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WB predicts Vietnam's growth of 5.5 percent

Vietnam's economic growth in 2009 will be 5.5 percent, according to the World Bank, which suggested the construction sector will be a key driver behind the above-average standing amid the global economic crisis.

In its East Asia-Pacific Update report, released on April 7, Martin Rama, chief economist of the World Bank in Vietnam, commented that the construction sector, with growth at 5.6 percent in the first quarter of this year, will help in spurring Vietnam's growth throughout 2009.

He assessed the Vietnam's financial sector crisis was low risk, and explained that "the direct impact of the global financial crisis on Vietnam is minimal, as banks in Vietnam have not been exposed to 'toxic' assets, nor are they owned to a large extent by exposed foreign banks." He also mentioned that Vietnam's financial system had already gone through a period of adjustment, prior to the crisis that struck fully in late 2008.

Between late 2007 and March 2008, Vietnam suffered from an overheating economy due to massive capital inflows which led to credit growth of 63 percent, surging inflation, real estate price bubbles and a large trade deficit that amounted to close to USD 3 billion.

The country took aggressive measures to stymie the problem, when the government shifted its priorities from growth to stabilization by implementing eight groups of measures in late March 2008, and five stimulus solutions later that year in November.

Martin commented that after these policies took effect, "the trade deficit declined and recently amounted to a small surplus, inflation slowed dramatically in the second half of 2008, and the financial sector improved remarkably."

The World Bank said the Vietnamese government's stimulus package started taking effect in the first quarter of this year, citing the country's export growth of 2.4 percent in the first quarter this year as "an encouraging success" when compared to a 20-50 percent export decline in regional nations.

In its update report, the WB said slow growth will also slow poverty reduction efforts in the East Asia-Pacific region, estimating that an additional 10 million people will continue to live in poverty as the unemployment rate in the region rocketed from 1 million in January 2008 to nearly 24 million by the end of the first quarter 2009.

(Source: VNA)

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Challenges to the printing industry

The Ministry of Industry and Trade (MoIT) has released a document proposing an increase in the rate of import tax on paper products within the ASEAN bloc from 3 percent to 5 percent.

Recently, the Ministry of Finance issued a circular No28/2009/TT-BTC adjusting the import tax on newsprint from 20 percent to 29 percent while the tax rate paper for printing books and writing paper has been raised from 25 percent to 29 percent, within the World Trade Organization (WTO) bloc.

Difficulties for the print industry

According to the MoIT, the amount of papers in stock is very enormous (around 100,000 tonnes). A recent report from the Vietnam Paper Association has shown that some enterprises have even had to shut down their paper mill.

For printing, publications and the press, paper is an important material and plays a big role in deciding a product's retail price. Therefore, fluctuations in paper's price have greatly affected some enterprises operating in the sector.

Regarding the impact of tax increase on the prices of publications in the country, Pham Trung Thong, Deputy Head of the Printing Management Department - under the Ministry of Information and Communication said that Vietnam now has around 22 million pupils and students from 11 millions households, accounting for one-fourth of the country's population. Many of these families are poor or have lost their job; therefore, it is difficult for them to buy books for their children if paper prices continue rising.

Bui Tuan Nghia, Deputy Director of the Kim Dong Publishing House pointed out that publishing and printing houses are not just businesses as they also have to fulfill their political duties. He said he hopes that people will still be able to buy publications at reasonable prices. Although adjusting of the import tax rates can protect the domestic paper industry, it has affected many other aspects of social life, especially in the printed matter and other publications.

Dr Vu Dinh Anh, Deputy Director of the Market and Price Research Institute under the Ministry of Finance said that the increase in paper prices will not be a burden to industry, as the customer will pay the extra costs.

The paper industry should admit its shortcomings

Mr Thong also pointed out shortcomings in the paper industry. He said that when he was working at a printing house in 1990s, there was always a lot of paper in stock and this trait has become a norm in the paper industry.

The paper industry is facing both a shortage and huge stockpiles at the same time due to shortcomings in production and distribution. Due attention has yet to be paid to consumers, who should have been prioritized. Perhaps, the paper industry has not yet left the old experience of State subsidies behind, said Mr Thong.

More recently, the global financial crisis and soaring market prices have driven up paper prices by three or four folds. As the industry is still unable to meet the domestic demand for paper the Government has agreed to paper imports to satisfy local consumers, he added.

There has been growing concern over the price of domestic paper, Mr Thong said. Despite a large amount of unsold paper, the price of paper on the domestic market is over VND 1 million/tonne more expensive than imports. There is a problem that imported paper has to pay a tax rate of 3 percent but is still cheaper than locally-made products, he noted.

According to Vu Ngoc Bao, General Secretary of the Vietnamese Paper Association, in the long term, the domestic paper industry should focus on improving its production processes. The current difficult period is also an opportunity for the industry to restructure itself, generate jobs and reduce its dependence on imported material sources.

Increasing tariff – an urgent measure

Dr Vu Dinh Anh said that while increasing tariffs, it is important to consider two points. The first is not to turn temporary measures into long-term ones, and the second is to keep prices under control. In contrast, Mr Thong said: “I don’t think that we should use administrative measures (tariffs) to deal with problems in the paper industry. These measures have been introduced many times before but still could not resolve the industry’s difficulties”. The domestic paper industry must overcome these difficulties and challenges in the market economy to become more competitive, he stressed.

His view was shared by Mr Nghia who voiced his concern over the high price of locally-made paper compared to imports. Increasing import tariffs may help to deal with the large volume of unsold paper, but this is not an effective measure in the long run. The key task is that domestic paper producers must adjust the price of their products to acceptable levels, he said. According to economists, the domestic paper industry needs to have a business development strategy for different times like these and concentrate on improving consumer services.

(Source: VOV)

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Can Tho poised to become first-grade city by 2010

Prime Minister Nguyen Tan Dung has signed a decision to approve 66 projects to turn the Mekong Delta’s Can Tho City into a first-grade city by 2010 and an industrial city by 2020. Of the projects attached to the decision, 20 belong to the central Government and the rest belong to the city government.

Those projects under the central Government to be deployed in the period 2009-2015 include a project to upgrade Can Tho University into a national university, a project for a new architecture university, a project for a new technology university and several other universities and regional research centers.

The 46 city-managed projects include upgrading Highway 91, construction of Mau Than Street leading to Tra Noc Airport, dredging the Thot Not Canal, construction of hospitals, the Tay Do Culture Center, urban drainage projects and wastewater facilities.

Prime Minister Dung directed the Transport Ministry to coordinate with Can Tho City to urge investors of the central Government's projects to complete investment procedures, especially for the projects to upgrade and expand Tra Noc International Airport, Can Tho Port and Cai Cui Port.

Can Tho City is to be developed into the hub of the Mekong Delta in areas of industry, trade, services, education, technology, health and culture as well as an important hub of the waterways. Can Tho City will also strive for 1.2 million tourists per year and over 1.8 million per year by 2015. In 2008, Can Tho City attained the region's largest gross domestic product growth, increasing 16% year on year to VND 14 trillion. Vietnam has four first-grade cities, namely Da Nang, Hai Phong, Hue and Vinh. Dalat expects to become the fifth in April following a decision this week by the Government.

(Source: SGT)

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Administrative formalities burdening businesses

On March 25, nearly 100 enterprises in Can Tho City had a direct dialogue with the city's leadership. Nguyen My Thuan, Secretary General of the Can Tho Business Association, said that in many cases, businesses are not satisfactory with state management agencies. Thuan related that in many cases, state management agencies' officials refuse applications from businesses, saying that businesses still do not present enough necessary documents. While businesses try to prove that they fulfill all the formalities stipulated on state management agencies' websites, the officials said the websites have not been updated. As the result, businesses waste a lot of time and money on the formalities, while they are not satisfactory with the state officials.

A garment company nearly had to lay off several hundreds workers just because the Dong Nai authorities applied rigid regulations on granting an operation license. Businesses once again complain that the complicated administrative formalities have been burdening them.

Dean Park, Deputy Chairman of Two J Vina, said at the meeting between Dong Nai authorities and the business circle around the middle of March that he really petitioned to receive the license soon or the enterprise will have to dismiss workers.

Hundreds of workers will be rescued, if...

According to Park, the South Korean Two J Vina Company was established in 2006 in Suoi Tre commune, Long Khanh district in Dong Nai province as the company specializing in making handbags and backpacks for export. In late 2008, the company asked the local authorities to add the function of making hats for export into the operation license, but it has not received the license yet. "If we get the license, Two J Vina will overcome the current difficulties, while hundreds of workers will not be dismissed," said Park.

When the reporters arrived in the company's workshop, which is capable to contain 600 workers, they could see two idle handbag production lines. It is clear that the global economic crisis has landed here in Suoi Tre commune. When relating the story on Two J Vina, Park said that the company luckily found out the partner who agreed to import hats from Two J Vina. However, as the company does not have the function of making hats for export, it needs to get the license for making hats before it can start the production plan. However, the Dong Nai Planning and Investment has not granted a license to the company, telling the company to wait for the decision from the MPI.

"As the handbag market has been decreasing, products are unsold; we previously planned to dismiss workers. However, with the new contract, over 100 workers will still have jobs as they will be brought into the new production line to make hats. However, the tardiness in granting a license has been giving us difficulties, while the partner is threatening to cancel the contract," he said.

The out-of-date regulations

In 24 March 2009, Bo Ngoc Thu, Director of the Dong Nai Planning and Investment Department, denied the opinion that the department deliberately put difficulties for the business.

Thu said that according to the Decree No. 101 dated in 2006, all the foreign investors who have investment licenses under the old foreign investment law need to commit to operation re-registration. If they don't do that, they will not be able to have new functions added. As Two J Vina did not make the re-registration prior to the end of June 2008, the deadline for the re-registration, it cannot have the new functions added. However, Thu said that the Dong Nai's leaders have still agreed to add a new function to Two J Vina's operation license. "The provincial authorities have signed the decision and the document is on the way to the enterprise," Thu said. Meanwhile, Two J Vina's representative said that the company had not received any decision. Not only Two J Vina, but a lot of foreign invested enterprises in HCM City, Dong Nai, and Binh Duong have all complained about the complicated administrative formalities.

An investor, who asked to remain anonymous, related that he once missed a business opportunity because of the expired re-registration deadline. Thu confirmed that the ratio of foreign invested enterprises re-registering their businesses in Dong Nai province was very low, just over 50%. The same situation has been reported for HCM City.

An official from the Foreign Investment Agency under the Ministry of Planning and Investment said that the official statistics at the end of 2008 showed that only some 500 foreign invested enterprises had made re-registration by that time, while there are 6,000 foreign invested enterprises established before 2007.

The Deputy Director of a Planning and Investment Department in the South said that investors do not think they need to have new functions added to the license. Meanwhile, many other investors do not want to make re-registration because of the complicated procedures and because they fear they will lose the preferences they now have under the old licenses. Meanwhile, Park said that at that time, the business was too busy with contracts and did not notice the deadline. At that time, the company did not think of having new functions added when it had very good business. Meanwhile, Pham Manh Dung, Director of the Legal Department under the Ministry of Planning and Investment, said the requirement on making re-registration was set after Vietnam unified different laws into a common investment law. He thinks that it would be better to let enterprises operate as usual and allow them to register new business fields when they have demand. "We have suggested that the regulation on making re-registration should not be applied any more," Dung said.

(Source: VNN/TT)

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Three scenarios for car prices in April

Analysts have identified three scenarios for car prices in April, when the luxury tax law will become valid. The three scenarios are as follows:

- 1/ automobile manufacturers will raise the sale prices in accordance with the impact of the tax increases
- 2/ the car prices will be raised, but the price increases will be lower than the impact of the tax increases;
- 3/ the prices will not increase, and even decrease because of low demand.

The scenarios, if they occur, will have different impacts on the market, depending on the price adjustment levels and the action of suppliers.

As for the first scenario, MPV prices (6-9 seaters) will increase sharply, by 12-23%, while cars with less than five seats will either stay unchanged, increase slightly, or decrease slightly. In the car market in March, MPV models are very hot, as people rush to buy cars before the higher luxury tax rates becomes valid. However, many observers do not believe that the prices will increase significantly, as the market situation is putting difficulties for manufacturers. They think that the second scenario is more likely to happen, which means that manufacturers will raise car prices, but the price increases will be lower than the impacts from the tax hike.

A representative from a big automobile joint venture, a member of the Vietnam Automobile Manufacturers' Association (VAMA), revealed that manufacturers are now still listening to the situation before deciding the most reasonable price adjustments for them. This also explains why up until now, manufacturers still have not made any official announcements about the price adjustments, though the new tax rates have become clear.

Before March, the automobile market was in the gloomiest situation ever. At that time, even the 'blockbuster' Innova Toyota was sold at a price lower than the suggested retail price of manufactures. The market has become more bustling in March, but this does not mean a market recovery. This is only because people are rushing to buy cars to avoid higher taxes. Therefore, analysts have every reason to believe that automobile manufacturers will put difficulties for themselves by raising car prices in accordance with the impacts of the tax hike.

The third scenario, which is that the prices would decrease, which is thought to be impractical, is still worth considering. It is because the demand for cars from businesses and people will decrease in the context of economic difficulties. A lot of people will use their money to make investments instead of buying cars.

It is clear that those who have the demand for cars would have already bought cars in March and therefore, the demand will not be as high in April. It is expected that the sales will decrease dramatically in April and the next months, if the car prices are overly high. Meanwhile, if the car prices will be kept unchanged by automobile manufacturers (6-9 seaters) or even decrease slightly, the market will warm up, which will be really a big help for Vietnam's automobile industry in the current conditions.

(Source: TBKTVN)

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Registered business capital down by 50%

The private sector proves to be the most dynamic economic sector as it maintained the 5% industrial production growth rate in the last three months, while the state owned sector decreased by 3.2%.

The latest report by the MPI showed that the global economic recession has been telling on Vietnamese businesses. The number of newly registered businesses and newly registered capital volume in the first three months of the year decreased drastically over the same period of the last year. In Q1, the newly registered capital decreased by a half, just equal to 46.2% over the same period of the last year. The number of newly registered businesses also was dropped by 3.2%. As such, it is estimated that in the first three months of the year, Vietnam had 15,600 newly registered businesses which have the registered capital of VD 77.4 trillion.

The sharp decreases of the number of new businesses and registered capital have been attributed to the sharp fall of the production and commodity sales over the last while. In the domestic market, industrial products like cement and steel are still selling very slowly despite the sharp price falls. A lot of enterprises have been keeping production at moderate level, like the production of paper (down by 39.2%), cotton fabrics (down by 38.2%), fertilizer (down by 22.1%), and refined vegetable oil 14.5%.

As for export, most of key export items have seen clear decreases. The exports of electric wire and cable decreased by 45.3%, woodwork down by 22.9%, porcelain by 19.9%, footwear by 10.8%, and seafood by 10.4%. In such circumstances, many enterprises have to cut down production and labor force. The industrial production value in the first three months of the year reached VND 152.9 trillion, just higher by 2.1% over the same period of the last year. A noteworthy thing is that while the state owned sector has minus growth rate (-3.2%), the foreign invested sector increased by only 2.9%, the private sector proves to be the most dynamic sector with the growth rate of 5%.

(Source: VNN)

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UN-ESCAP: Vietnam's growth to drop to 4 percent

Vietnam's economic growth will drop to 4% this year, the lowest since 1990, due to impacts from the global economic crisis, predicts the UN Economic and Social Commission for Asia and the Pacific (UNESCAP). At a press conference to announce the Economic and Social Survey of Asia and the Pacific 2009 in Hanoi on

March 26, the Economic Affairs Officer of UNESCAP Mia Mikic said this forecast is based on analyses of export turnovers and global prices of Vietnam's export staples – food and fuels.

Dr. Pham Lan Huong, Deputy Director of the Central Institute for Economic Management's Research Department on Economic International Integration Policies, said Vietnam will suffer losses in crude oil if the world price drops any further.

Vietnam, as well as the rest of the Asia Pacific, remains a driving force in the world economy, despite forecasts of declining growth potential. Vietnam has adopted measures to cope with the crisis, UNESCAP noted. The UNESCAP official praised Vietnam's financial and monetary policies, after the country successfully reined in inflation to 14.8% in February this year after it peaked in October 2008 at 29%.

In December 2008, the government announced a stimulus package valued at 17 trillion VND (1 billion USD) in an effort to prevent a further economic slowdown. It decided to adopt a larger package valued at 300 trillion VND (more than 17 billion USD) to be invested in infrastructure development, manufacturing, exports, and social security. Vietnam also increased its foreign exchange reserves to 24.1 billion USD at the end of the third quarter last year, up from 22.8 billion USD the previous year. Mikic recommended Vietnam take caution in utilizing its stimulus packages, because it has a limited state budget and a widening budget deficit. As well as investment in basic infrastructure, the government should invest further in education and healthcare to ensure sustainable growth and develop human resources, she stressed. Vietnam's economic growth slowed from 8.5% in 2007 to 6.2% in 2008, the lowest since 2000.

(Source: VOV)

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Vietnam inaugurates world's longest, highest cable car system

The Guinness World Records organization has recognized two world records set by the Ba Na Cable Car System in the central city of Danang – the longest single-string cable car system with the biggest height gap between its departure and arrival stations.

The telpherage, which has a total length of more than 5,042m and a height difference of more than 1,291m between its upper and lower stations, was officially inaugurated on March 25 in the presence of State President Nguyen Minh Triet and many other Vietnamese and foreign senior officials.

The system has 22 pillars and 94 cabs to connect the foot of Mountain Ba Na and the peak of Mountain Vong Nguyet within the Ba Na - Suoi Mo tourism area, and can transport 1,500 passengers per hour. It takes 15.05 minutes to travel safely between the two stations by the system while it takes up to 55 minutes to reach Vong Nguyet through a rough, long and sinuous road.

The cable car system, worth nearly USD300 billion, was built to European standards with Austrian technology and equipment imported from Germany, Switzerland, and Sweden. Tourists to Ba Na will be served drinks inside each cab as well as at the two stations, which were built as modern centers for recreation and restaurant services. On April 30, the Ba Na Cable Car Service Company will put into use another system that connects the two peaks of Vong Nguyet and Ba Na. These telpherage systems are expected to boost the economy of Danang city, which has great potential for tourism.

(Source: VOV)

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TRADE

Gov't to give VND 665 billion (USD 3.9 mil) to exporters

The Government will finance VND 665 billion to exporters in the apparel, footwear, seafood and agro product sectors. The figure is calculated from export values of the industries in 2008. The program is part of the stimulus

package to support enterprises to maintain their output and boost exports. The money will be disbursed through a trade promotion program to avoid violations of commitments to the World Trade Organization (WTO).

Under the program, the Government will assist local exporters in air and sea transport, food hygiene and safety testing, and rebate value-added tax. The apparel and footwear sectors will receive VND 200 billion and VND 100 billion respectively while others will receive around VND 18 billion each.

The Vietnam National Textile and Garment Group in late February asked for a Government subsidy of VND 20-40 for each dollar earned from exports. However, the Ministry of Industry and Trade and other associations suggested converting the subsidy into a trade promotion program since such a subsidy is prohibited by the WTO. Vietnam's commodities will be imposed with countermeasures upon arrival in the U.S. and European markets if the Government provides the subsidy, the ministry explained.

(Source: SGT)

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Australia, NZ to exempt tariff for most Vietnamese exports

Australia and New Zealand will cut their import tariff on Vietnam's products by 85 percent and 96.4 percent, respectively, by 2010 before granting the Southeast Asian country a complete tariff exemption by 2020. The commitments are part of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZ FTA) signed at the ASEAN Summit in Hua Hin, Thailand, on February 27. "Vietnam has a lot to gain in terms of access to the Australian and New Zealand markets," Australian Ambassador to Vietnam Allaster Cox said at a press briefing on the agreement in Hanoi on April 8.

As from 2010, Australia and New Zealand will give tariff exemption for such Vietnamese exports as fish, fresh and dried nuts and fruit, sugar, pulp and paper, wood and wooden furniture, as well as a majority of minerals, fibers, textile and apparel products imported from Vietnam by that year.

The Australian Ambassador stated that this agreement reflects the growing bilateral ties between Australia and Vietnam. He noted that it not only enhances trade and investment by providing reduction and even elimination of tariffs on goods, but also improves administrative procedure and regulations relating to entry and travel towards giving more favor to businesspeople of both countries. Currently, Vietnam is Australia's sixth largest trade partner in ASEAN with two-way trade amounting to USD8 billion in 2007-08, representing 10 percent of Australia's trade value with ASEAN.

The two countries' trade has been growing at an annual rate of 22 percent over the past five years. Ambassador Cox also said he was impressed by Vietnam's economic integration commitments in the agreement and said Australia will deliver some technical assistance and capacity building programmes to support the Vietnamese government in materializing those commitments. According to Cox, Australia will provide funding for the Vietnamese government to help with its work with businesses to help them better capitalize on the opportunities the agreement creates.

Apart from a prospect on a free movement of goods and services to the two industrialized countries, Vietnam expects to gain opportunities to boost labor cooperation with New Zealand via this FTA. At present, New Zealand has reached a number of "limited agreements" with Vietnam that give temporary entry to New Zealand to 200 Vietnamese chefs and mechanical workers. In addition to that, New Zealand and Vietnam have begun negotiating the working holiday schemes which will give about 100 Vietnamese workers an opportunity to work in New Zealand. Tony Burchill, Senior Trade Commissioner of Australia, AANZ FTA is the largest ever FTA of Australia and New Zealand and is ASEAN's most comprehensive free trade agreement. The AANZ FTA covers a wide range of areas, including commodities, services, investment, property intellectual, e-trade, entrepreneurs' temporary entry, and economic cooperation. It will benefit an area with an estimated population of 600 million and GDP totally valued at USD 2.7 trillion.

(Source VNA/VOV)

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Export price of rubber increases sharply

The export price of rubber has increased sharply to USD 1,400-1,500 per tonne, up USD100 - 150 per tonne compared to early 2009, according to the Vietnam Rubber Association.

According to a representative from the association, the price hike is attributed to the fact that the consumption demand for rubber in the world market has recovered rapidly. At this price, enterprises can earn profit of USD200-300 per tonne. However, the representative said that the price of rubber in the world market this year. However, this year will not fluctuate wildly as last year due to low demand.

Currently, China remains Vietnam's major importer of rubber. The Ministry of Agriculture and Rural Development has predicted that Vietnam would export 680,000 tonnes of rubber this year, and earn up to USD1 billion.

(Source: VNA)

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Large textile firms to give smaller ones a helping hand

Even as small textile and garment companies struggle to find orders and avoid lay-offs, there is some good news: larger companies are planning to share their export orders with them. The director of a garment company, who did not wish to be named, said a new contract for 10,000 sets of sports apparel can only provide her factory work until the end of next month.

A slump in orders this year has forced the company to lay off around 200 workers, or half of its labor force, already, she added. On the other hand, large companies with labor forces of several thousands, such as Garmex Saigon, Nha Be, Saigon 3, Hoa Tho and Viet Tien, have enough orders to last until the second half of this year.

Pham Phu Cuong, Deputy General Director of Nha Be Corporation, said his company has contracts even for October production, adding monthly export value would be around USD10- 12 million. Pham Xuan Hong, chairman of Saigon 3 Garment Company, said sharing orders is feasible if customers agree.

The Vietnam National Textile and Garment Group (Vinatex) and the Vietnam Textile and Apparel Association (Vitas) have drafted a plan under which Vinatex's large members will share their orders with small and medium firms.

Le Tien Truong, Vinatex's Deputy General Director, said its Hanoi-based Garment 10 Company would support firms in northern cities and provinces like Hai Phong, Quang Binh and Thai Binh and another member in Hanoi, Duc Giang Garment, would support smaller firms in the capital and Thai Binh Province. Ho Chi Minh City-based Nha Be Corporation would share its export orders with apparel companies in the central provinces of Binh Dinh and Quang Ngai, Truong said. Vinatex members would consider the smaller firms' capabilities when they share the orders, he assured. They would also supervise production to ensure quality and deadlines, he said. In return, he said the companies "have to promise they will not lure large companies' clients by offering lower prices."

(Source: Tuoi Tre)

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HCM City's industrial production value remains low

In the first quarter of this year, Ho Chi Minh City's industrial production value reached VND 94,000 billion, up only 1.9 percent over the same period last year.

The foreign-invested sector saw a growth rate of 6.5 percent, while the domestic-invested sector fell by 4.5 percent. In the past three months, as many as 195 businesses in HCM City had to cut their production or dissolve, resulting in an increase in the number of laid-off workers.

To help local businesses overcome difficulties, HCM City has implemented a demand stimulus programme, with a focus on assisting small- and medium-sized enterprises (SMEs). So far, the city has granted subsidized loans

worth VND 150 billion for local businesses and provided an additional VND 145 billion to the credit guarantee fund for SMEs to promote production and generate more jobs for local workers.

(Source: VOV)

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Ilmenite ore to be exported through 2010

Viet Nam will continue to export ilmenite ore, which is used to produce titanium, throughout 2010, according to a decision by Deputy Prime Minister Hoang Trung Hai.

Hai has asked the Ministry of Industry and Trade (MIT) to calculate the ilmenite ore reserve in order to ensure supplies for both the domestic market and for export. He urged titanium manufacturing enterprises to speed up preparations for large-scale processing projects, especially the one to produce dioxide titanium with a capacity of 30,000 tonnes per year by the Ha Tinh Minerals and Trading Corporation. In addition, enterprises will also need to guarantee the safety of ilmenite ore transfers from the processing plants to export points. Hai also asked the Ministry of Finance to co-operate with relevant agencies to revise export taxes for ilmenite ore and ilmenite products so as to encourage processing.

In recent years, demand for imported ilmenite ore has increased sharply. Viet Nam has seen about USD 40 million in ilmenite ore export turnover each year, according to the Viet Nam Titanium Association. The country's titanium ore deposits are estimated to be about 34.5 million tonnes, accounting for 6 per cent of the total titanium reserves in the world. Viet Nam plans to invest VND 2 trillion (USD115 million) through 2015 in the exploration, exploitation and construction of three ilmenite ore and titanium powder production plants.

(Source: VNS)

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INVESTMENT

McCain says wants more U.S. investment in Vietnam

Senator John McCain said on Tuesday (7th April 2009) that he would look into what was preventing the U.S. from becoming the biggest foreign investor in Viet Nam during his ongoing visit to the country. He will find ways to cope with any issues to improve the position of America on the foreign investment list in Viet Nam, the former U.S. presidential candidate told a press conference in Hanoi.

McCain, who arrived in Hanoi on Monday for a three-day visit, called for Vietnam to pursue trade liberalization though there have been critiques of globalization as a reason for the global economic recession. Trade liberalization has helped millions of people escape poverty, McCain said, adding Vietnam had been faster than all other countries but China in lifting many people out of poverty.

This achievement is the result of Vietnam's reforms which were launched in the mid-1980s, the Arizona Republican told students of the Diplomatic Academy in Hanoi on the same day. In addition to trade and investment, McCain said he wanted to see more military- to-military relations between the two countries. It is time for the two nations to move from the normalization of bilateral ties to the modernization of ties commensurate with Vietnam's rising status in the region and in the world, he said.

McCain, who has been visiting Viet Nam for many times over the last 15 years, appreciated Vietnam's economic achievements since the normalization in 1995 of Vietnam-U.S. ties and the signing of the bilateral trade agreement, the Viet Nam News Agency reports.

In the Vietnam visit as part of his Asian tour, which will also take in China and Japan, McCain met Prime Minister Nguyen Tan Dung and said his visit would contribute to increasing mutual understanding and multifaceted cooperation between the two countries. Dung asked McCain to back Viet Nam in its bid to receive the Generalized System of Preferences (GSP) treatment from the U.S. and in its fight against climate change, crime and HIV/AIDS.

McCain also had a separate meeting with Chairman of the National Assembly Nguyen Phu Trong who expressed appreciation of the U.S. politician's contributions to normalizing and boosting bilateral relations. Two-way trade between Vietnam and the U.S. reached USD 15 billion last year.

Regarding the Agent Orange/dioxin issue, McCain said the matter had drawn attention from both sides. The U.S. government has provided USD 46 million for helping Vietnamese AO victims and decontaminating affected areas, he said.

(Source: *VNBusinessNews*)

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Vietnam Railway to start up five key projects this year

The Vietnam Railway Corporation (VEC) plans to spend nearly VND 11.6 trillion (USD682 million) on the five key constructions to be started up this year.

Under its plan, the corporation will invest VND 2.55 trillion (USD150 million) to upgrade the current Hanoi-Lao Cai line, and VND 1.08 trillion (USD63.5 million) in the second phase of the Hanoi - Vinh railway signal project. Besides, a huge fund of VND 4 trillion (USD235.3 million) will be mobilized for replacing wooden ties by concrete ones on the Vinh - Nha Trang railroad and VND 3.79 trillion (USD222.9 million) will be funded for upgrading 44 bridges on the north-south railway.

A source from VEC told on Thursday (26 March 2009) that the Hanoi-Lao Cai railway upgrading project in the north was one of most important projects of the corporation. The corporation is making technical research and the project will be started in December for scheduled completion in 2012.

In early 2007, the Asian Development Bank (ADB) signed an agreement with the State Bank of Vietnam to provide a USD60-million loan for the project to upgrade this 285-kilometer railway. The obsolete railway links Yen Vien Station outside Hanoi's downtown and the upland province of Lao Cai, which borders southern China.

The Hanoi-Lao Cai line accommodates substantial domestic traffic as well as rapidly growing regional traffic between Haiphong port in the north and China's Yunnan Province.

The ADB loan covers around 38% of the project's fund, while the French development agency (AFD) will provide a loan of 32 million euro and the French ministry of finance will lend 30 million euro to the project. The Vietnamese Government will contribute the rest.

** In related development, Prime Minister Nguyen Tan Dung had a meeting with top leaders of the transport ministry and Vietnam Railway Corporation to review the corporation's business.*

The Government Website quoted the Prime Minister as urging the corporation to speed up the preparation work for the mammoth north-south express railway project. He asked the railway corporation to join force with relevant agencies to speed up work on mapping out the master plan and investment plan for the huge project before relevant agencies seek ways to mobilize funds and start talks over loans from international donors this year.

(Source: *VNN/SGT*)

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German businesses in HCMC to satisfy with Vietnam labor forces

[Viipip.com](#) - "German businesses in HCMC satisfy with activity conditions in the city and highly appreciate Vietnam manpower working in these enterprises." This is spoken by Mr Peter Harald Rauen, Head of German delegation, in a business trip in HCMC in 7th April.

The delegation has found activity climate and ways of German enterprises applying in Vietnam in the economic downturn at present. According to Ms Dan, Labour and Social Welfare Service of HCMC, German businesses operating in HCMC have made a good condition for Vietnam workforce. Vietnam workers feel satisfied with their labor conditions.

Besides, the delegation also find out career and labor situations in HCMC, the affect of the recession on workers, measures that HCMC is applying to solve difficulties as well as funds and fund sources supporting to unemployment.

(Source: NAT)

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Investors welcomed in central province of Quang Ngai

The central province of Quang Ngai recently issued a master plan to build a tourist, cultural and economic site in Sa Huynh, calling upon both domestic and foreign investors to pour capital in the promising locale.

Sa Huynh locates in the southernmost area of the central province of Quang Ngai with a beautiful beach and an important salt field in Central Viet Nam. The place possesses great potentialities for cultural and historical tourism development. Especially, the locality is widely known as an archaeological site with the famous “Sa Huynh Culture” discovered by French scientists in early 20th century. So far the Tan Tao group and the Mai Linh Corporation are two business pioneers to implement projects on urban centers, cultural and tourist sites.

As reported, the former is constructing Vina Universal Film Studio-Tourist Zone, worth USD 50 million, the largest of its kind in Viet Nam. According to the Quang Ngai Department for Culture, Sports and Tourism, the number of visitors to Sa Huynh has been recently on the rise, reaching over 1,000 in the first quarter.

(Source: CPV)

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“Made in Vietnam” refuse disposal plant

[Viipip.com](#) - A garbage disposal plant based on Vietnam technology is established in Thua Thien – Hue at the price less than VND 37 bil while many provinces invest VND billions for rubbish – processing plant modeled foreign technology

This plant can recycle 90% disposals, 10% of the remaining will be taken advantage to produce block – brick on a large – scale in the next time. The factory is named Thuy Phuong, a member of Tam Sinh Nghia Company located at Thuy Phuong commune, Huong Thuy District with processing capacity of 200 tons garbage / day. It is designed by Mr Tran Dinh Quyen followed AnSinh technology (ACS).

(Source: NAT)

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Hanoi invests much in infrastructure, housing and rural development

The Hanoi Municipal People’s Committee has just submitted to the Government a detailed project to use the stimulus package of VND 18 trillion.

Apart from projects to stimulate the local economic sectors, money will also be earmarked for projects to celebrate the 1000th foundation of Thang Long- Ha Noi, infrastructure, housing and socio-cultural projects.

Accordingly, VND 2 trillion will be invested in projects to serve the 1000th anniversary of Thang Long- Ha Noi foundation, VND 600 billion is to build and repair schools, VND 200 billion is to erect and upgrade hospitals and clinics, and VND 2 trillion is proposed for the construction of housing for industrial zones’ workers; resettled families and poor people. Meanwhile, VND 1,800 billion will be financed for projects for urban infrastructure and another 5 trillion will be invested in projects regarding rural and agricultural development.

(Source: VNBUSINESSNEWS)

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HCM City to have two new urban railway lines

The Spanish company Idom Ingenieria Y Consultoria SA will provide technical counseling for the construction of two urban railway lines in Ho Chi Minh City under a contract signed between the company and the municipal managing board for urban railways on April 3.

The capital for the counseling project --an amount of more than 1.266 million euros -- will be sourced from the Spanish government's non-refundable aid. Idom Ingenieria Y Consultoria SA will conduct two feasibility studies to these projects within 12 months after the signing of the contract.

The 20km railway line No 5 will connect Can Giuoc bus station with Sai Gon bridge and be capable of transporting 352,000 passengers per day, while the 6km railway line No 6 will run from Ba Queo market (Tan Binh district) to Phu Lam (district 6) and transport 100,000 passengers per day. The two railway lines are expected to ease congestion in the southern hub which has a population of more than eight million and an infrastructure that remains in the process of completion.

(Source: VOV)

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Praise for high-tech park plan

A plan to develop a high-tech park in Da Nang was welcomed during an investment forum in the central city on March 27. The park would cover more than 1,400ha beside a highway linking the city with the Dung Quat Economic Zone, about 15km from downtown Da Nang, said the People's Committee chairman Tran Van Minh.

The park will include a research and development and incubation area and a high-tech human resources training centre and industrial zone. The latter will specialize in manufacturing high-tech products and services. During the forum, Deputy Prime Minister Pham Gia Khiem praised the efforts to develop a modern city focusing on high technology. The efforts were "totally in the right direction" and in line with national development, he said.

The knowledge economy was a continuing trend throughout the world, he said. "The lessons of East Asian economies show that development and value-added factors was the key to their success," said by Khiem. "This explains why the development of human resources and science and technology has been the Government's top priority during modernization and industrialization." Given its important social and economic position in the national development strategy, Da Nang is considered the economic hub for the area and Central Highlands. Khiem said the city had developed strongly and restructured its economy to increase the proportion of industry and services, especially high-tech industries. Despite difficulties last year, the city grew by 11 per cent and its budget revenue reached more than VND 8 trillion. Da Nang was the most competitive among the country's cities and provinces, he said.

"Da Nang people are not only heroic in the struggle for national independence, but also dynamic and creative in national reform and development." The city is among the most attractive destinations for foreign investors. Da Nang has 150 foreign direct investment projects operating with a total registered capital of USD2.5 billion.

(Source: VNS)

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Many FDI businesses in Hanoi recruit workers again

Thirteen FDI businesses in Hanoi have resumed recruiting workers after a period of cutting production and laying off workers as a result of the economic fallout.

The number of employees recruited this time is expected to amount to 2,500; many of them had previously been made redundant. Since March, foreign-directed businesses at Thang Long Industrial Park in Dong Anh district, Hanoi, have won new orders and resumed hiring workers.

This year, some new businesses have been put into operation, attracting a large number of workers who lost their jobs due to the economy. In addition, the management board of industrial and processing zones in Hanoi has found

jobs for laid-off workers in other industrial zones. It has also coordinated with related departments to retrain others for new employment to ensure the demand for labor at local industrial zones in next 5 years will be met.

(Source: VOV)

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IPs move to attract investment inflows

More than 700 domestic and foreign delegates discussed ways to attract more investment in northern industrial parks (IPs), export processing zones (EPZs) and economic zones (EZs), at a conference in Bac Ninh province on March 26.

Deputy Minister of Planning and Investment Nguyen Chi Dung said that the Doi Moi (Renewal) process, which was initiated in 1986, has given a facelift to Vietnam which is gradually integrating into the regional and global economies. The country has become an attractive investment destination for foreign businesses. By late last year, Vietnam licensed more than 10,000 foreign direct investment (FDI) projects with a total combined capital of more than USD150 billion, of which USD52 billion was disbursed. FDI businesses contributed 17 percent of the country's total GDP.

According to Mr Dung, these parks and zones have played a very important role in attracting domestic and foreign investment to Vietnam. In the face of the economic downturn, the government has decided to allocate additional State capital to these parks and zones to accelerate construction of technical infrastructure.

This bold move testifies to the government's resolve to complete a legal framework for IPs, EPZs and EZs in Vietnam. Mr Dung said that his ministry will work closely with local administrations to create the best possible conditions for foreign investors to do long-term business in Vietnam, including in specially designated zones.

By late 2008, Vietnam had 219 IPs and EPZs and 3 EZs built on a total of nearly 61,500ha in 54 provinces and cities. IPs and EPZs attracted 3,564 FDI projects with a total registered capital of USD42.7 billion while EZs lured 72 FDI projects capitalized at USD20 billion.

Domestic businesses also poured nearly USD15 billion into 3,588 such projects. Despite economic difficulties in 2008, businesses in these areas went ahead with their investment plans. As a result, an additional USD2.5 billion was spent, making up one fifth of the total FDI capital disbursed in the whole year.

By late 2008, 2,250 FDI and 2,258 domestic projects were operational in industrial parks, with USD16.2 billion and VND 121 trillion worth of investment capital disbursed respectively. These projects earned USD28.9 billion in revenue, up 29 percent against 2007. Their export earnings were USD14.5 billion, up 34 percent and accounting for 24.7 percent of the country's total export value.

Delegates discussed ways to attract investment to the zones in 2009 and in the following years as well as how to protect the environment at the same time.

Representatives of foreign companies operating in these designated areas shared their successful experiences and hoped that FDI capital would continue to flow into Vietnam. They also proposed solutions to attract more capital in future.

A representative of Japan's BTB Company which has operated in Vietnam for more than 17 years said that the Vietnamese Government should re-consider its investment incentives to attract foreign businesses. At the conference, representatives of foreign businesses committed to pouring more than USD2 billion into IPs and EZs in the northern region.

(Source: VOV)

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Jobs are taken by foreign hands, local constructors warn

Chinese contractors have won many key construction projects in Vietnam and are undermining the local economy by using Chinese workers, products and equipment, a seminar in Hanoi held on Friday (27 March).

Many of the products and equipment are available in Vietnam, local constructors said. The seminar was held to discuss the government's stimulus program for the building sector. As the country faces its lowest pace of expansion in a decade, the government is planning to boost spending on infrastructure and industrial projects to try to boost industrial growth. However, Tran Ngoc Hung, chairman of the Vietnam Federation of Civil Engineering Associations, said foreign contractors, mostly Chinese companies, have won numerous key projects in the electricity, cement, building and chemical sectors in Vietnam. "It's of great concern that Chinese contractors usually bring thousands of workers and equipment [to Vietnam], while Vietnam is totally capable of providing for such needs," Hung said.

Nguyen Cong Luc, a senior official at the Government Office, said he knew one construction project in northeastern Quang Ninh Province employed more than 2,000 Chinese workers. Many Chinese workers in Vietnam hold only tourist visas, not working visas, said Tran Van Huynh, chairman of the Vietnam Construction Material Association. Huynh said he once visited a cement plant built by Chinese contractors in Vietnam and found "even a simple toilet was imported from China, not made in Vietnam."

According to the Law on Procurement, Vietnamese bidders must be prioritized, Mai said, adding many investors may have forgotten the regulation.

According to the Ministry of Industry and Trade (MoIT), the country will invest nearly USD110 billion in developing the power, construction materials and chemical industries between 2000 and 2015.

No local contractors could beat their Chinese rivals in terms of bidding prices, the association claimed. Of 11 coal-fired power plants and 18 cement plants under construction nationwide, Vietnamese companies could win only one contract in each category, it said. However, at a recent meeting at the MoIT, Deputy Minister Bui Xuan Khu stressed the importance of transparent procurement auctions. The government could not limit the number of foreign bidders in the auctions, he said.

(Source: Agencies)

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PetroVietnam establishes oil partnership with Argentina's ENARSA

The Viet Nam National Petroleum Group (PetroVietnam) and Argentina's state energy company ENARSA have signed a memorandum of understanding on bilateral cooperation during a PVN delegation's visit to Argentina from March 26-28 in exploiting oil and gas on and offshore, supplying services, refining oil and training experts.

During a working session with Daniel Cameron, Secretary of Energy under the Ministry of Federal Planning, Public Investment and Services, PetroVietnam director general Dinh La Thang expressed his wish that Argentina's government would support cooperation between PetroVietnam and ENARSA and that both countries would sign a cooperation agreement soon.

Mr. Cameron said that his ministry will create conditions for PetroVietnam to explore and exploit oil in Argentina's territorial waters. He echoed Mr. Thang, stressing the need to sign a cooperation agreement at the governmental level at an upcoming session of the Argentina-Vietnam joint commission.

Argentina is the final stop on PetroVietnam's working visit to Latin America. Previously, in Nicaragua, the delegation visited President Daniel Ortega and signed a cooperation agreement in the field of oil and gas and an agreement for joint research with Nicaragua's national petroleum company, Petronic. While in Bolivia, PetroVietnam signed a cooperation agreement with Bolivia's state-owned oil and gas corporation Yacimientos Petroliferos Fiscales de Bolivia (YPFB).

(Source: VOV)

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Hanoi: How many idle projects to be withdrawn?

The scope of residential area development projects in the expanded Hanoi has exceeded the target set in the land-use plan of the capital region, by several decades. As the number of real estate projects in Hanoi exceeds the plan for the whole capital region, hundreds of unsuitable and infeasible projects are being considered for annulment by local and central governments.

The Hanoi People's Committee on March 23 reported to the government that it would release a report on inspections of real estate projects in the expanded capital city in early April. Real estate investors are very anxious about the report. Chairman of Thach That district, Nguyen Doan Hoan, said that over 100 projects in Thach That have been suspended pending inspection.

How many of the 772 projects will have to give back “gold” land? There are 772 urban development projects in Hanoi, totalling 145,770ha: 102,761ha in Ha Tay, 14,000ha in Me Linh, 3,383ha in the four former communes of Hoa Binh province and 25,000 in old Hanoi.

According to the Hanoi Urban Development Planning Association, in the construction plan for the whole capital region approved by the prime minister, 55,110ha will be used to develop residential areas by 2010, 111,500ha by 2020 and 172,800ha by 2050.

At present, the area of land proposed for urban development in Hanoi is equivalent to the amount of land targeted for the purpose 40 years from now. It has been speculated that many of these projects were really initiated so investors could come by prime land. Before Ha Tay was merged into Hanoi, many companies signed cooperation agreements with the government of Ha Tay to receive pieces of “gold” land.

Within two months in 2008, Ha Tay approved hundreds of real estate projects before it became a part of Hanoi. It is said that the old Hanoi has 38 residential area projects; some former districts of Ha Tay, like Dan Phuong, have 15 projects, Hoai Duc has 80, and Quoc Oai and Thach That over 100 each. Before the expansion, Hanoi had several urban development projects of over 100ha, but in Ha Tay there are big ones up to nearly 3,000ha.

Experts from the Hanoi Urban Development Planning Association said that it was necessary to review real estate projects in Hanoi to choose appropriate ones, but who has been doing the checking and how have they been checking? Experts said that inspections must be based on the construction plan for the expanded Hanoi, but this plan will not be completed until 2010. They said that inspections should not be carried out until then. Without clear standards for appropriate real estate projects, inspection results will be inaccurate, unfair or lack scientific grounds, they contended. But nevertheless, the inspections went forward. Regarding whom is conducting the inspections; experts from the Hanoi Urban Development Planning Association said they must be Hanoi officials, construction planning agencies and social organizations.

However, with the results expected to be announced in early April, senior experts of the Hanoi Urban Development Planning Association and the Vietnam Urban Development Planning Association say that were not invited to participate in this job. The Ministry of Construction recently sent a dispatch to the Hanoi People's Committee asking the agency to strictly combine with foreign advisory agencies in reviewing estate projects.

(Source: PV)

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Tata Steel plant making ‘good progress’ in Vietnam

[Viipip.com](#) - Tata Steel Ltd., the largest group of India, is making a “good progress” of USD3.5 billion steel- and-iron ore venture in central Vietnam, a government official said on Wednesday (25 March 2009).

The Indian company was licensed to build a proposed steel complex with an estimated capacity of 4.5 million tonnes per year, said by Dang Ngoc Tran, Director of the Department of Geology and Minerals while attending a mining conference in Singapore. Besides, Tata Steel is partnering with Vietnam Steel Corp. (VSC) in establishing a steel complex in the Vung Ang economic zone in Ha Tinh province which will be phased over 10 years. On the successful completion of the study and financial closure, Tata Steel will have a stake of minimum 65% and VSC

will have a stake of 35% in the Steel complex. Tata Steel will also have a stake of 30% in Thach Khe Iron Ore Joint Stock Company which would undertake mining in the Thach Khe iron ore mine.

B. Muthuraman, Tata Steel's Managing Director, said that the company is "committed" to its projects in the country. Vietnam has also organized initial talks with Sinosteel Corp., the second -biggest iron-ore trading company of China, about possible investments in the country, said by Tran.

(Source: NAT)

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Central hub licenses biggest commercial complex

The central province of Thua Thien-Hue on March granted license to the Espace Business Hue (Big C Hue) joint-stock company to invest in a 300 billion VND commercial centre, the biggest of its kind in Hue city. The project is to cover almost 4,000 sq. m of land and rise to four storeys, including supermarkets and culinary and entertainment areas.

The company plans to sell goods mostly produced in Vietnam with top priority given to those products available in the province, said Big C Vietnam Chief Executive Officer Pascal Billaud. Once put into operation in the next 99 days, the project, the ninth of the chain of the Big C supermarkets in Vietnam, is expected to provide jobs for some 500 local work hands.

(Source: VNN)

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FINANCE – BANKING

HSBC upbeat on Vietnam growth

Hong Kong and Shanghai Banking Corp (HSBC)'s economist Prakriti Sofat has put forward some assessments on Vietnam's economy. Over the past six months, the focus of Vietnam's economic policy has changed. The current focus is supporting economic growth and a preventing downturn. The basic interest rate has been reduced by basis point to 7%.

The compulsory reserve rate has been decreased to 3%. A plan on stimulating economic growth worth USD6 billion or 7% of GDP has been introduced. The dong has weakened by about 10% in nominal value against the US dollar.

Regarding some aspects, these economic growth stimulus efforts have brought some success. The GDP growth in the first quarter fell to the all-time low level within one decade, 3% however this is a great achievement for such an economy that export accounts for up to 70% of GDP and when other countries in the world are facing recessions. Then it is no surprise to see economic growth slow because of fewer exports.

However, this is offset to some extent because domestic commerce is still strong because raging inflation has waned. The construction sector has recovered with some projects that had come to a standstill now have resumed. Sofat added that the economy will recover gradually because the government's loosening of financial and monetary policy and although policy makers have put forward different measures, we believe that the central bank will continue loosening its policy. The basic interest rate may continue reducing, and the same case may happen for the compulsory reserve rate. Dong will continue weakening because of reduction of deposit and foreign direct investment.

(Source: cafeF)

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[Vietinbank appointed as service bank for southern expressway project](#)

The Viet Nam Bank for Industry and Trade (Vietinbank) has been appointed to be the service bank for the Ho Chi Minh City-Long Thanh-Dau Giay expressway project, according to a decision signed recently by the governor of the State Bank of Viet Nam.

Of the whole project costs of USD932.4 million, USD 410.2 million has been financed by the Asian Development Bank (ADB). USD 516.5 million is funded by the Japan International Co-operation Agency (JICA) and the remaining USD5.7 million comes from the Vietnamese Government.

The project aim to at build a 51-kilometre expressway from the junction of the Second Ring Road in District 9 in the center of Ho Chi Minh City to the junction with Highway No 1 at Dau Giay in Dong Nai province, including a 1,700-metre long bridge over the Dong Nai River. Construction is scheduled to be completed in 2014.

(Source: VNBusinessNews)

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[Government to sell USD 1.25 billion bonds to fund HCM City projects](#)

The government will issue bonds worth VND 22 trillion (USD1.25 billion) to fund two major projects in Ho Chi Minh City, Minister of Finance Vu Van Ninh told city officials Wednesday (25 March 2009).

The Treasury would also lend the city VND 3 trillion (USD169 million) after its People's Committee asked for financial support for the Hiep Phuoc Port and Industrial Zone in the outlying district of Nha Be and Thu Thiem, a new urban area in District 2, he said. The projects would play an important role in attracting foreign investment in the years to come, he said. Work on the first of three stages in the Hiep Phuoc Port and Industrial Zone project is expected to be finished by September.

As for the Thu Thiem project, People's Committee Chairman Le Hoang Quan said, 60 percent of displaced residents have been paid compensation for their land and the government's support would speed up the remaining site clearance and compensation tasks. Ninh agreed to a city request to advance more than VND 2 trillion (USD 113.6 million) from its bonus for exceeding last year's revenue target to fund other ongoing and new projects. Last year, the city's revenues topped VND 124 trillion, up 34.8% year on year. But the tax and customs departments expect revenues to drop significantly this year because of tax breaks and deferment and the effects of the economic slowdown.

[Bonds advance, dong falls](#)

Bonds Thursday (26 March 2009) rose the most in two months after the central bank said it plans to leave its benchmark interest rate unchanged next month, having halved it to 7% since mid-October. The dong retreated. "There were more buyers than sellers, probably because bond yields are expected to drop further as the central bank will maintain its key rate," said Nghiem Ngoc Minh,

Hanoi - based Head of the Capital - Management Department at Bank for Agriculture & Rural Development, the Vietnam's biggest bank by assets. The yield on the benchmark five-year note dropped 0.17%, the most since January 23, to 9.19%, according to a daily fixing price from about 10 banks compiled by Bloomberg. The rate had climbed to the highest level in more than two months on March 24.

(Source: TN)

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[Banks trying to raise capital, investors worry](#)

Commercial banks have started a new process of raising chartered capital after they successfully increased the capital to VND 1 trillion prior to December 31, 2008.

The Decree No. 141 2006 stipulates that the legal capital commercial banks must have by December 31, 2010 is VND 3 trillion, which means that small banks do not have much time and they need to start increasing capital beginning now.

Dai A, Viet Nam Tin Nghia, and Dai Duong, which had just raised the chartered capital to VND 1 trillion by the end of 2008, are now drawing up the plan to raise the capital to VND 2 trillion by the end of the year, before it raises the capital to VND 3 trillion by the end of the next year. The General Director of a bank admitted that it is very difficult to raise capital at this moment, but it has to as it does not want to see the operation license revoked.

According to Dr. Le Tham Duong from the HCM City Banking University, there are two reasons for banks to try to increase capital; in order to meet the requirement on VND 3 trillion in legal capital by December 31, 2010 and in order to improve the financial capability.

The East Asia Bank's shareholders' meeting has approved the plan to raise the chartered capital from VND 2.9 trillion to VND 3.4 trillion, while Sacombank goes from VND 5.1 trillion to VND 6.7 trillion.

Doubts rose about feasibility

At the shareholders' meeting of Sacombank held several days ago, a lot of shareholders of the bank expressed the doubts over the feasibility of the capital increase plan this year. They have every reason to worry, especially when Sacombank in 2008 had to cancel the plan on issuing shares to the public to raise capital top VND 6 trillion. Even the Asia Commercial Bank, which is considered to have powerful financial capability, also keeps cautious with its capital increase plan. The bank has decided that it will raise capital if it exceeds the profit plan in the first half of the year, while it will delay the plan if it does not.

Several commercial banks already have the money needed to increase capital. ACB, for example, will use VND 1.3 trillion it got from the convertible bond issuance previously to increase chartered capital to VND 7.7 trillion by the end of 2009. Eximbank's shareholders will not have to spend more money, as the bank plans to use VND 6 trillion in surplus it got previously from selling stakes at high prices. Saigon Bank plans to raise capital from VND 2 trillion to VND 3.4 trillion by issuing convertible bonds. Meanwhile, the banks, which have to issue shares to increase capital, will have to face big challenges as the share prices have been decreasing.

There are not many lucky banks like the An Binh Bank, whose foreign partner Maybank is ready to pay money to purchase more shares. The global financial crisis has forced many big banks in the world to narrow their operations. A HCM City-based joint stock bank has announced that it has stopped negotiations with a foreign partner on selling stakes.

A lot of banks think that they should issue more shares to existing shareholders. However, this proves to be the solution which does not have high feasibility. Local newspapers have reported that a bank announced the deadline of February 25 for registering to buy shares, but many of its shareholders missed the registration.

(Source: VNN/TP)

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How to help businesses mobilize capital?

Capital is a key factor in maintaining and increasing the production and competitive capacity of businesses. Better access to capital sources will help businesses survive the current economic woes.

Businesses felt a pinch when the State Bank of Vietnam applied a tight monetary policy from late 2007 to September 2008. They still found it difficult to access bank loans even when the policy was loosened in December 2008.

According to a recent survey conducted by the Vietnam Chamber of Commerce and Industry, 74.47 percent of businesses said that banks are their main channel to mobilize capital. However, when the monetary policy was loosened, businesses still complained about difficulties, not just because they could not pay back their old debts, but commercial banks shied away from disbursing loans for fear that the global economic crisis would get worse. In this scenario, there was a danger that more businesses would go bankrupt and banks would not receive repayment of their loans.

Therefore, the commercial banks tightened lending conditions and required longer appraising time to ensure that businesses would be able to pay back their debts. Many businesses select management via 'nepotism', leading to low professional skills. In addition, obsolete technology, unfeasible business plans and non-transparent financial

reporting make it difficult for them to access loans. The stock market is the second most used capital channel for businesses. Yet, the current downward trend of the market has depleted capital reserves and muddied the image of some enterprises. What's more, businesses that have a great deal of goods in stock do not dare to take out loans for fear that they might default and lose their assets.

Experts say that besides creating favorable conditions for businesses, the government should increase trade promotion, support businesses in seeking new markets and implement solutions to stimulate market consumption. PhD. Nguyen Dai Lai from the State Bank of Vietnam says, "The economy will continue to deteriorate unless we stimulate consumer spending and invest in products and services with existing outlets. In the current context, banks should focus on the interests of the national economy and their clients, rather than the stock market, while tightening oversight of their own operations."

The PM has decided to use VND 17,000 billion of the economic stimulus package to subsidize interest rates for businesses. Once the amount is disbursed, total outstanding debt will reach VND 620,000 billion, making up 35.4 percent of the economy's total.

"Banks should seize this golden chance to help businesses to survive the economic slowdown and increase the scale of production," says Mr Lai. PhD. Pham Tien Thanh from the Vietnam Industrial and Commercial Bank says that apart from banks, businesses can mobilize loans from other channels, for example, by issuing enterprise bonds, from their employees and clients and via joint ventures with domestic and foreign partners.

Among these channels, mobilizing capital from bonds will help businesses to generate capital for production, rev up the domestic capital market, ease the burden on the banking system for mid- and long-term loans, and minimize potential risks for the financial system. Meanwhile, MA Nguyen Manh Hung from the army-run Telecommunications Corporation suggests that the commercial banks should restructure debts or delay and extend the deadlines for debts for businesses in difficulty. In addition, they should accelerate administrative reforms and crack down on dubious lending practices. "For businesses, I think they should invest in key areas, draw up realistic business plans and seek loans from sources other than banks," says Mr Hung.

(Source: VOV)

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ANALYSIS – OPINION

Vietnam to advertise on BBC World and taxis in UK

The Prime Minister has agreed to spend VND 25 billion on promoting tourism in 2009, and a part of which will be spent on advertising Vietnam's image on BBC World and taxis in the UK, according to Nguyen Van Tinh, Head of the International Cooperation Department under the Ministry of Culture, Sports and Tourism. The ministry will have a working session with the BBC about the advertisement. Meanwhile, the advertisements on taxis in the UK is planned to be carried out in a larger scale and for longer time, said by Tinh.

Could you please tell us about the program on advertising Vietnam's image on the BBC? Is that true that the Ministry of Culture, Sports and Tourism in 2008 once suggested the idea? Vietnam once carried out the advertisement campaign on international media with the advertisement spots on CNN, about which people give different opinions about the efficiency. However, as we only advertised on CNN Asia, it had limited effects on attracting more international travelers.

According to the General Statistics Office, it is estimated that 340,000 international travelers arrived in Vietnam in March, down by 0.9% in comparison with February 2009. In the first three months of the year, 1.3 million travelers arrived in Vietnam. The number of travelers to Vietnam from several markets keeps rising. The travelers from Canada, for example, increased by 28%, the US 27% and Australia 15%. Meanwhile, the number of travelers from several markets decreased significantly, like from Thailand, down by 32%, South Korea 23%, China 21%, Japan 10%, and Malaysia at 8.6% over the same period of the last year.

In 2009, the advertisement will be carried out on BBC World with 320 spots. It is expected that each spot will last 30 seconds. There will be eight weeks of broadcasting in Asia Pacific, six weeks in Europe, and six weeks in America. The BBC has said that the advertisement will cost USD 204,000, not including the expenses on making the video clips for broadcasting, which is estimated to cost between USD 15-20,000. The Ministry of Culture, Sports and Tourism is working on with the Ministry of Finance on the sum of money.

How about the advertisement on taxis in the UK? Last year, the Ministry of Culture, Sports and Tourism got a sponsor package worth £7,000 to advertise Vietnam's images on public means of transport in the UK, especially on buses, for three months. We plan to expand the advertisement on taxis this year, providing the images of Ha Long bay and sea tourism in Vietnam.

The Government last year approved the budget of VND 30 billion for tourism promotion, but the sum of money was not used up. Will the situation repeat in 2009? It is true that the sum of money was not used up last year. However, the Prime Minister has asked to build up the regulations on using the sum of money. We have drawn up the regulations and are consulting with ministries and branches before the regulations are submitted to the Government.

As far as I know, many enterprises once protested the advertisement of Vietnam's image on the BBC. It is because they don't know exactly the details of the campaign. We will advertise on BBC World, which means the images will be seen all over the wall. The BBC will send staff to Vietnam to make clips and will broadcast the clips after Vietnam approves the content. We will discuss the detail of the work next week.

The Vietnam National Administration of Tourism (VNAT) has launched the program on slashing tour fees to stimulate the demand. Will the details of the program be provided on the advertisement shot? The shots will last 30 seconds only. Vietnam needs to advertise its beautiful landscapes like the beautiful sea and Ha Long Bay.

When will the spots appear on BBC World? I think in April 2009.

(Source: Ha Yen)

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Stimulus Package Follow-up

Mr Le Duc Thuy, former Governor of the State Bank of Viet Nam (SBV) and now President of the National Financial Supervisory Commission, talks about the government's economic stimulus package.

Many have applauded the government's stimulus package but say it is insufficient to trigger economic recovery. How do you view calls for a second stimulus phase? The National Financial Supervisory Commission (NFSC) has said to the government and the Consulting Council for National Monetary Policy that in many countries demand stimulus packages aren't just implemented over a short period of time. For example, we have program to support loan interest rates for enterprises for eight months, but this is not long enough. Countries such as China have a large demand stimulus package that will last for two years. The same can be seen in other countries. We suggested the government think about continuing the stimulus package to combat the slowdown and recover economic growth.

Although we do not have the resources available in China and elsewhere, we still have some at our disposal and there is more within the country we can mobilize. For example, assets held by people such as cash [kept in their houses] and gold, which are not part of the country's banking system. We also have other huge assets, like real estate and property.

If the government could use these assets properly then we would have a large amount of money to invest in the economy. While the country still finds it difficult to borrow money externally, we support borrowing from within the country and have proposed the National Assembly permit greater budget spending for one or two years to help the economy, and then gradually balance the budget.

In response to the stimulus package, the EU will consider anti dumping issues on leather shoes and the US will continue to supervise Vietnam's garments and textiles. How do you view such matters? We need to

respect the commitments we make, but we should be able to adopt solutions that support domestic production and people's lives. Other governments do likewise. The US opposes protectionism but they also call on their citizens to buy domestic goods. The thing is, we should see specific solutions in specific contexts. If there is any problem then we need to solve it.

The government has plans to mobilise money via issuing US dollar bonds. What are your thoughts on this?

There are two types of foreign reserves. The official one is managed by the SBV and is used to implement monetary policy and a smaller amount in the Ministry of Finance is used for necessary spending. The other kind is the national reserve, which we call the net foreign reserve. Within the population there are also some types of foreign reserves that are not in official statistics. If we mobilize these types it will not affect the national reserve. If we know how to structure them we can then pass them on to the national reserve.

We support the government in issues bonds both in Vietnamese dong and foreign currencies. Our budget is likely to be in deficit, so issuing bonds is necessary. My sole comment is about the interest rate, which should be reasonable and not like the lower interest rate offered by banks. In this situation, paying a little bit more is better.

What concerns do you have about the government's stimulus package? Choosing to do anything comes with some risk. In talking about macro risks, we must consider two things. We are introducing the stimulus package in a period of high inflation (which is being controlled). For all of 2008 inflation stood at more than 20 %. In 2009 we forecast it to be 5 to 9 per cent. So we don't have as much room to loosen monetary policy as other countries. If we do not loosen monetary policy in a clever manner then inflation may reappear later. Everybody is aware of what the repercussions would be. Another is financial policy. If we stimulate demand then there will be over spending in the budget. But if we do not timely and effectively spend, then the results will be lower than we expect. So the budget will have to be in deficit.

Will the NFSC suggest additional solutions to combat the economic slowdown? Many suggestions have been made to the government. For instance, in the policy to support loan interest rates for enterprises, we suggested the government not limit those borrowing for liquidity. We should also support lending for innovating technology. The support period should be extended, from eight months to, says, two years. If we only provide support for eight months then I think we can not disburse all of the VND 17,000 billion (USD 1 billion) in 2009. Many countries are supporting all types of lending, so we should think about how to improve the policy.

(Source: CPV)

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Happiness Factory in Vietnam

In 2006, Coca-Cola kicked off an ad campaign that it called 'Happiness Factory' to great acclaim. Now Coca Cola is doing it again, better than ever, and this time it's also being done in Vietnamese, on Vietnamese media. This is to be the biggest ad campaign undertaken by Coca-Cola in terms of capital, scale and creativeness.

What is 'Happiness Factory'? 'Happiness Factory' is an ad campaign that is taking place in almost every country in which Coca-Cola is being sold and it has been Coca Cola's biggest and most successful ad campaign. Happiness Factory is a superbly animated cartoon about a marvelous and strange world in which Coca-Cola factories turn out Coca Cola. A version of Happiness Factory for the Vietnamese market was first aired in Vietnam in February 2009.

Does Coca-Cola intend to increase its spending on advertising in Vietnam? Our marketing campaigns yield encouraging results. Based on the results of our marketing activities in the past in Vietnam, especially in 2008, Coca-Cola knows that it wants to spend more on advertising to get more people to drink Coca Cola products.

These last six months have been somewhat of a disaster for many companies, and yet Coca-Cola Vietnam grew 10 percent or more in 2008. How did Coca-Cola manage to do that? Coca-Cola is, of course, happy about its sales results in Vietnam in 2008. Our people have been the key to our success. Coca-Cola focuses on manpower development believing that it takes capable employees to satisfy customers. Coca-Cola offers training courses on a regular basis to improve the performance of its staff members and it has a profit sharing program under which bonus are given based on employee performance. Since mid-2008 Coca-Cola has hired an additional

248 sales staff personnel who are working in Ho Chi Minh City. All of these things have contributed to Coca-Cola's success.

What does Coca-Cola plan to do in 2009? Coca-Cola plans to hire another 148 sales people to work in Hanoi. We will also be hiring people to work at our production facilities because we plan to increase product output. Besides hiring more people to work at production facilities, Coca Cola also expects that it will need to be hiring more people in other positions. While many companies are selling and making fewer products due to the recession, Coca-Cola expects to grow 10 percent or more this year.

(Source: VEN)

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Roadmap for increasing water charges

Many provinces and cities have pushed up prices of tap water. Others will also raise water charges in the near future. Chairman of the Vietnam Water Supply and Drainage Association, Nguyen Ton, talked about the issue.

A lot of localities, for instance Nam Dinh, Quang Ninh in the north, Binh Duong, Ba Ria-Vung Tau and Long An in the south, Binh Dinh and Quang Tri in the central region, have raised water charges. Why?

Some newspapers reported that the price for tap water shot up because of the increase of electricity charges, which accounts for around one-third of the production cost of tap water. It is partly true but it is a process for the increase of water prices: prior to 2000, water producers were state-owned companies and they supplied water as a public service.

Under the central resolution No. 3, these companies became independently financial businesses. The government also released an instruction which said that the price of tap water must be calculated on real inputs. Based on these regulations, the Ministries of Finance and Construction issued a circular of methods to calculate tap water prices. Accordingly, provincial People's Committees have the right to set water prices. However, the circular said that "water prices need to be suitable to consumers' payment ability" but it didn't explain what it meant by "suitable". Some provinces, thus, fixed water prices as equal to production costs, which was not enough to expand water production. Recently, some localities began to raise water charges to levels that are sufficient to cover inputs and to expand production.

In your opinion, what level is suitable to consumers' payment ability? The World Bank and the Asian Development Bank recommend that if the expenditures for safe water exceed 3% of people's total real income, the water charge exceeds consumer's payment ability.

According to the General Statistics Office, average capita income at cities is around VND 1.1 million/person/month so it is reasonable if the water charge is less than VND 33,000/person/month. The government's regulation said that urban citizens can use up to 4cu.m of clean water/person/month (133l/day) but according to our survey in four years, from 2004 to 2007, the per capita use of clean water was 97l/day. It means that at the current water charge, if a person uses clean water at the highest level or 4cu.m x VND 2,700 = VND 12,800/month, equivalent to just one-third of the WB and ADB's recommendation.

Why was water charges not increased in 2008, but in 2009? In 2007, the government issued Decree 117 about the increase of water prices. Provinces began considering the increase in early 2008 when inflation occurred. The government's meeting in March 2008 pointed out groups of solutions to combat inflation. The most important solution was stabilizing the prices of essential goods, including water. So water charges were not raised at that time. We asked the government to extend debt payment for water supply companies in 2008 so they didn't need to raise water charges. In late 2008, the ministries of finance, construction, agriculture and rural development sat together to compile a new circular to replace the above-mentioned circular. If nothing changes, this circular will be issued in late March. Accordingly, the prices for clean water will be decided based on the market mechanism.

(Source: Do Minh)

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Expert: Economic recession slowing down

Dr Le Xuan Nghia, Deputy Chairman of the National Finance Supervision Committee, said that the Government's demand stimulus packages have brought the desired effects with economic recession slowing down.

Nghia said that "The Government has been implementing the measures to curb economic downturn in two sectors, the monetary policies which focuses on interest rate slashing, and the fiscal policy which focuses on public investment increase, tax payment delay and tax reduction.

To date, the interest rate subsidy program has been going smoothly. It is estimated that over VND 100 trillion has been disbursed under the program, plus the credit in February increased by 1.5% in comparison with the beginning of the year. These are the important signs showing that the economic recession has been slowing down. Meanwhile, public investment packages have also been going well, especially the investment in rural infrastructure, schools, hospitals and low cost houses."

Businesses still complain that they cannot access bank loans under the interest rate subsidy program. Do you think that the state management agencies need to adjust the loaning mechanism, expanding the subjects to the preferential loans in order to make more businesses accessible to the loans? The Government and the State Bank of Vietnam have been gradually settling the problems. The regulations on disbursement for the loans under the interest rate subsidy program have been amended, which allows finance companies to provide interest rate-subsidized loans as well. Mining companies have also been listed as the subject to the loans.

I think that we need to add more enterprises in the construction industry into the list of subjects to the preferential loans. Currently, only executing companies can access the loans, while investors cannot. This will hinder the development of enterprises in the sector, which is believed to be capable to create a higher GDP.

Experts said that in the current context, it would be a great success for other industries to survive the difficulties, while the construction sector not only can survive, but also can develop and help recover the national economy.

I know some experts have warned that with the interest rate subsidy program, some businesses may get new loans with subsidized interest rates to pay old debts with higher interest rates (to date, this move has been prohibited as experts believe the behavior can hide 'problematic loans' – reporter). However, I think that it is necessary to consider setting up a mechanism allowing businesses do this legally. This will help businesses get capital to maintain production and jobs for thousands of laborers.

When do you think Vietnam's economy's recession will bottom out? Will Vietnam be able to recover the national economy by relying on the domestic market, if the world's economy remains in difficulties? I think that the economic growth rate will be between 5-5.5% this year. It is possible that the economic recession will be curbed in Q3 which paves the way for the economy to bounce back earlier the next year. When the world's economy recovers, Vietnam's economy will be able to recover more rapidly as we have advantages in domestic demand, and Vietnam's export products are cheap.

As people in the world have seen their income go down, governments in the world have encouraged importing cheap products, including ones from Vietnam. This really serves as the opportunity for Vietnam to push up exports in the time to come. If the world's economy still does not recover, Vietnam's economy will recover more slowly.

What do you think Vietnamese businesses need to do now to prepare for the recovery of the national economy? The measures to fight economic recession have had positive impacts on the economy, which shows that Vietnam's economy is likely to recover sooner than previously forecast. Opportunities can be found in every crisis. It is now the right time for Vietnamese businesses to renovate technologies as the technologies have become very cheaper.

The Government, I think, should also consider expanding the subjects eligible to get preferential loans. Businesses can get preferential loans not only for working capital, but also for fixed capital which allows businesses to renovate technologies. Foreign enterprises now have big chances to renovate technologies with low loan interest rates. The medium and long term interest rates are between 4-4.5% per annum in the US, while the rate is 5% in Singapore. Meanwhile, in Vietnam, businesses bear the rate of 10% per annum.

Some experts have warned that demand stimulus packages would make the high inflation period return. What do you think about that? In medium term, the demand stimulus measures will bring side effects, like the budget deficit increase, higher current account deficit on GDP, thus pressurizing the inflation of the next few years. Experts have warned about the three risks, budget deficit, trade gap, and high inflation.

I think that the budget deficit can be settled within a short period when the national economy recovers. Trade deficit proves to be not a big problem. However, inflation would be really a risk. Loosened monetary and fiscal policies may bring inflation.

However, the 5-7%, or even 10% inflation would be acceptable, and we need to accept risks in return for rescuing the national economy. I think the high inflation will not occur in 2009. It could be the risk for 2010. However, the Government has been aware of the risk and it has enough time to control the inflation in the medium term.

(Source: VNN /TP)

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NEWS IN BRIEF

Port seeks funds for relocation - The steering committee set up to move ports on the Sai Gon River and the Ba Son Shipyard out of HCM City has asked the Government for an advance of VND 10 trillion (USD 588 million) to set up a fund. Sai Gon, Tan Thuan Dong, Rau Qua and Tan Cang ports and Ba Son Shipyard are scheduled to be moved out of the city's urban areas by next year. But since the programme's inception four years ago, only Tan Cang Port has been relocated when it moved to District 9 at the end of 2007. Tran Tan Phuc, general director of Port coast Consultant Corporation, the project consultant, said the advance money would be repaid at the end of the project. Phuc blamed the delay in building new ports on the failure to sell their old premises and raise money.

First port for cruise ships opens in Vietnam - The Tuan Chau Group on March 31 put into operation the first wharf for cruise ships in Vietnam at the Tuan Chau International Tourism and Entertainment Zone, Ha Long City, Quang Ninh province.

The firm also inaugurated the Tuan Chau – Cat Ba waterway route on the same day. At present, there is one trip each hour from Tuan Chau to Cat Ba and vice versa, starting at 6 in the morning and ending at 6 at night. Each trip takes 45-50 minutes. The charge is VND 20.000/walker, VND 30.000/passenger with motorbike, VND 100.000/car less than nine seats, and VND 150.000/car of 9-16 seats. The Tuan Chau Group also put into operation two of its five five-star cruise ships. Each vessel has 21 luxury bedrooms, meeting halls, a massage-sauna room, sundecks and more. The ships are named Paradise Cruises.

US Northwest Airlines cleared to fly to Vietnam - Northwest Airlines has become the second American carrier licensed to fly to Vietnam, according to a report posted on the Vietnamese government's website. The license, which comes into effect in June, allows Northwest Airlines to use a Boeing 757 to fly passengers between Ho Chi Minh City and San Francisco, with a transit stop in Tokyo, according to the report posted Saturday (04 April). In 2004, United Airlines became the first American commercial carrier to fly to Vietnam since the 1975. The national carrier, Vietnam Airlines, also wants to fly to the United States but has delayed its plans to do so several times. It is scheduled to open flights to the US next year.

Vietnam to climb out of recession soon - Based on the country's economic performance in the first quarter, the General Statistics Office of Viet Nam (GSO) on March 27 released its economic forecast for 2009.

Vietnam's GDP may grow by 4.8-5.6%, with industrial output to expand 4.6-6.1%; agricultural production to rise 2.5 -4.5%, and retail sales and service revenue to surge 15-18%. The country's export turnover this year may reach USD 56 - 58 billion while imports are likely to be much higher, at USD63 - 65 billion. Unemployment, and under-employment, will be around 7.7% and the rate of poor households will be 12.2 - 12.4%. If all the forecasts come true, Viet Nam will become one of the first economies to climb out of the global economic recession, the GSO said.

Seminar discusses investment in Mekong sub-region - A seminar on investment opportunities in Vietnam, Laos, Cambodia and Myanmar, held in Hanoi on April 2, introduced six projects waiting funding in Southeast Asia countries. The seminar, co-organized by the Vietnam Banking Association (VBA) and the ASEAN Bankers Association discussed prospects of Mekong sub-region countries amid the global economic recession. The get-together was also a chance for regional banking associations to share experiences and establish investment cooperation relationships.

Military Bank launches new lending programme - Military commercial Joint Stock Bank (MB) has officially launched the “48-hour lending programme” for individuals, households and private enterprises. The time to deal with capital borrowing applications is within 48 hours. The lending limit lasts 12 months applied on loans for working capital, short-term business deals, 60 months applied on lending for investment projects. The capital support is up to 80% of demand.

As from April 1 this year, new special consumption tax rates will be levied on several commodities such as air conditioners, airplanes, buses with nine or less seats, and gaming services that offer cash bonuses. The tax rates on minibuses will vary from 45 to 60%; air conditioners will be taxed at 10%, and discotheques and entertainments – up to 40%. The Finance Ministry is drawing up a memo to provide guidance on the implementation of the revised Law on Special Consumption Tax. However, until the memo is issued, the tax will still be applied from April 1 with local tax offices providing any necessary guidance.

A European Union (EU) inspection delegation will arrive in Vietnam to check local seafood processors between April 20-30, according to the Vietnam Association of Seafood Exporters and Processors (VASEP). The delegation, the fourth of its kind to the country, will include two inspectors from the ECs Food and Veterinary Office and three from member countries. It is expected to consider the addition of 30 Vietnamese seafood producers to the current list of 301 ones licensed to export aquatic products to the EU market, based on the proposal of the Vietnamese side last December. According to VASEP, the EU is Vietnam's third largest importer of seafood with a turnover of over USD10 million.

The Czech Republic has suspended granting work and business visas to citizens from five countries, including Vietnam, as of April 1 in a bid to curb an inflow of cheap labor amid the economic crisis. AFP cited the Czech foreign ministry spokeswoman, Zuzana Opletalova, as saying that the decision also affects nationals from Moldova, Mongolia, Thailand and Ukraine. The measure will remain in force for several weeks, she said, adding the step did not concern tourists and people who filed work and business visa applications earlier. In early March, the Czech Republic resumed visa granting to Vietnamese nationals after its suspension decision in November last year after bribery complaints and fears of crime.

World Bank finance arm, the International Finance Corporation, has joined forces with the Hanoi Securities Trading Centre to support the development of local capital markets. Under a deal signed on March 31, the corporation will provide the centre with practices which will help it improve information disclosure and transparency in the bond market and the newly organized equity market for unlisted public companies. Up to March, 533 kinds of Government bonds were brought to list and trade in the centre with a total value of 167.07 trillion VND (9.5 billion USD).

Malaysian budget airliner AirAsia currently has no plan to launch a direct route from Vietnam to Singapore, its CEO said Tuesday (31 March). “We don’t have a license to fly directly to Singapore from Vietnam. Right now we can’t do that,” AirAsia’s CEO Tony Fernandes told a press briefing in Singapore. But the largest budget airline in Southeast Asia would definitely gain market share in Vietnam if they did, Fernandes said. AirAsia’s Vietnam customers currently must layover in Kuala Lumpur to get to Singapore. Other budget airlines will eventually meet this demand as they enter the Vietnam market, said Fernandes.

Vietnam’s steel consumption fell 30% in the first quarter as the global recession slashed demand, the Sai Gon Giai Phong newspaper reported on 31 March on its Web site, citing the country’s steel association. Total consumption in the January-to-March period was 698,000 metric tons, the newspaper said, citing Nguyen Tien Nghi, vice chairman of the Vietnam Steel Association. The report didn’t give a year-earlier figure. Local producers have about 220,000 tons of so-called finished steel and 390,000 tons of billets in stockpiles, according to the report.

Foreign investors were net sellers of VND 25.2 billion (USD 1.5 million) of Vietnamese stocks Wednesday (01 April 2009) out of a total VND 424 billion traded, the Ho Chi Minh Stock Exchange said. Volume traded totaled 20.5 million shares, with foreigners accounting for 15%, the stock market operator said. This is the first time foreign investors have been net sellers, after being net buyers for 10 straight sessions. Last month, they were net buyers of VND 171 billion of Vietnamese stocks.

Techcombank said Wednesday (01 April 2009) its 2008 net profit more than doubled to VND 1.18 trillion from VND 510 billion a year earlier. The unlisted Hanoi-based bank, in which HSBC holds a 20% stake, posted revenue of VND 1.76 trillion for 2008, compared with VND 925 billion in 2007. It didn't provide comments about its performance, and gave no information on its level of non-performing loans. At the end of last year, the bank had total assets of VND 59.07 trillion, up 49% on year. Vietnam's 38 commercial joint stock banks are required by the State Bank of Vietnam, the country's central bank, to post their annual financial results.

Vietcombank, Vietnam's third-largest lender by assets, has won initial approval to list nearly 112.3 million shares on the country's main stock exchange, market operators said in a statement. The Hanoi-based lender needs to complete more papers to obtain a licence, the Ho Chi Minh Stock Exchange said in a statement issued late on Wednesday. Vietcombank has

yet to give any date of its share debut but the bank said it would seek shareholders' approval on details of the listing at an annual meeting on April 28.

The fishery sector needs an overall strategy to ensure the its sustainable development and match its potential, said Prof. Dr. Le Tieu La of the Vietnam Fisheries Economics and Planning Institute. Discussing the formulation of such a strategy for the industry to 2020 at a seminar in Hai Phong on Mar. 31, he said the lack of a development strategy caused many difficulties to farmers in aquaculture and sale of products. He also pointed to the poor infrastructure and low competitiveness of the sector. Over the past 20 years, the fishery industry has developed markedly, obtaining an annual growth rate of 6-10% in the 1985-2008, increasing its output from 1.16 million tons in 1985 to 4.6 million tons in 2008. This year, the industry aims at an export turnover of 4 billion USD.

Vietnam will send agricultural experts to Mozambique to help it develop the sector and train personnel in the field heard the first meeting of the Vietnam-Mozambique Inter-governmental Committee in Hanoi on March 31. In the meeting, delegates agreed that Vietnamese experts will help Mozambique establish a rice breeding centre and farming project. Vietnam and Mozambique signed cooperation agreements covering investment promotion and protection, trade, agriculture, education, health care, and visa exemptions for diplomatic and official passport holders.

About 70 tons of vegetables are exported from An Giang province to Cambodia everyday, double the volume in previous years, according to local officials. Nguyen Van Thao, head of An Phu district's Agriculture and Rural Development Department, said the growth follows an agreement between the two countries to exempt tariffs for 40 agricultural products. The vegetables are grown to high hygiene and safety standards, Thao said. The Mekong Delta province has become the first locality to export safe vegetable to the neighboring country through the Khanh Binh border crossing. An Phu district alone has around 1,000 ha for vegetables, yielding 20,000 tonnes per year. The productivity is yet to meet vegetable demand in the Cambodian market.

The central city of Da Nang is targeting a GDP growth rate of 11 to 12% this year, despite the global economic downturn, said Tran Van Minh, chairman of the city's People's Committee. The city last year attained a GDP growth rate of 11%, with export earnings of more than USD905 million, an increase of 19.5% against 2007. In recent years, the city has invested in infrastructure development and made considerable improvements in governance. As a result, it topped last year's Vietnam Provincial Competitiveness Index, compiled by the Vietnam Chamber of Commerce and Industry (VCCI).

Vietnam was one of the few nations in the Asia-Pacific to see single-digit declines in server spending in the last quarter of 2008, a study revealed. Research Company International Data Corporation (IDC)'s Asia-Pacific Quarterly Enterprise Server Tracker found server shipments in the region (excluding Japan) fell by 4.6% for the whole of last after 25 consecutive quarters of strong growth since early 2002. But the decline in server spending in late 2008 was dramatic, falling by double digits for two consecutive quarters.

Dong Nai Province remains hopeful of achieving the foreign direct investment target of USD 2 billion this year though foreign direct investment slowed down in the first two months since many large investors have applied for licenses. Bo Ngoc Thu, director of the provincial Department of Planning and Investment, said by the end of February, Dong Nai had attracted only USD 41 million in FDI, much below the targeted figure, as a result of the global recession. But the province has received applications for some major foreign-invested projects in property, health care and services.

EVN to provide electricity to Cambodia - Electricity of Vietnam (EVN) and Electricity of Cambodia (EDC) put into operation a 220kV power line on March 30. According to EVN Deputy General Director Dang Hoang An, this is an important step towards effecting electricity sales to Cambodia. The Chau Doc (Vietnam) – Takeo (Cambodia) power line is part of an agreement signed in March 2003 between the two governments and a contract between EVN and EDC. According to EVN, the line has a maximum transmitting capacity of 200MW.

Venezuela, Vietnam cooperate in agriculture (30-3) - The Venezuelan government has approved USD 46.5 million for a cooperation project with Vietnam in rice cultivation and aquatic farming, President Hugo Chavez has said. This is part of the country's spending of nearly USD700 million to develop Venezuela's agriculture, with assistance from Vietnam, China, Iran and Argentina.

Industrial park to house shipbuilding - The management board of Van Phong Economic Zone in the central coastal province of Khanh Hoa has granted an investment licence for establishing the Nam Cam Ranh Industrial Park in the province. The Nha Trang Shipbuilding Industry Co, an affiliate of the Vietnam Shipbuilding Industry Group (Vinashin), received its licence earlier this month.

It will spend 980 billion VND (56 million USD) on building infrastructure for the industrial park, which will have shipbuilding and repair yards as well as factories to manufacture related equipment. The group will also construct plants manufacturing steel plates, cranes, derricks, and thermoelectric diesel generators. The 204ha Park, which will be constructed

at Cam Think Dong commune in Cam Ranh town over three years, will be the largest industrial park to date in the province. The Nam Canh Ranh Industrial Park will be the fifth major shipbuilding facility in Khanh Hoa province after the Hyundai – Vinashin shipyard (HVS); a shipbuilding and heavy industry complex built by the STX group; the Nha Trang shipyard; and the Cam Ranh shipyard.

Strong Vietnam trademarks honored - Financial institutions and insurers dominated among 120 enterprises honored at an awards ceremony for strong Vietnam trademarks that was held in Hanoi on March 29 as a step to curb impact of the global financial crisis. Winners such as Techcombank, Eximbank, Agribank and Vietinbank have met qualifications regarding vanguard and sound leadership, renewal progress, staff capacity and business revenues.

Next are trademarks of foods and drink manufacturers, including Vinamilk, Tuong An cooking oil and Vissan. The campaign to promote Vietnam trademarks has been running for seven consecutive years since 2003 under the co-sponsorship of the Trade Promotion Department under the Ministry of Industry and Trade and the Vietnam Economic Times. The campaign aims to honor enterprises which have managed to make their trademarks popular among domestic customers and brought their names abroad as an effective tool to increase their competitive edge.

Central hydro plant turns out first kilowatts - The first 140 MW turbine of the Buon Kuop Hydropower Plant generated electricity for the first time on March 29, announced Electricity of Vietnam (EVN). Currently, contractors are urgently completing turbine two to get it operating in the shortest possible time. The 280MW Buon Kuop Hydropower Plant is located on the Serepok River in the Central Highlands province of Dak Lak, with a total investment capital exceeding 4.6 trillion VND. This is the second largest hydropower project in the Central Highlands, after the Yaly Hydropower Plant. Once operational, Buon Kuop is expected to output 1.4 billion kWh to the national power grid every year.

Tan Mai Group invests in four pulps, paper mills - The Tan Mai group has poured investment in building four more pulp and paper mills in southern, central regions and the Central Highlands.

The group has recently signed a contract with E.C. EURO Consult to transport its paper and pulp production equipment imported from Canada. The contract of USD 99.5 million will cover assembling design, upgrading and operating the four production lines, valued at USD 49 million, which the Tan Mai Group bought from a factory in Quebec. The production lines will be installed at the group's four mills.

The first mill, the Tan Mai mien dong (Eastern) paper mill is located in Long Thanh district, southern Dong Nai, specializing in producing printing paper with an annual capacity of 150,000 tones. The second, the Tan Mai - Quang Ngai pulp and paper mill has a capacity of 200,000 tones of paper and 130,000 of pulp a year. The third plant, the Tan Mai-Lam Dong pulp mill has a capacity of 200,000 tones a year and the last, the Tan Mai-Kon Tum pulp and paper mill has a capacity of 200,000 tones of paper and 130,000 tones of pulp a year.

Shanghai airlines starts direct route to Hanoi - Shanghai Airlines launched its first direct flight from Shanghai to Hanoi on March 27 and took the return flight the following morning. This carrier is offering a promotional campaign from now until the end of April with a 35 percent discount on return tickets, normally priced at USD280. The Hanoi-Shanghai flights will depart on Monday (23 March 2009), Wednesday, and Saturday and the return flights on Tuesday, Friday, and Sunday each week.

Over USD 7bil urban zone to be built in Hanoi's outskirts - Viet Hung Urban Development and Investment Joint Stock Co (Vihajico), the owner of Eco Park urban zone, has recently said that its project of building an urban zone worth over USD7 billion will be started work by the third quarter this year. The project covering an area of 500 hectares will be built in the northern province of Hung Yen.

Kumho To Build USD151 ml Complex in HCM City - South Korea's Kumho Industrial Co. said on 23 March that it has clinched a USD151 million preliminary deal with a Vietnamese company to build a commercial and residential complex in southern Viet Nam. Under the deal with Novaland Joint Stock Co., Kumho Industrial plans to complete the complex in the southern Vietnamese city of Ho Chi Minh by 2012, the company said in a regulatory filing.

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COMING EVENTS

Vietnam Manufacturing Expo 2009 and NEPCON Vietnam 2009: A Chance Not To Miss

Two events, Vietnam Manufacturing Expo 2009 and NEPCON Vietnam 2009, will take place in Hanoi from May 28-30, 2009 and gather 450 manufacturers from 20 countries in the world. These will be good opportunities for Vietnamese manufacturers to learn about new products and technologies as well as initiatives in the field of support industry.

Two events will be organized by Reed Tradex (Thailand) in association with some Vietnamese organizations with support of the Vietnam Automation Association, the Vietnam Mechanical Manufacturers Association, the Hanoi University of Technology, the Saigon Plastics Association, the Vietnam Automobile Engineers Association, the Vietnam Steel Association, the Vietnam Chamber of Commerce and Industry, the Thai Molding Industry Association, the Singapore Electronics Industry Association, and the International Organization for Cooperation in Industrial Development.

Nichapa Yoswee, the Managing Director of Reed Tradex, said that Vietnam Manufacturing Expo 2009 will gather more than 200 international manufacturing firms. They will present technologies that can be applied to manufacture various kinds of high quality machinery at reasonable production costs. Such technologies can help domestic manufacturers stand firmly against global competition. The exhibitors wish to establish partner relationships with businesses and potential customers in the Vietnamese market.

Raymond Lee, the Managing Director of the Siam Plasma Company Limited, an exhibitor of refractory welding technology and auto spare parts, said, "This will be a good chance for us to expand our business to Vietnam because the industrial sector in Vietnam is growing well. We will make use of this opportunity to present our products and services to Vietnamese partners."

The manufacturing industry is a key part of the Vietnamese economy. It is growing but also facing numerous difficulties. In the time of international integration, it is necessary for Vietnamese manufacturers to learn the expertise and technology of advanced manufacturers in the world. It will be very good for them to take part in specialized international exhibitions, especially the ones that take place right here in Vietnam.

Vietnam is emerging as an important destination for foreign electronic manufacturers. The market surveys carried out recently by some foreign organizations shows that the sales of semi-conducting products, computers, household-use electronic appliances and other kinds of electronic equipment in the Vietnamese market are high. The Vietnamese Government is promoting the electronic industry.

These are the reasons why Reed Tradex chose Vietnam to be the place to organize NEPCON simultaneously with Vietnam Manufacturing Expo 2009. NEPCON Vietnam 2009 will gather hundreds of technology exhibitors from Japan, China, Chinese Taipei, Thailand, Singapore and Malaysia. They will present thousands of new brands. NEPCON Vietnam 2009 is expected to help boost the manufacture of support products for the Vietnamese electronic industry so that Vietnam can gradually reduce the import of electronic components and spare parts./.

(Source: Lan Ngoc)

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Regatta Festival

Phu Tho has numerous rivers crossing. As a result, many villages locating along rivers usually organize regattas on their festive days. The competitions are mostly held in the summer, especially in lunar May and June.

Dao Xa Regatta happens on the large Dao Lagoon. Legends said that one night, there were 2 imperial boats emerging from the bottom of the lagoon. Soldiers on the two boats shouted for joy. Ly Bon thought that enemy attacked. He, therefore, ordered his troops to fight.

It was surprise that there was a person on the boat calling herself a water-nymph



and saying that she came to help Ly Bon defeat the enemy. As a result, Dao Xa gets used to organizing the regatta at night to sacrifice the water-nymph.

At the third night-watch, the village resounds with tones of drum. On the Dao Lagoon, two boats are dropped down to the lagoon. The two boats sail very fast. These boats are painted with black. Their prows look like heads of dragons. Their sterns are like tails of shrimps. Both prow and stern of the two boats are painted with yellow. There are 24 holds on each boat, each of which is 1 meter wide. One of the boatmen on the boat should sit on the stern of the boat and he should row very well. A person standing in the middle of the boat drums on a wooden bell to conduct boatmen.

After tones of drums on the bank of the lagoon begin, the two boats should be rowed backward to the starting point and people on the boats should shout for joy.

In Bach Hac village of Viet Tri city, the regatta is held on the 20th of lunar May annually. Bach Hac has 4 cycles of twelve years, namely Tien Hac, Dong Nam, Than Truc and Bo Dau. Each cycle owns a boat differently painted. Tien Hac is blue, Than Truc is red, Dong Nam is white and Bo Dau is yellow. Clothing, flags and oars must be of the same color with the boat. Each boat has 24 holds and is rowed by 48 boatmen and a person drumming on the wooden bell to conduct the boatmen.

In the morning of the sacrifice party, boats sail from the gate of the Bach Hac Communal House to Tho Son ward, Viet Tri city. Afterwards, they are rowed backward to their starting point.

An Dao commune in Thuy Van district holds the regatta in the festival to sacrifice genies like Long Sa Dai Vuong and Ut Soi Dai Vuong. The festival takes place from the 19th to 20th of lunar July. Nha Mon village organizes the regatta on the 1st of lunar June annually. Ha Thach commune in Phu Tho town opens the party to sacrifice the water-nymph and holds the regatta on the 9th and 10th of lunar March.

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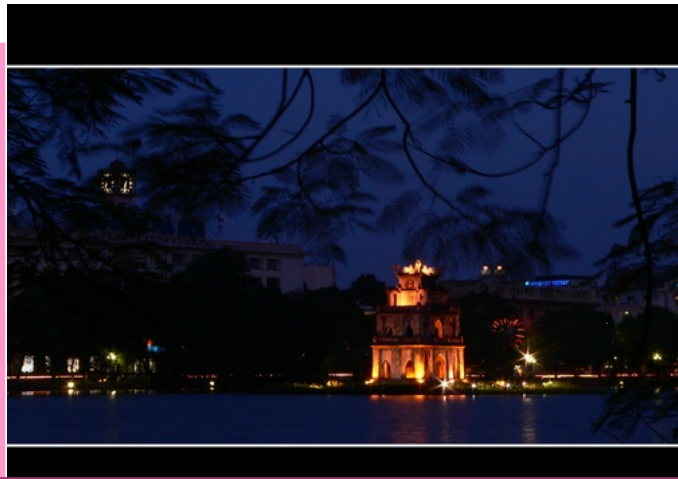
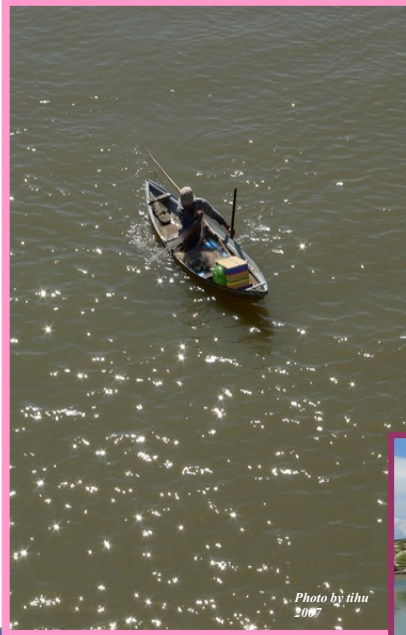


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