

VIETNAM: TRADE &  
INVESTMENT BULLETIN  
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VIETNAM INDUSTRIAL PARKS  
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*Dear all,*

*Vietnam Trade & Investment Bulletin is published by 15<sup>th</sup> every month by VIIP.COM. The Bulletin collects and reflects an overview on Vietnam economic climate. Through this, readers would find useful and general information on Vietnam for research and investment into Vietnam.*

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**VIETNAM: TRADE & INVESTMENT BULLETIN No. 27 (October 2011)**

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## GENERAL REVIEW

### Vietnam Government targets 6% growth

*The Government will consistently work for the targets to continue curbing inflation, stabilizing the macro-economy, ensuring social security and maintaining a suitable economic growth rate at 6 %.*

PM Nguyen Tan Dung made this announcement at the closing session of the regular Government meeting on Sept. 25<sup>th</sup> and 26<sup>th</sup> in Hanoi to discuss socio-economic development in September and in the first nine months of this year.

PM Dzung said that during more than six months of implementing the Party Central Committee Political Bureau's Conclusion No. 2 and Government Resolution 11, the country's socio-economy saw initial achievements in inflation control and stabilization of the macro-economy. He asked the State Bank of Vietnam to focus on controlling bad debts, adopt measures to lower interest rates and closely monitor foreign rates, while continuing a tight monetary policy and providing capital for agricultural production and small and medium-sized enterprises.

The PM also asked ministries, sectors, localities to continue examining, and raising the efficiency of public investment, to ensure capital for projects close to completion, especially electricity projects, and to ease difficulties for enterprises with priority to be given to agricultural production and natural disaster control.

On the operation of State-owned enterprises over the past five years and plans for the next period, the PM asked the Finance Ministry to build a project on renovating State-owned enterprises, focusing on restructuring economic groups and corporations. He asked ministries and sectors to review management practices and to effectively incorporate socio-economic development goals in plans for 2012.

At the two-day meeting, cabinet members discussed the reasons for high inflation in Vietnam and proposed solutions for the situation.

They agreed that thanks to the implementation of synchronous and drastic measures, the country has reaped encouraging results in stabilizing the socio-economic situation and curbing inflation, with the consumer price index (CPI) in September seeing the lowest increase since the beginning of this year.

During the reviewed period, the nation posted a GDP growth rate of 5.76%, while raking in more than 70 billion USD from exports, up 35.4 % year on year.

As many as 675 foreign-invested projects were licensed, with a combined registered capital of over 8.23 billion VND.

Beside these achievements, cabinet members realized that the trade deficit in recent months was still high (increase of 26.9 % over the same period last year), while enterprises met difficulties to obtain capital and input prices also remained high.

In the fourth quarter of the year, they agreed that the Government would continue to tighten monetary policies to ensure capital for essential needs for production, firstly for agriculture, followed by rural development, electricity supply and small and medium enterprises.

*(Source: Vietnamplus.vn)*

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## **Inflation: only one year less than 10%**

*Reviewing statistics of Vietnam's inflation in the last five years, it is worrying that the consumer price index (CPI) in four years is over 10 %. The only one year with one-digit CPI is 2009 (6.5 %).*

Vietnamese people and businesses seem to be very familiar to high inflation because the CPI in September 2011 is 16.63 % more than that of December 2010. The growth of CPI in Vietnam is alarming in comparison with that of its neighbors like Thailand, Malaysia and Singapore. It is more worrying to know that in the last five years; only 2009 had the CPI with one digit. In the remaining years, the CPI is over 10%, specifically: 12.6% for 2007, 19.9% for 2008 and 11.8% for 2010. This year, it would be lucky if the CPI is kept at 18 %, because it is already over 16 % by September.

High inflation in Vietnam is always explained by the fluctuation of the international market. Recently, the method to calculate basic inflation has been cited in a bid to reduce CPI. Using this method, the State Bank of Vietnam and the General Statistic Office defined that Vietnam's CPI in December 2010 is 9.92%, equivalent to 84 % of the common CPI, if food is excluded. If energy is excluded, basic CPI is 9.81%, equivalent to 83 % of the common CPI.

In a recent report on high inflation in recent year, compiled by the Ministry of Planning and Investment, the ministry analyzed reasons as follows:

**Regarding the monetary and credit policy:** the money supply in recent years was “loosened”. Money supply increased more higher than the increase of gross domestic product (GDP) in a long time. The monetary growth (M2) is 43.7 %, credit growth is 53.9 % in 2007. This is the record high level in the 2001-2011 period, which is considered as one of the biggest reasons causing high inflation in 2008.

The tightened monetary and fiscal policy as of early 2011 has worked, resulting in the reduction of inflation speed, which reached the peak in 04/2011 and has gradually reduced (in September, CPI grew 0.82 %, the lowest level so far this year).

Strong devaluation of the Vietnam dong in recent years has also caused inflation and inflation expectation. The US dollar has depreciated in comparison with other currencies in recent years but in Vietnam, the Vietnam dong has depreciated against the US dollar.

The fiscal policy is also a reason. Overspending in this period is always over 5 % (except for 2008 with 4.6 %). If government bonds are included, overspending is much higher.

Constant overspending has forced the government to mobilize capital from the people through issuing bonds, treasury bills, which contributed to push up interest rate, total demand and pricing. Another reason is the increase of input cost in the world. In 2008, the price for imported materials increased by 27.1 % on average, pushing Vietnam's average CPI to 22.97 %. It rose 9.59 % in 2010 and 18.32 % in the first half of 2011.

According to the MPI, ineffective economic and investment structure is the fundamental reason that cause unstable macro-economic balances and promote high inflation. The economy that develops in the width, mainly based on the increase of investment capital, outdated technology, with low investment effectiveness has made impacts on inflation. Besides the above reasons, the ministry also mentioned other reasons, including a poor distribution system, natural disasters and epidemics, etc. MPI has suggested 12 solutions to curb inflation and stabilize macro-economics. Notably, the ministry proposes to continue tightening the monetary policy but ensuring sufficient capital supply for agricultural, electricity production and for producing export goods; strictly controlling the gold, foreign currency market and restructuring commercial banks.

Other long-run solutions suggested comprise restricting the economy and investment structure to improve macro-economic balance, cutting down budget deficit, maintaining government debts at safe level and gradually reducing government spending in the total investment.

(Source: Vietnamnet & Viipip)

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### Tourism in Vietnam grows in anxiety

*The tourism market in the first seven months of the year was a multi-colored painting. Contrary to all predictions, domestic and outbound tours prospered, while inbound tours were unsatisfactory.*

### Economic laws didn't cover domestic market

Travel firms have breathed a sigh of relief when finishing the summer tourism season – the most important period for domestic traveling. Despite the high inflation rate, which forced people to fasten their belt, and despite the tour fee increases, Vietnamese people still spent money on traveling domestically and abroad.

According to the Vietnam National Tourism Administration (VNAT), in the first half of 2011, the number of domestic travelers increased by 500,000 in comparison with the same period of the last year to 17.5 million. There have been no official statistics about the outbound tourists, but travel firms have said that the figure must be relatively high. Thailand and Singapore, the two most favorite destinations for Vietnamese people, receive thousands of Vietnamese tourists every year. The flights to the countries in summer are always full of Vietnamese travelers.

The tours to the US and Europe, which are always expensive and believed to fit high income earners only, witnessed very high growth rates. Some travel firms have reported the high growth rates of 30 or 50 % for the markets.

The Hoan My Travel Firm, for example, in May – July 2011, organized tours for 8 groups of tourists (40 tourists for each group) a month, while the tour fee was higher by 10 % than that of the previous year. In general, a tour to the US costs 70 million dong, but they still had numerous customers. “The number of travelers to the US is double this summer,” said Nguyen The Khai, Director of Hoan My. With Viettours, the tours to the US are still organized regularly, while the tours to Europe have seen the high growth rates of 40-50 %. About 90 % of clients were from businesses.

“The economic downturn has forced businesses to cut down expenses, but pharmacy, tobacco or oil and gas companies still booked expensive tours for their staff or important clients,” Luu Dinh Phuc, Viettours’ Director, said. A director of a travel firm in district 3 said the number of tourists to Europe increased by 30 % in summer. His firm serves 3-4 groups of tourists a month, with 30-40 tourists for each group, mostly businessmen. Viettravel has also reported that the tours to the US, Europe and South Korea are leading in terms of the growth rate, about 40 %.

Explaining the high growth rates, experts say that the current difficulties do not much effect high income earners – the main clients of tourism. Therefore, the demand remains high. Especially, high income earners now tend to travel to farer destinations, the US or Europe, instead of neighboring countries. Khai said that the tour to Russia costs more than 100 million dong, but it still can attract travelers. “High income earners are interested in new destinations, even though they have to pay more money,” Khai said.

### **Inbound tours not attractive**

In 2010, travel firms were joyful to inform that they witnessed a considerable increase in the number of MICE (meeting, incentives, conference, and exhibition) tourists. However, the good scenario does not repeat this year. The number of foreign tourists from many markets decreased slightly. Meanwhile, the number of tourists from Japan and China did not decrease, but the spending of the tourists in Vietnam decreased.

The five star New World Saigon has reported that the hotel room occupancy rate in July was 67 %, nearly the same with the rate of the same period of the last year. At present, the hotel does not have many big MICE groups of tourists as previously (200-300 tourists per each group). It now only has small groups.

Travelink has reported that the number of tourists from Singapore and Malaysia only increased slightly by several %s. Meanwhile, the number of Chinese travelers has dropped by 50 %. A lot of groups of tourists, who asked for information about the tours, have not confirmed their tours yet.

(Source: TBKTSG)

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### **MOF does not agree to offer tax incentives to auto industry**

*In its official reply to the Ministry of Industry and Trade's (MOIT) drafted automobile industry development program by 2020, the Ministry of Finance (MOF) states that there will be no tax incentives to the strategic car line.*

#### **The “encouraged” or “important” industry?**

MOF believes that it would be better to consider automobiles as an industry which needs the encouragement to develop, not an “important industry” as suggested by MOIT. Vietnam once protected the automobile industry for a long time, but the industry's development remains far below the expectations. Automobile joint ventures have not made investment to increase the locally made content ratios in products, but they just simply make the assembling or import products for local consumption.

According to MOF, statistics show a gloomy picture of the automobile industry. There are 397 enterprises in the industry, including 51 assembling enterprises (13 state owned, 23 private and 15 foreign invested), 40 enterprises that make chassis, 210 car part makers and 97 car repair enterprises. The industry has the total designed capacity of 458,000 cars per annum. 46.9 % of assembled vehicles are trucks, 43 % are the cars with up to 9 seats, while the remaining are passenger cars and specific vehicles.

The average investment capital of a car assembling enterprise is 531.9 billion dong, of a car part manufacturing enterprise is 74.5 billion dong, or a chassis company is 51.2 billion dong. Most of the enterprises just import parts to assemble domestically, while they do not make car parts in Vietnam to increase the localization ratios of products.

Toyota Vietnam, established in 1995, the biggest auto joint venture in Vietnam, is considered the manufacturer which has the highest localization ratios of between 17 and 37 %.

Vina Motor is considered one of the biggest names among 100 % domestic owned automobile enterprises. However, it only can assemble buses and trucks with the output accounting for 10 % of the market share. Truong Hai, a non-state owned enterprise, is now the only domestic enterprise which is

capable to assemble different products from buses, trucks to cars with the output accounting for 20 % of the market share.

### **Trying to develop the industry with reasonable taxation mechanism**

MOF has pointed out that the overly high protection over the domestic auto industry has led to the fact that cars are much more expensive in Vietnam than other countries.

Therefore, the ministry thinks that the taxation mechanism needs to be designed in the way which can help the automobile industry obtain some most important goals: 1) the car prices have to go down to the reasonable levels 2) the locally made content ratios in products increase, and 3) the volume of cars put into circulation is at reasonable level.

In the draft strategy on the automobile industry development, MOIT suggests a lot of tax incentives, including the 50 % luxury tax, ownership registration tax and VAT tax reduction. Especially, MOIT believes that it is necessary to offer the corporate income tax exemption for four years, the 50 % tax reduction in the next 9 years, and import tax exemption on the equipments for fixed assets, and the zero import tariff on the car part imports which cannot be made domestically.

However, MOF believes that the suggested tax incentives relating to the strategic car line would not come in line with the rules of the WTO.

According to Deputy Minister of Finance, Do Hoang Anh Tuan, Vietnam once defined the import tariffs based on the CKD (complete knock down) and IKD (incomplete knock down) in the years before it joined WTO. However, the taxation mechanism has been removed since 2004 by the Prime Minister after it showed many problems. Therefore, it would need thorough consideration about whether to resume the taxation scheme as suggested in the draft strategy before making decision.

(Source: VNN Bridge)

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### **Over 20% of HCMC's area would be flooded when sea level rising 1 m**

*Viipip.com - In 1<sup>st</sup> Oct 2011, Institute of Meteorology, Hydrology and Environment (Ministry of Natural Resources and Environment) said it has completed a construction update scenario of climate change and sea level rise in Vietnam.*

Accordingly, the average emission scenario specifies that in mid-21<sup>st</sup> century, most of Vietnam's area may have annual temperature increasing from 1.2 to 1.6 degrees Celsius and in the end of this century, the hot sunny days in the year would increase from 10 - 20 days.

Also according to this scenario, in the end of 21<sup>st</sup> century, sea levels would be highest in the region from Ca Mau to Kien Giang, ranging from 62 to 82 cm and the lowest in the area of Mong Cai (Quang Ninh), about 49 to 64 cm. The average level in Vietnam may rise about 58 to 73cm. If sea levels rise by 1 meter, there would be about 39% of the Mekong Delta, over 10% of the Red River delta, 2.5% of the central coastal provinces and over 20% of Ho Chi Minh's areas being in risk of flooding.

(Source: Thanh Nien + Viipip)

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## **Japan offers consultancy for nuclear power plant**

*Electricity of Vietnam Group (EVN) and Japan Atomic Power Company (JAPC) inked a contract in Hanoi on September 28 to provide consultancy for the Ninh Thuan 2 nuclear power plant in Ninh Hai district of the central Ninh Thuan province.*

Under the contract, JAPC will provide consultancy on Ninh Thuan 2 plant project for investor EVN within 18 months at the cost of almost 2 billion JPY funded by the Japanese government and disbursed by the Japanese Ministry of Economics, Trade and Industry.

Speaking at the ceremony, EVN general director, Pham Le Thanh said that as an important strategic partner, Japan has so far financed 420 billion JPY for EVN's power projects, adding that over the past more than 15 years, Japan has actively supported Vietnam in supplying information, training and public relations in the field of nuclear power.

Japanese ambassador to Vietnam, Tanizaki Yasuaki expressed his desire to help Vietnam apply the most modern and safest technologies to develop its nuclear power plants.

As Vietnam's first nuclear power project under the National Electricity Development Plan for the 2011-2020 period and vision towards 2030, the Ninh Thuan 2 power plant will have a designed capacity of nearly 2,000 MW annually.

*(Source: VIR)*

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## **Local businesses still confident of growth**

*A recent survey of PricewaterhouseCoopers Vietnam (PwC) showed that Vietnamese businesses were the most confident in Asia in terms of corporate expansion prospects.*

The survey was conducted between May and June 2011, interviewing 375 senior managers in the financial industry, PwC customers and combining viewpoints of PwC experts.

According to the survey, up to 50% of entrepreneurs believed that their companies would post more than 10% growth within the next 12 months, while only 37% of respondents elsewhere in other Asian nations are that confident.

Some 35% of local enterprises say that their businesses would grow around 5-10% in the next year, while in other countries, 39% of respondents hold view of this medium growth prospects.

Only 5% in Vietnam expected a growth rate of under 5% and no one said they would incur losses.

Stephen Gaskill, who took charge of the survey, said the positive numbers stressed Vietnam's attraction to foreign investors.

The survey was made when most Vietnamese enterprises were complaining about difficulties of high lending rates and stockpiles given macro uncertainties. PwC, however, does not mention results of past surveys, but Vietnamese companies in previous years often charted a much brighter growth prospect.

Minister of Planning and Investment Bui Quang Vinh earlier this month reported around 48,700 enterprises being dissolved in the January-September period. Of which, over 5,800 firms had announced insolvency, 11,400 had stopped operation and 31,400 had stopped paying taxes but had yet to announce insolvency.

Foreign direct investment (FDI) capital was registered at USD 9.89 billion, equivalent to 72% from the same period last year. The number has fallen way behind this year's FDI attraction target of US\$20 billion.

(Source: ITPC - STT)

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## TRADE

### Vietnam urged to step up export of aqua-products, coffee to Germany

*Vietnam's export sector holds great potential of meeting high German demand for quality aqua-products and coffee, said the State Secretary at Germany's Federal Ministry of Food, Agriculture and Consumer Protection.*

Robert Kloos told reporters at the Food and Hotel Vietnam 2011 in HCMC on Wednesday (Sep 28) that German consumers wanted aqua-products from different markets, including Vietnam. Therefore, he called for Vietnamese companies to speed up exports, particularly basa fish, to the German market. Kloos said Vietnam's basa was one of the products that German consumers favored.

Coffee is one of Vietnam's major export earners in its trade with the biggest economy in Europe. Kloos said Germany was also interested in buying Vietnamese coffee.

Kloos demonstrated Germany imported more than 500 million euros worth of goods from Vietnam last year, including 160 million euros worth of aqua-products and 250 million euros of coffee. Sales of these two products rose 6% and 15% respectively over 2009.

Shipments of Germany's agricultural products to Vietnam are still low compared to other markets in Asia. Last year, the European country earned about USD70 million from exporting food and beverages to Vietnam while Germany shipped agricultural goods worth around USD250 million and USD500 million to Hong Kong and Japan respectively.

Therefore, Kloos said there remained much potential in the expanding Vietnamese market for German companies to tap and export more dairy products, meat and bread and other products. This is why he and other officials of the German government as well as German companies are taking part in the Food and Hotel Vietnam to promote products of their country.

Kloos pinned high hopes that Germany's participation in the food and hotel show and his trip to Vietnam would help create a breakthrough in trade in this area between Germany and the emerging economy in the Southeast Asia.

Kloos said he had discussed with Vietnam's Minister of Agriculture and Rural Development about use of high technology for the agricultural sector and that Germany was ready to assist in this area. However, Kloos said Vietnam needed to meet certain conditions if the country wanted to develop a hi-tech agricultural sector. An example is a farm with about three employees and several cows is unable to apply high technology and should not do this, he noted.

Kloos also underscored the importance of greater efforts for human resource development in Vietnam for the agricultural sector and having consultancy from the countries owning high technology in agricultural production, and Germany had experiences in this. Kloos said Germany had an advanced agricultural sector as it started to develop its agricultural sector 20-30 years ago. During this period,

German companies have applied technological advances to diversify and turn out products that match consumers' increasing demand for quality.

(Source: Saigon Times)

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### **Vietnam's exports to the North American increase rapidly**

*According to a report from the Vietnamese embassy's trade office in Mexico on September 27th 2011, Vietnam's exports to the North American market continued to increase rapidly by nearly 20% to USD 527.7 million in the first seven months of the year.*

The report said that although Vietnam's export turnover to Mexico decreased by 10.37% from over USD 82 million in July last year to USD 74.1 million this year - its overall turnover remained high.

It is likely that bilateral trade between Vietnam and Mexico will surpass USD1 billion this year. In the past seven months, Vietnam's import turnover from Mexico reached USD38.3 million, down 11 % compared to the same period last year.

The fall is mainly attributed to the fact that Vietnamese businesses have found replaceable sources of goods in neighboring markets which has helped reduce transportation costs.

(Source: NLD)

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### **Solutions to Boost Vietnam Vegetable Export**

*The fruit tree and vegetable cultivated area in Vietnam covers some 1.5 million ha, much smaller than that for rice but much larger than for coffee, pepper and rubber. But, economically, the export value of fruits and vegetables is much smaller than the above commodities.*

Vietnam has a lot of tropical fruits and vegetables for export. The Southeast Asian nation has about 60 modern fruit and vegetable processing plants with outputs mainly exported to Japan, the United States and Europe. However, these facilities are running at only 20 to 30 percent of their designed capacity on lack of input supplies. Scattered farming is resulted to the material undersupply and takes more transport costs.

Recent researches by the Central Institute for Economic Management show that Vietnam ranks fifth in vegetable and fruit output in Asia but up to 85 percent is consumed domestically. According to experts, the Vietnamese fruit and vegetable sector needs to focus more on seeding, post-harvest preservation and processing, quarantine and quality certification. Besides, Vietnam's export of fruits and vegetables is currently relatively weak because rising input costs since mid-2010 and high interest rates are wrecking on local producers, which are mainly small-scaled. Weaknesses are found in all production stages in Vietnamese fruit and vegetable companies. The production and consumption of fruits and vegetables in Vietnam remain weak in comparison with regional countries like Thailand, the Philippines and Indonesia. For the time being, Vietnam's fruit and vegetable export is largely reliant on the volatile Chinese market where Vietnamese exporters are frequently at a disadvantage.

To boost fruit and vegetable exports, the Ministry of Agriculture and Rural Development has reviewed the general development plan. The ministry advocates each province develop one or two major crops.

According to foreign experts, in addition to favorable soil factors, Vietnam needs to further professionalize the process of cultivating, harvesting and processing fruits and vegetables. Besides, the

development of this sector will depend on the cooperation of various branches. The authorities necessarily offer incentives and preferences for projects targeted at product processing, seedling research and improvement, technological innovation and transfer, preservation technology, material zone development, trade promotion, and agricultural products popularization. In concert, the authorities should recommend farmers to apply food hygiene and safety standards like VietGAP (Vietnam standards) and GlobalGAP (international standards) to boost the global presence of Vietnamese fruits and vegetables with higher export turnover.

(Source: CIEM - VCCI)

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### **Vietnamese wood businesses urged to adapt**

*Vietnam's wood industry businesses are facing a range of difficulties and financial losses. Nevertheless, they must continue production simply because they have to pay amortization fees, rent and administrative costs, and maintain their workforce, secured markets and relations with traditional buyers.*

In the first eight months of 2011, Vietnamese wooden product export value totaled around US\$2.4 billion. Despite of an increase of 13%, it will be difficult for wood export businesses to hit this year's target of USD 4 billion. According to these businesses, purchasing power has decreased since the beginning of 2011, particularly in key markets like the US (exports to which contributed 44% to the industry's total revenue in 2010), the EU (around 29%) and Japan on account of their economic woes.

In the local market, wood businesses have only secured low-value orders. They were good at production but quite bad at looking for new markets, promoting their products, and researching consumer taste. Most of them proved incapable of establishing local distribution networks except for the notable exceptions of sector giants Truong Thanh and Hoang Anh Gia Lai. Those large businesses were relatively successful in local trade promotion but also remain just at the first steps of establishing their local distribution networks.

In past months, fluctuations in input costs and exchange rates have also affected wood business production and competition. Wood businesses would lose VND 1,000 for US\$1 in export value on account of differences in exchange rates. However, electricity and water, labor, and input material costs have all risen. Material costs alone have increased between 10-30% since the beginning of 2011, and still some 80% of materials must be imported, said Mr. Dang Quoc Hung, vice-chairman of the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA).

Generally, wood businesses are not brave enough to sign new contracts because of the high cost of production as an overall proportion of their expenses. If they raise cost prices to cover their expenses and to cut losses, buyers may switch to other suppliers in the region for more reasonable prices.

With such difficulties, HAWA has suggested that wood businesses ought to unite in fulfilling high-value orders and get ease the impact from fluctuation in exchange rates through phased negotiations on payments over the course of a long-term contract. Wood businesses ought to increase exports of low-cost and middle-cost products and outdoor wooden furniture to large and important markets like the US, the EU and Japan.

HAWA also suggested that wood product businesses, which are unable to participate in the international wood trade fairs such as Expo Vietnam 2011, ought to join the Online Expo which is considered as channel through which international handicraft and wood buyers can find partners. In terms of the local

market, wood businesses ought to combine in the establishment of distribution networks or corporations. In turn, these corporations should concentrate on local market research, and subsequently, place orders with wood businesses. These suggestions would orientate wood product businesses to relate to both the international and local markets. However Hawa also believes that businesses need to improve their productivity, cut costs, and participate in training courses offered by Hawa in cooperation with local and international wood experts, through which they will be taught on how to conserve materials used in production./.

(Source: VEN)

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## INVESTMENT

### Vietnam has large potential for hotel investment

*Potential for investing in hotels in Vietnam is promising, especially for investors who target long term growth, said Robert McIntosh, CBRE Hotels Asia Pacific Executive director.*

Robert made his statement at a conference on hotel investment strategy, held by CBRE Vietnam in HCM City on September 27, 2011.

The hotel segment in the Asian cities has bounced back rapidly after the financial crisis with revenue earnings registered from the rooms reaching at least 80% compared to the pre-crisis period. Despite the stagnation in the real estate sector, the hotel market in Hanoi and HCM City has seen an impressive growth over the years with the number of room occupants rising by 5-10 % over 2010.

Robert said that with the high interest rates offered by banks in Vietnam, most three-star hotels have earned a big profit for investors. However, these cheap hotels should be more efficient in designs and operations, said the experts from CBRE Vietnam.

Also at the seminar, CBRE experts spoke of different to invest in hotels, through selling or re-renting and emphasized the important role of management and advisory agencies in helping investors build and operate the hotels. Regarding the establishment of a hotel investment trust in Vietnam, Robert said the model is still new in the country, therefore, investors should consider it carefully to develop a suitable legal framework for it.

(Source: CBRE - Viipip)

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### Vietnam paves way for Malaysian investors

*The Vietnamese Government will create all favorable conditions for Malaysian businesses to invest and do business in Vietnam.*

State President Truong Tan Sang made this affirmation while attending a Vietnam-Malaysia business forum in Kuala Lumpur on September 29 as part of his three-day official visit to Malaysia.

The Vietnamese State leader expressed his wish that Malaysian businesses would increase investment and make more contributions to Vietnam's socio-economic development.

Malaysian businesses highly valued the Vietnamese State and Government's support, saying they have seen successful operations and gained a firm foothold in the Vietnamese market.

They said they are ready to invest in Vietnam and seek further cooperation with Vietnamese partners in years to come.

On the same day, President Sang visited Malaysia's national petroleum group, Petronas. He spoke highly of the close, effective and practical cooperation between Vietnam National Oil and Gas Group (PetroVietnam) and Petronas over the past 20 years, which brought great economic benefits to each country. He suggested the two groups strengthen cooperation, especially in exploring and exploiting new oil and gas fields in both Vietnam and Malaysia.

On the occasion, President Sang received USD 50,000 as a gift from Petronas to Vietnamese AO victims. The President also received the leaders of leading Malaysian businesses, including Jacks Resources Berhad, CIMB Bank, Proton automobile maker and Parkson retailer.

While visiting the Vietnamese Embassy in Malaysia, President Sang praised the efforts of embassy staff in implementing the guidelines and policies of the Party and State. He urged the embassy staff and the Vietnamese community to continue strengthening solidarity, helping boost friendship and cooperation between the two countries.

(Source: SaigonTimes)

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## **Vietnam's seaport development strategy remains half done**

*Vietnam's seaport network has been developing very rapidly with a lot of seaports opening within a short time. However, Vietnam still cannot fully exploit the seaports due to the poorly equipped conditions and the lack of competitiveness in comparison with regional ports.*

### **Seaports numerous, but...**

The Hai Phong port development company is following a plan to expand the Hai Phong port towards the sea, under which seven piers capable to receive 20,000 ton ships will be built, and a deep-water port in Lach Huyen, where there is the natural stable depth of 12-13 metres.

However, Deputy General Director of the company, Nguyen Hung Viet, complains that the company is facing big difficulties in implementing the plan, because of the weak traffic connection.

The waterway passage to the Hai Phong port is getting dry after many years of lacking regular dredging. The Dinh Vu Port is designed to be capable to receive 20,000 DWT ships, but the current passage only has the actual depth enough for 10,000 DWT ships. The road always witnesses traffic jam, while the railway has not been upgraded for the last tens of years.

According to Phan Thanh Tien, Director of the Can Tho Port, though Can Tho is considered a key port in Mekong Delta, most farm produce (rice, fruits), seafood (shrimp, basa fish), industrial goods from the industrial zones of Tra Noc, Hung Phu, Khanh An, Hoa Binh, Vam Cong, Thanh Loc and Thuan Yen and other kinds of products have still been carried through the ports in HCM City instead of the Can Tho port, because the passage to the port has become dry. Also according to Tien, a project on creating a new passage capable to receive 20,000 DWT ton ships was kicked off in 2009 already, but it would be put into operation only after several years

The bad conditions of the transport system that connects seaports and inland production and supply bases can be seen in HCM City, Ba Ria-Vung Tau and the central region's provinces as well.

The bad conditions of the roads linking with Tien Sa port in Da Nang, the 25B highway linking to the Cat Lai port in HCM city, the D3 road from Hiep Phuoc Industrial zone to the Saigon-Hiep Phuoc port in HCM City, the roads to the Ben Nghe port and to the Thi Vai-Cai Mep port complex in Ba Ria- Vung Tau have been hindering the development of the ports.

The development of Van Phong international port with the huge investment capital of 3.6 billion dollars, was kicked off in 2009. The construction of the two harbors for big-tonnage container ships has not been completed, while the prospect of attracting transit container vessels remains unclear.

Meanwhile, another similar port project, also in the central region, has been drawn up and it may get the approval from competent agencies, on the expectation about the development of the East-West Economic Corridor, according to Minh.

### ...uncompetitive

To date, Vietnam has built up 320 wharves with the length of 45 kilometers, and has the seaport capable to receive 131,000 DWT. However, according to Bui Thien Thu, Deputy Head of the Vietnam Maritime Bureau, the bad connection with the inland production bases makes the expenses increase and the competitiveness of the seaports decrease.

Meanwhile, Nguyen Hung Viet believes that Vietnam's seaport system has been developing too rapidly with too many small seaports and few big ports, especially specialized ports for container ships. The unreasonable investment strategy has led to the waste of money and resources, while Vietnamese ports remain uncompetitive if compared with other regional ports, though Vietnam has favorable natural conditions.

Viet believes that all the existing problems in developing seaports can be settled. The Hai Phong City's authorities, for example, collect 34 trillion dong in 2010 from customs service fee and 32 trillion dong in the first eight months of 2011, and the city absolutely can spend 200-300 billion dong to dredge the passage and upgrade roads – the work that will bring more money to the city in the future.

(Source: TBKTSG)

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### Bar raised to usher in better investments

*Vietnam has underscored its determination to heighten the quality of foreign direct investment.*

In the end of September 2011, PM Nguyen Tan Dung issued Directive 1617/CT-TTg asking ministerial bodies and local authorities to “intensify” and “regulate” the management of foreign direct investment (FDI). Dung's directive aims to improve FDI quality and encourage projects to apply state-of-the-art and environmentally-friendly technologies.

During the past five years, Vietnam has emerged as a hot place for investment, with some USD150 billion in committed FDI since 2006. The government, in 2009, issued a resolution outlining measures to effectively attract and manage FDI projects. However, Dung said FDI management had not gone as expected, adding that many licensed projects were not appropriate, especially in golf course development, steel, forestry and mining sectors. “Many projects were not carefully appraised in terms of technologies, environment impact and labor mobilization, resulting in poor quality,” said Dung.

New FDI projects must effectively utilize natural resources, reinforce linkages with domestic enterprises, and lure investment into auxiliary industries, agriculture, preferential services, information and technology and hi-tech industries, according to the directive.

Dzung asked local authorities “not to grant investment certificates to energy and natural resource-incentive projects as well as the ones which use outdated technology and can pollute environment.” The government will not encourage FDI projects in non-production sectors.

A survey released early 2011 by Vietnam Chamber of Commerce and Industry and United States Agency for International Development showed that 67 % of foreign-invested companies in Vietnam were involved in some form of low-end manufacturing. Only 13.5 % of FDI companies could be considered high-tech investors with sophisticated technology or equipment.

“The prime minister’s directive means that Vietnam will change its policy to maintain its position as among the top priority for investments in the world,” said Nguyen Mai, chairman of Vietnam Association of Foreign Invested Enterprises. “The directive indicates that the government wants to remove all poor quality FDI projects,” he added.

With the directive, Dzung ordered ministries and local authorities to inspect the disbursement of large-scale projects and prevent price transfer activities. The directive also assigned the Ministry of Planning and Investment (MPI) to work with other ministries and provincial authorities to raise FDI attraction efficiency in the next decade.

Furthermore, the MPI, in collaboration with ministries of Industry and Trade, Finance, Construction and Natural Resources and Environment, will have to devise policies on supporting industries, tax incentives, price transfer prevention and natural resources management. Such policies must be completed within 2012.

(Source: VIR)

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### **VSIP to develop 5<sup>th</sup> integrated industrial park in Vietnam**

*Vietnam Singapore Industrial Park Joint Venture Company, the leading industrial park developer in Vietnam, will develop its first industrial park and township project in central Vietnam.*

In 28 Sep 2011, the developer (VSIP) signed a memorandum of understanding (MOU) with Quang Ngai People’s Committee to conduct a comprehensive feasibility study of a 1,020-hectare integrated township and industrial park in this province.

The MOU was signed by Quang Ngai People’s Committee Chairman Cao Khoa with the Co-Chairmen of the VSIP Group, Low Sin Leng and Nguyen Van Hung.

The proposed development comprises a 500ha industrial park located within the Dung Quat Economic Zone, where government-supported special economic zone incentives are made available to manufacturers. Separately, under consideration are 520ha zoned for commercial and residential purposes near downtown Quang Ngai city.

According VSIP, Quang Ngai, located 100 kilometres from Danang, is ideal for labor-intensive fast moving consumer goods and food and beverage manufacturing, serving both the northern and southern economic zones of Vietnam in addition to its central markets that stretch from Thua Thien - Hue to Phu Yen provinces.

It is the fifth project of VSIP in Vietnam and its first one in the central region. VSIP has already had four projects in Binh Duong province in the south and Bac Ninh province and Hai Phong city in the north.

In all, the four integrated townships and industrial parks comprise 4,845ha and have attracted 440 customers with USD4 billion in investment. More than 100,000 jobs have been created by operational tenants. Singaporean companies rank fourth amongst VSIP tenants after Japan, Vietnam and Taiwan.

(Source: VIR)

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### **Industrial Parks Especially for Japanese Investors to Be Established**

*"To attract Japanese companies to invest in supporting industries and mechanical engineering sector, in addition to offering different good financial incentives, Vietnam should set up some industrial parks exclusively designed for Japanese investors to catch their greater interest," said Do Nhat Hoang, Director of the Foreign Investment Agency (FIA) of the Ministry of Planning and Investment.*

According to a recent survey conducted by the Japanese Nikkei Business Online, approximate 70% of Japanese businesses interviewed considered Vietnam the most attractive destination, surpassing Thailand, Indonesia and India (This survey excluded China).

Mr Hideo Naito, Head of Department for Investment Finance of Energy, Water Resource and Infrastructure at the Japan Bank for International Cooperation (JBIC), said Vietnam is attractive to foreign investors on account of young workforce, higher human resource qualifications, risk aversion, and a strong development outlook for the domestic market and capacity to export to third countries. Meanwhile, Mr K. Osada, President and CEO of Nikkei Business Publication, said: Vietnam has rich potential for economic development given its copious natural resources, convenient transportation, abundant young workforce, opening up investment policies, stable political background amongst others. These elements strengthen the magnetism of Vietnam to Japanese investors. Japanese companies tend to focus their long-term investment on supporting and mechanical engineering industries which promise to bring high added value, offer many jobs for skilled workers and tolerate little impact from objective factors.

Therefore, to successfully lure Japanese companies into local supporting and manufacturing industries, Deputy Minister of Industry and Trade Tran Tuan Anh said Vietnam must ensure standardized space and infrastructure for Japanese investors to do long-term business. Besides, authorities must be quick at resolving difficulties facing them and improving the investment environment.

In addition, to meet investment requirements from Japanese companies, Vietnam also introduces preference mechanisms for them to invest in the country. Mr Hoang said if Japanese companies want to have Japanese-only industrial parks, the Foreign Investment Agency will propose that Vietnamese authorities take their suggestions into consideration. These industrial parks will have all infrastructure works like electricity, water supply and waste treatment systems as expected by Japanese investors.

Regarding the formation of Japanese-only industrial parks, Mr Nishikawa suggested the Ministry of Planning and Investment of Vietnam consider applying single-window mechanism currently applied in Bac Thang Long - Noi Bai Industrial Park, Hanoi. Apart from relatively good infrastructure, the very flexible one-stop shop (OSS) mechanism is a highlight in investment attraction of Bac Thang Long - Noi Bai Industrial Park. Therefore, despite relatively high land rents, many companies, including Japanese, still want to invest here.

In response to requests from Japanese businesses, Mr Hoang affirmed, "With reference to industrial parks exclusively designed for Japanese companies, we guarantee the construction of better infrastructure, including power supply, than Nomura Industrial Park, and the provision of higher service quality than Bac Thang Long - Noi Bai Industrial Park. Hopefully, with these efforts, Vietnam will catch more interest of foreign investors, including Japanese."

(Source: FIA & VCCI)

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### **Chip Sang sets up joint venture with Russian firm**

Saigon Hi-Tech Park (SHTP) on Thursday (Sep 29, 2011) awarded an investment certificate to ChipSang and Ashmanov Co. Ltd. to develop projects and services in the field of information technology.

ChipSang and Ashmanov is a USD 600,000 joint venture between Brilliant Chip Joint Stock Company, or Chip Sang, and Ashmanov & Partners Joint Stock Company of Russia to design and develop software; and provide solutions, services and information technology products, telecommunications and e-commerce.

With the advantage of technology for natural language processing, the company will provide solutions and services such as web filtering solutions based on the contents; search engine optimization services; general solutions and classifications of information; marketing contextual services; and virtual dialogue solutions.

It will also offer solutions and services in the field of online advertising such as search engine optimization services, integrated solution and classified information, and marketing contextual service for businesses interested in advertising on the Internet.

Chip Sang said on its website that last year it signed a strategic agreement with Ashmanov and Partners Company for developing projects and services in online marketing, e-commerce and e-content.

Collaborating with Ashmanov and Partners is a step in Chip Sang's strategic plan to promote and enforce projects on online marketing, e-commerce and e-content.

(Source: SaigonTimes)

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### **Multi-million dollar projects abandoning Vietnam**

*The underdevelopment of supporting industries in Vietnam has been cited as the reason why foreign investors develop their multi-million dollar projects in other regional countries, instead of Vietnam.*

### **Vietnam "short of breath" in the race with neighbors**

Japanese Ambassador, Mitsuo Sakaba, said he was shocked when hearing that the percentage of parts and accessories provided by Vietnamese enterprises to Japanese manufacturers is so low, and that the manufacturers have to import 70 - 80% of components needed. "The underdeveloped supporting industries have hindered Japanese investors from coming to Vietnam," the ambassador concluded.

Not only Japanese, but the investors from other countries and territories also feel hesitant when considering investment plans in Vietnam. A lot of investors have left Vietnam for neighboring countries after they came to learn about the investment environment in Vietnam.

In late 2010, the US Ford Motor decided to spend 450 million dollars to build a modern automobile factory in Thailand. Michael Pease, which was then the General Director of Ford Vietnam, said that Ford chose Thailand instead of Vietnam because Thailand has a lot of car part suppliers, while the Thai investment promotion agency always creates the most favorable conditions for foreign investors. Besides, Ford believes that the products to be made out in Thailand will be exported to the regional countries in the future.

More than 10 years ago, Thailand, Vietnam and India all were chosen by Ford Motors as the new destinations for its investment plans in Asia. In Vietnam, an automobile joint venture with the total investment capital of 102 million dollars was set up, in which Ford Motor holds 75 % of stakes.

After the first 15 years of operation, the manufacturer has decided to pour 10 million dollars more. It is also considering further investments in Vietnam in the next years, but only with modest investment plans capitalized at several millions of dollars. Meanwhile, the same manufacturer plans to set up three automobile factories in Thailand which will have the total investment capital of over one billion dollars. Also, Ford Motors also plans to spend 800 million dollars a year to purchase the car parts and accessories to be made in Thailand, for the new factory.

Despite the political uncertainties, Thailand still can attract a lot of automobile manufacturers and it is now called the “Asia’s Detroit”. Not only Ford Motors, Mitsubishi Motors has also decided to pour 450 million dollars to its third factory in Japan, which will manufacture environment friendly vehicles. Suzuki Motor has also invested 225 million dollars in Thailand in a plan to make small size and environment friendly products.

### **Manufacturers look forward to new policies**

Experts have pointed out that Vietnam will not successfully persuade foreign manufacturers to Vietnam if its supporting industries remain too weak.

Meanwhile, supporting industries of a country will be able to develop when the domestic companies can upgrade their technologies and corporate governance skills to provide competitive industrial products, and when the government has reasonable policies to encourage the development of supporting industries.

Foreign investors will not highly value the investment environment in Vietnam until they can see the moves by the government, to set up long-term strategies to develop supporting industries.

Chair of VCCI, Vu Tien Loc, has warned at a recent workshop that a series of foreign invested enterprises may leave Vietnam. The enterprises have said that if they cannot access the on-spot supply sources, they will have to move to the places where there are better supporting industries.

Sources have also told that if the localization ratio (the percentage of locally made content in products) cannot reach 60 % by 2018, a lot of automobile manufacturers would leave Vietnam.

Vietnam believes that multi-national groups do not want to increase the localization ratios in Vietnam because they want to use the car parts from their countries, and that the investors come to Vietnam just to take full advantage of the tax incentives, cheap labor force. However, foreign investors argue that they really want Vietnam to have developed supporting industries, because it would be more profitable to use input materials right in Vietnam than using the imports.

*(Source: Vietnam Net)*

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## **Industrial park boom causes social and environmental problems**

*Many cities and provinces in Vietnam have been racing to build industrial parks (IPs), ignoring land use and environmental issues.*

This was one of the problems raised at a conference held by the National Assembly Economic Committee to seek the opinions of ministries and agencies concerning land use, through the year 2015 and planning through 2020.

In 2010, 93,000ha of land were allocated for IP construction, compared to just 44,000ha approved by the National Assembly. In a number of areas, average IP occupancy rates are below 50 %, yet officials continued to approve the construction of more.

### **Land waste, fiscal waste**

According to the Ministry of Planning and Investment, by the end of December 2010, Vietnam set up 260 IPs. Nearly USD 9 billion has been poured into infrastructure development for the parks.

Despite contributing 20% to the country's total annual export value and generating more than 3.2 million jobs, industrial parks also take up a lot of land, causing land use issues.

Dang Kim Son, Head of Institute of Strategy and Policy for Agriculture and Rural Development under the Ministry of Agriculture and Rural Development, said there has been a decrease in agricultural land. Currently the country does not have a problem with food supply, but it may become a problem during natural disasters, which are becoming more likely due to climate change, he said. He suggested that the allocation of agricultural land must be closely watched.

To date, IPs across the country have licensed around 4,400 domestically-invested projects totaling USD 16.2 billion, but only 40.5% of this has been disbursed. As many as 4,000 foreign companies have invested in IPs with a total investment capital of USD 53.6 billion, of which, a mere 32% has been disbursed.

Former Deputy Head of the National Assembly Economic Committee Le Quoc Dzung, said localities should carefully select projects before allocating land, adding that priority should be given to those projects which use the least amount of land, have high economic efficiency and use clean-technology.

The outdated technology at many IPs also lead to environmental problems. According to MPI and MoIT, the Mekong Delta region has 111 industrial parks. Many of them discharging untreated waste water.

*(Source: VIR)*

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## **Vietnam National Assembly moves on IP pollution**

*The National Assembly Standing Committee on September 29, 2011 spoke about ways of stopping growing environmental pollution in economic zones and craft villages.*

The discussions on pollution followed a report by the supervising board of the Standing Committee. It was presented by the chairman of the Committee for Science, Technology and Environment, Phan Xuan Dzung.

Dzung said the committee had conducted field trips to 15 coastal economic zones and 54 traditional craft villages and found they had contributed remarkably to socio-economic development by creating jobs,

increasing people's incomes - and the state budget. However, he said members agreed that this development is posing a threat to the environment. Dzung said most localities focus on investment, but are reckless about environmental protection. Despite the large number of economic zones and craft villages, most lack staff who specialized in protecting the environment and the laws governing this area.

Slack cooperation among state agencies has also contributed to the inefficient management and the state itself was only setting one % of budget spending aside for environmental protection, which is not enough.

Chairman of the Finance and Budget Committee, Phung Quoc Hien, said that due to unclear and overlapping regulations on the powers of each authority, they often "pass the buck" to each other. Hien said budget collections from environmental-protection fees are often insufficient to repair the pollution and damage created by those breaking the law.

Deputy Minister of Science and Technology, Nghiem Vu Khai, said production in craft villages is on a small-scale and involves many risks, such as unstable sources of materials and training workers.

The income of village craftsmen is low, therefore they do not have sufficient capital to invest in technology or to spend on protecting the environment, Khai said.

Chairman of the Committee for External Affairs Tran Van Hang said budget spending on environmental protection should be increased as the treatment of industrial waste is often costly. He said many companies are prepared to pay fines rather than invest in waste-treatment technology, as fine levels are low. Hang suggested strict punishment should be enforced, including shutting down factories when they violated the law.

Deputies agreed that environmental protection measures at the zones and villages should be regularly inspected by NA agencies, the government and local authorities. They also agreed it is necessary to call for private investment in environmental protection.

Three steps were outlined to stop pollution in IZs and craft villages. These were to strengthen the management of central and local authorities, increase State investment, and enforce punishment for those who broke environmental laws.

Chairman of the Law Committee, Phan Trung Ly, asked the supervising board to make a deeper analysis on implementing policies and laws on environmental protection before the report is submitted to the NA.

(Source: VIR/VNA)

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## **Foreign investors attempt to set foot in Vietnam's seafood industry**

*An Iceland-based seafood company has bought back a catfish-processing factory in Vietnam. Other foreign investors have also taken first steps to jump into the industry.*

According to Agroinfo (a farm produce market survey firm), Portunas is seeking the opportunities to support the sustainable development of Vietnam's seafood industry. Pálmi Pálmason, CEO of Portunas, said that Vietnam's total annual seafood output is about 4 million dong and the output may be even higher if Vietnam applies the exploitation and processing technologies, which are being applied in Iceland.

*Some analysts believe that Vietnam can increase its seafood output by two folds if it applies specialized production methods.*

Vietnam's seafood industry proves to be lagging behind that in Iceland, which makes Icelandic people believe that they have great opportunities in Vietnam once they apply their modern technologies in the country. Vietnam is clearly rich in aquatic resources, especially in aquaculture, the field that Portunas wants to invest in. Catfish (tra and basa fish) and shrimp are considered the two species popularly farmed in Vietnam. However, Marine Farms, a Norwegian company, decided to invest in a cobia production factory in Vietnam. The company now owns a cobia production line in the central region that has been operating since 2005. The white-meat fish are mostly exploited in Asia and warmly welcomed by the US importers. Marine Farms has also begun farming scads, a very popular fish species in Asia.

The production of bivalve aquatic species has also been developing well. The Vietnam Association of Seafood Exporters and Producers (VASEP) in the end of September said that the clam and scallop growing areas in Mekong Delta provinces is believed to increase by three times in the next four years, and by four times in the next 9 years.

Earlier this year, a Danish investment group, joining forces with a Vietnamese commercial bank, provided a financial support to build and install necessary equipment at a collagen-making factory, which will use the byproducts from the TRA fish processing of Bianfishco. Another Danish company has also revealed that it is considering setting up a factory in Vietnam in order to take full advantage of the Vietnamese cheap labor force. The factory will process cod and pollock products for re-export.

Before making investment in the seafood processing industry, foreign investors have also been injecting money in the aquaculture and aquatic feed production.

Thai CP Group, for example, has been developing its network of farms and establishments that make feed for shrimp, the most valuable aquatic product of Vietnam. Meanwhile, Chinese companies have also invested in shrimp processing factories, while joining hands with Vietnamese companies to expand the market share. Especially, many of them are hunting for the shares of the seafood companies listed on the bourses.

Another ex, Uni-President Vietnam now has three factories that make aquatic feed with the output of 300,000 tons a year. The company is investing 20 million dollars to build one more feed factory in Quang Nam province, which is expected to have the capacity of 100,000 tons per year.

Besides, Chinese vessels and boats have been running along the Vietnamese coastlines to collect fish, shrimp and cuttlefish caught by Vietnamese farmers. The materials are being processed directly in Vietnam or brought back to China for processing.

A Japanese importer, who usually buys seafood products from AGREX Saigon Company, now has a list of high grade seafood product suppliers. A factory named GN (Gift of Nature) Foods, has just been built, which specializes in making high grade seafood products.

*Analysts believe that Vietnam's fisheries industry, which has been developing strongly over the last 20 years, will become even stronger with the foreign investment.*

*(Source: VNN Bridge)*

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## Stepping up investment in leather and footwear industry

*The Italy Business Association has recently decided to choose eight footwear companies in District 4, Ho Chi Minh City to carry out the project “SMEs cluster development to enhance the competitiveness of Vietnamese leather and footwear industry” with a total budget of some € 3 million. This is good news for the leather and footwear industry of Ho Chi Minh City. According to specialists, designing is the weakness that the Vietnamese leather and footwear industry has to overcome to sustain growth.*

### New opportunity for HCMC’s leather & footwear

Mr Tran Thanh Phong, owner of Long Viet Shoe Company, one of eight chosen companies located in District 4, pointed out weaknesses of shoemakers in the district: Only manufacturing old-styled shoes. Their new designs are mainly copycatted from popular models on the market. They are primarily offshore contractors for famous foreign brand names. The participation in this project will help them learn advanced technologies from Italy and beautiful designs to produce a wide range of products.

Eight selected facilities ensure the following factors: Finance, workforce, manufacturing process and product consumption. At first, they are organized to form the small and medium business complex of District 4. This combination is compulsorily committed to implementing 12 key points, including the formation of equity sharing corporate alliance; cooperation to overcome competition; specific action plans; ties with banks; complex advertisement, etc. In addition, these selected units are jointly trained of footwear designing, production, marketing, market seeking, branding skills, etc by Italian footwear specialists and the Ho Chi Minh City Leather and Footwear Association to boost up production and improve the quality of the city’s leather and footwear industry.

One of very active members for activities of this project, Mr Vu Cham, President of Giay Viet Company and Chairman of the Ho Chi Minh City Leather and Footwear Association, said the Vietnamese leather and footwear industry has a lot advantages. If it has sufficient conditions, it will be second to none in the world. The Italian side is, meanwhile, very enthusiastic to help with high technologies because they may need to buy our products in the future.

Mr Nguyen Van Khanh, General Secretary of the Ho Chi Minh City Leather and Footwear Association, said: “The most important objective is to generate benefits to three parties: Italian companies, Vietnamese companies, and European consumers. The Italian companies have capital and modern technology while the Vietnamese ones have skills and manpower. We should combine what we have with what we don’t have to create a high value added product. Italian companies purchase Vietnamese footwear to sell in Italy and Europe; they will enjoy benefits from Vietnamese shoes of high quality and very reasonable prices.”

A total grant of €3 million in three years will help shoemakers in Ho Chi Minh City to change the mode of production and product consumption to make Vietnamese branded products competitive on the world market. Another important aspect is to help HCM City-based shoemakers to end offshore outsourcing, create jobs and increase incomes for their workers from the century-old industry of the city.

### Resolving designing weaknesses

According to Italian experts, because [Vietnamese] companies have only outsourced for foreigner partners for so many years, thus although they have divisions specialized in product designing and development, even have sample production lines, their designers only focus on techniques but have limited design ideas. Aesthetics and techniques of smallholding shoemakers are very weak. Many pairs

of shoes are only shiny, not fashionable, and cause pains when we wear them. Meanwhile, professional designers limit fashion to only clothes rather than shoes. Hence, they have poor knowledge of technique.

According to designers, their first and foremost difficulty remains hard-to-find materials, ranging from mould and sole to leather, cloth and accessories. When ideas are drawn up, it however takes quite a long time to have materials and other conditions.

Ms Nguyen Thi Tong, Vice President and General Secretary of the Vietnam Leather and Footwear Association (Lefaso), admitted that a designer can hardly realise his idea without enough materials. The trading of raw materials remains very weak. If domestic companies have good material trading activities, designers will find their works easier.

Mr Federico Bechini, President of Consorzio Toscana Shoe Components Production Association, Italy, said that Vietnam should consider building industrial complexes or buildings exclusively designed for footwear material production because manufacturers of buttons, ornaments and moulds do not need large grounds.

(Source: VCCI News)

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## Ports look to remain buoyant

*Industry insiders are scoping ways to keep port efficiency float.*

“The Vietnam Maritime Administration (VMA) needs to propose the prime minister stop financially feeding seaports built in areas with low demand to help key seaports fill up with cargo,” a ship chandlers’ representative said during a meeting to enhance management capacity of international seaports in southern Ba Ria-Vung Tau province.

A Cai Mep-Thi Vai seaport representative said: “Licensing seaport construction in areas with low cargo transit demands should be restricted. For instance, it would be not late to build Van Phong port in south-central coastal province of Khanh Hoa 20 years later since the region has a low demand for cargo.”

According to Portcoast Consultant’s deputy general director Pham Anh Tuan, most local seaports had low loading capacity, whereas the demand for goods transport by containers and container terminals was escalating. “If these ports are brought together in big port areas with modern handling equipment, it will help slash expenses remarkably,” said Tuan.

Cai Mep International Terminal Company Limited (CMIT) deputy general director Nguyen Xuan Ky said modern seaports like CMIT faced shutting operations due to losses. “A number of ports will come online in the Cai Mep-Thi Vai area in the coming period such as Gemalink, while cargo volumes have slid, triggering price competition among ports,” said Ky.

Ky noted that foreign shipping firms were the beneficiaries when price competition occurred among local ports.

Vietnam Seaports Association general secretary Ho Kim Lan said many ports were isolated as little attention was paid to building roads linking to seaports. “Most roads to ports face serious quality deterioration, hindering cargo transport to ports. The association forwarded proposals to the government and relevant state agencies asking for remedial actions,” said Lan.

Ho Chi Minh City Sea Science and Economics Association general secretary Doan Manh Dzung said most seaports had shallow water levels hindering them from receiving big ships.

VMA chief Nguyen Ngoc Hue said the VMA would come up with a project on deepening Cai Mep-Thi Vai channel, making it accessible by big ships and upgrading road systems linking to the port.

Vietnam was home to 56 seaports and the number would exceed 170 if specialized ports were included, according to Vietnam Seaports Association general secretary Ho Kim Lan.

(Source: VIR)

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## FINANCE – BANKING

### Japanese bank buys 15% stake in Vietcombank

*Mizuho Corporate Bank (MHCB), an affiliate of Japan’s Mizuho Financial Group, will buy a 15-% stake in the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank).*

Under a contract signed in Hanoi on Sept. 30, the transaction, worth USD 567.3 million, will be realized in the first quarter of 2012 following approval by relevant agencies.

MHCB will buy 347.6 million new shares issued by Vietcombank at a price of VND 34,000 per share. The bank will appoint a representative to serve as a member of the Vietcombank board of directors. MHCB will become Vietcombank’s only strategic partner and provides technical assistance services for the Vietnamese bank’s operations.

Speaking at the signing ceremony, Deputy PM Vu Van Ninh applauded the cooperation between Vietcombank and Mizuho – two powerful financial institutions of the two countries, saying this is very important for improving the efficiency of Vietcombank’s operation in particular and of Vietnam’s economy in general.

By June 2011, Vietcombank posted nearly VND344.2 trillion in total assets and VND 55 trillion in market value. Meanwhile, Mizuho is one of the world’s largest financial service providers with a market value of USD35.5 billion and total assets of USD2 trillion.

(Source: VNA/VOV)

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### Relations between gov’t agencies looked from petrol-related controversy

*The lack of combination and mutual-understanding among ministries and government agencies in implementing economic-social missions will cause awful consequences.*

The battle of words between the Ministry of Finance (MoF) and Ministry of Industry and Trade (MoIT), at a seminar on the petrol control policy in Hanoi on September 20, reveals the fact that the lack of mutual understanding between government agencies is alarming, which needs the intervention of the government.

Deputy Minister of Industry and Trade, Nguyen Cam Tu, claimed that it was a mistake of the Finance Ministry to cut down petrol price recently, Minister of Finance, Vuong Dinh Hue, said that he made the decision in a responsible manner and he is willing to take personal responsibility for that decision. The MoIT’s officials “taught” the Finance Ministry to “manage petrol price by head, not by limbs”.

At the cabinet meeting in September, Chairman of the Government Office – Vu Duc Dam – said that one of important tasks of the new cabinet (13th tenure) is uniting, closely combining to well operate the

country's economic-social missions. However, recent developments show that the combination between ministries is not very good.

The first case is the controversy between the Ministry of Agriculture and Rural Development (MARD) and the Ministry of Natural Resources and Environment (MoNRE) about white-legged shrimp and Pacific oysters.

The MoNRE, in its official documents, calls white-legged shrimp and Pacific oysters as exotic animals, which can harm crops. The MARD's viewpoint is totally different, saying that the two species, since they were imported into Vietnam, have commercially developed well in Quang Ninh, Hai Phong and Thua Thien-Hue provinces.

According to the MoNRE's rules, creatures that are listed as exotic animals are not allowed to be imported into Vietnam or be restricted in breeding, with the MoNRE's licence. The MARD said that if white-legged shrimp and Pacific oysters are considered as exotic animals, seafood production and the livelihood of many people would be affected.

The controversy lasted several months. On September 9<sup>th</sup> 2011, they agreed to reject the two species from the list of exotic animals.

The government will have to inspect and make conclusion on the controversy between the MoF and MoIT over the recent decision to cut down petrol price, and not let the two ministries to make self-inspections and self-conclusions. The above seminar shows that it is difficult to have agreement between the two ministries in managing the petrol price policy.

The lack of combination and mutual-understanding among ministries and government agencies in implementing economic-social missions will cause awful consequences. It is clear that in the case between the MoF and MoIT, poor management of the petrol market can put the market in disorder and affect users' interest. The controversy between the MARD and the MoNRE, if being prolonged, would have hit farmers.

The media sometimes report that ministries sign cooperation agreements. However, the above cases make the public doubt of the effectiveness of these agreements.

One of the things that cause disagreements between ministries is their own interests. For example, the right to license, for example sugar, salt, petrol imports, is closely connected to the ask-give mechanics or interests. Ministries do not want to lose this right. Clearly differentiating the duties and authority of each ministry, restricting partial interests and exchange, mutual understanding among ministries can help avoid such controversies between the MoF and MoIT and MARD and MoNRE.

(Source: VNN)

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### **Vietnam central bank makes net injection on OMO in Sept 2011**

*In the four trading sessions from Sept. 26-29, 2011, the State Bank of Vietnam (SBV), the country's central bank injected five trillion dong on open market operations (OMO) with the interest rate of 14% for the repo term of 14 days, but it did not withdraw any capital, according to the data of global financial newswire Reuters.*

This means the State Bank has injected net five trillion dong in the first four days of this week and its net injection is expected to increase to six trillion dong for this whole week.

Since from Sept. 19<sup>th</sup> 2011, the repo term on OMO has been increased to 14 days, so this week no cash was drawn back by the central bank as stated above.

Beginning October 2011, 27 trillion dong, which was injected in the week from Sept. 19 - 23 with the repo term of 14 days, will mature and be paid back to the State Bank. Therefore, the amount of the injection is forecast to be more than the level of one-two trillion dong per day as the first four sessions. Meanwhile, the statistics from early September until Sept. 29 showed that the State Bank pumped out about 81.981 trillion dong and withdrew 54.981 trillion dong, bringing the net injection to 27 trillion dong on OMO.

It is expected that on the trading session of Sept. 30, the State Bank may also pump out one trillion dong as in the three previous sessions, bringing the net injection of September to 28 trillion dong. – Source: (Source: Vietbiz24)

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## ANALYSIS – OPINION

### Better FDI, not just more, should focus on tech-transfer

*Job generation should not be focus of foreign direct investment (FDI), Nguyen Mai, former vice Chairman of the State Commission for Cooperation and Investment, tells in an interview.*

*As FDI inflows continue to shrink, the government is cautiously considering requests by big investors for preferential treatment. What are your thoughts on this issue?*

Registered FDI has dropped since early this year compared to the same period last year, but disbursed capital this year is equal to that of last year... In 2008, registered FDI reached USD 72 billion, while disbursed capital was only USD 12 billion.

Disbursed FDI is estimated at USD 10-11 billion this year, equal to the amount dispersed annually in 2009 and 2010. In the current context, in which credit is tightened, many projects are delayed due to capital shortages. Thus, USD10-11 billion in disbursed FDI is a heartening achievement.

Relating to your question, there are now two investors, namely Samsung and Nokia, asking the government to offer tax breaks for their planned factories in Vietnam. The requests by Samsung have been met, and the manufacturer has announced a plan to increase its investment in a factory in Vietnam to USD 1.5 billion in 2020 from the current USD650 million. The factory could be one of the top-ranking factories in Asia.

More capital is less important than the fact that foreign companies are establishing research centers in Vietnam and using local engineers to manufacture products here.

Regarding the case of Nokia, which is seeking status as a high-tech producer, the government has not yet made any decision, but I think we should not consider Nokia, a major global mobile phone producer, a normal manufacturer.

To attract its investment, Vietnam should consider Nokia a high-tech producer, and give it incentive policies. We should not worry about requirements on tax incentives.

If it shifted its investment to Thailand, we could lose everything. The Ministry of Planning and Investment has asked that Nokia be dealt with in this way, and I think the prime minister may approve it.

Most of our foreign investors now are small- and medium-sized firms. There are 500 major groups in the world. However, only 30-40 of them, which operate in the oil, electronic, and auto fields, have invested

in Vietnam, much lower compared to figures from Thailand, Malaysia and China. Some 400 major global groups opened their representative offices and factories in China.

We should shift our policy from luring investment to upgrading investment quality and focusing on both small- and medium-sized enterprises and big foreign firms, especially in the education and healthcare sectors. We have to consider how to increase FDI in a way that can help us to deal with our country's big issues, such as improving technology and human resources, and developing supporting industries.

*However, if we are too complacent in overseeing the licensing of projects, couldn't there be investment traps?*

Right! We should not lure FDI at all costs.

FDI projects used to have higher quality. Without FDI, our oil industry could not develop. Foreign investors also contributed to the development of the automobile and tourism industries. However, when localities were authorized to license FDI projects, some of them offered investors tax incentives and/or cut land prices by more than allowed by the government. Some provinces have also not been careful in assessing projects. However, we should not treat foreign investors too strictly.

*Some foreign investors have complained about our investment policies. Should we worry about this and adjust our policy?*

Some investors still complain about our complicated administrative procedures. However, they admit that Vietnam's investment environment has become more transparent. According to a recent survey by the Vietnam Chamber of Commerce and Industry, 70 % of investors said they want to continue their business in Vietnam, and only about 10 % said they want to shift to other markets such as China and Cambodia.

State agencies should be quick to deal with problems that investors complain about, but should be careful to consider which complaints have truth to them, which don't.

*Assessing a project before licensing it is a very important process. What should this assessment focus on?*

There are four issues that we should focus on.

First is the quality of a project. We should consider projects based on development plans of each sector and provinces as well as the state's modernization and industrialization strategy.

Second, we should attach importance to environmentally friendly projects, and not license those which could cause pollution.

Third, we should focus more on technology transfer. For example, in paper production, many producers applied new technology that could help reduce energy use by 40 % and emissions by 49 %. So, there's no reason not to ask investors in the field to apply the technology to production in Vietnam. It is very dangerous if agencies assessing projects before licensing them do not know anything about technology.

Finally, we used to overrate FDI projects' ability to generate jobs. In fact, foreign invested projects have created only 2.2 million jobs in our country over the past 25 years, while we need to generate 1.3 million jobs each year.

We should not consider job generation a criterion in licensing an FDI project. It's more important that big investors, such as Intel, Nokia and Samsung, help us develop high-quality human resources.

### *How do you forecast Vietnam's potential to attract FDI?*

With an average annual income per capita of USD 1,160 in 2010, and an anticipated income of USD 3,200 in 2020, Vietnam, which is expected to have a population of 100 million nine years from now, is a potential market for FDI attraction. We will also have human resource advantages if we focus more on education and training.

The government's anti-inflation fight is highly appreciated, so the state's macroeconomic management capacity has increased. Vietnam has better security compared to other countries in the region. FDI is expected to increase by 15 - 20 % in the next one or two years.

(Source: Thanh Nien)

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### **We should learn from Korean, Taiwanese growth models**

Associate Professor Tran Dinh Thien, director of the Vietnam Economic Research Institute, had a talk about economic restructuring. He believes that to restructure, Vietnam must change the growth model that has long relied on tapping into natural resources and haphazard use of capital and low-quality labor.

*You mentioned the notion of restructuring the economy over three years ago. Is it fair to say that, in this current period of economic difficulties, restructuring is becoming more urgent?*

Presently, the economy is facing serious problems, such as structural imbalances and drawn-out inflation that has weakened the corporate sector. The daily life of the people is rife with difficulties, and their confidence is being eroded – the same as the general confidence of the market. These factors and influences have come upon us simultaneously, making us think about restructuring the economy and doing it with firm resolve.

Vietnam's longstanding growth model has primarily been based on tapping into natural resources, lax use of capital, and low-quality labor. Therefore, after 25 years of Doi Moi (renovation), the level of our economy is still relatively low. The key to restructuring the economy is precisely to change this situation.

*Which economic model do you think Vietnam should follow?*

- Because we are playing catch-up, we need to come up with an economic model that can help us shorten the distance between us and other countries in the region and around the world. Vietnam should refer to and study the models of South Korea and Taiwan – the economies that have developed by leaps and bounds. Of course, any specific choice depends on world events as well as Vietnam's particular characteristics. We are not presently in the same situation as South Korea 40 years ago -- our human resources and system of government management are also different.

*South Korea and Taiwan are focusing on information technology -- both software and hardware. Is this a suitable direction for Vietnam to take in order to move things along faster?*

- Regarding objectives, we have to move in the direction of high technology. South Korea and Taiwan have obtained high technology but their primary foundation is information technology. Perhaps Vietnam should choose a similar path. A month ago I visited South Korea. They suggested an entirely different model – “green growth” – high technology but stable and clean with no need for fast growth.

*Vietnam is an agricultural country. So what role does agriculture have to play in the great undertaking of restructuring the economy?*

- I think the role of agriculture in Vietnam during this stage is more and more important -- principally from the perspective of global consumer demand for agricultural products. However, to evaluate the role and outlook for Vietnamese agriculture, our judgment must be thorough and grounded in reality. We cannot say that because we are an agricultural country exporting a lot of rice, therefore agriculture should be our main focus. Our economy must be moving in the direction of fast-growing, sunrise industries -- agriculture should be a part of that movement. Agriculture must also rely on high-tech industry if it is to develop in a sustainable way. Industry will help transform agriculture.

These days we are exporting more and more rice, but this is because of an increase in productivity based on increasing initial expenses such as larger amounts of fertilizer, water sources, and chemicals that protect plants. This is synonymous with our having to bargain with alternative natural resources. Productivity is greater in this scenario, but the value of the increase is not very high.

*Do you see any obstacles to economic restructuring – benefits of interest groups or local interests, for example?*

- We do not yet have the ability to restructure primarily because of such obstacles. The model for growth designed from the past until now has only achieved easily reached accomplishments, so there we are not very competing or striving hard -- we are not surpassing our competitors and identifying ourselves. Vietnam has concentrated only on increasing productivity and has not paid attention to differentiating itself from other countries around the world.

The current model holds many challenges and impediments, such as the appearance of interest groups. Having gotten used to tapping into natural resources, businesses -- which are part of interest groups -- only fixate on establishing projects harvesting natural resources to gain profit without any effort to create distinction for them in the market or generate a competitive edge. The resource allotment situation is similar. We have gotten used to the even distribution of resources down to the province level.

Beyond that, we still do not have the vision to catch up and stay current with the modern age. Vietnam's approach to the economy is like no one else's -- still heavily based on agriculture with a preference for dependence and unfavorable with respect to competition. The process of Doi Moi has been going on for 25 years, and it now needs to be changed. The model of growth and development that has been and continues to be applied is no longer compatible with modern times, although it has yielded some successes. The model needs to be changed along with our scope of vision and thinking. What does the country need to do? How does our legal system need to be redesigned? What should businesses do? These are issues that must be resolved quickly.

*As you see it, what are the conditions required for both state and private enterprises to participate in the great work of restructuring the economy?*

- In the last 25 years, the forces of private enterprise have grown quickly but are not yet mature. That is, they may have accumulated wealth quickly, but they still lack the energy to compete because they are only used to taking quick, easy profits. A competitive environment must be created, changing the system of preference given to state companies.

State enterprises are holding back private companies. Another important thing -- Vietnam has not yet developed a supporting system for industries, so its enterprises are unable to participate in ongoing global development. In short, we need radical, comprehensive change in the area of business.

*Can Vietnam really manage to carry out such economic change?*

- The pressure to change is huge, and recent dynamics have shown that changes in institutions and the structure of the economy are happening now.

*Can you explain by what, by whom this pressure being generated?*

- There is international pressure requiring that we make changes so that Vietnamese goods can join the global value chain. And there's pressure from within the country as well. This has already become clear: The economy is encountering many difficulties caused by high inflation and a high level of public investment with only modest results accompanied by significant wastefulness. The banking system is vulnerable and the stock and real estate markets are both in a bad situation. Then there are the numerous industrial and economic zones that have been set up but have attracted very few businesses.

*And how about recent dynamics?*

- The National Assembly has been discussing in order to write laws, Budget Law or Land Law, for instance... It is a radical, sustainable move, for a long-term perspective and not for a short-term development. Scholars are also actively putting ahead suggestions for a change of the structure of the economy.

*Are you optimistic that the economy can be changed?*

Yes, I do.

*(Source: SGT)*

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## **Story of land price in Vietnam**

*Former Deputy Minister of Natural Resources and Environment, Dang Hung Vo, wrote about land price, a big issue in Vietnam.*

### **Land price in the past**

Vietnamese say “an inch of soil is an inch of gold” or “land is invaluable”, meaning that it is unable to buy land.

These sayings are correct, but it is important that they are spoken out in which circumstance. If we talk about economic values of land, land has its price, which is equivalent to gold. If we talk about the nation's efforts to defend the country's territory, land is invaluable. This indicates the multi-faceted nature of land.

During the period of the planned economy, land was not recognized to be valuable, to have price and was not for trade. The State only permitted people to deal in assets on land. Thus, anyone who bought assets on land, naturally they had the land. In fact, a large plot of land with a tent was much more expensive than a narrow plot of land with a beautiful house (in the same natural condition and planning). It means that people paid for the land, not for the house in fact.

In the 1980s, I wanted to buy a piece of land after returning home from abroad. An acquaintance recommended me a plot of land that the owner wanted to sell cheaply because he needed money.

I went to the Hanoi Land Management Bureau to ask about procedures. I unexpectedly saw my former student who worked there. I told him about my case. He said that I could not buy that piece of land because there was no house on it to buy. He recommended me to ask the land owner to build a tent on that land and after that selling that tent to me. This is an absurdity that foreigners could not understand.

For them, this is a true odd story.

In this situation, both the seller and buyer know clearly that they are trading gold but they have to say that they trade bronze. The buyer pays the seller in the price for gold but they pay tax for bronze. Only the taxation department gets loss.

That absurdity of the old time still distresses many people in 30 Sep. In the period of planned economy, many state organizations sold their old offices for their employees as housing. Certificates only noted the trade of housing, not land because at that time houses are accompanied with land.

Now, the authorities decide to revoke land of the houses that state organizations sold to their employees in the past and they only compensate for the old house, not land. House owners complain but they are answered that their certificates only mention the house, not land so they are not compensated for land.

The Doi Moi (renovation) policy has been implemented for 25 years but land price is still a big problem. The official term used in legal documents is still “price for land use right”, not “price for land”. The law only recognizes the land use right.

### **Land price in renovation period**

Vietnam’s land-related financial policy, including land price and tax, is reformed in a slower pace than renovation of legal and administrative tools in land management.

The Land Law 1987 did not recognize that land has its value and price. The State still subsidized land by allocating land to those who needed land and revoking land from those who did not need land any more.

The land-related tax system did not change at all. For agricultural land, agricultural tax that was issued in 1983, then amended in 1989, and was imposed on. For non-agricultural land, land tax that was issued in 1956, and was imposed on.

The Land Law 1993 recognized that land had its price but did not recognize the market price of land. The property market had to apply the price fixed by the State. Actually, it is a significant change in thinking when the law recognized that land has its price. The State’s management of land price shows the voluntarism in the market mechanism.

In 1992, the National Assembly Standing Committee ratified the Ordinance on Land and Housing Tax to replace the Decree on Land Tax. The ordinance was amended in 1994, under which tax on non-agricultural land was higher than that on agricultural land.

However, the wrong point in that ordinance is the tax still based on rice. Accordingly, land in big cities, where land price is highest in the country, was taxed only 2kg of rice per a square meter per year. In 2007, the state budget collected only VND711 billion of land tax (accounting for 2 % of total revenue from land). In developed countries, tax from estate accounts for 50 % to 70 % of total budget of local governments and it is the major resource to develop infrastructure and public services.

In 1993, the National Assembly approved the Law on Agricultural Land Using Tax, which replaced the Ordinance on Agricultural Tax (issued in 1983 and amended in 1989). This was also a great renovation: tax in agriculture does not impose on production but on land use, which promotes more effective use of land.

## The current price of land

The current Land Law, which was ratified in 2003, stipulates that the value of land must be appropriate with the value in the market. The land price fixed by the State must be suitable to the price of land in the market. The voluntarism has disappeared on State's documents but in fact, the land price set by the State still has a remarkable gap with the market price (30-90 % lower).

Notably, there is no legal document on the procedure to define land price to "be appropriate to the market price." Provincial authorities have the right to fix land price and call it market price. As a result, provincial governments have the right to revoke land, to fix land price that is the ground for land compensation, to allocate and lease land. This mechanism poses a big threaten of corruption. Normally, those whose land is revoked are sad and those who are allocated land are happy.

Another matter is that there are up to three ministries involving in land price assessment. The Ministry of Natural Resources and Environment is in charge of fixing land price for building the government's land price framework, which is the guidance for provinces to set their own land price frameworks. The Ministry of Finance is responsible for fixing prices for specific plots of land under the government's land price framework. The Ministry of Construction is assigned to fix land price for estate firms under the Law on Estate Business. Land price, thus, is more complicated.

The legal term for land price is still "price of land use right". When the Land Law 2003 was compiled, this term was a controversy. Most of experts said that the Land Law 1993 recognized "land price" already, if the Land Law 2003 used "price for land use right", it was a step backward.

An initiative appeared timely: "Price for land use right (called land price) is the amount of money for a unit of land area fixed by the State or formed in transaction of land use right (Article 4, Land Law 2003). The initiative was highly appreciated by compilers.

After that the National Assembly was determined to change the tax system related to land use. It approved the exemption and reduction of tax on agricultural land in a bid to make relief for farmers. During the period of planned economy, agricultural tax was a major source of budget revenue. In 2007, revenue from this tax was only VND 81 billion. This is a policy of progress.

Tax on non-agricultural land use is more complicated. After seven years of discussion at all levels, the National Assembly approved the Law on Non-agricultural Land Use Tax in June 2010. The floor tax rate is 0.03%, imposed on land, not house. The tax is progressive for cases that exceed the set level. Budget revenue from this tax has increased three times since then, with around VND 2.1 trillion a year, accounting for 6% of the total revenue from land. This is not high and does not satisfy the goal of Property Tax in economic, social and environmental regulation related to investment on land.

The above analysis shows that the current Land Law needs to be renovated so that land price will be recognized by the law; to benefit the state budget, land users and prevent corruption. Specifically, land must be defined as a special kind of goods and the conception of land price must be recognized in the legal system.

The land price system fixed by the State to calculate financial duties for everyone must be based on the average market price for land of the previous five years, which will be applied for the subsequent five years. Provincial authorities have to hire consultants to assess land price in their provinces. The government does not fix the land price frame for the entire country but set procedures on building land price frames for provinces.

For specific cases, it is necessary to establish the national and provincial estate price assessment council to define land price for these cases. These bodies must be independent from provincial authorities. These bodies are also responsible for solving land price-related complains and license estate price assessors.

Assessing land price is an expertise, so the association of land price assessors plays a very important role in land price management.

Developed, newly industrialized and developing countries that are performing industrialization policy pursue the above suggestion. In Southeast Asia, Singapore, Thailand, Malaysia, Indonesia, Philippines and Brunei use this policy.

(Source: VNNBridge)

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### **When FIEs fled and refused to pay debts**

*Foreign invested enterprises (FIEs), in the past, were always considered “big clients”. Therefore, banks did not think much when providing big loans to them. However, many of them were not “big clients” at all. A lot of businessmen from Taiwan and South Korea have fled and left huge debts of tens of millions of dollars.*

The northern province of Phu Tho, for example, has tasted the bitterness from the deal with four South Korean investors.

#### *Four investors hurt the whole province*

A credit officer whom Tien phong’s reporters met, related that in the years from 2002 to 2005, a lot of local banks fell into the trap raised by the four South Korean investors and lent them a lot of money. Of these banks, Agribank Phu Tho was the biggest creditor.

Nguyen Manh Hung, Head of the Phu Tho provincial management board of industrial parks, believes that the Phu Tho Planning and Investment Department must take responsibility for the running away of the South Korean investors, because the department was assigned to control the industrial workshops and factories outside industrial parks.

Hung has confirmed the information that South Korean investors have fled and taken away the money they borrowed from banks. “No one could imagine before that the foreign investors, who looked generous, would fall into big difficulties and then escape from the country with such big sums of money,” Hung said.

“They have caused a big pain to the whole Phu Tho province,” he added.

#### *The South Korean investors – who were they?*

Tien phong’s reporters met a lot of workers who once worked for the South Korean invested enterprises. The investors turned out to be not so generous as initially thought.

Nguyen Thi Huyen was one of the tens of workers who once worked for Tasco Polycon, one of the four South Korean companies that borrowed 12 million dollars from Agribank Phu Tho.

Huyen related that the works at Tasco Polycon were simple, but she had to work hard and earned 350-400,000 dong a month. During the two year working period at the company, the laborers never got extra money for sickness, or maternity leave, and never got bonuses.

“When we were working as usual, we heard that the South Korean boss had escaped from Vietnam because he fell into insolvency. We did not get any compensation or allowances,” Huyen said.

Nguyen Manh Thang said that he was working for Tasco when he was told that the business’ owner fled. After a short time, another South Korean came and took over the workshop. However, the new boss also has fled, leaving a big unpaid debt.

“Now I am working for Robe, a Vietnamese invested enterprise. The owner of the enterprise is renting the workshop premises from a bank – the creditor of Tasco. The job has been stable. I have been working here for three years,” Thang said.

### *10 million dollars vanished into the air – who to blame?*

Tasco Polycon and Tasco Industry are the two out of the four companies which still have not paid debts to Agribank Phu Tho. The other two are Tasco Vietnam and Tasco Material. All the four companies have factories located in the Dong Lang industrial factory cluster in Viet Tri City.

The workshops of the companies are mostly one-floor buildings with corrugated iron roof. The companies mostly made simple products, such as packs, ropes, and none of the products had high values.

Therefore, no one could explain why the South Korean investors, who had out of date machines with low capacity, and only made simple products, still could borrow such big sums of money from local banks.

Agribank Phu Tho is trying to exploit the workshops left by South Korean investors by renting them to domestic producers. However, to date, the bank has only recovered 59,000 dollars and 103 million dong, while experts believe that it will take the bank tens of years to take back the sum of money it once lent to the South Korean businesses.

(Source: Tien phong)

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## **Sustaining Macro-economic Stability**

*Economic scenario for the last three months of this year is still uncertain, said Mr Vo Tri Thanh, Deputy Director of the Central Institute for Economic Management (CIEM), adding that Vietnam will hardly obtain the economic growth of 6% partly because the world economy may slide into a renewed crisis.*

The latest data released by the General Statistics Office (GSO) showed that Vietnam’s import and export turnover reached US\$147 billion in the first nine months of 2011, a big rise from the same period of 2010. Particularly, exports valued US\$70 billion, up 35.4% year on year, and imports were worth of US\$76.9 billion, up 26.9%. The domestic economic sector earned US\$32 billion from exports, up 33.1%, and the foreign-run economic sector raked in US\$38 billion (excluding crude oil), up 37.5%. The domestic economic sector spent US\$42.6 billion on imports, up 24.4% year on year, and the foreign economic sector expended US\$34.2 billion, up 30.2%. According to GSO, the rise in export in the January - September period is resulted from higher prices of Vietnam’s key traditional exports like crude oil, coffee, rubber and pepper. Notably, major exports had hefty export turnover increases, specially apparels and seafood. Garment and textile export rose 31.1%; crude oil value climbed 52%; footwear turnover jumped 30.8%; and seafood takings surged 26.4%. According to GSO, the United States remained the largest export market of Vietnam with a total value of nearly US\$11 billion, accounting for

17.8% of total exports, followed by the EU with US\$10.2 billion (16.6%), ASEAN with US\$8.6 billion (14%), China with US\$6.6 billion (10.6%), etc.

Growth in some economic sectors remained stable although their rates were not as high as previous years. In particular, the industrial production expanded 7.8% in the first nine months; mining enlarged 0.8%; processing industry rose 10.7%; and electricity, gas and water production and distribution expanded 9.6%. Nonetheless, as of September 1, 2011, the inventory index of processed and manufactured industrial goods slid 5.5% year on year. Sharp drops in inventories were seen in tobacco (17%), dairy (18.2%), pulp (22%), and motor vehicles (27.7%). According to economists, the Vietnamese economy kept moving forwards in the first nine months of 2011 but the growth in some sectors was not very high. However, given global economic downturn in combination with tightened monetary policies to curb inflation in the spirit of the Government's Resolution 11/NQ-CP, the growth was still a success of Vietnamese economy. In addition, according to the Government, inflation tends to slow down in recent months. The consumer price index (CPI) in September climbed 0.82% and GDP growth was 5.6% in the first nine months. These are good driving forces for the remaining months of the year.

The Government gave clear explanations to much-concerned government debt. According to the Government, up to 93% of government debt was ODA loans and concessional loans (ODA loans accounted for 74%; concessional loans made up for 19%).

According to economists, Vietnam's public debt is not a very serious problem because it is mainly ODA loans and concessional loans which have usually very low interest rates and very long maturity. In the future, if the current growth is maintained, the Government can absolutely balance and eliminate concerns about repayments to these debts. Besides, if Vietnam's credit ratings stayed at BB as rated Standard & Poor's, Vietnam's government debt rate was at an average level in comparison to countries with the same ratings.

(Source: VCCI)

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## NEWS IN BRIEF

**An international exhibition titled “Food and Hotel Vietnam 2011” opened at the Saigon Exhibition and Convention Centre (SECC), HCM City on September 28.** The event attracted 373 companies from 30 nations and territories around the globe such as Australia, Belgium, Germany, the Republic of Korea, Singapore, the US and Poland. On display at the exhibition were the latest technologies for the hotel industry, including products related to lighting, interior decoration, management systems, packaging, information and communications. In addition, high quality products such as frozen goods, confectioneries, milk products and beverages were also introduced at the event. The three-day event was co-organized by VCCI (Vietnam Expo) and Singapore Exhibition Services (SES) Limited.

**Vietnam's five-year bonds gained on speculation commercial lenders will lower interest rates after inflation slowed for the first time in more than a year.** Consumer prices climbed 22.42 % in September from a year earlier, easing from a 23.02 % pace in August, according to figures released by the General Statistics Office on Sept. 24. “The slowing of inflation on a monthly basis is a positive signal, supporting investors' expectation that banks will reduce lending rates,” said Luu Hai Yen, an analyst at Thang Long Securities Joint-Stock Co. in Hanoi. The yield on the benchmark five-year notes fell three basis point, or 0.03 %age point, to 12.42 % in Sep 29, according to a daily fixing from banks compiled by Bloomberg.

**Ethihad Airways, the national carrier of the United Arab Emirates, announced Wednesday (Sep 28) a codeshare agreement with Vietnam Airlines, the Emirates News Agency reported the same day.** Passengers

on both airlines will be able to take advantage of the agreement from October 30, 2011, the UAE news agency said. The agreement will allow Etihad guests to connect seamlessly through Bangkok to Ho Chi Minh or Hanoi on Vietnam Airlines' daily services. Likewise, Vietnam Airlines passengers from either destination of the country will be able to connect through Bangkok to Etihad's base in Abu Dhabi, the news agency said.

**A conference that will highlight investment opportunities in Vietnam's north central region will be held on October 17 in Vinh City, Nghe An Province**, announced the Ministry of Planning and Investment. The Investment Promotion Conference in North Central of Vietnam will attract more than 700 representatives, giving attendees the chance to exchange and find investment opportunities in the six regional provinces of Nghe An, Thanh Hoa, Ha Tinh, Quang Binh, Quang Tri and Thua Thien-Hue. In recent years, the region has seen growing investment that has led to improving socio-economic conditions. However, investment potential still remains great. Up to September 26, the region has attracted 243 foreign investment projects, worth USD19.9 billion, equivalent to 10 % of the country's total foreign-invested projects.

**Metro Cash & Carry opened a new wholesale center in Ha Long City in the northern province of Quang Ninh IN Sep 28**. Located on 2.3 hectares with a total sales floor of 5,600 square meters in Ha Tu Ward, Metro Ha Long Centre caters for businesses like hotels, restaurants, small- and medium-sized retailers, service companies and offices. With an investment of USD20.7 million, the new center sells a variety of 25,000 food and non-food products. This is Metro's 15th wholesale center in Vietnam.

**The US-based electronic manufacturing services provider Jabil Vietnam Co. Ltd. began construction of a new plant in Saigon Hi-Tech Park in HCM City's District 9 in Sep 28**. The 2.5-hectare plant with an investment of USD70 million will assemble electronics products to export to the US, Europe and Asia-Pacific markets, including office equipment, computers, printers and communication and medical equipment. It is expected to be put into operation in 2013, with an annual turnover target of USD200 million in the first year of operation. It will employ 2,000 employees.

**The Vietnamese Embassy in Malaysia and the Chinese Chambers of Industry and Commerce of Kuala Lumpur and Selangor jointly organized a seminar to boost trade in Halal products**, which are manufactured under Islamic law, in the Malaysian capital city Kuala Lumpur on Tuesday (Sep 27). The event offered a chance for Vietnamese businesses to get an insight into regulations and criteria for the certification of Halal products issued by Malaysia.

**In Sep 28, ANZ announced to set aside USD160 million to support local exporters in business expansion or investments with a competitive rate of 5-6% per year over the next 12 months**. This new credit line aims to support local exporters, especially ones operating in such areas as seafood, coffee, rice, furniture and textile, according to Calvin Nguyen, head of ANZ's Commercial Banking. "Exports, which accounted for over 70% of the total gross domestic product (GDP) in 2010, have helped Vietnam become one of the world's fastest-growing economies since 2004," he said, explaining why the bank wanted to boost trade finance. Vietnam International Bank (VIB) in Sep 28 also announced an amount of VND5 trillion with a preferential rate from 17.5% per year for firms exporting key products as well as producing basic ones.

**Sembcorp Industries said in Sep 28 that its industrial park joint venture has signed an MoU with the People's Committee of Quang Ngai province**. Under the agreement signed in Sep 28, Vietnam Singapore Industrial Park Joint Venture Co (VSIP JV) will conduct a comprehensive feasibility study of a 1,020-hectare integrated township and industrial park in the central Vietnamese province. Sembcorp leads the Singapore consortium in the VSIP JV joint venture with Becamex IDC. The proposed development comprises a 500-hectare industrial park located within the Dung Quat Economic Zone, where government-supported special economic zone incentives are made available to manufacturers. Separately, under consideration are 520 hectares of land zoned for commercial and residential purposes near downtown Quang Ngai city.

**Vietnam received 4.3 million foreign visitors in the first nine months of this year, up 15.5 % from a year earlier, authorities said Wednesday (Sep 28)**. The largest numbers of visitors during the period came from China, South Korea, and Japan with respective increases of 44.9 %, 4.2 %, and 8.2 %, the General Statistics

Office said. Vietnam aims to attract 5.5 million foreign tourists this year, up 10 % from last year. It targets tourism revenues of 5.64 billion dollars. With an income of 3.78 billion dollars, the tourism industry contributed 3.9 % of national gross domestic product last year, and expects to make nearly 33 billion dollars in 2020, or 13.1 % of the GDP predicted for that year.

**Singapore and Vietnam reaffirmed on Tuesday (Sep 27) evening their commitment to strengthen bilateral links.** The two countries also announced they would be signing an MOU to undertake a feasibility study to build an industrial park in central Vietnam. This was announced as Minister for Trade and Industry Lim Hng Kiang hosted Vietnamese President Truong Tan Sang at the Singapore-Vietnam Business Dialogue and Dinner. "Singapore companies have established a growing presence in various parts of Vietnam and in diverse industry sectors such as urban development, hospitality, transport, finance, ICT, healthcare and education," Mr Lim said. They were joined by about 100 industry leaders from the two countries, from sectors such as banking, IT, telecommunications and utilities. Singapore is Vietnam's third-largest foreign investor, with investments close to SUSD30 billion as of August 2011.

**More than 170 businesses will present 420 displays at the exhibition to honor Vietnamese products scheduled to be held in Ho Chi Minh City from October 8-13.** Processed foods, household goods, plastics, and handicrafts will be shown along with chemicals, garments, textiles, leather and footwear and machinery. In addition to the displays, a seminar to promote using Vietnamese goods, a customer appreciation program and various other activities will also be held during the exhibition.

**Vietnam ranks 81st among 152 countries in the International Telecommunication Union's ICT Development Index (IDI), moving up 10 places from its 91st position in 2008,** the Ministry of Information and Communication said on September 26. According to the ITU's report Measuring the Information Society 2011, Vietnam's IDI value rose from 2.76 in 2008 to 3.53 in 2010 with the growing number of broadband internet subscribers in the country from zero within three years. In addition, Vietnam jumped 16 places up in the ranking of the access sub-index compared to 2008. The country was place third after Armenia and Morocco among ten countries having the highest IDI growth rates in the past three years.

**Vietnam's tourism sector is always willing to offer the best services and products to Russian tourists.** Head of the Vietnam National Administration of Tourism, Nguyen Van Tuan made this statement at a recent working session with Aleksei Trichkanov, Chairman of the Committee for Investment and Strategic Projects of Saint Petersburg, on the sidelines of a ceremony to introduce Vietnam's tourism potential to the city. The two sides introduced each country's tourism potentials and strengths and acknowledged the potential for tourism cooperation between Vietnam's cities and provinces and the city of Saint Petersburg. Trichkanov said that thanks to a milder climate, a long coastline, hospitality and low-priced services, Vietnam drew the special attention of Russian visitors. He also proposed the two relevant sides work out a plan to open a direct air-route from Vietnam to Saint Petersburg, saying that it will create favorable conditions for the two countries' travelers. Last year, Vietnam welcomed almost 83,000 Russian visitors, up 50 % over 2009. This year, as many as 120,000 Russian tourists are expected to come to the country.

**Techcombank has won top awards from the Hong Kong based FinanceAsia magazine.** The magazine described it as "Vietnam's best bank in 2011", "The best cash-management bank in Vietnam" and "The best trade finance bank in Vietnam". The bank, one of the fastest growing in the nation, was the first in Vietnam to receive the three awards. FinanceAsia publisher Jonathan Hirst applauded the bank for its profit growth rate, its effective supervision of operational and credit risks, and its successful network expansion.

**Saigon Transportation Mechanical Corp. (Samco) in Sep 27 officially inaugurated the new port Phu Dinh in District 8, which will transport cargo on the HCMC-Mekong Delta route.** Developer Samco plans to put 11 quays into operation in the first phase, handling 500-ton boats and 1,000-ton barges. In addition, the port is equipped with a warehouse covering 4,600 square meters and a storage area of around 50,000 square meters to preserve farm products. Located on the confluence of the Can Giuoc River and the Cho Dem River (in Ben Luc) and Doi Canal, Phu Dinh Port is considered a convenient location to transit commodities transported by boat from HCMC to the Mekong Delta and vice-versa. Its connection with National Highway 1A and HCMC's Belt Road 2

offers more choice for enterprises in terms of goods transportation. Accordingly, the port's cargo throughput is estimated at 2.5 million tons annually.

**One of the solutions to boost the country's economic development is to restructure investment, said head of the Government Office Vu Duc Dam.** Dam said inflation appeared to be on decline with CPI dropping to a record low of 0.82 % compared to early this year. In the first nine months, exports continued to follow the upward trend while import surplus over export was reduced to a level, much lower than the laid down in the Government's resolution 11. Mr Dam added that from now till the end of the year, it is important to focus on key projects to boost production and achieve an economic growth rate of 6 %, he said as expected. In the short-term, the focus will be on maintaining monetary and fiscal policies, reducing public investment, and controlling prices in the local market. In the long-term, due attention should be paid to restructuring investment, business and financial and monetary operations.

**The Vietnam Airline Corporation (Vietnam Airlines) on September 25 announced a 35 % fare discount for customers who fly directly from Vietnam to France, Germany or Russia.** The promotional program will last until October 30 for tours to Russia and until December 31 for those to France and Germany. The national carrier now provides three service classes for the direct flights to Paris (France), Frankfurt (Germany) and Moscow (Russia), with a frequency of 23 flights per week. Vietnam Airlines plans to increase the number of flights to 29 per week by December.

**Vietnam's coffee output is likely to reach 1.32 million tons in the 2011-2012 crop, thanks to favorable climate conditions and expanded cultivated areas, according to Bloomberg.** The Ministry of Agriculture and Rural Development said that coffee-growing acreage has increased by 1.8 % to 548,200 hectares. Bloomberg forecast that Vietnam's coffee exports will rise sharply and prices will continue to fall by 23 % compared to the highest level in March due to more supply than demand. The price of robusta coffee rose to USD2,672 per ton on March 18 at the London International Financial Futures and Options Exchange (LIFFE) – the highest over the past three years. However, it hit a record low of USD1,996 per ton on July 21 and then stood at USD2,043 per ton on September 23.

**The Australian Chamber of Commerce (AusCham) in Vietnam said it would host its seventh Annual Business Awards function in HCMC in November** to honor its member organizations that have made an outstanding contribution to the business environment in this country. AusCham will present the Overall Business Excellence Award to an organization that has achieved the most outstanding performance in their field, Hospitality Award to a candidate that excels in promoting hospitality in Vietnam, and Innovation Award to the best for advancement in product or process. Other honors include the Corporate Social Responsibility Award, the excellent Professional Services provider, and the Alumni Award to a graduate from any Australian higher education institution in Vietnam or Australia who has shown excellence in any given industry or occupation.

**Vietnam's economy grew by an annual 6.11 % in the third quarter ending this month, quickening from 5.67 % in the previous three-month period, the government said.** Measures to control inflation and stabilize macro economy have achieved preliminary positive results, Minister Vu Duc Dam who heads the government office was quoted as saying in a statement released late on Monday (Sep 26). The annual growth in the July-September period is above Vietnam's full-year economic growth target for 2011 of 6 % but is lower than the 7.18 % in the same quarter last year, based on government data.

**Vietnam's national debt stood at 42 % of the country's gross domestic product at the end of 2010, Nguyen Cong Nghiep, deputy minister of finance, said at a press briefing in Hanoi in Sep 27.** Vietnam aims to limit its national debt to a maximum of 50 % of gross domestic product, said Nghiep, without providing a timeframe.

**Taiwan was Vietnam's largest market for tea by importing 8,900 tons, or USD11.1 million worth of tea from Vietnam in the first half of this year,** according to statistics of Vietnamese customs authorities. The statistics show that Vietnam exported 53,300 tons of tea worldwide valued at USD78.3 million, in the six-month period, representing a decrease of 3.5 % year-on-year in volume but an increase of 1.1 % in value. Vietnam is the world's fifth largest tea exporter, shipping to 110 countries in the world, according to reports on Vinanet.com.vn.

**The Vietnamese Ministry of Foreign Affairs inaugurated Vietnamese Consulate in New York on Sept. 25, in the presence of Minister Pham Binh Minh.** Vietnamese Ambassador to the US Nguyen Quoc Cuong and Head of the Vietnamese Permanent Delegation to United Nations, Ambassador Le Hoai Trung, also attended the inaugural ceremony. In addition to providing consular services, the consulate will protect the legitimate rights and promote the interests of the State, legal entities and citizens of Vietnam in the US. It will also strengthen relations between the US's northeastern region and Vietnamese partners. The Vietnamese consulate in New York is the third consular agency Vietnam has opened in the US, after the consulates general in San Francisco of California and Houston of Texas.

**A talk was held in Buon Ma Thuot city in Dak Lak province on September 26 to discuss the expansion of e-customs applications.** The event was co-organized by General Department of Vietnam Customs and the Chamber of Commerce and Industry (VCCI). At the seminar, representatives from Vietnam Customs and the VCCI introduced an overview of e-customs and information technology (IT) to support businesses as well as the benefits that businesses can enjoy if they utilize e-customs applications. The seminar also answered questions about e-customs and introduced businesses to the advantages of e-customs and related incentives for businesses. According to Vietnam Customs, e-customs applications have been implemented in 13 customs departments and 80 branches nationwide and handling customs procedures for nearly 43,000 businesses.

**German joint venture Fresenius Kabi Bidiphar Co, a market leader in infusion therapy and clinical nutrition, opened a new plant in Quy Nhon in 26 Sep.** The 15,000sq.m plant, which was two years in the construction, cost VND340 billion (USD16.5 million) and replaces German firm Fresenius Kabi's existing production facility in Quy Nhon. It allows the company to almost double its manufacturing capacity for infusion solutions and liquid medications, mostly meant for the Vietnamese market. Nearly 380 employees will work at the facility. The manufacture of infusion solutions has already received a GMP (good manufacturing practice) certificate based on guidelines set down by the World Health Organization.

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## COMING EVENTS

### Vietnam Electronics

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam

Industry: [Electronics & Electricals](#)

Start Date: 16 Oct 2011

End date: 19 Oct 2011

#### Visitors' profile

Trade Visitors only - Electrical contractors, engineers, equipment manufacturers, inspectors/supervisors, wholesalers, supply authorities, Government - state/federal, Industrial installation, Manufacturers, OEM's/CEM's, Plant engineers/personnel, Radio communications, Research & development, Service/support engineers, Switchboard builders.

#### Exhibitor's profile

Profile of exhibit include Cables and busbars, Communication engineering, Computer and communication technology, Data communications, Electrical components and accessories, Electronic engineering, Hi-tech products and new techniques, Industrial equipment and accessories, Installation and control equipment, Lighting and lamps, Programmable logic controls, Storage/enclosures etc.

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## Vietnam Motor Show

Venue: [GiangVo Exhibition Centre & Fairground](#)

Country: [Ha Noi, Vietnam](#)

Industry: [Automotive](#)

Start Date: [16 Oct 2011](#)

End date: [20 Oct 2011](#)

### Visitors' profile

Target audience - High-net-worth families & individuals, Executives & Businessmen, Overseas Buyers, Automobile Professionals, Corporate Buyers - CEOs, Decision Makers, Transport Operators, Tourism & Hospitality, Engineers, Technicians, Media & Press, Both trade visitors and public visitors.

### Exhibitor's profile

Profile for exhibit includes More than hundreds of famous companies in supporting industry: spare parts, accessories, component companies, car interiors, oil & lubricant, Luxury Cars, Passenger Cars, Specialist Vehicles, Motorcycles, Scooters and Mopeds, and off-road vehicles Manufacturers & Dealers of Automobiles, Components and Accessories, Audio Video Equipment, Car-Care Products, Environment and Safety Equipment, Garage and Service Equipment, Moulds and Dyes, Oils & Lubricants, Petrol vending machines, Tyres, Batteries and Auto Electricals, Upholstery.

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## Vietnam International Trade Expo

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

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

Industry: [Household Consumables](#)

Start Date: [30 Nov 2011](#)

End date: [03 Dec 2011](#)

**Visitors' profile:** Mainly trade visitors comprising local (Vietnamese) importers, wholesaler-distributors, retailers - many of whom visit the event to seek agency and distributorship with the foreign exhibitors.

**Exhibitor's profile:** Manufacturers and exporters of industrial equipment (building / construction, metallurgy, electrical, industrial automation), Healthcare and Consumer Goods (F&B, Furniture, Household, Fashion, Gifts & Premiums ) - VITE is your effective gateway into the Vietnam market.

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## Vietnam International Shop + Franchise Show

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

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

Industry: [Business Services](#)

Start Date: [03 Nov 2011](#)

End date: [05 Nov 2011](#)

**Visitors' profile:** Shop: Retailer/Wholesaler, Show Owner/Managing Company, Architects, Interior Designer, Construction Company, Investing Company, Government Official, Public Sector Official.

**Exhibitor's profile:** Profile for Shop segment includes Shop Design & Renovation, Shop Equipments, Retail Technology, Professional Consulting, Sales Point Information and Communication Technology, Decoration, Advertising and Marketing, Fair Stand, Kiosk design and Special Organisations. Profile for

Franchise segment includes Food&Beverage, Beauty&Health, Fashion, Retail&Wholesale, Consulting Service, Education and other Specialized Retail Services.

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### **Vietstock Expo & Forum**

*Venue:* GiangVo Exhibition Centre & Fairground

*Country:* Ha Noi, Vietnam

*Industry:* [Agriculture & Forestry](#)

*Start Date:* 09 Nov 2011

*End date:* 11 Nov 2011

#### ***Visitors' profile***

Policymakers, decision makers, businessmen, experts & consultants, farmers, service providers, accessories providers, distributors, exporters, importers are the target visitors.

#### ***Exhibitor's profile***

Profile for exhibit include Land Reclamation, Harvesting and Threshing solutions, Agriculture Machinery-Equipment & Accessories, Soil processing machinery, Waste recycling & environmental protection equipment, Green House Technology, Seeding, Sowing, fertilizing& Planting Equipment, Polishing Systems, Irrigation & Drainage Systems, Chemical Spraying & Fertilizing, Grain Harvesting, Food Processing Equipment, Poultry Equipment & Technology, Dairy Products Processing Machine.

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### **International Agriculture Trade Fair**

*Venue:* The Exhibition Fair

*Country:* Ha Noi, Vietnam

*Industry:* [Agriculture & Forestry](#)

*Start Date:* 11 Nov 2011

*End date:* 14 Nov 2011

#### ***Visitors' profile***

Foreign business relation to purchasing goods and fair-trading. Organizations, businesses and individuals active, interested in agriculture. The State management agencies, the policy research unit, the Agriculture Strategy. People interested in the agricultural sector.

#### ***Exhibitor's profile***

Profile for exhibit includes Agricultural products:-rice, tea, coffee, cashew nuts, pepper, clean and fresh vegetables and fruits, Aquatic products and breeding animals:- Livestock, poultry, and aquatic, Nutrition food:-Milk and dairy products, Forestry Products:- Wood, bamboo and the yield from the forest, Agricultural materials:-Fertilizers, insecticides and preservative, Biochemical finished products, Traditional handicraft products.

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### About Viipip.com

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

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