



Dear all,

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**VIETNAM: TRADE &  
INVESTMENT BULLETIN  
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**November**

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## DEVELOPER'S INTRODUCTION



# TAN BINH INDUSTRIAL PARK BINH DUONG PROVINCE, VIETNAM

**Address:** Tan Binh commune, Bac Tan Uyen district, Binh Duong province

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**Website:** <http://www.tanbinhip.com>

**DEVELOPER:** Tan Binh Industrial Park JSC

**OPERATIONAL TIME:** 50 years (from 2012)

**AREA:** 352.5 ha in total, 244.5 ha of industrial land,  
 5.9% of which is occupied

### INFRASTRUCTURE

- The capacity of fresh water supply is 14,000m<sup>3</sup>/day & night
- Waste water is treated according to Vietnamese Standard with capacity of 10,000 m<sup>3</sup>/day & night
- The 22KV of electrical supply network for manufacturing is connected to the 110/22KV – 2 x 40MVA of National grid
- Internet access technology – FTTx provides best telecommunication services for enterprises
- 36 ha residential area meets a wide range of demands of workers

### OUTSTANDING FEATURES

- Convenient location: 15 km from Binh Duong New City – Binh Duong administration center, 55 km from Tan Son Nhat airport (HCMC), 61 km from Sai Gon seaport, 62 km from Tan Cang - Cat Lai seaport
- Wide internal roads (24 – 38 m) and connected with important roads (DT741, National Highways No. 1A, 13, 14, 22, 51, My Phuoc-Tan Van)
- Abundant raw materials from rubber trees (wood, sap,...) and other agriculture products

### INCENTIVES AND SUPPORTIVE POLICIES

- Special Enterprise income tax for the newly-established projects in Tan Binh industrial park
- Special price for the first new comers
- Various price options for tenants that can be paid within 18~24 months without interest

**For more detail, please contact Planning & Business Dept.: (84) 933 446 988**



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## QUEVO 2 INDUSTRIAL ZONE

Address <b>A: Km no.18, Highway no.18, Quevo district, Bacninh</b> <b>T: (+84)2413 623 868   F: (+84)2413 623 868</b>		<b>Head office</b> <i>A: 13<sup>th</sup> floor, HH3 Tower, Metri Str., Tu Liem, Hanoi</i> <i>T: (+84) 4 66748483   F: (+84) 437877936</i> <i>E: <a href="mailto:office@idicoquevo.com.vn">office@idicoquevo.com.vn</a></i> <i>W: <a href="http://www.idicoquevo.com.vn">http://www.idicoquevo.com.vn</a></i>
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### LOCATION, REGION AREA, PLOT INFORMATION

		Electricity supply	Power supply	
<b>Location</b>	To airport	50 km to Noi Bai International airport along Highway no.18 International flights: more than 40 flights/week		-Two sources: 22V and 35V from EVN Bacninh -110 KV: Que Vo 2 now supplies to entire the IZ from national electricity grid network
	To road	Located along Highway no.18 from Bac Ninh to Hai Phong, Quang Ninh, Hai Duong To Highway no.183 (way to Hai Duong) about 07 km	<b>Water supply</b>	Capacity Quevo water plant (Japanese technology), 1.5km from IZ IZ capacity of water consumption: 11000-20000 m <sup>3</sup> /day - Treatment capacity: 2000-4000 m <sup>3</sup> /day - The waste water treatment plant use both: COD, BOD ( <i>biotech treatment technology</i> ) and pH adjustment
	To port	- 90 km to Hai Phong seaport and Lach Huyen deep water sea port in Hai Phong along Highway no.18 - 100 km to Quang Ninh seaport along Highway no.18 - 15 km to Cau river port	<b>Waste water system</b>	Quality - 1 <sup>st</sup> level: enterprises have to treat by themselves up to level B ( <i>Vietnam's standard: TCVN 5945:2005</i> ) - 2 <sup>nd</sup> level: waste water will be treated at the waste water treatment station within IZ up to level A ( <i>Vietnam's standard: TCVN 6984:2005</i> )
	To railway	01 km to Chau Cau railway station New Yen Vien - Cai Lan railway parallelly with IZ has been construction since March, 2008	<b>Faculties</b>	Telephone line Up to 20 telephone lines for each factory and supplied by the Post Office (VNPT) of Quevo district
	To the centers	- 50 km to Ha Noi Capital along Highway no.1A - 15 km to the Center of Bac Ninh City - 90 km to Hai Phong City - 100 km to Quang Ninh City		Internet -ISP: VNPT, Viettel, FPT Telecom -Speed: 512 kpsb and 128 kbps-2048 downstream -Services: dial-up, ADSL, Leased line,...
<b>Land</b>	Scale	572 ha 1 <sup>st</sup> phase: 272 ha (120 ha available) 2 <sup>nd</sup> phase: 300 ha	<b>University</b>	Technical teacher college Technical health university of Bacninh province
	Development status	-1 <sup>st</sup> phase: already finished the infrastructure and the land is ready for investors to build factory (120 ha) -2 <sup>nd</sup> phase: land compensation, leveling and under construction for infrastructure 1 <sup>st</sup> phase (300ha)	<b>Labor</b>	Worker Population of Bacninh province is around 1,2 million and people on the age of working are around 0,7 million Population of Bacninh city is around 180 000 peoples

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## GENERAL REVIEW

### Trade pact with European Union a fillip for Viet Nam, Slovakia

*President Truong Tan Sang yesterday told the visiting Slovakian Deputy Prime Minister and Minister of Foreign and European Affairs, Miroslav Lajcak, that the Europe-Viet Nam Free Trade Agreement would give both nations access to new regions.*

Sang was speaking at a reception to welcome Miroslav. The Slovakian Deputy PM said his country would continue to promote its relationship with Viet Nam. Praising the important contributions of the Vietnamese community in Slovakia, he suggested the two countries increase high-level relations, people-to-people exchanges and co-operation in art training.

He said many Slovakian businesses wanted to collaborate on nuclear energy, agriculture and water resource management, adding that his country's investment in Viet Nam now totaled US\$235 million. Lajcak stressed that Slovakia was ready to share experiences in economic transfer with Viet Nam, hoping the two countries would establish a strategic partnership in the near future.

#### Trade ties

Viet Nam and Slovakia have agreed to promote bilateral trade ties by expanding investment in infrastructure, railways, renewable energy, environmental technology and food processing.

The agreement was reached during talks between Deputy Prime Minister and Foreign Minister Pham Binh Minh and his Slovakian counterpart, Miroslav Lajcak, yesterday in Ha Noi. The two agreed to continue the Viet Nam-Slovakia Inter-Governmental Committee on Economic Cooperation.

Both sides underscored the partnership between the two countries, which has a history of nearly 65 years. The two officials discussed ways to enhance bilateral affiliation in politics-diplomacy, defence-security, economy-trade, culture, education-training, and development.

They also agreed on the need to increase exchange by delegations, as well as boost co-ordination at regional and international forums, especially the United Nations and the Asia-Europe Meeting. Slovakian Deputy PM and Minister for Foreign and European Affairs Miroslav Lajcak said his country had ratified the Viet Nam -EU Framework Agreement on Partnership and Comprehensive Cooperation, and supported the early conclusion of negotiations for the EU- Viet Nam Free Trade Agreement (EVFTA).

The two sides also exchanged views on a number of regional and international matters of mutual concern, including the East Sea issue. Deputy PM Minh thanked the Slovakian Government for assisting the Vietnamese community in the country.

Following the talks, the two Deputy PMs witnessed the signing of a memorandum of understanding on co-operation in environmental protection and water resource management between the Vietnamese Ministry of Natural Resources and Environment and Slovakia's Ministry of Water Environment.

*Source: VNS*

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### Australia sees grain opportunities in Vietnam

*Australian market analysts have seen opportunities for the local grain industry to boost exports of the products in Asia, particularly in Vietnam.*

“The local grain industry should target markets with differentiated products to take advantage of growing demand for grain exports in Asia, particularly in Vietnam,” Australian market analysts was quoted by the Australian Financial Review as saying.

Statistics of the Australian Ministry of Agriculture showed that the demand for Australian wheat has climbed sharply in Vietnam, where population growth and the gradual westernization of diets have fuelled demand. In 2014, Vietnam is expected to import around 1.3 million tonnes of wheat from Australia , up from 450,000 tonnes in 1999-2000.

The market for Vietnamese baguette represented a potential opportunity for local growers.

Strategic grains market analyst at the Australian Export Grains Innovation Centre, Peter Elliott said Vietnam is potentially suitable for Australian particular wheats and urged the local sector to target to Vietnam ’s French baguette-style market.

Meanwhile, Lloyd George, market analyst at Ag Scientia Company, pointed to weather-related issues for Australian growers in consistently producing the volume required to meet the Asian and Vietnamese increasing demand.

Additionally, the Australian grain sector also considered Indonesia and China their potential markets.

Source: VN+

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### **Vietnam-India Strategic Partnership enhanced**

*PM Nguyen Tan Dung's upcoming official visit to India aims to accelerate the strategic partnership, focusing on economics and expanding cooperation in such fields as science-technology, culture-education, tourism and aviation.*

The visit will include the exchange of viewpoints on issues of international and regional concerns.

PM Nguyen Tan Dung and his spouse will pay an official visit to India from October 27-29 at the invitation of Indian PM Narendra Modi.

Viet Nam and India have strengthened their strategic affiliation in politics, economics, national security, science-technology, culture and education.

India attaches importance to the relations with Viet Nam and regards Viet Nam as the crucial pillar in its Look East policy.

The two sides have regularly exchanged high-ranking delegations with the latest to Vietnam made by President Pranab Mukherjee in September this year.

The countries' two-way trade turnover grew 16% annually over the past five years. In 2013, it reached US\$5.23 billion, up 30% compared to 2012. It is expected to hit US\$15 billion by 2020.

India has so far invested in 78 projects worth more than US\$254 million in Viet Nam, ranking 30th among the nations and territories investing in the country.

India is assisting Viet Nam in training human resources in fields of information technology, economics and English and soon opens an India Culture Center in Ha Noi.

The two countries have closely cooperated and supported each other at international and regional forums.

Source: VN+

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### **PM receives former Japanese PM**

*Viet Nam attaches importance to the Strategic Partnership with Japan and will do its utmost to promote the relations more sustainably for the sake of the two nations and contributing to global and regional peace and prosperity.*

PM Nguyen Tan Dung made that statement at his reception for former Japanese PM Hatoyama Yukio on October 29.

Welcoming Mr. Hatoyama Yukio's visit to Viet Nam to join the Asian-Oceania Computing Industry Organization (ASOCIO) meeting, PM Dung highly valued contributions made by the former Japanese PM to the two nations' relationship.

The Vietnamese Government treasures the development of information technology, regarding it as a breakthrough to increase labor capacity, competitiveness and State management as well as enhancing IT applications on agriculture, confirmed the PM. The Vietnamese leader proposed the former Japanese PM provide more assistance for Viet Nam in rice cultivation and aquaculture in the Mekong Delta.

Mr. Yukio Hatoyama asserted that he will try his best to enhance the two nations' relations in all fields, revealing that a Japanese delegation will visit Viet Nam to accelerate the application of IT on agriculture by 2015.

The same day, PM Nguyen Tan Dung received the Asian-Oceanian Computing Industry Organization (ASOCIO) delegation and leaders of some large IT businesses in the region, led by ASOCIO Chairman Abdullah Kafi.

The Vietnamese Government reiterated the consideration of IT as a new development method to improve labor capacity and effectiveness as well as the economic competitiveness.

The PM hoped that the ASOCIO and other businesses will support Viet Nam in IT application in State agencies in the future. Mr. Abdullah Kafi lauded Viet Nam's development and breakthrough in IT, expecting to further cooperate with Viet Nam in the field.

The ASOCIO is a grouping of IT industry associations from economies in the Asia and Oceania region. ASOCIO was established in 1984 with the objective to promote, encourage and foster relationships and trade between its members, and to develop the computing industry in the region.

*Source: VGP*

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## **VN economy improving: CBRE**

*Viet Nam's GDP grew 5.62 per cent in the first nine months of 2014, along with accelerating foreign investment that increased exports and manufacturing, according to a report released by CBRE Viet Nam.*

By the end of August, as reported by the State Bank of Viet Nam, credit in the real estate market had expanded by 9.85 per cent compared to the beginning of the year, higher than the credit growth for the entire economy (5.82 per cent) and other sectors.

However, credit growth projected for the first eight months was only 4.5 per cent year-on-year, half of the target for 2014 and despite government efforts to gradually lower lending rates from 20 per cent in 2011 to the current 13 per cent. Some banks in the first few months even offered lending rates as low as 7.5 per cent to 8.5 per cent.

The Viet Nam CCI (consumer confidence index) followed the trend of the stock market (VN-Index) closely, with both increasing since January, according to a consumer survey conducted by ANZ – Roy Morgan. Almost 60 per cent of respondents expect economic conditions in Viet Nam and their personal family situation to improve next year.

A recovery in consumer confidence may be a good sign for credit growth in the last three months of the year, according to CBRE. The performance of the economy is also supported by investment in the manufacturing sector, which remains the most significant sector for foreign investment, accounting for almost 70 per cent of total FDI.

South Korea has overtaken Japan as the biggest foreign investor. Samsung has invested nearly US\$8 billion in Viet Nam while Lotte Mart plans to double its current number of stores to 2020. Following manufacturing, the real estate sector is ranked second in FDI, accounting for 11 per cent, equivalent to \$1.2 billion. Large amounts of money are expected to flow into southern realty.

There are several large real estate projects, including Smart Complex by Lotte in HCM City's Thu Thiem Area (\$2 billion) and Amata City Long Thanh from Amata in Dong Nai Province (\$530 million). CBRE said there would also be additional investment in ports in HCM City, which will be replaced by mixed-use projects including Sai Gon New Port, Nha Rong-Khanh Hoi Port and Ba Son Shipyard.

Source: VNS

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## TRADE

### Brackish water shrimp farming sees record growth

Brackish water shrimp aquaculture has seen a record growth in 2014, said Minister of Agriculture and Rural Development Cao Duc Phat at a conference on November 4.

This year, the country has an estimated 685,000ha of brackish water shrimp farms which produce a total output of 660,000 tonnes, up 4.4 percent in terms of area and 20.4 percent in production.

In the first nine months, the export of shrimp earned the country 2.93 billion USD, a 17.2 percent rise compared to the same period last year.

At the same time, the industry is facing a number of problems including unstable market prices and seasonal diseases.

Minister Phat urged relevant agencies to timely equip farmers with updated market information and expand certified shrimp cultivation models while actively implementing disease prevention programmes. He also noted that there is a need to continue expanding the market, especially in the US and Japan.

In 2015, the industry aims to expand the farming area to 700,000 ha for an output of 700,000 tonnes, year-on-year increases of 2.2 and 6.6 percent, respectively.

Source: VN+

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### Viet Nam-US trade could approach \$35b

*Trade between Viet Nam and the US continues to expand in spite of domestic and international economic difficulties.*

The American Chamber of Commerce in Viet Nam made the announcement in an outlook report that it posted on its website early this week.

According to the report, bilateral trade may reach US\$34.9 billion this year after hitting \$24.9 billion in 2012 and \$29.7 billion in 2013, a healthy increase of nearly 20 per cent for two years in a row.

The quoted figure is higher than the \$34.6-billion forecast that the chamber announced last July. In 2014, Viet Nam's exports to the US will likely reach \$29.4 billion, a 19-per cent year-on-year increase, and its imports from the US will likely reach \$5.5 billion, a 10-per cent year-on-year increase.

US importation of garments and textiles from Viet Nam may reach \$9.8 billion, approaching a 10 per cent share of the US market. This amount will account for about one-third of Viet Nam's total exports to the US.

"Overall, apparel import growth used to come from China and Bangladesh, but today Viet Nam is the main driver. I don't think you will see that trend abate in the short term," the chamber quoted Nate Herman, vice president for international trade of the American Apparel and Footwear Association, as saying.

According to the report, the growth of Viet Nam's garments and textiles exports to the US will likely rise steadily because of a slowdown in labor expenses and increased foreign direct investments in support industries related to the sector.

Viet Nam is now one of the top three ASEAN exporters to the US, ahead of Thailand and Malaysia. Viet Nam accounts for 20 per cent of ASEAN exports to the US, and if present trends continue, it will have a market share of more than 30 per cent by 2020.

Source: Baomoi

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## **S Korea export potential mostly untapped**

*South Korea has high demand for fisheries and farm produce, making it a promising market for Viet Nam, according to the Viet Nam Trade Promotion Agency (Vietrade)*

Speaking at a Korean market access seminar held in HCM City on Wednesday, Bui Thi Thanh An, deputy director of Vietrade, said however farm exports to Korea remain very modest, accounting for around 10 per cent of the country's total exports. To expand exports to the market, Vietnamese products need to meet strict requirements in terms of quality and technical standards, she said.

"A number of firms have exported their products to difficult markets like the US, EU, and Japan, and I think they will do well in this market (Korea) in the coming time." Experts from leading Korean food companies like Shinsegae, CJ, and Pulmuone spoke to more than 100 local entrepreneurs about purchasing trends and procedures in the Korean agro-fisheries sector.

Yeong Hun Kim, manager of Pulmuone Food Co Ltd, said Korea's seafood imports are rising every year. Viet Nam has surpassed China to become the biggest shrimp exporter to Korea, he said. White-leg shrimp is very popular in his country and Korean importers are looking for Vietnamese suppliers, he said.

Processed products like shrimp crayfish, shrimp flake, butterfly shrimp, squid ring/bar/bal, fish, salmon, and squid cutlets are also in great demand, he revealed. To penetrate the Korean market, besides ensuring product quality, Vietnamese firms also need to focus more on packaging, he said.

Since Korean consumers tend to be concerned about the health aspects of food and safety of packaging materials, the type of plastics used in packaging should be carefully considered and good materials should be used, he warned.

Bui Thi Thanh Duyen, business development director at Thanh Thai Gia Trading Investment Company, who specializes in tea and coffee, said apart from studying the demand and consumers' taste in the market, knowing Korean language is also important.

An said that the seminar, which was organized by Vietrade and the ASEAN-Korea Centre, was meant to help Vietnamese firms understand the Korean market and the specific requirements of importers there. The seminar also featured a training in packaging for local firms and business-to-business meetings.

Chung Hae-moon, secretary general of the ASEAN-Korea Centre, said trade between Viet Nam and Korea has grown strongly in the recent past to reach US\$27.3 billion last year, a year-on-year increase of 38 per cent, he said. Viet Nam exports garment and textile, farm produce, and fisheries products to South Korea and imports electronic components, machinery and equipment, and other capital goods.

Oh Jae Hack, the South Korean envoy in HCM City, said the two countries are negotiating a bilateral free trade agreement, which is expected to be concluded by the end of this year. Once it comes into effect, the two countries would have more opportunities to boost investment and trade, he said.

Bilateral trade is expected to top \$70 billion by 2020, the target set by the two governments, he said

*Source: VNS*

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### **Malaysia-VN trade to reach \$10b**

*Bilateral trade value between Malaysia and Viet Nam is expected to garner more than US\$10 billion in 2014.*

Malaysian Ambassador to Viet Nam Datuk Azmil Mohammed Zabidi made this statement after attending a dinner with the Malaysian contingent to the ASEAN Skills Competition here last Monday. Datuk told Bernama that although the trade value seemed small, it was an encouraging figure since Viet Nam was still in the early stages of its development.

The Viet Nam News Agency quoted the ambassador as saying trade ties between the two countries should be further enhanced to enable Kuala Lumpur and Ha Noi to benefit from closer relations. Datuk revealed that Malaysia's investment in Viet Nam reached \$20 billion in the past 20 years and currently, more than 400 Malaysian companies were doing business with Viet Nam, mostly in real estate projects.

Malaysian companies seeking foreign labour should turn to Viet Nam, as it is equipping its youths with skills for the plantation and manufacturing sectors before sending them to work abroad, Azmil said, adding that currently, about 20,000 Vietnamese workers were working in Malaysia. With a population of about 90 million, Viet Nam provides a significant opportunity in real estate development and Malaysian products, explained Azmil.

"In fact, Malaysian companies are involved in about 450 projects worth \$11 billion, either wholly owned or on a joint venture basis," he noted. He revealed that currently, about 1,500 Malaysian entrepreneurs were registered with the Malaysian Embassy in Viet Nam, with 700 of them doing business in HCM City and the rest in Ha Noi.

Azmil added that apart from enhancing trade and investment between both countries, the embassy was also ironing out constraints faced by Malaysian companies operating in Viet Nam.

*Source: Veooz*

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### **Textile, garment exports seen hitting \$25b in 2014**

*Garment and textile exports are expected to rise by 15-16 per cent this year to between US\$24.5 billion and 25 billion, according to the Viet Nam Textile and Apparel Association.*

Shipments in the first nine months were worth nearly \$18 billion, an increase of 19 per cent year-on-year, said Nguyen Dinh Truong, deputy chairman of the association, said. With this, the sector is confident of exceeding the year's target by \$500 million to \$1 billion, he said.

However, in the first nine months import of feedstock by the sector cost \$11 billion. Truong said companies are switching to domestic feedstock from imports while speaking at the opening of the 14th Vietnam International Textile & Garment Industry Exhibition in HCM City yesterday.

As a result of an 18 per cent increase in the sales of feedstock the textile and garment industry saw revenues rise by 12 per cent, he said. The export market has already seen positive signs for next year with a surge in the number of orders for the first quarter, he said.

Viet Nam's free trade agreements with the EU, South Korea, and the Customs Union of Russia, Belarus and Kazakhstan, and the Trans Pacific Partnership herald huge opportunities for the industry, he said.

But the industry needs to improve its productivity, quality, and competitiveness with investment in new technologies, machinery, and innovation, he said.

At the exhibition more than 200 companies from 10 countries and territories like mainland China, India, Japan, Singapore, Taiwan, Turkey, and the US are displaying the latest machinery, equipment, and technologies. The products include machinery and equipment and accessories for spinning and weaving, embroidery, steaming, bleaching, and washing besides chemicals and dyes.

The Association of Garments, Textiles, Embroidery and Knitting is set to hold seminars on the sidelines to discuss current trends and the latest techniques and technologies in the industry.

The event at the Tan Binh Exhibition & Convention Centre will go on until November 1.

*Source: TalkVN*

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## INVESTMENT

### Vietnam to boost FDI in four sectors

*Viet Nam is prioritizing the boosting of foreign direct investment (FDI) in four sectors: supporting industries, infrastructure development, human resources and agriculture.*

Dang Xuan Quang, deputy director of the Foreign Investment Agency under the Ministry of Planning and Investment, made this statement during the FDI Manufacturers Gathering Day at the Viet Nam Singapore Industrial Park in northern Bac Ninh Province on Oct 28.

The VCCI and Asian Trade City Company Ltd. organized the one-day event, with about 200 companies taking part. It aimed to help companies in the north to boost production and business operations. Quang said the Government was formulating policies that would further encourage foreign investors to come to Viet Nam. He added that the Vietnamese government was determined to improve policies to create a competitive investment environment. At the event, participants were informed of the Vietnamese macro-economic situation, FDI environment and policies and FDI enterprises' activities.

Quang also revealed that Viet Nam's FDI disbursements in the first 10 months of 2014 showed signs of recovery but has yet to reach the same level as that of last year.

According to Quang, as of end-October, Viet Nam had granted investment certificates to more than 1,300 new projects worth US\$9.95 billion, a 23.9-per cent year-on-year decrease. Also, as many as 469 projects have registered to increase their respective investments by a total amount of \$3.74 billion.

During the period, exactly 56 countries and territories invested in Viet Nam, with South Korea ranking first with \$3.6 billion, or 26.3 per cent of total investments, followed by Singapore with \$2.64 billion or 19.3 per cent of total investments. Hong Kong ranked third and Japan, fourth.

The manufacturing sector accounted for the largest amount of investments, with 70.8 per cent, followed by real estate and construction. HCM City attracted the largest FDI amount with \$2.85 billion, or 20.8 per cent of total FDI, followed by Bac Ninh with \$1.38 billion, or 10.1 per cent.

"Lots of big investment projects received certificates from 2012 to 2013. In 2014, Viet Nam focused on disbursing the FDI and solving difficulties and obstacles for investors," Quang said. He added that public administration reform has brought benefits to enterprises. For example, it took companies 557 hours per year to complete tax procedures in the past, but now it is down to 201 hours per year.

He revealed that the time needed to complete tax procedures would be further decreased to 171 hours, or equivalent to that of six ASEAN countries, including Singapore, Thailand, Malaysia and Brunei. The time needed to solve procedures for establishing enterprises has been shortened, from 32 days during the years 2005 to 2008 to only five days today.

Quang added that foreign investors in Viet Nam would have a good opportunity to approach a large market of 600 million people when the ASEAN Economic Community would become a reality in 2015. At the event, Nguyen Nhan Chien, chairman of the Bac Ninh People's Committee, said that as of September, the province had attracted 510 projects worth more than \$8 billion.

"Bac Ninh commits to creating favorable conditions for FDI enterprises to enhance co-operation and expand business operations, as well as gather suggestions for submission to the Prime Minister," Chien added.

Source: VNA/VNS

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### **Can local support industry meet the expectations?**

*With the Decision 9208 issued by the Ministry of Industry and Trade (MoIT) in October on approving a new support industry plan with a focus on three main areas – spare parts, industrial textiles and hi-tech, local enterprises are highly expected to meet the demand of local and international industries.*

By 2020 Vietnam is expected to host 1,000 businesses supplying spare parts, accounting for 11 per cent of the entire manufacturing industry.

This would meet 45 per cent of essential domestic production and export demand and account for 25 per cent of total industrial production value. By 2030 Vietnam will be able to produce 70 per cent of the spare parts needed to supply the domestic demand.

By 2020 Vietnam plans to satisfy 60 per cent of demand for metal, plastic-rubber and electrical-electronics parts, 65 per cent of supporting materials for the textile industry, and 70-80 per cent of footwear materials.

The primary objective of the plan is to ensure that by 2020 Vietnam is an industrialized country.

The Japan External Trade Organization (JETRO) once pointed out that domestic production of components and raw materials for industrial production only made up 27.8 per cent of the nation's industrial output, while the figures for China or Thailand were as high as 50-60 per cent. The added value of Vietnamese products ranges from only 15 to 30 per cent for industrial products, including high export value products like garments and footwear.

Professor Nguyen Mai emphasized the fact that only 200 out of 500 enterprises operating in the supporting industries were qualified to meet the foreign demand, chiefly in the motorbikes and electronics manufacturing segments.

In particular, the automobile industry in 2010 set a localization target of 60 per cent by 2020, but so far has only achieved 7-8 per cent. Likewise, the garment industry planned to achieved the localization rate of 60 per cent by 2015, yet it still imports 99 per cent of its cotton, 60 per cent of its fiber, and 70 per cent of its fabric for the local production.

Vietnam has two supporting industry development complexes in the southern province of Ba Ria-Vung Tau and the northern port city of Haiphong, through a co-operation framework with Japan. But after 13 years they have still failed to effectively identify product demand. As a result, most of the spare parts are actually provided by foreign invested firms.

According to Vietnamnet, the Vietnamese government's recent moves to boost the development of supporting industries may narrow the gap between expectation and reality. Local businesses have great opportunities with the expansion of major brands like Samsung, Nokia, LG and Intel in the country.

The ground is laid for domestic enterprises to modernize their technologies and enhance their human resource training to produce spare parts that meet the requirements of both local and international industries. The question is: will they seize the opportunity?

Source: VIR

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## **VN, Japan's IT second largest partner**

*Viet Nam has maintained its status as Japan's second largest partner in terms of information technology since 2012 and the most favorite partner of Japanese businesses, according to the latest Information Technology Promotion Agency (IPA)'s report*

The report said up to 31.5% of surveyed Japanese businesses selected Viet Nam while 20.6% favored India and 16.7% chose China. Besides its advantages in culture, the low-cost human resource is said a crucial factor attracting Japanese investors to Viet Nam.

The report was released at the 8th Japan Information and Communications Day (Japan ICT Day 2014) in Ha Noi on October 30. Two major issues discussed at the events included "Viet Nam-Japan ICT Collaboration", including ICT human resource for Viet Nam-Japan cooperation and collaboration between the two countries in big projects.

Earlier in late May this year, the Japan International Cooperation Agency (JICA) committed to financing JPY60 million for a project to develop competitive human resources for the information technology (IT) sector in Ha Noi between 2014 and 2016.

The project will be carried out by the Viet Nam Software and Information Technology Services Association (VINASA) and Japan's Sapporo IT Front-SITF organization. It helps build and run training programs for Vietnamese engineers in IT businesses. It aims to train 10 trainers and more than 130 engineers from universities and businesses across Ha Noi.

Source: Baomoi

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## South Korea becomes top VN investor

*With investments of \$3.6 billion in the first 10 months of the year, South Korea has become the top foreign investor in Viet Nam this year.*

A memorandum of understanding for a 1,200MW thermal power plant in the central province of Ha Tinh signed between Samsung C&T, a subsidiary of Samsung Group, and the General Department of Energy a few weeks ago marked a significant jump in Korean investment.

The Vung Ang Thermal Power Plant No 3 will be just one of several investments by Samsung C&T in the country.

In a joint communique released after a visit by Korean President Park Geun-hye to Viet Nam last year, the two governments affirmed co-operation and support for Korean firms investing in infrastructure in the energy sector – like a fuel depot in Dung Quat, a thermal power plant in the south, and an MoU between the Thanh Hoa People's Committee and Korean energy company KEPCO to speed up work on the Nghi Son Thermal Power Plant No 2.

KEPCO was the first to enter the energy sector in Viet Nam when it joined hands with Japanese company Marubeni to build the 1,200MW Nghi Son plant. It was followed by Samsung. In August KEPCO also sought investment opportunities in the Song Hau No 3 thermal project in the Mekong province of Hau Giang.

Korea's Lotte Group has shown interest in building the Quynh Lap No 2 thermal plant in Nghe An Province. If all these fructify, Korean investors will be pouring billions of dollars into Viet Nam's energy sector.

Singapore ranked second behind Korea with investments of \$2.6 billion, followed by Hong Kong and Japan. According to figures from the Foreign Investment Department, FDI as of October 20 was worth \$13.7 billion, nearly 29 per cent down from the same period last year. But actual disbursement, as opposed to commitment, amounted to \$10.15 billion, a year-on-year increase of 5.9 per cent, Do Nhat Hoang, head of the department, said in Ha Noi last week.

"That is the 'real' investments in the country," he said.

## RoK enterprises keen on investing in Binh Duong

*A delegation of enterprises from Gimpo city, the Republic of Korea (RoK), has expressed pleasure with business environment in the southern province of Binh Duong, saying they wish to invest in this locality.*

Mayor of Gimpo city in Gyeonggi province Yoo Young Rok, who headed the delegation, told officials of the Binh Duong provincial People's Committee on October 30 that his visit is to promote investment cooperation and exchange of goods between the two localities.

Gimpo is one of the RoK's industrial and tourism hubs and has attracted 1,700 Vietnamese workers, he said, adding that its close proximity to the sea will facilitate trade with Vietnam and other countries in the region. Two localities' strengths and advantages will make room to boost cooperation and investment in various fields, he stressed.

To attract more foreign investment, Binh Duong province has improved comprehensive infrastructure and created favorable conditions for foreign enterprises.

Binh Duong is now home to 487 RoK investment projects worth 1.9 billion USD.

As many as 2,344 foreign direct investment projects with a total investment of over 20 billion USD are running in Binh Duong. In October alone, the province attracted 1.43 billion USD in foreign direct investment.

Source: VN+ MPI+VIR

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## Slow site clearance deters investors

*Land clearance remains one of the biggest obstacles for many big foreign direct investment projects.*

Ba Ria-Vung Tau People's Committee last month reported that it had not yet handed over a 464-hectare site to Long Son Petrochemical Limited Company.

The company is a joint venture between Thailand's SCG Group, Qatar Petroleum International, and PetroVietnam. It received an investment certificate for this \$4.5 billion project in 2008, but has not yet started construction because of land rental and site clearance issues.

The provincial committee reported that it had to reclaim 398 hectares of land from 388 households for the projects. Among of them, 294 households received land compensation and were relocated to other sites. Local authorities have not yet completed negotiations with the other 94 households.

The project construction should have started early this year and be completed in 2017, but because of the site clearance issue, this process has been delayed.

Bottlenecks in site clearance have also halted two mammoth tourism property projects in Ba Ria-Vung Tau for seven years. These include the \$4.1 billion Saigon Atlantis resort complex invested by the U.S-based Winvest Investment LLC, and the \$900 million Skybridge Dragon Sea resort complex.

So far, Winvest Investment LLC has handed over just 87 hectares of land for a 300-hectare site despite the firm providing \$4.6 million to local authorities for land compensation. "We tried, but the fact is that the province just cannot afford site clearance costs for the project," said Dang Minh Thong, deputy director at Ba Ria-Vung Tau's Department of Planning and Investment.

Land clearance issues are commonly occurring throughout Vietnam and deterring investors despite the country emerging as a good destination for foreign direct investment thanks to its political stability, strong economic growth and cheap labour costs.

To clear land for an investment project, local authorities and investors have to negotiate with residents over compensation rates, which will be based on the market land prices. But Thong said the negotiation process always takes too long.

Nghi Son Refinery & Petrochemical, the investor of \$9 billion Nghi Son oil refinery and petrochemical complex in Thanh Hoa, took five years to handle the site clearance. And this work has only finished in early October.

"This is a big concern for many foreign investors investing in Vietnam," said Nguyen Chi Hien, head of Department of Planning and Investment in Phu Yen province. Hien said Phu Yen was facing difficulties in clearing land for the \$3.1 billion oil refinery and petrochemical Vung Ro project, which was invested by Vung Ro Petroleum.

"The investor is urging us to complete site clearance for the project. It is not easy," said Hien.n

Prof. Dr. Nguyen Mai, chairman of Vietnam Association of Foreign Invested Enterprises, said land clearance was an urgent issue that the Vietnamese government and provincial authorities should tackle as soon as possible to boost disbursement of foreign direct investment.

Source: VIR

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## Taiwanese firms seek local partners

*Speaking to Viet Nam News on the sidelines of a meeting between 48 Taiwanese companies and their Vietnamese counterparts in HCM City on Nov,6, John Tang, director of the Taitra office in HCM City, said Taiwanese companies have invested in garment and textile and footwear, and eye investment high-tech industries next.*

This is a major reason for holding business meetings every year between Taiwanese and Vietnamese companies, with the hope being that co-operation opportunities would spring up as a result.

The visiting executives this time are mostly from the auto parts, health care, and electronics industries.

Another 39 Taiwanese companies are taking part in the International Plastic and Rubber Industry Exhibition being held in HCM City to showcase their latest products and explore collaboration and development opportunities in the Vietnamese market.

"Taiwan is an indispensable part of the global plastics and rubber industry and Viet Nam is among Taiwan's top 10 trading partners in the world for a wide variety of goods, Hsien Chao Tseng, director of the commercial division at the Taipei Economic and Cultural office in HCM City, said.

"Plastics represent one of the top Taiwanese exports to Viet Nam."

Speaking about the exhibition, Tang said "since Viet Nam aims to develop its own supporting industry and since the rubber and plastic industry is one of the cornerstones of a strong supporting industry, I believe that Taiwan's expertise and experience in production and use of rubber and plastic machinery will help Viet Nam develop its supporting industry."

To increase Viet Nam's exports to Taiwan, Taitra has suggested that Vietnamese companies should improve product quality while reducing prices. Furthermore, Vietnamese companies should invest in cuisine and restaurants since Taiwanese like cultural diversity, it said.

Source: VIR

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## Ha Tinh province invites more Singaporean investment

*Minister of Planning and Investment Bui Quang Vinh called for more investment from Singaporean firms in the central province Ha Tinh, pledging to improve the locality's investment climate.*

The Vietnamese Government is committed to ensuring the safety of international enterprises and creating favourable conditions, including for Singaporean firms, Vinh said during a seminar jointly organised by the Singapore Business Federation and the Vietnamese Embassy on November 5, which was attended by representatives from around 100 Singaporean and Asian firms.

Ha Tinh enjoys a strategic location in the East-West Economic Corridor, connecting the northern, central and southern regions of Vietnam, he noted. Meanwhile, Chairman of Ha Tinh's People's Committee Vo Kim Cu highlighted the province's potential, advantages and investment opportunities, as well as its preferential policies to attract investment to its industrial parks, including Vung Ang and Cau Treo.

Ha Tinh is one of the localities that benefit the most from the Government's preferential investment policy in terms of tax and land use regulations, especially for projects in Vung Ang industrial park and Cau Treo border gate economic zone, he noted.

In addition, the province vows to support investors with ground clearance, infrastructure construction and human resources development, he stated. The provincial leader encouraged Singaporean firms to get involved in ship repairs,

maintenance and maritime services; industrial park development; logistics; administrative, banking and insurance services; and the construction and management of hospitals and schools.

Phan Toan Thang, Founding Director of Cell Research Corporation Pte Ltd, expressed an interest in investing in healthcare services in the province.

Meanwhile, Lee Yee Hern, Chief Financial Officer of Kinderworld, said he was keen to contribute to Ha Tinh's education sector and professional capacity development, targeting thousands of workers in local industrial parks.

Following the seminar, a number of cooperation documents were signed, including a memorandum of understanding on the partnership between LC Travel Planner and Ha Tinh's Department of Planning and Investment on a project to turn Ha Tinh City into a trade centre and hotel and tourism complex; and another between Ruixin Investment Pte and the Management Board of the Ha Tinh Economic Zone on a logistics project in Vung Ang economic zone.

Source: VN+

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### **Preferential policies for Ly Son island district's development**

*The PM has approved a series of preferential policies supporting the development of Ly Son island district in the central province of Quang Ngai.*

Accordingly, the district will get more budget from the central level to finalize urgent unfinished investment projects, notably those on a boat anchored area, a mobile road in the South of the Island (Stage 2); and water supply.

The Government chief also encouraged domestic and foreign investors to join in infrastructure development projects in the island via the models of BT, BOT, BTO and PPP.

Especially, investors will enjoy incentives at the highest level in accordance with legal regulations.

Fishermen in the island will also get the highest support in accordance with Decree 67/2014/ND-CP.

The Ministry of Health will work with the Ministry of National Defence to build a hospital serving both military force and local people; provide health equipment, and send doctors and nurses to support medical staff.

Ly Son district lies 18 nautical miles off the coast and covers an area of 10km<sup>2</sup>. It includes three communes including An Hai, An Vinh and An Binh.

At present, there are 50 heritage sites and 23 old religious structures in the area. Some of the pagodas, tombs and temples have been recognised as sites of provincial or national heritage.

The island also boasts numerous forms of intangible cultural heritage, such as traditional boat races and the Hoang Sa Soldier Feast and Commemoration Festival, which was recognised as a national heritage in April this year.

Ly Son strives to become a maritime economic centre by 2025, with a focus on tourism and aquaculture.

Source: *Chinhphu.vn*

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### **Adjusted EZ planning gives VSIP incentives**

*The government last week gave approval in principle for expansion of the Dong Nam-Nghe An Economic Zone to include the Vietnam Singapore Industrial Park and combined township.*

The adjustment would allow manufacturers and investors planning to invest in the Vietnam Singapore Industrial Park (VSIP) Nghe An project to enjoy the highest tax incentives offer for economic zones.

The approval follows a petition from the People’s Committee of Nghe An province in April. In an announcement released by the Government Office on October 29, Deputy Prime Minister Hoang Trung Hai directed the provincial people’s committee to be responsible for adjusting the Dong Nam-Nghe An Economic Zone borders set forth in the master plan to include the VSIP Nghe An project.

The Ministry of Planning and Investment was responsible for appraising the adjustment and then submitting it to the government for final approval. In February, Nghe An’s People’s Committee signed a memorandum of understanding with Becamex, the Vietnamese stakeholder of the reputable industrial park developer VSIP, to conduct a feasibility study of a VSIP industrial park and township complex in the province.

The site of the project was located just outside the Dong Nam-Nghe An Economic Zone, and the developer demanded inclusion into the zone as a precondition for investment. The government’s decision to support VSIP in this is a big step forward for the group’s investment in the country.

Established in 1996 as a joint venture between Vietnam’s Becamex IDC and Singapore’s Sembcorp Industries, VSIP is a prominent IP developer in Vietnam and is considered an icon of economic co-operation between Vietnam and Singapore. Thus, VSIP has developed five industrial parks nationwide, including two in Binh Duong, one in Bac Ninh, one in Haiphong and one in Quang Ngai. More than 500 companies have invested in its industrial parks and township with a total capital of \$7.4 billion.

The VSIP Nghe An project, if carried out, would be VSIP’s second in the central region. The developer is also currently conducting a feasibility study for developing another project in Binh Dinh.

Last month the Hai Duong People’s Committee announced that the Vietnam-Singapore Industrial Park Bac Ninh, a VSIP subsidiary, will acquire Cam Dien-Luong Dien Industrial Park from Phuc Hung Company Limited.

Source: VIR

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## Yen Bai uses niche to rouse investors

*Given foreign direct investment into Yen Bai remains low due to its difficult geography, inconvenient location and underdeveloped infrastructure, the province is striving to create its own competitive edge to attract foreign investors.*

Yen Bai ranks 49th among localities in terms of foreign direct investment (FDI) attraction. According to data by the province’s Department of Planning and Investment, as of October 20, Yen Bai had 23 active FDI projects, with combined registered capital of \$135.5 million.

In 2014, only one new investment certificate has been granted to South Korea-based Unico Global Inc. to build a \$12 million factory producing garments for export. So far this year the province has approved the investment expansion of Yen Phu Investment and Minerals Exploitation JSC and a Chinese company for their nickel and lead mining and refining project.

Doan Huu Phung, deputy director of the province’s Department of Planning and Investment, said Yen Bai claimed so much potential. The province is at the centre of the northern mountainous and highland area, a stop in many roads, railroads and waterways connecting Hanoi to the tourism hotspot of Lao Cai and part of the Kunming-Lao Cai-Hanoi-Haiphong economic corridor. Particularly, the inauguration of the Hanoi-Lao Cai expressway in September has facilitated investments in the province by shortening travel time from Hanoi to Yen Bai to just 1.5 hours.

However, “undeveloped infrastructure, difficult transportation and unnecessarily complicated administrative procedures are some of the main reasons the province has been having trouble attracting FDI,” Phung said. To attract

more FDI, Yen Bai has focused on three economic breakthroughs, including services, transport infrastructure and qualified human resources development.

In 2010-2015, Yen Bai plans to have five IPs with combined area of 1,182 hectares and 19 industrial and craft clusters with 1,100 hectares. The province has been clearing land and building transport, electricity, water supply and waste processing infrastructure for some industrial parks and clusters, ready to welcome investors. Examples include the 400-hectare IP in the south of the province, the 120-hectare Au Lau IP, the 112-hectare Minh Quan IP, the Bac Van Yen IP and the Mong Son IP.

The province has undertaken several large projects, including the World Bank-funded \$33.4 million Northern Mountainous Urban Upgrading Programme's Yen Bai sector and the Dam Hau Golf Course in Tran Yen district with investment capital for the first phase amounting to \$38.1 million.

In addition, Yen Bai offers multiple incentives to investors. For example, the province has issued preferential land and water surface leasing price plans and pledges to support firms in land clearance and preparation, infrastructure construction, local labour training and investment and trade promotion.

To encourage foreign investors to invest in IPs, Yen Bai provides a series of incentives including low land rents, land clearance and preparation and lending interest rate subsidies.

The province has also been simplifying administrative procedures to quicken the licensing process.

“We pledge to draft and complete policies to attract investment. We will also help investors complete administrative procedures so they can carry out their projects as quickly as possible,” Phung said. The province has asked the government to give a helping hand in building infrastructure, especially transport systems to attract more foreign investors.

Source: VIR

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## Thanh Hoa climbs development slope

*The north-central province of Thanh Hoa consists of 11 mountainous districts, including seven which are poverty-stricken, covering 76 per cent of the province's total area and home to almost 1.1 million people, or 32 per cent of the province's population. Deputy head of the Thanh Hoa Provincial Committee of Ethnic Minorities and Mountainous Areas Luong Van Buong spoke with VIR's Le Dung on the radical improvements the province's mountainous region has undergone in the past years on the back of concrete government support programmes.*

### What are current advantages and disadvantages of Thanh Hoa mountainous districts?

The province benefits from having highland and midland areas, including a northwest mountain range and the Truong Son mountain range and the rugged terrain also provides ideal conditions for hydro-power development. The Chu River and associated estuaries would be ideal for building hydropower plants.

Low-lying mountainous and hilly area in the south would suit plantation of cash crops, including eucalyptus, wattle, cinnamon and rubber thanks to fertile soil.

Thanh Hoa also boasts mineral resources such as limestone with reserves of 370 million tonnes, chrome ores (22 million tonnes), and alluvial gold, which is found in Cam Thuy, Ba Thuoc and Thuong Xuan areas. Other minerals in the region are clay, iron ores, pumice stone (used in cement production), facing stones and more.

This region also features an impressive range of rocky outcrops similar to those found in Halong Bay, creating beautiful caves and imposing natural heritage sites such as Pu Luong karst mountain in Quan Hoa and Ba Thuoc districts, Hai Van

in Nhu Thanh district, and famous caves such as Ngoc, Lo Cao in Nhu Thanh district and Ca Than in Cam Luong-Cam Thuy districts.

Transport infrastructure has also witnessed remarkable improvements. Route 15A links northern and southern districts. Road 217 leads to Hua Phan province in Laos, and the passage of national highways 47 and 45 link the region to Thanh Hoa city and other plains districts.

The legendary Ho Chi Minh Trail is regarded as a backbone, linking localities in the region as well as connecting mountainous districts to other provinces north and south of Thanh Hoa.

However despite our advantages, there are problems in Thanh Hoa's mountainous districts. Firstly, the western districts mainly consist of ethnic minority groups, accounting for about 60 per cent of mountainous region population and they suffer from low culture, which has resulted in on-site labour shortages.

Poor households still account for a high 23.6 per cent of all households according to last year's figures.

However, child marriages and marriages between blood relations are still commonplace, representing a challenge to the region's human development strategy. For instance, from 2009 up to now of 516 married couples in Muong Lat district 55 per cent (or 284 couples) were married as teenagers. In the first half of 2014 alone, 52 out of 73 couples were teenage marriages.

### **How have the government's ethnic minority support policies been playing out in this region?**

We've benefitted from a raft of incentives to help tap local potential to push socio-economic development thanks to our strategic location. There have been some specific policies to support the region's development, such as prime ministerial programmes 134 and 135 that target rapid and sustainable poverty reduction, a project to stimulate fixed cultivation and permanent settlement among local people or that promoting rubber plantation by Thanh Hoa authorities.

These programmes and projects have generated initial encouraging results.

During 2011-2014, these 11 mountainous districts reaped average economic growth rate of 13 per cent per year. Per capita average income grew from VND11.2 million (\$530) in 2011 to VND14.1 million (\$670) last year. The rate of poor households has reduced by 4.5 per cent per year. Trained laborers have reached 26.6 per cent.

By 2013, 92 per cent of communes had paved roads leading to communal centre and 100 per cent of communes had medical stations and doctors.

In the first half of 2014 alone, Thanh Hoa mountainous region economy grew 9.4 per cent with 21 licensed investment certificates valued at VND1.537 trillion (\$73 million) and 28 business start-ups.

### **What are the mountainous region's concrete tasks and development solutions in the coming period?**

Although initial outcomes were seen regarding socio-economic development in Thanh Hoa mountainous region, many things still need to be done for the region to develop sustainably.

Accordingly, it is important to continue propagating the government policies on poverty reduction to people in the area, review development plans to ensure it matches local development conditions, revise investment structure for higher efficiency and increase direct transfer of technical progresses to local laborers.

The policies on supporting the poor need further appraisals and supplementation and efforts must also concentrate into bettering the quality of vocational training and governance efficiency of local management at different levels.

*Source: VIR*

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## Better transport perks NW economy

*The northwest mountainous region's business environment is getting better thanks to improved transport infrastructure.*

The country's longest highway linking Hanoi with the northern border province of Lao Cai officially opened in September, shortening travel times to 3.5 hours from the previous 10 hours.

The 245km, four-lane highway cost \$1.2 billion. It stretches through five provinces and cities including Hanoi, Vinh Phuc, Phu Tho, Yen Bai and Lao Cai, and connects directly to Noi Bai International Airport. "The highway is a landmark for Vietnam, it provides more opportunities for economic development in the northwest region," said Dinh La Thang, Minister of Transport.

The northwest mountainous region claims a strategic position, where such big projects like the Vietnam-China cooperation-based "Two Corridors – One Economic Belt" are being implemented.

The region is bordered by Laos to the west and China to the north. Covered by a number of prominent mountains, the typography includes a 180 kilometer-long mountain range that cuts diagonally across the region from northwest to southeast. Several peaks along the mountain range top 3,000 metres, including Southeast Asia's tallest peak, Mt. Fanxipan.

Thanks chiefly to the relatively cold climate in the northwest, the land is ideal for the cultivation of tea, medicinal and aromatic herbs, and fruits. The region is also rich in minerals, with large reserves of granite, limestone, coal, clay and various other minerals such as iron and gold.

Besides that, the northwest has great potential for tourism development thanks to its 30 ethnic groups, spectacular natural landscapes, and a diverse culture, with some tourism destinations including Sapa and Dong Van Karst Plateau Geopark.

Due to its low starting point and difficult economic conditions, infrastructure development in the northwest area is worse than other parts of the country. Therefore, potential and advantages of the region have not been comprehensively and strongly utilised.

Since 2008, many investors have pledged to invest billions of dollars, however because of the slow pace of infrastructure improvement in this region, the disbursement is modest over the year. However, economic experts have said that things may change now, as the region is better connected with others, thanks to the highway.

*Source: VIR*

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## Sai Gon Hi-tech Park attracts more investment

*Investment in the Sai Gon Hi-tech Park in the first ten months of this year amounted to nearly US\$1.9 billion, its management said.*

It included \$1.4 billion for the Samsung CE Complex Project to research, develop, and manufacture hi-tech consumer electronics. Licensed last month it is the second \$1 billion project at the park after Intel's chip factory approved in 2006.

"This [Samsung] project indicates the [competitiveness] of the SHTP brand name," Le Bich Loan, deputy director of the park, said. She said work is underway on infrastructure for the Samsung project, which will begin production next year.

Another major investor this year is the Sai Gon Industry Corporation, which will build a \$257 million IC (integrated circuit) plant to manufacture RFID chips, bank cards, and energy management chips.

Construction of the plant would begin soon and it is scheduled to go on stream in 2017, the company said.

OneHub Sai Gon Complex, a \$130 million joint venture between the Singapore-based Ascendas and Saigon Bund Capital Partners (UK), will be a services sector project built on a 12ha area.

SHTP's tenants will include Transimex Hi-tech Park Logistics Co, which will set up a bonded warehouse and logistics services facility at a cost of VND300 billion (over \$14 million).

Le Hoang Quan, chairman of the city People's Committee, said Samsung's investment at the SHTP shows the effort made by the city authorities in selecting FDI into HCM City. The city has focused on attracting investment in hi-tech industries instead of large-scale labor-intensive projects.

With the licenses issued in October, total investment in the 12-year-old park has exceeded \$4 billion, according to its management board.

Dr Le Hoai Quoc, head of the SHTP, said nearly 40 per cent of the workers in the park are college and university graduates, and the value of the products their companies have churned out so far has exceeded \$9 billion, and most of them have been exported.

He added that through 2020 the park would focus on efforts to attract hi-tech investors and increase the rate of locally made parts.

Source: VN+

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## Funds needed for waterway transport

*Waterway transportation in HCM City has huge potential but it has yet to be developed due to limited investment.*

The city has around 975 km of waterway that can be used for transport. Around 700 km of rivers and canals are divided into 106 routes for municipal management.

The city is linked with the Mekong Delta by the Sai Gon River, Dong Nai River, and the Te and Doi canal systems, which are connected with Cho Dem – Ben Luc rivers and other areas of the country as well as with the international sea transport system. Seaports include Sai Gon, Long Tau, and Soai Rap.

"It is difficult to develop because the waterways have not been connected with road, railway and port systems," Dr. Pham Sanh, a transport expert, was quoted as saying in Thoi bao Kinh te Viet Nam (Viet Nam Economic Times) newspaper. In addition, bridges in the city are too low for some boats, and big ships cannot travel on shallow canals.

"Waterway transport hasn't been included in development plans for the city," he added. Most commodities are transported by road. "If waterway transport were developed, there would be less traffic congestion on roads and crowding at seaport," Sanh added.

By 2020, sea transport in HCM City would reach 200 million tonnes of cargo. To implement the Viet Nam Sea Strategy, the Prime Minister approved the HCM City's Transport Master Plan last year. In the master plan, the city would develop public transport on a large scale, as well as multi-transportation means and logistics systems. To reach the goals, the city is moving seaports out of the downtown area and widening passage for bigger ships.

Experts have also called on the Ministry of Transport to devise a transport infrastructure strategy. HCM City has 74 ports in four regions: Sai Gon, Tan Cang Cat Lai, Nha Be and Soai Rap. The seaports can only receive 30,000 tonne-ships, and most of them are located inland, which lead to higher expenditures. However, Hiep Phuoc seaport recently began receiving 54,000-tonne ships.

In the near future, Soai Rap River along with the Cai Mep-Thi Vai International ports will receive 100,000 tonne-ships at ports in Vung Tau, Dong Nai and HCM City, according to the HCM City's Transport Department.

By 2020, HCM City would have many new seaports, and narrow passages would be upgraded, according to the master plan. A seaport system in Cat Lai, Nha Be and Hiep Phuoc would also be operating by then.

HCM City also wants to encourage investors to pour money into infrastructure and waterway tourism.

This year was chosen as the year for waterway tourism in HCM City.

*Source: VNN*

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### **Bac Ninh welcomes smartphone plant**

*Microsoft will build its second largest smartphone manufacturing plant in the world in the northern province of Bac Ninh.*

The group's leaders recently met provincial officials in Singapore, saying that Microsoft would expand its existing \$302 million mobile phone production factory in the province's Vietnam-Singapore Industrial Park.

"Microsoft will triple its employees from 5,000 where it currently stands to 15,000 in the near future," Deputy Chairman of the Bac Ninh Provincial People's Committee Nguyen Van Nhuong told VIR. "The total additional investment capital has yet to be revealed, but it will be very big. Microsoft is aiming to employ an additional 500 new workers every week."

Nokia Vietnam opened the plant in October 2013. The factory was acquired by Microsoft in April this year. Nhuong said Microsoft would gradually narrow its mobile phone manufacturing in Hungary, China and Mexico and relocate production lines to Vietnam.

According to the committee, Microsoft will also apply state-of-the-art environmentally-friendly technologies. With its sizable investment and high technology, that group will be entitled to a 10 per cent corporate income tax exemption for the first four years of operations and a 50 per cent reduction for another nine years. This incentive is in line with the government's incentives for hi-tech projects. Samsung also enjoys this incentive.

"Additionally, based on its own incentives for these projects, the province will give another a 50 per cent reduction for another four years to Microsoft," Nhuong said. "We highly value this investment." Nhuong said Microsoft would support the province in producing skilled workers and developing e-government.

Nhuong also said the province was deploying many investment promotion programmes to attract foreign firms operating in the supporting industries, thanks to Samsung and Microsoft's presence in the province. In 2009, Samsung inaugurated a \$670 million Samsung Electronics Vietnam (SEV) factory to produce mobile phones in Bac Ninh. After that, the total investment capital was raised to \$2.5 billion.

In March 2014, Samsung started operations of its \$2 billion hi-tech complex in the northern province of Thai Nguyen, on an area of 100 hectares. It exported nearly \$2 billion in smartphones and tablets, totalling six million units by the end of June, just three months after starting production.

SEV's exports in 2013 were valued at \$23.9 billion. Together the two factories are expected to achieve an export value of \$35 billion this year.

Early this month, Samsung also received an investment certificate from Ho Chi Minh City's authorities for construction of another \$1.4 billion electronics manufacturing complex in the city.

*Source: VIR*

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## **PetroVietnam proposes \$2b Dung Quat expansion while negotiating sale to Gazprom**

*State petroleum giant PetroVietnam held a meeting with government authorities this morning, October 27, to report on the expansion plan for the Dung Quat oil refinery.*

Dinh Van Ngoc, CEO of Binh Son Refining and Petrochemical Company Limited (BSR), the operator of Dung Quat, recently told baodautu.vn that PetroVietnam had submitted the upgrade and expansion master plan to the government in September.

Accordingly, after expansion the refinery's production scale would increase to 8.5-9 million tonnes of crude oil per year, compared to the current 6.5 million tonnes. Investment needed for the expansion is estimated at \$1.8-\$2 billion and the process would take between 60 and 78 months to complete.

Also according to the plan, Dung Quat will continue its current production and maintenance work during the expansion phase.

That said, while the expansion process is underway, there will be times that the refinery needs to shut down operations for a short time. The operator has said they want this to occur at standard maintenance times to minimise losses.

As well as working on the expansion plan, PetroVietnam is also in negotiations with Russian partner Gazprom Neft to sell 49 per cent of its stake in the refinery.

It has announced that it hopes negotiations will be concluded before the end of this year.

The Russian partner is well financed and has 5-6 major oil refineries under its control with a combined processing capacity of more than 40 million tonnes of crude per year. Some of these have undergone regular upgrades and expansions.

Ngoc said the company has proposed the government allow it to simultaneously conduct negotiations and carry out the expansion, since the latter is essential to meeting the country's ever-increasing demand for fuel.

Dung Quat is wholly domestic owned and the only operating oil refinery in Vietnam at present.

According to PetroVietnam chairman Nguyen Xuan Son, BSR expects around VND4 trillion (\$190 million) in profits this year. The company posted VND2.08 trillion (\$99 million) in after-tax profits in the first six months of the year.

*Source: VIR*

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## **FINANCE – BANKING**

### **Credit rating agencies to be launched**

*Domestic credit rating agencies (CRA) will be established in the country for the first time, marking a new stage in the development of the domestic finance market.*

Under Decree 88/2014/ND-CP, a newly-issued regulation, the Ministry of Finance will begin receiving applications for the setting up of CRAs in the middle of November 2014. Authorities expect two to four CRAs to be set up in the initial stages.

An official legal framework for the establishment of CRAs will serve as a major momentum for the future growth of domestic finance and securities markets, most especially the debt market, industry insiders said.

The CRA is a familiar model to international financial markets but is new to Viet Nam, where bonds have yet to be rated by independent rating organizations. As a result, Viet Nam's bond market has lagged far behind world standards.

Experts said the establishment of CRAs was a positive sign to the market and investors, as it was expected to boost debt market transparency. Currently, the bonds, which are mainly issued for banks to renew debts, are unrated. The CRAs can now rate securities market products, especially corporate bonds.

The finance ministry is also considering adding a condition that bonds must be rated by one or more CRAs.

Do Viet Dung of the finance ministry's Bank and Finance Department said corporate bonds worth roughly VND30 trillion (US\$1.4 billion) were issued every year. Total outstanding bond market debt was estimated to be around 2.3 per cent of gross domestic product, a small ratio compared with that of other countries in the region. However, the corporate bond market still has a huge potential.

The establishment of CRAs will also help to better control bad debts, as CRAs rate the financial and solvency status of companies and organizations that borrow from credit institutions.

Previously, auditing firms provided services similar to those of CRAs. However, the services are provided to each customer only, and no release of public information takes place. According to Decree 88, CRAs are barred from operating in the accounting, auditing, securities and banking sectors to ensure independence, fairness, honesty and transparency.

CRAs must each have a legal capital of VND15 billion (\$707,500), excluding the legal capital of other businesses where CRAs are allowed to operate. They are also barred from giving capital to other CRAs.

Organizations and individuals who own five per cent of a CRA's charter capital are likewise barred from contributing capital to or holding shares in other CRAs. The decree also bars organizations and individuals from using State capital to set up CRAs.

*Source: VIR*

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## **Interest rate on Vietnam's international bonds to be lower than in 2010**

*The Ministry of Finance (MOF) believes that Vietnam will be able to mobilize capital from bonds in the international market at "reasonable costs".*

Analysts say the 5.5-6 percent per annum interest rate would be reasonable.

The government of Vietnam on October 29 kicked off its international bond issuance campaign. MOF, representing the Vietnamese government, has authorized three banks, Deutsche Bank, HSBC and Standard Chartered Bank, to organize road shows to offer bonds to global investors.

The meetings with investors and other activities of the road show will take place outside Vietnam. The first leg of the road show will be in Singapore on October 29, then in Hong Kong, London, Boston, New York and then finish in San Francisco on November 5.

In the press release delivered on October 29, HSBC said there would be A144A/Reg S transactions, i.e., transactions conducted in accordance with Rule 144A or the US Regulation S, depending on market conditions.

At a press conference held in Hanoi on August 28, chair of the government office Nguyen Van Nen confirmed that these would be rollover bonds, worth \$1 billion in total. In principle, the new borrowing will not lead to changes in Vietnam's sovereign debts. However, with expected lower interest rates, the financial burden on the Vietnamese government will decrease.

An official of MOF said the ministry has every reason to believe that the 2014 bond interest rates would be lower than in 2005 and in 2010 thanks to the current good economic conditions in Vietnam. "The macroeconomic conditions are getting better, while the inflation rate is controlled and the current balance surplus has returned," he said.

Meanwhile, Moody's, a well-known credit rating firm, in late July, lifted Vietnam's sovereign ranking from B2 to B1 (stable), while Standard & Poor's gave BB-. This was believed one of the important reasons behind the government's decision to issue bonds in 2014, after a four-year break.

Vietnam has issued \$1.75 billion worth of international bonds so far, including the \$750 million worth of 10-year bonds sold in New York in 2005 and \$1 billion worth of 10-year bonds in Singapore.

The 2005 bonds had an interest rate of 7.125 percent, while the 2010's bonds 6.75 percent. Meanwhile, the capital mobilization cost, according to financial analysts, is now cheaper than that in 2013.

Global Capital quoted a consultant of an international investment institution as saying that the 5.5-6 percent interest rate would be "reasonable for Vietnam". Analysts said on the website that Vietnam wanted to return to the international bond market as the \$750 million worth of bonds will mature in January 2016. Meanwhile, international investors have expressed serious interest in Vietnamese bonds.

They explained that though investors want to inject money into emerging markets, they do not have many opportunities to buy because of limited supplies.

Source: VNN

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### **Vietnamese banks to apply Basel II governance standards**

*Ten Vietnamese commercial banks, chosen by the State Bank of Vietnam, will be applying international bank management standards in accordance with Basel II governance standards.*

Analysts have said that it was a big challenge for Vietnamese banks because this would reveal the bank's weak points to the public, and therefore, put banks under pressure.

However, the State Bank decided that this was a must. Applying Basel II's standards is a key task listed in the program on credit institution restructuring for 2011-2015, because this is believed to be the best solution to make Vietnamese banks healthier.

Ten banks have been asked to do this under the support and supervision of the State Bank.

Basel II, initially published in June 2004, is the second version of the Basel Accords, which are recommendations on banking laws and regulations issued by the Basel Committee on Banking Supervision, intended to create international standards for banking regulators.

The banks selected for Basel II application are the biggest and most prestigious ones in Vietnam, including state-owned Vietcombank, VietinBank, BIDV, and joint stock Military Bank, Sacombank, Techcombank and VP Bank. Nguyen Huu

Nghia, chief inspector of the State Bank of Vietnam, said that Basel II's standards would be applied to all credit institutions in the banking system. However, the implementation will be made in accordance with different roadmaps and at different times, depending on the banks' conditions.

Banks with similar development and readiness levels will be put into the same group. The classification would be made by the watchdog agency, based on the banks' business index and the banks' presentations about their capability.

Nghia denied that the 10 selected banks chosen for the first group were the most favored by the State Bank. "The State Bank encourages all commercial banks to apply international standards on risk management, supervisory process and market discipline, as suggested by Basel II," Nghia said.

He noted that banks need to prepare well in the areas of financial resources, labor force and information technology for Basel II implementation, because it will be a costly process.

In developed economies, Basel II has been superseded by Basel III which was put forward during the global financial crisis from 2007 to 2010. Basel III has been recommended for the 2015-2018 period. The State Bank's decision on Basel II application has been supported by economists.

Dr. Vo Tri Thanh, deputy head of the Central Institute for Economic Management (CIEM), said that it is the right time for commercial banks to apply Basel II and step by step apply Basel III.

"I believe that this is a timely and reasonable step now, when we are undergoing economic restructuring and banking reform," Thanh said.

*Source: Greeting VN*

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### **SBV to fine banks for poor ATM services**

*The State Bank of Viet Nam (SBV) will be imposing penalties for the first time on banks offering poor quality Automated Teller Machines (ATM) service.*

Under the SBV's Decree 96, which imposes administrative penalties on the banking sector, banks will be fined VND15 million (US\$700) if their ATM machines run out of cash and fail to meet customers' withdrawal demands.

The SBV will also impose a fine of VND10 million (\$469) to VND15 million (\$700) on banks that suddenly suspend ATM operations without at least 24 hours prior notice.

Banks that fail to maintain customer service operations to help customers at any time, and those that install, change the location or suspend operations of ATMs, if not in accordance with current regulations, will likewise be fined.

According to the SBV's Circular 35, which took effect last March, banks are allowed to collect service fees for clients' transactions, including money transfers and the issuance of new cards, receipts or account statements.

In spite of the multiple service fees that banks have charged, the quality of bank services remains substandard as shown by numerous customer complaints. This is especially true during the holidays, when numerous bank ATMs conk out or run out of money, thereby preventing people from withdrawing.

Under Decree 96, which will take effect this December, persons or groups caught destroying Vietnamese dong will be fined for VND10 million to VND15 million (\$469 to \$700), and those caught using anonymous or false identities in accounts will be fined for VND100 million to VND150 million (\$4,690 to \$7,000).

The same decree also regulates that gold traders who fail to list sale prices will be fined for VND30 million to VND60 million (\$1,400 to \$2,800), and those caught engaging in illegal gold trading will be fined for up to VND500 million (\$23,470).

Source: VNS/VNA

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### **State Bank inspectors discover bank fraud, but violations not publicised**

*It is estimated that nearly 1,000 inspection tours to commercial banks are conducted every year. However, the majority of the inspectors' reports have never been made public.*

Ha Van Tham, a former chairman of the privately run Ocean Bank, was taken into custody late last week on suspicion for fraud in lending. Prior to that, the State Bank of Vietnam released a decision to suspend Tham from his post as the bank's chair.

This was one of the very few cases related to banking fraud that was made public by the central bank and investigative agencies. And in this case, there was not much information about Tham and the fraud he committed.

The State Bank only said that Tham must be personally responsible for the serious violations of the laws, but it did not clarify what kinds of violations he had made. Therefore, no one can say for sure how Tham will be punished. Local newspapers just quote their sources as saying that the banker may be in custody for four months for further investigations.

An analyst noted that the State Bank's Inspection Agency usually does not turn up before the public to report about fraud cases they have discovered.

Recently, only after a National Assembly Deputy inquired did the Governor of the State Bank Nguyen Van Binh reveal that inspection activities were carried out regularly, and that they had helped discover violations committed by high-ranking managers of the Vietnam Construction Bank (VNCB).

One year ago, Nguyen Duc Kien, one of the most influential businessmen in Vietnam, was arrested on accusations related to violations of the credit laws. In May 2014, the case was sent to court. However, at the trial, the representative of the State Bank of Vietnam refused to show the inspectors' documents related to the Asia Commercial Bank (ACB).

The representative said they were confidential documents which could not be made public because the information could cause serious negative consequences.

The current law on information exposure allows individuals and agencies to refuse to provide confidential documents.

However, the newly promulgated government Decree No 26 stipulates that the inspectors' conclusions must be made public, except for those that are listed as state confidential documents and those that are considered "delicate matters" which may affect the operations of those who were being inspected.

Thoi bao Kinh te Vietnam, after analyzing statistical figures, reported that nearly 1,000 inspection tours had been made every year in recent years. In 2011-2012, inspections were made to clarify the "health" of weak credit institutions. State Bank's inspectors and four international auditing firms found weak points of the institutions in order to help the watchdog agency make further necessary decisions.

In 2013 alone, the State Bank conducted 978 inspections and 310 examination tours of commercial banks, made over 9,000 requests and released 129 decisions imposing fines on 118 institutions and individuals.

In 2014, as Chief Inspector Nguyen Huu Nghia said earlier this year, the inspectors will focus on the banks' credit quality and bad debts.

Source: VNN

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## ANALYSIS – OPINION

### Transfer pricing inflicting heavy losses

*Appropriate policies and enhanced management capacity are critical in the fight against transfer pricing to ensure a healthy business investment environment in Viet Nam, said experts on Wednesday.*

They were participating in an online discussion on the Government's e-portal.

Transfer pricing is causing losses to the State revenue, distorting the business investment environment and reducing the efficiency of the State management, the experts added. This is a global issue, not of a single country only.

Statistics of the General Department of Taxation showed that an inspection carried out at 39,000 companies found signs of transfer pricing in nearly 2,000 firms. In addition, tax arrears of more than VND1 trillion (US\$47.16 million) were collected and the total loss was reduced by VND4 trillion (\$188.6 million).

**Alarm bells rang with several foreign direct investment (FDI) companies allegedly carrying out transfer pricing recently. These firms had reported losses for many consecutive years, but still kept expanding their operations.**

In addition, there were signs that domestic companies also carried out transfer pricing to evade tax, although transfer pricing happens more often in multi-national companies, experts said.

According to Nguyen Van Phung from the General Department of Taxation, the Law on Investment allows corporate income tax incentives for investment projects in remote and disadvantaged areas. Companies with headquarters in these areas, but with operations throughout the country, can take advantage of the tax incentives to carry out transfer pricing, he said.

Phung pointed out that companies tend to shift profits from countries with high tax rates to countries with lower rates to reduce payable tax, adding that proving the existence of transfer pricing was a very difficult job. The challenge for management agencies is to figure out how such violations of the law can be detected.

Phung said that in England, investigations against transfer pricing often take 12 to 18 months, or even years.

According to Do Nhat Hoang, Director of the Foreign Investment Agency under the Ministry of Planning and Investment, not all FDI companies which report losses, but keep expanding their operations, are carrying out transfer pricing. He added that some large investors even accept losses to gain a market share.

However, Hoang said that some companies are taking advantage of the legal loopholes to evade tax.

He pointed out that close watch should be kept and evidence collected to prove transfer pricing, to avoid negative impacts on the country's investment environment as well as on the operations of law-abiding companies.

Experts said that to combat transfer pricing successfully, legal mechanisms and policies, as well as the professional skills of tax officers are needed. The government has asked the Ministry of Planning and Investment to work with relevant agencies and authorities to set up an anti-transfer pricing project.

The Ministry of Finance, which has been commissioned to implement the project, has focused on developing training programmes, running communication campaigns and implementing a number of other measures in an effort to detect and deal with firms that show signs of transfer pricing.

Over the last 26 years, FDI has played a crucial role in boosting Viet Nam's socio-economic development, generating funds for the State budget and accelerating the country's integration into the global economy

Source: VNS

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### **Fitch upgrades Vietnam's rating to 'BB-', stable outlook**

*Credit rating firm Fitch has upgraded Vietnam's Long-Term Foreign and Local Currency Issuer Default Ratings (IDRs) to 'BB-' from 'B+', said the Ministry of Finance on November 3.*

In addition, the issue ratings on Vietnam's senior unsecured foreign and local currency bonds are also upgraded to 'BB-' from 'B+'. The Country Ceiling is upgraded to 'BB-' from 'B+' and the Short-Term Foreign Currency IDR was affirmed at 'B'.

The revision of the Outlook on Vietnam's IDRs was based on an improvement in macroeconomic stability. Fitch said Vietnam's economy has been stable and its Gross Domestic Product (GDP) has remained relatively strong at a 3-year average of 5.6 percent against a 'BB' range median of 3.7 percent.

Inflation has moderated to 3.2 percent as of October 2014, down from an average of 6.6 percent in 2013. The country's savings and investment rates were higher than those of other nations. According to Fitch, Vietnam's macroeconomic stabilization has contributed to a sharp turnaround in the current account from a deficit of 3.7 percent in 2010 to a projected surplus of 4.1 percent in 2014.

Meanwhile, foreign direct investment (FDI) inflows, which accounted for 4.5 percent of the nation's GDP in 2011-2013, have helped to balance payments surpluses and foreign reserve accumulation.

The firm assumed that Vietnam's macro economy will continue to be maintained stably in the future and this will be a positive factor in the country's efforts to restructure its banking system and state enterprises, and improve its capacity for paying external debts.

Source: VN+

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### **Taking advantage of WTO membership for national development**

*Vietnam joined the World Trade Organization on November 7, 2006, and was granted official membership on January 11, 2007.*

This opened up a great opportunity for Vietnamese products and services to access the WTO's huge market of 160 member countries, accounting for 97% of global GDP. Over the last 7 years Vietnam has leveraged WTO membership for its economic growth.

The WTO says that although some things need to be adjusted, the last 7 years have shown that Vietnam has strictly and responsibly honored its WTO commitments.

### **Vietnam's economy growing steadily**

Tran Quoc Khanh, Deputy Minister of Industry and Trade and Head of the Government's negotiation delegation on international trade, says that since joining the WTO, Vietnam has abided by commitments to open its markets, ensure transparency, fine tune its legal framework, and establish a level play field for both domestic and foreign enterprises. Vietnam's access to foreign markets has improved, increasing Vietnam's export revenues.

Vietnam's export and import turnover in 2007 increased 31.3%, equivalent to US\$26.5 billion. Vietnam earned US\$132 billion from exports in 2013, an increase of 15.4%, or US\$17.6 billion. Khanh said Vietnam's economic restructuring and trade policy reforms to conform to WTO standards and regulations have been acknowledged by the WTO. "Vietnam has maintained a high growth rate for a long time and obtained remarkable poverty reduction results. Vietnam continues to integrate into the global economy and is striving to build a more dynamic economy."

Over the reviewed period, Vietnam has recorded an annual economic growth rate of 7.3%, has increased per capita income by 4 times, and brought its inflation rate below 7%. Vietnam exports about 75% of its GNP. Vietnam has become an important economic and political factor in ASEAN and Asia and is now a key partner of many countries.

### **Enhancing economic reform toward global trade**

Vietnam's economy has changed significantly due to comprehensive legal reform in line with Vietnam's commitments to the WTO. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry, said institutional reform is a foremost task for Vietnam to take advantage of its WTO membership. "Prime Minister Nguyen Tan Dung has set a target of creating an institutional breakthrough which will provide new momentum for national growth and help Vietnam take advantage of the WTO and actual and pending free trade agreements like the TPP and the Vietnam-EU trade agreement."

WTO membership has had an adverse effect on Vietnam's agriculture and its most vulnerable social groups. The trade balance has been a problem. Former WTO General Director Pascal Lamy said that in order to minimize risks and create favorable conditions for the post-WTO economy, Vietnamese enterprises should focus on value-added products.

The Vietnamese government has devised export policies to help Vietnamese enterprises improve their competitiveness internationally and minimize adverse effects of WTO membership on sustainable economic growth.

*Source: VOV*

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## NEWS IN BRIEF

### Japan House a connecting centre for Japanese investors in Vietnam

Japan House, designated for the purpose of connecting Japanese investors with potential Vietnamese partners, has just been launched in early November at the CEO tower in Hanoi's Pham Hung street. Japan House is built under the model of shared office, acting as a connecting gate between CEO group and Japanese partners, in particular, and an effective investment channel between Vietnamese enterprises and Japanese partners in general in order to promote the two countries' investment and business co-operation. Its total area is 440 square metres, encompassing 11 rooms, one meeting room and an entertainment area, providing offices for lease, support services and investment consultancy. Support services cover telecommunications, accounting, web design, domain name registration, translation, interpretation, tourism, car rent, and more. With a wealth of experience in investment field, the CEO group offers consultancy service for Japanese partners intended to invest in Vietnam in diverse fields such as consultancy about Vietnam's investment environment, networking opportunities, foreign direct investment or post-investment issues. The CEO Group is an enterprise operating in the field of real estate, education and training, and labor export.

Defining Japan as a major market in labor export as well as a big business partner in the future, the CEO group has cultivated good ties with many Japanese firms such as Kume Asia, Toyo, and Kenyu.

### Green Technology Park project launched

A ground-breaking ceremony for the building of a modern waste treatment complex in Thu Thua district in the Mekong Delta province of Long An was held on November 9. The Green Technology Park project implemented by the Vietnam Waste Solutions Inc. (VWS) has a total investment capital of US\$500 million in the first phase. The project covers a total area of 1,760 hectares and can treat 40,000 tonnes of waste a day. It aims to treat domestic and industrial waste from southern key economic cities and provinces. Deputy Minister of Construction Cao Lai Quang said that the project is very important to the southern key economic region towards sustainable development and environmental safety. It contributes to realizing the national strategy on solid waste management by 2025 with a vision to 2050. David Duong, General Director of VWS hoped that the project will be a success and will help attract more investment to environmental protection from overseas Vietnamese. On the occasion, VWS offered 20 computers and 50 scholarships for poor but well-performed students and VND50 million for pensioners' fund in Long An province.

### Can Tho invests in public works

The Mekong Delta city of Can Tho has spent VND2 trillion (US\$95 million) this year on over 100 rural public works like roads, healthcare facilities, schools, and water supply systems. A 28km section of National Highway 91 connecting Can Tho with An Giang Province was upgraded, construction of the 500-bed Can Tho General Hospital was wrapped up, and a dyke was built along the Can Tho River to prevent landslides. Another 80 small and medium-sized works were done in the districts of Phong Dien, Thoi Lai, Co Do, Vinh Thanh, Cai Rang, O Mon, Thot Not, and Binh Thuy. They make up 81 per cent of the year's target. "Such works have improved the living standards of local people," Le Hung Dung, chairman of the city People's Committee, said. As a result, the proportion of people with access to clean water has increased from 92 per cent last year to 93 per cent, the number of hospital beds has risen from 29.6 for every 10,000 people to 31.6, and the proportion of clinics that meet national standards has jumped from 97.6 per cent to 100 per cent. Many models of collaboration between farmers and businesses and farmers and co-operatives have also been established in Phong Dien, Vinh Thanh, and Thot Not.

### TAL gets licensed for \$50m textile plant in Ba Thien IZ

Singapore TAL Apparel Limited, a subsidiary of Hong Kong-backed TAL Group, one of the world's largest clothing manufacturers last week received the investment certificate to build a \$50 million facility to manufacture fabrics, garments and textiles in the northern province of Vinh Phuc. Located on an 8-hectare site in the province's Ba Thien 2 Industrial Park (IP), the plant is expected to enter operation in September next year and churn out 12 million products per year and create 3,000 jobs.

According to a Ba Thien 2 IP representative, this is the seventh licensed tenants in the 308ha park. He also said that TAL was looking to set up another \$200 million facility in the province. Developed by Vina CKP, a member of asset management group VinaCapital, more than three quarters of the available land of the park's first phase 40ha have been leased out. Vina CKP is now developing infrastructure facilities for the second phase with the total land area of 100ha, and it is expected to be complete by the end of the first quarter of 2015. This would be TAL Group's second project in Vietnam after it entered Vietnam in 2004 to set up the \$40 million textile-garment factory in the Phuc Khanh Industrial Park in the northern province of Thai Binh, where more than 3,000 workers are working.

### **President to attend 22nd APEC summit in China**

President Truong Tan Sang will attend the 22nd Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in Beijing, China from November 9-11. The attendance will be made at the invitation of Chinese President Xi Jinping, according to the Ministry of Foreign Affairs

### **SOE equitization falling behind schedule: ministry**

The equalization of State-owned enterprises (SOEs) is lagging behind schedule as only 75 SOEs were equitized during the first ten months of this year, the Ministry of Finance said on November 3. The equitized businesses were among 96 firms that were reorganized during the reviewed period, the ministry said, adding that it expects about 200 businesses will be equitized this year. Meanwhile, the target is 432 companies in the 2014-2015 period. The ministry attributed the slowness of reform to a lack of determination and drastic measures in some ministries, localities and companies, along with impacts of the world's financial crisis and domestic economic difficulties on the financial and stock markets, thus affecting SOEs' public offering plans. To accelerate the equitisation process, the ministry said it will continue perfecting equalization policies and mechanisms, enhance the supervision over State-owned corporation and economic groups, and task businesses' executives with greater responsibility for ensuring restructuring outcomes and progress. SOE equitisation is part of economic restructuring stated in the National Assembly's Resolution No.10/2011/QH13 on the socio-economic development plan for 2011 to 2015. The restructuring is also implemented in public investment and the banking system

### **January-October industrial production up**

Vietnam's index of industrial production (IIP) for January-October increased by 6.9% over the same period last year, fuelled by a growth in almost all areas, reported the Ministry of Industry and Trade at a televised conference in Hanoi on November 3. The October IIP growth rate was up 4.6% and 7.9% on a monthly and yearly basis, respectively. The ministry's report also showed that during the ten-month period, the mining, processing-engineering and water and sewage treatment sectors expanded by 0.7%, 8.4% and 6.4%. Meanwhile, higher growth was also seen in electricity production and distribution, fisheries processing and preservation, textile and footwear sectors, ranging from 11.5% to 20.8%. Deputy General Director of the Vietnam National Oil and Gas Group (PVN), Nguyen Hung Dung, said the sector generated VND626 trillion (US\$29 billion), meeting 90% of its annual target so far. Coal production reached 28.6 million tonnes, accounting for 84% of the annual target, General Director of the Vietnam National Coal and Mineral Industries Group Dang Thanh Hai reported. He added that coal consumption hit 29.2 million tonnes, up by 8% in the reviewed period, with domestic consumption accounting for 24.3 million tonnes, up by 29%. The chemical fertilizer sector also saw a slight increase in production and a decline in imports, both in quantity and value. Deputy Minister Nguyen Cam Tu urged the sectors to balance supply and demand, and increase exports while also developing the domestic market.

### **Vietnam needs \$3.4bil to build Dong Nai - Lam Dong highway**

The Vietnamese government is calling for investment in the VND64 trillion (over \$3.4 billion) Dau Giay-Lien Khuong expressway, connecting Lam Dong Province in the Central Highlands to the southern key economic region. The highway has a total length of 200 km, linking the HCM City - Long Thanh - Dau Giay expressway in Dong Nai Province to Lien Khuong - Prenn highway in Lam Dong province. The 33-m-wide road will have six lanes. However, in the first phase, it will be built with only two lanes nearly 14m wide, at a cost of VND32 trillion (over \$1.5 billion). Dau Giay - Lien Khuong Highway is part of the plan to develop Vietnam's highway network to 2020. The road will be built to connect Lam Dong, a tourism centre in the Central Highlands, to Ho Chi Minh City, Dong Nai and the southern key economic area. It will replace the overloaded Highway 20. To start the project soon, Lam Dong Province has proposed adding this project to the list of national key projects in 2015-2020 to call for investment in the form of PPP (Public Private Partnership).

### **HCM City hosts annual international retail and franchise show**

The Vietnam International Retail & Franchise Show 2014 (VIETRF) is taking place at the Saigon Exhibition and Convention Centre in Ho Chi Minh City from October 30 to November 11, featuring about 250 booths representing 170 companies, from both at home and abroad. The VIETRF 2014 attracts 170 companies from both at home and abroad. The annual event, co-organized by the Korean International Trade Association, the Korea Trade-Investment Promotion Agency, KITA-owned COEX and Vietnam National Trade Fair & Advertising Company, aims to open up opportunities for domestic and foreign retail and franchise enterprises to seek partners, expand business activities, develop the market and promote international trade. The three-day show sees the involvement of many world-famous brands such as Subway, New Zealand Natural Premium Ice Cream, Tous Les Jours and Gloria Jean's Coffee. VIETRF 2014 also features pavilions showcasing prestigious trademarks and products from America, Italy, Malaysia, Singapore, Thailand, Republic of Korea and Vietnam, which will bring investors and enterprises business opportunities and

updated market information in the retail and franchise sector. Modern machines, equipment, and technologies meeting the development demands of the modern retail industry are also on display at the exhibition. A number of workshops regarding secrets for successful franchises, opportunities and challenges of Vietnam's retail market, and the food franchise model in Singapore, are also scheduled during the show, aiming to discuss experiences and predict the development trends of the retail and franchise market in Vietnam and other countries in the world.

### **Transimex-Saigon allowed to invest \$14 million in SHTP logistics service project**

Transimex-Saigon Corporation on October 17 received the investment certificate to start construction of its VND300 billion (\$14 million) bonded warehouse and logistics service project in Saigon Hi-tech Park (SHTP). The project includes a bonded warehouse, CFS storage, cold storage, conventional storage and containers dump. It is expected to ease the import and export activities of firms in SHTP, which include major names such as Intel and Samsung. Construction is slated to start by the end of 2014 and finish by the end of 2015. This is SHTP's second logistics project after the \$7 million bonded warehouse built by Japan's Ryobi Holdings Corporation. "Transimex hopes to become a national leader in logistics services," said Le Duy Hiep, general director of Transimex-Saigon. According to the World Bank, logistics operations in Vietnam are costly, compared to other countries in the region such as China, Malaysia and Thailand. It is estimated that Vietnamese shippers spend approximately \$100 million per year on extra inventory carrying costs due to import-export clearance delays, an amount that is project to reach \$180 million by 2020.

### **HCMC tops in attracting FDI**

Ho Chi Minh City reported 332 foreign-invested projects with a total registered and additional capital of US\$2.9 billion over the past 10 months, up nearly 98% compared to the same period last year. The municipal People's Committee on October 27 released the information at the meeting reviewing the city's socio-economic performance in 10 months and launching crucial measures for the rest of the year. Accordingly, the economy showed positive signs with industrial production expanding 6.8% and export value reaching US\$28 billion, up nearly 10% in comparison with the same period last year. The city collected more than VND213 trillion for the State budget, accounting for 94% of the year's plan and witnessing a year-on-year increase of 13%. Remarkably, the Samsung CE Complex (SECC) launched a US\$1.4-billion electronic device manufacturing project in Saigon Hi-Tech Park (SHTP), the second largest in the park so far. The city is taking lead in attracting Foreign Direct Investment (FDI) among cities and provinces nationwide, said Vice Chairman of the People's Committee Le Hoang Quan.

### **Binh Duong runs trade surplus**

The southern province of Binh Duong recorded a trade surplus of more than US\$2.3 billion during the first 10 months of 2014. According to the provincial General Statistics Office, exports fetched more than \$12.7 billion, a year-on-year rise of 15.2 per cent. Of which, over \$10.5 billion was generated by foreign investors, up by 16.2 per cent compared to the same period last year. Footwear, garments, and timber were the key earners, bringing more than \$1 billion to the province, while computers, electronics, and textiles also recorded rapid growth. According to the provincial Department of Industry and Trade, as many as 111 foreign-invested projects increased their investment capital to a total \$757.6 million.

### **Dong Nai attracts almost 1.3 billion USD in FDI**

The southern province of Dong Nai's Department of Planning and Investment recorded total foreign direct investments (FDI) of approximately 1.3 billion USD over the last 10 months. During the 10-month period, 66 new projects were registered worth 550 million USD. Furthermore, over 725 million USD was added to the capital of 65 existing projects. Meanwhile, the province revoked the licences of 11 foreign-funded projects worth nearly 96 million USD. Dong Nai's new FDI projects this year predominantly target the support and manufacturing industries. In total, 1,448 FDI projects have been licensed in Dong Nai province, with 1,123 projects still considered valid with a total capital of 21.1 billion USD. The southern provinces of Dong Nai and Binh Duong, together with Ho Chi Minh City, are amongst the most attractive destinations for FDI in Vietnam.

### **Quang Ninh sees growth in foreign trade value**

Foreign trade turnover in the northern province of Quang Ninh hit 2.64 billion USD during the third quarter of 2014, a rise of 33.64 percent compared to the previous quarter, according to the provincial Customs Office. Measured against the second quarter, the provincial export value saw an 89.32 percent increase to 1.23 billion USD, while imports grew by 6 percent over the three-month period. Since the beginning of the year, Quang Ninh's foreign trade turnover reached a total of 7.05 billion USD, a 9.42 percent year-on-year increase.

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## COMING EVENTS

### Vietnam Expo 2014

Venue: Saigon Exhibition & Convention Center (SECC - Nguyen Van Linh Parkway)

Country: Ho Chi Minh City, Vietnam

Start Date: 03.12.2014

End date: 06.12.2014

#### Event Description

The 12th Vietnam Expo 2014 will be held in Ho Chi Minh City under the sponsor of the Ministry of Industry and Trade so as to promote investment and trade promotion activities. In the line with its bigger scale, Vietnam Expo is evaluated to be one of the biggest trade events in Ho Chi Minh, the most active commercial center of Vietnam.

During the exhibition time, the Organizing Board will arrange B2B meetings between sellers and buyers so that Vietnam Expo 2014 will become an efficient trade event. Moreover, exhibitors/ participants will have an opportunity to go around some industrial zones and factories under the exhibition framework, which is believed to support foreign enterprises to have better understanding of investment and trade promotion in Vietnam in the coming years.

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### Intercycle Vietnam 2014

Venue: Saigon Exhibition & Convention Center (SECC - Nguyen Van Linh Parkway)

Country: Ho Chi Minh City, Vietnam

Start Date: 03.12.2014

End date: 06.12.2014

#### Event Description

Our Earth is currently warming and environment is being destroyed by pollution of industrial emissions, vehicles .... So Environmental Protection is not only launched in all countries in the world but also in Vietnam. This is responsibility of all individuals that will contribute to help to reduce harm for mankind's green lung and balance ecological Vietnam two-wheels vehicle International Expo 2013 has hold to support the "smokeless" strategy, it is also an opportunity for Vietnamese and international enterprises to introduce new models to consumers as well as to meet and exchange cooperation partners.

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### Vinamac Expo 2014

Venue: Tan Binh Exhibition & Convention Center (TBECC - 446 Hoang Van Thu St., Tan Binh Dist)

Country: Ho Chi Minh City, Vietnam

Start Date: 03.12.2014

End date: 06.12.2014

#### Event Description

Supported by Ministry of Industry & Trade, Ministry of Planning & Investment, Ho Chi Minh City People's Committee, Vietnam Advertisement & Fair Exhibition JSC – VIETFAIR will organize The 9th Vietnam International Exhibition on Industrial Machinery Equipment, Materials and Product in Ho Chi Minh City

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*Reviewed by: Huy Nguyen & Nguyen Minh*