

**VIETNAM: TRADE &  
INVESTMENT BULLETIN No.28**

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**VIETNAM INDUSTRIAL PARKS  
INVESTMENT PROMOTION  
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*Dear all,*

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November 2011

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## GENERAL REVIEW

### Brief on socio-economic situation in September and first nine months of 2011

*On the basis of synthesizing the reports of ministries, sector and localities, the Ministry of Planning and Investment has made a report on socio-economic situations in September and first nine months of 2011 as below:*

#### 1. Economic growth and development of economic sectors and industries

##### a) Growth rate of Gross Domestic Product (GDP)

The GDP growth rate of the 3<sup>rd</sup> quarter was higher than previous quarters, occupying 6.11% (up 5.43% and 5.67% in the 1<sup>st</sup> quarter and the 2<sup>nd</sup> quarter respectively). The GDP growth rate in the first nine months of 2011 was estimated to reach 5.76%, lower than that of the same period last year (6.52%); of which agriculture, forestry & fishery sectors increased 2.39%, industry and construction and service sectors grew by 6.62% and 6.24% respectively.

These results were very encouraging in the context of difficult international and domestic economy.

##### b) Industrial production

Index of Industrial Production (IIP) in September 2011 was estimated to grow by 2.1% as against the previous month and raised by 12% over the same period a year earlier. Generally, the first 9 months of 2011, IIP increased by around 7.8% over the same period last year.

##### c) Agricultural production

In the first nine months of the year, the total production value of the agriculture, forestry and fishery sector (at the fixed rate) was estimated to increase 4.1% over the last year; of which agriculture, fishery and forestry rose by 3.7%, 5.2% and 4% respectively. Animal husbandry was developed stably. As estimated, the total fishery output value was 4,082 thousand tons, going up 3.9% year on year.

##### d) Service sector

In the beginning nine months of 2011, the total retail sales of goods and services were estimated to increase by 22.8%, lower than that of the same period of 2010 (up 25.4%); the number of international arrivals to Vietnam was at an estimate of over 4.31 million, up 15.5%. Transport, post and telecommunication activities continued developing relatively, better and better meeting social demands and people's life.

##### d) Development of enterprises

In the first nine months of 2011, the country recorded about 578,000 newly registered companies with a total registered capital of over VND363.7 trillion, down about 7.8% in number and 4% in capital amount as compared with the same period of 2010. About 47,000 enterprises were wound up with the total capital of business registration of about VND34 trillion.

#### 2. Macroeconomic stabilization and inflation control

##### a) Prices, inflation

The Consumer Price Index (CPI) in September 2011 increased by 0.82% month on month, which was the lowest growth level from beginning of the year and was the 2<sup>nd</sup> consecutive time with the growth level of price index of below 1%. The Consumer Price Index in September 2011 was raised by 16.63%

as compared to December 2010; up 22.42% over the same period last year. Averagely, the price index in the first nine months of 2011 was put up 18.16% as against the same period of 2010. Basic inflation excluding the group of food, foodstuff of September 2011 over December 2010 was raised by 13.81%; additionally excluding the group of energy, was up 12.47%.

### ***b) Export - import***

*Total export revenue* in September 2011 was estimated at USD8.3 billion, decreasing 10.2% month on month; the accumulated value in the first nine months of 2011 was at an estimate of over USD70 billion, representing an increase of 35.4% as against the same period last year (23,2%) and three- time increase compared to the planned target adopted by the National Assembly (10%).

*Total import revenue* in September 2011 was estimated to gain USD 9.3 billion, representing month on month decrease of 3.6%; the accumulated value in the first nine months of 2011 was estimated at about USD76.87 billion, up 26.9% over the same period last year (22.7%).

In the beginning nine months of 2011, the volume of imported goods recorded the highest growth was rubber (up 30.8%) year on year; followed by fertilizer (up 30.5%); and completely-built automobile (up 20.3%).

*Trade deficit* in September 2011 was approximately USD1 billion, equal to 12% of the export revenue; the trade deficit recorded in the first nine months of the year was approximately USD6.84 billion, equal to 9.8% of the total export revenue, which was much lower against the same period last year (16,7%).

### ***c) State budget revenue and expenditure***

As estimated, from the beginning of the year to September 15, 2011, State budget revenue totaled over VND467.1 trillion, equal to 78.5% of the yearly estimate while the State budget expenditure was around VND511.6 trillion, equivalent to 70.5% of the yearly estimate. Generally, the State budget revenue continued to gain fairly, meeting expenditure tasks as the assigned estimate, to ensure arising expenditures in a timely manner.

### ***d) Development investment***

The development investment expenditure from the State budget until September 15, 2011 was estimated to reach VND108.2 trillion, equaling 71.2% of the annual plan, equivalent to the same period last year.

The disbursed investment credit capital financed by the State was estimated at VND18.2 trillion, equaling approximately 79.1% of the annual plan, or a year-on-year increase of 13.7%; the realized FDI capital in nine months of 2011 was at an estimate of USD8.2 billion, raised by 0.2% over the same period of 2010, of which foreign capital was about USD6 billion, equivalent to that of the same period last year; ODA disbursement was estimated at USD2.15 billion, equaling 89.6% of the yearly plan, representing a year-on-year increase of 12%.

## **3. Education, training, healthcare, culture and other social fields**

The education – training field well prepared for the 2011-2012[1] school year; promulgated documents guiding the tasks of school year at all school levels; focused on reviewing programs and books in order to adjust the teaching and studying contents towards cutting curriculums down, improving the teaching and studying; organizing to consider and select the 2<sup>nd</sup> expectation for candidates taking exams of universities and colleges...

As estimated in September, approximately 1,366,000 jobs were created, of which about 66,000 labourers were sent to work abroad. Generally, in the first nine months of, over 11,271,000 jobs were estimated to create, occupying 70.45% of the annual plan; about 6,713,000 labourers<sup>2</sup> were sent to work abroad, equaling 77.16% of the yearly plan. Levels, sectors continued to well implement social security, hunger eradication and poverty reduction policies.

In the beginning eight months of 2011, there were 8,984 traffic accidents nationwide, representing a year on year decrease of 1.3%; of which: killing 7,550 people, up 0.6% and injuring 6,908 people, up 2.7%. There were 37 traffic accidents nationwide happening each day on average in the first eight months of 2011.

**In general**, in September and the first nine months of 2011, GDP of the 3<sup>rd</sup> quarter maintained increase in the growth rate, higher than previous quarters, consumer price index recorded the lowest increase from the beginning of the year and gained below 1% in the 2<sup>nd</sup> consecutive month; industrial production continued a growth rate; agricultural production gained good results; export revenue continued to achieve a high growth rate; State budget revenue showed a growth; State budget deficit gradually decreased; banker's rate is being adjusted towards the reduction step by step.

However, macro-economic situations were not stable, high risk of re-inflation was implicit; people's life, especially in industrial zones, in flood-affected areas met many difficulties; traffic accident was still high; social evils were pressing matters.

(Source: *Cong Chính Phu* + *MPI*)

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### **USD 50 Million for Rural Internet Connection**

*The Ministry of Information and Communications said that Prime Minister Nguyen Tan Dung permitted it to launch the second phase of the trial project on improvement of computer usage and public Internet access ability (BMGF-VN) in 40 provinces and cities across Vietnam, at a total cost of more than USD 50 million.*

Of this, the Bill & Melinda Gates Foundation would provide USD 30 million worth of non-refundable aid; Microsoft would grant USD 3.6 million worth of computer procurement; and Vietnam would provide the rest worth of reciprocal capital.

The first phase of the project was launched in 2009 costing about USD2.18 million, most of which came from the Bill & Melinda Gates Foundation.

Phan Huu Phong, the director of the BMGF-VN project, said that the project has completed equipment and computer installation and made public applications and the benefits of Internet use and access and the state's policies on information communications technology (ICT) in rural areas.

It has also launched computer and Internet access courses for thousands of rural people and business skill courses for officials of 99 public telecommunications stations at commune cultural post offices in the provinces of Thai Nguyen, Nghe An and Tra Vinh, which face difficulties and represent the north, the central region and the south of Vietnam

(Source: *VEN*)

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## **[New direct air link between Vietnam and UK](#)**

Vietnam Airlines will conduct direct flights from Hanoi and Ho Chi Minh City to London as of December 8, 2011.

This was announced by the British Embassy in Hanoi on November 3. Accordingly, Vietnam Airlines will have four flights a week in the immediate period on the direct air route, which is the fourth of its kind to one of majorities in Europe, aside from Paris, Frankfurt and Moscow.

The airline is expected to use Boeing 777-200ER aircraft in seven weekly flights by 2014. Currently, the UK is considered one of Vietnam's leading investors, with two-way trade turnover reaching over USD2 billion in 2010.

Last year, nearly 90,000 British tourists visited Vietnam, up 28% compared to 2009. More than 40,000 Vietnamese are living and working in the UK and more than 4,000 students studying there. The opening of the direct air route will help the two countries boost aviation cooperation and attract more tourists.

(Source: VOV)

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## **[Vietnam Welcomes 4.83 Million Foreign Tourists in 10 Months](#)**

*The number of foreign tourists to Vietnam in the first ten months of 2011 reached an estimated 4.83 million, an increase of 15.8% on last year, reported the Vietnam National Tourism Administration.*

In October, the country attracted more than 518,000 foreign tourist arrivals, up more than 80% from October last year. Over the past ten months, more than 4 million foreign tourists came to Vietnam by plane, a year-on-year rise of 20.8%. On the contrary, the number of foreign tourists to Vietnam by sea and road saw decreases of 27.1% and 0.4% compared to the same period last year.

Of a total of 4.83 million foreign tourists to Vietnam from the start of the year, more than 2.9 million visited the country for tourism purposes, a year-on-year rise of 11.9%. The rest came to the country for business, visiting relatives and other purposes.

So far this year, almost all foreign markets of Vietnam tourism have seen year-on-year increases. Visitors from Cambodia rose 56.9% while the number of tourists from China (45.8%), the Republic of Korea (6%), Japan (8.5%), Taiwan (5.9%), Malaysia (11.7%) and the US (0.09%) also saw positive increases.

(Source: CPV)

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## **TRADE**

### **[Slower inflation helps boost retail sale](#)**

*The country's retail sales value of goods and services last month increased 1.92% over the previous month to nearly 167.6 trillion VND (8.56 billion USD), thanks to a continuous deceleration of the Consumer Price Index (CPI), according to the General Statistics Office (GSO).*

Vu Manh Ha, a GSO expert, said that the CPI slowdown in October, which reduced prices of certain consumer goods, contributed significantly to the surge in retail sales value.

Last month was the third consecutive month that the CPI growth rate went down. The General Statistics Office reported that CPI last month surged only 0.36% against September, the lowest level since July 2010.

October's figure lifted the total retail sales value of goods and services in the first 10 months of the year to 1,561 trillion VND (75.48 billion USD), up 23.1% over the same period last year. However, considering the inflation, the surge was only 3.9%, much lower than the rate of 15% in the first 10 months of last year.

The 3.9% rise has been unchanged since August and equal to only half of the increasing rate in the first seven months of the year.

With a growth rate of more than 23.3% during the first 10 months, the commercial and hotel-restaurant sectors contributed more than 90% of the nation's total consumption revenue.

Ha projected that the growth rate would be higher in the next two months, explaining that CPI was continuously decreasing and that consumption demand often increased significantly at the end of the year during the holiday season.

Last year, the country's total retail sales value of goods and services jumped by 24.5% against the previous year to 1,561 trillion VND (74.3 billion USD).

(Source: GSO + Vietnam+)

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## **Vietnam Finds Great Opportunities in Rice Export**

*Indonesia, the Philippines and Bangladesh, the three largest Vietnamese rice importers, announced more rice imports from Vietnam at a recent international rice conference held in Ho Chi Minh City.*

This seems to be a very favorable opportunity for Vietnam to become the largest rice exporter in the world. However, according to experts, in order to achieve this position, Vietnam must be more vigilant and thoughtful and more active to adopt timely and appropriate policies.

According to experts attending the international rice conference, Vietnam finds great opportunities to play a larger part of international rice market after the Government of Thailand decided to purchase all the domestic rice and India is facing some obstacles relating to logistic systems in taking rice export.

Moreover, Indonesia, the Philippines and Bangladesh - three traditional customers - have transmitted a green light to new rice imports from Vietnam because they are suffering adverse weather impacts on crop production.

Ms Korbsook Lamsuri, former President of the Thai Rice Exporters Association, said Thai exporters are encountering lot of difficulties due to flooding and unclear new policies.

Whereas, India has entered the low-end market and Thailand may lose some of its share in this segment. India is a dangerous opponent and it may oust Thailand from such markets as Iraq, Iran, Africa and Malaysia.

“Rice is a special commodity, but it has not recently put on a right role of market-driving commodity without political influence.

The new government has identified priorities to filling the rice and poverty gap. Hence, the role of traders will almost vanish and Thailand will lose its market shares,” Korbsook Lamsuri showed her

opinion. Besides, she affirmed that the rice export market is very volatile and rice exporters must understand the market to be successful.

(Source: VCCI News + Viipip.com)

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## **Mekong Delta to Have Centralized Aquaculture Complex**

*The Mekong Delta Business Forum concurred with the Mekong Delta Economic Cooperation Forum (MDEC) recently held in Ca Mau province. Many hot issues concerning linking regional strengths and businesses were put forth for discussion and analysis. One special topic was the request for formation of industrial parks and export processing zones for the Mekong Delta region.*

The Mekong Delta is one of seven major economic regions of Vietnam. Its agricultural production value leads the nation, with 33.2% of the country's total; its rice export value accounts for 90%; fisheries output makes up for 58.7%; and fruit production contributes more than 70% to the country's value.

The huge resources and abundance of this land are seen in its twin strengths of agriculture and fisheries. With trade surplus, these two sectors are major forex earners for Vietnam. Big regional exporters include Can Tho City, Long An, An Giang and Ca Mau provinces.

However, most attending enterprises agreed that agricultural and fisheries development of the Mekong Delta region is short of its potential and contains hidden elements of non-sustainability. Particularly, agricultural and aquatic products have low added value and production is poorly planned.

Mr Tran Van Quang, Chairman and General Director of Minh Phu Seafood Joint Stock Company, said Mekong Delta aquatic processors outnumber other regions in the country but they lack business linkage. As a result, they do not have good buying and selling prices.

He said Ca Mau province has 27 seafood companies, with nearly 100 export shrimp processing facilities. This mushrooming development is leading to severe shortages of input materials, forcing many companies to break export orders. Even the Vietnam Association Seafood Exporters and Processors (VASEP) cannot do anything to improve the situation.

The same thing has also happened in the sugar industry. Unfair competition as a result of insufficient input sources has weakened the competitiveness of the regional industry. All sugar factories have their own material zones, but not large enough to meet operating demand. Due to material undersupply, these factories usually fuel up price wars to rake in inputs.

To address these shortages, Hsien Wen Chu, a representative for Taiwanese companies in Vietnam, proposed the formation of centralized industrial parks and export processing zones for the Mekong Delta region which will specialize in producing rice, seafood and other agricultural products for export. He explained that infrastructure systems in the Mekong Delta region are very poor, resulting in high transport and logistics expenses in total production costs; thus, the presence of such facilities will help reduce these costs and increase the region's magnetism to investors. He said many companies supported this suggestion.

In response to requests from businesses, Deputy Minister of Planning and Investment Dang Huy Dong said, to deal with the fact that Mekong Delta-based companies are rapidly expanding operating scale but lacking business linkage, the Ministry of Planning and Investment is planning to establish a fisheries complex for the entire region which will include research institute, laboratory, breeding facility, production zone, and sales networks.

The ministry is now working with Mekong Delta localities on this issue and expects to come to the final decision soon. This complex will be in a prime location where access to traffic routes is very convenient. Once this plan is realized, businesses will play a vital role. Mr Dong said, “If the fisheries complex for the entire Mekong Delta region is formed, it will help improve the competitiveness of Vietnamese agricultural and aquatic products on the market.”

Remarking on this issue, Mr Phan Chanh Duong, Former Deputy Director of Management Board of Ho Chi Minh City-based Tan Thuan Export Processing Zone, said, in addition to focusing on building a synchronous transportation system, Mekong Delta provinces also need to build high-tech industrial parks and develop particular mechanisms and policies for the development of such facilities.

(Source: VCCI)

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### **An Giang, Dong Thap insure 160,000 hectares of rice**

*The Mekong Delta provinces of An Giang and Dong Thap plan to insure 80,000 hectares of rice each by the year-end in accordance with an experimental supporting program launched by the Government.*

Representatives from Department of Agriculture and Rural Development of An Giang on Thursday (3 Nov) met with farmers from An Phu, Chau Thanh and Thoai Son districts to prepare insurance contracts.

The contracts between the three districts’ farmers and Bao Minh Joint Stock Corp. should be signed at the end of this month, said Doan Ngoc Pha, deputy director of An Giang Province’s agricultural department. “Insurance premiums are estimated to account for 2.3% of total value of each contract or farming expenses on every crop and is paid for every crop despite one-year term contracts,” noted Pha.

In Dong Thap, Bao Viet Insurance Corp. is chosen as the insurer of rice growers of the districts of Tan Hong, Thap Muoi and Chau Thanh. According to Duong Nghia Quoc, Director of Agricultural Department of Dong Thap, insured agricultural land can be around 80,000 hectares.

Farmers are required to hand in premiums in line with every crop as paddy prices are volatile from time to time and the sum of the premium is small, explained Quoc.

As per Decision 315/QD-TTg, a pilot program to buy insurance products for the local agricultural sector is set to be deployed during 2011-2013 in 21 provinces. The purpose is to help farmers ease losses caused by natural disasters and epidemic diseases.

Accordingly, poor farmers will receive 100% support of insurance premiums from the Government and this figure is set at 80% for those who are close to the poverty line. Other farming households or individuals as well as agricultural production organizations will be given 60% and 20% respectively.

The program is aimed at paddies, buffalos, cows, pigs, poultry, tra and basa fish, shrimp and white-legged shrimp across the country, such as Thai Binh, Nghe An, Bac Ninh, Dong Nai, Bac Lieu and Ca Mau.

(Source: SGT)

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### **Ministries urge changes to import, export tariff levels**

*Ministries, industrial sectors and associations have proposed several changes to a draft on export and import tariffs for next year.*

The Price Management Department under the Ministry of Finance said that due to increased world petrol prices, Vietnam's fuel import tax had been held at 0-5%.

The department added that the proposed fuel import tax rate of 0 to 5% set for the next year would be lower than the 40% rate as required by the World Trade Organization (WTO) from 2012. Therefore, it was suggested that next year's rate be calculated based on national commitment to the WTO.

Meanwhile, the Vietnam Cement Industry Corporation (VICEM) said that an import tax rate of 15% based on clinker for 2012 would be too low, causing an adverse impact on domestic producers.

As a result, the corporation requested a higher tax level be implemented to help revive the local sector. However, VICEM also asked that a zero tax rate be applied in promotion of cement exports in order to help reduce existing stockpiles.

The Vietnam Rubber Association meanwhile requested a higher import tax rate of 20% to replace the proposed 10% rate for automobile tires coded 4011.62.10, 4011.63.10 and 4011.92.10 as they could be produced by domestic manufacturers.

The Ministry of Culture, Sports and Tourism in turn said that black-and-white film coded 0372.97.10 should enjoy a zero tax rate, due to it being used for archival purposes only, without affecting tax revenues. As for compact discs and tapes coded 8523, the ministry requested a high tax rate be applied to prevent pirated imports.

Since last month, the Ministry of Finance, having gathered recommendations on its new import/export tariffs draft, said that changes would not significantly impact exports.

The draft has called for import taxes based on more than 1,000 items be cut in accordance with WTO commitment.

(Source: VIR/VNA)

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### **Dak Lak prepares to defend patent rights of Buon Ma Thuot Coffee**

*The People's Committee in the central highland province of Dak Lak on Thursday (3 Nov 2011) held a meeting to discuss ways to protect the brand rights of Buon Ma Thuot coffee brand.*

Officials present at the meeting all agreed that the best way to resolve the issue would be to sue the Chinese company that had gained patent rights, and demand that it cancel its rights over the Vietnamese coffee brand.

Guangzhou Buon Ma Thuot Coffee Company in Guangdong province of China has patented two Vietnamese brands. The "Buon Ma Thuot in Han-Chinese script" brand, for the period November 14, 2010 to November 13, 2020 and the "Buon Ma Thuot Coffee-1986" for the period June 14, 2011 to June 13, 2021.

The People's Committee of Dak Lak province has authorised Buon Ma Thuot Coffee Association to deal with the issue, choosing the Hanoi based Pham and Associates Law Firm to begin proceedings against the Chinese company to terminate their patent rights of the Buon Ma Thuot coffee brand.

Vu Khanh Toan, head of Pham and Associates Law Firm, said they are gathering more information to consolidate a strong legal case. Within a week, they will direct their law office in Beijing to write a letter to the Guangzhou Buon Ma Thuot Coffee Company asking cancellation of their patent rights to the said coffee brand.

If the Guangzhou Buon Ma Thuot Coffee Company demands less than USD 8,000 for cancellation of patent rights, Toan said he would agree to pay the amount. However, if the Chinese Company demands more than USD 8,000, then they will take legal action and file proceedings.

The Buon Ma Thuot coffee brand was granted a National Protection Certificate in 2005 by the National Office of Intellectual Property in Vietnam, however it failed to register the brand in other countries.

(Source: SGGP)

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## INVESTMENT

### Despite losses, Vietnam will still build more airports

*Many experts think that Vietnam now has too many airports, while only three of them can make profit. However, the Ministry of Transport has affirmed that Vietnam needs to build more airports.*

Over the last many years, the Civil Aviation Authority of Vietnam (CAAV) has continuously received the requests from local authorities to speed up the programming of the airport system, terminals and new air route development. It is obvious that airports are believed to play a very important role in the development of local economies.

In 2010, the national air flag carrier Vietnam Airlines opened a series of domestic air routes, even though it reportedly incurred the loss of 10 million dollars a year with the domestic flights.

Explaining this, Vietnam Airlines' General Director Pham Ngoc Minh said that Vietnam Airlines had found a reasonable way which allows it to expand the domestic air routes, under which the air carrier would develop the air routes with the cooperation with local authorities and businesses. The three involved parties would share the financial burden in the first phase of operation in exploiting the market.

Minh affirmed that he can see the high potentials in the domestic aviation growth. International institutions believe that Vietnam has the second fastest aviation growth rate in the world in the next three years. The leaders of Quang Nam and Nghe An provinces have also expressed their support to the cooperation among the three parties.

“We encourage officials to go on business by plan, spend billions of dong to carry passengers free of charge from the central area of the province to the airport, call on local businesses to give financial support to the advertisement of the new air routes to the locality,” a representative of Quang Nam province said about the cooperation.

The local authorities plan to spend at least three billion dong a year in the first two or three years of cooperation in order to share difficulties with Vietnam Airlines when developing a new air route.

Most recently, the Thanh Hoa provincial has suggested using the Sao Vang airport while waiting for a new modern airport to be built. Vietnam Airlines has sent its staff to survey the possibility of using Sao Vang airport to meet the requirements for economic development of the province.

Local authorities of Quang Ninh, An Giang, Kon Tum provinces and Phu Quoc islands have also expressed their willing to develop local airports soon.

Replying to the criticism that Vietnam has too many airports and a lot of them have not been fully used, Nguyen Thi Minh Ngoc, Head of the Planning and Investment Division of CAAV said that the

investments in the aviation infrastructure have been coming in accordance with the airport system development strategy approved by the Prime Minister in 2009.

CAAV is now managing 21 airports, and under the strategy, five new airports will be built in the future, including Lao Cai, Quang Ninh, Long Thanh, Ca Mau and Vung Tau. Five other airports have also been named in the investment plan, namely Lai Chau, Kon Tum, Thanh Hoa, An Giang, Phan Thiet and Quang Tri.

When asked why some airports are located near to each other, Deputy Head of CAAV Dinh Viet Thang said that Vietnam has great potentials to develop airports and that 26 airports is not a high number if compared with other regional countries.

“I have to explain that we build an airport in Vinh City, which is very near to Dong Hoi airport not to fly from Vinh to Dong Hoi which is just 200 kilometers far from each other. We need the airport in Vinh City to establish the air routes from Vinh to HCM City or to the Central Highlands,” he said.

“Stemming from such a viewpoint, I can say that the airport programming is reasonable, though we will open more air routes when we can see the demand on the market,” he continued.

It costs 3-4 trillion dong to build an airport, while a lot of airports have reportedly incurring loss because they only serve several flights per day. Therefore, experts still have doubts about the feasibility of airport projects. However, Thang has affirmed that the domestic market remains very big, and if airlines can exploit the market well, they will be able to increase the flight frequency.

(Source: *Giao thong van tai*)

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## **UK eyes Vietnam as an important emerging market**

*UK Secretary of State for Business, Innovation and Skills, Vince Cable, said Vietnam is one of the important emerging markets that the UK wants to build long-term relationships with in different fields, especially in trade and investment.*

Cable highlighted the message at a meeting with reporters in HCMC on Thursday afternoon (3 Nov) before he completed the HCMC leg of his visit to Vietnam. He is now in Hanoi to explore opportunities to deepen the strategic partnership between the UK and Vietnam through scheduled meetings with senior Government officials.

The UK recognizes that the growth and the dynamism of the world's economy are coming from emerging markets, particularly in Asia, where there are India, China, Indonesia and Vietnam. Cable said these were among the countries especially important and that the UK would be taking “a lot of time and energy” to build long-term relationships with. The UK is optimistic about its trade with Vietnam growing to a new level. “We have set a target of USD4 billion for trade in both directions in 2014. That's our objective and we are on track to achieve that...,” Cable responded to a relevant question raised by the Daily.

Last year, the UK-Vietnam trade broke the USD2 billion mark and is projected to reach USD3 billion within next year, according to the UK Trade and Investment in Vietnam.

Cable said the two-way trade was expanding rapidly and that Vietnam exported to Britain five times as much as that country's exports to Vietnam. He noted this trade gap was not a problem but urged the European country to increase its exports to Vietnam.

Financial, educational and consulting services as well as high-tech manufacturing and services in the transport sector are among the fields that British companies seek to cash in on because of high demand in this country of more than 86 million people.

An example is the British Vietnamese International School (BVIS) in HCMC's Binh Chanh District. HCMC Vice Chairman Hua Ngoc Thuan and other British and Vietnamese officials on Thursday (3 Nov) participated in the official opening ceremony of this school.

Teachers at the school have been trained to UK standards and will teach curricula based on the British education system, but with due attention to the Vietnamese language, literature, history and geography.

BVIS principal Michael Deveney told reporter after the opening ceremony that the school had enrolled some 350 students aged from two to 14 for its first academic year. The school will be able to admit up to 2,000 students.

Speaking at the opening ceremony, Cable said British companies in Vietnam were looking for more employees with international qualifications and competence in English and Vietnamese languages. At the press conference, Cable said a lot of British companies that he met said they were generally operating very well, appreciated Vietnam for its fast growth and good talented people, and wanted to expand in this market. Therefore, Cable said the message he received from British companies in Vietnam was "very positive."

The UK and Vietnam signed a strategic partnership agreement in September last year with an aim to elevate bilateral relationships in areas of trade and investment, sustainable socio-economic development, education and training, science and technology, security and defense, and people-to-people links among others. Cable said there had been specific steps already taken since the agreement and Vietnam Airlines' launch of its direct flights to London this December was one of the direct results.

Now, the UK is trying to build up trade and investment relationships with Vietnam in the areas where British companies had advantages in financial services, know-how and capital for the public-private partnership projects (PPP), oil exploration and drilling.

At a meeting with reporters last month, British Consul General Tim Brownbill said the UK investment in Vietnam stood at USD2 billion and expected the number to exceed USD3 billion by the end of next year.

(Source: Saigon Times)

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### **Japan lends Vietnam USD 1.2b to invest in infrastructure**

*Japan International Cooperation Agency (JICA) and Vietnamese Ministry of Finance (MoF) in November 2, 2011 signed a credit agreement worth USD 1.2 billion to invest in infrastructure projects in Vietnam.*

Under the contractual agreement, projects prioritized to receive this capital source include port project in Lach Huyen, Vietnam space centre project (project in response to climate change and disasters using satellite technology), project to build Nghi Son thermo power plant, adaptation support program with climate changes and project to build North-South highway (Ben Luc-Long Thanh).

Of which, Nghi Son thermo power plant project will receive the biggest loan of up to 40.33 million yen with the interest rate of 1.4% per annum and the payback period is 30 years, including 10 years of grace

period. The remaining projects have the interest rate of 0.2-0.3% p.a. with loan duration of 40 years (10 years of grace period).

Thus, with this loan agreement together with previously signed contracts in January and June totaled at 99.1 billion yen (nearly USD1.269 billion), Japan has provided Vietnam 191.8 billion yen (over USD 2.455 billion) worth ODA (official development assistance) capital in 2011.

(Source: Vietbiz24)

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### **Investment policies change, investors fear they would lose incentives**

*A lot of foreign invested projects have got stuck just because the foreign investors still have not got agreements with local authorities about the investment incentives.*

The 2005 investment law and the decrees, guiding the implementation of the law always emphasized the principle of non-retrospectiveness. This means that is the newly issued policies have negative impacts on the legal benefits that investors can enjoy in accordance with the investment licenses, the investors will still be able to enjoy the investment incentives promised to them before.

However, in reality, a lot of investors complain that they meet troubles with the new policies.

Doosan Vina is a typical example. The 100% foreign invested enterprise was established following the investment license granted by the Dung Quat Economic Zone on November 20, 2006.

Under the Decision No 50 dated March 11, 2005, released by the Prime Minister, the projects in the economic zones will enjoy the exemption from the import tax on the materials, parts, accessories and semi-finished products that still cannot be domestically, for five years since the day the investors start their production.

As officially becoming operational since February 25, 2009, Doosan Vina believes that it is eligible for enjoying the import tax exemption stipulated in the legal document. However, trouble arose when on March 3, 2010, the Decision No 50 was replaced with the Decision No 25 on the operation regulations of the Dung Quat Economic Zone. Therefore, Doosan Vina was requested to follow the regulations of the new legal document, under which, it will not be able to enjoy the import tax exemption.

Doosan Vina has recently sent a dispatch to the General Department of Customs, asking for the permission to continue enjoying the tax exemption in accordance with the Decision 50 until February 24, 2012 (for five years since the day of starting production). Doosan Vina is not the only example which got troubles when a new policy is set up.

The story about the investment of Samsung Complex has become the hot topic recently in the public. The investor has been told that he will not be able to enjoy the tax incentives when he wants to expand the investment scale from 670 million dollars in the first phase to 1.5 billion dollars in the second phase. He has been explained that the investment policies have changed.

Because of the same reason, Nokia, the well known hi-tech group, which plans to set up a mobile phone factory in Bac Ninh province, still cannot carry out its project, spending time re-negotiating with local authorities and relevant agencies about the investment incentives. The investor wants to enjoy the investment incentives that Samsung once got in its first phase of operation.

The disagreements on tax incentives are the main reasons which have made Samsung's and Nokia's projects get stuck, even though the investors both have expressed their determination to invest in

Vietnam. Meanwhile, the tax incentives applied for the enterprises in industrial zones also have not found clear answers.

Under the Decrees 108 and 29 issued in 2008, economic zones, industrial zones and export processing zones can enjoy the same tax incentives as the ones applied to the enterprises operating in the areas with difficult economic conditions. However, the current laws on the corporate income tax stipulate that the enterprises investing in the industrial zones cannot enjoy the incentives any longer. Similarly, the enterprises also cannot enjoy import tax preferences as the enterprises in difficult areas, because the Decree No 87 issued in 2010 do not allow this.

Tax incentives and the principle of non-retroactiveness are the topics mentioned regularly these days on business forums. However, the problem has not been settled by competent agencies to the every root. Meanwhile, analysts have warned that when the foreign direct investment flow tends to decrease, the changes in the policies may lessen Vietnam's attractiveness.

(Source: TBKTVN)

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### **Foreign investment in HCM City increases in 10 months (2011)**

*HCM City has licensed more than 300 foreign-directed investment (FDI) projects with a total registered capitalization of over USD 2 billion so far this year, a year-on-year increase of 4%.*

In addition, 104 projects asked for an expansion of their capital, bringing the total number of FDI capital over the past 10 months to USD 2.46 billion, an increase of 33% compared to the same period last year. FDI mainly focuses on the processing, consultant services, trade, medical, and banking industries.

The director of the City's Trade and Investment Promotion Centre, Tu Minh Thien, said increasing FDI in the fields of industry and processing is a good signal, which demonstrates that the city is on the right track to attracting increased foreign investment.

(Source: VOV News)

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### **Two to the power of one**

*Giant transport infrastructure projects are in for a lift. Minister of Transport (MoTUW) Dinh La Thang has inked Document 6454/BGTVT-TTCB seeking the prime minister's approval to form two big groups operating in civil engineering construction by restructuring the sector's existing construction corporations.*

Accordingly, one such group, incorporating the Civil Engineering Construction Corporation 1 (Cienco 1), Cienco 8 and Thanh Long Construction Corporation, will be operating in northern areas and the other group, through merging Cienco 5, Cienco 4 and Cienco 6, will mainly operate in southern locations. "These groups will take on large-scale transport infrastructure projects and public utility duties in underprivileged areas. They also take charge of accumulating capital to boost competitive edge," said Thang.

Reality shows that restructuring Ciencos has become imperative to MoT's leadership since capital-strapped Ciencos with their poor performance at almost transport sector projects are a burden to project developers.

Besides weak finance, most Ciencos are big debtors. Except Ciencos 4 and 5 which rake in profits, five remaining units have bogged down in debts. The Vietnam Waterway Construction Corporation is in most critical situation with its aggregated losses amounting to VND 857 billion (USD 41.4 million) as of December 31, 2010, seven-fold more than its chartered capital.

Besides, after years operating without proper development orientations Ciencos have overlapped functions with similar technology and operational levels.

The idea of merging Ciencos is not a new concept. Back in the 1990s, the MoT gave the nod to Cienco 1-Cienco 8's tie-up to form Construction Corporation 18 (Ce18). The merger aimed to give birth to an entity capable of handling big infrastructure projects in Vietnam and Laos through joining international bidding process. However, since its birth Ce18 did not leave any remarkable results. It has engaged in executing beltway 3's first-phase build-transfer Mai Dich-Linh Dam section in Hanoi which was notorious for its delay and low efficiency.

Since the proposal is new and awaits the premier approval, will there be specific mechanism to help the proposed groups still remains unknown. The transport sector's proposal would get the nod from the prime minister or not depends on state group model efficiency appraisals by competent state agencies in late 2011, according to Deputy Prime Minister Vu Van Ninh.

(Source: VIR)

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### **RUSALKA project gets going again**

*Khanh Hoa Province authorities have finally signaled the go-ahead for the controversial project of Rusalka, asking the new investor to proceed with required formalities and make a deposit of VND 10 billion to ensure its progress.*

In a document issued last week, Chairman Nguyen Chien Thang of Khanh Hoa Province asked the new investors to perform procedures for obtaining the new investment certificate and place the aforesaid deposit. The decision clears the cloud overshadowing the project, which has been deadlocked for over ten years due to criminal accusations against the former project owner Nguyen Duc Chi that have at length all lifted.

Rusalka project was originally invested by the tourism investment and development company Rus-Inves-Tur (RIT), with investment certificate granted in 2000. The project owner planned to develop a high-grade resort along the northern coast of Nha Trang City with total capital of USD15 million.

However, the project was halted in 2005 when Chairman Nguyen Duc Chi of RIT was accused of frauds and appropriation of others' assets. Consequently, the project had its assets frozen and the investment certificate reclaimed in 2006.

In April 2010, the Supreme Court overturned the accusations against Chi, and all assets were returned to Chi. Later in October 2010, the Prime Minister assigned Khanh Hoa's government to establish new legal entity to continue the project deployment to ensure the investor's benefits and reduce financial damages.

Accordingly, in its announcement last Thursday (3 Nov), Khanh Hoa's government approved for Focus Travel Nha Trang Co. to take over the project, as proposed by former chairman Chi of RIT.

Focus Travel Nha Trang was established with the capital contributed by Nguyen Duc Tan, who is Nguyen Duc Chi's brother, and Focus Travel Co., a tour operator with a big market share of Russian tourists, owned by Chi and his friends.

The new investor was also asked to accept all duties and responsibility for the debts of RIT in the documents for obtaining new investment certificate. In case the new investor failed to deploy the project according to the committed progress, the VND10-billion deposit would be contributed to Khanh Hoa's budget.

Rusalka project will be continued with its original investment portfolios and scale but under the new name of Champarama Resort & Spa.

(Source: Saigon Times)

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### **Japanese laser printer plant set for Hai Phong**

*The Kyocera Mita group (Japan) hosts a groundbreaking ceremony for a laser printer production plant in the northern port city of Hai Phong on Nov. 3, 2011.*

Covering an area of 20 hectares at the Vietnam-Singapore Industrial Park, the plant is built with a total initial investment of USD 187.5 million, the largest FDI project for the recent five years in Hai Phong.

It is planned to start commissioning in October, 2012 with about 1,000 workers.

The plant is expected to contribute to training human resources through cooperative activities with education and training centers in Hai Phong city once operation

Kyocera Mita of Japan specializes in manufacturing and marketing multifunctional office products and laser printers as well as a range of imaging products. The group operates in 31 countries with about 15,000 staff and annual turnover is around USD3 billion.

(Source: VIR/VNA)

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### **IT prioritized to attract FDI**

*The information technology (IT) sector should be prioritized to attract foreign direct investment (FDI) in the period of 2011 – 2020, according to the Ministry of Planning and Investment (MPI).*

The ministry said the industry currently accounts for a small proportion (2%) of the country's total FDI, which is much lower than other sectors such as processing and manufacturing, real estate, hotel and restaurant services.

MPI statistics show that, in the first nine months of this year, IT ranked third out of 10 sectors in the number of projects, but only sixth in the amount of registered capital. The sector has attracted 680 FDI projects, with total registered capital of USD4.8 billion.

Deputy Head of the MPI Foreign Investment Agency, Nguyen Ba Cuong, said IT will be a key sector for the country's FDI strategy in this period, along with support industries, agriculture and services.

Cuong said the government will give priority to projects offering highly competitive products that can be part of the global production network. He added that Vietnam will not grant licenses to projects that waste energy or natural resources, or those that use outdated technologies and pollute the environment.

Figures from the Ministry of Information and Communications (MIC) showed that over the past 10 years the IT sector has seen a 25% growth rate, three to four times higher than that of the national GDP, and IT applications are widespread throughout the country.

Around 25% of the population has used the internet and several public services are operating online, which has contributed to the country's socio-economic development.

The sector's average annual growth rate for the *period of 2010 – 2015* is expected to be 25%. IT is a high value-added industry, especially software and digital content which are growing at a yearly rate of 35 to 40%.

Acting head of the MIC Information and Technology Department, Nguyen Trong Duong, said FDI for the sector has not met its potential though investment has increased. Duong said the country should spend 25% of its annual investment on promotion to attract FDI from multinational groups, especially for new and high value-added products.

Vietnam has around 500 businesses operating in the software industry, half of which are wholly foreign-invested enterprises.

Under the new IT zone development plan, by 2020, the country aims to have 23 industrial parks covering an area of 2,000ha designed to attract foreign investors. He said the government will build transport, water and electricity systems around the zones and infrastructure within the zones will be constructed by both foreign and domestic investors to develop the areas quickly.

The country currently has some IT zones available for investment including the FPT Group in Danang and Hoa Lac in Hanoi.

(Source: VOV)

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### **More Saudi investment requested for Vietnam**

*Vietnam is seeking to inspire more investors from Saudi Arabia to participate in new transport infrastructure projects, especially in seaports, airports, highways and railways, said Finance Minister Vuong Dinh Hue.*

Minister Hue expressed the wish aspiration during a working session with the visiting vice president and managing director of the Saudi Fund for Development, Yousef Ibrahim Al-Bassam, in Hanoi on November 4.

Minister Hue highly valued the working visit by Yousef Ibrahim Al-Bassam and his entourage to Vietnam and said that Vietnam is paying attention to development of infrastructure and has a large demand for capital.

He said he hoped that the Saudi Fund for Development will agree to increase the number and scale of loan projects to Vietnam.

Yousef Ibrahim Al-Bassam expressed his pleasure at the signing of two agreements on social welfare projects with Vietnam and said a group of Saudi Arabian experts will visit Vietnam to discuss loan projects including development projects in education and rural development.

Earlier, on November 1, 2011 the Ministry of Finance signed loan agreements with the Saudi Fund for Development on a USD 14.5 million project to equip a hospital and medical training centre in northern

Bac Kan province and an USD11 million project to provide facilities for vocational training in the central province of Ninh Thuan.

(Source: VIR/VNA)

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### **Japan wins satellite order from Vietnam**

*The Vietnamese government has decided to award contracts for its observation satellite project to Japanese companies, the Nikkei business daily said.*

NEC Corp. is expected to build the first orbiter to be launched in 2017, and oversee the production of the second one planned for 2020, the Nikkei said.

The Japanese companies will be responsible for all aspects from developing and launching two radar observation satellites to building a ground facility and training personnel to control the orbiters and analyze data, the daily said.

The Japanese and Vietnamese governments are expected to sign an official agreement on Monday (31 Oct) for a deal that sets the first tranche of the yen loan of 7.2 billion yen (USD 95 million), the Nikkei added.

The satellites will be capable of monitoring damages from flooding and other disasters as well as surveying forests and farmland in day or night, the daily added. (USD1 = 75.760 Japanese Yen).

(Source: Vietnam Investment Review)

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### **VISSAN wants to auction land for new project investment**

*Local food processor Vissan in a meeting with the city government on Wednesday (2 Nov) asked for permission to auction the premises of its old factory along the Saigon River to have capital for improving technologies and relocating its facilities.*

The animal slaughtering and food processing plant, located at 420 No Trang Long Street in Binh Thanh District, needs to be relocated due to pollution. Saigon Appraisal and Financial Service Joint Stock Co. (SAFCO) has estimated this land site to have a value of VND 1.88 trillion, or nearly USD 90 million.

Van Duc Muoi, General Director of Vissan, said his firm would hand over the land to the mother company, Saigon Trading Group (Satra), which should be made into an urban area. Meanwhile, Satra will provide capital for Vissan to build a new plant and improve technologies, Muoi added.

Vissan has petitioned for an advance, which will be paid when the land site at 420 No Trang Long Street is sold, from the city's budget for its relocation project. Besides, the rest capital will be borrowed from banks, he said.

The relocation project, in need of around VND 1.92 trillion, consists of two components, which are a food processing zone in Long An Province's Ben Luc District and a zone of office and entrepot in Tan Tao Industrial Park in HCMC's Binh Tan District.

With new technologies, Vissan will annually provide the local and foreign markets with over 12,500 tons of canned food, 45,500 tons of sterilized sausage and around 13,200 tons of other meat products.

Construction on Vissan's new facilities will commence on November 23 2011, as reported by Vissan to HCMC Vice Chairwoman Nguyen Thi Hong on Wednesday (2 Nov 2011). The plant is scheduled for operation in November 2014.

(Source: Saigon Times)

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## FINANCE – BANKING

### Vietnam's ten month state budget deficit equal to 40% of yr's estimate: MOF

As reported by the Ministry of Finance (MoF), Vietnam's total actualized state budget revenue in October 2011 was estimated to have reached 53.01 trillion dong, bringing the cumulative figure in Jan-Oct to 558.51 trillion dong, or 93.9% of the year's estimate.

The ministry said the total state budget spending in October was estimated to be 60.11 trillion dong and the accumulated figure in Jan – Oct 2011 was estimated to be 606.93 trillion dong, or 83.6% of the year's estimate.

Under which, expenditures for development investment in October were expected at 10.64 trillion dong and the accumulated figure in Jan-Oct was estimated to be 124.61 trillion dong, equal to 82% of the year's estimate. In addition, MoF also said that, the spending for debt and aid repayment in October was estimated to be 8.3 trillion dong and it was estimated to be 82.33 trillion dong in the first ten months of this year, or 95.7% of the year's estimate.

Expenses for socio-economic development, defense, security and administrative management (including spending on salary reform) in October were 41.17 trillion dong and it was 399.99 trillion dong in Jan-Oct. Therefore, the state budget deficit in October was estimated at 7.1 trillion dong and the cumulative figure in Jan-Oct was estimated at 48.42 trillion dong, or 40% of the plan approved by the National Assembly for the whole year.

(Source: Vietbiz24)

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### WB provides USD 3.5 billion for Vietnam

The World Bank has so far provided Vietnam with non-refundable aid, preferential credits and loans worth USD 13.5 billion to help the country in its national development.

The information was released at a conference on Vietnam-WB cooperation held in Hanoi on November 4, 2011. At the event, the two sides pledged to raise their partnership to a new height.

In 2009, Vietnam was recognized as a middle-income country with an average annual growth of 6.7% in the period of 2007 – 2010. In 2008, 15 years after the WB resumed credit relations with Vietnam, the country's poverty rate dropped to 14.1%, from 58.2% in 1993.

The International Financial Corporation (IFC), a World Bank subsidiary, increased its committed support for Vietnam from USD 62 million in the 2007 fiscal year to over USD1 billion in the 2011 fiscal year. World Bank projects for Vietnam have proven effective and well-matched to the country's socio-economic development programmes. As one of the largest WB loan recipients, Vietnam is valued by the WB as one of the ASEAN nations showing the most effective use of its preferential loans.

Governor of the State Bank of Vietnam (SBV) Nguyen Van Binh, who is also Vietnam's governor at the WB, said that WB aid for Vietnam has covered almost all key economic sectors and created a momentum for the country's development.

Although the WB's preferential loans for Vietnam will tend to decrease in future due to the country's middle-income status, Vietnam wants the WB to increase other less preferential sources that are suitable for the country's next economic development stage, he said.

In the future, ODA capital in particular and WB aid in general will continue playing an important role in helping Vietnam successfully implement its socio-economic goals, he added.

At the conference, WB Vice President James Adam spoke highly of efforts by the Vietnamese Government as well as the SBV in implementing measures to stabilize the macro-economy, control inflation and ensure social welfare.

He noted, however, that Vietnam should continue to implement thorough reforms, especially in the financial system, which is very important for the country's sustainable growth.

To realize its goal of becoming an industrialized country by 2020, Vietnam should have new competitive advantages such as skills and modern infrastructure, and new approaches to reduce poverty, ensure economic stability and solve environmental degradation, the WB representative said.

He affirmed that the WB will continue providing major funding for Vietnam's programmes on public investment restructuring and reforms, infrastructure development, education and training, climate change adaptation and inspection of credit organizations.

In addition, the bank will provide policy consultations for Vietnam in its development process, he said.

(Source: VIR/VNA)

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## Banking sector seeks the right moves

*Industry insiders are digging into banking sector restructuring.*

Addressing the 13th National Assembly's ongoing second section, Prime Minister Nguyen Tan Dung asserted re-arranging commercial banks, credit and financial institutions in the direction of expanding their scope in a rational manner and trimming feeble banking and credit entities was one of core tasks in 2012 and the following years.

The State Bank in respect to banking sector restructuring also assumed bank mergers and consolidation would yield bigger added value as banks could grow in scope.

Supportive of that idea, former State Bank governor Cao Sy Kiem said no bank could stay out of the restructuring and it was essential to properly point out bank's impediments.

Standard Chartered Vietnam general director Louis Taylor assumed merging two small underperformed banks may not always result in a big stronger bank. A bigger feeble bank may come into existence instead.

According to industry experts, a number of factors were involved in successful mergers and acquisitions (M&A), specifically in the banking sector.

National Financial Supervisory Committee deputy chairman Ha Huy Tuan said making comprehensive appraisals of actual bank performance was vital to draw M&A plans in details. "Hooking into M&A

while banks' strong and weak points are not made clear is like making descriptions and giving drugs when the cause of illness remains unknown," said Tuan.

The tie-up between Lien Viet Bank (LVB) and Vietnam Post Corporation (VNPost) to form Lien Viet Post Bank in mid 2011 shows that knowing each other advantages and disadvantages has entailed the deal's success.

LVB wanted to become a retail bank but it is juvenile with a modest network. By taking over VnPost's indebted Vietnam Postal Saving Company (VPSC), LVB could make use of the latter's nationwide postal saving outlet network, meanwhile VnPost, through the deal, procured margin figures quadrupled VPSC's book value and stamp out the postal saving firm's bankruptcy fears.

According to State Bank expert Dao Minh Tu, Vietnam had developed a consistent legal corridor for M&A activities and the LVB-VnPost deal with its particular steps could serve as a useful reference for those wanting to climb onboard the M&A ship.

The Lien Viet-VnPost is also the single deal until present between a local bank and a local business entity.

Sorting suitable M&A models is also of paramount importance. In this regard, the process would yield better outcomes if the parties involved hooked into M&A on a voluntary basis instead of being forced to do so by competent state bodies, said Tu.

As of October 2011 Vietnam was home to nine M&A cases in the banking field with eight of them getting involvement of local banks and foreign strategic partners.

According to State Bank figures, Vietnam's current banking system consists of five state-run commercial banks, 37 joint stock banks, the Vietnam Bank for Social Policies, Vietnam Development Bank, 17 financial and 13 financial leasing firms. The foreign invested sector includes five joint venture banks, five wholly foreign owned banks, 48 foreign bank branches and 48 foreign bank representative offices.

(Source: VIR)

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### **New rule may restrict gold bullion trading**

*A draft decree by the State Bank of Vietnam (SBV) seeks to restrict the trade in gold bullion to stabilize the gold market, check hoarding and speculation, and minimize the influence of the gold market on monetary policy.*

The decree, submitted to Prime Minister Nguyen Tan Dung for approval, focuses on seven measures to closely monitor the gold market while still ensuring people's rights to keep and trade bullion.

Firstly, the central bank will regulate bullion production and periodically announce quotas.

Businesses seeking production licenses will have to satisfy several requirements like having legal capital of at least 500 billion VND (23.8 million USD), facilities and equipment needed for production, and a 25% market share of production for three consecutive years.

They will have to scrupulously follow regulations related to origin of gold they use to produce the bars. This is expected to enable the central bank to stop illegal imports and ensure balance between demand and supply. Analysts expect the stringent rules to significantly reduce the number of producers from the current eight.

Secondly, the decree seeks to reduce the number of bullion traders and discourage trading by requiring institutions and individuals who want to trade gold bars to get a license and follow regulations related to capital, revenues and network.

Traders must have a prescribed capital of at least 100 billion VND (4,800 USD), two years' experience in gold trading, and paid taxes of more than 500 VND (24,000 USD) million a year on trading for two years. They will also be required to have sales outlets in at least three provinces and centrally administered cities.

Analysts expect these rules to again reduce significantly the number of bullion traders from the current 12,000. With such a high number, regulators are unable to control trading activities, thus enabling speculation and hoarding to flourish, they pointed out. A recent Government decree warns that those found trading without a license will be severely punished.

Thirdly, the SBV will closely supervise import and export of physical gold, be responsible for issuing licenses for it, and occasionally carry out the trade itself. This will enable it to better monitor demand and supply of gold to prevent illegal imports and exports.

Fourthly, the central bank will more closely supervise production, sales, and purchase of gold jewel and art products.

Organizations that produce and trade gold jewel and art products must be certified by the central bank as meeting certain conditions. This certificate can be used for obtaining permission to import gold.

The producers will also be required to put their seals and spell out the gold content in their jewel.

Fifthly, the decree says, all gold trading activities not covered in the draft decree will be licensed by the SBV only with express Government permission.

Sixthly, the central bank will be allowed to intervene in the gold market in case of adverse conditions to grant licenses for bullion production, arrange sales and purchases of bullion facilitate imports and exports of gold, and allow banks to accept gold deposits from individuals and organizations.

Finally, the decree wants the Government to regulate the domestic gold market through tax policies.

The Ministry of Finance will suggest import-export duty policies, value-added tax, excise duty, and income tax on gold trading at certain times to reduce the attractiveness of gold, thus preventing hoarding.

The new decree also spells out the responsibilities and duties of the SBV, ministries, Government agencies, and provincial and city people's committees in implementing gold trading and production management policies.

(Source: Vietnam+)

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## **Vietnam banks race to recover property loans, cut non-production credit to 16% before Dec 12**

*Not only limiting new loans, many banks are also attempting to recover their due loans from real estate projects, a local newswire reported on November, 2011.*

Nguyen Duc Huong, Vice President of LienViet Post Bank, said after the issuance of central bank Directive 01 on tightening credit control, his bank did not cash in new property projects any longer though the room of his bank's credit growth remains.

Regarding the reduction of non-production outstanding loans down to 16% (including property), Huong said that LienViet Post Bank will focus on debt collections, so the lender is capable of fulfilling this goal.

With credit for real estate projects, he said the debt ratio remains within the safety threshold. About 100 billion of loans for Petroleum Real Estate Company (which has announced plans to sell off real estate to repay banks including LienViet Post Bank), Huong said the bank has devised measures to settle, ensuring no effect on its bad debts.

Director of a Hanoi-based bank branch revealed, in addition to recovering due real estate loans, new loans for this sector seems to be almost in “red light”. A few months ago, this director also had the right to make decisions to lend some billions of dong to this industry. Now, all lending decisions that involve high-risk sectors such as real estate, securities and the like shall be submitted to the president of credit council of the bank for approval. He said: “In fact, this also means the ability to borrow property-backed loans is zero.”

General Director of Orient Commercial Bank (OCB) – Trinh Van Tuan said, as soon as Directive 01 was issued, had this bank planned to reduce outstanding loans to non-manufacturing sector by squeezing loans and almost no new loans disbursed. To date, the non-production loans of OCB are estimated to have reached about 16% of total outstanding loans. If this ratio is low again, OCB will consider new lending contracts including of real estate but need very rigorous reviews.

Pham Quang Tung, Deputy General Director of Bank for Investment and Development of Vietnam (BIDV), said that before June 30, the proportion of this bank’s non-production loans was still below 16%, lower than compared with that prescribed by the State Bank. However, it would appear that this lender almost did not put new capital for real estate loans, but it focused more cash on business production and export.

In debt collections, although he did not mention how much the ratio was, BIDV deputy general director said there were some real estate loans that needed restructuring. Several debtors have been moved in worse debt groups due to difficulties of the market during the past times.

Among major banks, Agribank is the bank with the highest rate of bad loans at 6.67% of total loans which according to Chairman of Agribank Nguyen Ngoc Bao, are mainly located in real estate areas for 2008-2009 projects. Therefore, with new loans in this sector, this bank is extremely cautious, and is mainly going for debt recovery.

Currently, non-productive loans of banks have still accounted for over 30% of the loans, in which many loans are medium-and long -term. “To be able to bring the non-production loans ratio to 16% prior to December 31 is a too hard task for banks,” bankers confided.

(Source: Vietbiz24)

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## ANALYSIS – OPINION

### How A Faltering Global Economy Affects Vietnam

*The global economy is still in a tough time. What will become of it and what are the possible effects on Vietnamese economy? Mr. Michel Henry Bouchet, professor of international finance from Skema Business School, France, talks about that matter.*

*Some experts say that the current slowdown in the world economy has precipitated a new financial crisis. How do you view this and how will it affect Vietnam?*

In 2008, the global economy was able to partly weather the financial crisis due to two main “weapons,” the economic dynamism in Asia, mainly in China, and very accommodating monetary policies in developed countries. These two elements are not available any longer. The main risk is a bond crisis as capital markets will not have the capacity or the willingness to meet large financing requirements from companies, banks and governments. The other risk is that destabilizing short-term capital flows are exerting tremendous pressure on exchange rates, forcing central banks to resist currency appreciation trends. Currency wars might then turn into trade wars, with a global negative sum game.

In that regard, as a globalized country, Vietnam’s trade openness ratio is close to 150% (trade flows to gross domestic product), and her large current account deficit has been financed, so far, with buoyant foreign direct investment, i.e., non-debt creating flows. A deepening financial crisis coupled with a sharp drop in global GDP would be a blow to Vietnam’s economic development prospects, although Asia has shown impressive resilience so far. Asia’s growth in 2011-2012 might reach around 8% while that of developed countries will be probably barely 2.5%. It is thus crucial for Vietnam to diversify its export base both in terms of trade partners and of products with higher added value. Another priority should be given to shrinking the current account deficit while promoting domestic production of equipment and capital goods that Vietnam uses to manufacture export products to enhance self-sustaining growth.

*Despite a safe position at the time being, Vietnam’s foreign debt has risen at an alarming pace. What can be said of that situation?*

Although Vietnam’s foreign debt has been increasing over the last five years, the costs and structure of her debt are still favorable, I believe. The main point is the comparison between the increase in foreign debt and the net export revenues of Vietnam, i.e. the country’s debt servicing capacity.

*How will things like the U.S. faltering economy or the debt crisis in the EU affect the Vietnamese economy in general and the financial and banking sector in particular?*

The deteriorating creditworthiness of most Organization for Economic Cooperation and Development (OECD) countries creates a general risk aversion in global financial markets, hence affecting companies, commercial banks and countries, including Vietnam. The risk on Vietnam’s economy would come from a sharp deterioration in global growth, affecting trade and investment flows.

*Do you think that is the consequence of globalization?*

Globalization—or to put it differently in my opinion, the worldwide extension of the market economy—creates a risk of an “echo chamber,” that accentuates financial and economic imbalances between countries. Typically, the decline in the value of the dollar, or the euro, has an impact on U.S. and European purchasing power in the world economy, hence an impact on Vietnam’s exports. The risk of spill-over is much larger today.

*So we all agree that aside from benefits globalization has also produced adverse effects and limitations. In this regard, what else are they, especially those for developing countries like Vietnam?*

The benefits stem from technology, trade, information and financial flows. The pitfalls stem from rising volatility. The main challenge of the globalization is that legal and regulatory frameworks are still nation-based, while the market economy is globalized with powerful transnational economic agents. But one of the main benefits for Vietnam is that her competitive work force, both productivity and cost, keeps attracting large foreign direct investment flows, which constitute non-debt creating capital inflows.

(Source: Saigon Times)

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### **European firms ‘wait and see’ over investment plans**

*A recent EuroCham Business Climate Index survey shows a “wait and see” attitude among European companies towards investment plans of in Vietnam. EuroCham Chairman Alain Cany had a talk regarding whether the coming time will see a decrease in European investments.*

*Relating to the latest Eurocham business climate index, what are major reasons behind such a continued fall in business confidence among European businesses in Vietnam?*

It is true that the business confidence and outlook among European businesses in Vietnam has continued to fall and has now almost reached the "neutral" index midpoint of 50. But it is important to understand that 52 points is still in the positive half of the spectrum and we hope that it will not fall below the neutral point. The main reason for the further decline seems to be the macroeconomic situation: When asked about the macroeconomic outlook for Vietnam over the next six months, 70% of our members think that they will see a further deterioration of an already difficult economic situation against only 30%, who think that the situation will stabilize and gradually improve. This shows that the measures taken to stabilize the economy have so far failed to ease the concern of the business community about the macroeconomic outlook.

*In coming months, in your opinion, is there an obvious decrease in investment of European companies already operating in Vietnam as well as new FDI from the EU?*

- According to our latest business climate index, our European members seem to be taking a "wait and see" attitude towards investment plans. When asked about their investment plans for 2011, respondents have shown to be more cautious than in previous surveys. 38% want to maintain their level of investment and only 36% are looking to increase their investments in Vietnam, a significant fall from 52% last quarter. This shows a continuation of the trend that businesses are getting more cautious about investing. 22% of businesses are looking to reduce their overall investment in the country, up from 13% last quarter and only 6% at the start of 2011. These figures point towards a possible decrease of European investment. However, as European investors are committed long-term investors, we hope that this will not materialize. Generally, I am not too concerned about existing and future EU investment in Vietnam

*Besides a fall in the business climate index, does the current debt crisis in Europe have any impacts on EU's investment in Vietnam?*

- As the debt crisis is expected to continue in Europe, some European companies are probably reducing investment in Vietnam. Others may increase their investment in Asia despite the crisis, as the EU is not

growing, and Asian markets offer more opportunities. We have particularly observed more European investment in Indonesia, and Vietnam should pay attention to the regional competitors such as Indonesia. But I also note that it is hard to define a trend in investment from quarter to quarter, as most European investment is long-term and not affected by short-term turbulences. I also note that even where the debt crisis has shaken market confidence, it has also strengthened the case for Vietnam and South-East Asia as a long-term investment destination: Stable growth prospects, young populations and relatively sound government policies mean the region will likely emerge in the medium term as a more attractive place in which to invest compared with Western developed economies.

*Would you have any suggestions for the Vietnamese Government to have quick improvement to encourage EU investment in Vietnam?*

- Overcoming inflation has rightly been the focus of Government policy since early March, with the introduction of Resolution 11. The Government has also shown the required leadership in pursuing this course through implementing some difficult measures: high interest rates; limitations on credit growth; caps on deposit rates; encouragement to use Vietnam dong instead of the US dollar or gold - these are just a few. EuroCham supports the strategy being pursued, and with stable prices and currency, Vietnam will have a solid platform off which to achieve strong and productive growth in the future.

More generally, EuroCham believes that to attract more and better-quality foreign investment, the Vietnamese government should focus its efforts in 2012 on removing all unnecessary restrictions to market access that affect the freedom of trade. Employers should be allowed to select the right candidates based on their own discretion and internal processes. The Vietnamese government should also continue tackling red-tape and corruption.

Moreover, EuroCham believes that it is now essential that the new Administrative Procedure Control Agency (APCA) closely monitors that no unnecessary new APs are created, while implementation of Project 30 is being finalized. Finally, and most importantly, Vietnam has to accelerate the equitization of State-owned enterprises. If they don't tackle this key structural problem, inflation will come back with recovering growth.

(Source: SGT)

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### **Power prices won't increase this month**

*Electricity of Vietnam (EVN) submitted a proposal to hike power prices months ago. However, speaking to the media on the sidelines of the National Assembly meeting on Monday (6 Nov), Deputy Prime Minister Hoang Trung Hai said power prices will not be adjusted in November. He told assembled reporters that the Government is waiting for the audit result on power prices of the electricity group before any decision on pricing is made.*

*The Government's Decision 24 allows EVN to adjust power selling prices by a maximum of 5% based on changes in input costs. Is there any reason why the Government has not approved a power price increase?*

The group can suggest power price increases based on its financial balance. However, the final adjustment rests with the Government's authority, through the consideration of related agencies. The Government has to balance power prices in accordance with macro-economic stability, inflation and social security.

*What are your thoughts on a number of investors complaining that power prices that are restrained below production costs in the long term can lead to other consequences, such as lacking capital for power investment?*

- They are right. The Government is prioritizing power industry restructuring and calling for private investment in this sector. EVN is currently holding 64% of the national power system, but the State group cannot satisfy the annual additional demand for 4,000-4,500 megawatts of power generation, requiring USD8 billion. Three power generation corporations under EVN have been established and will be equitized when the market has developed. The next step is to restructure power prices. Still, the job will face many challenges given the current economic difficulties.

*The Government once decided to halt equitization of power companies. Should this be considered a backwards step because the equitization can be done right when the projects are being made?*

- The new projects can be equitized from the beginning. The Government's decision to halt equitization was to wait for corporate restructuring to be completed. Equitizing power plants separately may create unfair competition because each plant has its own characteristics. Therefore, the Government has grouped the country's power plants in three corporations similar in scale to ensure the success of the power market.

*Will power prices be increased this month or next month?*

- Normally, EVN could have made the decision. However, due to the troubled economy, inflation must be curbed and macro-economic stability must be ensured. Therefore, power prices would not be increased this month as decided by the Prime Minister. The Ministry of Industry and Trade must publish the market prices audited by EVN first.

*Operators of small and medium hydropower plants in the northern region are concerned that the importing of power from China may have a great impact on the operation of such power plants. How could this situation be solved?*

- There is no need to worry because power import only accounts for only 5% of the system. The local power market is big and needs more investment. Therefore, investors should focus on their jobs. Then, power import will lessen and the market will prosper.

*(Source: The Saigon Times Daily)*

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### **Restructuring banks: who will buy whom?**

*The restructuring of the commercial banking system in Vietnam is no more the suggestion by experts, but it has been decided by the State Bank of Vietnam which has stated that merger and acquisition of banks is inevitable.*

The State Bank said that the watchdog agency is completing the strategy on restructuring the banking system, having put forward three possible solutions.

The first solution is that the State Bank will set up more tightened technical requirements on bank operation. It's possible that the ceiling deposit interest rate and different types of interest rates would be regulated in a severe manner. Meanwhile, the quota for the credit growth rate in 2012 would not be the same for all banks, but would be different depending on banks' health.

The banks, which cannot satisfy the requirements to be set up, may see their licenses revoked. Besides, commercial banks will have to clarify the bad debt situation and then try to “clean” the balance sheet with their provisioned money or the state budget. In medium term, the State Bank may request the banks which have a lot of bad assets to increase their chartered capital.

Secondly, the State Bank would encourage banks to voluntarily sell and purchase stakes, or merge into each other to become stronger. If banks refuse to do this voluntarily even though their situations are bad, they would be put under the special control by the State Bank. In this case, the banks may lose the autonomy.

Thirdly, the State Bank may consider buying back some commercial banks to become the investor of the banks, and it may withdraw capital if the conditions are favorable.

According to Dr Tran Hoang Ngan, a member of the National Assembly’s Economics Committee, the total assets of Vietnamese banks are very big, double Vietnam’s GDP, while the outstanding loans of the whole banking system accounts for more than 125% of GDP. However, doubts still have been raised about the scale and the quality of the operation of banks.

“The total bad debt ratio reported by commercial banks is 3% of the total outstanding loans, while foreign institutions believe that the actual figure is 10%,” Ngan said.

Governor of the State Bank of Vietnam Nguyen Van Binh has denied the opinion that the State Bank of Vietnam would define exactly how many banks would have to undergo the restructuring, but the restructuring would be decided after referring to reasonable standards. Meanwhile, Chair of the National Finance Supervision Council Vu Viet Ngoan, has said that his council is considering ranking banks based on financial indexes.

Le Duc Thuy, former Governor of the State Bank of Vietnam, said that at this moment, some banks are facing problems in liquidity. Therefore, the central bank needs to rescue the banks first, and then uses necessary operations to force the small banks to show the actual situation of bad debts and other financial indexes. This will be the time for the central bank to consider the actual status of the banks and make final decisions.

According to Dr Hoang Cong Gia Khanh from the HCM City Economics – Law University, in the restructuring, the scale of banks (chartered capital, stockholder equity or total assets) should not be the goals, while it is more important to pay attention to the safety and efficiency of banks.

An expert has pointed out that some banks have been pushed against the wall, and they will have to merge into other banks. “The merger process will take place very rapidly, while it will not take several years as many people think, because it is now the most favorable time to do that,” he said.

By the end of 2010, Vietnam had had one development bank, one bank for social purposes, 5 state owned banks, 37 joint stock banks, 50 foreign bank branches, 5 100% foreign banks, 5 joint venture banks, 18 finance companies, 12 finance leasing companies, one central people’s credit funds and 1000 local credit funds.

*(Source: VNNet Bridge)*

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## NEWS IN BRIEF

**Vietnamese steel pipe manufacturers and domestic steel companies were not dumping products in the US market and did not receive subsidies**, affirmed the Vietnam Steel Association (VSA). Vietnam would be willing to take the matter to court if necessary, it said. The announcement was made after members of the US Circular Welded Carbon-quality Pipe (CWP) Association asked the American Commerce Department and the US International Trade Commission to conduct anti-dumping and anti-subsidy inspections on steel pipes imported from Vietnam, India, Oman and the United Arab Emirates. CWP products from these countries were threatening the US industry, said association members. VSA explained that Vietnamese CWP products were cheaper than their US counterparts because Vietnam was able to import cheap raw materials from Asian countries.

**The People's Committee of HCM City has approved a proposal from the municipal Department of Transport & Urban Work on building a brand identifying system and advertising on buses.** Under the proposed project, the Department of Transport will collaborate with other relevant departments to support the Public Transportation Management and Operation Center and Vision Joint Stock Company in implementing the project. This is a 5-year project between the 2 parties and upon termination of the project, Vision JSC may be given priority to take on a fresh contract for another period.

**Products with false information on ingredients and fraud medicine will be charged up to VND40 million**, according to Decree No. 93/2011/ND-CP on administrative measures for fraudulence of medicines, cosmetics and medical equipment, which will be effective as from 15/12/2011. Under the decree, individuals and corporates which put for sale fraud or inferior products may face a penalty of VND10-20 million. A fine ranging from VND20-30 million is imposed on those who sell cosmetic products with banned ingredients

**The Philippines' largest national flag carrier, Cebu Pacific will become the only airline flying from Manila to Hanoi, when it launches its flights on March 17, 2012.** It will be a twice weekly service, utilizing one of Asia's youngest aircraft fleets. Flights for this route are scheduled to depart Manila at 10:30 p.m. every Tuesday and Saturday, arriving in Hanoi at 12:30 a.m. Return flights will leave Hanoi at 1am every Wednesday and Sunday, and arrive in Manila at 5 a.m. CEB also operates daily flights between Manila and Ho Chi Minh. CEB holds a special P888 seat sale to Hanoi from November 3 to 7, 2011, for travel from March 17 to May 31, 2012. This translates to savings as much as 64%. Lowest year-round fares to the Vietnam capital start at P2,499.

**Japanese Kyoei Steel recently announced that its subsidiary Vina Kyoei Steel received the approval from Vietnamese government to build a new steelmaking plant to expand the production capacity.** It is known that Vina Kyoei Steel planned to pour USD 200 million to set up a new electric arc furnace and two rolling equipment, expected to put into operation in 2013. Once the new facilities are commissioned, the company's annual production of rebar and small section steel is expected to reach 500,000 tons. Meanwhile, Vietnam's demand for steel products has been increasing as the country has been expanding the investment in infrastructure.

**The world renowned hospitality company Hyatt has introduced Regency Danang Resort and Spa on the Vietnamese market.** The 200 unit development on the central coast offers several dining options for authentic Vietnamese seafood and other local comfort dishes. Regency Danang features 182 residences, 27 private villas, a spa with a fitness center, a swimming pool, tennis courts and 7,500 sq ft of common area. The Hyatt franchise owns and develops branded hotels, resorts and residential and vacation ownership properties around the globe. The company's worldwide portfolio consists of 456 properties.

**The Saigontourist Travel Services Co. will receive about 190,000 tourists aboard the five-star cruise ship SuperStar Aquarius to Vietnam from November, 2011 to March, 2012.** The visitors will come mainly from Asia, including China, Hong Kong, Japan and the Republic of Korea. At present, Saigontourist cooperates with Star Cruises Travel Agency to promote travel by sea to Vietnam on the SuperStar Aquarius ship. The SuperStar Aquarius is one of the four high-class cruise ships of Star Cruises (Malaysia). With a length of 230 meters and width of 29 meters, the ship includes 765 cabins with maximum capacity of 2,100 visitors. SuperStar Aquarius will arrive in Vietnam this month, with the first cruise docking at Tien Sa port in the central city of Da Nang on Nov. 5 and the second to Cai Lan port in Quang Ninh province on Nov. 7.

**German retailer Metro Cash & Carry Vietnam in 3 Nov opened a fish transshipment center in Can Tho under a public-private partnership** meant to ensure sustainable development of seafood in Vietnam. The center, at Metro's outlet in the city, has been set up in partnership with the Ministry of Agriculture and Rural Development, the Vietnam Challenge Fund, Cargill Vietnam Co, and Fresh Studio Innovation Asia. It consists of a processing section, a cold storage, and a sorting section, and will provide around 1,000 jobs. In the beginning the center will deliver fresh and processed fish caught in the Mekong Delta to Metro's 15 outlets countrywide. Over the longer term products will be delivered to Metro's global distribution system, which consists of 700 outlets in 30 countries and territories.

**Vietnam is the second largest Artemisinin producer in the world, according to an international seminar on Artemisinin held in Hanoi on November 2.** China is ranked first in producing the drug used to treat malaria. China and Vietnam occupy 70% of the raw material for Artemisinin processing while East Africa provides nearly 20%. In Vietnam, Artemisinin is found in the northern provinces of Lang Son, Cao Bang, Quang Ninh and Bac Giang. The national malaria control program conducted in Vietnam during the 2006-2010 period acquired successes. Especially, the number of death caused by malaria infection in 2010 declined by 40% compared to 2006.

**Vietnam has been selected to host the 28<sup>th</sup> Asian Advertising Congress (AdAsia) in 2013.** The news was released at the 27<sup>th</sup> AdAsia, which took place in India on November 2. On the occasion, the Vietnamese Embassy in India and the Vietnamese Ministry of Culture, Sports and Tourism held an art performance entitled "Vietnam Night in New Delhi" to introduce the beautiful land and people of Vietnam to international friends. This year's event attracted ASEAN Ambassadors, many diplomats, and representatives from businesses in India. As the host of the 28<sup>th</sup> AdAsia, Vietnam will have the chance to show itself as a peaceful and friendly country that wants to cooperate with all countries around the world.

**CPA Australia has recognized four auditing companies operating in Vietnam** as knowledge partners for demonstrating a strong level of commitment to support learning and development for accounting and finance staff. The companies are Deloitte Vietnam Co. Ltd, Ernst & Young Vietnam Ltd, KPMG Ltd, and Pricewaterhouse Coopers (Vietnam) Ltd. The academy of finance and the Talent Link Training Centre also became CPA program tuition providers in Vietnam in 2012. CPA Australia, previously known as the Australian Society of Certified Practising Accountants, now has 132,000 members in 111 countries around the world.

**The Hanoi Craft Show 2011 will open in the capital next week with the participation of 300 enterprises.** The city's first handicrafts exhibition will offer producers a chance to approach international markets, said Dao Thu Vinh deputy director of the Hanoi Department of Industry and Trade. The five-day event, co-organized by the department, the Hanoi Industrial Promotion and Development Consultancy Centre and the Bac Ha Trade and Media Group, will display pottery and porcelain, wooden and bamboo-made handicrafts as well as silk in 400 pavilions.

**Thai Nguyen province has completed preparations for the first international tea festival which are scheduled to take place from November 11-15, says a provincial official.** A press center equipped with modern facilities and Internet-connected computers has been set up to support local and foreign reporters. Seven countries have registered to participate in the festival, namely China, India, Russia, Japan, Sri Lanka, Laos and the Republic of Korea, which are importing Vietnamese tea products. An international workshop featuring the Vietnamese tea in the integration process will also be held.

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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 Nov 2011

End date: 19 Nov 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: Saigon Exhibition & Convention Center (SECC)

Country: **Ho Chi Minh City, Vietnam**

Industry: Automotive

Start Date: 16 Nov 2011

End date: 20 Nov 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 Trade Expo

Venue: Tan Binh Exhibition & Convention Centre

Country: **Ho Chi Minh City, Vietnam**

Industry: Household Consumables

Start Date: 30 Nov 2011

End date: 03 Dec 2011

### *Visitors' profile*

Wholesalers, buyers from general and specialised superstores, multiple retailers, central purchasing offices, mail order companies and various other retailers.

### *Exhibitor's profile*

Profile for exhibit includes products of textiles and garment, electronic, handicrafts and art articles, cosmetics, jewelry, sport-wares, toys, furnitures, processed foodstuff and beverages, stationery, medical equipment, machinery, chemicals and others.

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## **Vietnam Medi-Pharm Expo-Hanoi**

Venue: [Vietnam Exhibition & Fair Centre](#)

Country: [Ha Noi, Vietnam](#)

Industry: [Medical & Pharmaceutical](#)

Start Date: [06 Dec 2011](#)

End date: [09 Dec 2011](#)

### *Visitors' profile*

More than 19,750 visitors will attend the 18th Vietnam International Medical, Hospital and Pharmaceutical Exhibition (Vietnam Medi-Pharm Expo- 2011). Officials from ministry of health, ministry of industry and other related ministries; professors, specialists, experts, doctors, pharmacists, nurses, lab technicians, researchers from hospitals, clinics, sanatoriums, healthcare centres, institutes and various laboratories will be some confirmed visitors from all over the world.

### *Exhibitor's profile*

More than 153 exhibitors from 18 countries and territories such as Australia, Bangladesh, China, Czech, Germany, Hong Kong, Hungary, India, Israel and more will participate at the 18th Vietnam International Medical, Hospital and Pharmaceutical Exhibition (Vietnam Medi-Pharm Expo- 2011). Products like Laboratory and analysis equipments, medical equipments, materials used in hospitals, accident and emergency equipments, medical safety clothes, building technology and services, food supplements, drug raw materials like herbal, essential oil, attar, pharmaceutical processing and packaging machines like food, chemical, cosmetic & pharmaceutical processing equipments & machines and many more will be showcased.

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