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

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GENERAL REVIEW

City's CPI sees strong rise in July 2011

HCMC's consumer price index (CPI) in July rose by 1.07% over the previous month as 10 out of 11 commodity groups increased in prices, the city's Statistics Office said IN 20th July 2011.

The index soared 12.73% compared to the end of 2010 and 17.89% over the same period last year. Of the 11 groups, only the price of post and telecommunications services saw a month-on-month decline of 0.01%. Food items, which account for 40% of the basket of items used by Vietnam to calculate the CPI, posted the highest increases with food, foodstuffs and catering services rising 0.35%, 1.92% and 2.63% respectively.

Prices of clothes, shoes and hats increased 1.25% while home appliances rose 1%. Other groups went up by under 1%. Increases in certain food and foodstuff categories were attributed to the high CPI this month after the city saw its lowest CPI rise in seven months in June.

Prices of food and catering services jumped by 22% and 25% against last year respectively, while traffic also soared nearly 24%. Hanoi City, meanwhile, posted a 1.32% CPI increase, the highest month-on-month increase of July in the last three years. Long An Province also reported a July CPI rise of 0.95% over the previous month.

(Source: Saigon Times)

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Hanoi to have 5 satellite urban areas

The Government on 26th Jul 2011 approved the Hanoi master plan to 2030 and vision to 2050 under which the capital city will have an urban area and five satellite towns of Hoa Lac, Son Tay, Xuan Mai, Phu Xuyen and Soc Son, according to the Government website chinhphu.vn.

The central urban area will be expanded from the city center in four directions to become an administrative, economic and cultural center of Hanoi and Vietnam. The area is expected to accommodate 3.7 million people in 2020 and 4.6 million in 2030. Meanwhile, the five satellite towns will have different functions and characteristics with independent operations to share the burden of accommodation, training, industry and services. The towns are forecast to have a population of 700,000 in 2020 and 1.3 to 1.4 million in 2030.

The city will also build a tunnel across the Red River, linking Hoan Kiem District to Long Bien District, under BT (build, transfer) form. The tunnel will be 1.5 kilometers long, 18 to 20 meters wide, with four lanes.

There are five bridges across the Red River in Hanoi just now, including Vinh Tuy, Chuong Duong, Long Bien, Thang Long and Thanh Tri. Two more bridges will be built in the future, namely Nhat Tan and Tu Lien.

(Source: SGT)

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Labor hiring to decline as production slows

The recruitment demand in HCM City in August is forecast to drop by 20% against July to 20,000 vacancies, according to a report released by the city Centre for Forecasting Manpower Needs and Labor Market Information.

The recruitment need for workers with college and vocational training degrees would account for half of the total employment demand in August, the monthly report showed.

In August 2011, university graduates and manual workers would hold 20% and 30% of the total recruitment demand, respectively.

Tran Anh Tuan, deputy director of the centre, said the rising consumer price index (CPI) in July was the chief reason for a drop in demand, reflecting the slowdown of business production.

HCM City's CPI rose by 1.07% in July, compared with the previous month, a year-on-year increase of 17.9%, according to the city's Statistics Office. In July 2011, recruitment need declined in most sectors compared with each month in the second quarter of the year.

Labor-intensive industries such as textiles and garments, footwear, services and other industries, including electricity and electronics, engineering, construction, and auto and motorbikes, saw a drop of 60% in the number of new employees against June.

The number of newly employed skilled workers for managerial, sales and marketing positions fell by 40% against June.

(Source: VietNamNews)

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Vietnamese consumers like to put credit cards into… wallets

Though credit cards have become more popular to Vietnamese people, only 1% of population uses the modern method of payment.

A survey on personal finance of Vietnamese consumers in 2010 which has been released by Nielsen, has pointed out that though Vietnamese people’s awareness about credit cards has been heightened over the last few years, the percentage of Vietnamese people using credit cards in making payment remains modest.

36% of polled people said they do not use credit cards because they still do not have the demand, while 19% said they lack information. 18% of polled people said they do not like credit cards because of inconvenience and complicated procedures, and 7 % said the fees charged by commercial banks are overly high.

POS still encourage payment in cash

Observers have pointed out that Vietnamese people still turn their backs to credit cards because they still cannot find it more convenient to make payment with cards than in cash. The problem is that many POS (points of service) in Vietnam still charge high fees on the payment with credit cards. Nhan, an officer of a bank in HCM City, said that she was vexed when she was charged fee when she made payment for the hotel rooms at some resorts in Binh Duong and Phan Thiet, and at some retail points in HCM City. Though the sale points announced they accepted the payment with credit cards, they still wanted customers to make payment in cash. "If you pay with credit cards, you will have to pay the fee of 3%," Nhan said.

When an owner of a shop was asked why he imposed the kind of fee which is not stipulated by commercial banks, he said that in general, banks collect transaction fees, about 2-3 % of the total values of the bills paid with credit cards. At some other shops, where people mostly pay in credit cards, the fees have been counted on the sale prices already. Meanwhile, at his shop, 95 % of customers pay in cash, therefore, the quoted prices do not include the fees. "If we do not collect fees, we would incur losses," he explained.

Especially, the high interest rates applied for credit cards are very high, at 22-24 % per annum (some banks set up the interest rate at 28 %), which has made people hesitate to use credit cards. Some big shops in HCM City have confirmed that the number of buyers who pay with credit cards has decreased by 15% recently.

Dr Le Tham Duong, a well known economist, said that in general, Vietnamese people do not want to borrow on interest, even though they borrow money via cards. He has also warned that once the lending interest rates become overly high, consumers would resume their habit of making payment in cash. It is estimated that about three million credit cards have been issued, while many card holders have not used the cards for making payment, and they simply keep the cards in their wallets.

Customers can sue POS?

Under the current regulations, POS are not allowed to charge fees on clients, and commercial banks need to inspect POS and impose fine on the POS which collect fees. If POS continue violating the regulations, banks will have the right to terminate the agent contracts with the POS. However, in fact, banks have not been doing this well, for many reasons. This explains why numerous POS still collect fees from the clients who pay with cards, especially in tourism cities such as Hanoi, Hoi An and HCM City.

Currently, Visa International is running a committee which specializes in supervising POS and reporting violations to payment banks for suitable treatments. The customers have been advised to keep invoices in case they are charged fee and need to lodge complaints to the card issuers for fee reimbursement. Most banks are offering the grace period of 45 days since the day the transactions are made.

(Source: VNNBridge)

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City hospitals feel the strain

Nguyen Thi Thu Ha of Ba Ria-Vung Tau Province had to wait from 7am to 11.30am at the University Medical Centre in HCM City's District 5 before it was her turn to see the doctor. And then, the 53-year-old had to wait further for an endoscopy, the result, and to get medicines prescribed for her stomach ulcer. By then it was 3pm. She had gotten up at 4am and taken a bus from home.

A month earlier she had gone to the Vung Tau city General Hospital and doctors there said that she had many ailments including the ulcer. However, she and her family did not trust them and, taking her neighbors' advice, she decided to come to the HCM City hospital for confirmation. "When I came to the hospital, I saw a large of number of patients waiting. Some of them were waiting since 4am."

Like Ha, many patients from other provinces do not trust local doctors and flock to the city's hospitals.

All major city medical facilities like Cho Ray, the University Medical Centre, the Hospital of Trauma and Orthopaedics, People's Hospital 115, Tu Du Obstetrics Hospital, and the Odonto-Maxillo-Facial Hospital are crowded even before they open.

Dr Tang Chi Thuong, head of the Paediatric Hospital No 1, said while his hospital could handle 1,000 patients a day, at times like epidemics, it often took in 5,200. Nearly half were from nearby provinces, he added.

Statistics from the Department of Health show that HCM City hospitals have only 23,000 beds, much short of the need without even including the patients coming from outside.

Dr Pham Viet Thanh, head of the Department of Health, pointed out patients from other provinces could get treated at city hospitals and enjoy health insurance, something they did not do in the past.

Furthermore, doctors at Cho Ray Hospital said not only patients themselves but also some medical centres in other places did not want to treat their patients and transferred them to city hospitals, leading to an overload.

For instance, though many of the medical centres could treat appendicitis, they chose not to but to sent patients to the city. But Thanh admitted the patient overload in the city would not ease unless the quality of treatment in provincial hospitals did not improve. At a recent People's Council meeting, councilor Nguyen Quy Hoa suggested that city hospitals should create links with hospitals in nearby provinces to ease this problem. He said doctors should go to those hospitals and train doctors there, thus improving their capacity to treat patients.

(Source: VNS)

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Nearly 44 mln laborers to be trained in next decade

Nearly 44 million laborers will be trained by 2020 with an estimated investment volume of VND 2,135 billion, accounting for 12% of the total investment capital, according to the Government's newly-promulgated planning scheme on human resource development for 2011-2020.

This is the first comprehensive human resource planning scheme since 1975 with an aim to quickly increase the rate of trained workforce to 70% by 2020 from 40% in 2010, supporting the realization of socio-economic development strategy in the reviewed period.

The planning scheme figures out the quantity and quality of trained laborers for different economic sectors, including construction, transport, finance-banking, tourism, information technology, nuclear energy, environment, and natural resources.

It also identifies labor demand for economic regions like northern mountainous area, Red River Delta, central coastal area, south-eastern area, Central Highlands, and Mekong Delta.

By 2020, Vietnam will 259 universities and 314 colleges, according to the planning scheme.

Regarding vocational training network, the Government plans to increase the number of vocational schools to 540 and vocational centers to 1,050 in the next ten years.

(Source: MPI)

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TRADE

Vietnam rice exports to Africa increase strongly

Vietnam's rice exports to some African countries grew strongly last month but exports to ASEAN countries fell significantly.

According to Vietnam Customs, the nation in June shipped 120,000 tons of rice to Senegal, five times higher than in May 2011. Exports to Ivory Coast reached 64,000 tons, earning USD 31.3 million, up almost ten times in volume and 11 times in value, while in Ghana they reached 20,100 tons and USD 10.6 million, up 100% in volume and 104% in value.

Most of the shipments to Africa were low grade broken rice at an average of USD 413 per ton. In June 2011, Vietnam signed a memorandum of understanding to ship the first 50,000 tons of a total 100,000 tons of rice to Sierra Leone.

Africa will be a key market for Vietnamese rice in the future as the Ministry of Industry and Trade deploys trade promotion activities. According to the ministry, Africa buys between 15 and 20% of Vietnam's total rice export volume. Nevertheless, Vietnamese rice makes up only 14% of Africa's total demand. Meanwhile, exports to ASEAN countries in June dropped significantly from the previous month.

Exports to the Philippines fell 44% to 174,600 tons, while shipments to Malaysia decreased 19.3% to 47,400 tons and the volume to Singapore fell 16.8% to 22,300 tons. Indonesian officials held talks recently with Vietnam Southern Food Corporation (Vinafood 2), the nation's largest exporter, on purchasing 400,000 to 600,000 tons of rice for delivery in the third quarter.

According to Reuters, Indonesia's government has asked the State-owned food procurement agency Bulog to import more rice this year to keep healthy stock levels and Vietnamese rice was the top choice because Thai rice prices are still high. Thai rice this week averages at between USD 550 and USD 555 per ton.

According to Vietnam Customs, the country shipped more than 660,000 tons of rice in June, earning USD 321 million, up 3.7% in volume and 2.2% in value from the previous month.

From Jan–June, rice exports totaled four million tons with a turnover of nearly USD2 billion, up 16% in volume and 14% in value year-on-year.

(Source: VietNamBusiness)

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Government eyes tax revenue rise despite uncertainty

The Government, unfazed by the economic woes the country has been experiencing, is looking to increase tax revenue by 7-8% this year.

Deputy Prime Minister Nguyen Sinh Hung, delivering a Government report at the opening session of the new National Assembly in Hanoi in 21 Jul 2011, said the encouraging tax collections in the first half had given hope for such a rise toward the year's end.

January-June tax collections amounted to VND 327.8 trillion, 55% of the year's target, he told lawmakers who are gathering in the capital for a fortnight-long session. "State budget collections are good enough to ensure our spending," Hung said.

The chairman of the Economic Committee of the National Assembly, Ha Van Hien, agreed, saying tax revenue has been high this year. A recent National Financial Supervisory Committee report said State budget revenue is expected to rise 10% to VND 650 trillion by the end of this year.

However, Deputy Prime Minister Hung conceded businesses were facing challenges, so the State budget revenue would be aliened by lax exemptions and reductions for enterprises and individuals that would total around VND 13 trillion.

Meanwhile, Hien said decreases in land taxes as a result of the frozen real estate market, in VAT and in special sales tax would be challenges in the second half of the year. "Since the second quarter, domestic lax collections have decreased because production and business have been more difficult than ever.

"In observing some localities, we've seen a majority of businesses facing greater difficulties than in previous years. Some have been struggling to survive tough times while others have closed down." He said 43 companies in Bac Giang Province had stopped operations and 44 others in Bac Ninh Province had the same fate.

A report notes the increase in State budget revenue in the first six months resulted from unstable factors including the dong devaluation and higher crude oil prices. The report said devaluation of the local currency against the U.S. dollar in February had helped raise State budget collections by 15% from both crude oil and import/export operations. The two sectors account for 35% of State budget revenue.

Last year, the State budget collections exceeded the year's target by over 21%, or about VND 98 trillion, a record figure. But around 9% of the sum was used to finance the State budget deficit.

(Source: Saigon Times)

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Price of meat, vegetables to rise

The price of meat and vegetables in the domestic market will not stabilize in the near future, according to experts.

During a meeting in Ha Noi on Monday (18 Jul 2011), ministries discussed strategies to reduce the cost of produce.

Deputy Director of the Cultivation Department Pham Dong Quang said that in recent weeks, the prices of vegetables and meat had increased by 20-30% in Ha Noi and Hai Phong and by 10-20 % in southern cities and provinces. It was due to a low yield of vegetables at the end of summer-autumn crop in the northern region, Quang said. Storms also reduced output by 20-30%, but he added that prices might fall slightly in October.

Vegetables grown in South Viet Nam and transported to the north were shown to be expensive even though imported produce from China fell by 10% in the second quarter, he said.

The reduction of Chinese imports was due more to demand from domestic markets than to state policies restricting imports, Quang said. Meanwhile, prices of pork, beef and poultry surged due to a lack of supply, head of the Animal Husbandry Department Hoang Kim Giao said. At present, pork prices have climbed by 70 % due to high demand.

Pham Van Dong, deputy head of the Veterinary Department, said Viet Nam's imports in the first half this year reached 53,000 tonnes of all kinds of meat while the imports were 83,000 tonnes for all of last year.

Even this large quantity did not meet domestic demand, Giao said and expected prices to drop 10-15% in August 2011.

Farmers disagreed with the expectation. Le Van Me, director of Phu Son Veterinary Joint Stock Company in southern Dong Nai Province, said prices of meat could adjust in August but it was impossible to know whether the new rate would be lower or higher.

The Government should attempt to control the prices of meat and feed to avoid a further increase, said Tran Thi Mieng, deputy head of the Farming, Forest and Seafood Processing and Trade Department. The Ministry of Industry and Trade and the State Bank must support preferential interest rates and loans for veterinary projects, she said.

Cao Duc Phat, Minister of Agriculture and Rural Development, said the ministry would closely follow the supply and demand of meat and vegetable markets to find the solution.

(Source: VNS)

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Needs of USD 8.5bln to develop plastics industry

Vietnam's plastics industry will need VND175.53 trillion (USD8.52 billion) for its development until 2020 under a plan approved by the Ministry of Industry and Trade.

The plan aims to raise the sector's industrial production value to VND 78.5 trillion (USD 3.81 billion) by 2015 and VND 181.57 trillion (USD8.81 billion) by 2020.

Its planned plastics will make up 5% of the country's overall industry by 2015 and 5.5% by 2020. Currently it is 4.48%. It targets an annual export growth rate of 15% to reach USD 2.15 billion and USD 4.3 billion by 2015 and 2020, respectively.

Priority will be given to high quality, competitive products with diversification of product design to meet domestic and export markets. Investors will be encouraged to recycle and introduce technologies to produce degradable plastic products.

The nation now has 1,064 plastics producers, 80% of which are in the south, including provinces of Binh Duong, Dong Nai, Long An and HCM City.

The industry exports products to 55 foreign markets, with last year's exports valued atUSD 1 billion, a year-on-year increase of 20%. Packaging products made up half the export revenue, followed by household plastic items, 15%, and technical plastic goods, 10%.

The biggest obstacle for the industry was its heavy reliance on imported materials, the ministry's Industry Policy and Strategy Institute said. Of 2.2 million tons used a year, about 85% was imported. This also exposed producers to foreign exchange risk and world oil price volatility which affected competitiveness, the institute said.

(Source: VNS)

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Car importers face obstacle course

*Times are tough for car importers as the government scales up efforts to curb inflation.*Reality shows that less than nine-seat luxury cars are usually imported into Vietnam in the form of secondhand cars to ease tax payments.

Accordingly, most used cars currently incur only unit tax rates while brandnew ones suffer tax rates of 80%. Some firms made use of these regulations to shirk taxes, according to the General Department of Customs (GDC). In fact, a large number of used cars imported into the country are brandnew cars as the importers deliberately adjusted the cars' counter metres to turn brandnew cars into used cars. In light of current regulations, used cars are those which registered for at least six months and travel at least 10,000 kilometres before reaching Vietnamese ports.

Imports of used luxury cars rose sharply in both volume and value in the last few months, according to the GDC. "Import and usage of luxury cars among highly-paid people was growing quickly, making the application of existing tax rates towards used cars, no longer appropriate," said GDC's Department of Import Export Tax deputy head Luu Manh Tuong.

However, things will change from August 15, 2011 when the import duty of less than nine-seat used cars will shoot up sharply pursuing Decision 36/2011/QD-TTg. The price of used cars is said to be equal or even higher than that of brandnew cars as many kinds of used cars will incur both ad valorim tax and unit tax rates.

In this context, a number of commercial firms specialising in used car import are in dire straits. "We could not sell out the car volumes we imported after Lunar New Year in early February. Our firm faces changing business lines if used cars' import rate will be hiked from mid-August," said Duc Phat Import Export Company Limited's deputy director Nguyen Thi Bich Lan.

Despite facing sharp reactions from car importing firms, the leadership from the GDC, the ministries of Finance, Industry and Trade said hiking used car import tariffs was essential to expedite the government's target to curb the trade deficit.

Parallel to tax hikes, the customs bodies also issued a warning preventing businesses from tax evasions through making false declarations.

The customs sector will put used cars' taxable prices under the microscope, according to the GDC. It has developed a price database of brandnew cars. The taxable price of used cars will be set based on that of brandnew cars of the same version with a deduction of 10 % of the amount for one year of usage from the date of manufacturing.

(Source: VIR)

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More China trade to benefit small business

Vietnamese small- and medium-sized enterprises (SMEs) will soon have the opportunity to take part in cross-border trade activities, according to experts.

"With ASEAN members set to form an Economic Community by 2015 and a free trade agreement singed with China, Viet Nam is set to become a centre point for the transport of cargo," said Nguyen Cam Tu, deputy minister of Industry and Trade.

"Due to an increase in cargo, trade activities and services are expected to significantly develop along Viet Nam's borders with China, Laos and Cambodia." Tu said.

According to the ministry, many enterprises have already had much success in cross border trading.

Nguyen Xuan Quynh, director of the Quynh Anh Ltd Company in northern Lao Cai Province, said that his SME had been representing Vinamit, Trung Nguyen and Kinh Do on the Chinese market, exporting dried fruit, coffee and confectionery products, valued at USD3 million per year.

Cross-border trade activities had provided effective channels in expanding export markets, Quynh said.

Despite initial success stories, however, cross-border trade infrastructure still leaves much to the imagination, according to the Ministry of Industry and Trade (MoIT). It added that current weaknesses negatively affected both the efficiency and quality of cargo handling, transport, packaging and payments, reducing the competitiveness of Vietnamese exports.

Hoang Tho Xuan, an economic expert, affirmed that Vietnamese enterprises often came under pressure from foreign partners due to a lack of proper services and infrastructure. "The State should implement specific policies related to enterprises involved in cross border trade," Xuan said.

"Cross-border trade cannot operate without proper information, consulting and market research services," he added. "Viet Nam is in desperate need of an association representing enterprises conducting cross border trade in order to effectively develop this area of the export market," said economist Vo Dai Luoc.

Infrastructure could not sufficiently develop without investment from the private sector, seeing as the State had tightened its purse in order to deal with the current economic crisis, he added.

Tran Bao Giam, head of the ministry's Mountainous Market and Border Trade Department, said that cross-border trade needed effective distribution systems in order to effectively expand into neighbouring markets while providing locals with Vietnamese products, minimising the necessity for imports. During 2010, Viet Nam madeUSD30 million via cros-border trade activities.

(Source: VNS)

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INVESTMENT

Thailand in Vietnam's top 10 foreign investor

A meeting to mark the 35th anniversary of Vietnam-Thailand diplomatic ties was held in Ho Chi Minh City on August 2nd 2011 by the municipal People's Committee and the Union of Friendship Organizations.

Bilateral ties between Vietnam and Thailand have been developing well over the past 35 years, especially in trade and investment. Thai Consul General in Ho Chi Minh City, Somchai Powcharoen, said the two countries often conduct exchange visits at all levels and the transport link has opened the door for strengthening cooperation in economics, trade and tourism. Thailand is willing to work with Vietnam to introduce a "strategic partner" model between the two neighboring countries, Somchai said.

Two-way trade turnover between the two nations in 2010 reached USD 7 billion, helping Thailand place third among ASEAN partners. Thai businesses are currently investing in 250 projects with a combined registered capital of more than USD 5.5 billion, ranking them number 10 among foreign investors in Vietnam.

Thailand has 91 investment projects in Ho Chi Minh City worth USD 132 million, and the Bangkok - Phnom Penh - Ho Chi Minh City tourism road has opened new economic development and tourism cooperation between the two countries. Thailand has also provided technical assistance for Ho Chi Minh City's urban railway and flood prevention projects.

(Source: Viipip.com & VOV)

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Vietnam plans to build national automobile center

The idea of establishing a national automobile industry center, for the first time, has been put forward which is believed to make a breakthrough and help settle the existing problems in Vietnam's automobile industry. The "heart of the Vietnam's automobile industry" in the next 10 years will be located in Chu Lai Economic Zone. South Korean groups may become strategic partners

The investment promotion for the center has shown positive signals with two big partners from South Korea.

Kia Group has agreed to resume negotiations with the Chu Lai Open Economic Zone's management board on a project to manufacture and assemble cars with the capacity of 100,000 cars a year, which would become operational from 2015.

The investor will have to commit to export 70 % of the total output, have the localization ratio of 47 % in the first year of operation, while the ratio must be raised to 60 % by the year, when the factory runs at full designed capacity.

The second important partner is Hyundai. The group has signed an agreement with Vietnamese Truong Hai Automobile, under which Truong Hai will act as the sole distributor of Hyundai vehicles in Vietnam. Meanwhile, Hyundai will set up an engine production factory with the output of 10,000 products a year for local consumption in the first period, and 50,000 products a year for export to China in the second period, which will come after 2015.

The Quang Nam provincial authorities hope that the above said projects by the two South Korean automobile groups would be the premise for Vietnam to build the national multi-purpose mechanical engineering and automobile center.

If everything goes smoothly, an investment agreement would be signed this year, so that the projects could be kicked off by June 2012. According to the Ministry of Industry and Trade, in 2016-2020, Vietnam would need 70,000-100,000 passenger cars a year. The existing assembling factories need to increase the output and the localization ratio of products to improve the competitiveness, or they have to build new factories which can meet the requirements.

However, with the import tariff expected to reduce to zero % from 2018 to be applied to ASEAN sourced products, small scale assembling factories would not survive. The establishment of a national automobile center, which attracts the enterprises which have technological capability, would help Vietnam's automobile industry resist the anticipated challenges.

Huge incentives to be offered to investors

With such a noble mission, the national automobile center will get very big investment incentives.

Quang Nam's authorities have proposed the government to exempt the land leasing fee for the whole life of the project, while the State will prop up the compensation for site clearance. Meanwhile, the Ministry of Finance thinks that the land leasing fee should be exempted for the construction period and for the first 11 years after the project completes.

Regarding the taxes, Quang Nam plans to impose 10 % of corporate income tax for 30 years (other enterprises in the same zone enjoy the 10 % tax rate for 15 years), and exempt the tax for the first 10 years instead of four years. Besides, the investors would also enjoy the 50 % tax reduction in the next nine years.

The collection of other kinds of taxes, including import tax and luxury tax should be delayed for five years in 2015-2019. The State budget should support the consumption of 30 % of products on the domestic market, which is equal to the total sum of luxury tax to be paid for 50 % of products for five years. The government has also proposed to give support by purchasing the cars for state agencies.

Quang Nam has also proposed to apply the regulations of export processing zone (EPZ) to Hyundai and Kia. However, the two special preferences have been rejected by the Ministry of Finance.

(Source: VNNBridge)

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Marubeni cooperates with DOFICO in producing feed

Marubeni Corporation and Dong Nai Food Industrial Corporation (DOFICO), a company fully owned by the Dong Nai Province, situated adjacent to the east of Ho Chi Minh City, has concluded a Memorandum of Understanding to jointly operate its feed milling segment, and to establish an integrated food production and supply system centered in the distribution of meat products.

Currently, Vietnam produces about 10 million tons of animal feed, and the top four millers control 40% of the market, whereas many small and middle-sized millers also still compete within the country. The meat and poultry demand in Vietnam, expected to grow 50% in the next five years, is quickly expanding in tandem with the recent rapid development of its economy.

The growth of the feed industry is likewise anticipated, whereas merger and acquisition within the industry is expected, with the intensifying competition and heightened awareness to quality control.

With the global growth of the grain demand, Marubeni has been focusing to secure a stable supply source of grains, and at the same time has been striving to expand its sales channels across the world. Marubeni has sold 20 million tons of grains in FY2010, and plan to market 25 million tons by FY2012. The partnership is one of Marubeni's steps to market grains not only to the existing import markets, but to expand total volume by participating in feed milling enterprise in emerging markets.

DOFICO, a company fully owned by the Dong Nai Province, has its own meat processing facilities and nationwide distribution network, and at the same time holds a 25% stake in Proconco, Vietnam's largest native-capital feed producer, with more than 10% share in the country's market. Proconco's feed production was 1.2 million tons in 2010, which they plan to expand to 3.5 million by 2020.

Marubeni plans to begin its cooperation with DOFICO with its feed segment, and eyes to expand the relationship to include participation in its feed lots, meat processing, and product distribution networks. DOFICO has plans to construct an integrated livestock complex slated to be named AGRO-PARK, with utmost attention paid to safety and quality of both the feed it will use and the final products it will produce.

The complex, to be situated in the Dong Nai Province Key Economic Zone just sixty kilometers east of the bustling Ho Chi Minh City, will include a large-scale livestock farm and a meat processing plant. Marubeni plans to utilize its subsidiaries, most notably the Marubeni Nisshin Feed, to provide technical expertise such as feed production and quality control to the successive participation into the integrated food production and supply system.

(Source: ITPC)

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Expensive projects canceled in central region of Vietnam

Authorities in central coastal province of Quang Ngai have canceled many delayed projects with large registered investments. The projects have been abandoned as investors were hit by the economic slowdown.

HCMC-listed property group Tan Tao received permit to conduct a construction project on a 2,600-hectare complex with the total investment of USD50 million in Duc Pho District in 2007. The complex named Vina UniverSal was set to include a world-standard studio, shopping mall and resorts.

Local authorities expected the complex would boost the economic and social growth of the district and the southern area of the coastal province. However, after three years, Tan Tao Group eventually announced it had to cancel the project due to a capital shortage.

Quang Ngai Province's authorities have also granted permits to another project on building the first international general hospital with the total investment of more than VND800 billion (USD40 million). The hospital was expected to have 500 beds with hi-tech equipments.

However, the Quang Ngai International General Joint Stock Company – the project's investor – announced they had to abandon the project and issued a public apology just nine months after holding a big groundbreaking ceremony.

Statistics from the Quang Ngai Province Industrial Zone Management Authority show permits of 13 investment projects have been revoked since last year.

Analysts say the province's policies on encouraging investment flows in previous years have resulted in many delayed projects.

"Delayed projects have impacted to the local business environment and weakened investments flowing into the province," said Huynh Thi Phuong Hoa, deputy director of the Quang Ngai Province Investment Promotion Center. Careless assessment of investment projects and investors' financial base is among the main causes of delayed projects, Hoa said. The province's authorities announce they have checked on projects in progress and will revoke permissions for those which are being carried out at snail pace.

Investment flow has been stronger since the Dung Quat oil refinery and Doosan Heavy were built in the Dung Quat Economic Zone, said Le Van Dung, deputy head of the zone's management authority. However, some investment projects by both domestic and foreign investors that have received permits were canceled or halted due to economic meltdown, Dung said.

(Source: SGGP)

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Sluggish projects in HCMC to be restarted

Ho Chi Minh City Infrastructure Investment Co. (CII) will restart the Binh Trieu 2 Bridge and a road project which have been stagnant for 10 years. After 10 years of construction, only two parts of the project have been completed, comprising construction Binh Trieu 2 Bridge and expansion of Binh Trieu 1 Bridge

The project includes the expansion of Binh Trieu 1 Bridge, and National Highway 13 running through Binh Thanh to Thu Duc districts. The construction of Binh Trieu 2 Bridge along with some other works were aimed at easing the overload on Xo Viet Nghe Tinh-Binh Trieu Bridge-National Highway 13 route, one of the city's two most-used gateways.

The project, with an initial investment of VND341.9 billion (USD16.6 million), was first given to Civil Engineering Construction Company No.585 (Cienco 5). It first broke ground in 2000. Construction was scheduled for completion in two years.

However, in 2003, the city asked for a further expansion of National Highway 13, changing the planned width from 32m to 53m. This raised the project's total cost to VND1.6 trillion (USD77.6 million), exceeding Cienco 5's funding capacity. In 2004, after Binh Trieu 2 Bridge was completed, Cienco 5 handed over the second phase of the project to the city, who gave the project to CII in 2005.

But, until two years later, CII made a proposition to the municipal authorities that they increase funds for the project to a total of VND3.49 trillion (USD169.4 million), ten times higher than initial estimates.

The city authorities continued their debate on the plans and its environmental and social impacts. As a result the expansion of Binh Trieu 1 Bridge was on hold until 2009. The 10-year stagnation of the project has left a gap in the city's transportation system, as the Xo Viet Nghe Tinh-Binh Trieu Bridge-National Highway 13 route would be one of the key land routes into the city.

CII still plans to expand National Highway 13 in the next two years, yet there are worries about the initial phase of site clearance.

(Source: VIR)

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Cement producers face hard times

Domestic cement consumption this year is expected to be as low as 52.5 million tons due to a reduction in the number of local building projects, the Vietnam Cement Association has said.

Aggravating the situation was an oversupply throughout the industry, while local and export demand was sluggish, the association said. By mid-July 2011, the cement industry had sold about 26 million tons, accounting for 45 % of the predicted annual consumption of between 54.5 and 56 million tons.

The country's cement industry has 110 production lines with a total designed capacity of 64 million tons annually. However, many plants do not yet run at full capacity. As a result, total production this year is expected to reach 57 million tons.

The association added that there were 4 million to 5 million tons of stockpiled cement. To offset reduced local demand and the pressure of inflation, producers were looking to boost exports. However, export prices were low while transport costs were high, the association said.

Similar problems last year meant the Vietnam Cement Industry Corporation (Vicem) failed to reach its export target of 1 million tons.

Nguyen Ngoc Sy, director of Tam Diep cement company, said most of his firm's products were sold domestically. He added that it was difficult to break into new foreign markets because the export price was lower that the domestic price.

Dao Ngoc Binh, director of the Hoang Thach Cement JSC, said local consumption had decreased while there was an oversupply of cement. If firms stopped production they would incur further losses due to high input costs, he said.

Le Van Chung, chairman of Vicem, said competition among producers would become more intense when production increased, adding that Vicem planned to open seven cement plants in the near future. He also said investment in cement projects was normally in hard currencies, which meant repayment of high-interest loans would be a financial burden on producers. He said a number of firms were likely to either default on payments or be forced into mergers.

According to a Vicem report, cement demand would decrease by 1.3 %. In the first six months of this year, Vicem's profit reached just 25 % of its yearly plan. Even large firms such as Bim Son and Ha Tien have incurred losses.

This year, Tam Diep cement plant must repay VND370 billion (USD17.8 million), while Ha Tien must fork out USD19.3 million. Hai Phong cement meanwhile owes USD11 million and Bim Son cement,USD7 million.

(Source: VNS)

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Viet Nam seeks more investment from Japanese businesses in PPP

Viet Nam wants Japanese businesses to increase their investment in the country through public-private partnerships (PPP). Deputy Minister of Planning and Investment Dang Huy Dong expressed this wish while speaking at the Viet Nam-Japan Investment Forum held in Tokyo in 25 Jul 2011.

Dong said that from now to 2020, Viet Nam would need a major source of investment to develop the country's infrastructure, estimated at USD 16-17 billion per year, because the capital investment from traditional channels would meet only 50-60% of the demand.

As a result, the pilot scheme for investment under the PPP form was approved. With this key policy decision, the Vietnamese Government aimed to create a legal corridor to attract additional sources of investment from the private sector in order to develop infrastructure and public services in Viet Nam.

The deputy minister said the Vietnamese Government expected to successfully implement PPP, not only attracting capital sources but also acquiring advanced technologies and effective management experience from the private sector.

He said he hoped that Japan, as a strategic partner of Viet Nam, would continue to closely co-operate with the country to successfully deploy the PPP programme, affirming that the Vietnamese Government always valued the efficiency of Japanese investors.

In response, Japanese Vice Minister of Land, Infrastructure, Transport and Tourism Naoyoshi Sato said the Japanese government was considering joining the PPP projects. He also highlighted some of Japan's strong points on technology and experience in the fields of high-speed railways, sewage treatment and rubbish recycling.

At the event, which was jointly held by the Vietnamese Ministry of Planning and Investment (MPI), the Mainichi Daily News and the Nikkei newspaper of Japan, representatives from Viet Nam informed Japanese businesses about regulations related to investment activities under the PPP form, its potential in Viet Nam as well as some trial PPP projects in transportation, energy and urban infrastructure.

According to the MPI, by June this year, 1,552 projects run by Japanese businesses were successfully implemented in Viet Nam, with a total investment of USD 21.3 billion.

Japan was the fourth largest investor in Viet Nam out of 93 countries and territories.

(Source: MPI & VNS)

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Japan, US agencies to sponsor major projects

The Japan International Cooperation Agency (JICA) and the US Agency for International Development (USAID) have agreed to jointly sponsor infrastructure development projects in Vietnam and other Southeast Asian Countries under the public-private partnership (PPP) model.

JICA and USAID expect to implement their first project in Vietnam and are next year scheduled to propose a plan to the Vietnamese Government, to establish a new investment fund.

JICA plans to set up a fund worth 400-500 million USD in March 2012 for PPP projects and contribute to the fund with investments or loans.

USAID will guarantee half of the value of projects' loans and seek cooperation from Vietnamese and US financial organizations.

The projects of the two agencies' cooperative strategy include power plants and other energy establishments, information and telecommunications, roads, traffic and sewerage and water supply systems./.

(Source: TTXVN/Vietnam+*)*

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Dubai investor ready to flex its muscles

Concerns about delays in the dredging of the Soai Rap channel in Ho Chi Minh City have been raised by investors in the Saigon Premier Container Terminal project.

The project is backed by Dubai-based DP World and Tan Thuan Industrial Promotion Company (IPC).

William Khoury, CEO and general director of the Saigon Premier Container Terminal (SPCT) joint venture project told VIR the firm was concerned that the dredging of Soai Rap channel in Ho Chi Minh City had been delayed for so many years and that this had negatively impacted investment in terminals and other projects in this area.

"I understand the people's committee of Ho Chi Minh City is further evaluating other ways to make this project a reality, including legal, technical and financial concerns. However, every day that passes brings more uncertainty to the actual and future investors of the interested areas for development," Khoury said.

"Even though we understand we own a good project, and we studied it very carefully before deciding to invest in this project, with the current delay of the channel, we still are operating below capacity," said the SPCT CEO, adding that SPCT was looking at other ways to expand its investment portfolio to hit its business targets.

Lack of investment capital was the main reason for the delay, according to Tran The Ky, deputy director of Ho Chi Minh City's Transportation Department.

The dredging of Ho Chi Minh City's Soai Rap channel was first mooted in the early 1990s when the city recognised the potential of dredging in terms of supporting trade and generating revenues. The city then mandated IPC to invest in the project and dredge the Soai Rap channel.

In January 2008, Vinamarine officially opened the Soai Rap channel for vessels up to 15,000 dead weight tonnage (dwt). In November 2008, the Ministry of Transport approved phase 2 dredging to 12 metres for 50,000 dwt vessels.

The terminal then was inaugurated and put into operation for smaller vessels in January 2010, along with a dredging plan. But there has been no further progress. IPC recently withdrew from the dredging plan and it was transferred to the Ho Chi Minh City's Transportation Department, which is now raising funds and reopening the dredging plan's bidding process.

Ky confirmed that the city's people's committee was in discussions with the Ministry of Finance as it sought investment capital for dredging plan. One possible solution was the use of overseas development assistance for continuing implementation of this plan.

The dredging of Soai Rap channel is a key project for Ho Chi Minh City in its bid to ensure that large ships can access Hiep Phuoc port. Soai Rap channel is the shortest and widest gateway between the East Sea and Ho Chi Minh's ports.

(Source: VIR)

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Long An Province has more IPs to house new investors

Prime Minister Nguyen Tan Dung has allowed the Mekong Delta province of Long An to convert its existing seven industrial clusters into industrial parks (IPs) and add them into a priority list for construction until 2015 and towards 2020.

The Industrial Park Authority of Long An Province said the seven industrial parks have a total area of more than 1,100 hectares. The seven new IPs include Tan Do (208 hectares), Hai Son (366 hectares), Phuoc Dong (129 hectares), Thinh Phat (74 hectares), Nhi Thanh (118 hectares), Long Phung (100 hectares) and Thu Thua (188 hectares).

Three of these parks are now attracting investors and others are developing infrastructure construction, according to the province. The activities must be carried out to ensure the efficient use of land. Adding the new IPs, Long An will have a total of 30 industrial parks with the total area of more than 10,000 hectares.

In the first six months of this year, operational industrial parks in Long An Province attracted USD33.52 million and more than VND1.479 trillion from 35 fresh FDI and domestic projects inflow.

Operational industrial parks have so far attracted 453 projects and use more than 915 hectares of land and over 13 hectares of workshops. Among them, 164 are foreign invested projects with pledged capital of nearly USD1.364 billion and the rest are local ones with capital of VND 18.443 trillion.

In recent years, Long An has offered more investment opportunities for domestic and foreign investors as it acquires more advantages and potential compared with other provinces in the key southern economic region. It borders HCMC, the largest city in Vietnam, Tay Ninh, Tien Giang and Dong Thap provinces. It is adjacent to Cambodia in the south-west.

Another advantage is that Long An connects to the Eastern Sea through the Soai Rap estuary, sharing 137.7 km borderline with Cambodia with two national border gates and three secondary border gates.

(Source: The Saigon Times)

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USD 7.4 bln beltways to be built around HCMC

The Transport Ministry has submitted to Prime Minister Nguyen Tan Dung a project to build two beltways 3 and 4 to link Ho Chi Minh City with four neighboring provinces, Ba Ria-Vung Tau, Dong Nai, Binh Duong and Long An.

The total cost of the project is estimated at VND 153 trillion (USD 7.44 billion).

Beltway 3 will be 89.3 km long and have 8 lanes at a highest speed of 80-100 km per hour, while beltway 4 will has a length of 197.6 km and 6-8 lanes at a maximum speed at 60-80 km per hour.

The two beltways are designed to connect with the existing highways and expressways in Ho Chi Minh City to create an effective traffic system that helps satisfy the increasing transport demand, ease congestions in the city inner areas, and contribute to the economic development of the city and its neighboring provinces.

The ministry is calling for investment into the project, which is expected to be completed in 2020-2025.

(Source: Tuoi Tre)

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Foreign firms favor distribution over industry

Many foreign direct-invested (FDI) businesses have shifted from manufacturing to sales and distribution of products in the Viet Nam market, according to a news report.

Dao Ngoc Hoang Giang, CEO of Sao Mai office equipment joint-stock company under the SaoMai Group, said that many FDI businesses planned to shift to increasing the number of imports of finished products and expand distribution of many product brands. The Dau Tu (Vietnam Investment Review) quoted Mochizuki Kentaro, chairman of the Japan-based Sanyo HA Asean Corporation, as saying that lower import taxes were one of the reasons for the shift.

Vietnamese businesses formerly paid import taxes of 50%, but after the country signed the ASEAN Free Trade Agreement (AFTA), import taxes fell to 20% and then to the current 5%. Because of lower import taxes, FDI companies preferred to import finished products rather than manufacture them, Kentaro said. However, Sanyo was still producing refrigerators and washing machines in Viet Nam as they had a stable market here. They could also export washing machines to Japan, other ASEAN member countries and other countries, he added.

This year, Sanyo has set a target of selling 460,000 washing machines to local distributors, an increase of 100,000 compared to previous years. In addition, Sony Viet Nam has increased its sales target after it terminated a joint-venture with Viettronics Tan Binh at the end of last year. Yuzo Otsuki, CEO of Sony Electronics Viet Nam, told Dau Tu newspaper that Sony had no plans to build a manufacturing plant in Viet Nam, but would rather expand sales and distribution. He also said that imported TV Bravia sets contributed to 60% of Sony's growth in Viet Nam last year.

Representatives of Sony said to expand market share, Sony also planned to set up a centre that retails imported products of Sony in Ha Noi market and other big cities in Viet Nam. Since the beginning of this year, many FDI businesses have started applying for licences for the distribution of imported products, including Samsung Vina Company and Michelin Viet Nam, according to the city's Department of Planning and Investment.

Giang said that many businesses had licences for distribution and even retail distribution of products, such as Fuji Xerox, which imports printers from Japan.

Despite several barriers in applying licenses for retailing foreign-brand products, many businesses could still develop market share by co-operating with local distributors, Giang said.

(Source: VNS)

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FINANCE – BANKING

Bank restructuring urgent: experts

The National Financial Monitoring Committee President has emphasized the need to restructure the commercial banking system if the country did not want to lag behind the rest of the world.

Vu Viet Ngoan told reporters on the sidelines of the ongoing National Assembly meeting in Hanoi that Vietnam's financial system was rated as "weak" in the pre-crisis period and that the world was now rushing to restructure the global financial system in order to increase working capacity and reduce risk.

"From this point, if Vietnam fails to speed up the process of financial restructuring, it will lag further behind," the newly appointed chair of the committee said.

He recommended that upcoming restructuring increase the independent role to be played by the State Bank of Vietnam and close down all banks with weak financial health and poor management capacity.

The chief financial observer also warned of risks in taking hurry action.

"We can apply international criteria but should work out a long-term roadmap with concrete time frames for each goal," Ngoan said. His views were echoed by several other experts such as Huynh The Du, lecturer with the Fullbright Economic Programme, and Vo Tri Thanh, Vice Rector of the Central Economic Management Research Institute. They cited a number of small banks which are being exposed to numerous risks such as low liquidity and high bad debt ratios.

These factors may lead to macro-economic instability, they said. Statistics released by the State Bank of Vietnam showed that bad debts accounted for 2.72% of the entire banking system's total loans up to June 10, compared to 2.17% late last year.

(Source: VOV)

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SCIC sells interests in 520 enterprises

The State Capital Investment Corporation on July 18 reported it had sold interests it represented in 520 enterprises during the five years since its establishment for a total of 2.77 trillion VND (134.5 million USD) – twice the book value of the companies.

The corporation (SCIC), formed under Decision No 151/2005/QD-TTg dated 20 June 2005, is responsible for managing and investing state capital in various sectors including financial services, energy, manufacturing, telecommunications, transportation, consumer products and healthcare.

It has operated profitably, with total assets growing by eight fold and equity capital by six fold since 2006 when it commenced operation. Last year, the SCIC posted a net profit of over 2.28 trillion VND (110.8 million USD), which was 20 times higher than that of 2006.

Total book value of its portfolio of over 500 enterprises doubled in those five years, reaching 15 trillion VND (728.2 million USD).

It expects to earn a total of 8 trillion VND (388.3 million USD) by 2012 through selling state capital in other enterprises, providing an important additional capital source for the SCIC to increase investment in key sectors and large projects.

The SCIC has invested actively through a number of channels. Its total investment has reached more than 6 trillion VND (291.3 million USD) in various forms including stocks, bonds, capital contribution to promising enterprises and investment in large energy, infrastructure and high technology projects.

In addition, it has contributed to the restructuring of State-owned enterprises. Most of the companies handed over to the SCIC achieved high growth after the transfer. Revenue of those companies rose over 61% on average and some companies attained high return on equity ratio (ROE), such as dairy producer Vinamilk with over 40%, software producer FPT Corp with over 70% and Hau Giang Pharmaceutical Co with over 30%.

Minister of Finance Vu Van Ninh addressed the SCIC's 5th anniversary on July 18, 2011: "The SCIC has fulfilled its role as the Government's investor over the past five years, gradually unifying the representation of the State ownership in State enterprises, and raising state capital for investment in the areas which the State needs to hold and dominate." Ninh believed the corporation will improve its operational efficiency in the future by promoting the sale of state capital in enterprises that are no longer retained by the State in order to concentrate investment resources in the sectors that are important to the country's economic development.

Lai Van Dao, SCIC's general director, also said the corporation plans to reduce its portfolio to about 100 large enterprises by 2015 and increase its investment to 40-50 trillion VND (1.94-2.42 billion USD) during 2011-15.

(Source: VietNam+)

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IFC provides record funding for Vietnamese businesses

The International Finance Corporation, a member of the World Bank Group, on July 22 committed a record USD505 million in the fiscal year 2011 to help Vietnamese businesses increase their import and export activities.

This sum will be transferred to businesses through the Vietnamese commercial banks under the Global Trade Finance Programme (GTFP).

Simon Andrews, IFC Regional Manager for Vietnam, Laos, Cambodia and Thailand said: “By complementing banks’ capacity to deliver trade finance solutions, IFC has helped ensure continued trade flows vital to enterprise growth despite liquidity constraints.”

The programme, since its launch in Vietnam in late 2007, has helped improve the capacity of nine banks to cover the payment risk in granting trade financing to local companies, mostly small and medium enterprises.

Under the programme, the banks have issued 268 guarantees to support one billion dollars in trade finance transactions.

(Source: VIR/VNA)

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ANALYSIS – OPINION

Vietnam is the right solution

Rostaing Tannery, a traditional business of the Rostaing Group, was founded in 1789 in France and stopped operating 200 years later. In 2007 the Rostaing family chose to open a tannery in Vietnam, and has been happy with this decision ever since.

The USD2 million tannery has a monthly production capacity of 30,000-40,000 square meters of leather. Cecile Meunier, in charge of Marketing and Communcation at the Group, had her opinions about this business.

Why Vietnam?

- **Cecile Meunier**: The tannery was not that profitable in France anymore so we were looking for another country. The Vietnamese market is full of possibilities and skin supply is abundant in Asia. It was obvious that Vietnam was the right solution.

It is no longer possible to do this business in France. Why?

- There are a lot of constraints. The leather in France is very expensive. So nowadays, many French producers also find suppliers in Asia and other regions because it is less pricy there. Also, it is hard to find labor in France.

How many workers do you have at your factory? And what are you looking for in your employees?

- Our factory is in the Long Thanh Industrial Zone and we have less than 100 people, around 70-80. They have to be attentive to details to perform the tanning, and also be strong because some skins are very heavy. We first import skins of goats, cows or horses. After that, we carry out skin treatment including coloring and finishing to come up with different types of leather with distinguished attributes such as waterproof or oil-proof.

Is the process complicated?

- Rather, it is the easiest part of the tanning process. Nevertheless, we have to be very careful. We have to know precisely the chemicals, the quantity, the timing. So it is very technical, but not quite tough. The most arduous part of the tanning process is retrieving the skin after the death of the animals. However, we do not deal with it.

Do you find any obstacles doing business here?

- For the tannery part, not really. Most difficulties lie in finding the right skins, especially now when the price of leather is increasing. However, this is the same problem that every producer in this field is facing.

Who are your customers?

- Mainly, ourselves: the Rostaing Group. Our leather will be used by other factories of the Group to produce final goods. Currently we have three factories in Vietnam: two gloves factories - one in leather, one in coated gloves with latex and polymer and one backpacks factory. But we also have orders from other companies, mostly from overseas, including Japan.

How about the future development of the tannery?

- We are trying to find more customers to expand our span of production. Our main production on Tuesday (2nd Aug 2011) is leather for gloves, and a small amount for bags. So now we are trying to develop a new market for shoes and have attracted interest from quite a number of companies, and most of them are Vietnamese.

We attended recently the Shoes & Leather 2011 - Vietnam trade fair in HCMC, and that was a great opportunity to attract customers. There we could display a diverse range of skins, which was otherwise very hard to do when visiting offices. In fact, adidas was interested in our products. It had a great consumption of leather and was thus looking for suppliers.

Everybody knows that a tannery will add to environmental pollution. How about yours?

- We try to conduct an eco-friendly process of tanning. We have solar panels that generate energy. We also collect every waste from the tannery and try to maintain them before a specialist company comes to dispose them. And for the sewage, the waste from the chemicals, we make it cleaner before releasing it outside. We have our own treatment plant for that. We have to respect the environmental norms for the French market and the European market.

What do you mean by an eco-friendly process?

- We minimize the use of chemicals for the process of tanning. Instead, we use woods, plants and vegetables. However, using chemicals is quite an obligation. If you want the leather to be bright red or blue, or the material to be stiffer, you have to use chemicals.

How about the percentage of this kind of treatment in your tannery?

- Right now it's a small production, and I don't have the exact percentage of it. We use it for our new range of gloves for the European market. We showed people two types of skin during the recent trade fair to prove that it is possible to have an ecological tanning, without chromium. In fact, we have won prizes this year and last year for this kind of development. We are working hard to come up with more such developments.

Can we have quality with this kind of treatment?

- The quality is the same as for chemical tanning. The only thing is that it cannot bring out the color of red or blue. You can only play with light yellow, light pink and light brown. It depends on what kind of vegetables and woods you use to tan the skin.

Where do you find those plants and woods?

- In Europe such as France and some of them in South America and Africa. The plants are very specific such as chestnut, oak, redoul, tanoak, hemlock and quebracho which we cannot find in Vietnam.

(Source: Saigon Times)

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Gold should be considered a product

Gold should be considered a product that requires intervention to ensure that the market operates transparently and is connected to the world.

Recently, the State Bank of Vietnam (SBV) proposed that the Finance Ministry increase the tax rate on gold. Th economist Vu Dinh Anh said about the import and export of gold.

Reporter: Do you think that imposing higher taxes on gold exports is the best solution at the moment?

Dr. Vu Dinh Anh: This is good news for trade fraud. The Ministry of Finance has imposed a 10-% tax rate on gold bars, while gold jewelry enjoyed zero taxes. As a result, local businesses simply cast gold in other forms, such as coins and ashtrays, to avoid the tax.

At present, local businesses need certificates to import gold while suffering high tax rates to export it. They are seeking ways to export gold without paying taxes.

Reporter: What is your assessment of this problem?

The most important thing for the current gold market is that businesses should be allowed to trade gold freely. We can put gold on the list of import-export goods to allow a capital flow.

Classified as goods, gold can be put into the balance of trade like jewelry for import and export, which can create a flow of capital. Otherwise, gold is seen as a type of currency. In fact, businesses always have their own ways to get around the law. For example, if State management agencies impose a 10 % tax on 99.9 gold and lower rates on other types of gold, businesses will report gold at 9.8 or 6.0 to exploit the loophole.

Reporter: Do you mean that the current adjustments in the domestic gold market have exposed some shortcomings?

Here's the rule: the domestic gold market is not developing in line with fluctuations in the world market because of its own barriers. If the market is liberalized, there will be no more such stories.

Reporter: What should we do?

The domestic market will benefit more if it is liberalized. We should clearly define "what is gold?" In my opinion, gold should be considered as a type of goods under the management of the Ministry of Industry and Trade. On the other hand, gold can also be considered a kind of currency under the management of the State Bank of Vietnam. Gold should be traded within a certain framework, such as tariff barriers.

Once gold is seen as market goods, it should be monitored carefully to ensure that the market operates in a transparent manner and in line with the world. The domestic market should operate in accordance with the rules. The core matter is preventing speculation in the domestic gold market.

Reporter: If gold is exported in large volumes, will the national economy be affected?

We have limited the import of gold for lack of US dollars, which affects the foreign exchange rate. At the moment, we'd rather export gold to get more foreign currency. However, we have to calculate carefully as gold prices are rising sharply in the global market.

Reporter: Thank you.

(Source: VOV)

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This is the right time to be in Vietnam

Vietnam's information and communication technology (ICT) infrastructure is now ready for further development. But video services and applications are still in their infancy, so there is a lot of potential here, according to Keith Lie, the CEO of Vcast (Asia). Lie, who is also an Executive Commission Member of the Hong Kong Wireless Technology Industry Association, was in HCMC last week with a Hong Kong ICT Mission. The Saigon Times Daily spoke with him.

Vietnam's information and communication technology (ICT) infrastructure is now ready for further development. But video services and applications are still in their infancy, so there is a lot of potential here, according to Keith Lie, the CEO of Vcast (Asia). Lie, who is also an Executive Commission Member of the Hong Kong Wireless Technology Industry Association, was in HCMC in the middle of July with a Hong Kong ICT Mission. He had a talk about this matter.

What is the purpose of the visit?

- **Keith Lie:** As we all know, Vietnam has been growing very fast admist the current economic crisis. We can see a growth potential here while other markets may still be under recession. Vietnam's ICT infrastructure is also more ready than ever. So this is the right time to be here. And in a country like Vietnam, being the first mover can be very rewarding. This is unlike what happens in an open market like Hong Kong, where being the first hardly brings about any difference.

Are you seeking joint venture partnerships?

- Yes. We understand Vietnam's market is not yet the same as those in other countries. Some of the industries here are not opened to foreigners and that is why we need local partners to do business in Vietnam. They will help us get through things that are unknown for us.

And which kind of business your company wants to do?

- Let me introduce us a little bit. Vcast is a video broadcast solutions provider. We provide solutions for doing video, including online video, IBTV, mobile TV, or any kind of application that uses video. Though the ICT infrastructure of Vietnam is now very advanced with fast Internet development, etc, video services and applications are still in the early stage. So we see a lot of potential here.

However, we have to work with local firms to provide the right content to the right people and at the right time. Our video solutions in Hong Kong are quite mature with partners from the governments to schools and MNCs. We believe that with the right Vietnamese partner, we can replicate the same success story from Hong Kong to Vietnam.

What are you looking for from a partner? Any specific profile?

- They need to have acquired local market knowledge and an extensive local network. That is what we do not have and need them to complement us. Also, they must have the experiece and manpower to carry out the project. This is a major asset that I hope they can offer in our partnership.

So you will provide video broadcast solutions, not infrastructure?

- We do have such investment in China, Hong Kong and even some worldwide. But at the moment, we do not have a specific idea of this investment in Vietnam yet, as we are still new to Vietnam's market and vice versa. It is hard for Vietnamese to invest in us and also hard for us to invest on a permanent infrastructure here right now.

Our first step is to provide the solution services on a one-stop basis. Having said that, eventually, our direction is to establish permanent infrastructures everywhere. We will do the same in Vietnam.

Meaning in the long run you will have a substantial investment here?

- The infrastructure is the network. Normally, we will set up a broadcast center. The center will make use of the power and the tower connectivity infrastructure to provide quality video services. We are still evaluating the market size. It is too early to propose a concrete investment amount.

So you have studied the market, and don't see any competitor yet?

- Yes. Of course I believe there are firms in Vietnam that are somewhat similar to us but not exactly the same, and maybe not up to our scale. However, we are still evaluating. There might be someone out there that we do not know yet.

Has any Vietnamese company approached you?

- We have been meeting up with one company. However, this is only my second time here so we have not yet entered into any definite agreement, and I can't disclose its name.

Do you see any difficulties in doing this kind of business in Vietnam?

- As the majority of Vietnam speak only Vietnamese, there is a language barrier. We must either translate, voiceover the overseas contents or find local contents.

Any other difficulties?

- Vietnam has a relatively closed business environment. So there are not many players like Hong Kong or some other countries. In Vietnam, the government is the key driver and local players dominate the market. So it is not easy for foreigners like us, and that is why we need local partners.

(Source: Saigon Times)

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Big firms first, SMEs right after

Noritada Ito, Taiyo Corporation President and Chief Executive Councilor of the Osaka International Business Promotion Center, has led a business delegation to HCMC to sound out business and investment opportunities. He had a talk about Japanese businesses' investment strategy and issues related to cooperation between Osaka and HCMC.

In your opinion, what are the investment and business opportunities for Japanese companies in Vietnam?

- **Noritada Ito**: I believe that the investment opportunities in Vietnam for foreign enterprises, including Japanese ones, are very big. Vietnamese people are industrious and intelligent. In addition, compared to other ASEAN countries like Thailand, Indonesia and Malaysia, the Vietnamese economy has developed more slowly, so there is still a lot of potential for growth.

Can you say more about the foreign investment strategy of Japanese businesses?

- With regard to Japanese investment abroad, the steps of implementation are all the same. Large companies such as Canon, Panasonic and Sony have come first and built the foundation. Thereafter, in taking the next steps, a supporting industry foundation is needed to supply parts and accessories for the aforementioned large companies. And that's also when Japanese small and medium enterprises (SME) get in the game. The purpose of our current trip to Vietnam is to explore investment and business opportunities for those enterprises.

What is the cooperation between Osaka and HCMC like now?

- Osaka and HCMC established a twin relationship in 1997, and the two sides have engaged trade and cultural exchanges, promoting the relationship in many sectors. I believe the relationship between HCMC and Osaka is very stable and sustained.

Is there anything that can be done to improve and further the development of this relationship?

- I think there must be improvement with respect to the issue of the legal environment related to investment. Vietnam in general and particularly HCMC must eliminate red tape, regulatory barriers in order to encourage more foreign SMEs to enter Vietnam. These enterprises can help build supporting industries for sectors such as textiles, mechanical engineering and information technology – helping them grow. But most important are still legal issues – how to keep various regulators from interfering too deeply into the business sector.

What about the infrastructure?

- Vietnam's infrastructure does not yet meet our requirements. This issue cannot be resolved in a short period of time. The Vietnamese government needs to make more efforts in this area and make the most of foreign grants and loans in order to make gradual infrastructure improvements.

When it comes to Vietnamese enterprises, the levels of human resources, technology and machinery are not yet high. So does Vietnam have what it takes to collaborate with Japanese companies?

- If we're making comparisons with Japan, then many ASEAN nations are similarly lacking in workmanship, technology and technical skills – Vietnam is not alone in this regard. But I think the most important things are sincerity and eagerness to collaborate.

And does Osaka have any specific steps in transferring technology to HCMC?

- In order to get advanced technology, we had to wait for a few decades. The transfer of technology can't be accomplished in the first few days. It will take some time but we will definitely be providing technology to HCMC.

What other assistance can Osaka provide for HCMC businesses?

- The city of Osaka belongs to the Kansai region of Japan, a place that is home to many high-technology companies, so Osaka can help HCMC a lot in this area. If Tokyo, like Hanoi, is a political center, then Osaka is an economic center like HCMC.

Are there any investment opportunities in Osaka for HCMC businesses?

- Investing in heavy industries in Osaka is hard to get into, but light industries such as clothing offer many opportunities for HCMC enterprises.

(Source: SGT)

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NEWS IN BRIEF

The Vietnam National Oil and Gas Group (PVN) and its partner OAO Zarubeznhetf, a member of the Rusvietpetro joint venture company, have pumped the first oil from the Visovol oil field in the Nenets autonomous region of Russia. The Visovol oil field is located in Lot 2 of four lots of an oil and gas exploration and exploitation project in Nenets. The first oil field in the project, North-Khosedau (Lot 1) began production on September 9 last year. After about 10 months of construction, the Visovol oil field began its exploitation phase on July 29, bringing the project's total output to 6,000 tons or 44,000 barrels a day. Rusvietpetro is expected to extract 1.51 million tons of crude oil or 11 million barrels, worth USD1.1 billion In 2011.

Nearly 59% of Vietnamese people now prefer using Vietnamese goods. In the first six months of this year, the Vietnam National Textile Garment Group (Vinatex) earned an estimated VND 8,300 billion, up 23% compared to the same period last year. Many companies achieved revenues of more than VND300 billion including Phong Phu Company, Viet Tien Garment and Textile Corporation, and Viet Thang Corporation. Vietnamese foodstuffs and house wares have also won consumer trust and 70-80% of goods sold in Hapro supermarkets are Vietnamese products. However, apart from garments, textiles and food, the quality of Vietnamese goods remains a concern for consumers. According to economic experts, Vietnam's labor productivity is two to twelve times lower than the regional and global average.

Vietnam Oil & Gas Group, known as PetroVietnam, will offer nine offshore oil blocks in its 2011 licensing round, according to advertisements placed by the company in local newspapers today. The areas are located in the Nam Con Son, Phu Quoc and Malay-Tho Chu basins, advertisements in the Vietnam News and Thoi Bao Kinh Te newspapers showed. The licensing round runs from Aug. 1 until Jan. 5, with registration and data review to be held between Aug. 10 and Oct. 7, according to the advertisements.

Vietnam Export Import Commercial Joint Stocks Bank (Eximbank) has entered the world's top 25 banks with high growth rates, announced The Banker, an international financial affairs publication. Eximbank is the only bank in Vietnam and the Southeast Asian region to enter this year's top rankings and also the world's top 1,000 banks. The Banker's Top 1000 World Banks ranking has been conducted since 1970 to provide in-depth data and analysis of the banking industry's performance. Its annual announcement is based on Tier 1 capital, with secondary rankings by assets, capital/asset ratio, real profit growth, profit on average capital, and return on assets.

Vietnam Steel Association (VSA) said enterprises in the industry had nearly 0.5 million tons of steel in inventory as at the end of Q2/2011 due to slow sales in the quarter. Sales in the second quarter fell as demand plunged on public investment cut. Most of steel mills run at 50-60% capacity meanwhile many new steel factories were invested without warnings by regulators. VSA estimated interest rates paid for the steel inventory at VND150 billion/month. VSA said 30% of steel factories used back-ward technology, over 40% used inter-mediate technology and over 20% used high-tech.

Vietnam recorded 13 export staples with revenues of over USD1 billion each in the first seven months of this year, the government's General Statistics Office said. The 13 products were seafood; coffee; rice; crude oil; petroleum products; rubber; wood products; apparel; footwear; gemstones and precious metals; computers, electronics and spare parts; machinery, equipment and spare parts and vehicle and its components. These top 13 staples accounted for 67.47% of the country's total export turnover with USD34.72 billion. In Jun-July, Vietnam's exports soared 33.5% on year to USD51.46 billion.

Export activities between Vietnam and Argentina increased 3.4 folds during the past five years, according to General Department of Customs statistics. Exports last year recorded revenues of USD917 million compared to only USD271.6 million in 2006. During the first six months of this year, footwear and textile sectors experienced growth rates of more than 100 %, earning the country nearly USD36 million.

Construction of the road connecting Noi Bai International Airport to Nhat Tan Bridge was kicked off today in Hanoi. The total length of the connecting road is 12.1 kilometers starting at Km0+00 at Nam Hong interchange and ending at Km12+100 at the interchange of National Highway No.12 and North Thang Long – Noi Bai road. The high technical standard road is expected to accommodate the increase in traffic volume and improve the transport capacity from central Hanoi to Noi Bai International Airport, thereby contributing to promoting economic growth and strengthening international competitiveness of Hanoi city and northern Vietnam. The construction work is to be carried out in 30 months. Following package 1, the other 4 packages are planned to start soon.

Vietnam is expected to export about 800,000 tons of rubber and earn USD3 billion in revenue in 2011 as its yearly rubber output has increased by about four %, according to the Vietnam Rubber Association. Economists predict that rubber prices will not drop to below USD4,000 per ton as three major rubber manufacturers Thailand, Indonesia, and Malaysia are set to protect their rubber prices and the world demand for natural rubber keeps increasing by 3.8-4 %.

Vietnam had sold out 987,700 tons of cane sugar, among which 100,000 tons was exported to China from the beginning of 2010/11 to mid-June of this year, according to statistics from Vietnamese Ministry of Agriculture and Rural Development. It has reported that owing to China's inflation, Vietnam will increase cane sugar export to China. Now Vietnam has kept 347,700 tons of cane sugar stock at each sugar mill in exclusion of cane sugar on the market. Besides, there is also a quota of 142000 tons of cane sugar which has not been imported yet. Supposing monthly consumption of cane sugar is 100,000 tons, the sugar stock can last until October.

Trade turnover between the US and Vietnam in the first six months of the year reached nearly USD 8.3 billion, up 21% compared to the same period last year, according to a report from the US Census Bureau. Vietnam's exports to the US amounted to USD6.488 million, up 21.7% from the same period last year. Vietnam's five key export items included garments and textiles, up 18.8% with the highest turnover of USD2.512 million, up 18.8%, followed by footwear up 30% to USD787.4 million, wood products, up 4.6% to USD683.4 million, electrical equipment and seafood products, up 46.6% to USD265.5 million. US exports to Vietnam increased by 22% to USD1.786 million. Cotton and fabrics topped the list of US export items to Vietnam, up 189% to USD246.7 million, followed by machinery, mechanical equipment and spare parts, up 8% to USD195.2 million, means of transport (USD161.1 million), and machinery, electrical equipment and spare parts and meat (USD105 million).

The Vietnam Chamber of Commerce and Industry will organize a market survey and trade promotion forum from August 21 to 27 in Osaka and Fukuoka, Japan. Fukuoka is a new and unexplored market, with thousands of small – and medium-sized enterprises working in the auto industry, environmental sectors, and the garment and textile business. Vietnamese companies will have opportunities to expand their business, update their information about the Japanese market and create communication with the Trade Promotion Centre of Fukuoka.

The local government in South Vietnamese province Tra Vinh has licensed Korean company Grace Vina to build a USD5m garment plant there. The factory will produce women's apparel for export, and will have an annual capacity of 26.9m products. Construction is due to start later this month, with operation set to start in February next year. The facility will employ around 3,000 workers. Korea is one of the biggest investors in Vietnam's textile and garment industry, with most garment production aimed at export markets.

The central province of Khanh Hoa has asked to have 3 more golf courses for its Van Phong Economic Zone by 2020, said Tran Hoang Nam, deputy director of the provincial Department of Planning and Investment. Of these 3, two 18-hole courses will be located at the Ho Na tourism site and in Tu Bong Town and one 36-hole course in the Hon Le-Tuan Ngang tourism area. The new golf courses will meet the demand of tourists as international resorts will mushroom in the Van Phong Economic Zone, said Hoang Dinh Phi, deputy head of the Van Phong Economic Zone Authority. Located in Ninh Hoa and Van Ninh districts, the Van Phong zone covers an area of 150,000 ha. Golf course construction has become a controversial issue in Vietnam recently as critics point out that many provinces have unwisely sacrificed valuable agricultural land to build golf courses.

The Vietnam National Oil and Gas Group (PetroVietnam) has asked the government to urge the Electricity of Vietnam (EVN) to repay its USD 400 million debt to PetroVietnam timely. In its written request to the government, PetroVietnam said its own foreign lenders are being worried about EVN's VND8.2 trillion (USD400 million) debt. They worry that if EVN doesn't repay its debt to PetroVietnam, PetroVietnam won't be able to repay its own debts to them, PetroVietnam said. EVN's debt to PetroVietnam includes VND7.7 trillion in electricity bills owed to PetroVietnam's thermal power plants and VND422 billion of interest, said PetroVietnam in its request to the government. In addition, EVN has yet repaid the VND895 billion it owes for running two thermal power plants of PetroVietnam, Ca Mau 1 and 2, from 2007-2009.

The creation of seven industrial zones in Long An Province has been given the go-ahead by the Prime Minister, with 38 projects already approved for the province, including 22 foreign-invested. The zones are on land that was previously zoned for industrial complexes. Priority will be given to speeding up construction to 2015.

Housing construction in Dong La Commune, Hoai Duc District, Ha Noi, is set to begin at the former Dong La industrial complex. The project is being undertaken by the Vietnam Construction & Investment Consulting Joint Stock Company. It was transformed to social housing by the Ha Noi People's committee, due to its unsuitability for industrial manufacturing under Ha Noi's construction master plan.

A USD 300 million urban area and golf course is to be built in Ha Noi's Quoc Oai District by Ha Noi General Import Export Joint Stock Company (Geleximco). Development of the 461-ha project in Phu Man Commune will begin next year. It will contain residential, agricultural, commercial and sports areas, plus a resort. Designers IMG Golf Course Services has designed courses in Da Lat, Phan Thiet, Ha Noi and Da Nang.

Ha Noi's industrial zones yielded nearly USD 1.9 billion in revenue in the first half of this year, a year-on-year increase of 17.6 %. Export turnover was up 13.1% toUSD1.058 billion or 39.6 % of the city's export turnover. The Ha Noi Industrial and Export Processing Zone Management Board forecasts a second-half revenue ofUSD2.2 billion and export turnover ofUSD1.3 billion. The board has helped enterprises complete contracts on loan and land rent agreements and mortgages. It has also called for priority for electricity production.

The Vietnam National Coal, Mineral Industries Holding Corporation (Vinacomin) aims for VND 91 trillion (USD4.3 billion) revenue for the second half of the year, a year-on-year increase of 15 %. The corporation will continue producing coal to suit market demands, controlling costs and applying advanced technologies. During the first six months, the corporation reported a revenue of VND44.6 trillion (USD2.1 billion), equal to 61.2 % of the year plan, up 21 % on the same period last year.

From July 25, the incentive import tariff on unprocessed cashew will be adjusted from 5% down to 3%. The change is written in Ministry of Finance's Circular No 102/2011/TT-BTC to modifying incentive tariffs on cashew Category 0801.31.00.00 in the tariff frame of Circular No 184/2010/TT-BTC. Previously, in May, the ministry sent a draft to seek opinion on the proposal of cutting import tariff on raw cashew from 5% to 0%. According to Vietnam Cashew Association (Vinacas), the domestic volume of cashew has met only a half of processing capacity, even based on imported cashew. Meanwhile, the cashew purchase price is on increase.

ASEAN tourism authorities have selected Vietnam as a coordinator for regional cooperation in river tourism products development. Nature, community, river cruise and heritage-culture tourism are four main products that Southeast Asian nations will develop in the 2011 -2015 period. Hoang Thi Diep, deputy head of the Vietnam National Administration of Tourism, told the Daily this was an opportunity for the administration to work out plans to link Vietnam's tourism with other regional countries. This is quite a coincidence with a river tourism development plan underway in HCMC, the country's biggest travel hub. The plan is envisaged developing river tours of the city and some neighboring provinces and it may be expanded to the Mekong Delta region and Cambodia.

Vietnam Airlines recently announced that it would add more than 1,350 fights on 12 domestic routes during the peak summer season from July 1 to August 15. "With the increase of flights, the airline expects to ease overload due to increased travel demands," said Vietnam Airlines representative Nguyen Hoang Dung. According to the air carrier, total transport will be increased by 1.6 million seats, a rise of 12 % compared to the same period last year. On the Hanoi-Ho Chi Minh City route, total transport will be increased to more than 460,000 seats, an average of 5,000 seats/day/way. The airline will also provide a total of 210,000 seats from Ho Chi Minh City to Danang and 190,000 seats from Hanoi to Danang. Flights on key tourism routes to Hue, Nha Trang, Da Lat and Vinh cities, and Phu Quoc and Con Dao islands are also set to be increased.

Industrial production in the first six months of the year reached VND418.4 trillion (nearlyUSD20 billion), an increase of 14.3 % over the same period last year, according to the Ministry of Industry and Trade. Most of production materials and consumption products saw high growths. Electricity increased by 11.2 %; cement, 14.7 %; liquefied gas, 19 %; petroleum, 25.3 %. In the reviewed period, the industrial sector earned an export value ofUSD42.3 billion, a year-on-year increase of 30.3 %. Of them, the export of fuel and mineral products fetchedUSD5.2 billion, 26.3 % year-on-year increase. The ministry forecast that the sector would see an export turnover ofUSD85.5 billion by the end of this year with trade deficit ofUSD14.5 billion, equal to 16 % of the export value.

From August 18, imports of equipment and machinery for technology assembly lines that are not made by domestic producers will be given import tax breaks as part of a Government plan to enhance support industry development, the Ministry of Finance has announced. Circular 96/2011/TT-BTC, issued by the ministry earlier this week, will modify soft financial policies specified in Government Decision 12/2011/QD-TTg issued in February to encourage support industry development in the machinery and manufacturing, electronics and information technology, automobile assembly and production, textile-garment and leather shoes sectors. According to the circular, projects that support high-tech products will also be exempt from corporate income tax. Imported commodities – including magazines and textbooks which are used in high technology research and development – will also enjoy tax breaks.

Japan's second-biggest oil and gas explorer JX Nippon Oil & Gas Exploration Co said on Wednesday (20 Jul 2011) it has signed a contract to acquire a 20 % stake in offshore Vietnam block 101-100/04 from Salamander Energy. The deal marks the fourth Vietnamese exploration block for the Japanese firm, which is a unit of JX Holdings. The deal would have little immediate impact on the JX group's earnings, the company said in a statement.

The value of Vietnam's exports in June reached a record high ofUSD8.46 billion, which helped narrow the monthly trade deficit toUSD160 million, the customs department said on Tuesday (19 Jul 2011), revising down a government estimate ofUSD400 million. The revised deficit brought the six-month trade gap toUSD6.44 billion, below theUSD6.65 billion estimated by the General Statistics Office last month, the customs department said in a report.

Work has begun on a petroleum testing and research center in Ho Chi Minh City. The USD 51.13 million center, invested in by Vietnam Petroleum Institute, is expected to provide petrol sample analysis services, the Saigon Tiep Thi said in a report Monday (18 Jul). Spread over more than 41,000 square meters at the Saigon Hi-tech Park, the center will comprise offices, a laboratory, a research lab, a store and a treatment plant. Saigon Petroleum Construction and Investment JSC is the contractor for the project that is expected to be completed in two years. The center is the seventh testing and experiment facility set up by the institute.

Import of new and second hand cars into Vietnam increased dramatically in June this year with a total of 7,302 cars being imported, according to the Customs Department. Within the first six months of 2011, Vietnam has imported 34,138 cars worth USD631.5 million. Within the first six months of 2011, Vietnam has imported 34,138 cars worth USD631.5 million, an increase of 48% and 55.3% in quantity and turnover respectively, higher than the same period last year. The reason for this rise in car imports is that many businesses imported cars before Circular 20 issued by the Ministry of Industry and Trade took effect on June 26 this year. Meanwhile, import turnover of car accessories in June reachedUSD160 million, up by 2.2% against May. This lifted the first six month turnover toUSD977 million, 6% higher than in the same period last year.

Singaporean companies wish to make long-term investments in the coastal city of Da Nang, announced a representative of International Enterprise Singapore, the agency driving this country's external economy. Reportedly, the Singapore Cruise Centre and the Da Nang Port are taking steps to build a terminal for tourist ships in the Tien Sa Port. The Da Nang People's Committee has also invited Singaporean companies to establish an industrial zone of their own on 1,200 ha in the city, based on existing infrastructure in the Da Nang Hi-tech Zone.

VinaCapital and Genting Group have been given permission to reclaim 1,555 hectares in Thang Binh district, within the Chu Lai Open Economic Zone to develop a multi-million dollar recreation resort project. The project, which was granted an investment certificate last December, will consist of five-star hotels, resorts villas, gambling facilities for foreigners and 2,500 houses in maximum for sale or rent, according to Quang Nam People's Committee. According to Vietnam Net, VinaCapital and Genting Group have 12 months to reclaim the area, otherwise they will lose the project site. So far the developer has transferred USD15 million to the provincial authorities for site clearance and resettlement work. VinaCapital Group, which manages a USD1.8 billion fund in Vietnam, is one of leading real estate developers in the country.

Binh An Seafood Joint Stock Co. (Bianfishco) in 14 Jul 2011 inaugurated a collagen drink factory in Tra Noc II Industrial Park in the Mekong Delta city of Can Tho. The project covers a total area of 9,000 square meters with the invested capital of over USD10 million. It is equipped with European technology able to turn out 500,000 collagen cans daily. Pham Thi Dieu Hien, chairwoman cum general director of Bianfishco, said the product has collagen, amino acid vitamins and fruit juice that can help fight ageing and asthma. The product will be available at many supermarkets nationwide, although 70% of its output will be for export. The factory is expected to generate VND100 billion in revenue this year and VND1.2 trillion in 2015.

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COMING EVENTS

Hospita Vietnam-Ho Chi Minh City

Venue: Tan Binh Exhibition & Convention Centre *Country:* Ho Chi Minh City, Vietnam

Start Date: 24 Aug 2011 *End date:* 27 Aug 2011

Industry: *Medical & Pharmaceutical*

Event profile

Hospita Vietnam-Ho Chi Minh City is a leading trade fair for hospital & equipment, medical and pharmaceutical industry in Vietnam. The exhibition will focus to medical quality to care & provide networking information and technologies. It will attract many visitors & 150 exhibitors with 350 booth from all over Vietnam and around the World.

Visitor's profile

Including visitors Officials from Ministry of Health, Ministry of Industry and Trade and other related Ministries Professors, Specialists, experts, doctors, pharmacists, nurses, lab technicians, researches from hospitals, clinics, sanatoriums, healthcare centre, institutes, laboratories, Manufacturers ans businessmen to establish partnership, importers & exporters, trading companies, buyers, suppliers, distributors, wholesalers and retail agents from 20 countries and territories.

Exhibitor's profile

Including exhibits Medical Equipments, Instruments, Machines & Materials used in Hospital, Examination & Treatment Services, Community Healthcare Consultancy, Medical Centres, Clinics, Sanatoriums, Medical Developments, IT medical Software, Communications & Information Technology, Professional Information , Technical Cooperation, Development Achievements, Trade Promotion. Specialized Books, Magazines.

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Vietnam International Electrical Technology & Equipment Exhibition

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

Country: Ha Noi, Vietnam *Start Date:* 07 Sep 2011 *End date:* 10 Sep 2011

Industry: *Electronics & Electricals*

Event profile

Vietnam ETE 2011 is the largest specialized event on electrical technology and equipment in Vietnam; Where the convergence of domestic and international enterprises and leading brand names; Introducing the breakthrough of Electrical advanced technologies; The quickest and most effective road to access the market and target customers quickly and effectively, opening up opportunities for investment cooperation, technology transfer, trade promotion and export; Orientation of consumers and strategic planning for business development.

Visitor's profile

VIP: Leaders of Ministry of Industry and Trade, Ministry of Planning and Investment, Ministry of Science and Technology, Ministry of Construction / Vietnam Chamber of Commercial and Industry (VCCI), Trade Promotion Agency; Institute of Energy, Industry Policy and Strategy Institute, Leaders of Corporations, Groups, Companies (CEO, MD, GM), leading specialists, project owners. Commercial representatives of many countries. Electricity sectors, the electricity office of cities and provinces. Enterprises from industrial zones, head of technical, marketing and sales departments, Distributors, exporters, agencies, stores and many of other concerned visitors visit and work at exhibition.

Exhibitor's profile

Profile of exhibit includes Technology & Equipment, Technologies, Machinery & Equipments for Thermal Electricity Power Plant using coals and Diesel, Hydroelectric plants, Gas turbine power plants, Power plants using geothermal energy, Nuclear Power Plants' Power Station, Electric Generator, Electric Generating Systems by Solar & Wind Power and other new energy sources, Equipments for Electricity Transmission Systems such as : substations, transformers, meters, power switch machines, high voltage breaker, control and adjust equipments, Wires, cables, transmission equipments, connecting conductive material, electrical appliances, insulation materials, labor protection appliances, equipment, parts and technical related to the construction of power lines and stations. Technologies and Co-ordinating electrical solutions , automation, measurement equipment, data acquisition, testing, monitoring, protection and control systems and communication.

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VietFood & Beverage - Vietnam

Venue: Tan Binh Exhibition & Convention Centre

Country: Ho Chi Minh City, Vietnam *Start Date:* 08 Sep 2011 *End date:* 11 Sep 2011

Industry: *Agriculture & Forestry*

Event profile

VietFood-Vietnam is the leading trade fair for Food & Beverage, Food Processing, Packaging Technology In Vietnam. This is the 15th edition of the exhibition. The exhibition will be held between 08 to 11 Sep, 2011 at Tan Binh Exhibition & Convention Centre - Ho Chi Minh City International Exhibition & Convention Center, which is being organized by Vietnam National Trade Fair & Advertising Company, VINEXAD.

Visitor's profile

Retailer / Department Store, Drink Importer / Distributor / Wholesaler, Food Importer / Distributor / Wholesaler, Fast Food Restaurant/Hotel, Food Service Consulting, Bakery/Confectionary Manufacture, Restaurant/Bar/Club/Cafe Management, Fast Food Restaurant, Supermarket/Grocery Store/Convenience Store.

Exhibitor's profile

Profile for exhibit include Processing equipment, Confectionery & Bakery equipment, Dairy processing equipment, Ice-cream making equipment, Meat processing equipment, Fish processing equipment, Fat and oil making equipment, Canning equipment, Snacks making equipment, Components to the food industry, Packaging and packaging equipment, Bottling equipment, Refrigerating and trading equipment, Equipment for supermarkets, Transport and logistics, Equipment for lab analysis.

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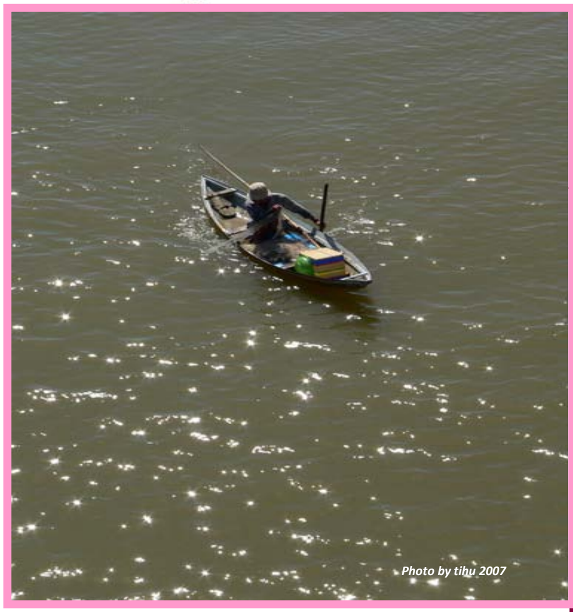

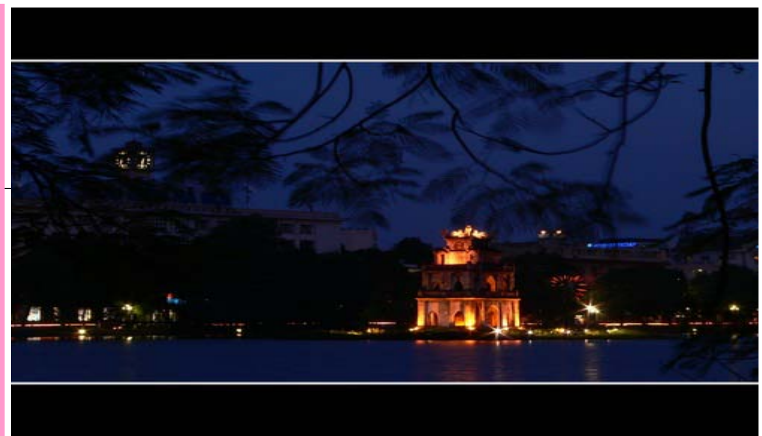

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Done by: Viet_Huy Nguyen & Ai_Trieu Nguyen