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GENERAL REVIEW

[VN: Second satellite to be launched in 2012](#)
[Vietnamese population to rise for next 20 years](#)
[Vietnam exports 45,000 laborers](#)
[Minimum wage to rise in 2010](#)
[Half of annual labor export target met](#)
[Hanoi's master plan through 2030 under scrutiny](#)

TRADE

[DOC clears four Vietnamese firms of dumping charges](#)
[Vietnam to investigate booming sand exports](#)
[The paradox in the domestic market](#)
[Nielsen says modern trade to cut bigger share in retail market](#)
[Retail sector remains economic bright spot](#)
[Garment industry: biggest problem lies in material supply](#)

FINANCE – BANKING

[Sacombank Securities looks to expand abroad](#)
[Foreign investment in Vietnam stocks USD 5 bln](#)
[Malaysia's CIMB wants to expand banking business to Vietnam](#)
[Draft property tax law is still sitting in the firing line](#)

NEWS IN BRIEF

INVESTMENT

[FDI in search of sunlight](#)
[Vietnam metro opens new highway, bridge](#)
[Vietnam makes first ethanol fuel](#)
[Vietnamese-funded fertilizer plant to be built in Cambodia](#)
[Higher property taxes may lift development](#)
[Largest bridge in Northwest Vietnam inaugurated](#)
[City to invest in transport infrastructure](#)
[Water supply plant under construction in Central Highlands](#)
[Free trade agreements prompt Japanese to change investment mode](#)
[Vietnam sets tougher rules for steel projects](#)
[Bridging compensation gaps tough work for Nhat Tan project](#)
[Essential road system opened to ease traffic in city](#)
[Ninh Thuan moves to seek out investment](#)
[Can Tho: List of 18 calling projects announced](#)
[USTDA grants USD 500,000 for sludge treatment project](#)
[PetroVietnam, Russia's Zarubezhneft ink new deals](#)
[Indonesia AirAsia about to operate Jakarta-HCMC direct flights](#)

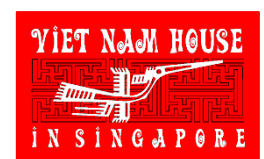
ANALYSIS

[Factors behind Vietnam's economic success](#)
[Investment door wide open for City to Delta express railway](#)
[Carrot and stick approach to IPRs](#)
[Vietnam may have nuclear power by 2020](#)

COMING EVENTS

[PIA Vietnam – 2009](#)
[Industrial Automation 2009 \(IA Vietnam\)](#)
[SecuTech Vietnam](#)
[MTA Vietnam 2009-Hanoi](#)
[Vietnam Wood](#)

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VN: Second satellite to be launched in 2012

Ministry of Information and Communication has announced that Vietnam's second satellite of Vinasat-2 would be launched in 2012.

Vietnam Posts and Telecommunications Group (VNPT) will be the main investor of Vinasat-2 satellite project with the planned investment capital of USD 290-350 million.

The purposes of launching Vinasat-2 satellite are to push up the development of Vietnamese telecom markets, to meet the customers' demands and take full advantages of the available infrastructure of Vinasat-1 and to train Vietnamese IT specialists in order to develop satellite information technologies in Vietnam.

It's said that the first satellite of Vietnam – Vinasat-1 that was launched on April 19, 2008 with total investment capital of USD 300 million has so far used about 70 percent of the satellite capacity. It's expected that the satellite would use 100 percent of capacity in 2010.

(Source: Dau Tu)

[Back to top](#)

Vietnamese population to rise for next 20 years

The United Nations Population Fund (UNFPA) has published the 2008 Vietnamese Population report, which predicts a continuous rise in Vietnam's population for the next 20 years.

In the report, UNFPA representative Bruce Campbell noted that although Vietnam's total fertility rate (TFR) has dropped below replacement level and birth rates are declining, the absolute number of people will continue to increase for one generation until those born during the boom period pass through their reproductive years.

The report says that the TFR has continuously fallen below the replacement level to reach 2.08 children per woman but there still remain variations between urban and rural areas (1.84 children for the former and 2.22 for the latter).

On top of this, the report states that the age pattern of fertility has changed from 'early' to 'late', with more firstborns in older women. The 2008 Population Change and Family Planning Survey shows that the number of boys born per every 100 girls born had steadily increased from 110 to 112 over the past three years.

This highlights the importance of continuing the monitoring of the Population Ordinance and the Prime Minister's Decree on banning all practices of fental sex determination and selection, and further efforts to enhance the role of women in society.

(Source: VietNamNet/VOV)

[Back to top](#)

Vietnam exports 45,000 laborers

Vietnam exported over 45,000 workers to overseas markets during the first eight months of 2009, around 50% of the year's target, according to the Ministry of Labor, War Invalids and Social Affairs.

Taiwan received the largest number of Vietnamese workers with 13,200. Some 5,500 workers were sent to South Korea while Japan and the United Arab Emirates received 3,800 and 3,000 Vietnamese workers respectively. Foreign enterprises have cut recruitment demand due to the global financial crisis, said Nguyen Ngoc Quynh, director of the ministry's Foreign Labor Management Department.

The ministry will focus on Libya, the Middle East and Taiwan over the rest of the year. The nation had targeted to send skilled workers to the U.S. and the EU but the plan is hard to realize given the current crisis, Quynh said.

(Source: The Saigon Times Daily)

[Back to top](#)

Minimum wage to rise in 2010

The minimum wage at state-owned companies will increase to VND 800,000 (USD 44.63) a month starting next May, the government office announced Tuesday (1st Sep 2009).

Deputy Prime Minister Nguyen Sinh Hung said in late August that the basic wage would increase 12.3 percent compared to the current monthly rate of VND 600,000. Pensions and special allowances to people that have contributed to war efforts will also be increased.

The same payment increase will be applied at local private firms from the beginning of next year.

Hung also asked the Ministry of Labor, Invalids and Social Affairs to propose plans to increase the minimum wage at foreign-invested businesses from the beginning of next year.

(Source: Thanh Nien)

[Back to top](#)

Half of annual labor export target met

More than 45,600 Vietnamese workers were sent abroad in the first eight months, half the annual target, the Overseas Labor Management Department has announced.

In August alone, 5,937 workers were sent overseas, 30 percent of them women, the department said.

Taiwan was the biggest market for Vietnamese labor in the first eight months, receiving 13,202 workers, followed by South Korea, Japan and the UAE. South Korean Labor Minister Lee Young-Hee said at a conference in Seoul last week that Vietnamese workers are appreciated because they were skilful and hard-working.

Lee said there are more than 45,000 Vietnamese workers in South Korea. Vietnam tops the list of 15 countries that have sent workers to South Korea under the latter of Employment Permit System.

(Source: TN)

[Back to top](#)

Hanoi's master plan through 2030 under scrutiny

Prime Minister Nguyen Tan Dung has asked international consultants to focus on preserving the tangible and intangible values of Hanoi's old quarter and developing linkages between the city and other localities while working on a master plan for the city toward 2030.

The PM made the request on August 21 after hearing the international consultancy group PPJ's report on the master plan for the capital city through 2030 with a vision for 2050. The gathering, the second of its kind, was also attended by Deputy PMs Nguyen Sinh Hung and Hoang Trung Hai, and leaders of relevant agencies and Hanoi authorities.

The PPJ introduced the leaders to the third strategy for Hanoi, which combines the advantages of the previous two strategies, to expand the new urban centre to the west of Hanoi and place the national administrative centre to the west of the city centre.

Showing approval for this strategy, PM Dung requested the PPJ to continue refining the master plan for Hanoi to expand the city's space to include a key metropolis, which is surrounded by satellite townships such as Hoa Lac, Son Tay, Xuan Mai, Quoc Oai, Phu Xuyen, Dong Anh, Me Linh and Soc Son. He asked that 30 percent of the city's space be reserved for the development of urban areas and the remaining 70 percent for the city's green belt. He required the upgrade and preservation of old centers together with tangible cultural sites and intangible values, particularly works located in the old quarter in the process of urban development.

The PM requested the PPJ make clearer, in its upcoming report, its road, and railway and waterway infrastructure development plan in order to manage traffic jams and ensure inter-regional linkages for the city. He also asked the consultancy group to map out a flood drainage plan for the city and provide more details about functional areas, such as the administrative centre, the urban centre and the metropolitan area. The third hearing on the PPJ's report

on Hanoi's master plan will be in September and October so the final report can be submitted to the National Assembly by the end of this year.

(Source: VOV News)

[Back to top](#)

TRADE

DOC clears four Vietnamese firms of dumping charges

The US Department of Commerce (DOC) has cleared four Vietnamese seafood companies of charges of dumping frozen tra pangasius fillets on the US market between August 1, 2007 and July 31, 2008.

The conclusion, which frees the QVD, Vinh Hoan, Samefico and Cadovimex II from the dumping allegation, is the preliminary result of the 5th administrative review of anti-dumping tariffs imposed on Vietnamese frozen tra pangasius fillets by the DOC during the above-mentioned period.

According to the Vietnam Association of Seafood Exporters and Processors (VASEP), the US has recently revised down the anti-dumping levies on several Vietnamese exporters after re-examination. Some companies even enjoy 0 percent tax rate, which is "evidence that the US has recognized that Vietnam does not dump pangasius on the market," said Nguyen Viet Thang, Chairman of the Vietnam Fishery Association.

In the recent past, many pangasius farmers in Vietnam have suffered huge losses due to a sharp decline in exports as the economic crisis hit the world economy. Some farming households had no option but to temporarily suspend production.

VASEP statistics show that at present, up to 40 percent of the farming area in the Mekong River Delta region remains untapped. The region's pangasius production is expected to shrink by 40 percent in 2009, which will greatly affect business for local processors. In the meantime, seafood is one of Vietnam's key industries. Seafood exports fetched USD 4.5 billion in 2008; of which earnings from pangasius hit USD 1.5 billion. The US is currently the 4th largest importer of this product, buying USD 79 million worth of products each year. Pangasius export turnover is forecast to reach USD 1.4 billion this year.

(Source: VNA/VOVNews)

[Back to top](#)

Vietnam to investigate booming sand exports

Vietnam's prime minister has asked relevant ministries to inspect Mekong Delta sand exports after a local newspaper said exports to Singapore were booming, altering the area's water flow and causing environmental damage.

The Ministry of Natural Resources and Environment and the Ministry of Construction need to verify whether the report is true and submit the findings to PM Nguyen Tan Dung by September 15, the government office said Monday (31 Aug 2009).

Earlier, a newspaper said the volume of sand shipped from the Mekong Delta region to foreign countries in the first half of 2009, mainly Singapore, shot up to nearly 7 million tons, a seven-fold increase compared to 2008 and equivalent to the total exports of the last 10 years, citing the Customs Agency of Can Tho City.

Exports from Vietnam to Singapore jumped after Cambodia banned sand exports in May on concerns over the potentially devastating impacts of sand dredging, the newspaper said.

Prior to May, sand from Vietnam's Delta was not favored by other countries due to its lower quality compared with Cambodian sand. With demand for the natural product remaining high, Vietnamese exporters have grasped the opportunity to profit, according to the newspaper.

In the past, Cambodia sold its sand to Singapore at VND 90,000 (USD 5.05) per cubic meter. Now, Vietnamese firms ship the resource for VND 40,000 (USD 2.25) per cubic meter, but still earn high profits after purchasing the sand for just VND17,000 (USD 0.95), the newspaper said.

In October 2008, the Vietnamese government announced a temporary ban on exports of sand. However, exports under contracts signed before November 30, 2008 was still allowed. But the government did not specify the deadline for exports under the deals, Nguyen Minh Thong, deputy head of Can Tho City's Customs Agency said. "Thanks to [good] profits and high demand in Singapore, exporters change the dates of signing deals to before November 30 so that they can continue shipping the resource," he said.

(Source: TN)

[Back to top](#)

The paradox in the domestic market

Vietnamese businesses have focused on making products to sell abroad at low prices, while they have not paid much attention to selling products in the domestic market. This partially explains why Vietnam's trade deficit reached USD 5 billion in the first eight months of the year.

Van, who works for a telecom company in Hanoi, said that she purchases 'made in Vietnam' clothes and leather shoes made by Vietnamese companies under outsourcing contracts signed with foreign partners. Van said that the products are all made in Vietnam, but they have very good designs with 'western style' and reasonable prices.

Thuy Lan, a colleague of Van, said that she only purchases imported dairy products for her son. "I feel more secure when using imported dairy products and I do not intend to use domestically-made products instead," Lan said.

Most Vietnamese people prefer imports to domestically-made products, especially those who have medium and higher incomes. Vu Vinh Phu, Chair of the Hanoi Supermarket Association, believes that more than a half of customers at supermarkets will choose a box of cookies from Denmark priced at 70,000 *dong* over a box of cookies of the same kind and made in Vietnam sold at 60,000.

Vietnam is a vast consumer market of USD 40-50 billion a year. Meanwhile, Vietnamese businesses have been ignoring the market. In many markets, like the toy markets, 90 percent of products on sale are foreign-made, while in the apparel market, the figure is 30-40 percent.

According to the general Statistical Office, the volume of goods in stock of the enterprises in processing industry was 1.5 times higher than that of the same period of last year. The inventory goods index in the first months of the year was between 134.6 percent and 170.7 percent in comparison with the same period of 2008, which shows that domestically-made goods have been selling very slowly.

Vietnam's GDP still grew by 3.9 percent in the first half, despite the world's economic recession, but only thanks to exports.

According to one of the two methods of calculating GDP Vietnam is applying, the growth rate is calculated by the final consumption (mostly household consumption) plus asset accumulation and import-export. It is clear that while asset accumulation and consumption decreased by 5.3 and 4.5 percent, respectively, in the first six months of the year, exports were the only factor that could help GDP grow by 3.9 percent.

Nevertheless, it is noteworthy that Vietnam is exporting products at prices much lower than previously, since the prices of many products in the world market have been decreasing since the end of 2008 due to the economic recession. The export volume in the first six months of the year was 11 percent higher than during the same period of last year, while export turnover was down by 10.1 percent.

Vietnamese businesses have been working hard to make products for export and they have left the domestic market open to foreign-made products.

According to a newspaper, Vietnamese consumers are also interested in Vietnam-made goods. 40.2 percent of consumers said they consider sale prices and products' quality before deciding whether to purchase goods. 23

percent said they purchase domestic products simply because they do not have money to purchase foreign-made products. Only 12.6 percent of readers said they do not care if products are made in Vietnam or foreign countries.

(Source: *Thoi bao Kinh te*)

[Back to top](#)

Nielsen says modern trade to cut bigger share in retail market

Modern trade, referring to the activity at supermarkets, convenient stores, commercial centers and the like versus traditional markets, will see its share in Vietnam's retail market expand to 20% this year and 24% next year compared to 18% last year, said Nielsen.

“We expect modern trade sales contribution to total retail sales across the country to rise to 20% by year-end and 24% in 2010,” said Darin Williams, managing director of the global information and Media Company in Vietnam.

Williams explained in a statement that the modern trade contribution projection was made based on the company's retail audit data and current consumer trends and improving economic conditions.

Despite the impact of the global downturn, the company's retail audit data shows modern trade was still developing positively in Vietnam given the economic recovery and the fact that more Vietnamese consumers shop at supermarkets or hypermarkets.

Nielsen said the number of modern trade stores in the country's two largest cities, namely HCMC and Hanoi, grew 16% in 2008 on the previous year to 425, and forecast the number would continue to increase this year.

Modern trade in Vietnam is still poorly compared with that in other nations in Southeast Asia though it has become significant in recent years. Nielsen data shows the share of trade for modern self-service outlets is 90% in Singapore, 51% in Malaysia, 48% in Thailand, 45% in the Philippines and more than 36% in Indonesia.

The high proportions of modern trade in those markets mean there is more room for more players in Vietnam, a market where top five chains Saigon Co.op, Big C, Citimart, Maximark and FiviMart take up the lion's share.

Nielsen said international players had eyed the Vietnamese market and saw it as a destination of big potential even though the competition was increasingly fierce with the opening up of the market under the country's commitment to the global trade club WTO.

Nielsen quoted Dinh Thi My Loan, vice president of the Vietnam Retailers' Association, as saying, “Vietnam ranked the sixth most attractive market globally in retail trade with estimated revenue of USD 37 trillion (last year). The target number will reach USD 50 billion by 2010.”

In its 2009 Global Retail Development Index, the international consulting firm A. T. Kearney ranks Vietnam sixth among the most potential retail markets. The country lost its top position it gained last year due to a decline in exports and slower-than-expected growth projection for 2009.

According to A. T. Kearney, the long-term outlook of Vietnam's retail market remained bright and the market was still one of the most lucrative markets in Asia because of strong fundamentals, buoyant market expansion, the absence of entry barriers and various economic liberalization procedures adopted by the Government.

The global market research and information analysis firm RNCOS puts total revenue of Vietnam's retail market at USD 85 billion in 2012 in its Vietnam Retail Analysis study for 2008-2012.

(Source: *SGT*)

[Back to top](#)

Retail sector remains economic bright spot

Against the backdrop of industrial production value and export revenue plunging sharply in the last eight months, Vietnam's retail sales bounced back at a growth rate of 18.4 percent.

According to the latest report from the General Statistics Office, the country's total revenue from the retail and services sector reached VND743 trillion (USD 41.28 million) in the reviewed period.

Economic experts explained that the growth of the retail sector was largely fuelled by the Government's stimulus packages, which have been wisely utilized by enterprises to increase the competitiveness of the goods and services they offer.

Apart from launching promotional campaigns to get a bigger slice of the retail pie, many big supermarkets have recently slashed prices to equal or even lower than those of goods found in open-air markets to draw more consumers.

Take, for example, the Saigon Coop in Ho Chi Minh City lowered the prices of 300,000 categories of goods, ranging from textiles and garments, to house wares, electronics and cosmetics during the "Vietnam's pride" programme it launched late August.

Earlier, the Big C system reduced the prices of 1,400 categories of essential commodities, mainly dried food and cosmetic products, by 1-10 percent and on 600 items of fresh food and meat by 25-35 percent.

The Maximark also offered 5-30 percent reductions in the prices of around 300 goods items, mainly dairy products, beverages and cooking oil. Despite its comparatively small-scale, Vietnam's retail market has kept growing stably and achieved a high growth rate, as evidenced in the past eight months. It was highly rated by foreign investors as harboring a huge untapped potential.

Late June, the Grant Thornton Vietnam company made public a study revealing that up to 70 percent of 169 local and foreign investors surveyed said they considered the retail sector as the most attractive one for investment in Vietnam in 2009. Also, in its report on Vietnam's economy this year, the Standard Chartered Bank (Hong Kong) commented that in the context of continuously declining exports, the retail sector would be a lever to boost Vietnam's economic growth in the coming quarters and will likely post the highest growth rate in Vietnam.

According to the Vietnam Retailers' Association, total retail revenue rose 25 percent a year on average during the 2006-08 period compared to 11 percent recorded in the previous periods. The association also forecast that retail and service turnover would increase by over 20 percent a year in the coming time.

(Source: VOVNews/VNA)

[Back to top](#)

Garment industry: biggest problem lies in material supply

Though a big export turnover earner, the garment industry is still considered as having low competitiveness and low added value. This stems from problems in the supply of materials for making garment products.

A lot of domestic garment producers complain that it is very difficult to find materials for garment production, saying it is verily 'seeking a needle at the bottom of the sea'.

Materials, where?

The value of fabric imports

N.T, director of P fashion brand name, has decided to return a consignment of fabric big enough to make 1,000 pairs of trousers to a domestic fabric producer because the fabric does not have the quality claimed by the producer.

"Our technical workers found out that the fabric is darker in some places and lighter-coloured elsewhere," she said. In fact, T's company rarely purchases fabric from domestic producers. Having 20 year experience, T well knows that the quality of domestically-made fabric is not constant, and products often have different problems in different orders. Nguyen Huu Phung, Chair of Viet Fashion Company in HCM City also said that he cannot rely on domestic fabric because of unstable supply and quality.

2006	USD 2.95 billion
2007	USD 3.98 billion
2008	USD 4.43 billion
(Source: General Department of Customs)	

The far-away goals

The Ministry of Industry (now the Ministry of Industry and Trade) once set the goal of gradually raising the locally made content level in garment products to 50 percent by 2010, making 1.5 billion metres of woven fabric by 2015, growing 150,000 hectares of cotton to make 80,000 tonnes of cotton yarn, so as to meet 50 percent of the demand of the garment industry. However, these remain far-away goals.

Phung related that his company sometimes has to sell products at below production cost because of the low quality of domestically-made fabric. Meanwhile, in their production plans, a lot of garment material producers only target providing materials for garment exporters, while they have not paid attention to providing materials for producers making products for domestic consumption.

S., General Director of N Fashion Company, said domestic producers now can provide only several kinds of fabric, while the fashion industry needs diversified materials.

S also pointed out that the prices of domestically-made materials are always 5 percent higher than imports, while supply sources and quality remain unstable.

It's necessary to change way of thinking

It is estimated that 90 percent of materials needed for garment production are imported from China, South Korea, Taiwan, Hong Kong and Japan. Despite a lot of policies on developing the production of materials for the garment industry, Vietnam is still relying on material imports.

Le Trung Hai, deputy general director of the Vietnam Textile and Garment Group (Vinatex), admitted that it will cost several tens of millions of dollars to make finished fabric, which is really a heavy investment.

An enterprise specializing in importing fabric said that the problem comes from the way material producers make investment in production equipment. If the enterprise orders fabric with Thai producers, it can order 5,000 metres for a kind of product and 1,000 metres for a color. Meanwhile, if it places orders with domestic fabric producers, it has to order 10,000 and 2,000 metres, respectively.

Insiders said that in order settle the problem, it is necessary to offer very attractive incentives to those enterprises that are brave enough to make investment in the tough phases of fabric production. Moreover, it is necessary to change their way of thinking: garment material producers do not have to use big capacity machines. They can get ready to provide small volumes of materials to fulfill small orders, while they need to keep an eye on quality and offer stable supplies.

(Source: Vietnamnet)

[Back to top](#)

INVESTMENT

FDI in search of sunlight

The Ministry of Planning and Investment is searching for the best scenarios for the country's FDI.

MPI is searching for the best scenarios for the country's foreign direct investments (FDI), on the back of international analysts' predictions that a rebound could be postponed until 2011.

During this process, a slowdown of licensed foreign-invested projects and a growing rivalry for drawing new capital are critical concerns for economic planners.

The MPI's FDI planners are scratching their heads over the long list of foreign-invested projects facing the axe. Also projects, each of which has billions of dollars in registered investment capital, are hitting the wall as a result of either investors' financial inabilities or market losses due to the continued global financial crisis.

Vietnam's biggest FDI project, the USD 9.8 billion Ca Na steel-making facility, is now on the rocks and the government of southern Ninh Thuan province, where the project is located, has given investors an ultimatum to get developing or get out.

Nguyen Chi Dung, chairman of Ninh Thuan People's Committee, said it was waiting for the investors' pledge to keep to its investment plans; otherwise the project's investment certificate would be revoked. The Ca Na steel-making facility, to have an annual capacity of 14 million tonnes of products, is being jointly developed by Malaysia's Lion Group and Vietnam's state-run Vinashin, received an investment certificate in September last year and broke ground for construction two months later. Under the joint venture's initial development plan, the project was scheduled to finish in 2010.

Dung said Vinashin had paid VND84 billion (USD4.7 million) for site clearance while Lion Group, the 70 percent stakeholder, had done nothing to develop the project. Figures showed that the Ca Na project alone made up a major slice of Ninh Thuan's registered FDI, amounting to USD 9.99 billion from 23 licenced projects by August, 20 this year.

"The loss of such a large-scale project will be a great loss for the province. Last year, when the project was licenced, it lifted Ninh Thuan into one of the year's best FDI locations," said Dung. Nguyen Duc Minh, director of northern Thai Nguyen Planning and Investment Department, shared the blues since its two largest FDI projects, USD 147 million Nuiphaovica mining venture and the USD 100 million Xuong Rong Lake property complex, are now both on the edge of bankruptcy.

Prime Minister Nguyen Tan Dung asked the Thai Nguyen local government to withdraw the investment license for the tri-venture Nuiphaovica, after a five-year implementation delay and for its failure to resettle nearly 3,000 families affected by the project. Meanwhile, Minh said the local government had been unable to find eligible investors to replace Japan's Intra Group in the province's latter ill-fated FDI project amid the ongoing global economic downturn. Malaysia-based Intra Group confessed that the crisis had hit its pockets hard, and so it could not keep going with the project.

Licensed in January of 2007, Intra Group aimed to turn Thai Nguyen City's Xuong Rong Lake and surroundings into a highly-furnished tourism area with high quality services and public facilities, including villas, bungalows, semi-detached houses, a shopping complex, apartment and condominium blocks, an office block and a four-star hotel.

"Without the Nuiphavica and Xuong Rong projects and without the presence of new FDI, we are upset to see Thai Nguyen drop among the country's lowest FDI localities," said Minh.

Gloomy figures

MPI deputy minister Nguyen Bich Dat said that the list of delayed FDI projects was longer because foreign investors tended to shelve investment plans to wait for the global economy to recover. Other significantly slowed FDI projects were the USD 7.9 billion Formosa steel and port complex, which hit bumps in land clearance, the USD 6.2 billion Nghi Son oil refinery and the USD 3.77 billion Long Son petrochemical complex, both of which were affected by the crisis, the USD 1.2 billion Thu Thiem Software Park and USD 550 million STX ship-building yard, whose investors were no longer capable of keeping up with the projects.

Dat admitted that with slow disbursement of licensed projects, a sharp decline in new FDI funds since the beginning of this year had caused a double-blow to FDI planners. The MPI's FDI reports for the first eight months of this year, released last week, indicated Vietnam's newly registered and expanded FDI funds between January and August had fallen 82 per year-on-year, to stay around USD 10.4 billion.

According to MPI reports, the nation's new FDI fund had recently decreased on a monthly basis, with newly registered capital of USD 2.2 billion in June down to USD 1.7 billion in July and just USD 300 million in August. "While all of the nation's FDI hotspots like Hanoi, Bac Ninh, Vinh Phuc, Ho Chi Minh City, Dong Nai, Binh Duong and Ba Ria-Vung Tau are feeling the pinch of the capital downturn, in less popular FDI localities, the pictures are extremely gloomy," said the MPI's report.

Declining FDI funds across the country have resulted in worsening capital inflows in the country's industrial parks, with a reported 40 percent drop to a registered amount of USD 1.6 billion for the first half of the year. The MPI's Department for Economic Zones Management made an alarming report that industrial parks of at least 20 provinces in the country did not receive any new FDI licenses in the first seven months of this year. "We must be realistic, and know that the remaining months of this year and even the whole of next year will be

very difficult in regards to FDI. To fit the situation, should we refresh our investment incentives to catch the attention of new investors who are searching for investment opportunities ahead of the economic recovery?” asked Tran Hong Ky, head of the department.

External competition

The World Investment Prospects Survey 2009-2011, released by the United Nations Conference on Trade and Development (UNCTAD), found that the global crisis would probably lead to a “decrease-then-rebound” pattern - a short decline in FDI expenditures in 2009, followed by recovery in 2010 and rebound in 2011.

“One of the major reasons for an expected recovery in FDI in 2010-2011, after its decline in 2009, is that respondent companies intend to pursue their strategy of internationalization, albeit at a slower pace.” “For the developing countries for which FDI is an important source of external financing, the major challenge is to improve their local business environment in order to enhance their attractiveness for transnational companies,” the report stated.

As far as the international predictions for a future FDI rebound were concerned, Dat said that neighboring countries for new FDI funds had grown. “We have heard that neighbouring countries were trying to lure investors that have had large-scale investment projects licensed in Vietnam, by providing the investors with much better incentives. I’m afraid that these investors, like the world’s leading IT contractors Compal and Foxconn, will tend to delay their project implementations in Vietnam,” Dat told participants at a recent MPI meeting to discuss the nation’s FDI scenarios for 2009 and 2010.

Some solutions

Taking both internal and external factors into account, the MPI planners’ initial forecasts aimed to see the country’s registered FDI funds across 2009 at around USD 20 billion, a sharp decline of 70 percent in comparison with last year’s figures. At the same time, the nation will be able to reach USD 9- USD 10 billion in disbursed FDI capital – an equal amount to 2008.

Meanwhile, the earlier scenarios of Vietnam’s FDI attraction next year may see a 10 percent growth on this year’s projections of both registered and disbursed funds. “We are still very cautious to see these forecasts while waiting for localities to report their actual situations,” said Dat, adding that cities and provinces had been asked to immediately make reports on the implementation and licensing of their FDI projects.

“The MPI is also strengthening FDI investigation tours to cities and provinces to ensure that any difficulties with any specific projects will be timely resolved,” he added. The MPI was also now urging relevant agencies and local governments to stick with six remedy packages to be implemented until the end of next year in order to lift FDI inflows in cities and provinces.

The packages were introduced in government resolution No13/NQ-CP issued in April this year, which aims to give priority to enhanced investment policies, improved infrastructure networks and labor skills and increased dialogues with foreign business communities.

Approved measures also included transparent announcements of land-use plans and industrial development strategies at both national and local levels, timely introductions of the nation’s wish-list of strategic foreign-invested projects and positive changes in investment promotional activities.

Among these measures, better coordination between central and local governments in FDI licensing and management would also be vital. Despite all these challenges, the MPI has been upbeat that Vietnam’s strategy to draw FDI funds between 2006 and 2010 will still be within reach. Between 2006 and June of this year, disbursed FDI funds were reported at USD 28.7 billion, or 92.8 percent of the five year plan.

(Source: VietNamNet/VIR)

[Back to top](#)

Vietnam metro opens new highway, bridge

A new road through eight Ho Chi Minh City districts opened to traffic on Wednesday (2nd Sep) as city planners hoped traffic jams would be reduced as a result.

The 18.4-km road, the first stage of the East-West Highway, runs through districts 1, 2, 4, 5, 6, 8, Binh Tan and Binh Chanh, from National Road 1A in Binh Chanh District to the Calmette Bridge in District 1.

Construction began in April 2005. The project will be expanded to a 21.89 km highway, including a tunnel that runs under the Saigon River to link districts 1 and 2. The road will include 10 bridges and 10 overpasses. The project requires a total investment of USD 660.6 million, USD 428 million of which is funded by ODA (Official Development Assistance) loans from Japan.

At the opening ceremony, Japanese Ambassador to Vietnam Mitsuo Sakaba said he hoped the project would help reduce traffic congestion in Ho Chi Minh City. Sakaba added that he also wished for the project to contribute to the socio-economic development of the southern economic hub.

The East-West Highway, once completed, would connect HCMC with other provinces in the Southern Focal Economic Zone, the city People's Committee's Chairman Le Hoang Quan said at the ceremony. The project also will help transform the area along the Tau Hu- Ben Nghe canal into a scenic landscape, Quan added.

Phu My Bridge

Later on the same day, the committee and Phu My Corporation inaugurated the Phu My Bridge, which links districts 2 and 7, after more than two years of construction.

From September 9 to December this year, the 2-km bridge would be open for motorbikes and cars with seven seats or fewer before opening to larger vehicles. Wednesday's bridge opening came four months earlier than expected and other surrounding road projects are not yet completed.

The Phu My Bridge, designed by French company ACARDIS and Australian company CARDNO, is a cable-stayed bridge with the two largest cable planes ever used in Vietnam, Quan said at the ceremony. The bridge will help reduce the amount of traffic passing through the urban core of HCMC, Quan said, adding that the bridge would be one of the first major structures crossing the Saigon River.

The VND2 trillion (USD 112 million) project is a joint effort by the city's People's Committee, the Phu My Bridge Corporation and Germany's general contractor Bilfinger Berger (BBBH).

(Source: Thanh Nien News)

[Back to top](#)

Vietnam makes first ethanol fuel

A Vietnamese company in the central province of Quang Nam produced its and the country's first batch of ethanol fuel on Wednesday (1st Sep 2009).

The biofuel for motor vehicles is made from sugar cane and cassava and could have a retail price VND 2,000 per liter less than the VND 15,700 it costs for a liter of straight 92-octane petrol. The exact price at the pump will depend on the ratio of ethanol to gasoline in the final mix, said a representative of Dong Xanh Joint Stock Company, whose ethanol plant is situated in Dai Tan Commune.

The plant has an annual output capacity of 100,000 tons (or 120 million liters) and is expected to consume 300,000 tons of dry cassava yearly. That translates to an annual income of at least VND300 billion (nearly USD17 million) for farmers in the central region who supply the plant, according to the company.

Last year, PetroVietnam Oil North Company, a member of state-owned PetroVietnam Oil Corporation (PV Oil), trialed the use of Gasohol E5 biofuel from China in Hanoi's taxicabs. However, the trial was aborted when it turned out that the fuel was being sold without authorization to the public at large.

(Source: Tuoi Tre)

[Back to top](#)

Vietnamese-funded fertilizer plant to be built in Cambodia

Vietnam's Five Star International Group plans to build a USD65-million fertilizer plant in Cambodia, according to Vietnam's trade mission in Cambodia.

The project has been submitted to the Council for the Development of Cambodia for approval. If approved, construction of the factory would start in October and be completed after 20 months. The planned location is Kien S'vay district, 20 km to the east of Phnom Penh. The plant is designed to produce 350,000 tonnes of fertilizer a year.

Lim Sokun, Secretary of State of the Cambodian Ministry of Agriculture, Forestry and Fisheries, welcomed the plan, saying that his country might supply up to 80 percent of the materials needed for the project. Sokun said he hoped that the plant's supply of fertilizer, along with providing new cultivation techniques, will help local farmers boost the productivity and the value of their agricultural products. Once operational, the plant will also help Cambodia cut down its fertilizer imports, thereby reducing production costs.

(Source: VOVNews)

[Back to top](#)

Higher property taxes may lift development

Business representatives and legal experts gathered with ministry officials in Ha Noi on Tuesday (1st Sep 2009) to discuss drafts of proposed laws on property taxation and royalties to be paid on natural resources.

Land and buildings used for commercial purpose should be taxed higher as the draft law would levy non-agricultural commercial property under the basic tax rate of 0.03%.

The draft property tax law was aimed at correcting inequalities in current tax exemptions and reductions, improving State administration of land and housing, and encouraging organizations and individuals to use land more effectively and economically, thereby contributing to a decrease in real estate speculation and sustainable development of the property market, said the deputy head of the Ministry of Finance's Department of Tax Policy, Pham Dinh Thi.

Former Deputy Minister of Natural Resources and Environment Dang Hung Vo pointed to the need to make clear that real property would be taxed based on areas and values. It is also essential to separate taxpayers into different classes," said Vo. "Those who own real property but do not put it into use would be subjected to a different tax rate in order to prevent wasteful and ineffective use as well as real estate speculation."

A decrease in the basic property tax rate from 0.05 percent to 0.03 percent, as called for by the Ministry of Finance, was also reasonable, he said. "In other countries, the basic tax rate is 1 percent, but this rate has proven unsuited to the incomes and living conditions of the Vietnamese people," Vo said.

Land and buildings used for commercial purpose should be taxed higher as the draft law would levy non-agricultural commercial property under the basic tax rate of 0.03 percent.

Viet Nam Construction Association vice chairman Pham Sy Liem also said that such a low tax rate would not help prevent speculation. He also urged that taxes on residential property be based not only on types of housing but on the socio-economic conditions of different localities. Prof Nguyen Quang Tien from the University of Law agreed that taxing residential property based on value was not suited to rural and mountainous areas. Prof Nguyen Minh Phong from the Ha Noi Socio-Economic Research Institute said the draft law's scope was too narrow because it only targeted residential or non-agricultural commercial property.

The draft law will be submitted to the National Assembly for discussion in October this year and is expected for approval in May, 2010.

Resource royalties

The National Assembly Finance and Budget Committee also held a workshop on Tuesday (1st Sep) to discuss the draft law on natural resources royalties, which, if passed, would take effect next January 1.

An expert from the Viet Nam Association of Wood and Forest Products, Vu Long, wondered why the fees levied on natural forests, at 10-40 percent, were higher than other types of natural resources. "The tax rates needs to be restructured as they will discourage forestry businesses and cause companies to over-exploit natural forest to earn enough to ensure their business sustainability," Long said.

The vice chairman of the Mining Working Group in Viet Nam, Bill Howell, expressed concern over the high levels of proposed royalty rates on minerals (from 5-30 percent) and said there was no explanation in the law as to when and in what situations the rates would be applied, leading to huge uncertainty.

"At a tax rate of 30 percent of the value of the minerals recovered, no investor could ever consider committing funds to a mining project in Viet Nam. Even at the lowest proposed tax rate of 5 percent, investors would have to think twice when most of the rest of the world applies a rate in the average range of 2-4 percent," he said.

Pham Chi Cuong, a representative from the Viet Nam Steel Association, proposed a maximum rate on minerals of 15 percent. A higher tax rate would help encourage conservation but would also lead to tax evasion and reduced competitiveness of Vietnamese products, he said.

Vu Khac Thu, a representative from Electricity of Viet Nam, proposed a rate of 2 percent on natural water used for hydroelectric production, rather than the draft law's proposed rate of 2-5 percent. He proposed tax reductions for multi-purpose hydroelectric facilities because, in addition to producing electricity, these facilities served to regulate rivers, prevent floods, and provide irrigation for agricultural production.

National Assembly Finance and Budget Committee vice chairman Cao Ngoc Xuyen said the public comments gathered would contribute to the final draft of the law and ensure its fairness and greater effectiveness once implemented.

(Source: Viet Nam News)

[Back to top](#)

Largest bridge in Northwest Vietnam inaugurated

An important bridge over the Hong (Red) River at a Vietnam-China border gate was inaugurated September 1 after three years of construction.

The bridge is the biggest in the northwest area of Vietnam and was a cooperation project between the two countries. It was built by Thang Long Bridge Company I, at a cost of about VND130 billion (USD7.2 million). The bridge, 295 meters long with four lanes for vehicles and two for passengers, connects the Kim Thanh Industrial and Trading Zone in Lao Cai Province with an economic zone in the Chinese province of Yunnan. The bridge is scheduled to open to traffic on November 1, 2009.

Speaking at the inauguration ceremony, Vietnamese Deputy Minister of Transport Ngo Think Duc said the bridge is an important connecting point on the North-South economic corridor in the expanded sub-Mekong regional cooperation program. It also coincides with the AH14 route of the trans-Asian road system, he added. The new bridge would open a new prospect for economic and trading relations between Vietnam and China's southwest provinces, he commented.

(Source: SGGP)

[Back to top](#)

City to invest in transport infrastructure

HCM City will boost investment in construction and investment in transport infrastructure in the remaining months of the year, said leader of HCM City at a periodic meeting to assess the results of the performance of social-economic plans in for the last eight months.

Chaired by chairman of the HCMC People's Committee Le Hoang Quan, the meeting also outlined necessary tasks for September.

Standing Deputy Chairman of the city's People's Committee Nguyen Thanh Tai announced that although facing many difficulties due to the ongoing financial crisis, many financial and economic indices are reported to have recorded positive growth. Such an achievement suggested that the city has carried out measures to curb economic recession stipulated by the central government in an effective and efficient way, added Mr Tai.

Industrial production is estimated to have reached VND276 trillion, an increase of 5.5 percent over the same period last year, of which, non-State industrial output is expected to rise to 8.1 percent and gross output of industry with foreign investment 7.9 percent, Mr Luan said. The output of local State industry, however, is estimated to see a fall of 9.3 percent, added he.

Social security policies have also been carried out effectively, especially those related to education, health and hunger eradication and poverty alleviation, said Mr Luan. Specifically, since early August, the city has created jobs for 30,400 workers, among them, 27,000 are working on long-term employment contracts. As to the education sector, representatives from the Department of Training and Education reported the availability of over 600 newly built classrooms, which will be put into operation as soon as the new school year starts.

The Department of Industry and Trade said that it will ensure the adequate supply of ten kinds of necessities for city residents' celebrations of the Lunar New Year (Tet) holidays in 2010. He also asserted that that the prices of such necessities will be ten percent lower than the market prices.

Figures from reports by the city's People's Committee revealed that the city's tax revenue in the first eight months of the year is estimated to reach VND82.8 trillion, making up 67.3 percent of the whole year's estimated budget, a decrease of 3.7 percent over the same period last year.

Le Hoang Quan requested tax agencies to carry out more checks to find companies committing tax invasion to collect payment arrears.

For the city's development plans for the remaining months, Mr Tai recommended that relevant district and ward authorities throughout the city exploit every favorable condition to speed up economic growth until the end of the year. Mr Tai emphasized on speeding up administrative procedure reforms for investments in capital construction and transport infrastructure. He said, "Investment in transport infrastructure will be boosted, as its current sub-standard quality will be an obstacle to the city's economic growth in 2010." To facilitate the building of modern systems of bridges and roads, districts and wards in the city should speed up land clearance and resettlement projects, said Mr Tai. They were also requested to carry out measures to ease traffic congestion. Mr Tai promised that the city government will try its best to mobilize investment funds for construction of transport infrastructure in various ways, especially for important and emergency projects.

(Source: SGGP)

[Back to top](#)

Water supply plant under construction in Central Highlands

Construction work on a water supply plant of 2,000cu.m in daily capacity started in the Bo Y border gate economic zone in the Central Highland province of Kon Tum on September 14th, 2009.

The plant's major sections are expected to be completed prior to the rainy season, said the Management Board of the economic zone. This is the first water plant of its kind built in the economic zone. The project has a total investment capital of VND45 billion (over USD2.5 million), of which nearly VND26 billion is in the form of official development assistance (ODA) from the Japanese government and the remainder is the State's counter-balance capital.

Once the plant is put into operation by the end of this year, it is expected to supply safe water to nearly 10,000 people living in the Bo Y international border gate economic zone, and put an end to the current shortage of safe water.

(Source: VOVNews)

[Back to top](#)

Free trade agreements prompt Japanese to change investment mode

Instead of setting up manufacturing bases in Vietnam, many Japanese investors have decided to establish trading companies to manage the export of Japanese goods to Vietnam, according to a newspaper.

The trap of 'free trade'

According to Professor Tran Van Tho from Waseda University, it is a normal thing if Japanese investors turn to trading instead of running production projects in Vietnam. The thing that Vietnam needs to do now is to apply reasonable policies to attract foreign investors not only to the trade, but to production sector as well. This is the 'trap' of free trade. The two things that help attract Japanese investors in manufacturing and high technologies are:

1/ developing supporting industries and

2/ developing small and medium enterprises.

Hirota Nakanishi, consultant expert of JETRO, the Japanese trade office in HCM City, notes a new trend in the way Japanese investors seek to access Vietnam's market. Previously, 80 percent planned to set up production in Vietnam. That's now the goal of only 50 percent.

Under the Vietnam-Japan Economic Partnership Agreement (VJEPA), which will take effect as of October 1, 2009, thousands of import products from Japan to Vietnam will enjoy a zero percent tariff rate. Meanwhile, the ASEAN-Japan free trade agreement, which took effect on December 1, 2008, has already lowered tariffs to the zero to five percent range. This paves the way for the goods manufactured by Japanese factories in other ASEAN countries to flow into Vietnam.

Trading moves to center stage

In late August 2009, Sharp Vietnam Electronics Company announced its official transformation into an import company, after 14 years as a representative office. Sharp Vietnam has the right to import electronics, refrigeration, home electric products. It has also taken over responsibility for distribution of the goods, including the quality commitment, maintenance and post sale services from Mitsui Vietnam, previously Sharp's authorized distributor.

Sharp Vietnam's General Director Masashi Kubo said that per capita income per capita in big cities like Hanoi and HCM City has risen to USD 2,500 to USD 4,000 in 2009. This is one of the reasons, which has made Sharp target the Vietnam market.

Sony has run a small assembly plant in Vietnam over the last decade. Now it will close the factory to shift to trade. Sony's decision was a shock to Vietnamese officials who have wooed electronics big names, hoping they would be catalysts for development of an advanced electronics industry in Vietnam.

Changing the way to access market

Cao Binh is owner of the Hachi Hachi Shop in Phu Nhuan district in HCM City, which specializes in selling imports from Japan. Binh said that the demand decreased from late 2008 to June 2009 due to the economic downturn, but the number of products he has on sale has increased to over 4,000, twice the number two years ago.

It is now easier to go to Japan to find goods to sell in Vietnam, Binh said, not because of the lower tariff, but because Japanese companies want to increase exports to Vietnam. "Previously, we had to place big orders to 'catch the eyes' of Japanese producers. Now we just need order 500 units," Binh said.

Economists said that in the global economic recession, the demand in Japanese market has fallen. Companies therefore have been trying to boost exports to other markets. Vietnam has become a target market for many companies thanks to its high population.

Statistics released by local planning and investment departments in HCM City and in nearby Binh Duong and Ba Ria-Vung Tau showed that hundreds of foreign-invested trading enterprises have been established, including many Japanese companies.

According to the HCM City Industry and Trade Department, sixty-four representative offices of Japanese businessmen were set up in the last two years, mostly operating in the import-export field. Only three nations

have more offices in Vietnam than Japan. An official of the department said that many offices have been upgraded to trading companies after a period of making market survey in Vietnam.

According to a Japanese director, the business environment here has seen many changes since Vietnam joined the WTO. “The changes in the market opening policy (allowing 100 percent foreign owned companies in the retail sector, or allowing the import of products for domestic consumption), together with a rising cost of running an assembly plant in Vietnam, have forced us to reconsider the strategy to access Vietnam’s market,” he said.

(Source: VietNamNet/TT)

[Back to top](#)

Vietnam sets tougher rules for steel projects

Vietnam News Service reported that Vietnam steel industry investment projects must meet certain requirements issued by the Ministry of Industry & Trade.

Beginning in the fourth quarter, under the new regulations, steel investment projects must meet industry development plan standards, including: technology, equipment, source of input material, fuel, infrastructure and financial status.

The circular was issued after Ministry of Industry & Trade raised concerns over a breakdown in the plan to develop the steel industry. Due to rampant licensing, many steel projects did not follow the steel industry’s development plans as ratified by the government.

Last year, MoIT found that 32 recent projects were not in line with the Government’s development plan, 24 of which did not conform to the Law of Construction and had not received approval from the Prime Minister or MoIT. Local authorities are currently permitted to give licenses for steel projects in their provinces after receiving approval from the Prime Minister or MoIT.

Mr Pham Chi Cuong chairman of the Viet Nam Steel Association said that the steel industry had been developing rapidly but it lacked sustainability. He warned that the massive investment in steel projects nationwide with the establishment of steel mills in most provinces was threatening to break the steel industry’s development strategy while negatively affecting the balance of energy, transportation and the environment.

With the new regulations, MoIT expected the steel industry would develop more sustainably and environmental safety would be ensured. It said it was scrutinizing steel industry investments to file an official recommendation to the government soon for dealing with steel projects that violate the industry's development plans.

(Source: VNS)

[Back to top](#)

Bridging compensation gaps tough work for Nhat Tan project

Seventy-five households are hindering the development of a high-profile Hanoi bridge project.

The Nhat Tan bridge will be the country’s largest suspension bridge, and once it is completed by October, 2012, it will cut travel times from Hanoi’s centre to Noi Bai airport in half.

According to the latest report from project investor Ta Ngan Infrastructure Project Management Unit, the 75 households in Tay Ho district Phu Thuong commune had not allowed project staff to go inside and collect figures to set up a database for land clearance and compensation.

“Those people are afraid that the compensation will not be enough. We have closely coordinated with local authorities to pursue them and we hope that they will soon agree,” said unit deputy director Bui Dang Thang.

The project asked the households to permit staff to go inside dwellings. However, they still disagreed. “If those households continue to disagree, we will take figures and data kept at the local commune’s people’s committee to set up plans for clearance and compensation,” Thang said.

In total, the project needs to wipe out more than 1,160,000 square meters on both sides of the bridge. Around 4,000 families and five organizations were currently occupying those areas. This land was along both two sides of the Red River, crossing three communes of Dong Anh district and two communes of Tay Ho district. So far, late August more than three hectares were transferred to the unit to prepare for the start of construction. The rest of the areas were expected to be finished by the year's end to make way for construction next year.

Thang said the project had not faced compensation difficulties in areas that were occupied by state-owned organizations or the army. Construction plans for the bridge were recently signed between IHI and Sumitomo Mitsui Construction Company, worth VND10.2 trillion (USD 567 million) to build the main part of the structure and the northern approach road to the bridge.

Nhat Tan will also link the city centre with industrial zones in the north, including North Thang Long-Van Tri, Dong Anh-Co Loa and Gia Lam-Sai Dong-Yen Vien. The bridge will span nearly nine kilometers, including the 3.7km crossing the Red River, making it the longest bridge in Vietnam.

The bridge will be 33.2 metres wide and divided into four lanes, two for buses and two for other vehicles. The total cost of the project was estimated at VND13.6 trillion (USD 588 million), sourced from loans from the Japan Bank for International Cooperation and contributions from the Vietnamese government.

Nhat Tan bridge will be one of the five key transport projects that the Hanoi People's Committee has targeted to start construction by early next year. The four other projects were the railway system linking Nhon and Hanoi stations, an urban railway system linking Cat Linh and Ha Dong, the Nhat Tan-Noi Bai road and a new passenger terminal at Noi Bai airport.

(Source: Vietnam Investment Review)

[Back to top](#)

Essential road system opened to ease traffic in city

Phu My cable-stayed bridge and road along Tau Hu – Ben Nghe Canal, both parts of the East-West Highway, opened to traffic on September 2. They are two events to highlight Ho Chi Minh City's development, especially when the city's bridge and road system has day after day become overloaded.

The ten kilometer bridge over Sai Gon River connecting Districts 2 and 7, which opens to traffic on National Day to check technical parameters, has a height from the bridge to the water face of 45 meters. As such it allows large vessels to travel under the bridge to seaports further inland.

The bridge has been built with modern technology and high safety in mind, said Nguyen Thanh Thai, general director of Phu My Bridge BOT. He was referring to an unlikely case that a cable breaks; however, the bridge would still be safe for people and vehicles crossing at the time.

Phu My, the first bridge in the city being completed three months ahead of schedule, has been built by a group of oversea Vietnamese investors and domestic businesses in the Build – Operate – Transfer (BOT) form. The bridge has been built to last at least 100 years, and for the first 26 years investors will collect road tolls. Phu My Bridge is an important part of the city's Ring Road No 2 that has been under construction. When the road is complete, all trucks will travel here instead of going through the city, which will help reduce traffic jams. The bridge, the most difficult part of the ring road construction, has been completed.

Canal road opens to traffic

The road along side Tau Hu – Ben Nghe Canal, another important work of East West Highway Project, has basically been completed and will open to traffic on September 2.

The nine kilometer road, with five to six lanes, begins at Thu Thiem Tunnel door in District 1 and passes Districts 4, 5, and 8 to end at Lo Gom Canal in District 6.

At present, large streets in the city like Nguyen Thi Minh Khai, Tran Hung Dao and Hung Vuong are always clogged, especially where street faces have been narrowed due to construction of drainage projects.

Luu Chi Tuong, owner of a transport service business expressed happiness to know the road has been completed. He said that his company's container trucks regularly take four hours to travel a few kilometers from Nguyen Van Linh Revenue to An Lac Roundabout due to traffic. The company has to often compensate the goods' owners due to late delivery. Besides the road, engineers and workers are rushing to complete another section of the highway project, Thu Thiem Tunnel, beneath Sai Gon River.

Vuong Hoang Thanh, deputy director of the highway project's management board, said that the contractor has repaired cracks in pre-constructed sections of the tunnel.

It is expected that the repair will be complete this year and the tunnel will begin the installation at the beginning of next year. The East-West High Way is the most modern urban street in HCMC. The city's People's Committee has assigned the Department of Architecture and Planning to draft a statute to manage the architecture of construction works around the highway to make the area become one of the most beautiful areas in the city.

(Source: SGGP)

[Back to top](#)

Ninh Thuan moves to seek out investment

The southern central coastal province of Ninh Thuan will hold a conference this October to promote the available investment opportunities so that enterprises can take advantage of its abundant resources in energy, minerals, tourism and agriculture.

The conference, the first of its kind, is expected to attract 400 local and overseas investors and economic experts, said the organizers – the Ministry of Planning and Investment, the Ninh Thuan provincial People's Committee and the Japanese External Trade Organization (JETRO).

Situated on the junction of three strategic transport routes, namely the North-South railway, National Highway 1A, and Highway 27 to the Central Highlands, Ninh Thuan has the potential to develop its energy, mining, tourist and agricultural sectors. It has also been selected to house one of the country's nuclear power plants.

However, in recent years the province has met with various difficulties when trying to attract both local and foreign investment so its socio-economic growth remains much lower than that of other neighboring localities in the southern central coastal region.

According to the organizers, talks will be held on how to develop energy production in the province as well as its infrastructure. Calls will also be made for more investment in the southern central coastal area's agriculture, forestry and aquaculture industries as part of the “*Ninh Thuan-Potential and Investment Opportunities*” conference.

(Source: VNA/VOVNews)

[Back to top](#)

Can Tho: List of 18 calling projects announced

At the Seminar on Investment, Trade and Tourism Promotion to Can Tho city 2009 (held on 27-28 Aug, 2009), Mr. Tran Tuan Anh – Deputy Chairman of the City People's Committee, Head of Organizer Board, announced list of 18 projects calling for investment to Can Tho city.

The announced projects belong to several sectors such as tourism, tourism infrastructure, industrial zone, high-tech zone, trade, processing industry, traffic infrastructure and residential centers. These projects are widely allocated in various districts of the city.

At the seminar, more than 200 leaders, investors, enterprises from home and overseas listened to city's leaders introduce Can Tho's potential and advantages as well as investment incentive sectors of the city. Representative of Singapore's Ambassador, Consulate of Japan and Korea together with many domestic and overseas enterprises highly appreciated Can Tho's potential and advantages, especially its role as a heart city of Mekong River Delta – Vietnam's granary of rice and aquatic products.

According to investors, Can Tho in particular and Mekong Delta provinces in general need to enhance region union in order to improve infrastructure condition, promote processing industry and apply high-tech in agriculture production. Also at the seminar, investors signed MOU for more than 10 agreements with total worth 3 trillion USD.

(Source: *InvestinVietNam.vn*)

[Back to top](#)

USTDA grants USD 500,000 for sludge treatment project

The U.S Trade and Development Agency (USTDA) on Monday (31 Aug) signed an agreement to grant USD 500,000 to Saigon Water Corporation (Sawaco) to help prepare technical studies for a project to treat and dispose of the sludge from Sawaco's water treatment plants.

Tran Dinh Phu, general director of Sawaco, said at the signing ceremony that the project would cost USD 675,000, including USD 500,000 granted by USTDA and USD 125,000 donated by the U.S. firm Camp, Dresser and McKee (CDM). Sawaco is funding the remainder.

Phu said Sawaco would hire CDM to perform a feasibility study and provide technical consultancy for a cost-effective method to treat and get rid of the sludge from water purification in a safe manner and that it would take 20 months to complete the technical study.

According to Sawaco, the city's water treatment plants currently supply 1.3 million cubic meters of tap water each day. Thu Duc Water Plant in Thu Duc District discharges 120 tons of sludge each day.

The sludge is diluted with water then discharged into the nearby Cai Spring which is destroying the natural water source. Sawaco's Tan Hiep Water Plant in Hoc Mon District discharges a large amount of untreated sludge every day.

Pham Douglas Huey, country manager of CDM, told the Daily that with a supply capacity of some 1.3 million cubic meters of tap water per day, the city would need to invest USD 20 million for a facility for cost-effective treatment of the sludge.

(Source: *The Saigon Times Daily*)

[Back to top](#)

PetroVietnam, Russia's Zarubezhneft ink new deals

The Vietnam National Oil and Gas Group (PetroVietnam) and Russia's OAO Zarubezhneft Company on Aug. 28 signed a number of cooperation agreements.

The deals include a memorandum of understanding (MoU) to consider Zarubezhneft's participation in developing some lots on the continental shelf offshore Vietnam. Zarubezhneft also signed with PetroVietnam's subsidiary, PetroVietnam Exploration and Production Corporation (PVEP), a MoU to ask permission for oil and gas exploration and exploitation in a contracted deep-water area off the shore of Cuba.

The Rusvietpetro joint venture company and the PetroVietnam Insurance Joint Stock Company (PVI) signed an insurance contract for an oil drilling project in Russia's Nenevski Municipality, a multi-billion USD project with the participation of large oil and gas groups from Russia and other countries.

With the contract, PVI becomes the first Vietnamese non-life insurance company to join an overseas project. Addressing the signing ceremony, PetroVietnam General Director Phung Dinh Thuc said Zarubezhneft is a long-term partner which has made important contributions to Vietnam's economic development. He said the two sides have cooperated since 1991 and exploited 180 million tonnes of crude oil from Bach Ho (White Tiger) and Rong (Dragon) fields.

With the newly-signed deals, PetroVietnam and Zarubezhneft would continue cooperation in investment in Vietnam, Russia and third countries, Thuc said. Zarubezhneft General Director Nikolai Brunich also expressed his

hope that the two sides would continue their effective cooperation in a third country, particularly in Cuba, in the coming time.

(Source: VNPlus)

[Back to top](#)

Indonesia AirAsia about to operate Jakarta-HCMC direct flights

Indonesia AirAsia said the low-cost carrier would launch its direct service between Jakarta and Ho Chi Minh City on Sep. 18 with four flights per week on Mondays, Wednesday, Fridays and Sundays.

An AirAsia statement dated Aug. 19 said Indonesia AirAsia would offer a promotional fare from 199,000 rupiah (almost USD 20) from Jakarta to Ho Chi Minh City and an all-in-fare of USD 35, also promotional, from Ho Chi Minh City to Jakarta. The new service will mark the first flight for Indonesia AirAsia heading towards Vietnam, the carrier said in the announcement.

Indonesia AirAsia marketing and distribution director Widijastoro Nugroho said in the statement, “With four times weekly frequency between Jakarta and Ho Chi Minh City, mutual economic, social and cultural benefits can be expected, as AirAsia’s low fares and innovative services will definitely stimulate more travel both inbound and outbound from these two destinations.”

Indonesia AirAsia chief executive officer Dharmadi was quoted as saying, “We believe that Ho Chi Minh City is a dynamic and industrious center. With a number of seven million inhabitants, it is one of the most potential cities and considered as the economic capital in Vietnam.”

AirAsia is a Malaysia-based airline group. AirAsia Bhd. in Malaysia and Thailand AirAsia have their fleets already flying to Hanoi and Ho Chi Minh City, targeting a overall average load factor of 75-85%, the group says.

(Source: SGGP)

[Back to top](#)

FINANCE – BANKING

Sacombank Securities looks to expand abroad

Sacombank Securities Company (Sacombank-SBS) plans to open several new overseas offices to boost its business with the first one beginning its operations early next year, according to a company official.

“We plan to open a securities company in Cambodia in early 2010 as the country is scheduled to inaugurate its stock market in January,” General Director Nguyen Ho Nam told. Another securities company is planned for Laos, which is expected to open its first stock exchange in October 2010, according to Nam.

In the long-term, he wants the company to establish a presence in a number of major markets including Singapore and the US by setting up offices to attract capital to Vietnam. He told a meeting on Sept. 1 that his company would follow the investment bank model to improve its customer services both inside and outside Vietnam.

“We have established relations with many world renowned investment banks including Citibank, HSBC, Deutsche Bank, JP Morgan Chase, Mitsubishi UFJ Capital and Daiwa Securities SMBC, whose experience we can learn from,” said Nam. He added that these new relationships would also help to expand the number of channels through which the company can distribute its products. He said that his company was currently in the process of developing a line of new products, which are expected to be available before the year’s end to satisfy customers’ investment demands.

(Source: VOVNews)

[Back to top](#)

Foreign investment in Vietnam stocks USD 5 bln

Foreign investment in Vietnamese stocks stands at USD 5 billion, including shares in commercial banks, insurance firms and major companies, an industry report said on Friday (28 Aug), up from USD 4.6 billion at the end of last year.

Earlier industry reports had shown a steep drop in portfolio investment from USD 7.6 billion in December 2007. The current investments included USD 1 billion by foreign strategic investors in financials and USD 4 billion from funds and institutions not based in the country, the Vietnam Association of Financial Investors' report said.

Vietnam caps foreign ownership in listed domestic banks at 30 percent, with a 15% limit for strategic investors that can be increased to 20% with government approval. Foreign investors now have shares in a number of Vietnamese banks, such as Saigon Thuong Tin Bank (STB), Asia Commercial Bank (ACB) and Vietcombank (VCB), the country's largest partly private lender. The VN Index .VNI on the main Ho Chi Minh Stock Exchange has risen 70% this year. It added 1.8 percent on Friday.

(Source: DTCK)

[Back to top](#)

Malaysia's CIMB wants to expand banking business to Vietnam

CIMB Group, Malaysia's second biggest bank, feels it is the right time to boost investment and enter the Vietnamese market.

Malaysian banks should take the opportunity to expand their presence in Vietnam, where the economy is growing and there are not so many competitors, the Vietnam News Agency quoted CIMB Group's chief financial officer Kenny Kim as saying Tuesday.

Vietnam's economy expanded 4.5 percent in the second quarter, up from 3.1 percent in the first, the Hanoi-based General Statistics Office said in July. It may expand 5.5 percent this year, the government said September 1.

HSBC and Standard Chartered Plc. were the first foreign banks to win licenses to set up fully owned operations in Vietnam last year. Australia and New Zealand Banking Group, South Korea's Shinhan Bank and Malaysia's Hong Leong Bank Bhd. later received similar approvals.

The State Bank of Vietnam said CIMB Group is the second largest financial services provider in Malaysia and ranks fifth in Southeast Asia. The group's main markets are Malaysia, Indonesia and Singapore.

Operations overseas accounted for 22 percent of CIMB's pretax profits in the first six months this year, up from 12 percent from the same period last year, according to the Vietnam News Agency.

CIMB are among six Malaysian banking groups operating in foreign countries, newspaper The Star reported September 1. The other five are Malayan Banking Bhd (Maybank), Hong Leong Bank Bhd, Public Bank Bhd, RHB Banking group and AmBank Group.

(Source: Thanh Nien)

[Back to top](#)

Draft property tax law is still sitting in the firing line

Fingers are being pointed at the Ministry of Finance over proposed housing and land tax law shortcomings.

Critics claim the law will do little to prevent real estate market speculation or increase state budget coffers. The draft law is expected to be discussed during the National Assembly's meeting next month. It is due to be approved next May and take effect in 2011. However, after several amendments over the past few months, the draft is still triggering criticism.

"Billions of dong was spent on this law-making project, but the Ministry of Finance (MoF) only produced a draft law with 13 articles printed on five pages," said a member of the National Assembly's Budget and Finance

Committee. He pointed out that while Article 6 under the draft was described as “taxable price of residential houses”, it included regulations on taxable prices of land, which also reflected “sloppy work” by the MoF.

Truong Thanh Duc, chairman of the Basico law firm, said the MoF had set five targets for the law, including encouraging economic use of land, preventing land speculation and increasing revenues for the state budget, but failed to meet any of them.

“The proposed tax rates are too low to make considerable contributions to the state budget. Meanwhile, with confusing regulations, the draft does not give any focus to help prevent speculation,” said Duc. According to the draft law, residential land, houses and land for commercial purposes other than cultivation will be subject to tax, which is not the case under current regulations. Residential houses with a taxable value of more than VND 600 million (USD 33,500) will be taxed at 0.03 percent on the excess value.

Taxable value of houses is calculated based on construction price quotations regulated by the government, verifying depend on different type of houses.

Residential land with an area within the norms regulated by the government will be taxed 0.03 percent of its taxable value. The tax rate will be 0.06 percent if the land area is within three-times the regulated norm and 0.09 percent if the area exceeds three-times the norm.

Land tax of apartments in multi-floor blocks will be calculated based on coefficients of the apartment’s floors, with the same tax rate of 0.03 percent for apartments of different square meter age. “Regulating a single housing tax rate for all types of residential houses is unsuitable.

The 0.03 percent tax rate might suit houses in rural areas but will be too low for houses in urban areas,” said Pham Sy Liem, deputy chairman of the Federation of Civil Engineering Associations.

Meanwhile, Hanoi Institute for Socio-Economic Research specialist Nguyen Minh Phong said land tax on apartments in multi-floor blocks would discourage investment in modernized housing to save land.

Dang Hung Vo, former deputy minister of Natural Resources and Environment, suggested a higher tax rate at 0.12 percent for deserted land or land left idle due to project delays to encourage effective land use.

(Source: VIR)

[Back to top](#)

ANALYSIS – OPINION

Factors behind Vietnam’s economic success

Political stability, economic growth rate and reform efforts have helped Vietnam overcome the impact of the global financial crisis, said international observers.

They added that these factors have won the trust of investors and confirmed Vietnam’s prestige and position in the international community, creating the driving force behind Vietnam’s progress towards the 21st century.

“Vietnam will be the next Asian tiger”, said Chris Wolf, a senior investment officer from Cogo Wolf Asset Management.

Mr Wolf attributed Vietnam’s success to political stability, economic growth and its integration into the region and the world. Subsequently, the UK-based New Economics Foundation (NEF) ranked Vietnam among the world’s five happiest countries and is the only Asian country listed among the ten happiest countries in the world in 2009.

Salomon Sacal, Director of the Mexican Government’s Trade Promotion Department for the Asia-Pacific region and the Middle East described Vietnam as a wonderful and dynamic country. He highlighted the peace and prosperity in the country, saying that he loves Vietnam and its people, who are very hospitable.

Political stability and its open-door policies have helped Vietnam become a safe and attractive destination for foreign investors.

El Koobroosi, General Director of Zamil Vietnam (ZSV), said that over the past 10 years that it has operated in Vietnam, the country has shown its many advantages such as the available labor force, its creativity, and political stability.

Sharing this view, the director of the Republic of Korea's investment and trade promotion office in Vietnam, Young Won Kim said that more than 93 percent of RoK businesses are pleased with their decision to invest in Vietnam. Around 70 percent of businesses say that they are willing to advise their partners or other investors to invest in Vietnam.

The French ambassador to Vietnam Herve Bolot attributed Vietnam's success to the country's heightened prestige during its international integration process and its implementation of WTO's commitments. Therefore, many famous French businesses returned to Vietnam in June including Renault, Citelum, and Total.

Federic Sanchez, head of a business delegation from France said that French businesses want to expand bilateral economic relations with Vietnam due to its political stability, and reformed economic policies.

Tom Cannon, a UK leading policy maker, said during his visit to Vietnam last month that the Vietnamese government's policies have helped the country recover rapidly from the impact of the global financial crisis. He believed that Vietnam's economy will soon prosper thanks to three factors including its banking policies, available labor force, and the government's policies on developing businesses, promoting creativity, improving quality and maintaining sustainable development.

He added that Vietnam's prestige in the international arena has improved and helped the country during the international integration process. It has expanded cooperative relations with various international friends, especially as Vietnam is now preparing to assume the role of ASEAN President in 2010.

Nachit Bouchrit, the Algerian ambassador to Vietnam said that although the economic crisis has slowed down its economic growth rate, ASEAN is a region with great potential. He was glad to learn that Vietnam is willing to cooperate with African countries by creating a national programme of cooperation with Africa.

Deputy US Trade Representative Demetrios Marantis, said that Asia and South East Asia are top priorities in US foreign policy. "We attach great importance to the role the region has to play and are thinking about negotiating a Regional Free Trade Agreement. We want to strengthen cooperation with Vietnam, especially when Vietnam assumes the role of ASEAN President next year".

It is obvious that Vietnam has had to face many challenges during the international integration process. However, cooperation and support from international friends will help Vietnam become more confident in the 21st century.

(Source:VOVNews)

[Back to top](#)

Investment door wide open for City to Delta express railway

Director of the Viet Nam Railway Department Vu Xuan Hong spoke to a newspaper about a project to build an express railway from HCM City to Can Tho.

Will the project be built basing on plans proposed by South Korean or by Japanese consultants? The Ministry of Transport has entrusted us to make a report on the project on the basis of a plan proposed by a joint venture between the HCM City-based Transport Engineering and Design Inc South (TediSouth) and South Korea's Chungbuk Company. The railway will link HCM City and the Cuu Long (Mekong) Delta's Can Tho City. It will have a total length of 150km and a total investment capital of USD4 billion, including expenditure for construction and buying trains.

Does this mean that the Railway Department will choose South Korean technology for the project? Yes, it does. In order to implement an agreement between the Governments of Viet Nam and South Korea, the Ministry of

Construction asked the department to mainly use technology from South Korea - but to update it and adjust it to fit conditions in Viet Nam.

Will the railway technology of South Korea match Japanese one expected to be used for the remainder of the North-South express railway? The construction of the North-South express railway or any express railways will be built by consulting technology standards of countries that are experts in the field, such as France, Japan, Germany and South Korea.

What will be the speeds of trains running on the railway? This railway is designed for passenger transport only, which limits the speed to a maximum of 350km per hour. This will also be the maximum speed for trains running on the North-South railway.

It is believed that it will be difficult for the railway to compete with highway and waterways in the Cuu Long region. What do you think? The high-speed railway will not take cargo market share from waterways. Passenger transport is the key target of this railway. The express railway has advantages in speed, safety and economic efficiency. Besides, it will directly link the centre of HCM City (Hoa Hung or Thu Thiem station) to the centre of Can Tho city. The costs of a ticket on the high-speed railway may be higher than that for buses or water transport, but it will take only 40 minutes from HCM City to Can Tho.

At present it takes three hours to complete the journey by car. Therefore, I believe that not only tourists, but also many residents will choose this means of transport.

Where will most of the investment come from? The department is planning to raise capital for the construction of the railway. The South Korean side plans to provide Official Development Assistance (ODA) and Ordinary Capital Resources (OCR) for the project. However, we hope that the project will be invested in by public-private-partnership (PPP). Apart from capital resources, Viet Nam hopes to learn from the experiences in express railway management, exploitation and operation.

Big companies in South Korea have set up a board to promote research and mobilise capital for the project. However, the door is still wide open for all investors interested.

When will the project begin? The department is finalizing an investment report for the project. If everything runs smoothly, construction is scheduled to start in 2012 and to complete within five or six years.

(Source: Vietnam Net)

[Back to top](#)

Carrot and stick approach to IPRs

Vietnam has enjoyed great developments in building a legal framework conducive to intellectual property right (IPR) protection.

What it should do now is to guarantee the laws are effectively enforced, as Dao Anh Tuan, Business Software Alliance's (BSA) contracted representative in Vietnam told.

It's almost three years since Vietnam joined the World Trade Organization (WTO) with strong commitments to protecting IPRs. How has the country carried out these commitments? From the legal aspect we can see great developments in the country's efforts to build a legal framework which adapts to international practices. Noticeably, IPR violations have been clarified in Vietnamese laws, including the amended Criminal Code, with abstract terms like "serious consequences" being no longer adopted. Instead, the laws have specified violating acts and corresponding penalties.

We know there was hot debate among lawmakers before adopting such legal provisions. Thus, the developments have actually indicated Vietnam's political will and new thinking approaches towards seriously protecting IPRs.

There are also a series of sub-laws issued to complete the legal framework and enhance enforcement effectiveness, showing the Vietnamese government's seriousness in undertaking the WTO commitments. They include the prime minister's directive on strengthening software and music copyright protection and the National Assembly's amended ordinance on administrative penalties, which raises the fine on IPR violations to a maximum of VND500 million (USD 28,000).

Are there legal loopholes that need to be corrected to strengthen IPR protection? There are legal challenges, rather than loopholes, lying in the interpretation of IPR laws in sub-laws. The interpretation process must ensure the legal provisions are correctly understood. For example, how the term “violation/piracy on a commercial scale” of the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) is understood and applied in Vietnam’s reality is one of the major issues.

We have seen some Vietnamese laws made even vaguer when interpreted into implementation guiding documents. The execution of criminal prosecution on IPR violations is also one of the biggest challenges.

Have IPR law enforcement bodies’ efforts being coming up to scratch? There have been significant efforts exerted by the Vietnamese government’s line agencies to make IPRs better protected. One of the typical evidences was the memorandum signed between the Ministry of Culture, Sports and Tourism’s Inspectorate and Copyright Office, the BSA and the Vietnam Software Association (VINASA) to enhance cooperation in protecting software copyrights this time last year. The memorandum earmarks an important milestone in the joint efforts of government bodies and the business community to strengthen IPRs in Vietnam.

We are glad to hear that many activities have been conducted since the memorandum was signed, including inspections held by relevant authorities into nearly 30 computer dealers and end-users.

Computer software copyright violation rates, specifically, are reportedly high in Vietnam, hitting 85 percent in 2007. Yet in value terms, it is still much lower than in many developed countries, including America and Japan.

What do you think? It is true that computer software copyright piracy is still rampant in Vietnam, although it has lowered from the height of 92 percent in 2004. Although in value terms, the loss caused by software piracy in Vietnam is relatively much smaller than in many developed economies, it still mirrors the common low awareness of the value of intellectual labor.

Some may argue that intellectual properties like computer software are priced too high that encouraged piracy. But on one hand, why don’t they raise the same question to other ordinary products like automobile and mobile phone? Why don’t they treat software similarly to those ordinary goods, meaning they will simply not buy and use the software if the prices are too high to afford?

On the other hand, there are no developed countries having a high IPR violation rate. Or in other words, there are no countries with high violation rates belonging to the group of developed nations. So can we reach a consensus that the lower IPR violation rate a country has, the higher level of development it reaches? I think the core of the issue is how to increase people’ awareness of IPR protection, so they understand that violating IPRs is the same to violating the ownership of other visible assets. Moreover, IPR protection will not only safeguard and bring forth direct revenue for the producers like software manufacturers, writers and music composers. Effective IPR protection will also help fuel the development of such related industries as distribution and maintenance.

(Source: VIR)

[Back to top](#)

Vietnam may have nuclear power by 2020

Plans are moving forward for Vietnam’s first nuclear power plant. Dr. Le Van Hong, Vice Chief of the Vietnam Atomic Energy Institute, talked about this project.

Plans are moving forward for Vietnam’s first nuclear power plant. Dr. Le Van Hong, Vice Chief of the Vietnam Atomic Energy Institute, talked about the development of nuclear power plants in Vietnam.

What can you tell us about preparations for the first nuclear power plant in Vietnam? We’ve been working on this project for a long time.

In 2002, the Ministry of Industry and Trade asked the Electricity of Vietnam (EVN) to develop an investment report for the first nuclear power plant in Vietnam. The government then decided to implement this project at two sites in the southeastern province of Binh Phuoc.

EVN's investment report covered all related issues, such as the necessity of nuclear power, the role of nuclear power in the country's energy supply-demand balance, nuclear safety, human resources for nuclear technology and the environmental impact.

In late 2008, the Government set up the State Appraisal Council for the nuclear power project. Based on the opinions of the State Appraisal Council and two other groups of experts, EVN completed its investment report.

The National Assembly will consider this report in its October session. After the National Assembly approves the report, the government will instruct the Ministry of Industry and Trade to establish the detailed project.

It will take five or six years to build the nuclear plant. If the project goes smoothly, the first 1,000MW turbine will be put into operation in 2020.

What is the biggest difficulty for this project? The largest obstacle is the shortage of qualified experts. The Ministry of Education and Training has finalized a draft project to train personnel for the nuclear power industry. This draft scheme will be submitted to the government for consideration and approval at year's end.

The Vietnam Atomic Energy Institute has sent staff overseas for training. In the initial phase, the first nuclear power plant will be mainly operated by foreign experts. Vietnamese staff will learn from foreign experts and gradually take over this task.

How about the safety for the nuclear power plant? Nuclear power plants typically have five layers of protection. If an incident happens in one section, other layers will help prevent its spread. The last layer will be built of reinforced-concrete, which is over 1 meter thick. If four other layers are broken, this "containment vessel" can contain the radiation for a long period of time while awaiting experts.

I can say that the nuclear power plant is very safe so local people can rest easy. In France, nuclear power plants satisfy up to 80 percent of the country's baseload demand for power. It is 40 percent in Japan.

(Source: VietNamNet/TNO)

[Back to top](#)

NEWS IN BRIEF

Intercontinental Asiana Saigon IHG has opened its second hotel in Vietnam with the 305-room InterContinental Asiana Saigon in Ho Chi Minh City. The hotel's guestrooms feature floor-to-ceiling windows and bathrooms with deep soaking tubs and separate walk-in rain showers. Function space includes eight meeting rooms and a grand ballroom that can cater up to 600 with indoor and outdoor pre-function spaces. Other highlights include five restaurants and bars, spa, Club InterContinental on the 19th floor, and health club with outdoor swimming pool. The project also includes the InterContinental Asian Saigon Residences

Vietnam prime minister has agreed in principle to allow the Thang Long Investment and Commercial JSC to invest in the production of coal in Australia. The Lao Dong daily cited sources from the Ministry of Industry and Trade that TinCom had signed a co operation agreement with Environment Clean Technologies Limited to build a plant with an annual capacity of up to 100 million tonnes in Australia. The coal is intended for export.

Ministry of Traffic and Transportation has sought prime minister's approval on the plan of developing Vietnam's seaport system till 2020 and vision 2030. Accordingly, the seaport system is projected into six groups of northern ports (from Quang Ninh to Ninh Binh), north central region (from Thanh Hoa to Ha Tinh province), central central region (from Quang Binh to Quang Ngai), south central region (from Binh Dinh to Binh Thuan), south east region and Mekong Delta. The plan demands total capital of 810-990 trillion dong, including VND 360-400 trillion from now to 2020. The ministry estimates, VND 95-150 trillion will be budgeted to build public infrastructure works in key points. And VND 715-840 trillion will be raised from enterprises.

Prime Minister Nguyen Tan Dung on September 7 approved the setting up of an economic zone straddling southern Phu Yen-northern Khanh Hoa by 2025. According to the approved development plan, the zone will cover more than 3,500 square kilometers in Phu Yen Province's Song Hinh, Dong Hoa and Tay Hoa districts, and Khanh Hoa Province's Van Ninh and Ninh Hoa districts. The plan features the zone as export gateways for the Central Highlands and it would play an important role in development of the central coastal areas. The zone's population is expected to reach 860,000 by 2025.

The Vietnamese Ministry of Culture, Sports and Tourism is stepping up efforts to attract more visitors to visit the country by launching a campaign called ‘Charming Vietnam’ in London. London taxis will help, said the Ministry of Culture, Sports and Tourism and the Vietnamese Embassy in London at the launch on September 3. The cabs, carrying images of Vietnam’s world heritage site Ha Long Bay, Vietnamese girls in white Ao Dai (long) dresses and information about Vietnam’s economic hub, Ho Chi Minh City, will be seen across the streets of the UK’s capital city over a six-month period. Advertising in taxis has been used by many other countries such as Singapore, Malaysia, the Philippines and Thailand to promote their tourist industries.

Japan’s Kubota Corporation is preparing to open a new USD80 million tractor factory on the outskirts of Ho Chi Minh City as it continues its expansion in Vietnam. The agricultural machinery manufacturer plans to put the factory into operation next month and has set a target of selling 15,000 to 25,000 agricultural machines a year in Vietnam by 2013. The factory in Binh Chanh District is part of Kubota’s plan to triple sales of agricultural machines in Asia to 150,000 units per year by 2013. In October last year, Kubota was granted an investment certificate to establish an USD8 million company in the southern province of Binh Duong to manufacture and sell tractors, utility vehicles and combine harvesters.

US-based Verimatrix has announced it is providing a layered content security system for the IPTV rollout of the Vietnam Posts and Telecommunications Corporation (VNPT). The vendor will deploy its Verimatrix Video Content Authority System (VCAS) for IPTV, which is the integrated content security solution for Chinese equipment provider ZTE's ZXIV IPTV Eyewill platform, and enables the delivery of live broadcast and video on demand (VOD) content, and interactive features. According to TeleGeography’s GlobalComms database, VNPT’s IPTV service was first launched in Ha Noi and Hai Phong in June 2009, with announcement that the offering would arrive in Vietnam's southern provinces and HCM City in September. The first phase of VNPT’s IPTV deployment includes offering live TV, VOD, music-on-demand (MOD) and TV-on-demand (TVoD). The second planned phase will add media sharing services, usage data access and e-education among others.

USD 10 million worth of government bonds sold - The Hanoi Stock Exchange on August 31 auctioned off USD 10 million worth of government bonds out of a total USD 50 million put up for sale during the third bidding session of the year. The three-year bond, issued in USD dollar by the State Treasury, has a face value of USD 100. The lowest offered interest rate is 3.8 percent and the highest is 5 percent per year. The successful bid interest rate is 3.9 percent per year. During the first bidding session on August 24, the State Treasury earned USD 100 million from the government bonds. On August 26, it sold USD 47 million worth of government bonds at auction out of a total USD 100 million up for sale during this year’s second bidding session.

HCM City’s industrial production twinkles - In spite of economic difficulties, industrial production in Ho Chi Minh City in August saw a good growth rate, the city’s Department of Industry and Trade recently said. The Industrial production value in the State-run sector gained over VND1.5 trillion, 5.7 percent higher than that of July. Meanwhile, the value of the private sector hit VND16.74 trillion, an increase of 4.4 percent over the previous month. The foreign invested capital sector went beyond VND15.5 trillion, a surge of 3.4 percent over that of July. Industrial production in the first eight months of the year has grown 5.5 percent over the same period last year. The growth has been seen in 20 out of 27 production industries, such as food and drink, chemicals, building materials and garments.

Labor export firms to face more stringent inspections - A seminar about legal policies regarding sending workers abroad was held September 4 by the National Assembly Committee on Social Issues in Ho Chi Minh City.

Participants stressed the need for more stringent inspections of labor export firms, as well as creating a healthy competitive and fair environment to ensure workers’ rights. Participants warned that some labor export companies used tricks to cheat workers and paid more money than they needed to get a contract to work abroad. In one example, some women were sent abroad but had not seen the actual fares, leading to them being cheated. In addition, poor management and lack of experience by small-sized companies meant many issues went unresolved, whether the problems arose in Vietnam or overseas. According to a report by the Department for Overseas Worker Management currently 165 labor export companies have licenses nationwide. However, Dang Nhu Loi, deputy chairman of the committee, said granting licenses to 165 labor export companies is too many and caused a situation of good and bad providers, making it difficult for workers to identify good firms.

Vietnam ranks third globally in outsourcing, software services - Vietnam ranks third after China and India for outsourcing information technology (IT) and software services to Japan, accounting for 0.5 percent of Japan’s market share. This information was released by Nguyen Doan Hung, Vice Chairman of the Viet-Nhat (Vietnam-Japan) IT cooperation club, at a seminar on Vietnam-Japan software and IT cooperation in Hanoi on September 4. He emphasised the endless opportunities for cooperation between the two countries, saying that Vietnam’s outsourcing IT and software services are expected to increase their market share in Japan by 10 times within five years. The Japan IT Association (JISA) said annual

growth of outsourcing IT and software services offered by Vietnamese software companies has doubled every year. Many Vietnamese software companies earn 100 percent of their revenue from Japan, while the largest Software Company, FPT, earns 56 percent of its revenue from that country.

Vietnam possesses huge potential in consumer credit market - Vietnam has excellent prospects for developing its consumer credit market, said Ashok Sud, General Director of the Standard Chartered Bank (SCB) in Vietnam.

Mr Sud noted that the consumer credit market accounts for only 5-7 percent of the country's total compared to 30-40 percent in other countries. The bank also sees good opportunities for wholesale credit because Vietnam is in need of major infrastructure projects and foreign investment. SCB Vietnam not only facilitates direct foreign investment capital flows but also connects businesses in Vietnam with trading partners in other countries, Mr Sud added. The bank issues bonds and offers package products in various fields, ranging from cash management to commercial sponsorships. SCB Vietnam Ltd, the third of five banks licensed to set up wholly foreign-owned banks in Vietnam, received its license almost a year ago and officially began operating on Aug. 28, 2009. According to the SCB General Director, most of the market share still belongs to local banks despite the presence of some 40 foreign banks, which account for less than 10 percent of the market, and this figure should remain stable over the next 10-15 years.

Long An-Phnom Penh bus route inaugurated - A bus carrying 45 passengers departed from Cambodia's Phnom Penh Bus Station at 06.45 on September 4 and arrived at Vietnam's Long An Bus Station at 13.30 the same day, kick-starting a new route between the two countries.

Cambodia's Vannessa L.V.S Import-Export Company says it has received an approval from the Vietnam Road Administration to operate the 300-km long route. The company will run four buses every week, with two departing from Long An Bus Station on Wednesdays and Saturdays and the other two from Phnom Penh Bus Station on Tuesdays and Fridays. A ticket costs USD12, including fees. Luu Dinh Khan, director of the Long An provincial Department of Transport, says that the opening of the Long An-Phnom Penh bus route will facilitate trade and cultural exchanges between Vietnam and Cambodia. Most labor export companies are found in Hanoi and Ho Chi Minh City. Since July, 2007, around 500,000 Vietnamese workers have worked in more than 40 territories and countries and sent nearly USD 2 billion back home. Some traditional markets for Vietnamese workers are Taiwan, Japan, South Korea, Malaysia and Middle-East countries.

Sugar prices fall - Sugar prices have recently fallen after increases over several months, which had seen prices top VND16,000 a kilogram before dipping to the current VND12,800 per kilogram.

Sugar prices around the world have fallen in five successive periods of trade, with domestic sugar prices also dropping after people have finished preparing highly sweet moon cakes for the upcoming Tet Trung Thu, or Mid-Autumn Festival, which falls on October 3 this year, said the Vietnam Sugar Association. The Ministry of Agriculture and rural Development confirmed sugar mills in the Mekong Delta are preparing to make sugar, with stockpiled sugar totaling nearly 78,000 tons. Almost 22,000 tons of sugar has been consigned by businesses in warehouses and have imported 15,000 tons sugar, with an additional 40,000 tons which will meet the needs for the upcoming use.

Steel prices expected to keep rising - Steel prices will continue to increase up to the end of this year due to the rising cost of pig iron on the global market, the Viet Nam Steel Association said at a seminar in Ha Noi in 05 September 2009. The conference aimed to devise a specific steel industry development plan for next year and a master plan for the period 2011-15.

Demand for construction steel in July was 10 percent higher than the same month last year, driving up prices, which rose from VND10.8 million (USD607) to VND11.5 million (USD 646) a tonne. The association's chairman, Pham Chi Cuong, said instead of tightening their belts due to losses in the first few months of the year, a number of steel makers, such as Thep Viet, Hoa Phat and VnSteel, had expanded production. He predicted that the industry would show positive growth this year against 2008.

Cuong said steel makers had raised prices in response to the rising cost of pig iron. He said firms also had to equate in higher costs for power, fuel, coal and salaries, in addition to rising import tariffs, which have increased from 5 to 8 percent. It is estimated that the industry will grow by 10 percent next year against this year. Local production of pig iron is expected to satisfy 60 percent of the total demand in 2010, according to the association. However, the industry would have to cope with the higher cost of coal, fuel and raw materials in 2010, the association said.

VN bank hires IBM to improve IT - IBM Viet Nam and Orient Joint-stock Commercial Bank(OCB) have signed a collaboration agreement to build a banking IT management system to meet the bank expansion and service quality improvement requirements. Under the agreement, IBM will provide OCB with a server system and a storage solution tailored to banking operations.

"We strongly believe that, a strong system performance, together with business continuity and a high degree of safety of transactions will enable us to provide the most convenient and beneficial banking services to our customers," OCB's Core Banking System Project Manager To Thanh Son said.

The products and services provided by IBM to OCB include Power System 6 server products that are considered the best support for bank requirements. "With IBM's products and services, we will have the most professional and modern banking management system to support OCB's growth and expansion in the years to come," Son added. Having a registered capital of VND1.5 trillion (USD84 million), OCB currently has some 70 branches and transaction centres in 20 cities and provinces nationwide.

City authority intervenes in electricity hike dispute - Authorities in HCM City have asked the Hiep Phuoc Power Company to reduce electricity prices for 60 factories in the Hiep Phuoc Industrial Park, following complaints about overcharging. Quach To Dung, deputy director of the city's department of industry and trade, said the company must first seek approval from the municipal People's Committee and the Ministry of Industry and Trade if it charged prices above the regulated amount.

Of the 60 factories, 32 have paid a total of VND23.1 million in extra costs since September last year, 20 percent more than the normal rate, said Doan Hong Tam, deputy director of Hiep Phuoc Industrial Park Company. In June, many of the factories requested intervention from Government agencies.

Lawyer Nguyen Van Hau of HCM City's Bar Association told the factories could take their case to the People's Court of Nha Be District if they wanted to nullify the contracts and get connected to the national grid. The companies with factories in the park said they had complained previously about the high prices, but had made no headway because Hiep Phuoc Power Company had been the sole supplier of power for the industrial park since 1998. Companies in the park had not been able to buy electricity from other suppliers because of Hiep Phuoc's monopoly, they said.

[Back to top](#)

COMING EVENTS

PIA Vietnam – 2009



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

4th Floor, Lawrence S. Ting Building, 801 Nguyen Van Linh Parkway, HCMC, Vietnam

Industry: [Metal & Minerals](#)

Organizer: **Bangkok Exhibition Limited**

SPE Tower, 9th Floor 252 Phaholyothin Rd., Samsennai, Phyathai, Bangkok, Thailand

Tel :+(66)-(02)-6151255

Fax :+(66)-(02)-6152991-3

Event Profile: PIA Vietnam is Vietnam's leading event in process engineering, instrumentation and scientific equipment. The show aims to bring in international technologies and processes for a wide range of industries from chemical and pharmaceutical to pulp & paper and water & waste, as well as food and beverage.

Visitor's profile:

- Agro-industry
- Biotechnology
- Bottling
- Life Sciences
- Building & Construction
- Chemical Engineering
- Environmental & Waste Management Plastics Engineering
- Power & Electrical Engineering
- Shipbuilding & Repair

- Water Engineering plus specifiers from the educational

Exhibitor's profile:

- Exhibitor profile includes Analyzers & Testers
- Barcodes / Labels, Biotechnology, Calibration & Maintenance
- Capillary Electrophoresis, Centrifuges
- Chemicals & Reagents, Laboratory Informatics

- Training & Medical / Health authorities.

- Laboratory Services & Leasing
- Labware - Glass / Metal / Plastic, Life Sciences
- Chromatography Instrumentation
- Accessories & Data Systems

[Back to top](#)

Industrial Automation 2009 (IA Vietnam)

Venue: Saigon Exhibition & Convention Center (SECC)



Date: 16 – 18 September 2009

City/State: Ho Chi Minh City, Vietnam

Industry: Industrial Goods

Organizer: **Allworld Exhibitions**

12th Floor, Westminster Tower, 3 Albert, London, United Kingdom

Tel : +(44)-()-2078402100 *Fax :* +(44)-()-2078402111

Event Profile: IA Vietnam is one of the leading exhibitions for industrial automation and materials solutions. This is 2nd edition of this well known exhibition, which is going to hold at Saigon Exhibition & Convention Center on 16th Sep, 2009 to 18th Sep, 2009.

Visitor's profile:

- Agency
- Distribution professional
- Wholesalers
- Automotive/ motor vehicles experts
- Design/ engineering/ consultancy experts
- Instrumentation professionals
- Manufacturing automation professionals
- Metal processing experts
- Senior executive and others

Exhibitor's profile:

- Automated Guided Vehicles
- Automation Consultancies
- Application Systems Providers
- Computerized Maintenance Systems
- Data Communications and Information Technology
- Enterprise Production Systems
- Manufacturing Execution Systems
- Instrumental Analysis Technology
- Automated Storage Systems
- Automation Technology for Factory & Warehouse Automation
- Control Systems and Solutions
- Process & Control, SCADA Systems
- Test and Measurement Technology etc.

[Back to top](#)

SecuTech Vietnam



Venue: Saigon Exhibition & Convention Center (SECC)

Date: 17 – 19 September 2009

City/State: Ho Chi Minh City, Vietnam

Industry: Industrial Goods

Organizer: A&s Group

2F, No. 8, Lane 360, Sec- 1, Nei Hu Road, Taipei, Taiwan

Tel :+(886)-(2)-26599080

Event Profile: SecuTech Vietnam2009 is found as the most grand and professional security show in Vietnam. Known as the best platform to grasp the newest industry status and meddle in the market need, it is the only all-in-one exhibition in Vietnam. Specially shared case studies are the best route to develop new markets. Applications such as banking security, corporate security, building security and others will be presented.

Visitor's profile:

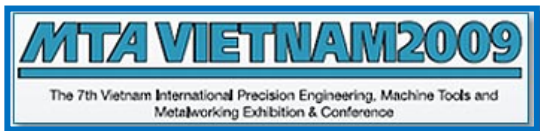
- Security service provider
- Security service channels
- Distributors/ Retailers/ Installers/ System Integrators
- IT service channels: Distributors/ Retailers/ Installers/ System Integrators, User Units, Governmental relations (Police department, military services, prisons, transportation, defense department, airport, public construction).

Exhibitor's Profile:

- CCTV/ Digital Surveillance (Camera, Lens, DVR/NVR, Network camera, Transmission devices, Storage devices, Software/ IVS, CMS, IC chips).
- Access Control/ Biometrics (Card readers, Cards, Card printers, System software, Locks, Biometrics), Intercom (HA, Building management, Door phones).

[Back to top](#)

MTA Vietnam 2009-Hanoi



Venue: Hanoi International Center for Exhibition (I.C.E. Hanoi)

Date: 22 - 25 September 2009

City/State: Hanoi, Vietnam

Organizer: Singapore Exhibition Services Pte Limited

No.1 Jalan Kilang Timor #09-02 Pacific Tech Centre, Singapore - 159303, Singapore.

Tel: + (65)-(65)-62336638

Fax: + (65)-(65)-62722962

Event Profile: MTA Vietnam 2009-Hanoi is Vietnam's Precision Engineering, Machine Tools and Metalworking Exhibition and Conference. It has introduced various professional platforms to link the international exhibitors to Vietnam's industrial development initiatives which further contribute to the country's sector developments. The exhibition provides a perfect platform where Vietnam's business network communities gather and seal deals.

MTA Vietnam 2009-Hanoi is the definitive link for international providers of manufacturing solutions to support Vietnam's upcoming role as Asia's manufacturing powerhouse. The exhibition offers the latest, best-of-breed manufacturing solutions from leading industry leaders. MTA Vietnam 2009 is the Most Comprehensive Metalworking exhibition in Vietnam. It will gather a large number of companies from different corners of the world of machines and tools to a vibrant mix across Vietnam's manufacturing industries. It is mainly for businesses to take root, grow and expand.

Visitor's profile:

- Automotive Manufacturing
- Building and Construction
- Bio Medical
- Contract / OEM Manufacturing
- Electrical / Electronics Manufacturing
- Foundry / Machinery Services
- Parts and Components Manufacturing
- Rubber & Plastics Products Manufacturing
- Tools, Dies & Moulds Manufacturing
- Trading / Agent / Distributor
- Training Institution / Academia
- Trade Association / Government Agency
- Machinery and Equipment Manufacturing
- Oil & Gas / Chemical & Process Engineering

Exhibitor's Profile:

- Balancing Systems
- Angle Measuring Devices
- Color Testing Equipment
- Bending Machines
- Fatigue & Strength Testing Equipment
- Blowers & Dryers · Boring Machines
- Broaching & Shaping Machines
- Cleaning Devices & Clean Air Systems
- Inventory Control and Logistics Systems
- Coiling and Wire Forming Machines
- Honing, Lapping
- Cutting Tools & Tooling Systems
- Die Casting Machines
- Die Sets and Casting Supplies
- Density Testing Apparatus
- Coordinated Measuring Equipment
- Drilling & Tapping Machines
- EDMs and Wire-Cut Machines
- Fasteners Hardware, Tools and Accessories
- Dimensional Measuring Devices
- Gear Cutting, Forming & Finishing Machines
- Grinding Machines
- Polishing & Surface Finishing Machines
- Hot Runners
- Non-Contact Measuring Equipment
- Jewellery Making Machines
- Laser Cutting & Laser Systems
- Machining Centers
- Manufacturing Systems
- Materials - Graphite, Steel, Plastic
- Material Testing Equipment
- Measurement and Inspection System
- Milling Machines & Lathes
- Mould Tooling Design
- Moulds & Mould Standards
- Mould Bases
- Mould Polishing Machines
- Precision Gauges, Indicators & Comparators
- Optical Measuring & Testing Devices
- Power Presses, Press Brakers & Shears
- Plastics Moulding Machines
- Precision Measurement Software
- Preprocessing Machines
- Presses - Hot & Cold
- Profile Measurement & Projectors
- Punching & Stamping Machines
- Rebuilding & Retrofitting Services
- Recycling Machines
- Sawing & Cutting-Off Machines
- Shape, Surface & Hardness Testing & Measurement
- Software & Design - Manufacturing

- Software - Mould Design & Rapid Tooling
- Workholding Devices
- Special Purpose Machines
- Storage Retrieval Systems
- Surface Finishing Machines
- Test Monitoring Equipment
- Thread Producing & Roll Forming Machines
- Turning Machines (Lathes)
- Tools & Dies
- Ultrasonic Welding Machines
- Transfer Systems
- Specialist Tools

[Back to top](#)

Vietnam Wood



Venue: [Phu My Hung International Exhibition Center](#)

Date: [24 - 27 September 2009](#)

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

Industry: [Plant & Machinery](#)

Organizer: **Chan Chao International Co. Limited**

3F, No. 185, Kangchien Road, Nei Hu District, Taipei, Taiwan

Tel: + (886)-(2)-26596000

Fax: + (886)-(2)-26597000

Event Profile: Vietnam Wood is a trade platform aimed at meeting the A-Z requirements of the region's woodworking industry. What makes this event completely different from other trade shows in the region is that it is the first and only dedicated trade exhibition that is exclusively focused on the woodworking business.

Visitor's profile

- Architecture & Design
- Association / Building & Construction
- Forestry & Plantation
- Furniture Manufacturing
- Interior & Furnishing
- Manufacturing - Particle & Chipboards
- Manufacturing - Plywood & Veneers
- Manufacturer's Representatives
- Sawmilling
- Timber Processing
- Timber Trading

Exhibitor's profile:

- Drying & Joinery equipment
- Moulded products
- Equipment & instruments for furniture industry & wood waste treating devices
- Abrasive & cutting instruments
- Machinery & equipment for primary wood treatment
- Pneumatic instruments
- Machinery & equipment for timber
- Wood & woodworking products transportation
- Varnishes glues, paints
- Tools for forest & garden
- Upholstery fabrics & component
- Timber, wood boards, veneer, raw material.

[Back to top](#)

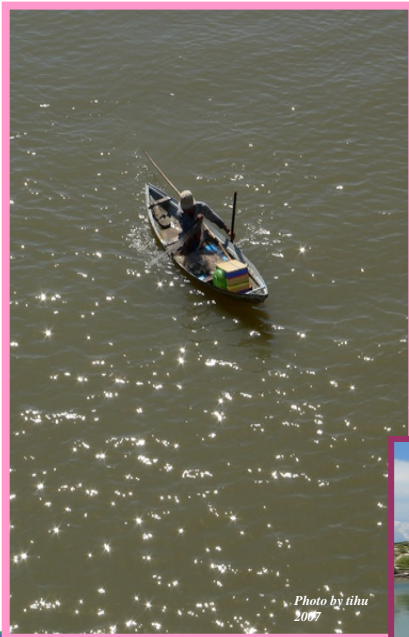


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