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Experts: Young consumers with deep pockets to drive retail growth

A young population and rising income levels make Vietnam a promising retail market, international experts said at a meeting in Ho Chi Minh City. The country's retail market has much potential since around 60 percent of the population is below 30 years of age, director of shopping malls for French retailer Big C Vietnam, Rik Mekkelholt, said at a business luncheon held by the European Chamber of Commerce in Vietnam last Thursday (26 Feb 2009). Since many young people have opportunities to go abroad for business or tourism, they have changed their shopping habits, preferring modern trading channels to traditional markets. Mekkelholt quoted figures from market researcher TNS Vietnam as saying that the number of people with monthly incomes of USD 250 and above is increasing. Middle- and high-income earners accounted for 17 percent of the country's population in 2007 and the rate is expected to increase to 25 percent this year, he said. Big C Vietnam plans to open its ninth outlet in the country in the central town of Hue next July, said Mekkelholt.

According to a report by A.T. Kearney, a global management consulting firm, Vietnam ranked as the most attractive emerging retail market in the world in 2008. Zoya Vassilieva, director of advisory services at PricewaterhouseCoopers Thailand, said the high percentage of young consumers is a key factor helping Vietnam surpass China, Russia and India to top the list. Looking ahead, Bart Verheyen of Metro Cash & Carry Vietnam said, he saw "a very bright outlook" for the country's retail market and more foreign firms coming to explore opportunities here.

Not busy yet

Vietnam opened the door to foreign retailers in January this year following commitments made to attain membership of the World Trade Organization. But some foreign retail brands owned by international firms had earlier been licensed to operate on a case-by-case basis, including Metro Cash & Carry, Big C and Parkson. The latest foreign retailer to hit the local market, South Korea's Lotte Mart, opened its first outlet in HCMC's District 7 last December after establishing a joint venture with local firm Minh Van Company. Lotte Mart announced last year it would invest USD 5 billion in developing a chain of 30 shopping malls in Vietnam over the next 15 years.

Though analysts predicted the retail market would boom this year, some participants at the luncheon blamed the global economic crisis for foreign retailers' delay in entering Vietnam. But Big C Vietnam's Mekkelholt said the economic slump is just one of many reasons. He said that since foreign businesses need to consider many factors, it takes them a long time to decide. PricewaterhouseCoopers Thailand's Vassilieva said many foreign enterprises still complain about red tape. According to figures from the General Statistics Office, retail sales reached USD 58 billion last year, a 31 percent year-on-year increase. The country, which has a population of around 86 million people, now has an estimated 400 supermarkets, 60 trade centers and 2,000 convenience stores.

(Source: TBKTSG)

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Economy Worsens, More Laid off

Corollary of economic recession at the breakneck speed in the world and Vietnam has led to a gloomy labor market in 2009. According to the Ministry of Labor, Invalid and Social Affairs (MoLISA), it is forecast that 6,000-9,000 workers will lose jobs, 8,000 people will have their working hours cut.

Big cities - higher unemployment

The Department of Labor, Invalid and Social Affairs of Hanoi unveiled that 9,600 workers were sacked and another 1,000 people had no jobs for 3 months upwards. It is estimated the unemployment in enterprises will be 6,000-9,000 people, 8,000 workers will be short of work. These workers mainly come from companies specializing or processing exported goods such as textile and garment, leather and shoes, electronic assembling.

As orders from importers fall sharply so some enterprises have to lay workers off alternately or narrow production, especially there are companies that go **bankruptcy** like Orion Hanel. Businesses in the industries of trade and tourism are also affected as demand plunges. To increase jobs, the Department has recommended the MoLISA to complement Hanoi with VND10-15 billion from the National Fund for job generation. As for the municipal People's Committee, the Department suggested that new fund should be put in the local budget to help workers find the jobs. As evaluated by the MoLISA, there were 30,000 unemployed workers nationwide in the last months of 2008 as a consequence of global economic recession. It is anticipated that the number will rise to 150,000 people.

Accordingly, lack of work and unemployment will roughly double, mainly caused by slow consumption of goods, especially enterprises specializing in exported products. Moreover, contraction monetary policy, spiraling bank interest rates, higher input material costs, etc., leading to increasing unit prices have made big impacts on the efficiency of production, business, and consumption. Therefore, many enterprises are forced to cut down production, so that unemployment grows. Nguyen Quoc Hung, Director of Minh Khai One-member State-run Limited Company, said manufacturers were facing many difficulties. Price of input materials were escalating, especially raw coal having risen by three times; chemicals and materials were up by 30 - 40 per cent, oil and gas price and bank interest rate staying at high level. Meanwhile, price of exported articles made small increase, from 5 to 10 per cent. Mr Hung added, the more the Company produced the bigger the loss, even when it stopped operation because of paying interest. Consequently, the temporary solution is to cut down shifts and conduct alternative day-off among workers. Thuong Dinh Shoe Company has to reduce 20 - 30% of export orders though it still maintains work for 1,600 employees but the working hours are fewer.

Finding the way-out

According to the Department of Industry and Trade of Hanoi, the municipal government and the Department are checking and reviewing the situation of enterprises in order to find the solutions. Together with the Government's demand stimulus measure, Hanoi will offer mechanism and policies to share the burden born by enterprises in the near future. The businesses themselves should enhance their inner power to overcome this hard time. The Company is actively searching for new customers, reorganizing the corporate structure, improving product models and quality, providing human resource training in 2009. In addition to traditional markets like Japan, United States, Cuba, and European countries, the Company will expand its market to Asia and Africa. Trinh Sy, Director General of Trang An Joint-stock Company, also said: "The Company is taking the advantage of approaching the Government's fund subsidy to develop production and sale. The Company will open new agents in Southern provinces, perfect the factory in Nghe An to produce goods by the third quarter, and invest in the automation system to cut down the employment in 2009".

As forecast, the world economic crisis will go stronger in 2009 and will last for the next few years. This is the worry of manufacturing enterprises. There is even possibility that many of them will have to close down without the timely rescue from the Government.

(Source: VCCI)

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CPI continues surge despite crisis

Ha Noi's consumer price index (CPI) in February 2009 increased by approximately 1% against the previous month, according to statistics from the Statistics Department. This month's CPI, however, was up 14.85% year-on-year, the department estimated. Food prices rose at the highest level, at a rate of 1.58% month-on-month and increased 17.52% over the same period last year. Other consumer goods made only slight gains. Some economic experts said that many enterprises began early production and searches for contracts, as well as concentrating on investing and improving the quality of their products. They believed the result should be stabilization in consumer prices soon. The capital's Statistics Department forecast that the total revenue of goods and services during the first two months of this year would surge to 20.2% year-on-year with total retail revenue increasing by 18.5%.

In HCM City, the CPI in February 2009 was up 1.31% against the previous month, said head of HCM City Statistics Department Du Quang Nam. During the first two months of this year, the city's CPI only rose a modest 1.35%, against a year-on-year figure of 5.18%.

Food, construction materials and household items rose between 1 and 2%, while beverages, cigarettes, garments, textiles, footwear, transportation, telecommunications and education increased by less than 1% in February 2009. Prices for other commodities and services surged 7.27%, but as a group culture, sports, entertainment and tourism slipped by 1.2%. Pharmaceuticals and healthcare services remained unchanged.

According to economic experts, food and beverages rose remarkably due to increasing demand for the Lunar New Year. However, rice items decreased slightly, by 0.78%, because of a plentiful quantity of rice in the domestic market before and after Tet. The speed of rising prices for essential New Year 2009 items was lower than the previous New Year thanks to a price stabilization policy implemented by city authorities. The global economic crisis also contributed to weak domestic consumption and only slightly changed prices.

(Source: VNS)

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Vietnam Airlines to open direct flight to the U.S in 2010

The national flag carrier Vietnam Airlines has announced a new plan to open direct flights to the U.S in 2010 if conditions are right, three years later than its earlier plan which was delayed for three years. Vietnam Airlines confirmed that it would open direct flights to the U.S once the carrier is again economical strong enough. At the moment, the airlines is preparing the market and planes to reach the goal of direct flights to the US by 2010.

According to the Vietnam Aviation Department, the US is a difficult market, and that aviation authorities in the country impose many conditions on airlines wanting to open direct flights to the country. Besides making the airlines follow the US' tight security and safety regulations, US aviation authorities also require airlines to supply a passenger list with personal information on all passengers on-board the planes four hours before take-off. This is an unprecedented condition, not require by most other countries. However, the US remains the number one aviation market, so most airlines in the world want enter it. That is why Vietnam Airlines is trying to open direct flights to the country, even in this time of worldwide economic crisis.

Like other airlines around the world, Vietnam Airlines' number of passengers and cargo flights are decreasing. In the first quarter of 2009, the number of international passengers traveling with the airline fell 5%, and the airline has set a target to carry only around 9.4 million passengers in this challenging year of 2009. Vietnam Airlines carried nine million passengers in 2008.

(Source: VNE)

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StanChart: Growth seen to weaken in 2009

Vietnamese authorities took aggressive action in the fourth quarter of 2008 to sustain growth, including interest rate cuts and currency devaluation, but exports and economic growth in 2009 will still be weaker, said Standard Chartered Bank's latest report on Vietnam's economy. Vietnam's high exports-to-GDP ratio is finally biting, combined with further consolidation in the real estate and construction industry. "This is reflected in our 5% real GDP growth forecast for 2009, compared with the government's 6.5% target," the report wrote.

Given the current circumstances, further rate cuts are on the cards following a very aggressive reduction in the base rate in the fourth quarter of 2008. Now that inflation is less threatening, a weaker Vietnam dong is likely to take on the task of boosting exports and helping to reduce the trade deficit, commented Tai Hui, StanChart's regional head of Economic Research in Southeast Asia. According to his research, Vietnam's real GDP growth slowed to 6.2% in 2008, the weakest since 1998, from 8.5% in 2007. "Our calculations show that growth in Q4 alone dropped to 5.7% year-on-year from 6.5% in Q3," his research shows.

The slowdown can be attributed to the secondary sector, which includes manufacturing and construction – it expanded by just 4.8% year-on-year in Quarter 4, compared with its usual high single-digit or even double-digit performance in the past several years. “We believe this reflects the impact of high local interest rates and credit tightening. Going forward, the sector is likely to remain in slow growth mode due to the external environment and the risk of stagnation in the domestic real-estate sector,” said Tai Hui.

The economist expected in 2009 Vietnam’s economic growth to slow further to 5%, while the manufacturing and construction sectors are likely to remain depressed. Declining commodity prices will hurt the primary sector, especially farming and mining.

(Source: SGT)

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Vietnam’s first oil refinery starts official production

Vietnam’s first oil refinery started official operations on Monday (09 Feb 2009), half a month before deadline, said the contractor who expected the first petrol products to come out in the next few days. More than 700 experts and engineers of the French contractor Technip Group and Vietnam’s state-owned oil giant PetroVietnam have been monitoring the refinery since the plant’s crude distillation unit began running at 90,000 barrels of crude capacity two days ago.

“Everything is working fine,” an expert from Technip told after the first 24 hours. Technicians at the plant Tuesday said they gradually increased the distillation temperature to produce the first products, namely diesel oil and kerosene. “Commercial products may come out by the weekend,” said Nguyen Hoai Giang, deputy head of the Dung Quat refinery project’s management. Production of vehicle and airplane gasoline is slated for April. The Dung Quat project initially began in 1995 in central Quang Ngai Province. After some international partner pull-outs and delays, Technip began work in late 2005. The plant was originally scheduled to start on February 25 2009. PetroVietnam test-ran the USD 2.5 bil refinery from December at about 30,000-barrels-per-day (bpd) capacity. After all 14 units of the plant begin to operate by the end of June, Dung Quat will run at its full capacity of 140,000 bpd, or 5.7 million tons of oil products a year, meeting about one-third of the country’s demands. The government said December 31 2009 that crude oil exports may decline 13.7 % this year because of the opening of Dung Quat refinery. Oil exports would drop to 12 million tons, Minister of Industry and Trade Vu Huy Hoang said. By value, they may decline 56 %, he said.

(Source: Hoang Thuyen)

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Economic conference aims to build investor confidence

The second international conference on Vietnam’s external economy will take place in Hanoi on March 17-18 2009, aiming to consolidate investors’ confidence in Vietnam’s investment environment and to build upon the results of last year conference.

Themed “*Vietnam’s Position in the Future*”, the conference is expected to bring together Vietnamese policy-makers and business executives from 150 organizations from 30 countries and close to 100 local businesses. Throughout the course of the event, which is co-organized by the Foreign Ministry’s The Gioi & Viet Nam (the World & Vietnam) newspaper and the Economist Conferences, will be discussions on Vietnam’s economic and business environment prospects. The attendees are expected to participate in a round-table dialogue to review the country’s economy and its business environment, the development of a knowledge-based economy, the monetary sector, infrastructure, and to define the position of the national economy in the near future, both regionally and globally. The event will also host an exhibition highlighting “*The 58 Elite Vietnamese Brands*” which have been selected by the Vietnamese entrepreneurs’ circle.

According to the organizers, the conference may become an annual event in the future, with the purpose of forging open and trusting links between the Government and foreign businesses to facilitate the settlement of any difficulties or obstacles that foreign investors may face whilst conducting business in Vietnam. An expert said that

the first conference on Vietnam's external economy produced positive changes in the thinking and business philosophies of both local and foreign businesspeople in Vietnam, attributing this to the record levels of foreign investment attraction that Vietnam posted during 2008.

(Source: VietNamNet/VNA)

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Malaysia Airlines says business good in Vietnam

Malaysia Airlines' Vietnam services were profitable last year despite the global economic recession, the carrier said, adding it targets higher growth in Vietnam this year. "Many carriers were unable to survive and 30% went bankrupt due to the recession but our carrier still gained profit," Director of Malaysia Airlines Vietnam, Terence Swampillai, said. Malaysia Airlines operates 14 weekly flights from HCMC and nine weekly flights from Hanoi to Kuala Lumpur.

Swampillai said the carrier achieved a profit of USD 5.3 million on its Vietnam services between January and November 2008. It expects a profit of more than USD 6.3 million this year. The airline was also profitable in other markets, he added. He said the year would be more difficult and competitive for carriers in Vietnam due to deeper impact of the recession. His carrier would offer more attractive promotions this year, he promised. The airline is set to launch a one-week promotion starting today under which it will cut fares by nearly half.

(Source: Minh Quang/Baongay.com)

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City imposes height limits for blocks near historical Palace

The HCMC government in an effort to preserve the Reunification Palace and its surrounding scenery has imposed height limits of nine floors and construction density of no more than 60% for four blocks in front of the historical building. The city's decision, based on a scheme prepared by the HCMC Department of Urban Planning and Architecture, demands that individuals and organizations when building houses or commercial constructions at the four existing blocks obey some architecture requirements. These blocks currently accommodate mainly ancient villas that are offices for state departments, agencies, civil houses, and business facilities like restaurants, shopping stores and showrooms. The order is aimed to preserve the landscape around the palace and to create an architectural harmony between new constructions and historic monuments such as the Reunification Palace, Cathedral Church, and April 30 Park. All the four blocks are in the heart of the city, the smallest site covering 14,245 square meters while the largest site 18,189 square meters.

The block bordered by Nam Ky Khoi Nghia, Nguyen Thi Minh Khai, Pasteur and Alexandre de Rhodes streets will have a construction density of below 60%, and a height of 3, 5 or 8 floors depending on locations. For the plot bordered by Nam Ky Khoi Nghia, Han Thuyen, Pasteur and Nguyen Du streets, the highest construction density is only 50%. Two remaining plots, one bordered by Pasteur, Nguyen Thi Minh Khai, Pham Ngoc Thach, and Alexandre de Rhodes streets and the other by Pasteur, Han Thuyen, Cong Xa Paris, and Nguyen Du can be developed into commercial complexes, including commercial stores and apartments, with the construction density of below 50% for villas and 60% for other services. These architecture requirements have been concluded, taking into consideration expertise ideas by the city's architecture council, French experts, the construction ministry and Japan's Nikken Sekkei – the consultant firm redrawing the downtown zones.

(Source: SGT)

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A survey listed companies in Vietnam better with female CEO

7.5% of the companies listed on Vietnam's bourses have female Chief Executive Officers (CEO), while 18.3% of the total market capitalization value of listed companies in Vietnam belongs to these companies, according to Mekong Capital, an investment management company. Mekong Capital on February 9 2009 released the results of

a survey on the operations of listed companies in Vietnam based on the sex of their CEOs: Interestingly enough, many businesses with female CEOs prove to operate very well.

The survey, conducted from January 2, 2007 to January 16, 2009, showed that companies with female CEOs had the average annual return to shareholders at minus 17.1% (the minus figure reflects business results in the last two difficult years, especially in 2008). Meanwhile, companies with male CEOs brought the average annual return to their shareholders of minus 38.8%. The average annual return of the market in the period was minus 34.9%. The figures about the average annual return were released after analysts considered the latest figures about the market's capitalization value. 7.5% of the companies listed on Vietnam's bourses have female CEO, while 18.3% of the total capitalization value of listed companies in Vietnam is accounted for by these companies.

Chris Freund, Managing Director of Mekong Capital, said that though the period of the survey was too short to draw conclusive conclusions about the long-term operations of companies, the result of the survey proves to coincide with the Mekong Capital viewpoint it spoke out in mid 1990, namely that many of the best companies in Vietnam are being managed by female CEOs. Mr Freund said that one of the best companies in its investment portfolio is Phu Nhuan Jewellery Company PNJ, which has been very successful in retailing gold, silver and gem stones in Vietnam. PNJ is being managed by Ngoc Dung, General Director and Chairwoman. It is expected that PNJ will list on the stock market in March 2009.

(Source: VNN/TBKTVN)

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TRADE

HCM City's industrial production value surges 4.2% in Feb 2009

HCM City's value of industrial production, in February 2009, surged by 4.2% compared to the previous month, according to the HCM City Statistics Bureau. Of which, the state-run industrial areas posted a rise of 6.8% and private economic sectors increased by 4.1% month on month. Notably, the foreign invested economic areas rose only 2% due to the narrow export markets.

During the first two months of this year, the hub's industrial production value was estimated to increase by 2.9%. In which, state-run economic areas fell by 10.7% and both foreign-invested and private economic sectors posted low growth though it jumped by 16.3% during the first two months of 2008.

As for production fields, 14 out of 27 sectors posted high growth against the same period last year. It means that 13 out of 27 sectors decreased in industrial production value, accounting for nearly half of the Vietnam's biggest city's industrial production sectors. Power equipment fell by 37.1%, electronic sector down 0.3%, auto -35.7%, power distribution and production -42.2%, garment -0.7% and plastic and rubber sectors -3.6% from the previous month. Some other sectors posted growth such as drinking sector increased by 7.4%, construction materials +5.7% and metal products production jumped by 7.9% month on month.

(Source: CafeF)

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Rice exports up, total exports down

The first two months of 2009 have seen rice exports increase in both quantity and revenue, twice as much compared to the same period last year. However, total exports are likely to reach only USD 8 billion, down five percent compared to last year, according to the Ministry of Planning and Investment.

Vietnam exported more than 1 million tons of rice in January, worth USD 479 million, said Ministry of Agriculture and Rural Development on February 27. Total rice exports in February were 750,000 tons with a turnover of USD 350 million. In the first two months, Vietnam exported rice mainly to the Philippines, Iraq, Cuba

and the African countries of Ghana, Cameroon and Senegal. It is expected that the quantity of rice will reach 4.5 – 5 million tons rice in 2009. In the same period many other products decreased in export.

The cut in exports stems from a price slump for Vietnam's staples on the world market, as well as shrinking markets due to the global economic crunch. Major markets, such as the US, EU, ASEAN area, and Japan have reduced orders by more than 20%. Vietnam is expected to enjoy a trade surplus of about USD 295 million in the first two months of 2009, 3.7% of the country's total exports. However, a dramatic decline in imports critical to domestic production may cause severe difficulties for the Vietnamese economy.

(Source: SGGP, VNN)

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2009: Golden opportunity for plastics exports

Foreign plastics importers are paying more attention to Vietnam to lessen their dependence on China. 2009 is expected to be a challenging year for exporters, but it is believed will be a year of opportunities for the plastics industry, which obtained average annual growth rates of more than 30% in recent years.

The Chairman of the HCM City Plastics Association, Pham Trung Cang, said it is an opportunity for Vietnamese plastics producers that foreign importers are more interested in Vietnam. However, Cang pointed out a difficulty of the local plastics industry: its dependence on imported material sources. Because of this, Vietnam's prices are always 10-15% higher than China's and India's. By the end of 2008, Vietnam had imported more than 1.7 million tonnes of materials. The Managing Director of the Royal Plastic JS Company, Vo Viet Thang, said that in the last few months, his company's material imports had decreased remarkably, from 1,000 tonnes to 100-200 tonnes per month at present.

The Chairman of the Vietnam Plastics Association, Phan Van Thanh, said the fluctuation of material prices and financial crisis in late 2008 hit plastics producers. Many companies have had to narrow production and lay off workers (around 10% for the whole plastics sector). To take advantage of the move of foreign importers from China to Vietnam, plastics producers are being advised to work closely with each other to get stronger. Last year the plastics industry earned USD 930 million in export revenue. The sector aims to get over USD 1 billion from exports this year.

(Source: VNN/PLVN)

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Plastics industry sets sights on 1 billion USD in exports

The plastic industry is targeting an export turnover of 1 billion USD in 2009, a year-on-year increase of 15.9 percent, says the Vietnam Plastic Association. The plastic industry will have many opportunities to expand production in the next couple of years to increase export turnover. Moreover, the plastic market is wide and not too difficult to break into, the association says. The industry has recently experienced the most rapid export growth rate in the country. In 2006, its export growth rate was 35 percent. The rate was 33 percent and 34 percent in 2007 and 2008 respectively. According to UN COM trade, the Statistics Division of the United Nations, there's a good opportunity to break into foreign markets.

The association, for its part, says that the domestic plastic industry will develop to meet the demands of the world market if it can solve problems relating to quantity and design. Though the industry is expected to reach a high export turnover, the association warns that it will be a year of challenges due to the world recession. It says that there will be major upheavals in the world market this year.

For example, about 70 percent of the plastic industry's export turnover is from packing. This year, however, packing production will face strong competition as big markets like the United States and Japan limit plastic imports for vehicle production. So, instead of making plastics used for vehicle production, plastic companies will produce packing to serve the food industry. In addition, many countries will use economic barriers to protect their domestic industries, which will compound the Vietnamese plastic industry's difficulties. The most important thing is that domestic plastic companies must cooperate and support each other to overcome difficulties, says Phan Van

Thanh, chairman of the association. The world recession is temporary, but cheap imported plastics is a long-term risk for the domestic plastic industry. Domestic companies must restructure the industry to produce products on a large scale to reduce costs, he says. This year, to help the industry boost production, the association is encouraging domestic companies to study Japan and Middle East markets. In 2009, the association will set up a foundation to develop the Vietnamese plastic industry. It also proposes that the Government allow the industry to import machines to produce high quality plastics.

(Source: VNBN)

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Spanish food safe body denies poison in Vietnam's catfish

The central food security watchdog of Spain has denied the existence of any crisis relation to the imports of Vietnam's tra and basa catfish into the country and attributed the misinterpretations to the "false information" provided by the European Commission (EC). Tests of the batches of catfish imported from Vietnam through Vigo and Bilbal seaports last July have shown no poisonous substances which are banned by the EC, said Roberto Sabrido, President of the Spanish Agency of Food Security and Nutrition, at a press briefing at a gastronomy and tourism exposition recently.

Late January 2009, Spain's Ministry of Health and Consumer Affairs also confirmed that Vietnamese catfish meet food safety regulations set by the Europe Union (EU) and pose no harm at all to customers' health. Spain is one of the largest markets in Europe for Vietnamese catfish. Statistics from Spanish Marine Aquaculture Producers Association (APROMAR) indicated that the country imports about 40,000 tonnes of Vietnamese catfish every year.

(Source: VNN/VNA)

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Rubber producers asked not to undersell

The Viet Nam Rubber Association has asked its member producers not to sell latex at lower prices than other exporters in the region and wait for prices to recover. At a conference in Hanoi Tuesday (03 March) the association said local producers should not accept less than USD 1,350 per ton, the price floor set by top three suppliers Thailand, Indonesia and Malaysia last December.

The three countries also agreed last year to cut output to bolster prices, which dropped from a 28-year high in June to a six-year low on December 5.

The global economic downturn has slashed demand for vehicles and tires made from the raw material while declining crude oil prices have reduced the cost of synthetic rubber. Vietnamese rubber prices have fallen by about two thirds from a record peak of VND58 million (USD 3,320) per ton in mid 2008. The association said in case prices fall to below USD 1,000 per ton, producers should stockpile, up to 200,000 tons, or 20 percent of the country's output. Industry insiders said when the global economy starts picking up, rubber prices will recover too.

(Source: VNBusinessNews)

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Fuel import tax down to 25%

The Ministry of Finance will cut the fuel import tax to 25% from 35% starting February 10 to help boost domestic production, according to a statement posted on the government's website Thursday (05 Feb 2009).

Vu Van Truong, head of the Finance Ministry's Tax Policy Department, said the reduction aimed to help businesses "cut costs and strengthen production and trade, especially transportation businesses." The Hanoi Moi newspaper Friday said the reduction, the second in two weeks, was also to help importers after many companies said they were making losses selling fuel. Deputy Industry and Trade Minister Nguyen Cam Tu as saying before the tax cut, some fuel importers had asked for the ministry's approval to increase retail fuel prices to reduce the

losses. “Our view is that we should not let the businesses raise fuel prices, and we proposed the tax cut.” An increase in retail fuel prices would “be contrary to the government’s guidelines on preventing an economic recession” and would stir “negative public opinion,” he said.

(Source: TN)

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Troubled automakers hope tax cut will revive falling fortunes

Automakers have passed on the cut in value-added tax to customers, with some offering further discounts, as they strive to bolster sales amid the economic downturn.

The government halved the tax on cars to 5% with effect from February 1 2009. Auto assemblers said it is equivalent to 4.5% of operating costs. Toyota Vietnam has announced 4.4- 4.6% discounts on all 15 models with effect from February 1. The world’s biggest automaker sold 24,421 vehicles in Vietnam last year to top sales. “More than 60% of a car price is tax and duty paid to the government,” Michael J. Pease, general director of Ford Vietnam, said. “This last week (early Feb) we have seen an immediate price reduction after the value-added tax was reduced,” he said.

Ford and other manufacturers like Isuzu, Honda and Vinastar have also cut retail prices by 4.4-5%. Importers like Automotive Asia-Audi and Prestige Sports Cars also made similar cuts. But some others made greater price cuts – Vietnamese carmaker Truong Hai and Vidamco, a joint venture that assembles GM Daewoo cars, have cut prices by 10-11%. Truong Hai, which assembles Kia, offers an 11 percent discount on its Carens and Sorento models, which now cost USD 41,100 and USD 38,700 respectively. Bui Kim Kha, deputy general director of Truong Hai, said the 5% tax cut is significant for automakers. Pease said the government’s move is “*a very welcome support for the automotive industry*” since the industry was going through an increasingly tough time. Although auto sales in Vietnam rose 37% to more than 110,000 units in 2008, sales plummeted in the second half after high inflation, new vehicle taxes and the global economic slowdown took a toll. According to the Viet Nam Automobile Manufacturers’ Association (VAMA), only 9,293 vehicles were sold in December, a drop of 23% against the same month in 2007. Pease said the value-added tax cut partly offsets the many tax and fee increases last year, including import duty and registration fee hikes, and would make cars and trucks more affordable. “This is probably the best time to buy a new car,” he said, pointing out that car prices would increase after March. From April 1, consumers will have to pay special consumption tax of 45- 60% for cars with less than nine seats under the amended Special Consumption Law.

Grim outlook

“The negative effects of the economic downturn and constant changes in tax policies have created a gloomy outlook for the auto market,” Lao Dong (Labor) newspaper quoted Vu Tuan Anh, head of Mercedes-Benz Vietnam’s communications and media division, as saying. VAMA said 2,000-3,000 workers at the group’s 17 member-companies, or 20-30% of the industry workforce, could lose their jobs.

Pease said the global economic and financial crisis would affect Vietnam’s exports, weakening the economy. “The Viet Nam automotive market would have been tough in 2009 even without a global economic crisis. I do not expect that Vietnam will start to recover for at least another year.” With appropriate government action, the economy could start gathering momentum from May this year, Prime Minister Nguyen Tan Dung said. Kha said he hoped the government’s move to cut taxes and interest rates and the stimulus package would help businesses, including automakers. He forecast the recession to affect auto assemblers until the end of the third quarter. Auto companies are also facing a dramatic slowdown around Asia. “I am expecting an 11.8% decline in light vehicle sales (this year),” AFP earlier this week quoted Ashvin Chotai, managing director of the London-based Intelligence Automotive Asia consulting company, as saying.

(Source: TN)

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Early 2 months of 2009: FDI gets USD 5,3 bil

[Viipip.com](#) - Ministry of Planning and Investment (MPI) informed that FDI has reached the total registered capital of USD 5,3 bil early 2 months of this year. In 2 months, Vietnam has granted the licenses for 60 projects with USD 1,5 bil (registered capital). There are total 10 projects raising capital in these 2 months with plus capital of USD 3,8 bil.

According to MPI, source of credit capital for the State development investment is estimated VND 16 tril in the end Feb of 2009, quite low, equal to 35% of year-plan. “However, source of domestic and ODA capitals are used to loan, quite low, equal 1,9 trillion Vietnam dong, getting 35% of year-plan”, MIP said.

On social – economic climate generally, according to MPI’s assessment, the economic climate in February and 2 early months of 2009 has been a stopping signal. The interest slows down sharply to take a good advantage for enterprises to approach loan capitals. Agricultural production continues to develop; however, there are still a lot of difficulties due to cattle and poultry diseases booming fast in passing days.

(Source: NAT)

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Hanoi's 300 FDI projects licensed and hiked investment capital in 2008

During the year 2008, Hanoi gave license to 300 foreign direct investment (FDI) projects and the total pledged investment capital increased by USD 5 billion, up nearly two fold against 2007, according to Nguyen Van Tu, deputy director of Hanoi Department of Planning and Investment.

The city granted licenses to 270 new FDI projects with a total registered capital of USD 4.4 billion and increased investment capital for 30 existing FDI projects with a total capital of about USD 600 million. The total disbursed FDI capital reached some USD 600 million, a year-on-year increase of 10%. The new licensed FDI projects in 2008 include GTEL Mobile Co with a USD 1.8 billion project, Hanoi Bio-Technology Zone Infrastructure Construction Investment Co (USD250 million), Hoa Sen (Lotus) five star Hotel Co. (USD 250 million) and Dongriwon Co. (USD 219 million). Tu added that real estate sector accounted for 7.5% foreign projects and over 50% of the total investment capital, and information technology and telecommunications sectors with 17.3% of the total number of projects and 43.5% of the total investment capital. Other sectors accounted for only over 1%.

Korea's investment was the largest with 29.2% followed by Singapore with 9%, and then Ireland, Hong Kong and Malaysia. Japan was sixth with about 1.1% of the total FDI capital in the city.

(Source: HNM)

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Golf course investors hit bunker

The building of golf courses in HCM city is making slow progress, despite the fact that some of them were granted investment licenses several years ago. Delays have been caused by low compensation and slow resettlement.

According to latest reports from the Department of Planning and Investment, HCM City has seven licensed golf course projects located in districts 2, 9, Tan Binh, Thu Duc, Binh Chanh and Cu Chi, of which, five are foreign investments. Among the seven projects, only one has opened, five are under construction and the other, a joint venture, has been cancelled due to difference of opinions between investors.

The projects’ rate of building progress is slow, mostly due to obstacles arising during the site clearance phase.

The 162 hectare golf course in An Phu Ward, District 2, by Saigon Investment and Development, was granted land in early 2001 but few families in the clearing site have agreed to receive compensation and moved to make way due to the low rates offered by the investor.

Despite investment license being granted to the 300 hectare Sing-Viet Golf Course by Sing-Viet Co. in Le Minh Xuan Commune, Binh Chanh District, nine years ago, its detailed plans for site clearance, land compensation and resettlement have now not yet been approved. Similarly, the GS Golf Course, located on 200 hectares in Cu Chi District, by GS Cu Chi Development Co., received its investment license in 2007. The building work, however, is behind schedule due to conflicts between land owners and contractors. At Zone B, owners of houses that occupy nearly 3.2 hectares of land have refused to move.

Clashes broke out between them and contractors resulting in interruption to construction several times. At Zone C, the clearance of more than half of the land is not making good progress as house owners do not agree with the contractor's compensation scheme. Also according to the Department, it is considering withdrawing the investment licenses of two projects.

One is the 156 hectare Vuon Dua Golf Course in District 9, which is a joint venture between Saigontourist, Thu Duc Tourism Services Co., Thanh Nhon Real Estate and a foreign investor, Vietnam Ventures. The Department said that the project has faced delays because the joint venture cannot find an appropriate plot of land. To help ease the problem, in November of last year, the HCMC People's Committee proposed to lease out land at market price to help build the golf course. If the joint venture does not accept the city's People's Committee's proposal and continually lets the project be delayed, the Department will withdraw its investment license.

The other is a 160 hectare golf course by Yonwoon - Van Phuc, a joint venture, in Hiep Binh Phuoc Ward, Thu Duc District. Despite being issued an investment license in 2007, the project has not made any progress since the foreign investor failed to contribute funds. According to current regulations, twelve months after being granted an investment license, if the project cannot be carried out, the Department will report the case to the city's People's Committee and withdraw its license.

(Source: SGGP)

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Addition USD 900 mil on ODA capital in March 2009

[Viipip.com](#) - Based on the report of MPI, in 2 early months of 2009, there are 2 ODA programmes, projects signed passing by aid agreements of USD 25 mil. Meanwhile, borrowed funds get USD 21 mil, unreimbursed aid funds are USD 4.15 mil. Disbursement ratio in two months has got around 5.7% in comparison with plan of releasing funds in 2009.

The remarkable event attracting ODA fund on 23rd Feb was the notice of Japan Government that they would connect aid to Vietnam in March, 2009 with USD 900 mil in value for 4 infrastructure projects such as Urban Railway system (Ha Noi), the second phase's drainage system (Ha Noi), environment reclamation and drainage system project (Hai Phong), and provincial routes and bridges system project.

(Source: NAT)

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JVC Vietnam moves plant to Vinh Loc Industrial Zone

JVC Vietnam will cut the labour force by 70 employees starting February 16 to change the working structure in line with the global JVC group's decision. Each staff who will be laid off work will receive an amount equaling to a five-monthly salary.

JVC Vietnam, specialising in producing household electronics (television and audiovisual equipment) and its maintenance centre will be moved from No 6 Pham Van Hai, HCM City's Tan Binh Dist to Vinh Loc Industrial Zone, Binh Chanh Dist. A source from Tan Binh Electronic Joint Stock Co (VTB) said that JVC Vietnam Joint Venture was formed in 1996 with 30% holding of VTB.

The joint venture contract expired in 2007 but the extension is one more year. Among electronic joint ventures, Sony and JVC are the first firms entering Vietnam and have the same local partner VTB. Last year Sony Vietnam stopped production of television tube and dismissed 200 workers.

(Source: *VNBusinessNews*)

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Malaysian group backs large-scale infrastructure projects

The Malaysian Giant Group Ltd.(GGL) has signed a Memorandum of Understanding with the Quang Tri administration over the group's plans to invest in a deep-water seaport, an airport and a railway line. The My Thuy seaport alone is likely to require more than 1.8 billion USD in investment.

GGL's president and CEO, Mohammad Fadzwi Bin Hamidun, said at the signing ceremony on Feb. 13 that he expected the seaport project to be deployed soon after it is licenced by the Vietnamese Government. The provincial People's Committee Chairman, Le Huu Phuc promised to create the best possible conditions for the Malaysian group to further scrutinise the feasibility of these projects in order to enable their launch as soon as possible. The MoU signing came after the GGL delegation conducted a three-day fact-finding tour of the central coastal province from Feb. 10-12.

(Source: *VNA*)

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Faults on “huge project” in Binh Duong

[Viipip.com](#) - Series of procedures, process of calling in land, handing over land to investors, transferring land among investors...of People's Committee in Binh Duong Province have revealed weak points causing on faults. Said by a government inspector after passing the result of inspection on “ Binh Duong Urban and Service – Industry Complex” project, a “huge” project in Binh Duong, which has area of 4,196 ha.

The complex has divided into 5 areas, including 1,573 ha of industry area, 613 ha of service land, 1,650 ha of urban land...aiming on attraction of investment into less pollution and advanced industries...

According to inspecting process, land clearance committee doesn't exist, even compensation plan, project approval evaluation yet although the project has been compensated 97% of total area. This is a “basic fault” of Governmental regulations in compensation for land clearance. Besides, Binh Duong People's Committee also “forgot” not to compensate security corridor land for walking which inhabitants have used stably and are licensed LAND USE RIGHT certificate. In addition, Binh Duong People's Committee permitted 6 investors leasing land in the industrial park with more than 1,541 ha without application's receiving land from investors and document on appraising demand on using land...

(Source: *NAT*)

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Quang Ngai calls for investment in 70 projects

The central province of Quang Ngai has released a list of 70 projects in need of investment over the next two years. The Dung Quat Economic Zone, home of Vietnam's first oil refinery which yielded its inaugural batch Saturday (14/2/2009), will be home to 40 of the projects.

Ten of the projects will be based at industrial parks. Major projects at Dung Quat Economic Zone include 350,000 tons of carbon black processing per year, a 1,200 megawatt thermo-power plant and the Van Tuong Trading Center. Quang Ngai's industrial parks produce fast food, animal feed, aluminum bars, electro-mechanical products and other goods.

(Source: *VNBusinessNews*)

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Nation still attractive to foreign investors

With its medium-and long-term advantages, Viet Nam remains an attractive FDI destination, according to the head of the MPI's Foreign Investment Department, Phan Huu Thang.

Some newly-licensed projects in Ba Ria-Vung Tau Province show just how attractive. In the first days of the Year of the Buffalo, the southern province has approved seven projects involving more than USD5 billion. The Sai Gon Atlantis Hotel received the nod to increase its capital from USD 300 million to USD 4.1 billion; the USD 600-million Toc Tien Urban Area will be developed; and the USD500 million Binh Chau-Viet Nam Resort and safari will be developed by a joint venture between a foreign and two Vietnamese firms.

Thang says considering the recession, the investments provide an impetus for the development of not only Ba Ria-Vung Tau but also other provinces. Despite the dire economic forecasts for this year, there is also optimism about positive developments in the global economy in the fourth quarter. "That is why foreign investors continue to invest in Viet Nam, awaiting a recovery in the world economy," Thang explains. Many of them first come to Viet Nam on fact-finding tours and consider the situation carefully before making any investment decisions. "The bigger the challenges posed by the global economic recession to the country's investment environment, the warmer the welcome we should give foreign investors," Thang says. While it is difficult to attract investors to a country, it is even more difficult to make them stay for a long time, he points out. It is not only the responsibility of the ministry to make foreign investors stay here but also that of other related agencies and provincial authorities, he says. Besides the inexpensive labour, the country must also offer better and more competitive services to woo investors. "Top priority should be given to administrative reform," Thang says.

(Source: VNN/VNS)

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Olympus opens its largest overseas factory in Vietnam

A ceremony to inaugurate a new manufacturing plant was held on February 12th in the Long Thanh Industrial Zone in Dong Nai Province by the Japanese Olympus Group. The plant, built with a total investment of USD 110 million, covers an area of 12 ha in the Long Thanh Industrial Zone. At the ceremony, the President of the Olympus Group, Masaharu Okubo, said that this is new factory was not only Olympus's first plant in Viet Nam, but also its largest overseas plant in the world.

The manufacturing plant will produce spare parts for digital cameras and medical devices, which will be then exported to other markets, such as Japan, the United States and European countries. When it becomes fully operational, the plant will have a capacity of some 10 million tones of products per year by 2010. The Japanese Olympus group, which specializes in digital cameras and other image devices, has already invested in several large projects in other countries, such as China, Italy and the UK.

(Source: VNBN)

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Promised land strained by infrastructure need as FDI surges

The southern province of Ba Ria-Vung Tau, lately emerging as the promised land for foreign investors, is grappling with the dire need to develop infrastructure to cater to the surging flow of foreign direct investment, a senior official said.

Le Kim Huong, director of the province's Department of Planning and Investment, told in the early of February that the pressure is increasing on the provincial government in supplying required infrastructure for foreign investors if licensed projects are to progress as scheduled. The province is seeing an influx of foreign invested projects into tourism and manufacturing as the locality is endowed with good conditions like beautiful beaches and deep water seaports, as proven by the licensing of 14 projects worth USD 5.6 billion, she added. However, the provincial government is responsible for developing basic infrastructure and making site clearance to pave the way for the implementation of such projects, a mandate beyond the province's meager budget now, said by Huong. "The toughest problem for the province is how to dig out capital to support investors in infrastructure and site

clearance to create more favorable conditions for them,” she said. To bypass the tough task, provincial authorities even have to request advances from the investors themselves or ask them to pay land rent beforehand, which Huong admitted caused difficulties for the investors. Such monies are then used for site clearance and compensation for affected people before allotting the land to tenants, she said. For example, the Saigon Atlantis Hotel project of the American company Winvest LLC, which has scaled up its investment capital from USD 300 million to some USD 4 billion, has advanced to the province some USD 3 million for the site clearance and compensation.

Huong said the annual budget allocated from the central government was not enough for the province to develop infrastructure to absorb such huge investment projects. She explained that Ba Ria - Vung Tau yearly collected some VND70 trillion to VND80 trillion for the State Budget including income from oil and gas. The province, however, is just allowed to retain some VND4 trillion for all its expenses, resulting in a scarcity of fund for infrastructure. Huong calculated that all registered projects in the province worth some VND350 trillion (USD 20 billion) could be translated into reality if the province had some VND10 trillion (USD 570 million) to develop infrastructure alongside contributions from investors. “We do not have enough VND10 trillion! Stimulus investment is easier said than done,” Huong said, referring to the Government-initiated program to disburse more funds for economic development. She furthered that some projects were facing difficulties for not receiving supports from the provincial government. Therefore, she said, the province is petitioning the Government for a certain mechanism such as loans or advances from central bodies to facilitate the surging investment flow. “We have invited them to come for investment, then given them poor support,” she commented.

Talking about the newly licensed projects, she said the province hoped investors would do what they had committed and the department was trying to create favorable conditions to help investors carrying out their projects. Foreign investment accounts for over 50% of the overall investment in the province. Last year, the province attracted 55 foreign-invested projects with total capital of USD 11.6 billion, nearly 10 times higher than in the previous year. Huong added that thanks to advantageous location the province had planned to turn itself into a destination for port and industrial development, and tourism. However, the province with a 70-kilometer coastline is witnessing the tourism segment topping the list in terms of pledged capital, followed by manufacturing, port and construction. As of late last year, there had been 238 foreign-invested projects capitalized at USD20 billion and 308 local projects valued at VND115 trillion licensed into the province.

(Source: SGT)

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HCM City enlarges land compensation funds to boost Thu Thiem project

HCMC has increased funds considerably to pay land and housing compensation for more than 10,000 households to move to make room for the long-delayed Thu Thiem New Urban Area, according to the authorities. The compensation, which started this week for the construction of the new modern town in District 2, is four times higher than the previously announced amount. This will lead to the city spending a total of VND 23 trillion (USD 1.35 billion) on compensation.

The HCMC government issued a decision on January 21 2009 scaling up the compensation to quicken the Thu Thiem project. Therefore, the slow compensation and site clearance must be finished by end-2009, according to the city government. There are nearly 15,000 claims for land and housing clearance compensation under the new decision. Hua Ngoc Thao, head of the board for compensation and site clearance of District 2, said that for those wishing to buy lots of land in new resettlement areas, they will get VND16 million (USD 940) for each square meter of their residential land with title, up from the previous VND4 million. Those who decide to buy an apartment for resettlement will receive VND8 million (USD 470) per square meter of land without title, up from the previous set amount of VND2 million.

Owners of agriculture land will receive VND870,000 per square meter, and for them, the authorities will apply a conversion ratio of 100:4.5 if they want to buy condos for resettlement. This means that for every 100 square meters of farmland, they are entitled to buy 4.5 square meters of apartment at subsidized price in new resettlement areas. Under the relocation scheme, these families are eligible to buy either lots of land or condos. They should

inform the authorities if they want to either buy an apartment or lot in the new resettlement areas or get a one-off compensation payment. An official of the Thu Thiem Investment and Construction Authority said the city budget was ready for compensation. After completing the assessments, the compensation board will ask the Thu Thiem authority to transfer money via banks to the recipients. "We hope the new decision will help reduce the losses the affected residents might incur regarding the previous compensation scheme, as well as step up the progress of site clearance," Thao said. He added the board would initially give priority to 5,850 claimants who have yet to receive compensation in the wards of An Khanh, Binh An, Binh Khanh, Thu Thiem and An Loi Dong. The new decision will apply retro-spectively to 8,300 claimants who already received the low compensation rates. They can get the difference between the old and new compensation rates.

According to statistics from the compensation board, District 2's authorities had paid about VND3.1 trillion (USD182 million) to 8,300 compensation claimants by the end of last year. The board estimated the additional amount for the old recipients of compensation would total VND17 trillion (USD1 billion) and VND6 trillion (USD 352 million) for the new ones. Thu Thiem town, which will cover 737 hectares across the Saigon River from the city center, is envisaged becoming the city's new financial, commercial services center with a population of 130,000. For a long time, the unattractive compensation policies have caused site clearance to come to a virtual standstill, affecting the development of Thu Thiem town.

(Source: SGT)

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Malaysian property firm looks to Vietnam property market

As domestic real estate markets have slowed, the big Asian real estate developers are looking abroad, within Asia, for new development opportunities.

Malaysian-based developer Sova Holdings Sdn. Bhd. recently announced their plans to enter the Vietnam market with their first development in Nhon Trach District in Dong Nai province in the South. The developer has joined with local land owner Thai Duong Company (Sunco) and will break ground on the Nhon Trach City Center (NTCC) project in April this year. The eight-hectare development is valued at approximately USD 47 million, and will include modern offices, accommodation and entertainment services, targeting both local and expatriate residents.

According to the developer, NTCC will consist of four 13-storey apartment buildings, with villas, town houses a sports center and commercial services including two 15-storey office buildings which will be available for lease, as well as a four-star hotel. The project is expected to be operational 2012.

(Source: VNBN)

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Japan hopes to resume ODA for Vietnam by April

Japan's Special Ambassador to Vietnam, Sugi Ryotaro, said Monday (09 Feb 2009) that the Japanese government was hoping to resume its aid in April and pledged to do his best to assist the process. Sugi Ryotaro made the statement while meeting with Prime Minister Nguyen Tan Dung in Hanoi Monday to discuss the resumption of official development assistance (ODA) to Vietnam.

Referring to the PCI scandal that led to Japan deciding to suspend its provision of ODA to Vietnam, Dung reiterated his government's firm stance in the ongoing battle against corruption and expressed regret over Japan's unilateral decision to halt the ODA at a recent donor's meeting. He pointed out that following the discovery of the scandal, the Vietnamese government immediately asked the Japanese side to provide relevant information and documentation and cooperate in investigating the case. "Vietnamese investigative agencies have started legal proceedings against the suspects, while the Supreme People's Procurator has sent a dispatch to the Japanese Prosecution Institute to provide evidence in order to bring the case to justice in line with the law," Dung said. But Vietnam still has not received a reply from the Japanese judiciary, despite meeting all of their requirements, he added. He stressed that Vietnam had previously used Japan's ODA in an effective manner and expressed his hopes

for its early resumption. Sugi Ryotaro announced the details of a program to provide 50 fire engines to Vietnam, offer Japanese jobs to Vietnamese nurses and promote cultural and cinematographic cooperation.

(Source: VNA)

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Saigon Asset Management to set up two investment funds

Saigon Asset Management (SAM) plans to set up two investment funds that would focus on stock and real estate, chairman Nguyen The Lu said. Each fund will have an initial capital of USD 50 million raised from foreign investors.

SAM, formerly known as Anpha Capital Group and with over USD 125million under management, is the investment manager for Vietnam Equity Holding and Vietnam Property Holding, both of which are Cayman Islands-registered companies listed on the Frankfurt Stock Exchange and Xetra.

According to an LCF Rothschild Report on December 30, 2008, Vietnam Equity Holding and Vietnam Property Holding are among the top three performers among Vietnam-focused funds. VEH ranked first and VPH ranked third. Switzerland-based LCF Rothschild Group is a leading player in the private banking, asset management and advisory services business, with more than 100 billion euro (USD 130 billion) in assets under management.

(Source: DTCK)

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Hepza proposes strong measure to polluters in Le Minh Xuan Industrial Park

The HCMC Export Processing Zone and Industrial Park Authority, or Hepza, is considering asking the infrastructure developer of Le Minh Xuan Industrial Park in HCMC's Binh Chanh District to stop receiving industrial wastewater from 27 companies operating in the park due to ever increasing river pollution. Ngo Anh Tuan, Hepza vice chairman, said that more inspections of these 27 violators will be made before the authority coordinates with Le Minh Xuan Industrial Park Development Company on punitive measures.

Hepza recently found many companies in this industrial park with fake wastewater treatment systems or with pipes leading wastewater to the common wastewater facility. "Besides applying stronger measures on polluters in Le Minh Xuan Industrial Park, Hepza is asking 160 companies operating here to submit their wastewater facility blueprints to Hepza," Tuan said. The deadline for submitting blueprints is March 31 after which Hepza will collate the drawings and the actual facilities.

Nguyen Thi Du, head inspector of the city's environment department, said that the department is deciding on appropriate fines for the 27 companies who have been discharging untreated wastewater and industrial smoke with ill effects on local health. "We have prepared 15 decisions and the remaining decisions will be completed and promulgated within two weeks," Du said. The highest possible fine will be levied on the most serious violators in accordance with the law.

(Source: SGT)

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Sun Steel builds 35 million USD mill in Binh Duong

The Sun Steel Joint Stock Company (Sunsco) has begun the construction of a steel mill in Tan Dong Hiep commune, Di An district, Binh Duong province at a cost of more than 35 million USD.

The project will have two main production systems to produce rolled steel and steel pipes. It is expected to start operation in March 2010 with a capacity of 10,000 tonnes of products a month. The mill will be capable of producing 16 inch steel pipes meeting the A.P.I. standard to provide for construction projects and the oil and gas industry. Sunco, a wholly foreign capital company, was established in 1996 and has been operating since 1998 in Binh Duong province.

By 2008, Maruichi Group acquired 62.56% of Sunscoco shares and became its parent company. The company currently produces 6,000 tonnes of cold rolled, galvanized steel, 4,000 tonnes of rolled, galvanized, pre-painted steel, 4,000 tonnes of steel pipes and 5,000 tonnes of steel rods a month.

(Source: VNA)

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Entertainment and resort complex project grows thanks to new partner

The project for the biggest entertainment and resort complex, Ho Tram, in the south eastern coastal province of Ba Ria – Vung Tau, has found a new partner from the US, MGM MIRAGE, the Ho Tram Project Company announced late January. Thanks to the collaboration, the project will be extended. David Subotic, General Director of Ho Tram Project Company (HTP) and CEO of Asian Coast Development, accompanied top executives from MGM MIRAGE and Steelman Partners on a tour of Ho Tram's construction site. During the tour, the MGM MIRAGE development team offered recommendations to enhance the operational capabilities of the 1,100 room integrated resort, while presenting plans for a number of upgraded facilities, including a luxury villa complex, which will serve as VIP accommodation. The hotel will now be accommodated in two towers, each of which will include magnificent luxury suites.

MGM Grand Ho Tram will be the first component of the Ho Tram Strip, planned to be the largest tourism complex in Vietnam. The Ho Tram Strip is expected to be a catalyst for the continued growth of the Vietnamese tourist industry and will provide thousands of local jobs in the construction and hospitality fields over the next several years. MGM Grand Ho Tram itself will feature 1,100 rooms, a world-class entertainment facility, luxury retail shops, gourmet restaurants, high-tech meeting spaces, live entertainment, high-energy nightlife, spa services, an exclusive VIP area and a variety of beach-front recreation activities. The 169-hectare Ho Tram Strip is being designed by Steelman Partners, a premier Las Vegas architectural firm. The complex will be integrated into the area's lush natural surroundings and will be themed around environmental preservation and conservation. When completed, the Ho Tram Strip will include five integrated resorts, a world-class conference center and an array of recreational activities.

When asked about the progress of the project, Paul Steelman, CEO of Steelman Partners, said confidently, "My firm has worked on more than 80 projects all around the world, and this has undoubtedly been one of the most enjoyable and most challenging assignments that we have ever undertaken. We are confident that with the involvement of MGM MIRAGE, we will create a stunning world-class facility that will be recognized as an iconic centerpiece of the Vietnamese tourist industry." Phase I of the development, scheduled to open in 2011, will be Vietnam's first integrated resort, featuring the five star MGM Grand hotel and a championship golf course designed by Greg Norman. The project is carried out by Ho Tram Project Company, a subsidiary of Asian Coast Development Canada Ltd., MGM MIRAGE and Steelman Partners.

(Source: SGGP)

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FINANCE – BANKING

Banks plan strict control over subsidized loans

Commercial banks have been warned that businesses may make corrupt use of the interest rate subsidy programme by borrowing at low preferential interest rates to re-lend at high commercial rates. Businesses nowadays have more opportunities than ever to access low-cost loans. With the 4% interest rate subsidy, businesses can get loans at interest rates of less than 5%, and sometimes 1-2%. However, the interest rate subsidy scheme is not applied to all businesses. Therefore, it may happen that those who are eligible for preferential loans may get the soft loans for re-lending to other businesses at higher interest rates. The businesses could even deposit the sums of money at banks to get higher interest rates.

The State Bank of Vietnam said that it has anticipated these things and asked commercial banks to consider thoroughly before providing loans under the interest rate subsidy programme. The Bank for Investment and Development of Vietnam (BIDV), in its instruction about the loaning under the interest rate subsidy programme, addresses control and supervision of subsidized loans. With strict stipulated procedures, BIDV hopes to minimize risks.

Minh Anh, Deputy General Director of VIB Bank, said that improper use of the preferential loans will occur if banks ignore necessary procedures and loosen control. “If banks strictly follow the loan procedures, no client will be able to make corrupt use of the interest rate subsidy programme to earn profit,” Anh said. However, Anh believes that commercial banks will follow necessary procedures in order to protect their assets and prestige. In order to get preferential loans, businesses need to have mortgaged assets and accept the strict control of banks after disbursement to ensure that the capital is used for the right purposes.

Meanwhile, Nguyen Mai Huong, Head of the Credit Support and Guarantee Division under OceanBank, also said that banks will not only be cautious when considering whether to provide loans, they will supervise the loans after disbursement.

The State Bank of Vietnam has released a new circular, guiding the implementation of the interest rate subsidy programme, while setting more requirements to be sure that businesses cannot make corrupt use of the programme. The circular stipulates that businesses must present documents showing the purpose for preferential loans, including invoices of merchandise purchase and sale, and lists of import-export items with the confirmation of involved parties, export records. The central bank has also asked commercial banks to strengthen control and internal auditing over the subsidised loans. If banks discover signs of corrupt use of the programme to seek profit, they must stop loaning and deal with the cases in accordance with the regulations.

(Source: VNN)

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SSC: Few securities companies to be established in coming time

Vu Bang, Chairman of the State Securities Commission (SSC), affirmed that there will be only a few securities companies to be licensed in the time to come. The limited number of securities companies to be newly established has been anticipated. It is the result of a series of measures state management agencies are applying in order to limit the number of securities companies. There have been some 200 applications for establishing securities companies submitted to SSC since the end of 2007 and early 2008 on the table. However, Bang affirmed that the number of securities companies will only increase by a little in the time to come.

Decision No 126 dated late 2008 on the conditions for the establishment and operation of securities companies stipulates stricter requirements on securities companies’ establishment, especially requirements on founding shareholders. For example, a securities company must have at least two founding shareholders, and one of them must be a commercial bank, finance company or insurance company.

Institutional investors must hold at least 65% of chartered capital of securities companies, while the capital contribution ratio of finance and insurance companies must be 30% of the chartered capital of securities companies at least. SSC has admitted that it is necessary to reinforce the operations of securities companies. By December 31, 2008, SSC had licensed 103 securities companies. Many companies have completed their capital increase plans, while others are fulfilling the procedures for raising capital in order to improve their operations as the market has continued to fall.

SSC said that in 2009, one of the important tasks the commission is going to do is to strengthen the management and supervision of securities companies by organizing inspection tours of securities companies, asking companies to strictly follow the internal auditing and risk management processes, and urging companies to increase chartered capital to meet the requirements on minimum capital stipulated by the Securities Law. SSC has also said that the commission is compiling procedures on risk management and guidance for securities companies’ internal auditing. It will also tighten or stop licensing securities companies and check the operations of securities companies in order to ensure the healthy operation of securities institutions.

Regarding the work of perfecting the legal framework, SSC plans to promulgate a circular on risk management, merger and acquisition, and resolution of securities companies, and consider the issue of requiring quarterly auditing of securities companies.

(Source: VNN/TBKTVN)

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Businesses eye more forex hedging tools

Export businesses tend to pay more attention to seek and use forex rate risk hedging tools. Nguyen Van An, chair of An Giang Coffee Joint Stock Co, said the difference in the forex rate in 2008 within two weeks helped his company obtain a profit of 20 billion dong. However, his company sometimes also suffered from losses because of the forex rate fluctuation. It is forecasted that the US dollar and other foreign currencies in 2009 still may strongly fluctuate. Thus, exporters tend to pay more attention to seek and use forex rate risk hedging tools. Each year, An Giang Coffee exports 80,000 tonnes of coffee, hence, An said that right from the start of 2009, his company will use forex rate risk insurance services. These forex rate risk insurances services provided by banks include forward, option or dong lending products with US dollar interest rates.

As for export businesses that are entitled to subsidized loans, they can borrow dong loans with an interest rate of 1% a year but they must commit to sell foreign currency to banks at the forex rate fixed at the credit disbursement date, If exporters want to sell foreign currency to banks at the forex rate of the loan payment date, the post-subsidized lending interest rate will be 4-4.5% a year. Therefore, based on assessments on the forex rate fluctuations, exporters select proper borrowing options. A financial manager of a large seafood business said that with estimated export of USD 200 million a year, in 2008 his business often used forward. At the time when the forex rate was stable as the first three months of last year, forward was a relatively efficient tool. However in May, June when the forex rate climbed up to 19,000 dong a US dollar, this business made heavy losses.

As for Tien Phong Plastic Joint Stock Co (NTP), using forward in last May and June led to losses worth billions of dongs. Nguyen Trung Kien, chief accountant of NTP, said that because of having to import large volume of materials to serve production, business, his companies often use forward that helps his company exactly identify prices as well as financial expenses. As for some businesses that have to borrow A foreign currency to import materials, equipment but have revenue in B foreign currency, they can use interest rate swap. Swap can help businesses to balance money flows, restructure credit and debit assets and reduce capital expenses upon seeing exact movements of the market.

The above stories show that the forex rate risk hedging tools play an important role for many Vietnamese businesses however in previous years businesses were indifferent to those tools. That was because Vietnamese businesses were unfamiliar using the greenback in international trade and the government's forex rate policy was stable. Nevertheless, at present when international trade is broaden and particularly the government's forex rate regulation policy is flexible, hence, businesses must pay attention to forex rate risk hedging tools.

(Source: DTCK)

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HSBC: Vietnam's stock market not likely to bounce back soon

In the latest report Vietnam Monitor March 2009, the Hong Kong and Shanghai Banking Corporation continues giving pessimistic forecasts about Vietnam's stock market in 2009. The report said that Vietnam's stock market has fallen by another 22% in 2009, becoming the worst market in Asia so far this year. Meanwhile, the MSCI of Asia Pacific (not including Japan) has fallen by 12% during the same time. If compared with the highest peak in March 2007, the VN Index has lost 81% of value in US dollars. The daily average trading volume of both the Hanoi and HCM City in the last two months was reportedly at USD 13mil.

The total market capitalization value has dropped to USD 10bil. There is no share item on the market which has the market capitalization value of over USD 1bil, while there are only four share items with the market capitalization value of over USD 500mil. Of these four, one share item has no more room for foreign investors.

The report said that the sales by foreign investors on the market have been slowing down. While the net sale by foreign investors in Q4 2008 was high at USD 127mil, the figure was just USD 2mil in the last two months.

Of 329 listed companies which had announced figures, 23 companies lost money in 2008, including companies which once caught the special attention of foreign investors like REE and Gemadep. However, a lot of other enterprises still had impressive business results, most of which focused on their main business fields and did not get bogged down in non-forte investments. Vinamilk, a dairy producer, got the high growth rate of EPS at 27% and ROE at 27%. The 29.5% EPS reduction of the stock market proves to be worse than the 10% reduction predicted by HSBC previously. The report compilers believe that the EPS of Vietnam's stock market will not increase this year, but may increase by 10% in 2010. With the given predictions, the P/E index of the next 12 months would be 9.5, the lowest ever level of the VN Index. Currently, the P/Es of many listed share items have dropped to record lows. Vinamilk, for example, has dropped by 10.8 times, FPT 7.2, and Hoa Phat 5.8. However, HSBC believes that the current stock prices are not cheap at all. The P/E for the next 12 months in Thailand and China are expected to be 8.2 and 7.8.

HSBC believes that venturous investors could purchase shares of good listed companies in Vietnam at this moment with the hope of gaining profit in the long term. However, HSBC thinks that Vietnam's stock market will still witness difficulties this year.

(Source: TBKTVN)

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Central bank takes steps to prevent economic recession

Aiming to stabilize the economy and prevent a recession, the State Bank of Vietnam's governor, Nguyen Van Giau, launched February 20 an action plan which includes monetary, credit and banking solutions. He asked banks to expand credit, adopt reasonable interest rates, tackle problems in loan repayment and improve lending mechanisms to help organizations and individuals gain easier access to credit.

The Bank will have a quarterly meeting with its affiliates in provinces and cities to discuss measures to overcome difficulties facing banks. It will also expand credit to rural areas, poor households and other social targets, he said. The Bank will soon submit a draft decree on credit policy to the government, he added. The Bank will coordinate with other relevant agencies to mobilize capital at home and abroad for the Social Policy Bank to expand lending to poor families and students. The Bank also asks commercial banks to arrange capital for key projects that help government plans to stimulate the economy. Commercial banks should step up negotiations with international donors to attract more ODA and other sources. The Bank will strengthen controls over financial instruments, exchange rates and interest rates to help encourage production and exports, stabilize macroeconomic conditions and prevent illegal speculation and trade of foreign currencies.

(Source: VnBusinessNews)

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Securities companies 'changing blood' to find the way to survive

Finding new business strategies to overcome big difficulties proves to be the thing securities companies want to do now when they are suffering heavy losses. That explains why a lot of big changes in high ranking human resources in securities companies have been made in the last year and a half.

Pacific Securities Company (PSC) announced the dismissal of Nguyen Ngoc Bich as the Deputy General Director of the company as per request of Bich himself, and the post has not found a replacement so far. Mekong Securities Company has changed the members of its board of directors. Vietnam International Securities Company has appointed Pham Linh as the General Director, replacing Dang Doan Kien. Meanwhile, MNSC has appointed Nguyen Huu Ly to the post of General Director, replacing Truong Quang Anh who has shifted to other works. Thanh Cong has announced the appointment accredited Kittivalai Charoensombut – Amorn of Thai nationality, to the post of the company's General Director, replacing Dang Quang Ty. Global Securities has appointed Thai Thi Thanh Thuy to hold the post of General Director who has replaced Nguyen Tuan Minh.

Not only have newly established securities companies been changing, but so has the long lasting companies, including the Saigon Securities Incorporated, who have also witnessed big changes in the high ranking workforce. All of the big changes have happened recently, when companies did not offer attractive conditions to lure talents to work for them anymore. Analysts have pointed out that previously, the changes of the ‘VIP’ posts at securities companies related to the procedures of seeking operation license and the legalization of the executing posts in the companies. Meanwhile, the changes of the posts nowadays can be explained by the need to find out new ways of development of securities companies which can help them survive the current difficulties.

IRS is one of the securities companies which have ‘*changed blood*’ in the last time with the number of leadership members dropping from twelve to three. The board of management of the company previously included the big names who once worked for big financial institutions, but they could not help the company develop well in the difficult period.

Nguyen Trong Tuan, Deputy Chairman of the Board of Directors of IRS, one of the founding shareholders of the company and also the Director of Hanoi Branch of Sacombank, has taken over the post of General Director of IRS. “The first thing to do in the post of General Director was, together with the board of directors, to change the business strategy of the company. At first, IRS planned to target foreign institutions and individuals. However, we have later decided to target real investors right in Vietnam, while we will still focus on brokerage and financial consultancy services,” Tuan said. In the past, the pay fund of the company once reached over VND 1 billion a month, while managers got 70% of the total and between 40-50 employees got the other 30%. Tuan said that IRS has checked the capability of the employees, and decided to increase the pay for qualified employees, though the company is still facing a lot of difficulties. IRS said that the changes in the company’s management apparatus have brought effects. In the first six months of 2008, IRS just made up 0.3% of the market share, while the proportion has risen to 2% recently. In the third quarter of 2008, IRS received the profit of VND 4.3 billion and still made profit in Q4, despite a lot of difficulties. The Chairman of a bank said that he has spent a lot of the last time to the belonging securities company, adding that the biggest difficulty in the job was the restructuring the staff.

Working as the leaders of securities companies at this moment proves to be a big challenge for many people. One man, who was once the director of a securities company, said that he always had to think about what to do to get jobs for employees and turnover for the company. He said that sometimes his family’s life was affected when the things at the company did not go smoothly. In the ‘*staff filtration*’ of securities companies, people can see the appearance of many foreigners who have been appointed as the new managers of Vietnamese companies.

(Source: VNN/DTCK)

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ANALYSIS – OPINION

Nuclear power project to be submitted to Vietnam National Assembly of Vietnam in April 2009

The first nuclear power plant project in Viet Nam will be kicked off in 2015 and will become operational in 2020. Director of the Viet Nam Nuclear Energy Institute Vuong Huu Tan talks more about the project.

Viet Nam is taking the first steps to build its first nuclear power plant. Why is the country aiming at nuclear power and what will be the scale of the first plant? The need for power is on the rise. Vietnam’s local sources of power like hydropower and thermo power are limited. Purchasing power from neighboring countries can’t help ensure power security so Viet Nam has to seek other solutions and that is nuclear power. The most favorable condition for this project is the support from the highest-ranking officials. The government proposed building the first nuclear power plant with a capacity of 4,000 MW in Phuoc Dinh and Vinh Hai, in the southern province of Ninh Thuan. The first turbine will begin operating in 2020.

What is the biggest difficulty for the construction of nuclear power plants? There are many difficulties, such as human resources, finance, infrastructure and others. All of the problems are being researched and resolved.

We need around 200-250 staffs to run a nuclear power turbine. We can choose employees from thermo-power plants and research institutes for training. We still have over 10 years for human resource training. The government has assigned the Ministry of Education and Training to work out a scheme to develop human resources for the nuclear power industry. This scheme will be submitted to the government early this year.

Technology is one of the most important factors in the safety of a plant. Which technology will we choose?

Experts now favor light water nuclear pie. They are working on specific criteria to choose suitable technology. In our investment report, we identify ten criteria for technology. We have researched technology of many partners and **Westinghouse** (US) is a potential partner because this company has provided source technology for many countries, such as France, Japan. However, we will have to research many other factors.

The government will have to submit to the National Assembly an investment report on the first nuclear power plant this April. How is the evaluation going and when will we choose a partner? The illustration of a nuclear power plant using Westinghouse's AP 1000 technology.

The second session of the state evaluation council took place on February 15. There are two independent consulting and evaluation agencies, the Vietnam Nuclear Power Association and the Energy Science and Technology Institute. Two special working groups on the nuclear power plant and the place for building this plant have been set up already. These agencies are working urgently to prepare for the second general meeting on March 15. The state evaluation council will listen to reports from specialized working groups and consulting agencies to make a decision and submit the investment report to the National Assembly this April. If the National Assembly approves the report, the government will immediately ask competent agencies to make investment projects and choose partners.

It is scheduled that the first turbine of the nuclear power plant will start running in 2020. How is the construction proceeding? If the investment report is approved by the National Assembly this May, we will make the investment project. This process may take two years. After that we will seek international tenders or choose contractors to ensure that the construction will start in 2015. The government plans to put the first turbine into operation in 2020 and we will adhere to this plan.

What have we learnt from other countries in implementing this project? We will follow the "turn-key" principle but it doesn't mean that we will leave everything to foreign partners. Local companies have to do as much as they can in the project. For example, in the first sub-projects, South Korea will do simple works, which account for around 20% of the funds. South Korea is a good example for Vietnam in developing nuclear power. After opening its first nuclear power plant in 1987, it became a provider of nuclear power plants in 1995.

The first nuclear power plant in Vietnam with a capacity of 4,000 MW will be built in two sites in Ninh Thuan province, Phuoc Dinh commune in Ninh Phuoc district and Vinh Hai commune in Ninh Hai district. Each place will host a turbine of 2,000 MW.

(Source: VNE)

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WPP still confident of nation's potential

UK-based marketing and communications company WPP on February 11th 2009 announced it has agreed to take a 20% stake in Smart Media Joint Stock Co (SMJ), a marketing and communications company in Viet Nam, subject to regulatory approvals. A reporter talked to WPP's Asia-Pacific strategy director Scott Spirit about the company's investment and future development plans in the Vietnamese market.

Why did WPP decide to invest in Viet Nam despite the impacts from the global economic crisis? At WPP, we have a long-term view, and it's clear that Viet Nam will continue to provide strong growth in the long-term. Our investment with Smart Media has been driven by the clear convergence of media and technology and the consumer adoption of new media channels, rather than short-term economic concerns. So, it's actually a very appropriate time to invest in a business like Smart Media.

This investment continues WPP's strategy of investing in early-stage ventures in fast growing markets and sectors. Viet Nam, where WPP has been operational through its companies for more than 10 years, is one of the fastest growing markets in the world, identified by Goldman Sachs as one of the "Next 11" world economies to watch.

What is your evaluation of the domestic communication industry now and in the future? The marketing and communications industry in Viet Nam is very dynamic. It has grown dramatically in recent years. Despite the current global economic situation, the industry in Viet Nam should continue to provide strong growth in 2009.

Viet Nam, with a population of 86-plus million and a GDP growth rate of 6.23% last year, is one of the fastest growing markets in the world. The country's advertising market is forecast to grow 16.6% this year to USD681 million

When did you first have a presence in the Vietnamese market? Do you think the local investment environment has changed much? WPP has several agencies in Viet Nam including JWT, Ogilvy, Bates141, Grey and Y&R. We first established our presence here in the early 1990s. Viet Nam has developed dramatically since then.

Viet Nam has seen strong economic growth and social development. It has been in the World Trade Organization for three years, and the government has made efforts to attract foreign investment, making it easier for foreign businesses to work in Viet Nam.

Why did you chose Smart Media as your strategic partner in Viet Nam? Our industry is not one that stands still, it is constantly changing. The biggest change we are experiencing is the impact of technology and new media, the shift away from traditional media to new platforms such as the internet and mobile. Viet Nam now has more than 20 million internet users and more than 60 million mobile subscribers, so it is not strange to this trend. The marketing industry needs to develop solutions and products which will allow brands to communicate with consumers using these new channels. This will be the core business of Smart Media. Smart Media provides a broad range of marketing, communications and multimedia services in Viet Nam with a focus on advertising, TV production, internet and mobile services, Contact Center and digital content.

Smart Media's revenue for the eight months to December 31 last year was more than VND6.35 trillion (USD 365.4 million), with gross assets of about VND88.8 trillion (USD 5.1 billion). By joining with VNPT, Mobifone, VinaPost, VTV and Goldsun, WPP has strong partners representing the leaders in the Vietnamese telecommunications and media industries. We each bring unique expertise to the venture and will collaborate to ensure it's success.

Can you introduce WPP and reveal your operation plan in Viet Nam? Viet Nam is an important strategic market for WPP, and we intend to continue to invest here, creating more jobs and training more marketing professionals. The businesses we already have here are strong and are growing organically. We are also open to further investments in local companies.

WPP is a world leader in marketing communications services, comprising leading companies in advertising, media investment, management information, insight and consultancy, public relations and public affairs, branding and identity, healthcare communications, promotion and relationship marketing. The group employs more than 100,000 people (including associates) working in over 2,000 offices in 106 countries. WPP companies work with more than 340 of the Fortune Global 500, more than one-half of the NASDAQ 100 and more than 30 of the Fortune e-50. WPP is quoted on the London Stock Exchange and NASDAQ in New York (WPPGY). WPP reported revenues of USD 12.4 billion as at December 2007.

(Source: VietNamNews)

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Construction projects persist

Director of HCM City's Department of Transport Tran Quang Phuong spoke with about infrastructure plans for the city this year.

Billions of US dollars have been, and will be, invested in infrastructure projects in HCM City this year. What are the major projects? This year, the transport sector will work with relevant sectors to mobilize capital to

stimulate investment, and strive to finish key projects including the Phu My Bridge and its sub-projects. The sub-projects include some bridges and roads linking the 1A National Highway to the Thu Thiem Tunnel and are part of the East – West Boulevard. We will finish other projects such as street connections between Nguyen Van Troi and Nam Ky Khoi Nghia streets; Cong Ly Bridge to Nguyen Van Cu Bridge Road; the second phase of the north-south axis street; and the second phase of the Thu Thiem Bridge to Nguyen Van Bua Street.

- ✚ The Nguyen Van Cu Bridge linking District 1 and District 5 to District 4 and District 8. The last branch linking District 4 and District 8 will open to traffic by the end of March.
- ✚ The second phase of the Thu Thiem Bridge, including a tunnel, a bridge to District 1 and to Ngo Tat To Street.
- ✚ The project to improve and expand the Nguyen Van Troi to Nam Ky Khoi Nghia road from 16m to 30m.
- ✚ The Phu My Bridge linking District 7 and District 2 and its sub-projects will be opened from Nguyen Van Linh Boulevard to Ha Noi Highway.
- ✚ The project to improve and expand Provincial Road 15 in District 12.
- ✚ The city's environmental hygiene project at Nhieu Loc - Thi Nghe area to curb flooding over an area of 33sq.km, and treat serious water pollution in the Nhieu Loc - Thi Nghe canal. This will serve 1.2 million people in the seven inner city districts of 1, 3, 10, Phu Nhuan, Binh Thanh, Tan Binh and Go Vap.

The Government has allowed the city to issue a USD 1 billion urban bond. The municipal People's Committee plans to use the money to improve the infrastructure and drainage system. What will be its priorities for these sections? We will consult with the People's Committee about which projects to invest in. We will also push for projects that will help ease traffic jams, such as the East-West boulevard; the Ben Thanh-Suoi Tien urban railway route; the Ha Noi Highway expansion; the construction of Binh Trieu 2 bridge road; the inter-provincial highways linking HCM City with Long An; the HCM City to Long Thanh - Dau Giay highway; and the Tan Son Nhat to Binh Loi route and its surrounding ring road. As for drainage projects, we will implement the city's environmental hygiene project in the Nhieu Loc - Thi Nghe area, and the project to improve the city's water and urban development.

That means that the city will remain a big construction site this year. For a long time, local residents have complained a lot about delayed infrastructure projects which have caused inconveniences in their daily life. How will the transport department ease this situation?

We plan to continue digging 56.7 km for 61 routes in the city this year. Of those, many are main transport routes such as Le Van Sy; Cach Mang Thang Tam; Nguyen Dinh Chieu; Vo Thi Sau; Hai Ba Trung; Tran Quang Khai and Phan Dinh Phung streets.

To reduce the impacts of this digging on people's lives, we will implement some solutions. One of the solutions is to give responsibility to individuals and organizations to check-up on and supervise the work throughout the course of respective projects. We will also focus on removing obstacles to the issuance of construction permission, and build traffic diversions to create the most favorable conditions for speedy construction.

How will contractors be punished for delays?

The city has solved most delayed constructions lately. After introducing strict punishments, many contractors have pledged to mobilize workers and materials to ensure construction progresses. Besides, we are determined to change contractors who don't meet the requirements. All have so far increased their speed. This year, we will continue to impose strict punishments on contractors who don't ensure progress, construction quality and traffic and environment safety standards. Those who violate regulations will be punished. There will be no exception for contractors who don't follow the regulations outlined in their contracts.

(Source: VNN/VNS)

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Gov't announces abundant tax exemptions, price reductions

As of February 1, 2009, thousands of products and services are cheaper thanks to the tax payment extension, or tax exemptions and reductions. The decision has been released by the prime minister in an effort to stimulate investment and demand. 18 categories of commodities now enjoy a 50% VAT reduction. These include wholly-assembled cars and car components, engines, gear boxes, coal, basic chemicals and hotel and tourism services. The tax reduction went into effect on February 1 and will run till the end of the year. Businesses talk about the possible impacts of the decision on their operations in particular and the national economy in general.

Vo Truong Thanh, Chairman of Truong Thanh Furniture Corporation: The opportunity to expand markets has come

The exemption from export tax on woodwork exports made of imported wood materials will serve as a catalyst, helping enterprises push up production. Before, as the state collected export tax, woodwork exporters fell into big difficulties, many of them did not have money to pay laborers. Meanwhile, the high production cost due to the tax threatened to keep partners away. Currently, we are trying to expand markets and negotiate with partners. In 2009, Vietnamese enterprises have favorable conditions to compete with foreign companies, especially Chinese ones.

Do Duy Thai, General Director of Viet Steel: The construction material market will heat up

The government's decision to slash the VAT to the old rate of 5% will be the driving force for the stimulation of demand. Enterprises will have to slash sale prices when the tax rate is lowered if they want to boost sales, which will benefit customers. Right after the VAT reduction decision was released, Viet Steel had to slash the sale price by 5% to VND11.7mil/tonne (including VAT). With such prices, the construction material market will recover soon and will see the increase of 30% at least in the time to come, right in February 2009.

Nguyen Van Vu, General Director of the Southern Engines and Agriculture Machinery Corporation

Farmers will benefit as they will not have to spend as much money to buy machines for agricultural production, while enterprises will not have to spend time thinking of measures to boost sales in the current difficult period.

In February, when the VAT rate rose from 5% to 10%, sales of agricultural machines saw a sharp decrease. This forced the company to apply a lot of measures to retain clients, but these were unfeasible. However, as the VAT has been cut to the previous level, the consumption of 80,000 engines and machines proves to be within reach, which has helped lift the concerns of the corporation.

Tran Do Liem, Chairman of Rach Gam Cooperative

The 50% VAT cut helps clients save 5% on cargo transport fees, which will help stimulate the demand for water transport. The 5% tax reduction means that clients can save VND2,500 for every tonne of cargo transported within 80-100 km.

Vo Dang Canh, Deputy General Director of Mai Linh Group

We began considering costs to slash the transport fees right after the decision took effect. Detailed fee reductions have not been drawn up, but we will have to slash fees in order to raise our competitiveness.

Vo Anh Tai, Director of Saigontourist: Tourism products will become more competitive

Foreign partners have urged Vietnamese travel firms to slash tour fees to improve competitiveness at the time when travellers are reducing their travel budgets. We are considering reducing tour fees in order to attract more foreign travellers to Vietnam.

(Source: Tuoi tre)

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What we put in, we will get out

Former Minister of Industry and Trade Truong Dinh Tuyen believes Vietnam must continue to make every effort to fully benefit from being a WTO member.

Has Vietnam made the most of its opportunities in the two years since it joined the WTO? I was very much involved in the process of joining the WTO. In the statement submitted to the Politburo we clearly identified five opportunities and five challenges for Vietnam once membership was secured.

As regards the opportunities, we would have an environment to attract investment capital from enterprises both domestically and internationally. This is the greatest benefit as we would have a legal system ensuring transparency, clarity and equity. Moreover, we would be treated the same as other countries and therefore benefit in terms of exports. Foreign enterprises looking to invest in Vietnam would see our strong point as not only being a populous market but also having a broad export market. We could work with other countries to put together fair trade policies. We could also implement our party's policies. Last but not least, we could strengthen our relationships with major countries in the region and the world, like the EU, the US and Japan.

But in addition to the benefits were some challenges. Most notable was competitiveness in product, enterprise and government. Second was the gap between the rich and the poor caused by integration, and that many enterprises used to being subsidized could not restructure and would go bankrupt, with many workers losing their jobs. Rural areas were vulnerable. These factors challenge growth being in parallel with social advancement. Changes in world markets will have a quicker and stronger affect on our domestic market and if we do not respond correctly then the domestic market will be in trouble. Fourthly is investment. If we do not consider investment carefully, we may accept it at any cost and become a technology dumping ground for other countries and our environment will be heavily polluted. And, finally, is the matter of culture and national security.

What we have seen from WTO membership is that opportunities do not automatically become benefits. The opportunities are tangible but if we want the benefits then we must have specific activities by the government and enterprises. As for the challenges, the level of pressure they exert depends on our response. If we can make the most of the opportunities then we can address the challenges and have even more opportunities. If we do not respond to the challenges then they will become long lasting difficulties and overcoming them will be complicated. What has happened in the two years of membership is what we forecast would happen. Membership is no miracle cure to help us grow faster, nor is it a trap to make us become poorer. There are clear opportunities and challenges. Opportunities include stronger FDI inflows, higher exports (in 2007 they increased by 22% and 2008 by nearly 30%) and so on. But the challenges include low FDI disbursement and an inability to sustain higher export volumes if we do not change or restructure.

Have there been any major problems? It is clear that changes in world markets have major impacts on our market, like rising and falling oil prices or capital flows coming in or leaving when there are changes in the financial market. Our ability to forecast world changes remains weak. Look at inflation. We succeeded in curbing high inflation but in the early months of 2008 fiscal and monetary policies were out of synch and the burden of inflation fell on the financial market, creating a less liquid banking sector. Our response was not so fast. In 2008 total social investment was 43% of GDP, while the GDP growth was 6.23%. Our ICOR was 7, meaning that for every 1 dong of profit we had to outlay nearly seven dong, which is way too high.

Is this because we did not have enough time to prepare for joining the WTO? I don't think so! We had ten years to prepare but didn't really prepare at all. Look to the retail market for a comparison. Media focus in recent days has been on us opening up our retail market on January 1. But it's old news. January 1 was the deadline for the opening. But we did almost nothing about it, as the Vietnamese way is simply let the grass grow under our feet. If we had more time to prepare for WTO entry then we would still have done next to nothing. The biggest lesson from 2008 is that from the difficulties we can identify weaknesses in our economy that have been hidden by high growth rates and external praise. Now we have the chance to see our weak points and limitations and correct them.

What should be improved immediately? There are two important tasks:

Firstly, we have to conduct reform of mechanisms according to the principles of a market economy. We have reformed for some 20 years and when we compiled the economic development strategy for 2001-2010 in 2001, the requirement to introduce comprehensive measures was raised, but 2010 is approaching and we still haven't done it. The reason is that we almost always apply a step-by-step method. This may have been a good way in the past, but 20 years can go by and we still do things the same way! As such measures were not comprehensive from the

outset, all subsequent measures were unsuitable or constrained what followed. What we need is a synchronous set of measures that support and complement each other. We need to look at this problem.

Secondly, we have to change our growth model. One thing to be considered is that governance must run smoothly with and not be separated from the adopted mechanisms. Mechanisms create a good basis for governance. Governance must flexibly solve problems that the mechanisms cannot, as there is no perfect mechanism that fully caters for every occurrence in an economy. With some problems many may blame the government, this is not totally correct. We need to perfect our management mechanism to have effective governance, especially in the context of change taking place.

(Source: CPV)

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NEWS IN BRIEF

International tourism firms study Vietnam market - Twelve tourist firms from France, Austria, Germany and Greece are traveling to Viet Nam from February 12-20 to seek tourism development opportunities. These firms will survey the famous tourist attractions across Vietnam, especially those in Hanoi, Ninh Binh, Ha Long, Da Nang, Hoi An, Thua Thien-Hue, HCM City and Mekong Delta provinces. The firms will investigate the destinations, hotels and restaurants available in the country to offer suggestions for the development of Vietnam's tourism sector.

Binh Duong attracts 111 investment projects - The southern province of Binh Duong has attracted a total of 111 foreign and domestic investment projects so far this year. Specifically, these include 99 domestic investment projects with a total registered capital of nearly VND 189 billion and 12 foreign direct investment projects with a total registered capital of more than USD 49 million. In addition, eight other available FDI projects in the locality have increased their investment capital by a total of nearly USD 10 million. Up to date, Binh Duong has licensed 7,070 domestic investment projects with a total investment capital of over VND 47 trillion and 1,883 FDI projects worth more than USD11.1 billion.

PVEP selected to form oil joint venture in Venezuelan - The Venezuelan Ministry of Energy and Oil has selected PetroVietnam Exploration and Production Corporation (PVEP) to form a joint venture with a local partner, to exploit and process crude oil in the South American country. PVEP provides 40% of the capital stock of the merged entity, called PetroMacareo, while the Venezuelan Petroleum Corporation (CVP), 60%, according to the Bolivarian News Agency ABN. PetroMacareo will operate in the Junin 2 block, north of the Orinoco belt. According to the Venezuelan press, PetroMacareo will be operating for 25 years, and its products will be sent to a refinery in Vietnam. The establishment of the joint venture was adopted by the Venezuelan government last year.

Becamex begins construction of USD 143 million complex- Becamex IDC Corp. Sunday (the middle of Feb) started building the Becamex City Center in Thu Dau Mot Town near Ho Chi Minh City. The VND2.5 trillion (USD143 million) complex will come up in three phases and comprise the 20-story Becamex Tower, office and apartment blocks, row houses and a five-star hotel. When finished in 2015, it is expected to serve as a home and workplace for more than 22,000 people. Apave of France and Savills of Hong Kong will supervise and manage the project. Established in 2006, the Binh Duong Province-based Becamex is a state-owned group with holding in infrastructure, finance, banking and civil construction.

Foreign firm supplies equipment to A Luoi power plant - Dongfang Electric Corporation of China and Voith Siemens of Germany will provide equipment and technical service for the A Luoi hydro-electric power project under a VND 685.5 billion contract, which will be implemented in 32 months from March 2009. The A Luoi hydro-electric power plant is built on the A Sap river, about 70 km from the former imperial city of Hue, with a total investment of more than VND3.23 trillion. Construction work for the 170MW two-turbine plant started in June 2007. It will produce 686.5 million kWh annually.

New project to beef up rice storage capacity - The Prime Minister has assigned the Ministry of Agriculture and Rural Development to draft a project to renovate and expand the existing system of rice storage depots to reach a total storage capacity of 4 million tonnes. The project will be carried out in two phases: the restoration of old depots capable of holding 1.2 million tonnes of rice, and the construction of new depots to accommodate an additional 2.8 million tonnes. These depots will be located in areas which have convenient transport and seaports, such as Long An, Dong Thap, An Giang, Can Tho and Ho Chi Minh City. Total investment for the project is VND7,000 billion, which is expected to be completed in three years until 2011. US suspends the import of Vietnamese dragon fruits

Value added tax halved for certain groups of commodities and services - The Ministry of Finance has issued a circular guiding the reduction of 50% of value added tax for certain groups of commodities and services, to 5%. Accordingly, commodities and services to enjoy 50% reduction of value added tax include coal, basic chemicals, mechanical products as production tools, automobiles and car components, ships, grindstones, artificial plywood, industrial concrete products, hotel and tourism services, transports, etc.

Tien Giang exports nearly 7,500 tonnes of rice - The southern province of Tien Giang has exported nearly 7,500 tonnes of rice so far this year, up 72% compared to the same period last year, at an average price of USD 400 a tonne. The locality targets to earn USD 90-100 million from rice exports this year. The local authorities have urged local rice traders to expand their markets, along with increasing the purchase of rice for local farmers. Currently, local farmers are harvesting their winter-spring crop with a total output of over 520,000 tonnes of unhusked rice.

Tax extensions for five industries - The Finance Ministry has announced that extensions for the payment of this year's corporate income tax (CIT) will be given to companies in mechanical materials production, building materials production, construction and installation, tourism service and food and fertilizer trading. Enterprises in these sectors will be allowed a nine month extension for CIT payment in each quarter of 2009. Deadlines for 2009 CIT payment for the four quarters of this year are January 30, April 30, July 30, and October 30 of 2010.

Local company licensed to exploit Thach Khe iron ore mine - Thach Khe Iron Joint Stock Company has been licensed by the Ministry of Natural Resources and the Environment to explore iron ore at the Thach Khe iron ore mine in three communes in Thach Ha district, Ha Tinh province. Accordingly, the company is allowed to explore iron ore on a total area of 527 hectares at a depth of 550 metres underground for 30 years. The first four years will be for basic construction. From the fifth to the tenth year, the company is permitted to explore 5 million tonnes of iron ore a year and double the output from the 11th year onward. The exploited iron ore will be supplied to the processing plant with a capacity of 2-4 million tonnes of steel billet a year, which has also been invested by the Thach Khe Iron Joint Stock Company.

Vietnam To Raise Electricity Price By 8.9% From March 1 - Viet Nam will raise electricity prices by an average of 8.9% to VND948.5 per kilowatt hour from March 1, the government said Monday (30 Feb).

The price doesn't include value-added tax, the government said in a statement. Poor families will pay a state-subsidized electricity price, it said, without specifying criteria or prices. From January 1, 2010, Viet Nam will sell electricity at "market prices," it said, without elaborating. The country will enforce a ceiling price for electricity sold to corporate consumers from 2010, it said. Electricity producers will be able to sell power to corporate clients at negotiable prices below the ceiling price from 2010, but power sold to households will be the same nationwide.

USD 70m warehouse project in Bac Ninh province licensed - People Committee of the northern province of Bac Ninh recently approved Singapore-based Mapletree Investment Pte Ltd Group's project to build a Mapletree warehouse in Vietnam-Singapore Industrial Zone (VSIP) in Bac Ninh province. The 55 hectare project has a total investment capital of USD70 million. The project aims to meet essential service demands of industrial production and international businesses in fields such as storekeeping, management, packaging, distribution, transport and custom clearance.

Singapore's Jayanti Gets OK To Build Coffee Plant In Vietnam - On Thursday (05 Feb), Singapore's Jayanti Pte. Ltd. got a license to build a coffee processing plant in Vietnam's Central Highlands, said by a local government department in a statement. The plant, covering 25 hectares in Dak Lak province, has a capacity of producing 6,000 metric tons of instant coffee a year, the province's investment promotion department said. The VND288-billion (USD 17 mil) plant is scheduled to start production from August 2011, it said. Dak Lak, 355 kilometers northeast of Ho Chi Minh City, is the largest coffee producing area in Viet Nam.

2 trillion dong to upgrade National Road No 51 - Viet Nam Road Department recently said that the project to upgrade and expand the National Road No 51 capitalized at over two trillion dong will be started in the first quarter of this year under the Build-Operate-Transfer (BOT) method. As designed, the National Road will be upgraded and expanded to a six-lane road right on the existing place. The road after being finished will have a speed of 80 kilometers an hour.

Vinachem needs 6t dong for investment in 2009 - Viet Nam Chemical Corp (Vinachem) said that as per the 2009 investment plan it needs total six trillion dong. The money will be raised from commercial loans of credit institutions, domestic and foreign loans, and from profits through convertible bond issue. This year the corporation targets to gain 12.655 trillion dong of industrial production value, a year-on-year growth of 112.5%, 26.520 trillion dong, profit of over 1.514 trillion dong, USD 642 million of export turnover, and spend 6.138 trillion dong on basic construction.

Dai-ichi Life Vietnam reports an average growth rate of 30% over the past two-years - Dai-ichi Life Insurance Co of Viet Nam, Ltd (Dai-ichi Life Vietnam) on February 9 announced that during the past two-years, it posted an average growth

rate of nearly 30% in premiums from new insurance contracts. In particular, the insurer's premium from the newest contract signed in 2008 was 190.9 billion dong, up 51% against 126.2 billion dong of 2006. The number of new contracts also increased on 49%. Till date, the insurer has opened 52 offices nationwide. After one-year of operation, Dai-ichi Life Viet Nam was allowed to increase its investment capital from USD 25 million to USD 72 million by the Ministry of Finance. Also from February 9, Dai-ichi Life Viet Nam introduced its new product, "An thinh chu toan" aiming to provide more rights and flexibilities for customers with the interest rate of 5% for the first 10 years and 3% for subsequent years. At present, Dai-ichi Life Viet Nam is applying the investment interest rate of 12.08% a year for this new product.

Catfish prices surge in Mekong Delta on supply - Tra prices have shot up in the Mekong Delta as supply struggles to meet demand after farmers, hit by severe losses last year, stopped breeding the catfish. On February 10, manufacturers bought top quality tra from farmers at VND15,000-16,000 a kilogram, and the next best quality VND13,000-14,000, both up VND1,500-2,500 from the end of last year. While demand is sharply up at factories processing catfish for export, farmers do not have much stock. After the crippling losses in 2008, the Mekong Delta Fisheries Association reported, 40-50% of catfish farms have gone out of business. Catfish output is expected to drop by 40-50% as a result. Vietnam exports tra to 107 countries and territories and the catfish has become a key seafood export for the country. The delta's tra exports are estimated to increase by an average of 5.9% a year to USD 1.5 billion by 2010 and USD 2.3 billion by 2020.

PetroVietnam Fertilizer may post loss this quarter - PetroVietnam Fertilizer & Chemical Joint Stock Co., the country's biggest fertilizer producer, may post a loss this quarter on slow sales, a local newspaper reported, citing the Ministry of Trade and Industry. PetroVietnam Fertilizer, which reported a loss of almost VND87 billion (USD 5 million) in the last three months in 2008, still held "a lot of" fertilizer in stock as consumption slowed without giving a comparative figure. The country's stockpile of fertilizer reached two million tons as of the end of January, it said. PetroVietnam Fertilizer makes more than 40 percent of the 1.7 million tons of fertilizer used in the country each year.

Bac Lieu farmers enjoy bumper rice crop - Mot bui do Hong Dan – branded rice has given an average yield of 5 tonnes per hectare in Phuoc Long and Hong Dan districts of Bac Lieu province. These are the highest levels so far. According to the provincial Department of Agriculture and Rural Development, the rice is grown on over 15,000 hectares in the province. Twelve thousand hectares have already been harvested with an average yield of between 4.5 and 5 tonnes per ha. Farmer Tran Van Canh in Ninh Hoa commune's Ta Ky hamlet said he was very happy that there had been a bumper harvest and that the price of this rice increased to over 20,000 VND a bushel over the previous month. He added that he could earn about 20 million VND (1,180USD) per ha after paying expenses. Since the end of the traditional New Year (Tet), the price of this rice has gradually increased up to 4,500 VND per kilogram. The rice was originally grown by the Khmer ethnic people with only one crop per year.

PM approves renewable energy, power projects - Prime Minister Nguyen Tan Dung on Feb. 6 gave the nod for a 205 million USD project to develop renewable energy and upgrade networks supplying power to remote areas around the country. The "Renewable energy development and electric grid upgrade and expansion in remote communes" programme is being funded by the Asian Development Bank. According to the energy sector, Vietnam has everything required to develop renewable energies from solar, wind, geothermal and, especially, hydro-power sources. With nine major river systems, it is considered one of 14 top countries in terms of hydropower potential. But it has failed to make full use of this potential, largely due to the relatively high costs and technology issues. The country has 500 small hydropower stations with a combined output of 135 MW. On the same day, Dung also approved a loan agreement for the "Partnership for the poor in agro-forestry development in northern Bac Kan province" project funded by the International Fund for Agriculture Development. The Minister of Finance will soon sign the agreement. Earlier, the PM ratified the 600,000 USD "Increasing social auditing capacity of the socio-economic development plan 2006-10" project sponsored by the United Nations Children's Fund.

Vietnam set to export 100,000 tonnes of pepper - Vietnam plans to export 100,000 tonnes of pepper in 2009, accounting for 50-60 percent of the world's market share, said the Vietnam Pepper Association. Of the volume, 85,000-87,000 tonnes are expected to come from this year's harvest and the remainder will be sourced from last year's stockpiles. According to the association, black pepper exports currently stand at 2,100-2,400 USD per tonne, while a tonne of white pepper is sold for 3,500 USD. The country shipped abroad more than 89,700 tonnes of pepper last year, earning 309 million USD, up 7.6 percent in volume and 12.4 percent in value over the previous year.

Vinacomin churns out 2.25 million tonnes of clean coal - The Vietnam National Coal-Mineral Industries Group (Vinacomin) said it dug out 2.48 million tonnes of raw coal and produced 2.25 million tonnes of clean coal in the first month of this year. In addition, Vinacomin turned out 200 tonnes of tin ingot, 1,500 tonnes of cast iron and close to 10,000 tonnes of ores of different kinds. The group earned total revenue of almost 2.4 trillion VND (roughly 137 million USD), including

1.5 trillion VND from coal production. It has set a target of exploiting 42 million tonnes of raw coal this year, of which 20 million tonnes will be exported.

Tien Giang star apples exported to Russia - A Mekong Delta fruit cooperative in Tien Giang province successfully exported 110 kg of star apples for the first time to the Russian market on February 9. The fruit, which was sold at a price of 40,000 VND per kilogramme, was certified by the Global Partnership for Good Agricultural Practice (Global GAP), said Le Van Son, Vice head of the Lo Ren-Vinh Kim Star Apple Cooperative. Earlier, the Metro supermarket corporation oversaw the export of 40kg of the cooperative's star apples to Germany. The cooperative now boasts 47 ha of land planted with star apple trees in accordance with Global GAP standards and this year, it plans to harvest approximately 50 tonnes of the fruit, specifically for export to overseas markets.

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COMING EVENTS

Vietnam Expo 2009 planned for April

The 19th Vietnam International Trade Fair, Vietnam Expo 2009, will take place in Hanoi on April 8-14, said the Ministry of Industry and Trade. Among 500 stalls, Vietnamese businesses occupy 350 ones where they can display their potential exports, such as pieces of fine arts and handicrafts, furniture, food, garment, footwear, domestic utensils, electronic goods, and building materials. The other 150 stalls are reserved for enterprises from different countries and territories. Especially, Algerian and Belarusian products will make their debut at the week-long fair.

On the sidelines, several seminars and conferences will be held to introduce new techniques as well as products, promote trade activities. An online fair will be organized for trade promotion. Vietnam Expo 2009 is part of the National Trade Promotion Program 2009, serving to boost up export and market expansion. Plus, the fair will provide both Vietnamese and international enterprises with opportunities to share experience, transfer technology, and do business.

(Source: VGP)

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Ethnic minority culture day in Gia Lai Province to be held in April 2009

The province of Gia Lai's Department of Culture, Sports and Tourism has announced that a cultural day of ethnic minority groups in Gia Lai Province will take place in the city of Pleiku from April 3 to 4, 2009.



This will be a unity festival for ethnic minority groups in Gia Lai Province, and an opportunity to prepare for the International Gong Culture Festival to be held at the end of 2009.

Diverse cultural activities will be held during the ethnic minority day, including an exhibition on the cultural products of ethnic minority groups in the province, a gong festival, art performances by various ethnic minority groups, and a meeting between gong performance artists and craftsmen from ethnic minority traditional handicraft villages in the province.

(Source: CPV)

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Chol Chnam Thmay Festival

Time: From the 1st to the 3rd day of Chet month (according to Buddhist calendar, equivalent to the 12th to 15th day of April by solar calendar).

Objects of worship: Welcoming the God of the New Year, Buddha and ancestors.

Characteristics: The traditional Tet (New Year) of the Khmer community, seeing the old year off and welcoming the New Year.

Participator: The Khmer people in the southern provinces.

Khmer people's New Year festival lasts three days and four days in leap years. Each of these days has its own name. Apart from worshipping the Buddha, Khmer people believe that every year the heaven sends a god called Tevoda to the earth to look after human beings and their life. At the end of the year, the god returns to heaven and another one will replace him. Therefore, in the New Year's Eve, every family prepares a party, burns incense and lights up lamps in a ceremony to see off the old Tedova and greet the new one. They also pray to this god for good luck.

Khmer people always prepare for the New Year ceremony very carefully. They clean and redecorate their house and buy necessary food for the holidays. They stop all farm work, relax and set free their cattle. The three official festival days are held in a joyful and exciting way.

The first day is for the ceremony to receive the great calendar. Moha Sang-Kran is considered a calendar which gives a detailed account of dates and festivals in a year and a forecast of rainfall so the villagers can foresee if they get a good or bad crop that year. On this day, at a selected hour no matter it is in the morning or afternoon, people take a bath and put on their best clothes in anticipation of the New Year. They take incense, lamps, flowers and fruits to a pagoda where they do the great calendar-receiving ceremony. At the pagoda, Moha Sang-Kran, put on a red-lacquered, gilded tray, is placed on a palanquin and carried three times round the main sanctuary. This rite is to welcome the new year and wait for omens for a bad or good new year. Then the official ceremony is carried out inside the sanctuary. After that, every participant prays to the Buddha and chant prayers for a happy new year. Young males and females walk out to the pagoda yard and join in fun activities until late at night. The second day is for the ceremony to offer boiled rice and heap up a sandy mountain. On this day, every Khmer family cooks rice and offers it to Buddhist monks at the pagoda in early morning and at noon. The monks chant prayers to thank those who make the food and bring it to their pagoda and say good luck to them.

On the afternoon the same day, people start to heap up a sandy mountain in search of happiness and luck. They make small mountains looking to eight directions and one in the middle which represent the universe. This custom originates from an age-old legend. It displays people's aspirations for rain.

The third day is for the ceremony to wash the Buddha's statue and Buddhist monks. After giving boiled rice to the monks in the morning, they continue to listen to Buddhist teachings. In the afternoon, they burn incense, offer sacrifices and use scented water to wash the statue in order to pay tribute and gratitude to the Buddha. This is also to get rid of the old year's misfortunes and wish all the best for the New Year. The monks do a ceremony to pray for peace in the dead's souls. After that, the people return to their house and wash the Buddha's statue at home. They offer dishes, confectionery and fruits to ask for happiness for their parents and grandparents and being forgiven for their mistakes made in the old year. During these three days, Khmer people go to visit each other and wish good health, good luck and prosperity to each other. They also join in fun activities.

Chol Chnam Thmay festival shows Khmer people's aspirations, like many others ethnic groups, to forget about the old year's misfortunes and look for a better new year.



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Halong Carnival 2009 to open this spring

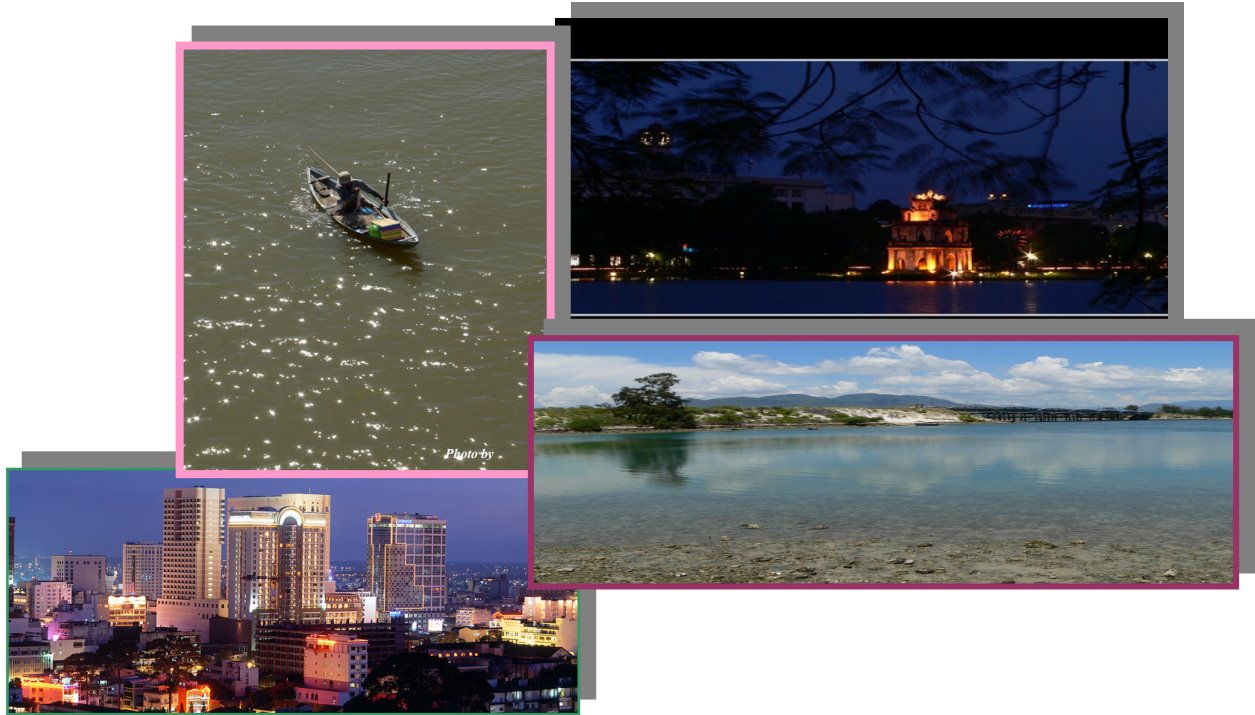
The carnival 2009 is scheduled to take place in Halong City, Quang Ninh Province from April 25 to May 2, featuring floating stages and impressive fireworks displays. The opening ceremony will be held at 5.30pm on April 25 at Bai Chay Ferry in the form of a carnival on the sea and in the air, it will be called "Halong, a World Cultural Heritage-Rendez Vous".

There will be a fireworks show at the closing ceremony on May 2. The event will be broadcast live on VTV1 and VTV3. During the week of the carnival, many activities will be organised, such as a food festival among the main

economic zones in northern and north-eastern provinces, performances by domestic and international artists, sports competitions and business fairs.

(Source: VOV)

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