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

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VIETNAM: TRADE & INVESTMENT BULLETIN

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VIETNAM: TRADE & INVESTMENT BULLETIN No.07

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IPs says Hi

DEVELOPER'S INTRODUCTION

QUE VO III INDUSTRIAL ZONE

*** Geographic location**

- Bac Ninh is adjacent to from Hanoi capital, contiguously Bac Giang province - gateway of the North, and locating in economic growth triangle Hanoi - Hai Phong - Quang Ninh.

- The position of Que Vo III Industrial zone is belong to communes Viet Hung, Que Tan and Phu Luong, in Que Vo district of Bac Ninh Province; next to high way 18 to Quang Ninh, near Hanoi - Quang Ninh railway; close to Cau River port, Pha Lai port; 35km distant from Noi Bai international airport, 40km to Hanoi**,** 105km to Ha Long City- Quang Ninh province, 80km to Hai Phong and 90km to Lang Son**.**

*** Regional traffic relation**

Road: Industrial park adjacently located the old Highway 18 - the arterial road to Quang Ninh and close to the new planning Highway 18 is going to be built in the near future, which is a modern highway linking Noi Bai International Airport to Cai Lan port - Quang Ninh.

Railway: 12km distant to Hanoi - Lang Son Railway, near Yen Vien - Cai Lan high- speed railway.

Sea-port : Conviniently travel to big sea - ports of the South such as Hai Phong Port, Cai Lan Port.

River port: Contiguous to Cau River Port, Pha Lai Port they are main river ports of Bac Ninh. It is convinient for trading goods.

Airport : To the North, 35km far from Noi Bai international airport.

In general, Que Vo III Industrial Zone has such a strategic location that it is very convenient for economic development.

*** Scale of investment:**

Total area **598ha** divided into 2 phases:

+ First phase: 303.8ha.

+ Second phase: 217.9ha.

- Urban & services project 68ha: Implement in one phrase.

Operational time: Starting from 2012 to 2059

*** Main sectors in Industrial Zone:**

- Agricultural products manufacturing area will be laid out Southern East of the Industrial zone.
- Industrial textiles will be laid out Southern West of Industrial zone.
- Consumer goods production will be located in the North of Industrial zone.
- Construction materials and electronic devices manufacturing will be arranged in Northern East of Industrial zone.
- Mechanical appliance assembly arranged in the Northern West of Industrial zone.
- Storage and parking area will be located near the main road No.1, categories depending on the requirements of investors.

Ban quản lý Khu công nghiệp Quế võ III

Que vo III industrial zone management board

DABACO GROUP

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INVESTORS' TRUSTED PARTNER

Vina CPK

BA THIEN 2 INDUSTRIAL PARK

Ba Thien 2 Industrial Park - one of the leading industrial park in Vietnam is located in Northern Vietnam. With a turnkey business model and a world class infrastructure, Ba Thien 2 Industrial Park offers the best telecommunication, manufacturing setup, water treatment and energy supply at the most competitive cost, and the best conditions for the start of your manufacturing operation.

Ba Thien 2 Industrial Park aims to be a modern master-planned industrial park in Vietnam, with a capacity to accommodate various industries ranging from manufacturing and process to distribution. For investors who are looking for strategic industrial parks to invest in Vietnam and especially in North of Vietnam, Ba Thien 2 IP is the right place to start your investment. Ba Thien 2 IP is prepared to make you compete and focus in your core business: manufacturing.

FIVE REASONS TO INVEST IN BA THIEN 2 INDUSTRIAL PARK

To Reduce Costs

✓ For transportation cost reduction, Ba Thien 2 IP offers a strategic location

- 6km from Noi Bai – Lao Cai – China Asian Expressway
- 10km from Vinh Yen Town - capital of Vinh Phuc Province
- 50km from Hanoi
- Easy access to National Highway No. 2 (to Viet Tri - Ha Giang - China), National Highway No. 18 (to Cai Lan Deepwater Seaport in Quang Ninh) and Hanoi's 4th ring road
- In Kunming – Hanoi – Hai Phong economic corridor
- 8km from Huong Canh Railway Station (rail route Hanoi – Vinh Phuc – Lao Cai – China)
- 20km from Noi Bai International Airport
- 160km from Hai Phong Seaport and 180km from Cai Lan Deepwater Seaport.

✓ For construction cost reduction, Ba Thien 2 IP has the best topography

- Hard solid ground that is favorable for building factory foundations - reduce about 20% of construction cost.
- 19m above sea level – flood free

✓ Ba Thien 2 IP has a competitive land leasing price comparing to other industrial cities or provinces.

To Save Time

✓ Ba Thien 2 IP offers the complete infrastructure with high standard included:

- Prepared land parcels
- Completed traffic, lighting, technical infrastructure system
- Stable, adequate electric power and water supply
  - Power national grid: 110/22 kV sub-stations, phase 1's capacity is 63 MVA, will be increased to 126 MVA, installed to the fence of tenants
  - Clean water supply: capacity of 3,000 m3/day for phase 1, will be up to 10,000 m3/day

- On-site waste water treatment plants: meet type A standards (QCVN 40:2011/BTNMT), phase 1's capacity is 2,500 m3/day, will be increased to 10,000 m3/day
- International standard telecommunication services (broadband Internet, telephones, fax, etc.)
- Health service, fire protection station, security 24/7

✓ One-Stop Service

- Ba Thien 2 IP's service center supports investors to complete the legal investment procedures quickly.
- Investors will be supported with all the legal procedures needed both before and after the operation.

Abundant labor force with low worker's salary

✓ Vinh Phuc's labor force: ~700,000 people, accounting for 61.6% of the total population
✓ Vinh Phuc is stipulated as the 2nd region with worker's salary
✓ There are around 20 universities, colleges, and professional vocational schools at central level located near Ba Thien 2 IP (approximately 53,000 graduates each year)
✓ The local labor force can meet the demand for economic development in term of quantity and quality.

Strong support from local authority

✓ Vinh Phuc has created an attractive investment environment with investment supporting policies for businesses.
✓ Together with the common policies of the Government, Vinh Phuc Industrial Zone Management Board assists initial investment fees for establishing projects, proclaiming establishment of a business, promoting products, environmental impact reports, and licensing land use rights.

Quality lifestyle

✓ Ba Thien 2 IP is designed with nearly 14% of green area which creates a better working and living enviornment for tenants.
✓ The community surroundings Ba Thien 2 IP is further enriched by a range of facilities such as schools, hospitals, supermarkets and so on, to ensure comfort and convenience for its residents.
✓ There are also many resorts and sightseeing places close to Ba Thien 2 IP such as Dai Lai Reservior, Dai Lai Golf Resort, Tam Dao Resort, Tam Dao National Park.

LAND MAP:

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GENERAL REVIEW

EU to recognize Vietnam's market economy next year

It is likely that the European Union (EU) will recognize Vietnam as a market economy when negotiations of the Vietnam-EU free trade agreement (FTA) end

This will help Vietnamese enterprises face less unfavorable conditions in anti-dumping and anti-subsidy cases in this market.

Speaking to the Daily on the sidelines of a seminar last week sponsored by the EU-funded Multilateral Trade Assistance Project (EU-MUTRAP), Deputy Prime Minister of Foreign Affairs Bui Thanh Son said that technically the EU had five criteria to recognize an economy as a market one. Currently, Vietnam has met one of the five and the EU is considering two to three other criteria for Vietnam, he added.

Therefore, there is a high likelihood that Vietnam's market economy will be recognized by the EU after FTA negotiations end as at that time the two economies are basically equal, according to Son.

Under the commitments to the World Trade Organization (WTO), Vietnam agreed to have its economy considered as a non-market economy until 2018. As a result, with anti-dumping investigations, Vietnamese enterprises will be at a disadvantage as their actual costs will not count to calculate dumping margins and statistics of another country will be used.

Selecting a surrogate country will greatly affect the final taxes Vietnamese enterprises will have to pay. It is because new anti-dumping margins may be higher than normal ones, and anti-dumping taxes may be pushed up high.

According to the Trade Remedies Council under the Vietnam Chamber of Commerce and Industry (VCCI), since Vietnam's first anti-dumping case lasting from 1998 until last May, Vietnam has faced 12 cases of this kind in the EU market.

Vietnam-EU FTA negotiations are estimated to finish later next year. With the EU's ratification, the FTA may take effect in late 2016. The fourth FTA negotiation round ended last week in Belgium as both sides discussed detailed tax reductions.

(Source: SGT)

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Vietnam in desperate need of new international airport

Now is the time to build a new airport to ease the burden on HCMC's Tan Son Nhat International Airport, Vietnam's aviation officials agreed at a conference in Hanoi held in July 2013.

"We should have started construction by now, in order to have the first phase completed by 2020," said Nguyen Nguyen Hung, board chairman of state-owned Airports Corporation of Vietnam (ACV), which manages Vietnam's 22 civil airports, at the conference held by the Ministry of Transport.

The planned airport is located 40 kilometers outside Ho Chi Minh City in the Dong Nai Province's Long Thanh District.

Tran Quang Chau, chairman of the Aviation Science and Technology Association said the project should be given "top priority," given the demand for domestic air travel and Vietnam's ambition to make Long Thanh Southeast Asia's next major transit hub.

Hung said a final draft of the Japan Airports Consultants' report must be completed quickly so that the government can submit it to the National Assembly for approval at its upcoming October session. If approved, construction could begin next year, he said.

According to the report, Tan Son Nhat International Airport was not designed to handle the 20-25 million annual passengers it's on pace to deal with from 2018-2020, making it crucial a new airport be built in Long Thanh. The report estimates the proposed 5,000-hectare airport in Long Thanh, which would be 40 kilometers northeast of HCMC's Tan Son Nhat, would be capable of serving 25 million passengers annually with its initial two runways.

When construction of a third runway is completed in 2030, it would be able to handle 52 million passengers each year.

After 2030, its eventual four runways would be able to serve 100 million passengers and handle five million tons of cargo, and be capable of completely replacing Tan Son Nhat, according to the report.

Tan Son Nhat, currently the country's largest airport, handles 12 million passengers and 278,000 tons of cargo annually.

Singapore's Changi Airport handles over 50 million passengers and 1.8 million tons of cargo a year; Thailand's Suvarnabhumi Airport has a capacity of 45 million passengers and three million tons of cargo a year.

The Japanese consultant company provided a scenario for the Long Thanh airport that would have it handle 80 percent of international flights and 10 percent of domestic flights that currently route in and out of HCMC. Tan Son Nhat, which was a military base during the Vietnam War, would eventually be used mostly to ferry domestic passengers and the remaining 20 percent of international flights.

The consultant said the scenario could create favorable conditions to supplant Tan Son Nhat with Long Thanh airport by 2030. Tan Son Nhat could become a back-up airport, or it could be closed, the report said. The total cost to construct the new Long Thanh airport has been estimated at US$7.8 billion.

In the first phase of construction, the cost would be more than $5.6 billion, more than half of which would come from Official Development Assistance (ODA) loans and the state budget, according to Hung. The rest would be funded by the private sector, he said. Dong Nai's provincial government said more than 10,000 local residents would have their land revoked to make way for the project.

The local government has asked that VND470 billion ($22.1 million) be allocated to those residents as compensation and more than VND6.6 trillion ($310 million) be spent to build a resettlement area for them.

(Source: ThanhNienNews)

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The 50 Vietnamese most effective businesses in 2013

The No. 1 position in the top 50 belongs to a gas production, transport and distribution firm – CNG. Meanwhile, Vinamilk, the dairy producer, where the State holds the controlling stakes, has been marching towards on its way, without any obstacles.

The champion

Topping the 50 Malaysian most effective businesses is a palm oil and natural rubber producer, which is explained by the fact that Malaysia is the biggest palm oil production country in the world. Meanwhile, topping the 50 Thai most effective businesses is a travel firm, which is explained by the fact that Thailand has been famous for its tourism industry.

And the Vietnamese firm which tops the 2013's list of the 50 most effective businesses is CNG Vietnam, an oil and gas firm.

The No. 1 position for CNG is undeniable with the three impressive business indexes in 2010-2012: the revenue growth rate of 120 percent, the ROE and ROC are 55 and 43 percent, respectively.

Like the 2012's Ha Do Group, CNG has been put on the top position thanks to the outstanding turnover growth rate of 120 percent per annum. However, the turnover growth rate was not stable with the modest growth rate of 9 percent in 2012, 156 percent in 2011 and 278 percent in 2010.

Vinamilk, the elephant that runs at full gallops

Vinamilk has made a big leap over the last 10 years, since the day it got equitized with the turnover up by 6.3 times, the profit up by 11 times, and the stockholder equity up by 8.3 times in comparison with 2004, the first fiscal year after the equitization.

Vinamilk is one of the four listed companies which have the turnover reaching billions of dollars. The other three are GAS, FPT and PVS. Talking about Vinamilk, analysts say Vinamilk deserves to be called the "giant elephant." However, the giant, despite its big weight, still can run very fast.

With its impressive business result, Vinamilk has jumped from the fourth position in the 2012's report to the second position this year. While the turnover growth of the other enterprises in top 50 much depend on the selling prices, Vinamilk's businesses has been growing on the production expansion.

Vinamilk's General Director, Mai Kieu Lien, is a famous businesswoman in Asia. She has expressed VInamilk's ambitious plan to obtain the turnover of $3 billion by 2017.

JVC, the new face

JVC has become the name attracting the special attention from the public. The third position is really a good ranking for a company which, for the first time, has been named in the top 50.

JVC is a healthcare equipment trade company which operates in Vietnam, the country with the backward healthcare conditions. JVC has great advantages in its business, because it serves as the exclusive distributor of a lot of the world's big healthcare suppliers, such as Hitachi, Carestream Health, and Kodak. It is now the medical equipment supplier to the 100 biggest hospitals in Vietnam.

A report of Business Monitor, a market survey firm, the medical equipment market in Vietnam is worth $600 million, while it is expected to witness the growth rate of 15.2 percent per annum to reach $1.2 billion by 2015. This means that JVC still can grow more in accordance with the Vietnamese market.

(Source: NCDT)

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Vietnam, India promote trade, investment

A roundtable discussing how to promote investment and trade cooperation between Vietnam and India took place in Ho Chi Minh City in June 2013.

Co-organized by the Vietnam Chamber of Commerce and Industry (VCCI) and INVEST INDIA, the event attracted the participation of both sides' enterprises operating in food processing, aquatic products, automobile spare parts, logistics services, infrastructure development, energy, chemical and telecommunications.

Speaking at the conference, Le Thai Hoa, deputy head of the Department of Southwest Asia and Africa Markets under the Ministry of Industry and Trade (MoIT) underlined the huge potential for Vietnam-India cooperation, especially in trade, industry and energy.

The signed ASEAN-India Free Trade Agreement will help foster economic and investment ties between the two countries, he said, stressing the need for the active role of the two side's business communities in taking advantage of such agreement.

According to Talleen Kumar, head of the Department of Industrial Policy and Promotion under the Indian Ministry of Commerce and Industry, the Indian Government in recent years has taken numerous reforms to speed up the country's international integration process and attract more foreign investment.

He said that foreign investors, who want to invest in India , will be guided to implement licensing, trademark registering procedures via the Internet.

According to MoIT, India is now one of Vietnam's 10 largest trade partners, with two-way trade reaching 2.24 billion USD in the first five months of this year. The figure is expected to hit 7 billion USD by 2015.

By April, 2013, India had 70 on-going projects in Vietnam with a total investment of 252 million USD.-

(Source: Vietnam+)

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Vietnam planning new north-south air route

Vietnam's aviation authorities are planning to launch a new route from Hanoi to Ho Chi Minh City in an effort to improve air traffic.

Speaking to Thanh Nien, Dinh Viet Thang, deputy chief of the Civil Aviation Authority of Vietnam (CAAV), said the new route will be one-way from north to south and will fly at a higher altitude than the current roundtrip route.

The new route will help to not only reduce flying time but also increase safety, Thang said.

The project, however, is still in its conceptual stage and will require further studies, Bui Van Vo, head of Flight Management Department under the CAAV, said, adding that they also need to conduct a study to determine which type of aircraft will be suitable for operating at such heights.

According to CAAV's report, thanks to the adjustments to routes and flying methods between 2008 and 2012, more than 307,000 flights have had their flying time reduced by nearly 16,000 hours.

Meanwhile, the main route between Hanoi and HCMC has yet to have its flying time reduced, CAAV said. It takes around two hours on average to fly between Vietnam's two largest cities.

In 2009, Mai Trong Tuan, a former pilot, and Tran Dinh Ba, an aviation expert, proposed shortening the route by having airplanes fly in a straight line.

However, the proposal was rejected by the CAAV as infeasible.

(Source: ThanhNienNews)

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US airport developer to touch down in Cam Ranh

Cam Ranh airport is expected to be United States-based ADC-HAS Airports' maiden project in Vietnam.

In a recent meeting with the Ministry of Planning and Investment, an ADC-HAS Airports representative said the firm was working with Airports Corporation of Vietnam to set up a joint venture to expand the central Khanh Hoa province airport, a gateway to the famous Nha Trang coastal tourism destination.

ADC-HAS Airports is a consortium between HAS Development Corporation, the development affiliate of the Houston Airport System, Airport Development Corporation of Canada, and OMERS Strategic Investments. The firm has also been developing and operating Quito airport in Ecuador, San Jose airport and Liberia airport in Costa Rica.

The firm started studying Vietnam aviation infrastructure investment options in 2010, with an initial proposal to invest into seven airports in central region under public-private partnership form.

"We hope this will be our first project in Vietnam, that would set foundation for the expansion to other projects," said the representative.

At this time, ADC-HAS Airports gained support from Overseas Private Investment Corporation (OPIC), a US government development finance institution, for funding its investment in Vietnam.

An OPIC representative, who accompanied ADC-HAS Airports to the Ministry of Planning and Investment, said OPIC could finance $250 million for ADC-HAS Airports' project in Vietnam if the project was effective and the financial institution wanted to expand its business in Vietnam through funding other ADC-HAS Airports projects. At this time, OPIC is funding two ADC-HAS Airports' projects in Ecuador and Costa Rica.

Vietnam has 24 airports and most need to be upgraded to meet growing air transportation demand, a source of great potential to foreign investors.

Apart from ADC-HAS Airports, another United States' airport investor Airis Holdings also plans to invest into Danang airport and Noi Bai airport in Hanoi under the public-private partnership form. Korean JOINUS Company Ltd is studying to build an international airport in northern Quang Ninh province's Van Don district.

(Source: VIR)

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Luxembourg helps develop local finance sector

Vietnam has praised the Government of Luxembourg's cooperation and support, especially in the finance sector.

Deputy Minister of Finance Truong Chi Trung revealed this at the Vietnam-Luxembourg Finance Forum in Hanoi in June 2013. The forum was to mark the 40th anniversary of the establishment of diplomatic relations between the two countries.

Trung said the financial market in Vietnam is in an early stage of development and its potential is huge. " Vietnam aims to develop the financial market in an efficient, open, transparent manner, moving towards international standards to create important funds and channels for the economy as well as develop regulatory tools to enable the market's stable development, to protect investors and internet services for users," he said. Trung said Vietnam has received invaluable support from Luxemburg in forms of experience sharing, capacity building and system equipment. In recent years, Luxembourg has witnessed the highest growth rates in the European Union. The service sector and banking and financial services are the main drivers of that growth. Trung said the two countries have signed a protocol on a project to develop capital markets in Vietnam with a grant of 3 million EUR.

In addition, in the Vietnam-Luxembourg 2010-15 ICP, Luxembourg has offered to finance the projects in prioritised areas of development in Vietnam. Sameer Goyal, coordinator of the World Bank's Financial and Private Sector, said Vietnam faces challenges in financial sector restructuring because legal, regulatory and supervisory framework continues to be behind international standards and practices.

He said banking sector assets have nearly doubled the Gross Domestic Product (GDP) and required large resources while the Government did not have fiscal space. He said the Government should maintain consumer confidence and undisrupted services, adding that improving corporate governance is a must as bad management led to weak institutions.

Nguyen Thi Lien Hoa, vice chairman of the State Securities Commission (SSC) spoke about the achievements of the two countries in developing Vietnam 's securities market. Hoa said Luxembourgh has helped the SSC in drafting professional manuals, finalizing a legal framework governing operations in the market and supporting the legislation process to create a legal framework for new products.

Luxembourg Ambassador to Vietnam Marc Thill said his government is ready to give further support for Vietnam through vocational training and technical assistance.

"We are pleased to see steady progress in our economic relations with Vietnam and we are happy to continue to promote Luxembourg 's experience and know-how in the financial sector," he said. Luxembourg is one of the leading financial centres in the world. It is host to 141 banks and 243 institutions active in the sectors of insurance and re-insurance.

The country holds an impressive six percent market share in international private banking. Within the international fund industry, it is ranked second behind the US while it has become a leader in the cross-border distribution of investment funds.-

(Source: Vietnam)

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TRADE

VN can't take full advantage of preferential tariffs to boost exports to EU

Vietnam is one of the countries which can enjoy the new EU's GSP (generalized system of preferences) to be applied as of January 1, 2014. However, analysts say Vietnam may not take full advantage of the preferential tariff to boost exports to the large market.

Many preferences offered

Under the new GSP, 89 countries, including Vietnam, would be able to enjoy the new preferential system, or the low tariffs, instead of the 176 countries currently.

In ASEAN, Malaysia would not enjoy the new GSP because of the country's high average income. From 2014, fishes, vegetables, coffee, tea and cereals from China, the products made of fish and meat, processed food and drinks from Thailand, or some products made of oil from Indonesia would no longer enjoy the preferential tariffs when entering the EU market.

Vietnam, besides the products which currently enjoy the low tariffs, would see two more categories of products enjoy the preferential tariffs from January 1, 2014 – footwear and hats, umbrellas.

Until 2009, Vietnam[s footwear exports to the EU had enjoyed the GSP, but the preferences have been later removed because of the sharp exports increases.

Truong Dinh Tuyen, former Minister of Trade, said the preferential tariffs would help increase the exports to the EU and would have positive impacts in attracting foreign direct investment. Foreign investors would set up production bases in Vietnam to be able to enjoy the preferential tariffs when they export products to the EU.

How will Vietnam take full advantage of GSP?

According to Tran Ngoc Quan, Deputy Director of the European Market Department under the Ministry of Industry and Trade, Vietnam can only use up 40 percent of the preferences when exporting products to the EU currently, a low rate.

Explaining this, Quan said that the strict requirements of the GSP discourage Vietnamese businesses to use the preferences allocated to them. “A lot of businesses give up the preferences because they find it difficult to follow the procedures,” Quan said.

“In some cases, businesses can enjoy the GSP with the 3-5 percentage point reductions. However, in order to be able to enjoy the preferential tax rates, businesses have to satisfy a series of requirements. And they decide to give up,” he explained.

Meanwhile, according to Quan, the regulations in the new GSP remain unchanged with the currently applied very strict requirements. An expert from EU said at a recent workshop that machines and garments are the products that Vietnam can exploit the GSP at the lowest rate.

Meanwhile, Franz Jessen from the EU Delegation, told Thoi bao Kinh te Saigon reporters on the sideline of the same workshop that the new EU’s GSP would be more open, and that some Vietnamese products would certainly benefit from it, such as footwear products.

However, he said that in order to take full advantage of the preferential tariffs, Vietnam needs to increase the locally made content proportions. Meanwhile, Vietnamese enterprises still cannot find suitable materials from domestic sources and they have to use import materials.

Quan has noted that there is one point in the new GSP which is “more open” than the previous one: a category of products would be weeded out from GSP beneficiaries if the export turnover of the products to the EU exceeds 17.5 percent of the total export turnover of all the exporters which enjoy GSP in the same sector.

The 17.5 percent level is higher than the 15 percent stipulated in the previous GSP.

(Source: TBKTSG)

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Online retail takes unassertive steps in Vietnam

It is estimated that 31 million Vietnamese, or 34 percent of the total population, use the Internet. These are the great potential clients for the online retailing industry.

In 2003, Saigon Co-op announced it began selling goods at http://www.saigon-coopmart.com and http://www.saigoncoopmart.com.vn.

Together with the launching of the new brand identification, Co-op Mart has also introduced the fanpage at www.facebook.com/hethongcoopmartvn, aiming to create a new communication channel with high interaction with clients.

A senior executive of Saigon Co-op said the fanpage, after eight months of existence, has become the community of 70.000 fans. Especially, the fans organize meetings with the leaders of the retail chain every month to exchange information.

However, online retailing is still not a main retail channel for Saigon Co-op Mart and other supermarket chains. The online customers of Saigon Co-op are those, who access to the supermarket's website to seek information about the products available at the chain, then make calls to order and make payments in cash after getting deliveries.

Meanwhile, Duong Thi Quynh Trang, Public Relations Director of Big C, said the supermarket's website now mainly serves the updating of information, so that customers can get sufficient information before they buy goods there. The Big C's fanpage also mainly serves the information updating. It is like a communication channel, through which Big C can better exchange information with customers.

Big C still does not think of using a fanpage for online selling. Trang said it's very complicated for a general supermarket which sells 50,000 product items like Big C, to carry out the online sale

A survey showed that online sale just can bring 0.3-0.5 percent of the total retail turnover, about VND500 billion, while it should have brought VND105 trillion. The latest survey of the Vietnam E-commerce Association, stated that 193 businesses showed that only 42 percent of businesses have their own websites, while only 29 percent of which accept online orders from customers.

The figure is very modest if compared with the great potentials of the market. According to nganluong.vn, by February 2012, over 10,000 sale websites had had integrated with Ngan Luong e-wallet with the total monthly turnover of VND20-25 billion.

eBay has estimated that the Vietnamese e-commerce market would be worth $6 billion per annum by 2015.

Distributors said they still hesitate to make investments to develop online sale channels because of the low demand of the Vietnamese, caused by the consumption habit. Vietnamese only buy goods when they can see with their eyes the products and learn information about the products' quality.

Especially, the discovery of some MLM (multi-level marketing) companies which organized their sale under the mode of e-commerce, such as Diamond Holiday and Muaban24, and the problems with groupon websites such as Deal Soc or Nhom Mua, have also eroded the customers' confidence.

Nevertheless, experts still believe in the strong development of online trade in the future, saying that this is a growing tendency in the world. Lazada has been cited as a successful online trade model in Vietnam. Lazada Group and the investors have announced the investment deals worth $100 million in Lazada.

To date, Lazada has got more than 1 million orders. About 90 percent of orders are implemented within the days.

(Source: DNSG)

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HCM City outlines garment ambition

Authorities in Ho Chi Minh City plan to double the garment and textile industry's export turnover by 2015 over the 2010 figure of 3.3 billion USD.

The city, which sees the industry as one of its five key exports from 2011 to 2015, has asked manufacturers to expand production, improve product quality and find new markets.

In recent years, garment companies in HCM City have improved product quality and design by investing in advanced technologies. As a result, many companies such as Anh Phuoc, Thai Tuan, Viet Thy, Viet Thang and Phong Phu have increased their market share in the country.

HCM City is also developing a plan to reduce the industry's reliance on imported raw materials, according to the report.

A draft plan calls for more local production of materials used in the garment and textile industry, including fabric and accessories like zippers. Currently, most raw materials are imported.

The plan aims to increase the ratio of locally produced raw materials from 45 percent to 65 percent by 2020.

The city's five-year plan drawn up for the industry also calls for a design centre, a factory to produce accessories for the industry, and a plant to produce machinery for garment factories.

Currently, more than 5,400 garment and textile manufacturing and trading companies are operating in HCM City , with a total of 306,000 laborers.

The city accounts for 37 percent of the industry’s total output nationwide. Last year, the industry's export turnover reached more than 4.3 billion USD, a year-on-year increase of 11.5 percent.

(Source: Vietnam+)

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Hanoi to not eliminate traditional markets in 5-7 more years

VietNamNet Bridge – While the Hanoi People’s Committee has many times affirmed that the city would speed up the plan to develop modern supermarkets and shopping malls, the Hanoi People’s Council does not think this way.

Hanoi dreams of developing modern supermarkets and hypermarkets which would replace the existing traditional markets, described as “untidy” and unsuitable to the modern lifestyle.

Some big traditional markets in Hanoi have been rebuilt and upgraded into modern shopping malls in recent years, which is a part of the program on developing the modern market system in the capital city.

However, the program has failed completely while the newly built shopping malls have been left idle. The markets have been opened, but urban dwellers do not go to the modern markets. They would rather go to nearby small markets or the pavement shops.

The participants, who attended the meeting of the municipal people’s council held on July 5, spent many hours to inquire the city’s leaders about the program and the solutions to the idle markets.

People’s committee insists on modern supermarket network

Speaking at the meeting, Vice Mayor Nguyen Van Suu emphasized that this is a growing tendency in big urban areas to develop modern supermarkets and shopping malls instead of traditional markets. Therefore, he affirmed that the city has been pursuing a reasonable policy to develop modern markets.

The city's leader has attributed the quietness of the newly built markets to the Hanoians' shopping habit. The people, who have got used to buying goods anywhere they can find shops, feel inconvenient to park their motorbikes in the right places and go upstairs and downstairs to look for the products they want.

Suu also said that the modern markets have been left idle because of the decreasing purchasing power in the economic crisis. As a result, the Hang Da, Cua Nam and O Cho Dua shopping malls cannot attract visitors, though they are the "modern" and "civilized." The small merchants who lease retail premises there have rushed to give the premises back.

Hoan, a retired woman in Hoan Kiem district, said she does not intend to go to Hang Da Market for daily food or essential things, because everything there is more expensive than at pavement shops, while it's inconvenient to go there.

When asked if the city's authorities would continue following the modern market development program, Suu affirmed that the city's plan needs to be implemented.

Traditional markets will exist in 5-7 more years at least

According to Director of the Hanoi Industry and Trade Department--Le Hong Thang, Hanoi has five modern markets, of which four have become operational, while the construction of the 19/12 Market has not been completed yet.

The existing problems with the new markets have led to the city's decision to cancel the two Hom and Nghia Tan market projects.

Besides, the city's authorities have instructed to delay the implementation of the other 9 market projects.

Chair of the Hanoi People's Council--Ngo Thi Doan Thanh, concluded that Hanoi still cannot eliminate traditional markets and it must not eliminate the markets in the next five or seven years at least. Traditional markets would still exist, because this is legitimate of the Hanoians. Therefore, Hanoi needs to plan the construction of traditional markets as a part of its infrastructure development program.

(Source: TBKTVN)

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Retail giants target Vietnam

Foreign retail giants have shown their interest in developing modern retailing in Vietnam by pouring money into trade centres and supermarkets.

According to the Institute of Information and Business Research (IIB), the retail industry in the country, which has a population of 88 million, holds huge potential despite local consumers tightened their spending in recent years due to the economic downturn.

The turnover from retail sales is expected to increase by 8.5 percent per year in the 2013-15 period, with food and foodstuff being the most important products. The institute predicted that the market would witness expansion of supermarket chains and the tapping of multinational retail groups.

French supermarket chain Big C now has more than 20 supermarkets in Vietnam and its expansion continued with the recent opening of new outlet in Phu Tho province and the start of construction on a complex in Quang Ninh province, both in the northern region.

Korean Lotte group plans to develop 60 supermarkets and trade centres in Vietnam. In addition, Japanese retailer Aeon plans to open two trade complexes each year in the country until 20 will have been built by 2020 at a total cost of 1.5 billion USD. Aeon has also joined forces with the Trung Nguyen Group to develop 500 Ministop convenient stores in the country from 2012 until 2017.

The market has also seen the return of French group Auchan, which has pledged to spend 500 million USD over the next decade, several years after its business operations were interrupted in the country. According to Vo Van Quyen, director of the Ministry of Industry and Trade's Domestic Market Department, after Vietnam officially joined the World Trade Organization in 2007, the percentage of modern retail channels has doubled to 20 percent. The figure is expected to reach 43 percent by 2020.

He said that the penetration of foreign retailers did not break the country's retail planning, insisting that there is room for local businesses to grow alongside the competition from foreign giants.

The IIB's director Dinh The Hien said that alongside growing professional retail channels such as Metro, Big C, Lotte, Coop Mart and Maximart, domestic producers such as Masan , Vissan, Vinamilk and Trung Nguyen would be able to develop their own distribution systems to increase the market accessibility and promote their brands.

According to general director of Sai Gon Co.op Nguyen Thi Hanh, it's time for local retailers to develop the supermarket model to increase their market share and co-exist and grow with their foreign retail competitor.

The link between producers and retailers should be enhanced to ensure the adequacy of goods supply sources, said Nguyen Tien Vuong from the Hanoi Trade Corporation.

Statistics show that 21 foreign retailers are currently present in Vietnam . At the end of 2012, there were about 130 trade centres and 700 supermarkets nation-wide. Those numbers are expected to reach 180 and 1,200 respectively by 2020, according to the ministry.

(Source: Vietnam+)

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Vietnam extends loan period for coffee exporters

The Government will extend its loan assistance period for coffee export activities from 12 to 36 months, providing a timely boost for coffee traders against a backdrop of plunging prices.

The State asked the Ministry of Agriculture and Rural Development to work closely with relevant sectors to evaluate present difficulties for exporters and determine which firms require financial assistance.

The central bank, meanwhile, was required to guide banks in devising financial measures to help exporters of coffee and other agricultural products overcome business obstacles.

The Ministry of Finance (MoF) had previously lobbied the Prime Minister to extend the loan period to 36 months.

Falling coffee prices in both domestic and export markets had caused traders to suffer heavy losses, according to MoF. In Central Highlands provinces, the price slipped from VND46,000 per kilo in March to the current price of VND39,000-40,000.

The export price for Robusta coffee dropped from US$2,200 per tonne in March to $1,850 now. For Arabica coffee, the price tumbled from a 2011 high of $6,800 per tonne, to $2,800 today.

By the end of May, Viet Nam Development Bank (VDB) loans for coffee export activities totalled VND696 billion, according to MoF. Meanwhile, the total bad debt of the coffee industry stands at VND6.33 trillion, including debts owed to both commercial banks and VDB.

General Statistics Office figures revealed coffee exports in June saw a year-on-year decline of 29 per cent in volume (dropping to 100,000 tonnes) and 31 per cent in value (falling to $210 million.)

The figures represent an increasingly bleak picture for coffee exporters, with 2013 likely to be a year they'll wish to forget. In the first half of this year, exports fell 23.4 per cent in volume to 804,000 tonnes and 21.9 per cent in value to $1.72 billion.

(Source: VNS)

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Fashion brands face danger on home market

As committed under the bilateral and multilateral free trade agreements, Vietnam would have to remove the import tariffs on consumer goods, including fashion products.

Fashion product markets can be divided into four market segments, including the high end designed products, the products made in vogue, seasonal products and low cost products.

Of these, domestic products have been only available in the two latter market segments.

However, even when only making popular products, have domestic producers been competing fiercely with foreign brands. Therefore, a lot of Vietnamese producers would rather do the outsourcing for foreign brands rather than building up brands and selling products under their brands in the domestic market.

In 1997, An Phuoc entered the branded goods market when launching Pierre Cardin brand products made under a franchise contract. Together with Pierre Cardin, the company also launched the 100 percent Vietnamese brand “An Phuoc.”

Nguyen Thi Dien, General Director of An Phuoc Company, was believed to take a wise move when deciding that An Phuoc should target businessmen aged 35-40 who demand high quality products, but don’t change their taste regularly.

After Pierre Cardin, An Phuoc, a series of other high end brands turned up on the market under the franchise contracts, namely Sanciaro, Manhattan developed by Viet Tien and Nha Be Companies.

The “Vietnamese branded goods movement” developed strongly in 2010. In the year alone, hundreds of fashion shops selling Pierre Cardin, An Phuoc, Sanciaro, Manhattan, Mattana, N&M were set up throughout the country. Of these, Mattana of Nha Be Company witnessed the fastest growth with 100 shops opened.

Meanwhile, Viet Tien had 30 shops just within six months. About 10 new shops selling both Pierre Cardin and An Phuoc brand goods were opened every year

Not only opening new shops on streets, Vietnamese brands also spent big money to set up their stalls at high end shopping malls such as Parkson, Vincom or Zen Plaza.

Tham Tuck Choy, General Director of Parkson Vietnam, noted that Vietnamese branded goods are in no way inferior to foreign made ones, while they are much cheaper. Therefore, Parkson has accepted Vietnamese products at their distribution chain.

Nevertheless, though highly valuating Vietnamese products in terms of product quality, Pham Viet Anh, President of Left Brain Connectors, a consultancy firm, does not highly appreciate this in terms of branding.

He said that branded goods means the products which bear famous brands. And a famous brand needs to have loyal clients, who are ready to defend the brand against any criticism. Meanwhile, domestic brands only have “customers” or “buyers,” while they still don’t have “loyal fans.”

That explains why domestic brands still cannot squeeze into the group of high grade brands. Viet Tien Company once spent VND5 billion to develop T-up brand, developed with the main designer from France and the high price of millions of dong for every product. However, the brand could not exist in the market.

Dien of An Phuoc admitted that Vietnamese fashion brands are now under a hard pressure of the global integration.

She said it will take Vietnamese brands at least 5-10 more years to be able to compete topsy-turvy with foreign ones. Meanwhile, Vietnam would have to remove the tariff on fashion imports by 2015.

In order to develop, domestic brands need to push up their marketing campaigns. However, they can only spend no more than 10 percent of turnover on marketing works.

(Source: DNSG)

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INVESTMENT

More incentives for foreign investors

Investment Minister Bui Quang Vinh has promised Vietnam will continue offering foreign investors appropriate incentives in a manner that benefits both the nation and investors themselves.

Twenty-five years ago Vietnam rolled out the red carpet to foreign investors, offering them a chance to capitalize on the country’s natural resources, incentive policies, and low labor costs. “We welcomed them because their technologies were more advanced than ours, and one of the purposes of encouraging the first investment waves was to create jobs for local people,” Vinh said in an online weekly Q&A session run by the government’s portal in July 2013.

He said the current incentives are much more selective, especially for manufacturing industries such as footwear and garments which import their materials for production and generate low added values. “We only grant preferences to those industries that create high added values, meaning more employment generation, more diverse products, and the use of more domestic materials."

Vinh also explained why Vietnam stands behind Thailand and Indonesia in terms of foreign investment attraction, saying its business environment suffers from insufficient infrastructure and cumbersome administrative procedures. Statistics show Thailand has attracted investment from approximately 7,000 big Japanese businesses. Vietnam has only managed 1,500.

However, Minister Vinh said there is no point in comparing the two figures, because Thailand opened its doors to foreign businesses several years before Vietnam followed suit. In addition, the advanced Thai support industry is enticing to large numbers of Japanese automobile companies.

"Vietnam emerged as an attractive market around five to seven years ago, licensing impressive numbers of projects. Not all of these projects reached realization and not all brought fruitful results," said Vinh. The Minister confirmed that foreign investment is important to Vietnam's economy, accounting for one fourth of the country's total social investment.

There is no doubt that foreign investment contributes to technology advances, management skill improvements, and successful structural economic reforms. In the first six months of 2013, foreign direct investment (FDI) businesses exported 66 percent of the country's total and generated 2 million jobs for local people.

Realizing this importance, Vinh said Vietnam will continue offering incentives to attract more foreign investment, while striving to address the issues hindering the development of its business investment.

(Source: VOV)

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Ninh Thuan to house another wind power project

The south-central coastal province of Ninh Thuan has approved in principle a project to produce wind power that will be undertaken by the Viet Nam Electricity Investment and Construction Joint Stock Company (EVNIC).

The project using Russian technology will have a total designed capacity of 40.5 MW, according to EVNIC General Director Pham Hong Giang. In the first phase this year, the project will be carried out on 20 hectares in Cong Hai commune in Thuan Bac district, with three turbines having a designed capacity of 1 MW each based on Russian technology. It is expected to turn out about 14 million kWh of electricity annually.

In the second phase from 2014 to 2015, it will be expanded to cover 160 hectares with 15 turbines with a designed capacity of 2.5 MW each using US technology. Ninh Thuan is considered a high-potential region for wind power development with total exploitation capacity of 2,000 MW by 2020.

A number of areas with strong wind sources in Ninh Thuan are Ninh Phuoc, Thuan Nam, Thuan Bac and Ninh Hai districts. Some 14 wind farm projects have been given approval in principle by the local government to make surveys and prepare investment plans.

The neighboring province of Binh Thuan is also a good region for wind power development with total capacity of up to around 5,000 MW. The provincial authorities have already allowed investors to deploy 12 wind power schemes, with two already in operation with total designed capacity of 30 MW.

The wind power price paid by Viet Nam Electricity Group is set at 7.8 US cents per kWh. The country's wind power potential to be exploited in the next few years is 6,500 MW.-VNA

(Source: Chinhphu.vn)

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Ha Nam strives to attract FDI

The northern province of Ha Nam was targeting to attract 15-20 new foreign-invested projects with a total registered capital of US$120 million by the year-end, according to the provincial Department of Planning and Investment.

In the first half of this year, the province welcomed 11 foreign-invested projects, capitalized at $78.4 million. During the period, the foreign-invested sector posted $293 million in revenue, up 37 per cent year-on year, and created 15,600 jobs.

The latest additions bring the total number of licensed foreign-invested projects in the province to 77 with capital totaling $670 million. Of the sum, $512 million or 76.5 per cent of the total registered capital has been implemented. The department deputy director Bui Hong Thanh attributed the good performance to increased efforts by local authorities to attract foreign investors including a range of investment promotions.

Thanh said the number of licensed projects rose significantly over the years from five projects worth $7.5 million from 2001-05 to 39 capitalised at $267.8 million between 2006-10. It was the operations of foreign investors that helped us to advertise the investment climate, Thanh said, adding that the province was striving to attract more investors from Japan and South Korea.

In order to do so, the province has established an investment promotion office in Hiroshima, Japan.

Besides participating in overseas trade promotion activities, provincial authorities had also held talks with foreign investors to listen to their problems, and then they made the necessary policy adjustments to facilitate their operations in the province, Thanh said. "The province will continue to adopt more incentives to attract foreign-invested enterprises and secure long-term investment," said chairman of the provincial People's Committee Mai Tien Dung.

He was speaking at a recent working session with representatives from over 70 foreign-invested enterprises from nine countries and territories based in the locality. Dung said the province would concentrate on perfecting infrastructure in industrial zones, training qualified workers and reforming administrative procedures.

During the event, Daiken Murakami, director general of Showa Denko Co and chairman of the Japanese Business Association in Viet Nam, appreciated the incentives the province was offering to foreign investors and Japanese firms in particular. He pledged to work with local authorities in an effort to draw more Japanese businesses to the province.

(Source: VNS)

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RoK's investment promoted in Nghe An province

A conference to promote investment from the Republic of Korea (RoK) to the central province of Nghe An was organised in Hanoi in July 2013.

The event was jointly held by the provincial People's Committee and the RoK Trade and Investment Promotion Agency.

At the conference, Chairman of the provincial People's Committee Nguyen Xuan Duong said through Nghe An, businesses can easily penetrate such neighboring potential markets as Laos, northeastern Thailand, countries along the East-West Corridor and Vietnam's southern provinces.

The province has been improving its infrastructure, particularly its roads, sea ports and airports, and will supply a high-quality workforce to facilitate investment, he noted. RoK Ambassador to Vietnam Jun Dae Joo highly valued Nghe An's potential and advantages, and stressed that the conditions meet investors' demands, which is demonstrated by the initial success of several RoK businesses in the locality.

The diplomat expressed his hope that the two sides will continue their cooperation to improve promotion, information exchanges and investment attraction.

On the occasion, the two sides signed a cooperation agreement to promote the RoK's investment in Nghe An and projects worth 10 million and 2.5 million USD to produce elevators and garment exports, respectively.

As one of Vietnam's top investors, the RoK has poured 25.5 billion USD into the country to produce household electrical devices, industrial machinery, cars and mobile phones among others.

(Source: VietnamPlus)

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Quang Ninh's largest fibre project starts second phase

The second phase of a 300 million USD fibre factory kicked off in Hai Yen Industrial park, Mong Cai city, the northern province of Quang Ninh, following the completion of the first phase.

The project, invested by Texhong Ngan Long under Texhong Group, is the largest FDI project so far in the province.

The industrial fibre factory will consist of six workshops with a total capacity of nearly 140,000 tonnes per year. It will be built in three phases with the second phase expected to be completed in 2015 and the third phase, in 2017.

Two workshops and support facilities have been built in the first phase, and two more will be constructed in the second phase to produce natural cotton and man-made fibre as well as cloth.

According to Chairman of the provincial People's Committee Nguyen Van Doc, the Texhong fibre factory was the first FDI project licensed after Quang Ninh held an investment promotion conference in early 2012

(Source: Vietnam+)

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Japan helps Vietnam produce rubella vaccine

The Japanese Government will provide Vietnam with rubella–measles combined vaccine production technology as part of its Strategy on Global Health Diplomacy issued by Prime Minister Shinzo Abe in May 2013.

Accordingly, official development assistance (ODA)-funded vaccine production system will be built in Vietnam by 2018, using technology from Japan's Kitasato Daiichi Sankyo Vaccine.

Kitasato Daiichi Sankyo Vaccine will also assign its researchers and technicians to Vietnam's Centre for Research and Production of Vaccines (POLYVAC) for joint vaccine production and research on the mass production of this vaccine. According to Japanese experts, Vietnam needs 2.5 million doses of the vaccine every year to inoculate children. Rubella cases in Southeast Asia have been on the increase in recent years. Most regional countries however, are unable to produce their own vaccine against the disease.

Under the strategy, Japan will coordinate with countries to improve maternal and child health as well as adopt policies to cope with infectious diseases in developing countries

Japanese group invests 33 million USD in Quang Ninh

Yazaki Hai Phong Vietnam company, a subsidiary of Japan's Yazaki group, will pour 33 million USD into an automotive electrical wiring factory in the Dong Mai Viglacera Industrial Park, located in the northern province of Quang Ninh. In July 2013, the company signed a lease in principle for a 70,000 sq.m plot of land on which the factory will be built. The project is expected to create employment for 3,000 people. The Yazaki group occupies one third of the world market in the car wiring sub-sector. Covering 160 ha in Quang Yen town, the Dong Mai Viglacera Park, the third industrial park in Quang Ninh province, has received a total investment of 1.2 trillion VND.

(Source: Vietnam+)

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Paper firms asked to step up investment

Domestic paper companies have been asked to invest in new production lines to save long term costs and improve quality as a number of larger foreign firms have recently entered the industry.

The sector faces many common difficulties due to the struggling economy, which has resulted in several enterprises going bankrupt or ceasing operations.

However, the Ministry of Industry and Trade (MoIT) says that the sector still has potential for development, despite the ongoing difficulties. The ministry said in the first five months of this year, the industry produced 860,000 tonnes of paper, an increase of 5 per cent year-on-year.

Its exports have also risen by 15 per cent to reach nearly 70,000 tonnes. MoIT has forecast that paper consumption this year will be around 3 million tonnes, while currently domestic capacity is just 2.18 million tonnes.

Imports of paper have been on an upward trend over the past few months. The ministry's figures revealed that paper imports this month are estimated at 130,000 tonnes, costing $114 million. Paper imports in the first half of this year are 691,000 tonnes with a total value of $640 million, representing a 114 per cent year-on-year rise over the same period last year.

Indonesia, Taiwan and Singapore have been the main suppliers to Viet Nam's paper market.

However, Vu Ngoc Bao, General Secretary of the Viet Nam Paper Association said that production levels of pulp by domestic enterprises has seen a relatively high growth.

Bao said that several companies have invested in modern production lines, and pulp production last year reached 484,300 tonnes, an increase of 30 per cent over 2011. However, this only met half of the demand. The sector lacks pulp and has to import it for $900-1,000 a tonne, while Viet Nam has ranked first in the world for exporting woodchips (used in pulp production) over the last two years.

Last year, the country exported 6 million tonnes of woodchips which could produce 2.7 million tonnes of pulp for the lower price of $110-120 per tonne. The association said that in the first six months of the year, several foreign investors had launched projects to produce pulp in Viet Nam.

The world largest packaging producer, Nine Dragons Paper, announced it will build a new production line for the Chanh Duong Paper Company, with the capacity to produce 350,000 tonnes annually. Lee&Man Paper Manufacturing Ltd has also built a paper production plant in southern Hau Giang Province.

(Source: VNS)

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Bosch expands operations in Vietnam

The world's leading technology and services supplier Bosch has announced that it will continue expanding its operations in Vietnam following success in 2012.

Last year, the German group's global sales reached US$68.3 billion (up 1.9 percent against 2011), with Asian sales fetching US$16.4 billion. In Southeast Asia alone, its revenue was US$912.6 million, of which US$286.4 million came from the Vietnamese market, up 31.3 percent.

At a press briefing in HCM City in June 2013, Vo Quang Hue, Managing Director of Bosch Vietnam, said Bosch is the largest European investor in Vietnam, with its facilities operating in Hanoi, HCM City, Danang and Dong Nai.

Sales of its products last year saw growth rates of between 14 and 40 percent, making Vietnam the group's second key market in Southeast Asia.

Bosch considers Vietnam as its strategic investment destination in Southeast Asia, said Hue.

Despite the impact of the global economic recession, the number of the groups employees increased 36 percent in 2012 to 1,200. In 2013, Hue said Bosch Vietnam will market new products and solutions and open new distribution networks across the country.

In the next 3-4 years, Bosch Vietnam is planning to hire up to 500 research and development engineers. In the future, the group will help build vocational training centres meeting German standards, to supply human resources to the company.

(Source: VOV)

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JAKS takes step to kick mega project into life

In a document sent to Hai Duong Provincial People's Committee, Jaks Hai Duong Power Company Limited – a wholly-owned subsidiary of Jaks Resources Berhad and also the investor of the project – said it was coordinating with its engineering, procurement and construction (EPC) contractor to organise a ground-breaking ceremony for EPC works "anticipated on June 28, 2013".

The 1,200 megawatt project's EPC contractor is China's Wuhan Kaidi Electric Power Engineering Company, which also won EPC contracts for the construction of two other power plants in Vietnam.

The event will mark an important milestone for two-year-delayed project and help the investor to put the first 600MW turbine in the first half of 2018. This will also significantly contribute to Vietnam's electricity supply in the future.

In a document of Jaks Resources Berhad sent to Malaysia stock exchange, Wuhan Kaidi Electric Power Engineering Company shall complete the first turbine 42 months from the date of the handover of the site to EPC contractor, and 48 months for the second turbine.

At present, site clearance has not been completely finished, but the Malaysian firm has urged the local authorities to timely complete site clearance and hand over it the land use rights certificate at the planned ground-breaking event.

Jaks Resources obtained the investment certificate in August 2011 to build Hai Duong thermal power plant under a build-operate-transfer (BOT) contract with Vietnam's Ministry of Industry and Trade.

The project's cost will be 80 per cent financed by debts and 20 per cent by equity. As of March 31, 2013, the firm said it had invested $31 million in this project.

Apart from signing EPC contract with Jaks Resources, Wuhan Kaidi Electric Power Engineering Company, is negotiating to acquire a 40 per cent stake in this project.

With the Kaidi's involvement, Jaks Resources believed it would be able to leverage on Kaidi's experience and track record in securing financing for the project.

Hai Duong thermal power plant is the second BOT power projects being built by foreign investors in Vietnam at present. The other one is 1,200MW Mong Duong 2 thermal power plant, invested by a consortium between the US' AES Corporation, South Korea's Posco Power and China Investment Corporation.

(Source: VIR)

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Vietnam to appraise delays at large FDI projects

The Ministry of Planning and Investment is set to appraise large foreign-invested projects that have been delayed inordinately as part of its efforts to rationalize the licensing process.

A draft circular issued by the ministry says the checks -- to be done periodically -- will appraise investors' compliance with business and investment regulations besides uncovering irrationalities in their enforcement to tweak them.

The ministry last week urged local governments to gather reports from companies in their jurisdiction with investment of US$100 million or more or land use of at least 50 hectares but face delays.

The reports will be about how the companies use land for their projects, raise capital, and use labor, whether they comply with laws, and their commitment on the progress of their project. They would also include the difficulties faced by the investors in project implementation and suggested solutions.

The local authorities have to send the reports to the ministry by June 30 for identifying which projects need to be inspected. This year Vietnam attracted FDI worth $10.5 billion as of June 20, an increase of 15.9 percent over the same period last year.

(Source: ThanhNienNews)

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Samsung Vietnam gets tax breaks for giant plant

Thai Nguyen has announced tax breaks and other incentives for the four plants Samsung plans to build in the Northern Province.

Work began three months ago on a hi-tech complex in the Yen Binh Industrial Zone in Pho Yen District, and in a statement on its website, the province administration said Samsung would start receiving the incentives after it satisfies investment requirements.

A US$2 billion cell-phone and tablet-computer factory does not have to pay tax for the first four years of operation and will get a 50 percent break for the next 12 years. The other three – work on which has yet to start – including a $1.2 billion unit in the complex that will assemble microprocessors and integrated circuits, will have their infrastructure rentals subsidized by 50 percent.

A tax official said on the website that the complex would be paying tax of at least VND700 billion ($33.4 million) from its fifth year of operation. The handset plant is scheduled to begin production later this year with an annual capacity of 100 million phones and other electronic devices.

Samsung opened its first plant in Vietnam – and second largest handset factory worldwide after its Kumi plant in South Korea – in Bac Ninh in 2009 with an initial investment of $670 million. It expanded the plant last year, with the total investment rising to $1.5 billion. That plant too received several incentives, including tax breaks.

Samsung's exports from Vietnam last year were worth $12.7 billion, more than 11 percent of the country's total exports.

Prime Minister Nguyen Tan Dung was quoted by news website VnExpress as saying at the ground-breaking ceremony for the Thai Nguyen complex last March that the company's exports are expected to top $20 billion each year.

(Source: ThanhNienNews)

Vietnam prioritizes six industries in cooperation with Japan

Vietnam has defined six industries to be given priority in the country's industrialization strategy within the framework of Vietnam-Japan cooperation, which will serve as the key ones of the national economy.

Under the strategy to 2020 with a vision for 2030, which has just been approved by the Prime Minister, the six industries are electronics; agricultural machine; processing of agricultural and seafood products; ship building; environment and energy saving; automobile and spare part manufacturing.

Those priority industries are expected to serve as a locomotive to stimulate domestic and foreign investment, especially from Japanese enterprises, thus, spreading "technological seeds" to other industries and the economy in general.

These industries should achieve a growth of at least 20 percent per annum in production value, and together they should contribute at least 35 percent of the national industrial value by 2020.

By 2030, the prioritized industries are expected to use mainly high and green technology suitable with the economic conditions of Vietnam.

(Source: Vietnam+)

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Nhon Trach plant gets top Asian power award

The Nhon Trach 2 Combined Cycle Power Plant (CCPP), with a plant net efficiency of over 57 percent, received the gold award in the Fast-Track Power Plant of the Year category at the Asian Power Awards 2012.

The plant, with a capacity of 750 megawatts (MW), was the first Vietnamese company to receive the prestigious award. It is making an eco-friendly contribution toward alleviating the country's power shortages.

The Asian Power Awards, dubbed as the Oscars of the power industry, is organized annually to recognize top achievers in the region as they strive for quality and excellence. The Nhon Trach 2 CCPP began commercial operations in late 2011 after a fast-track construction period of only 28.5 months, 1.5 months earlier than the contracted schedule.

According to a report from Petro Vietnam Power Nhon Trach 2 Joint Stock Company, the project was judged as highly safe, effective and economical, with a short construction schedule.

Thanks to advanced Siemens burner technology, the plant's nitrogen oxide emission at full load on gas is very low, at 25 ppm (parts per million) or less.

The power plant also tops the contractual figures both for power output and electrical efficiency, as well as lower emissions. The plant thus sets a new power quality benchmark for Vietnam's power industry. Using modern technologies, Nhon Trach 2 CCPP has achieved the highest efficiency of all thermal power plants in Vietnam , with high stability and usability as well as environmental friendliness.

The plant has contributed 5 billion kWh of electricity to the national power grid. In the first nine months of 2012, the plant hit 3.2 billion kWh, meeting the assigned plan, even during difficult economic times. Vietnam is one of the fastest-growing countries in Southeast Asia with a pronounced increase in its power demand at around 11 to 13 percent per year.

The installed electrical capacity nationwide is approximately 21 gigawatts, which can accommodate only 10 percent of the overall demand.

(Source: VietnamNews)

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RMIT makes a counter intuitive student move

Margaret Gardner, RMIT University's vice chancellor and president, said when working with the Ministry of Planning and Investment (MPI) last week that RMIT would expand programmes, facilities, scholarships and research in Vietnam.

The expansion will focus on four areas, namely engineering, technology, design and bio-medicals.

"We would like to diversify programmes in Vietnam so as to be more attractive to students, particularly international students," she said.

In preparation for the changes, RMIT will invest more in facilities. Currently, it is negotiating with a partner to build one more campus in Hanoi. The Australian university has also put a new building into operation in Ho Chi Minh City and upgraded the existing one.

RMIT Vietnam annually assigns AUD1.2 million ($1.1 million) for scholarships for students in Vietnam. This year, the university has set up an AUD3 million ($2.76 million) scholarship fund in order to be able to grant more scholarships for students.

"This fund is aimed at increasing students granted with scholarships in Vietnam," said Gardner, adding that RMIT was working with the governments of Australia and Vietnam to launch a doctorate programme, of which, 80 per cent would be taught in Vietnam and 20 per cent in Australia.

With this programme, RMIT will encourage Australian students to come to Vietnam to study. Furthermore, the Australian university is building its research capacity in Vietnam by planning to set up a research centre in the country with links to Europe and Australia.

"We pledge to expand RMIT Vietnam and hope to receive strong support from the Vietnamese government," she said.

RMIT University Vietnam, an Asian campus of the Melbourne-based university, is one of the first foreign-invested schools operating successfully in Vietnam.

RMIT Vietnam offers programmes from business and management to design and micro engineering, and boasts an impressive range of extra-curricular activities that encourage students to break new ground in their areas of interest.

Vietnam has recently established a number of universities in collaboration with other countries. The Vietnam-Germany University has been operating for four years, while the Vietnam-France University was opened two years ago. Vietnam is also planning to cooperate with Russia, Japan and the US to set up universities in the country. Fulbright also plans to erect a university in Vietnam basing on upgrading the Fulbright Centre in Ho Chi Minh City.

“We continue to call for famous international universities to invest and expand operations in Vietnam as we want to create fair competition among universities here,” said Nguyen The Phuong, the MPI’s Deputy Minister.

(Source: VIR)

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FINANCE – BANKING

Vietinbank secures 120m USD trade line

The Industrial and Commercial Bank of Vietnam (VietinBank) and the International Finance Corporation (IFC) signed on July 5, 2013 a 120 million USD trade line agreement.

The deal is set to assist Vietnamese businesses to develop and enhance their imports and exports.

As part of IFC's Global Trade Finance Program (GTFP), this funding will improve VietinBank's capacity to cover payment risk when granting trade financing to local companies, mostly small and medium enterprises.

Since its launch in 2005, more than 500 banks from 150 countries have joined the programme, which aims to promote trade in emerging markets by linking up local financial institutions with major international banks and enable the local lender to offer more competitive financing.

The Deputy General Director of Vietinbank, Nguyen Duc Thanh, hailed the trade line, saying that it will significantly boost the bank's capacity to deliver trade finance solutions to local importers and exporters.
"Through the programme, Vietinbank will be able to reaffirm its reputation globally, and this will help increase our access to new markets," Thanh said.

Vietinbank is the country's first State-run commercial lender to join the trade finance programme, which was introduced in Vietnam in 2007.

Since then, more than 570 guarantees have been issued by participating banks to support 2.5 billion USD worth of trade finance, making Vietnam one of IFC's top trade finance markets.

In the fiscal year 2012-13 alone, the programme committed a record 800 million USD to participating banks.

By complementing banks' capacity to deliver trade finance solutions, IFC has helped businesses to maintain their import-export activities and ensure continued trade flows vital to private sector growth despite liquidity constrains, said Nathalie Louat, IFC's senior manager of financial markets in East Asia and the Pacific.

"This shows our commitment to strengthening and fostering the development of Vietnam's financial markets," Louat added.

A partner of Vietinbank since 2011, IFC has an 8.03 percent equity stake in the bank. Since then, Vietinbank and IFC have co-operated in many fields. IFC has helped the bank to expand its small and medium enterprises loan portfolio, strengthen its risk management, improve its corporate governance and grow its energy-efficiency financing.-

(Source: Vietnam+)

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Germany backs green finance

Vietnam's Ministry of Finance, the State Bank and the GIZ's Macroeconomic Reform Programme co-organize a June 25 'Introduction to Green Finance and Green Banking' workshop to exchange perspectives on international experience and Vietnam's initial activities and policies in relation to green finance and banking.

According to GTZ's statement, the workshop is held within the framework of the GIZ's Macroeconomic Reform Programme in Vietnam as commissioned by the Federal Ministry for Economic Cooperation and Development (BMZ).

It is also one of the very first programmes, in which the GIZ performed its advisory function since its inception in Vietnam in 1993.

At this workshop, experts from Germany, the United Kingdom and France presented global green fiscal and environmental taxes experience within the framework of fiscal policy reform and provided a specific background on green credit line in developed countries.

In addition, the sharing of experience in the implementation of green policies in several countries and green finance development programmes helped participants understand more clearly the similar activities at global scale.

On the Vietnamese side, presenters clarified the interaction between growth strategy and green finance and other issues related to environmental taxes and risks in bank credit and listing of securities.

Policy frameworks have been initiated and become preconditions for ministries, agencies, research institutes and universities to make continued contribution through their feedback, recommendations and planning to specific and long term policies.

Those are done with a view to encouraging financial institutions, banks and financial firms to conduct green finance and green credit programmes for the implementation of the government's green growth strategy in the future.

Global experience shows that it is essential to attain social consensus and coordination among ministries and agencies in the implementation of the green growth strategy in order to balance the environment and economic growth.

"As for emerging countries like Vietnam, green finance and green banking have a significantly important role to play and need to involve all economic sectors since the very beginning apart from instruments of tax and fiscal policy given the limited resources of the State budget," according to associate professor, doctor Nguyen Kim Anh, director general of the State Bank's Department of Organization and Personnel.

The national green growth strategy for 2011-2020 with a vision to 2050 was approved by Vietnamese government in September, 2012.

The implementation of the green growth strategy and the climate change strategy issued in 2011 would not only contribute to environmental protection, gas emission mitigation, energy efficiency, job creation and a better quality of life but also prove useful in the economic shift and restructuring and create sustainable development for the economy and the country as a whole, according to GTZ.

(Source: VIR)

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PVFC announces merger plan with Western Bank

The plan will be discussed in detail in a shareholders meeting in July 2013. The outlines for the merger have already been approved by the shareholders.

Currently, PVFC has VND6 trillion (USD288 million) in charter capital and Western Bank has VND3 trillion.

The PVFC's shareholders meeting in May, saw a majority agree to a plan that will turn PVFC from a finance corporation into a joint stock commercial bank.

After the merger, PVF shares on HCM City Stock Exchange (HSX) will be de-listed. In addition the National Oil and Gas Group's (PVN) stake in PVFC will be reduced from 78% to 52%.

PVFC has recently divested from many companies. For example, they sold 5 million shares of PetroVietnam Construction JSC or tried to sell 5 million shares of Pha Lai Thermal Power JSC.

In the first quarter, PVFC's revenue was 43% lower than the same period last year. Meanwhile the cost to prevent credit risks increased by VND132 billion because the loans to Vinashin and Vinalines turned into over VND2 trillion of bad debt.

Western Bank is also facing problems from VND1,118 billion overdue interbank deposits in First Commercial Bank, Saigon Bank, Vietnam Tin Nghia Bank and Trust Bank.

Their equity decreased to VND2.31 trillion, less VND690 billion than the required charter capital.

(Source: VIR)

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Foreign eyes look for local banking opportunities

Foreign investors can enjoy higher stake ownerships in local banks under a fresh draft decree to supersede Decree 69/2009/ND-CP on foreign investors' purchase of shares of Vietnamese commercial banks.

Besides, foreign investor ownership at underperforming banks subject to undergo a business shake-up will be decided by the prime minister.

In reality, the desire to extend room for foreign investors is common to most banks, but not only be restructured banks.

Ho Chi Minh City-based ABBank chairman Vu Van Tien wanted to hike foreign investors' total ownership to 49 against 30 per cent.

"With such rate, we could make use of foreign partners' management expertise while still holding control role," said Tien, adding that in parallel to higher financial support foreign investors could help their local partners through transfer of advanced governance and risk control skills.

ABBank also has no more room under its cap for foreign investors.

Local giant VietinBank also wanted foreign investors' total ownership to be further loosened.

"Further lowering the state ownership rate will help attract more foreign investment into the banking field," said VietinBank chairman Pham Huy Hung.

Hung suggested reducing the state ownership rate to below 65 per cent, and even 55 per cent from 70 per cent.

"Our current stock price is good, but we now could not sell any more to foreign investors since the room [to foreign investors] was used up. More room and foreign investors' engagement in bad debt trading would help quicken banking sector's restructuring pace," Hung said.

In this respect, a commercial joint stock bank leader blamed the State Bank's (SBV) time-consuming record settlement process.

"Some records involve selling stakes to foreign partners were sent to the SBV for around a year, but there is still no feedback," said the executive.

In this context, State Bank Governor Nguyen Van Binh said the SBV's new draft decree which would be submitted to the government next month had included the proposal on room extension to foreign business partners.

"Now is the right time for giving the proposal. But how to extend and at what time needs careful consideration as besides objective desires, wider room for foreign partners affect different legal documents. The SBV will soon present a suitable rate of foreign investors' shareholding in Vietnamese banks after factoring on foreign experiences as well as Vietnam's current conditions," Binh said.

(Source: Vietnam Investment Review)

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ANALYSIS – OPINION

Central bank policies aim to revive economy

Late June 2013, the State Bank of Viet Nam took two important decisions aimed at stirring up the economy market and improving aggregate demand.

However, these new policies cannot promise much, given that similar moves have not made much of a difference in the past, and that they do not address other factors behind the current economic malaise.

One of the decisions was to increase the dong-US dollar exchange rate by one per cent to 21,036 from VND20,828.

The central bank also decided to cut the dong deposit rate cap to 7 per cent from 7.5 per cent and dollar cap for individuals to 1.25 per cent from 2 per cent.

Accordingly, short-term lending rates for prioritized sectors including agriculture, exports, supporting industries, hi-tech businesses and small and medium enterprises (SMEs) will be cut from 10 to 9 per cent.

The central bank's moves are not so surprising that they can shock the market. They are expected to be a "lever" to lift demand and partly settle enterprises' inventory problem.

This is expected to allow enterprises to revive production and export enterprises will benefit from the cheaper dong.

The central bank's decision to lower the deposit interest rates is necessary since it would help reduce cost prices and encourage enterprises to step up production.

However, reality does not always dovetail with hopes and plans. Since late 2012, the central bank has already cut key interest rates several times in the hope they would stimulate consumption in the domestic market. However, this measure has generated modest results.

The current situation is likely to be the same. Cheap funds are not enough any longer to motivate enterprises and even individuals to borrow. Capital access is not the only problem they are facing. Bad debts, large inventories and loss of business confidence are some major issues that they are dealing with. Moreover, enterprises saddled with bad debts cannot access loans even if the interest rates are low. Banks are wary of having their bad debts rise even further and have become very cautious in their lending. Of every ten firms that approach the banks, just two end up meeting the requirements to get loans.

On the other hand, many enterprises are not keen on borrowing because they are stuck with huge inventories and have lost confidence. The latest 1 per cent adjustment in the foreign exchange rate officially came into effect on June 28. It was the first adjustment after nearly two years, during which the central bank had kept the rate at VND20,828 per dollar.

The central bank's move seems reasonable in the current context of exports showing signs of recovery and enterprises' dollar demand increasing to import raw materials.

However, the economy as a whole will not see great impacts. The move may benefit export firms, but imports would become more expensive, making it difficult for the majority of production enterprises that still rely on imported raw materials and equipment.

In addition, the central bank's efforts to keep the forex rate stable in 2012 and the first five months of 2013 has significantly boosted people's confidence in the local currency.

Whether the latest adjustment will erode this confidence remains to be seen.

(Source: VIR)

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Origin certificate fraud still runs rampant

Falsifying a Viet Nam C/O (certificate of origin) for goods exported to major market countries having tough tax barriers, such as the US and EU, remains a common fraud committed by foreign-invested enterprises to pay lower tax rates, the Viet Nam Chamber of Commerce and Industry (VCCI) reported.

Last year, the country registered 80 forged C/O application dossiers, a sharp rise from three years earlier, according to VCCI. Apart from false application dossiers, many Viet Nam C/Os were found to be complete counterfeits with forged seals and signatures of persons granting C/Os, according to Tran Thi Thu Huong, director of the VCCI Center for Trade Paper Attesting.

The most common trick played by foreign investors was to invest in simple production or processing lines and concurrently import products from their own countries. They then mixed these imported products with locally made ones in order to obtain a Viet Nam C/O for export to other countries, Huong said, adding that many items these production lines couldn't possibly manufacture were still exported from Viet Nam.

In many cases, businesses created false origins for their imports simply by replacing the labels or packagings on their imports with Vietnamese ones to enjoy preferential tax treatment when exporting them to other countries. Last year, SPC Tianhua Viet Nam, a wholly foreign-owned limited liability company in southern Dong Nai Province, was found to be exporting water treatment substances with fake Vietnamese brands to the US. The company imported these substances from China and replaced the Chinese labels with Vietnamese ones.

A VCCI official said violators employed different tricks to obtain a Viet Nam C/O for their imports. For imported raw materials, they would produce dossiers proving the products' satisfaction of origin criteria for obtaining a C/O. For semi-finished imports, they would claim that the products would be exported to countries which did not require C/Os. For finished imports, they would declare that the products were for sale in Viet Nam, placing management agencies in a web of deception.

The C/O frauds were largely committed for goods from Viet Nam's neighbouring countries - which were subject to anti-dumping duties or import restriction measures imposed by large markets such as the EU, the US and Turkey - including garments, footwear, seafood, farm produce and art crafts.

Many import batches which failed to meet goods origin requirements still received preferential C/Os as a result of local customs offices' failure to update legal documents and follow guidance from their superior agencies, according to the General Department of Customs.

This practice has taken its toll on genuine Vietnamese goods which reported unrealistic rising export volumes and were consequently vulnerable to other countries' investigation activities and imposition of anti-dumping, safeguard and countervailing duties.

But fighting C/O-related trade fraud remained a tough job given loopholes in the current legal framework, Huong said, adding that at present, product assessment by the C/O granting agency was mostly based on information declared by businesses in the customs declaration form, which failed to provide details on input materials.

Businesses also took advantage of the right to invest in production while concurrently importing and selling products, Huong said, adding that violators readily imported products for sale, which meant they were not required to prove the origin of their products.

She also said the current punishments were not tough enough for violators in proportion with the illegal profits they could make. To prevent C/O-related swindles, VCCI had taken early warning measures to crackdown on cheating firms, Huong said.

VCCI had set up a network to exchange information with other countries' customs agencies to promptly detect violations by sending daily C/O grant data to them, she said.

It also signed a co-operation agreement on information exchange with the Smuggling Investigation Department under the General Department of Customs, which enabled VCCI to provide importing countries' customs agencies with full data on goods batches before they arrived, Huong noted.

Experts said regulations on goods origin should be reviewed to change irrelevant provisions to meet practical trade requirements. The Ministry of Finance and the Ministry of Industry and Trade should work together to review unclear provisions of trade agreements which might lead to ambiguous application by contracting states in order to assure uniformity and consistency in these agreements.

Related authorities, including the General Department of Customs, VCCI, the Viet Nam Competition Authority, the Ministry of Industry and Trade's Import-Export Department, the Ministry of Planning and Investment's Foreign Investment Agency and the Ministry of Public Security, should work more closely in inspecting goods origin to detect C/O-related violations earlier, the experts said.

Draft decree clamps down on import of outdated machinery

The import of machinery, equipment and production lines by state-owned enterprises (SOEs) would be strictly controlled to stop obsolete technologies flowing into the country, if a decree drafted by the Ministry of Science and Technology is approved.

Under the draft paper, SOEs would be banned from importing machinery, equipment and technology with technical standards similar to those already made in the country. In addition, they would be required to give priority to the import of modern and advanced technological products that suit the needs of approved projects. In special cases when SOEs need to import used machinery, equipment and technology, they would have to comply with current regulations and guidelines from the Ministry of Science and Technology.

Recent surveys conducted by the Ministry of Science and Technology to examine equipment and machinery imported by state-owned corporations and groups revealed that many firms had imported machines dating back to the 60s or 70s, causing huge losses because they are fuel inefficient and require high maintenance. Worse still, they badly affected the environment with their emissions.

Nguyen Phu Cuong, deputy head of the Ministry of Science and Technology's Department of Science and Technology, said the import of outdated machinery and equipment would turn the country into a landfill for discarded technologies. "This has to be prevented", he said.

(Source: Vietnam Law & Legal Forum)

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NEWS IN BRIEF

$1.4 million invested in Tram Chim Park

Mekong Delta Dong Thap Province will spend more than VND31 billion (US$1.4 million) to conserve Tram Chim National Park's wetland areas and safeguard the park against fire over the next seven years. Accordingly, the park will set up mechanisms to monitor the submergence situation and conserve the flora, fauna and precious species living in the wetland. The park will also work to minimise the risk of fire to the cajuput forest and grassland during the dry season, using community assistance to create buffer zones

$8 million for medical waste management

The Prime Minister has approved a project to manage medical waste, funded by the Global Environment Facility (GEF) through the World Bank (WB). The project aims to find solutions for pollution management and, minimize persistent organic pollutants (POPs), persistent toxic substances and mercury from the healthcare sector's activities, as a way of preventing pollution, environmental degradation and risks affecting human health. The project will be implemented at a cost of US$8 million, including US$7 million in non-refundable aid from the GEF and US$1 million in counterpart capital from Vietnam's Ministry of Health and Ministry of Natural Resources and Environment. The PM has asked the two ministries to coordinate with relevant agencies to finalize project documents for proper implementation within legal frameworks.

Six more railway routes planned in Lam Dong

Local authorities in the Central Highland province of Lam Dong have approved a plan to build six new railway routes from the resort city of Da Lat to several tourism sites by 2020. According to Truong Huu Hiep, director of the Lam Dong provincial Transport Department, the route will link the city centre to Lang Biang Mountain , Tuyen Lam Lake , Love Valley , the Central Highland Biological Institute and Lien Khuong Airport , across a total length of up to 90km. The estimated expense for the project is about 42 trillion VND (2 billion USD), to be mobilized from private investors. The Thap Cham-Da Lat route will be completed by 2015

Vinatex widens search for new partners

The Viet Nam National Textile and Garment Group (Vinatex) would launch an initial public offering (IPO) in the fourth quarter of this year, confirmed Deputy General Director Le Tien Truong. Speaking at a conference to review the results of the first half and targets for the end of this year, Truong said his group had completed procedures for the IPO and was waiting for the Government's approval. It reported that Vinatex was approaching its US$19.5 billion export target for this year, an increase of 13.4 per cent compared with last year. Vinatex, the fifth largest garment and textile exporter in the world, mainly ships products to the US, the EU, Japan, South Korea and China. Viet Nam was in negotiations for a Trans-Pacific Partnership, a free trade agreement, among Asia-Pacific countries. When negotiations are completed, the pacts are expected to boost the sector's competitiveness and exports

Japanese-funded project temporarily opens to traffic

A section of the new National Highway 3, linking the capital city of Hanoi and the northern province of Thai Nguyen was put into temporary use. A ceremony marking the opening of the section took place in Thai Nguyen's Thuan Thanh district. It was attended by Deputy Prime Minister Hoang Trung Hai. The national highway is the first Japanese-funded project to open to traffic. The 63.8 km road will connect the capital city with the northern province of Thai Nguyen via Bac Ninh province. It costs over 10 trillion VND, with more than 6.6 trillion VND coming from Japan's official development assistance.

Da Nang grants investment license

The Hi-Tech Park management board in central Da Nang City has granted an investment licence for Niwa Foundry company from Japan with a total capital of US$21.87 million. The project covers 2ha and will manufacture casting parts for hydraulic components and high precision machining technologies. It will begin production next year with 2.4 million products per year.

Last year, Tokyo Keiki Inc invested in a $40 million project to produce electro-magnetic and hydraulic equipment in the park. The city currently has 60 investment projects from Japan, worth $320 million.

KBC's Trang Due IP to offer preferential incentives

The Government Office of Vietnam has just announced the addition of Trang Due Industrial Park into Dinh Vu – Cai Hai Economic Zone in northern Haiphong port city, allowing investors in the park to enjoy more preferential incentives. Dinh Vu – Cat Hai Economic Zone will officially include 400-hectare Trang Due Industrial Park (IP) from August 15, 2013. IP will enjoy tax incentives offered to economic zones - one of the highest ones offered to investors in Vietnam at present. Developed by Vietnam's Kinh Bac City Development Holding Corporation with the total investment capital of $50 million, approximately 60 per cent of Trang Due (IP) were leased to domestic and foreign investors by the end last month. South Korean's giant LG Electronics is now in discussion with the local authorities to build a huge manufacturing complex in this IP, capitalised at around $1.5 billion.

Nikko pours more than US$10 million in HBC

HBC agreed to issue 10 million shares to Nikko Securities Indonesia for more than US$10 million. Nikko's investment in HBC intends to improve HBC's operation efficiency and develop its combined strength in the domestic and regional markets. Nikko's investment in HBC is also expected to create strength in M&A in real estate, develop projects or companies, and expand its markets in Indonesia and the ASEAN region. Established in 1990 with its headquarters in the Indonesian capital of Jakarta, Nikko is a member of the Sumitomo Mitsui Banking Corporation, a leader in providing financial consultation, investment management and brokerage services.

$550 million tourism, residential project restarts

Dubai property developer Limitless will this year restart its Halong Star mixed-use residential and tourism project in northern Quang Ninh Province, which was delayed for several years due to the company's financial difficulties. According to a memorandum of understanding on the project's implementation signed recently by representatives of Quang Ninh Province and Limitless, the US$550 million project will cover 125 hectares of land. The project will feature a 250-room five-star hotel, a 100-room luxury boutique hotel, 226 top-end villas, 85 luxury townhouses, 114 apartments, and a trade centre. In May, Limitless signed a new joint venture agreement for the construction of Halong Star with Ha Noi-based Sovico Holdings.

Hanoi's Bach Mai hospital to build another unit

The Government has given the go-ahead for the Hanoi-based Bach Mai hospital to build a second unit in Hoa Lac Hi-tech Park located in Hanoi's outlying Thach That district to ease serious overcrowding. The 1,000-bed unit covering an area of 14ha will be located 40 kilometers from the main hospital on Giai Phong Street. The Government will fund the construction using the State budge, according to the hospital director

Indonesian enterprises interested in doing business in VN

Eight Indonesian state enterprises are interested in doing business in Vietnam by establishing cooperation with local companies or through investment, ANTARA News has reported. The eight state-owned companies are coal mining company PT Bukit Asam, fertilizer company PT Pupuk Indonesia, telecommunication company PT Telekomunikasi Indonesia, aircraft manufacturer PT Dirgantara Indonesia, cement company PT Semen Indonesia, pharmaceutical company PT Kimia Farma, logistics agency Perum Bulog and oil and gas company PT Pertamina.

Siemens and Vinamotor roll out first hybrid bus

The bus is the result of nine months of close collaboration between Siemens and Vinamotor and represents a milestone for green bus system development in Vietnam. According to Siemens Vietnam, the Siemens ELFA hybrid-drive technology helped city buses to reduce fuel consumption by up to 50 per cent significantly saving costs. The operation of these buses will also mitigate the impact on the environment through lower exhaust emission and provide maximum comfort for passengers. Furthermore, riders and drivers travelling behind the bus can enjoy clean air when the diesel engine of the bus stops.

Unique tyre plant inaugurated in Da Nang

The Da Nang Rubber Joint Stock Company inaugurated a major new steel radial tyre plant in the central city's Lien Chieu Industrial Park. The 2.99 trillion VND (141 million USD) plant is equipped with state-of-the-art production lines and equipment, allowing it to produce 600,000 high-quality tyres a year. It will be the first plant in Southeast Asia to successfully manufacture tyres for heavy-duty trucks used in the mining industry. The factory is expected to generate jobs for nearly 1,000 local people and contribute 200 billion VND (9.4 million USD) to the State budget.

Boras pledges to fund Da Nang eco project

Vice chairman of the Da Nang People's Committee Nguyen Ngoc Tuan has revealed that the central city will co-operate with Sweden's Boras City on a three-year environmental project. He said the administration of Boras City will help Da Nang enhance its waste management and recycling facilities with a total fund of 2.4 million Swedish Krona (VND7.6 billion or US$384,000). The city administrators will also offer their expertise in treating hazardous waste at hospitals and efficiently processing garbage.

WB-funded water supply project to benefit Thanh Hoa people

A four-year rural water supply and sanitation programme costing nearly 26.7 million USD was launched in central Thanh Hoa province in June 2013. The programme is part of a wider 200 million USD project implemented by the World Bank and the Ministry of Agriculture and Rural Development, which targets Thanh Hoa and the seven Red River Delta provinces. It will provide clean water for 45,800 local households and help 114,500 people access a sustainable supply between now and 2017. Over 175,000 households in the province are also to be fitted with hygienic toilets by 2017. This year, 2.15 million USD will be used to carry out the work in 24 coastal communes in Hau Loc, Nga Son and Hoang Hoa districts.

Hong Kong garment group invests 200 mln USD

The TAL Group from Hong Kong plans to invest 200 million USD to produce fabrics, garments and textiles in Vietnam. This is the second project of its kind in Vietnam. During a recent working session in Hanoi with Deputy Minister of Planning and Investment (MPI) Cao Viet Sinh, TAL Hong Kong Development Director Roger Lee said the group will use modern technology that causes no pollution. Lee said his group would work on the project with representatives from the Vietnam National Garment and Textile Group (Vinatex), and the Ministry of Industry and Trade (MoIT).

Nippon Paint sets up new plant in Vinh Phuc

Nippon Paint Vietnam on June 17 began construction of its new plant with a total investment of 14 million USD in northern Vinh Phuc province. The third and largest factory of Nippon Paint in Vietnam, it will supply industrial paint for automobiles and motorbikes, heavy-industry and decorative paint, marine coatings, and resin. The plant is expected to generate 500 jobs for local people. Nippon Paint established its first plant in Bien Hoa Industrial Zone II in southern Dong Nai province in 1994 and the second one in Hanoi's Quang Minh Industrial Zone in 2006

Thai group invests in $2bln Quang Ninh hi-tech complex

Thailand's Amata Group and Vietnam's Tuan Chau Group will team up to build a high-tech urban complex in Ha Long city. The complex, to sit on 16,00ha in Quang Yen village, Uong Bi district, will include a high-tech park, a free trade area, and research units to develop high added value products, as well as educational facilities and urban areas. The first phase of the project will be built on 500ha at a cost of US$1.5-2 billion. Construction work will begin in December 2013, with the first factory scheduled to be put into operation in late 2014. The Amata Group has been investing in Vietnam since 1994 and is considered one of the six strategic investors in Quang Ninh, along with Vingroup (Vietnam), Texhong (China), and SE and the Yazaki Company from Japan.

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COMING EVENTS

INTERNATIONAL INDUSTRIAL MACHINERY EXHIBITION 2013
(VIETNAM INTERNATIONAL CONSTRUCTION & BUILDING EXHIBITION 2013)

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam

Start Date: ***18 July 2013*** *End date:* ***20 July 2013***

Event Description

IIME 2012 - VIETNAM had dedicated as a premier trade exhibition with distinguished business opportunity, satisfaction and success in the industrial sectors in Vietnam. Majority of the exhibitors were pleased with the excellent result of their participation in term of customer contacts and positive business potential and had confirmed to participate again in the 2013 edition.

Please kindly refer to http://www.machinery-vietnam.com/

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METAL & WELD 2013

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam

Start Date: ***31 July 2013*** *End date:* ***03 Aug 2013***

Event Description

Metal & Weld 2013 - the second International Exhibition on Metalworking & Welding Technology will be held at Saigon Exhibition and Convention Centre in HCM City. About 200 exhibitors will participate in the event from countries as varied as Viet Nam, Japan, Thailand, Germany, China, Russia, the Republic of Korea, the Czech Republic and India.

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SECUTECH VIETNAM 2013 (*The 6th International Security, Fire and Safely Exhibition and Conference*)

Venue: Saigon Exhibition & Convention Center (SECC)

Country: Ho Chi Minh City, Vietnam

Start Date: ***8 Aug 2013*** *End date:* ***10 Aug 2013***

Event Description & Exhibitors' Profile

Going onto the 6th year, Secutech Vietnam continues to be the No. 1 choice for manufacturers & distributors of security and safety products from local and around the world to connect and explore new business opportunities in Vietnam.

Please kindly refer to http://www.secutechvietnam.com

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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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Reviewed by: Huy Nguyen