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VIETNAM: TRADE & INVESTMENT BULLETIN

No. 41

Merry Christmas!!!

Dear all,

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

Thank you for your interest in our services!

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December 2012

GENERAL REVIEW

Legal updates: Labor subcontracting, trade of alcoholic beverages and food additive labeling
VN is coming to be entered "World's Top ten on competitiveness"
Industry still leading tax contributor

TRADE

Vietnam becomes 26th GPA observer
Consumer goods obtain strong sales growth
Telephone and component exports to EU hit USD5bil
Goods and services in strong show
Traders offered high discounts on Tet goods
Potential and opportunities for textile businesses

FINANCE – BANKING

Overseas remittances to hit USD11 bil this year
Banks don't want to ease loan interest rates
Tax obstacles to IT industry to be removed
Loosened regulations cause capital undercurrents, threatening economy

INVESTMENT

Almost 1,000 FDI projects licensed in 11 months
Despite big difficulties, multi-billion dollar projects still wait in line
VFA to become open-end fund
Myanmar licenses USD300 mil Vietnam project
Open bidding for Metro line 2 in first quarter 2013
Ninh Binh attracts investors via special incentives
Long An among top ten FDI attracting provinces
Mekong Delta intensifies investment promotion in Hong Kong
A green light for bio-fuels?
Foreigners still hesitant on stock market
Car import stays low at festive time

ANALYSIS

The socio-economic portrait after 11 months
Tien Giang, attractive destination for investors
Policies decisive to supporting industries
Domino's Pizza tailoring to local tastes

NEWS IN BRIEF

COMING EVENTS

Vietnam Saigon Boating Fishing and Water Sport Expo
Exhibition "The Vietnamese - Vietnamese Goods of WTO Integration 7th – 2012"
Cam Pha Food – Trade Exhibition

IPs says Hi

Supported by

DEVELOPER'S INTRODUCTION

CHU LAI OPEN ECONOMIC ZONE: THE BEST PLACE TO MEET INVESTORS' DEMANDS

Chu Lai open economic zone (OEZ) - the coastal economic zone established by the Government of Vietnam in Quang Nam province, where there are two world cultural heritages: Hoi An ancient town, My Son ancient temples complex and the world biosphere reserve of Cham Island. Chu Lai OEZ is a general, multi-disciplinary, multi-sector economic zone with the total area of 42.000ha.

Owning a convenient geographical location connecting to other areas of Vietnam and the world: locates in the middle of Vietnam and the center of ASEAN; away from Ha Noi and Ho Chi Minh city about one hour flight. With the radius of 3.000 km, Chu Lai OEZ easily accesses the most dynamic center of East Asia by air and marine such as Singapore, Hong Kong, Shang Hai, China, Japan, South Korea,...

Chu Lai OEZ has the first free trade zone of Vietnam operating under international practices with the total area of 1.700ha, contiguous to Chu Lai international airport and Ky Ha seaport; 5 concentrated industrial zones (Tam Hiep, Bac Chu Lai, Truong Hai, concentrated automobile and multi-purpose mechanic IP Tam Anh, Tam Thang) with the total area of 4,500ha, in which completed infrastructure of 3 industrial parks), 70km of seaside with the total area of 10.000 ha, white sand, sunlight - an ideal environment to build resorts and high - level entertainment complexes; especially 15.000ha for developing urban complexes with 4 main ones (South Hoi An, Tam Phu - Easten Tam Ky, Tam Hoa – Tam Anh, Tam Hiep – Nui Thanh)

Quang Nam Province has an ensured quality workforce to meet the demands of investors in Chu Lai OEZ. In addition, social utilities of Chu Lai OEZ and Quang Nam province ensure to meet investment projects such as 500-bed general hospital, over 4,000 internatinal - standard rooms, resorts suitable to organize major international events such as senior official meetings, the conference of tourism Minister,...

From its establishment, Chu Lai OEZ has attracted domestic and foreign projects from the United States of America, Japan, France, Canada, South Korea, Taiwain, China,... in which, there are some large - scale projects such as Chu Lai - Truong Hai automobile mechanical industrial zone, bus and car factories, plants for manufacturing details and spare parts of engine vehicles with the total capacity of 55.000 vehicles per year and the total investment of 400 million USD; Chu Lai Float Glass plant with the total capacity of 1.300tons per day, 150 million USD invested; Soda manufacturing plant with the capacity of 200.000 tons per year, invested 120 million USD; Chu Lai eco-tourism zone with the total investment of 25 million USD; Gold sand eco – tourism park, the capacity of 50 million USD; Engine manufacturing plant with the total investment of 125 million USD; Number one Chu Lai Beverage Plant with the total investment of 91 million USD.

To Chu Lai OEZ, the investors will enjoy peaceful land, friendly people and comfortable investment environment for developing the business.

Back to top

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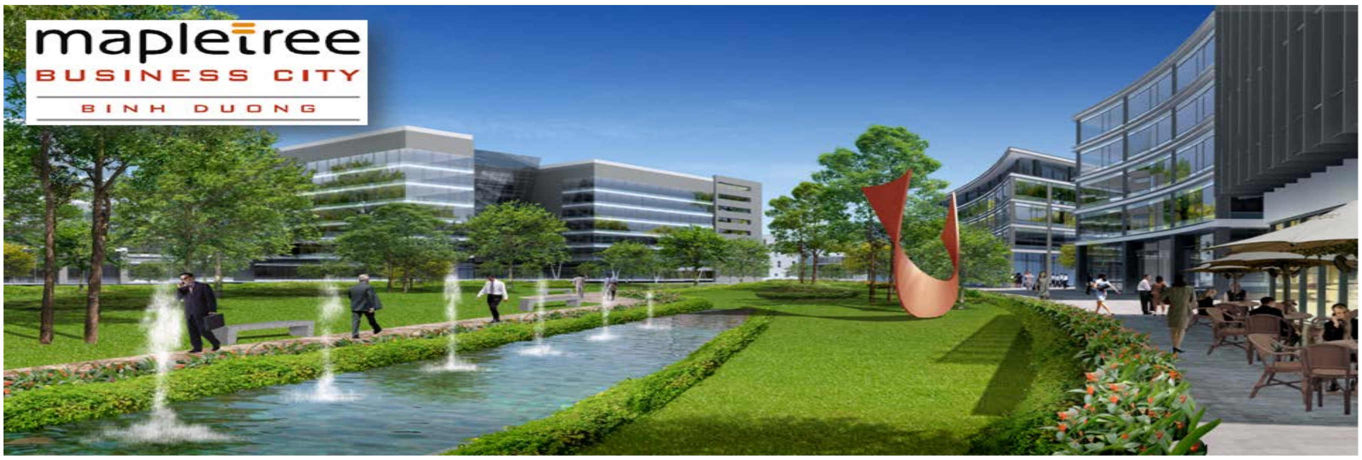
TAKING A SUCCESSFUL DEVELOPMENT TO THE NEXT LEVEL

Mapletree Business City @ Binh Duong



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

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

MBC@BD is located **30km from Ho Chi Minh City and Tan Son Nhat International Airport**, or a mere **45 minutes' drive away**, in the southern province of Binh Duong, one of Vietnam's fastest-growing provinces. The strategic positioning of MBC@BD in Binh Duong New City as the centre of the Southern Key Economic Zone, further complemented by ample amenities such as retail and F&B options, has attracted multinational corporations. This has in turn driven demand for quality business spaces.Meeting this need for quality real estate is MBC@BD, which features a contemporary modular infrastructure that offers its users a comprehensive suite of solutions, from ready-built facilities to build-to-suit options. These products feature efficient layouts and high-end specifications for modern businesses.

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

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

MBC@BD FAST FACTS

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

For leasing queries, please contact:
Mr Khriztopher Phay
(Tel: +84 909 730 579 / +65 8188 3355;
Email: khriztopher.phay@mapletree.com.sg)

Prime Location with High Connectivity

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

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

Development Following Success

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

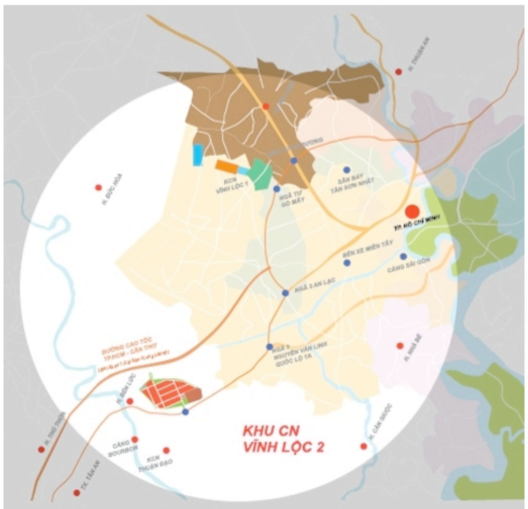
Meanwhile, the e-datacentre, purpose-built by MBC@BD for VNTT, as well as a food packaging plant, are already fully operational. The well-received phase 1A development (currently at 100% occupancy) had spun off hot enquiries, **securing lease commitments for approximately half of the remaining ready-built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

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

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

Back to top

VINH LOC 2 INDUSTRIAL ZONE: THE DESTINATION FOR GLOBAL INVESTOR After three-year operation, with the slogan "Unselective investment



attraction", Vinh Loc 2 Industrial Zone has actively promoted the investment and consulted the effective opportunities to clients.

Convergence of many advantages

Located in Voi La Hamlet, Long Hiep Commune, Ben Luc District, Long An Province, Vinh Loc 2 IZ – that developed by Vinh Loc - Ben Luc IZ Construction & Investment Corporation belongs to the key economic zone and has an important role in the Vietnam economic development strategies. With the special advantages on strategic location: convenient transportation hub, 25km to the western center city, near the airport and international port, the main gate directly connects to National Road 1, the back closes to Saigon - Trung Luong Highway, Vinh Loc 2 IZ is well connected with modern infrastructures in HCM City to freight to the Mekong Delta provinces.

In past time, by the promotion of available advantages and implementation of many positive solutions, Vinh Loc 2 IZ has many creative steps to success in the investment attraction. In order for green - clean IZ with modern infrastructures as well as to meet the expectation of investors, Vinh Loc 2 IZ is trying to complete the infrastructures system of power supply, water supply, water drainage, internal road, technical works, "green, clean, nice" manufacturing and working environment. In addition, Vinh Loc 2 IZ also has an available land area for utility services such as accommodation for specialists and workers, health services, banking, telecommunication, trading center, kindergarten, school ... to support their life.

Attractive policy

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

Vinh Loc 2 IZ has committed to bring a professional and friendly service style to investors; especially always create a really effective investment environment. The advantages and differences of Vinh Loc 2 IZ will be demonstrated during the actual development experiences of investors. Vinh Loc 2 IZ always tries to complete its mission: "Development to improve the life quality for society and become a destination for global investors"■

[Back to top](#)

VINH LOC – BEN LUC IZ CONSTRUCTION AND INVESTMENT CORPORATION

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GENERAL REVIEW

Legal updates: Labor subcontracting, trade of alcoholic beverages and food additive labeling

Draft decree setting forth conditions for subcontracting labor; Government Decree No 94/2012/ND-CP, regulating the production and trade in alcoholic beverages; and new rules applied for food additive labeling.

Draft decree would limit labor subcontracting

While the subcontracting of labor was authorized in the 2012 revision of the Labor Code, the new code does not specify further conditions or procedures. A draft decree setting forth conditions for subcontracting labor is currently circulated for public comment.

Under the draft decree, a labor contractor would be required to place a deposit of at least VND1 billion (USD47,800) in escrow at a licensed commercial bank in Vietnam that would be used to compensate the subcontracted employees if the contractor breaches any agreement with them.

Labor contractors would be required to be licensed by the Ministry of Labor, Invalids and Social Affairs and (i) maintain legal capital of at least VND2 billion ($95,700); (ii) maintain a registered office in the same location for at least one year; and (iii) have an executive with civil capacity, a complete curriculum vitae and at least a bachelor's degree or higher.

If the draft decree is promulgated in its current form, labor subcontracting would be limited only to certain business sectors as specified in the schedule accompanying the decree and subject to various other restrictions. For instance, labor subcontracting would only be allowed (i) to meet sharply increased human resources demand; (ii) replace an employee taking maternity leave, leave related to a workplace accident, or performing a citizen's obligations; or (iii) to place highly-skilled workers.

Government regulates trade of alcoholic beverages

Government Decree No 94/2012/ND-CP, regulating the production and trade in alcoholic beverages, classifies production of these beverages into three types: mass production, small-scale production; and small-scale production for sale to enterprises licensed to conduct further processing. Trade is also classified into three types: distribution, wholesale and retail.

The decree also requires that the quantity of an alcohol trading license be set according to population density. An alcohol distribution license will be allocated based on a region with a population of 400,000. An alcohol wholesale license will be allocated for each 100,000 people in a province and an alcohol retail license for each 1,000 people in a district.

Only enterprises with alcohol distribution licenses will be eligible to directly import alcohol, a change from the prior regulation allowing only alcohol wholesale enterprises to import alcohol. The new decree will take effect on January 1, 2013, replacing Decree No 40/2008/ND-CP.

New rules applied for food additive labeling

The Ministry of Health issued Circular No 19/2012/TT-BYT on November 9, on labeling products in conformity with food safety regulations. The circular applies to processed and/or packaged food, food additives, food enhancers, packaging materials, and instruments in direct contact with food.

For additives and enhancers not on the official list of those permitted for use either in Vietnam or the product's country of origin, as well as products containing these additives and enhancers, the Food Safety Bureau will determine whether and how the product will be labeled. The circular takes effect on December 25 this year.

(Source: BizConsult)

Back to top

VN is coming to be entered "World's top ten on competitiveness"

Viipip - In next five years, Vietnam will enter the list of top 10 countries in world on manufacturing competitiveness, and surpass Thailand.

It is forecasted by Deloitte Touche Tohmatsu (UK) operating in the field of auditing, tax services, financial consulting and international risk management, quoted by TNHK station.

In a new report published on "The competitiveness of global production in 2013," the company said in the next five years, Southeast Asia will be the highlight of manufacturing competitiveness. Along with Indonesia, manufacturing competitiveness of Vietnam is expected to continue to increase rank. Accordingly, Vietnam will leave the current 18th position in the top 10. Thailand will drop from No. 11 to No. 15.

The report said that in the next half decade, the big producers of the 20th century such as the U.S., Germany and Japan will have fierce competition with emerging countries such as China, India, and Brazil. In the next five years, China is expected to continue leading, and India will replace Germany. America will have to transfer the current position No. 3 to Brazil and dropped to 5th rank. Over the next decade, 10 countries in Asia will be named in the list of world's top 15 countries for manufacturing competitiveness.

Deloitte Touche Tohmatsu report is based on in-depth analysis of the survey results from over 550 top leaders of manufacturing companies around the world.

(Source: VIIPIP + VietnamPlus)

Back to top

Industry still leading tax contributor

The industrial sector continued to be the leading tax contributor on the list of the 1,000 leading corporate taxpayers in Vietnam, accounting for 66 % of total tax payments this year and including an additional 88 businesses from last year.

The so-called V1000 profile, released in Ha Noi by the Vietnam Report Co in co-operation with the General Department of Taxation and online newspaper Vietnam-Net, showed that the tax contribution made by the agriculture sector also sharply increased, with 17 new enterprises on the list in comparison with 2010 and 22 more than in 2009. The total paid by the service sector fell however.

In terms of corporate tax, industrial enterprises also accounted for the highest proportion with 61 % while agricultural firms made up 6.5 %. Banking, telecommunications and real estate once again made a big tax contribution to the State Budget, accounting for 21, 20 and 12 % respectively out of the total 1,000 businesses.

According to the report, the economy and State Budget still depend on the financial and property sectors despite the downturn they are suffering. It also revealed that the tax contribution of State-owned enterprises has remained stable as they paid more than half of the amount to the State. Private businesses accounted for 41 % of the total while the foreign direct investment sector saw a decrease in the number of enterprises listed.

Five big cities and provinces including Ha Noi, HCM City, Binh Duong, Dong Nai and Ba Ria-Vung Tau continued to top the list. Businesses in Ha Noi and HCM City contributed to three quarters of the total corporate tax. This has been the third year a list has been announced recognizing the contribution of 1,000 businesses in the context of the economic slowdown. The tax contribution of the businesses was VND54 trillion, accounting for 8 % of total enterprises operating in Vietnam. At a ceremony unveiling the list, Tran Duy Khuong, chief editor of Lao Dong (Labor) newspaper said they would announce the top 50 best workplaces in Vietnam in June.

(Source: VNS)

Back to top

TRADE

Vietnam becomes 26th GPA observer

Vietnam has become the 26th observer of the Government Procurement Agreement (GPA), one of the most important documents of the World Trade Organization, which is the first step towards official membership in the 42-party agreement.

The approval for the country's observer status was made by the WTO's Committee on Government Procurement, at its meeting on December 5 in Geneva , Switzerland.

As a non-biding agreement for WTO member economies, GPA opens up a series of opportunities to get access to the government procurement markets of 42 GPA parties, especially in infrastructure, transportation. The GPA was negotiated in parallel with the Uruguay Round in 1994 and put into force in 1996. The multilateral agreement reinforces rules guaranteeing fair and non-discriminatory conditions, ensuring openness and transparency in tendering procedures, special treatment and differences for developing countries in practices of government purchase.

Vietnam has always pursued an open and transparent trade mechanism in compliance with WTO's regulations since it became a WTO membership in 2007, Ambassador Nguyen Trung Thanh, Head of the Vietnamese diplomatic mission at the United Nations, WTO and other international organisations in Geneva, said on the occasion.

(Source: VIR/VNA)

[Back to top]

Consumer goods obtain strong sales growth

Fast moving consumer goods (FMCG) such as packaged food products, cosmetics, dairy products and beverages have still achieved high growth in the Vietnamese market despite economic difficulties, according to a survey.

Kantar Worldpanel in its latest survey on shopping behaviors said the growth of FMCG in Vietnam was higher than in regional countries.

The survey revealed that the total volume of FMCG in 12 months to September this year increased by 15.6% in Vietnam from the same period last year and by a couple of percentage points from this year's two previous quarters. Meanwhile, many ASEAN countries surveyed posted FMCG growth of less than 10%, with 9% recorded in Thailand, 5.1% in Malaysia and 4.2% in the Philippines. Besides, in the Philippines and Malaysia, FMCG in the third quarter failed to maintain its growth obtained in the two previous quarters.

In Vietnam, the growth of some product groups was quite high, with a year-on-year growth of 14.3% achieved by the beverage group. This figure was much higher than the growth of 10.9% and 11.5% recorded in the first and second quarters respectively.

Products such as energy drinks, nutritional drinks and soymilk increased strongly by 41%, 37% and 37% respectively, showing that consumers have now cared more about their health. In addition, consumers have bought more products for personal care and home care as well as basic products such as dishwashing liquid and shampoo. Similarly, basic package products like sauces and instant noodles also rose by over 15% in value.

According to the survey, 60% of FMCG are purchased at grocery stores and markets, and this traditional channel is the main shopping venues of FMCG. However, Vietnamese consumers are shifting their shopping from this traditional channel to modern channels like shopping centers and supermarkets where they can buy products having a lower price and enjoy many promotions. This tendency has narrowed down the traditional channel. While the annual growth of traditional trade was 16%, modern trade had a growth of up to 19%. The group of hypermarkets, supermarkets and convenience stores has maintained its growth of 24% per year thanks to the development of new stores, especially convenience ones in recent times.

(Source: The Saigon Times Daily)

Back to top

Telephone and component exports to EU hit USD5bil

Vietnam's telephone and component exports to the EU have continued to grow, worth an estimated USD5 billion this year.

The information was unveiled at a seminar in HCM City on December 6 to discuss cooperative opportunities in trade and investment between Hungary, the Czech Republic, Slovakia and Poland.

Nguyen Duc Thuong, Vice Head of the European Market Department under the Ministry of Industry and Trade, said that from 2000 to 2011, Vietnam-EU trade turnover has increased 5.9 times, from USD4.1 billion to USD24.3 billon. Vietnam-EU trade turnover saw positive results despite the global economic downturn in 2011-2012, up 36.9 % over 2010 and 16.5 % over 2011. Vietnam's key export items include footwear, garments and textiles, seafood, coffee, wood products, and electronics. Other products have also maintained high growth rates, such as rubber, plastics, cashew nuts, and pepper. At the seminar, trade officials were briefed on the Vietnamese business environment, key industries, transport network and strategic locations, as well as the role of infrastructure in their own countries, serving as a bridge for Vietnamese goods to penetrate the EU market.

In response, they called on Vietnam's business community to consider investment in their respective countries.

Hungarian Commercial Counsellor Lenart Istvan said that bilateral trade turnover between Vietnam and Hungary has reached USD80-90 million per annum. Both nations have also implemented cooperation programs in the import-export of food. However, Hungary has comparative advantages in pharmaceuticals, automobile manufacturing, and food packaging. Currently, many Hungarian companies are seeking to invest and build factories in Vietnam.

Polish Commercial Counsellor Wojciech Gerwel said that Poland has a dynamic and developed economy and Vietnamese businesses have many opportunities to do business there. Poland has comparative advantages in areas such as scientific research, cosmetics, food and confectioneries.

(Source: VOV)

Back to top

Goods and services in strong show

Total retail sales of goods and services in the first 11 months of the year jumped 16.4 % on last year to reach VND2,118 trillion (USD100.8 billion), according to the General Statistics Office (GSO).

However, with price increases excluded, the rise was in fact only 6.4 %, representing the lowest gains since May. The 16.4 % rise is also indicative of sluggish growth, as the total retail sales in previous years would routinely see rises of 20-22 %.

GSO expert Vu Manh Ha attributed the slowdown to decreasing demand in the wake of the global financial crisis. Many local consumers have tightened their belts to deal with the lower incomes brought about by reductions both in domestic production and exports. The Ministry of Industry and Trade predicts the market will see complicated developments in the final months, with shrinking consumption a likely symptom. Therefore, total retail sales growth in 2012 is estimated to close at 18-19 %.

In 2011, the total retail sales of goods and services reached VND2, 004 trillion (USD95.43 billion), up 24.2 % against 2010, or 4.7 % exclusive of price hikes. Meanwhile, in 2010, the total retail sales rose 24.5 % over the previous year, or 14 % with price increases excluded.

(Source: VNS)

Back to top

Traders offered high discounts on Tet goods

Local producers such as Vissan, Saigon Food, Bibica and Vinamit offered discounts of up to 20% to small traders and agents at the Tet goods launching day in HCMC on Tuesday (4 Dec).

The event, which was organized at the Continental Hotel by Vietnam High-Quality Goods Business Association, attracted 13 enterprises offering various discounts and gifts to traders. In the food sector, many companies such as Vissan, Thuan Phat, Lien Thanh, Tai Tai, Saigon Food, D&F and Vifon provided discounts from 5-20% for traders placing orders at the fair.

Vissan gave a reduction of VND8,000 on each kilo of Chinese sausage for orders from now to December 12 and VND6,000 a kilo from December 13-23. However, these discounts were offered to customers making immediate payment. Meanwhile, D&F pork pies and canned food of Dong Nai Food Processing factory carried discounts from 5% to 10%. Saigon Food Joint Stock Company gave a 15% discount for customers ordering rice porridge and instant seafood products. Thuan Phat Company offered discounts of 20% for orders placed on the day while Lien Thanh Company gave gifts or reduced prices at the fair.

For consumer goods, Duy Thanh Company applied “buy 10 get 1 free” policy on many products while Sunhouse gas stove producer gave direct discounts on orders from VND6 million each.

Confectionery and beverage producers Bibica and Bidrico applied an 8% discount for large orders. Vinamit Company launched promotions on new products such as dried lotus seed and instant coffee. Vinamit Company received many orders for its new products but with moderate quantity. Ngo Thi Hoang Mai, deputy director of Lien Thanh Seafood Processing Joint Stock Company, said that many small traders had bought its Tet gift hampers. Some traders ordered large quantities and were introduced to distributors in their areas. Some producers such as Saigon Food, Haiyih and Bibica also introduced many new products to agents and small traders at the event.

(Source: SGT)

Back to top

Potential and opportunities for textile businesses

While the recession has affected the global textile industry, including Vietnam's garment and textile industry, Vietnam's garment and textile enterprises have rapidly focused on investing in the domestic market.

According to the Vietnam National Textile and Garment Group (Vinatex), Vietnam's textile market has great potential. According to statistics, each person spends about VND150,000 to 500,000 per month on consumer goods, accounting for 18 % of their expenses. About 70 % of Vietnamese customers buy products two to three times per month. Therefore, the problem of recapturing the home market has been raised in recent years. Vietnam's garment and textile enterprises have focused on investment in its industry to attract consumers and to compete with imported goods.

The domestic textile market has also proved its potential through relatively high growth despite the recession and the difficulties in other industries. Vietnamese goods continue to be popular with consumers due to reasonable prices, promotions and safety. Many famous Vietnamese brands have been recognized as Vietnamese high quality goods, such as Viet Tien and

May 10 shirts, Nha Be suits, Thanh Cong T-shirts, Ninomax, PT2000, Viet Thang, Binh Minh, Phong Phu, Hanosimex and Dong Xuan. Those brands have become significant assets and contributed to increasing the competitiveness of enterprises.

Vietnam's garment and textile products have been present in all regions throughout the country. For example, Vinatex Mart supermarket chain have become Vietnam's leading retailer in terms of garment and textile products. Vinatex's large corporations, including May 10, Viet Tien, Phong Phu and Nha Be have built more than 1,000 stores in all provinces and cities. In particular, in recent years, to increase competitiveness in the domestic market, garment and textile enterprises have promoted their design work and developed brands to have high quality products. In addition, these enterprises said that the development of brands in the domestic market have more advantages compared to the international market.

In the current recession, the development of the domestic market is considered an inevitable trend. However, according to the Ministry of Industry and Trade's assessment, Vietnam's garment and textile enterprises need to put more efforts into the development of retail networks. Enterprises should invest in the design and fashion centers to ensure they produce items that meet current fashions. In addition, consumer research should be conducted to provide suitable goods. Supermarkets and fashion stores not only sell available products but also become places to connect manufacturers and consumers. Moreover, enterprises should research the application of new technology and materials to create distinctive and high quality products.

** Vinatex plans to increase domestic revenues in 2012 by 18-20 %. The distribution system and its members in the group have been expanded to provinces and cities with more than 3,445 points of sales and 60 Vinatex Mart supermarkets. Together with the domestic market development strategy, Vinatex's enterprises have actively participated in activities, such as taking Vietnamese goods to rural areas and opening trade fairs to advertise their textile and garment products.*

(Source: VEN)

Back to top

INVESTMENT

Almost 1,000 FDI projects licensed in 11 months

The Foreign Investment Department said that 980 Foreign Direct Investment (FDI) projects had received investment licenses in the first 11 months of this year, with total registered capital of USD7.25 billion accounting for 60.4 % of that in the same period last year.

In addition, 406 FDI projects had increased their investment capital by USD4.92 billion or by 41.3 % from a year ago. Old and new FDI projects had registered capital of USD12.18 billion accounting for 78.6 % of the figure for the comparable period last year. Although new FDI capital accounted for only 60.4 % of that a year ago, supplementary FDI capital had increased by 41.3 % proving that the investment environment in Vietnam has improved significantly and has won trust among FDI businesses.

USD10 billion was invested in these months accounting for 99.5 % of the total during the same time last year. Although the amount of invested capital had shrunk by 0.5 %, experts spoke highly of Vietnam's effort to attract FDI in the context of global economic recession and increasing competition among FDI receiving countries.

The processing and manufacturing sector continued to attract the largest amount of FDI capital (new and supplementary capital reached USD8.5 billion accounting for 69.8 % of total FDI capital). It was followed by the real estate sector with total new and supplementary capital of USD1.84 billion accounting for 15.1 % of total FDI capital, and the wholesale and retail sector USD465.6 million and 3.8 %, respectively.

So far this year 56 foreign countries and territories have invested in Vietnam. Of these, Japan has continued to lead with total new and supplementary capital of USD5.05 billion accounting for 41.5 % of total FDI capital in Vietnam in the first 11 months of 2012. Following it were Singapore (USD1.55 billion and 12.8 %) and the Republic of Korea (USD1.086 billion and 8.9 %).

The Foreign Investment Department also said that the FDI sector had sold abroad USD65.61 billion worth of goods including crude oil in the first 11 months of this year, marking a 31.8 % increase from a year ago and accounting for 63.09 % of Vietnam's export earnings. The sector imported USD54.96 billion worth of goods in these months increasing by 24.3 % from the same period last year and accounting for 52.85 % of Vietnam's import purchases. The sector sold abroad USD10.65 billion more than it had imported in these months, thus contributing to the country's economic development./.

(Source: VEN)

Back to top

Despite big difficulties, multi-billion dollar projects still wait in line

The year 2013 is believed to be the suitable time for starting up new urban area projects.

Huge project kicked off to welcome a new year

After getting license in March 2012, the joint venture between Japanese Tokyu Group and Vietnamese Becamex IDC in November 2012 kicked off the Sora Gardens I project, one of the three apartment blocks – the components of the Sora Gardens on the 110 hectare area in the new city of Binh Duong.

This would be a mammoth project with the total investment capital of 1.2 billion dollars. The block is expected to provide a shopping mall and 413 apartments to the market, each of which covers an area of 70-100 square meters, not including the penthouses. The start of the project is considered the only “light color” in the current dark picture of the domestic real estate market.

Hoshino Toshiyuki, General Director of Becamex Tokyu, said everything has got ready for the project. Besides the capital of its own, the investors would be financed by the banks from Japan.

Regarding the financial sources for the project, Nguyen Van Hung, President of Becamex IDC, the Vietnamese partner in the joint venture, said it would be impossible to implement big projects if just seeking domestic capital sources.

Why does Becamex Tokyu decide to start the project at this sensitive moment, when the real estate market is “hibernating”?

Hoshino Toshiyuki also said that investors would certainly encounter risks in this period. The real estate prices have plummeted in Hanoi and HCM City, while real estate developers keep complaining about the unsalability. However, the investors have every reason to keep their hopes. Binh Duong province, which has 28 industrial parks with the occupancy rate of 65 %, is believed to still have high demand for real estate products. It is also expected that the administrative agencies of the province would relocate to the new city, which would lead to the strong development of the whole area.

Regarding the project implementation, the investors said the whole project would be completed within 10 years. Meanwhile, the Sora Gardens I would be inaugurated in the fourth quarter of 2014, while the sale would be opened in the fourth quarter of 2013.

Urban area developers get impatient

It is expected that some big urban area projects in HCM City and neighboring areas would resume in some days. These include the 900 million dollar international university urban area in Hoc Mon district in HCM City developed by Malaysian Bejaya Vietnam.

In the industrial province of Dong Nai, the Long Hung urban area developed by DonaCo.op is now under the construction. The investor said to date, 40 million dollars has been disbursed for the project implementation, which has been spent on site clearance and some infrastructure items.

The investor plans to deliver 500 apartments for resettlement by the end of the year. It would market some 2000 apartments by 2013, priced at 150 million dong at minimum, mostly targeting local buyers. Besides the products in the resettlement area, the company would also offer the land plots next to the Long Thanh golf course to "explore the situation." These, according to DonaCo.op, would be highly profitable products when the Long Thanh – Dau Giay highway gets completed, slated for 2013. They would also help warm up the Dong Nai real estate market which has been quiet over the last year. Meanwhile, the 600 hectare Can Gio urban area proves to be not lucky enough. Saigon Sunbay, the investor, is now still seeking other investors to join the project.

(Source: DNSG)

Back to top

VFA to become open-end fund

Vietnam Active Investment Fund (VFA) will be the first closed-end fund in Vietnam to be turned into an open-end one as approved by all the investors, who are holding 93.1% of fund certificates.

VFA is run by VietFund Management Co. (VFM). The fund model is changed to increase its liquidity, according to the fund board of representatives. Giving further explanation, the representative board said that though VFA had been listed on bourse, the matched trading volume was very poor, only about 2,000 fund certificates per day. Moreover, due to its little appeal for investors, the discount rate of VFA is now 40-50% of the net asset value (NAV), meaning market prices of fund certificates traded every day are much lower than NAV.

The representative board hoped that after VFA becomes an open-end fund, the flexibility in trading would increase the liquidity of fund certificates. In particular, investors would be able to make direct transactions with the fund management company. Besides, discount rate will be no longer applicable. As such, investors can trade at NAV, so their interests will be better guaranteed. When turned into an open-end fund, VFA will create favorable conditions for investors to inject more money into it, whereas investors in the closed-end fund can only trade fund certificates on bourse, not generating capital for the fund.

VFA will cancel listing of fund certificates and depository. In addition, it will propose the State Securities Commission revise the certificate for establishment of an open-end fund. It is expected that the last transaction date of VFA as a closed-end fund will be March 8, 2013 and the first transaction date after it is turned into an open-end fund will be April 12, 2013.

VFM suggested the fund only hold cash from the day of temporary suspension to the day when the new fund is opened. Another option is the fund will hold 70% cash and 30% NAV for the VN30 basket. At the meeting, investors chose the first option, converting all shares into cash. As such, in the coming time, VFA will sell many shares it is holding, mostly MBB, VNM and VIC. According to the audited financial statement of VFA, as of September 30, its total asset had fallen 1.86% against the year's beginning to VND169.2 billion, including VND119.7 billion worth of cash and cash equivalents and VND48.5 billion of shares. The accumulated loss had reached VND74.2 billion by the end of September, while the total net asset value stood at VND166.3 billion on September 30.

(Source: SGT)

Back to top

Myanmar licenses USD300 mil Vietnam project

The Myanmar Investment Commission has granted an investment license to a USD300 million housing project to Hoang Anh Housing Development and Construction Joint Stock Company (HAGL Land).

The company will build a trade centre-hotel-apartment complex called Hoang Anh Gia Lai Myanmar Centre on an area of 8 hectares in the former capital city of Yangon. HAGL Land leaders said that after a long time for negotiations, legal procedures have been completed and land clearance has been carried out.

The project is divided into two phases, with the first to be implemented within three years, focusing on building a trade centre, offices for lease and a five-star hotel. In the second phase, a residential area and the second office block will take shape in three to four years.

(Source: VOV)

Back to top

Open bidding for Metro line 2 in first quarter 2013

Ho Chi Minh City's People's Committee has approved bidding plans for major components of Metro line 2, including construction and erection, and device supply.

The tender will be announced in the first quarter of 2013, according to Ho Chi Minh City's Management Authority of Urban Railway (MAUR). MAUR and Implementation Consultant (IC) are in charge of prequalification and issuing bidding documents. The package of alignment design of Metro line 2 (Ben Thanh-Tham Luong) is expected to be finished and submitted to the authority by the contractor Metro Team Line 2 JV in December 2012.

Metro Team Line 2—involving a consortium of Germany-based Pöyry Infra GmbH, Pöyry Infra AG, Obermeyer Planen + Beraten GmbH, ILF Beratencde Ingenieure GmbH and Vietnam-based TEDI South--has been awarded I.C. Services contract signed on January 17, 2012.

The IC Services, providing engineer, design and supervision consultancy services, are to be financed from German Funds through KfW Bankengruppe (KfW) in two tranches and the contract follows the FIDIC Client/Consultant Model Services Agreement. The share of the works undertaken by the German members of the consortium is around 79 %.

According to MAUR, package CS3 (Social Development and Gender Mainstreaming Consulting Services) and package CS4 (Integrated Sustainable Urban Transport Consulting Services) funded by USD40 million first loan from Asian Development Bank (ADB), are in process of prequalification. The IC services of CS3 and CS4 are planned to start in the second quarter and third quarter 2013 respectively.

Package CP1—the official building and initial depot Tham Luong, shared ADB's first loan--is now in a detail design phase. Bidding will open for construction and erection contract in first quarter 2013. Moreover, a bidding process for main packages of construction and erection, device supply of Metro line 2--funded by ADB's USD500 million second loan--has also been approved by Ho Chi Minh City's People's Committee. The construction and erection contract as well as supply and install contract are planned to be signed in July and August 2017 respectively. These contracts are expected to be finished in December 2017, with test operations planned for the following six months.

According to MAUR, line 2 will run from Thu Thiem Peninsula in District 2 to the Tay Ninh Bus Station in District 12, passing through Pham Hong Thai, Cach Mang Thang Tam and Truong Chinh streets. Out of the main section's total length of 11.3km, 9.6km will be underground.

(Source: Vietnam Investment Review)

Back to top

Ninh Binh attracts investors via special incentives

Speaking at a press conference ahead of the province's investment promotion conference to be held from November 29-30, Vice President of Ninh Binh's People's Committee Dinh Quoc Tri said Ninh Binh will strive to become one of several industrially developed provinces in the Red River Delta by 2020.

However, to achieve this goal will not be easy for Ninh Binh at all as it has so far attracted only 30 foreign invested projects and 60 domestic invested projects. Moreover, the domestic and international economic situations are looking down and capital flows are not expected to increase in the near future. Taking into account these difficulties, Ninh Binh decided to issue new policies to attract more investment.

Ninh Binh will focus on calling for investment in sectors such as industry, infrastructure construction, agriculture and tourism services. Specifically, the projects calling for investment in the province will include a thermal power plant; pilot urban construction; Kim Son coastal socio-economic infrastructure development; unbaked brick factory; five-star hotel complex; and an agricultural processing plant.

According to Deputy Chairman of Ninh Binh's People's Committee Dinh Quoc Tri, the province's preferential investment policy has some outstanding features. For example, the province will disburse in advance 30% of the cost of clearance, depending on the scope of the project to support investors to accelerate and annually allocate funds for infrastructure investment. Ninh Binh has set up a construction and development investment fund to support businesses and facilitate loaning procedures to help businesses access investment capital at preferential interest rates. In addition, Ninh Binh will create conditions favorable for investors in applying administrative procedures via the practice of one-stop-shop mechanism.

To avoid administrative harassment, Ninh Binh also disclosed information about its preferential investment policy via the provincial website so that investors may track up. In addition, the province also established a hotline for investors to voice administrative shortcomings they may encounter in the process of completing investment procedures, and regularly reviewed administrative operations so as to adopt timely measures against disturbing investors by administrative staff, creating a clean investment environment in Ninh Binh.

Director of Ninh Binh's Department of Planning and Investment of Nguyen Chi Tinh said "The investment projects made in Ninh Binh often have to be subject to assessment and selection so as to match the province's development plan. The projects to be prioritized in the future will include high-tech and environmentally friendly projects. Ninh Binh will firmly deal with abandoned and slowly implemented projects. To date, the province has revoked 20 investment licenses from such projects."

Located at the southern gate to the north in the Red River Delta, Ninh Binh Province is an important traffic hub connecting many provinces and cities across the country and has great potential for tourism and industrial construction material production development. Over the past five years, Ninh Binh has achieved a high annual average economic growth rate of 16.5 %, with its GDP in 2010 almost doubling that in 2005. Last year, Ninh Binh faced a lot of difficulties but still continued to achieve positive economic growth rate, making a 2.5-fold increase over the country's total rate. Currently, Ninh Binh has seven industrial parks and its economic structure is moving in a positive direction, with the construction industry accounting for 49 % of provincial economic structure. Ninh Binh's urban socio-economic infrastructure has been vastly improved and it is gradually becoming an attractive investment destination for domestic and foreign investors.

(Source: VEN)

Back to top

Long An among top ten FDI attracting provinces

Long An took eighth place among the top ten provinces in terms of foreign direct investment (FDI) by this October, with 45 new projects consisting of total registered capital of USD223.99 million and 12 existing projects with total supplementary capital of USD29.44 million, increasing the amount of new and supplementary registered capital to USD253.44 million.

The Long An Province Department of Planning and Investment said that by October 2012, 451 FDI projects had been given investment licenses and investment certificates with total registered capital of USD3.56 billion including supplementary capital. Of these, 264 projects have gone online accounting for 46.3 % of total registered capital. Major FDI industries include textiles and garments equivalent to 40 % of all FDI capital, agricultural and food processing 30 % and engineering 15 %. FDI capital averaged USD8.2 million per project. Most investment projects are located in major economic centers in districts such as Duc Hoa, Ben Luc, Can Duoc, Can Giuoc and the city of Tan An. So far 31 countries and territories mostly in Asia have invested in the province. Of these, Chinese Taipei has invested in 139 projects with total capital of USD756 million, the Republic of Korea 62 projects and USD667 million, China 37 projects and USD87 million, Japan 37 projects and USD164 million, and Thailand 19 projects and USD296 million.

In the past, most FDI projects in the province were labor-intensive and used local materials for export processing such as textiles, garments and assembly. However, to meet the need for sustainable development, the province now prioritizes intensive-investment, high-tech and local-material projects. Following the provincial policy, investors have paid greater attention to improving technology and investing in high-tech areas such as precision engineering and automation. In addition, FDI enterprises have progressively transferred management to Vietnamese employees and put them in major positions.

FDI enterprise exports increased rapidly year on year and made up an increasing percentage of the province's total export earnings. Exports by the FDI sector reached only USD150.05 million in 2000 and increased 12 fold to USD1.97 billion in 2011. Increased FDI has created many jobs for people in Long An and from other provinces. The number of FDI employees also increased every year. The sector has employed 90,554 people accounting for 55.44 % of all employees in the province. However, shortcomings remain as the province has not drawn many large investors and has not developed support industries, high technology and high-added-value products. Most enterprises in the province are medium to small-sized, and processing and assembly projects are many.

To become an industrial province by 2020 Long An will attempt to create a really good investment environment to better attract FDI projects focusing on new technology, industries and sectors that will not pollute the environment. In addition, the province will examine and boost ongoing projects and stop unworkable projects. It will reform administration, particularly administrative procedures related to investment, land, construction, taxation and customs and strengthen local authority managerial capacity, resolve problems for people and businesses and increase the province's competitiveness index, which shows the level of provincial public administration efficiency.

The province will invest in technical infrastructure in and out of industrial zones, build houses and social infrastructure facilities for workers in industrial zones, renew and boost investment promotion activities in several industrially-developed countries and territories like Japan, the Republic of Korea and Chinese Taipei, organize meetings with domestic and foreign big-name business groups and international organizations to attract major high-tech FDI projects, encourage business in all economic sectors to invest in agriculture, rural areas, handicrafts, industry, rural services, craft villages, and projects that utilize local-labor and green and energy-efficient technology.

(Source: Vietnam Economic News)

Back to top

Mekong Delta intensifies investment promotion in Hong Kong

Can Tho City hosted a seminar on November 26 to strengthen the effectiveness of investment and trade promotion targeting businesses from Hong Kong Special Administrative Region (HKSAR).

The event was co-organised by Can Tho City's People's Committee and the China Manufacturer Alliance (CMA). Delegates heard introductory briefings on the potential advantages of the entire Mekong River Delta region and Can Tho City, particularly in terms of agricultural, seafood, and processing industries. They hoped local investment incentives will encourage Hong Kong investors to seek out the localities' business opportunities.

A CMA representative said that Hong Kong has offered business-friendly policies under its free market orientation. Hong Kong is an international trade centre with professional and efficient services. The HKSAR currently hosts the consular offices of approximately 110 nations and the headquarters or offices of around 3,750 multinational corporations. The CMA is willing to coordinate with international agencies and foreign trade associations on information sharing, new market development, and international business cooperation – including in Vietnam and the Mekong Delta provinces, said the representative.

HKSAR has treasured a time-honoured relationship with Vietnam. Both sides signed an agreement on aviation services in September 1999 and an agreement on double tax avoidance in December 2008. In April 2009, the Vietnam Trade Promotion Agency and the Hong Kong Trade Development Council signed an agreement on trade promotion between Vietnam and the HKSAR. As of October 2012, Hong Kong has invested in 692 projects in Vietnam with a total capitalisation valued at USD11.96 billion, ranking sixth among foreign investors in the country. Among them, 33 projects worth USD569.9 million are in the Mekong Delta region.

(Source VOV)

Back to top

A green light for bio-fuels?

Ethanol manufacturers remain demanding the Vietnamese government's urgent help to timely create a market for their products despite the latest prime minterial approval of timeline to sell ethanol nationwide.

According to the approval, bio-fuel E5, that is a mixture of unleaded gasoline and ethanol, will be allowed to be sold on a massive scale in seven cities and provinces from December 1, 2014. They are Hanoi, Haiphong, Danang, Quang Ngai, Ho Chi Minh City, Ba Ria-Vung Tau and Can Tho. Meanwhile, bio-fuel E10 will be sold on a massive scale in the seven cities and provinces from December 1, 2016.

After that, bio-fuel E5 and E10 will be sold nationwide from December 1, 2015 and from December 1, 2017 respectively. Currently, market observers admitted that bio-fuel E5 sales remain very modest compared to traditional fuels. Only three out of more than 10 petroleum wholesalers in Vietnam - PV Oil, Petec and SaigonPetro presently trade bio-fuel E5. The market is so bad that Japan's Itochu, the foreign partner in the joint venture to build and operate USD80 million ethanol factory in southern Binh Phuoc province, recently expressed its wish to transfer 49 % stake to other partners.

The Binh Phuoc factory, which started operating early this year, is invested by the Orient Bio Fuels Company, a joint venture between Itochu (49 %), PV Oil (29 %) and Licogi 16 (22 %). The factory has an annual capacity of 100,000 kilolitres of products. While industry insiders believed the new government's timeline for ethanol sales on the nation scale can be a lifebuoy for the sinking sector, an Itochu representative told VIR that the company would review its situation from all possible aspects. Besides the Binh Phuoc factory, state-run PetroVietnam and its partners is now developing two ethanol factories in northern Phu Tho and central Quang Ngai provinces with the combined capacity of 200,000 cubic metres per year.

Frank Hopfenbach, country manager of Messer Group in Vietnam - which is now operating industrial gases manufacturing facilities in Vietnam, said the deadline of 2014 to popularising the use of bio-fuel E5 for road vehicles was too late. "It's a waste because we have started up our CO2 recovery plant already and invested in other supportive facilities," Hopfenbach said.

Messer Group has invested in a CO2 recovery plant right next to the Orient Bio Fuels Company's ethanol factory in Binh Phuoc, to collect raw CO2 released from the factory in order to produce food grade CO2 which will be sold to different industry segments such as wastewater treatment. The Ministry of Industry and Trade forecast that Vietnam will need around 120 million litres of bio-fuels by 2015, and the figure will climb to 833 million litres by 2025.

(Source: VIR)

Back to top

Foreigners still hesitant on stock market

Although foreign buying value hit an eight-month high in November, securities enterprises said that the investors have yet to come back to the local market given risk concerns.

Last month, foreign buying value stood at over VND3.2 trillion on the Hochiminh Stock Exchange (HOSE) while their selling value was VND1.8 trillion. However, large transactions of Vingroup Company (VIC) in the final days of the month soared to over VND1 trillion.

If VIC transactions were netted off, foreigners were net buyers to the tune of just VND338 billion, which was equivalent to previous months. VIC on November 30 announced that South Hanoi Urban Development Joint Stock Company and Vietnam Investment Group Joint Stock Company completed block deals of eight million and 5.4 million VIC shares respectively. These trades were pre-registered with the southern stock watchdog a couple of days ago with the total value of over VND1 trillion.

Trinh Hoai Giang, deputy general director of HCMC Securities Corp. (HSC), said that not many new investors have joined the market as only 38 foreign accounts, both individual and institutional, were registered at the Vietnam Securities Depository in November. HSC, who takes the lead in terms of foreign brokerage market share, saw no new investors. Having met many foreign investors, Giang said they are interested in the local stock market but hesitant to put money on the playground at the moment. Their confidence in an improvement of the local economy has faded since August.

Next year will remain tough as the Government is still struggling with bad debts and inflation while the stock market will need a lot of time to recover after restructuring. "Foreign investors recently have come back to the bond market but focused on short-term bonds from two to three years only. They are concerned that inflation will recur in the country after these terms," Giang said.

Foreigners will continue to keep a 'wait-and-see' attitude and will inject money on the market when the economy plunges to the floor. However, consumer goods and food sectors will remain attractive with shares of Vinamilk (VNM) or An Giang Plant Protection Company being targets of investment organizations.

Dinh Quang Hoan from Viet Capital Securities Company also shared the same view, saying that over 10 mergers and acquisitions deals under this broker's consultancy this year aims at consumer goods sector. Other industries, meanwhile, see no notable signs.

Another expert said that many foreign funds given fund closing pressure will sell out a large volume of shares next year. They will not set eyes on the local stock market if they have yet to find out new capital sources.

(Source: SGT)

Back to top

Car import stays low at festive time

Although the auto market often turns active at the year-end due to a strong demand spurring a high import volume, the number of completely built-up (CBU) cars imported last month remained low compared to previous months.

According to the General Statistics Office, the volume of imported cars stayed at 2,000 units last month with a value of around USD50 million, marking the eighth month in a row the import of CBU cars is unchanged.

Such a figure is also the lowest in the past three years for the year-end period with many festivities that often drive up car demands. Economic difficulties and high car fees have resulted in a strong drop in demand of consumers and enterprises as well as in car import and assembling volume since the year's beginning. Unlike previous years when the year-end period often comes with a shopping spree, this year is contrary although consumers can enjoy low prices and receive many supports from trading firms and automakers.

The year almost ends, and car traders are not optimistic about a high consumption volume like previous years.

According to trading firms, with the low car import of only 2,000 units per month, the hope for a recovery of the auto import market has faded. Amid the sluggish market, local auto importers and distributors have continuously launched many promotion programs to stimulate the demand. According to the General Statistics Office, the total import volume of completely built-up cars this year is estimated to reach 24,000 units with a value of USD537 million, down 53.3% in volume and 43.9% in value from last year.

(Source: SGT)

Back to top

FINANCE – BANKING

Overseas remittances to hit USD11 bil this year

Overseas remittances to Vietnam are likely to reach around USD10-11 billion in 2012, according to the National Financial Supervisory Committee.

This is a positive sign in the context of global economic downturn, say committee experts attributing the country's steady economic growth to stable inflows of overseas remittances and FDI capital. They quoted statistics as saying FDI disbursement reached USD10 billion during the past 11 months and is forecast to amount to USD11 billion this year.

A recent World Bank (WB) report has unveiled that overseas remittances to Vietnam this year would be USD9 billion, ranking seventh among the nations receiving the largest amount of money remitted from overseas.WB said developing countries will receive a total of USD406 billion in overseas remittance this year, up 6.5 % against last year. India takes lead the list with USD70 billion, followed by China (USD66 billion), the Philippines and Mexico (USD24 billion) and Nigeria (USD21 billion).

The WB's Lead Economist for Vietnam, Deepak Mishra, said that Vietnam's overseas remittance reserves are rather small compared to other nations. In addition, the convenient transfer from VND to the US dollar in Vietnam has also affected the country's money supply in the inter-bank market. Currently, Vietnam has around 4 million Vietnamese expatriates living and working in 101 nations including 400,000 guest workers.

(Source: VOV)

Back to top

Banks don't want to ease loan interest rates

The government is considering slashing the lending interest rate to 10 % in an effort to rescue businesses which have been thirsty for capital. However, this has not been welcomed by commercial banks, which say they would not make profits with the interest rates.

Offering preferences, but in dribs and drabs

Though it is now the high year-end production season, banks still have been reluctant to launch the credit packages with preferential interest rates.

Only in late November 2012, did Sacombank launch the credit package worth one trillion dong applied to the enterprises and households which join the program on stabilizing the goods prices on Tet holiday.

Under the credit program, the lending interest rate is just 10 % per annum in the first three months. However, the loans would be matured after six months at the latest, because the program would only last until the end of January 2013.

In October, Eximbank announced the credit package of 4500 billion dong with the interest rates of 9-10 % per annum for import-export companies and the enterprises in the supporting industries.

Reporters have found out after visiting some bank branches on Lang Ha Road in Hanoi, that there have been very few preferential lending program for enterprises and business households in the Tet sale season.

Techcombank is now running a program on providing capital flexibly to small and medium enterprises. There are two options for businesses. They either can borrow money for six months within credit limits, or borrow money for 12 months, but the values of the loans would be lower.

Businesses now can borrow money at the interest rates of 14-15 % per annum, while individuals have to pay 16-17 % per annum.

VIB Bank, after two weeks of making public the lending interest rates and setting the highest lending interest rate at 15 % per annum, has raised the rate to 15.79 % per annum.

Only the new clients, who borrow money to buy houses, or business individuals can access the preferential loans with the interest rates of 9.9 % per annum for the first three months. However, they have to mortgage assets for the loans, have good business result and feasible business projects.

Other commercial banks set the lending interest rates at 16-17 % and strict requirements on borrowers.

Interest rate reductions would make banks incur loss

While businesses have repeatedly urged banks to slash the loan interest rates, bankers still keep quiet, while only offering some credit programs with preferential interest rates.

A deputy director of a bank frankly said no bank wants to ease the interest rates, because this would affect their profits.

The banker said that with the margin between the lending and deposit interest rate at 3-4 % per annum and the ceiling deposit interest rate of 9 %, the ceiling lending interest rate would be 13 % per annum. However, the interest rate would not satisfy banks, and they would charge additional fees to raise the actual interest rate to 15 % per annum.

In principle, when banks pay 8 % for deposits, they would be able to make profit if they have the margin of 3-4 %. However, in fact, banks had to spend higher cost for the capital mobilization, for the provisioning against risks, and debt settlement. Dr Nguyen Tri Hieu, a banking expert, also said the margin of 3-4 % would not be high enough to make profit, while some banks may even incur loss.

(Source: Tien Phong)

Back to top

Tax obstacles to IT industry to be removed

Last year, the IT industry achieved USD13.7 billion in revenues, up 79 % from 2010. However, problems related to finance, tax, and human resources affected the investment decisions of IT businesses and the IT sector's growth.

General Director of FPT Technology Solutions Pham Minh Tuan agreed with Nguyen Huu Le while saying "The temporary import for re-export of equipment is time consuming in terms of procedures. For example, several companies must re-export their equipment every six months and then enter the next procedure regarding two or three-year long projects."

Chairman of Quang Trung Software Park's Board of Directors Chu Tien Dung said, "A number of companies involved in software processing and digitization services are facing difficulties in the new rules on value added tax (VAT) for data digitization services along with concerns about the procedures for land lease and rent and mobilization of investment capital. Specifically, the Ministry of Finance has adjusted VAT on digital services data from zero % to 10 % from the date of March 1, 2012, making it difficult for many businesses in terms of temporary import for re-export of equipment and machinery from foreign partners. These companies still have to pay their import duties and get them refunded after the re-export of equipment and machinery, which is a major obstacle to the development of IT companies."

According to a study by Gartner, Vietnam is among the top 30 countries worldwide selected as the sites for IT service development, including business process outsourcing (BPO) services. Especially last year, Vietnam ranked fourth on the attractiveness of investment after India, China, and Brazil.

CEO of GHP Far East Co., Ltd. Frank Schellenberg said, "The VAT adjustment greatly affected our business operation as we signed contracts a long time before and must now add an extra 10 % to the contract, so the customer refuse to pay. Moreover, we must consider whether our new orders should be done in Vietnam or not because the rates will increase by 10 %. This sudden change made Vietnam lose market competitiveness compared to India and China, where there are good incentive policies for the IT industry. IT companies in India, China and the Philippines are exempt from VAT. In order to increase investment competitiveness compared to other countries in the region, Vietnam should quickly resolved problems related to tax and should apply more transparent and reasonable tax rates."

According to Mr. Tran Quy Nam from Ministry of Information and Communications' Information Technology Department, the draft ICT industry development program to 2020 and the draft proposal program will focus on the recommendations that the Ministry of Finance should consider adding IT industry development projects to the list of loan-preferential projects in accordance with Decree 75/2011/ND-CP. In addition, Ministry of Finance should coordinate with relevant agencies to consider and solve the problems arising from the current value-added tax policy regarding software and related engineering services; complete legal environment and policies related to software and digital content import management; review and complete the import and export tax policies on software products and services and digital content; strengthen guidance and monitor implementation of the corporate income tax preferential policies and import and export duties to ensure the right incentives are applied properly.

Ho Chi Minh City People's Committee has been active in organizing regular meetings to exchange and consult IT companies in resolving tax problems, creating favorable conditions for IT development. The committee has also proposed allowing IT companies to import tax debt when temporary import of equipment and machinery for research and development of IT products; reviewing the rules and solve problems specific to each company, particularly, 10 % value-added tax regulations on digital data services. In addition, the committee and the Ministry of Information and Communications coordinated a lot of IT support programs, including preferential loans and groups specializing in solving business difficulties, with a view to accelerating the pace of growth for the city's IT industry in the future.

(Source: VN Economic News)

Back to top

Loosened regulations cause capital undercurrents, threatening economy

Defined as the credit activities which occur outside banks, shadow banking has become a new big threat.

The East Asia financial stability conference which has just finished in Hanoi spent much time on the discussion on "shadow baking," a matter of great interest of the international finance market after the collapse of Lehman Brothers which has led to the 2008-2009 global financial crisis.

Dr Vu Viet Ngoan, a well-known Vietnamese economist, warned that this could be the origin of a next crisis.

Shadow banking is understood as the conduct of banks shifting from mobilizing capital from the public and businesses to mobilizing from investment funds, insurance companies or issuing financial papers. The sums of money later are used to buy some kinds of securities with high safety levels (such as government bonds).

The fact that non-bank credit institutions mobilize capital and then relend to others, or provide other services like a bank, has created high risks in the system. This is the matter of biggest concern of experts. The shadow banking activities in Asian countries, including China and Vietnam, also comprise of other unofficial transactions, such as black credit or pawning, which remain uncontrollable to state management agencies.

A report released in mid-November 2012 by the Financial Stability Board (FSB) showed that the total transaction value of the underground market reached 67 trillion dollars. This is a huge sum of money which is higher than the total GDP of the 20 biggest economies in the world. However, the figure is not a surprise at all, if noting that in 2007, it was 62,000 billion dollars already, which was double that of the five years before.

The US is believed to be the economy with the biggest shadow banking system, worth 23 trillion dollars, while the figures are 22 trillion dollars in the euro zone and 9 trillion dollars in the UK.

In Vietnam, economists say, the biggest threat is that the underground banking activities may cause the interactive risks between the stock market and the banking system.

According to Deputy Chair of the State Securities Commission (SSC) Nguyen Doan Hung, the securities companies in Vietnam have been carrying out a lot of operations which have the same characteristics as credit activities. Repo is a typical example. The service, by the nature, is that securities companies lend money to investors to fund securities investments. The operation, which is similar to the banks' lending, has not been put under a strict control. Hung has warned that the cash volume lent by securities companies to investors through repo service is "relatively big," which may become uncontrollable one day.

The operation of securities companies to lend to investor through financial leverage is also believed to have latent risks, even though it bears the strict control as stipulated in the law on credit institutions. Besides, the zigzag path of the cash flow which is remitted from banks to securities companies, then to investment fund management companies and to other companies also makes it more difficult to control. Not only the securities market, the shadow banking, in many cases, affects the operation of orthodox banks. Nguyen Chi Hieu, a member of the board of directors of a well-known bank in Vietnam, said his bank always receives the proposals to issue assurance certificates.

In these cases, a business or an institution would come forward and lend to a borrower, if the bank accepts to issue assurance certificate. Meanwhile, this is really a risky thing.

(Source: VNN)

Back to top

ANALYSIS – OPINION

The socio-economic portrait after 11 months

The socio-economic situation over the past 11 months has included a number of positive indicators but also revealed difficulties that need to be addressed in the near future.

Despite both domestic and global economic woes, 2012's socio-economic situation has made remarkable progress in controlling inflation and the monetary market with stable exchange rates, credit interest rate reductions of 5–7 %, foreign currency reserve increases, and overseas remittance transfers worth tens of billions of USD. Nearly 1.4 million new jobs were created and industrial production grew by 6.7% compared to the same period last year. Traffic accidents, fatalities, and casualties declined.

There is no denying that country's achievements exceed those of 2011. The consumer price index (CPI) was at 18 % this time last year but only 6.52 % at the end of November. The figure defies the predictions of domestic and foreign economic organizations, indicating the Government's effective economic management. Last year's export surplus numbered approximately USD9 billion but export-import ratios were balanced by late November.

The exchange rates between US dollars and Vietnam Dong have been kept within the permissible fluctuation band since the middle of 2011, helping to stabilize the monetary market. Lending interest rates have remained at 15 %/year over the past few months compared to 20 % last year.

The disbursement of investment capital resources including ODA funding was accelerated while social welfare policies were properly implemented, allocating thousands of billions of VND to social policy beneficiaries and those living in areas struck by natural disasters.

Despite the initial successes of macroeconomic management in 2012, the new year will also usher in a number of daunting challenges. These potentially include unsteady macroeconomic stability, a high risk of runaway inflation, rising bad debts, delayed restructuring of the banking system, sluggish industrial production recovery, and difficulties in agricultural production caused by epidemics and natural disasters.

Dealing with outstanding debts from capital construction investment is imperative, as is balancing budgetary revenues and outlays to keep overspending under 4.8 %.

The Government has devised nine solutions to 2013's emerging issues, focusing on resolving bad debts and large inventories, restoring production, saving the property market, and streamlining the disbursement of ODA funding and FDI capital. The Government will also prioritize stronger measures for stimulating agricultural production and exports, advancing administrative reform, and combating smuggling and trade fraud (including preventing illegally imported consumer goods of unclear origins and not subject to the usual quarantine inspections for food hygiene and safety). The Government wants to control price hikes and inflation, guard social welfare by caring for the poor and social beneficiaries, practicing thrift, and eliminating waste. If the issues related to businesses' capital access, excess inventories, bad debts, and the banking system restructure are tackled successfully, social confidence will be consolidated and 2013's socio-economic situation improved.

Vietnam's socio-economic targets for 2013 include maintaining the economic growth rate at 5.5 % and the CPI at 8 %, holding overspending at less than 4.8 %, and creating 1.6 million new jobs.

(Source: VOV)

Back to top

Tien Giang, attractive destination for investors

"Located at the gateway of the Mekong Delta, with convenient transportation system and effective administrative reforms, Tien Giang Province is regarded as an attractive destination for domestic and foreign investors," Director of Tien Giang's Department of Planning and Investment Tran Van Dung said in an interview.

What is Tien Giang's appeal to domestic and foreign investors?

We have the advantage of geographical location, being located at the gateway to the Mekong Delta, near Ho Chi Minh City, linking the Mekong Delta with the Southern Key Economic Zone. The province became more strategically important after the completion of the My Thuan and Rach Mieu bridges and Ho Chi Minh City-Trung Luong Highway. To make the most use of the advantages, Tien Giang already reviewed and revised its planning and projects in terms of increased quality and effectiveness of the investment environment. It has completed two projects for the Tan Phuoc and Go Cong industrial zones, prepared projects for a sea port and an industrial oil and gas services complex associated with a modern urban development.

How does Tien Giang address investor concerns with local infrastructure and administrative procedures?

Concerning infrastructure, Tien Giang has focused investment on local infrastructure development, with the Government's intensive support; and to date, the transport infrastructure connecting Tien Giang with other nearby provinces has improved. In the future, the My Tho-My Thuan Highway will continue to receive investment, shortening journey times to Ho Chi Minh City. Regarding provincial administrative reforms, Tien Giang has focused on streamlining local investment procedures through coordination mechanisms. Tien Giang's People's Committee established two inter-branch administrator teams to resolve investment procedural issues arising outside and inside local industrial zones. The procedures related to land allocations, construction, environment, and labor force will be implemented by the one-stop shop (OSS) mechanism. In order to improve the quality of administrative reforms, Tien Giang's People's Committee has assigned the Center for the Promotion of Investment, Trade and Tourism to provide investors with information and services during their preparation of procedures and expansion of projects.

What are Tien Giang's 2011-2015 plans to attract more investors?

Provinces in the Mekong Delta are similar in terms of economic development potential and cultural practices, providing an advantage for mutual linkages and cooperation and also posing major investment competitiveness. Therefore, each locality should clearly identify their strengths to participate in this process. With the support from the South West Steering Committee and the Vietnam Chamber of Commerce and Industry (VCCI)'s Can Tho Branch, provincial committees discussed and agreed upon a mechanism for links and cooperation between provinces in Mekong Delta and Ho Chi Minh City and the Southern Key Economic Zone. On the basis of general principles, we have been actively involved in the process of building the Mekong Delta Master Plan. Provincial Investment Promotion Centers will link together to expand effective cooperation.

Tien Giang should identify key objectives including redistributing productive forces; adjusting local development plans consistent with the strength of each locality; synchronize construction of transport infrastructure; establish regional tourism; expand training and human resources development; mobilize investment into the region and preparing investment incentives;

promoting culture, trade and tourism throughout the region; improve the business and investment environment and regional competitiveness; build regional socio-economic and investment information exchange systems; and enhance environmental protection cooperation in response with natural disasters and climate change.

(Source: VEN)

Back to top

Policies decisive to supporting industries

Statistics of the Ministry of Industry and Trade show that there were 346 companies active in supporting industries in Vietnam as of end-2011. The rapid growth in export of mobile phones and electronic products recently provides these firms with great opportunities. However, Vietnamese enterprises are still struggling to position themselves in the value chain of multinational groups in their home country. Truong Thi Chi Binh, director of the Center for Development of Enterprises in Supporting Industries under the Industrial Policy and Strategy Institute, had a talk about this issue. Excerpts:

What is your comment on the picture of supporting industries in Vietnam?

Actually, supporting industries are still taking shape in Vietnam. Supporting industries for motorbike production have developed very well. But supporting industries in general are still dominated by foreign-invested enterprises (FIEs).

Perhaps, we shouldn't place too much emphasis on whether it is FIEs or domestic firms, as long as the products are made in Vietnam. Still, in the long term, domestic enterprises must play the central role. At some time in the future, FIEs may switch to other destinations with cheaper labor cost and better environment.

Supporting industries for automobile manufacturing are still underdeveloped because the market does not fully meet the investment demand of enterprises. Some say the reason is capability of enterprises. But I don't think so. The conditions are not sufficient for them to increase their capability.

Automobile is just one of the sectors that need supporting industries. In recent two years, electronic products and components made by FIEs have achieved high growths. Has export growth promoted the development of supporting industries for this sector?

Not yet. It is because export growth is now mainly attributed to the export-processing mechanism, from material import to processing and export. If the Government is not aware and does not take any effective measure to support the local supporting industry companies, then this sector will decline more rapidly than other sectors. When incentives are no longer available for them, FIEs may take exodus. As such, the development of supporting industries has nothing to do with the growth in export of electronic products and components.

FIEs with commitment for development of supporting industries receive great incentives, including import tax exemption, so most of them import materials, process and export. Therefore, the added value for the domestic market is very small. Is this true?

It's more or less true. For instance, auto part exports do grow. Only electronics does not have much added value in Vietnam because this industry requires high technology that the country cannot satisfy. The Government should make an investment as a lure. But so far there has been no program like this.

Enterprises active in supporting industries for automobile production in Vietnam mainly produce simple parts such as shells, power cords and rubber components. Can these suppliers make a breakthrough in localization of supporting industries in Vietnam?

Supporting industries for the automotive sector have not grown much because domestic consumption is declining, hindering the effort for localization. This is not related to the types of components. Though local firms mainly produce big components manually, not sophisticated machine-made components like in Thailand and Indonesia, they have their own markets. The domestic auto market size, however, is not big enough to stimulate the development of supporting industries. Therefore, export is still the job of FIEs, not domestic enterprises.

Vietnam wants to limit the number of personal vehicles to reduce traffic congestion. This hinders the development of the auto market and supporting industries for this sector. What is your thought on this contradiction?

I personally think it is a policy contradiction. When the average GDP per capita reaches a certain level, automobile traffic will inevitably become popular. If the country did not foresee this, did not have its own automotive industry, it would have to import cars. This would be an unfortunate "gap" for a populous nation.

The ASEAN Free Trade Area (AFTA) in 2018 will fully open the auto market. How can the local auto market adapt to market openness?

Of course, it is very difficult to develop with just a few years left, but if the Government is determined enough, we will still have ways. The market size is unchanged but the focus should be placed on the auto makers that can localize their products. If the Government could show some car lines whose outputs meet the investment expectations, then it would create a motivation for localization and competition.

What is the key problem of supporting industries in Vietnam? Why are enterprises still struggling with their own business?

The key issue is policies. The Government must be determined to carry out its policies in a proper and consistent way. Enterprises should only look at the market to make investment. Policies will support or not support the market. They cannot change the market trend.

(Source: SGT)

Back to top

Domino's Pizza tailoring to local tastes

The international pizza company Domino's Pizza opened its sixth store on Khanh Hoi Street in HCMC's District 4, marking an important milestone in its development in the local market. Ritch Allison, executive vice president of international of Domino's Pizza, had a talk about the event and the strategy to win the market. Excerpts follow:

Can you tell us how Domino's Pizza is doing globally and here in Vietnam?

We have seen enormous growth momentum globally, especially in international business – our international operation has been the accelerant for growth in the past 10 years. We have just opened our 10,000th store in Turkey on September 27 this year. This milestone will be our solid foundation for even greater growth. Among the three international regions, Asia Pacific was the fastest growing region, beating EMEA (Europe, the Middle East and Africa) and Latin America in terms of same store sales growth in 2011. This year, we have surpassed the 2,000th store mark, which is another significant achievement. With Asia-Pacific region on a growth trajectory, there are solid plans in motion to expand further into the region, building our existing markets as well as developing green field sites.

Vietnam has been doing extremely well since we entered the market in November 2010, consistently achieving year-on-year double digit growth. Vietnam simply demonstrated our brand's strength and relevancy to consumers in developing countries and it is in this regard that the country is one of our most important markets.

How many Asian economies Domino's Pizza have operated in so far?

Domino's Pizza is now operating in 14 Asian economies based on the franchising model: Australia, China, Guam, New Zealand, India, Sri Lanka, Korea, Japan, Malaysia, Singapore, Taiwan, the Philippines, Indonesia and of course Vietnam. We are opening in Thailand by the end of 2012 so we will be in 15 countries and territories. We are market leaders in Australia and India, and a close second in Korea and Taiwan.

How does the Vietnam market perform compare with other Asia Pacific markets?

The results we have seen for the first two years of performance here in Vietnam have been very encouraging. Vietnam is one of the markets with the highest number of order counts in Asia, which means we are attracting a lot of customers every day. All our stores are doing tremendously well with customers queuing up for our freshly made pizzas every Tuesday during our Two-for-Tuesday promotion.

In terms of potential, how will you compare here with other Asia-Pacific markets?

Vietnam is a unique country in Asia Pacific with a large proportion of young population, over 50% of the country's population is under 39, who are typical Domino's Pizza target customers. With the country's rising middle-class and increase of income per capita across the board, we look forward to firming up our expansion plans in order to enable the brand to ride the growth wave in this highly important market.

Who are your customers in Vietnam? Is your brand only attracting foreigners and expats as the local consumers seem to prefer traditional noodle and rice?

We have a pretty good mix of foreigners and local customers in our customer profile. For westerners living in Vietnam they can find their familiar great taste pizzas here such as Pepperoni and Hawaiian, just like those at home, while Vietnamese can find a wide variety of products and consistent product innovation here, satisfying everybody. You will be amazed how receptive the local Vietnamese are towards our products. In fact, our store on Nguyen Tri Phuong Street whereby 99% of the demographic are local Vietnamese has actually become one of our best performing stores in the city, challenging and beating the stores in expat areas. That simply proves to us how the locals loved our product.

How does Domino's differentiate itself from other pizza companies and fast food chains?

Since its inception, Domino's has been a byword for quality and quick service. When you have a pizza delivered, you want to know two things, how good it is and how long it will take to arrive. Domino's guarantees both these things and this has been the backbone of Domino's success. Domino's is committed to providing customers with the ultimate pizza delivery experience and in line with this, we offer the 30 minute delivery guarantee, which guarantees that your order will arrive within 30 minutes or we will give you a free Regular Pizza voucher. Product satisfaction is another Domino's guarantee that your pizza is guaranteed to be hot, fresh, and great tasting when it arrives at your doorstep, otherwise we'll replace your order or refund your money. We also offer a 15 minute take-away guarantee, which means that you will receive your Take-Away order within 15 minutes or we will give you a free medium pizza voucher to be redeemed on your next take-away order. We are committed to delivering the best quality services and will continue to develop new ways to improve our services for our customers.

But Vietnamese consumers have not yet accustomed to the habit of delivery. What will Domino's do to change this perception and consumer behaviour?

As mentioned before, the country's middle class is rising with a busier and career-oriented lifestyle as seen in major cities, so pizza delivery has soon become very relevant to local consumers. In fact, delivery contributed to about 40% of our sales and this shows that Vietnamese love pizza delivery. Our belief is to meet the changing needs of customers in different regions and different life stage. Domino's is proud to be a brand that anyone can order "anytime, anywhere", from walking into our new Pizza Theatre concept stores where you can see your pizzas made fresh in front of you, to ordering online, whereby consumers can simply order from us through any channel and any way they want.

Is there anything special about this Khanh Hoi store or just another version of others?

The Khanh Hoi store is our first full-blown store under the 'Pizza Theatre' concept in Vietnam and also in South East Asia. This concept has been developed and tested in our U.S. headquarters. This Domino's Pizza store will have its pizza-making artists on display as they hand-toss fresh dough and custom-make customers' orders. The new store design allows flexibility for a number of features otherwise unheard of when it comes to the "traditional" Domino's Pizza store. Some features include a comfortable lobby, open-area viewing of the food preparation process, including a step platform for children to see the action, and the ability to track carryout orders electronically. The design concept is complemented by a new, single-tile logo, marking a significant change in the branding of the 52-year-old company.

Do you keep the same concept as everywhere in the world, or make change to adapt to the local taste?

Domino's Pizza, being a global brand, has brought to Vietnamese consumers international taste with great American Classics flavors like our bestseller Extravaganzza and Pepperoni etc. On the other hand, we always adapt to local market tastes and preferences. For example, in Vietnam we have launched specialty pizzas tailored to local tastes such as the Lap Xuong pizza (Chinese Sausage pizza) to celebrate the Tet in 2011. Also, as we all know Vietnamese love seafood and spiciness, thus it is not surprising to see that the Seafood Pizza is actually our best selling product in Vietnam.

One of the big players in the pizza market is Pizza Hut, who seems to be omnipresent recently. What do you think about the competition here?

Vietnam is a market with tremendous opportunities for pizza, with strong and robust economic growth, which attracted a lot of foreign investments which bring in a lot of consumers with western tastes. At the same time, as average household income increases in this country, people living in the six major cities, especially HCMC and Hanoi, have become more affordable for pizza and international food brands. We are very positive on the future of our business in Vietnam. Competition on pizza has previously been dominated by a single player. And with our entering the market in 2010, consumers have a greater variety of choices. This also lifts the consumer's overall interest and awareness in pizza.

(Source: The SG Times Daily)

Back to top

NEWS IN BRIEF

Vietnam earned USD1,511 million from exports to the Italian market in the first ten months of 2012, up 24.2 % from the same period last year. According to the General Department of Vietnam Customs, the country's total export earnings from Italy will reach USD1,815 million by the end of this year, bringing the two-day trade turnover to USD2,775 million. Vietnam's 10-month imports from the Italian market were estimated at USD802 million, down 3.2 % over the same period last year. As a result, Vietnam achieved a trade surplus of USD709 million with Italy. Vietnam's key export items included telephones and components, coffee, footwear, seafood, machinery and spare parts, and garment and textile products. The country imported equipment, feed for animals, and pharmaceutical products from Italy.

The Cambodian Government will ease difficulties, creating favorable conditions for Vietnamese businesses, including rubber producers, to operate efficiently in the country. Deputy Prime Minister Yim Chhayly made the commitment at a meeting with representatives of rubber companies operating in Cambodia. He confirmed that his government will remove any obstacles facing the businesses and do its utmost to protect their legitimate rights in the country. He appreciated the Vietnamese companies for having developed rubber plantation projects in Cambodia, helping foster local economy and reduce poverty in the community.

Work will start next year on the USD38.4 million Da Lat software park in the central highlands Lam Dong Province. A construction plan of the park in Lac Duong District, just announced, shows it will be built on 63ha over seven years. The park will include areas for IT production and training, exhibition, conferences and seminars, a center for trade, services, entertainment and sports. A full 50ha of the land area will be used to grow trees. The development is expected to help the province compete for investment and improve science, technology and the economy. The provincial authority will co-operate with HCM City on the project. A branch HCM City's Quang Trung software park will be built in the Da Lat software park.

FrieslandCampina Vietnam invested more than VND6 billion (USD286,000) to install an automated milk-purchasing system in a move to strengthen transparency, accuracy, quickness and convenience in purchasing milk directly from farmers. The system aims to control milk quality from farm to factory and trace the source of raw materials when needed. With system automation, every farmer or household will be issued a milk delivery card with a unique code.

The seventh investment–trade–tourism promotion conference for the Cambodia–Laos–Vietnam development triangle took place in the Central Highlands province of Kon Tum on December 5. The event attracted the participation of representatives from over 400 domestic and foreign businesses. Two-way trade between Vietnam and Laos, and Vietnam and Cambodia is estimated to reach a combined total of over 4 billion USD this year. Vietnam is investing in 50 projects worth close to 1.7 billion USD in Laos, and 25 projects valued at 1.5 billion USD in Cambodia.

Eight renewable energy projects have received financial assistance in the first period of the Energy and Environment Partnership with the Mekong Region (EEP Mekong) program, according to the Ministry of Industry and Trade. The core activities of the program include financial assistance for projects, new initiatives, and solutions to facilitate renewable energy development. EEP Mekong is committed to providing EUR9 million over the 2013-2016 period to renewable energy projects, creating favorable conditions for investors to access technological information and financial assistance. EEP also helps Vietnamese management agencies develop renewable energy mechanisms and polices.

Ho Chi Minh City currently enjoys an export growth rate of 9.7 % and an industrial value higher than the national average. The HCM City People's Committee held a conference on December 1 to discuss socio-economic development over the past 11 months and decide on detailed plans for the remainder of the year. Delegates reported that 33 out of 57 sectors recorded higher growth than during the same period last year, including 29 sectors whose impressive growth surpassed the national average. They noted the consumer price index (CPI) had seen a year-on-year increase of only 3.9 % - almost half the 6.52 % national average - greatly contributing to successfully containing inflation. They also raised concerns about the rising number of traffic accidents and the increasing incidence of crimes threatening social security, especially considering the nation's traditional lunar New Year Festival is drawing near.

Shrimp exports are expected to reach USD2.2 billion this year, down 8.3% against the same period in 2011. As of September 2012, shrimp exports had earned USD1.62 billion, 2.9% less than last year's figure. China and Australia increased their Vietnamese shrimp import volumes in the third quarter. The shrimp sector continues to grapple with challenges including Japan's shrimp product ethoxyqin level inspections and underwhelming exports to the three major EU, US, and Japanese markets. Vietnamese shrimp exporters also face increasingly fierce competition from Indian and Indonesian rivals. Third quarter shrimp exports amounted to more than USD610 million (down 3.9% from the second quarter) and exports are expected to jump to USD650 million in the fourth quarter (an increase of 6.5%). VASEP hopes that shrimp exports to the US market will earn USD127 million in 2012.

Vietnam welcomed over six million foreign visitors in the first 11 months of this year, an increase of 11.4 % year on year, reported the Vietnam Administration of Tourism (VAT) on Monday (31 Nov). Of the figure, 3.6 million arrived for holidays (up 9.4 %) , 1.06 million for business (up 17.1 %), and 1.05 million for family visits (up 15.5 %), China's Xinhua news agency said. The number of visitors from countries and regions increased during the period, mostly from China (with 1.28 million, up 0.8 %), South Korea (635,000, up 31.5 %), Japan (524,000, up 20.8 %) and China's Taiwan (380,000, up 17 %). VAT set a target to welcome 6.5 million foreign visitors and 32 million domestic tourists in 2012, earning about 150 trillion Vietnamese dong (roughly USD7.19 billion).

Vietnam Airlines has launched a direct route linking Ho Chi Minh City and Jakarta in Indonesia. Flights are scheduled for every Tuesday, Wednesday, Friday and Sunday. The inaugural flight, carrying 143 passengers, landed at Soekarno-Hatta International Airport, Jakarta on December 2. It is the first direct air link between Vietnam and Indonesia and the second new international route Vietnam Airlines has offered this year. On the occasion, Vietnam Airlines offered special discounts on HCM City-Jakarta and HCM City-Jakarta-Bali routes.

Fifteen years since the Internet was first introduced in Vietnam, the number of subscribers has reached four million with about 31 million people using the Internet for various purposes. This was announced at a ceremony hosted by Vietnam Internet Association in Hanoi on December 1 to celebrate the 15th anniversary of the Internet service in Vietnam. Vietnam officially connected with the global Internet network on November 19, 1997. Vietnam ranks 18th among 20 countries with the most number of Internet users in the world, while in Asia it ranks eighth and in Southeast Asia it stands at third place. At present the number of Internet users in Vietnam has increased 15 times compared to that in 2000.

Vietnam's military-run telecommunications group Viettel will expand its operations in Cameroon, its seventh foreign market for its mobile and telecommunications businesses. Nguyen Manh Hung, Viettel's deputy director, announced a business agreement signing ceremony will be held in the Central African nation on December 3. Viettel is also currently operating in Laos, Cambodia, Mozambique, Haiti, Peru, and East Timor. Viettel is aiming for 15–20 % revenue and profit growth in 2012, or an total of around VND140,000 billion. Last year, the group brought in USD40 million profit from foreign markets. In 2012 the figure will be doubled to USD80 million.

Sumitomo Osaka Cement Co Ltd (SOC) cut the ribbon on its first battery material plant in Yen My district, northern Hung Yen province on November 30. The 5 billion JPY (USD62.5 million) plant is specialized in manufacturing cathode materials for lithium ion batteries, an essential material in the energy revolution. "The new plant in Vietnam will provide a solid foundation to expand our lithium-ion battery cathode material business throughout the region and wider world," said General Director of SOC Vietnam Yoshihiko Sumitani. Located in a 56,000 sq.m. plot in the Thang Long Industrial Park II, the plant is designed to produce 2,000 tons of product per year. The productivity could be increased to 10,000 tons per year, depending on market demands.

The US-headquartered Procter&Gamble (P&G) on November 30 broke ground for a project to expand its Pampers manufacturing plant in southern Binh Duong province's Ben Cat district. With an additional investment of USD80 million in the next three years, P&G Vietnam aims to boost production of the diapers brand for domestic consumption and for export. In 2009, P&G invested USD 45 million to develop the first category of Pampers Baby Care plant at the Vietnam – Singapore Industrial Park No 2, using the latest technology for manufacturing diapers. Emre Olocer, general director and CEO Vietnam, said, "With three consecutive years with the highest growth rate of global P&G, Vietnam is one of the priority investment markets of P&G." He said P&G's investment in Vietnam has tripled to more than USD200 million this year and would continue to increase in the coming years.

Vietnam's rice output for 2012 is expected to increase by 1.45 million tons over the last year's figure, to reach 43.7 million tons, according to the Ministry of Agriculture and Rural Development. Of which, the winter-spring harvest will yield an estimated 20.27 million tons, up 495,000 tons. Following is the main crop (from late May to mid-November) with a total output estimated at 8.2 million tons. The yield of the summer-autumn crop is expected to be 11.7 million tons, while the autumn-winter crop will produce about 3.5 million tons. The higher rice output this year was attributed to the application of supporting policies by local authorities, coupled with developing the so-called Grand Paddy Field model, according to the ministry's Planning Department.

Phu Quoc International Airport became operational in the Mekong Province of Kien Giang's Phu Quoc District IN 2 Dec. Built on 900ha in Duong To Commune with a total investment of VND16.2 trillion (USD775 million), Phu Quoc airport can accommodate 2.6 million passengers a year. The airport, which has a 3,000m by 45m runway is capable of receiving Boeing 777s, Boeing 747-400s and similar aircraft. The international airport replaces the local airport in Duong Dong Town on Phu Quoc Island. Airport director Dao Viet Dung said that in addition to existing flights, the new airport would accommodate five daily flights from December 12. It will use Airbus A321s of the Ha Noi-Phu Quoc route to be operated by Vietnam Airlines. On the same day, low-cost carrier VietJet Air will launch its HCM City-Phu Quoc route with one flight per day.

Vietnam shipped more than 100,000 tons of pepper abroad for USD750 million in the past eleven months, up 6.1 % compared to the same period last year, according to the Ministry of Industry and Trade. In November alone, Vietnam's pepper export volume is estimated to reach 7,000 tons, earning USD53 million. More than 80 countries and territories have imported Vietnamese pepper. The US is the largest importer of Vietnamese pepper, followed by Germany, and the United Arab Emirates. The average export price in October was USD6.798 per ton, up 17.1 % from a year earlier.

Vietnam will gain a quarter-on-quarter increase of 6.5 % in the export value of shrimp, as the value will rise to USD650 million for the last quarter this year, said the Vietnam Seafood Exporters and Producers (VASEP). However, during the first three quarters of the year, shrimp exports saw a year-on-year drop of 3.9 %, falling to USD1.62 billion in value. The association expected total exports to have a year-on-year fall of 8.3 % to USD2.2 billion.

Vietnam and Angola have agreed to boost bilateral cooperation in the growing of rubber, coffee and wet rice. During the Vietnamese delegation's recent working visit to Angola, State Minister of Angola Jode Amaru Tati highly valued Vietnam's practical experience in developing the agricultural sector and expressed hope that the visit will contribute to further tightening ties of the friendship, solidarity and cooperation between the two countries. The Vietnamese delegation conducted a survey into wet rice cultivation in Bie and Luanda provinces and exchanged experiences with local officials and people in building transport and irrigation systems as well as models of rice cultivation. Both sides pledged to complete and submit a feasible study into wet rice cultivation in Luanda to the two governments as soon as possible.

TradeCard, Inc. has opened an office in Ho Chi Minh City to support growing trade flows in Vietnam. TradeCard is the supply chain collaboration and global trade platform used by more than 10,000 retailers, brands, manufacturers and service providers. More than 418,000 orders, valued at USD2.7 billion, moved through Vietnam on the TradeCard Platform from January 1 through October 31, 2012, a 92% increase in order volume versus full year 2011. Using TradeCard, 304 suppliers in Vietnam processed 639 million items and 494 million cartons during this time period. "We've worked with TradeCard for many years and their local support and resources have had a significant impact on our business," said Paul Wu, Quang Viet Enterprise Co. "The new office in Ho Chi Minh City aligns with our growth strategies and will play an essential role for supporting trading partners in Vietnam."

Lotte Mart opened its third Vietnam outlet in Bien Hoa, a satellite city of 600,000 people near Ho Chi Minh in the southern part of the country in the end of November. The six-story building occupies an area of 13,100 sq. m and includes a theater and a video arcade. In consideration of the heavy use of mopeds by local people, the outlet has a parking lot with a capacity of 1,300 motorcycles. Lotte Mart set up its first outlet in Ho Chi Minh in 2008, becoming the first Korean discount chain to enter the market, and opened its second store in the city in 2010. The chain plans to launch its fourth outlet with six stories and 14,200 sq. m in Da Nang, the largest city in central Vietnam, next month.

Saigon Cable Corporation (CSG) has announced that they will make a second payment to investors to fulfill a commitment made by the company following its dissolution. CSG's investors will receive VND700 a shareholding on December 6. The company has already paid investors VND9,300 a share. It is expected to make payments in three phases, taking the total money paid out to investors from VND13,000 to VND15,000 (USD0.62-0.72) a share. CSG was delisted from the HCM City Stock Exchange on October 4 after applying to dissolve. CSG shares closed the last trading at VND12,200 a share.

Vinatex will auction almost 1.7 million of their shares in the Saigon–Quang Ngai Brewery Company at a price starting from VND10,000 (USD0.48) a share, the HCM City Stock Exchange has announced. Information about the auction and depositing is available from 30 Nov, and the auction will take place at 2pm on December 28. The Quang Ngai-based company has a charter capital of VND450 billion (USD21.5 million). It incurred losses from 2010, posting a loss of VND1.09 billion (USD52,000) in 2010 and VND68.2 billion (USD3.3 million) in 2011. This year, it is expecting another loss of VND71 billion (USD3.4 million), as the new factory has yet to generate profit this year.

Back to top

COMING EVENTS

Vietnam Saigon Boating Fishing and Water Sport Expo

Venue: Saigon Exhibition & Convention Center (SECC) *Country:* Ho Chi Minh City, Vietnam

799 Nguyen Van Linh Parkway, Tan Phu Ward, District 7

Start Date: ***14 Dec 2012*** *End date:* ***16 Dec 2012***

Conference Description

The Vietnam Saigon Boating Fishing and Water Sport Expo is one of the most exciting and largest outdoor events, in Hochiminh city held for three days. The show is packed with entertainment, enthusiasm, sports, fun, and team spirit and is aimed at nurturing the passion of the visitors. The exhibition will display comprehensive range of uniquely designed boats and ships to the targeted audience. The exhibitors will demonstrate the latest products and technology. The Vietnam Saigon Boating Fishing and Water Sport Expo show will bring together all the industry professional under one roof. It will feature a vast range of accessories, recovery and emergency equipments, protection devices, camper trailers, camping gear, sport fishing boats, family cruisers, express cruisers and ocean-going trawlers.

Visitors' Profile

The Vietnam Saigon Boating Fishing and Water Sport Expo show will be attended by the Skiers, Surfers, Wake boarding professionals, Media, Water sports enthusiast, Travel and tourism consultants, Manufacturers, Exporters, Importers and other related professionals.

Exhibitors' Profile

The Vietnam Saigon Boating Fishing and Water Sport Expo show will be exhibited by the Boat charters, Power and pleasure boats, Water sports clubs, Marine accessories, Advanced water treatment systems, Fishing articles, Fishing boats and Boat trailers.

Back to top

Exhibition "The Vietnamese - Vietnamese Goods of WTO Integration 7th – 2012"

Venue: Phu Tho Sports Arena   *Country:* Ho Chi Minh City, Vietnam

No.01 Lu Gia Street, Ward 15, District 11   *Start Date:* ***19 Dec 2012***   *End date:* ***24 Dec 2012***

Business in charge: **Dong Phuong Advertising JSC.**

Add: 85 Nguyen Thai Binh, Ward 14, Tan Binh District, HCMC

Tel: 84-8 6296 8065   *Fax: 84-8 6296 8064*   *Email: inquangcao85@gmail.com*

Back to top

Cam Pha Food – Trade Exhibition

Venue: Cam Pha Town Center   *Country:* Ha Noi, Vietnam

Start Date: ***23 Dec 2012***   *End date:* ***02 Jan 2013***

Business in charge: **Asia-Europe Trade Fair Co., Ltd.**

Add: 71 Lan Ong, Hoan Kiem, Ha Noi   *Tel: 84 - 4 2214 3226*   *Fax: 84 – 4 3828 2569*

Contact person: Ms. Nguyen Thi Thuy Nga

Back to top

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Advisory, Investment Studies, Market Intelligence, Development Services and Business Trip Customization regarding industrial properties.

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