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

VIETNAM: TRADE & INVESTMENT BULLETIN

No. 02 / 2013

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!

Greeting new season, we wish you ongoing success, good health and great happiness for the New Lunar Year 2013.

FEBRUARY

2013

VIETNAM: TRADE & INVESTMENT BULLETIN No.02

February 2013

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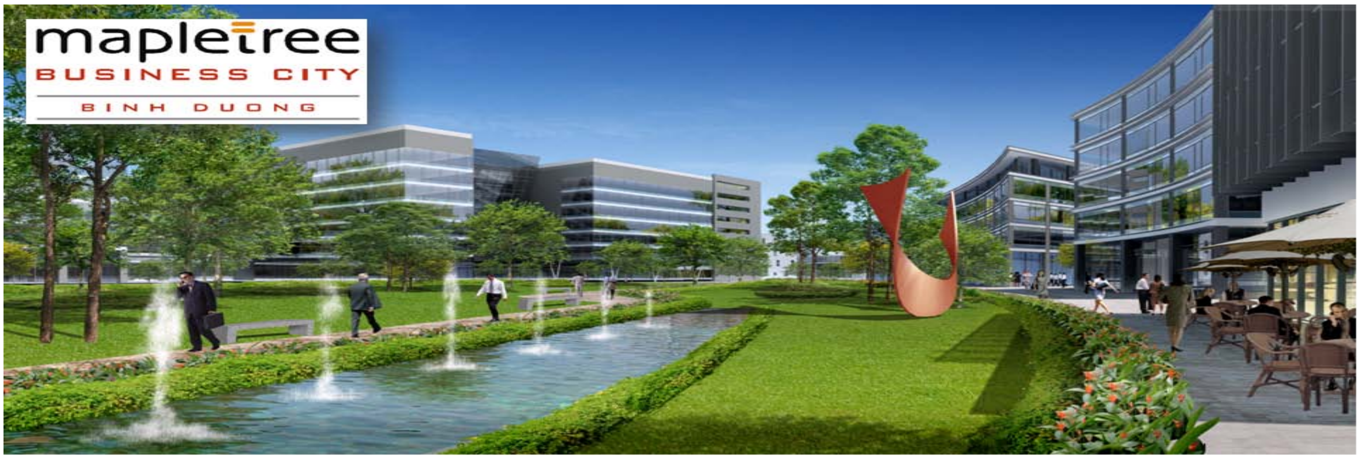
TAKING A SUCCESSFUL DEVELOPMENT TO THE NEXT LEVEL

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

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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.

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INVESTORS' TRUSTED PARTNER

Established in 2007, Saigon VRG Investment Holding Corporation (Saigon VRG) is the major subsidiary of Vietnam Rubber Group (VRG) - one of the nation's largest and most trusted conglomerates with a wide network throughout Vietnam and overseas. Saigon VRG specializes in industrial park, urban & commercial center development and construction to provide the high standard utilities, modern manufacturing environments with quality services for the investors to maximize their production capacity.

At present, Saigon VRG is developing four major projects in South of Vietnam: Phuoc Dong Complex (3,285 ha), Loc An-Binh Son IP (500 ha), Dong Nam IP (342 ha), Le Minh Xuan 3 Business Park (330 ha). These projects are developed as the production centers and the commercial gates of the Southern Key Economic Region. They will play a significant role in the connectionand cooperation between Vietnam and global partners.

Vietnam Rubber Group

SAIGON VRG

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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.

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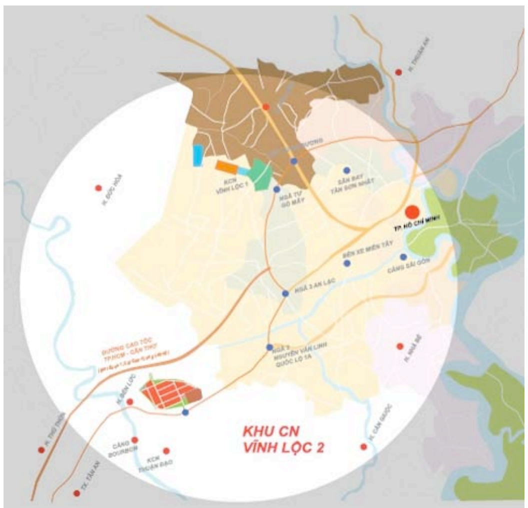
VINH LOC 2 INDUSTRIAL ZONE: THE DESTINATION FOR GLOBAL INVESTOR After three-year operation, with the slogan “Unselective investment



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”■

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GENERAL REVIEW

Vietnam world's most exciting frontier market, says Bloomberg

US magazine Bloomberg Markets has ranked Vietnam the world's most exciting frontier market for investors.

A list of the top 25 markets will be published in the magazine's March issue. Frontier markets could also be termed "pre-emerging" markets and have capital markets that are less developed compared than that of emerging markets.

Business Insider magazine said the scoring system the *Bloomberg* magazine used indicates that these frontier markets are more desirable investment destinations than their emerging market counterparts. *Bloomberg Markets* used a variety of criteria, from average annual inflation to government debt-to-GDP ratio projections from 2013 to 2017, and a ranking of how easy it is to conduct business in the nation.

Vietnam has a GDP growth projection until 2017 of 33.8 %, annual inflation rate of 5.3 %, and debt-to-GDP of 50.4 %. Estonia is in second place, followed by Kazakhstan and Bulgaria. Slovenia and Nigeria are in 24th and 25th places.

(Source: Thanh Nien News)

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Vietnam GDP growth to be 5.3 pct at best: think tank

Growth is likely to bottom this year if the Vietnamese economy follows its normal pattern of the last two decades unless the government acts decisively and fast, a think tank has warned.

The Vietnam Academy of Social Sciences said in a report January that the pattern since 1989 has been for growth to bottom alternately in four-year and six-year cycles. It is now in the four-year cycle and the previous trough occurred in 2009.

The previous lows had been in 1989, 1993, 1999, and 2003. The best-case scenario this year would see GDP expand by 5.3 % compared to 5.03 % in 2012, the academy said. Vietnam government has set a GDP growth target of 5.5 % and hopes to contain inflation at below last year's 6.8 %.

The academy said the economy would start recovering between 2013 and 2015, but would need much more time to return to a balanced and sustainable growth path. "This period of transition thus needs a medium-term vision instead of too much focus on short-term fluctuations in the local and global economies." The government needs to adopt clear policies to boost the economy right from the beginning of the year, it said. It should cut value-added tax on necessities by 0.5-5 %, and adopt the amendments to the income tax law right now instead of waiting until July, it said.

In November lawmakers amended the Personal Income Tax Law to provide relief to nearly 75 % of taxpayers by raising the tax threshold to VND9 million (USD430) per month from the current VND4 million. They will also be allowed to deduct VND3.6 million per month for each dependent compared to the current VND1.6 million. The think tank also wants corporate income tax to be cut to 20 % and value-added tax for small and medium firms halved to 5 %.

The corporate tax currently stands at 25 %, and the Ministry of Finance last month said it plans to cut that by 2 percentage points by 2014. The academy wants the government to reduce lending interest rates, which are now between 15 and 17.5 %. According to figures from the Ministry of Investment and Planning, 51,800 businesses went bankrupt or closed or scaled down their operations last year. January was the first month ever during which more businesses were dissolved than incorporated.

(Source: TNN)

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Customs system a weight off firms' minds

The recently improved customs clearance system is expected to ease firms' burdens.

Online customs procedures have been jumpstarted from early 2013 and Haiphong Customs Department was the first body embracing the system to help streamline the system.

As planned, the system will work around the clock every day, as opposed to the current working hour system. According to customs bodies, e-customs could help firms save around 20 % in expenses. Particularly, with e-customs businesses can save diverse sorts such as relevant travel and human resources expenses.

Hanoi customs held a ceremony marking official launch of the system in early February 2013. "Online customs settlement has gone smoothly, effectively serving the business community," said Hanoi Customs Department deputy head Nguyen Van Hong. "The customs bodies, however, need active support and cooperation from businesses. To ensure the system can operate without a hitch, firms need to provide information precisely and in full."

Toto Vietnam Company Limited, a leading sanitary products maker based in Hanoi's Thang Long Industrial Zone, annually exports a huge volume of goods, thereby cargo-handling progress is crucial to help the firm meet its partner demands for goods delivery. "We believe some past problems involving with the transmission channel or less compatibility between customs' and our business IT system would be tackled with the improved [e-customs clearance] system," said a firm source.

General Department of Customs (GDC) Information Technology and Customs Statistics Department deputy head Nguyen Tran Hieu said besides upgrading the system nationwide, the GDC would set close eyes on any possible trouble voiced by tax bureaus. Hieu said e-customs in the spirit of Decree 87/2012/ND-CP and Ministry of Finance's Circular 196/2012/TT-BTC was one of steps in the customs procedure simplification and modernisation roadmap.

The customs sector will work with relevant government agencies to have customs procedures settle through single-window in the upcoming time. That was because some items still demand import-export permits, making firms to go back and forth to licencing and customs bodies to get their cargos pass through customs check.

(Source: VIR)

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TRADE

2013 predicted to open up prospects for Vietnamese goods

Forecasts are confidently predicting the EU market's promise for Vietnamese goods in 2013 as both sides maintain their traditionally stable relationship and intensify their efforts towards the signing of the Free Trade Agreement (FTA).

Vietnam's export turnover to the EU market grew by 20 % in 2012 despite the economic difficulties hampering the European bloc. According to Ministry of Industry and Trade (MoIT) statistics, 2012's total export-import turnover between Vietnam and the EU was an estimated USD28.3 billion, up 16.5 % on 2011. Vietnam's exports to the vast market hit USD20 billion, up more than 20 %, while imports reached USD8.3 billion, up 7.2 % on the previous year. Vietnam's key EU exports include telephones and electronic components, valued in excess of USD5 billion last year and topping the list of commodities with high EU market export turnover.

Vietnamese footwear, garments, and textiles earned approximately USD2.5 billion, while revenue from computers and electronic products was estimated at USD1.3 billion. Vietnam's staple EU imports are machinery, spare parts, transport vehicles, and pharmaceuticals.

Both Vietnam and the EU are preparing for FTA negotiations with the aim of creating a favourable trading environment for the former. Most Vietnamese products—agricultural products, food, footwear, and garments and textiles—will be granted a zero % tax rate.

The negotiations will add fresh impetus to accelerating trade exchange between Vietnam and the EU and open up prospects for Vietnamese businesses to gain access to the EU and attract its investment over the long term. Experts argue the FTA will help Vietnam improve the position of its economy in the global production chain.

Vietnamese-EU bilateral trade ties will still need to overcome the inevitable challenges arising from Europe's sluggish economic recovery. The MoIT warns Vietnam's EU market export growth rate is likely to halve to 10 % in 2013. Some key Vietnamese export sectors are anticipating to numerous difficulties this year. The Vietnam Textile and Apparel Association (VITAS) says that along with the country's shrinking exports to other major markets—Russia and the US—its exports to the EU market are also forecast to fall due to lower consumer demand and tougher pricing competition from foreign garment and textile exporters.

The Vietnam Association of Seafood Exporters and Producers (VASEP) has raised concerns about the sector's ability to increase EU market export turnover in 2013. The association argues the decline in seafood export turnover to the EU market will linger through all four quarters of the year.

Experts suggest many Vietnamese businesses have not completed the required updates to information about their products destined for the EU. The EU market demands high standards and strictly follows its own regulations and those of other international organisations. Businesses need to maximise their adaptability to technical barriers and the EU's food hygiene and safety criteria and anti-dumping mechanisms.

(Source: VOV)

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Industrial production rises in January

The country saw a big increase in industrial production and export in January, according to the Ministry of Industry and Trade during a teleconference reviewing the country's industrial performance in Hanoi on February 4.

Industrial production rose by 21.1 % in January, which was attributable to rising consumer demand ahead of the Tet holiday in February. The country's export turnover posted USD10.1 billion, a year-on-year increase of 43.2 %. This has been hailed as a good signal for the country's export sector this year. Also in January, the country's import is estimated to have reached USD9.9 billion, a 0.4 % increase from December 2012 and a 42.3 % rise compared to the same period last year.

Speaking at the teleconference, Minister of Industry and Trade Vu Huy Hoang said that although export in January was up it remained unstable and he reminded businesses to focus on manufacturing high value items for export in the electronics sector to raise the country's export value. The Ministry of Industry and Trade reported that the inventory index remained high in some industries such as the processing and manufacturing sectors. The sugar processing industry has seen a high inventory of 65 %, a year-on-year increase of 18.2 %.

The revenue collected from retail sales and services in January totalled VND209 trillion, a year-on-year increase of 8.1 %. To ensure supply during Tet, price stabilisation programmes are being carried out in 37 cities and provinces. Businesses have also prepared a large volume of goods to be supplied for Tet.

(Source: VietnamPlus)

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US remains Vietnam's top seafood export market

The US remained Vietnam's top seafood market in January although it has raised a number of trade barriers against the country's exports, according to the General Department of Fisheries under the Ministry of Agriculture and Rural Development.

Seafood exports to the US occupied 19.15 % of the total last month, followed by those to Japan and the Republic of Korea with 17.81 % and 8.36 % respectively. Vietnam's January seafood exports brought USD376 million to the country, a year-on-year increase of 3.5 %. This year is considered as tough for Vietnam's seafood exports due to a shortage of capital, materials and labour. However, experts have forecast an increase in global demand in a near future, and the sector is likely to earn USD6.4 billion this year. To boost seafood exports, the ministry urged the sector to continue investment in raw materials and intensify technology improvement, supervision on product quality as well as trade promotion activities abroad.

(Source: VietnamPlus)

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Trade surplus proves economic highlight

Last year, Vietnam recorded a trade surplus with the scale and growth rates of exports exceeding the annual plan, providing encouraging results in the context of domestic and global economic difficulties. Experts agreed that the country's export results were a highlight in the domestic economic picture and provided the premise for the 2013 economic development plan 2013 which would be key during the 2011-2015 period.

According to the Ministry of Industry and Trade (MOIT), the scale and growth rate of exports of goods last year were in excess of the plan; FDI enterprises continued to play an important role in increasing Vietnam's export revenue; many agricultural products increased in export volume; Exports to the traditional market were maintained in good conditions; and bilateral and multilateral export cooperation opportunities were taken in the best way.

Total export value reached 114.6 billion last year; this was the first time Vietnam reached over VND100 billion in export value, making an increase of 18.3 % which exceeded the annual target of 13 %. This was also the first time Vietnam recorded a trade surplus since 1993. It should be noted that in the context of economic and market instability, business and export sectors have offset each other quite in time.

The agricultural, forestry, and fishery exports accounted for 18.3 % of total export value last year, with increased export volume offsetting decreased in prices. Rice exports made a record increase in volume, reaching 8.04 million tones, an increase of 13.1 % compared to the previous year while rubber exports increased by 23.8 % in volume and decreased 12.6 % in value.

Mineral exports saw a decrease in volume except for crude oil, particularly several kinds of ore saw a 30 % decrease compared to the previous year.

Processed exports reached the highest growth rate and were keystone in the structure of Vietnam's exports last year, reaching USD74 billion and accounting for 64.5 % of total export value, up by 24.7 % compared to the previous year. While domestic enterprises faced many difficulties in capital due to tightening credit and rising interest rates, FDI enterprises contributed considerably to the growth of Vietnam's exports with an increase of 31.2 % last year. FDI enterprises involved in exporting most staples, especially processed products.

Vietnam increased exports to all foreign markets last year except for the African market which saw a 10.7 % decrease. Particularly, the Oceania market saw the highest increase of 26.1 % compared with 2011, the Asian market up by 23.6 %; European market up by 17.2 % and US markets by 15.6 %.

Last year, the import control was also maintained very well. The total imports increased only 7.1 %. Notably, restricted imports decreased by 27.8 % in volume such as telephones and automobiles less than nine seats and motorcycles. Therefore, the trade balance last year was in favor of trade surplus hitting USD284 million in value, equal to 0.2 % of export value. At a sectoral review conference, Prime Minister Nguyen Tan Dung praised the export sector and highlighted its contribution to the national economic development, especially to the overall balance of payments.

According to the annual plan for this year, export value is panned to reach USD126.1 billion, up 10 % compared to last year. To achieve that goal, relevant authorities need improve the efficiency of market forecast and regularly monitor the world market; provide solutions specifically to improve export and trade promotion activities; promote the protection of Vietnamese brands abroad; early warn exporters of export risks; and implement export-favored mechanisms and policies. "To boost exports, there is a lot of work to do, for example, maximizing the exploitation of key markets, taking advantage of the preferential FTA, and piloting new markets," Prime Minister Nguyen Tan Dung said.

(Source: VEN)

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ASEAN becomes third largest market of VN

In 2012, trade turnover between Viet Nam and ASEAN reached USD17.08 billion, 25.7% increased over the previous year and accounted for 14.9% of the country's export.

Accordingly, ASEAN has become Viet Nam's third largest market for Vietnamese exports, after the EU and the US. The increase was due to the higher export value of goods, such as computers, electric products and spares, which was at USD844 million; telephones of all kinds and spares, which was increased USD750 million; rubber increased USD339 million, iron and steel increased USD243 million and coffee increased USD224 million. The above groups contributed nearly USD2.4 billion, accounting for 81% of the USD3.49 billion export turnover to ASEAN last year.

Among the ASEAN countries, Singapore continued to be the largest trade partner with USD9.03 billion of turnover, accounting for 23.9% of the total trade turnover of Viet Nam and ASEAN. Second rank goes to Thailand with two-way trade at USD8.41 billion, accounting for 22.2%. The next are Malaysia with USD7.91 billion, Indonesia with USD4.61 million, Cambodia with USD3.32 billion, Philippines with USD2.84 billion, Laos with USD866 million, Brunei with USD627 million and Myanmar with USD227 million. Of those, Malaysia is the largest export market for Viet Nam, with export turnover up to 26.3% of the total export of Viet Nam to ASEAN. The next are Cambodia, Thailand, Indonesia.

(Source: Chinhphu.vn)

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Vietnam gold traders call for elimination of jewelry tax

The Vietnam Gold Traders Association has proposed that the Ministry of Finance eliminate the export tax imposed on jewelry, which currently stands at 10 %, saying that it will help domestic gold traders in the current economic slowdown.

According to the association, the demand for jewelry has been slow recently due to the economic slump, causing a negative impact on domestic gold jewelry exports, news website VnExpress reported January 26.

At the moment, Thailand has imposes no export tax on jewelry and Vietnam should follow the scheme to boost domestic shipments, it added. The Ministry of Finance has applied a 10 % export tax to jewelry that has more than 80 % to under 99.9 % gold content since August 2011. Previously, the tax was put only on jewelry containing more than 99 % gold. The association also said the tax reduction will help Vietnam's jewelry products compete on the international market. It also argues that Vietnamese jewelry products at ratios of 83.3 % and 91.6 % gold are preferred by buyers in Turkey, China and Dubai, but Vietnamese products cannot compete with other countries' because of the taxes.

(Source: Thanh Nien News)

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INVESTMENT

Vietnam to serve as new industrial factory of the world

Dr. Patric Dixon, who Times journal calls the "world's leading futurist," has forecast that Vietnam would serve as the new industrial factory in the near future.

Le Phuoc Vu, President and CEO of Hoa Sen Group, agrees with the expert, saying that Vietnam has all favorable conditions to become the factory of the world, especially in some fundamental industries and high technology sectors. Vu said the theory about the "flying geese paradigm" shows that it is now the time for Vietnam to receive the technology transfer from the "leading geese" to develop its production. The paradigm postulated that Asian nations will catch up with the West as a part of a regional hierarchy where the production of commoditized goods would continuously move from the more advanced countries to less advanced ones.

According to Vu, a new industry usually begins taking shape in Japan, and then is transferred to NIEs in Asia (South Korea, Taiwan, Hong Kong and Singapore), then to ASEAN-4 (Singapore, Malaysia, Indonesia and Thailand). China is the next stay of the process, while the next stay would be Vietnam and some other countries. "I believe that with the flying geese model, Vietnam's industrial products can be exported to South East Asian and other countries in the world," Vu said. "Vietnam's products in the potential industries such as electronics or information technology would "follow the flock of geese to fly to other markets. Hoa Sen has been following the way to boost its exports," he added.

The group plans to increase the exports by 20-30 % to ASEAN market in 2013. "Our products have been present in 25 markets," said Vu Van Thanh, Deputy General Director of Hoa Sen. Do Duy Thai, President of Pomina, a steel manufacturer, also said Vietnam is absolutely capable to become the factory of the world, which would be an important condition for Vietnam to strive to an industrialization country.

Japan, South Korea or Taiwan began their economic development from the low starting points like Vietnam's, according to Thai. However, their reasonable policies on making investment in industries have helped them succeed. "They are now leading the world in heavy industries and in some high technology industries," Thai said.

Developing heavy industries should be seen as the fundamental of the industrialization process. And stemming from this point, the state should give necessary investment incentives to encourage domestic enterprises to make investment in high technology sectors.

Thai has noted that the current policies only bring preferences to foreign invested enterprises. Meanwhile, a lot of the enterprises have been conducting the transfer pricing to seek profit and avoid tax. "The lesson from South Korea shows that in order to develop, Vietnam should start with the domestic market before the regional and then the world market," he said, adding that this is the only way for Vietnam to follow.

Pomina, for example, has decided that it needs to develop the domestic market first, and after dominating the market, it would think of exporting 30 % of its products. Though keeping optimistic about Vietnam's capability of becoming the new production factory of the world, Vu affirmed that Vietnam needs to take very cautious steps in its development path, because it is just the goose which has joined the flock. The advantages of the new goose in the flock are the cheap labor force, profuse materials and the government's policy to encourage exports.

(Source: VietNamNet Bridge)

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Big investors place trust in Vietnam economy

Major companies are eager to do business in Vietnam with an increasingly longer outlook towards the future.

AIA Group Limited Chief Executive Officer Mark Adward Tucker made the statement at a reception given by Deputy Prime Minister Vu Van Ninh in Hanoi on January 21.

Tucker said many big foreign companies acknowledge the Vietnamese government's efforts in containing inflation and maintaining reasonable economic growth, boosting their confidence in the national economy. He noted that AIA has operated profitably since it was licensed in Vietnam in 2009. The group plans to inject an additional USD30 million into this market after having received approval from the Ministry of Planning and Investment.

Deputy PM Ninh congratulated the insurance group on its outstanding performance in 2012 despite local and global economic difficulties. He said Vietnam is currently restructuring its economy and renovating the growth model to achieve sustainable development.

This year, he said, the government will deal with bad debts burdening enterprises and banks, and mobilise resources for infrastructure construction. Stabilising the macroeconomy is the primary task of Vietnam, he told his guest.

Vietnam possesses great potential for developing the insurance industry, but will only reward services and products meeting its market's specific needs, said the Deputy PM. He recommended that the American Insurance group, with its experience and powerful financial capacity, invest in Vietnam's worthy undertakings like infrastructure development or involve itself in financial-banking reforms, including insurance and securities companies.

(Source: VOV)

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Dubai group invests USD30 bln in Hanoi

Global Sphere, a Dubai-based company, just announced a USD30 billion investment in real estate development in Hanoi.

The company plans to build about 70 residential towers in the area, which dubbed as "Hanoi Wall Street". The mega project covering an area of 35 square kilometers will have all urban services.

The project's first phase, requiring USD10 billion, is scheduled to be completed by 2020, said Global Sphere Chairman Dr Abdullah Al Sayegh. This is the ever largest project carried out by a UAE company in Viet Nam, he added. The project can accommodate between 300,000 to 400,000 residents after its completion by 2030.

(Source: VGP)

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Vietnam gets new giant seaport in south

The Cai Mep – Thi Vai international port was inaugurated in the southern province of Ba Ria Vung Tau January 28.

The 76-ha seaport, whose construction began in late 2008, cost VND12.9 trillion (USD61.9 million), with part of the money coming from the Japan International Cooperation Agency and the rest from the government.

Located in Tan Thanh District at the mouth of the Thi Vai and Cai Mep Rivers, it has two docks that can berth container ships with a capacity of 100,000 DWT, and cargo ships of 500,000 tons. They can handle 700,000 twenty-foot containers and two million tons of cargo a year.

Speaking at the inaugural ceremony, Deputy Prime Minister Hoang Trung Hai highlighted the assistance from the Japanese and said the port would boost the development of Ho Chi Minh City. The port is expected to serve as a gateway for imports and exports by industrial zones in the south and help speed up relocation of ports out of HCMC.

(Source: TNN)

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Asiana Airlines to buy stake in shopping centre

The Republic of Korea's flag carrier Asiana Airlines said that it will buy a 50 % stake in the Kumho Asiana Plaza Sai Gon commercial centre and hotel complex in Ho Chi Minh City from an affiliate.

The 50 billion won (USD47 million) acquirement will be carried out this month, according to the carrier. The USD225 million centre is located at 39 Le Duan Boulevard, District 1, and consists of a 21-story five-star hotel with 300 guest rooms and three 32-story office and apartment buildings. Kumho Asiana Plaza Sai Gon is a joint venture between Kumho Engineering & Construction, with a 65 % stake, and two local partners – Saigontourist and HDSC – with a combined 35 % stake. Both Asiana Airlines and Kumho Engineering & Construction are owned by Korean Kumho Asiana Group

(Source: Vietnam+)

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FDI disbursement hits 420 million USD in January

Disbursement of Foreign Direct Investment (FDI) projects reached more than USD420 million in January 2013, up 5% against the same month last year, reported the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment.

As of January 20, 2013, Vietnam had gained 37 licensed projects with a total registered capital of 257.1 million USD, up more than 293% from the same period last year. Nine existing projects registered capital increases of 24.3 million USD. on the whole, total newly-licensed and increased capital was 281.4 million USD, up 74% from the same period last year.

In the first month this year, foreign investors poured capital into eight investment fields. The largest capital inflow went to the processing and manufacturing industry with 21 licensed projects and total newly-licensed and increase capital of 202.9 million USD, accounting for nearly 72.1% of total invested capital this month. Real estate ranked second with a total capital inflow of 50 million USD, making up nearly 17.8%. Currently, Japan still leads FDI investors in Vietnam, with a total capital of 157.7 million USD accounting for 56.1%. Following it is Thailand with 54.2 million (19.3%), and France with 20 million USD (7.1%).

With 107.9 million USD in both newly-licensed and increased capital, making up 38.3% of total invested capital in Vietnam, Dong Nai attracted the most FDI, followed by Hai Phong with 66.4 million USD and Binh Duong with 61.6 million USD.

(Source: VBN)

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City to build four steel overpasses

To deal with the current traffic congestion during peak hours, HCMC authorities will construct four more steel overpasses after the first two at Hang Xanh and Thu Duc intersections.

The four flyovers will be located at Lang Cha Ca Roundabout running from Hoang Van Thu to Cong Hoa streets, Cong Hoa-Hoang Hoa Tham crossroads in Tan Binh District, Ba Thang Hai-Nguyen Tri Phuong-Ly Thai To crossroads in District 10 and Cay Go Roundabout in District 6.

Work on the steel flyover project at Lang Cha Ca will start on Tuesday (2 Feb), while the other three will kick off construction on June 20. Other infrastructure works around the three areas must be relocated before this time.

In the list of urgent traffic components, Hoang Van Thu-Cong Hoa overpass construction will be carried out within 130 days to ease traffic overload at Lang Cha Ca as a gateway heading to Tan Son Nhat International Airport. As planned, the construction team will set up barriers for part of the road surface and do the next jobs during Tet with low traffic flow.

The important work is estimated to cost VND142.7 billion and must be done as soon as possible to return the road surface intact on February 24. To implement the works' construction, all the gates of the spring fair at Hoang Van Thu Park will be set up in front of the Military Zone Seven Stadium.

The flyover at Cay Go Roundabout will have three lanes in parallel with Hong Bang and Ba Thang Hai streets. HCMC vice chairman Nguyen Huu Tin has asked related authorities to tackle infrastructure problems to get the project off the ground on schedule. The flyover is set for commencement in June and completion later this year at a cost of VND372.6 billion. Similarly, Cong Hoa-Hoang Hoa Tham flyover will be developed with a total investment of VND142.7 billion. Meanwhile, the 168-meter-long flyover at Ba Thang Hai-Nguyen Tri Phuong-Ly Thai To crossroads in District 10 will need over VND200 billion.

(Source: The Saigon Times Daily)

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Screening to continue in property market

The real estate market will probably continue to undergo screening this year, so more quick-buck opportunists will be eliminated, leaving the playground for professional and financially healthy investors.

Statistics of the Ministry of Construction show that 2,600 out of 56,000 enterprises active in construction and property trading dissolved or suspended operations in 2012. Among them, 2,110 were construction firms and the others were real estate companies, up 6% and 24% against 2011 respectively. It is believed that if the market continued the current trend, the number of disbanded and inactive businesses would rise further. From another angle, this would be beneficial to the market for eliminating the profiteering property traders

Le Chi Hieu, general director of Thuduc Housing Development Corp. (Thuduc House), said 2013 would be a year for brave investors with enough money to buy cheap projects to further grow and wait for the market recovery.

The make-or-break movement depends on talent and skills of each investor. The important thing is which segment they will choose, high-end or low-end. The market is leaning towards the low-cost segment, targeting low-income earners. The Government's Resolution 02 issued early this year is also aimed at removing difficulties for this segment, focusing on condos of below 70 square meters each, priced at VND15 million per square meter.

The central bank's governor Nguyen Van Binh in a directive on the monetary policy released last Thursday said the central bank would join hands with the construction ministry to draw up and issue a guideline for lending to buyers of low-cost houses and investors converting their projects into low-cost ones. He added the central bank would set aside a sum for refinancing with reasonable terms and interest rates in a bid to help banks give loans to the aforementioned borrowers in the spirit of Resolution 02.

It is still unknown if this remedy will be effective, but the market has recorded positive changes as a number of enterprises decided to shift their projects to the low-cost segment.

In the northern market, at least four projects have been turned into low-cost housing projects. They are the apartment project AZ Thang Long of Thang Long Confectionery Co. Ltd., the high-rise commercial housing project Song Da developed by Song Da Urban Development Joint-stock Co. in Ha Dong District, the urban project Trung Van of Hanoi Construction Investment JSC in Tu Liem District, and the project of Tourist Material Joint-stock Co.

The shift towards the low-end segment is understandable since low-cost home developers can enjoy preferential loans, land use fee and corporate income tax.

In the southern market, several realty firms have increased investment in the low-cost housing segment, which will lead to a larger supply of budget condos in the coming time. In particular, Le Thanh Commercial Construction Co. is seeking permission for investment in two apartment projects in HCMC's Binh Tan District.

The company's director Le Huu Nghia informed his firm would build a low-cost housing project consisting of 2,500 apartments and a commercial one with about 900 flats.

Similarly, Thuduc House will develop small-sized apartments called S-Home, with each unit covering 40-60 square meters. The company plans to launch 700-1,000 S-Home apartments in District 9 and Thu Duc District in the coming time. It is unknown how the market will respond to this kind of apartment, as well as how the supporting polices for the market will be carried out. However, one thing for sure is that with many projects in the low-end segment, a fierce competition will take place.

(Source: SGT)

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Viettel climbs to top of the pile

Military-run Viettel set to beat leading state group VNPT in its 2013 business targets.

The two leading telecom groups have just unveiled their 2013 business targets.VNPT envisaged posting VND131.600 trillion (USD6.2 billion) revenue and VND9.255 trillion (USD440 million) profit targets, surging 10.7 and 7.04 %, respectively against 2012. The group was set to pay taxes of VND7.316 trillion (USD348 million), up 0.08 % against 2012, according to its general director Vu Tuan Hung. Meanwhile, military-run Viettel expected to rake in revenue of VND160-VND170 trillion (USD7.6-USD8.1 billion) and profits of VND34 trillion (USD1.6 billion) this year.

Looking back on the past year, Hung said VNPT's profit in 2012 slid compared to some previous years because it had to put bigger sums into buying equipment and materials for replacement or back-up purposes and to make provisions for bad debts and unsold stock.

VNPT executives also acknowledged 2012's modest profit was also because the revenue from Vinasat-2 satellite with investment exceeding USD300 million was below expectations. Besides, the profit generated by 3G network investments was also below expectations.

In 2013, VNPT contemplated maintaining growth rates at reasonable level to ensure stable development in the following years and ramp up efforts to save costs and bolster business efficiency, according to its chairman Pham Long Tran.

For Viettel, outbound investments brought noticeable dividends. According to Viettel's deputy general director Nguyen Manh Hung, in 2012 Viettel earned USD600 million in revenue from outbound investments and pre-tax profits of USD76 million. Its subscribers in outbound markets surpassed 10 million. To date, the group has set footholds in many countries, including Cambodia, Laos, Haiti, Peru, Mozambique, Tanzania and Cameroon. In 2012, Viettel posted more than VND140 trillion (USD6.6 billion) in revenue against over VND130 trillion (USD6.2 billion) gained by VNPT. This was the first time Viettel outran VNPT in revenue target.

(Source: VIR)

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C.T Group to launch Myanmar projects

C.T Group this year will kick off a series of projects in Myanmar with investment capital of USD150 million.

The group will carry out property project C.T Damasayti Landmark on an area of 6,000 square meters. The 30-storey building worth USD65 million is scheduled to get off the ground in the third quarter and will be completed in three years' time.

C.T Yankin Plaza will be built on an 8,000-square-meter area in Yangon City with a budget of USD85 million. It is also a 30-storey building to be developed in the same timeline with the aforesaid project. C.T Group is dealing with legal issues under Myanmar's new foreign investment law, while making preparations for design and construction. In addition, it will start work on a wheat plant worth USD20 million in the first quarter so that it can begin operation next year.

An instant noodle factory with an annual capacity of 2,500 tons will also get going in the first quarter and start production later this year. Furthermore, the group will establish a distribution network in Myanmar including stores, supermarkets, traditional markets and wholesale markets, following modern distribution methods. It will help bring Vietnamese goods to Myanmar and act as exclusive distributor for over 50 Vietnamese groups and companies.

The rapid changes in Myanmar, together with the new foreign investment law of this country, will offer great opportunities for Vietnamese entrepreneurs, said C.T Group chairman Tran Kim Chung. He said Vietnamese businessmen would have certain advantages when investing in this market, because Myanmar has many cultural similarities to Vietnam. Especially, the economic situation of Myanmar at present is similar to Vietnam's in the early years after the country opened its door. Therefore, Vietnamese investors can apply their practical experience in this market. Moreover, Myanmar's authorities and people have friendly relations with Vietnam, making it favorable for local firms to do business in this country. Therefore, Vietnamese enterprises can invest efficiently in Myanmar, especially in the fields of consumer goods, machines and equipment, building materials, farm produce and infrastructure. "Vietnamese firms can compete with other foreign players here," said Chung.

(Source: The Saigon Times Daily)

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Vietnam's high technology law sets overly high requirements on investors

Vietnam has stated that it would offer high investment incentives to the investors who develop high-technology projects in Vietnam. However, involved parties still argue about how "high technology projects" means.

Right after the high technology law took effects on July 1, 2009, investors complained about the overly high requirements on investors to be recognized as running "high technology projects."

Only a limited number of products have been listed as "high technology products," while high-technology enterprises have to pay at least one % of their annual revenues on the research and development (R&D) works. Besides, they need to have the number of workers with university degrees directly getting involved in R&D activities amounting to at least five % of the total workers of the projects.

The requirements are believed to be overly high which makes it unable for even the leading groups in the worlds such as Samsung or Nokia to satisfy. They have hindered Vietnam's efforts to attract investment into the high technology sector, though Vietnam has been looking forward the projects in the sector. "The requirement on spending one % of revenue on R&D proves to be overly high, and so is the requirement on five % of the workforce to be involved in R&D activities," said Kim Yong Seok, Planning Director of Samsung Complex.

With the regulation, with the total export turnover of USD12.72 billion in 2012, Samsung Electronics Vietnam needs to spend USD127 million on R&D activities.

Minister of Planning and Investment--Bui Quang Vinh, thinks that there still exist many unclear matters in the high technology law that need to be clarified, while many other unreasonable problems need to be amended to make them more suitable to the current conditions. “We have asked the Ministry of Science and Technology to amend the provisions of the law, and it has agreed on this,” VInh said, adding that a series of policies relating to the foreign direct investment attraction would be amended in the time to come to upgrade Vietnam’s investment environment as instructed by the Prime Minister. However, the problem is that the regulations have been stipulated in the High Technology Law, which will not be amended until 2014.

Vinh admitted that a lot of current regulations have obstacles the investment activities which need urgent amendments. However, it is nearly impossible to amend the laws until the law reconsideration is put on the working agenda of the National Assembly. Vinh went on to say that his ministry has suggested building up a law which allows to amend many other laws, in order to ensure that Vietnam has an investment environment which is in no way less attractive than that of other regional countries. In fact, high-technology project developers not only have to bear the investment law, the high technology law, but also the corporate income tax law.

At present, Vietnam only offers investment incentives to the newly set up high technology projects, while it does not mention the incentives to the existing projects which want to expand their investment scale. Nguyen Xuan Thuy, a senior executive of MTEX Vietnam, has suggested that high technology enterprises can enjoy the preferential corporate income tax of 10 % during the validity of the certificates on high technology enterprises. Currently, high technology enterprises can enjoy tax incentives only when they get the certificates from the Ministry of Science and Technology, while the certificates have the validity of five years only.

MTEX Vietnam, a 100 % Japanese invested enterprises, making semi-conductor IC and car parts, became the first enterprise in Vietnam that receives the certificate since the day the high technology law took effects.

(Source: VietNamNet Bridge)

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FINANCE – BANKING

Eximbank and Sacombank plan merge

The Vietnam Export Import Commercial Joint Stock Bank (Eximbank) and the Sai Gon Thuong Tin Commercial Joint Stock Bank (Sacombank) have unveiled merger plans at a cooperative agreement’s signing ceremony in Hanoi on January 29.

The agreement specifies the two banks will submit a plan of merger to State agencies and a general assembly of shareholders in the next three to five years.

Eximbank is Sacombank's largest shareholder. The merger will help both banks overcome their respective difficulties, improve their competitive capacity, and contribute to the sustainable development of the Vietnamese banking system and economy. Under the agreement, both banks will support each other in optimising capital resources and liquidity. They will also work together to meet customer demand in foreign currency and gold trading while complying with the regulations of the State Bank of Vietnam (SBV).

Eximbank currently has a charter capital of VND12,355 billion. By the end of 2012's third quarter, the bank's total assets were valued at more than VND160,000 billion. Sacombank's charter capital is VND10,739 billion and its total assets exceed VND147,000 billion.

(Source VOV)

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VietinBank signs agreement with foreign partners

Viet Nam Joint Stock Commercial Bank for Industry and Trade (VietinBank) on February 4 signed a loan agreement of €120 million (or USD155 million) with some international banks.

The five-year agreement will be supported by Sumitomo Mitsui Banking Corporation and German KFW IPEX- Bank GMBH though the Export Credit Insurance Program. German Euler Hermes credit insurance will provide an insurance fund, accounting for 85% of the loan, for VietinBank. Speaking at the signing ceremony, VietinBank Chairman Pham Huy Hung revealed that the loan will help VietinBank guarantee its operation effectively and sponsor projects for national economic development.

(Source: Business Times)

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Securities Commission tightens market monitoring

The Ministry of Finance issued a new revised regulation on January 25 which, from March 8, will increase the monitoring of securities trading. Accordingly, the State Securities Commission will be responsible for checking all rumors and information sources on the stock market.

Specifically, the commission will have to watch out for cases of manipulation, inside trading and other violations.

In addition to receiving information from the stock exchanges, businesses, securities companies and the depository center, the commission will also track rumors. They will be responsible for conducting extraordinary checks to detect unusual transactions. In addition, stock exchanges will support the commission by reviewing the truth reported in the media and through widespread word-of-mouth, as they monitor transactions on a daily basis.

Meanwhile, shareholders, board members and other authorized individuals will be obligated to provide adequate information about transactions. Commercial banks will have to reveal the balance of investor accounts at the request of the commission. Securities companies shall co-operate with the watchdogs upon request.

The depository center, meanwhile, shall submit extraordinary reports to the commission as and when it detects violations related to the transfer of ownership, mortgages or fixing transaction errors. Many negative rumors spread last year, causing tremendous losses to the stock market. Meanwhile, securities monitoring agencies failed to prevent market value from evaporating billions of dong. The new circular this year is just one step being made to save the market and ensure the country remains on course to meet all of its economic goals.

(Source: VNS)

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PM conveys strong message on mastering fiscal measures

Vietnamese Prime Minister Nguyen Tan Dung's message at the beginning of 2013 was of particular interest to the public who have a great desire to see the early realization of the set directives and resolutions of the Prime Minister, Communist Party, National Assembly and the Government.

In less than 3,000 words, the Prime Minister (PM) expressed his determination to implement six goals including improved institutional and policy response capacity, to create market confidence; monetary policy adjustments based on market fluctuations and target inflation; monetary policy further linked with fiscal policy; Removing difficulties in production and sales and providing proper marketing support; promoting administrative reform and highlighting the responsibility of public officials in the performance of their official duties; Promoting economic restructuring process; and ensuring social security and welfare.

Looking back at the economic situation in Vietnam last year, the biggest achievement was the highest foreign exchange reserves yet recorded. However, increased bad debts, large inventories, high credit interest rates compared to business profitability, snail-paced economic growth, and decreased corporate and individual incomes were still major questions. PM Nguyen Tan Dung also indicated big challenges for Vietnam's economy in 2013, especially when the world economy and Vietnam's major export and investment markets are slowly recovering. In such a context, the Government decision to adjust domestic monetary policy based on the market and the targeting of inflation and to combine tightened monetary policy with fiscal controls was applauded by economists.

PM Nguyen Tan Dung said, "In conditions of a limited budget and narrowed fiscal space, monetary policy plays an important role in controlling inflation while promoting economic growth." To increase demand while raising money is considered the "golden key" to unlock the current congestion, which is also a problem plaguing not only faced by Vietnam but also global powers such as the US and Japan.

So, PM Nguyen Tan Dung pointed out: "In principle, the implementation of tightened monetary policy should be flexible to make sure interest rates are maintained in line with the targeted inflation rate. Non-performing loans should be drastically dealt with to unfreeze capital in the economy. The State Bank of Vietnam should effectively use market instruments to reduce interest rates and to ensure reasonable credit growth, manage and supervise the activities of credit institutions. Administrative measures in regulating the money market should be minimized."

In terms of economic restructuring (with the restructuring public investment by far the most important), three strategic breakthroughs - the model of innovation and growth, institutional and administrative reforms - and social security and welfare improvement won't be successful unless Vietnam knows how to master and optimize the use of its currency.

The write-off of bad debts, huge warehouse inventories and properties will likely depend on the effectiveness of these policies. "In terms of demand reduction, treatment of bad debts may take time, credit growth may be even low in the first months of the year, but fiscal policy has a crucial role in creating demand in the economy. We must urgently implement the planned investment projects in order to increase aggregate demand to stimulate the economy and create spillover effects on business activities. In the course of the implementation of the projects, we need to incorporate fiscal and monetary policy to regulate aggregate demand, ensure lower inflation and higher growth in 2013 compared to the previous year," PM Nguyen Tan Dung said.

The goals are clear and the solutions have been set; however, the decisive factor how good organizations of the administrative enforcement and the socio-political system will function. Moreover, time is also pressing. 2013 is set to be the year to rush to the finish for Vietnam, to realize PM Nguyen Tan Dung's message, to see positive changes in every business, every unit, and every locality. The Year of the Snake 2013 could bring a radiant smile to every one of us.

(Source: VEN)

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More overseas remittances pouring in

Many people are now selling large amounts of money remitted from overseas to banks, demonstrating their increased confidence in the Vietnam dong.

The trend will help stabilize exchange rates and increase the nation's foreign currency reserves. The State Committee of Overseas Vietnamese Affairs (COVA) estimates 2012's overseas remittances hit USD10 billion, rising by 10 % over the previous year.

A large proportion of the total originated from the more than 4 million Vietnamese expatriates and approximately 400,000 guest workers in Japan, the Republic of Korea, Malaysia, Taiwan (China), and the Middle East. Simplified banking transaction procedures deserve some of the credit for last year's increase in overseas remittances. State Bank of Vietnam (SBV) HCM City Branch Director Nguyen Hoang Minh said remittances sent to HCM City accounted for 42–43 % of the national total. The city attracted around USD4.1 billion from overseas Vietnamese in 2012, with 70 % of the amount invested in production and 23 % injected into real estate, he said.

Dao Cong Hai, Deputy Head of the Department of Overseas Labour (DOLAB) under the Ministry of Labour, Invalids, and Social Affairs (MoLISA), predicts 2013's total overseas remittances may climb to as high as USD1.8–2 billion, mostly arriving from Taiwan, Japan, Malaysia, and the Republic of Korea.

(Source: VOV)

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Top banks spend USD4.8bn in primary government bonds

A recent Hanoi Stock Exchange (HNX) report shows that seven major banks in Vietnam purchased VND100 trillion (USD4.8 billion) government bonds in primary market in 2012, nearly double the total figures of 2009-2011.

Vietinbank topped that list with about VND20 trillion (USD961.5 million) spent in purchasing government bonds in the primary market within past year, tripling the total amount it spent during 2009-2011.

BIDV, Agribank, Military Bank, Vietcombank, Maritimebank and Techcombank followed with the purchased value of USD807.9 million, USD730.8 million, USD716.3 million, USD687.5 million, USD596.2 million and USD298.1 million, respectively. They are also the seven banks that topped the primary government bond market during 2009-2012, according to HNX. The seven banks spent about VND100 trillion (USD4.8 billion) in purchasing the note last year, while they spending just totaling VND55.6 trillion (USD2.67 million) in three years 2009, 2010 and 2011.

The soaring spending resulted from the rising non-performing loans in Vietnam last year, which made it hard for banks to lend to enterprises. "It's not surprising at all to see those banks spend so much money in government bonds in 2012," said Trinh Quang Dung, analyst for Vietcombank Securities. "The credit activities will continue struggling in this year." Bonds became a rare investment channel for commercial banks last year and also significantly profitable for some banks. One of those seven banks', a manager told VIR that his bank got 37 % return via bonds last year. "It's not hard for major banks to get a return of 20 % in this channel last year," he said.

VPBank, HSBC Vietnam and Ocean Securities – the brokerage arm of Ocean Group which includes also Ocean Bank – was also among the top 10 members purchasing. To compare with total assets, those major banks in 2012 had spent 2.8-4.5 % of their assets in bond, much higher than the ratio range of 0.4-1.5 % within 2009-2011. Particularly, Military Bank and Maritime Bank even spent more than 10 % of their assets in primary government bond market, rocketing from the ratios 0.92 % and 0.4 % in 2009-2011.

However, Maritimebank was also the one trading government bonds the most in the secondary market with total trading value of more than VND42 trillion (USD2 billion). Vietcombank also had trading value high of VND22 trillion (USD1.1 billion).

But other banks was not very active on secondary market, as their trading value was of less than VND6 trillion (USD288.4 million) each. Whilst brokerage houses Vietcombank Securities, Bao Viet Securities, BIDV Securities and Saigon Securities were the ones active the most on the market. Also according to HNX's report, the participation of foreign investors reduced last year with percentage of just 23.5 %, down from 30.6 % in 2011.

(Source: VBN)

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ANALYSIS – OPINION

State-owned groups: the past and present

In late afternoon on August 4--of over two years ago, along with the coil of the public on the arrest of the Chair of the Vietnam Shipbuilding Industry Group (Vinashin)--was the regular press conference of the government, a special conference because it was chaired by Deputy Prime Minister Nguyen Sinh Hung.

It was also a thematic session on Vinashin, through which the Government gave a strong message of the determination to "salvage" this giant ship. The Chair of the Vietnam Shipping Lines Group (Vinalines), Duong Chi Dung, was also present at the press conference. On the sidelines of the meeting, Dung was enthusiastically surrounded by correspondents, asking him about Vinalines' mission of "rescuing" Vinashin.

With emotion and exhilaration, Dung's answers were full of chivalrous spirit, such as: "We are very excited because this is not the mission that is meaningful in terms of economic relations between Vinashin and Vinalines, but it also brings about significant social, economic, political meanings." At the same time, he passionately outlined the perspective of both Vinashin and Vinalines ships to soon act freely in the ocean together.

This "dream" broke miserably just over a year later. Vinalines could not lift Vinashin but it also "sank," leaving the earth a lot of controversy about whether it sank because of performing the "rescue mission" or because of the permanent weaknesses in State-owned economic groups.

Vinalines, Vinashin are just one or two examples of the long slide of the reputation of state economic groups and along with this, the glorious age of this block has become a thing of the past.

From bright to gloomy

As usual for the past few years, at the year end the Prime Minister meets with leaders of state-owned corporations and groups. This year such a meeting was held, too. From a high platform of the hall, the head of the Government could always fully see the faces who piloted the economy together with the Government in the past year.

There were no more the faces of Pham Thanh Binh, Duong Chi Dung, Dao Van Hung… who was sentenced, who was just arrested and who was subject to disciplinary action... While it was just not long ago, they were all bright faces and the "red" seeds who shouldered great responsibility in economic development, implementation of public and political tasks, etc.

The Prime Minister said he was heartbroken, of course, not because of the absence of the people who used to be "red seeds" and the Government's little pets, but because "causing losses like that anyone would feel unhappy."

At the Government's meeting with state economic group in December 2011, just over a year ago, Chairman of the Vietnam Electricity Group (EVN), Dao Van Hung, contributed a speech filled with so much enthusiasm and passion.

The presentation reviewed the process of development of EVN, with a series of comments like "EVN has well promoted its strength to continue to be the leading economic group of the country, ensures the power supply for the national economy, acts as a "midwife" for the formation and development of the electricity market in Vietnam " and "in the period when the economy has been adjusted remarkably in accordance with unpredictable changes of the global economy, EVN still successful completes economic, political and social indicators, assigned by the Party and the Government ...

Mr. Hung also made promises with beautiful words: "The socialist-oriented market economy still needs adjustment and guidance from the Party and the State. EVN and other state corporations strongly commit to continue to be effective economic tools to successfully implement the goals of industrialization and modernization of the country ... "

More than a month after this speech, on 1/2/2012, the Prime Minister signed a decision on Dao Van Hung’s resignation from the EVN Chairmanship to work at the Ministry of Industry and Trade.

On 28/12/2012, Prime Minister Nguyen Tan Dung signed two other decisions announcing disciplinary action. Then Dao Van Hung, who was only a former Chair of EVN, had to serve a warning.

Another senior official of EVN, General Director Pham Le Thanh, was reprimanded. The cause of discipline was related to EVN Telecom’s great losses.

On a "winner"

In September 2012, the first time a publication that has destructive power equivalent to the size of a "bomb" striking at the weakness of state-own businesses, at the same time portraying specifically and most vividly the group interest in this block was published widely. The agency that is responsible for this publication is the National Assembly's Economic Committee. Returning to the past three years, that it was the National Assembly's Economic Committee and the state-owned groups had a lot of "grace" together.

In 2009, the National Assembly’s Economic Committee submitted to the fourth session of the National Assembly a report on monitoring state owned groups and corporations. At the completion of this monitoring report, before submitting it to the National Assembly, the NA’s Economic Committee presented it to the meeting of the National Assembly Standing Committee for comments. At that time, the document was issued to the media, but then it was immediately recovered, because of the fear of being "too sensitive."

And although at that time, such a monitoring report could also be seen as par as a "blockbuster" in the state-owned economic groups, and the NA already issued a resolution monitoring of the improvement of the effectiveness and efficiency of policy implementation, administration law, the use of capital assets in state enterprises, requiring the Government to make a series of moves to tighten operations of this sector. But in the end, both the monitoring report and resolution only stopped at “discussion” level at in the NA, and then stopped. Deputy Chairman of the National Assembly's Economic Committee, Mai Xuan Hung said that “the government did not implement this resolution strongly.”

For example, the resolution of the National Assembly asked the government to perform comprehensive restructure on corporate governance, the use of capital, state property, equitization of state-owned enterprises to improve the business performance of these enterprise, but so far these tasks have not done much. It is considered as that the NA’s Economic Committee failed that time. But with the publication of "From the macroeconomic instability to the restructuring path" that the NA’s Economic Commission sent to the National Assembly deputies before the 4th session, although the legal value is not as high as the monitoring report of three years ago, but it has very large spread.

The report has launched a series of very strong comments, such as: Vietnam focused a lot of resources to build economic groups to turn them into "steel fist" and “the tool to stabilize macroeconomics" but the use of state-owned groups and corporations to offset losses and stabilize prices is too expensive, inefficient and is divided in the "group interest.”

The report also stressed: the viewpoint “the state economic sector is the mainstream" is being taken full advantage by interest groups for the benefits of a number of individuals involved. This is a fertile piece of land to create the relationship around state groups and corporations."

Then, in the fourth session of the NA last October, when commenting on the draft amendments to the Constitution 1992, many deputies said that it is unable to continue considering the state economic sector as the mainstream, as this force has not fulfilled the task of driving the economy.

After numerous considerations, the compilation committee of the draft amendment to the Constitution 1992 decided to give up the concept of "the state economic sector is the mainstream" in the draft amendment which has been published for the people's comment.

(Source: TBKTVN)

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Following the flow of private equity

Haas School of Business at the US' University of California Berkeley, has been studying the role of private equity (PE) investment in emerging markets.

The specific case study is MobileWorld, a leading Vietnamese company in the mobile devices and home electronics/appliances sectors with PE backing from Mekong Capital. Berkeley's professor Peter Goodson discussed the study.

Having been a pioneer in establishing the PE industry for the last 50 years, how do you access the PE phenomenon today and in particular its potential in Vietnam?

PE represents the single most powerful advance in global finance in the history of mankind. The last 30 years, private equity has become a leading resource of capital in western economies. Close to USD6 trillion has been dedicated to this discipline at present. The idea of "smart money" playing a role in developing business potential has outpaced the growth of capital drawn from public stock exchanges on a global basis. Managers simply are more attracted to working with partners that are entrepreneurs with the shared goal of building the businesses they invest in rather than rasing capital through what we term "dumb money" from faceless public share owners.

Even though PE in Vietnam is in its early stages, it can be seen that investee companies like MobileWorld have already enjoyed enormous benefits from enlightened governance and firms like operational savvy Mekong Capital have really helped Vietnamese managers succeed.

Why did you choose MobileWorld for your study?

As you might know, one of the PE investment criteria is to select fast-growing and best-managed companies in potential growth industries, or the companies that are going down but potentially much upside down. MobileWorld has a very strong management team and is the market share leader in the retail sector of mobile devices in Vietnam - a sector that has huge opportunities for growing because of strong demand and consuming power of the Vietnamese young generation.

I believe MobileWorld has achieved significant development thanks to the partnership with Mekong Capital, a leading PE firm in Vietnam. Additionally I believe that emerging markets, especially Vietnam, have more attractive PE investment opportunities than are found in the overly crowded US market.

MobileWorld opened its first store in 2004 but until establishing partnership with Mekong Capital in 2007, the company really accelerated its growth. For the first three years, MobileWorld boosted its stores to five in and around Ho Chi Minh City only. But after one year of the partnership, the company expanded from five to 15 outlets and rapidly grew since then. Currently, MobileWorld operates more than 200 outlets nationwide to position its market share leader of mobile devices, and its revenues have grown at a 60 % annual rate with the turnover in 2011 of USD255 million. The active post-investment support and value creation from the PE investment to the development of MobileWorld are obviously an example of success.

What are the notable factors in this case study?

"People, people and people" matter the most in these success stories. The strong management team of five capable professionals, all of whom had prior managerial experience with leading companies in Vietnam, led a team that have trained the most effective retail sales force in Vietnam. These five people are also the founders of the company. The company's customer service level is also critical to its success.

How about the performance of Dienmay.com - the expansion of MobileWorld into a new strategic area, consumer electronics and home appliances from its proven retail concept of small stores in city centres toward a larger format? Is it true that this concept has not grown as expected? What is the responsibility of PE investor in this situation?

Why do we expect overnight success to happen in a new concept?

That is rare. Patience and learning from mistakes makes great PE investment work in places like Vietnam. Whether Dienmay.com is the next MobileWorld success or not will be determined in the future. Too often we see criticism of things that don't work immediately without realising that "overnight success" is usually a result of 10 years of hard work. The job of the PE master is to nurture new initiatives and help make them work by trial and error. Plans are but expectations that need shaping, so we will see in a few years how it all works. But it is most important to try new approaches in a growing market like Vietnam. Be an innovator, find what works and build it.

The decision of expanding into a new strategic area - consumer electronics and household appliances meant launching a new brand, straying from its proven retail concept of small stores in city centres toward a larger format, and venturing into new product categories where the company had few existing supplier relationships.

Mekong Capital's consultations with the management team ensured that MobileWorld's managers carefully considered the new concept's strategic fit with the company's core activities - including potential synergies as well as constraints - and also the risks associated with entering a new business. This strategic process helped shape the company's business plan and contributed to a successful start. For the businesses in emerging markets, the difficulty and mistake that the company might make today is to quit before the miracle happens. A learning curve is a good thing.

How will the study be used after its completion?

The MobileWorld case study will be used as one of teaching tools at Haas School of Business at Berkeley and for other students at numerous leading US business schools. Besides the purpose of introducing the role of PE investment in emerging markets, the MobileWorld case emphasises the high added-value for Vietnamese business leaders of partnering with savvy PE masters that have vast experience in improving business operations.

The accomplished PE masters are like top level consulting firms, only they have their money at risk in making sure the outcome is realised. In other words their investment strategy hinges on helping managers succeed rather than receiving a fee for advising. This in turn offers tremendously affordable advantage for growth companies like MobileWorld.

(Source: Vietnam Investment Review)

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Reasons for road maintenance fee

Local enterprises are still seeking approval to change the collection method of the road maintenance fee that will be effective from January 1. Deputy Minister of Transport Nguyen Hong Truong spoke with The Saigon Times Daily over fee collections on the sidelines of a conference in HCMC in the middle of December.

There are still many bottlenecks with fee collection, especially when vehicles that do not run on roads are still subject to the fee?

We had put up the draft degree for feedback from the public via local media channels. We have already fixed rates for 11 vehicles and it is certain that there will be shortcomings during the implementation process. We will take note of enterprises' views in the three to six months after the deployment to have them fixed by relevant State agencies later.

A majority of ideas say that the fee should be collected via fuel prices to simplify the administrative mechanism and to avoid losses. What do you think?

Fee collection via fuel prices has been carried out since 1994 in the context that cars use 90% of gasoline, with the remainder for other vehicles. For oil, cars consume less than 60% and fishing boats or agricultural machines use the remainder. Therefore, fee refunding to these payers is very complicated and results in a lot of negative problems.

Similarly, collecting the fee at toll stations is also not feasible as we cannot install so many stations to collect the fee. We thus adopted to collect the fee based on the number of vehicles as it is being applicable in numerous other countries. We think the solution is relatively advanced and fair to all vehicles. However, vehicle owners imposed with the road fee will have to pay the fee at toll stations again as an overlapping fee collection.

When drafting the road fee decree, we didn't take build-operate-transfer (BOT) toll stations into account as the facilities are to collect fees for construction of routes while the road fee is for maintaining damaged sections only. Therefore, we still allow for fee collection via BOT toll stations and there is no overlapping fee in this case as misunderstood by some. The nation now has 56 toll stations in operation, including 14 stations in charge of collecting fees for the State budget and other transferred toll stations. State budget toll stations will be eliminated when the road maintenance fee comes into force and we then will inform companies of the list of the target stations.

Some of fee revenues will be spent on the fee collection machinery, so how much will be used for road maintenance? Can you elaborate on the amount used for the mechanism annually?

- The Ministry of Transport is currently working with the Ministry of Finance to issue a circular to provide guidelines for spending. The circular will clarify the amount for the operating machinery and we will try to minimize it as much as possible. We proposed in the draft decree that 1% of the fee revenues should be set aside for the central fund council and 3% for Vietnam Register. We also suggested giving less than 10% to local wards and 20% to communes.

(Source: SGT)

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NEWS IN BRIEF

Vietnam earned more than USD15.2 billion from 2.22 million tons of seafood exported to the US market in the first 11 months of last year. The figure accounted for more than 7 % of the US market's total seafood import volume worth USD16.8 billion in 2012, according to the Vietnam Association of Seafood Exporters and Producers (VASEP). Vietnam's key export items to the US included shrimp, and tra and basa fish. The volume of tra and basa fish shows a year-on year increase of 17 % while that of catfish coming from other countries is on decline. The US imports seafood from 130 countries around the world. Among them Vietnam ranks fifth after China, Canada, Thailand and Indonesia.

Many people are now selling large amounts of money remitted from overseas to banks, demonstrating their increased confidence in the Vietnam dong. The trend will help stabilize exchange rates and increase the nation's foreign currency reserves. The State Committee of Overseas Vietnamese Affairs (COVA) estimates 2012's overseas remittances hit USD10 billion, rising by 10 % over the previous year. A large proportion of the total originated from the more than 4 million Vietnamese expatriates and approximately 400,000 guest workers in Japan, the Republic of Korea, Malaysia, Taiwan (China), and the Middle East. Simplified banking transaction procedures deserve some of the credit for last year's increase in overseas remittances. HCMC attracted around USD4.1 billion from overseas Vietnamese in 2012, with 70 % of the amount invested in production and 23 % injected into real estate, he said.

Cargo throughput at local ports will increase this year, British market research company BMI forecasts. BMI expects cargo throughput at HCMC ports to rise 7.56% to nearly 39 million tons in 2013. Meanwhile, the container throughput via ports in HCMC is predicted to mark up 8% to 3.48 million twenty-foot-equivalent units (TEUs). Similarly, the cargo volume to be handled by Danang Port is predicted to surge roughly 4.3% to 4.16 million tons, while its container volume is estimated to soar to 133,000 TEUs, a rise of around 10.54%. Although the estimated 7.56% growth for HCMC is lower than the 7.71% in 2012, BMI deemed the figure positive. That is because major trade partners of Vietnam, namely the U.S., Japan and China, are expected to struggle with low economic growth this year, the company reasoned. Therefore, cargo volume counted by containers of HCMC ports is predicted to reach around 4.54 million TEUs in 2017.

Companies in Vietnam are having a hard time finding new recruits because of the skills shortage of applicants, says a survey conducted by the auditing and consultancy firm Grant Thornton. As per the latest report of Grant Thornton International to be released in 6 Feb, employers around the world, including those in Vietnam, described labor skills shortage as a hindrance on their development. Some 39% of the survey participants said they are struggling to recruit employees. Skills shortage is the worst headache for 64% of the respondents. In Vietnam, the percentage is 86%. Lack of experience, inappropriate degrees and low qualifications are other problems, faced by 84%, 70% and 61% of the Vietnamese respondents respectively. All the aforesaid issues make it difficult to find skilled employees. The lack of talents will adversely affect business efficiency, development and profit, said the respondents.

Can Tho exported 76,660 tons of rice and 14,166 tons of seafood in January, earning more than USD82 million, a year-on-year increase of 3.3 %. The city is expected to ship 860,000 tons of rice and 170,000 tons of seafood abroad by the end of this year, pushing revenue from the city's ten key export items to USD1.46 billion—up 17.8 % over 2012. The Mekong Delta city is upgrading infrastructure, expanding industrial zones, and completing transport projects to boost its exports. It is also improving the quality of agricultural products for export and taking advantage of incentive policies. Municipal authorities are intensifying measures designed to stabilize market prices and ensure an adequate supply of essential goods for domestic consumption.

Vietnam has enjoyed a trade surplus of USD110.184 million with Indonesia as bilateral trade turnover reached USD4.605 billion in 2012. The Vietnam Embassy's Trade Mission in Indonesia estimates exports to Indonesia at USD2.358 billion and imports from the country at more than USD2.247 billion. Of export items, rice fetched USD458.392 million, followed by cell phone and components (USD315.122 million), steel (USD288.948 million), and crude oil (USD128.746 million). Import items of high value included papers (USD232.789 million), machinery and equipment, tools and other spare parts (USD135.679 million), computers, electronic products and components (USD134.368 million), chemicals (USD119.440 million) and metals (USD106.740 million). Vietnam's trade surplus with Indonesia hit USD111.345 million in 2011 with exports accounting for nearly USD2.359 billion and imports USD 2.248 billion of the total value.

Vietnam will unveil a plan to overhaul 52 state-owned groups by June and lay out steps to sell stakes or unprofitable assets in most of the companies, seeking to curb bad debt that has hurt economic growth. A roadmap to clean up state-owned enterprises that account for about 37 % of gross domestic product will be ready by then, Deputy Finance Minister Truong Chi Trung said in an interview. The government plans to sell all non-essential units by the end of 2015, and will retain just 50 % to 75 % in most of its companies, he said. The companies now tie up 60 % of bank lending and account for more than half of bad debt, crimping credit growth and slowing economic expansion to a 13-year low.

The US remained Vietnam's top seafood market in January although it has raised a number of trade barriers against the country's exports, according to the General Department of Fisheries under the Ministry of Agriculture and Rural Development. Seafood exports to the US occupied 19.15 % of the total last month, followed by those to Japan and the Republic of Korea with 17.81 % and 8.36 % respectively. Vietnam's January seafood exports brought 376 million USD to the country, a year-on-year increase of 3.5 %. This year is considered as tough for Vietnam's seafood exports due to a shortage of capital, materials and labor. However, experts have forecast an increase in global demand in a near future, and the sector is likely to earn 6.4 billion USD this year.

The Defense Telecommunications Group Viettel earned revenue of VND141.4 trillion and profit of VND 27.5 trillion in 2012, the group announced on February 3rd. Along with its high growth rate, last year, Viettel contributed VND12 trillion to the State budget and donated VND 80 billion to social welfare, increasing 20 and 25 %, respectively, against 2011. Also in 2012, Viettel received licenses to invest in the 7 markets of Laos, Cambodia, Timor-Leste, Mozambique, Cameroon, Haiti and Peru. Especially in Mozambique, Viettel's subsidiary (Movitel) earned profits just 6 months after it began operation. Movitel is Vietnam's most effective project in Africa since 2008. In 2013, the group targets to increase sales between 15 and 20 % to reach VND162 trillion in revenue and 34.6 trillion in profit. Besides, Viettel plans to invest USD175 million in foreign markets and earn USD120 million from its products in these markets.

Mekong Delta provinces this year plan to earn the region up to USD2 billion from tra fish exports. This requires an output of 1.2-1.5 million tons, of which 650,000 tons would be shipped overseas. The Delta this year will allocate an additional 6,000ha of aqua-cultural areas to tra fish breeding, mainly in Can Tho city and the provinces of Dong Thap, An Giang and Ben Tre. The localities are striving to supply 4 billion quality fry and 3.3 million tons of fish foodstuff to breeders. Farmers are being encouraged to work closely with production and consumption businesses to minimize their risk and costs. In 2012, Delta provinces farmed tra fish on 5,910ha, yielding 1.29 million tons of tra, of which 645,000 tons were exported.

The Ministry of Agriculture and Rural Development (MARD) has set up a center responsible for forecasting fishing grounds as part of an effort to re-organize fishing activities towards sustainable exploitation of resources. The Centre for Fishing Ground Forecast, an affiliate of the Research Institute for Marine Fisheries (RIMF), will carry out surveys and research in order to build fishing ground forecasting models and update oceanographic data and fishery biology information. The Hai Phong-based center, which opens in February, will provide forecasts and up-to-date bulletins to MARD, the National Directorate of Fisheries, local fishery management authorities and fishermen. The center will also work on a project on marine fishing ground predictions which is expected to begin in 2014.

Viet Tien Garment Joint Stock Co has opened an 18,000 sq. m fashion design center in HCM City as part of its efforts to reach a growth rate of 15 % in 2013. In 2012, the corporation marked an export turnover of USD445 million, thanks to major markets including Japan (accounting for 29 %), the US (24 %) and the EU (23 %). These markets are also key export markets for Vietnam's textile and garment industry in 2013. The Vietnam Textile and Apparel Association forecast a slight increase in global demand for textiles and garments in the year, including a 3 % increase in the US, 18 % in Japan and 5 % in other markets.

The Friesland Campina Ha Nam milk factory in northern Ha Nam province was certified by the Royal FrieslandCampina Group as meeting the requirements of the Food Safety and Quality System (FoQus), an international quality management system. Following a number of improvements to its management process, infrastructure and equipment in the last two years, the factory received an A-rating (the highest FoQus grade) in December. The rating will allow Friesland Campina Ha Nam to produce infant and baby milk formula.

Two foreign banks with Vietinbank signed a USD155 million loan agreement in Hanoi on February 4. They are Sumitomo Mitsui Banking Corporation (SMBC) and KFW IPE-Bank in Germany. The five-year loan which needs no the guarantee from the Government or any the third party aims to support Vietinbank operation in the first months of 2013. Vietinbank's Chairman of the Board of Directors Pham Duy Hung said the bank will use the loan to prime the pump for enterprises and keep domestic projects purring along in the long run. Christof Kuhnlein KFW Director in charge of the financial institutions, trade and commodity finance business, remarked that the loan agreement offers a new opportunity for Vietinbank to access the international capital market.

The Southernmost province of Ca Mau earned nearly USD60 million from aquatic exports in January, a year-on-year increase of 16 % which is the highest record in the last five years. The total volume of aquatic products was estimated at 35,000 tons, an increase of 3 % over the same month of last year. This showed that the 2013 target of shipping 380,000 tons overseas would be within reach. To turn aquaculture into a spearhead sector of the local economy the focus will be on shrimp breeding, technology transfer and loan security for farmers. Ca Mau province hopes to export USD1 billion worth of aquatic products, despite facing difficulties such as water shortage, high investment costs and shrinking export markets.

Hanoi's export turnover totaled USD801 million in January, which represented a year-on-year increase of 21.1 %. Export of local businesses rose 25.8 % in the month. Ten out of 11 export products reported increases in the reviewed month, including farm produce (up 49.7 %), computer components and peripheral devices (44.4 %), and glass and glass products (31.4 %). Experts forecast a rapid growth in export for the city in the coming time, citing clear signs of recovery in the global market. However, in the month, the capital city faced a one-month surge of 0.95 % in inflation. Experts blamed the spike in prices on rising consumer demand ahead of the Tet (Lunar New Year) holiday in February.

Consumer purchasing rose by 8.1 % in January, compared to the same period last year, according to the General Statistics Office (GSO). However, the increase is far below the 22-per-cent pace seen during the same month a year ago, the GSO said. GSO economist Vu Manh Ha attributed the slower pace of growth to Tet falling in February this year, instead of January, with January figures not reflecting holiday bonuses. He noted that purchasing power this month was set to exceed last year's figure of VND209.5 trillion (USD10 billion). The seasonal rise in retail sales before the nation's biggest holiday was also expected to help reduce inventories significantly. The inventory index currently stands at 21.5 %, but such products as beer, tobacco, sugar and processed seafood were expected see strong decreases in inventories following the holiday shopping season.

The State Bank of Vietnam will allow some commercial banks to temporarily export and re-import gold bars this month, the State Bank announced on Wednesday (30 Jan) after a meeting with commercial bank representatives. In accordance with the State Bank's recent designation of Saigon Jewelry Co (SJC) as the nationally-recognized "brand" for gold bars, commercial banks will be granted licenses this month to allow them to temporarily export gold bars bearing different trademarks and then re-import international-standard gold bars that can be quickly converted to SJC-standard gold bars. The State Bank will oversee the gold trades so as to maintain control over the domestic gold market. Most banks will also continue to be barred from buying or selling gold bars due to their lack of capacity to ensure quality standards.

Vietnam Posts and Telecommunications Corporation (VNPT) generated a revenue of VND130.3 trillion (USD6.27 billion) by the end of last year, an increase of 7.94 % year-on-year. Its two mobile network operators, MobiFone and Vinaphone contributed a turnover of VND66.3 trillion (USD3.2 billion), accounting for more than half of the group's total amount. Vinaphone earned a revenue of VND22.579 trillion (USD1.09 billion), while Mobifone contributed the rest of 60 %. VNPT's General Director Vu Tuan Hung said although Vinaphone's turnover was lower than that of MobiFone, the former still posted an encouraging growth rate of 14 %.

An estimated 651,800 international visitors arrived in Vietnam in the first month of the year, an increase of 2.2 % from last year. The number of tourists increased 6.4 % and the number visiting for business rose 0.9 %. However, those coming to visit relatives and for other purposes dropped by 7 % and 7.8 % respectively. A high growth was seen in the number of visitors from Thailand (82.6 %), the Republic of Korea (39 %), Australia (34.7 %), Russia (37.7 %) and Malaysia (10.8 %).

Vietnam's benchmark five-year bonds had their largest monthly gain since May on speculation that credit demand remained weak in January, spurring banks to buy debt with surplus cash. Bank liquidity increased 0.2 % as lending fell 1.1 % in the first three weeks of 2013, the government said in a statement distributed at its monthly press briefing on Jan. 29. Credit growth may remain slow in the first months of the year, Prime Minister Nguyen Tan Dung said in a New Year's message on Jan. 1, after a slowdown in economic growth and rising bad debts crimped lending in 2012. The yield on five-year bonds fell 58 basis points in January, or 0.58 percentage point, to 9.17 %, according to a daily fixing rate from banks compiled by Bloomberg. That's the fourth month in a row that yields have fallen.

If the export growth of Vietnam's textile and garment industry remains between 12 and 15 %, the sector will reach its target of USD20 billion in 2014 ahead of the 2015 deadline, according to the Vietnam Textile and Apparel Association (VITAS). VITAS Vice Chairman Le Tien Truong said that despite a 5-10 % decrease in export prices in 2012, total exports still rose by 15 %. The industry's trade surplus was USD8.4 billion last year as imported materials accounted for only USD8.8 billion of the total export value of USD17.2 billion, he added. The textile and garment industry has already achieved its 2015 goal to source 50 % of raw materials domestically. It expects to earn 18.8-USD19.3 billion this year.

In its March edition, Bloomberg Markets Magazine ranks the top 25 frontier markets for investors. Vietnam ranks first in the list. Frontier markets could also be termed as "pre-emerging" markets. These countries are distinguished by capital markets that are underdeveloped compared to emerging markets. However, the scoring system the magazine used indicates that these frontier markets are more desirable investment destinations than the emerging market counterparts. The data used by Bloomberg Markets Magazine as a basis for assessment includes data from the World Bank (WB), International Monetary Fund (IMF), Transparency International (TI), the financial news agency Bloomberg, the Wall Street Journal and Heritage Foundation, etc. The top ten countries in the list: Vietnam, Qatar, Lithuania, the UAE, Botswana, Romania, Saudi Arabia, Bulgaria, Kazakhstan and Estonia.

KNA reported that Kuwait Petroleum International and its JV partners have awarded an engineering, procurement and construction contract for the massive USD 9 billion refinery and petrochemical complex coming up in northern Vietnam. KPI, the international marketing arm of top energy conglomerate Kuwait Petroleum Corporation had established the joint venture in 2008 with PetroVietnam, Japan's Idemitsu Kosan Company and Mitsui Chemicals. The Nghi Son Petrochemical Refinery Complex to be built 180 kilometers south of capital Hanoi is Vietnam's second refinery and the first one with foreign investors' participation. The refinery will have an oil processing capacity of 200,000 barrels per day when operational in 2017. The capacity would be doubled in the Phase II if justified by strong demand. The JV will possibly double the volume to 400,000 barrels per day after the project is expanded in the second phase.

Vietnam is set to ban the sale of cigarettes to people under 18, as also the hiring of people of this age group to sell tobacco products. The ban will be part of a long-term national strategy to fight and prevent tobacco impacts that has just been approved by Prime Minister Nguyen Tan Dung. The strategy, to be implemented until 2020, seeks to reduce the number of smokers in the 15-24 age group to 18% from 26%; and the overall number of male and female smokers by 39% and 1.4% respectively. It will also use taxes and stricter measures on cigarette trading to limit consumption. Statistics compiled by the Ministry of Health show Vietnamese males stand 15th among the highest smoking groups in the world. A 2010 survey revealed that there were 15.3 million smokers in the country and about 8 million others exposed to cigarette smoke at work, with a staggering 47 million passive smokers at home.

Nearly 400 FDI projects in real estate worth USD49.8 billion were licensed in Vietnam last year, according to a report from the Ministry of Planning and Investment. FDI in the real estate sector accounts for over 23 % of total FDI in Vietnam. Ho Chi Minh City attracted the bulk of FDI with 163 projects worth USD12.4 billion, followed by Hanoi, Ba Ria-Vung Tau, Phu Yen, Binh Duong and Dong Nai. Singapore is currently the largest foreign trade partner in Vietnam’s real estate sector with 55 projects and capital of USD8.6 billion. The Republic of Korea ranks second with 79 projects worth USD6.7 billion, according to the newspaper. Most foreign investors in Vietnam are involved in the construction of luxury hotels, resorts, offices for lease, and high-end apartment buildings. According to the Ministry of Planning and Investment, progress was made in FDI disbursement, but a number of projects were moving far too slow due to policy issues on land use and management.

The Vietnam General Statistics Office (GSO) stated that during the current month, foreign direct investment (FDI) in the country soared by 74 % from a year earlier, with a total value of USD281.5 million. The number of new licensed FDI projects declined by 9.8 % from a year earlier to 37, however, in terms of value, their registered capital hiked by 293.6 % to USD257.1 million. Furthermore, in January, 9 on-going projects have increased their capital of USD24.34 million. The GSO noted that 17 countries and territories gained licenses for projects in Vietnam in the month, with Japan being the largest investor, with its new and expanded capital exceeding USD157.7 million, followed by Thailand with USD54.3 million and France with USD20 million. As for the sectors that attracted the bulk of investments, the processing and manufacturing sector ranked first, with USD203 million, followed by the real estate sector with USD50 million.

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COMING EVENTS

PS Vietnam

Venue: Tan Binh Exhibition & Convention Centre

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

Country: Ho Chi Minh City, Vietnam

Start Date: ***05 March 2013*** *End date:* ***07 March 2013***

Conference Description

With the immense potential in the manufacturing sector, International Exhibition on fluid, Air & Gas Handling Systems with a new segment on general machinery presents an important link for the industrial suppliers to fuel the growing demand in a wide spectrum of manufacturing industries. PS-Exhibition on Fluid, Air & Gas Handling Systems-Vietnam comprises two components, namely, Fluid Machinery and General Machinery.

Visitors' Profile

Professionals related to the field of Aeration & Gasification, Automotive, Chemical Processing, Electronics, Engineering Service, Environmental Protection, Fire Protection, Gas Processing & Recovery, Oil & Gas, Petroleum, Pharmaceutical, Power Generation, Refinery & Petrochemical, Sewage Treatment, Wastewater Treatment, Water Supply & Treatment.

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Creative Stitches Hobbycrafts- Glasgow

Venue: Saigon Exhibition & Convention Center (SECC)

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

Country: Ho Chi Minh City, Vietnam

Start Date: ***07 March 2013*** *End date:* ***10 March 2013***

Conference Description

Creative Stitches Hobbycrafts-Glasgow, this magical event is this year's opportunity to see much to delight and inspire from original work in watercolours, oils, sketches and creative images in glass and ceramics to eye catching furniture designs and bespoke fashion wear.

Visitors' Profile

Trade Vistors - importers & exporters of Gifts, Games, Hobbies, and Toys, Home Furnishings and Interior Design, Textile / Fabrics / Leather / Nonwovens & General Public.

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Vietnam International Furniture & Home Accessories Fair

Venue: Saigon Exhibition & Convention Center (SECC)

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

Country: Ho Chi Minh City, Vietnam

Start Date: ***11 March 2013*** *End date:* ***14 March 2013***

Conference Description

Vietnam International Furniture & Home Accessories Fair will showcase beds to upholstery, sofas to soft furnishings, gift ware to occasional furniture, lighting to floors under single roof. This one of the biggest exhibition in related industry in Vietnam which is being organized by HANDICRAFT & WOOD INDUSTRY ASSOCIATION OF HCMC.

Visitors' Profile

We invite trade buyers, agents and distributors. Trade buyers are invited from the following sectors: Retail Department Store, Retail Furniture or Gift, Interiors Designers & Stylists, Interior Architects, Procurement specialists for contract buying, property development companies, hospitality and also Purchasing officers from state bodies.

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About Viipip.com

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

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

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Edited by: Huy Nguyen & Trieu Nguyen