



Dear all,

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

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August

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## DEVELOPER'S INTRODUCTION



## HIEP PHUOC INDUSTRIAL PARK JOINT STOCK COMPANY (HIPC)



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### HIPC's Profile

#### **Business category:**

Invest and Develop Projects on constructing and doing business in infrastructures of Export Processing Zones, Industrial Parks and Residential Areas, New urban Areas in Ho Chi Minh City and other provincial Areas. Supply the supporting Services such as raw materials and constructing materials and other services on sanitary, green tree parks; garbage, waste products, wasted materials collecting; industrial meals providing to Export Zones and Industrial Parks. Trading in building materials. Leasing in office equipments as well as computers and its spare parts. Trading in housing (except in receiving the land used right for investing the infrastructures approved by authorized Agencies then transfer that land used right). Constructing the Office and warehouse in industrial Parks for leasing. Investing, constructing and trading the docks, wharfs; leasing the boats, canoes. Providing the consulting services (except finance consulting), Informatics services, vessel navigating, vessel brokerage and forwarding, Vessel Agencies. Trading in domestic and internal travel. Trading in sea transportation, loading and unloading the cargoes and forwarding the cargoes across the nation and worldwide. Investing the capital fund. Trading in fresh water supply services./.

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**PHO NOI B TEXTILE AND GARMENT INDUSTRIAL PARK, HUNG YEN PROVINCE, VIETNAM**



**Developer:** Pho Noi Textile and Garment Infrastructure Development Company.

**Operational time:** 50 years (from 2009)

**Main investment sector:** Textile and Garment industry and other related industries.

**Location:** Pho Noi B Textile and Garment Industrial Park is located between Highway No 5 and Highway No 39, connecting major economic centers in the North, 10 km from Hanoi’s boundary, 40 km from Noi Bai International Airport, 15 km from Lac Dao railway station (Hung Yen), 73 km from Haiphong Port, 90 km from Cai Lan Port, near Hung Yen customs station on Highway No 5. This location is convenient for trade, shipping goods to regions and areas throughout the country as well as attracting labor source from neighboring provinces.

**Total area:** 121.81 hectares

- Phase I: 25.17 hectares has been completed and fully occupied by 11 companies.
- Phase II: 96.64 hectares is being constructed and calling for investment.

**IP infrastructure:**

**Land substance is ready for leasing**

- Wastewater treatment station: capacity of **12,000 m<sup>3</sup>/day**, provided by the Netherlands and installed in accordance with European standards II
- Water supply station: capacity of **17,000 m<sup>3</sup>/day**.
- Residential area meets the demands of **10.000** workers
- Power supply: Electric power of 22KV, 50HZ; supplied by Hung Yen Power Company.

**Investment incentives:**

- Land use tax free until 2020
- Support investors freely in completing investment procedures, finding construction contractor and labor recruitment.

**Support financial expenditure in setting up factories.**

**PHO NOI TEXTILE AND GARMENT INFRASTRUCTURE DEVELOPMENT COMPANY**

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## GENERAL REVIEW

### VN, RoK to ink FTA in late 2014

*The Republic of Korea (RoK) will work with Viet Nam for the signing of a free trade agreement (FTA) by late this year.*

Minister of Trade, Industry and Energy Yoon Sang Jik made the announcement in Seoul while meeting with Head of the Party Central Committee's Economic Commission Vuong Dinh Hue.

The signing of the FTA is expected to create a strong investment wave of RoK enterprises to Viet Nam, said Mr. Yoon Sang Jik.

According to the host leader, besides existing scopes of investment, the two sides should promote other fields of cooperation like agriculture and aquaculture.

Minister Yoon Sang Jik also showed his approval of a proposal delivered by Mr. Hue relating to the establishment of a new technical incubator park in a northern province in Viet Nam and encourage Korean dying and garment enterprises to Viet Nam in an effort to greet a new wave of investors before the signing of Trans-Pacific Partnership.

The two sides acknowledged the need to promote connectivity in the auxiliary industries, expand manpower training programs, and boost labor cooperation.

*Source: VIR*

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### VN-EU agree to boost FTA negotiations

*Viet Nam has asked the European Union (EU) to promptly approve the Partnership and Cooperation Agreement (PCA) framework and accelerate negotiations for a bilateral free trade agreement on schedule.*

Deputy PM, FM Pham Binh Minh told reporters at a press conference after holding talks with Vice President of the European Commission (EC) and High Representative of the EU for Foreign Affairs and Security Policy Catherine Ashton in Ha Noi on August 12.

He said that during the talks, both sides expressed pleasure with positive developments of the bilateral ties in all fields, especially in economics, trade, investment and development cooperation.

He appreciated the support of the EU and its member countries to Viet Nam's socio-economic development and international integration while speaking high of the Union's decision to increase official development assistance (ODA) for the country to €400 million for the 2014-2020 period, up 30 percent compared to that of the 2007-2013 period.

The two sides agreed to enhance the exchange of high-level delegations, foster consultation and coordination at regional and international forums while continuing to create favorable conditions for their businesses to invest in each other's market, and boosting cooperation in education, technology, environment, climate change response and national defense and security.

Deputy PM Minh expressed his belief that after the PCA is approved, the FTA is inked and Viet Nam's market economy is recognized, bilateral ties will turn into a new cooperation era.

Viet Nam supports the EU's deeper participation into regional issues and strive further to elevate the ASEAN-EU relations to a new height, Minh affirmed.

The guest affirmed the EU's commitments to continue to support the country's development and enhance bilateral ties in the future.

Regarding the East Sea issues, EC Vice President Aston stressed that the union wants and urges all sides to seek peaceful solutions via dialogues and cooperation in accordance with international law, without threat of use of force.

She highly evaluated Viet Nam's role in the ASEAN and expressed her hope that Viet Nam will actively join international activities, particularly participation in the United Nations' peace keeping force.

Source: VGP

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## Vietnam hopes to deepen ties with US

*PM Nguyen Tan Dung praised the contributions of Mr. John McCain and Mr. Sheldon Whitehouse to the development of the Viet Nam-US relations during his reception for the two US Senators.*

Viet Nam hopes to deepen the bilateral ties with the US in various fields, particularly politics-diplomacy, economy, trade, investment, education, science and technology, affirmed PM Dung.

The Government chief also expects to foster national defense and security cooperation with the US, asking the US to help Viet Nam improve its capacity to protect national sovereignty and overcome the consequences of the war.

Viet Nam stands ready to boost cyber security cooperation with the US, PM Dung added.

Regarding human right issue, PM Dung affirmed that Viet Nam is striving to better ensure people's rights and ready to hold frank talks in this area. He also said that the conclusion of the Trans-Pacific Partnership will open up numerous opportunities for both countries.

The two US Senators said their visit to Viet Nam aims to strengthen cooperation with the Southeast Asian country. Concerning the East Sea issue, Senator John McCain said China is increasingly aggressive, regardless of international law.

He said that US Senators share the view that peace, stability and security in Asia and Southeast Asia are being threatened by the design and actions to claim sovereignty based on the groundless "cow-tongue" line.

To ensure peace, security, safety and freedom of navigation and aviation in the East Sea, relevant parties, including China, must comply with international law, especially the 1982 UN Convention on the Law of the Sea, not resort to force or threat to use force, settle disputes through peaceful measures, strictly implement the Declaration on the Conducts of Parties in the East Sea and work towards the conclusion of a Code of Conduct in the East Sea.

The two Senators said they will ask the US Congress to lift lethal weapon embargo on Viet Nam. They also said that the US hopes to expand cooperation in maritime security, cyber security, and water and environmental protection with Viet Nam.

Source: CPVN

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## 5-year plan to boost reforms

*In an effort to boost economic reform, Vietnam for the first time will make a medium-term investment plan for five years, which is expected to prevent unfocused and ineffective public investments nationwide.*

Last week the prime minister promulgated an Instruction ordering all governmental bodies and local authorities to make a public investment plan for the period 2016-2020, rather than the previous model which planned each year individually. The instruction follows the Public Investment Law, which was approved by the National Assembly in May.

Two days after the instruction was promulgated, the Ministry of Planning and Investment (MPI) last week held a national conference in Danang city, with the participation of a wide range of leaders from provinces and governmental bodies, to discuss the nation’s medium-term investment plan.

“This is a very new step to make public investment more effective. Previously we would make an investment plan for each year, and this didn’t correlate with the five-year eco-socio development plan. Now we will coordinate the plans by giving them the same timetable,” said Minister of Planning and Investment Bui Quang Vinh while attending the conference.

Vinh cited Vietnam’s success in enhancing the effectiveness of public investment over the last three years, after the government issued Instruction 1792 – first proposed by the MPI – ordering local authorities and government bodies to make an investment plan for three years, from 2013-2015.

Medium-term investment planning means a local authority or governmental body has to list projects being implemented within the five years, with a fixed amount of money to be designated out of the state budget. Both central and local government leaders are responsible for the use of funds, and therefore they should know clearly which projects to prioritize.

This is different from a one-year plan, as local authorities will not, for example, start construction on a road that a year later they do not have the capital to finish.

“We have to renovate, it is essential,” Prime Minister Nguyen Tan Dung said at the MPI conference.

Dung acknowledged that change is a double-edged sword with medium-term investment planning potentially causing conflicts on interest but also reducing shortcomings.

Dung affirmed that the government would increase public investment, focusing on infrastructure and human resources, to ensure an economic growth rate of 6-7 per cent over the next five years.

Nguyen The Thao, Chairman of the People’s Committee of Hanoi, supported the medium-term investment plan, saying it would help the country know exactly what it needs to do over five years and thereby better mobilise what resources it needs to carry out the plan.

For many years, short-term investment planning has been blamed for causing ineffective and unfocused public investments nationwide. Many local authorities have had to delay already-started construction of public investment projects, like roads and irrigation systems, due to capital shortages. Local economists and regulators also cited macroeconomic issues in recent years as another cause for ineffective public investment.

Phung Quang Hung, Chairman of Vinh Phuc province’s People’s Committee, said the medium-term investment plan was a way to reform state management. Hung recalled the period 2006-2010, when the province approved a plan to invest into 1,290 public projects, totaling \$1.38 billion in committed capital.

“We have realized that it will take to 2019 to finish all these projects. Our method was not effective and lacked focus,” he said.

However, he added that province has improved public investment since 2012, when the government promulgated Instruction 1792, by focusing capital on important projects and delaying unimportant ones.

“When we have the necessary funding for important projects, construction goes smoothly. People are happy about that,” said Hung.

Source: VIR



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## Vietnam expects to enhance ties with Japan

*PM Nguyen Tan Dung affirmed that Viet Nam always expects to strengthen relations with Japan during his reception for Japanese FM Fumio Kishida on August 1.*

The Government chief spoke highly the outcomes of the talks between Deputy PM, FM Pham Binh Minh and the Japanese FM and the 6th meeting of the Viet Nam-Japan Cooperation Committee held earlier on the same days.

PM Dung suggested that the two countries beef up cooperation in various areas, ranging from trade and investment to national defense and security.

He hoped that Japan would continue supporting Viet Nam's development process, including official development assistance (ODA). Viet Nam pledges to coordinate closely with the Japanese side for effective use and management of the ODA capital.

Viet Nam will also coordinate closely with the Japanese side to put the Viet Nam-Japan University project – a symbol of the bilateral cooperation – into operation soon. PM Dung thanked Japan for providing six used vessels for Viet Nam to help improve the Southeast Asian country's maritime law enforcement capacity.

Japan's top diplomat said his country will continue advocating the realization of Viet Nam's industrialization strategy, providing ODA, and advocating the enhancement of the maritime law enforcement capacity.

The Japanese FM affirmed that Japan commits to maintaining peace, stability, freedom, security and safety of navigation in the East Sea, saying it is the common responsibility and interest of the international community.

Relevant parties need to settle all issues on the basis of international law, including the 1982 UN Convention on the Law of the Sea, strictly observe the Declaration on the Conduct of Parties in the East Sea (DOC) and work towards the conclusion of the Code of Conduct without taking actions that further complicate the situation.

*Source: TalkVN*

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## TRADE

### Leading global brewer confirms commitment to Vietnamese market

*During his recent visit to Vietnam, CEO Carlos Brito of AB InBev, a leading global brewer and one of the world's top five consumer goods companies, affirmed the company's commitment to Vietnam as AB InBev plans to open its first brewery in the country by the next Spring Festival.*

"This was my first visit to the country and I discovered a very dynamic market in general. With its vibrant economy, business friendly policies, and educated work force, we believe in the long-term growth potential of the Vietnam market," he said.

"We look forward to further developing our business and brands in Vietnam, with a specific focus on Budweiser," he added. Ricardo Vasques, general manager of AB InBev Vietnam, said the fast-growing beer market as well as social factors had driven the company's investment strategy

"While a strong beer culture has been part of Vietnam for years, consumers are increasingly seeking premium and super premium alternatives. Leading global brands such as Budweiser are well placed to serve these consumers with unique experiences," he noted.



Accordingly, the Belgian-based company will complete the construction of its state-of-the-art brewing facility in the southern province of Binh Duong in early 2015. This will be the company's first bricks-and-mortar investment in Vietnam, as well as its first investment of the kind in the greater ASEAN region.

This new brewery will feature cutting-edge equipment, environmentally-friendly technology and advanced quality standards to produce Budweiser and other AB InBev brands for the domestic and regional markets.

With the dream to be the Best Beer Company Bringing People Together For a Better World, AB InBev is also committed to good corporate citizenship, with a special emphasis on protecting the environment, promoting responsible drinking and contributing to the communities where the company develops its activities.

In 2013, AB InBev sold 425 million hectoliters and reported \$43.2 billion in revenue.

Its portfolio includes global brands Budweiser, Corona and Stella Artois; international brands Beck's, Leffe and Hoegaarden; and local champions like Harbin and Sedrin in China.

Of the more than 200 beer brands in AB InBev's portfolio, six are recognized in Millward Brown's BrandZ® Top 10 most valuable beer brands. In addition, Budweiser remains the only beer brand in its Top 100 most valuable global brands at number 34.

Source: VOV

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### [Russia lifts import suspension on Vietnamese seafood](#)

*Russia's Veterinary and Phytosanitary Surveillance Service (VPSS) has nullified an import suspension on seafood exported by seven Vietnamese firms to the European country and the Eurasian Customs Union, a Vietnamese quality watchdog announced 12-Aug-14.*

The seven businesses include five catfish processing firms, namely Hung Vuong-Vinh Long Co Ltd, Hung Vuong JSC, Ba Lai Seafood Processing Co, Hiep Thanh Seafood Processing Co, and Hung Ca Co Ltd, the National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD) said on its website.

The remaining two businesses, Minh Phu Seafood JSC and Minh Quy Seafood Processing Co Ltd, specialize in processing and exporting frozen shrimp.

NAFIQAD, under the management of the Ministry of Agriculture and Rural Development, ordered that these seafood firms "strictly follow the food safety regulations stipulated by Vietnam, Russia and the Eurasian Customs Union." Eurasian Customs Union is a trade bloc comprising Belarus, Kazakhstan, and Russia.

"Local seafood and agro-product quality watchdogs must conduct checks and provide certificates for the shipments processed at these companies," NAFIQAD deputy head Tran Bich Nga said.

Russia previously suspended seafood imports from Vietnam as the shipments did not meet its food safety standards. The suspension took effect on January 31, following results of the tests conducted by Russian veterinarians in Vietnam in December 2013, according to a statement from Russia's plant and health regulator, Rosselkhoznadzor.

Russia, however, is not a major export market of the Vietnamese seafood sector. In 2013, Vietnam shipped more than US\$100 million worth of seafood to the northern Eurasian country, accounting for only 1.5 percent of the Southeast Asian country's total export revenue.

Source: VIR



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## Finance ministry proposes allowing Vietnamese to gamble at home

*Vietnam's Ministry of Finance is soliciting feedback from relevant ministries and industries on a draft decree on the gambling business, which suggests allowing local residents meeting certain criteria to enter the now foreigners-only casinos*

Any Vietnamese above 21 years of age with adequate financial ability will be allowed to gamble at home, the finance ministry said in the draft decree.

In its previous draft versions, the ministry proposed that only international punters and foreign passport holders should be permitted to enter casinos operating in Vietnam.

The Prime Minister will specify conditions Vietnamese punters have to meet to be eligible for gambling in domestic casinos, as well as decide on which gambling venues will be allowed to receive local gamblers, according to the draft decree.

Gamblers will be required to present documents proving they are eligible for gambling before entering a gaming venue, the ministry's draft decree says, adding that these documents include identity cards in the case of Vietnamese residents and passports and visas for foreigners and overseas Vietnamese.

Lucky punters have the rights to ask casino operators to keep information regarding their winning and prize claiming secret, according to the draft fiat. Professor Ha Ton Vinh, an expert with knowledge of casino operations, said the ministry's proposition is a breakthrough as it is the first-ever formal proposal to allow Vietnamese to gamble at home.

Vinh said many other nations also recommend that local residents be allowed to enter casinos, as long as there is tight management on them.

"By permitting Vietnamese to enter casinos, we are following the world trend," he asserted. The professor noted, however, that Vietnam must have a clear policy on putting local punters under effective management, especially keeping the low-income earners from the gambling venues.

"In many countries, casinos set very high stakes to limit the number of low-income earner players," he said.

Minimum investment: \$4 billion. The Ministry of Finance said in the draft decree that it will cooperate with the Ministry of Planning and Investment and relevant agencies to work on the casino planning for Vietnam. The planning must be in accordance with the socio-economic development, national defense and public security plans of the country, the ministry said.

Investors are only permitted to open a casino if it is a unit of a tourism-service-entertainment complex, according to the draft decree. Besides meeting required investment standards, casino operators must have a minimum registered capital of \$4 billion for the gambling venue.

The number of gambling machines and tables casino operators are allowed to equip will be determined by the Prime Minister, based on the scale of their investment. For every \$20 million, investors will be able to set up one table and 12 slot machines at their facilities.

Vietnam is home to seven operating casinos, all open to international punters and foreign passport holders only.

The first venue, Do Son Casino, was inaugurated under a pilot program in the northern province of Hai Phong in 1996. Quang Ninh, another northern province, has two casinos, in Mong Cai City and Bai Chay beach resort.

Bac Ninh, Lao Cai, Da Nang and Ba Ria-Vung Tau have a casino each.

The developers of two tourism and entertainment complexes in Phu Quoc and Quang Ninh also have in-principle permission to include casinos in their projects.

In an announcement dated June 24, 2013, the Politburo agreed in principle to the implementation of a deluxe tourism complex in the Van Don Economic Zone in Quang Ninh, which includes a casino. The Politburo also ordered that “studies be done on the possibility of allowing Vietnamese residents to join gambling activities and report to regulatory authorities.”

Minister of Finance Dinh Tien Dung told a National Assembly Standing Committee meeting on April 17 this year that the government was directing relevant ministries and industries to do research on developing a project to permit Vietnamese punters to gamble in domestic casinos.

Source: TTO

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### **VN could become world's top animal food exporter**

*Viet Nam has the potential to become the world's leading exporter of cattle feed in the near future, the Ministry of Agriculture and Rural Development has said.*

This year, for the first time, animal feed has been listed as a leading export item by the customs department, which said that by the middle of last month exports had been worth nearly US\$230 million.

The exports went to 13 countries, mostly in Asia, the ministry said.

China was the largest market with imports of more than \$62 million, followed by Cambodia (nearly \$46 million), Malaysia (\$26 million), Japan (\$20 million), South Korea (\$10 million), and India (\$9 million), the customs agency said.

The US bought nearly \$800,000 worth, it said.

Many Vietnamese exporters have regular orders from key export markets, it added. Ho Sau, director of Viet Nong Lam Ltd Company, said his company produces cattle feed from sweet corn and other materials for export to South Korea and Japan. Its products are well accepted in the two markets and it gets orders for thousands of tones from them every month, he said.

Cambodia is seen as a potential importer, the ministry said.

Exports of agricultural produce to that country remain low. In the first half of this year seafood exports were worth \$7.3 million, wood and wood products, \$1.5 million, vegetables, \$1.3 million, and coffee, \$665,000. Pham Duc Binh, deputy chairman of the Cattle Feed Association, said animal husbandry is developing in Cambodia but its production of animal feed remains low, which provides Viet Nam an opportunity.

Cambodia mostly imports feed for ducks and pigs.

Some Vietnamese businesses have also built factories to produce animal feed there to take advantage of cheap raw materials like rice bran, sweet corn, and cassava. Nguyen Van Nhat, deputy general director of Vietnamese-French Cattle Feed Join-Stock Company (Proconco), said the company's factory in Cambodia produces more than 30,000 tones of animal feed a year.

C.P. Viet Nam Livestock Breeding Join-Stock Company has also built factories in Cambodia and Laos

Source: VN+

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## **VN-UK trade increases again after slowdown**

*With US\$2.13 billion in half-year revenue, two-way trade between Viet Nam and the UK has picked up again after a long slowdown.*

By early July, Viet Nam shipped more than \$670 million worth of phones and spare parts to the UK, together with \$246 million worth of garments and \$265 million of footwear, said Deputy Director of the Agency of Foreign Trade under the Ministry of Industry and Trade Phan Thi Dieu Ha. Shipments of wooden products to the UK also brought home over \$134 million.

However, Ha quoted sources from the Viet Nam Trade Office in the UK as saying that Vietnamese exporters still faced obstacles in the market due to the gap in development level and business culture.

In addition, Vietnamese goods had to cope with intense competition with rivals from Europe, India, China and Brazil.

*Source: GreetingVN*

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## **Agri sector taps vast potential**

*Foreign firms are showing huge interest in Vietnam's lucrative livestock production sector.*

In early August 2014, the Philippines' Pilmico International Pte Ltd signed the papers on the purchase of 70 per cent of the local firm Vinh Hoan 1 Feed JSC, under Vinh Hoan Corp, one of Vietnam's leading aquatic product exporters. The remaining 30 per cent is to be purchased by Pilmico over the next five years at an agreed price. The transaction value totaled \$28 million.

In June, an agreement on the deal was inked, which was aimed at empowering Pilmico to expand its core feeds business into the Vietnamese market. Earlier this month, Japan's Maguchi group representatives worked with the Binh Dinh Provincial People's Committee for co-operation opportunities in producing aquatic products in the province for export to Japan.

"We think agriculture is a sector that has great potential. We have seen other investors turn their eye to this area and we have also seen that Vietnamese companies not only need foreign capital, but also foreign investors who bring to the table experience and strength that can help their businesses grow. They need expertise and access to international markets," said Nguyen Thuy Hang, special counsel with international law firm Baker & McKenzie.

In July 2013 Baker & McKenzie advised Minh Phu-Hau Giang Seafood Processing Company (MPHG) on a \$19 million acquisition by Japan's Mitsui & Co, which purchased a 30 per cent stake of the firm. Animal vaccine and pharmaceutical company Medion, based in Indonesia's Bandung city, inked a co-operation deal last month with Vietnamese animal vaccine maker Greenvet to produce animal medicines in Vietnam.

Under the agreement, Medion will transfer its knowhow and technology to Greenvet. Greenvet's plant in Hanoi will produce vitamins for poultry, then expand into veterinary medicines for pigs. In late June 2014, Dutch-backed Rabobank clinched a memorandum of understanding on food and agribusiness (F&A) co-operation with Vietnam's Sacombank, with the former to provide the latter with F&A expertise and know-how.

"Vietnam's huge raw material potential and attractive investment policies are attracting many foreign husbandry firms that make animal medicines, feeds, process meat or raise poultry and cattle," said Hoang Thanh Van, head of the Ministry of Agriculture and Rural Development's Livestock Production Department.

Sooksunt Jiumjaiswanglerg, general director of C.P. Vietnam Livestock Corporation, said the Thai group would continue building more food processing factories in Vietnam, in addition to its existing eight animal and aquatic feed plants with the total capacity 3.8 million tones, and one corn semi-processing plant.

“We will also expand our products out to provinces, not only urban areas. We will also boost co-operation with local farmers,” he said. The US’ Cargill in May 2014 completed its \$20 million expansion of an animal feed mill in the central province of Binh Dinh, raising the mill’s annual capacity four fold, from 60,000 to 240,000 tones.

As one of Cargill’s eight compound feed mills in Vietnam, this expansion brings the company’s total investment in Vietnam’s livestock and aquaculture industry to over \$110 million over 10 years, with the total compound feed capacity of 1.4 million tonnes. In 2012 Cargill committed to building more animal feed mills in Vietnam, doubling its feed capacity to 1.5 million tonnes per year by 2015.

Australian-Vietnamese joint venture Ausfeed, Indonesia’s Japfa Hypor Genetics and China’s New Hope are also operating well in Vietnam with their own plants. China’s Tongwei Hoa Binh was licensed in May 2014 to build an animal feed plant worth \$10 million in the province. The plant is expected to go into service by late 2015 with production set at 200,000 tones.

Dutch animal feed maker De Heus is building a \$30 million factory in the northern province of Vinh Phuc, its fifth facility in the country. The company’s spokesperson Nguyen Thai Van confirmed that the firm planned to build two more plants by late 2015. Meanwhile, Chinese animal feed producer Tequhope plans to set up 12 more animal feed plants in Vietnam by 2020. The company currently has a factory in the northern province of Bac Giang.

Malaysia’s UBM Asia, a leading exhibition organiser, is co-operating with the Livestock Production Department to organize Vietstock 2014 Expo and Forum, Vietnam’s number one feed and livestock sector event. It is planned for October 15-17 in Ho Chi Minh City.

The event will be joined by a record number of 250 plus foreign husbandry firms from over 30 nations around the world, including the US, the UK, the Netherlands, Singapore, France and China, reported the department.

Source: Vietmaz

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## INVESTMENT

### Phu Quoc Island projects lay idle

*More than 100 hospitality and entertainment projects on Phu Quoc Island with the combined pledged capital of around \$6 billion have been licensed, but few have been carried out due to underdeveloped infrastructure and the high cost of labor.*

Investment into hospitality and entertainment on the island is not only already high, it is still on the rise. Vingroup is opening a VND17 trillion (\$805.7 million) Vinpearl resort this coming November. It includes 750 rooms and 30 villas and is the group’s largest hotel ever and the biggest 5-star project on the island thus far. Over the next few months two smaller projects, the Salinda and Famiana resorts will also open.

Among the pledged projects are a 100-hectare five-star resort by SunGroup and a VND500 billion (\$23.7 million) Novotel hotel by CEO Group. The Novotel is part of the VND4.5 trillion (\$213.3 million) 80-hectare Sonasea Villas & Resort. Both Sungroup and CEO’s projects are slated for opening by the end of next year.

Nearby, Nam Cuong Group has just finished site clearance on its 32-hectare resort area and will start construction of the VND3.2 trillion (\$151.7 million) hotel and villa project at the end of this year. BIM group has invested VND1.5 trillion (\$71.1 million) to build a Crowne Plaza hotel that will include nearly 500 rooms, as well as apartments and

villas. Over the next two years, Phu Quoc expects to add between 1,500 and 2,000 additional 4 and 5-star hotel rooms. Currently the islands has nearly 1,000 rooms below 4-star. The country's airlines are similarly targeting the island with increased flights and bigger aircraft and all of the aforementioned developments have helped the number of visitors rise substantially. However, hotel room rates have skyrocketed to some of the highest in Vietnam.

While many big projects have been registered and are moving forward, many others have been suspended or are progressing slowly. Hong Kong's Millennium Group's \$1.6 billion, 520-hectare Bai Dai Resort project is about to have its licence revoked due to a lack of progress, six years after it was approved.

In the middle of 2013, the Kien Giang Provincial People's Committee revoked the \$2 billion Asia Pearl project. Proposed by Switzerland's Trustee Suisse and Vinaconex R&D JSC at the end of 2007, the project has lain dormant. One reason for the slow implementation of pledged projects, according to research by CBRE, is the underdevelopment of the island's infrastructure.

The island lacks crucial elements such as asphalt roads. A 100km road project, which is key to the island's infrastructure, is being built, but very slowly. Another major issue is that the plan has been regularly changed. "Another reason is the lack of high-quality labour," said Mauro Gasparotti, executive director of Vietnam-based property consultancy firm Alternaty. Investors are spending too much money on training and are paying high wages and incentives to attract staff to the island.

Despite government incentives such as 10 per cent corporate income tax for the lifespan of the project, compared to 22 per cent on the mainland), a 50 per cent exemption on personal income tax for Vietnamese workers, and a visa exemption for tourists staying less than 30 days, investors are still hesitant to carry out their projects.

Phu Quoc is an island paradise that is less than 2 hours by air from popular other tourist destinations and major cities in Southeast Asia, but the number of tourists to the island remains quite low at around 600,000 per year, 20 per cent of whom are foreigners. Tourists usually stay only 2-3 days and few return because of the lack of tourism products and entertainment options.

Source: VIR

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## Japanese investors keen on coal power projects

*Many big Japanese companies are interested in BOT coal-fired power projects in Vietnam, reported Hiroshi Watanabe, governor of the Japan Bank for International Cooperation (JBIC).*

Watanabe made the statement at the second Vietnamese-Japanese high-level dialogue on boosting public-private partnership projects on July 16, which was co-chaired by him and Deputy Minister of Planning and Investment Dao Quang Thu.

Japanese firms are negotiating with Vietnamese partners to invest in projects such as the Nghi Son 2, Vung Ang 2 and Van Phong 1.

"These projects are feasible and meet Vietnam's demand for energy, as well as the Japanese firms' business plans," Watanabe said.

According to the National Master Plan for Power Development for the 2011-2020 period, Vietnam's electricity demand is forecasted to grow by 8.1-8.7 per cent per year, with 2020 demand at 330-362 billion kWh and 2030 demand at 695-834 billion kWh.

The Vietnam National Coal-Mineral Industries Holding Corporation Limited (Vinacomin) has forecasted that Vietnam may have to start importing coal before 2020 because domestic output will not be able to meet plants' demands.

Source: VIR

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### **Bac Ninh leads in attracting FDI**

*Northern Bac Ninh Province licensed investment certificates for 578 Foreign Direct Investment (FDI) projects, valued US\$7.567 billion over the past seven months.*

According to the provincial People's Committee, 800 domestic projects were invested with VND85,000 billion in the first seven months of the year.

In July alone, nine FDI projects were licensed with a total registered capital of US\$1.004 billion while two domestic projects, worth VND337 billion, were given nod.

The provincial Department of Planning and Investment granted business registration certificates to 50 enterprises with a total capital of over VND525 billion, bringing the total number of enterprises receiving the certificates to 7,142 with more than VND104,000 billion.

Based on statistics of the General Statistics Office, under the Ministry of Planning and Investment, over the past seven months of the year, Bac Ninh Province took lead in attracting foreign investment among 45 cities and provinces nationwide.

The Republic of Korea's Samsung Display was licensed to invest US\$1 billion in the province.

Source: VGP

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### **Bac Lieu receives 21 investment projects**

*The Mekong delta province of Bac Lieu has accepted 21 investment projects for the past seven months, including a project of the Republic of Korea on building a plant of garment production and tailoring.*

According to the Bac Lieu Provincial People's Committee, licenses have been given to 40 projects, including 15 foreign direct investment ones, totaling nearly US\$862 million.

Many projects, including the Sai Gon-Bac Lieu Beer Factory, the Viet Nam-Australia Company and projects on wind energy, supermarket and urban areas, have made considerable contributions to local economic development and job creation in the locality though they have just begun.

Seven licensed projects are planned to get started from now to the end of the year.

The Committee also said that to attract more investors and businesses, the province has adopted preferential policies and prioritized investment in infrastructure development.

Source: CPVN

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## **Dong Nai authority shutting down inactive projects**

*In just the first seven months of this year, Dong Nai has revoked investment licenses from eight FDI projects with total registered capital of \$86 million, 99 per cent of which belongs to five projects located in industrial zones, reported the Dong Nai Department of Planning and Investment.*

Deputy director of the management board of Dong Nai's industrial zone authority Mai Van Nhon confirmed that all of the projects have been delayed for more than 12 months and failed to restart despite the authority's reminders.

"We are considering revoking the investment licenses from another 47 12-month overdue projects, which authorities have deemed to make little contribution to the province's socio-economics in the near future," he added.

Some delayed projects lack even the adequate financing to build offices, which has made it difficult for the authority to contact their representatives. A visit to the Bien Hoa 1 industrial zone shows the land for the Nippon Vina joint venture being used for car parking, and no contact information is available.

Another example is the Dinh Quan industrial zone-based Kyung Rim Vina Ltd. Although it signed an initial contract with an infrastructure firm, the company returned its land and stopped its operations as of May 2014, but hasn't yet closed its tax code.

According to the management board of Dong Nai's industrial zones, many FDI firms are neglecting to pay tax and social insurance. For example, Dong Yang Inc. Ltd, based in Nhon Trach industrial zone, has failed to pay taxes of VND18 million (\$860) and VND28 million (\$1,300) for social insurance. Nhon Trach 1-based C&H Vietnam Ltd is also shut down, but still has a tax code and owes more than VND800 million (\$38,000) in social insurance.

In 2013, Dong Nai revoked investment licenses from 17 of 30 non-operating FDI firms. "Dong Nai's investment policy is to fully support productive projects that make contributions to the provincial budget and create jobs for local people," Nhon underscored.

*Source: Bao Dong Nai*

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## **Can Tho asked to take lead in building new rural areas**

*Deputy PM Vu Van Ninh asked Can Tho City to redouble its efforts in building new-style rural areas to become one of the first localities achieving the goals of the national target program.*

The Government-initiated program is ambitious as it is the decisive factor for sustainable development of agriculture and rural areas across Viet Nam.

To realize the task, Deputy PM Ninh said the city needs to expand the effective agriculture production models in association with restructuring agriculture and combining production, processing and consumption.

In a bid to beef up the implementation of the program, PM Nguyen Tan Dung has recently issued a Directive requiring ministries, agencies and localities to improve the quality of planning on the basis of advantages and key products of each region, ensuring regional connectivity and forming a sustainable production system of agriculture goods.

The building of new-style rural areas should be carried out in parallel with the restructuring of the agricultural sector and application of scientific and technological advances to agricultural production, according to the Directive. Also at the session, the city's leaders reported on recent socio-economic development situation. Accordingly, in the first half of 2014, the local economy expanded 8.96%.

The economic structure witnessed positive changes with agriculture accounting for 10.06%, industry 34.47% and service 55.47%. The total retail sales and service revenues reached VND36,614 billion, up 15.7% and development investment rose 3.2%.

The city created jobs for 22,250 laborers, provided vocational training for 21,247 ones and reduced the poor households down to 3.95%.

Source: *Can Tho portal*

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### **Hai Phong urged to boost maritime economic development**

*State President Truong Tan Sang has stressed that Hai Phong city holds an important position in the north key economic region - the main gateway to northern provinces - in the process of international integration, so it should focus on promoting maritime economic development.*

President Sang made the statement during a meeting with Hai Phong city's leaders on July 22.

After hearing the city's report on the city's socio-economic situation and suggestions to central agencies, President Sang urged the city to re-organize vocational training institutions to improve human resources' capacity to help deepen its economic development.

He said that as the city's budget was limited and competitiveness of several businesses was still weak, Hai Phong city should allocate human resources more appropriately and seek other supplementary resources.

Regarding supports to the city's key projects, President Sang suggested the city take advantage of social involvement, especially from private businesses.

He also praised Hai Phong city's efforts in maintaining security and order, impressing investors.

According to Secretary of the Hai Phong municipal Party Committee Nguyen Van Thanh, the city's GDP rose by 7.2% for the first half of this year; the number of tourists visiting the city increased by 7.1% and US\$637 million of foreign direct investment was attracted.

Source: *ND*

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### **More overseas investors flock to Binh Duong**

*Foreign direct investments (FDI) in support industries of the southern province of Binh Duong showed a significant increase this year, according to the local People's Committee chairman, Le Thanh Cung.*

During the first half of the year, Japan's Tanaka Ai Viet Nam Co Ltd invested US\$20 million in cosmetic production, and Taiwan's Lausdeo Viet Nam Co Ltd spent \$18 million on battery component manufacturing. Another Japanese firm, Wonderful Saigon Electrics Co Ltd, also supplemented \$210 million to enhance its productivity in making cameras for mobile phones and circuits for electronic devices.

The increasing investments in support areas have had a positive impact on the development of major export industries in Binh Duong, said Cung. Domestic enterprises are now capable enough of supplying materials for sectors such as footwear, garment and textile, timber, paint and screws.

These have helped increase the value of goods and improve competitiveness of enterprises, he added, noting that the province attained a trade surplus of nearly \$1.3 billion in the first six months.

Cung said the province will have a master plan for production material in connection with the development of support industries, in preparation for the Trans-Pacific Partnership free trade agreement, in the near future.

This will create favorable conditions for the province while calling for investments, as well as ensuring sustained growth of industrial sectors.

Binh Duong attracted \$1.014 billion in FDI during the first half of 2014, exceeding its annual target of \$1 billion

Source: VNS

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### **Vinh Phuc- a boon to foreign investment**

*A good geographical position and strong support from local government has made Vinh Phuc a favoured home to many domestic and foreign investors.*

Recently, Japan's Suzukaku Vietnam Limited became the second foreign investor to set up shop in the Ba Thien 2 industrial park (IP) in Vinh Phuc, a northern province bordering Hanoi.

As planned, the company's \$5 million auto part manufacturing plant will finish construction and be commissioned this month, providing jobs to several hundred local laborers.

According to the management of the company, after conducting market surveys in several countries in Southeast Asia, Suzukaku Vietnam decided to drop anchor in Vietnam with Vinh Phuc province as its top choice location.

"We got an investment offer from the provincial authorities and given the strong and skilled workforce in the area and its proximity to an airport, which makes it convenient for material imports, as well as active support from the local government in tackling investment procedures, we made our decision to build our factory in Vinh Phuc," Suzukaku Vietnam chairman Kakunori Suzuki said.

The company is just one of several Japanese firms settling down in the province amid a still challenging business climate. Its opening of an auto part manufacturing facility in the province showcases Vinh Phuc's appealing investment environment that has led it to take a leading position in terms of industrial production in northern Vietnam.

Drastic measures to accelerate site clearance and get investors the space they need to invest and grow has been a major advantage in the province successfully luring investors.

Vinh Phuc has urged authorities at every level to take measures to improve the investment climate. The province has also proven flexible in respect to applying the law (within regulations) to maximize investor comfort, which has made it a friendly venue for investors.

A key task this year is to further improve the investment climate and capacity of provincial management at a number of levels to further facilitate business development. This task is of foremost importance to the Vinh Phuc People's Committee and it will be carried out continuously over the long-term.

Towards this end the provincial people's committee formed a working group responsible for land acquisition and land fund development, it has also promulgated Vinh Phuc general urban planning, sector planning, socio-economic development planning and land use planning at diverse locations.

Efforts have been made to push up construction of transport infrastructure, enact policies supporting vocational training, and promote the area as an investment destination to strong regional and international markets.

The province has also accelerated reform of administrative procedures via breakthrough measures such as successful deployment of a single window, one-stop shop mechanism to help people and businesses save time and costs and ensure transparency in settling investment and business procedures.

Notably, in January 2013 the province established a committee to promote investment under the direct management of the people's committee. Its core functions are to support the provincial steering committee for investment promotion, chaired by the people's committee chairman, to conduct activities that help the province attract domestic and foreign investors, and then to help them tackle administrative procedures and keep them supported throughout their project lifespan.

Also, given a challenging business climate, provincial authorities frequently meet with investors to help them address hardships in a timely manner. Diverse incentive policies such as tax reductions/exemptions and credit provisioning have been effectively applied to ease investor burdens.

Investment has been made on a selective basis targeting the completion of important infrastructure projects while diverse resources and support from government and relevant state agencies have been tapped for development of a modern socio-economic infrastructure.

Over the past several years, the province's leaders have taken due heed to promoting investment and the province has hosted trips to a number of locations in Japan such as Aichi, Shizuoka, Akita and Korea including Chungcheongbuk to attract businesses to the area.

A number of delegations from the US, France, Japan, South Korea, and Italy have visited the province hunting for investment opportunities. To further improve the local business climate, the province has made great efforts to upgrade the road network, water supply and sewer systems, the power grid, and social and technical infrastructure outside IPs.

Great attention has been paid to improving human resource quality to satisfy ever-growing demands from investment projects, particularly major hi-tech projects. More dialogues have been opened between provincial authorities and businesses to help overcome obstacles.

Improving the efficiency of forecasting and tailoring diverse support programmes to benefit small and medium businesses, as well as start-ups, have also been prioritized. According to Vinh Phuc People's Committee chairman Phung Quang Hung, in the coming time the province will pay even more attention to capital intensive hi-tech projects that produce export goods, as well as foster co-operation in training to satisfy enterprise demands.

In the year ending July, Vinh Phuc licensed 47 investment projects that included 22 domestic projects with total committed capital of VND3.825 trillion (\$182 million), of which five projects increased existing investment in the province by a total VND1.49 trillion (\$71 million), 255 per cent of the annual target. Also licensed were 25 foreign direct investment projects valued at \$241 million (four projects increased their capital by a total \$36.7 million), reaching 134 per cent of the full year target. Vinh Phuc is currently home to 21 Japanese projects worth \$717 million in total committed capital, putting Japan in second place in this regard and in the top position in terms of total disbursed capital among countries and territories doing business in the province.

Source: VIR

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## **Nam Con Son 2 gas pipeline project gears up**

*The first phase of PetroVietnam's biggest project yet, Nam Con Son 2 Gas Pipeline in Ba Ria-Vung Tau province, is set to come on-line by mid next year, the Vietnam Investment Review (VIR) reported.*

The pipeline, invested in by PV Gas – a subsidiary of state-run PetroVietnam – consists of two parts, offshore and onshore. The first phase is a 151km underwater route from Thien Ung platform to Bach Ho oil field. This phase is expected to finish by June 2015. The second phase, to be undertaken later, is a pipeline from Bach Ho oil field to onshore Phu My gas processing plant.

The Nam Con Son 2 pipeline is planned to play an important role in collecting gas from the Hai Thach, Moc Tinh, and Thien Ung-Mang Cau fields of the Nam Con Son basin and transport it onto land for consumers in the southern region.

The estimated cost for the entire project is 1.3 billion USD. The price tag for the first phase is 402 million USD. The project got a 280 million USD loan from a foreign bank consortium led by Cathay United Bank in July. According to CEO of PetroVietnam Do Van Hau, the Nam Con Son 2 Gas Pipeline Project is the group's most challenging and largest project to date, requiring close and urgent cooperation among member companies.

The pipeline has been listed as a national priority for oil and gas development, and is expected to advance the infrastructure of Vietnam's gas industry toward 2025. This is also the largest and most technically complicated project yet undertaken by any Vietnamese company. The first Nam Con Son Pipeline project was put into operation in 2003 via a contract between PetroVietnam, Rosneft and ConocoPhillips.

The pipeline is transporting gas and condensate from Lan Tay and Lan Do oil fields to the Dinh Co Terminal and further on to the Phu My Power Complex (gas) and Thi Vai Terminal (condensate).

The system includes a pipeline (339km offshore and onshore), the Dinh Co Gas Processing Terminal and a metering station at the Phu My Power Complex in Ba Ria-Vung Tau province. In 2013, after 10 years of safe and reliable operations, it celebrated the delivery of its 50 billionth cubic metre of gas and 2.6 millionth cubic metre of condensate.

Source: VN+

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### **Forestry ODA projects effectively implemented in Central Highlands**

*A project on forestry development for livelihood improvement in the Central Highlands has contributed to bettering forest protection and improving living standards in regional provinces, according to the Central Highlands Steering Committee.*

The project "Forests for Livelihood Improvement in the Central Highlands" (FLITCH) has total investment of over 91.26 million USD co-funded by the Asian Development Bank (ADB) and the Trust Funds for Forest (TFF).

It has been carried out between 2007 and 2015 in 97 communes in the five regional provinces namely Kon Tum, Gia Lai, Dak Lak, Dak Nong and Lam Dong, and neighboring Phu Yen province.

Its objectives are to reduce the poverty rate and narrow the income gap among local households, as well as enhance the management and use of forest land and bio-diversity conservation. Under the project, so far, nearly 25,000 out of 44,000 ha of forest have been planted, fulfilling 55 percent of the target, while nearly 60,000 ha have been protected. The project has also provided jobs and increased incomes for more than 33,000 local households.

According to the ADB review mission, the project has basically accomplished its objectives and met the aspirations of the regional localities.

In addition, other ODA projects on forest development and protection are underway in the region, including those funded by Germany's Development Cooperation Organization (GIZ), the Japan International Cooperation Agency (JICA) and the UN Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (UN-REDD Programme).

The Ministry of Agriculture and Rural Development is completing necessary procedures for the approval of the Ecosystem Projection and Integrated Management Project funded by the German Reconstruction Bank (KFW). The 15 million USD project will be implemented in Gia Lai, Kon Tum and Quang Nam province with the aim of supporting the effective management and recovery of natural forest areas and developing livelihood for local people

Source: vnrubbergroup

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### **Consequences of breaching capital contribution commitment**

*Capital contribution made fully and punctually when establishing a limited-liability company will help its members or company owner avoid consequences, such as financial penalties and requirement to change business registration content or charter capital.*

According to the laws, members (in relationship to multi-member limited-liability companies) or company owners (in relationship to one-member limited-liability companies) must make adequate capital contribution promptly with the type of assets they have committed. If a member fails to contribute capital fully and punctually as committed, the uncontributed amount of capital shall be considered his/her debt towards the company.

Members or company owners must be responsible for other debts and property liabilities of the company due to their failure to contribute the committed amount of capital wholly and punctually. In the time limit for making adequate capital contribution as committed, members will have votes and receive profits corresponding to their actual contributed capital amounts, unless otherwise provided for in the Company Charter.

In case of multi-time capital contribution commitment:

(i) Regarding multi-member limited-liability companies, the time limit for each member to contribute capital does not exceed 36 months, commencing from the date the company is granted an enterprise registration certificate. Within 90 days after committing to make the last installment of capital contribution, the amount not yet adequately contributed shall be handled in the following order of priority:

- a) Other members undertake to partially or fully contribute such capital amount in proportion to the capital amount they have already contributed to the company;
- b) One or several members undertake to fully contribute such capital amount;
- c) Mobilizing other parties to adequately contribute such capital amount.

Once the remaining capital amount is fully contributed, members who fail to make capital contribution as committed shall, unquestionably, no longer be considered members of the company; which leads to change registration of the company's business registration contents in accordance with Law on Enterprise.

In case the capital actually contributed is still lower than the total capital amount to be contributed as committed (despite having implemented all of the above mentioned measures), the business registration office will register the contributed capital as the company's charter capital upon carrying out procedures for change registration of the company's membership; which means the company's charter capital is also required to be reduced.

(ii) Regarding one-member limited-liability companies, in all circumstances, company owners are required to adequately contribute the registered amount of capital; unlike multi-member, limited-liability companies which are eligible for a reduction of charter capital.

Apart from the mentioned consequences, members or company owners may also face fines ranging from VND5 million to VND10 million (US\$238-476) when failing to contribute the registered capital on time; or fines amounting from VND10 million to VND20 million (\$476-952) for not contributing capital as adequately as registered. Enterprises should also note that such fine levels are only applied to organizations and individuals. Household business shall receive fines equal to a half of those imposed on organizations.

Above are some noteworthy points on the consequences of breaching the commitment of capital contribution in a limited-liability company.

Source: VNS

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### PM urges removing difficulties for Hoa Lac hi-tech park

Prime Minister Nguyen Tan Dung has asked relevant ministries and agencies and Hanoi authorities to seek every possible way to remove difficulties for the projects on building the Hoa Lac Hi-tech Park and the Hanoi National University.

At a working session with relevant ministries and agencies and Hanoi authorities on August 13, the Government leader confirmed the policy of building several hi-tech areas to serve the application and development of science and technology in efforts to improve productivity and the national economy's competitiveness.

He said the slow progress of the two projects is partly due to inappropriate allocation of investment resources, adding that the general scale of the two projects will be maintained while detailed planning should be revised to maximize the efficiency of investment and prevent wastefulness.

Pinpointing site clearance and relocation of residents from the site as the biggest problem, PM Dung asked Deputy PM Vu Duc Dam to hold a meeting with the Ministries of Finance and Planning and Investment this month to review and calculate capital resources, with a determination to accomplish this work in the earliest time.

Approved to be set up in 1998, the Hoa Lac Hi-tech Park covers nearly 1,590 ha. It has so far attracted 70 projects with a total investment of more than 56 trillion VND (2.67 billion USD), including those to build FPT university and software park, Viettel hi-tech centre and a national satellite centre.

However, only 70 percent of the park's total area has been cleared up for construction. The nearby Hanoi National University project is also facing the same problem, with an additional 7 trillion VND (33 million USD) needed to complete site clearance for both projects

Source: VIR

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## FINANCE – BANKING

### Banks still sceptical of corporate credit ratings

*Corporate creditworthiness rating is a good platform facilitating banks in risk management, non-collateral loans and quick capital disbursement, but lenders are still skeptical about the degree of transparency in ratings.*

Late last month, the State Bank of Viet Nam told credit institutions and rating agencies to improve their capacity of assessing creditworthiness of companies so as to increase non-collateral loans. The move was made keeping in mind Viet Nam's 12 per cent credit growth in 2014 which is likely to rest on the second half.

Banks are struggling to increase lending, which is indicated by a low credit growth of only 3.68 per cent in the first seven months.

"Lending without collateral is a decision made after many good transactions. It is impossible to grant trust loans at first sight," Tran Dao Vu, Deputy General Director of DongA Bank told baodautu.vn.

Enterprises might also gain the confidence of banks if they improved transparency in their financial reports, Vu said. It is said that companies prepare two financial reports, the bare copy for them and the other one polished for banks, which they use to while applying for loans.

Banks said that only 1 to 2 per cent of enterprises get financial reports audited. Under current regulations, only credit institutions, finance, securities and insurance companies, foreign-invested companies and public companies must have reports audited. There are only 1,200 public companies out of 400,000 companies in Viet Nam.

In a situation where bad debts are mounting, banks are more likely to insist on collateral, preferably in the form of property.

Director of an HCM City-based bank said that some enterprises didn't have many properties and they would like to set stocks and input sources as collateral for bank loans. However, there were risks like product circulation with this kind of collateral.

From the company's perspective, the requirement of collateral by some enterprises has made it difficult to arrange funding. Pham Van Dung, Director of Hung Dung Honey Company in Ha Noi said that his company has a bad debt-free status with banks. He could not borrow more money to expand his business as banks already held his assets as collateral.

Tran Quy Lam, Director of Phu Tho-based Trung Kien Bottled Water Company was quoted by baodautu.vn as saying that since banks had so many bad debts they generally tightened the loan disbursement process, which in turn had an adverse impact on other performing companies.

In the document No 5342/NHNN-TTGSNH, dated July 24, the central bank urged commercial banks to employ solutions to help enterprises get access to more capital to finance production. Experts said that both, banks and companies need each other to spend capital, but they may have to build trust before going any further

*Source: VNS*

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## **Survey points to banking growth despite bad debt**

*Nearly 94 per cent of Vietnamese bankers expect an improved financial performance, but bad debt levels remain a concern, says a study on the banking sector.*

The latest study on 'Banking in Emerging Markets Survey: Investing for Success' conducted by tax, auditing and finance consulting firm, E&Y, was released in Ha Noi yesterday.

This year's survey includes responses from 50 senior bank executives and more than 9,000 bank customers across 11 key rapid-growth markets (RGMs) at three stages of financial maturity. The frontier market includes Kenya, Nigeria and Viet Nam; transitional market includes Colombia, Egypt and Indonesia while the established one includes Chile, Malaysia and Mexico along with South Africa and Turkey.

In Viet Nam, 17 banks and 800 customers responded to the survey.

**The survey, which revealed that the outlook for retail and corporate deposits was bright, also showed strong growth in customer demand and the broader economy.**

An increase in the demand for credit was expected but with 76 per cent of bankers worried about bad debts, the outlook for lending was less positive than in their previous survey. Specifically, Vietnamese banks were the least positive of all RGMs about lending to small-and-medium-sized enterprises (SMEs) with the outlook deteriorating the most in this segment.

However, strong growth in demand was anticipated for retail credit products in both personal loans and credit cards.

"Demand in growth for savings and deposits is higher than in other Asian Pacific markets," said Keith Pogson, Managing Partner of E&Y's Financial Services – Asia Pacific (APAC) region.

The survey also revealed that 15 out of 17 Vietnamese banks expected a slight improvement in their performance, along with the hope of an improved economy. The expected demand and growth has affected the merger and acquisition advisory services the most. The largest increase in demand was in loans to SMEs and corporations.

Keith said higher lending was anticipated in all sectors except construction and commercial real estate. Lending to the energy sector was also set to grow with government planning to upgrade and build new oil refineries and invest in renewable. "Banks would struggle to maintain net interest margins and would have to find new sources of revenue," he added.

With most banks concerned with rising bad debts, respondents expected the managing of credit risks to be their greatest challenge. This was the reason why banks would focus on cost reduction and risk management to drive profitability. They would seek to grow their business by focusing on cross-selling and introducing new channels, products and services.

Referring to the levels of regulation, he said Vietnamese banks expected fewer regulatory mechanisms than other frontier banks and banks in other APAC markets.

However, 9 of the 17 Vietnamese banks said their regulatory burden would increase. In addition to global regulations, banks in Viet Nam were faced with a range of domestic regulatory pressures including a bank deposit rate cap of 6 per cent on deposits with maturities in less than 6 months. Total shareholding by foreign investors does not exceed 30 per cent of charter capital of a Vietnamese commercial bank.

He said that among APAC banks, Vietnamese are the most positive about the impact of Quantitative Easing (QE) tapering off. Twelve out of 17 Vietnamese banks expected an increase in the flow of foreign investments. The comparative strength of Viet Nam was also highlighted by its declining sovereign spreads relative to other APAC and frontier markets.

Of those banks expecting change, 60 per cent believed it would be driven by acquisition of smaller banks by larger domestic banks. On the question of foreign competition, the bankers believed Japanese and European banks were the greatest threats.

He also said that a greater portion of Vietnamese respondents expected their loan loss provisions to increase over the next 12 months than respondents from other frontier APAC banks

*Source: Vietnamnet*

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## **FDI firms allowed to open local currency accounts**

*From September 25, foreign investors and foreign direct investment (FDI) enterprises can open investment accounts in Vietnam dong along with those in foreign currency as stipulated in a circular recently issued by the State Bank of Vietnam.*

In Circular 19/2014/TT-NHNN guiding the implementation of the Government's Decree 70/2014/ND-CP, the central bank says FDI enterprises and foreign investors participating in business cooperation contracts (BCC) must open a direct investment capital foreign currency account at an authorized credit institution for transaction.

If the investment is implemented in dong, FDI firms or BCC foreign investors must open a direct investment capital dong account at the authorized credit institution where FDI firms or BCC foreign investors already have a direct investment capital foreign currency account.

Foreign investors repatriating legitimate incomes in dong from direct investment activities in Vietnam can purchase foreign currency and send it overseas within 30 business days after the date of purchase of foreign currency.

Credit institutions have the right to ask FDI firms and foreign investors to show papers related to their direct investment activities in the country. Earlier, Decree 160, which guides the implementation of the Foreign Exchange Ordinance, sought to limit foreign currency deposits and transactions to thwart dollarization in the economy.

The new circular is expected to benefit foreign investors operating in Vietnam as holding accounts in dong makes things easier. International investors have more options as they can utilize a variety of legal funding sources in both dong and foreign currency.

In addition, residents having foreign currency revenue from the export of goods and services or from other revenue sources overseas must deposit the foreign currency amount into a foreign currency account opened at the authorized credit institution in Vietnam. All payments and remittances relating to the import and export of goods and services must be done via an authorized credit institution.

A leader of the central bank said the circular aims to realize general rules of the Foreign Exchange Ordinance and the Government's Decree 70 guiding foreign-exchange activities by residents and non-residents. The regulations aim to better control FDI inflows and outflows through the banking system and prevent transfer pricing. The circular will also support foreign investors in conducting foreign exchange procedures in the country, the official said.

*Source: VIR*

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## **Unsecured loans still stopped up despite SBV instruction**

*Getting unsecured loans from banks has proven a headache for firms, despite the State Bank of Vietnam's recent order that banks develop a corporate credit rating system to make it easier for them to access bank capital.*

Ho Chi Minh City-based Adeco's chairman Truong Van Tot said his firm was facing great difficulties accessing unsecured loans from banks, despite the company's products being stocked on supermarket shelves nationwide and strong shareholders including state-owned Ho Chi Minh City Finance and Investment Company (HFIC) and famous retailer Saigon Co.op. Adeco produces and supplies meat, including poultry and cattle.

"After a long time filing proposals to city authorities, Adeco recently accessed \$476,000 in unsecured credit from the city's preferential lending programme, with an interest rate of 6.5-7 per cent per year for short-term and 11.5 per cent per year for medium-term loans. The remaining \$4.28 million needs to be sourced from VietinBank and Agribank, and will require collateral," Tot shared.

Deputy chairman of the Ho Chi Minh City Business Association Pham Ngoc Hung said that helping more firms access unsecured loans, as committed to by the central bank (SBV), was still just policy on paper and is “very hard to realise in the current context.” “Banks are financial institutions under the SBV’s guidance, and despite loans being their primary source of income, they are very cautious about lending, particularly as they would bear all responsibility for the loans they have provided,” said Hung.

Hung also praised the on-going bank-business networking programme banks, in conjunction with the Ho Chi Minh City Department of Industry and Trade, have organized in the southern economic hub to help a slew of firms access low-cost capital from banks.

The general director of a joint stock commercial bank in Ho Chi Minh City insisted that collateral was crucial if banks were to provide loans. “Banks need to be cautious about lending now, as bad debts are on the rise and the market is fraught with hardship,” said the director.

According to deputy director of the SBV’s Ho Chi Minh City branch Nguyen Hoang Minh, credit in the city grew by only 3.3 per cent in the first seven months of the year, but bad debts remained high at 4.65 per cent (slightly lower than the 4.84 per cent level seen a month ago), despite city-based banks success in tackling VND8 trillion (\$380 million) in bad debts during the period.

Minh said, however, that boosting credit growth, and particularly providing unsecured loans, in the current context was less feasible. “Banks are sorting out businesses to provide unsecured loans and only good firms with viable business plans can access them as, as they are prone to risk and require banks to put more money into provisioning,” said Minh.

*Source: Bao moi*

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## ANALYSIS – OPINION

### Vietnam’s TV digitalization plan spurs big moves from local providers

*Vietnam is turning into a promising market for local and foreign vendors offering solutions and terminal devices thanks to a national plan to digitalize television that came active this year.*

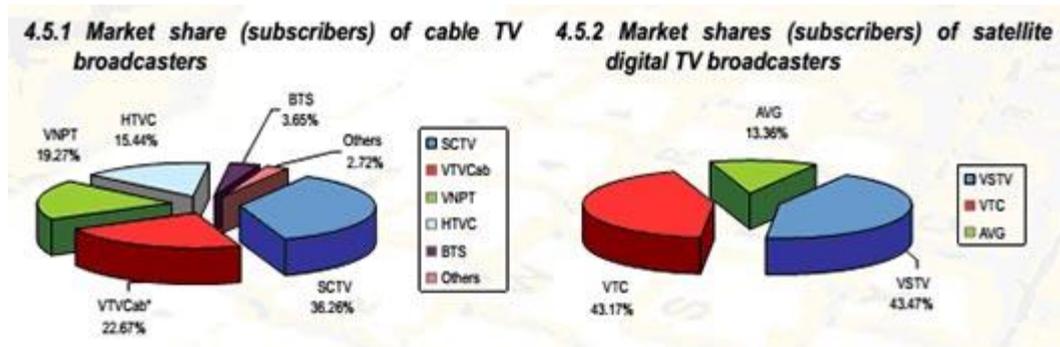
The national plan to digitalize television broadcasting and transmission to 2020 is aimed at converting TV broadcasting transmission infrastructure from the current analogue technology to digital, in order to improve service quality, increase the number of available channels, diversify service forms, improve efficiency of radio frequencies, and free up frequency sources to develop broadband mobile services.

Accordingly, the first phase of the plan will include five cities, namely Hanoi, Ho Chi Minh City, Haiphong, Danang and Can Tho. Broadcasting TV channels via analogue infrastructure will be completely converted to digital before December 31, 2015.

Gao Di, vice general manager of Alliance Broadcast Vision International, which offers conditional access systems (CAS) and middleware for digital television, said the TV digitalization plan will create opportunities for many people in Vietnam to approach higher quality television with more diverse content.

“Those who can’t afford paid television will benefit a lot from this plan,” said Gao Di. According to the White Book released by the Ministry of Information and Communications (MIC) for 2013, there are currently 22 million television households in Vietnam.





Source: Vietnam ICT White Book 2013

Of this 22 million, 2.6 million are cable television subscribers, 3.3 million are satellite TV subscribers, 12.5 million watch analogue television, and 3.5 million are using ground receivers DVB-T (Digital Video Broadcasting – the old standard television technology). This latter segment is mostly in rural and mountainous areas. Once the conversion to digital television is complete, television will not be available to the subscribers of the latter two service types. “We must follow through on the digitalization roadmap to ensure quality television and best serve the people,” said Minister of Information and Communications Nguyen Bac Son.

“Digitalization will help transmit higher quality television programmes, spread the availability of HD and 3D programmes, and optimize frequency use. With analogue technology, a band will only serve one television channel, while with the DVB-T2 technology, one band can serve 20 channels,” said Doan Quang Hoan, general director of the Authority of Radio Frequency Management under the MIC.

The plan has fired a race between TV service providers to upgrade their technology, infrastructure and content. VTV, VTC and other broadcasters in the five aforementioned cities are taking steps to ensure the target of December 31, 2015 is met. For instance, VTV has developed 122 analogue and two digital systems, and are in the process of converting all their analogue systems into digital. VTC has completed replacing receivers to meet DVB-T2 standards.

According to the MIC, there are 67 broadcasters, 27 cable TV broadcasters, 5 terrestrial digital TV broadcasters, and 3 satellite digital TV broadcasters, comprising VTV, VTC and AVG. VNPT is also asking for a satellite television license to provide satellite services alongside its internet television MyTV service, with the expectation of starting to provide satellite television services from next year.

“Local broadcasters and television service providers should take this as an opportunity to compete for market share,” said Gao Di.

Source: VIR

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### Experts: Link with global giants to better compete

*Economists claim that Vietnamese companies need to boost competitiveness through increasing engagement with global giants.*

Director of the Vietnam Institute of Economics Tran Dinh Thien suggested finding and establishing strategic relations with global business giants would be crucial to boosting the country’s competitiveness.

“In today’s business landscape, production is often based on global value chains. Each chain has the engagement of one or several global groups which are decisive to lure other companies,” said Thien, adding that, to join the global value chain Vietnam would need to woo multinationals to the country and foster their co-operation with local firms.

A case in point is when US tech giant Intel dropped anchor in Vietnam back in 2006 with \$1 billion in capital commitment. To attract the project, the Vietnamese government reportedly gave the nod to diverse incentives to Intel, even though at that time there were contrary opinions about the incentive mechanisms being offered.

Later on, many other global technology players followed in Intel's wake, such as Samsung, Nokia and LG. For example, Korean tech titan Samsung has pumped over \$6.85 billion into Vietnam in large-scale handset manufacturing complexes.

"Treating such big groups the same as small and medium-sized companies is not the right approach," said Nguyen Mai, chairman of the Vietnam Association of Foreign Invested Enterprises. "These business giants often have long-term investment and business plans. We can appeal to these firms once we have good policies in place that match their development visions," said Mai.

With a wealth of experience in foreign direct investment (FDI), Mai stressed the need to have a long-term strategy to attract FDI. "It would be greatly beneficial to the economy if in each business sector of our development priority plan, such as in electronics or petro-chemistry, for example, we could attract one global giant, helping to build a backbone for the economy and boost local firms' engagement in the global value chain," Mai noted.

Mai cited one recent case where Taiwan's Formosa asked for diverse incentives, albeit within regulations, which were green-lighted by the Vietnamese government. "We need to go that way to charm global players," Mai said.

Thien from the Vietnam Institute of Economics, however, thought 'that was not enough' and stressed the importance of having attractive and breakthrough mechanisms to attract global giants acting as national strategic partners to the country, not simply offering preferential taxes.

Source: VIR

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## US firms ratchet up investment

*The number of foreign trade representative visits to Vietnam during the first half of the year are an auspicious sign US investment in the country is not about to wane anytime soon, economic experts say.*

## Paving way for small US businesses

Early this year, the US-ASEAN Business Council organized a fact-finding tour of Vietnam for nearly 80 managers from 33 of the US leading international companies. A month later, the Trade Development Alliance of Greater Seattle sent more than 20 foreign trade representatives from international giants like Microsoft, Boeing, Virginia Manson Medical Centre, Global Reach K.K, Washington University, on fact finding tours to Vietnam.

In early June, a US business delegation led by US Secretary of Commerce Penny Pritzker visited Vietnam. Secretary Pritzker was clearly on a mission to convey the message that Vietnam is an important trade partner of the US.

Pritzker explicitly said many US firms are interested in starting new businesses or expanding their current operations in the country. Ministry of Planning and Investment (MoIP)'s Foreign Investment Agency Director Do Nhat Hoang spoke about a renewed investment inflow into the nation coming from US international companies.

Hoang specifically cited Exxon Mobil's US\$20 billion electric-gas project and Good Choice's US\$1.29 billion hotel and entertainment resort complex in Ba Ria-Vung Tau province as two significant examples of the renewed influx of US investment. Intel Vietnam also recently revealed that the US Intel group is closing down its assembly operations in Costa Rica and relocating it to Vietnam in the upcoming year.

Robert Tran, Director General in charge of the US and Asia-Pacific markets of Canadian Consultancy Group Robenny, says most US major economic groups have come to Vietnam. Within a year of setting up representative offices in Vietnam, Walmart has exported thousands of containers of Vietnamese goods. The second largest group – JCPenney – has operated silently in Vietnam for several years with good results.

US giants' investment to Vietnam in recent years have paved the way for their small-and medium-sized enterprises (SMEs) counterparts to fully exploit advantages brought about by the Trans-Pacific Partnership (TPP) when it officially comes into effect next year. Robert Tran says large-scale cooperative projects in energy, aviation and heavy industry are also bullish on the Vietnamese market, making inroads investing in agriculture, tourism, education and finance.

### **“Flowing” through private funds**

Nguyen Nam Son, Managing Director of Vietnam Capital Partners, says SMEs from the US often invest through private investment funds. For example, Kohlberg Kravis Roberts (KKR), a leading global investment firm, has poured more than US\$5.2 billion into the Asia-Pacific region, including nearly US\$360 million into Masan Group in Vietnam, principally targeting consumption and retail business investments.

Texas Pacific Group (TPG) has pumped its investment capital into Vietnamese agricultural business and owned 40% of shares of Cam Con Co (Stork Mash) brand name.

Many companies eyed the Vietnamese market 5-6 years ago but they had to halt their investment due to global economic downturn. The increasing number of visits to Vietnam demonstrates that they are preparing to return to the country, Son says.

To take full advantage and attract investment, localities must have a clear strategy, said Robert Tran. For example, Ho Chi Minh City will concentrate specifically on high-tech, finance, and education, Tran says. The US is among the top ten foreign investors in Vietnam. Over the past 20 years, US firms have pumped more than US\$11 billion into nearly 700 projects and the trend shows no signs of diminishing.

US companies are queuing up to invest in the nation in everything from infrastructure and thermal electricity to agriculture and organizing a non-stop series of visits to Vietnam to seek the tremendous opportunities it offers.

*Source: Vietnamnet*

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### **More input needed to draft new law on legal documents**

*Representatives from small-and-medium enterprises (SMEs) and experts met in Ha Noi yesterday to discuss the role of enterprises in the Law on Promulgation of Legal Documents.*

The conference was organized by the Viet Nam Chamber of Commerce and Industry (VCCI), Ministry of Justice, and the Public Participation and Accountability Facilitation Fund. A survey of the chamber shows that most SMEs learned of the new laws through internet and television. About 60 per cent of enterprises knew about the laws after they had been released and put into effect, while less than 20 per cent knew about the first and draft stages.

More than 80 per cent of SMEs said they were not asked for opinions by state-owned organizations.

Dau Anh Tuan, head of the VCCI legislation board, said that the State should utilise internet and television for propaganda; focus on propaganda before enforcing laws, and pay more attention to SMEs. Tuan said that for transparency in the building and enforcing law period, the State should create opportunities for enterprises and citizens to contribute ideas on procedures from draft to enforcement stages.

Vu Xuan Tien from the Viet Nam Association of Corporate Directors, said that the nation's law system was being built on the principle of outline law, which consisted of many provisions, but lacked specific and practical ones.

He said the law contents were not enough to lay the foundation for specific regulations and implementation. The lack of specific and practical laws made the legal system unclear and decreased the confidence of citizens and enterprises in State laws, he added.

Tien also suggested draft boards should collect opinions and post explanations on Government websites to inform citizens and enterprises. Mai Dinh Manh, general secretary of the Viet Nam Electro-technical Industry Association, said that the State should consider that opinions from SMEs community and law experts were critical.

Nguyen Kim Dung from Apollo English Training Center said that enterprises often found it difficult to operate properly when the time from laws to circulars was very long. The draft of the Law on Promulgation of Legal Documents was released on August 5. It aims to lay a complete and unified foundation for law-making activities

*Source: Vietnamnet*

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## NEWS IN BRIEF

### [Terumo BCT opened new factory in Ho Chi Minh City](#)

Terumo BCT, a global leader in blood component, therapeutic aphaeresis and cellular technologies, today opened of its new manufacturing factory near Ho Chi Minh City. The \$100 million manufacturing facility supports the expansion of Terumo BCT's business globally. When manufacturing operations begin in early 2015, the new manufacturing facility will provide increased production capacity. According to Terumo BCT, the factory in Vietnam will produce whole blood bags and disposables for automated collections. Once fully staffed, the building is expected to accommodate more than 900 new associates. Yutaro Shintaku, president and representative director at Terumo Corporation, said Terumo BCT's new Vietnam facility was the most recent example of how Terumo Corporation was investing in its capabilities globally. "We are optimistic about the opportunities this new facility provides for us to participate in the region's growth and live our mission of contributing to society through healthcare," he said.

### [Da Nang launches e-government system](#)

The Da Nang City Department of Information and Communitons has recently inaugurated an e-government information system. At the launch, Minister of Information and Communications Nguyen Bac Son said that the system, along with the city's new administrative center that will be launched in the near future, will enable Da Nang to operate the 'one-stop' administrative mechanism rapidly and turn the place into an 'intelligent city' soon. The city's synchronous and updated e-government system will allow greater transparency and efficiency among State agencies while minimizing bureaucratic delays, said Director of the municipal Department of Information and Communications Pham Kim Son. It also helps connect all city agencies, grassroots administrations and online public services, he added.

### [Stainless steel producer SHI to hold new share issue](#)

Stainless steel product maker SonHa International Corporation (HOSE: SHI) is issuing 10 million new shares to raise the liquidity of its stock. Of the 10 million shares to be issued, SHI is selling 6 million to existing shareholders and the rest to strategic partners. "This increase in the holding of financial investors will help raise the liquidity of SHI shares," deputy director Dam Quang Hung said. SHI shares currently have very low liquidity, because large shareholders have bought up 70.7 per cent of the 26.7 million shares listed on the bourse. As a result, SHI's stock value is way below the par value of VND10,000/share, now hovering at around VND5,500/share, despite the firm's strong performance. SHI shares ended the day on August 12 at VND6,300/share, up 1.61 per cent. Hung said the low liquidity is partly due to SHI being a manufacturing firm, and its shares are not of particular interest to speculative investors.

### **F&N Dairy ready to pay \$81m for Vinamilk shares**

F&N Dairy Investment Pte Ltd registered yesterday to buy 15 million shares of Vinamilk (VNM), bolstering its stake in the Vietnamese dairy company. The purchase, which will increase F&N's Vinamilk holdings from 9.54 to 11.04 per cent, is scheduled to be made from today (August 15) to September 13 through put through or off-exchange transactions. It is believed that F&N Dairy Investment will buy shares from Dragon Capital, as three organisations related to Dragon Capital Group (Amersham Industries Limited, Vietnam Enterprise Investment Limited and Norges Bank) registered to sell 11.4 million VNM shares from yesterday (August 14) to September 12. Dragon Capital Group is the biggest foreign shareholder of Vinamilk with total holdings of 30.6 million shares, worth around VND4.2 trillion (nearly US\$200 million). The value of the share sale is estimated at almost VND1.6 trillion (\$76 million). Both F&N Dairy Investment and Dragon Capital have seats on Vinamilk's management board. Vinamilk's shares advanced 1.8 per cent yesterday to close at VND116,000 (\$5.50) per share. Based on this price, the amount that F&N Dairy Investment will spend for this purchase will be more than VND1.7 trillion (\$80.6 million). F&N Dairy Investment, based in Singapore, invested in Vinamilk since the dairy company was equitized.

### **Master plan for Ninh Binh City unveiled**

The northern province of Ninh Binh unveiled a master plan for Ninh Binh City to 2030 with a vision to 2050 at a ceremony on Aug 14. The city's area will be quadrupled to 21,052ha under the plan, approved by the Prime Minister in Decision 1266 dated July 28. The city will serve as the province's political-administrative, economic, cultural, historical and tourism centre, as well as a national cultural-historical and tourism site. It will become a transport hub and a gateway to the southern part of the northern coastal region. The plan's consultancy, Japan's Nikken Sekkei Civil Engineering Ltd., forecast that the population of Ninh Binh City would be around 285,000 in 2020 and 400,000 by 2030. The rural area surrounding the city will serve as a green belt and buffer zone for the nearby Trang An Tourism Complex, which was recognized by UNESCO as a world cultural and natural heritage site in June

### **FPT begins construction of green office complex**

FPT City Joint Stock Company under the FPT Corporation started construction of the FPT complex in Ngu Hanh Son District, in central coastal Da Nang City yesterday. The 5.9-hectare complex, which will draw on investment of VND485 billion (US\$23 million) for the first stage, will provide office space for 10,000 employees, and help the sustainable development of FPT Software and FPT University in Da Nang City by 2015. The project has been recognized as an environmentally friendly and energy-saving complex by the Ministry of Construction. The six-storey building will have a 1,500-litre solar-power heater system and a solar power generator with a daily capacity of 12KWh daily. FPT Da Nang revenues reached VND1.85 trillion (\$88 million) last year

### **Metro sells Vietnam cash-and-carry unit to Thai firm for \$879mn**

German retailer Metro AG has agreed to transfer its wholesale operations in Vietnam to a Thai company under a plan to streamline the company's sprawling operations and improve profitability. Thailand's Berli Jucker will acquire the entire operations of Metro Cash & Carry Vietnam, consisting of 19 Metro stores across the Southeast Asian country, according to the 655 million euros (US\$879 million) deal signed on Thursday. Khuat Quang Hung, Metro Vietnam's director of public relations, said all relevant legal procedures will be completed in the first half of next year. Reuters quoted people familiar with the Vietnam transaction as saying that Metro had not actively sought a buyer but was approached separately by Berli Jucker and convenience store chain CP All. "We strongly believe that the proposed transaction will create long-term shareholder value for both parties," Metro Chief Executive Olaf Koch said on Thursday. The deal will boost Metro's earnings before interest and taxation (EBIT) in the 2014/15 fiscal year by about 400 million euros (\$534.41 million). The money will reportedly be used to expand Metro operations in India and China, according to sources familiar with the matter. Metro, Europe's fourth-biggest retailer, inaugurated its first cash-and-carry store in Vietnam in 2002. The company now operates 19 stores countrywide with 3,600 employees, generating sales of 516 million euros in the 2012/13 fiscal year. Berli Jucker is a major Thai import and export firm based in Bangkok with a market capitalization of 88 billion baht (roughly \$2.8 billion). The company has six representative offices in Southeast Asia, with 2013 revenue topping \$1.3 billion.

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## COMING EVENTS

### InterPlas Vietnam Hanoi

Venue: I.C.E. Hanoi 91 Tran Hung Dao Street

Country: Hanoi, Vietnam

Start Date: **27.08.2014**

End date: **29.08.2014**

#### Event Description

International plastics and rubber technology trade exposition

InterPlas Vietnam is Vietnam's Largest Plastics and Rubber Technology Trade Exposition. World-class technology providers from around the world showcase a wide range of machinery and solutions for plastics manufacturing and processing all in one place. Exhibitors were pleased with the opportunities of innovations launch, technology presentation, and direct communication with business counterparts while trade visitors were impressed with technology and innovations on displays. The so called Composites Showcase displays colorful manufactured goods ranging from modern life style products to cutting-edge industrial parts. *Please kindly refer to [www.reedexpo.com](http://www.reedexpo.com)*

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### Automotive Manufacturing Vietnam Hanoi

Venue: I.C.E. Hanoi 91 Tran Hung Dao Street

Country: Hanoi, Vietnam

Start Date: **27.08.2014**

End date: **29.08.2014**

#### Event Description

Trade fair for automotive parts manufacturing

Automotive Manufacturing Vietnam is the only exhibition on machinery and technology for automotive parts manufacturing in Vietnam. Exhibitors showcase a wide selection of their latest achievements in technology that could help increase profits and productivity. Automotive Manufacturing includes loads of technical seminars and case studies from recognized speakers and demonstrations of various cutting edge industry tools and technology. It is co-located with InterMold Vietnam, InterPlas Vietnam and Assembly Technology Vietnam. *Please kindly refer to [www.reedexpo.com](http://www.reedexpo.com)*

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### Building M&E Vietnam Ho Chi Minh City

Venue: Tan Binh Exhibition & Convention Centre (TBECC)

Country: Ho Chi Minh City, Vietnam

Start Date: **17.09.2014**

End date: **19.09.2014**

#### Event Description

International trade fair for architecture, building management, security and fire protection

Building M&E Vietnam in Ho Chi Minh is an international trade fair for architecture, building management, security and fire protection. This fair is communication and information platform for the industry and offers exhibitors the opportunity to present to an audience of experts. The visitors can inform themselves in depth and comprehensive on the latest developments, trends, services and products from different areas. *Please kindly refer to <http://electricvietnam.com/>*

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*Reviewed by: Huy Nguyen & Nguyen Minh*

