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### Activities to celebrate 1000th Thang Long – Hanoi anniversary

Prime Minister Nguyen Tan Dung on June 10<sup>th</sup> 2009 issued a decision approving the 1000<sup>th</sup> Thang Long – Hanoi anniversary scheme in 2010. Here are celebration activities in detail:

#### I. Activities to celebrate the Party, the New Year 2010 and 1000th anniversary of Thang Long – Hanoi:

##### 1. Events held in Hanoi:

- A music-dance show named “In celebration of the Communist Party of Vietnam, welcome New Year 2010, celebrating 1000<sup>th</sup> Thang Long – Hanoi anniversary” on December 31, 2009 at the August Revolution Square, Hanoi, organized by the Ministry of Culture, Sports and Tourism and the Hanoi authorities.
- Flower Festival to celebrate 1000<sup>th</sup> Thang Long – Hanoi anniversary during the Western New Year 2010, around Hoan Kiem Lake, organized by Hanoi authorities in cooperation with the Ministry of Culture, Sports and Tourism.
- National meeting to celebrate the 80<sup>th</sup> anniversary of the Communist Party of Vietnam (February 3, 1930 – February 3, 2010) on February 2, 2010 in Hanoi, organized by the State Organizing Committee for Great Events.
- 1<sup>st</sup> “Songs presented to the Party” chorus festival for students and young people, organized by the Ministry of Culture, Sports and Tourism, the Ministry of Education and Training and the Ho Chi Minh Communist Youth Union in Hanoi. The final night is scheduled for February 2, 2010.
- Art performances to welcome the lunar New Year and the 1000<sup>th</sup> Thang Long – Hanoi anniversary in Hanoi and other provinces on the New Year’s Eve (February 13, 2010), held by the Ministry of Culture, Sports and Tourism and local authorities.
- Incense offering ceremonies for King Ly Thai To (with a specific script) on the New Year’s Eve (February 13, 2010) in Hanoi, Bac Ninh and Ninh Binh provinces, organized by the State Organizing Committee for Great Events and other agencies.

##### 2. Hung Kings’ death anniversary and 1000<sup>th</sup> Thang Long – Hanoi anniversary (national level) on April 23, 2010 at the Hung Kings Temple in Viet Tri city, Phu Tho province.

##### 3. The country’s 35<sup>th</sup> unification anniversary (April 30 1975 – April 30 2010) and the 1000<sup>th</sup> Thang Long – Hanoi anniversary:

- a) National meeting in Hanoi on April 29, organized by the Ministry of Culture, Sports and Tourism and related agencies.
- b) A special music-art show in HCM City on April 29, 2010.
- c) A festival to celebrate the country’s unification from April 30 to May 1, 2010 at Hien Luong Bridge in the central province of Quang Tri, organized by the Ministry of Culture, Sports and Tourism and related agencies.

##### 4. 120<sup>th</sup> birthday of President Ho Chi Minh (May 19, 1890 – May 19, 2010) and 1000<sup>th</sup> Thang Long – Hanoi anniversary:

- a) National meeting to celebrate the 120<sup>th</sup> birthday of President Ho Chi Minh in Hanoi on May 18, 2010.
- b) “Following President Ho Chi Minh’s footsteps” live television show on May 19, 2010 on the national Vietnam Television (VTV).

- c) Reviewing three years of the literary and art creating campaign entitled “Studying and Following the Moral Example of President Ho Chi Minh” and the 1000<sup>th</sup> Thang Long – Hanoi anniversary in Hanoi in May 2010.

## **5. Celebrating the 65<sup>th</sup> August Revolution anniversary and the Vietnam National Day, combined with the 1000<sup>th</sup> Thang Long – Hanoi anniversary:**

- a) National meeting to celebrate the 65<sup>th</sup> August Revolution anniversary and the Vietnam National Day (September 2) in Hanoi on September 2.
- b) A special programme celebrating the 65<sup>th</sup> August Revolution anniversary and the Vietnam National Day in various provinces and cities, aired live on VTV.

## **II. Activities to celebrate the 1000th Thang Long – Hanoi anniversary, held by ministries and provinces:**

### **1. Activities organized by Ministry of Culture, Sports and Tourism:**

- *International circus festival from August 1-10, 2010 in Hanoi*
- a) International puppetry festival from September 6-10 in Hanoi.
- b) International photo exhibition in August 2010 at the Centre for Culture and Art Exhibitions of Vietnam in Hanoi.
- c) International Film Festival from September 25-30, 2010 in Hanoi.
- d) Other activities.

### **2. Activities organized by local authorities:**

#### *a) Phu Tho Province*

- Incense offering ceremony for the Hung Kings at the Hung Kings Temple.
- Exhibition of antiques of the Ly dynasty at the Hung Kings Museum.
- Music-art show to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary.
- Photo exhibition on Vietnam’s capitals.

#### *b) Bac Ninh Province*

- Bac Ninh Culture, Tourism Festival 2010.
- Incense offering ceremony at Do Temple and other festivals at temples in the province connected to King Ly Cong Uan during the ten days of the 1000<sup>th</sup> great anniversary of Thang Long – Hanoi (October 1-10, 2010).
- Exhibition of cultural heritages of the Ly dynasty.
- Producing a documentary about the home land of the Ly dynasty.

#### *c) Nam Dinh Province*

- Tran Hung Dao Temple Festival.
- Cultural, sport, tourism activities to honour the Tran dynasty, in relation to the 1000<sup>th</sup> anniversary of Thang Long – Hanoi.

#### *d) Ninh Binh Province*

- Hoa Lu ancient capital festival.
- Exhibition of cultural heritages of the Dinh.

#### *e) Thanh Hoa Province*

- Lam Kinh Festival.

- Organizing cultural, sports, tourism activities to honour traditional culture, history and national hero Le Loi in association with the 1000<sup>th</sup> Thang Long – Hanoi anniversary in Hanoi.

f) *Nghe An Province*

- Sen Village Festival.
- Sen Village Singing Contest and other activities to celebrate the 120<sup>th</sup> birthday of President Ho Chi Minh, in connection with the 1000<sup>th</sup> Thang Long – Hanoi anniversary.

g) *Thua Thien – Hue Province*

- Hue Festival 2010.
- Exhibitions.
- Amateur music and dance festival to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary.
- Hanoi – Thua Thien Hue: Past and Present exhibition.

h) *Binh Dinh Province*

- Two special music and dance shows to welcome the lunar New Year 2010.
- Tay Son festival and other activities.
- The second Tay Son – Binh Dinh Festival and the International Traditional Martial Arts Festival.

i) *HCM City*

- Cultural Day and amateur, professional performances to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary.
- An amateur literature and art festival.
- Scientific seminar entitled “1000<sup>th</sup> year of Thang Long – Hanoi”.
- “Thang Long – Hanoi: 1000 Years of History” festival.
- HCM City International Tourism Exhibition 2010.

**\* Other activities**

- 1) Vietnam – Binh Duong pottery festival 2010 entitled “*Vietnamese pottery – tradition – identity and development*” from September 1-5, 2010 in Thu Dau Mot town, Binh Duong province.
- 2) The festival will include a pottery fair, an exhibition of pottery collections, an exhibition of photos of pottery, a meeting to honour traditional Vietnamese pottery, a music-fashion show, a pottery-making competition, an auction of pottery to raise funds for charity and a parade entitled “*Night of Pottery*”.
- 3) A sea carnival in Quang Ninh province in late March – early April 2010.
- 4) A sea festival in the southern province of Ba Ria – Vung Tau, also in late March – early April 2010.
- 5) An international firework festival in the central city of Da Nang in March 2010.
- 6) “Trans-Asia bridge span 2010” in July 2010 in the central province of Quang Tri, with the participation of art troupes from Vietnam, Laos, Thailand, Myanmar and China.
- 7) Miss World 2010 pageant in Nha Trang city, Khanh Hoa province in September and October 2010, which will be combined with activities to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary.
- 8) Da Lat Flower Festival 2010 in Da Lat city, Lam Dong province.

**3. Overseas activities to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary**



The Ministry of Foreign Affairs will combine with other ministries, agencies and associations at home and abroad to organise cultural and art activities to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary.

### **III. The great celebrations of the 1000th Thang Long – Hanoi anniversary (From October 1-10, 2010)**

#### **1. Opening day (October 1)**

- a) The opening ceremony will be held by the Hanoi authorities and the Ministry of Culture, Sports and Tourism at the Ly Thai To statue, Dinh Tien Hoang road and the space around the Hoan Kiem Lake in the morning of October 1.
- b) The exhibition of economic and social achievements of Vietnam and Hanoi will open in the afternoon October 1 at the Giang Vo Exhibition Centre.
- c) The exhibition of literary works of Vietnam through various periods at the Cultural and Art Exhibition Centre, 2 Hoa Lu, Hanoi.
- d) “The country with Hanoi” special show on the Vietnam Television in the evening of October 1, with the direct participation of many people in different sites in Vietnam and abroad.
- e) A general cultural and art performance organized by the Ministry of Culture, Sports and Tourism in Hanoi in the evening on October 1. The show will have the contribution of foreign experts.

#### **2. Activities from October 2-9, 2010**

- a) Cultural and art activities:
  - Cultural exchange festival for ethnic groups in Vietnam to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary in Hanoi
  - A week for historical films in Hanoi
  - “Thang Long impetus and the song for the country” music show at the Hanoi Opera House
  - Performance of selected new songs to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary at the Ba Kieu Temple stage
  - Street festival and cultural-art programme of young Hanoians at various places in Hanoi
  - The first international festival for young bands in Vietnam at the My Dinh National Convention Hall
- b) Sports activities
  - Final round of the international Thang Long – Hanoi Football Cup in Hanoi and other provinces
  - Performance of Vietnamese martial arts at the Quan Ngua sports palace
  - Ha Noi Moi newspaper’s running contest around the Hoan Kiem Lake
  - International trans-Vietnam cycling tournament 2010 from HCM City to Hanoi
- c) Tourism activities
  - A tourism festival in Hanoi
  - An exhibition of antiques, documents and objects about Thang Long – Hanoi in the Thang Long ancient citadel, Hanoi
  - Exhibition of ornamental trees and flowers in the Thang Long ancient citadel
  - Festival for craft villages in Hanoi

#### **3. Other activities to celebrate the 1000<sup>th</sup> Thang Long – Hanoi anniversary in Hanoi from October 1-10, 2010**

- 1) A special circus show entitled “Hanoi – The city for peace” at Thien Quang Lake, Dong Kinh Nghia Thuc square and the National Circus.
- 2) Music concerts by famous Vietnamese artists at the Hanoi Opera House.
- 3) Performance of ancient dances of Thang Long – Hanoi at the Ly Thai To Flower Garden.
- 4) International music and stage festival with the participation of art troupes from some 1000 year-old cities in the world (around 29 troupes).
- 5) A big concert performed by Vietnamese and foreign orchestras at the Hanoi Opera House.
- 6) A parade and performance by contestants in the Miss World 2010 pageant in Vietnam.
- 7) The national press awards ceremony about 1000<sup>th</sup> Thang Long – Hanoi anniversary.
- 8) The awards ceremony of the international competition on knowledge about Thang Long – Hanoi, entitled “Hanoi – Your Rendezvous”.
- 9) The awards ceremony of the contest on knowledge of Thang Long – Hanoi for Vietnamese citizens.
- 10) Photo exhibition of Hanoi at 93 Dinh Tien Hoang Street and 45 Trang Tien Street.
- 11) A calligraphy exhibition and festival at Van Mieu (Temple of Literature).
- 12) Bat Trang ceramic – Tradition and Modernity exhibition on Yen Phu road, Bat Trang village.
- 13) Exhibition of famous battlefields and campaigns in the military history of Vietnam at the Vietnam Military History Museum.
- 14) Exhibition of national heroes and famous scholars of Vietnam at the Revolution Museum.
- 15) Exhibition entitled “Hearts to Thang Long – Hanoi”, which will display products of individuals and organisations presented to Hanoi on the occasion of the 1000<sup>th</sup> Thang Long – Hanoi anniversary at the Hanoi Friendship Palace.
- 16) Ancient Thang Long – Hanoi exhibition at the Hanoi Museum.
- 17) Performance of traditional ao dai.
- 18) Hanoi food festival.
- 19) A kite-flying festival.
- 20) The launching ceremony of a collection of books about Thang Long – Hanoi
- 21) The announcement ceremony of a national research work about 1000 years of Thang Long – Hanoi.
- 22) Inauguration ceremony of the Hanoi Museum on Pham Hung road, Tu Liem district.
- 23) Inauguration of Hoa Binh Park in Tu Liem district.
- 24) Inauguration of statues of President Ho Chi Minh and President Ton Duc Thang at Thong Nhat islet in Thong Nhat Park.
- 25) Inauguration of the Workers’ Theatre on Trang Tien Street.
- 26) Inauguration of the Thanh Tri and Vinh Tuy bridges across the Red River.
- 27) Exhibition of the development plan for expanded Hanoi at the Planning and Construction Exhibition Palace in Tu Liem district.
- 28) Inauguration of the Lang – Hoa Lac Highway.

(Source: VietnamNet)

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## **Demand for skilled workers keeps rising**

*An increasing shortage of marketing personnel and the local hiring of qualified expatriates for managerial positions were new trends identified in a third quarter report by [www.VietnamWorks.com](http://www.VietnamWorks.com), an online recruitment firm.*

The report, released on Wednesday (04 Nov 2009), said the online labor market in the third quarter showed signs of constant recovery with a rise in labor demand indices, but concluded job seekers will still cope with difficulties, especially in competitive sectors.

The labor demand index for the third quarter increased by 11.4 percent over the second, and was up by 52.4 percent against the first quarter of this year, the report said. Of the 50 job categories tracked by VietnamWorks.com, 24 recorded increments in labor demand indices, 21 remained stagnant, and the remainder dropped.

Agriculture/forestry had the highest growth in labor demand, increasing by 100 percent over the second quarter, although its index was not high at 0.2. In contrast, the textile/garment industry registered the largest fall, down by 25 percent over the second quarter.

## **Hiring expats**

The fact that the demand-supply gap increased for two consecutive quarters, indicated that the labor market was still in need of qualified marketing personnel, the report said.

Accompanying the third quarter upswing in labor demand indices, the market witnessed a new trend in hiring expatriates for managerial positions. With the global economic downturn, many foreigners, including Viet Kieu (overseas Vietnamese), were coming to Viet Nam to look for assignments, and shaping a new trend termed "Local International Hire."

"They have the skills and experience, are already in this country and obviously interested in staying. It doesn't cost the company extra to relocate them. Therefore, with realistic expectations on compensation and benefits, they could end up getting a suitable job," the report said. It noted that although the labor demand for management level positions was not high in quantity, the labor supply index for expatriates was still higher than the demand index.

The report found that the top five industries in labor demand and supply remained unchanged from the second quarter. The top five were key industries for which manpower demand was always high irrespective of the economic climate, the report said.

For the third quarter, sales jobs recorded the highest demand, with the index increasing by 12.5 percent against the second quarter, followed by Accounting/Finance, Engineering, Administrative/Clerical, and IT-Software. Meanwhile, the top five supply index job categories, which showed no increase over the second quarter, were Administrative/Clerical, Accounting/Finance, Banking/Investment, Engineering, and Human Resources.

Apart from the first category, which remained unchanged, the remainder recorded negative growth.

## **Most competitive**

The application index in the third quarter was recorded at 6.4, staying constant when compared with the second quarter, meaning jobseekers continued to find it hard to land jobs, the report said.

The Administrative/Clerical, Export-Import, Human Resources, Customer Service, and Interpreter/Translator categories continued to be the most competitive. The five least competitive job categories in the third quarter were Securities Services, Healthcare/Medical, Warehouse, Legal and Agriculture/Forestry.



The report said the high competitiveness seen in the labor market recently could have positive spinoffs. Harvey said it would motivate jobseekers to learn more and consider "more aspects before taking an offer, and think more about long-term career stability and personal development."

(Source: VietNamNet/VNS)

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### **E-customs planned at Cat Lai Port from 2010**

*The HCMC Department of Customs will trial application of e-customs declaration for cargo at Cai Lai Port from early 2010 in a move to have goods cleared as quickly as expected.*

The e-customs program would help local customs officers categorize cargo based on the declaration of shippers, the department's deputy director Nguyen Huu Nghiep said at a seminar organized by the European Chamber of Commerce in Vietnam (EuroCham) here on Wednesday (28 Oct 2009).

"The shippers will be informed of their cargo volumes subject to or free from customs checks," Nghiep told representatives of local and foreign companies at the "Special EuroCham Dialogue with the HCMC Department of Customs." He stressed the effective application of the e-customs program required shippers to provide full information about their good categories and use consistent software for their declaration. He said in reality many shippers failed to do this.

Nghiep told on the sidelines of the dialogue that shippers now used different software and programs for their cargo declaration and this was one of the hindrances to applying the e-customs in HCMC over the past years. "The consistency between shippers, shipping companies and the customs is a must for the effective application of e-customs," he said.

The General Department of Customs is developing software for trial application in the north and will use it at Cat Lai Port in HCMC if it runs successfully. The HCMC Department of Customs is working with partners over measures to consistently process the declaration information from shippers and importers.

Nghiep said the department wanted Cat Lai to be the first port in HCMC to apply e-customs as this port handled 40% of the cargo in the south and 60% of that in HCMC. He said that scanning machines would be installed at this port. Nghiep advised importing companies to complete customs procedures before the arrival of their cargo at ports and border gates as they were allowed to declare their imports 15 days in advance. Customs officers will have more time to check and inform them of the results.

Another deputy director of the department, Nguyen Trong Hung said this agency was trying to streamline unnecessary administration procedures to meet the expectation of enterprises. He said the aim was to cut 30% of administrative procedures. Hung said the General Department of Customs expected e-customs would benefit all relevant businesses rather than selected groups of enterprises as currently.

(Source: SGT)

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### **Vietnam's first rice trading center to open**

*The country's first rice trading center will be inaugurated in Hau Giang Province on November 26 on the occasion of the first rice festival in the Mekong Delta.*

The center will help local farmers in properly pricing their products and preventing losses due to price fluctuations on the market, said Nguyen Van Dong, director of the provincial Department of Agriculture and Rural Development. Farmers will also learn to raise rice quality and competitiveness on the global market.

The center initially will support contracts for delivery at-sight, and will support futures transactions in the long term. Over 30 traders have registered to trade at the center so far, Dong said. Farmers and enterprises can place selling or buying orders online.

The trading center will support enterprises in purchasing rice from farmers, said Ta Thi Thu Thuy, director of Dong Thap Province-based Phuong Thanh Private Rice Firm. The enterprise is facing difficulties in buying rice for its two husking factories with annual capacity of 40,000 tons.

This is the second farm produce trading center in Vietnam after the Buon Ma Thuot coffee transaction center launched by Daklak Province's Industry and Trade Department.

(Source: *The Saigon Times*)

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## State capital management to be tightened

*National Assembly (NA) deputies held a plenary session in Hanoi on November 9 examining the management and use of State capital and property by State economic groups and corporations.*

In a supervisory report, the NA Economic Committee affirmed that over the past years State economic groups and corporations have played an important role in national socio-economic development. Many of them have made profits and achieved annual growth, but varied in rates.

By December 2008, 91 State economic groups and corporations, capitalized at VND1, 241 trillion (USD 68.94 mil), contributed nearly 40 percent of the country's GDP and took the lead in generating jobs and ensuring social welfare. Many of them, such as the Vietnam National Oil and Gas Group (PetroVietnam), the Vietnam National Petroleum Corporation (Petrolimex) and the Electricity of Vietnam Group (EVN) helped the government stabilize and regulate domestic market prices.

Equity capital in these groups and corporations increased by 46.5 percent for the past three years, reaching VND485.65 trillion in late 2008. The increase was attributed to their additional post-tax profit and overcapitalization. Overall, the State poured a great deal of money into its economic groups and corporations, helping them expand business and production.

The State Capital Investment Corporation (SCIC) is a case in point. Its revenue increased from VND144 billion in 2006 to VND1, 272 billion in 2007 and VND2, 204 billion in 2008. Its pre-tax profit also increased from VND119 billion to VND1, 150 billion and VND1, 301 billion respectively.

Most groups and corporations with their equity capital exceeding VND100 billion operated efficiently as their return on equity (ROE) was above 12 percent on average. However, up to 45 percent of the businesses had their ROE of less than 10 percent and nearly 7 percent of them made a loss, affecting the State economic sector's operation.

The NA Standing Committee proposed finalizing policies on the management and use of State capital and property in economic groups and corporations. It said that the legislature should issue a bill on State capital use as soon as possible to manage the State capital distributed to enterprises in different economic sectors.

Deputy Nguyen Thi Hong Ha said the SCIC model is a key factor behind the equalization of the State owned enterprises (SOEs). However, the model revealed its weaknesses in its operation. After transforming their ownership, State businesses will transfer their State capital to the SCIC for management. As a result, the provincial People's Committees will no longer be responsible for managing capital and personnel in these businesses, posing difficulties in managing and using local property.

The deputy said the SCIC should be regarded as a historical model which temporarily exists in the process of transforming SOEs. She recommended that similar SCICs will be established in Hanoi, Ho Chi Minh City and at the regional level to boost local development. She also proposed that the government review the transformation of SOEs to make clear the role of the existing parent & subsidiary and group models.

Deputy Tran Du Lich echoed Ms Ha, saying the government should establish several capital investment companies instead of the only one like the SCIC at present. He said Vietnam should have a bill on State capital investment and management, citing the fact that on July 1, 2010, the State Enterprise Law will expire and all businesses will operate in line with the unified Enterprise Law. Only when such a bill is issued, will the State capital be managed and used efficiently, Mr Lich stressed.

(Source: VOVNews)

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### **Hanoian people's annual incomes reach 75m dong by 2015**

*Hanoi People's Committee held a seminar on socio-economic development plan in 2011-2015 recently in Hanoi.*

In details, the local authority expects to achieve GDP per capita of 72-75 million *dong*/month by the end of 2015, twice as much as the expected level of 35.36 million *dong* in 2010.

Hanoi plans to change the structure of land use by decreasing the agricultural land to about 138,000 hectares in 2015, equal to 41 percent of the total natural land area.

The rate of unused land and river, lake area will shrink to about 5,000 hectares or 1.5 percent of the total land area.

Hanoi will continue use the urbanized land fund effectively as an important channel for attracting investment capital. Hanoi predicts that there will be 200,000-220,000 employees to lose their jobs every year due to the changes in land-use purposes.

(Source: CafeF)

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### **HCM City's companies fail to pay pollution fees**

*At least one company owes the city VND1 billion (USD55,8000) in environmental protection fees and several others haven't paid theirs since 2004, officials at the city's Natural Resources and Environment Department told a newspaper.*

The Tan Phu Think company in Go Vap District, which owes about VND1 billion (USD 53,000), said it did not know exactly how to list and calculate their environmental fees. The Viet Nam Nikkso company, located at Tan Thuan Processing Zone, has discharged up to 11,000cu.m of waste water monthly since January 2004 but hasn't remitted any of it, saying it had paid the Tan Thuan company for infrastructure maintenance.

Other private enterprises that owe environmental fees dating back five years include: Viet Hung in Tan Thuan Processing Zone; Phan Muoi and Thien An in Hoc Mon District; Cao Mau, Nam Quang, Tuong Trung, Nghiep Hung in Cu Chi District; and Giai Viet in District 8.

Each is estimated to discharge more than 9,000cu.m of wastewater quarterly. But the companies attributed the delays to complicated fee-paying procedures.

The deputy head of the environmental protection division, Nguyen Minh Hoang, blamed the problem on soft penalties and loose management. He said enterprises that are late in paying environmental fees are only punished via cash fines, and the maximum fine is even less than the actual fees them. It makes sense, he said, that many companies prefer to risk a fine rather than pay their environmental fees. This leads to a budget deficit, he warned, when the Government must pay to protect the environment but cannot collect the fees from private businesses to do so.

(Source: VietNamNet + Viet Nam News)

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## **TRADE**

### **Bright prospect for exports in 2010**

*Vietnamese businesses are very active when dealing with importers and promoting trade in future potential markets. However, businesses need to work with each other, as well as with leading importers, if Vietnamese products are to gain a firm foothold in big overseas markets.*

#### **Positive signs**

Vietnam aims to earn USD64.68 billion from exports in 2009, up 3 percent from 2008. However, by September, exports had reached only USD41.7 billion, down 14 percent compared to the same period last year. Exports of agro-forestry and seafood products are estimated to be USD9.2 billion, accounting for 22 percent of total exports, down 11.8 percent in value. These products tend to increase in both price and volume.

Spain's announcement that Vietnamese tra and basa fish meet the EU's food hygiene and safety standards will make it easy for these products to penetrate the market. In addition, the Republic of Korea, the Middle East and other exporters will barely meet their domestic demand in the remaining months. Vietnam's exports in 2010 are expected to increase by 6 percent compared to 2009.

Minister of Finance Vu Van Ninh has expressed his hope that demand will grow next year thanks to the gradual recovery of the global economy. Judging from the current capital and growth balance, the Government's proposal of 6 percent of export growth for 2010 is feasible.

Nguyen Duc Kien, member of the National Assembly's Economic Committee argues that the world economic recovery will drive prices up. Vietnam's export volume for 2009 is higher than 2008. As higher prices push the export value up, this means export growth can surpass 6 percent. Vietnam does not need to achieve the export target at any cost, but the estimated growth will help the country balance imports and exports to prevent a trade deficit. Mr Kien says the prospect for Vietnam's exports in 2010 is bright as many countries in the world have adjusted their GDP targets. Vietnam can make full use of this advantage to boost the export volume of value-added products.

### **Active search for markets**

The second Government stimulus package will help businesses boost exports but it does not need to do it at any cost, if the value of exported products goes up. The Government and National Assembly are aiming for an increase in value, not just in volume.

Mai Huu Tin, a deputy from Binh Duong province, says businesses are happy with the second stimulus package even though it is not as comprehensive as the first one. Some people do not like the package because the Government cannot provide support for long. However, to help export businesses, the Government needs to pay more attention to the big issues, such as the country's infrastructure, traffic congestion, and customs and tax procedures.

According to the latest statistics, garments surpassed crude oil in export value in 2009. Mr Kien says that next year's crude oil exports will decline when the Dung Quat Oil Refinery Factory is put into operation, with a capacity of 3-5 million tonnes per year. The important thing is to strengthen traditional markets and seek new ones. Exporters should conduct surveys on customer demand in the post-crisis period to devise suitable plans. Similar surveys should be carried out in new markets, such as Africa and Latin America. Businesses themselves should develop production plans for 2010, Mr Kien says.

(Source: VOVNews)

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### **UK opposes extending anti-dumping duties on Vietnamese footwear**

*Extending anti-dumping duties on footwear imported from Vietnam and China will put a lot of pressure on trade relations between the EU and the two countries in the future, the UK Minister for Business, Peter Mandelson said on November 9.*

The Financial Times quoted Lord Mandelson as saying that there is no reason for existence of the taxes, although he initiated the duties in 2006 when he was the EU's trade commissioner. Mr Mandelson underlined that there is no evidence that Vietnam and China's dumping price have had negative impact on European producers because their shares have already started to recover. These taxes put European customers at a disadvantage and they do not help to promote long-term trade benefits between the EU and Vietnam and China.

Anti-dumping duties have driven a wedge between EU countries since they were applied to “prevent cheap footwear imported from China and Vietnam dominating the market share of small European makers, especially in Italy and Spain.

The EC imposed a levy of 16.5 percent on Chinese products and 10 percent on Vietnamese ones. However, many EU member countries, like the UK and the Netherlands, describe the taxes as “protectionism”. Many other famous global retailers like Clarks and Adidas have also opposed the measures.

The EU member countries are expected to give a final decision on extending the anti-dumping duties on November 19.

(Source: VOVNews)

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### **Footwear exports likely to fall**

*The country in the first 10 months of the year exported 269.1 million pairs of shoes, earning USD3.21 billion, down 2 percent in volume and 16 percent in value year-on-year, according to the Ministry of Industry and Trade.*

The ministry said that based on the current figures, it would be hard for the footwear industry to meet the annual export target of USD4.77 billion.

Deputy Chairman of the Viet Nam Leather and Footwear Association Diep Thanh Kiet said that most of footwear producers had export orders for the rest months of the year, but the industry's export value was forecast to total USD4.4 - 4.5 billion this year. Kiet also said that the export price of footwear products was roughly 3-5 percent lower than that of the same period last year.

Footwear exports to the EU, which represents 60 percent of Viet Nam's total footwear export market, is also forecast to remain difficult if the European Commission approves the extension the anti-dumping tariffs on Chinese and Vietnamese shoes this month.

The European Commission recently recommended extending the tariffs of 16.5 percent on the imported shoes from China and 10 percent on Vietnamese shoes by a further 15 months.

Viet Nam is one of the largest footwear exporters in the world but the industry still lacks the ability to design its own models and has small-scale production and limited service infrastructure. In addition, 70 percent of the materials and sub-materials required by the industry have to be imported, leading to higher production costs.

The Viet Nam Leather and Footwear Association also encourages leather and footwear producers to invest more into equipment and workshops, and to improve capacity and quality. With the world economic recovery, the industry is expected to make USD5.3 billion in export value next year. According to the General Statistics Office, the country last year earned USD4.69 billion from exporting footwear.

(Source: VietNamNet + Viet Nam News)

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### **Vietnamese shoe face Peruvian tariffs**

*Peru has decided to impose anti-dumping tariff on Vietnamese fabric upper shoes after an on-and-off investigation process, Vietnam News Agency reported.*

Peru's National Institute for the Defense of Competition and Intellectual Property (Indecopi) has announced that fabric upper shoes imported from Vietnam and China will now be imposed with anti-dumping duties.

The investigation into Vietnamese and Chinese shoes was made on Oct 18 at the request of Peru's Leather, Shoe Industry and Related Components Corporation (CCCA) which represents five Peruvian footwear producers in the province of Lima.

The dumping accusations against Vietnamese and Chinese fabric shoes were first put forward by CCCA in 2006. However, CCCA failed to prove with Indecopi that the imports of cloth-upper shoes from Vietnam and China are damaging Peru's cloth-upper shoes industry.



In 2007, Indecopi announced they found no evidence of dumping. In July 2008, Indecopi opened another investigation which they then canceled in October. In March, Indecopi decided to impose a temporary anti-dumping tariff on the products, but then halted the penalties three months later. In 2006, Peru also imposed an anti-dumping tariff on surf boards imported from Vietnam.

Vietnam's footwear industry has annual average growth of 16 percent and its export value is expected to reach USD6.2 billion by 2010. But the country's footwear industry faces a number of anti-dumping lawsuits from its leading markets such as the EU and the Americas.

(Source: VietnewsOnline)

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### Vietnam auto sales down 5% in 10 months despite 103% rise in Oct

Local automobile manufacturers sold 92,136 cars between January and October, down 5% from a year earlier despite a sharp rise of 103% last month, the Vietnam Association of Automobile Manufacturers (VAMA) said.

VAMA attributed the situation to a 12% fall in auto sales in the first nine months. On-year decrease was led by sales of commercial vehicles, which dropped 17% on-year to 45,545 units. The VAMA report also showed that its members sold 11,762 new vehicles in October, compared with only 5,789 units it announced in the same month last year. Two segments that were major drivers for growth last month are passenger cars which grew 171% from last October to 3,866 units; and commercial vehicles which rose 94% to 5,279 units.

Japan's Toyota Motor Corp topped the list with 3,017 cars sold in October, up 25.7% from the same month last year. Its accumulated sales so far this year rose 24.4% from a year earlier to 22,463 cars. The government statistics has showed that Vietnam spent USD903 million importing 56,600 cars under the mode of completed built unit (CBU) in Jan-Oct period, down 3.4% in value despite a rise of 20.7% in volume. In October, the country imported 9,000 vehicles worth USD140 million, up 20.7% in terms of volume but down 3.4% in value. The Ministry of Industry and Trade forecast that the country will import around 60,000 CBUs this year.

Following table is the breakdown of car sales, market shares and the growth of the 16 VAMA carmakers in Jan-Oct 2009:

Carmakers	Sales (car)	On-year Growth
Mekong (Fiat, Ssangyong, PMC)	538	-64%
VMC (BMW, Mazda, Kia)	703	63%
GM Daewoo	10,817	14%
VinaStar (Mitsubishi)	2,737	11%
Mercedes-Benz Vietnam	2,456	22%
Visuco (Suzuki)	1,912	-28%
Toyota	22,463	10%
Isuzu*	2,393	-23%
Ford	5,892	6%
Hino*	1,690	-27%

SAMCO	347	-14%
Truong Hai	16,606	8%
Vinacomin - Vinacoal*	179	-48%
Vinaxuki	7,447	3%
Honda	3,346	-36%
Vinamotor*	12,610	-33%
<b>Total</b>	<b>92,136</b>	<b>-5%</b>

(Source: VAMA October Edition)

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## INVESTMENT

### Vietnam invests in San Francisco

*Vietnamese government leaders and business people are focusing on overseas investment, including tourism in the San Francisco region in the US state of California, according to a local newspaper.*

The San Francisco Business Times reported on November 6 that Vietnam's largest tourism company was negotiating to buy a Fisherman's Wharf hotel while the country's largest bank planned to open a San Francisco office.

Its article entitled "Vietnam pumps cash into San Francisco region" added that a Vietnamese company bought a Cupertino shopping centre recently - and more deals may be on the way as investors target undervalued Bay Area properties in a weak economy.

"The deals are part of a concerted effort by Vietnamese government leaders and business people to focus overseas investment and tourism on the Bay Area, which is home to roughly 300,000 Vietnamese-Americans and has long-established political and commercial ties with the Southeast Asian nation," said the newspaper. It quoted Le Thu Ha, Vietnamese Deputy Consul General in San Francisco, as saying that though people always think investment comes from the US side, it's now time for Vietnamese entrepreneurs to do business here as well.

The diplomat said that if this goes successful, more Vietnamese businesses would invest in the US in general and in California in particular.

(Source: VOVNews)

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### Danish Carlsberg to buy Hue Brewery

*Danish brewers Carlsberg will receive the support of the Thua Thien-Hue Province People's Committee in acquiring the committee's 50 percent stake in the Hue Brewery Company, basing on a memorandum of understanding signed between the committee and the company on Wednesday (04 Nov 2009).*

The MoU was signed during the state visit of the Danish Queen by the chairman of the Carlsberg Group, Povl Krogsgaard-Larsen, and committee representative, Duong Duc Huy. Carlsberg acquired its current 50 percent stakes in Hue Brewery in 1994.

"The acquisition marks another important milestone for Carlsberg in Viet Nam, and will further strengthen our already strong position in the Vietnamese market as Hue Brewery is a strong company with a competent management team, a skillful and committed workforce and strong brand," said Povl Krogsgaard-Larsen.

Hue Brewery Co is the market leader in the central region with Huda as the core brand. The brewery has two production sites with a total annual capacity of 200 million litres. Last month, the Danish brewery proposed to increase its stakes in Habeco from 16 to 30 percent. The company currently holds a 30 percent stake in Ha Long Brewery.

(Source: VietNamNews)

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### **Japan Co Hoya to build USD145 mln hard-disk glass substrate factory in Vietnam**

*To keep up with growing demand for personal computers, Japan firm Hoya Corp. (TSE:7741) plans to invest 13 billion yen (USD144.6 million) to construct a factory, possibly in Vietnam, to produce glass substrates for hard disks.*

Hoya is the world's top manufacturer of hard-disk glass substrates, with a market share of about 70 percent. It makes them at three overseas factories in Thailand, the Philippines and Vietnam. These factories' monthly output capacity totals slightly more than 25 million units. Hoya plans to pick the location of the new factory shortly. Vietnam is the leading candidate. The new factory is slated to begin operating in the year through March 31, 2011, boosting the firm's output capacity by a little more than 30 percent.

Hard-disk glass substrates are used in a wide range of portable devices, such as notebook computers, because they are more resistant to vibration and shock than aluminum substrates.

Anticipating supply shortages due to the growing popularity of notebooks and other low-priced notebooks, Hoya had considered expanding its factory in the Vietnamese city of Hanoi. But it abandoned the plan following the global financial crisis last autumn. The company has decided to build a new factory because it believes that demand will surpass supply as early as 2010 as the global economy rebounds.

(Source: Trading Markets)

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### **Taiwan firms to restart huge steel plant early next year**

*The Taiwan-invested Guang Lian Steel (Vietnam) Co., Ltd. will resume the long-stalled steel project in Dung Quat Economic Zone in the central province of Quang Ngai early next year, said the zone management authority.*

Lipi Hsien, chairman of Guan Lian Steel Vietnam, has sent a report to Quang Ngai Province's government about the process of building the steel plant at Dung Quat Economic Zone, clarifying that work will be resumed early next year for completion in mid-2013; according to website of the zone. Changes to the project, which got off ground in 2007; were also mentioned in the report; but the final output would stay at five million tons a year as earlier defined.

Le Van Dung; deputy director of Dung Quat Economic Zone Authority; told that the area for the factory and a private port would be expanded to 537 hectares from the initial 460 hectares. Besides, equipment and technologies for the plant would also have changes. However, the company only will start work on the first phase of the project on 223 hectares, Dung said. The project is jointly owned by two steel firms from Taiwan, Tycoons and E-United, who have confirmed the information in the report. The project has experienced a lengthy process since it gained approval.

The initial project was approved in September 2006 for Tycoons as the single investor, who pledged to spend over USD1 billion on the steel plant. In 2007, the investment capital for the project was revised up to more than USD3 billion under a joint investment plan between Tycoons and its Taiwanese peer E-United Steel Company.

The two companies by then had planned to run the first phase of the project in mid-2010 with an output of three million tons of steel ingots and hot-rolled steel rods a year, which would be increased by an additional two million tons in the second phase. It should reach full steam in 2013, and output would be for both local sale and for export.

However, since work on the project was commenced in October 2007, the two investors had not made any further move in carrying out the project. The main reasons, according to Dung of the zone authority; are that it was very

difficult to do site clearance and compensation to transfer land for the investors. The investors also had met difficulties during the financial crisis, and coupled with changes to the project's design, technology and manufacturing line, the process has long been delayed.

JFE Steel Corporation, the second largest Japanese steelmaker after Nippon Steel, also has plans to develop a huge steel mill project in the zone. Representatives of the corporation have met with authorities of Quang Ngai Province to discuss the project. The corporation will spend some USD5 billion on the project with the first-phase annual capacity of five million tons, mainly for export. JFE Steel Corporation plans to set up a company in Vietnam to develop the project on 1,000 hectares in the zone. It will also build a port for importing raw materials, including iron ores and coke, and exporting the factory's products.

The authority is working with other state agencies to draw up a plan to expand the zone by four times from the current 10,300 hectares to 46,000 hectares to meet demand of investors.

*(Source: The Saigon Times Daily)*

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### **Gov't seeks more funds for key projects**

*The government has asked the National Assembly to approve more funds for three major infrastructure projects, all of which are behind schedule.*

Vu Huy Hoang, Minister of Industry and Trade, said Friday (06 Nov 2009) that due to additional work and higher construction costs, the investment for Dung Quat refinery in the central province of Quang Ngai needs to be raised to USD3.05 billion from the USD2.5 approved in 2005.

When plans were first drawn up for Vietnam's first oil refinery in the 1990s, the estimated cost was USD1.5 billion. The refinery, slated for completion at the end of this year, will be two months behind its schedule. A cracker at Dung Quat, which makes gasoline and other products, broke down on August 18, leading to a six-week shutdown.

The refinery, which started commercial operations in February, has a projected capacity of 6.5 million tons of crude a year, but the National Assembly said the productivity should be increased to ensure energy security.

The cost estimates for another major project, the Son La Hydropower Plant, have also been increased by 39 percent from the original USD2.6 billion. The government said construction costs have surged at a faster pace than capital disbursement, driving up the estimate.

The government in April admitted the process of compensating residents displaced by the power project was slow. Construction at the plant started in 2005 and was set for completion in 2012. The hydropower plant in the northwest will have the largest reservoir in the country.

The government also said on Friday that the transnational Ho Chi Minh highway project needs another VND3.1 trillion (USD176 million) and it will not be completed in 2010 as planned. More than VND41 trillion (USD2.3 billion) has been approved for the project which will link the two farthest provinces in Vietnam, Cao Bang in the north and Ca Mau in the south.

*(Source: Thanh Nien + Agencies)*

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### **Korean Investors Still See Great Potentials**

*Some South Korean firms in Vietnam have either postponed or dropped their projects, but others still see Vietnam as a potential destination for business.*

This optimism is stronger after the recent Vietnam visit by President Lee Myung-bak. His trip is believed to pave the way for the two countries to step up trade and investment ties. Despite the difficulty, South Korean investors still believe in Vietnam's investment environment and say that Vietnam will continue to be an attractive destination for them.

Lee Chang Keun from Kocham (Korean Chamber of Commerce and Industry) says that the recent visit of President Lee Myung-bak is good for FDI operations in Vietnam as well as trade relations after talks between the Vietnamese and South Korean leaders centered on investment and trade relations. “I think there will be an increase in Korea investment into Vietnam till late this year, but not high, at about 20% compared with the same period last year as the economic crisis isn’t over,” Lee said.

The footwear, garment and textile sectors no longer attract as many Korean enterprises as seen in the past. More and more firms in construction and real estate in general have come to the country as they see the development potential.

### **Strong moves**

Vien Dong Property Joint Stock Co., or Viendong Land, and South Korea’s Kumho Industrial Co. signed a strategic agreement to jointly develop real estate projects in Vietnam, firstly the Vien Dong Meridian Tower project in central Danang City in late October.

The deal was signed following the Vietnam-South Korea Economic Forum in Hanoi attended by many enterprises of the two countries. Under the deal, the local company agreed to prioritize Kumho in selecting a main contractor for its Vien Dong Meridian Tower project in the central city of Danang with the requirements that the latter must meet criteria on standards and technical quality. Meanwhile, Kumho also agreed to give support in technology and training for the local partner, according to a statement. Also in late October, Korean-invested Posco-Vietnam put into operation the biggest cold-rolling steel mill in Southeast Asia in Phu My Industrial Park, Ba Ria-Vung Tau Province. The USD528-million steel plant is capable of turning out 1.2 million tons of steel, including 700,000 tons of cold-rolling steel for the automobile and motorcycle industries and 500,000 tons of hard cold-rolling steel for the construction sector.

One week earlier, Nova Real Estate Investment Corporation (Novaland), owner of the Sunrise City project, and South Korea’s Kumho E&C kicked off the main block of the six towers of V-block of Sunrise City, a residential complex in HCM City’s District 7. V-plot consists of six towers ranging from 31 to 34 floors with 752 high-end apartments, four floors of commercial center and a public utility area of more than 21,000 sqm. The first phase of the project is expected to be completed in Q1 2012.

To ensure construction quality, Novaland has selected Kumho E&C, one of the three most prestigious contractors in Korea, to build the complex. Although this has been a tough year for attracting FDI, this is also the time Vietnam needs to review the financial capacities of investors. Meanwhile, some South Korean companies who have operational projects in Vietnam now want to expand their projects.

Lotte, one of South Korea’s leading companies, months ago signed a memorandum of understanding (MOU) with the HCM City Department of Planning and Investment (DPI) over a USD2-billion observatory tower complex in the city’s Thu Thiem new urban area. The firm plans to develop the observatory complex on 20 hectares in the main area of Thu Thiem town. According to the master plan, the complex will be located in the southern corridor of the East-West Highway and include a 300-meter-high observatory, office buildings, commercial centers, hotels, parks and residential areas. The developer expects the project to become a landmark in the new town and HCM City as a whole.

Kag-Gyu Hwang, vice president of Lotte, said that with previous experience in real estate, shopping malls, heavy industry and financial projects worldwide, Lotte would be able to realize this project. Lotte has so far developed Diamond Plaza in the city’s District 1 and Lotte Mart in District 7.

South Korea’s Samsung Electronics Co. launched the first phase of a USD670-million cell-phone factory in the northern province of Bac Ninh in April. The facility can produce 30 million mobile phones a year and will eventually produce 100 million units a year. The company says that it will expand to produce more in Vietnam.

Doosan Heavy Industries Vietnam Co. Ltd. opened a USD300 million heavy industry complex in Dung Quat Economic Zone in Quang Ngai Province in May despite the global economic problems. The complex will supply a wide variety of heavy-industry machines for local projects, including steam generators for thermo-power plants, heat recovery steam generators, seawater refining machines, chemical processing equipment, boilers, forklifts, loading and unloading equipment and turbines. According to Doosan Vietnam, up to 80% of its output will be for



export. The South Korean-invested heavy industry complex is also expected to lure satellite factories as well as related service industries into Dung Quat Economic Zone.

During the visit of President Lee Myung-bak to Vietnam, business leaders of the two countries had initial agreements worth billions of U.S. dollars. During the visit of Prime Minister Nguyen Tan Dung to Korea months ago, business leaders of the two countries also had cut big deals. These included a joint venture agreement between Vietnam Steel Corporation and Posco to build a steel mill worth USD620 million, a project between Hyundai and a Vietnamese partner to develop Thai Binh thermo-power plant worth USD1.2 billion and a joint venture worth USD600 million between Vietnam's Ngoc Phuc Co. and South Korea's Daegun.

South Korea remains one of Vietnam's biggest foreign investors. Those big South Korean companies active in Vietnam include KNOC, SK, Kepco, Hyundai, Samsung, LG, Posco, Daewon and Kumho. Vietnam's steady economic growth over the years and its bright prospects encourage South Korean investors to pour money into the country.

(Source: *The Saigon Times*)

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### **Indochina Air looks for new investors**

*Indochina Airlines is finding new investors to raise at least VND300 billion (more than USD16.7 million) to support the continuous operation of Vietnam's first private airline, the commercial director said.*

Do Anh Tuan told that Indochina Airlines was finding new local investors to pump fresh capital investments to prop up the ailing airline. "We are calling for new investors and give priority to local investors," Tuan said amidst news that Indochina Airlines had not been able to operate its only aircraft, a Boeing B737-800, because of prolonged debt.

Tuan explained that the Boeing was undergoing routine checks at Aircraft Maintenance Workshop A75 at Tan Son Nhat Airport and that these checks had lasted longer than scheduled as technical problems were discovered. What matters is that Indochina Airlines did not receive the new Boeing B737-800 on October 22 as promised by its European aircraft leasing partner. Tuan attributed this delay to the fact that the airline now had no aircraft to fly.

Tuan said Indochina Airlines had to send all its passengers to Vietnam Airlines, in accordance with an agreement it signed with the national carrier earlier this year, until next Monday, the day the private airline expects its only aircraft will be able to take off again. Tuan said Indochina Airlines had mapped out two plans to operate five Hanoi-HCMC flights and one HCMC-Danang flight a day, or four on the first route and two on the second, when the airline received one more aircraft in the last week of November.

Indochina Airlines was licensed in May, 2008 with initial capital of VND200 billion as required by Vietnam's civil aviation regulations for an airline to operate domestic flights.

(Source: *Source: VietNamNet/SGT*)

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### **Developers pin hope on Viet Kieu to revive real estate market**

*While the real estate market has fallen into stagnation with personal income tax imposed on property transfers, enterprises still pin high hopes on overseas Vietnamese, also known as Viet Kieu, as potential customers. Viet Kieu have enjoyed more chances to own houses in Vietnam since the Government passed Decree 78 on July 1 to revise the Law on Nationality.*

Nearly 200 overseas Vietnamese recently joined a seminar in HCMC to learn about legal matters on Viet Kieu house ownership. They showed a strong need to buy houses in their home country.

More Viet Kieu have bought houses since the National Assembly amended Article 126 of the Housing Law and Article 121 of the Land Law to expand the list of overseas Vietnamese allowed to buy houses in the country, says Hoang Xuan Hoan, head of the HCMC Public Notary Office No. 2. Although the law only took effect as recently as September 1, the office has certified papers for three Viet Kieu to own houses since then.

Hoan says this is a good sign, citing that only around 150 Viet Kieu have bought houses in Vietnam since the Government gave them permission in 2001, according to the Committee for Overseas Vietnamese Affairs.

Decree 78 also extends the registration date for Vietnamese citizenship of Viet Kieu to July 1, 2014. Meanwhile, Article 126 of the Housing Law only regulates them to reside in Vietnam for three months or more to own several houses at the same time.

This is a generous legal platform for Viet Kieu to buy houses in Vietnam and a good opportunity for enterprises to serve new customers, says Do Thi Loan, general secretary of the HCMC Real Estate Association (HoREA). However, their house ownership is limited to private, family accommodations. Many people wonder if this is to limit the number of houses overseas Vietnamese can buy. “We have to wait for detailed regulations and implementation directions for the amendments and see how the Government will manage property usage of the overseas homebuyers,” says lawyer Truong Thi Hoa.

Since no such decree has been issued, many Viet Kieu hesitate to buy houses in their home country although the Housing Law is certainly now more liberal. They fear inconsistency among related departments during implementation of the law and obstacles in administrative procedures for nationality or residence time conformity.

An industry insider even says the new provisions will not have major impacts or revive the quiet real estate market. However, property firms think differently. After nearly two years of low housing demand, enterprises have pushed up marketing in various segments. “There is no hope for a golden age like in 2007 but enterprises should be well-prepared for any opportunities. Housing demand of Viet Kieu will have the most potential,” says a broker.

Many still consider Viet Kieu a light ray for too many luxurious housing projects developed over the past time.

HoREA will send a delegation of member enterprises to the annual conference of the U.S. real estate association in California this month where a large number of Viet Kieu is living. They want to establish cooperative distribution channels with American realty firms such as West Gate Realty Group, GD Commercial and DN Commercial to introduce products to Viet Kieu. They will also explore real housing demands of overseas Vietnamese to set up a business strategy, Loan says. However, the business situation is not as easy as before and enterprises have to provide suitable products. Elderly Viet Kieu with a desire to return home or well-to-do and middle-aged people are potential customers, Loan says.

Overseas Vietnamese of the second and third generations prefer short trips to Vietnam and investments in real assets in the U.S., so the enterprises should offer reasonable prices to meet homebuyers’ demands, she adds.

(Source: SGT)

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## **Delays in hi-tech healthcare park project denied**

*Hoa Lam-Shangri-La Healthcare Limited Liability Company has rejected news reports that its USD400 million hi-tech healthcare park project in HCMC was lagging behind schedule.*

The company received an investment certificate from the city government in July last year and broke ground for the project in Binh Tan District in October that year. The project has since then been staying on track, the company told reporters at its newly built office in the park’s premises on Thursday (5 Nov 2009).

Lai Voon Hon, general director of the company, and other company executives called the press conference, which was also attended by city department chiefs and other officials, after local news reports said the project had faced delays.

After news broke late last month, the city government ordered the relevant agencies to look into the project for which, the Department of Investment and Planning said, the company has paid all land rent and received a land use rights certificate. The development of the huge project is expected to last 10 years.

“We have to carry out the project step by step due to many works. There are a lot of administrative formalities which our company must do,” he said. “For foreign investors like us, we must receive all the land use rights before pouring money into the project. “We’ve kept up with our development plan.”

The company has built the project office, called The Hub, and completed a survey of land and infrastructure, a master plan for land allotment, a soil investigation, a boundary survey and an environment impact assessment, he said. The company, he noted, has poured VND250 billion (USD 13.9 mil) into the project to date.

Nguyen Thi Huu Hoa, deputy director of the Department of Planning and Investment, also said in a report on the progress of the project sent to the city authorities on Wednesday that the company had completed The Hub within the project site, which is now used as an operation office for the project.

The hi-tech healthcare park project involves investors from Vietnam, Malaysia, Singapore and the UK. Lai Voon Hon said it could attract investments from other countries. “Our shareholders are committed to pouring money into the project,” he said

Speaking at the press conference, representatives of the city’s relevant departments affirmed that the company was carrying out the project on schedule.

Nguyen Van Hiep, deputy director of the Department of Construction, said the company had been working on the project as scheduled despite the grip of the global economic downturn.

Hoa’s report says that unfavorable global economic conditions had not kept the company from delaying the project and that with assistance from a working group of the city; the company will be able to commence construction on the hi-tech healthcare park this December.

The company is now awaiting a construction permit from the Ministry of Construction to start work on phase one of the project at 532A Kinh Duong Vuong Street in Binh Tri Dong Ward, about 20 minutes’ drive from the city’s central business district via the newly-completed East-West Highway.

The first phase of the park will consist of general hospital, medical training centre, kindergarten and international school, and housing for staff.

“Pending the (construction) permit, we are in the process of inviting tenders for a piling test. Construction work will begin three months after obtaining the permit,” said Tran Thi Lam, chairwoman of the Hoa Lam-Shangri-La Healthcare Limited Liability Company.

Lam, shedding tears, said, “We have been trying our best to get the project moving. If the foreign investors abandon the project, the local partner will have no choice but to walk away as well due to the complex nature of this healthcare project.

The parties involved in the project are Hoa Lam Services Co. Ltd. of Vietnam, Malaysia’s Ireka Development Management Sdn Bhd as the development manager, Singapore’s Shangri-La Healthcare Investment Pte Ltd. and the UK’s Aseana Properties Ltd as the investor. “We have engaged local and foreign consultants and the design concept were completed for the general hospital,” Lam said.

The international hi-tech healthcare park covers 37.6 hectares and needs 10 years to develop. It will feature a world-class healthcare environment for medical professionals and patients, which includes private tertiary care and teaching hospitals, research centers, medical institutes, commercial and retail components as well as supporting service residences and other community facilities.

*(Source: The Saigon Times)*

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## **Malaysian urban construction scheme gets go-ahead**

*On November 4, Malaysian property developer Berjaya received a license to build the Nhon Trach New Urban Area in southern Dong Nai province.*

Worth around USD2 billion, the urban area will be developed on an area of 600ha and will encompass the three communes of Long Tan, Vinh Thanh, and Phuoc An.

The construction will be carried out in four stages –the planning and land-related preparations will be completed by 2013, a medium-density residential areas will be built along Road 25C from 2013-15; the high – medium density residential facilities will be built by 2018; and the project is scheduled for completion by 2020.

The Prime Minister approved the project last month and entrusted the Dong Nai province People's Committee with tying up the loose ends, regarding the licensing.

This is the biggest foreign direct investment project to be licensed in Dong Nai this year, and the company's second there.

(Source: VOVNews + VNA)

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### **Construction ministry stops cement projects**

*The Ministry of Construction has scrapped four cement-making projects because they do not meet the requirements of the nation's Cement Industry Development Plan.*

Deputy Director of the ministry's Department for Construction Materials Nguyen Van Ngoc said that the projects were Huu Nghi and Yen Mao in northern Phu Tho Province, the Phu Tan plant in the northern Hai Duong province and the Ngoc Ha plant in the northern province of Ha Giang.

Ngoc said the ministry's move followed a recent review of cement projects planned for now until 2015. The four abandoned projects were mostly small-scale and invested by local private enterprises, he said.

Under the Cement Industry Development Plan approved in 2005 by the Prime Minister, the country will concentrate on implementing major cement projects with a daily output of more than 3,000 tonnes. Cement plants must also be built near raw material sources and be in keeping with local infrastructure, transportation and demand.

According to the Viet Nam Cement Association, the country currently has 105 cement-making plants with a total capacity of more than 61 million tonnes per year. Most of them are located in the northern and central provinces and cities of Da Nang, Hai Phong, Hai Duong, Hoa Binh, Ninh Binh, Nghe An, Quang Ninh and Thanh Hoa.

The association in September proposed that the construction ministry stop licensing cement projects to prevent a glut. It forecast that the country would produce roughly 10-12 million tonnes of cement more than needed next year if all cement plants ran at full capacity.

According to the cement industry master plan that runs until 2010, a total of 53 cement production projects would be completed and put into operation during the 2005-10 period. By 2011, the number would rise to 63.

Industry experts forecast that the country would be able to produce roughly 130 million tonnes of cement by 2020, leading to a surplus of roughly 30 million tonnes.

(Source: VietNam News)

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### **Vietnam, Slovakia boost trade, investment**

*Businessmen of Vietnam and Slovakia have met in Hanoi to discuss how to increase mutual understanding as well as trade and economic cooperation between the two countries.*

Although trade and investment between the two business communities saw significant growth in recent years, bilateral trade has not matched the two countries' potential and demands, Doan Duy Khuong, Vice President of the Vietnam Chamber of Commerce and Industry (VCCI) said at the Vietnam-Slovakia business get-together on Oct. 26. Economic structures of both countries could complement each other, Khuong said.

With flexible economic mechanism, Vietnam is a gateway for Slovakian goods to enter into markets of other ASEAN countries and Asian nations as well. Meanwhile, Slovakia would be an important partner and a gateway for Vietnamese commodities to penetrate in the European Union, Khuong added.

Slovakian Ambassador to Vietnam Peter Svitek stressed great prospects for economic cooperation between the two countries. Direct contacts and negotiations are the best way for boosting bilateral cooperation, he said.

Ambassador Peter Svitek expressed his hope that Slovakian firms would seek their partners in Vietnam.

Two-way trade between Vietnam and Slovakia reached more than 114.2 million USD in 2008. Vietnam exported mainly electronic products and accessories, footwear, garment and textiles worth 109.8 million USD while importing cattle feed, material plastics and machines and spare parts worth 4.4 million USD.

(Source: *The Hanoi Times*)

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### **Japan grants USD650 million for five ODA projects**

*Minister of Planning and Investment Vo Hong Phuc and Japanese Ambassador to Vietnam Mitsuo Sakaba signed diplomatic notes on October 26 on Japan's ODA grant to Vietnam for the 2009 fiscal year.*

The diplomatic note officially marks the resumption of Japan's ODA grant to Vietnam, since it was halted in late 2008. In March 2009, the Japanese government resumed new grants to Vietnam.

In the most recent grant, Japan committed to provide official development assistance (ODA) for five projects, totaling JPY65 billion (USD650 million), including projects developing small-scale infrastructural facilities for the poor, improving the effectiveness of energy use and recycling, assisting small and medium businesses, building the road to Can Tho Bridge and the Thai Binh thermo-power plant and power transmission network project.

According to the Japan International Cooperation Agency (JICA), Japan is considering a second ODA grant to Vietnam for the 2009 fiscal year. The Japanese government will supply an urgent loan and loan for hunger eradication and poverty reduction in Vietnam, worth JPY55 billion.

Japan's total ODA grants to Vietnam, therefore, will increase remarkably compared to JPY100 billion committed in 2008.

JICA also said that the Can Tho bridge and the road to the bridge will complete in late March 2010. At Vietnam's request, Japan provided two ODA loans totaling JPY33.24 billion to these projects in March 2001.

(Source: *The Hanoi Times*)

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### **Industrial garden complex set up**

*Bourbon An Hoa Company in late October broke ground for the Bourbon An Hoa Industrial Garden, a new industrial park with a residential area, in Tay Ninh Province's Trang Bang District.*

The industrial complex worth over VND3 trillion is being built on 1,020 hectares, in which 760 hectares are for industrial land, 184 for port and storage area, and 76 for civil works and a resettlement area.

Doan Hong Dung, general director of the company, on the day also handed over a land plot to Taiwan's Kuo Yuen Company for the establishment of a footwear plant worth USD8 million.

Despite being granted an investment license only last year, the developer has finished over 97% of the compensation for site clearance. The company has also offered incentives to over 1,400 local families to maintain their green coverage to help refresh the environment there.

The company was set up by three founding members, comprising Bourbon Tay Ninh Joint-stock Company, Long Hau Joint-stock Company, and Viet Au Joint-stock Company.

(Source: *The Saigon Times*)

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### **Tay Ninh Province to host eco-friendly industrial park**

*The France-headquartered Bourbon group broke ground on Friday (30 Oct 2009) in the southern province of Tay Ninh for what it said was Viet Nam's first ever eco-friendly industrial park.*



Investors in the park will have to follow sustainable development criteria in their production process, officials said at a ceremony held in Trang Bang District's An Hoa Village.

Covering more than 1,000ha, VND-3-trillion (USD 158 mil) industrial park, which borders the Vam Co Dong River off the TransAsia Highway, will play an important role in connecting resources of the transAsian economy comprising Singapore, Malaysia, Thailand, Cambodia, Viet Nam and China.

Nguyen Van Nen, head of the Tay Ninh People's Committee, praised the Bourbon An Hoa Joint Stock Company for speedy implementation of land clearance and infrastructure building. The company had moved more than 1,400 households in the area in just seven months, he noted. "I hope this will be the model of ecological industrial parks for those who want to build similar parks in Viet Nam later," Nen said.

Such parks were needed because the world was facing an ecological crisis with increasing global warming, air pollution, water and land poisoning. The park is the first stable step for developing this kind of industrial green zone in Viet Nam, he said.

The new park is strategically located for transporting goods to HCM City and for export to Cambodia and the wider region. It is located just 23km away from the Moc Bai border with Cambodia.

The Vam Co Dong River can welcome 3,000DWT vessels, facilitating waterway transportation to Sai Gon Port and Bourbon Port in Long An Province's Ben Luc District. While pursuing economic benefits, factories in the park will follow environmentally-friendly natural resource management principles.

Jacques de Chateauevieux, chairman of Bourbon's board of directors, said that when the industrial park begins operations, it will give priority to and create the best conditions for local and foreign enterprises to invest in the park. He also thanked Tran Thi My Dieu and Nguyen Trung Viet, scientists at HCM City's Van Lang University for developing their "industrial ecology zone: basic concept" which has been applied in the park

Investors will be required to use 30 percent of their land to plant trees, ensuring that the park will have green carpet cover of up to 35 percent.

The park will be built over 10 years in two phases. The first phase covering 380ha will be completed in five years. This involves building a resettlement block, a wastewater treatment plant, a power supply station, a part of warehouse facilities.

The remaining infrastructure and facilities will be built in the second phase.

Hoang Anh Dung, marketing director of the Bourbon An Hoa company, said although it was still under construction, four investors from Singapore, Taiwan and Viet Nam have already decided to put their investment into the park.

*(Source: VietNamNet/Viet Nam News)*

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## **SOEs boost non-core investments despite warning**

*Many State-owned corporations and groups have sped up investments into non-specialized sectors although the Government for many years has warned them of a high risk of poor effectiveness and losses with non-core activities.*

State-run enterprises (SOEs) have been expanding their business into sectors in which they have little or no experience, according to a report on State capital use and management the National Assembly (NA) presented on Monday (09 Nov). The invested capital still increased year after year for a wider range of sectors.

Some 47 enterprises have been involved in the establishment of commercial banks as well as securities, fund management, insurance and real estate companies, said the NA Standing Committee. The capital they invested surged from VND6.4 trillion three years ago to over VND16 trillion and VND21 trillion in 2007 and 2008 respectively.

Up to 34 of the 47 enterprises disbursed money for the establishment of banks and securities firms. They invested VND14 trillion of the total State capital of VND21 trillion in financial institutions instead of their primary business operations last year.

Vietnam National Oil and Gas Group (PetroVietnam) reported the highest rate of non-core investment, pouring nearly VND5.5 trillion into supplemental sectors, or 26% of SOEs' investments in the financial sector last year. Meanwhile, Saigon Agriculture Incorporation and Vietnam Airlines contributed to 37 and eight securities firms respectively.

Civil Engineering Construction Corporation No. 4 with a debt/equity ratio of 14 has also been involved in three securities firms, according to the report. However, the SOEs earned modest returns from the unfamiliar industries despite investing huge sums of capital. They earned 7.4% in profit from the securities sector in 2006 but only 9.2% and 4.6% in 2007 and 2008 respectively, lower than in their core business operations.

As the nation fails to implement a limit on how much a state corporation can invest into non-specialized markets, the Government has yet to find solutions to control poor effectiveness or losses of the SOEs's non-specialized projects. In a decline of the stock market last year, the enterprises did not make a report on standby funds and investment reassessing while most investment funds lost 40%- 60% in their value of assets.

Electricity of Vietnam as of the end of 2008 had invested VND214 billion in the stock market while other State-owned groups had contributed nearly VND370 billion to PetroVietnam's investment fund. Vietnam Rubber Industry Group and Vietnam Shipbuilding Industry Corporation had also invested VND217 billion and VND144 billion respectively in the stock market but obtained no profits.

The NA Standing Committee suggested inspecting non-core businesses of the SOEs as it is dangerous for them to invest large sums of money into projects in which they lack experience. The consequences not only threaten the stability of the business entity, but the entire economy.

*(Source: The Saigon Times Daily)*

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### **Most city road projects to be cleared away by year-end**

*Chairman of HCMC Le Hoang Quan instructed the city's Transport Department to urge the contractors of environment improvement and urban upgrade projects to speed up progress so that some 90% of them can be cleared from the city streets by 2010.*

Quan gave the instruction on Saturday at a meeting with related agencies to find solutions for the worsening traffic problem in the city. He noted that the traffic jams were not only annoying but also obstructed the development of other economic sectors.

He assigned leaders of the urban traffic management units of the Transport Department to take responsibility for urging the contractors to hasten the progress of the projects.

According to the Department, 199 projects are underway on 84 city streets serving environment improvement and urban upgrades. The boom of projects has created the increased frequency of traffic jams.

Tran Quang Phuong, director of the department, said this year alone the city had seen some 61 traffic jams lasting over 30 minutes, 23 more than the same period of last year. Twelve serious traffic jams occurred on the Saigon Bridge with each lasting nearly eight hours. Phuong said one of the main reasons for the heavy congestion in the city's central districts and on Highway 1A was the increase of road works that were mostly at junctions.

Some of the worst areas are the Cat Lai T-junction, the Saigon Bridge, Highway 1A through Binh Chanh District, the Hang Xanh junction, the intersection of Hoang Van Thu-Nguyen Van Troi-Phan Dinh Giot in Tan Binh District and on Le Van Sy, Nguyen Kiem, Truong Chinh and Cach Mang Thang Tam streets.

Phuong told at the meeting there would be no new road projects approved until early next year when many of the urban upgrade projects would be in their final stages. The new projects will be mostly on streets in outlying

districts. “I expect the traffic situation in central districts from the end of this year onwards will be much more comfortable with most of the road works cleared away,” Phuong said.

To avoid slow and careless road surface restoration, Phuong stressed that from January 1 contractors must leave a deposit equal to the amount of money in the contract when they register for a license to carry out the projects. If the contractors are slow or careless, besides administrative fines, their deposits will be used to restore the road surface properly.

The Transport Department assigned Tien Phong Company to do a feasibility study for a project of automatic fee collection on cars running through the central districts as one of the measures to limit the number of cars in the downtown areas. Tien Phong Company is to complete the study within six months.

Chairman Quan also said that besides temporary solutions for the worsening traffic problem, the city was giving top priority to the development of beltways and metro construction as an important and long-term solution.

(Source: SGT)

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## FINANCE – BANKING

### Rising gold prices cast shadow over property market

*The rise in gold prices has made its way to the local real estate market, hurting deals in which the precious metal is used as currency.*

Pham Van Hai, general director at Ho Chi Minh City-based ACB Real Estate Company, said the high price of gold has halted purchases of houses listed in bullion, especially single units. Hai said a house in Binh Thanh District, for example, was put up for sale in October at 195 gold taels, equivalent to VND4.64 billion. But only 20 days later, the house gained VND589 million in value because gold prices had increased sharply.

Thanh, a broker at ACB Real Estate, told a local newswire that he lost four transactions in the past week due to the gold hike. It takes between one and four weeks for a prospective customer to choose a house, negotiate prices and finalize the transaction. As gold prices kept going up over the period, many customers just decided to back out of the deal, Thanh said.

The price of gold hit VND29 million per tael on Wednesday and was still above VND26 million on Thursday, compared to around VND23 million a month ago.

The unexpected surge has made it very difficult for property transactions to proceed, causing the market to slow down, Hai said, noting that only five percent of successful deals at his company were made in gold. He said single-unit houses tend to be listed in bullion, and thus they are most affected by the rising gold prices. Apartments and land lots at residential projects, on the other hand, are often priced in dong. Hai said he expected less people to use gold in property transactions if gold prices continue to surge. However, economist Ha Ton Vinh told that real estate deals using physical gold would be halted only for a while.

As local people always have more confidence in gold than in the dong or even the US dollar, transactions in bullion are here to stay, Vinh said.

(Source: TN, Agencies)

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### US dollar lending rate increases due to increasing demands

The demand of borrowing foreign currency is increasing strongly during last months of year, hence lending rate of foreign currency also increased. Along with high lending rate, enterprises will also have to face forex rate risk.

According to the State Bank of Vietnam (SBV), in October, credit growth of foreign currency was estimated to jump by 2.06 percent against previous month, marking the highest increase since the start of this year and exceeding the rise of 1.91 percent of January.

During the first five months 2009, total outstanding loans in foreign currency of the whole banking system posted a fall of up to 9.55 percent against 2008. Notably, in February and March, the fall was 2.69 percent and 2.24 percent respectively. The lending rate by that time was commonly at 3-7 percent pa depending on each term.

The fall was caused by the enterprises' decreasing demand of foreign currency because firms' import activities were affected by financial crisis and economic recession. On the other hand, the government began implementing the lending rate subsidization policy whereby the dong lending rate was only at 6 percent/year, more attractive than borrowing in foreign currencies (primarily in US dollar). In addition, foreign currency loans always have risks of forex rate.

In order to prevent risks on forex rate, many enterprises have actively been looking for foreign currency sources to meet import activities, pushing up the market demand along with foreign currency speculation of businesses leading to tension in the forex market while the foreign currency market of banking system was stagnant.

Facing above situation, in June, commercial banks jointly reduced deposit rate of US dollar to create conditions for reducing the US dollar lending rate (maximum at 3 percent per annum) to stimulus borrowing demand of enterprises. After this adjustment, credit growth in foreign currency started to increase to 1.2 percent in July. Thus, totally in Jan-Jul, credit growth of foreign currency fell only 2.32 percent. In August, credit growth posted a rise of 1.52 percent and it was 2.06 percent in October.

The demand of borrowing foreign currency is increasing again.

Currency, enterprises who want to borrow US dollar are facing risks on forex rate. The dong/US dollar forex rate tended to increase recently. After exceeding the threshold of 17,000 dong/US dollar, the interbank average forex rate announced by the central bank was up to 17,018 dong/US dollar on November 9. The buying price and selling price of US dollar at commercial banks are being maintained at allowable ceiling level. On November 9, the trading price of US dollar was up to 17,869 dong/US dollar.

(Source: VnBusinessNews)

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## **Financial management yet to come up to scratch**

*Stories of lax financial discipline in early November heated up the National Assembly hall. Do Manh Hung, a National Assembly delegate from Thai Nguyen province; said Vietnam's financial discipline had remained problematic for years.*

Now, the situation was getting worse. "According to the government's report, there are four big expenditures exceeding initial estimations," he said.

The first expenditure was for development investments, which were VND135.5 trillion (USD7.53 billion), while the initially planned sum was VND112.8 trillion (USD6.27 billion). "Thus, the expenditure has been exceeded by 20.1 percent, while the government's report said that the speed and quality of disbursements were limited," he said.

In 2009's first nine months, the disbursement rate of construction capital was at 60 percent of the estimated cost, while that of government bonds was 52 percent of initial planning. The second expenditure was non-state budget expenditure of VND11.722 trillion (USD651 million), of which the excessive amount was VND620 billion (USD34.4 million).

The third expenditure was for paying debts, in which there was a VND6 trillion (USD333 million) increase against initial estimations and an expenditure of VND11 trillion (USD611 million) for social welfare programmes that had not been initially planned. The last expenditure exceeding initial estimations was an advance payment of VND50 trillion (USD2.8 billion) though possibility of return remained unclear.

In total, 2009's initially estimated expenditures were VND491 trillion (USD2.78 billion), but the real expenditures were VND533 trillion (USD29.61 billion). "Under the current law, a project with VND20 trillion (USD1.11 billion) has to be submitted to the National Assembly for consideration. But, why was the VND42 trillion

(USD2.33 billion) expenditure exceeding the initial estimation not reported to the National Assembly?” Hung wondered.

Deputy Nguyen Van Ba from Khanh Hoa province said: “I propose that the government give us clear explanations. I think the Budget Law is being sneered at. The government needs to design punishments for expenditure without concrete reasons.”

“State budget expenditure is for socio-economic development. So, expenditure for big projects needs to be revised,” Ba said. Deputy Nguyen Minh Thuyet, from Lang Son province, said the government’s current stimulus package was equivalent to about 80 percent of Vietnam’s gross domestic product (GDP) and 30 percent of the state budget. “However, the government determined the package without letting the National Assembly Standing Committee know about it,” Thuyet said. He said the current stimulus package could not be controlled and many National Assembly delegates did not know how it was implemented.

“We cannot know the exact effectiveness of the package because a large part of it has been invested in the stock market and in property, both of which are full of risks,” Thuyet said. According to many delegates, many ministries and sectors could not control their budget expenditures. For example, the Ministry of Education and Training (MoET) said that some 20 percent of the state budget was invested in education and training. However, not only the MoET but also localities and other ministries used this expenditure.

“I believe that the ministries of Culture, Sports and Tourism, Information and Communications and even Finance cannot control their expenditures,” Thuyet said. He said while Vietnam was still wrestling with economic woes, the country was about to borrow USD500 million for establishing four international universities. In another case, Thuyet noted, if the project to build a nuclear power plant was approved, the government would have to borrow USD12 billion, which was tantamount to half of its budget, from outside. Meanwhile, he said, by 2025, this plant would be able to meet only 4.4 percent of the country’s power demand. “While will Vietnam not boost investments into agriculture and rural areas and national security, instead of investing in such projects?” Thuyet asked.

According to Minister of Finance Vu Van Ninh, the money exceeding the initial estimations came from standby capital resources for preventing natural calamities and from additional 2008 revenues.

(Source: VietNamNet + VIR)

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## ANALYSIS – OPINION

### Time’s right to invest in Vietnam

*But not for those looking for short-term gains, says one ‘besotted’ investor. Patience and taking decisions at the right time are two things an investor should think of when doing business in Vietnam, , who has been in Vietnam for 15 years, said.*

Jaccar is a personal holding company created from scratch in 1980, with the purchase, through debt financing, of shares of French group Bourbon. The company, which manages three funds focusing on the Vietnamese market, held an investment promotion event in Ho Chi Minh City and Hanoi in early November, 2009 to attract international financial institutions.



***The global crisis scared many investors, especially about investing abroad. Why would they be interested in Vietnam now?*** The reality today is that money is kept around the world. People were scared by the crisis. They took their money out of investment. They wanted to hold on to their cash. And when they did that, after six months, they felt happy because they hadn’t lost money. But after a year, they see the return is very low as interest rates are less than one percent for US dollars and euros. Then they change their minds and think they should invest in something different or they are wasting their time and money.

Mr. Jacques de Chateauvieux is the right time for them to put their money in something and we thought of Vietnam, an



emerging country in Asia, as a good place. I have been in Vietnam for 15 years and understand the market. The word for crisis in Chinese means both danger and opportunity. I like the meaning. The crisis has brought harm and it would bring opportunities to investors as well.

***The promotion focused on listed companies in stock exchanges in HCMC and Hanoi, and not others. Why?***

The participants invited to our first-ever investment promotion were financial institutions from around the globe, mainly from Europe and the US. They are fund managers, bankers and brokers experienced in financial, banking and stock markets. They live in London, Paris, California, Japan, [South] Korea and Singapore. Maybe they've never come to Vietnam before. It is the right time for them to come here and study its economy and local businesses. Some people that I talked to said they did not know about the stock market in Vietnam but could they check information on the Internet if they want to invest. I answered it was ok for them to do this.

***However, how will they invest if they did not see and talk directly to managers who will receive their money?***

***Why listed companies?*** The answer is that these are financial investors who are interested in shares and seeking opportunities in stock markets around the globe. Vietnam's stock market is recovering from the crisis. Look at the volume and index in the market. Until four months ago, the volume was low but now it's higher. The volume speaks to the attractiveness of the market as liquidity is high for investors. Financial investors care about liquidity. They are willing to put their money in a market where they can withdraw in two months rather than a market with two years of liquidity. If liquidity is retained at the same level, I think the market will be more attractive in the coming years. It is a turning point for the Vietnamese stock market. I think the investors may fall in love with Vietnam as I did.

***An international fund, Indochina Capital, has withdrawn from the Vietnamese market, but Jaccar has stayed on. Does this prove that the market is still attractive?***

I do not have enough information about [Indochina Capital] so I do not have any comment about the disinvestment. Following on from Bourbon's presence in Vietnam since 1995, Jaccar, its principal shareholder, has developed through direct investment in Vietnamese companies and three investment funds devoted to Vietnam. We launched two closed funds with a total USD250 million in 2006 and 2007 while the other is a smaller open fund in 2008. We invested in listed and private equity businesses in sea products, infrastructure, industrial parks and real estate. We plan to extend the size of the open fund and establish another fund in coming years. Our investments in Vietnam account for 20 percent of Jaccar's total capital while those in China account for 40 percent and the rest are in other markets.

A fund is said to be a success story if its size has doubled in three years. We did it in Vietnam. I think it is extremely successful as we did it in less than three years. The Vietnamese market has become more and more professional, and more mature. Information is available and easy to access. We will see more mergers, capital reproduction and convertible bonds in the market. Local businesses need capital to develop and need financial investors. The investors also want opportunities in the country.

***What advice would you give investors interested in Vietnam?*** If they want to come for six months, they should not come to Vietnam. They should be patient. I have been in Vietnam for a long time and known what patience means. Patience and taking decisions at the right time are two things an investor should think of when doing business here.

(Source: VnBusinessNews)

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## **Japanese firms lament 'passivity' of could-be local partners**

*Japanese companies typically rely on a group of smaller companies to produce the parts they build into high-tech products, but they're still finding it hard to find Vietnamese firms to fill that role. As a result, there's little local content in many exports.*

***What can Vietnamese businesses supply?***

Japanese manufacturers and experts are saying that Vietnam needs to learn to produce more of the parts and components that go into the goods assembled here. It's not a new theme, in fact more like a song that plays over and over, every time there's a workshop on the nation's industrial development.

Japanese participants in a Japan-Vietnam roundtable lately October 2009 said they've seen little change in the industrial infrastructure over the past ten years. It's still the case that seventy to eighty percent of the components needed for manufacturing finished products are supplied by imports. "Local content" remains negligible in many sectors.

Mitsuo Sakaba said he learned about the weakness of Vietnam's supporting industries when he was preparing to take up his duties as Japan's ambassador in Hanoi in early 2008. He was "shocked," he said, to realize that the lack of capable parts suppliers was the principal reason that Japanese businesses hesitated to make investment in the country to which he was going to be the ambassador.

"Japanese companies told me the percentage of components supplied by Vietnamese manufacturers to Japanese companies was too low and that most of components must be imported. There are many things that need to be done to develop Vietnam's supporting industries," the ambassador said.

Dr. Nguyen Dac Hung of the State Bank of Vietnam said that the so-called 'supporting industries' in Vietnam mainly just make the packaging for products and very simple components. He illustrated this point by describing a Japanese wine producer in Vietnam that was discouraged when it realized that it could not use anything made in Vietnam for its wine products, except. . . cardboard cartons. The producer has to import even the wine bottles from other countries, because the bottles provided by domestic producers cannot meet his requirements on quality and colour.

Vietnam has been well known in the world for an abundant, low-cost labor force. However, it is lacking the labor force with high quality, Hung said. He repeated a familiar story of the difficulties encountered by Intel, the US IT firm, in recruiting staff for its new Vietnam factory. Out of thousands of candidates screened, only 40 met Intel's criteria for technical and language ability, reportedly the lowest percentage the US group has seen so far in the Southeast Asian countries where it manufactures.

Japan's Canon Corporation is another big investor in Vietnam. Sachio Kageyama, the director of Canon's Vietnam operations, related that his company started operations in 2001 with seven Vietnamese partners. The number has now expanded to 100 but, Kageyama stressed, "It's because we found them. Canon had to scour the business directories to establish relationships. From 2001 until now, not a single Vietnamese company has taken the initiative to establish a business relationship with us."

### *Clear directions and longer-term loans are key issues*

The Secretary General of the Vietnam Electronics Manufacturers' Association, Tran Quang Hung, said that most of Vietnamese electronics manufacturers are small companies. They find it very difficult to meet with big foreign companies. But if they are successful, and get an order from a Japanese firm, the latter asks for all sorts of products and the companies are 'embarrassed.' "If the Japanese firms would give technical help, being very clear as to the amount and nature of the orders, both sides can get on well and benefit a lot," said Hung.

Other experts believe that the key problem behind the slow development of supporting industries is a lack of capital.

Hung from the central bank said that in order to develop supporting industries, businesses need medium and long term capital, while banks only have short term capital to lend.

Analyzing matters from a financial perspective, Hung said that the dong has weakened by nine percent against the dollar since late 2008. Because Vietnamese companies cannot pledge property when they seek loans, but must borrow money short-term to import materials, the exchange rate fluctuations are a real problem.

Keinichi Ono of the Japan National Policy Research Institute sounded a gloomy note. Now that Vietnam has joined the ASEAN Free Trade Area and the WTO, inflows of products from other ASEAN countries threaten the nation's industrial foundation. "If Vietnam's supporting industries remain weak," Ono said, "you risk losing your manufacturing base, and being left only with sales agents."

*(Source: VietNamNet + VNE)*

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## Long-term issues need to be addressed to help exporters

*To help businesses boost their exports, the Government need to pay due attention to resolving long-term issues related to the country's infrastructure, transport network, tax system and customs procedures.*

Many economic analysts say that Vietnam's exports are showing some promising signs of rebound and they have proposed several solutions to expand their markets, and have introduced mechanisms and policies for creating the best possible conditions for businesses to boost their exports from now through this year into next.

Mai Huu Tin, Chairman of the Young Entrepreneurs' Association in southern Binh Duong province on the issue shared his view about this.



*Mr. Mai Huu Tin*

***What is your opinion on the six percent export target for next year?*** The government's export target of six percent set for next year is lower than that of 2008 but I think there are many good reasons for setting this modest target. Despite hearing optimistic forecasts about 2010, Vietnamese exporters will still find it difficult to reach this target. According to Vietnam's largest exporters, the US market will continue to feel the pinch. Therefore, Vietnamese businesses must be cautious.

***In terms of the second stimulus package, what support mechanisms should be introduced to help businesses boost their exports?*** Businesses are happy with the second stimulus package although it is not as comprehensive as the first one. Some people do not agree with the package because the Government cannot provide support for long. However, to help businesses, the Government needs to pay more attention to the big issues in the long run, such as the country's infrastructure, traffic congestion, and customs and taxes procedures. Although administrative reform in the customs and tax sectors has achieved significant progress it is still below expectation. Compared to other countries, Vietnamese businesses still have to pay a lot more when carrying out tax and customs procedures.

***Do businesses need any more improvements to boost their exports?*** In general, Vietnamese businesses are very active when dealing with importers and promoting trade in future potential markets. However, businesses need to work with each other and leading importers to help Vietnamese products gain a firm foothold in big overseas markets. The State should also come up with ways of helping businesses to reduce their prices.

***What are businesses planning for the domestic market?*** Businesses realize the important role played by the domestic market. However, it is not easy for them to fill small orders on large-scale production lines which are used to producing goods for export. They have liaised with domestic distributors to increase consumption on the home turf so that Vietnamese goods can stay competitive with Chinese products.

***Thank you very much.***

*(Source: VOVNews)*

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## NEWS IN BRIEF

**Foreigners are allowed to own one apartment in Vietnam for up to 50 years**, according to a recent Ho Chi Minh City Construction Department note cited in a newspaper. Foreigners that qualify include investors, those who contribute to national development, experts in various fields, those with a Vietnamese spouse, and non-real estate companies, the department said in the note, which aimed to provide guidance and clarification to a regulation allowing foreign ownership effective early this year. They are allowed to buy one apartment at commercial residential projects that do not prohibit foreign ownership, according to the note. When the ownership term ends, the foreign owners will have to sell or transfer the house. Foreigners will receive their ownership titles within 30 days of submitting applications to the construction department, according to the note.

**The Prime Minister has released a decision stating, in principle, private economic groups will be allowed in Vietnam.** The PM confirms that the government will create favorable conditions in terms of law, administrative formalities and business environment to create more new businesses in Vietnam. The PM agreed in principle to the establishment of private economic groups in Vietnam and assigned the Ministry of Planning and Investment, the Vietnam Young Business

Association and related agencies to research and suggest models. The Ministry of Industry and Trade has been asked to work out a mechanism to support outstanding businesses to develop global brands for products. The government also assigned the Finance Ministry to work with competent agencies to compile laws on export credit insurance.

**Seventy nine garment and footwear makers were honored at a ceremony in Hanoi October 31 for their efficient operations and significant contributions to society.** At the ceremony, Deputy Prime Minister Nguyen Sinh Hung said that garment and footwear are the nation's crucial industries as they create jobs for more than 4 million people. He acknowledged the two industries' all-out efforts to cushion the impact of the global economic recession and reap high profits in production. Such voting will help encourage other businesses to work harder to weather the economic storm and maintain their growth; said Mr. Hung. Garment businesses have set targets of earning USD10.5 billion in exports next year and USD16-18 billion by 2015.

**A one-month long promotion campaign was launched in the capital city on October 31 in an effort to encourage Hanoians to use Vietnamese products.** The program involves the participation of nearly 350 businesses specializing in food, drinks, fashion, garments and textiles, footwear, electronics, interior decorations, household furnishings and restaurant services. About 95 percent of the goods on sale are made in Vietnam. Apart from promotional areas in the city, businesses are putting up kiosks in the suburbs to serve the people in outlying districts and the countryside. In particular, there is a Gold Promotion Day on November 15 when there will be discounts of 30-50% on promotional items, mostly electronics, household utensils and garments.

**Vietnam had earned only USD13.7 billion from agricultural, forestry and aquatic exports by the end of October,** down 8.9% from the same period last year despite a considerable increase in volume. The drop is attributable to a fall in the export prices of these products on the world market. Statistics from the Ministry of Agriculture and Rural Development show that export earnings from forestry products posted the largest fall of 14% to USD2.1 billion from a year ago, followed by farm produce (10.4% and USD6.6 billion), and aquatic products (9.6% and USD3.5 billion). Rice exports rose by over 33% to nearly 5.4 million tonnes but its export value fell by nearly 7.7% to nearly USD2.4 billion. Other farm products fared no better. Noteworthy was coffee - the country's second biggest currency earner after rice in the agricultural sector - which saw a drop of 17% in value but an increase of nearly 17% in volume.

**Lao Cai province and Hekou county of Yunnan opened a joint fair entitled 'Cooperation for the development of trade, tourism and investment' in Lao Cai on November 2.** The annual event provides a venue for businesses from Vietnam and China to exchange information and increase investments in both countries. This year's fair, which is the largest of its kind, has attracted 250 Vietnamese and Chinese enterprises displaying their products in nearly 600 stands from November 2-7, said Nguyen Van Thinh, Vice Chairman of the Lao Cai provincial people's committee, who is head of the fair's organizing board. On the sidelines of the fair there will be a lot of activities, including negotiations, tourism promotions, and the signing of economic contracts. Since 2003, the fair has been part of Vietnam's major promotion programme.

**Vietnamese developer Vincom plans to raise up to USD150 million through a debut international bond issue to fund property projects, state media reported on Wednesday (04 Nov 2009).** A newspaper quoted the company as saying it had hired Credit Suisse to underwrite the bonds, which would be sold in November and listed on the Singapore stock exchange. The five-year bonds would have a face value of USD100,000. Vincom operates luxury resorts, shopping malls and high-end condominium projects in Hanoi, Danang, Nha Trang and Ho Chi Minh City.

**Vietnam may export a million tons of coffee in 2009 but the export revenue will not exceed USD1.8 billion due to a fall in prices,** said Vietnamese Coffee Association (VCA) chairman Luong Van Tu. Mr. Tu said that although Vietnam's coffee output is high, Vietnam cannot control the prices because there are so many other sellers. Since Vietnamese coffee exporters are often forced to sell coffee at low prices, the VCA recommended the establishment of an assistance fund which will offer preferential loans to help big exporters to stockpile coffee and dominate the global coffee market. Vietnam now has several agricultural products with high export value such as rice, pepper, coffee, but their prices are still controlled by the markets. The State, said Mr. Tu, should establish support funds to which the state and businesses would both contribute capital.

**It is reported on October 29 that in October this year, Vietnam produced around 390,200 tons of steel products, up by 1.5% month on month,** up by 20% year on year. In the first ten months this year, its steel production was around 37.84mln tons, growing by 18.7% on an annual basis. According to the report, in October, the price in Vietnam market fiercely fluctuated. In the beginning of October, Vietnam domestic steel price was VND12mln-13mln (equal to around US USD666-733), while steel from Malaysia, Thailand and Indonesia as well as other ASEAN's countries was lower VND300,000-700,000 (about US USD16-38). From October 19, Vietnam Steel Corp. adjusted down the price, and then the wire rod price was VND11.27-11.42 (around US USD626-634), the debar price for VND11.79 (about US USD655).



**Construction of a 100 million USD hotel and villa complex began in the central city of Da Nang on Nov. 2.** Funded by the VinGroup, the Raffles Hotel and Residences will feature a 142 five-star hotel and 39 luxurious villas on Non Nuoc Beach, which was recognized as one of the world's most beautiful beaches in 2005. The project was originally licensed to the Magnum Company from the US. It was then bought back by Kingdom Hotel Investments and the European Hotel Corporation and transferred to VinGroup, which was previously called Technocom, from the Ukraine.

**The Singaporean-headquartered CapitaLand has deployed 299 million Singaporean dollars (223 million USD) to further its growth in the real estate sector in Vietnam.** In a press release last week, the company says Vietnam is the group's potential fourth pillar of growth in addition to its core markets of China, Singapore and Australia. "Vietnam is a key Asian market for CapitaLand Group. The country's strong economic growth and rapid urbanisation have presented many opportunities for international real estate companies like CapitaLand," says the press release. Currently, CapitaLand Group's presence in Vietnam is in HCM City, Hanoi and Hai Phong, in the residential and serviced residences sectors.

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## COMING EVENTS

### Vietnam International Communications Summit & Expo

*Venue:* Vietnam Exhibition & Fair Centre

*Date:* 18 – 21 November 2009

*City/State:* Ha Noi Capital, Vietnam

*Industry:* [Computer & IT](#)

*Organizer:* **Adsale Exhibition Services Limited**

*6th Floor, 321 Java Road North Point, Hong Kong, China (Hong Kong S.A.R.).*

*Tel:* +(852)-(2)-8118897

*Fax:* +(852)-(2)-5165119

**Event Profile:** Vietnam International Communications Summit & Expo is the annual forum par excellence for executives to find everything that is new in terms of technology, products and services as applied to the world of telecommunications and IT.

**Visitor's Profile:** Government Authorities, Telecom Operators, Telecom Manufacturers, System Integrators, Equipment manufacturers, Banking & Finance Institutes, Public & Utilities Departments, Corporate and Enterprise, Aviations & Aerospace sectors, Transportation, Military & Public Safety are the target visitors.

**Exhibitor's Profile:** Profile for exhibit includes Communication Management Systems and Services, Mobile Communication Networks & System, Mobile Phones and Portable Communications, NGN Peripherals/Components, SMS / MMS, Testing & Measurement, Value-added Services and Applications, B2B/ B2C and G2B/ G2C Solutions, Broadband, Computer Hardware/ Software, Content Management, Database Management, E-Commerce, IP Technology, IT Training, Software Developers, Storage & Database Management, Web Services

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### Vietnam Electronics

*Venue:* Vietnam Exhibition & Fair Centre

*Date:* 18 – 21 November 2009

*City/State:* Ha Noi Capital, Vietnam

*Industry:* [Electronics & Electricals](#)

*Organizer:* **Adsale Exhibition Services Limited**



6th Floor, 321 Java Road North Point, Hong Kong, China (Hong Kong S.A.R.).

Tel: +(852)-(2)-8118897

Fax: +(852)-(2)-5165119

**Event Profile:** The 13th International Exhibition in Vietnam on Telecommunications and Information Technology Vietnam Telecom / Vietnam Electronics, International Exhibition on Power, Electrical Equipment & Contractors' Supplies Find the export-quality products that you need direct from Chinese manufacturers, at the Vietnam Electronics- the largest electronics trade show of its kind. A conference is held at the same time as the fair.

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

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

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### **Hanoi MediPharm & BioLab**

*Venue:* GiangVo Exhibition Centre & Fairground

*Date:* 18 - 21 November 2009

*City/State:* Ha Noi Capital, Vietnam

*Industry:* Medical & Pharmaceutical

*Organizer:* **F.A.S.T. System & Management Services**

*18 Richards Avenue, Singapore, Singapore*

**Event Profile:** The exhibition will provide an excellent platform for service providers to showcase their products & services to decision makers from leading Pharmaceutical manufacturers.

**Visitor's Profile:** CEOs & Top executives from Pharma Manufacturing Industry, Executives from Production, Quality Control, R&D & Purchase Departments, Professionals from R&D Institutions, Pharmacists from Trade & Profession, Biotechnology Specialists, Top officials from Regulatory Agencies of Central & State Governments, Pharma consultants, Academicians from Medical & Pharmacy Colleges.

**Exhibitor's Profile:** Profile for exhibit includes Plant & Equipment for Pharma Production, Packaging Machinery & Materials, Lab Equipment, Analytical Instruments, Labware, Process Control & Instrumentation, Effluent Treatment and Waste Management Systems, Refrigeration, Cold Rooms, Clean Rooms, Bulk Drugs, Drug Intermediates, Excipients, Additives, Technical Books & Journals.

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### **Vietnam Motor Show 2009**

*Venue:* Saigon Exhibition & Convention Center (SECC)

*Date:* 19 – 24 November 2009

*City/State:* Ho Chi Minh City, Vietnam

*Industry:* Automotive

*Organizer:* **Vietnam Automobile Manufacturers Association – VAMA**

*8th Floor, Viglacera Building, Me Tri Ward, Tu Liem District, Hanoi, Vietnam.*

*Tel: +(84)-(4)-35536893*

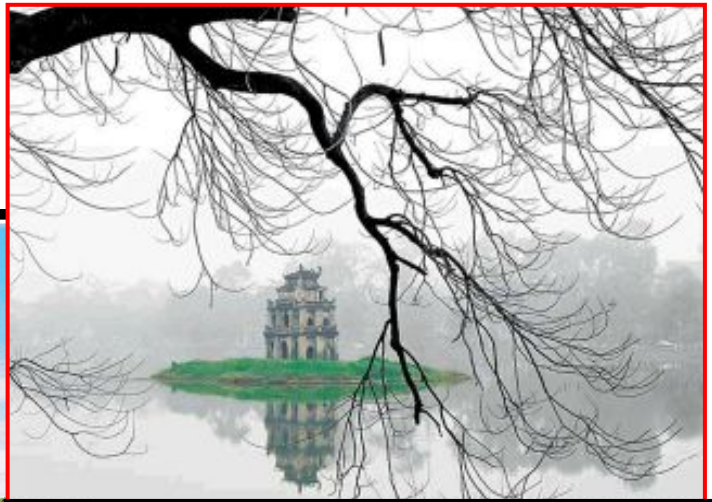
*Fax: +(84)-(4)-35536841*

**Event Profile:** Vietnam Motor Show will feature the latest and best vehicles from around the world. With all the big names in passenger cars, commercial vehicles, heavy duty and garage equipment, spares and automobile accessories being present, offering you a perfect chance to show case your products.

**Visitor's Profile:** Target audience - High-net-worth families & individuals, Executives & Businessmen, Overseas Buyers, Automobile Professionals, Corporate Buyers - CEOs, Decision Makers, Transport Operators, Tourism & Hospitality, Engineers, Technicians, Media & Press.

**Exhibitor's Profile:** Luxury Cars, Passenger Cars, Specialist Vehicles, Motorcycles, Scooters and Mopeds, and off-road vehicles Manufacturers & Dealers of Automobiles, Components and Accessories, Audio Video Equipment, Car-Care Products, Environment and Safety Equipment, Garage and Service Equipment, Moulds and Dyes, Oils & Lubricants, Petrol vending machines, Tyres, Batteries and Auto Electricals, Upholstery.

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*Edited by: Huy Nguyen & Trieu Nguyen*