

GENERAL REVIEW

[E-procurement system to be launched](#)
[Revised regulations for BOT, BTO, BT projects](#)
[VN business environment improves](#)
[Slow growth: Vietnam Airlines earnings falls on fuel costs](#)
[Power price proposal being considered](#)
[Viewers and advertisers flock to cable television](#)
[Auto sales up but downturn starting to bite](#)
[MOIT asks for delay of luxury tax collection on cars](#)

TRADE

[Vietnam to see exports of agro-forestry-fishery products drop in 2009](#)
[Wood exporters come home](#)
[Exporting products to depressed markets](#)

FINANCE – BANKING

[Vietnam's three big banks report positive business results in 2008](#)
[Stock market to see many new commodities](#)
[Online trading to begin in HCM City](#)
[Hong Leong Malaysia gets Vietnamese bank license](#)

ANALYSIS

[Real estate management should be handled by professional agencies](#)
[Should foreigners be allowed to own property permanently?](#)

INVESTMENT

[Top ten real estate FDI projects in 2008](#)
[PM asked to ease rules on capital for investors](#)
[2009: Investment in construction field to reduce 30%](#)
[Property investors to prosper in 2009](#)
[Crunch time for FDI attraction](#)
[Huge investment in power projects planned for 2009](#)
[Vietnam Funds Seeking Cash in 2009](#)
[Vietnam seeks foreign money to develop first transshipment port](#)
[Build a sewage treatment zone covering 1.700ha](#)
[Domestic investors pick up the slack](#)
[Glimmer of light at the end of a dark tunnel](#)
[Hydropower project investors allowed to borrow preferential loans of Indian government](#)
[Global crisis to lower FDI by two-thirds](#)
[VEC invests in four expressway construction projects](#)
[Survey exposes weak tech-levels in HCMC's industrial zones](#)
[Ground broken for condo project in HCM City](#)
[No industry underway at many planned industrial zones](#)
[PetroVietnam negotiating to choose partner for its five star hotel complex](#)
[MOC suggests solutions to rescue real estate market](#)
[Van Phong oil refinery gets nod from Government](#)
[HCMC plans new urban area as medical, educational center](#)
[Opening the door to a more transparent market](#)

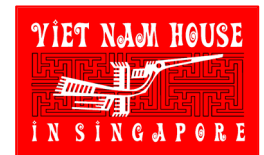
NEWS IN BRIEF

In January, 2009

COMING EVENTS

VIFA 2009, Nui Ba Festivals, Huong Pagoda & Lim Festivals (March 2009)

Supported by:



E-procurement system to be launched

The Korea International Cooperation Agency (KOICA) and the Vietnamese Department of Public Procurement (DPP) under the Ministry of Planning and Investment (MPI) announced plans to establish an electronic procurement system in Hanoi on January 16th 2009.

The project will establish a key e-bidding system, based on the Korean national e-procurement system, the Korea Online E-Procurement System (KONEPS). The system has been experimentally used by three selected parties, including the Hanoi People's Committee, the Electricity of Vietnam (EVN), and the Vietnam National Post and Telecommunications Group.

The MPI and other relevant agencies will evaluate the results before drawing up a comprehensive plan to develop the e-procurement system. The Director of DPP, Dang Huy Dong, said that before expanding the use of the system to all economic sectors, governmental bodies, state-owned enterprises and administrative agencies will be the first to benefit from the project.

(Source: VOV)

[Back to top](#)

Revised regulations for BOT, BTO, BT projects

The MPI has submitted to the Government a draft decree revising Decree No 78/2007/ND-CP of May 11, 2007, on investment in the form of build-operate-transfer (BOT), build-transfer-operate (BTO) or build-transfer (BT) contracts.

The decree would further encourage the execution of these forms of contracts for infrastructure projects such as roads, railways, airports, seaports, water treatment plants, power plants and power transmission lines. The draft decree would go further than Decree No78/2007/ND-CP in providing for investment incentives for BOT, BTO and BT projects. BOT and BTO enterprises would be entitled to corporate income tax incentives applicable to projects on the list of domains eligible for special investment incentives. They would be also exempted from import duties and land-use levies and rents on areas allocated by the State throughout the duration of the project. BT enterprises would be exempted from paying import duties on equipment and materials imported for the project.

The draft decree also relaxes some financial requirements on investors. For projects worth less than VND 1.5 tril (USD 85.7 mil), the required rate of investors' equity capital would be lowered from 20-30 percent as currently to 15 percent, while the completion guarantee would be fixed at 2% of total investment capital. The draft decree would also allow subcontracting or transferability of project contracts upon approval by competent state agencies.

Draft circular clears up investment hurdles

Investment licensing agencies would not be required to refer to regulations issued by ministries, branches or localities to decide on the grant of investment licenses, under a draft circular from the MPI to guide implementation of Government Decree No 108/2006/ND-CP of September 22, 2006.

Under the draft paper, licensing agencies would be able to base decisions solely on investment conditions specified in laws or regulations. Licensing agencies would also be forbidden to require investors to submit any documentation other than that prescribed by law.

Under the draft circular, foreign investors would be free to contribute capital to or purchase shares from a Vietnamese enterprise in accordance with international commitments and laws, unless the enterprise is engaged in a line of business subject to investment restrictions or capital contribution caps. The draft circular also contains provisions on the structure, organization and operation of foreign-invested enterprises.

Customs procedures circular released

Under Ministry of Finance's Circular No 116/2008/TT-BTC of December 4, processing contracts signed with foreign traders must be made by processors in writing or in such forms as telegraph, telex, facsimile and data message. All supplements and modifications to these contracts must be incorporated in contract annexes to be registered with customs offices before or simultaneously with carrying out procedures for export or import of the first goods lot under these contract annexes.

A processing contract of a term of over one year may be split up into several annexes for performance. Each annex must be completely realized within one year. The value of raw materials and supplies imported for processing can be accepted by customs offices only if indicated by commercial invoices included in the import dossiers. For raw materials and supplies purchased by foreign traders and delivered to processors by third parties, customs dossiers for imported lots of these materials and supplies must also contain notices for processors to receive them from the third parties.

(Source: MPI & VietnamNews)

[Back to top](#)

VN business environment improves

Some of the most difficult obstacles facing small and medium-sized enterprises (SMEs) include capital shortages and access to credit, according to the results of a recent survey. The survey included over 2,500 enterprises in 10 cities and provinces nationwide, which was carried out by the Danish International Development Agency (DANIDA) and the Central Institute for Economic Management (CIEM) on Thursday (15 Jan, 2009).

According to the survey, only 11% of surveyed enterprises thought competition was a barrier to the development process, proving that difficulties in in competitive levels decreased step by step, and that the domestic business environment has improved compared to DANIDA'S survey in 2005.

Many of the enterprises interviewed claimed that improving policies, abolishing cumbersome administrative procedures and assisting marketing activities are necessary, but that creating favorable conditions for enterprises to get credit easily would be the best support the Government could give to them.

Following the survey, only 36% of investigated applied for bank loans. One-fifth of them were refused. The remaining 64% of enterprises who need irregular loans are also facing obstacles. The survey shows that enterprises finding it hard to get credit on the market often seek out unofficial credit sources.

(Source: VNS)

[Back to top](#)

Slow growth: Vietnam Airlines earnings falls on fuel costs

Viiip.com - State-owned Vietnam Airlines Corp. said that pretax profit was 35% to VND 240 bil (USD 13.7 mil) in 2008 as fuel prices jumped and the economy slowed down on Thursday (08-01-2009).

According to a statement, fuel costs soared to VND 9.6 tril (USD 563.9 mil) in 2008 from VND7.5 tril (USD 429 mil) in 2007. The global economic dropdown cut demand for air travel in the last few months of 2008, the statement showed. "Vietnam Airlines has never faced a lot of difficulties as it did in 2008," CEO Pham Ngoc Minh spoke in a separate statement. The carrier's pretax profit came VND 370 bil (USD 21.7 mil) in 2007.

Based on the statement, the number of foreign passengers transported by the airline grew by 11% in 2008, slower than the 14 % compared to 2007. Vietnam Airlines leads to avoid "underperforming" as a profound global recession may further cut down demand for air travel, said by the statement. The airline's revenue raised 31 % last year to VND 26.6 tril (USD 1.5 bil) from carrying a total of 8.8 million passengers. Vietnam Airlines runs 50 planes and intends to extend to 104 by 2015 and to 150 planes by 2020. The transporter currently flies to 19 domestic cities and 23 overseas destinations.

(Source: NAT)

[Back to top](#)

Power price proposal being considered

Vietnam may raise retail electricity prices by as much as 10%, under a proposal for higher prices submitted to the government. The Ministry of Industry and Trade (MOIT) has proposed two options for a power price rise in 2009, by 8.3% or by more than 9.5%. The current average retail price in Vietnam is VND 860 (USD 5 cents)/kilowatt-hour, with power for production costing more than power for household use.

The proposed increases are reasonable as the average global price is 7 cents, Deputy Industry and Trade Minister Bui Xuan Khu said. Higher power prices were inevitable because the country is facing an electricity shortage in the future, Khu said.

Hydropower plants made good profits with the current prices, but last year they couldn't offset the losses that thermal plants incurred, he said. "This will not encourage investment into the power sector and constant power cuts will occur again in the future," he said. MOIT was not asking for a delay in power price rise as some newspapers had reported, Khu said, noting the proposal for new prices was submitted to the government on December 15. He said the government would make a final decision about whether and when to raise prices, depending on the economic situation this year. "It will be very difficult for the economy in 2009. Incorrect calculations will have a negative impact [on the economy]." Exports have been hit hard by the falling demand, causing many companies to cut back on production, he said.

According to the ministry, important factors such as inflation, foreign exchange rates and economic growth were all taken into consideration when it calculated the prices in the two proposed pricing options. However, if oil prices continue to fall, the proposal may need to be revised, Khu said.

Oil has fallen more than USD 100 from a record peak of over USD 147 a barrel in July, as the global economic downturn hit demand for fuel. It settled at USD 33.87 a barrel on December 19, the lowest level since February 10, 2004.

The Ministry of Finance, responsible for assessing the power price proposal, said it would evaluate the new prices based on input costs and consumers' spending capacity. In 2008 power demand, led by industry, jumped around 16% while supply only rose 12%, forcing the government to import electricity from China and rotate power outages across the country.

Soaring demand also led the national utility Electricity of Vietnam (EVN) to plan to invest USD 3 bil a year to build 33,200 MW of new generation capacity by 2015. EVN itself had earlier submitted a plan to the government, proposing 15-20% increases in the retail prices of electricity. The utility currently controls all transmission grids and network of retailers including Hanoi Electricity Company and Ho Chi Minh City Electricity Company.

Deputy Minister Bui Xuan Khu said his ministry proposed lower price increases than EVN because if prices were raised too high, production would not be boosted. He said the Industry and Trade Ministry also proposed that power price increases of less than 7% would be decided by the ministry and EVN, instead of waiting for approval from the government. Vietnam plans to generate about 83.3 billion kilowatt-hours of power this year to support an economy targeted to grow by 6.5 %.

More from China

(Bloomberg) China, the world's second-biggest energy consumer, exported 23% more electricity to neighboring Vietnam in 2008 as the global recession slowed domestic demand.

China Southern Power Grid Co., the smaller of the country's two electricity distributors, sold 3.16 million megawatt-hours to Vietnam for USD 142 mil, the state-owned Assets Supervision and Administration Commission said in a statement on its website.

The global recession has slashed demand for Chinese exports, resulting in a drop in domestic electricity use and prompting power generators and distributors to look overseas for expansion. Vietnam is under pressure to speed construction of electricity infrastructure to end shortages.

China started supplying electricity to Vietnam from China Southern Power's unit in Yunnan province in September 2004, the commission said. Accumulative sales to Vietnam reached USD 306 mil as of the end of last

year, according to the statement. China may face a surplus of electricity within the next two years as demand falls and more capacity comes online, said by Wang Siqiang, a deputy director at the National Energy Administration. (Source: Agencies)

[Back to top](#)

Viewers and advertisers flock to cable television

Since subscription television arrived in Vietnam in 1992, cable TV has boomed, generating substantial profits for providers. The first cable TV provider in the country was a joint venture between a Ho Chi Minh City-based tourism company and the national broadcaster, Vietnam Television. However, Saigon Tourist Cable Television Company, commonly known as SCTV, was not an instant success. Local viewers were slow to change their TV-is-free mindset and, at first, few people were willing to pay for better transmission quality and more channels, including foreign channels. It took SCTV many years to attract subscribers, mainly in HCMC and some neighboring provinces.

Nguyen Tan Khoa, deputy head of SCTV's planning and investment division, said the company now had about 300,000 subscribers, which means the company earns VND 20- 26 bil (USD 1.14 - 1.48 mil) from monthly subscription fees, not counting earnings from advertisements. After SCTV, several other pay-TV providers appeared on the scene, including offshoots of two leading networks in Vietnam, Vietnam Television and Ho Chi Minh City Television. Since the government allowed state media organizations to do business independently three years ago, almost all networks have set up their own cable TV arms.

TV stations are not the only ones seeking a share of the pay - TV market. The state-owned Vietnam Posts and Telecommunications Group, which invested USD 200 mil in Vietnam's first satellite VINASAT-1, has cooperated with Vietnam Multimedia Corporation to provide digital and satellite TV services. The latter started broadcasting its three high-definition channels on Tuesday (14-01). Attracting more subscribers is certainly the priority but selling more advertising is equally important.

An analyst said there were about 100 channels in Vietnam, with three stations owning more than eight channels each. Analysts said the appearance of many cable channels, especially entertainment and leisure channels, had helped meet a high demand for advertising of businesses.

A report of a market research firm in HCMC said in October 2007, when the economy was growing at a fast pace, all television networks in Hanoi, HCMC, Can Tho and Da Nang earned USD 33.8 mil from advertising. Vietnam Television alone received USD 11.6 mil. Many cable channels allow program producers to buy air time from the network and onsell it to advertisers. This has created a rush of media companies wanting the right to sell advertising spots on the channels. For instance, a manager of a media company, who wished to be unnamed, said since November last year the company had been allotted 60 % of the air time on VCTV12, a lifestyle cable television of Vietnam Television. In exchange, the company needs to generate an annual profit of around VND6 billion (USD 344,000) for the network, he said.

SuperStar Corporation has worked together with both SCTV and Vietnam Television to develop Yeah1, a cable channel for teenagers. SuperStar said it would expand the project and provide more services under the name Yeah1, including a website, a theme park and a magazine for teens. DFJ VinaCapital L.P., a USD 25 mil venture capital fund managed jointly by Draper Fisher Jervetson and VinaCapital, has recently announced that it would invest in the project. "TV is the fastest medium to help us approach our customers," said Dao Phuc Tri, managing director of SuperStar. Tri said his company has set aside reserve funds in case earnings from advertisement are affected by the economic downturn. "At this point we are only focusing on building the brand by improving the quality of the channel. After that we will start thinking about earning money."

(Source: TBKTSG/TN)

[Back to top](#)

[Auto sales up but downturn starting to bite](#)

Automobile sales in Vietnam rose 37% to more than 110,000 units in 2008 from just over 80,000 the previous year despite falling sales in the second half, manufacturers said Friday (09-01-2009).

Toyota Motor Corp. retained its pole position among the manufacturers with January to December sales surging 21 % from a year earlier to 24,421 vehicles, followed by domestic carmakers Vinamotor, with 20,887 units, and Truong Hai, with 16,373 units sold, according to the Vietnam Automobile Manufacturers' Association (VAMA).

In total, the group's 17 members sold 110,186 locally manufactured vehicles, including cars, trucks and buses, compared to 80,392 in 2007. Sales fell sharply in the second half, as high inflation and new vehicle taxes at home and the global economic slowdown hit Vietnamese consumers. Only 9,293 vehicles were sold in December – the fifth month in a row when sales fell, with a drop of 23 % against the same month of 2007. Dealers say demand will slow significantly in 2009 after the government tripled registration fees to up to 15 % of a car's purchase price from August last year, adding to the effects of the economic slowdown.

VAMA last month asked the government for tax relief to help boost the sector, media reports said. Industry and Trade Deputy Minister Le Duy Quang promised to consider the request but said the drop in automobile sales was due to the wider economic slowdown rather than taxes.

(Source: Agencies)

[Back to top](#)

[MOIT asks for delay of luxury tax collection on cars](#)

The Ministry of Industry and Trade (MOIT) has sent a dispatch to the government, asking it to temporarily halt the increase of the ownership registration tax, luxury tax and value added tax on vehicles of all kinds in order to help ease difficulties on the automobile industry.

In the dispatch sent to the government on January 5th 2009, MOIT said that by the end of September 2008, some 110,000 cars had been sold, which made automobile manufacturers believe that they would be able to sell some 130,000 cars in 2008. However, sales have been poor since the end of August. The policy on tightening credit installed by commercial banks and the global economic recession led sales to decrease by half in the last four months of 2008. As a result, many manufacturers have had to halt production. Some members of the Viet Nam Automobile Manufacturers' Association have laid off 20-30% of their workers.

The world's automobile industry has also been falling into serious difficulties. Toyota has for the first time announced a loss, China has reported big stocks of millions of cars, while three big US automobile manufacturers are on the verge of bankruptcy. The governments of all countries which have automobile industries are taking strong measures to rescue their automobile industries. MOIT has, therefore, asked the government to consider delaying the luxury and VAT tax increases for all kinds of vehicles. If it is unable to delay the application on all kinds of vehicles, it asked that the delay still be applied for trucks and buses, as these are vehicles serving production and services, and they are the main subjects of the automobile industry programming.

As for cars with less than nine seats, the new tax rates should not be applied to ones assembled with car part sets imported prior to January 1, 2009. Moreover, MOIT has also asked for a delay of the application of the new car ownership registration tax (which is higher than the previous one) in order to help enterprises clear big stocks of cars. MOIT has also asked the government to call for commercial banks to lend capital to cargo and passenger transport firms, including taxi firms, to help them purchase vehicles. It has asked the government to consider setting up policies on giving support in interest rates to bus and truck manufacturers and assemblers.

Prior to that, the Viet Nam Automobile Manufacturers' Association (VAMA) sent a petition to the Ministries of Finance, and Industry and Trade, asking them to delay the implementation of VAT and luxury tax laws and the application of the new car ownership registration tax.

(Source: VNE)

[Back to top](#)

Vietnam to see exports of agro-forestry-fishery products drop in 2009

Vietnam Ministry of Agriculture and Rural Development forecasts that the country's exports turnover of agro-forestry-fishery products will decrease by USD 4.5 to 12.5 bil in 2009.

According to Vice Chairman of the Vietnam Association of Wood and Forestry (VIFORES) Nguyen Ton Quyen, the country's export turnover from wood products would drop by 50 % right in the first quarter of this year due to sharp fall demand from foreign importers. The gloomy situation fueled by the global economic crisis will not only strike the country's wood products export but also impact other kinds of produce, said the ministry.

Vietnamese Association of Seafood Exporters and Producers (VASEP) forecasts that the country's seafood export will decrease by between 15 and 20 % this year as demands from the European Union, the United States and Japan will register the sharpest fall. Seafood businesses should pay more attention to improving their products' quality instead of quantity in the years to come, said Vice Chairman of VASEP Nguyen Huu Dung. The country's rice exporters will also face fiercer international competition this year, according to the ministry. The ministry has advised local farmers and businesses to improve the quality of agricultural products for export in order to sharpen competitiveness and expand into new overseas markets.

(Source: vnbusinessnews)

[Back to top](#)

Wood exporters come home

Facing with a dwindling overseas market, Vietnamese wood producers are turning back to the domestic market to survive the economic slowdown, an industry association said.

Wood products are still an export staple, earning USD 2.8 bil in 2008. However, as demand for wood furniture has declined in major markets, including the US and European Union, the yearly export growth rate was just 16 % in 2008, only half of the previous year. "We should embrace the home market as we deal with the downturn," Nguyen Chien Thang, chairman of Ho Chi Minh City's Handicraft and Wood Industry Association, said at a party held by the association to honor the handicraft and wood industry. Thang told it would be harder this year for local wood processors to find foreign customers than it had been over the past few years. Many of them could have to sign short-term contracts, he said. But the homecoming would not be easy as many producers didn't have enough experience to compete on the domestic market after pursuing foreign customers for so long, he said.

Additionally, the number of foreign tourists, who are often big purchasers of local wood handicrafts as souvenirs, has also reduced due to the global economic slump. The tourist sector witnessed near-zero growth in terms of foreign arrivals last year. The association would collaborate with local supermarkets, which would help introduce their products to local consumers, Thang said. The association members could also team up to develop their own retail outlets.

Nguyen Ton Quyen, vice chairman of Vietnam Timber and Forest Product Association (Vietfores), said that with export turnovers of USD2.8 billion in 2008, the wood industry missed its year target for the first time in eight years. The original target was USD 3.2 bil. Vietfores expected this year's turnover growth rate to reach between 8 and 10 %, the lowest growth in the past 10 years, Quyen was cited by the Saigon Economic Times magazine as saying.

(Source: Minh Quang)

[Back to top](#)

Exporting products to depressed markets

Major Vietnamese export markets like the US, Japan and the EU are falling into depression. One of the areas in which the Government will stimulate investment this year is products of high export value. However, the World Bank has forecast that the volume of goods transacted in the market in 2009 will decrease by 2.1%. In developing

countries, export growth will shrink to 3%, a sharp contrast to the average growth rate of 15% over the past five years.

At present, cassava starch exported to China is sitting idle at northern border gates. Some Vietnamese products such as watermelon, fresh areca nuts, litchi and rubber have faced the same problem over the past years as Vietnamese businesses continue operating inefficiently due to lack of transparency in terms of market.

Businesses need to master information sharing on their capacity for production and supply as well as their ability to deliver products in each period. Unfortunately, such information is too sketchy for businesses to make sound decision regarding a number of agricultural products in stock. Prime Minister Nguyen Tan Dung related at a recent agriculture and rural development conference that when he asked about the shrimp and rice cultivation in one province, for instance, local party and administration leaders gave different answers. They seemed unclear as to when and how much products would be sold to earn record profits. This typical example of poor information forecasting is a common occurrence in Vietnam. When a plan to develop tra and basa catfish in the Mekong delta region was launched in October, 2008 the fisheries association in An Giang province – the nation's leading catfish producers they found that much important data for 2009 and 2010 was either outdated or contradicted.

The National Assembly set an export growth target of 13 %, instead of 19 % in 2009. However, market experts said that the target is still too demanding for Vietnam to achieve as the World Bank forecast the export growth rate in developing countries at 3 %.

National export activities are being seriously affected by the world economic slowdown. A private business in northern Hai Duong province, which exported thousands of tons of roast suckling pigs to Hong Kong, Taiwan and some other markets reported that its export volume has fallen steeply in last months of 2008 because these markets simultaneously stopped importing such meat. Consequently, a number of farmers who supply suckling pigs to the business also fared no better.

Some seafood export businesses said that many importers cancelled their orders in 2008 due to a declining demand. Therefore, many processing factories in the south have to narrow their production and many workers have lost jobs. This is a manifestation of the impact of the global financial meltdown on the domestic market.

In the international integration process, tariff barriers are to be removed across the board while non-tariff barriers will become more complicated. It means that the world market is more open for Vietnamese products but much more demanding in terms of meeting requirements concerning quality and branding. For example fruit which meets certain specification for both size and color can be sold in the supermarket in the European markets.

Nguyen Ngoc Son, Vietnamese ambassador to Switzerland, said that although mangoes imported from Thailand and Pakistan are not as delicious as the Vietnamese mango, they are available in the market. According to Swiss importers, Vietnamese mango tastes better but the quality is too variable so it does not meet the requirement for bulk orders. The first batch of fruit is good but the following batches come up short because some Vietnamese businesses do not deal in good faith and break contracts with clients, badly affecting the whole Vietnamese business community.

Major Vietnamese export markets such as the US, Japan and the EU are falling into depression. Meanwhile Vietnamese footwear imported to the EU won't enjoy the Generalized System of Preferences (GSP) tax any longer while Chinese garment products imported to the US have had their tariffs removed. However, these demanding requirements provide an opportunity for businesses and entrepreneurs to show the world what they can do.

Despite the decline in the export market due to the impact of the global economic downturn and the strict requirements of traditional markets, many enterprises are still actively finding markets and accelerating exports. For example, Vietnamese businesses are focusing on low-income customers in the US who are looking for cheap products. Businesses share their experience that demands for goods in the African market are high.

In addition it is an easy market to enter and imposes few technical barriers and tariffs. However, businesses are hard-pressed to find suitable payment methods. Many small products have high export value and potential

products include suitcases, bags, umbrellas, rubber products, iron, and electric wires and cables. A number of support policies have been devised for export businesses, including helping them access preferential loans from banks, cutting loan rates, giving credit guarantees for some agricultural products and creating favorable conditions for them to reduce prices and improve their competitive edge.

The more difficult the world market is the more risks businesses will face. Therefore, businesses should be very careful in their operations. In addition to Government support, associations should play key role in providing information for businesses. Another important information channel that businesses ignore is the Vietnamese trade offices overseas, which can provide accurate information about foreign partners, helping domestic ones minimize risk when signing contracts. Further, businesses should know how to find new markets for old products.

(Source: VOV)

[Back to top](#)

INVESTMENT

Top ten real estate FDI projects in 2008

The MPI recently announced top ten foreign direct investment (FDI) projects in real estate sector with a total pledged capital of up to nearly USD 19 bil, accounting for over 30% of the total registered FDI capital of USD64 bil invested in Vietnam in the year 2008.

These property projects were mainly into spa areas, hotel and tourism (35%), office and apartments (42%), new urban areas (19%) and industrial and export processing zones (4%). Out of top ten property FDI projects, investors mainly focused on southern and coastal areas. Notably, three biggest FDI projects were in HCM City and two southern provinces of Ba Ria Vung Tau and Phu Yen.

Top ten real estate FDI projects include:

- ✚ New City Vietnam Ltd., Co. in the southern province of Phu Yen has a total investment capital of USD 4.34 bil.
- ✚ Ho Tram (Tram Lake) Project Ltd., Co. in the southern province of Ba Ria –Vung Tau has total investment of USD 4.23 bil.
- ✚ Berjaya Vietnam International University Urban one member Ltd., Co. in HCM City has a total investment of USD 3.5 bil.
- ✚ Starbay Vietnam One Member Ltd., Co. in the southern province of Kien Giang has a total investment of USD 1.648 bil.
- ✚ Good Choice USA-Vietnam Ltd., Co. in the southern province of Ba Ria –Vung Tau has total investment of USD 1.299 bil.
- ✚ TA Associates Vietnam Ltd., Co. in HCM City has a total investment of USD 1.207 bil.
- ✚ Vietnam Financial Centre Ltd., Co. in HCM City has a total investment of USD 930 mil.
- ✚ Water Front City Ltd., Co. in the southern province of Dong Nai has a total investment of USD 750 mil.
- ✚ Vietnam-Japan Human Resource Development Joint Stock Co in HCM City has a total investment of USD 610.3 mil.
- ✚ Aqua City Joint Stock Co in the southern province of Dong Nai has total investment of USD 518.75 mil.

(Source: CafeF)

[Back to top](#)

PM asked to ease rules on capital for investors

The Ministry of Construction has just sent a proposal PM Nguyen Tan Dung asking him to permit investors to mobilize capital before the foundations on their projects are completed.

Currently, even though the practice is illegal, real-estate investors engage in it anyway. The ministry's proposal is actually stemming from the Viet Nam Real-Estate Association. In fact, according to the ministry, many investors have gotten around the current regulation by borrowing capital or contributing capital. If the law is changed, the capital being mobilized from real-estate buyers will be controlled through banks rather than under the table.

The ministry also proposes the Government restructure loans in an additional effort to solve the property companies' shortage of capital that is being exacerbated by the slowing of the property market. According to the ministry, the most effective method for property companies to help mobilize capital is by establishing a new financial institution. Besides proposals sent to the Government, the ministry also demands provinces set up funds to assist housing construction. In terms of taxes, the ministry suggests a reduction in personal income tax for first-time home buyers. In reverse, it finds that aggressive taxes should be applied to people, who have a lot of lands and houses or to people who have houses but are not using them. To people with low income, the ministry suggests the Government reduce the registration tax or exempt them from it when buying a house.

(Source: VNS)

[Back to top](#)

2009: Investment in construction field to reduce 30%

Viipip.com - Investment into construction markets of Southeast Asia is estimated to be reduced from 16% to 32% in 2009. Many projects will be declined for lack of capital. This figure is said by the report on "An overview on building markets of Southeast Asia and Hong Kong facing of the global economic recession" held by BCI Asia revealing on 23 Dec. According to the report, the value of construction projects in 2009 will be decreased sharply from USD 14bil in 2008 to USD 18bil in 2009. If the worst case happens, investment resources for construction may get only USD 96bil.

All datum asserted that 2009 will be the year which building industry will come into the worst pessimistic situation, said by Mr. Thor Kerr, CEO of BCI Asia. There will be a lot of projects lacking of capital. Thor Kerr analyzed, "The economic climate will decline, investors may delay in pouring capital into projects on offices, hotels, recreation centers, and retail centers".

(Source: NAT)

[Back to top](#)

Property investors to prosper in 2009

Real estate investors who are financially strong and possess sound investment strategies should prosper in 2009, according to market experts. Industry experts say the New Year will likely create opportunities for investors to develop projects and receive attractive returns.

Land prices have been dropping dramatically, which will help property developers hasten work on land clearance issues. Developers will also be able to significantly cut costs since the prices of many building materials have fallen sharply. In addition, the demand for housing of different kinds remains high, with the price of apartments at projects that have either been completed or still under construction stable. Among those are the Manor and Golden Westlake in Ha Noi. Property projects whose owners have gained high prestige in the community are also much in demand, including investors like Keangnam and Hyundai RNC, and Vincom and Indochina Capital. Although their projects, including Ha Noi Landmark Tower, StarClass, Vincom Park Place and Indochina Plaza Ha Noi, are now in the first stage of construction, many people want to buy their apartments. Keangnam sold all of its 400 luxury apartments right after the firm showed its model apartments, as have Vincom and Hyundai RNC.

Meanwhile, the market for low- and medium-income earners still has potential since the country has an average of 50,000 new families each year, most of them with no homes.

Sifting out the bad boys

Experts, however, said that not all real estate investors could benefit from such market advantages.

Le Hung, General Director of the Hoang Anh JSC, said in the past many enterprises did not have financial capacity but they still participated in developing property projects with capital being raised from people who wanted to buy their apartments. "Now the Housing Law requires property project developers to finish the construction of foundations for their commercial buildings before mobilizing capital from customers," Hung said. "This means that property investors must prepare certain capital sources when they want to participate in property projects," Hung said. In addition, most consumers now had good understanding of legal regulations so they will choose projects that meet such requirements, he said. Unqualified real estate enterprises will be put out of this lucrative game, Hung added. Industry insiders said in 2008 was a difficult one for the sector and challenges would continue in 2009, particularly those who lack capital and business experience.

According to HCM City's Planning and Investment Department's figures, some of which are incomplete, the city now has more than 5,000 companies involved in real estate. However, according to Nguyen Xuan Chau, general director of the Novahomes Joint Stock Company, the number of enterprises that have financial capacity to develop projects are 200, of which only 100 have enough capital or expertise to overcome the market's current hardships. To survive, many inferior companies have had to invest in other industries or sell their projects. Mergers have also been another option for many small enterprises to exist, Chau said. Indeed, a majority of Vietnamese real estate companies have limited capital so they have to rely on bank loans.

According to the central bank's report, by November 2008 the entire banking sector's total loans put into the real estate sector was VND115 trillion (nearly USUSD6.8 billion), 73.9 % of which had been poured into Ha Noi and HCM City markets. In HCM City alone, commercial banks injected VND 61.2 tril into property projects. The bank loan-based property enterprises encountered financial problems when the real estate and financial markets changed as they did during in 2008. In particular, many of them are faced with bank debts equal to thousands of billions in Vietnamese dong.

(Source: VNS)

[Back to top](#)

Crunch time for FDI attraction

2009 is forecast to be a tough year for countries to attract foreign direct investment (FDI) capital due to the far-reaching impact of the global economic and financial turmoil. Viet Nam is no exception.

In 2007 and 2008, Viet Nam attracted a total FDI capital of USD 85 bil, increasing twenty fold as compared to the total volume of FDI for the 19 previous years combined. The FDI sector grew and flourished thanks to an increasing number of newly licensed projects, and the volume of registered and disbursed capital.

To date, more than 4,000 FDI projects have been put into operation, contributing 40.7% of the country's industrial production value. In 2008, the sector generated 28% of the country's GDP against 16% in 2004. There was no denying that it provided fresh impetus to the domestic economy to maintain its GDP growth rate of 6.25% in 2008.

Economists attribute the success to investors' trust in Vietnam's development prospects and its efforts to improve the investment environment and socio-political stability, gradually finalize market economy institutions, and open up its markets under its commitments to the World Trade Organization.

Slow progress

However, economists are skeptical of the implementation of big projects capitalized at more than USD1 bil each because many big international groups and companies have felt the pinch of global financial woes. In addition, "bottlenecks" in the national economy, particularly poor infrastructure and a lack of qualified human resources, are expected to obstruct the disbursement of FDI committed in 2008.

According to economists, the ratio of investment in manufacturing and export industries remains low while the property market attracts a huge amount of FDI. Vietnam needs investment to be poured into infrastructure construction, especially road and hydro-electric power plant projects. However, there are few such projects in the form of Build-Operate-Transfer (BOT) and Build-Transfer (BT).

Dr Nguyen Anh Tuan, editor in chief of Bao Dau Tu points to the fact that slow progress has been made in administrative reform, especially in adopting administrative procedures concerning land and site clearance. He says cumbersome procedures continue to hamper the pace of investment projects in several localities.

Meanwhile, The International Monetary Fund (IMF) has forecasted that overseas remittances are likely to fall by 20 % in 2009 and the amount remitted to developing countries will be USD 40 bil less than in 2008. Viet Nam is forecast to attract USD 20 bil in FDI in 2009, of which USD 11-12 bil will be disbursed.

(Source: VOV)

[Back to top](#)

Huge investment in power projects planned for 2009

The Viet Nam Electricity Group (EVN) has reported that it will invest almost 50 trillion VND in electricity generation sources during 2009, including nuclear power plants. The State-run business revealed that it has raised 44.39 trillion VND so far and is actively seeking the remaining 5.6 trillion VND.

To make up the shortfall, the national group said that it would make full use of official development assistance (ODA) and preferential credit sources, seek commercial loans, and ensure the smooth progress of an approved plan to issue 4 trillion VND worth of bonds. With the planned investment, EVN will strive to put into operation nine electricity plants with a combined capacity of 2,696 MW and commence construction of four thermal-electricity plants, capable of producing 3,800 MW in total, this year. The group is also finalizing reports regarding investments in two nuclear power projects, Ninh Thuan 1 and 2, to be submitted to the National Assembly before April 2009.

(Source: VNA)

[Back to top](#)

Vietnam Funds Seeking Cash in 2009

Vietnam's Indochina Capital Corp. and VinaCapital Group are trying to raise money, testing investor confidence as the nation's export-driven economic growth is slowing and emerging markets are slumping.

VinaCapital, Vietnam's biggest investment firm with USD 1.9 bil in assets is in talks with investors to start real-estate and private-equity funds, CEO Don Lam said in Ho Chi Minh City. *Indochina Capital*, which manages about USD 750 mil in assets, plans to close its biggest property portfolio this year, said Rick Mayo-Smith, co-chairman of the firm which is based in the same city.

Vietnam's stock market was Asia's worst performer in 2008 as the economy grew at its slowest pace since 1999, hurt by slumping demand for the country's exports. Emerging-market equity investors withdrew a record USD 48.3 bil from their funds in 2008, said Cambridge, Massachusetts-based EPFR Global, which provides investment flow data globally. "In the past, when Vietnam's market was hot, some investors were starting to look at emerging markets," said Kelvin Chan, a senior vice-president at Partners Group, which invests in private-equity and hedge funds. "Markets are now very difficult; investors are getting more cautious."

Adverse Investors

The Ho Chi Minh City Stock Exchange's VN Index tumbled 69% in dollar terms last year, and HSBC Holdings Plc is predicting a 5 % decline for 2009. More than a quarter of the companies trading on the exchange may be moved to a smaller bourse in Hanoi because they fail to meet minimum capital requirements, the State Securities Commission said on Jan. 6.

Investors are averse to “more risky, younger markets” such as Vietnam, preferring more developed markets in Asia where companies’ valuations have also fallen, said Singapore-based Chan, who hasn’t invested in Vietnam funds that have approached him in the last two years.

The MSCI Emerging Markets Index, which tracks 746 companies in developing nations worldwide, dropped 54 percent in 2008, the worst annual performance since the measure was created in 1987.

The pace of fundraisings by private-equity funds focusing on emerging markets will slow further this year, as they face a “much more challenging” environment, Sarah Alexander, president of Washington-based Emerging Markets Private Equity Association, said last month. The funds raised 7 percent more money last year, compared with the year-on-year increase of 78 percent in 2007, according to the industry group.

Low Key

Mekong Capital, which manages USD 185 mil, is cutting the target for its third private-equity fund to USD250 million from USD 300 mil, said Nguyen Tran To Uyen, a director at the firm in Ho Chi Minh City. The firm plans to raise the money from April until early December, she said.

VinaCapital is starting “a selective roadshow” to raise funds, said Lam. “Our placement agent has requested that we keep it low key till the cornerstone investors sign up,” he said.

The VN Index last year had the biggest loss since 2000 when Vietnam started its first exchange. The index fell 0.2 percent to 305.4 as of 10:25 a.m. local time. Vietnam’s economy will expand 5 percent in 2009, the slowest pace in a decade, the Washington-based International Monetary Fund said in a report on Dec. 4.

The VN Index surged almost fivefold in the two years to a March 2007 peak as the economy grew at the fastest pace in a decade. As growth quickened, so did incomes and investment, pushing inflation to a peak of 28.3 percent in August 2007, the fastest in at least 16 years, and prompting the central bank to raise interest rates to 14 percent. Policy makers have since slashed rates to 8.5 percent.

Optimism

Vietnam’s fund industry recorded its worst average return in 2008. Funds that invest in stocks and other assets lost 53 percent, according to LCF Rothschild Emerging Market Funds Research in London. The 17 funds, many of them listed in London or Dublin, gained 25 percent in 2007 and more than doubled the year before. “Vietnam’s fundamentals are worsening a little bit,” Andrej Hrovat, who manages the RH&P Global Value Fund in Basel said. “For the next 12 months, it will really be challenging.” The fund sold some shares in London-listed VinaCapital Vietnam Opportunity Fund Ltd. last year, according to data compiled by Bloomberg. Hrovat declined to confirm the sale.

The PXP Vietnam Fund, an equity-only fund managed by Ho Chi Minh City-based PXP Vietnam Asset Management, lost 71 percent last year, the biggest decline, according to LCF Rothschild. It was the best-performing Vietnam equities portfolio in 2007. Kevin Snowball, co-founder of PXP, said he’s starting the Vietnam Value Fund, which will raise as much as USD 200 million. He manages USD 225 million at PXP. Dragon Capital Group Ltd. may start new funds, expanding Vietnam’s oldest investment firm’s offerings beyond equities, debt, real estate and resources, said John Shrimpton, who co-founded Dragon 14 years ago. The Ho Chi Minh City-based firm’s Vietnam Growth Fund Ltd., which invests in equities, lost 61 percent, said LCF Rothschild. It gained 37 percent in 2007. “Are we deterred by things being tough? No,” Shrimpton said. “I remain the absolute vanguard of the optimists for this country; there’s a huge amount going for it.”

(Source: N.I)

[Back to top](#)

Vietnam seeks foreign money to develop first transshipment port

The government is looking for foreign investors to build the country’s first international transit port in Khanh Hoa Province, one year after it briefly shelved the port’s groundbreaking. In a recent dispatch sent to the project’s major investor, Vietnam National Shipping Lines (Vinalines), and the Ministry of Transport, Deputy Prime

Minister Hoang Trung Hai has asked the ministry to scout for foreign investors to develop Van Phong International Transit Port at the eponymous bay, one of Khanh Hoa's most treasured sites.

In January of 2008, the Government Office had ordered Khanh Hoa authorities and Vinalines to halt the project after South Korean steel giant Posco offered to invest an initial amount of USD5.8 bil to build a steel and thermal power complex at the site of the project. But at the end of last year, the government rejected Posco's proposal due to fears it would hurt the environment, and asked Khanh Hoa to tell Posco to choose another site. Former Vinalines director Chu Quang Thu said Van Phong, once ready, would enable Vietnam to stop depending on Hong Kong and Singapore for transshipping containers bound for Europe and North America, saving USD 101-231 per container.

(Source: Agencies)

[Back to top](#)

Build a sewage treatment zone covering 1.700ha

Viiip.com - According to People's Committee of HCMC, Tan Thanh sewage disposal area (located at Tan Thanh Commune, Thu Thua Dist., Long An) is still capable of receiving a large amount of garbage. The authorities of HCMC suggested Long An's submit to the Government that Tan Thanh IP will have the function of disposing harmful waste and expanded the scale of receiving garbage from neighboring localities in Southern areas.

Total area of the IP covers over 1.700ha. HCMC is implementing compensation for de-allocation. Tan Thanh IP is being built, planned to call for investment and to expand greenery planting project...

Ho Chi Minh City is an economic hub of Vietnam Southern Key Economic Zone which is surrounded by other 7 provinces (including Long An Province).

(Source: NAT)

[Back to top](#)

Domestic investors pick up the slack

Despite continued economic difficulties, property services firm CB Richards Ellis (CBRE) is forecasting a positive trend for the country's real-estate market. Among such developments will be a change in investors from foreigners to locals with regard to major projects. This is primarily due to the financial difficulties many foreigners are expected to face in 2009.

The Binh Minh Import Export Production and Trade Company, or Bitexco, is currently constructing the Financial Tower in HCM City, which will stand at 68 floors. Upon its expected completion sometime in 2009, it will be the tallest building in the city. Other buildings under construction by Bitexco are The Manor 2 Project in HCM City and the five-star Marriott Hotel in Ha Noi. Another of the company's major projects, according to its general director Vu Quang Bao, will be a 8.2 ha office, commercial and residential area in HCM City's District 1. The project is now in the site clearance stage, with the organization of an international design contest planned for later this quarter. Moreover, Bitexco plans to construct a 55 storey tower opposite the Ben Thanh Market. CBRE Managing Director Marc Townsend also cited other big projects with local investors, including the SJC Tower, M&C and Times Square in the city's downtown area. Due to the sluggish state of the property market, investors are scrutinizing potential deals carefully and requiring more transparency. This stands in contrast to when the market was busy, when investors would often make purchases without carefully analyzing all the information concerning the deal. Around 40 office buildings are slated to open this year. However, it is expected that foreign companies will slow their expansion into Viet Nam. A positive aspect stemming from this development may be that tenants will have a wider range of choices, lower rents and more favorable conditions.

In the secondary condominium market, capital value is falling and developers are concerned with cash flow. As a result, what Townsend calls "special deals" will be on offer to buyers. The trend among apartment developers is to redesign units with smaller sizes and fewer amenities to meet a market with less purchasing power.

(Source: VNS)

[Back to top](#)

Glimmer of light at the end of a dark tunnel

Prof Dang Hung Vo, former Deputy Natural Resources And Environment Minister, looks back at land and house price fluctuations across in 2008. The price graph of Vietnam's property in 2008 could be imagined as a face-down parabolic model in which property prices soared sharply in the first quarter, slightly increased in the second quarter, slightly fell in the third quarter and sharply plunged in the fourth quarter.

From late December 2007 to February 2008, property investors earned huge profits from the market. At this period, the property market prices turned high and investors earned money from the bullish market sentiments without doing anything. Market statistics of Hanoi and Ho Chi Minh City, the country's two biggest cities, have shown that the property prices in early 2008 doubled or even tripled late 2007's levels.

At this period, many said that property investors were benefiting from sudden money falling from the sky. Additional profits from accelerating property prices were three to four times higher than property project developers' initial calculations. "Economic bubbles" in the property market have brought unexplainable or unreasonable sums for property investors, traders and investors.

Land prices in several areas in Hanoi and Ho Chi Minh City sometimes reached the unexpected level of VND 1 bil (USD 59,000)/m². Some newspapers said the land prices in Vietnam had reached the world's highest.

Apart from that, the rate of buyers registering to buy project apartments exceeded by 10 times of the apartments the project developers wished to sell. It is said that the untrue demands exceeded real supply. The situation of thousands of people standing in lines to register to buy apartments of The Vista, Sky Garden 3, River View, Phu Hoang Anh in Ho Chi Minh City was clear evidence for this unusual supply and demand relation.

The irrational soaring prices of the country's property market was blamed for the untrue expectations of high rewards when successfully registering to buy in and later selling their buying rights back to latecomers. The sudden rise in high-end or luxury property asset prices has stimulated the low-end and made the agricultural land to go higher. The land prices at normal property projects also soared to VND8-10 mil/m², up from just around VND2-3 mil as before.

Late 2007 to early 2008 period was the land price fever peak in Vietnam. The increasing property prices during this period have lured many corporations and groups to establish property investment affiliates. Overseas investors also registered to pour a lot of capital to Vietnam's property market. In 2007, around 40%, or USD 8 bil out of USD 20 bil of FDI, registered to invest in the property sector.

In late 2007, the State Bank reported that the total bank loans for property investments reached 10% of total outstanding loans. In late February, 2008 inflation was soaring on higher commodity prices and authorities started thinking of regulating the monetary policy.

The State Bank on February 15, 2008 issued regulations to force commercial banks to buy compulsory bills and many banks began to stop new lending to property investment for the fears that the property market was a bubble that could make the monetary market more volatile. Since then, property investors as well as traders or speculators have lacked capital. Some prepared property projects had to delay construction while some other developers implemented slowly, some transferred to other developers, some nearly finished projects have quickly completed construction to sell to buyers to grab capital back.

Currently, the total outstanding loans to property investment reached VND115,000 bil (USD 6.7 bil), accounting for 9.5% of the total banking system's outstanding loans, in which around 75 % of total property outstanding loans was poured into Hanoi and Ho Chi Minh City. Many analysts estimated the total property bad debts would be at around 5 % of the total property outstanding loans, the rate would be at a dangerous level for banks.

Vietnam's property market in late 2008 had both negative and positive sides. The market downtrend will make investors reduce business scales, a disadvantage for the industrialization process and partly affect other related markets. The downtrend, however, had its positive signals.

Firstly, enterprises who had been preparing to heavily invest in the property sector to earn huge profits would be forced to come back to their core business.

Secondly, the property market is seeing less speculating and low income earners can buy houses. Thirdly, the government will have time to complete all market regulation and management tools to create a healthy and efficient property market.

(Source: DauTu)

[Back to top](#)

Hydropower project investors allowed to borrow preferential loans of Indian government

The prime minister has approved three hydropower projects to use preferential loans of Indian government, including Nam Trai 4 plant of Bac Ha Hydropower Joint Stock Co, Yan Tann Sien plant of Cao Nguyen-Song Da Hydropower Joint Stock Co., and Nam He plant of Song Da-Dien Bien Energy Joint Stock Co, according to the MPI's proposal.

Ministry of Finance was assigned to work with MPI to negotiate with India lending terms to ensure financial and economic efficiency of the above projects. Nam Trai 1 is located in Hua Trai commune, Son La province, Yan Tann Sien in Lam Dong province's Lac Duong Dist with a capacity of 19.5 MW and Nam He in Dien Bien mountainous province has a capacity of 14.4 MW.

(Source: vnbusinessnews)

[Back to top](#)

Global crisis to lower FDI by two-thirds

Foreign direct investment (FDI) into Vietnam could plummet to some USD 20 bil this year from USD 64 bil in 2008 due to the global financial crisis, investment officials said on 9th Jan.

Nguyen Mai, former Vice Chairman of the State Commission on Cooperation and Investment said at a conference in Hanoi, economic recession in some developed countries could be a direct factor in the reduction of investment flows, because many corporations will suffer losses. The corporations will have to restructure, close some of their factories, and cut employees and limit their new investment, he said. In addition, they may adjust their investment strategies, narrow their investment areas, and put off projects that cannot access bank loans, Mai said. However, Vietnam can still be optimistic about FDI disbursement this year, conference delegates said.

According to Phan Huu Thang, head of the Ministry of Planning and Investment's Foreign Investment Agency, FDI disbursement could be USD 11-12 bil in 2009 compared with USD 11.5 bil in 2008. Vietnam has major advantages in terms of political and economic stability, improved infrastructure, legal framework and labor force, and the government's support for foreign investors, he said. "Prospects for medium-and long-term investment projects in Vietnam is still assessed to be high," Thang noted, adding that investors will continue to pour investment into refinery, chemical, oil, and mining projects, as well as into real estate development in Hanoi and Ho Chi Minh City. To cope with difficulties caused by falling FDI inflows, Vietnamese need to seek new investment partners, Mai said, noting that many investors from the Middle East have shown interest in doing business in Vietnam. The government should facilitate investors, improve its market forecasting capacity, and intensify surveillance over effectiveness of investment projects, he said.

Claudio Dordi, head of the team of advisors for the EU -Vietnam Mutrap III project, said Vietnam should pay more attention to improving its legal framework and increasing the role of the private sector in economic development.

To date, Vietnam has had 10,500 operational foreign-invested projects with a registered capital of USD 155 bil from over 70 countries and territories. Foreign-invested companies accounted for 40 % of Vietnam's total exports, and contributed to 28 % of the country's gross domestic product (GDP) in 2008. Vietnam posted an economic growth rate of 6.25 % in 2008, compared with 8.48 % in 2007.

(Source: Ngan Anh)

[Back to top](#)

[VEC invests in four expressway construction projects](#)

Viet Nam Expressway Investment and Development Co (VEC) will invest in four expressway construction projects including Noi Bai-Mai Dich, Hanoi-Lang Son, Ha Long-Mong Cai and Ben Luc-Long Thanh in 2009. Also, this year the company, which is into construction of roads, targets to reach a total production value of over 5.590 trillion dong, disburse more than 5.926 trillion dong and plans to shift to the corporation model.

At present, VEC was assigned by Ministry of Traffic and Transportation to carry out and manage seven expressway projects with total length of 722 kilometers, of which three on Cau Gie-Ninh Binh, Noi Bai-Lao Cai and HCM City-Long Thanh-Dau Giay are under construction. In 2008, VEC posted over 1.293 trillion dong of production value, achieving 110% of 2008's plan, and disbursed 1.324 trillion dong for road construction projects.

Most recently, VEC tendered one trillion dong of work bonds that were guaranteed by the government through the Hanoi Securities Trading Centre (HASTC) to raise capital for Ninh-Binh Cau Gie project. However, due to the offering coupon rate being lower than bidding levels, the tender failed. Earlier, the entity also succeeded in raising capital by tendering 500 billion dong of work bonds for building Noi Bai-Lao Cai expressway.

(Source: SGT)

[Back to top](#)

[Survey exposes weak tech-levels in HCMC's industrial zones](#)

More than half of the businesses based in industrial parks and export processing zones in Ho Chi Minh City use less-advanced production technology, a survey has found.

Just 1 % of 430 local and foreign-invested businesses surveyed applied advanced technologies in production, the city's Department of Science and Technology said Tuesday (6th Jan). The department had conducted the survey since 2007 in 11 parks and zones in the city, researching technology levels in management of production, human resources, information and production machinery and equipment. Businesses in Cu Chi Industrial Park and Tan Thuan Export Processing Zone, where many foreign invested factories are based, were at the lowest technology level, the survey found.

The department said 82 % of businesses used second-hand semi-and fully automatic equipment from various international suppliers, but mainly from *China and South Korea*. Rubber, plastic and packaging industries used the most advanced technologies and equipment, said the department. Some labor-intensive industries such as garment, jewelry, building material and footwear production, were at the other end of the technology scale. Up to 70 % of them used out-of-date equipment, according to the survey. Although many surveyed businesses said they wanted to revamp their production technologies, they were facing many hurdles, the department said. A department report said 55 % of businesses surveyed lacked skilled staff, 50 % lacked capital to improve their technology, and 28 % lacked information concerning technology improvement. A total of 194 businesses said they had invested VND 420 billion (USD 23.5 mil) in equipment and technology investment over the past three years, said the survey.

Phan Minh Tan, director of the department, said the survey helped the government assess the level of technological development in HCMC, the nation's business hub which contributed 30 % of the country's total export value. The department will plan the second phase of the survey which will help identify businesses in need of technology renovation as well as measures to help them do it.

(Source: Vinh Son)

[Back to top](#)

[Ground broken for condo project in HCM City](#)

Tan Binh Investment and Construction Corporation on Tuesday (6th Jan 2009) commenced work on a condominium project in the outlying district of Binh Tan in HCMC at a time when the local property market is showing no signs of recovery.

Tan Mai apartment project, which will be developed on 10,500 m² facing National Road 1A, will require some VND 460 bil and comprise five blocks of 18 to 21 floors with some 750 units, according to the company.

The company said the project would be for mid- and low-income people, with grade B apartments measuring 47 m² each and grade A ones around 67 m². The project will be up and running by December 2011 and house some 1,300 people.

Speaking at the groundbreaking ceremony, Le Hoang Chau, chairman of the HCMC Real Estate Association, said the current gloomy property market in the coming two or three quarters would cause greater difficulties for cash-strapped real estate companies as many of them had been unable to sell their products. He, however, said the slowdown was a chance to leave out financially incompetent companies.

Pham Thi Phuong Lien, the corporation's director of sales department, said the average price of a condo would be VND 12 million per square meter, or some VND 500 million to VND 800 million per unit, which is affordable for mid-income people. Lien adds the first 100 apartments would be sold in the middle of this month and that the second sale would start in May when the project finished its model apartment.

(Source: SGT)

[Back to top](#)

No industry underway at many planned industrial zones

The Mekong Delta province of Long An has allocated thousands of hectares for industrial zones for years, most of which is now lying idle. Some 13,900 hectares of former farmland has been reserved for industrial use by the end of 2007. Of 6,985 ha reserved for industrial clusters, less than 9% is actually being put to use, said Mai Van Nhieu, director of the province's Department of Planning and Investment.

In most cases, farmers have not received any compensation money for their land or the jobs they were promised at the industrial zones. Long An Province People's Committee in February 2002 gave the nod to part two of the Tan Duc industrial zone project on a 293 ha area in Duc Hoa District.

The project investor has paid compensation for 233.8 hectares and cleared out less than one third of the ground in the area, according to the district People's Committee. Stage one of the project, as well as the Duc Hoa No. 1 and Thuan Dao projects, has only used about 60 % of the land they received, the highest proportion among industrial zones in the area, according to inspectors. Meanwhile, the investor of the Saigon-Long An industrial project has only finished clearing the site and building internal streets, even though the first stage was approved in March 2002 and the second stage in 2004.

Since 2003, Hai Son Co. Ltd. has been given a total of 831 hectares to develop an industrial cluster in Duc Hoa District. Only 117 hectares has been put to use and in part two of the development, only 10 out of 35 registered businesses have started operating. Two households from the land taken for the industrial cluster have not given their land due to late construction at the resettlement area, said local official Nguyen Tuyen Binh. Meanwhile, there's no sign of construction on three other parts of the project in Duc Hoa District and the section in Can Giuoc District's Long Thuong Commune.

A commune official said the project had affected 403 local households, who are now without farmland or a factory job. Most of the families were supposed to be relocated but the investor only offered 212 resettlement houses, said the official. According to a regulation approved by the prime minister in 2006, an industrial project developer is allowed to receive more land only when it has built a wastewater treatment plant on its current land and put 60 % of the land to use.

Vietnam's Land Law also requires a developer to finish the infrastructure on its land before transferring or renting out the land. None of the sections of Hai Son's project has a waste treatment system or finished infrastructure but many sections have been rented or transferred to smaller developers.

Long An Province has violated the government's approval on land use and industrial land expansion, damaging thousands of hectares of farmland and wasting more than VND 64 billion (USD 3.66 mil) of state funds, citing a state inspectors' report. The inspectors attributed the violations to investment pressure on the province but mostly to local officials' poor management skills.

The Ministry of Industry and Trade and MPI have been asked to quickly issue rules for managing industrial clusters. Nguyen Van Thiep, director of Long An Province Department of Natural Resources and Environment, said that he is going to report the projects that have not started work to the province administration.

(Source: TN)

[Back to top](#)

PetroVietnam negotiating to choose partner for its five star hotel complex

The Viet Nam National Oil and Gas Group (PetroVietnam-PVN) is negotiating with two foreign partners namely Hong Kong-based GoldStone International Development (GID) and Korea-based ABA Corp to choose a partner for the five-star hotel complex in Hanoi's Me Tri.

As planned, PVN plans to invest 29% in a joint venture in this project. In the first phase of the project a complex of five star hotel, office buildings and high-ranking apartments with a total investment of USD 450 mil, will be built. The second phase would see an entertainment area, trade centre and other works with a total investment of USD 1.5 bil.

(Source: vnbusinessnews)

[Back to top](#)

MOC suggests solutions to rescue real estate market

The Ministry of Construction (MOC) thinks that the Government should allow real estate developers to mobilize capital from the public before the completion of the construction of building foundations, believing that this is the important measure to help rescue the real estate market. MOC has submitted to the Prime Minister several solutions it believes will help heat up the frozen real estate market.

Extending debt payment, setting up real estate trust fund

Regarding finance issues, MOC thinks that the debt payment extension and debt freezing should be maintained, as real estate firms are seriously lacking capital and they cannot access bank loans. In fact, it is best that they not borrow money further as the real estate market remains gloomy.

According to MOC, the optimal solution for now is to set up a new finance institution, the real estate trust fund, for example, which aims to create a channel for effective capital mobilization, paving the way for enterprises to optimize the mobilization of capital from the public. The ministry has also proposed to the Government to allow real estate developers to mobilize capital from the public even before the completion of the construction of building foundations. The use of the capital to be mobilized from the public will be put under the control via bank accounts. Under the current regulations, projects' investors can only mobilize capital from the public after they finish building the foundation of projects.

MOC really thinks that it is necessary to require real estate developers to fulfill the construction of the foundation before they seek capital from outside, as the regulation aims to prevent investors from selling apartments on paper and protect customers. However, the ministry said that in fact, a lot of investors still can dodge the laws, while it believes that the removal of the regulation will help ease businesses in the current difficult period. The ministry has urged local authorities to set up the housing development fund which aims to support medium and low income earners to buy accommodation.

Tax reduction, ownership registration fee exemption proposed

MOC has suggested personal income tax reduction for those who purchase houses for the first time, since accommodation is also the basic need of people. However, as the ministry has been aware that the policy, if implemented would relate to complicated technical issues, it has proposed the Prime Minister to assign the Ministry of Finance to be in charge. The ministry has urged the Government and relevant ministries to work out on adjusting the current tax policies to ensure that those, who have many houses and land, will be imposed higher taxes.

In order to support low income earners, the ministry has asked the Government to exempt the ownership registration tax for those who purchase apartments with the area of less than sixty square meters. The exemption will only be applied for the first purchase. The 50% ownership registration tax has also been suggested to be applied to the subjects who sell houses to buy other houses to improve their living conditions. MOC thinks that credit institutions should extend the duration of loaning to real estate projects, as the business sector always requires a long term investment.

(Source: TBKTVN)

[Back to top](#)

Van Phong oil refinery gets nod from Government

The Government has approved the construction of a USD 4.5 bil petrochemical and oil refinery complex in Van Phong Bay's economic zone in the south central province of Khanh Hoa. The complex, which will be located in Ninh Phuoc Commune, Ninh Hoa District, is expected to refine 10 million tonnes of oil per year. Its total area will be 600ha, located both on land and sea.

Deputy Prime Minister Hoang Trung Hai appointed the Vietnam National Petroleum Corporation (Petrolimex) to outline the investment project and make the feasibility report, which must focus on environmental protection, proper technology, capital, construction partners and long-term crude oil providers. He also asked Khanh Hoa province's authorities to support investors in dealing with administrative procedures. Once completed in 2013, the complex will produce liquefied petroleum gas, petrol, gasoline, diesel oil, benzene, polypropylene and sulfur.

At present, construction is planned for six oil refinery units, including the one at Van Phong Bay. The seventh one, located in the central province of Quang Ngai, is expected to begin operations in late February.

(Source: vnbusinessnews)

[Back to top](#)

HCMC plans new urban area as medical, educational center

Ho Chi Minh City Department of Planning and Architecture has approved preliminary plans to make the city's largest new residential development a medical and educational center. Under the plan, two municipal hospitals and several international-standard universities would be established at the Northwest New Urban Area in Cu Chi District.

The district's Tan Phu Trung Industrial Zone would also be renovated to focus on clean and hi-tech industries as part of the plan. Outside of these sectors, other parts of the area would not be used for any industrial purposes, organizers said. These residential areas would include commercial centers, office buildings, trade centers and high-rise buildings, according to the plan. The plan also aims to allocate adequate space for parks, trees, lakes and golf courses. The department said the Ministry of Construction had also agreed to the plan, but not without asking the city to ensure more green space. Planners aim to have the 6,000- hectare urban area house some 300,000 people at full capacity.

(Source: TN)

[Back to top](#)

Opening the door to a more transparent market

The matter of mobilizing capital for real estate projects and for residential housing projects always attracts special attention from project owners, buyers and relevant authorities.

In practice, to create legal foundations for mobilizing capital for residential housing projects and effectively protect buyers' basic interests, a series of legal documents was issued providing provisions related to the time when the project owner can sell a product and collect money from the buyers, among which Article 39 of the Law on Residential Housing stipulates that: "An investor may only raise capital by way of payments made in advance

by people who wish to purchase or lease residential housing in the case where the design of residential housing has been approved and the construction of the foundation has been completed”.

In the view of legislators the time of completion of foundations should be a point of time appropriate for both the project owner raising capital from advance payments by buyers and guarantee of the buyers’ interests. However, in the context of a boom in residential housing markets, with respect to a number of potential projects buyers expect to buy houses at a low price and sell them at a much higher price in the future. In the meantime, a project owner who always has demand for raising capital to service a project has to grasp buyers’ expectations. Therefore, an alternative raising capital method, which satisfies the needs of the project owner and buyers and is not in contradiction with the Law on Residential Housing has been proposed. In fact, instead of signing a purchase contract with the buyer, the project owner offers the buyer another kind of contract named a “cooperation agreement”, “capital contribution agreement” or “loan agreement” (Hereinafter collectively referred to as “cooperation agreement”).

Under the cooperation agreement, the buyer shall become a partner of the project owner who shall contribute a certain amount to the project and shall be granted with “buying rights”. The buying right as mentioned herein is the right entitling the partner to buy a house in the project at a preferential price upon the project owner selling the houses in accordance with prevailing regulations. The partner under the cooperation agreement has a chance to convert its role into the buyer under the house purchase contract, according to which the amount that has been paid under the cooperation agreement shall be deductible to the payable amount under the purchase contract.

Despite the fact that the above mentioned transaction implies certain potential risks for the buyer, especially when the project owner cannot implement or delay the project, many buyers still agree to enter into this kind of cooperation agreement in order to obtain such buying rights with a hope that they can sell the houses in the future at a price much higher than the price agreed with the project owner in the cooperation agreement.

Catching up this reality, the Law on Real Estate Business (LOREB) was issued and took into effect from January 1, 2007, which provides in Articles 11 and 22 that the investors are obligated to publish information related to the real estate before trading and they must sell the houses and construction works via real estate trading floors. The said provisions create a legal basis for the publicity of information and the transparency in sale activities. However, as the period and the method of publicizing the information as well as the way to sell the project’s products via real estate trading floors are not clearly specified, the above mentioned provisions have yet to be implemented.

After nearly one year from the effective date of LOREB, the government has issued Decree No. 153/2007/ND-CP guiding the implementation of LOREB. This decree has addressed some issues related to real estate business enterprise capital, real estate brokerage certificates, real estate valuation and certificates for management of real estate trading floors, but detailed guiding provisions in connection with the publicity of information and the sale of project products via real estate trading floors is still pending. The issue is only regulated thanks to the Ministry of Construction’s issuance of Circular 13/2008/TT-BXD guiding the implementation of LOREB and Decree 153, under which a trading floor must publicize information regarding the real estate available for sale, transfer, lease and/or hire purchase on such trading floor to give information to clients and to enable transaction registrations.

The time-limit for publicity of information shall be a minimum of seven prior days on the trading floor. Within such a time-limit, the following information including project name, type and quantity of real estates and the location and time for holding the sale, transfer, lease and/or hire purchase, must be publicized in a minimum of three consecutive editions of one locally-issued newspaper, at least once on local television in the location of the project and on any website of the trading floor.

At the expiry of the said time-limit for publicity of information, the investor (or the trading floor if so delegated with authority) shall be permitted to hold the sale, transfer, lease and/or hire purchase of the publicized real estate items. If two or more clients register for the same real estate item, or if the number of registered clients is more than the quantity of real estate items, then the investor (or the trading floor if so delegated with authority) must select a client by casting lots or by holding an auction.

Based on such provisions, in a case where a product has more than one client registered to buy, the project owner must select a client by casting lots or by holding an auction. As a result, the client who has the buying right via the

cooperation agreement may lose his right. Therefore, the client shall not be interested in signing this kind of cooperation agreement for obtaining the buying right, because there is no guarantee to ensure that they can execute such rights in the future. In theory, from the effective date of Circular 13 the said cooperation agreement is not a good method for mobilizing capital from the buyer and for overcoming the barrier as stipulated in the Law on Residential Housing. However, some people have doubted the enforceability of the new regulations. In cases where the project owner violates the regulations related to real estate business, which sanction shall be applied? In practice, there are no legal instruments issued to provide detailed sanctions against administrative violations in real estate business. Hence, if a real estate business enterprise violates relevant regulations, the state authorities have no legal ground to deal with such violations.

The Ministry of Construction said that it will submit a new decree to the government to replace Decree 126/2004/ND-CP providing sanctions against administrative violations in the fields of construction, management of urban infrastructure and housing. The new decree is expected to create a complete legal framework for real estate business activities, which will help the markets become more transparent and the buyer shall not easily pay money for obtaining the buying rights as is the case at present.

(Source: VIR)

[Back to top](#)

FINANCE – BANKING

Vietnam's three big banks report positive business results in 2008

Although Vietnam's banking system underwent a volatile year, banks still posted satisfactory business results in 2008. The Bank for Industry and Trade of Viet Nam (VietinBank) on January 11 announced that its total assets rose by 18% in 2008 with over 10.8 trillion dong in equity, 1.563 trillion dong in profit and 1.5 trillion dong was deducted for the bank's risk standby fund.

Up to the end of 2008, VietinBank reported a balance from deposits of 174.6 trillion dong, of which the balance in dong reached 146.1 trillion dong, increasing nearly 20 trillion dong from the start of the year. VietinBank gained 180.3 trillion dong in total outstanding loans and investments, rising nearly 27.8 trillion dong yoy. The bank's lending and investment activities accounted for 92% of the bank's total assets. Also up to the end of 2008, Vietinbank's total outstanding loans reached 119.9 trillion dong, up 18.4% yoy and the bank's bad debts were 1.303 trillion dong, accounting for 1.09% of the bank's total outstanding loans.

Earlier on January 10, the Bank for Agriculture and Rural Development (Agribank) also released fiscal report in 2008 with 386.8 trillion dong in total assets, up 18.3% from the start of the year and 20.989 trillion dong in equity, a year-on-year increase of 9.7%. Agribank's pre tax profit increased 43% and the bank's salary fund was up 32%. Agribank's monthly average real deposit rate increased by 0.3% and the bank's outstanding loans and investment posted a growth of 14.2% from 2007. Notably, in 2008 Agribank reduced up to 99% of the loan from the State Bank of Vietnam (SBV). During the year 2008, Agribank gained over 243.8 trillion dong in total assets, 201.1 trillion dong in total deposits, 158.4 trillion dong in total credit and 149.4 trillion dong in total outstanding loans. The bank also controlled the credit growth rate at 27%. In 2008, Agribank's net service revenue reached 1.953 trillion dong and revenue from foreign exchange service brought in some USD 41 bil.

Additionally, other banks such as Hanoi Housing Development Bank (Habubank) and Saigon Commercial Joint Stock Bank (SCB) have recently reported business results for 2008. Particularly, Habubank posted 2.8 trillion dong in chartered capital, 24.863 trillion dong in total assets, 19.758 trillion dong in total deposits, 10 trillion dong in total outstanding loans and 525 billion dong in pre tax profit. Up to December 31, 2008, SCB reported 2.526 trillion dong in chartered capital and funds, 38.598 trillion dong in total assets, exceeding 49% from 2007, 34.392 trillion dong in total deposits, surpassing 51% against 2007, 23.278 trillion dong in total outstanding loans, exceeding 20% and 658 billion dong in pre tax profit, exceeding 83% from 2007.

For the year 2009, VietinBank targets to reach a growth rate of 22% in total deposits, another 22% growth in total outstanding loans and investment in the economy and 2.5 trillion dong in after tax profit.

(Source: CafeF)

[Back to top](#)

Stock market to see many new commodities

Analysts have every reason to believe that the stock market in 2009 will have many new commodities. Approximately 50 applications for listing on the bourses, both in Hanoi and HCM City, have been on the table of the stock market watchdog, many of which have received approval in principle.

Explaining why so many companies plan to list on the bourse in 2009, analysts said that 2008, a year that witnessed much bitterness, was over and businesses hope that 2009 will be a better year and will bring prosperity. Moreover, businesses do not want to delay the listing plans any longer.

In early January 2009, 83 million shares of An Giang Coffee Company (AGC) made a debut on the bourse, becoming the 169th share item listed on the Hanoi Securities Trading Centre (HASTC). According to the Centre, 31 companies have applied for new listings, including the ones who submitted applications in late-2008. AGC was the first company in the coffee industry and the first company entering the bourse in 2009. When asked why the company is still deciding to list on the bourse at this moment when the conditions on the market do not support the listing, Nguyen Van An, Chairman of Thai Hoa Group, the parent company of AGC, said that the listing has been carried out in accordance with the set roadmap, which aims to turn Thai Hoa into a public group. An said that in the time to come, not only AGC, but other members of the group will list on the bourse. “We do not strive for high share prices. We list on the bourse because this brings us the opportunity to appraise enterprises accurately in accordance with set standards,” An said.

In its information exposure report, AGC set some noteworthy targets for 2009, such as the turnover of VND 2,655 billion, a post-tax profit of VND 46 billion and a dividend 34.3%. These prove to be relatively high targets, if considering the business result of the company in 2008 with the figures of VND 1,981 billion, VND 20 billion and 16.9%, respectively. The factors that prompted the company to set such an ambitious plan is that the production capacity of AGC has been improved after it put a workshop into operation, which has the capacity of 40,000 tons a year in December 2008. To date, the orders the company has received allows 60% of the production plan of 2009 to be fulfilled.

Cadovimex’s shares (CAD) entered the bourse (the HCM City Stock Exchange (HOSE)) on the same day as AGC. In fact, the company received approval in principle for the listing a long time ago, and many shareholders asked the company’s leaders if the shares could be listed in 2008. A senior leader of HOSE said that it is now dealing with nearly 20 applications for listing on the bourse, while nine applications have been approved in principle. He added that the number of enterprises applying for listing on the bourse in recent times proves to be higher than previous months.

HOSE, on the last days of 2008, received the application for listing on the bourse of the Vietnam Bank for Foreign Trade, which was equitized in 2007. The bank has the chartered capital of VND 12,100 billion, but it has just planned to list 112 million shares, accounting for 9.28% of the capital.

Investors still cannot access Vietcombank to find out the reason why the bank has decided to list, and why it only lists only a small portion of shares. However, analysts have pointed out two noteworthy things:

Firstly, Vietcombank needs to list shares, which proves to be in line with international practice. The bank’s listing will help provide an accurate picture of the stock market and VNIndex. For a long time, the state owned capital in listed companies has come close to not being transacted, but still can make up the market indices, which has led to an inaccurate vision about Vietnam’s stock market.

Secondly, Vietcombank needs to list a part of shares in order to settle the problem about the ‘room’ for foreign investors. If Vietcombank lists all 1,210 million shares, foreign investors will be able to buy a very big volume of shares (Under the current regulations, foreign investors are allowed to buy up to 30% of shares in a local bank).

This may lead to the fact that foreign institutions, which want to own Vietcombank's shares, just need to seek to purchase of shares on the market instead of having to conduct negotiations with Vietcombank. If so, the plan of Vietcombank to sell stakes and look for foreign strategic shareholders will fail to be completed. In this case, as Vietcombank only lists a small %age of stakes, foreign investors will only be able to purchase less than 3% of total shares. In all cases, investors believe that the appearance of Vietcombank's shares on the official listed market will be the good news as it brings a valuable choice to investors.

(Source: DTCK)

[Back to top](#)

Online trading to begin in HCM City

Online trading is scheduled to begin at the Ho Chi Minh City Stock Exchange on Monday (18th Jan), according to HOSE officials. HOSE spokesman Le Hai Tra said the trading systems of securities companies could now connect directly with the HOSE gateway to send investors' orders. Each securities company will have a 128-Kbps line capable of sending up to 85 handled per second, compared to 85 handled in recent tests. There is another line that can be used in case of an accident. "Online trading enables the automation of order receiving, processing and confirming, thus improving liquidity, transparency and fairness while minimizing time, risks and costs," said Tra, who is also HOSE's permanent executive member.

Currently, securities companies receive orders from their customers, check whether the orders conform to regulations, and then send the orders to their representatives at HOSE.

The representative will send the orders to the exchange's trading system for matching. An order can take around eight to 10 seconds to be processed. Of more than 90 securities companies currently with representatives at HOSE, 69 could begin online trading on Jan. 12, but the remainders will continue with the present method.

Of 69, 37 will provide clients with online trading software that will provide information on whether the orders conform to regulations. As for the other 32, customers will send orders to securities companies, where the orders will be checked and then relayed by the companies to HOSE. Tra said in the first two weeks of online trading, all the 69 companies would maintain their representatives at HOSE to ensure smooth operations.

(Source: vietnammarkets)

[Back to top](#)

Hong Leong of Malaysia gets Vietnamese bank license

Viipip.com - Hong Leong Bank, the sixth-largest lender of Malaysia, has got a commercial bank license in Vietnam, the company said on Friday (09th Jan). "This 100 % wholly-owned commercial bank in Vietnam has been licensed to Hong Leong Bank by The State Bank of Vietnam," said by the bank in a filing with Bursa Malaysia.

The Malaysian bank revealed it would set up a bank with chartered capital of around 205 million ringgit (USD 58 mil) within 12 months from the date of license issuance. The bank said the unit in Vietnamese will be named Hong Leong Bank Vietnam Ltd. "With the establishment of a bank as Hong Leong Bank in Vietnam will be able to tap into the promising and expanding market of Vietnam, which has a population of over 85 million people," it added.

Maybank, the largest bank in Malaysia by assets, bought a 15 % stake in Vietnam's An Binh Bank for 327 million ringgit in 2008. Other Malaysian companies that have significant contact to Vietnam include builder Gamuda and property developer SP Setia, which won big construction and development contracts.

(Source: NAT)

[Back to top](#)

Real estate management should be handled by professional agencies

Real estate management has become a part of life as new buildings mushroom. Nguyen Dang Son, Deputy Director of the Institute for Urban and Development Studies, spoke to Hai Quan (Customs) newspaper.

What are your comments on the current status of real estate management in Viet Nam? Over the last 10 years or so, many new urban towns have been established around the city of Ha Noi. But their management remains a headache for authorities. Pollution and structural degradation have been troubling residents.

It is high time for functional agencies to replace project owners in the infrastructural management of these towns. Experiences in other countries show that management bodies should get involved in urban development projects right from the beginning - from the feasibility study phase to future management plans when projects are operational. In my opinion, project owners should hand over management to professional agencies. Disputes between project owners and occupants over public sanitation, security and other contentious issues have been detrimental to both project owners and apartment owners.

Do you think project owners are willing to spend money on hiring someone to manage the buildings? Investors always think about cost and efficiency. Initial investment involves a huge sum but project efficiency returns huge profits. But in Viet Nam, project owners are varied. Many of them are not urban developers by profession. They are business people with a lot of land, wanting to develop housing projects.

In such cases, they should hire management bodies to run their property. For example, even though the project owners of buildings like Vincom, Bitexco or others are highly professional, they still have to hire foreign real estate companies to manage the property on their behalf. Chesterton Petty Viet Nam and CB Richard Ellis manage Vincom Tower and Dinning and Associates looks after the Bitexco buildings and e-Town in Ho Chi Minh City.

Don't you think that many project owners want to bolster their reputation and add value to their projects by hiring foreign real estate management companies? I have to concede that foreign companies are more experienced in this field than Vietnamese companies. Foreign companies' brand names also add value to their services.

In recent years, some Vietnamese real estate management companies have been established, but their expertise in the field cannot be compared with well established foreign brand names like Chesterton Petty, CB Richard Ellis, Dinning and Associates and others. That's one of the things hindering Vietnamese real estate companies from winning contracts with foreign project owners.

(Source: VNS)

[Back to top](#)

Should foreigners be allowed to own property permanently?

According an interview of VNS to readers, what they thought about the Government's new regulations that allow foreigners to buy dwellings in Viet Nam, but prevents them from owning the property for more than 50 years. The new rules came into effect on January 1, 2009. The Construction Ministry estimates that about 10,000 foreign organizations and individuals in five categories will be eligible to buy property, which could create construction space of about 1.5 million m² - or an average of 150 m² for each household.

The categories are:

- ✚ Individuals who invest directly in Viet Nam or who have been hired as managers of domestic or foreign-invested companies;
- ✚ Foreigners honored by the President or Government for their contribution to Viet Nam;
- ✚ Foreigners who work in socio-economic fields; hold a bachelor's degree or higher and possess special knowledge and skills that Viet Nam needs;

- + Foreigners who marry Vietnamese residents; and
- + Foreign-invested companies working in Viet Nam that need to buy apartments for their foreign employees, excluding companies in the real estate industry.

Krystian Bilicki, Polish, HCM City

I think it is good that foreigners can purchase dwellings and I'm sure the country will benefit. But there's one thing I wonder about: why is there a time limit of 50 years on ownership? This means the foreign person or company is not buying, but only leasing the property. What if I want to buy a property and leave it to my children?

Whether the estimated average space of 150 sq.m for each buyer is too small or not depends on the buyer. For some countries, it may be too big, for others too small. In Poland, people generally own apartments that are far smaller than 150 sq.m. I think the real estate industry in Viet Nam is already flourishing. In no other country have I seen so many investments and construction areas. The new regulations can only contribute to that. However, we must not forget the global economic crisis. We don't know what influence can that have on Viet Nam. I've been told by a tour guide in Nha Trang that there are very few tourists this year - and it's all caused by the crisis. Which means that if foreigners can't afford to come here on holiday, they also may not be able to afford to buy a dwelling.

Brendan Brogan, American, Canada

I think the new regulations are great. As you know, most of the world still sees Viet Nam as a good place to invest, a place where the possibilities of the future overshadow the immediate economic crises. We have seen you cope with stock market bubbles, housing bubbles, and the West's financial meltdown. You have survived, and after learning your history, I trust you will always survive difficult conditions.

We see that your Government provides advice and assistance when necessary, as do our governments. As an American, I can only wonder if my own country is now experimenting with socialism with American characteristics.

One thing that surprises me is the amount of space given to each foreigner: 150m² is a lot of space. I can live very happily in 25m², but I am single. Perhaps we do not all need such enormous apartments. But I am happy your Government has offered foreigners who have links to Viet Nam the opportunity to feel even more at home in your friendly nation. It's a reasonable plan, even if you have probably given us too many square metres per person.

Brian Lamprell, Australian, HCM City

The long-overdue relaxation of property ownership regulations in Viet Nam will be welcomed by foreigners who wish to make their home in this wonderful country. However, I believe the eligibility criteria are too restrictive. Houses and apartments should be available for purchase by those who genuinely want to live in Viet Nam on a long-term basis, irrespective of their business interests or academic qualifications.

The regulations should also require that foreigners live in the premises purchased to overcome international speculators buying up properties to rent out. The new regulations should be scheduled for a total review within one year to assess their effectiveness and to eliminate any glitches. Those reviewing should be mindful of the 2009 global recession, which has stifled investment, particularly by the multi-nationals. The regulation review should prevent a Hawaii-like situation from developing, where Japanese companies in the late 1970's began to buy every piece of prime real estate on the island of Oahu.

In Australia in the 1980's a similar situation was developing in Sydney, the Gold Coast and Cairns before the Government stepped in to prevent this massive sale of land and property to foreign investors and speculators. What safeguards are there in the Vietnamese regulations to prevent a similar situation occurring here?

Patrick Moran, British, HCM City

I don't understand the question. In the global market, when I buy something it's permanent. If it's a dwelling, it is assets for my family including children and grandchildren. It's called freehold. If it's temporary, like 50 years, it's called leasehold. I would never, ever, buy anything leasehold. A depreciating asset that won't be worth much in 45 years' time. Viet Nam says it wants to integrate into the global market, but its embassies do not seem to have done

enough research into standard global market practices. Research proves that every rich country in the world has harnessed the capital of its own land and every poor country in the world, without exception, has failed to do so.

JP Mishra, Indian, HCM City

Viet Nam has made significant changes in its foreign policy since the adoption of reforms popularly called Doi moi. Due to this open economic policies there has been significant investment in all the sectors in the last couple of years and Viet Nam has become one of the best destinations for foreign direct investment. Due to this, Viet Nam has become one of the hidden charms of the world and there is a lot of potential still to be unveiled.

Many foreigners who come here to work with foreign invested companies would like to remain because they like the hospitality and high level of public security. To develop the nation, one has to have a mix of talent from across the globe to contribute to the building of the nation, but a hurdle has been not allowing foreigners to own property. Allowing foreigners to buy houses and property would bring more investment into the country and help build the nation.

John Roberts, Australian, Ha Noi

I assume the 150sq.m. is just the projected average size for each foreign apartment, not a limitation. Even so, it is quite sufficient for the average Western family - unless they have delusions of grandeur. But the rules preventing foreigners from owning a property for more than 50 years are puzzling in more ways than one. Do they mean that foreigners cannot sell their property for 50 years or that they cannot sell at all?

One would presume if one married a Vietnamese, that this rule would immediately vanish, otherwise it would seem like discrimination against mixed marriages - particularly to the Vietnamese side. And do the rules allow property to be passed down to children or friends? If not, again the value of a property would be very little. It is good to have rules to prevent foreigners buying up property purely for speculation as has happened in Australia. It would make very good sense to limit purchases to those who are working in the country. In Australia, a mass buy-up of property by overseas investors several years ago sent already high property prices through the roof, making it impossible for many people to buy a home in their own cities or towns.

(Source: VNS)

[Back to top](#)

NEWS IN BRIEF

Vietnam's largest vessel launched - The Nam Trieu Ship Building Industry Corporation (Nasico) launched a 150,000DWT Floating Storage and Offloading vessel (FSO), the largest of its kind in Viet Nam, in Hai Phong port city on January 14.

The vessel, which is 258.14m long, 46.4m wide and 24m high, is used to store oil products pumped up from oil fields and to separate crude oil from them to be supplied to oil refineries. Addressing the ceremony, Deputy Prime Minister Hoang Trung Hai described the launch as a quantum leap in the Vietnamese shipbuilding industry. He asked workers to complete the remaining work to hand it over to the Vietnam National Oil and Gas Group (PetroVietnam) on schedule. Currently, more than 3,000 workers are putting the final touches to the vessel, which will be towed to Bach Ho (White Tiger) oil field once completed.

PetroVietnam to build power center in central Vietnam - State-owned Vietnam Oil and Gas Group (PetroVietnam) has won government approval to build two coal-fired power plants with a total capacity of 2,400 megawatts in the central province of Quang Binh. The first 1,200-megawatt plant is expected to become operational by 2015 and the second plant a year later. The power center is one of 13 power projects the government assigned Electricity of Vietnam (EVN) last year. However, EVN said it did not have the funds to carry out all of the projects.

PM gives approval to Cam Pha 3 thermo-electric power plant - The Prime Minister has approved the investment project to build Cam Pha 3 thermo-electric power plant which is located in Cam Pha town, Quang Ninh province. According to Decision No 51/QD-TTg, the Prime Minister has assigned the Vietnam Coal and

Minerals Industrial Group (TKV) to negotiate directly with China's Wuhan KAIDI holding Investment Co. LTD to carry out the project under a business co-operation contract. KAIDI will be the investor-partner and supply 100% foreign capital to build and operate the plant without guarantee from the government. The plant is scheduled to become operational in 2012.

Central Bank Licenses Vietnam Chemical Finance - The State Bank of Vietnam has issued a license to set up the Vietnam Chemical Finance Joint Stock Company (VCFC) with chartered capital of VND 300 bil (USD 17.6 mil). VCFC will accept deposits for one year and longer from individuals and institutions, issue bonds and other papers, and accept trust capital from the Government and domestic and foreign organizations. It will also provide loans, against trade and other documents. There are now around 15 finance companies including 10 set up by State-owned conglomerates such as PetroVietnam, Vietnam Electricity, Post and Telecommunication, and Textile and Garment Corp.

Huge investment in power projects planned for 2009 - The Vietnam Electricity Group (EVN) has reported that it will invest almost 50 trillion VND in electricity generation sources during 2009, including nuclear power plants. The State-run business revealed that it has raised 44.39 trillion VND so far and is actively seeking the remaining 5.6 trillion VND. To make up the shortfall, the national group said that it would make full use of official development assistance (ODA) and preferential credit sources, seek commercial loans, and ensure the smooth progress of an approved plan to issue 4 trillion VND worth of bonds.

With the planned investment, EVN will strive to put into operation nine electricity plants with a combined capacity of 2,696 MW and commence construction of four thermal-electricity plants, capable of producing 3,800 MW in total, this year. The group is also finalising reports regarding investments in two nuclear power projects, Ninh Thuan 1 and 2, to be submitted to the National Assembly before April 2009.

Land use certificates on the internet - From 2015, land use right certificates will be obtainable through the internet, according to the Ministry of Information and Communications. The registration and delivery of certificates will be combined with land and house registration. Meanwhile, the Ministry of Natural Resources and Environment is completing a system of digital plans and records showing the extent and value of land for throughout Viet Nam. Localities are now building digital records to meet the requirements.

Government to set up fund to stabilize fuel, gas prices - Vietnam will set up a fund to stabilize prices of domestic petroleum products, using a portion of the pretax profits of petroleum suppliers, according to a government statement Friday (09-01). Prime Minister Nguyen Tan Dung has approved the fund and asked the ministries of finance and industry and trade to work out how much to allocate to price support. No time frame on the fund's establishment or financial details were given. The Ministry of Finance, which proposed the fund last year, said it would help suppliers cope better with fluctuations of global oil prices.

BIDV announces 35 trillion dong social housing investment construction package - State run Bank for Investment and Development of Viet Nam (BIDV) on January 12 announced a 35 trillion dong social housing investment construction package for the period of 2009-2010. Of which, 15 trillion dong will be used to build social housing, 20 trillion dong for construction of low income earners and housing socialization. Additionally, the bank is asking the government's permission to set up Investment and Consumption Demand Stimulus Fund (BIDV will contribute 16 trillion dong) and Export Promotion Package (BIDV contributes 15 trillion dong). On the same day, BIDV pledged to provide a 5.65 trillion dong credit to Hoang Anh Gia Lai Group between the period 2009 and 2011 under the comprehensive cooperation agreement signed in HCM City.

First wholesale trade centre built in southeastern region - Germany's Metro Cash & Carry Group began construction of a USD 20 mil wholesale trade centre in southern Dong Nai province on January 16. This is Metro Cash & Carry's 9 th wholesale trade centre in Vietnam and the first in the southeastern region. Once operational in June 2009, the 50,000 sq.m centre is expected to provide a wide range of goods for local consumers, including food and agro-forestry products.

State President asks Binh Dinh to focus on development - State President Nguyen Minh Triet has asked central Binh Dinh province to make a concerted effort to boost its socio-economic development, with the aim of becoming one of the region's most developed localities. While visiting the province on Jan. 16, President Triet spoke highly of Binh Dinh's work and socio-economic achievements during 2008. Binh Dinh province will

receive even more support to further encourage development in the future, he pledged. Earlier, the President cut a ribbon to launch a new Hanoi-Phu Cat flight route. During his working session in Binh Dinh, President Triet also visited the Air force Regiment No. 940 and Quang Trung-Tay Son museum.

Hotel group positive about Vietnam's tourism sector - Even though tourists are shelving travel plans, Accor Asia Pacific Group is still optimistic about the long-term prospects for Vietnam's tourism sector, Vice President of North East Asia Patrick Basset, said Wednesday (14-01). At a press briefing in Ho Chi Minh City, Basset told Thanh Nien Daily that Vietnam's cultural diversity, natural beauty, security and political stability remained attractive to tourists. However, he admitted Accor's business in 16 Asia Pacific countries, including Vietnam, did not grow last year with the company experiencing a particularly tough final quarter in 2008 because of the global economic crisis.

Accor Asia Pacific has set the same business targets for 2009 as it did for 2008 in terms of revenue and profit but Basset refused to disclose the exact figures. The Vietnamese government should increase its spending on promotional campaigns and infrastructure development this year in order for the country to remain on travelers' radar, he said. Basset also said the government should focus on stimulating domestic tourism, given its huge population of more than 86 million people. Accor group last year opened two new properties, the 214-room Novotel Ha Long Bay and the 154-room Novotel Nha Trang. In 2008, Vietnam attracted about 3.8 million foreign arrivals against the year's target of 5.5 million, but still up 1.1 % compared to 2007.

Spring Trade Fair opens - Spring Trade Fair 2009 opens on January 16 at the Giang Vo Exhibition and Fair Centre. The fair attracts nearly 500 enterprises all over the country. This is the biggest trade fair of the year, using all the areas of the Giang Vo centre. Exhibitors offer all kinds of consumer products to meet the local people's demands for the upcoming Tet (lunar New Year) festival including confectionary, food, processed food, drinks, garments, jewelry, cosmetics, footwear, household appliances, interior decorations, etc.,

Software giant FPT posts 1 billion USD in revenue - Software giant FPT reported revenue of 16.81 trillion VND (about 1 billion USD) in 2008, marking a growth of 21 % over 2007 and surpassing its target for the year by 12.4 %, the company announced on Jan.14. Net profits hit 839 billion VND (47.9 million USD), a year-on-year increase of 13.7 %. FPT's software arm, FPT Software, also inked a co-operation deal on Jan.14 with financial services arm, FPT Capital. The FPT has targeted a growth of 10 % this year, maintaining its focus on software and IT services.

VASEP calls for Gov't help - Viet Nam Association of Seafood Exporters and Producers (VASEP) January 14 petitioned Vietnamese authorities to create measures to help seafood processing businesses to overcome difficulties. VASEP asked the government to act to help businesses. The government should order banks to delay collecting debts from farmers and provide businesses with low-rate interest loans to maintain production. The association also calls for zero tax on import duty imposed on raw seafood. The government's stimulus package of around VND15-17 trillion (USD 860 - 970 million) should include offers to buy materials for farmers and develop production. The VASEP proposed the government to delay an increase in electricity and coal prices and supply businesses with high quality breeding animals. Provincial and municipal people's committees must have wastewater treatment plants and have effective measures to protect the environment to safeguard the seafood economy.

Vietsovpetro aims for 6.2 million tonnes of crude in 2009 - The Vietnam-Russia Petroleum Joint Venture (Vietsovpetro) has announced plans to tap 1.6 billion cubic metres of gas and 6.2 million tonnes of crude oil during 2009. Vietsovpetro General Director Tran Le Dong revealed that the JV has pumped 601,000 tonnes of crude oil more than planned and generated 6.35 billion USD in revenue, fulfilling 193 % of its yearly plan. This represents the first time that the company has posted the nation's highest turnover from the sale of oil, he said. During the first 11 months of 2008, Vietsovpetro's service operations have earned 110 million USD. The company also drilled thousands of metres to search for crude oil and succeeded in putting into place its oil pipelines.

Vietnam tops list of Laos investors - Vietnam has topped a list of 2008's biggest investors in Laos, implementing 146 projects with a total investment capital of 758 million USD, local newspaper reports. The country took first place, followed by China and Thailand, the Socio-Economic newspaper reported on Jan. 14.

Vietnam's projects in Laos are predominantly in the fields of mining, agriculture and forestry product processing, and hydro-power plant construction in Southern Laos.

The newspaper quoted Lao authorities as speaking highly of these Vietnamese-funded projects, that not only help Laos to reduce poverty but also give an impetus to carry out socio-economic development programmes in Laos. Lao authorities are calling on Vietnamese businesses to increase their investment in Northern Laos, particularly in the five provinces of Phongsaly, Siengkhuang, Luang Prabang, Oudomxay and Huaphanh.

Viettel boasts over 150,000 mobile phone subscribers abroad - The military-run telecom service provider, Viettel, on Jan. 13 said it has so far attracted over 150,000 mobile phone subscribers in Cambodia and Laos .

The company registered more than 100,000 mobile phone subscribers in Cambodia and 50,000 others in Laos , after only two months entering these two neighbouring markets. It has also completed procedures for opening its representative offices in Myanmar , and plans to invest in the Democratic People's Republic of Korea , Cuba and Venezuela. Viettel, which made debut in 2004, now is leading Vietnam with some 25 million subscribers. It provides mobile phone, fixed line telephone, wireless fixed telephone and internet services. It was ranked 83rd among the 100 biggest telecom companies in the world with a total brand value of 536 million USD, according to Informa PLC, a world leading statistics provider. Meanwhile, Wireless Intelligence, a global database of mobile market information, also ranked the company the 41st biggest telco in terms of the number of subscribers among 650 telecom companies worldwide.

Thai businesses seek investment opportunities in Lao Cai - A delegation from the Thai Board of Investment (BOI), led by the Acting Director of BOI's Investment Development Assistance Bureau Songsak Limbanyen, visited the northern province of Lao Cai on Jan. 13 to seek business opportunities. During a working session with representatives of the provincial authorities, the delegation received information regarding the potential offered by the province in areas including agriculture, industry, and trade and tourism. The delegation also made enquiries regarding provincial preferential policies in Lao Cai's key economic zones, such as the Kim Thanh trade zone, among others in the area. The Thai businessmen paid particular attention to the investment opportunities offered by Sa Pa town, one of the country's key tourist destinations. The Thai businesses expect to invest in the construction of Lao Cai's urban infrastructure, Limbanyen added.

BIDV, IBM Vietnam sign strategic cooperation agreement - IBM Vietnam is to assist the Bank for Investment and Development of Vietnam (BIDV) in developing its IT systems, reviewing its business model and implementing its strategic plans. An agreement to this effect was signed by representatives from IBM Vietnam and BIDV in Hanoi on January 13, with the aim of uniting through strategic cooperation to develop state-of-the-art IT solutions and to train IT professionals for BIDV. By signing this agreement, IBM will become BIDV's major supplier of technology and integrated solutions, as well as IT services and products. Speaking at the signing ceremony, BIDV's President Tran Bac Ha affirmed that BIDV will continue to invest in IT and make full use of all available technology in order to become Vietnam 's leading banking organisations and one of the most modern technological financial groups in Southeast Asia. IBM Vietnam's General Director Vo Tan Long said he believed that the strategic agreement represents a step forward in terms of cooperation with BIDV.

Health ministry encourages foreign drug companies - Vietnam has taken steps to ensure an open, fair and transparent environment for foreign pharmaceutical companies to do business in Vietnam, said Deputy Minister of Health Cao Minh Quang. At a discussion between the Health Ministry and foreign pharmaceutical businesses in Hanoi on January 13 he also fielded questions and provided information on Vietnam's legal framework related to the pharmaceuticals industry. The discussion included a chance for participants to ask about clinical trials of new medicines, Vietnam's WTO commitments and what can be expected in the coming time, among other issues.

The Ministry also announced that as of January 1, foreign and foreign-owned businesses without a trade presence in Vietnam may import but not distribute pharmaceutical products. Vietnam welcomes the participation of all economic sectors in the production, trade and distribution of medicine, the Ministry said. It also highlighted that international cooperation will be utilized in ridding the country of fake, low-quality and non-origin medicine. Also, price structure changes will be made public in every phase, which will help the industry achieve its economic, medical and social objectives. The Ministry also said it encourages foreign investment into the production of medicine from local materials and ingredients. In 2008, Vietnam spent more than 1.4 billion USD on pharmaceuticals, a 25 % increase against 2007 and half of which were locally produced.

Saigonbank aims to raise USD27.4 million in share sale - Saigon Bank for Industry and Trade Joint Stock Co. plans to raise VND480 billion (US\$27.4 million) from a share sale in February to expand operations, the Ho Chi Minh City-based lender said in a statement last week. Saigonbank plans to sell 48 million additional shares with an offer of VND10,000 from February 2 to February 25, the statement posted on its website said.

[Back to top](#)

COMING EVENTS



VIETNAM INTERNATIONAL FURNITURE & HOME ACCESSORIES 2009

Time: March 11th – 14th, 2009

Venue: Saigon Exhibition & Convention Center (SECC) / 799 Nguyen Van Linh St., Tan Hung, Dist. 7, HCMC

Opening hours: *Trade:* March 11-13 (9:00 - 17:00) / *Public:* March 14, 2009 (9:00 - 16:00)

NUI BA FESTIVAL (Every March)

If you go to Tay Ninh (Vietnam Southern Key Economic Zone), you should visit Nui Ba, a beautiful mountain located in the middle of the Mekong Delta, 11km from downtown Tay Ninh. Ba Mountain is often so-called Ms. Den Mountain.

According to a legend, the mountain was named after a young woman called Denh, but who was referred to as Den. She was the devout daughter of a guard officer of the Mien ethnic minority group. Den left her house to enter a monastery in the mountains. She became a nun due to family pressure to marry a guard officer's son from the Trang Bang Area. She remained at the monastery until she died. After her death, the Nguyen Dynasty ordered that a mould of her be cast in black bronze in her honour as the Linh Son Thanh Mau (Saint Linh Son).

During the spring until the afternoon of the 30th day of the 1st lunar month, and especially on the day of the full moon of the first month, tourists from Ho Chi Minh City and the provinces of the south pilgrimage to worship and sightsee. Starting at the bottom of the mountain, tourists climb one half of the mountain to Saint Linh Son's communal house and then follow a path that leads to a pagoda. This pagoda offers vegetarian meals. Tourists can eat as much as they want, but should donate some money to the pagoda; the amount of the donation depending on the budget of the tourist.



HUONG PAGODA FESTIVAL (March 1st – 21st 2009)

Place: Huong Son Tourist Area, Huong Son Commune, My Duc District, Ha Tay Province

Objects of worship: Sakyamuni Buddha, Avalokitesvara Bodhisattva, Holy Mothers.

Characteristics: One of the longest festivals with the most spacious area.

The Huong Pagoda (Perfume Pagoda Festival) is a series of expansive caves located in the Ha Tay province, set in beautiful rural area of Vietnam. Beginning on the sixth day of the first lunar month, the annual Huong Pagoda Festival is a bright and lively event that attracts both locals and tourists. Celebrations during the festival include traditional dragon dances, religious ceremonies and prayer meetings. Approximately 70 kilometers southwest of Ha Noi, Huong Son boasts quite a few pagodas built in the Posterior Le Dynasty. Until the beginning of the 20th century, there have over 100 pagodas. Visitors can go to Huong Son via the Ha Dong - Van Dinh route. Vietnamese or foreigners alike wish to come to Huong Son in springtime. Heading there tourists come to a magnificent land, a famous beauty spot in Vietnam.



Going boating in Yen Stream, visitors get a stunning view of the landscape in springtime. Here lies Ngu Nhap Mountain, there stand Hoi Bridge, Dun and Voi Phuc (Prostrating Elephant) mountains. Then come Thuyen Rong (Dragon Boat) and Con Phuong (Phoenix) mountains, not to mention various other mountains named after their shape like Ong Su (Buddhist Monk), Ba Vai (Buddhist nun), Mam Xoi (Tray of Sticky Rice), Trong (Drum), or Chieng (Gong).

At Trinh Temple visitors stop to burn incense and present to the Mountain Deity before going on their journey to Ba Cave. In front of the cave spreads a land with magnificent beauty. Leaving Ba Cave, tourists go to Tro Wharf, the starting point for the trekking up the mountain. Thien Tru Pagoda is the first destination. Known as the Kitchen of Heaven, it boasts Thien Thuy - a tower-like natural rock, and Vien Cong Tower an exquisite terracotta architectural structure dated back to the 17th century. On the right of the pagoda stands Tien Son Grotto, housing five statues carved out of stone and many stalactites and stalagmites which can be used as musical instruments.

LIM FESTIVAL (Feb – March 03rd 2009)

Place: Lim Hill, Lim Town, Tien Du District, Bac Ninh Province.

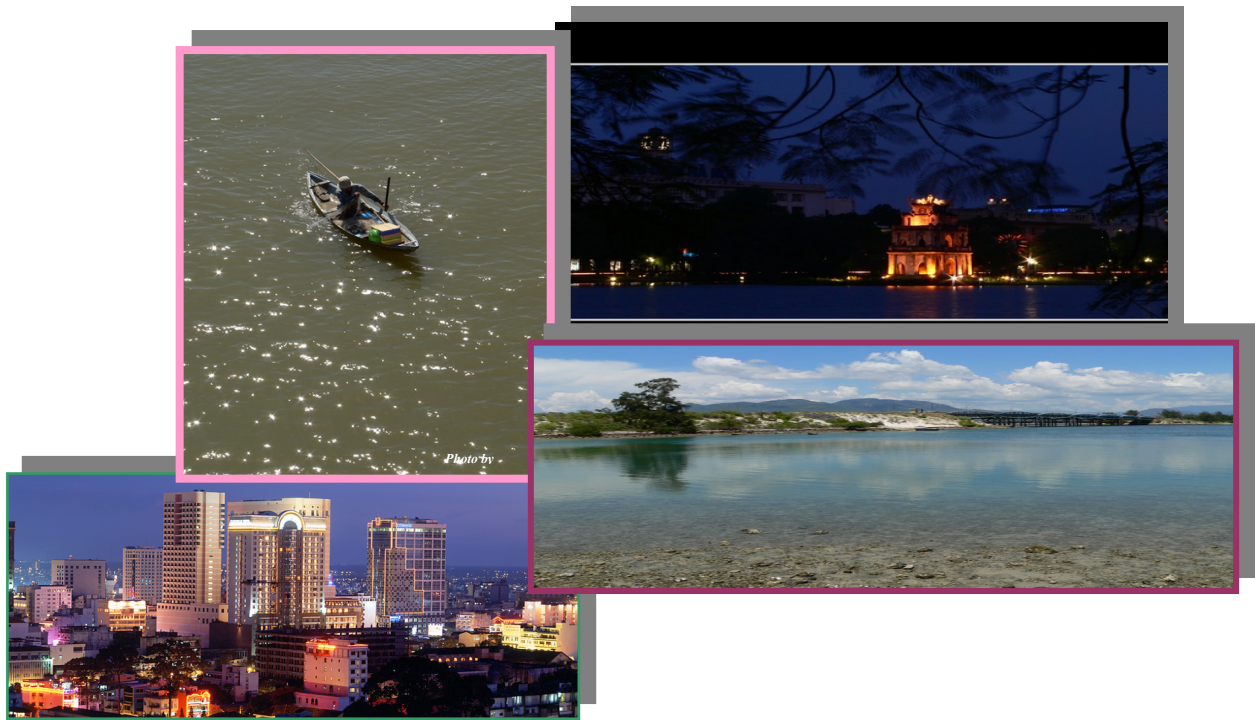
Objects of worship: Lady King and Hieu Trung Hau, the two legendary patriarchs of *Quan ho* tunes.

Characteristics: *Quan ho* singing on the hills, boats or at home.

"*Quan Ho*" is a special folk song of Kinh Bac Province, now called Bac Ninh Province. The festival takes place on Lim Hill where the Lim Pagoda is located. This pagoda is where Mr. Hieu Trung Hau, the man who invented Quan Ho, is worshipped. The Lim Festival takes place every year on 13th day of the first lunar month. Visitors come to enjoy the festival and see the performances of "*lien anh*" and "*lien chi*". These are male and female farmers who sing different types of songs in the pagodas, on the hills, and in the boats.

Besides this, visitors can come to the Lim Festival to enjoy the weaving competition of the Noi Due girls. They weave and sing *Quan Ho* songs at the same time. Like other religious festivals, the Lim Festival goes through all the ritual stages, from the procession to the worshipping ceremony, and includes other activities. The Lim Festival is a special cultural activity in the North. The festival celebrates the "*Quan Ho*" folk song which has become a part of the national culture and a typical folk song that is well loved in the Red River Delta region.

[Back to top](#)



About Viipip.com

Viipip.com, most powerful [InfoGate for Vietnam Industrial Park](#) headquartered in Centre of Ho Chi Minh City, is national consulting firm with 66 experts in industrial properties. Viipip.com serves industrial properties' owners, investors and occupiers in Vietnam, specializing in Southern Key Economic Zone and other zones. Viipip.com offers Investment strategic Advisory, Investment Studies, Market Intelligence, Development Services and Business Trip Customization regarding industrial properties.

Clients can use [Comparison Tool](#) and [Search Engine](#) at our [InfoGate](#) to take an in-depth view on developers and owners of Industrial Parks in Vietnam.

Please visit our InfoGate at [Http://Viipip.com](http://Viipip.com) for your better view of Vietnam.

Disclaimer: Information within this bulletin is combined from various Vietnamese Governmental agencies, local and international media for reference purpose only. [Viipip.com](#) hereby disclaims responsibility for the accuracy of the information contained in this bulletin. No Claim for damages, actual anticipated or consequential, economic or otherwise, will be entertained.

