and installation bids for the facilities received and negotiations on a revised gas price with the end user and the Indonesian Government are nearing completion.

The joint venture is exploring the option of an alternative development scenario of early production from Matang following the success at the Matang-1 exploration well in April. "Planning of an appraisal well on the Matang discovery in line with alternative block development plans has commenced and an agreement on the preferred development plan is expected in the fourth quarter of this year," Premier said in the press

At the offshore Anoa field in the Natuna Sea Block A, the Phase 4 additional compression project has now been completed and field production resumed Aug. 14. This project will add 200 bcf of reserves for delivery from the Anoa field to Singapore.

Over in the Nam Con Son Basin off Vietnam, work on the Dua oil project, which is being developed as a subsea tie-back to Chim Sáo, is well advanced. The subsea structures and equipment to tie Dua into the floating, production, storage and offloading vessel have been completed; load out and installation will commence shortly. Drilling of three production wells at the Dua project is scheduled to start in the fourth quarter, with first oil - estimated at 10,000 barrels of oil equivalent per day - targeted for the first half of 2014.

*Source: the RigZone*

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## Vietnam, Japan enterprises seek partnerships

*As many as 120 Vietnamese and Japanese enterprises sought partnership opportunities at a trade and industry cooperation promotion conference in Tokyo on September 13.*

The firms are mostly small and medium-sized operating in iron and steel, metallurgy, electronics, plastics and agricultural machine manufacturing industries.

Addressing the event, Vietnamese Trade Counsellor to Japan Nguyen Trung Dung said the strategic partnership and the signed economic connectivity agreement between Vietnam and Japan are firm legal foundations to boost trade and investment cooperation between enterprises of both sides.

He noted that the Vietnamese Government has recently approved an industrialisation strategy in the framework of Vietnam-Japan cooperation until 2020, with a view to 2030, which specifies six prioritised industries and support industries to cooperate with Japan.

The six industries are electronics, agricultural machinery, processing of agricultural and seafood products, ship building, environment and energy saving, vehicle and spare part manufacturing, he added.

Dung said he hopes through the event, businesses from both countries, especially those operating in the prioritised sectors, will explore their cooperation prospects.

According to Dung, last year, two-way trade between Vietnam and Japan reached 25 billion USD, and is expected to rise 12 percent this year, hitting 28 billion USD, while Vietnam's exports to Japan will increase by 14 percent.

Japan is now Vietnam's second largest export partner, he said, adding that there is room for bilateral economic ties to broaden, as the two countries have abundant advantages in the goods market that can supplement each other.

The counsellor said Japan is also one of Vietnam's largest foreign investors, with 1,990 projects totalling 33 billion USD.

It ranks first in the country's ODA supplier line-up with 24 billion USD, accounting for 30 percent of total ODA Vietnam received from across the world, he added.-

Source: Vietnam+

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## €850 million pledged for metro line No.5 in HCMC

*Most of the €857 million in capital needed for the first phase of the No.5 metro line in Ho Chi Minh City will be provided by the Asia Development Bank (ADB), the European Investment Bank (EIB) and the Spanish Government.*

Accordingly, the ADB will contribute US\$500 million, while the EIB and Spain's Government will provide funds of €150 million and €200 million, respectively, said the HCMC Urban Railway Management Board.

The remaining capital amount will be covered by domestic sources, the Board added. Metro line No. 5 is designed to be 23.4 km long, running from the Saigon Bridge in Binh Thanh District to the Can Giuoc Coach Station in Binh Chanh District.

The first phase of the project will cover a section of 8.9 km running between the bridge and the Bay Hien Intersection in Tan Binh District.

Construction of the first phase is expected to begin in 2015. This is the third metro project in the city that has obtained enough capital to start its first phase. The other two projects are the Ben Thanh-Suoi Tien metro line (metro No. 1) that will link District 1 and District 9, and the Ben Thanh-Tham Luong metro line (metro No. 2), which will connect District 1 and District 12.

The other four metro projects in the city include No. 3A: Ben Thanh (District 1) – Tan Kien (Binh Chanh District), No. 3B: Cong Hoa Intersection (District 3) – Hiep Binh Phuoc (Thu Duc District), No. 4: Nguyen Van Linh Avenue (District 7) – Ben

Cat Bridge (District 12), and No. 6: Ba Queo (Tan Binh District) – Phu Lam Roundabout (District 6).

All of these projects are in the preparation stage.

Source: *TuoiTreNews*

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## **Vietnam agrees on nuclear development cooperation with S. Korea**

*Vietnam promised on Monday to work together with South Korea for nuclear power development, help Korean firms participate in a series of energy and infrastructure projects and try to seal a bilateral free trade deal by next year, a joint statement said.*

The agreement was reached at a summit in Hanoi between South Korean President Park Geun-hye and Vietnamese President Truong Tan Sang. The talks were dominated by economic cooperation issues, not only those beneficial for South Korea, but also development aid projects for Vietnam. "The two sides shared an understanding that sharing South Korea's nuclear power development experiences and technologies would contribute to fostering Vietnam's nuclear power industry," the joint statement said. "The two sides agreed to continue to cooperate for nuclear power development in Vietnam."

The agreement brightened the prospects of Korean firms winning nuclear power plant contracts.

Vietnam plans to build 10 nuclear reactors by 2030, and South Korea hopes to take part in the construction of two of them, producing more than 1,000 megawatts each. The two-reactor projects are worth about US\$10 billion. Russia and Japan are also vying for participation. South Korea and Vietnam launched a preliminary feasibility study for the project in June.

In Monday's summit, the two countries also agreed to speed up ongoing free trade negotiations and work out a deal next year. The sides launched the negotiations last year and have since held two rounds of talks. A third round is scheduled for October in Hanoi.

Bilateral trade volume amounted to US\$21.6 billion last year, a 44-fold rise from less than \$500 million in 1992, when the sides established diplomatic ties. On Monday, the two sides agreed to work together to have trade more than triple to US\$70 billion by 2020.

Vietnam also pledged to render cooperation and support for South Korean companies trying to take part in a series of energy and infrastructure projects, including a \$3.6 billion project to build two, 1,000-megawatt, coal-powered thermal power plants in the Long Phu district in southern Vietnam. Other plans include a \$2.3 billion project to build two 600-megawatt thermal power plants in the Nghi Son economic zone in northern Vietnam and a project to build and operate an underground oil storage terminal in Dung Quat in southern Vietnam.

In return, South Korea promised an array of development aid projects for Vietnam, including one that calls for establishing a science technology research institute, known as V-KIST, modeled after the Korea Institute of Science and Technology (KIST).



Other aid projects include building a road linking the northern Vietnamese cities of Tan Van and Nhon Trach, joint research and development in parts industries and sharing South Korea's expertise in logistics, agriculture and other sectors.

Park's state visit to Vietnam has been billed by officials as the kickoff of her "sales diplomacy" drive that calls for using diplomatic trips and meetings to promote South Korea's economic interests so as to help Asia's fourth-largest economy recover from a prolonged slump.

Park has put forward the slogan as a top priority in the second half of the year. Park arrived in Hanoi on Saturday for a five-day visit, her third overseas trip as president. Vietnam is an unusual choice for one of the first overseas visits by a South Korean president, which officials said shows that Park is very much committed to the "sales diplomacy" campaign.

She visited the United States and China earlier this year. Vietnam is also home to some 1,800 Korean firms, and the No. 1 recipient of South Korea's official development aid.

Source: Yonhap

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### **Canada seeks economic, investment cooperation with Vietnam**

*The ongoing working visit of a delegation of Canadian parliamentarians and businesspersons aims to learn about Vietnam's situation as well as seek economic and investment cooperation opportunities in the country.*

The remark was made by Vice Speaker of the Parliament of Canada Barry John Devolin, who is leading the delegation, during his meeting with President of the Vietnam Union of Friendship Organisations (VUFO) Vu Xuan Hong in Hanoi on September 9.

In recent years, the Canada-Vietnam Friendship Association has regularly sent such delegations to Vietnam to seek local partners, added the Canadian guest.

VUFO Hong said that the September 7-14 visit offers the two countries' parliamentarians and businessmen a chance to further cooperation in fields of mutual interest, contributing to the friendship and cooperation between both sides.

On this occasion, Barry John Devolin presented a friendship insignia of the Canada–Vietnam Friendship Association to Vu Xuan Hong for his contributions to the two peoples' cooperation.

Source: Vietnam+

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### **UK expert tells Vietnam city government not to rush on new urban area**

*Ho Chi Minh City should be deliberate and flexible in developing its Thu Thiem urban area into a financial center since demand for office space is still very low, a British expert has advised.*

Howard Dawber, strategic advisor to the UK-based Canary Wharf Group, told the city administration at a meeting August 28 that the low demand for office space would worry prospective investors in the urban area in District 2, news website thoibaokinhtesaigon reported.

Buildings even in the downtown area -- like Bitexco Financial Tower, the second tallest building in Vietnam -- has only leased out 60 percent of its office space, he pointed out. He suggested that the city should look at long-term benefits and focus on popularizing the urban area, offering incentives to investors.

It is very important to get people to know about Thu Thiem and the city should spend on activities to popularize it, he said. Once the public gets interested in the project, investors would come, he said. HCMC wants to upgrade Thu Thiem peninsula into a financial center

Dawber shared some of his firm's experiences in developing Canary Wharf in London, the city's major business district and the largest banking centre in Europe, on land remaining unused until 25 years ago, and compared it with Thu Thiem's current situation.

Thu Thiem peninsula, on which the urban area is developed, is very similar to Canary Wharf in terms of scale and topography, he said. When the latter was built in London, office prices are very low. HCMC should therefore keep land prices low to attract investors, but ensure they complete their projects on schedule, he said.

Thu Thiem urban area will measure 657 hectares. It is expected to provide accommodation for 160,000 residents and office space for around 450,000 people, and receive one million visitors daily.

*Source: ThanhNienNews*

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## **Viet Nam failing to tap bio-fuel potential**

Viet Nam has great potential in bio-mass and bio-gas production but has failed to exploit this yet, experts said.

More than 118 million tonnes of bio-mass are produced every year, mainly from husk and straw, bagasse and sugarcane leaves, corn residue, and others, Nguyen Duc Cuong of the Institute of Energy said. A total of 4.8 billion cubic meters of bio-gas can be produced every year from husbandry activities, he told a Vietnamese-German forum on bio-energy held in HCM City.

Bio-mass and bio-gas development is encouraged to achieve the country's renewable energy target of 600MW per year and account for 9.4 per cent of total generation by 2030, up from 3.7 per cent last year, he said. The four main sources of renewable energy contributing to the power grid are small hydropower, bio-mass, solid waste, and wind. "Financial support and incentive mechanisms are in place to promote the development of bio-mass and bio-gas in Viet Nam," Cuong said. "Price subsidies, new tariffs, and planning for bio-mass electricity development are in place to attract investors."

Prof Dr Ing. Mirko Barz from the University of Applied Sciences, Berlin, said: "As an agricultural country, Viet Nam has great potential to develop bio-gas from agricultural residues and specially grown energy crops."

Despite a large volume of potential bio-gas feedstock, only two major sources are currently used — animal manure and wastewater from cassava starch factories. The huge potential of agricultural residues in Viet Nam is untapped, Barz said. Only a few research activities for the optimized production and use of bio-gas on a medium and large scale are being undertaken.

The medium- and large-scale bio-gas sector in Viet Nam is in its infancy, with technologies and procedures mainly covering lagoons and unstirred plug-flow systems. Around 200,000 household-scale systems have been installed, producing gas for cooking and lighting.

There is only one industrial-scale application, which has a capacity of 2MW. A number of medium-scale applications (farm scale) using plug-flow technology were deployed in the last few years.

No standard model has been created yet for medium-scale bio-gas plants, with construction still being rudimentary and mostly using animal manure. Advanced technologies with improved mixing devices and operated under constant mesophilic or even thermophilic conditions are ideal for efficient bio-gas production from agro-processing residues or energy crops as feedstock, Barz said.

A promising option is the production and feeding-in of bio-methane into the natural gas grid. From 1ha of agricultural land, enough bio-methane can be produced for a car to travel 60,000 kilometers.

Source: VNS

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## TRADE

### FIE's products encroach on traditional markets

*Foreign invested enterprises (FIEs) have been “flattering” petty merchants by offering attractive preferences in an effort to encroach on the traditional markets, considered as the “territory” of domestic products.*

Analysts have warned that Vietnamese products which have been put at a disadvantage at supermarkets, the modern distribution model, may lose traditional markets as well.

FIEs have spent big money to run the preferential programs applied to petty merchants in an effort to increase their products' presence at traditional markets. They have offered bonuses on the sales, propping up product display expenses, giving free shelves and offered high discounts.

### Vietnamese products dislodged from market

Luong Van Vinh, General Director of My Hao Cosmetics Company, admitted that it is very difficult to increase the sales through the modern distribution channel. Vietnamese products not only have to compete with the products bearing multi-national brands, but the products bearing supermarkets' private brands as well.

“Unable to compete with the big guys, a lot of Vietnamese manufacturers have to do the outsourcing for foreign enterprises to exist. However, doing the outsourcing means sending oneself off the game. You will lose your brand and market,” Vinh said.

Vietnamese products not only have been not inferior to foreign brands at supermarkets, but they also have to struggle hard to stand firmly at the traditional markets.

Manufacturers nowadays tend to develop the distribution networks with the shops located at every corner of residential quarters, the wholesale traditional markets, which was the main sale channel for the majority of Vietnamese enterprises, has lost its role as the intermediary that distributes goods.

Previously, the Binh Tay wholesale market distributed 80-90 percent of cosmetics and washing liquid products, while the proportion has dropped to 20 percent. As such, small enterprises and household run workshops, which are not big enough to develop the distribution networks of their own, would meet difficulties in selling their products.

Dang Ngoc Tran, a petty merchant selling cosmetics at Phu Lam Market in district 6, said FIEs usually offer bonuses to encourage merchants to advertise and sell their goods.

Tran went on to say that FIEs have applied different measures to boost sales and bring benefits to both merchants and manufacturers. Meanwhile, no domestic manufacturer has applied these methods.

### **Vietnamese businesses will die without traditional markets**

The director of a plastics company in HCM City said the sales growth has been very slow at supermarkets, since his products have to compete with the imports from Thailand and China.

As for traditional markets, the company has to spend money to encourage petty merchants to sell his products. The expenses are believed to be higher from 2015, when more imports enter the Vietnamese market, thus creating a stiffer competition.

Vinh of My Hao fears that if losing traditional markets into the hands of FIEs, domestic manufacturers would “die.”

According to Trinh Thanh Nhon, General Director of ICC, also a cosmetics company, in the past, Vietnamese enterprises focused on making low cost products with reasonable prices, while considering traditional markets as the main distribution channel.

However, consumers’ taste has changed, while they have become more demanding. Therefore, manufacturers also need to change their business strategies.

*Source: VNN/NLD*

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### **Franchisees have to go the thorny path to success**

*There has been no success story about the secondary franchising in Vietnam, according to experts.*

According to the Ministry of Industry and Trade’s information portal, 200 brands have entered Vietnam under the mode of franchising. Of these, 120 brands have been doing business in chains, mostly found in the business fields of café, fast food, restaurant, retailing, children education. Most of the franchisees have got the Master Franchisee licenses from the foreign franchisors. 70 percent of the franchised brands are from North America.

In principle, the companies that get master franchisee licenses will establish a model business system in the domestic market, and later will expand their networks by developing sub-franchise systems. However, experts have noted that to date, most of

the franchisees have been expanding their networks by setting up more shops of their own, rather than developing the sub-franchise systems. There has been no success story about the secondary franchising.

Harish Babla from Franchising Strategic, the strategic consultancy partner of [nhuongquyenvietnam.com](http://nhuongquyenvietnam.com), noted that the problem needs reconsideration, because this is the biggest barrier that hinders the development of the franchising industry in Vietnam. [Nhuongquyenvietnam.com](http://nhuongquyenvietnam.com), after surveying the 25 companies which are the master franchisees of the world's big brands in HCM City, has found that 70 percent of the companies don't want to expand their business through the sub-franchising. They believe that it's easier to "do it yourself," which means developing the shops of their own.

The managers of the companies said that it will be very difficult to control the partners – franchisees, which makes it impossible to maintain the consistency in the quality of services. The other 30 percent of companies said they are willing for sub-franchising, but they don't know where they should start from. The survey has also found out that most of master franchisees meet difficulties in seeking the personnel with deep knowledge on franchising to be able to establish professional franchising systems.

Meanwhile, analysts have pointed out that by opening more shops of their own, the franchised companies cannot save the operation expenses. This explains why no franchised chain in Vietnam has made profit. The analysts also said this is the common problem in the Asian markets in their early stages of development. In the future, master franchisees would realize that the sub-franchising would be the best solution for a long term development.

Another popular problem is that most of the master franchisees gather their strength on the operation of their own shops, instead of managing the business as the representative of the brand in the domestic market. After signing the contracts with franchisors, the master franchisees spend 90 percent of their time to train in the business model and operation. The training takes 2-3 weeks, which is believed to be not long enough for the master franchisees to become the franchisors in the targeted market.

99 percent of the chains in the world have been developing under the mode of franchising or business licenses. Experts believe that Vietnam will not stay outside the trend, because the franchise model ensures profits for the companies. The biggest barrier for the franchised chains in Vietnam is the lack of experiences to develop the networks and choose the right partners for franchising.

Source: DNSG

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## Opportunities for catfish farmers dwindling away

*Catfish farmers in the Mekong Delta still incur losses, even though they are supported by the market factors.*

The material supplies have become short, while the export markets have warmed up with more orders coming. However, catfish farmers still cannot define the selling prices. It seems that there is no way to live on catfish farming.

## Supply short, but catfish farmers still take loss

The supply & demand economic laws seemingly do not exist in the catfish market. Though the supplies are short and seafood processing companies rush to collect materials for processing to fulfill the export contracts, the catfish price still stays below the production cost, about VND21,000-23,000 per kilo. With the selling prices, farmers incur loss.

According to Duong Ngoc Minh, Deputy Chair of the Vietnam Association of Seafood Exporters and Producers (VASEP), 70 percent of catfish farming households have scaled down their farming because of the loss, while 60-70 percent of seafood processing companies reportedly lack materials for processing.

The report of the An Giang provincial Fisheries Association (AFA) also showed the short supply of catfish materials. The total amount of catfish the 8 big seafood companies in the province used in the last week of August was 5,466 tons, a decrease of 431 tons from the week before.

Vietnam's catfish export turnover by August 15, 2013 had decreased by 1.1 percent in comparison with the same period of the last year with the turnover of \$1.055 billion. However, this does not disappoint analysts, who believe that the exports would increase in the coming months, as the world's demand has increased.

Minh from VASEP, who is also the President of the Hung Vuong Seafood Company, revealed that seafood companies have to refuse some contracts due to the lack of materials.

## No way for catfish farmers?

The solutions applied by the Ministry of Agriculture and Rural Development (MARD) could not help save catfish farmers from incurring loss, the thing which has not been settled over the last two years.

In early 2013, catfish exporters reported to the government and MARD that the export markets were narrowed and it was difficult to get orders, which then forced the domestic catfish prices down and put big difficulties for farmers.

MARD organized a lot of meetings and conferences to discuss the solutions to the catfish farming. It then asked to cut down the fish output to VND800,000-900,000 tons per annum from 1.2 million tons.

Nevertheless, though the material supply is short and the export price to the US has increased by \$.0.7 per kilo, the catfish price still cannot move up. As such, the principle of "cutting down output to raise selling prices" set by MARD earlier this year cannot help recover the catfish farmers, who have incurred loss for the last two years.

A senior official of the agriculture department in Mekong Delta, who asked to be anonymous, said the catfish price cannot go up because farmers cannot set up the prices. The material collection prices are being controlled by processing companies.

"Enterprises need to share risks and profits with farmers. If not, farmers would give farming, because they can see no way to live on the job," he said.

Source: TBKTSG

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## INVESTMENT

### Japanese ODA charges Vietnam power development

*Japanese official development assistance (ODA) loans play a vital role in ensuring Vietnam's power projects continue moving forward and power supply keeps up with demand.*

Japan has been a consistent supporter of Vietnam's power supply projects in the areas of supply, transmission, and distribution. The state-run Electricity of Vietnam (EVN) currently has conducted 12 power projects in progress funded by over \$5 billion in ODA loans from Japan, of which seven are completed. The remainder are in active progress.

Since 1995, the total Japanese ODA toward power projects totaled \$11 billion, of which \$5.34 billion came from the Japan International Cooperation Agency. The Asian Development Bank has distributed capital totaling \$2.37 billion, said an EVN report. EVN reported that during 2011-2012, ODA loans totaled around \$4 billion with EVN receiving \$3.5 billion. This has been particularly handy in 2012, as the company found it difficult to source capital from banks.

Power projects funded by the Japanese government made up nearly 18 per cent of EVN's power supply and 10 per cent of the national power system.

Notably, in 2011 Vietnam and Japan signed a cooperation agreement on the Ninh Thuan 2 nuclear power plant. Accordingly, Japan will support Vietnam in preparing for and implementing a nuclear energy programme, as well as training human resources for the plant and developing nuclear power regulations.

The Ninh Thuan 2 nuclear power plant would have a capacity of 2,000 MW with two turbines and will be built in the province of the same name. It would be Vietnam's first nuclear power plant and follows Vietnam's power development strategy and was approved by the 12th National Assembly. The \$12 billion project is slated to start in 2014, with the first phase to begin commercial operations by 2020.

EVN said that it was aiming to get Japanese ODA support of around \$1.5 billion between 2013-2015 for developing the Duyen Hai 3 power plant, transmission projects, human resources, and infrastructure necessary for nuclear power.

EVN asserted that as a leader in high-tech innovation, Japanese investment would be bolstered by technology exchange.

Under Vietnam's Power Development Plan towards 2020, it is envisioned that the total power capacity of Vietnam will be increased to 75,000 MW by 2020 and 146,800 MW by 2030.

With electricity consumption rising by 12 per cent a year, current projects would not keep up with demand. The dry season is particularly difficult, with Vietnam relying heavily on hydro-power, which makes up 40 per cent of the country's total production.

From now to 2015, EVN needs at least \$25.3 billion to for its power generation and transmission projects.

Source: VIR

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## **Deal struck for bridge to connect Can Tho, Dong Thap**

*South Korea's GS Engineering & Construction and Hanshin Engineering & Construction on Thursday clinched a deal with Cuu Long Corporation for Investment, Development and Project Management of Infrastructure (Cuu Long CIPM) to construct a bridge linking Can Tho City and Dong Thap Province.*

According to the Ministry of Transport, work is scheduled to start on the Vam Cong Bridge which crosses the Hau River and connects Dong Thap's Lap Vo District with Can Tho's Thot Not District next Tuesday. The bridge's length is 2.97 kilometers and if the access roads at two sides are included, the total length of the project will be 5.75 kilometers.

The six-lane bridge will allow for a maximum speed of 80 kilometers per hour.

The project needs a total of US\$271.58 million sourced from South Korea's official development assistance loans and Vietnam's reciprocal capital.

Cuu Long CIPM has been assigned to manage and implement the project.

According to Deputy Minister of Transport Nguyen Van The, Vam Cong is one of the important projects of the second route supporting the overloaded National Highway 1A.

After completion, the bridge will facilitate transportation between southwestern provinces and the southern key economic zone.

The Mekong Delta is divided into parts by the Tien and Hau rivers. Although there is My Thuan Bridge over the Tien River and Can Tho Bridge over the Hau River, transportation between central areas of Mekong Delta provinces still need Vam Cong and Cao Lanh ferries.

*Source: Saigontimes*

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## **Phu Yen province vows space for new refinery**

*The central province of Phu Yen plans to hand over land to the investor of the Vung Ro oil refinery project at the end of the year.*

Le Van Truc, deputy chairman of the provincial People's Committee, said that by the end of this month, the province will complete a compensation plan for people living on the land that will be used to build the refinery.

Deputy Prime Minister Nguyen Xuan Phuc said while working with the local authorities on September 8 that the province should hand over land to the investor as soon as possible. In addition, he said, the investor should quickly complete all the procedures required to start construction. The construction is expected to start at the end of this year and to be completed in four years.

Earlier, the province planned to give the Bai Goc port to the Vung Ro Oil and Gas Ltd Company so it could develop the port, which will benefit not only the refinery but also the Nam Phu Yen Economic Zone, Truc said.



The province allowed the oil refinery project to increase its investment capital from 1.7 billion USD to 3.18 billion USD, which will double the oil refinery's annual output to 8 million tonnes. The plant will refine products from crude oil, including polypropylene, benzen, toluene, xylene, liquefied petroleum gas (LPG), Ron 92 petrol, Ron 95 petrol, diesel oil and fuel oil for both domestic and foreign markets.

Since the project was licensed in 2007, the investor – British Virgin Islands' Technostar Management Ltd – decided to increase investment based on market demand. The oil refinery will be built in Hoa Tam Industrial Zone (part of Nam Phu Yen Economic Zone) on an area of 538ha, which includes 404ha for the plant itself and 134ha of land for the port.

The project is expected to help the central province attract other projects to the Hoa Tam Industrial Zone, especially those related to petro-chemistry and oil refinery support industries. Besides supplying a significant volume of petrol products to the domestic market and thus reducing the country's dependence on petrol imports, the project is also expected to contribute roughly 111 million USD yearly to the State budget and generate about 1,300 jobs.

Representatives from the Ministry of Planning and Investment recommended the investor be given incentives such as exemptions from land use fees and crude oil import taxes.

Source: Vietnam+

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### **Russian group eyes stake in Vietnamese refinery**

*A Russian group has visited the Quang Ngai-based Dung Quat Oil Refinery, the sole such facility in Vietnam so far, to seek investment chance there, the plant's operator confirmed with Tuoi Tre on Friday.*

“The GazpromNeft Group wanted to cooperate in upgrading and expanding the refinery,” said Nguyen Hoai Giang, chairman of the Binh Son Oil Refining and Petrochemical Co, which operates the US\$2.5 billion facility that started commercial operations in 2009.

Dung Quat Refinery is seeking investment to increase its capacity of producing 6.5 million tons of products per year to 10 million tons per year.

To this end, the Russian firm suggested that it would buy a 36 percent stake of the refinery, a plan the Vietnamese investment ministry has welcomed and agreed upon.

Giang said GazpromNeft is the latest among dozens of international investors to show interest in the Dung Quat project over the last two years.

Previously, the Japan-based JX Nippon, Petr leos de Venezuela SA of Venezuela, and South Korea's SK have also come and studied about the stake buying of the refinery, he said. Still, Giang noted that the Russian company's plan is not enough to help fully implement the upgrading plan.

“The Russian group must buy a 49 percent stake in order to help increasing the facility's capacity,” he elaborated. He however expressed his hope that an international investor will officially ask to partake in the plan soon as the feasibility report for the project is due this month.

“The main contractor, Japan-based JGC, will complete the report and submit to the government for approval,” he said.

Source: *TuoiTreNews*

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### **Sumitomo invests in Tiki.vn**

*Tiki Corporation (Tiki.vn) on Tuesday signed a strategic partnership with Japan’s Sumitomo Corporation and became the first e-commerce company in Vietnam to receive investment from this Japanese company.*

Under the partnership, Sumitomo will hold a 30% stake in Tiki.vn to become the second strategic investor of the latter, following an investment by the Japanese investment fund CyberAgent Ventures into Tiki.vn last year.

According to Tiki.vn, after this deal CyberAgent Ventures will hold a stake of only 15%, down from 22%. With an investment of Sumitomo, Tiki.vn will improve the service quality in terms of expanding the delivery network and providing new products of different sectors.

“E-commerce is still new in Vietnam, and thus the issue of human resources is always a headache of most enterprises. With our long-term development strategy, we will give special focus on attracting talent as well as providing training on specialized knowledge of e-commerce for employees,” said Tran Ngoc Thai Son, general director of Tiki.vn.

Founded in March 2010, Tiki.vn runs an e-commerce website selling over 40,000 products of five groups - book, electronics, appliances, fashion and stationery. After three years of operation, Tiki.vn has reached customers in all of 63 provinces and cities nationwide and in 17 countries.

According to Son, Tiki.vn will increase the number of products to 100,000 next year, many of which will bear Japanese brands with assistance from Sumitomo. Besides, Sumitomo will start selling cosmetics and appliances on Tiki.vn next year.

Source: *Saigontimes*

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### **Work starts on 5th Vietnam – Singapore IP**

*The local government of the central province of Quang Ngai unveiled Friday the initial construction phase of the Vietnam – Singapore Industrial Park (VSIP) Quang Ngai, the fifth of its kind in Vietnam.*

The first phase, aimed at covering 160 hectares out of the 1,226 hectares of the project, will begin from now to mid-2014, according to the provincial deputy chairman Pham Nhu So.

The project will be implemented by a joint venture between Vietnam and Singapore, and is expected to consume more than US\$125 million worth of investment for its first construction stage.

Local government said four foreign investors have leased land inside the to-be-built industrial park, two of which are from the UK, with a total registered capital of \$55 million.

The very first VSIP was constructed in Binh Duong in 1996, and the second one was also located in the southern province. The VSIP III and IV are located in Bac Ninh and Hai Phong.

All of the operational VSIPs have attracted some 490 investors from 25 countries and territories, and generated jobs for more than 140,000 locals, according to Vietnam News Agency.

Source: *TuoiTreNews*

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### **“Island’s King” projects a \$7.5 billion casino**

*Dao Hong Tuyen, a Vietnamese well-known businessman, who is called the “Tuan Chau Island’s King” as he develops a huge project here, has revealed the intention of setting up a casino in Van Don Economic Zone and Tuan Chau, once the government decree on casino management is promulgated.*

“Casino is useful for Van Don,” Tuyen said, adding that casinos could be admissible for Vietnamese as well, and that it’s not as difficult to manage casinos as people think. “80 percent of Vietnamese cross the border gates every day to Cambodia, and Hong Kong and Macau to gamble. This leads to the foreign currency bleeding. Why don’t we use the earnings from casinos for useful purposes, such as relief works?” Tuyen said.

While stressing the necessity of casinos, Tuyen said, he plans to develop casinos, not only in Van Don, but on Tuan Chau Island as well. “Financial institutions and commercial banks have agreed to provide loans. We are awaiting the government’s decree,” Tuyen said. “We think we would set up a casino in Van Don, and another at a marina on Tuan Chau”.

“This has been approved by competent agencies,” he said.

This has prompted Tuyen to speed up the marina project. He expects to inaugurate the marina by October. As for the casino project, Tuyen and his partners have fulfilled some procedures, proved their financial capability, completed the designing already. “We plan to pour \$4 billion into Van Don. I will submit necessary documents to the authorities in some days,” he said.

While Tuyen seems to be sure about the success of the project, experts keep doubtful about the project feasibility. A lot of investors made forceful statements that they will develop casinos in Vietnam, but they have later shrunk back.

The New City project initiated by Brunei New City Group, capitalized at \$4.3 billion in Phu Yen province has not made any considerable progress, though the project was licensed in 2008 already. The \$4.1 Saigon Atlantis Hotel in Ba Ria – Vung Tau is facing the same situation, while the \$4 billion Bai Bien Rong in Quang Nam province has seen the investment license revoked, since the investors could not prove their financial capability.

In fact, Tuyen has his reasons to put a high hope on the project. On August 14, Minister of Finance Dinh Tien Dung presented the draft decree on the casino management before the National Assembly’s standing committee. National Assembly’s deputies, when discussing the draft, said it’d be better not to prohibit Vietnamese to go to casinos, or this would lead to the foreign currency bleeding.

They have suggested that in the immediate time, Vietnam should allow to set up a casino admissible to Vietnamese in the Van Don Economic Zone. This means that the casino doors which have been closed to all Vietnamese may be opened one day.

Meanwhile, Prof Dr. Nguyen Mai, former Deputy Minister of Planning and Investment, now Chair of the Foreign Invested Enterprises' Association, said frankly he does not believe Vietnamese investors are financially capable enough to develop such a big project.

“The Vietnamese richest person has \$1.5 billion, according to Forbes. When you spend \$7.5 billion, you need to have at least \$10 billion in pockets. If you borrow money from banks, you need to have the mortgaged assets worth triple the sum of \$7.5 billion,” he explained.

“I don't believe there would be such a huge project,” Mai concluded.

*Source: VietnamNet Bridge*

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### **PM prescribes funding to cure HCMC hospital overload crisis**

*Prime Minister Nguyen Tan Dung held a working session on Saturday with the HCM City People's Committee on ways to reduce the overload at the city's hospitals.*

During the session, Vice Chairman of the municipal People's Committee Hua Ngoc Thuan said the city's hospitals have been gradually upgraded to meet the people's demands, but revealed that on average there are only 42 beds available for every 10,000 people.

He said that overloading usually hits specialised hospitals the hardest, as people from rural areas flock to them for better treatment than they could get at their home locality.

In response to the situation, the city has been implementing a master plan, approved by the Prime Minister, to establish satellite hospitals in the 2013-20 period. Hopefully this move will help mitigate the overload.

Accordingly, hospitals at grassroots levels across the country will be given advanced equipment and their staff will be trained to develop their qualifications. Improving these hospitals will allow them to attract more patients.

The Prime Minister affirmed the government's decision to provide the city with funding for its key clinics, the Oncology Hospital and the Children's Hospital, as well as upgrading several existing institutions, such as Cho Ray and Thong Nhat hospitals.

The PM urged the city to promptly finish the land clearance process in order to complete the construction within the next three years and offer a better service to patients.

Construction of the HCM City Children's Hospital in Binh Chanh District started in early August this year with total investment of VND5 trillion (US\$238 million). It will provide 1,000-1,500 beds.

Meanwhile, work on the Oncology Hospital in District 9's Tan Phu Ward is scheduled to begin in next month. The 1,000-bed hospital will be built at the cost of VND5 trillion.

Source: VNS

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### **Belgium interested in city's waterway transport**

*Belgian ambassador to Vietnam Bruno Angelet on Tuesday asked for information on the potential of Hiep Phuoc port complex and HCMC government's moves now that the first phase of the Soai Rap River dredging project is complete.*

There are preparations being made for the official visit of the transport minister of Flanders to the city in November. Speaking at the meeting with HCMC vice chairman Nguyen Huu Tin, Angelet said that seaport specialists from Belgium will join him on the trip. Therefore, the city should present its needs now or in the near future so that relevant agencies in Belgium can select suitable experts for the visit.

Tin said that the second phase of the Soai Rap River dredging project is going smoothly and the city needs support for capital, techniques and manpower training. In the first phase, the river was dredged to a depth of 9.5 meters, allowing vessels of 50,000 DWT to traverse it and reducing the section from the East Sea to HCMC by 31 kilometers.

Once completed in 2014, the project will also help speed up construction of Hiep Phuoc port complex. Therefore, Belgian Official Development Assistance (ODA) loans are highly appraised, Tin said. According to the HCMC Department of Transport, the final phase of the project will dredge this same section of the river to a depth of 11.5 meters, allowing it to receive vessels with a loading capacity of 70,000 tons.

Of the total investment of nearly VND2.8 trillion, around VND2.2 trillion comes from Belgian ODA loans and the rest from the city budget. After the project is complete, the two sides will continue discussing the potential of Hiep Phuoc port complex on a total area of 400 hectares. The project is expected to play an important role in the city's seaport development strategy.

According to the Government's seaport planning, both Cat Lai and Hiep Phuoc ports are in the port complex No. 5. The city is building a road system to connect the port complex with the central area and main roads. The works are expected to be completed next year, Tin said.

Ports in HCMC are projected to handle 200 million tons of goods to meet demands by 2020 but the current capacity is only around 80 million tons.

Source: Saigontimes

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## **Kumho plans to spend 100m USD in Vietnam**

*Kumho Tire, a subsidiary of the Republic of Korea's Kumho Asiana Group, plans to invest around 100 million USD in a factory in the southern province of Binh Duong, Kumho Asiana Group Chairman Park Sam-koo told the Korea Times recently.*

He disclosed the plan on the sidelines of a business conference in Hanoi during a state visit by President Park Geun-hye. This was the first time the group revealed details of a planned investment in Vietnam. The investment is expected to increase the annual production of the company's Vietnamese plant from 3.3 million to 5 million tires.

"We are mulling over enlarging the facilities of our Vietnamese factory beginning next year. The amount to be spent is in the neighbourhood of 100 million USD," Park said. "We will strengthen our footing in Vietnam, where our affiliates in construction, airlines and express buses have operations," he added.

Park regards Vietnam as a significant target market for Kumho and has been a strong proponent of cranking up the output of the country's Kumho Tire plant. Experts said Park's decision made sense because boosting production in Vietnam would help meet rising demand for quality tires in China, just across the northern border.-

*Source: Vietnam+*

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## **Fisheries sector seeks to net FDI**

*Provinces involved in rearing and catching fish have called for foreign investment in the processing industry.*

This is seen as a way of increasing the income of farmers who are paying high input costs, according to the chinhphu.vn site.

In June, the People's Committee of central Binh Dinh Province organised promotions in the Japanese cities of Tokyo, Osaka, Sakai and Kyoto, calling for investment in rearing and processing fish, especially tuna.

The Japan-Viet Nam Friendship Association suggested that Binh Dinh province should send farmers to Japan to train in ways of preserving tuna for export.

Fisheries enterprises from Osaka have already visited Binh Dinh, seeking a place to build a processing factory and to cooperate in expanding exports of shrimp, fish and tuna, to Japan.

Other coastal provinces, including Quang Ninh and Ba Ria – Vung Tau, have promoted programmes to attract foreign investors. Nguyen Viet Thang, chairman of the Viet Nam Tra Fish Association, said foreign investment in the fisheries sector was low.

However he advised the sector to be careful that foreign investors did not dominate the local market.

*Source: VNS*

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## HCM City seeks more UK investment

*Chairman of the Ho Chi Minh City People’s Committee Le Hoang Quan stated the city wishes to see more UK business activities at a workshop in London on September 4 to promote investment to the locality.*

The event was part of the activities to mark the 40 th anniversary of the Vietnam-UK diplomatic ties and 100 years since President Ho Chi Minh arrived in the UK on his way to fight for national salvation.

Quan noted that with a population of nearly 10 million, HCM City is now a major economic, cultural, education-training, and scientific-technological hub in the southern region. The city has so far established trade ties with 228 countries and territories worldwide and drawn 95 UK’s projects worth 628 million USD.

Participants were briefed on the city’s business incentives. Besides the Thu Thiem urban area project, they were also called on to pour capital in high added-value services, industry, agriculture and urban development.

Marcel Steward, UK’s Wunder Energy Director of Environment and Sustainability, said Vietnam’s current position in the region and the world is conducive to trade and investment expansion. Michael Lawrence, Asia House Executive Director, said the workshop created a chance for participants to seek networking and business opportunity.

Chairman Quan vowed to take into account recommendations put forth at the event for refining FDI policies. As UK is strong in finance, banking and services and pioneers the public-private partnership model, HCM City will work more closely with London and Canary Wharf financial districts to learn from their experience, Quan said, adding that he is hopeful of new potential and chances.

Co-hosted by the Asia House, the UK-ASEAN Business Council and the London Chamber of Commerce and Industry, the event drew the participation of over 70 businesses

*Source: Vietnam+*

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## Vital road project on hold after investor exits

*The expressway is a highly important connector between Hanoi and localities to the Northwest.*

The project was licenced to Geleximco in 2010. In the recent past Geleximco has appealed to the prime minister to withdraw from the project and hand it over to the Ministry of Trade (MoT) or localities along the expressway’s route (Hoa Binh province and Hanoi).

Geleximco based its appeal on the basis that it felt it could not sufficiently recoup its investment after the highway’s construction was complete. Part of the project agreement was that the Hoa Binh Provincial People’s Committee awarded land to Geleximco to build the Yen Quang and Trung Minh new urban areas and the 36-hole Trung Minh golf course.

A similar deal was struck with Hanoi which granted 600 hectares for the Lang-Hoa Lac new urban area. The developer figured the total investment to be around \$857 million, up \$362 million against the initial proposal. “Although this is a very

important project, it is impossible for us to go through with it within the timeline and given the falling property market,” said Geleximco general director Vu Van Tien.

According to the a source from the MoT, thus far, the developer has only invested around \$17 million into the project, three years after first breaking ground. The MoT also asked that Hoa Binh Provincial People’s Committee assist Geleximco in recovering their initial investment.

To keep the project moving after Geleximco’s exit, the MoT is looking to Hoa Binh and Hanoi authorities to help in accessing capital and is considering different investment models, including the public private partnership model (PPP).

The MoT’s Project Management Unit 2 (PMU 2) was assigned by the MoT to promote the project. “One possible investor is the Asian Development Bank, which is considering this and other projects for the upcoming October appraisal round,” said PMU 2 general director Nguyen Ngoc Long.

Source: VIR

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### **Binh Duong approves US\$200 million investments**

*Binh Duong Province on Tuesday awarded business certificates to 25 new and operational projects of local and foreign investors with total pledged capital of more than US\$200 million, with Japanese firms contributing half.*

Twelve Japanese-invested projects worth over US\$100 million were licensed this time, said Le Thanh Cung, chairman of Binh Duong. Most of them are involved in supporting industries like electronics and automobile components, he noted.

Tomoku Vietnam Co. Ltd., a subsidiary of Japan’s Tomoku Company, obtained the certificate to construct a carton-paper factory at a total cost of US\$47.6 million at My Phuoc 3 Industrial Park in Ben Cat District as the biggest scheme among those licensed.

Takashi Nara, general director of Tomoku Vietnam, said the plant to be built on a total area of 60,000 square meters will run at a maximum capacity of five million square meters of packaging paper per month for domestic sale. The plant, set for operation in October, 2014, will supply Japanese enterprises active in Vietnam, Nara said.

Tomoku, Nanshin Seiki Vietnam, Washin Aluminum Vietnam and Nagashima Vietnam became newcomers from Japan in Binh Duong on Tuesday. Eight other certificates went to Japanese investors injecting more capital into their operational projects in the province.

For instance, GS Battery Vietnam Co. Ltd. will be spending an extra US\$8 million to raise its capacity of auto and motorbike batteries. The approved projects also include a US\$21.4 million plant of U.S.-based Amway making and processing consumer goods such as functional foods at Vietnam-Singapore II Industrial Park or VSIP II.

Amway decided to build the second factory in Vietnam besides its operational plant in Dong Nai Province in a bid to meet local rising demand after seeing its nutrition, cosmetics and household hygiene items posting steady sales growth since its entry to the country in 2008, said How Kam Chiong, general director of Amway Vietnam.



Binh Duong has so far this year attracted 88 fresh foreign direct investment projects and 88 others adding capital with total pledges of some US\$1 billion, reaching the year's target of the province, Cung said.

He promised to continue improving the local investment environment to facilitate operations of foreign investors in the province.

Source: SGT

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### **Red River localities join hands to attract investment**

*Industry and trade sectors of 14 cities and provinces along the banks of the Red River have agreed to strengthen their cooperation and make full use of regional connectivity to attract more investment, exploiting the potential and advantages of each locality.*

The agreement was reached during a conference between sector representatives from the localities in Hanoi on August 30. They will continue updating information and effectively remove difficulties for businesses by working more closely with relevant agencies for the rest of the year.

Accordingly, they will discuss with People's Committees in the region to seek solutions to obstacles in the implementation of projects, clearing the ground to develop industry and a trade infrastructure system. Local Industry and Trade Departments will continue to renovate methods to promote trade in foreign markets, focusing on promising destinations as well as products with high domestic consumption and export demand. Meanwhile, the programme of stabilizing prices of some necessary commodities will also be maintained.

In the first seven months of this year, industry production in the Red River Delta and North Central regions reached nearly 1,080 trillion VND (more than 51.4 billion USD), a 32.3 percent rise year-on-year, while the national figure saw only a 5.2 percent increase against the same period last year.

Despite climbing inflation, the region's retail and consumption services still posted 440 billion VND of turnover in the January-July period, rising 13.5 percent year-on-year and accounting for 29.6 percent of the country's total. Hanoi saw the greatest turnover in the region.

At the same time, the area earned more than 27 billion USD in exports, up 47.1 percent over 2012 and 37.1 percent of the national total. Hanoi, Hai Duong, Hai Phong and Quang Ninh are leading localities in exports.

In 2012 and the first seven months of 2013, the localities invested as much as 761.5 billion VND in supporting businesses engaged in the price stabilizing programme. The localities also organized 927 mobile shops to make sure people in mountainous and remote areas were serviced.

Source: Vietnam+

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## **Dong Nai leads southern region in new rural area construction**

*Dong Nai province is leading southern localities in terms of meeting criteria on new rural area construction, said Vice Chairman of the provincial People's Committee Tran Van Vinh.*

The Vice Chairman said among 136 communes under the new rural area programme, 18 communes have achieved from 15 to 19 criteria, 62 others have met between 10 to 12 criteria and 49 have fulfilled from 5 to 9 criteria.

In particular, six communes have achieved all the 19 criteria, five of which are in Xuan Loc district and one in Long Khanh town, and nine others are expected to follow suit by the end of this year. The province aims to have 34 communes fulfill all the requirements by 2015.

According to the official, Dong Nai province has allocated nearly 1,500 billion VND (71 million USD) to the new rural area building programme. Of which, only 3 billion VND (142,180 USD) is from the State budget and the remaining fund will be mobilised from local budget and residents and other economic sectors.

However, communes in the province are slow in designing their rural area building plans. Only 38 communes have completed their construction plans and 46 have mapped out a project for their rural area building process./.

*Source: Vietnam+*

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## **Central Highlands appeals for infrastructure investment**

*Key officials from the Central Highlands provinces of Gia Lai, Kon Tum, Dak Lak, Dak Nong and southern Binh Phuoc province have appealed for more infrastructure investment to spur socio-economic development in the Cambodia-Laos-Vietnam (CLV) development triangle.*

At a working session with the Ministry of Planning and Investment and the Asian Development Bank (ADB) in Gia Lai on August 23, they suggested the ministry and the ADB prioritise transport infrastructure projects, upgrade border economic zones and improve urban areas, medical services and education-training.

Hailing the suggestions as appropriate and pressing in the current context, Minister of Planning and Investment Bui Quang Vinh promised to give them consideration. This will lie at the heart of the CLV Ministers' Consultative Meeting for Donors slated for the Central Highlands next year.

While reviewing the overall plan for the CLV development triangle, ADB regional cooperation expert Filologo Pante said 13 regional provinces have recorded higher economic growth rates than expected.

In 2005-2009, the regional economy enjoyed an annual growth of nearly 10.2 percent. In recent years, their economic structures have shifted from agriculture, forestry, fisheries to industry and services. Participants also recommended several key projects in need of funding to improve local lives.

In 2011-2020, the CLV triangle looks to an annual economic growth of 10-11 percent. The agriculture-forestry-fisheries sector will account for 33.6 percent while industry and construction make up 32.2 percent and service 34.2 percent.

Almost all key national highways run through these regional localities and link them with seaports, which have been upgraded. The network of power transmission has become better in urban and rural areas, providing electricity to neighbouring localities of Cambodia and Laos.

Source: Vietnam+

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### **Bitexco gets nod for new urban area**

*Bitexco group, a diversified group, has been chosen to develop the Binh Quoi – Thanh Da peninsula in HCM City's Binh Thanh District into a new urban area.*

Speaking at a meeting on Wednesday, Le Hoang Quan, chairman of the city People's Committee, said the Party Committee and Government have approved Bitexco's bid. Binh Quoi – Thanh Da will be built into an ecological urban area with modern eco-tourism services, commercial functions, and residential areas.

In the 426-ha park, public works will take up around 100ha, transport and infrastructure facilities, 48ha, and commercial facilities, 253ha. To cost US\$3 billion to develop, the area will be zoned to accommodate 30,000 permanent residents.

But at the meeting, the Department of Architecture Planning called for increasing the number to 41,000-50,000. It also said an area should be earmarked for building a knowledge and technology centre.

Quan ordered the Department of Finance to focus on acquiring and clearing land and compensating the 3,000 households who would be affected by the project. A 1/2000 scale zoning plan was approved in 2007 and he instructed the Department of Architecture Planning to work with Bitexco to make changes that may be required.

He agreed with a proposal by Binh Thanh authorities to resettle local residents in apartment buildings and houses with gardens. People owning small plots of land that are taken over will be moved into apartments and those with larger pieces will get houses. The peninsula has many farmers with large land plots.

Source: VNS

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### **15 foreign investors eye Dau Giay-Phan Thiet expressway**

*At least 15 foreign investors will attend a preliminary screening meeting for the Dau Giay-Phan Thiet expressway project scheduled for September 19, the authority for public-private partnership (PPP) projects under the Ministry of Transport said.*

As of now, 15 foreign investors have already put their names down for the preliminary screening meeting. Some 100 foreign investors have shown keen interest in the scheme following a series of road shows launched in Asian nations at the end of July.

The transport ministry will pick one international investor alongside the local firm Bitexco Group, which has been earlier chosen as the primary developer. The bidding round to select the second investor for the project will take place from this year's fourth quarter to 2014's fourth quarter.

Dau Giay-Phan Thiet expressway is the first one in Vietnam to be funded by private and State capital under PPP as a way to ensure its financial feasibility to attract private investors, with State-owned capital estimated at about US\$257 million.

According to Deputy Minister of Transport Nguyen Ngoc Dong, the project will be a sample model for PPP mechanism in Vietnam as a prerequisite for other infrastructure projects under the PPP format in the future.

Bitexco Group, which has been picked up as the project's first investor by the Government, will contribute up to 60% of total investment, and the second investor to be chosen via a public bidding in line with international practices will provide the balance.

With a total length of around 98 kilometers, Dau Giay-Phan Thiet expressway will connect the HCMC-Long Thanh-Dau Giay expressway with National Highway 1A section in the south-central coastal province of Binh Thuan. Its construction is projected to cost a total of roughly US\$750 million.

The expressway when in place will help shorten the travel time from HCMC to the south-central region besides tackling the current chronic traffic congestion on National Highway 1A. In addition, it is expected to facilitate the establishment and development of industrial parks and tourist sites along the route.

Source: VNS

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## FINANCE – BANKING

### HDBank buys French partner

HCM City Development Bank (HDBank) announced on Wednesday that it has got approval from the State Bank of Viet Nam (SBV) to acquire Societe General Viet Finance (SGVF).

The bank said that the wholly French owned company -one of the largest foreign owned consumer finance companies in Viet Nam - will become a subsidiary.

It expects that being the first transaction of this kind in Viet Nam, this will encourage other institutions to carry out further acquisitions, in line with the nation's restructuring plans for the banking system.

"The acquisition is in accordance with international trends and restructuring plans advocated by the Government and SBV," said the bank's Deputy General Director Le Thanh Trung.

The combination of a stably developing bank and a well invested international financial institution will help to bring customers convenient and safe products and services, he said.

The whole SGVF network, including employees, business partners and customers, will also be kept intact after the acquisition, he added.

SGVF, owned by France's Sociate General Co, was first licenced by SBV in 2007 to operate in Viet Nam. It is present in 42 provinces with roughly 1,100 employees and provides services to more than 125,000 individual customers, through 300 partners, across the country.

## Merger talks

Dai A Bank will organise an extraordinary general meeting of shareholders next month to discuss its potential merger with HDBank, according to the Viet Nam Securities Depository.

If the merger is agreed, all charter will be passed to the new bank.

Sources said that at this point of time, all issues related to the merger of the two lenders had been finalised and the deal could proceed immediately.

Everything now hangs on the September 25 meeting when the shareholders will gather in the southern province of Dong Nai.

Rumors about the merger first leaked to the market in October last year, but HDBank denied the information. However, they finally admitted their involvement after a number of shareholders raised questions.

Their intentions became clearer when two of their officials took the highest positions of chairman and general director at Dai A Bank in June.

During a HDBank meeting on April 25, a bank representative said its goal was to buy a finance company and merge with another lender to become one of the top banks in Viet Nam by 2015.

Source: VNS

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## New rule enables VAMC to auction bad debt

*The State Bank of Vietnam has just issued Circular 19 regulating operations of the Vietnam Asset Management Company (VAMC), giving it the mandate to auction bad debts at credit institutions.*

VAMC will find ways to sell the debts it buys from credit institutions to organizations and individuals at market value to recover capital. Trading will be conducted in an open and transparent manner.

The enterprise will sell debts via auction or competitive tender with at least three independent buyers taking part. If VAMC fails to carry out the two methods mentioned above, it can sell debts via direct negotiations with buyers.

The debt sale price will be calculated by comparing bidding prices or referring to prices of equivalent debts or those whose values are assessed by VAMC and other independent organizations to reduce losses during the process of solving bad debts.

According to the circular, VAMC can entrust credit institutions to recover debts, handle debts and mortgaged assets, reschedule loans, adjust payment conditions, or convert debts into capital contributions. It can also invest in mortgaged assets, manage the debts that have been sold to VAMC and supervise assets related to the debts.

Notably, VAMC can use debt as a capital contribution. It can use the debts and other legitimate capital and assets to turn debts into chartered capital and contributed capital in indebted businesses. The enterprise also can contribute capital directly to join the financial restructuring process of debtors.

The enterprise can reschedule debt payment deadlines if debtors have met all requirements.

VAMC may provide support for the debtor through investment and other financial support and issue guarantees for the debtor to take out loans from credit institutions. To have bad loans purchased by VAMC at market value, the debt must be considered recoverable, the assets used as collateral for the debt can be liquidated, and debtors have viable plans to repay the debt.

The market prices should be negotiated between the parties, and based on the re-evaluation of the debt conducted by an independent body. The circular also enables VAMC to use special bonds to purchase bad debts in gold, Vietnam dong and foreign currency from credit institutions.

For debts in gold, the two sides will apply the gold buying price quoted by Saigon Jewelry Company (SJC) at the time of signing debt trading contracts. For those in U.S. dollar, VAMC will apply the inter-bank exchange rate announced by the central bank at the contract signing time. Lenders with a non-performing loan ratio of 3% and above will be required to sell the loans to VAMC. The circular will take effect.

Source: VietNamNet Bridge

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### **VN Airlines offloads Techcombank shares, bonds as part of restructure**

*National flag carrier Vietnam Airlines will sell more than 24 million shares of Techcombank, unloading its entire 2.7-percent stake, Viet Capital Securities announced on its website yesterday.*

The common shares, each having a face value of VND10,000 (US\$0.47), will be auctioned at the Ha Noi Stock Exchange on September 26 at an initial price of VND12,100 (\$0.57) per share.

The carrier also registered to sell nearly 828,000 ten-year convertible bonds with a face value of VND100,000 (\$4.76) each, through an auction at the exchange on the same day. The initial bid will be VND132,700 (\$6.3) per bond.

Vietnam Airlines will gain about VND400 billion (\$19.05 million) if the transactions are successful.

Market observers said these were among the first steps of the carrier in a road map to withdraw capital from non-core lines of business, in accordance with a restructuring scheme approved by Prime Minister Nguyen Tan Dung for the 2012-15 period.

Viet Capital is a consultant and share issuer for the bids. Investors can register to buy the shares and bonds between August 30 and September 19.

Early this month, Vietnam Airlines said it planned to launch its long-delayed initial public offering (IPO) in the second quarter of next year. It is expected to obtain \$200 million by selling 383 million shares at the IPO.

Techcombank on Monday got a nod from the State Bank to increase its equity by VND30 billion (\$1.43 million) to VND8.87 trillion (\$421.3 million).

Source: VNS

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## Foreign investors seek to buy Vietnam banks bad debts

*Foreign investors have expressed interest in buying bad debts after Vietnam launched an asset management firm to buy up banks' non-performing loans last month.*

Many foreign companies want buy Vietnam's bad debts but they need a clearer policy framework, Karin Finkelston, vice president of the International Finance Corporation for the Asia Pacific region, told news website [thoibaokinhtesaigon.vn](http://thoibaokinhtesaigon.vn).

IFC, a World Bank subsidiary, said Vietnamese authorities should collaborate with foreign financial partners who have experience in dealing with bad debts. IFC too wants to take part in selling and buying bad debts, restructuring banks, and reforming state-owned companies in Vietnam, Finkelston said.

It has invested in bad-debt settlement programs in some countries and hopes it can help resolve the problem in Vietnam by providing funding and consultancy, she said. Setting up the Vietnam Asset Management Company is a good thing to rescue lenders, but the country should also develop a market mechanism to quickly resolve the debts, she said.

Pham Manh Thuong, deputy director of the Ministry of Finance's Debt and Asset Trading Company, said a number of foreign banks and funds have come to study the country's market for bad debts.

"I myself have held talks with some big investors who said they are ready to invest even billions of dollars to buy Vietnamese bad debt," he said. But it is not an easy market for them, he said. Apart from the complex procedures and lack of certainty about cooperation from Vietnamese banks, their biggest problem is the lack of transparency about bad debts, he said.

Robert Young, a financial services partner at UK company Deloitte, told news website [VnEconomy](http://VnEconomy) that foreign investors are ready to buy Vietnamese bad debt, but the issue is whether Vietnam is ready. The VAMC is expected to buy VND40-70 trillion worth bad debts this year.

Nguyen Duc Huong, deputy chairman of the Hanoi-based LienVietPostBank, said bad debts Vietnam should be sold to foreign investors who should be allowed to set up full-fledged debt trading operations in Vietnam.

In May bad debts were 4.67 percent of banks' outstanding loans, according to the State Bank of Vietnam.

Source: VNS

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## ANALYSIS – OPINION

### Better awareness of TPP needed

With a wealth of experience in trade negotiations, deputy chairman of Vietnam Leather and Footwear Association Diep Thanh Kiet weighs over the pros and cons Vietnamese businesses would face when the country joins the Trans-Pacific Partnership (TPP) Agreement.

### What are the core differences between TPP and the World Trade Organization (WTO)?

The TPP has a limited number of country members. While the WTO has around 155 members, only 12 countries have taken part in TPP negotiation process.

Basically, all WTO commitments must be already met before joining the TPP which features even more stringent regulations as well as more expansive business areas.

The TPP is more open in terms of the trade of products and services, investment and intellectual property.

The TPP also covers non-trade issues like government procurement, the environment, labour, trade unions, and support to small and medium size enterprises.

The TPP is a continuation of the WTO, so that its commitments would be more comprehensive.

### Some argued Vietnamese firms would be fraught with hardships when the TPP takes effect as they will have to abide by strict regulations. What limitations do local firms need to address when the country joins the TPP?

First is the capital issue. Most local firms in areas susceptible to the application of the TPP, such as seafood, textiles and garments, footwear and agriculture face capital shortages.

Second is the restriction in added value. For years, Vietnamese firms like those in textiles and clothing and footwear sectors have been mainly involved in processing with low added value. Due attention must be paid to research and development if they want to escape from processing and bolster direct exports. Local firms are very weak in this aspect.

Third, local firms have poor understanding about international agreements, their advantages as well as disadvantages.

### What must we do to take advantage of the TPP?

It is time for taking stronger and consistent measures. A raft of policies was introduced in the past but they have yet to be implemented drastically. For instance, investment into textile and garment production materials was discussed more than 10 years ago, but little progress has been made until now.

Time has not waited for us. After the TPP negotiation process wraps up, it would take over a year for the national assemblies in relevant countries to adopt the agreement. Then comes the grace period. So it could take at least two more years for the TPP to come into force.

Vietnam needs to be well-prepared within two years or a maximum of the next five years to be able to make the most of the advantages offered by the TPP and reduce any adverse implications.



It would require lucid management and the implementation of drastic measures from the government.

For instance, in respect to investment in raw materials, the government must point out what areas would be suitable for cultivating material growing areas and where not to waste investment. The state may take part in infrastructure development then collect fees to lessen the burden on firms. With such radical measures, we would be in a position to address the aforesaid bottlenecks.

**Some have said foreign invested firms would gain more than local companies when the TPP actually gets underway. True?**

The beneficiaries will be those who do a smart job, understand and are capable of translating the opportunities the TPP brings into concrete action.

**US firms scope TPP benefits**

Vietnam's involvement in high-profile Trans-Pacific Partnership (TPP) negotiations is drawing attention from international investors.

VIR's Hien Hanh spoke with Richard Vuylsteke, president of the American Chamber of Commerce (AmCham) in Hong Kong, who headed a business delegation to Hanoi last week, regarding opportunities AmCham members are eyeing in Vietnam in anticipation of the TPP accord.

**TPP is a regional free trade agreement that includes the US, Japan and Vietnam among the 12 negotiators. The 19th round of TPP negotiations started last week in Brunei after reportedly a "successful" round in Malaysia last month. Is the aim of your delegation's visit to lobby the Vietnamese government to expedite the negotiations, so the deal could be signed by the end of the year as many expect?**

There are two major reasons behind our trip. Over the last couple of years we have witnessed changes in China's policy. China's policy has shifted to encouraging investments in high-tech sectors, and away from labour-intensive fields or sectors which are big consumers of natural resources. Also, the Chinese government has now encouraged products earmarked for domestic consumption, instead of exports. For this reason we are looking for other more suitable investment venues.

Most of our delegation members are textile and footwear companies which account for \$3 billion in Vietnam exports. Before coming to Vietnam, we made field trips to Bangladesh, Myanmar and Cambodia. From my perspective as president of AmCham in Hong Kong, Bangladesh may not be a good place for investment due to safety concerns, while Vietnam is high on our radar screen. Vietnam has political stability, which makes it an attractive place to expand investment.

The second reason behind our visit to Vietnam is the TPP negotiations. As TPP is a high-standard regional free trade agreement, Vietnam being part of the TPP means there would be lots of improvements in Vietnam in the future, from government management, business environment, transparency and custom issues to labour relations.

I think the great thing is that the US knows that Vietnam is at a very low level of development, but the US is interested in inviting Vietnam to join the TPP. It would be great if Vietnam is successful. Our message to the Vietnamese government is TPP is a great opportunity for Vietnam. If Vietnam becomes part of TPP, the country will attract much more foreign direct investment. That's a big message.

**Under the TPP, for Vietnam’s export items like textile and footwear to enjoy very low import tariffs or be duty free, a high ratio of materials must be sourced domestically. This “Yarn-Forward” restriction has raised concerns for Vietnam as up to 70-80 per cent of materials used for making textile and footwear exports in Vietnam now are imported, mainly from China. But you contend this can create lots of opportunities for foreign investors and benefit Vietnam, right?**

That’s correct. We know that Chinese mills are already looking to move into Vietnam. They aim to produce materials and end products to enjoy the tariffs when the deal comes into force. And Korean firms are expanding in Vietnam, while Japanese companies have built a lot operations in Vietnam. So the Yarn-Forward doesn’t make any difference because everything can be made here, right?

**As I understand it, countries like Malaysia and Vietnam are lobbying other negotiation members to allow them to enjoy tax preferences despite not being able to meet the condition of domestic content in export products. Is there possibility Vietnam can get its way to go?**

Yarn-Forward is a very tough point for negotiators. US negotiators are aware it is Vietnam’s prime concern. But the negotiations are confidential, so we will wait and see what will happen. But I think several years ahead, no matter what happens on the Yarn-Forward matter, Vietnam can still have chance to enjoy the duty free tax rate because investors are coming here, they create local sources of materials which will help eliminate difficulties, helping Vietnam’s exports to enjoy the TPP tax.

**Do you expect that the TPP deal would be signed by the end of this year?**

We hope that the negotiations would even close by October this year. Negotiations might then be over but the governments procedures might take time. The great thing is that the US can bring expertise to Vietnam to implement this deal.

**What are the biggest concerns for US investors when weighing investment decisions in Vietnam?**

Our concerns are issues of land, power and infrastructure. For instance, power supply is yet to be reliable in Vietnam, while investing in generating our own source of power is too expensive. Going green is also very important. Water treatment, waste water recycle is very important for our operation. For soft infrastructure, we wish to see more skilled workers, a better education system and easier administrative procedures in Vietnam.

Source: VIR

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**Investors sow the seeds for carbon credits**

*Vietnam may yet prove to be perfectly placed to help satisfy the world’s growing demand for green development. Many are starting to believe that Vietnam is well placed to satisfy the world’s demands for carbon credits*

In June 2013, Japanese giant Honda started work on an over \$800,000 carbon-absorbing forest, or carbon sink, project. The project will run through 2018 and spans 490 hectares with planting to proceed in annual phases through 2016. The company should start receiving carbon credits around 2020.

The project follows a similar framework to that of Honda’s 309ha forest in the northern province of Hoa Binh, running since 2008. It is expected to absorb 41,000 tonnes of CO2 each year.

Australian Voluntary Credits Company also wants to have similar plans in mind for Vietnam, and will bring its extensive experience in Indonesia and Papua New Guinea to bear.

Investors will build the forest as a gateway to receiving carbon credits known as certified emission reductions (CERs) against their CO<sub>2</sub> emissions worldwide. The credits are granted by the International Executive Board on Clean Development. The company may use the credits, but the credits are often a transacted commodity between businesses.

They are also a form of corporate social responsibility (CSR). For example in Australia, companies not obligated to reduce their emissions still buy credits, as a move toward future business.

Germany's ForestFinance Group - specializing in forestry carbon solutions - is already working with a local company to build a 50 year/ 1,500ha sink, with the capacity to absorb 400,000 tonnes of CO<sub>2</sub> in the Central Highlands' Kon Tum province. After 50 years, ForestFinance will stop selling CERs from this project, which will be then transferred to the local company.

Projects, such as these, fall under the Kyoto Protocol's Clean Development Mechanism (CDM) where businesses in countries that limit or are working to reduce emissions can implement emission-reducing projects outside their home country. Carbon credits produced by these projects follow the standard one credit/one tonne of CO<sub>2</sub> exchange.

According to the Ministry of Agriculture and Rural Development, Vietnam's fertile forest land can help reduce green house gas emissions and climate change. It noted that Vietnam's forest ecology was particularly good at absorbing CO<sub>2</sub>. The country's forest land totals 13.1 million ha, most of it are natural but with about 2.8 million ha of reforestation.

Vietnam is beginning to make a name for itself in the carbon credit market. While it is very new to the country, several local and foreign enterprises already have plans in the works.

While forests are a popular method of earning credits, other projects in renewable energy, waste management, and agriculture are also underway.

Hanoi, back in 2009, built a gas-to-energy system at Nam Son waste treatment complex, earning carbon credits and invested in by a Malaysian-Canadian joint venture.

The \$7.5 million project, which uses discharged gas and converts it to electricity will run through 2016 and is expected to reduce emissions by 2.3 million tonnes. Hanoi Municipal People's Committee receives 10 per cent of the total revenues from the project's carbon credit trade.

Vietnam does not yet fall under obligations of the Kyoto Protocol and therefore, companies that save on energy and reduce emissions can earn carbon credits. This may be a boon to local businesses that invest in the technology and sell their earned credits to foreign companies burdened by emissions limits.

According to the Ministry of Natural Resources and the Environment's Agency for Meteorology, Hydrology, and Climate Change (AMHCC), Vietnam has several carbon credit projects in play, including gas-to-energy, afforestation and reforestation, wind power, and hydroelectricity.

Between 2004, the birth of the carbon credit era, and 2012, Vietnam has approved 135 carbon credit project frameworks and two action programmes. 37 projects have already been registered as accredited and 4.5 million credits have already been granted to two projects.

PetroVietnam Finance Joint Stock Corporation launched a gas-to-energy project exploiting the offshore Rang Dong oil field in 2008 which has already earned more than 4.4 million credits, the vast majority, while the other is a locally-owned small-scale hydroelectric project, responsible for the remainder.

The Rang Dong project uses gas released from the oil field to produce power and liquefied gas, and was calculated to help Vietnam reduce nearly seven million tonnes of CO<sub>2</sub> by 2011. The project kicked off in 2001 and its returns amounted to nearly \$200 million.

AMHCC deputy director general Nguyen Khac Hieu stressed that Vietnam ranked 11th in the world in terms of registered carbon credit projects, and 8th in total carbon credits. He put it simply, “Carbon credits have great potential in Vietnam.”

Companies from all over the world, particularly western Europe, have come to Vietnam in search of projects and opportunities, he added.

According to the Vietnam Energy and Environment Consultancy Joint Stock Company, Vietnam annually earns around \$24 million from trading in carbon credits, and prices fluctuated, with \$18 in 2008 quickly rising to \$31 in 2010.

*Source: Thanh Phuong (Dau tu)*

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## NEWS IN BRIEF

### **Sonangol May Invest in Vietnamese Oil, Gas Projects**

Angolan oil and gas firm Sonangol (Sociedade Nacional de Combustíveis de Angola) may soon start oil exploration and production activities in Vietnam following agreements signed by the governments of Angola and Vietnam. According to an Angolan Press Agency (Angop) report, Angolan Oil Minister Botelho de Vasconcelos noted Angola and Vietnam has been cooperating on oil and gas since 2008 but now conditions have been put in place for oil explorers in both countries to get the institutional support needed to identify various projects. Vietnam's Foreign Minister, Pham Binh Minh, is currently on a two-day visit to Angola to meet oil ministers and other members of the Angolan government.

### **A thermal power plant to be built in Quang Ngai**

A memorandum of understanding on developing Dung Quat thermal power plant under the build-operate-transfer investment form was signed between the General Department of Energy (GDE) under the Ministry of Industry and Trade and the Sembcorp Industries Ltd of Singapore in Hanoi on September 11. The plant will be built in Binh Son district, Quang Ngai province, at a cost of almost 2 billion USD, said Director of GDE Pham Manh Thang. It is designed to have two turbines with a combined capacity of 1,200 MW. Once completed and put into operation, the plant is expected to supply 7 billion kW per year. As planned, the first turbine will operate in September 2020 and the plant is scheduled to be fully operational in March, 2021. Thang also underlined the plant will be fuelled by imported coal with hope to help Vietnam meet national energy demand in the future.

### **Japanese investors pour another US\$166 mil into HCM City**

The HCM City's People's Committee granted investment licenses to a number of new Japanese projects worth US\$166 million in the city's industrial parks (IPs), and export and processing zones (EPZs) on September 10, 2013. They include one project from Unika Group in Hiep Phuoc IP for small and medium-sized (SMEs) and two other projects from Sai Gon Precision Co, Ltd in Linh Trung 2 EPZ and Nidec Tosok Akiba Vietnam in Tan Thuan EPZ. Mayor Le Hoang Quan highlighted Sai Gon Precision Co, Ltd and Nidec Tosok Akiba Vietnam's contribution to Vietnam's investment in hi-tech application. In addition, the formulation of a project to build a Vietnam-Japan Industrial Area in Hiep Phuoc Industrial Park has marks an important step toward attracting more Japanese hi-tech investors in the near future. At present, more than 100 Japanese businesses are operating in HCM City with a total capitalization of US\$1.270 billion, mostly in the fields of mechanics, electricity and electronics.

### **RoK firm invests 1.5bln USD in northern economic zone**

The Republic of Korea's LG Electronics (LGE) has been granted a licence to invest 1.5 billion USD in a new manufacturing complex in the northern port city of Hai Phong. The project will be developed on a 10ha site in Trang Due Industrial Zone, a complex comprising industry, a township, recreation facilities and service parks on a total area of 600ha. The project will be divided into two stages. The first stage will be developed in four years with 510 million USD. The second one will involve spending 990 million USD over five years. The committee hopes the project will help the zone attract more investors, particularly LGE partners and satellite parties; and create about 20,000 jobs. LGE will take advantage of new tax incentives available from the middle of August. They include corporate income tax of only 10 percent in the first 15 years of operation

### **Nike expands operation in Vietnam**

Chang Shin Vietnam Co. Ltd, which manufactures Nike shoes for export, has announced it will expand its factory in the southern province of Dong Nai' Long Thanh district to cash in on bulk orders next year. Company General Director Woo Bang said the 12 million USD expansion project expects to generate an additional 1,800 jobs for local people. He noted that in defiance of the global economy's sluggish recovery, Nike Group still continued transferring its Indonesian and Chinese export production orders to Vietnam .

### **Da Nang, Shandong link up**

Da Nang , September 11 (VNA) - The central city of Da Nang and the Chinese province of Shandong signed a memorandum of understanding (MoU) on tourism cooperation and the investment environment in the Vietnamese city on September 10, 2013. The two cities set up a relationship in 1994, but trade and investment progress has failed to reach their full potential. The MoU will create more favourable conditions for businesses from both cities to promote cooperation in investment, trade, education, agriculture, industry and tourism.

### **Shiseido Vietnam builds 30 million USD plant in Dong Nai**

Shiseido Vietnam began construction work on a second major cosmetics plant in the southern province of Dong Nai. The Japanese company is providing a total investment capital of over 30 million USD, which will partly be pumped into upgrading equipment in order to facilitate production and export expansion, particularly to Europe. The new plant is scheduled to become operational in 2015 with 350 workers with a production capacity triple that of the first plant. In 2008, the company spent nearly 50 million USD on its first Dong Nai plant. It sells more than 22,000 products, exports to 11 Asian countries, and employs over 400 staff every year.

### **Vietnam Airlines set for IPO by 2014**

The announcement came as the Government and Transport Ministry gave an official nod to the airline's plan to issue public shares. "We planned to complete the asset valuation this month and complete the initial public offering by late 2013 or early 2014," Thanh said. Currently, the domestic aviation market comprises around 60 per cent in domestic travel and 40 per cent in

international travel. Vietnam Airlines is the nation's largest airline capturing over 49 per cent of the domestic market. Studies indicate Viet Nam's aviation market continues to enjoy consistent growth, becoming an increasingly important share of the global aviation market.

### **HCM City Metro wins investment**

Foreign donors have agreed to contribute 857 million euros (1.137 billion USD) for the first stage of the project to build an 8.9-km section of Metro Line No 5 linking Sai Gon Bridge in Binh Thanh district to Bay Hien intersection in Tan Binh district. The Ho Chi Minh City Management Authority for Urban Railways (MAUR) said the ADB will finance 500 million USD, EIB 150 million euros, and the Spanish Government 200 million euros. The remaining will be financed by the Vietnamese Government's counter capital. This is the third metro route in the city. The other two are Metro Line No 1 running from Ben Thanh market in District 1 to Suoi Tien tourist park in Thu Duc district and Metro Line No 2 which links Thu Thiem New Urban Area in district 2 to An Suong bus station in District 12. Construction of Metro Line No 5 is scheduled to start in 2015 to link Metro Line No 1 (construction of which began in 2012) and Metro No 2 (construction to start next year). According to the Ho Chi Minh City Urban Railway Management Board, after completion, Metro Routes No.1, 2 and 5 will each carry about 526,000 passengers a day.

### **Viet Nam Public Bank established after merger**

The Viet Nam Public Commercial Joint Stock Bank (PVcom Bank) will be established following the merger of the PetroVietnam Finance Joint Stock Corporation and the Western Commercial Joint Stock Bank. A shareholders' meeting to approve the merger and the new bank's establishment was held in Ha Noi yesterday. PVcom Bank now has 102 branches and total assets of over VND100 trillion VND (US\$4.76 billion). Its charter capital is set to stand at VND9 trillion (\$428.6 million) in 2013 and 2014 and to reach VND12 trillion (\$571.4 million) by 2015. The establishment of the new bank comes within the Government and the State Bank of Viet Nam's policy to restructure the banking system from 2011 to 2015 for a stable and sustainable development.

### **Vietnam BIDV to raise \$500 mln via offshore bonds in 2013**

Vietnam's central bank said on Wednesday it has allowed state-run lender BIDV to raise \$500 million via issuing offshore bonds within 2013, the first this year by a local bank. The amount to be raised by the Hanoi-based unlisted bank is within Vietnam's sovereign bond value allowed to be raised this year, the State Bank of Vietnam said in a statement, without giving any other details of the debt paper.

### **VietJetAir plans to launch IPO when profitable**

Low-cost carrier VietJetAir is considering launching an initial public offering (IPO) after it earns a profit. Nguyen Duc Tam, deputy general director of VietJetAir, told the Daily on Tuesday that enterprises could sell shares to the public after they were profitable for three years in a row. In January-July this year, the airline obtained VND120 billion in pre-tax profit. Tam said the carrier had yet to decide a date for the IPO. VietJetAir may choose to launch its IPO in Singapore or Hong Kong.

### **Quang Ngai IZ grants four licences**

The Management Board of Quang Ngai Industrial Zone on Wednesday approved licences for four new domestic and foreign-invested projects with a combined value of VND316.8 billion (US\$14.8 million). The new projects cover shoe making, food catering, commercial and service industry, machinery, and seafood processing. Three out of the four new projects, located in the Tinh Phong and Quang Phu industrial zones, are scheduled to begin operations next year. So far this year, the board has granted investment licences to 13 projects with a registered capital of more than VND700 billion (\$32.9 million)

### **Samsung looks at VN power sector**

South Korean mobile giant Samsung Asia Pty Ltd is planning to invest in Viet Nam's power sector, according to a report from Vietnamese customs. Samsung is currently deciding between investing in hydro-power plants in the Centre or South of Viet Nam; with plans to survey 5 hydro-power plants in both regions, according to the Ministry of Industry and Trade's (MoIT) Energy

Department, listed on the Custom's portal. Samsung will collaborate with the Energy Department to assess plants in Nghe An, Ha Tinh, Quang Binh, Hau Giang and Kien Giang provinces.

### **Shell Viet Nam to expand market share**

Leading lubricant supplier Shell Viet Nam has appointed Le Hung Sao Mai Ltd Co as a strategic distributor. Shell Viet Nam said it would seek to expand its market share of lubricant products for the industrial sector in big eastern and southern provinces such as Binh Duong, Dong Nai and Long An. Tran Hong Van, general director of Shell Viet Nam, said that with a huge population of more than 86 million, Viet Nam was a promising market where transportation demand was increasing everyday

### **Quang Ninh, China's Texhong strike cooperation deal**

The northern province of Quang Ninh and China's Texhong Textile Group signed an investment cooperation deal in the city. Addressing the signing ceremony, Chairman of the provincial People's Committee Nguyen Van Doc pledged the provision of all possible support for the group to kick-start projects in the locality. He said Quang Ninh considers Texhong Textile Group as its strategic investor. Chairman of Texhong Textile Group Hong Tianzhu, on his part, noted that the province's support has made foreign investors, especially Texhong, more confident in doing business in the locality. Last year, Texhong started construction on a 300 million USD fiber plant in Hai Yen industrial zone, Mong Cai city. Once completed by 2017, it is expected to generate jobs for 4,500 local people

### **Thai Nguyen opens major steel mill**

A steel mill with the ability to produce 500,000 tonnes of steel plates per year is now operational in the northern province of Thai Nguyen. Built on an area of 66,000 square metres at a total cost of 1.3 trillion VND (over 61 million USD), the mill opened after a successful 40-day trial period. The mill is expected to satisfy the increasing demand for construction steel and realise the Government's 2006-2015 steel development plan. It is one of the support facilities for a production expansion project of the Thai Nguyen Iron and Steel Joint Stock Corporation

### **Developer moves ahead with Vietnam's 5-MW Ea K'Tour small hydro project**

A 5-MW small hydropower plant is undergoing the final steps before construction begins in China's Chu Yang Sin National Park, despite opposition from some in the Dak Lak Province. The Ea K'tour hydroelectric project -- approved in 2005 by the provincial People's Committee -- is being contested by the Central Highlands Steering Committee, which fears construction of the plant might pose a threat to wildlife within the park. The park's director, Tong Ngoc Chung, said the project could disrupt stream flows within the park, drying up as much as a three-kilometer section and damaging habitats for rare and endangered endemic species. Still, developer Hoang Nguyen Co. Ltd. said opponents are exaggerating the project's impact while overlooking the fact that it will generate revenue for the province. Chu Yang Sin National Park is already home to two small hydro projects. Included are an 11 MW project that is already in operation, a 200 kW project that is under construction.

### **Maybank Kim**

Specifically, investor Lam Hoang Loc will sell his four million shares, or a 13.58% stake, and Le Minh Tam will transfer nearly six million shares, or a 19.9% stake, in the broker. Nguyen Thi Thanh Hien and Pham Thanh Tien also agreed to transfer a 10.9% and 7% stake respectively. Vu Bang, chairman of the State Securities Commission (SSC), has recently told the Daily that the broker has applied to change into a 100% foreign-owned firm. SSC is considering regulatory approval for the conversion. Maybank Kim Eng Vietnam is the first broker in Vietnam wishing to turn 100% foreign-owned. Most other securities firms want to increase foreign ownership limit to over 49% but still lower than 100%. The nation has seen around 100 securities companies, including 19 firms with foreign investment capital.

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## COMING EVENTS

### VIETWATER HO CHI MINH CITY

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

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

Start Date: **16 Oct 2013**

End date: **18 Oct 2013**

#### Event Description

The Vietwater Expo & Forum has been designed to provide sustainable water solutions not only for the 90 million plus citizens of Vietnam, but for all environmentally concerned people in our region. Since it opened in 2008, the Vietwater Expo & Forum has risen to become the region's leading water industry event. Today it, is counted upon by industry players including regulators, developers, consultants, architects, contractors and others in order to meet their demands and help future generations.

Vietnam is not alone in suffering water shortages. Currently we face critical water loss in that as much as 29% of clean water is consumed in the urbanization process. Unfortunately this has increased the scarcity of this precious commodity for the entire Asean region....Please kindly refer to <http://www.vietwater.com/>

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### METALEX VIETNAM

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

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

Start Date: **10 Oct 2013**

End date: **12 Oct 2013**

#### Event Description

METALEX Vietnam 2013 is Vietnam's international exhibition on machine tools and metalworking solutions for production upgrade. It is a series of "METALEX," ASEAN's largest international machine tool and metalworking technology trade exhibition and conference. METALEX Vietnam will feature state-of-the-art technologies from 500 brands from 25 countries to over 10,000 Vietnamese manufacturing industrialists from across the countries and many other nations. Seminars and Technology Presentations will also be featured in the event.

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

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*Reviewed by: Huy Nguyen*

