INDOCHINA INTERNATIONAL CONSULTING J.S.C (IIC.)

VIETNAM: TRADE & INVESTMENT BULLETIN

NO. 37

Dear all,

Vietnam Trade & Investment Bulletin is published by monthly 15th. VIIPIP.COM would like to collect info and reflect an overview of Vietnam economic climate. Through this, readers would find useful information for research and investment in Vietnam.

Thank you for your interest in our services!

AUGUST 2012

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VIETNAM: TRADE & INVESTMENT BULLETIN No.37

August 2012

DEVELOPER'S INTRODUCTION

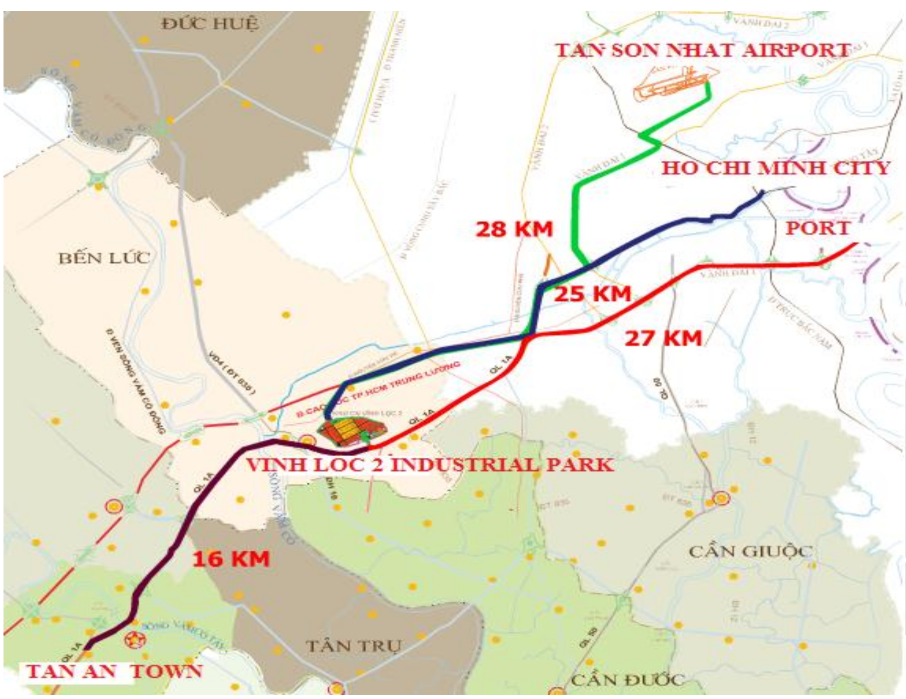
VINH LOC 2 INDUSTRIAL ZONE:

THE DESTINATION FOR GLOBAL INVESTORS

After three-year operation, with the slogan "Unselective investment attraction", Vinh Loc 2 Industrial Zone has actively promoted the investment and consulted the effective opportunities to clients. Until now, Vinh Loc 2 Industrial Zone (IZ) has attracted more than 20 local and foreign investors such as Binh Minh Plastic Joint-stock Company, Nguyen Minh Steel Corporation, Vietnam Steel Corporation, Goodearth Grenfell PTE Company...that are in the process of factory construction.

Convergence of many advantages

Located in Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province, Vinh Loc 2 IZ – that developed by Vinh Loc - Ben Luc IZ Construction & Investment Corporation belongs to the key economic zone and has an important role in the Vietnam economic development strategies. With the special advantages on strategic location:



Strategic position

convenient transportation hub, 25km to the western center city, near the airport and international port, the main gate directly connects to National Road 1, the back closes to Saigon - Trung Luong Highway, Vinh Loc 2 IZ is well connected with modern infrastructures in HCM City to freight to the Mekong Delta provinces.

In past time, by the promotion of available advantages and implementation of many positive solutions, Vinh Loc 2 IZ has many creative steps to success in the investment attraction. In order for green - clean IZ with modern infrastructures as well as to meet the expectation of

investors, Vinh Loc 2 IZ is trying to complete the infrastructures system of power supply, water supply, water drainage, internal road, technical works, "green, clean, nice" manufacturing and working environment. In addition, Vinh Loc 2 IZ also has an available land area for utility services such as accommodation for specialists and workers, health services, banking, telecommunication, trading center, kindergarten, school ... to support their life.

Attractive policy

With the pressure on scarce land and infrastructures as well as the expensiveness in HCM City,many investors tend to seek the neighboring areas of which Ben Luc - Long An is an interesting destination for many local and foreign investors. In the posture of always attracting investors, Vinh Loc 2 IZ has flexibly applied the investment attraction measures to fill up whole industrial land for lease in the fastest time.

Choosing Vinh Loc 2 IZ, investors have many options to own the best products and services at reasonable investment cost, competitive land price, flexible payment method, adaptive requirement of each investor, lease term extends up to March 2061 so that investors are able to develop long-term business. Moreover, with enthusiastic, experienced and dynamic staffs of Vinh Loc 2 IZ, investors will be consulted and supported the legal procedures under simple and quick process, creating favorable conditions for enterprises.

On the basis of understanding the mutual relationship "The existence and development of investors leads to the success of IZ". Conversely, the growth and success of IZ will improve its capacity to serve the activities and development of investors". Vinh Loc 2 IZ has committed to bring a professional and friendly service style to investors; especially always create a really effective investment environment. The advantages and differences of Vinh Loc 2 IZ will be demonstrated during the actual development experiences of investors. Vinh Loc 2 IZ always tries to complete its mission: "Development to improve the life quality for society and become a destination for global investors"■

VINH LOC – BEN LUC INDUSTRIAL ZONE CONSTRUCTION AND INVESTMENT CORPORATION

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Back to top

TAKING A SUCCESSFUL DEVELOPMENT TO THE NEXT LEVEL

Mapletree Business City @ Binh Duong

Artist's Impression of the Mapletree Business City @ Binh Duong.

The award-winning Mapletree Business City (MBC) concept is raving up in Vietnam. Modeled after Singapore's MBC, the 75-hectare Mapletree Business City @ Binh Duong (MBC@BD) is a large-scale premium development built to serve the needs of modern businesses and high-tech ventures alike.

MBC@BD is located **30km from Ho Chi Minh City and Tan Son Nhat International Airport**, or a mere **45 minutes' drive away**, in the southern province of Binh Duong, one of Vietnam's fastest-growing provinces. The strategic positioning of MBC@BD in Binh Duong New City as the centre of the Southern Key Economic Zone, further complemented by ample amenities such as retail and F&B options, has attracted multinational corporations. This has in turn driven demand for quality business spaces.

Meeting this need for quality real estate is MBC@BD, which features a contemporary modular infrastructure that offers its users a comprehensive suite of solutions, from ready-built facilities to build-to-suit options. These products feature efficient layouts and high-end specifications for modern businesses.

Completed 5-storey office building – 2,000sqm column-free office space per floorplate

RBBS2000 factories: 2,000sqm of column-free production and floor-to-ceiling glass windows at mezzanine office

MBC@BD FAST FACTS

Location	: Binh Duong New City Binh Duong Province Vietnam
Land area	: 75 hectares
Product type	: Mixed-use – Ready-Built Business Space (RBBS) – Business Park – Built-to-Suit (BTS) – Land Lease
RBBS 1,000	: 5 units of 1,000 sqm Ready-Built factory space – Completed in January 2011 – 100% occupied
RBBS 2,000	: 7 units of 2,000 sqm of Ready-Built factory space – Completed in April 2012 – Immediate occupancy available
Business Park	: Retail and office space – Completed in May 2012 – Dynamic features: column-free space, large floor-to-ceiling windows – 3 units of retail space; NLA: 450 – 750 sqm – A total of 39 units of business park space; NLA: 190 – 250 sqm
BTS	: Customised space enabling companies to be asset-light in terms of real estate needs – VNTT Data Centre: GFA of 4,000 sqm; Completed in February 2011
Land Lease	: Enables customers to develop their own commercial / industrial / business park buildings for long-term use

For leasing queries, please contact:
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Email: khriztopher.phay@mapletree.com.sg)

Prime Location with High Connectivity

With the completion of a new highway to Ho Chi Minh City, Vietnam's commercial centre, is now just a short 45-minute drive away. The travelling time will be shortened yet again as a significant part of the My Phuoc-Tan Van Highway completes in a few months.

As part of the Binh Duong New City, MBC@BD also enjoys convenient access to major transport hubs including airports and seaports. This makes it an ideal site for businesses to co-locate both their office and support operations.

Development Following Success

The widely-anticipated office building was completed in May 2012, offering a **total lettable area of more than 10,000 square metres** across four floors of office units and ground floor retail space.

Meanwhile, the e-datacentre, purpose-built by MBC@BD for VNTT, as well as a food packaging plant, are already fully operational. The well-received phase 1A development (currently at 100% occupancy) had spun off hot enquiries, **securing lease commitments for approximately half of the remaining ready-built factories**. MBC@BD's clientele (existing and pre-committed) comprises of manufacturers from Australia, Europe, Philippines, Singapore and Vietnam.

Given the high demand, MBC@BD will be proceeding with the next development phase before the end of 2012. Adhering to customers' needs for smaller industrial spaces, some of its ready-built factories may be subdivided into small factories (**approximately 750 square metres**) for new start-ups coming into Vietnam.

As with Singapore's Mapletree Business City, Mapletree envisages that as MBC@BD gains recognition among the burgeoning Vietnam business community, it will reinforce its positioning as a successful development concept that the Group will continue to roll out across Asia.

[Back to top]

Ascendas-Protrade Singapore Tech Park (APSTP)

Ascendas Pte. Ltd., Asia's leading business space provider, and Protrade Corporation, a prominent Vietnamese state-owned enterprise, have teamed up to create **Ascendas-Protrade Singapore Tech Park** (**APSTP**), a superior quality business address in Binh Duong, Vietnam.

Set within the 1,350ha integrated township of An Tay Industry and Service Complex, the APSTP is well located at **40km away from both Ho Chi Minh City and Tan Son Nhat International Airport**. Specially designed to integrate complete **clusters of business infrastructure** with a host of amenity within the township, APSTP offers a vibrant **work-live-play-learn industrial hub** that blends high **quality business space** and **reliable solutions** with a conductive business style.

Spread over 500ha of land, APSTP offers an excellent range of options - **Prepared land** parcels; Well-designed **Ready Built Facilities** with good quality finishes; **Build-to-Suit facilities** customized to your requirements - for companies in Electronics, Precision Engineering, Information Technology; Pharmaceutical; Food & Beverage and General Industry.

Investors can rely on the management of APSTP to address all your real estate needs so that you can focus on succeeding your business. **Quick and hassle-free start-up**; **Reliable utilitie**s and **One-stop customers** and estate management services are some of the key features being offered.

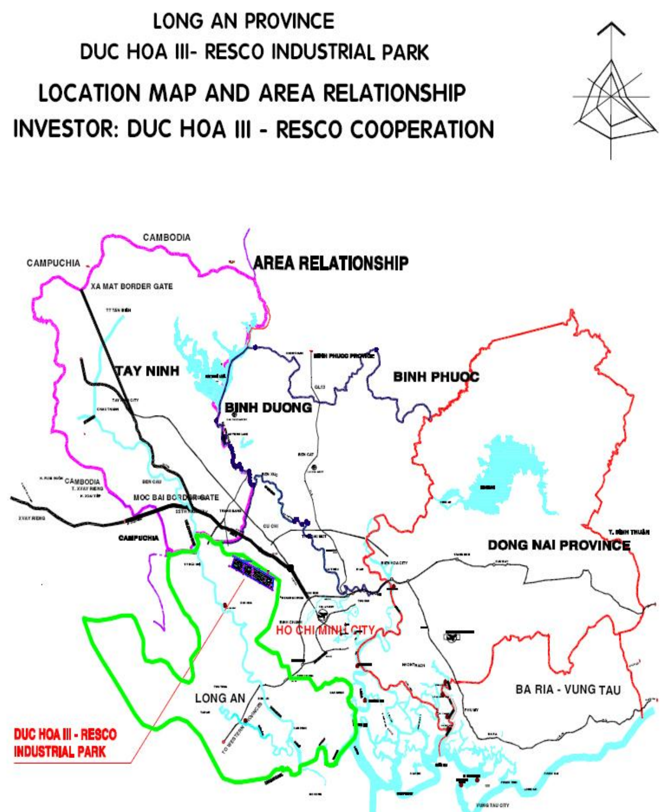
Duc Hoa III – Resco Industrial Park – A Launching Base for Success of Investors

Duc Hoa III- Daresco Industrial park

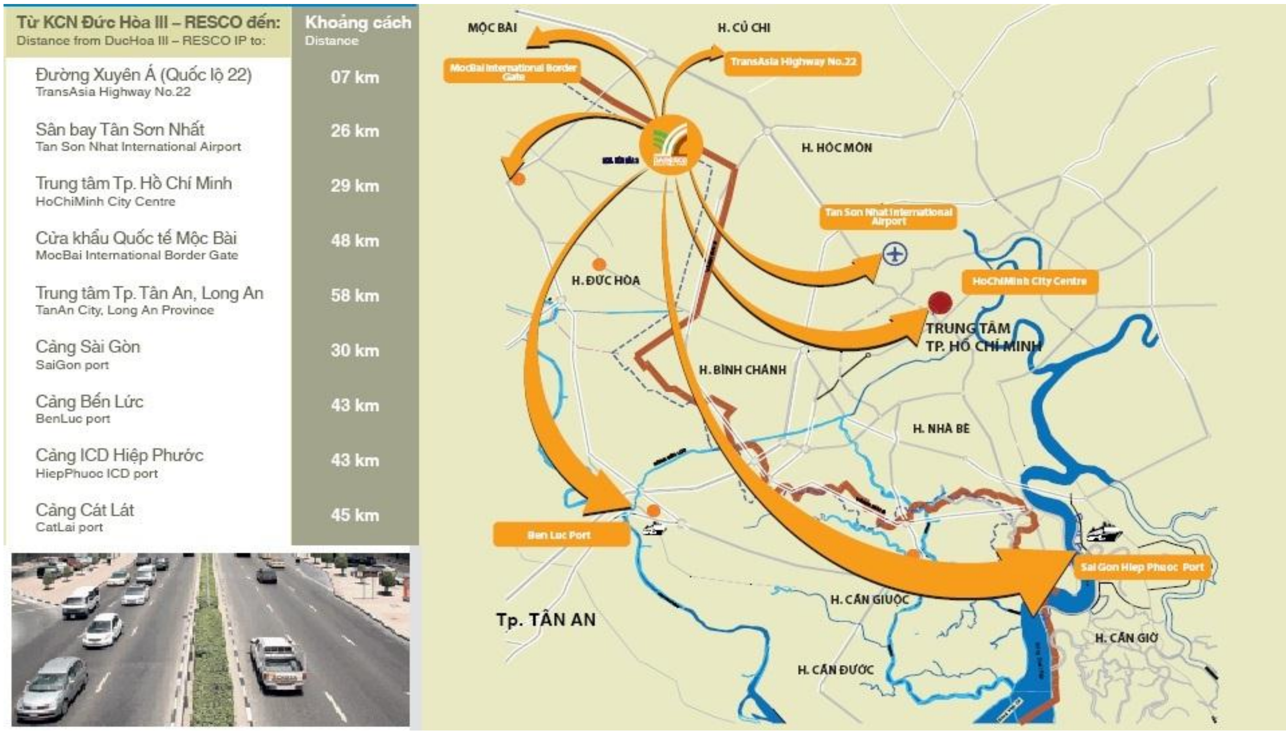
The project of Duc Hoa III - RESCO is officially under construction from December 2010, with a total area of 300ha, total investment capital of VND 850 billion. The industrial park (IP) has attracted 10 investors with lease area more than 60 ha, is currently completing the leveling and infrastructure construction of the first phase with more than 70ha land available to investors.

The IP has advantages on location such as: away 26 km from Tan Son Nhat airport; 29 km from the center of Ho Chi Minh City; 30 km from Sai Gon port; away from Hiep Phuoc Port: 43 km; Ben Luc port: 43 km; Moc Bai International Border Gate: 48 km; away 20 km from the center of Binh Duong Province.

Investor finds access to infrastructure conveniently to Cu Chi North West Urban Township (6,082ha); Urban Zone of Berjaya International University (925ha). 3rd Outer Road is connecting Long An - Ho Chi Minh City and the southeastern provinces under the traffic master planning of the region as well as the Trans-Asia Road is connecting Ho Chi Minh City and Cambodia.



In addition, investors can approach markets such as Ho Chi Minh City; Binh Duong; the southeastern, southwestern provinces and Cambodia. Highlight of the IP is that infrastructure inside and outside of the IP invested completely and synchronously, with FOC and professional supporting services to investors**.**



Besides, there are other advantages from DARESCO to investors such as: to make corporate income tax incentives within 10-15 years; the most competitive leasing fee and transfer price in the region; in addition, investors get all the rights under the Law land with flexible payment methods to meet the financial conditions of the investment; enthusiastic team of consultants; consulting and legal assistance free of charge, make daily visit tour...

Regarding labor issues, DARESCO has implemented in parallel residential area building Duc Hoa III – RESCO. In 03/2012, DARESCO will assign land background for tenants leasing land in the first phase. Investors feel okay about the labor and housing when selecting Duc Hoa III - RESCO IP for setting up their plant.

In addition to the competitive advantage of own DARESCO on price and the professional support services; the next time, DARESCO will link with other IPs and accompany with Provincial Investment Promotion Center and Economic Zone Management Board to create a strong attraction to investors, promote the provincial economy in stable and solid development.

DARESCO will go on promoting and attracting domestic and foreign investment, particularly countries in the Asian region. Investment priorities focus on mechanical industry, electronics and industries of consumer, textile, plastics, high-class ceramics, agro-forestry processing industry... not causing to environmental pollution.

Not only focusing on improving infrastructure for the IP, but also making an orientation for the promotion of local economic development and environmental protection, DARESCO will bring benefits to its shareholders.

[Back to top]

GENERAL REVIEW

VN enterprises, consumers more optimistic in future prospects: surveys

Vietnamese enterprises and consumers are becoming more optimistic in future prospects than their regional peers, according to the latest survey of two international consulting firms.

The International Business Report of Grant Thornton International has found that business confidence of Vietnamese firms has slightly recovered in the second quarter of 2012 after a fall in the previous quarter, and businesses are expecting bullish sales in the next 12 months.

The IBR, a quarterly survey of over 3,000 business executives from around the world, was conducted in May and June 2012 at 250 companies in Southeast Asian Nations (ASEAN) with scales ranging from 20 to 599 employees. Regional business confidence fell 4 %, to 23 %, in Q2/2012. In particular, Thai and Vietnamese firms shared the same view with 8 % of surveyed businesses saying they were optimistic about the outlook.

The rate of Vietnam in Q1/2012 was 4 %, a 30 % drop from Q4/2011. Regionally, the Philippines are the most optimistic about their economy in the next 12 months, with 90 % of respondents saying they are optimistic, while Malaysian enterprises are quite pessimistic, with 0 %. The rate was 12 % in Singapore.

The report also showed that Vietnamese enterprises are the most upbeat on business results, with 86 % of the respondents expecting revenues to increase in the next 12 months, compared with a 51 % rate in other ASEAN countries. Also, while firms in Singapore do not expect profits to rise in the next 12 months, with only 19 % of respondents answering optimistically, up to 78 % of polled Vietnamese enterprises said they expect increased profits. In addition, 28 % of ASEAN businesses said they planned to increase investment in research and development (R&D). Of these, 34 % of Thai businesses are planning to invest in R&D in the next 12 months, followed by Vietnam and the Philippines, with 32 % and 30 % respectively. However, financial costs for businesses are a major factor inhibiting growth of ASEAN businesses (32 %), led by Vietnam (50 %).

In Vietnam, the decline in global trade is a special concern of the businesses. The lack of orders and demand reduction were raised by 50 % of the respondents as the leading factors suppressing growth of their businesses.

Consumer confidence rises

The Vietnam Consumer Confidence Index inched up one point to 95 in Q2/2012, according to the latest quarterly Consumer Confidence Index findings from Nielsen.

Regionally, consumer confidence levels across Asia have continued to decline in the second quarter of 2012 with a score of 100, down three points from Q1 2012. However, consumers in Asia remain more optimistic than many of their global counterparts, according to the latest quarterly Consumer Confidence Index findings from Nielsen.

Confidence levels declined in many markets across Asia, with just five markets, including Indonesia, Malaysia, Hong Kong, Vietnam and South Korea, recording an increase in confidence levels for the quarter. Malaysia posted the strongest gain in Asia, up four points compared to Q1 2012. Japan and South Korea recorded the lowest levels of confidence in Asia, with scores of 57 and 50 respectively.

Nielsen's survey also revealed that up to 86 % of Vietnamese respondents have adjusted spending to save on household expenses compared to last year, mostly in gas and electricity (70 %), out-of-home entertainment (63 %), new clothes (63 %), upgrading technology (53 %) and telephone expenses (51 %).

According to Nielsen's survey, 58 % of Asian consumers felt their local job prospects in the next 12 months were good or excellent, down three %age points from the previous quarter. In Vietnam, 46 % of respondents say their job prospects over the next 12 months are good/excellent, decreasing 7 %age points from the previous quarter and 11 %age points versus a year ago.

More than half (59 %) of online consumers in Asia considered their personal finances over the next twelve months to be good or excellent, down four %age points from Q1 2012, but increasing two %age points from Q2 2011.

One in two Vietnamese respondents (51 %) reported their state of personal finance as good or excellent over the next 12 months, slightly increasing from 49 % in Q1 2012, but still lower than a year ago (56 %). The Top 5 Concerns of Vietnamese consumers in Q2 2012 include the economy (19 %), job security (18 %), increasing utility bills (12 %), increasing food prices (7 %), and health (8 %).

The global economy is experiencing a widespread "decline of confidence" as problems mount in the euro zone and beyond, The Wall Street Journal quoted International Monetary Fund Managing Director Christine Lagarde as saying. Lagarde told The Wall Street Journal that policy makers everywhere must maintain a "crisis-management mode" as risks increase. The IMF is pressing governments around the world to step up their response as both advanced and emerging economies show-troubling slowdowns.

(Source: TuoiTre News)

Back to top

Gov't clarifies tax incentives for SMEs

The government has just issued a decree clarifying tax reductions and exemptions for small- and medium-sized enterprises grappling with difficulties due to the economic downturn.

The decree, coded 60/2012/ND-CP and issued on Monday (30 Jul), allows for a 30 % reduction of corporate income tax in 2012 for SMEs, except those in the areas of real estate, lottery, securities, banking, insurance, and production or provision of commodities and services that are subject to the special consumption tax. Enterprises that are subject to the 30 % tax reduction also include labor-intensive ones in areas of farm produce processing, footwear and garment making, electronic components, and construction. In these cases, enterprises must have at least 300 regular labourers in 2012.

The government in its decree also offers exemptions of value-added tax and corporate income tax for enterprises involved in the business of food catering for workers of other enterprises. However, those supplying food portions for others in the area of transport and aviation are not subject to these incentives. In the same period of time, if an enterprise is entitled to different tax incentives for the same taxable income, it can choose the most preferential incentive. In case enterprises are already enjoying other incentives of corporate income tax under the prevalent law, then the tax reduction as provided for in this decree will be calculated on the rest sum after deducting the tax incentives. The decree will take effect as from September 20.

(Source: SaigonTimes)

Back to top

Legal updates: Listing shares after IPO; contractors subject to tax; tax reduction for SMEs

Decree No. 58/2012/ND-CP on July 20 to implement portions of the Law on Securities relating to private placement and public offerings of securities; Circular No. 60/2012/TT-BTC on April 12 governing the tax liability of foreign organizations or individuals doing business or having incomes in Vietnam; Decree No. 60/2012/ND-CP on a 30% reduction of corporate income tax in 2012 for SMEs.

Rules govern listing of shares after IPO

The Government issued Decree No 58/2012/ND-CP on July 20 to implement portions of the Law on Securities relating to private placement and public offerings of securities. The new decree repeals Decree No 14/2007/ND-CP as amended by Decree No 84/2010/ND-CP and Decree No 01/2010/ND-CP.

Decree No 01 previously required one year before securities acquired under private placement could be transferred. Decree 58 scraps these requirements for an unlisted company and retains them for public companies.

Decree No 58 also updates provisions governing public offerings, adding the additional condition for initial public offers (IPOs) by infrastructure or hi-tech enterprises that the board of management must undertake to list sold shares on the securities market within one year from the date in which the enterprise was established.

The decree further provides stricter conditions for bond issues denominated in Vietnamese dong by international financial organizations in Vietnam. The maximum term of such bonds is set at 10 years. The capital raised from issue cannot exceed 30 % of the total project cost, and the issuing organization must undertake to bring list the bonds on the market within one year of their initial public offer.

The decree also imposes additional burdens on foreign issuers who seek to make an IPO in Vietnam. Issuers must have been profitable for the preceding two years. Proceeds from the IPO cannot exceed 30 % of total project capital. For an offer of convertible shares, there must be an undertaking by general shareholders meeting or board of management that such securities will be listed on the securities market within one year from the IPO.

Decree No 58 takes effect on September 15.

Certain commercial contractors to be subject to tax

The Ministry of Finance issued Circular No 60/2012/TT-BTC on April 12 governing the tax liability of foreign organizations or individuals doing business or having incomes in Vietnam.

Under the circular, foreign organizations or individuals, selling goods in Vietnam under the specified commercial terms must pay the foreign contractor tax. The tax also applies to foreign organizations and individuals providing goods in Vietnam through on-the-spot import or export.

The circular, which took effect on May 27, also changes the tax rates applicable to some business lines of business. It replaces Circular No 134/2008/TT-BTC of December 2008.

Gov't clarifies tax incentives for SMEs

The Government has just issued a decree clarifying tax reductions and exemptions for small- and medium-sized enterprises grappling with difficulties due to the economic downturn.

The decree, coded 60/2012/ND-CP and issued on Monday (30 Jul), allows for a 30% reduction of corporate income tax in 2012 for SMEs, except those in the areas of real estate, lottery, securities, banking, insurance, and production or provision of commodities and services that are subject to the special consumption tax.

Enterprises that are subject to the 30% tax reduction also include labor-intensive ones in areas of farm produce processing, footwear and garment making, electronic components, and construction. In these cases, enterprises must have at least 300 regular laborers in 2012.

The Government in its decree also offers exemptions of value-added tax and corporate income tax for enterprises involved in the business of food catering for workers of other enterprises. However, those supplying food portions for others in the area of transport and aviation are not subject to these incentives.

In the same period, if an enterprise is entitled to different tax incentives for the same taxable income, it can choose the most preferential incentive. In case enterprises are already enjoying other incentives of corporate income tax under the prevalent law, then the tax reduction as provided for in this decree will be calculated on the rest sum after deducting the tax incentives.

The decree will take effect as from September 20.

(Sources: Biz Consult & Saigon Times)

Back to top

Draft circular to make foreign drug importers sick

The Ministry of Health (MoH) has just introduced the latest draft circular (Draft 13) providing guidelines for foreign direct investment (FDI) pharmaceutical enterprises to implement import-export rights in the pharmaceutical field in Vietnam. Although it reflects some suggestions by FDI enterprises in relation to the expansion of businesses' rights, LCT Lawyers' partner Nguyen Anh Tuan says it still has some shortcomings that need to be addressed before promulgation.

The category of "FDI enterprises in the pharmaceutical field" that are permitted to carry out drug import-export activities is defined by Article 3.11 of Draft 13.

According to this provision, in order to implement the drug import and export rights, FDI enterprises must invest in one of the following activities - drug manufacturing, drug storage services and drug testing services. This provision expanded the range of enterprises permitted to have the drug import-export rights defined under Decree No79/2006. However, enterprises with drug import rights stipulated in their investment certificates still cannot directly import from overseas, even if pursuant to the Pharmaceutical Law, drug import and export are drug business activities that are independent from these aforementioned activities.

In addition to the aforementioned business lines, in accordance with Article 5 of Draft 13 "Conditions for implementing the drug import rights", FDI pharmaceutical enterprises must meet other conditions for being considered a grant of a Certificate of Satisfaction of Conditions (CSC) for drug import activities. These include(1) being licensed with drug import rights in its investment certificate, (2) holding the respective CSC for implementing drug manufacturing, drug storage services and drug testing services and (3) having drug storage warehouses with GSP standards.

Upon satisfaction of all these conditions, FDI enterprises operating in the pharmaceutical field seeking to implement drug import and export rights need to undertake the following steps, (1) complete the registration for issuance of the investment certificate with the investment management authorities, (2) have a drug preserving warehouse of GSP standard and (3) request for issuance of the CSC in the pharmaceutical field (Article 6 of Draft 13).

As a direct consequence of the above restrictions, FDI pharmaceutical enterprises are not permitted to conduct drug import activities independently. In order to implement the drug import rights, they are required to engage other drug trading businesses (such as drug manufacturing or drug storage services) together with drug import activities in their investment licenses, obtain the relevant CSC and build a warehouse of GSP standard for drug preservation.

These requirements not only increase the investment capital of FDI pharmaceutical enterprises, but also consume a lot of time. In addition, as mentioned above, these restrictions conflict with Vietnam's WTO commitments and Article 11 of the Pharmaceutical Law. Hence, their legitimacy is in dispute.

Notwithstanding being restricted on conditions for drug import, FDI pharmaceutical enterprises are also limited to choices of business partners in Vietnam. According to Article 7.3 of Draft 13, FDI enterprises are only permitted to carry out trading activities with and selling imported drugs to certain Vietnamese pharmaceutical entrepreneurs who meet distribution conditions regulated by the MoH, namely the enterprises that either (1) engage a chain of GPP pharmacies, (2) have distribution centers as regulated by the MoH or (3) have warehouses of GSP standard, and a drug distribution system of GSP standard and a computer software system to manage goods.

As such, this regulation if passed, will directly limit FDI enterprises' right to choose business partners, thereby centralizing the imported drug distribution rights to a few domestic enterprises that meet the above standards. As a matter of law, since the Pharmaceutical Law and its promulgating documents regulate the conditions for granting the CSC for drug distribution activities, these limitations are not necessary and lack convincing foundations.

In relation to distribution activities, FDI enterprises are still not allowed to implement drug distribution activities in Vietnam, except for distributing drugs that are manufactured by themselves in Vietnam (Articles 9.1 and 9.2 of Draft 13). Also, FDI enterprises are not allowed to conduct some activities relating to the implementation of distribution rights as specified in Article 9.3, which includes contributing charter capital to Vietnamese distribution enterprises.

This limitation conflicts with Vietnam's WTO Commitments in which foreign investors are allowed to do their business by way of establishing new companies, contributing capital or purchasing shares in enterprises in Vietnam. Moreover, when the circular is promulgated remains a valid question. It appears that FDI enterprises that seek to be licensed with a CSC must wait until this proposal is officially promulgated.

It is not difficult to recognize that these limited regulations of adjusting the FDI enterprises' activities relating to drug import-export activities regulated by the MoH decrease the competitiveness of FDI enterprises in the Vietnamese pharmaceutical market. Hence, FDI enterprises face many difficulties in expanding their business in order to meet their patients' needs and to serve the public's health system.

For the time being, pharmaceutical products may only be imported into Vietnam through domestic pharmaceutical companies possessing import licenses. FDI pharmaceutical enterprises that have been granted drug import rights in their investment licenses can only import drugs through consignment due to an absence of a CSC for drug import activities.

The inconsistency in the regulations and the MoH's postponement of promulgating documents instructing the import-export activities of FDI pharmaceutical enterprises has inadvertently created policy barriers against FDI pharmaceutical enterprises in penetrating drug import and distribution fields in Vietnam. Although it was expected to remove these barriers to create free and fair competition between FDI and local enterprises in pharmaceutical markets, unfortunately Draft 13 has not yet met this expectation and requires further revisions to meet this goal.

(Source: VIR)

Back to top

TRADE

Government releases import/export strategy aimed at trade balance

The Government has released its import and export strategy for the next eight years with an orientation towards 2030.

The strategy targets an export growth of 11-12 % a year to 2020 and for imports 10-11 %.

The trade deficit would be reduced to less than 10 % of the total export turnover by 2015, to reach a trade balance by 2020 and a trade surplus from 2021 onwards.

To meet targets, the strategy required ministries and agencies to restructure and issue policies to encourage the development of export commodities whose competitiveness, growth rate and added value were high. The commodities included construction, petrochemicals, rubber, plastics, electronics and mobile phones. Policies would encourage and attract investment in the support industries of mechanical engineering, electronic-information, automobile manufacturing, textiles and garments, footwear and high-tech sectors.

As part of the strategy, the Prime Minister instructed relevant bodies to streamline standards and regulations related to quality, hygiene and the environment in the agriculture, forestry and fisheries sectors, especially key export staples of rice, coffee, rubber and seafood, to meet international rules.

A road map for introducing the regulations will ensure product quality, raise export effectiveness and protect trademarks of Viet Nam-made products. The strategy also targeted Viet Nam-made products in the domestic market to help reduce the trade deficit by improving the link between domestic producers and local consumers.

Policies that encouraged the use of locally made machines, equipment and materials in bids for State projects would also be enhanced. Under the strategy, associations were required to enhance market and price forecasts and provide members with periodic information on markets and policies of importing countries to help business improve performances and reduce risks in periods of volatility.

(Source: VNS)

Back to top

Exports likely to reach set target

The Ministry of Industry and Trade has predicted that Vietnam's export turnover in 2012 will reach USD109.5 billion, up 13 % against 2011.

According to the General Statistics Office (GSO), Vietnam enjoyed a trade surplus of USD100 million in July of this year.

The Foreign Direct Investment (FDI) sector alone is estimated to earn USD39 billion from exports in the first seven months this year, up 36.6 % against the same period last year and accounting for 62 % of export turnover, while the sector imported USD32.9 billion worth of goods, up 25.3 % from last year's period and accounting for 52.2 % of the country's total imports.

Textiles and garments remained key exports in July, earning USD1.4. billion, followed by mobile phones and spare parts (USD1.2 billion), crude oil (USD975 million), and seafood (USD520 million).

These figures indicate a downward trend for exports in July compared to previous months, with most farm produce, including rice, coffee, cashew nuts, and cassava seeing reductions in volume and value.

In the meantime, import values saw a slight increase with electronics, computers and spare parts recording the highest import values of USD1.05 billion (down USD20 million), followed by automobiles at USD630 million, fabrics at USD600 million, and steel, USD507 million.

The Ministry of Industry and Trade has estimated that imports will hit USD115 billion in 2012, up 7.7 % from 2011. According to an action program on implementing the Government's 2011-2012 Export-Import Strategy, with a vision to 2030, export turnover in 2020 will be three times higher than that in 2010 and national per capita income will reach USD 2,000.

Export growth is expected to be maintained at an annual 12 % in the 2011-2015 period, 11 % in 2016-2020 and 10 % in 2021-2030. Vietnam also aims to keep its trade deficit below 10 % of its total export revenues by 2015, ensure a trade balance in 2020, and enjoy a trade surplus in the period of 2021-2030.

The country will also develop favorable policies to promote high potential, highly competitive and high-value added exports. Exports will be developed in a sustainable manner by increasing their value.

Accordingly, Vietnam will promote new technology to increase exports of processed minerals, improve the productivity and quality of the agricultural, forestry and aquatic sectors, and develop high-tech products and support industries. In order to achieve these goals, the strategy also proposes measures for speeding up economic restructuring and market development, as well as financial and credit policies, and infrastructure and human resources development.

(Source: VBN)

Back to top

Low tariff encourages export, but technical barriers keep goods inaccessible

Australia and New Zealand have committed high tariff preferences to Vietnam. However, the exports to the two markets remain modest.

Over the last two years of implementing the ASEAN – Australia – New Zealand Free Trade Agreement (AANZFTA), Vietnam's exports to Australia and New Zealand have not seen any improvement.

In 2011, Vietnam exported 2.5 billion dollars worth of products to Australia, a decrease of seven % in comparison with the same period of the last year, and exported 151 million dollars worth of products to New Zealand, up by 23 %, according to the General Department of Customs. Meanwhile, Vietnam's import turnover was 2.1 billion dollar from Australia, up by 50 %, and 383.9 million dollars from New Zealand, up by 9 %.

Big preferences, numerous challenges…

According to Cao Thanh Diep from the Multilateral Trade Policy Department under the Ministry of Industry and Trade, under AANZFTA, Australia and New Zealand have made high commitments about the tariff cuts.

A lot of Vietnamese export items to Australia, including crude oil, phones and phone parts, seafood, wooden furniture products, cashew nuts, equipments, footwear and computers, plastics and coffee, now can enjoy the zero export tariff.

The zero tariff has also been applied by New Zealand to Vietnamese export products, including cashew nuts, seafood, ores and other minerals. Nevertheless, footwear and garment products, the two biggest export items, are still bearing high tariffs when entering the two markets. Australia, for example, imposes the tax of 10-15 % on some garments, while New Zealand imposes 5-19 % on garments and footwear. However, Diep said tariff is now not the biggest obstacle for Vietnamese exporters. It is the non-tariff barrier and the business mode which have made it difficult to penetrate the two markets.

The markets now set very strict requirements on goods quarantine, which can be compared with the strict rules applied by the US, EU and Japan. If a consignment of goods is discovered as “having problems,” 100 % of the next consignments would be examined. While the two countries offer sharp tariff cuts, they have also set high requirements on Vietnamese enterprises to be able to enjoy the low tariffs.

For example, the products need to have the ASEAN-made content ratio of no less than 40 % (i.e. at least 40 % of the products’ content must be made in ASEAN countries), while the required ratio is only 35 % in the ASEAN-India FTA. The rules of origin stipulated in the AANZFTA are described as “open”, but they are complicated with a lot of technical provisions.

…make Vietnamese businesses shrink back

Also according to Diep, besides the strict requirements on quarantine and quality, Vietnamese enterprises also have to overcome a lot of other difficulties to penetrate Australian and New Zealand markets, including the long geographical distance, the different tastes, and the lack of information about the markets. Especially, Vietnamese exporters still have to compete fiercely with China and India in the choosy markets.

Huynh Khanh Hiep, Deputy Director of the HCM City Industry and Trade Department, said Vietnamese exports to Australia have to go through the process of risk analysis conducted by the Australian biosecurity agency. Meanwhile, the two countries remain slow in setting up the foundation for the cooperation between the two countries. Hiep also said that not many Vietnamese enterprises intend to export to the two markets, despite the preferential tariffs, because it would be very costly to survey and approach the markets.

However, Truong Thi Binh, a senior executive of the Duc Thanh Wooden Furniture Corporation, said Vietnamese products still can enter the two choosy markets, if they are competitive. She said that one of the reasons allowing Duc Thanh’s products to penetrate New Zealand is the diversification of products. Duc Thanh’s chopping boards, for example, do not have round shape like other popular products, but have holes and slots for different functions. Besides, the products have the handles made of sedge, which makes the products differential from others.

(Source: *VietNamNet Bridge)*

Back to top

Exports to several African markets boom

Statistics from the General Department of Customs show that Vietnamese exports to major markets in Africa increased rapidly in the first six months of this year.

Specifically, exports to Nigeria grew the highest by 127 % from a year ago reaching USD65.79 million, of which computers, electronic ware and electronic accessories amounted to USD29.34 million and means of transport and spare parts USD4.8 million.

Following were exports to Egypt growing 107 % and reaching USD186.22 million, of which seafood stood at USD42.78 million, pepper USD23.9 million and fiber USD20 million.

Exports to the Ivory Coach increased 69 % to USD96.49 million (of which more than 90 % came from rice), Algeria 42 % and USD83.7 million, and Ghana 7 % and USD57.7 million.

(Source: Vietnam Economic News)

Back to top

INVESTMENT

Tendering for northern Lach Huyen Port project delayed

Lach Huyen, northern Vietnam's flagship port project, is entering stormy seas after its tendering stage was postponed.

The Haiphong project's Package 6 and a budget blow out have put the project on the back foot. Tendering preparations of Package 6, for a 600 metre retaining wall, retaining dike and container wharf maintenance works, were delayed by about three months.

"The deadline for submitting tendering documents for Package 6 is September 24, 2012. Therefore, if things go on smoothly the first contractor will be selected in 2012's fourth quarter," said Vietnam Maritime Administration's Maritime II Project Management Unit deputy director Tran Duc Duy.

Package 6 is a big technical package with a tender price of VND3.361 trillion (USD161.59 million). A month ago, the Ministry of Transport (MoT) had to reject Package 6's preliminary tendering results under Lach Huyen's Tan Vu highway project when a sole Japanese contractor submitted bidding documents.

When key components of Package 6 are completed, developers can start building two wharfs worth VND6.572 trillion (USD315.96 million), under a public-private partnership (PPP) scheme by Haiphong International Port Company Limited at the end of December, 2012.

Lach Huyen port and Tan Vu highway projects are also facing budget blow outs, meaning the VND34.07 trillion (USD1.638 billion) capital will need to be topped up. "If there are no effective measures to hasten work it will badly affect Lach Huyen port project's effectiveness. The project's total costs have jumped up to VND38 trillion (USD1.827 billion)," said a Vietnam Association of Ports source. Compared with the approved investment plans in June 2010, construction costs of Tan Vu highway linking Lach Huyen port and Hanoi-Haiphong expressway have increased by VND4.269 trillion (USD205.24 million) due to changes in design and scale.

(Source: Vietnam Investment Review)

Back to top

Hanoi' s industrial parks see strong rise in investment

In the first seven months of this year, industrial parks in Hanoi attracted USD271 million of investment in both foreign and domestic projects, a 3.8-fold increase year-on-year.

Of the amount, nine new FDI projects accounted for over USD112 million while domestic investors poured VND53 billion into two new projects.

The remainder was additional capital for 17 operational projects to expand production and upgrade equipment. Turnover of industrial parks in Hanoi reached almost USD2.2 billion in this period, representing a rise of 12.4% against the same period last year.

According to the management boards of industrial zones, the state management of industrial parks in Hanoi played an important role in supporting businesses to overcome difficulties and stabilise production. The management boards also facilitated business and manufacturing operations of enterprises operating in the zones. In future, the boards will continue to enhance infrastructure to attract more investment. Their goal is to attract USD300 million in investment this year, up 20% on the target set earlier.

(Source: VNB)

Back to top

Noi Bai IP getting set to roll out a new phase

Hanoi-based Noi Bai Industrial Park's second phase is expected to start as soon as site clearance is completed late this year.

Hanoi Industrial and Export Processing Zones Authority (Hiza) vice chairman Nguyen Xuan Linh said site clearance would be finalised this year.

Noi Bai Industrial Park's (IP) developer, a joint venture between Malaysia's Renon Group and Vietnam's Hanoi Industrial Construction, was licenced to invest USD5.1 million in developing Noi Bai IP-phase II in 2008 on 14.1 hectares in the capital's Soc Son district.

The joint venture in 1994 was permitted to pour USD29.95 million in the first phase on 100ha. The 100ha Noi Bai IP, with a duration of 50 years, is now fully occupied with 44 projects, of which 43 are foreign-invested ones, capitalised at USD465 million.

"Site clearance costs in Hanoi are too high. This is the biggest difficulty during carrying out the second phase," Linh said, adding that site clearance compensation reached VND1 million (USD48) per square metre of agricultural land. "IPs in general are currently finding it difficult to attract investors because prices of land in the city are too high as compared with those in neighbouring localities, and when operational, Noi Bai IP-phase II will be no exception," said Linh. "Land for lease at IPs in provinces of Hai Duong or Ha Nam, which are not far from Hanoi, stand at around USD50-70 per square metres while the prices are some USD125-130 at Hanoi's IPs," he cited.

According to Hiza, Hanoi is currently home to eight operating IPs which have attracted more than 500 projects worth USD3.9 billion of foreign direct investment and VND12 billion (USD576.9 million) of domestic investment. Till 2020 and an orientation to 2030, the capital plans to raise the total number of local IPs to 33, covering 8,000ha.

(Source: Business Times)

Back to top

Bac Giang attracts 10 new FDI projects

Bac Giang Province has attracted nine domestic investment projects with total registered capital of VND207.34 billion and 10 foreign direct investment (FDI) projects with USD32.6 million in the first seven months of this year.

Of these, nine FDI projects have invested in industrial zones.

When compared with the same months in 2011, the domestic registered capital has reduced 85.1 % and FDI registered capital has fallen 87.2 %. However, two ongoing FDI projects in Bac Giang have increased their investment capital by USD870.4 million increasing total new and supplementary FDI capital in Bac Giang to a little more than USD900 million and putting the province in fourth place nationwide following Binh Duong, Dong Nai and Hai Phong. There are 692 projects in the province including 589 domestic projects with total registered capital of VND34,858 billion and 103 FDI projects with USD1,731 million.

(Source: VEN)

Back to top

Quang Ninh realizes flour investment

A ground-breaking ceremony for the VMF-WILMAR wheat flour mill was held at the Cai Lan Industrial Park in the northern coastal province of Quang Ninh on July 31.

A total capital investment of 47 million USD, by the Wilmar Group of Singapore and FFM Group of Malaysia, will see 500 tonnes of wheat flour produced per day when the plant goes into production in 2014.

Modern and environmentally friendly technologies will be the means of production which is expected to contribute about 200 billion VND per annum to the provincial budget and create jobs for 200 locals. This is one of the three projects licensed at the investment promotion conference in Quang Ninh province in February this year.

(Source: VNA)

Back to top

HCMC diversifies transport investment forms

Ho Chi Minh City (HCMC) needs VND46.8 trillion for construction of one million cu.m of roads and a raft of bridges in 2012, focusing on roads to the city center and gateways, ensuring people's welfare and improving transport infrastructure to create an investment attraction engine.

Major projects

Sixteen major transport projects are underway in Ho Chi Minh City, apart from Sai Gon 2 Bridge, which started construction this April, and Thu Thiem 2 Bridge, which is scheduled for construction this year. The city will get together with the Ministry of Transport to accelerate the pace of construction of the Ho Chi Minh City-Long Thanh-Dau Giay Highway, start work on construction of a southern inter-regional highway, and expand National Highway 50 and a road to link Vo Van Kiet Road with Tan Tao-Cho Dem Road. The Thu Duc Cross-roads will also be enlarged by 34m including two parallel 12m-wide roads, an 81m-long tunnel and a 376m-long flyover. Construction of the crossroads will probably cost VND1,499 billion.

Ho Chi Minh City will also build the Ha Huy Giap Road from Binh Duong to Ho Chi Minh City, which will parallel National Highway 13 to reduce transport pressure for the highway and the Binh Trieu Bridge. Also this year the city has launched other major projects like Nam Ly Bridge and Nguyen Duy Trinh Road expansion and upgrading to facilitate the development of the Phu Huu Port in District 9.

The city recently opened to traffic the Rach Chiec Bridge in the east to contribute to reducing traffic congestion and developing the economy. In addition, it will build four light flyovers at the Thu Duc Crossroads in Thu Duc District, Hang Xanh Roundabout in Binh Thanh District, Cay Go Roundabout in District 11 and Cha Ca Roundabout in Tan Binh District. Light flyovers are considered to be a temporary solution to resolve four traffic bottlenecks in the city.

The Ho Chi Minh City People's Committee recently agreed to pay in advance municipal budgets for construction of major urgent projects including resettlement and ground clearance for the Component 4 Project to restore the Tan Hoa-Lo Gom Canal and roads along it in District 6; installing spare power supply equipment in District 1 for operation of the Sai Gon River Tunnel; upgrading and enlarging Provincial Highway 10 in Binh Chanh District; restoring the northern and southern bank roads along the Nhieu Loc-Thi Nghe Canal (the section from the Le Van Sy Bridge to Nguyen Huu Canh Road); devising investment projects and submitting them to competent agencies for adoption (including the projects to build a steel flyover at the Hoang Van Thu-Truong Son-Cong Hoa Roundabout, Thu Duc Crossroads and Hang Xanh Roundabout.

Diversifying investment forms

With the economy facing challenges, and public spending tightened, it is important to diversify forms of investment in transport projects in Ho Chi Minh City. Of these, many forms have been chosen such as BT (Build-Transfer), BOT (Build-Operate-Transfer) and PPP (Public-Private Partnership). Ho Chi Minh City Transport Department Deputy Director Bui Xuan Cuong said that apart from projects using municipal budgets, the city would appreciate BT and BOT projects such as an eastern belt-road from the Phu My to Rach Chiec bridges, a flyover from Section A of the South Sai Gon Area to the Phu My Bridge, and traffic facilities in Section A of South Sai Gon.

The city plans to build more than 40 BT transport projects in the next 5-10 years at a total cost of VND85.88 trillion for domestic projects and USD6.1 billion for foreign-invested projects, plus 10 BT and BOT projects with total investment capital of VND78,542 billion for domestic projects and USD620 million for foreign-invested projects.

In addition, the Ho Chi Minh City People's Committee has authorized the Ho Chi Minh City Transport Department Director to adopt bid plans and appoint subsidiary agencies to invest in steel flyovers at major crossroads and roundabouts including Thu Duc and Hang Xanh in Binh Thanh District and Hoang Van Thu, Truong Son and Cong Hoa in Tan Binh District. Authorized investors are eligible to appoint contractors for consultation, construction and installation packages. Flyover construction and installation contractors will be 100 % paid in advance for imported material costs, with 30 % of the remaining funds used for each project.

Ho Chi Minh City People's Committee Chairman Le Hoang Quan said that the Sai Gon 2 Bridge was a VND1.2 trillion private BT project invested by the Infrastructure Investment Joint Stock Company (CII). In addition, the city plans to issue urban bonds to increase investment capital for infrastructure projects, including about USD39 billion for transport projects from now until 2020.

By actively diversifying forms of investment in transport infrastructure, Ho Chi Minh City is step by step resolving capital shortages and balancing budget capital for transport infrastructure development to drive towards modern urban development and international integration.

(Source: VEN)

Back to top

Binh Thuan plans titanium processing zones

Binh Thuan is drawing up a plan for developing two industrial zones specializing in deep processing of titanium and other minerals for export and supply to local industries said the provincial Department of Industry and Trade.

Specifically, Song Binh Industrial Park will be developed on a 250-hectare area in Bac Binh District, serving deep processing of titanium, zircon, ilmenite and rutin. Meanwhile, Thang Hai Industrial Zone covering 40 hectares in Ham Tan District will supply raw materials to Song Binh Industrial Park.

Tran Van Nhut, director of the Binh Thuan Department of Industry and Trade, told that 17 titanium-processing projects were now waiting to join Song Binh Industrial Park.

They include large-scale projects invested by Russia's GeoProMining Ltd. worth USD350 million, Binh Minh Import Export Production and Trade Co. (USD650 million), Hanoi Technology Co. (USD620 million), Him Lam Mining Co. (USD130 million), and Hamico Mineral Group.

A 150-square-kilometer area in Bac Binh District, northern Binh Thuan, has a titanium reserve of 141 million tons. It is expected that the nation's biggest industrial zone for titanium mining and deep processing will go up there in the coming time.

Previously, there were 18 titanium extraction projects located dispersedly along the southern Binh Thuan coast, affecting the environment. Therefore, the province has suspended these projects, planning to relocate them to Thang Hai Industrial Zone for centralized exploitation and processing.

As scheduled, Binh Thuan will be preparing for infrastructure development of the two industrial zones and calling for investment into plant construction from now to 2015. Thereafter, production and processing will officially begin.

"The provincial government has assigned the industry and trade department, the department of natural resources and environment and the department of planning and investment to establish criteria for selecting investors to apply for certificates for investment in Song Binh Industrial Park. If necessary, bidding will be organized to choose capable investors," said Nhut. He informed Binh Thuan had just completed the zoning plan for mineral processing, including a mining zone for Binh Thuan, pending approval from the Prime Minister.

From now to the year's end, the province will submit the plan for development of two titanium-processing zones to the Government.

The Ministry of Natural Resources and Environment lately revealed Binh Thuan has total titanium reserves of 599 million tons, or 92% of the national tap reserve.

To prevent titanium extraction from affecting the environment and depleting water resources, Nhut stated exploitation far from residential areas; water resource protection and radiation exposure prevention would be the top criteria for investment.

The government of Binh Thuan Province has not licensed new titanium projects for over a year now, waiting for the zoning plan.

The environment ministry remarked titanium mining and processing exposed multiple shortcomings in recent times, leaving an adverse impact on the environment.

Therefore, in January 2012, the Prime Minister issued Directive 02, calling on localities to tighten control on mineral exploration, exploitation, processing, and export. The Government also requested localities to map out plans for large-scale exploration and mining and centralized processing, ensuring socio-economic efficiency to foster the development of the titanium industry.

(Source: The Saigon Times Daily)

Back to top

Foreign investors tend to haggle about investment incentives

Robert Bosch Vietnam now waits for the final decision from the government of Vietnam on whether to give investment incentives to its expanded project. Prior to that, some investors also obtained the desired incentives after asking for preferences.

The story about whether Vietnam should please giant foreign investors by offering extra investment incentives has been once again heated up, after Robert Bosch Vietnam in Dong Nai province clamored for investment incentives for the expanded project.

Bosch has invested 100 million dollars in its factory in the southern province, while it plans to raise the investment capital in Vietnam to 322 million dollars by 2015. However, Vo Quang Hue, CEO of Robert Bosch Vietnam. Said the plan on scaling up production in Vietnam would still depend on if Bosch can receive investment incentives. What Robert Bosch wants is to enjoy the preferential policies, including the corporate income tax incentives reserved for hi-tech enterprise.

At present, Bosch still cannot enjoy tax incentives as a hi-tech enterprise. Setting up factory in the Long Thanh Industrial Zone, the company also does not enjoy the corporate income tax as stipulated in the Decree No. 124 which guides the implementation of the Corporate Income Tax Law. Even if Bosch could enjoy tax incentives now, it would not be able to enjoy tax incentives for the expanded project.

Bosch has got good news when Minister of Planning and Investment Bui Quang Vinh, after visiting the factory, believes that Bosch's project can meet the requirements (the project in high-tech production and supporting industries) to be able to enjoy tax incentives.

Therefore, Vinh has told Bosch to send an official document to clamor for the preferences. Meanwhile, the Dong Nai provincial People's Committee and the Planning and Investment Department would also send the documents, confirming the investment scale of the project. The documents would be submitted by the Ministry of Planning and Investment to the government, which would consider releasing a preferential mechanism for Bosch.

As such, everything now depends on the final decision to be made by the government. In the best scenario, the proposals by the investors get approval, and Vietnam will have one more foreign invested project to be able to enjoy specific investment incentives.

An official of the Ministry of Planning and Investment said on Dau tu that a lot of problems in the implementation of the investment incentive mechanism for foreign invested enterprises have been found.

The enterprises in industrial zones do not enjoy the corporate income tax incentives. Meanwhile, only newly registered investment projects can enjoy tax incentives, while expanded projects cannot.

This, according to the official, has led to the fact that many expanded projects in the hi-tech field, in which Vietnam encourages investments, cannot enjoy preferences. Meanwhile, newly registered projects can enjoy incentives at the highest levels. "Meanwhile, if comparing newly invested projects and expanded projects, one would see that the latter have higher feasibility," he said. As a result, instead of registering expanded investment projects, some investors asked for the permission to set up a new project to enjoy tax incentives. After that, they would merge the two projects into one.

"Investors won't make investments if they cannot receive investment incentives," said Ngo Sy Bich, Head of the Bac Ninh provincial Industrial Zone Board of Management, who is suffering a headache from Samsung case.

A newspaper has reported that Samsung Electronics Vietnam (SEV) has asked for the preferential mechanism for the expanded part of its project to raise the total investment capital to 1.5 billion dollars. However, the proposal for incentives has not got the nod from the government.

(Source: VietNamNet Bridge)

Back to top

Nearly 40% of IPs lack wastewater treatment systems

There are currently 232 industrial parks nationwide discharging a combined wastewater volume of one million cubic meters per day, but only 143 IPs, or 61%, have built wastewater treatment facilities, said the environment watchdog.

IPs generate 40% of the national industrial-production value, contribute 60% of export goods, and create jobs for more than two million laborers, said Major-General Nguyen Xuan Ly, head of the Department of Environmental Crime Control under the Ministry of Public Security.

Still, several localities have tried to lure investors into IPs at all costs, resulting in severe environmental consequences and damaging the health of local residents, Ly told a workshop on wastewater treatment at IPs held by his department in 30 Jul. According to the department, the number of residents and laborers at IPs catching respiratory, gastrointestinal and cardiovascular diseases tends to pick up due to environmental pollution. This is not to mention the farmland area being encroached by IP development.

The surface water quality in the areas affected by IP wastewater has deteriorated. "With pipes buried underground and wastewater discharged directly into the river basin, the Day River has died, while the Cau River, the Dong Nai River and the Saigon River are almost dead," said Ly.

Luong Dai Thuy, deputy head of the Dong Nai environment police department, said there are now some 1,200 operational projects in the province with a total investment capital of aroundUSD16billion. However, many projects still apply out-of-date technology, leading to incomplete wastewater treatment.

Dong Nai's environment police have detected well-concealed violations such as pumping wastewater into fire-fighting tanks, wells or underground, diluting wastewater with cooling water before discharging into the environment, or discharging wastewater when it is raining.

Under the law on administrative sanctions to come into force on July 1 next year, the maximum penalty for environmental violations will be VND2 billion, instead of the current VND500 million.

The Ministry of Public Security is coordinating with the Ministry of Natural Resources and Environment to revise the 2005 Environment Protection Law and map out an Ordinance on the Vietnam Environment Police, expected to be issued in the third quarter of 2013.

Ly of the Ministry of Public Security requested local environment police agencies to inspect environmental protection at IPs. In the coming time, his department will sign an order to press formal charges against some environmental violations at IPs under Circular 04 of the environment ministry. Ly also remarked hazardous waste trading is now very bustling at many IPs, because harmful waste treatment is a highly profitable business sector. Some enterprises even import wastes from Taiwan to process.

(Source: SGT)

Back to top

FINANCE – BANKING

Interest rates can fall to 10 pct: central bank

Lending interest rates can fall to 10 % in the next two years if the government successfully keeps inflation at a low level, State Bank of Vietnam Governor Nguyen Van Binh said Saturday (29 Jul).

"Interest rates of 17-19 % used to be what businesses wished for, but now even 15 % is still high. If the government takes measures and controls inflation, rates can be lowered to around 10 %," he told business executives at a conference in Ho Chi Minh City.

Binh said deposit rates will drop to 7 % by mid-2013, as long as inflation stays under 6 %.

Vietnam's inflation slowed for an eleventh month in July, with consumer prices climbing 5.35 % from a year earlier, according to the General Statistics Office.

Easing inflation has given the central bank room to reduce interest rates five times this year. It has also asked commercial lenders to cut rates on existing loans to below 15 %.

Giau said Saturday that that after two weeks, only 35 % of outstanding loans now bear rates of more than 15 %, compared to 60 % earlier. However, he noted that the central bank cannot introduce a retroactive regulation to force rate cuts on loans that have been already given out by banks. So it can only call for commercial lenders to support businesses, Giau said. He also said the central bank cannot pump money into the market to rescue struggling businesses.

"The central bank only needs to inject several hundreds of trillions of dong into the market and pale businesses will regain color immediately. "But cash injection is not good in the long run… How can we restructure the economy if we pump money to rescue even weak companies?" he said.

(Source: Thanh Nien News)

Back to top

Banks eye rate cuts to boost lending

Banks plan to expand credit in the second half by slashing interest rates and offering preferential loans to companies.

But some big banks, who have been assigned a growth cap of up to 17 %, have already admitted that the growth target would be impossible to achieve this year, despite the fact that credit growth has been improved recently due to interest reduction under 14 % per annual.

"We hope to expand credit by 12 % this year, but it will be really hard since we have only achieved 3.6 % growth in the first six months despite reducing interest rate eight times," Nguyen Hoa Binh, chairman of the Bank for Foreign Trade of Vietnam (Vietcombank) was quoted as saying by Sai Gon Giai Phong (Liberated Saigon) newspaper. "The bank has a target of 17 %. It has abundant funds and would like to lend more, but has to be careful and cannot dilute standards," Binh said.

The Asia Commercial Bank is attracting more customers as industries like rubber and garment have to import their normal second-half quota of raw materials, but admitted 17 % credit growth was hard to achieve. "We are choosing some real estate projects in good locations to provide loans," Do Minh Toan, the bank's deputy general director, said.

The Eastern Asia Commercial Bank is also in negotiations with housing developers to lend at 12 % interest, but requires them to first reduce their prices.

The Export-Import Bank (Eximbank) has earmarked VND5 trillion (USD238 million) for lending at 10 %. The rate is ostensibly low, but still higher than the inter-bank interest rate of 4 % while other asset classes like stocks are also doing badly. "How to help companies increase sales?" Chau Van La, chairman of the Tan Binh District People's Committee, asked. "That would make them confident about borrowing more money for production."

Truong Van Phuoc, general director of Eximbank, concurred, saying the Government should consider policies to stimulate consumption without sparking off inflation again. "The experience of Japan shows that too strong efforts to control inflation could cause deflation. Even 0 % interest rate cannot revive consumption then." Experts predict fierce competition among banks to attract and keep good customers this year.

(Source: VNS)

[Back to top]

Question mark over asset management move

The jury is out on whether an asset management company is a smart option to solve banks' bad debts.

Senior economist Vo Tri Thanh said the banking system's bad debts had hiked at 8-9 % per month in the past months.

Economists assumed in Vietnam's current context founding a national asset management company (AMC) would be a single way-out since it would have sufficient tools to clear bad debts. Bad debt valuations will be set by the government through AMC vehicle. That is reportedly a successful Chinese model.

National Financial and Monetary Policy Advisory Council member Le Xuan Nghia said if banks insisted on not selling their bad debts at prices set by the government, the State Bank (SBV) might intervene by compelling disobedient banks to adhere to new accounting standards. "The AMC having the right to bad debt valuations is a right move, but I do believe the government will deliver appropriate valuations," Nghia said.

Banking system's bad debts are put at over VND200 trillion (USD9.52 billion) by the SBV, but economists assumed the AMC might just buy bad debts at half their price tantamount to around VND100 trillion (USD4.76 billion) in the best-case scenario.

In respect to AMC's chartered capital, Nghia said the AMC would only need VND10 trillion (USD476 million) or VND20 trillion (USD952 million) if banks came on board. Thereby, to radically iron out bad debt dilemma, the AMC would need to issue bonds to raise capital.

A Ministry of Finance executive revealed scores of foreign players wanted to procure Vietnamese banking system's bad debts. "Foreign firms are apparently more financially viable compared to local ones when it comes to bad debt procurement. To quickly tackle bad debts allowing them to play their part would be a smart choice. However, without discretion major economic sectors would fall into foreign players' hands," said the executive. "Many foreign firms wanted to step into Vietnam's debt trading market, but they got stuck with asset ownership procedures. So, this should be inserted into the forthcoming AMC guiding decree to remove obstacles," Nghia asserted.

(Source: VIR)

Back to top

ANALYSIS – OPINION

Stocks cannot advance in unstable macro-economy

Analyzing the stock market and the current influential factors, Trinh Hoai Giang, deputy general director of the HCMC Securities Corp. (HSC), said stocks could hardly soar from now to the year's end as long as the macro-economy remained unstable. He had a talk about this as following:

There have been favorable macro-economic conditions like low inflation in May and June and deposit rates down five %age points, yet the stock market was stagnant in the last two months. What is the reason for this in your opinion?

I think the macro-economic signs are not as positive as seen on the surface.

Specifically, it was forecast that this year's inflation would not be high. Inflation will rise by 6-7% this year. This currently shows that prices are stable, but the chance of prices picking up again is unknown. Falling inflation is attributed to objective factors such as dwindling global fuel prices and the global economy facing a risk of downturn. As for the Vietnam economy, the six-month growth is only 4.3%, which while keeping prices stable paints a gloomy picture with poor production and unemployment being major troubles.

As such, even though inflation went down, aggregate demand and purchasing power of the economy did not prosper. Given that credit did not grow, business performances would get worse in the third and the fourth quarters. These show that there is no support for stock indices to increase until the end of the last quarter because when businesses are struggling, investors are not cheerful to buy stocks. In addition, foreign investors are mainly selling stocks instead of buying like what they did last year. This affects the psychology of local investors. They consider a market without foreign capital an unattractive market. Therefore, it is not strange when the stock market did not pick up in the last two months.

As deposit rates dip, many banks said individual savings are on the downtrend. Then, will cash flow into the stock channel?

Cash rotation is slipping, from two times in the previous years to 0.8-0.9 time at present, choking off the cash flow into the economy. Indirectly, the stock market is impacted. However, it is unknown which channel the cash flow would switch to. In my opinion, investors now have many options. They have gold to mortgage to get money for investment, or use their saving books as security for loans for investment in real estate… This means cash flow can swiftly swap their destinations and it is difficult to identify where cash is flowing into. Investors only care which channels are profitable. For example, if the stock market is potential, investors can mortgage their saving books and pour the borrowed money into stocks. The reason why cash is not flowing into the stock market is that they have no confidence in the market's rally.

Foreign investors are very concerned about forex rates, which are less volatile over the past time, but it seems that there is no new foreign capital running into the stock market of Vietnam, except for some big M&A deals. Could you explain this situation?

Forex rates are temporarily stable as the central bank has raised forex reserves, and I think forex rates will remain stable until the first quarter of next year. Gold prices are also less volatile, ranging around USD1,600 per ounce. In Vietnam, gold will be strictly controlled under Decree 24 on gold production and trading management. This will help stabilize forex rates. Trade deficit could hardly surge this year, and thus forex rates would only inch up 1-1.2% this year.

As for foreign investors, they do not look at the six-month performance, but longer term, and with Vietnam's economic structure, they do not have confidence in sustainability, so the possibility of high inflation returning is real.

Therefore, stable forex rates only make foreign investors "less worried", but it is not enough to make them feel assured about disbursing more capital. At HSC, no new foreign investor has opened account and no old investor deposit more money into their accounts.

Would the supporting policies from the Government, like bailout package or preferential lending rates, be able to improve the performances of listed firms in the coming time? To what extent will these results affect the stock market?

I expect the aforesaid supporting measures will help stimulate the aggregate demand and remove the difficulties for enterprises, but this is a scenario of early next year, not this year. The Q2 business results would be lackluster, as enterprises have been suffering high lending rates and huge inventories.

In my opinion, from now to the year's end, business performances would not rosy. Bad debts will prevent credits from coming to enterprises. So far, this issue has not been settled. Moreover, the real estate market will not see any significant change in the next six months.

I think GDP growth would only reach 4.5-5% this year, so the chance for the stock market to pick up strongly is slim. Moreover, if the European market continued to face problems, foreign capital inflows to Vietnam would remain low, bond capital would also in troubles as interest rates will drop further by year-end.

There is no ground to say stocks would go up 20-30% like many experts have forecast. The biggest concern of investors now is improving liquidity. If this was well done, the market liquidity would receive better support. In addition, it is necessary to strictly handle false and late information disclosure.

(Source: SGT)

Back to top

Better investment environment needed for FDI growth

Foreign direct investment (FDI) in Vietnam has decreased this year; if Vietnam improves its investment environment and investment promotion, and the global economy recovers, FDI in the country will increase in 2013, said Minister of Planning and Investment Bui Quang Vinh on the sidelines of the planning and investment sector's national meeting in early July.

Why did FDI in Vietnam decrease?

I think that decreases in FDI in Vietnam are due to adverse global economic conditions. Investors in the US, Japan, the Republic of Korea (RoK) and the EU have encountered many difficulties, while the EU and Japan, which make a great contribution to FDI in Vietnam, are facing a host of difficulties. The EU is seriously affected by the economic recession and public debts, while Japan is affected by the tsunami, earthquake and increasing public debts. This is why businesses from the EU and Japan cannot increase their overseas investment. This has affected FDI in Vietnam.

Another reason for the decrease is problems within the Vietnamese economy, including high inflation, macroeconomic instability, inadequate transport infrastructure and a workforce that hasn't satisfied investor's demands. All of these have made the Vietnamese investment environment less attractive.

What is your assessment of FDI in the first half of this year?

In the first half of this year, although Vietnam only attracted USD6.38 billion in FDI, equivalent to 72.3 % of the same period in 2011, disbursement came to USD5.4 billion, a year-on-year increase. This shows that foreign investors still highly rate the Vietnamese investment environment. If Vietnam improves its investment environment and investment promotions, and the global economy recovers, FDI in Vietnam will increase in 2013.

The Government has asked the Ministry of Planning and Investment to preside over investment promotion activities. How will FDI attraction be improved?

Vietnam's target is to attract large, potential investors with strong technical backgrounds and competitive products, aimed at increasing FDI and added value. To reach the target, it is necessary to define partners and markets we can work with and exploit, and groups and corporations from which investment can be attracted, while aiming to create a highly competitive investment environment.

Vietnam targets to attract USD17 billion in FDI in 2012.

(Source: Vietnam Economic News)

Back to top

NEWS IN BRIEF

Trade volume between Russia and Vietnam would rise by USD1 billion to USD4 billion in 2012, said Russian economist Elvira Nabiullina Monday (30 Jul). While addressing a Russia-Vietnam business conference in Moscow, Nabiullina, who was appointed as President Vladimir Putin's economic advisor in May, said bilateral trade turnover between the two countries has risen three-fold since 2006. The two-way trade between Russia and Vietnam was USD1.5 billion in the first five months of the year, said Nabiullina, who insisted both Russia and Vietnam still need to tap their potentials in trade. According to an estimate given by the Russian Ministry for Economic Development, which was led by Nabiullina in the previous government, trade volume between Russia and Vietnam could reach USD5 billion by 2015.

The US Department of Commerce (DOC) has preliminarily imposed an anti-dumping tariff of 188% on steel garment hangers imported from Vietnam. According to the Vietnam Competition Authority (VCA) under the Ministry of Industry and Trade (MoIT), the DOC filed countervailing duty petitions against steel garment hangers from Vietnam and Taiwan. Under the petitions, anti-dumping margins for made-in-Vietnam hangers ranged from 135.81% to 187.51%. Earlier in May, the DOC claimed that Vietnamese producers and exporters received anti subsidy countervailing duties (CVD) ranging from 11.03 to 21.25% on their steel garment hangers. As planned, its final decision on Vietnamese products will be made in December 2012. If the DOC confirms that Vietnam's subsidized steel garment hangers cause significant damages to the US industry, the US International Trade Commission (ITC) will announce its final decision in January 2013. As a result, the CVD will be then imposed on steel hangers imported from Vietnam.

The US Department of Commerce has decided to impose anti-dumping taxes of 53-60 % on made-in-Vietnam wind turbines. According to a DOC decision on July 27, the CS Wind Corporation will have to pay 53 % tax for its products and other companies 60 %. The DOC claimed that Vietnam and China dumped their wind turbines worth USD201 billion on the US market in 2011. It will also impose anti-dumping taxes of 21 – 73 % on similar products imported from China. Its final decision will be made on December 16.

The third Vietnam international advertising equipment and technology exhibition (VietAd 2012) will take place in HCM City from August 2-5. The exhibition is held by the Vietnam Advertising Association in coordination with the HCM City Advertising Association and Dong Nam Advertising and Commercial Promotion JSC. It is expected to draw the participation of 80 enterprises with 200 booths showcasing different kinds of machinery and equipment (digital printers, offset printers), LED technology (LED decoration, LED lighting) and advertising & display equipment (standee, panel). During the exhibition, there will be two seminars on the application of LED technology in advertisement and new packaging trends in the world.

Vietnam's rice exports reached approximately 4.6 million tons, worth USD2.1 billion, in the first seven months of this year, according to the Vietnam Food Association (VFA). VFA Chairman Truong Thanh Phong said that despite difficulties, Vietnam is likely to achieve its yearly target of exporting 7 million tons if the country focuses on tapping its strength and firmly retains its existing markets. The country should boost its export of high-quality products, Phong said, adding that currently, China is importing 100 % of its high-quality and fragrant rice. The VFA recommended that Vietnam should export about 20 to 25 % of its rice of lower quality as this product fails to compete with low-priced rice from India and Myanmar.

Vietnam may ship 800,000 metric tons in July, according to figures released Thursday (26 Jul) from the General Statistics Office in Hanoi, 23 % more than in the same period last year. Exports in the first seven months of the year were estimated at 4.62 million tons, down 2 % from a year earlier. The nation exported 877,000 tons in June, 17 % higher than a previous assessment of 750,000 tons, revised figures from the Statistics Office show. Vietnam exported 652,000 tons in July last year according to preliminary GSO data.

Thailand-based SCG Group has raised its stake in Binh Minh Plastics Joint Stock Company (BMP) to 20.38% from 16.73% two months ago, the company said. BMP is one of Vietnam's leading pipe and plastic products producers in Vietnam. In addition to BMP, SCG is also holding 9.82 million shares, or 22.67%, of Tien Phong Plastic Joint Stock Company. According to the HCMC Plastic Association, local firms are facing many difficulties in their business as well as in operation expansion due to the special consumption tax, low consumption and difficult access to loans. This has created a chance for foreign investors to buy shares and expand the business in this sector in Vietnam. The total assets of SCG in Vietnam has so far amounted to VND7.85 trillion, equivalent to USD380 million and up 8% from last year.

Only 34 foreign tourists have claimed value-added tax refunds at Tan Son Nhat International Airport after a month since the customs started a pilot program to this effect to make local shopping more attractive to tourists. Pham Tri Dung, a customs officer at the airport, said the VAT refunds totaled only VND67.5 million, and most of VAT refund claimants submitted bills of shopping at Duy Anh Company's fashion outlets in the city. The number of tourists asking for tax refunds is on the increase lately, however. Many visitors when polled said they were happy with the VAT refund program. Dung said the number of local enterprises joining program has also increased to 10 with 68 outlets. Normally, it takes tourists five to ten minutes to obtain the refund, depending on the amount of goods they have purchased.

Russian state-run gas monopoly Gazprom said on Monday (30 Jul) it agreed with the Vietnamese state oil group PetroVietnam on potential supplies of liquefied natural gas (LNG) to Vietnam. Gazprom Marketing and Trading Singapore, the trading arm of Russia's energy giant, and PetroVietnam signed a memorandum of understanding on possible LNG supplies, the statement said, without providing any further detail on the terms and volumes of the possible shipments. Russia's only LNG plant is located in the Pacific Island of Sakhalin. In June, Gazprom CEO Alexei Miller said the company was looking to expand its capacities by the end of 2012 to target the Asian market. Earlier this year Gazprom and PetroVietnam agreed to drill several offshore fields in the Vietnamese part of the East Sea with estimated reserves of 55.6 billion cubic meters of gas and 25.1 million tons of gas condensate.

VSMPO-Avisma Corp. (VSMO), the largest titanium producer, signed an MoU with Vietnam National Coal-Mineral Industries to develop output in the Southeast Asian nation. The companies are interested in setting up a joint venture to make titanium products, VSMPO-Avisma said in a statement on its website in 31 Jul. The terms of the deal will be discussed once Vinacomin, as the Vietnamese mining company is known, gets a license to develop titanium minerals in Binh Thuan province, the Russian metals company said. The signing was attended by Vietnamese President Truong Tan Sang, who is visiting Moscow, according to the statement.

The Prime Minister ratified a decision on a preferential financial regime for the country's first oil refinery to ensure its business efficiency and future expansion. According to a report published on the Government website www.chinhphu.vn in 27 Jul, the Dung Quat Oil Refinery will be exempted from corporate income tax of 25 % for four years, and subsequently be subject to only 10 % for 30 years, and 12.5 % for a further 9 years. Under Decision No 952/QD-TTg, the Vietnam National Oil and Gas Group (PetroVietnam) will take responsibility for approving and supplementing charter capital for the Binh Son Refining and Petro-chemical Co Ltd, the operator of Dung Quat.

The Vietnam Sugar and Sugarcane Association (VSSA) has called on the Government to scrap its system of setting individual sugar import quotas for food processing enterprises. Nguyen Hai, chairman of the association, said the Government should import a certain amount of sugar and then invite bids to balance supply and demand. Businesses which offered the best prices would be the winning tenders. Hai said the mechanism would create transparency while ensuring enterprises' demands for sugar are met. In an interview with the Vietnam News, VSSA's general secretary Ha Huu Phai said that under a World Trade Organization commitment, Vietnam was required to open its sugar market by allowing imports every year. In 2005, the country imported 25,000 tons, 2010 saw 70,000 tons imported, and the maximum this year would also be 70,000 tons.

Vinacomin has petitioned the Government to reduce the coal export tax from 20% to 10% this year to help the corporation avoid further losses. As of in June, coal stockpiles had reached 8.5 million tons, according to Nguyen Van Bien, deputy general director of Vinacomin. Despite this, Bien said Vinacomin had incurred losses of VND8 trillion (USD380 million) every year on average for several years, because it sells coal for power production at below market prices under a Government subsidy program. Importers still wanted to buy coal from Vietnam but offered buying prices lower than the production cost, said Bien. "As a result, Vinacomin dare not continue signing new export contracts because we're afraid of suffering further losses," said Bien. In the first half of 2012, Vinacomin exported nearly 7 million tons of coal. But so far this month, it has exported only 250,000 tons of coal and has no more export orders.

Nam Bay Bay (NBB) Investment Corporation has successfully transferred the Hung Vuong Commercial Centre project in Phan Thiet City to Lotte Vietnam at a cost of USD4.5 million. The 7,453 sq.m project is expected to be completed and put into operation in the third quarter of next year.

Metro Cash & Carry Vietnam broke ground for a new wholesale outlet in the Mekong Province of Kien Giang's Rach Gia City on Saturday (July 28). Metro Rach Gia - the 18th cash and carry center in Vietnam – aims to serve the growing tourism industry as well as thousands of fishery and seafood processing businesses in the province Kien Giang and the southern coastal region. With a total investment of USD15.6 million, the new center, which will begin operations in October 2012, will sell more than 25,000 food and non-food items. It will also generate more than 400 new direct jobs for the local residents.

Korea's Daelim Industrial Co Ltd planned to co-operate with the Vietnam National Petrolimex Group to start construction on the Nam Van Phong Oil Refinery Project in Khanh Hoa province in August or September, according to the management board of the Van Phong Economic Zone. Dealim and Petrolimex signed a memorandum of understanding in October last year to co-invest in the USD 3 billion project.

Vietnam's coffee exports this month dropped 7.8 % in volume and 8.6 % in value compared to June, according to the General Statistics Office. This crop is estimated to reach 1.403 million tons, or 23.38 million bags, up 29 % compared to the same period last year. Turnover is also expected to surge 30.5 % to USD2.98 billion.

The southern province of Binh Duong would set up a fund to help businesses access credit, according to the provincial People's Committee. The fund, which will have a charter capital of VND150 billion (USD7.14 million), will also help provincial small and medium-sized enterprises, especially those in farming and exports, to take out low interest loans.

Foreign lending institutions and foreign bank branches will be forbidden from using amounts in excess of 50% of their charter capital to acquire or invest in fixed assets, pursuant to Government Decree No 57/2012/ND-CP which takes effect on September 15. Under the decree, foreign lending institutions are only entitled to use their charter capital or reserve funds to buy stakes in other lending institutions or enterprises. These institutions are also required to place an amount equal to 5 % of their net, after-tax profits into reserve funds, although the total amount held in reserve funds cannot exceed the institution's charter capital. Foreign lenders and foreign bank branches are also required to allocate 10 % of their profits to provisionary funds, although the total value of these funds cannot exceed 25 % of charter capital.

Wind towers from China and Vietnam are about to get more expensive. Utility-scale wind towers from China will face anti-dumping duties from 20.85% to 72.69%, the Commerce Department said Friday (27 Jul). Towers from Vietnam face anti-dumping duties between 52.67% and 59.91%. The anti-dumping tariff, designed to counteract nations selling goods in the U.S. at below-market rates to snatch up more market share, adds to countervailing duties of between 13.74% and 26%, the department announced in May. That means some wind towers from China could face tariffs as high as nearly 100%. Both tariffs are preliminary and open to modification - potentially up or down - before Commerce and the U.S. International Trade Commission finalize them later this year or in early 2013. The tariffs on wind towers from China, a USD222 million trade business in 2011, and Vietnam, USD79 million in 2011, are small compared with the tariffs Commerce slapped on Chinese photovoltaic technology earlier this year.

Vietnam's index of industrial production (IIP) rose an estimated 6.1 % in July from the same month last year, slowing from an annual rise of 8.0 % in June, the General Statistics Office said on Monday (30 Jul). The index for the January-July period rose 4.8 % from a year ago, the office said in a monthly report. In June 2011, the General Statistics Office started using the IIP in place of a previous industrial output index that used 1994 prices as a base. It gave no value for industrial output.

The first International Seaport Festival will be held in the southern coastal province of Ba Ria-Vung Tau from November 10-12. The event is being held to promote the country's maritime economic sector, and raise public awareness of the country's sea and island sovereignty. Organized by the provincial People's Committee and Loma Global Trading Corporation, the event provides a platform for local and foreign businesses operating in the maritime sector to seek business opportunities. The festival will include a carnival, a "friendship" golf tournament, sea, ship and island photographic exhibition, a seminar on seaport development and investment, and musical performances. It also includes a trade fair where visitors can find the world's latest technologies in shipbuilding, seaport development and logistics services.

The Mekong Delta has increased its exports and attracted more investment since Vietnam joined the World Trade Organization five years ago, a seminar attended by officials from regional provinces heard in Can Tho on Tuesday. The country's most important rice, fruit, and aquatic farming region increased seafood exports by 14-22 % every year. Its rice exports have also increased every year, and the region now accounts for more than 90 % of the country's exports of the grain. It now has 612 foreign projects with a combined investment of USD9.7 billion. Its monthly per capita income virtually doubled between 2006 and 2010 to VND1.247 million. But it still grapples with problems like lack of comprehensive zoning plans, modest infrastructure, and low quality of labor, participants told the conference. Productivity and incomes here are the lowest in the country.

Mobilization interest rates may fall to 7 % in mid-2013, said governor of the State Bank of Vietnam (SBV), Nguyen Van Binh, at a meeting with businesses in Ho Chi Minh City on July 28. In response to businesses' requests to reduce loan interest rates to 10 % per year, Binh said the current interest rates of 15 % remain high. If inflation is kept at 7 %, mobilization rates for Vietnamese dong will fall to 8 % by the end of 2012 and 7 % in mid-2013, he said, adding that this will help cut loan interest rates to 10 %. In the current context of low inflation (2.22 %) over the past seven months, many international organizations have predicted that Vietnam will continue cutting interest rates until the end of 2012.

Economic and tourism cooperation was the main theme of an international seminar on East-West Economic Corridor (EWEC) held in the central province of Quang Tri on July 28. The event was attended by leaders of ministries, agencies and localities from Vietnam, Laos, Thailand and Myanmar, as well as scientists, businesses and travel agencies from Vietnam and abroad. Delegates highlighted the potential for cooperation among EWEC member countries and worked out measures to boost economic and trade ties in the region, with a focus on attracting investment and developing human resources. Participants in the seminar also proposed measures to boost regional tourism by upgrading transport networks, simplifying administrative procedures and signing cooperative agreements on travel services between the three neighboring countries.

Many UK businesses are interested in investing in Vietnamese banking, finance, and insurance, says Lord Mayor of London David Wootton. At a working session in London on July 27 with Minister of Culture, Sports and Tourism Hoang Tuan Anh, Mayor Wootton said UK enterprises are also paying attention to other fields in their strengths such as sports, tourism, infrastructure development, hospitals and harbor construction. He said he plans to visit Vietnam and some other Asian countries when the London 2012 Paralympics closes in September. He also wished Vietnamese athletes success in the ongoing Summer Olympic Games. Minister Anh, who is in London to attend the opening ceremony of the London 2012 Olympics Games, presented Vietnam's great potential and called for UK investment in sports, tourism and infrastructure development. He also said he hopes that the strategic partnership between the two countries will be promoted in the future.

Back to top

COMING EVENTS

Propack Vietnam

Venue: **Tan Binh Exhibition & Convention Centre**

446 Hoang Van Thu Street, Ward 4, Tan Binh District

Country: Ho Chi Minh City, Vietnam *Start Date:* ***13 Sep 2012*** *End date:* ***16 Sep 2012***

Event profile

Propack Vietnam is one of the leading exhibition for Food and Packaging industry in Vietnam. This is the annual event. The exhibition will be held between 13 to 16 Sep, 2012 at Tan Binh Exhibition & Convention Centre. This is the most established annual trade fair for Vietnam's F&B, food processing and packaging industry.

Exhibitors' Profile

Exhibitors includes Manufacturers and exporters of F&B, Food Additives, Ingredients, Condiments, Bakery & Confectionery, Wines & Spirits, Agricultural Supplies and Seafood, Food Processing & Packaging machinery.

Back to top

VietFood & Beverage - Vietnam

Venue: **Tan Binh Exhibition & Convention Centre**

446 Hoang Van Thu Street, Ward 4, Tan Binh District

Country: Ho Chi Minh City, Vietnam *Start Date:* ***13 Sep 2012*** *End date:* ***16 Sep 2012***

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 13 to 16 Sep, 2012 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.

Exhibitors' 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.

Back to top

Pharma Vietnam

Venue: **Tan Binh Exhibition & Convention Centre**

446 Hoang Van Thu Street, Ward 4, Tan Binh District

Country: Ho Chi Minh City, Vietnam *Start Date:* ***24 August 2012*** *End date:* ***27 August 2012***

Event profile

Pharma Vietnam, the objective of the Exhibition will be to bring together the manufacturers and suppliers of process plant and equipment, for this growing industry, all under one roof. The exhibition will provide an excellent platform for service providers to showcase their products and services to decision makers from leading Pharmaceutical manufacturers.

Exhibitors' Profile

Profile for exhibit include Electromedical Equipment / Medical Technology, Equipment & Facilities for Medical Practises, Hospitals & Health Resorts, Laboratory Equipment, Optical/Ophthalmology, Orthopaedics, Rehabilitation, Pharmacology, Dental Medicine & Stomatology, Medicines, Medical Insurance, IT in Healthcare, First Aid, Rescue & Emergency Equipment, Beauty & Beauty healthcare products, Commodities & Consumer Goods, Publications & Services.

Back to top

SecuTech Vietnam

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

Country: Ho Chi Minh City, Vietnam *Start Date:* ***22 August 2012*** *End date:* ***24 August 2012***

Event profile

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

Exhibitors' Profile

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

Back to top

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