

GENERAL REVIEW

[Int'l flights to Vietnam down as crisis bites](#)
[A \(H1N1\) FLU – Vietnam on high alert](#)
[Vietnamese Construction Industry has bottomed](#)
[Foreign tourists to Vietnam declines nearly 18 %](#)
[Can Tho firms struggle to find workers](#)
[Vietnamese Industrial production shows signs of better growth](#)
[Australian firms high on prospects](#)
[Vietnamese Economy already bottoms out](#)

FINANCE – BANKING

[Vietnam still without monetary brokerage firms](#)
[Gov't wants tax exemption for stock investment till 2010](#)
[National advisory council for monetary policies to be dissolved?](#)
[Commercial banks need deposit capital](#)
[Foreign banks allowed to open more branches](#)

TRADE

[U.K. Tesco supermarket chain to sell Vietnamese dragon fruit](#)
[Vietnam sets up five overseas commercial offices](#)
[Vietnam – Spain Bilateral Trade on a Steady Rise](#)
[Import – Export Changes in 2009](#)
[Vietnam's aquatic products popular in Russia](#)
[Rosy Seafood Export](#)
[Firms switch focus to domestic market, find going good](#)
[Vietnam Electronics Industries Association \(VEIA\) to seek partners in EU, America](#)
[Government's demand stimulus package supporting imports?](#)
[Hanoi Trade Promotion Month 2009 to be launched in November](#)

INVESTMENT

[Binh Duong: Top Choice of Singaporean Companies](#)
[HCMC - Plan for 2nd LOTTE Mart in city rejected](#)
[Vinalines urges Can Tho to complete paperwork for projects](#)
[Vietnamese top list of foreign arrivals in Cambodia](#)
[Canon: Happy To Operate in Vietnam](#)
[Dong A Plastic runs HCM City factory](#)
[Vietnam seen as an example in FDI attraction](#)
[Binh Duong says no to labor – intensive projects](#)
[Korean Businesses Prefer Vietnam](#)
[Hiep Phuoc IP developer seeks to build waste incinerator](#)
[HCMC attracts huge investment pledges, but disbursement slow](#)
[Ninh Thuan – Eab Projektbau GmbH to develop wind farm](#)
[HCMC benefits from foreign investment](#)
[EU firms show interest in power market](#)
[Ho Chi Minh City rushes to finish bridge projects](#)
[Housing market remains gloomy](#)
[Incentive packages attract investors to Delta province](#)
[New wave of Malaysian investment promised](#)
[Dinh Vu–Cat Hai economic zone welcomes first two projects](#)

ANALYSIS

[Vietnam ripe for investment said Tata chairman](#)
[Business need to be consulted on legal policies](#)
[Industrializing with Industrial Zones](#)

NEWS IN BRIEF

COMING EVENTS

[Da Nang to host real estate expo](#)
[The 8th Woodworking Industrial Fair Vietnam wood 2009](#)



Int'l flights to Vietnam down as crisis bites

According to the Civil Aviation Administration of Vietnam (CAAV), Foreign and local airlines have cut their international flights to and from Vietnam for the summer schedule to cope with falling demand for air travel triggered by the global economic downturn.

Vo Huy Cuong, director of CAAV's Air Transport Department, projected a contraction by 4% in the international flight frequency to and from Vietnam for the summer schedule, which begins from late March till October every year.

Flight cuts

Singapore Airlines, Thai AirAsia and Vietnam Airlines were among the carriers that had reduced their international schedules. They have had to adjust their flight plans to deal with tough times experienced by the global aviation industry.

Thai AirAsia, for instance, has slashed its daily services to two from the previous three between Hanoi and Bangkok, but the low-cost carrier has also been able to add four weekly flights to the HCMC-Bangkok run to bring the total on this route to 11.

For Thai Airways International, political unrest in Thailand has dealt a blow to the biggest foreign airline active in Vietnam in terms of flight frequency. This carrier has removed five weekly services from its HCMC-Bangkok schedule since the airport closure incident in the Thai capital city late last year.

Current turmoil had affected not only foreign airlines but also the national flag carrier of Vietnam. Vietnam Airlines has registered fewer flights to Busan, cutting two services to this Korean city.

In the January-March 2009 business report, Vietnam Airlines said it transported more than 2.26 million passengers, down nearly 5% on the year-earlier period, though the carrier operated 18,087 flights, or 695 more compared to the same period of last year. The number of passengers on its international flights in the first quarter also fell by nearly 9% year-on-year to almost 867,000. Vietnam Airlines said it was facing more challenges ahead because of the increasing impact of the global economic recession on Vietnam's economy.

Vietnam's second largest carrier Jetstar Pacific has postponed its plans to launch international services to Bangkok and Siem Reap to cannon its efforts to the domestic market by operating more flights.

Bright side

There were foreign airlines operating more flights to Vietnam. Shanghai Airlines has started to operate three weekly flights between Hanoi and Shanghai since the beginning of the summer in addition to its current services to HCMC.

Northwest Airlines has announced a daily service between Vietnam's southern economic hub and the U.S. via Narita Airport in Tokyo from June 1st 2009, becoming the second American airline to fly to HCMC after United Airlines.

Israel's national carrier EL AL plans to mark its first entry into the Vietnamese market from early next month by appointing a general sales agent in HCMC. This agent will help boost bookings for the airline's flights from Bangkok, Hongkong and Beijing to Israel's largest city of Tel Aviv and then to 48 destinations worldwide.

Therefore, despite a projected fall in summer air schedules, CAAV expected Vietnam's market for domestic and international air travel would grow more than 4% this year, which is mainly contributed by the domestic segment, which increased by 11-12% in the first quarter.

However, the 11-12% market expansion slowed down significantly compared to one year ago as the market for domestic and international air travel in the first quarter of 2008 climbed by more than 21% over the same period of 2007.

CAAV was now able to make short-term forecast about the Vietnamese aviation market and was closely monitoring the world's aviation market.

(Source: SGT)

[Back to top](#)

A (H1N1) FLU – Vietnam on high alert

Vietnam is fully prepared to deal with any suspected swine flu case to prevent the spread of the A(H1N1) virus to the country, according to a senior official from the Ministry of Health (MOH).

Deputy Health Minister Trinh Quan Huan, speaking at a teleconference between the ministry and the health departments of the country's 63 cities and provinces, said Vietnam now had the ability to respond to a flu outbreak. "The top priority now is to prevent an epidemic, so the ministry requires all provinces to place all health workers in 24-hour standby mode," he said. H1N1 flu is the new name of the contagious disease previously dubbed swine flu.

The health authorities will continue to strengthen supervision and quarantines at border gates, air ports and seaports, and require all arriving travelers to fill out health declarations.

Head of the Ministry of Health's Preventive Medicine and Environment Department, Nguyen Huy Nga, said that the department would provide training for health workers in HCMC and in hanoi this month to get ready for an outbreak. The department has requested the World Health Organization (WHO) to supply 625,000 protective clothes and 15,000 bottles of hand disinfectant for health workers.

The ministry decided to supply each province with 3,000 to 5,000 tablets of Tamiflu, which is used to treat flu patients.

Figures from the HCMC Department of Health show that since April 26th 2009, 8,400 travelers have arrived in the city via Tan Son Nhat (1,162 of them from flu-hit areas).

WHO on Monday reported that the virus had spread to 20 countries with 985 confirmed cases of flu.

(Source: SGT)

[Back to top](#)

Vietnamese Construction Industry has bottomed

The construction industry had a very tough time last year but insiders say the decline in building activity may be over.

Nguyen Luong Think of the Ho Chi Minh City-based Binh Minh Construction Company said 2008 was the most challenging year in the last two decades for the industry. The economic problems last year had a huge impact on the industry as well as the construction material and real estate sectors, he said. "The sudden downturn came as a shock to all construction firms, which just one year ago had so much work to do and enjoyed an average annual growth rate of 30 %." The rise in borrowing costs, salaries and construction material prices in the first half was a burden that many firms found too heavy, he said.

As prices rocketed, materials alone accounted for as much as 70 % of the total construction cost. Many building contractors said they had to accept losses because investors refused to pay more after signing contracts.

Le Thanh Cong, deputy chairman of the HCMC Construction Association, said 40 % of more than 2,000 construction firms in the city are small-sized and most of them had to stop working last year or do contract work for small projects. But construction firms said they are optimistic about the industry's prospects this year.

According to a note last month from Vietnam Property Fund, Construction value expanded 6.9 % in the first quarter, a “surprise on the upside”. With construction activity gaining momentum, the construction material market also started to pick up.

The industry still depends on how well the economy fares and it would be affected if high inflation returns or if investors cannot find enough funds for their projects later this year. Even if the industry recovers as expected, the opportunities would not be available for all businesses, with small contractors affected the most by the harsh competition.

(Source: TBKTSG)

[Back to top](#)

Foreign tourists to Vietnam declines nearly 18 %

In April 2009, the number of foreign tourists to Viet Nam reached an estimated 305,430. With this, this figure was nearly 1.3 million, a decrease of 17.8% in the first four months of 2009 against the same period last year.

Compared to April 2008, Vietnam saw a 23% decrease in the number of foreign tourists in April 2009. In particular, the number of foreign tourists by sea decreased by 70%.

Apart from some markets seeing a sharp decrease in the number of tourists such as the Republic of Korea (RoK) with 26.1%; Japan with 10 %, China with 30.1%; Taipei (China) with 15.7% and Thailand with 29.5%; other luxury markets such as the US, Canada, France and Australia remained unchanged and enjoy a slight increase in their number of tourists. This is a good sign to further intensify promotion campaigns for Vietnam’s tourism, in these markets. Moreover, more solutions are needed to attract tourists from near markets in Asia, such as China, Japan, RoK or South East Asian countries.

(Source: CPV)

[Back to top](#)

Can Tho firms struggle to find workers

Several firms in the Mekong Delta City (Can Tho) are having problems finding people to work and a labor expert blames it on a preference among young people for seasonal rather than regular employment.

For the last few months, the Binh An Seafood Joint Stock Company (BIANFISHCO) has needed more than 2,000 workers at a monthly salary of USD 112. But it has had very few applications. The company attended a recent Youth Work Week organized by the Can Tho City Employment Service Centre, but it received just six applicants.

Nguyen Thi Anh Mieu, Deputy General Director of Bianfishco, says that the company has many contracts with American partners, but the shortage of workers has prevented it from fulfilling orders in a timely fashion. Small-sized companies are also facing difficulties in finding workers.

The Can Tho Ship Repair and Building Enterprise has been able to find only half of the 20 employees it needs, a predicament shared by the Can Tho Fertilizer and Chemical Company.

Nguyen Quoc Vung, director of the city’s Youth Employment Service Centre, says enterprises in Tra Noc Industrial Park need around 3,000 manual laborers. Many enterprises have announced their employment needs for two months now, but have received very few applicants. Vung says many young people do not want to depend on regular working time and regulations which the companies offer. They only want seasonable jobs. “This is the reason for the shortage of manual laborers in Can Tho,” he said.

An official of Gentraco Company says many workers are afraid of travelling long distances to work, so they refuse jobs that require this. Vung says vocational training courses should also work to change the attitude of young people in the Mekong Delta and help them adapt to modern working environments.

(Source: VNS)

[Back to top](#)

Vietnamese Industrial production shows signs of better growth

The domestic industrial production in April 2009 posted a higher growth rate than the two previous months, increasing 3.1% over March and 5.4% over the same month last year, the Ministry of Industry and Trade reported.

The improvement indicated that the Government's counter-recession measures have produced initial effects, the ministry said.

The industrial production value in the first four months of 2009 reached 209 trillion VND, a year-on-year increase of 3.3%.

The non-State sector showed the best performance with a 6.1% increase, followed by the FDI sector with 3.3% and the centrally-run sector with a modest 0.4%. Only the locally-run sector saw a 5.5% year-on-year decrease.

(Source: VNA)

[Back to top](#)

Australian firms high on prospects

The Vietnamese government is reacting appropriately to the current global crisis and the country's economic downturn, leaving foreign investors confident about Vietnam's quick recovery capabilities, as well as the country's medium-term outlook.



Charles Goode, chairman of the Australia and New Zealand Banking Group, said that Australian businesses were impressed with the government's ability to manage short-term problems while still convincing investors to improve the local business environment for the medium- and long-term. Goode is part of a delegation of leading Australian companies that came to Vietnam last week to get a reading of the medium-term outlook. The delegation met a number of Vietnam's high-ranking officials.

Members of the delegation, led by Richard Woolcott, the founding director of the Asia Society Australasia Centre, are operating in the education, banking and finance, steel and oil and gas industries. Most of them, including ANZ Bank, RMIT University, Bluescope Steel and Santos Limited, have already been involved in investment projects in Vietnam.

"I found that all those measures [that the Vietnamese Government is taking] are very well linked to international thinking regarding assisting the poor, subsidizing interest rates and handing out stimulus packages," Goode said.

"The strengthening of the agricultural sector during the downturn is a very good stabilization measure. Agriculture may not be a high growth sector, but it's a very solid foundation for the economy. That is what we have seen the Vietnamese government following," he noted.

In early April, the Vietnamese government launched the second economic stimulus package, subsidizing 4 per cent interest rates for the business community for two years. The first stimulus package was issued in late January of this year, which provided a 4 per cent interest rate subsidization to local firms for 8 months to help cut production costs, maintain manufacturing and to ensure jobs.

The Ministry of Industry and Trade, in early April, proposed a plan to the government to promote consumption of locally-made products, spurring on domestic manufacturing. The major plan's objectives will be farmers, workers in industrial parks and processing zones and students, who have been prioritized for access to no- and low-interest loans to promote their farms and to purchase machinery and equipment.

"We are very impressed with Vietnam's resilience and with Vietnamese leaders' good perception of the global crisis," Woolcott said. "The Australian firms, particularly those in the delegation, are very confident about the medium-term outlook for Vietnam," he noted, adding that most Australian businesses had demonstrated a strong and long-term commitment in Vietnam.

ANZ currently has one of the largest foreign financial services operations in Vietnam, and was granted a 100 per cent foreign-owned banking license in October 2008. The bank recently got a license to open a third branch in Vietnam, with the first two branches in Hanoi and Ho Chi Minh City. It intends to open a total of six more branches in the next twelve months in Vietnam, according to Goode.

(Source: VIR)

[Back to top](#)

Vietnamese Economy already bottoms out

Vietnam's economy has bottomed out and is poised for stronger growth in the second quarter – expected at 3.5% to 3.8% compared to 3.1% in the first quarter - given positive signs last month, the National Center for Socio-Economic Information and Forecast said. All indicators, alongside the better confidence among the business circle, pointed to a brighter outlook for this year, according to the center under the Ministry of Planning and Investment, the Government's website reported.

Many economic experts agree with the projection, saying that the economy would regain the growth momentum largely owing to the effects of the Government's stimulus program.

Industrial production values of some commodities increased sharply last month, with fertilizer increasing 10%, synthetic fabrics 11%, glass 62%, and liquefied gas 33%, the center reported, citing figures from the General Statistics Office. The nation exploited over 800,000 tons of seafood over the past four months, a 8.8% year-on-year increase and the highest during recent years, while the overall retail of commodities and services also reached over VND360 trillion in revenue, increasing by 21% year on year.

The economic growth will also help generate more jobs in this quarter, increasing by 0.4% to 0.7% against the first quarter, said the center's director Le Dinh An. Unlike previous years, Vietnam has seen difficulties in export and foreign investment in 2009, resulting in a smaller cash flow. However, An said that the two stimulus packages worth a total of USD 8 billion would help revive the economy.

“Vietnam's economic growth is particularly relied on capital supply and construction. The Government has raised money sources over the past time which will certainly help develop the economy and creation of jobs,” An was quoted on Tuoi Tre. While positive effects of the stimulus packages are to emerge stronger between May and July, the Government may have to struggle to reach the targeted GDP growth of 5% in 2009 because some effects will only be seen in the following years, he said.

To ensure the sustainable growth in the second quarter, the center suggested the Government to issue tougher policies to choke off the economic downturn. Besides, the Government should push up capital disbursement for construction, research and development, and expansion of export markets. The Government should give priority to opening more markets for enterprises while expanding policies to restructure the economy, An said.

Meanwhile, the Government in the regular meeting due to open today in Hanoi will review effects of the stimulus packages on every sector of the economy. Other major issues at the meeting are the administration reform and support for poor and jobless residents in April.

(Source: Vietnam Economy News)

[Back to top](#)

TRADE

U.K. Tesco supermarket chain to sell Vietnamese dragon fruit

Tesco's stores around the world will stock Vietnamese dragon fruit after the fruit processed by Vietnam's Bao Thanh Company was deemed to meet the U.K. supermarket chain's standards.

Ho Chi Minh City-based fruit exporter Bao Thanh was granted the Tesco Nature's Choice certificate last month, a certification only granted to fruit and vegetables that meet Tesco's safety, quality and environmental standards.

Bao Thanh Sales Director Ly Hai Long said the certification applied to the fruit grown at the company's farms and processed at its packing factory in southern Binh Thuan Province.

The Tesco Nature's Choice certificate given to Bao Thanh is the first ever awarded to a Vietnamese fruit exporter.

The company's dragon fruit, which are also GlobalGap certified, is already exported to Singapore, Thailand, Hong Kong, China, the U.K., France, Germany, Italy, Netherlands and the U.S. bearing the Ticay brand.

Bao Thanh is now looking for investment partners in the U.S., Europe or Japan to develop a large-scale dragon fruit farm in Vietnam.

Tesco is the leading supermarket chain in the U.K. and the world's third largest retail group. It has supermarkets in China, the Czech Republic, Poland, Japan, France, Hungary, Malaysia, South Korea, Thailand, the U.S. and Turkey.

(Source: TT)

[Back to top](#)

Vietnam sets up five overseas commercial offices

Prime Minister Nguyen Tan Dung has signed a decision to establish five new commercial offices in **Israel, Venezuela, Panama, Saudi Arabia, and Houston, the US.**

The PM assigned the Ministry of Industry and Trade to work with related agencies to open the commercial offices of Vietnam in Tel Aviv (Israel) and Caracas (Venezuela) and send two more staffs to the commercial office in Brussels (Belgium) this year.

The commercial office in Riyadh (Saudi Arabia), Panama City (Panama) and Houston (US) (instead of New York as previously expected) will be opened in 2010.

The employees of new commercial offices must not exceed two for each office. Initially, each office will have one staff.

The head of the commercial office in Belgium has been appointed minister counselor and the heads of the remaining offices appointed attaché, counselor, third and fourth secretaries.

The Ministry of Industry and Trade is responsible for arranging staffs and giving them their diplomatic titles. The Ministry of Foreign Affairs will consider and bestow the diplomatic titles on them under the law.

(Source: CP)

[Back to top](#)

Vietnam – Spain Bilateral Trade on a Steady Rise

For the past 32 years of Vietnam- Spain cooperation, the two countries have constantly developed the bilateral trade. Many Spanish business delegations to Vietnam have been made so far to promote the investment and trade activities. Many Spanish companies have shown their interest in the Vietnamese market and the presence of Spanish products is growing steadily. Spanish companies are already established in sectors such as architecture, chemicals, shipbuilding, handicrafts and leather.

Spain is now ranked 13th among 16 European investors and 57th among countries and territories investing in Vietnam. The bilateral trade between Spain and Vietnam reached a record high in 2008 of USD 1.59 billion, a 24 % rise compared to year 2007. This important growth of bilateral trade between both countries comes both from increases in exports and imports.

Spain imported USD 1.43 billion from Vietnam, a 25 % year to year increase, which shows the growing interest Spanish companies have for Vietnam as a supplier. Spain imported mainly manufactured products (USD 828 million) and food (USD 400 million). As for exports, Spain sold to Vietnam USD 157.05 million, a year to year increase of 15.2 %. Although there is still a lot of room for improvement, these figures reveal Vietnam is starting to be considered as a potential market for some Spanish companies. Semi manufactured products (USD 61.23 million) and capital goods (USD 59.67 million) were the biggest Spanish exports.

Mr Alberto Cerdán, the Spanish Economic and Commercial Counselor in Vietnam, said “The trend is very positive. The rapid growth of Vietnam in recent years and the speed of change of the country are attracting more and more Spanish companies and we are working to improve and strengthen the cooperation between both countries”.

In addition, the recent visit of the Spanish Public Works Minister in early 2009 to Vietnam also helped strengthen the relationship between the two countries, especially in the field of transport infrastructure, in which Spain has some of major companies in the world.

The high level visit exchanges conducted in the last few years plus Vietnamese Government’s open door policy to private and foreign investors has created a future with great hope and opportunities for Spanish investors for potential projects.

(Source: VCCI)

[Back to top](#)

Import – Export Changes in 2009

The financial downturn and economic recession in major export markets like the US, the EU and Japan was not good for Vietnamese exports in 2008. However, when taking exports for the year as a whole, the numbers look not so bad.

The financial downturn and economic recession in major export markets like the US, the EU and Japan was not good for Vietnamese exports in 2008. However, when taking exports for the year as a whole, the numbers look not so bad. Ministry of Industry and Trade statistics show that the country exported USD 63 billion worth of products in 2008, 29.5 % more than in 2007, a growth level not seen for many a year. For 2009, the National Assembly has set a target of 13 % export growth with USD 72 billion in exports.

This is a goal which appears to be nothing less than challenging but, the Ministry of Industry and Trade has presented a series of measures that it hopes will lead to increased exports and a reduced trade deficit. To increase exports, the ministry's solution is to continue exporting to traditional markets while trying to enter potential markets.

In 2009 the Government will focus on export and trade promotions, said Minister of Industry and Trade Vu Huy Hoang, with priority given to increasing exports to potential markets in Africa and Latin America. Businesses are to receive direct support to do this.

The Ministry of Industry and Trade has also proposed that the State Bank of Vietnam manage the exchange rate in a way that favors businesses, particularly export companies. The ministry suggested that local commercial banks should loan more money to businesses and businesses should be able to borrow money without needing to put up collateral. In addition, the range of businesses that are eligible to receive loan capital should be expanded to include those producing and selling rice, textiles and garments, footwear, rubber, mechanical equipment, iron and steel products and construction materials. To increase exports of rice, agricultural produce and seafood, credit guarantee services should be made available.

Regarding finance, the Ministry of Industry and Trade proposed that for now duties on input materials for export production, things like plastics, raw seafood, raw cashews and thread, be eliminated to help businesses lower their production cost and become more competitive in price. The ministry suggested that in the near future the export duty on furniture made from imported material be removed.

In addition, the Ministry of Industry and Trade suggested providing support to farmers as allowed by World Trade Organization (WTO) regulations and stimulating trade promotion, particularly in large and traditional markets in North Africa, the Middle East, and Latino-America at both governmental and business levels.

It's expected that imports will increase in 2009 as they did in 2008 thanks to the Government's efforts to contain inflation, reduce expenses and spend less on projects that are not urgent or necessary. To restrict imports, import tariffs have been increased, taxes need to be paid before goods clear customs and automatic licensing system is in use. Because the price of input materials like steel products, steel billet, fertilizer, and petroleum has plunged 30-

50 % since 2008, the import value is expected to go down in 2009 despite a rise in the import volume. When the Dung Quat Oil Refinery does go into operation, it will provide petroleum products to the domestic market and the quantity of imported petroleum products will fall. Vietnam is expected to import around 11 million tonnes of petroleum products in 2009 spending about USD 6 billion. Because exports are falling, imports of input materials are also falling.

To reduce the current trade deficit, the Ministry of Industry and Trade would like to see restrictions placed on imports. This would include technical barriers regarding quality. It would like to see an increase in the production of items that could replace imports. The Vietnamese Government and the Ministry of Industry and Trade are very eager to sign bilateral and multilateral agreements that establish free trade areas. This, it is felt, would increase exports while restricting imports to create a more favorable trade balance.

(Source: Tien Dung)

[Back to top](#)

Vietnam's aquatic products popular in Russia

Russia has decided to re-issue exports license for aquatic product for 30 Vietnamese enterprises. The decision was made on April 23rd 2009 after Vietnam had implemented measures to tackle the cause of the problem and improved the quality of its products exported to Russia. One of the most important measures was the establishment of an executive board to ensure adequate levels of hygiene in the exported products.

In November 2008, the Russian Federal Service for Veterinary and Physio-sanitary Surveillance (VPSS) announced that the country was temporarily limiting aquatic product imports from Vietnam as of December 20 2008, as the products fell below the level of hygiene demanded by the VPSS.

Vu Trong Nghia, a Vietnamese trade counselor in Russia, said that annually Russia imports more than 1 million tonnes of aquatic products from Vietnam. In 2008 Vietnam's export revenue had reached in excess of USD 216 million, an annualised increase of 83 % and made up 10 % of the Russian aquatic products market. The revenue was only USD 10 million in 2005 and USD 35 million in 2006.

Catfish make up the bulks of Vietnam's exports to Russia because of their quality and low price. If the country can ensure hygiene standards and the quality of products, Vietnam can export larger volumes of aquatic products to the Russian market.

(Source: VOV)

[Back to top](#)

Rosy Seafood Export

In this difficult period for economic development, there arise some positive signs for Vietnam's seafood export. However, a suitable management mechanism must be put into place to bring forth these favorable conditions and achieve seafood sustainable development.

Numerous difficulties

Vietnam exported 166,695 tonnes of seafood in the first quarter of 2009, gaining USD 579.2 million in total export value, down more than eight % in both volume and value compared to that in the same period of 2008, according to the Vietnam Association and Seafood Exporters and Producers (VASEP). Lower exports were attributed to decreased consumption in major import markets and difficulties associated with the lack of material for processing.

Also in the first quarter, Vietnamese seafood was exported to 122 markets, down 37 markets in number compared to 2008. The export value to major import markets of Vietnamese seafood was almost down (except that to China, Australia and ASEAN). Particularly, the export value to EU, Vietnam's largest seafood export market (holding 26 % of Vietnam's total seafood export value) went down nearly 15 % that to Japan, the second largest market, was down nine %, to the US down 3.3 %, and to the Republic of Korea down 8.5 %. However, the export value to ASEAN rose 16.1 %, to China up 37.7 % and to Australia up 20 %, respectively.

VASEP expects the export of seafood will face a lot of difficulties in the forthcoming months. The 2008 Agricultural Law of the US will badly affect Vietnam's export of Tra and Basa fish in the coming time. VASEP also expects 2009 to be another difficult year for Vietnam's shrimp export due to decreased consumption in most import markets, lowered US dollar value, and businesses' struggled operation due to the lack of raw materials and investment capital.

Positive signals

VASEP's permanent deputy chairman Nguyen Huu Dung said despite facing some difficulties Vietnam's export of Tra and Basa fish has certain advantages thanks to stable quality and competitive prices.

There have been positive signs in Tra and Basa fish export in early 2009. In mid March, the Tra Fish Export Steering Committee came to Russia to sign contract for Tra re-export to Russia. Of 30 businesses that can export Tra fish to Russia 10 businesses are Tra fish exporters, and the remaining 20 businesses are dried seafood exporters.



The committee's head Duong Ngoc Minh said Vietnam's seafood export to Russia can reach USD 500 million per year. Russia will potentially become Vietnam's largest seafood export market, but not Japan, the US or the EU, in his view. In addition, one of the contract terms says that Russian partners wanting to import huge Vietnamese Tra fish volume, have to import other seafood items, said Minh. Therefore, besides Tra fish, the export volume of other seafood to Russia is expected to be on the rise in the coming months.

Most recently, in the website of Egypt Ministry of Agriculture and Land Reform, Minister Amin Abaza said that Vietnamese Basa fish is entirely safe to health based on sample testing results. About the fact that some Vietnamese Basa fish shipments were returned, Dr. Youssef Mamdouth, the president of Egypt General Organization for Veterinary Services and Quarantine said only nine out of 265 Basa fish export shipments were returned in the first quarter of 2009.

He said it was a commonplace and that could also occur to beef or chicken export, for example. Also early in the first quarter of 2009, Spanish Ministry of Health and Consumption said Vietnamese Tra and Basa fish satisfies EU food sanitation standards, not posing any threat to people's health and then it does not hinder the export of Tra fish into Spain.

Earlier, Brazil, the largest export market in South America, promulgated a list of 60 Vietnamese seafood businesses liable for direct export to its market. Thus far, Vietnamese seafood enters Brazil through intermediaries.

In a working session with the Mekong Delta management to discuss measures to stimulate production and consumption of Tra and Basa fish in mid-March 2009 Prime Minister Nguyen Tan Dung highlighted the importance of Tra and Basa fish to the Mekong Delta particularly and Vietnam generally development. He said Tra and Basa fish was now sold worldwide and building Tra and Basa fish strong trademark was of paramount importance. Presenting suitable policies to assure sustainable growth of Tra and Basa fish farming and processing is also needed.

The Prime Minister also approved with the Ministry of Agriculture and Rural Development on the establishment of a steering committee to stimulate Tra fish production and consumption, thus turning it into one of the country's major export earners.

With its ambitious plans VASEP expects Vietnam can gain an estimated USD 4.5 billion from seafood export in 2009, equal to 2008's level.

(Source: Phung Long & VASEP)

[Back to top](#)

Firms switch focus to domestic market, find going good

Many companies have boosted their domestic sales by opening more outlets since the beginning of this year as a strategy to cope with the global recession.

Cao Thi Ngoc Dung, general director of Phu Nhuan Jewelry, said her firm set expansion of its domestic market as the top priority in late 2008 after seeing exports hit by the recession. It plans to open 29 new stores this year. The jewelry maker said its move to boost local consumption contributed to total revenues of VND 4.56 trillion (USD 256.5 million) in the first quarter, a 200 percent year-on-year increase. “To make new stores successful, understanding customers’ demand and tastes is key,” Dung said.

Developing the local market is not only a way to cope with falling exports but also a long-term strategy to balance domestic and overseas sales, the industry and trade ministry-run Vietnam Economic News quoted Vu Tien Loc, chairman of the Vietnam Chamber of Commerce and Industry, as saying. Binh Minh Plastics Joint Stock Company expanded its distribution network by a fifth to 320 outlets in the first four months of this year.

Most of the new outlets are in the south, said Nguyen Thi Kim Yen, the firm’s deputy general director. Yen said the expansion helped boost first quarter sales to VND190 billion (\$10.67 million), up 20 percent from the same period last year.

As the economic slowdown prompts customers to tighten their belts, Saigon Cosmetics Corporation is finding opportunities to boost sales of its perfume products, which cost less than imports.

“Earlier, customers did not prefer Vietnamese perfumes, but the trend is changing now,” said Tran Phuong Ivy, deputy general director of the company. She also said the company had done market research in some provinces and found out that customers like perfumes that last long and cost less than VND 300,000 (\$17.53) a bottle.

Saigon Cosmetics Corporation has opened more than 30 stores nationwide. The government has said it would provide more than VND 51 billion from its coffers to help companies expand locally amid the global slowdown.

The money would be used for market research so that companies can devise strategies to expand and increase their domestic sales, according to a statement posted on the government’s website late last month. “This trade promotion program is part of the government’s emergency measures to avert an economic slowdown and ensure socioeconomic stability,” the statement said. A highlight of the program is the Vietnamese Goods Week, which ended on May 3 in Ho Chi Minh City.

The event, which offered discounts and promotions on products made by more than 1,000 domestic firms, attracted nearly 400,000 people and generated revenues of VND40 billion. Companies signed up 175 new agents, the event’s organizers said. With the world’s 13th-biggest population, Vietnam has a large domestic market whose purchasing power is rising rapidly. Retail sales last year were worth \$58 billion.

(Source: TN/Agencies)

[Back to top](#)

Vietnam Electronics Industries Association (VEIA) to seek partners in EU, America

VEIA intends to join the World Electronic Forum in the coming years to seek out cooperative ties with partners in Europe and America.

VEIA unveiled its plan at its 3rd congress for the 2009-2013 tenure in Hanoi on May 6, where the association agreed to admit more members, particularly telecoms and FDI enterprises along with a number of major distributors.

It will also strengthen cooperative ties with overseas counterparts such as the Japan Electronics and Information Technology Industries Association (JEITA), the Korean Electronics Association (KEA), the Taiwanese Electrical and Electronic Manufacturers Association (TEEMA) and the Chinese Electronic Chamber of Commerce (CECC).

During the 2nd term, VEIA admitted an additional 51 members and none of its member businesses went bankrupt or were taken over in spite of challenges after Vietnam joined the World Trade Organization (WTO) and the ASEAN Free Trade Area (AFTA).

VEIA has assisted the government, ministries and localities to map out policies regarding electronics, information technology and telecoms. It has also successfully organized four expos in Vietnam and sponsored 10 delegations for more than 100 businesses to take part in trade fairs and conduct fact-finding tours overseas.

(Source: VEIA)

[Back to top](#)

Government's demand stimulus package supporting imports?

Experts, on one hand, applaud the decision by the government to launch demand stimulus packages, on the other hand, have warned that if the program is not carried out well, it will only help boost the sales of import products.

In a report on industrial production and commodity consumption in the first quarter of 2009, the Ministry of Industry and Trade wrote that Chinese and Thai products are now dominating the markets of some products.

With the appearance of imported cheap commodities, sales of many domestic products have decreased sharply, like footwear, which was down by 30% in comparison with 1st quarter of 2008.

Import products a threat

In many big cities, consumer products sourced from Thailand and China are now dominating the market. In Hanoi, Bac Giang and Bac Ninh provinces, Chinese commodities are now dominating traditional markets and trade centres. Dong Xuan Market in Hanoi now looks like Tan Thanh and Dong Kinh markets in Lang Son province, which specialize in selling Chinese products imported from across the border gate.

Sources say that at Chinese ports bordering Mong Cai border gate in Quang Ninh province, Chinese enterprises have amassed over 600,000 tonnes of steel and ingot steel which will be brought to Vietnam in some days.

Preliminary reports from 13 gates bordering China show that in the last 15 days of March alone, imports from China increased by 24% over the first 15 days. Several import items have seen considerable increases, like accessories, car parts (+ 200%), animal feed (+ 224%), steel (+ 110%), fertilizer (+ 35%). State management agencies have also found increases in smuggling in areas bordering China.

Stimulating agriculture? Waiting for policies

According to Bui Quoc Viet, Director of the Agriculture Machine Company, the mechanical industry still cannot meet all the demands for agriculture machines, while Vietnam still needs to import engines of more than 50 horsepower.

Lam Chi Quang, Chairman of the Vietnam Engine and Agricultural Machinery Corporation (VEAM), said that the demand stimulus package for agriculture and rural development needs to be carried out in a way so as to avoid helping to sell China-made agriculture machines.

Quang said that VEAM has asked the Ministry of Industry and Trade to give more details about the subsidized loans under the demand stimulus programme for rural areas. However, it remains unclear when the ministry will promulgate the document.

Experts also said that state management agencies should think of effective measures to help encourage domestic production. A lot of ideas have been suggested, including giving coupons for purchasing commodities to rural residents, workers in industrial zones. However, the ideas remain on paper.

(Source: SGTT-VNN)

[Back to top](#)

Hanoi Trade Promotion Month 2009 to be launched in November

The Hanoi Trade Promotion Month 2009 is planned to be launched in November, according to the Hanoi Commerce and Industry Department.

Under the plan, the program will draw the participation of between 350-500 occupational trades, including household businesses, tourist related services, trade centers, supermarkets and central produce markets.

This will be the second time a large-scale trade promotion event will be held in Hanoi. The program aims to stimulate spending demand, stabilize prices, and spur economic growth of the capital city after the expansion of its area. The department believes that the event will also boost production, attract more investors and tourists to the city.

Reportedly, lines of goods that will participate in the Trade Promotion Month include food, drinks, fashion wear, garments, footwear, electronics and tourist services.

(Source: ANTD)

[Back to top](#)

INVESTMENT

Binh Duong: Top Choice of Singaporean Companies

Binh Duong is one of the most attractive localities to Singaporeans. Despite a fluctuation in capital flows from ASEAN region into Vietnam in the past years, Singapore still maintains its leading position in most industries, especially service. To date, the province has housed more than 100 projects valued at USD 714 million.

Mr Philip Yeo, Chairman of SPRING Singapore, the enterprise development agency for growing innovative companies and fostering a competitive SME sector, said: “Vietnam is a potential destination for Singaporean enterprises. Binh Duong has emerged as the top choice because this province has the Vietnam - Singapore Industrial Park.”

In 1996, the Vietnam - Singapore Industrial Park (VSIP) had its beginnings on 500 ha in Thuan An district. The total investment capital for the three-phase construction was nearly USD 140 million. This is the unique industrial park in Vietnam set up under the goodwill agreement between the governments of Vietnam and Singapore, aiming to build a modern industrial park to boost economic development in Vietnam and heighten regional position in the world. On that basis, VSIP was formed by Vietnam’s Becamex IDC and Singapore’s SembCorp Industries (Singapore) together with other partners like Ascendas, United Overseas Land, Mitsubishi Corporation and KMP Group.

After more than 12 years of construction and development, VSIP has become one of most attractive industrial parks in Vietnam. To date, VSIP I houses 241 tenants which employ more than 60,000 workers.

Following the success of VSIP I, VSIP II was established in 2006 on an area of 345 ha in the Binh Duong industrial - service - urban complex. So far, this park has 134 investors, including 44 operational investors which are employing 8,000 workers.

From the successfulness of VSIP I and II, the VSIP II A was approved for construction by the Vietnamese Prime Minister. The USD 136 million 1,000-ha park is underway. This zone together with VSIP I and VSIP II will play important roles in the industrialization and modernization of the country.

The success of VSIP has opened a new prospect and created groundwork for Singaporean enterprises to invest in industrial infrastructure in the province. For example, Mapletree, a leading Singaporean firm operating in hi-tech infrastructure, forwarding service, finance, science and technology, has arrived in Binh Duong province. Its hi-tech project in Binh Duong industrial - service - urban complex requires an area of 75 ha and an investment of USD 400 million. The objectives of the project are to transfer technologies and modern corporate processes and governance for Vietnamese people to contribute to the socioeconomic development of Vietnam in general and Binh Duong province in particular. Once completed, this project will serve hi-tech software development companies, offshore software producers and R&D companies.

Other noteworthy projects include the AP Singapore Tech Park in Ben Cat district - a joint venture between Binh Duong Production Import Export Company (Protrade) and Singapore’s Ascendas Group. This project covers an area of 500 hectares and costs around USD 150 million. It is intended for food, drink, energy, electronic, healthcare and pharmaceutical industries.

Mr. Philip Yeo emphasizes that, “In Singapore, Binh Duong province is of deep interest and of high appreciation for the business world. This locality has complete and modern industrial infrastructure, favorable and connected traffic system. These are top criteria for investors to do business.” Recently, many Singaporean businesses have studied land fund planning for industrial zones in Binh Duong province and investment opportunities in urban, housing, service, banking and finance sectors in Binh Duong province. At present, the province is giving priorities to urban and property development. These are good options for Singaporean enterprises.

On April 14, Minister Mentor Lee Kuan Yew paid a courtesy visit to Vietnam - Singapore Industrial Park 2 (VSIP II) in Binh Duong province, which is developed by Singapore’s Sembcorp in a joint venture with Vietnam. Sembcorp Industrial Park Group pledged to push up infrastructure development in existing industrial and urban zones in Vietnam and seek new investment projects in electricity, wastewater treatment and environment.

Currently, Binh Duong province has 27 operating industrial parks covering 9,000 ha. They house 1,799 investment projects with a combined investment capital of USD 10.824 billion from 40 countries and territories.

(Source: VCCI)

[Back to top](#)

HCMC - Plan for 2nd LOTTE Mart in city rejected

Lotte Mart, a member of South Korea’s leading department store operator Lotte Shopping, cannot proceed with a major plan to open a second shopping center in HCMC as earlier announced because the city authorities have turned down its proposal. Lotte Vietnam Shopping Co., a unit of Lotte Mart, originally planned to open its second outlet this year on the first five floors of the EverRich apartment building under construction in District 11, after the opening five months ago of the first in Saigon South new urban area in District 7.

An announcement of the second Lotte Mart plan was displayed at its booth at the recent Asian Corporate Conference in the city as well.

A HCMC Department of Planning and Investment (DPI) source close to the situation said that the city authorities had received Lotte Vietnam’s proposal for the second department store at the EverRich building but they had refused it. The proposal has been rejected due to many reasons, according to experts. The proposed Lotte Mart store was reportedly expected to target customers in districts 10, 11 and Tan Binh, but there are already some supermarkets in these districts, including Saigon, Big C and Co.op Mart. The entry of Lotte Mart there would have an impact on the planning of the retail outlets, they said.

Under the WTO commitments, the retail market will be opened up to international firms after November 2010, except for gasoline, books and newspapers, cigarettes, rice, sugar and precious metals. But after the opening of their first store in Vietnam, international retailers must seek permission for every other outlet.

Tran Quoc Khanh, a former WTO accession negotiator of Vietnam, earlier said the ENT (Economic Needs Test) principle would be used to consider licensing the second retail point onwards for foreign investors. Such licensing is conditional based on three criteria: (1) the number of retailers in a locality, (2) the stability of the market and (3) the size of the residential quarter. Moreover, the Government will also look into local development programs and local population density to decide whether to grant licenses.

The lack of rules and definitions of concepts is believed to create difficulties for enterprises when making business decisions and for state agencies in management work.

If decentralization is put into place, this may make the oversight of foreign-owned retail points difficult. Thus, state agencies will need to set out the conditions for opening the second retail point onwards.

Lotte Vietnam’s plan for expanding its store chain across Vietnam may become slower than planned. Lotte Vietnam Shopping Co. is a joint venture between Lotte Shopping and Vietnam’s Minh Van Company.

Its first Lotte Mart, the biggest shopping center in Vietnam, costs USD 75 million and covers 33,400 square meters in Saigon South area. The three-floor Lotte Mart South Saigon includes a 15,800-square-meter supermarket which stocks some 50,000 items. The shopping center has also other amenities such as cinemas, bookstore, home appliance center, restaurants, cultural center, bowling and billiard facilities, coffee shop, children game area, and

fastfood center. Lotte plans to set up about 30 department stores and supermarkets within 10 years in HCMC, Hanoi, Danang, Can Tho, Haiphong and Hue, at a total cost of some USD 5 billion. They will include 15 department stores and supermarkets in HCMC and the city's neighboring provinces in the near future.

Lotte Shopping is seen as the fifth largest business group in Korea. Lotte Mart now has 90 department stores in four countries including 62 stores in South Korea, 8 stores in China, 19 in Indonesia and one in Vietnam.

(Source: SGT)

[Back to top](#)

Vinalines urges Can Tho to complete paperwork for projects

Vietnam National Shipping Lines (Vinalines) Thursday asked the Can Tho City People's Committee to complete documentation for its three projects in the Mekong Delta, the committee said.

Vinalines asked city authorities to finish land rental documents for a 17 hectare area at Cai Cui Port, where the company is preparing for its second stage of a project that will be able to receive two 20,000 DWT ships simultaneously.

The company also urged the city to provide it with a planning certificate and help clear a site for its logistics warehouse project; as well as provide land for the construction of a high-rise building that will serve as a commercial maritime information center.

Vinalines is expected to invest more than VND1.4 trillion (USD 78.83 million) in the three projects.

TNT Vietnam expands express services to Cambodia. TNT Vietnam, a provider of express delivery services, Thursday announced the extension of its road service network into the Cambodian capital Phnom Penh. It would add more than 1,500 kilometers to the existing 6,000-kilometer Asia Road Network (ARN) across Southeast Asia and connecting to China, TNT Vietnam said.

Mark van den Assem, the company's managing director, said the connection between Vietnam and Cambodia is a "key development" to complement the ARN.

(Source: CanTho)

[Back to top](#)

Vietnamese top list of foreign arrivals in Cambodia

More than 79,700 Vietnamese visited Cambodia in the first quarter of this year, marking an increase of 49 % over the same period last year, according to the Cambodian Ministry of Tourism.

Cambodian Tourism Minister Thong Khon said Vietnamese tourists outnumbered visitors from the Republic of Korea to account for the largest part of foreign visitors to Cambodia in the first three months of this year.

About 62,600 RoK visitors came to Cambodia in the reviewed period, a remarkable reduction from 97,500 in the corresponding period last year, said the tourism ministry.

To lure visitors in time of the global economic crisis, the Cambodian Tourism Ministry has turned to less-affected countries in addition to promoting new eco-tours.

The ministry has especially streamlined entry-exit procedures for tourists from the neighboring countries of Vietnam, Thailand and Laos, allowing them to enter the three Cambodian border provinces with laissez-passers and stay for a week instead of three days as applied before.

Chairman of the Cambodian Travel Association, Ang Kim Eang, was optimistic that political stability would help draw more foreign visitors to his country.

(Source: VNA)

[Back to top](#)

Canon: Happy To Operate in Vietnam

On the occasion of the opening of a new Canon Center in Ho Chi Minh City on April 10, 2009, Vietnam Economic News' Nguyen Boi and Xuan Trung spoke with Mr. Kimura, president of Canon Singapore focusing on the cooperation between Canon and Le Bao Minh Company as well as Canon brand.

Would you please introduce something about Canon Singapore and the cooperation with Le Bao Minh Company?

Canon Singapore Pte Ltd was set up in 1979 as the regional headquarters to oversee operations in the South and Southeast Asia region, marketing and servicing of all Canon products. Canon Singapore subsidiaries include Canon India, Canon Malaysia, Canon Thailand, and Canon Philippines; the unit also oversees representative offices in Vietnam. Its marketing scope includes Singapore, Thailand, Malaysia, India, Vietnam, East Timor, Indonesia, Brunei, Cambodia, Laos, Myanmar, Bangladesh, Bhutan, Nepal, Pakistan, Sri Lanka, Maldives, and Afghanistan.

In Vietnam, Canon representative offices in Ho Chi Minh City and Hanoi were opened in September 2002 and 2003, respectively. Canon provides direct marketing, service and training for our products. Canon operates closely with its network of authorized distributors and service dealers nationwide. Regular and extensive pre-sales product training and after-sales service training programs are conducted by the representative offices.

We are very proud of the good co-operation with the local management of Le Bao Minh Company. The growth of Le Bao Minh is synonymous with the growth of Canon in Vietnam and we strongly believe that this fine relationship will help build a firm bridge through which we can make deeper accession and offer better services to Vietnamese consumers.

Canon products have been available in Vietnam since the 1980s through its authorized distributors. What is the market share of Canon in Vietnam? Your target in 2009? And the plan for the period from 2010 to 2015?

The market share changes from time to time but generally, the market share of our major products like cameras, printers, photocopiers are usually No. 1 or No. 2.

Our strategy in 2009 and in the next period will be different from that in the previous years. We take the economic downturn an opportunity to review management qualities such as profitability, inventory, cash flows and so on. We will turn around and look them back rather than to simply target a sharp growth like that in the previous years. The current economic status suits perfect in doing so.

However, we manage an extensive growth from 2010 onward.

The launching of Canon Plaza helps strengthen the cooperation between Canon Singapore and Le Bao Minh Company. Isn't it?

We are proud that Le Bao Minh can now provide complete services without sending goods to Singapore. Full service equipment is provided at the Canon Plaza. Canon Plaza is a significant milestone to provide complete sales & services within Vietnam.

As you said, Canon had planned to invest in Vietnam through Le Bao Minh Company. Could you please share with us this investment plan?

We find Vietnam is a strong growing country and good environment for investment and marketing. The infrastructure is being improved as well. Canon is now very happy to operate in Vietnam and it is certain that we will continue to invest in this country and stay here for many years to come.

(Source: VEN)

[Back to top](#)

Dong A Plastic runs HCM City factory

Dong A Plastic Group on April 26th 2009 started operating its VND 30 billion uPVC plastic door and window factory in HCMC's Binh Tan District to boost sales in the southern region.

Construction of Dong A's 3rd factory began in late 2008 on 10,000 square meters in Tan Tao Industrial Park. The facility is equipped with 10 production lines imported from Europe and has a capacity of over 100,000 square meters per year.

"The factory will turn out Smartwindows, a key product of Dong A over the past three years with the average turnover growth of 30% yearly," said Dong A's chairman Nguyen Ba Hung. Smartwindows uPVC products are reinforced with a steel core and designed to suit many decors.

Dong A expects to reach VND90 billion in turnover this year including VND70 billion from Smartwindows, said Dong A Group's general director Tran Thi Le Hai. This represents a double rise from last year.

This year the company plans to provide 42,000 square meters of products, 85% for local sale and 15% for foreign markets and will invest around USD 1 million, funded by World Link Japan Inc., to build showrooms in Cambodia, Laos, and Malaysia.

Dong A will also invest in production lines for tarpaulin, ceiling boarding and plastic and panel doors. The company has two other factories, with one in Hanoi and the other in Ha Nam Province.

(Source: SGT)

[Back to top](#)

Vietnam seen as an example in FDI attraction

Vietnam has set an example in foreign direct investment (FDI) attraction and its experience should serve as guide to other countries, according to the United Nations Conference of Trade and Development (UNCTAD).

UNCTAD General Secretary Supachai Pamitchpakdi made the statement in Geneva, Switzerland, while addressing recent discussions of reports on countries' investment policies.

During a working session with Vietnamese Minister of Planning and Investment Vo Hong Phuc on May 4, Supachai reaffirmed that UNCTAD will provide technical assistance to Vietnam to complete the drafting of the country's report on its investment policies. He said that the organization will support the country in improving its investment environment and that FDI inflows to the country will be maintained in the coming years thanks to its commitments in 2008. According to him, Vietnam has suffered less of an impact from the global economic crisis than other countries thanks to its good economic foundation.

Minister Phuc appreciated UNCTAD's technical assistance programme, saying it has been carried out in Hanoi and other adjacent areas. In 2009, he said the programme will be undertaken in the expanded Hanoi, Da Nang and Ho Chi Minh City. He expressed his hope that UNCTAD will work closely with Vietnam in attracting FDI into the country.

Vietnam is willing to take part in all UNCTAD activities to share its experiences and information about investment environment and policies.

Earlier, Minister Phuc had a working session with Alessandro Teixeira, the president of the World Association of Investment Promotion Agencies (WAIPA). Both sides exchanged ideas on opportunities and the potential for cooperation between Vietnam and WAIPA. President Teixeira said that his organization will send a delegation on a fact-finding tour of Vietnam to further this advantage.

(Source: VOV)

[Back to top](#)

Binh Duong says no to labor – intensive projects

Binh Duong Province has called off licensing new labor-intensive projects, particularly low added-value ones as a measure to cope with prolonged labor shortage and support operations of existing enterprises, the provincial chairman said on Tuesday, 5 May 2009.

"Our policy (now) is not to license labor-intensive projects, especially in apparel as well as shoe and leather sectors because the projects in these areas do not generate much added values," Nguyen Hoang Son told reporters

on Tuesday, after a seminar entitled: “Provincial Competitiveness Index: Diagnosing Competitiveness in Binh Duong.” The event was held by the province in collaboration with the Vietnam Chamber of Commerce and Industry (VCCI) and the USAID-financed Vietnam Competitiveness Initiative (VNCI). Son said in the past years labor shortage had become a chronic issue, as a result of fast industrial development in Binh Duong, forcing the province to make efforts to lure workers from other localities.

It has cost enterprises dearly when it comes to recruitment and training. Le Hong Phao, chief executive officer of Binh Duong Apparel Co., gave an example that the company spent VND 200 million on recruitment but up to VND1.2 billion on training courses for new employees last year. Phao, who is also chairman of the Binh Duong Textile and Apparel Association, told the seminar that many companies in the industry had to compete for labor. “The struggle for experienced and trained employees has placed much impact on the business and production of many companies, leaving their activities in disorder,” Phao said.

Son said Binh Duong needed more than 30,000 employees this year to satisfy the demand of enterprises in the southern province, and over 10,000 had been supplied to them. These 10,000 workers were among the 12,000 who lost their jobs recently. Son said Binh Duong was exerting more efforts in training workers and encouraging enterprises of different business sectors to join this. “We are spending more building training centers and upgrading vocational schools.”

Training was among the areas that VNCI had urged Binh Duong to boost improvement if the province wanted to maintain its position in the list of most competitive localities in accordance with the Provincial Competitiveness Index (PCI). Last year, the central coastal city of Danang unseated Binh Duong to become to the most competitive locality in Vietnam, a title that the southern province had retained for three continuous years since the launch of the PCI in 2005.

The index was developed by VCCI and VNCI, and Saigon Times Group had been chosen as the official media to publish the PCI report for the fourth consecutive year.

Son acknowledged that leaders of Binh Duong had thought much of the ranking downgrade and was striving to make the province a more favorable and attractive destination for investors. Binh Duong will not license new domestic and foreign direct investment (FDI) projects that pollute the environment. The dyeing and tanning projects are among those the province will shrug off. “We look to sustainable growth so we will weigh the environmental impact of a project more carefully before granting it a license,” Son said. “We will not attract investment at any cost.”

Binh Duong has so far attracted more than 7,200 domestic projects with combined capital pledges of VND50 trillion and around 1,850 FDI projects with total investment capital of USD 11.5 billion. The first quarter of this year registered FDI pledges of USD 314 million, or half of the amount in the same period last year. At the seminar, VCCI clinched an agreement with Binh Duong to help small- and medium-sized enterprises to operate more efficiently, improve information technology, and establish an effective mechanism to deal with work stoppages and disputes.

(Source: VNCI/SGT)

[Back to top](#)

Korean Businesses Prefer Vietnam

The Republic of Korea (RoK) Chamber of Commerce and Industry recently looked into the operations of RoK businesses in Vietnam in 2009, surveying 250 businesses operating in Vietnam, 171 of these involved in manufacturing (68.4 %) and 79 in other business activities (31.6 %). Thirty-four were large businesses while the other 215 were small to medium in size.

While 69.3 % of the companies indicated that it appeared that 2009 was not going to be a good year for their business, this is an improvement over last year when 82.8 % had such misgivings. The increased optimism could be due to the fact that 39 % are doing better than they were one year ago.

Most businesses said that what attracts investors - and these are the strong points - are employee competence and the Government's investment policies. This attracts RoK investors.

In terms of near future plans, 4.5 % of the companies surveyed said that they expect to be cutting back the size of their operations in Vietnam and 20 % said they may be quitting Vietnam. Another 48 % said they expect to expand operations in Vietnam and 45.2 % said that they don't expect to change in size. Of that 48 % that expect to expand, 46.9 % said that this may involve expanding their investment, 29.2 % expect to increase their range of products, 16.7 % expect to increase the product added value, 4.2 % want to improve their designs and do more research and 3.1 % hope to expand into other fields.

With regards to medium to long term investment potential (five and 10 years), 50.3 % said that Vietnam is RoK investors' first choice, followed by Cambodia (16.8 %), Myanmar (8.1 %) and Indonesia (7.1 %).

The companies surveyed said that if and when they do move out of Vietnam, they'll likely move to Myanmar, Cambodia, Bangladesh or the Philippines, even though taxes in these countries are higher than they are in Vietnam and in these countries, too, there is a lack of skilled workers.

(Source: Thanh Tam)

[Back to top](#)

Hiep Phuoc IP developer seeks to build waste incinerator

Hiep Phuoc Industrial Park Joint Stock Corporation is seeking approval from HCMC authorities to build a modern incinerator inside the park of the same name to treat all wastes discharged by tenants inside the zone.

In its proposal recently submitted to the city's environmental authorities, the developer of the industrial park in HCMC's Nha Be District said the incinerator would meet high standards in burning harmful and industrial wastes inside the park, said Nguyen Xuan Han, deputy director of the corporation. According to the proposal, many companies in the industrial park have seen untreated industrial waste mounting because the city's Urban Environment Company had stopped receiving the waste discharged from the companies.

Under the environmental impact appraisalment for the project of Hiep Phuoc Industrial Park earlier approved by the Ministry of Natural Resources and Environment, the developer pledged to invest over USD 100 million to build the incinerator in the industrial park to treat harmful wastes. Furthermore, the developer had also pledged to build a high-tech incinerator with a burning heat of over 1,100 degree Celsius to ensure the disintegration of all organic harmful substances. The chimney of the incinerator should have a minimum height of 150 meters to avoid air pollution for surrounding areas.

However, the corporation's proposal to build the incinerator is facing objection from the HCMC Export Processing and Industrial Zones Authority (Hepza), which said that facility would worsen the surrounding environment. Ngo Anh Tuan, deputy head of Hepza, told that Hepza would not agree with the corporation's proposal to build the incinerator to treat harmful wastes inside the park because that goes against the city's common approach for waste treatment.

He added that the city had just completed a complex of waste treatment in Phuoc Hiep Village of Cu Chi District covering some 100 hectares, so all harmful and industrial wastes must be transported and treated at the dumpsite. An official of the city's Department of Natural Resources and Environment said this environment watchdog was considering all possible impacts of the incinerator before giving final decision in the coming days.

(Source: SGT)

[Back to top](#)

HCMC attracts huge investment pledges, but disbursement slow

Though Ho Chi Minh City has attracted foreign investment for years, the actual disbursement of the money has been slow. Since the Foreign Investment Law was passed in 1987, Vietnam's economic hub, excluding its industrial parks and export processing zones, has attracted nearly USD 26 billion in foreign direct investment (FDI). But only 39.6% of this amount, or \$10.1 billion, has come in so far.

The management of District 2's Thu Thiem new urban area, said though work on two FDI projects worth \$600 million started in mid-2008, only \$51 million has been disbursed so far. Authorities blame the slow disbursement

on the city's inadequate infrastructure, shortage of skilled workers, and high land prices because of a real estate bubble that only burst last year.

Phan Huu Thang, head of the Foreign Investment Agency, said the city authorities should keep a close eye on all FDI projects to fix problems in time, adding provinces and cities that do so have a high disbursement rate. He also said city officials should select 50 major projects and give their investors support to help speed up the disbursement process.

Hua Ngoc Thuan, head of the construction and investment management board at Saigon South new urban area, said the city should license various parts of a large project instead of the whole project to speed up disbursement and construction work. Of the more than 3,100 FDI projects in the city in the last 20 years, 36.3% are in the industry and construction sector and 14.9% in the real estate sector.

Hong Kong tops the list of countries and territories investing in HCMC with \$3.4 billion, or 15.9% of the total investment, followed by South Korea and Singapore.

(Source: TN)

[Back to top](#)

Ninh Thuan – Eab Projektbau GmbH to develop wind farm

Eab Projektbau GmbH, an affiliate of the Eattra and Eab Group, has received in-principle approval from the Ninh Thuan People's Committee to develop a wind energy project in the central province's Phuoc Thanh Commune, Bac Ai District. Despite the country's potential in renewable energy sources such as wind and solar power, Viet Nam still attracted only a modest numbers of projects in the sector, said group vice chairman Nguyen Xuan Thuy.

With the official go-ahead, the company would conduct feasibility studies, install equipment to measure wind velocity and complete basic design work, as well as make cost estimates, the company said in a press release.

According to a national power development strategy to 2020 that the Ministry of Industry and Trade has submitted to the Government for approval, renewable energy would increase to 5 per cent of total national energy output, with wind and solar power accounting for half of it.

According to a preliminary survey, 8.6% of Viet Nam's total area has wind-power potential. The survey estimated that wind power generation in Ninh Thuan, Binh Thuan, Tra Vinh and Soc Trang could reach 800MW.

Thuy urged the establishment of a department which would specialize in research and development of renewable energy in Viet Nam and specific policies and investment incentives that would facilitate such development.

(Source: VNS)

[Back to top](#)

HCMC benefits from foreign investment

HCM City has been a favorite destination for foreign investors ever since the Foreign Investment Law came into effect in 1987, and FDI has made a huge contribution to the city's development. However, a large portion of the investment that has been committed remains on paper.

Over 3,100 projects with a total investment of USD 26 billion are still in operation in the city, accounting for 87 % of all FDI businesses registered in the last 20 years. The city attracted the largest FDI flows since 2006, a year before the country joined the World Trade Organization, with 1,281 projects worth USD 12 billion being committed by 2008.

The services sector has seen the most investment. Around 36.3 % of foreign funds have come into Industry and construction and 0.28 % into agriculture, forestry and aquaculture. FDI projects have helped develop social and technical infrastructure and improve people's lives, vice chairman of the city People's Committee, Nguyen Trung Tin, said. Many state-of-the-art projects in fields like science, education and health have been carried out by foreign investors. FDI projects have also helped urbanize the city, giving it one of the highest urbanization rates in the country, Mr. Tin added.

Stagnant disbursement

But of the FDI pledged in the last 20 years only around 40 % has actually come into the country, or USD10.1 billion out of USD 26 billion. Official agencies blame this on poor transport infrastructure and the slow acquisition of land. The Investment and Planning Ministry's Foreign Investment Agency (FIA) blames the delay so far this year on the global crisis. Phan Huu Thang, the FIA head, said local authorities have to help foreign investors overcome difficulties and carry out their projects. The city authorities should review and focus on around 50 of the most important projects to ensure the investors bring in the money, he added.

(Source: SGGP)

[Back to top](#)

EU firms show interest in power market

Companies from the European Union (EU), speaking at a meeting in Hanoi on Monday with the Ministry of Industry and Trade, expressed keen interest in build-operate-transfer (BOT) electricity generation projects in the country.

Chief executive officer of Siemens Ltd. Vietnam, Erdal Elver, and representatives of 30 EU enterprises asked for more information about BOT projects and bidding procedure reforms for quickened project implementation. The Government has made efforts to foster a competitive energy market in Vietnam, Elver said, and the improvements have helped push up Nghi Son 2 thermo power project. The participating firms also asked the ministry to announce power projects so that investors can consider them. The output capacity of Vietnam's electricity industry was designed to be 15,000 megawatts last year and is expected to rise to 18,500 megawatts this year thanks to the launching of new power stations, said Minister of Industry and Trade Vu Huy Hoang.

"The risk of power shortfall has prompted the Government to speed up power projects and open up the market (to the private sector)," he said. This policy is aimed at reducing the supply and demand imbalance within the next two years.

The Government, Hoang said, is drafting amendments to laws on construction and bidding and will submit them to the National Assembly late next month for passage. "The amendments will cause changes in investment procedures and promote the involvement of more investors in the industry." He said Vietnam had limited experience in negotiating BOT power projects and improving bidding procedures. The procedure reform for Nghi Son 2 project will serve as a basis for other BOT projects.

However, the oil and gas distribution market remains off-limits to foreign investors as this is a sensitive sector so it must be controlled by the Government to ensure macroeconomic stability, said Vo Van Quyen, deputy head of the Domestic Market Policies Department. Companies from the EU have pledged nearly USD 12 billion in nearly 770 power, infrastructure and financial projects in the country.

(Source: SGT)

[Back to top](#)

Ho Chi Minh City rushes to finish bridge projects

Workers are toiling hard to complete two major bridges in downtown HCM City ahead of the Liberation Day and May Day holidays at the end of this month.

Nguyen Van Cu Bridge will link districts 1, 4, 5 and 8, the latter a commercial hub with a dense network of ferry stations and canals. The bridge's main section is 550m long and will have four lanes. Its subsidiary sections will add up to 1km long.

Nguyen Van Tam, deputy director of Traffic Management Division 1, said the completion of the bridge would facilitate traffic flow from the city centre to District 8.

With no intersections on it, the bridge was also expected to reduce traffic jams and ensure safety during rush hour. The second bridge, an old Y-shaped structure not far from Nguyen Van Cu, will link districts 5 and 8. It was first

built in 1937 before being upgraded last year. A few new sections were being built now and it would have a total length of 490m and a navigation clearance of 6.3m, double that of the old bridge.

Le Toan, deputy director of the municipal Department of Transport, said the two bridges would reduce travel between the city and the new urban area Sai Gon South by nearly half.

Contractors to hurry

Meanwhile, the city has urged contractors and builders to finish major projects, including highways and bridges at an early date, according to Nguyen Hoang Quan, chairman of the HCM City People's Committee.

Speaking at a meeting with the Japan International Cooperation Agency (JICA), Quan said work on projects funded with official development assistance (ODA) from the Japanese Government was being hastened. Quan said the ODA disbursement rate for the East-West Highway project was on schedule. The city would also bring into use the Chu Y Bridge and the bridge over the Ca Tre Canal.

The city planned to open the main section of the Khanh Hoi Bridge to the National Highway 1A in Binh Chanh District by September 2, a move that would significantly reduce traffic congestion. Quan said the city People's Committee had also asked the Council on Overseeing the Quality of Construction Works to speed up the repair of cracks on four pre-built concrete sections of the Thu Thiem Tunnel.

If they were repaired in May, the entire project could be completed by April 2010. The city was also speeding up the implementation of other major projects, including Phase I and Phase II of the HCM City Water Environmental Improvement Project and the Ben Thanh-Suoi Tien Metro Project.

The disbursement of funds for the HCM City Water Environmental Improvement Project Phase I had reached 80 per cent and Phase II had reached 40 %. The Ben Thanh-Suoi Tien Metro Project had completed detailed designs and prepared bid documents, he said.

One year early

The city People's Committee said that it was also pushing up the site clearance in order to put the subway into use by 2013 instead of 2014 as previously scheduled. Izumi Arai of JICA said that he was very pleased with the speed of projects funded by Japanese ODA, especially the East-West Highway Project. He said his organization would continue to work with HCM City on several issues caused by the increase of construction costs on some parts of the project.

(Source: VNS)

[Back to top](#)

Housing market remains gloomy

The overall housing market remains gloomy with few houses being sold. Only optimism has been seen in the low-income housing market. Most low-income houses, especially Binh Thanh and Tan Binh districts, are changing hands at VND1.5-2.5 billion. As many as 56 houses were sold at ACB Real Estate (ACBR) in April.

Pham Van Hai, ACBR general director, said people who have bought low-income houses have a real demand for accommodation. High-end houses are barely being sold. Sacombank Real Estate, agent for 12 housing projects in Ho Chi Minh City, Vung Tau and Binh Duong, said only three houses are sold daily.

A realty company said 5,447 houses or apartments have been for sale since early this year, and most are middle to high end accommodation and in districts 2 and 7. Despite falling house sales, prices for land has soared recently, up VND10 million (US\$565) per square meter compared to last month. Some land on Nguyen Thi Thap Street, District 7 has increased to VND60 million per square meter.



A director of a real estate agency in the area said land prices have increased but there have been no house sales. He said development projects are at a disadvantage, as it might cost VND2 billion (\$113,000) to build a house. In the current economic climate, not many people can afford to buy them. Office leasing industry gloomy Phu My Hung,

which used to be an ideal place for foreign businessmen to rent houses, has seen fierce competition. Though rent prices have fallen, few want to rent. A landlord in Phu My Hung said he leased his house at \$2,000 per month last year, but he reduced the rent to \$800. However, he has recently had to reduce the price to \$500 after another landlord cut his price. The landlord said due to the economic situation, half of foreign tenants have left the country. Office buildings are also in the same boat.

Savills, a UK-based property group, said office rent has fallen constantly since early this year. A-grade office rent has fallen by 19 percent and capacity demand by nine percent. Grade B and C offices have seen rent fall by 15 percent and five percent respectively. Savills forecasts rent will continue to fall until the end of this year, especially when an extra 98,000 square meters of space become available in the middle of this year following the completion of four major developments.

(Source: SGGP)

[Back to top](#)

Incentive packages attract investors to Delta province

The Mekong Delta province of Tra Vinh will focus on building technical infrastructure facilities and offering other investment incentives including preferential land-lease policies, a conference in HCM City heard early this month.

Provincial officials said they would provide sound technical infrastructure for industrial parks and clusters, economic and tourist zones and export processing industries. They would also help investors with personnel training, technology transfer and trade promotion. In particular, investors in the province's Long Duc Industrial Park would be exempt from land rent until March of 2014, said Huynh Van Tao, director of the province's Department of Planning and Investment.

The province was inviting domestic and foreign investment for 25 major projects, including construction of the Long Duc Industrial Park, the Cau Quan Industrial Cluster, the Dinh An Economic Zone and the Ba Dong Sea Eco-resort, he said. The province would also implement several vocational training projects that would offer training courses at a cost of VND 300,000 per person.

During the conference, the province signed agreements with the Saigon Co-op Investment Development Joint Stock Co, which operates the country's leading supermarket chain, to open an outlet in Tra Vinh at a cost of VND 60 billion; and the Viet Nam Fashion Company, owner of the Vinatex Mart chain, to open a mini Vinatex supermarket with an investment capital of VND15 billion.

With a population of over 1 million residents, the province says it has sufficient workforce to supply to industrial parks and economic zones. The conference also heard that from now to 2010, the central Government would implement projects to upgrade and widen national highways 53,54 and 60; and construct the Co Chien and Dai Ngai bridges in order to facilitate transport between HCM City and the Mekong Delta.

(Source: VietNamNet)

[Back to top](#)

New wave of Malaysian investment promised

Malaysian companies have changed their view of the Vietnamese market and are planning a new wave of investment, according to Malaysian Consul General to Ho Chi Minh City Khairi Omar.

For the first time, Malaysian investors are finding the Vietnamese market as attractive as China's, Khairi told an investment conference in HCM City at the end of April. Previously, Vietnam was considered the second-choice investment option behind China, he said. "Malaysian business people who left Vietnam 12 years ago have returned with determination and hope," he said.

Companies from Malaysia began arriving in Vietnam in the 1990s but by 1997 many of them had left to seek better business opportunities in other countries.

Now, Malaysia is the second largest investor in Vietnam among Association of Southeast Asian Nations (ASEAN) countries. It's also the eighth biggest investor overall with 55 projects underway, valued at more than US\$14.5 billion.

Major Malaysian projects in Vietnam include the Lion Group's \$9.8 billion steel production plant in the central province of Ninh Thuan and Berjaya Land Corporation's \$3.5 billion real estate development in HCM City.

(Source: TT)

[Back to top](#)

Dinh Vu–Cat Hai economic zone welcomes first two projects

Investment licences were granted early this week to the first two projects slated for Hai Phong's Dinh Vu–Cat Hai Economic Zone. The combined capital for the projects is approximately VND5.3 trillion (USD 299.4 million). The two projects include the development of a \$163 million non-tariff zone financed by Nam Dinh Vu Investment Co, and the \$139 million development of Nam Dinh Vu Industrial Zone invested by the Hai Phong Industrial Zone Joint Stock Co.

Land for the 2,000ha zones will be reclaimed from the sea. The projects are expected to be completed within the next 6-8 years with construction of the non-tariff zone to begin in August. Established in 2008, the Dinh Vu–Cat Hai Economic Zone Economic Zone is a multi-sector maritime economic zone covering sectors including maritime economy, industry, financial and banking services, tourism and trade.

Investment promotion

The northern port city planned to intensify investment promotion activities in hopes of attracting \$1 billion in FDI by the year-end, said the municipal Department of Planning and Investment. While most areas are seeking large foreign-invested projects of any sort in their industrial zones, export-processing zones and economic zones, the city was trying to be more selective in choosing suitable projects, said Vu Xuan Minh, head of the department's External Economic Relations Division. "It's good to attract large projects, but we are mostly concerned with project feasibility," Minh explained.

The city has six tasks that it plans to implement in 2009, to try and create a more favorable business and investment environment, with a focus on making its administrative and investment procedures more transparent and speeding up land clearance.

(Source: VNS)

[Back to top](#)

FINANCE – BANKING

Vietnam still without monetary brokerage firms

Five years after the State Bank of Vietnam gave the go-ahead to the establishment of monetary brokerage firms; no firm of this kind has been set up, though no one has doubts about the business model.

According to Associate Prof. Dr. Le Hoang Nga, Deputy Director of the Stock Scientific Research and Training Centre, monetary brokerage companies act as intermediaries in the monetary market. The companies collect information, analyze it and then inform their clients about the information. They announce price levels on offer (for the foreign exchange market) and lending and borrowing interest rates (for the monetary market).

In April 2004, the State Bank of Vietnam promulgated the regulation on monetary brokerage, officially recognizing and legalizing the service. At that time, many experts believed that the legal document would pave the way for the establishment of monetary brokerage firms. A lot of businesses, especially small- and medium-size enterprises, also considered money brokerage firms a useful channel through which they could access non-bank capital at lost cost. However, no license has yet been granted for the establishment of a monetary brokerage firm.

Meanwhile, experts believe that it is not really difficult to set up such a business. A monetary brokerage company does not require much capital, because it mainly provides services. Meanwhile, it is not a problem to have suitable technologies for the companies, since the technologies are popular in developed financial markets, and can be readily transferred to Vietnam.

Dr. Nga believes that no monetary brokerage company has been set up in Vietnam because Vietnam's monetary market's conditions are not good enough. Nga said that finance institutions have not really paid attention to monetary brokerage activities, while the interbank market remains unstable.

Sharing the same viewpoint as Nga, Truong Dinh Song, Head of the Operation Division under the Vietnam Banking Association, said that monetary brokerage activities are most prevalent in developed markets, while Vietnam's market is still in its infant stage.

Song added that the establishment of monetary brokerage companies depends on the demand of the monetary market, and once the market develops to a certain level, the appearance of such companies is inevitable.

(Source: TBKTVN)

[Back to top](#)

Gov't wants tax exemption for stock investment till 2010

In a draft on lowering personal income tax which will be put forth to the National Assembly for consideration in its sitting this month, the Government has suggested that income from stock investment be tax-exempt until the end of 2010. The draft was disseminated to collect feedback from members of the Financial – Budgetary Committee under the National Assembly in the committee's 13th session that took place in HCMC on Wednesday, 6 May 2009.

In the draft, the Government asked that the National Assembly write out all tax on personal income in the first six months of this year whose collection has been postponed since early this year. In addition, income from investing and transferring capital including securities, copyrights, and franchise is also suggested to be tax free from July 1 to late 2010, in a move to support the capital market development.

The Government explained in the draft that the local stock market had fallen sharply and continuously since early 2008, causing an occasional exodus and capital flight on the local stock market and put the equitization of State-owned enterprises under tenterhooks.

Foreign capital inflow would fall this year and to meet the country's demand on investment capital, the Government must have methods to mobilize local capital sources. Many countries have exempted stock investment from income tax to support investment activity on the capital market, according to the draft.

Apart from the proposal to write out personal income tax in the first half of the year, the Government also proposed to cut this tax by VND 200,000 per month on each individual from July 1 to late 2010 for income from trading, salaries, and wages. Individuals having tax higher than VND200,000 per month should pay only the differential.

However, high-income earners under other categories must still pay the tax. These include residents having income from transferring property, prize money, inheritance, valuable gifts; and individuals who do not live in the country but have income from trading, wages, salaries, property transfer, inheritance, and valuable gifts.

The Government said with the above method, the State budget will face a shortfall of VND6.5-6.8 trillion in 2009.

Phung Quoc Hien, chairman of the Financial – Budgetary Committee of the National Assembly, said that all ideas of the committee and the Government's proposal will be submitted to the Assembly to have the final say in the sitting next week.

(Source: SGT)

[Back to top](#)

National advisory council for monetary policies to be dissolved?

The National Advisory Council for Monetary Policies is facing dissolution after 10 years of existence. The dissolution of the council was projected by the State Bank of Viet Nam, which is compiling a draft law on amending some provisions of the Law on the State Bank. Article 4 of the current Law on the State Bank stipulates that the government establishes the national advisory council to advise the government about decisions related to monetary policies. The council is chaired by a deputy prime minister, while the governor of the State Bank of Vietnam is the permanent member, and other members come from ministries and are some finance and banking experts. According to the State Bank, it is unnecessary to stipulate the council in the law, while the setting up of the consultancy council should be established by individuals or relevant agencies when necessary.

According to Nguyen Tuyet Duong, Deputy Head of the Legal Department under the State Bank of Vietnam, in order to make it suitable to the jurisdiction of the central bank in implementing monetary policies (the new law on state bank is expected to give the state bank independence in implementing monetary policies, though the state bank will still be an organ at the ministerial level), it is necessary to give the state bank's governor the power to set up committees and consultancy councils. The committees and councils will act as advisors to the governor on issues related to the organization and operation of the central bank. Chief Representative of IMF in Vietnam, Benedict Bingham, has expressed his support for the stopping of the council for the monetary policies. He said that Vietnam needs to heighten the jurisdiction of the state bank in building inflation targets, implementing monetary policies and using necessary measures to obtain the targets. This means that the central bank needs to have an independent voice in implementing measures.

The two most important functions of a central bank are 1/ stabilizing the value of the local currency (curbing inflation and stabilizing exchange rates) and 2/ ensuring the safety of the banking system's operation. In order to fulfill the tasks, central banks in other countries in the world set up council/committees which give consultancy to the governors on monetary policies. Meanwhile, in Vietnam, the national advisory council is independent of the State Bank of Vietnam and belongs to the government. The model, according to Benedict Bingham, will reduce the independence of the central bank, and reduce the power of the central bank. Meanwhile, it is difficult to reach a consensus in building up policies to deal with changes in the national economy. Meanwhile, members of the council have not said exactly whether they support the plan on dissolving the council.

Cao Sy Kiem, a member of the council, said that one of the most important tasks of the central bank is to fight high inflation. However, in the period of the high inflation (November 2007-September 2008), the role of the central bank was dim. Meanwhile, the role of the Ministry of Finance was bright, though fighting against inflation was not the main task of the ministry.

Tran Du Lich, Dr. of Economics, also a member of the council, said that the operation of the council has been going the way that several meetings are organized every year. Lich said that the members of the council should be experts in finance and banking. But in fact, there are members who do not have deep knowledge about the field.

Meanwhile, another member of the council, who asked to remain unnamed, said that he does not agree with the viewpoint that the advisory council should be put under the central bank as seen in other countries. He said that in the countries, central banks stay independent from the government and they only implement the targets ratified by the National Assembly. Meanwhile, in Vietnam, the governor of the State Bank implements the tasks assigned by the prime minister and the prime minister make decisions on the monetary market development. Therefore, the Prime Minister still needs a consultancy council independent from the State Bank.

The expert went on to say that in order to give an answer to the question about whether there should be such a national advisory council, it is necessary to discuss the independency level of the State Bank first. Duong Thu Huong, Secretary General of the Viet Nam Banking Association, who was on the team of compiling the State Bank Ordinance and Law on the State Bank, also did not give an exact answer about whether she felt the advisory council should be dissolved. She only said that the central bank needs to be given more independence in making decisions related to the management of monetary policies.

(Source: DTCK)

[Back to top](#)

Commercial banks need deposit capital

The interest rate being paid on VND deposits at commercial banks just went up, while the interest rate being charged for short-term VND loans at these same banks is unchanged at 8.0-10.5% per annum. That banks are paying more to get their hands on cash (while not increasing the interest rate on loans) indicates that cash is what they now need most. Some people do worry about the meaning of this as they watch commercial banks vie against each another for new deposit capital.

Before April 4th 2009, commercial banks competed against each other by offering 'lower' interest rates on loans. No more. Prime Ministerial Decision No.443/QD-TTg just recently mandated that the government would subsidize the interest rates for medium and long-term loans, and these banks very quickly realized that they need more capital to make these loans. Hence, on April 7, Eximbank, ACB bank, OCB bank and VIBank all announced promotions ('a giveaway' of a total of VND2.7 billion) that they hoped would convince people to deposit their dong in the bank now.

One day later (on April 8), Military Bank (MB) raised the interest rate it was paying on VND personal deposits from 0.2 to 0.4 % for 12-month to 60-month period. This means that it is now paying 8.6 % per year on 60-month deposits. Floating interest rate of 12-month deposits at MB remain the same at 7.6 % per annum. Sai Gon - Hanoi Bank (SHB) is in April and May offering 8.8 % on 12-month savings deposits - plus a 'bonus' of another 0.25 % per year.

ACB Bank has a loan program that it says is meant to stimulate consumption. It provides loans to exporters at two %. VIB Bank and Techcombank are offering the same kind of loan but are getting just one %/year. The total cost of a subsidized loan is only four % through LienVietBank, five to 5.5 % at ACB and 4.5 % at Vietinbank. Commercial banks are saying that they will set aside a large amount of capital that will be used for government subsidized loans. ACB plans to loan out VND35 trillion, Techcombank says that it will loan out VND50 trillion and VietinBank says that it intends to loan out VND200 trillion. LienVietBank says that it expects to have an outstanding loan balance that will be VND5-6 trillion higher by the time the subsidized loan program is terminated.

Commercial banks say that they increased the interest rate they're paying on deposits to attract capital which can then be used to provide subsidized loans to businesses. When the bigger banks raise the interest rate that they're paying on deposits, this makes it more difficult for the smaller banks. Banks always say that they try to keep loan interest rates as low as they can but, after all, banks are businesses and, as businesses, they do wish to make money. Just now banks are particularly interested in attracting deposit capital and therefore they raised the interest rate that they would pay on dong deposits.

On April 10, the State Bank of Vietnam lowered the prime interest rate to seven % and the refinancing interest rate, rediscount interest rate and overnight loan interest rate for interbank electronic payments were all reduced one %. The refinancing interest rate is now seven %, the rediscount interest rate was lowered from six to five % and the overnight loan interest rate was reduced from eight to seven %.

There are several reasons why commercial banks at this time wanted to raise their deposit interest rates: 1) Commercial banks want additional capital so that they can make subsidized loans to businesses between now and the end of the year, and 2) There is a perception that the stock market may improve which could divert money from the banks into the stock market.

(Source: VEN)

[Back to top](#)

Foreign banks allowed to open more branches

The Governor of the State Bank of Viet Nam (SBV) on April 28 issued an official memo allowing the HSBC Bank (Vietnam) Ltd and the ANZ Bank (Vietnam) Ltd to open more branches in Binh Duong province and Ho Chi Minh City.

Previously, the Governor of the SBV had permitted the North Asia Commercial Joint Stock Bank to open branches in Thua Thien-Hue, Ha Tinh and Quang Binh provinces, and the Trust Commercial Joint Stock Bank to open branches in Dong Nai and Vung Tau provinces.

The Ho Chi Minh City Housing Development Joint Stock Bank (HD Bank) and the Asia Commercial Joint Stock Bank (ACB) were also given the go-ahead to open more branches earlier this month.

In April alone, 6 commercial joint stock banks, including two foreign banks, were granted licenses to widen their operations, increasing their branches to 9. These moves aim to increase the financial capacity and competitiveness of Vietnam's commercial banks in the region.

(Source: VOV)

[Back to top](#)

ANALYSIS – OPINION

Vietnam ripe for investment said Tata chairman

Tata Steel is preparing to invest USD 5 billion in a steel project in Viet Nam this year. The director of Tata Sons, chairman of Tata International and member of the Confederation of India Industry National Council, Syamal Gupta, talked about the project.

As a member of the Confederation of India Industry (CII) National Council, what do you think about Viet Nam's investment potential?

Presently, we do not have any major concerns. We believe that the present government policies are aligned to be investor friendly. However, there are a couple of things that can be improved.

Firstly, there should be greater people-to-people interaction between Viet Nam and India. While there have been many business delegations from India since July 7, there have been very few business delegations from Viet Nam to India. This would enhance greater awareness about the business potential in Viet Nam in the Indian business community.

Secondly, in some sectors, licenses awarded are not as per the master plans of the central Government. This may lead to future over capacity and hence lead to investments becoming economically unviable.

Why did Tata Group decide to invest in Viet Nam despite the global economic depression?

The Tata Group had identified Viet Nam as a priority country for investment long before the Global Recession in 2007. Thereafter Tata Steel made its big investment decision that same year. When we invest, it is from a long-term perspective. The recession is temporary. We believe in the fundamentals of the Viet Nam economy and the policy-making of the Government.

Tata companies operate in seven business sectors: communications and information technology, engineering, materials, services, energy, consumer products and chemicals. They are, by and large, based in India and have significant international operations.

The total revenue of Tata companies, taken together, was \$62.5 billion in 2007-08, with 61 per cent of this coming from businesses outside India. They employ around 350,000 people worldwide. The Tata name has been respected in India for 140 years for its adherence to strong values and business ethics.

Every Tata company or enterprise operates independently. Each of these companies has its own board of directors and shareholders, to whom it is answerable. There are 35 publicly listed Tata enterprises, and they have a combined market capitalization of some \$60 billion, and a shareholder base of 3.2 million.

The major Tata companies are Tata Steel, Tata Motors, Tata Consultancy Services (TCS), Tata Power, Tata Chemicals, Tata Tea, Indian Hotels and Tata Communications.

What should Viet Nam do to promote trade and to overcome the economic crisis in general and with India in particular?

It is highly appreciated that the Government of Viet Nam has taken several steps in terms of macro-economic policies to minimize the effects of the crisis.

Firstly, Viet Nam should internalize its demand, which means it should create favorable conditions to promote manufacturing industries either through FDI or through domestic investment. This will reduce the dependence on imports and hence lead to a better trade balance. It is somewhat similar to the India model. You must be aware that India is one of the countries least affected by the global economic downturn.

Secondly, Viet Nam should consider distributing its exports across the globe rather than concentrating only on the West. That is even more the case now that today global demand is shifting from the West to the East. Hence, Viet Nam should actively promote exports to Asia also. The above two macro-policy moves would further minimize the impacts of the global economic crisis on Viet Nam.

Besides steel, what other fields is Tata interested in? Can you reveal Tata's investment plans for Viet Nam in the near future?

Viet Nam continues to be one of the priority countries for the Tata Group. Tata Steel's projects in Ha Tinh Province have been our flagship projects in Viet Nam up till now. It has successfully completed its feasibility study and has applied for an investment license, which it is awaiting. This is a \$5 billion project and will have a great economic impact on the central province of Ha Tinh and its neighboring provinces.

Besides that we have also established Tata International Viet Nam, which is looking into bilateral trade in leather, coffee, cars and so on. Tata Consultancy Services is in discussions with banks here about implementing their banking IT solutions.

Tata Motors is discussing with a Vietnamese motor company plans to introduce commercial vehicles here. As and when suitable opportunities come up, Tata Power will be interested in participating in power projects.

There are several other such initiatives which are at different stages involving other Tata Group companies. However, we are all looking forward to the successful implementation of the steel project. Other Tata Group companies will be encouraged and motivated to invest in Viet Nam once that project moves forward quickly.

Bilateral trade turnover between the two countries last year reached about \$2.5 billion. Of which Viet Nam imports items from India worth \$2.1 billion. Do you think the figure will eventually be more balanced?

Yes. This can be balanced in two ways. Firstly, by increasing exports to India, there are definitely certain areas and products where Viet Nam is more cost competitive than India. There should be more people-to-people interaction between Viet Nam and India.

Secondly, promoting Indian investments in the manufacturing sector in Viet Nam; once these plants start producing, I am sure there will be a certain %age of exports to India also. This will also bring down the trade gap.

(Source: VNS)

[Back to top](#)

Business need to be consulted on legal policies

Government agencies promulgate policies which affect many thousands of businesses, but they don't think that they need to consult the businesses.

The Director of the Legal Department under the Ministry of Industry and Trade, Truong Quang Hoai Nam related that he sometimes is 'confronted' by his five brothers. They are owners of small private businesses. Nam said that at every family meeting, the brothers criticize legal documents promulgated by the ministry. "With your documents, everything gets mixed up," the brother said.

"My brothers always criticize me. But when I ask them why they do not make suggestions at the time the legal documents are being established, they say that they have no time to do that," Nam related. He added that because

his brothers run small businesses, they have to do a lot of jobs – they negotiate with partners and fill the roles of owners, salesmen and cashiers as well.

Nam himself is always very busy, because he is the key official who oversees the drafting of many policy directives for one of the most powerful and influential ministries in Vietnam

The story Nam related turns out to be typical of the non-cooperation between the state agencies and the business community when directives and instructions are compiled. Government agencies promulgate policies which affect the affairs of many thousands of businesses, but they don't think that they need to consult the businesses. Meanwhile, the businesses do not bother to make suggestions during the time that such documents are prepared. As a result, many documents prove to be unrealistic and ineffective.

A recent survey of 2500 businesses by the Central Institute of Economic Management (CIEM) showed that 80-90 percent do not have necessary knowledge about the investment, insurance, customs, and co-operative laws. "It turned out that they knew very little about laws and regulations," said Dinh Van An, Director of CIEM.

The Director of the Legal Department of the Prime Minister's Office, Pham Tuan Khai, criticized businesses: "They (businesses) need information, but they are afraid of the policy-making process. They are not open with us."

Tran Huu Huynh, who heads the legal department at the Vietnam Chamber of Commerce, said that it is understandable why businesses do not make suggestions while directives are being drafted.

Huynh said that there are some 20,000 different government instructions covering the operation of businesses. "The documents, if piled up, will be taller than a man's height. How can businessmen arrange enough time to read all the documents?" he asked.

VCCI has pointed out that only 9% of private businesses said local authorities consult with them about changes in the legal regime, while 63% said that they have to have 'close relations' with officials to get access to such documents at the provincial level.

Let's return to Nam's story. Nam says he really wishes to have discussions to find out the most suitable way for business management. However, businesses sometimes hesitate to voice their ideas. That explains why a lot of policies have undesired effects and are not applauded by the business community.

(Source: SGTT)

[Back to top](#)

Industrializing with Industrial Zones

Industrial zones (IZs) in Vietnam are a result of new and modern state policies being put into practice and they are attracting cutting-edge technology and a huge amount of capital that is being put into production and business. Industrial zones are an inevitable result of, or perhaps lead to, socioeconomic development.

The history of industrial zones in Vietnam

There are hundreds of industrial zones, economic zones and processing zones in Vietnam. The Tan Thuan Industrial Zone in Ho Chi Minh City was founded in 1991 but prior to that, in 1957, there was a plan to make the city of Viet Tri (now in Phu Tho province) the site of the Viet Tri Industrial Zone, Vietnam's first concentrated industrial zone. Five years later (in 1962), with support from the former Soviet Union and the Chinese, the Viet Tri Industrial Zone, which was to have paper factories, tea processing facilities and seasoning processors, was officially launched.

For a number of reasons, war being just one of them, the Viet Tri Industrial Zone never did get into full swing. Many factories and business did, however, locate there and at this time Viet Tri is an important industrial center.

Industrial development was the focus of planners after national liberation and reunification and, in December 1986 the sixth Party Congress adopted guidelines for economic renovation which called for increased attention to be paid to the formation of concentrated areas for factories and businesses that would be able to utilize available resources, stimulate production and increase exports. Almost a decade later plans to develop industrial zones,

economic zones and export processing zones were presented in the sixth Legislature mid-term meetings of the Party Central Committee (1994) and later included in the ninth Party Congress' 2001-2010 socioeconomic development strategy.

On August 6, 1996, the Prime Minister signed Decision 519/TTg which was a 1996-2010 Vietnam infrastructure and industrial zone master plan. The Prime Minister presented a list of 33 industrial zones and export processing zones that were to be created between 1996 and 2000. Later, Decision 713/TTg and Decision 194/198/QD added more to the list.

There were plans for 137 industrial zones and export processing zones in Vietnam by late 2003. Of these, 91 industrial zones and 3 export processing zones were established and they were to cover a total of 18,240ha, not including the 14,000ha Dung Quat complex and the Hoa Lac and Ho Chi Minh City hi-tech parks. In addition, 124 industrial groups or industrial parks for small to medium-sized enterprises that were to cover 6,500ha were founded by local governments.

By late 2008 there were 219 industrial zones that together covered 61,472.4ha in area. Nearly 40,000ha could be leased for industrial activities, 65 percent of all industrial land in Vietnam. The Ministry of Planning and Investment claims that by the end of 2008, 3,794 foreign investment projects with US\$49.1 billion in total registered capital in industrial zones and economic zones across the country were employing more than one million laborers. In 2008 industrial zone businesses exported US\$14.5 billion worth of goods, 34 percent more than that in 2007 and 24.7 percent of the country's exports in value. Besides the industrial zones, there are 13 economic zones which together cover 612,229ha, two hi-tech parks and hundreds of industrial parks for small to medium-size businesses. The organization and operational structure of these zones and parks suit the socioeconomic development conditions of each region and the country's general development targets.

Although there are problems related to industrial zones, they generally function rather well and help the country reach its socioeconomic development goals. Any success related to the industrial zones indicates the correctness of the Party and the State's economic development policies. Businesses in the industrial zones export a large amount of goods, they provide an opportunity for Vietnamese staff members to receive training and experience modern technology, and they show how production efficiency can be attained, such efficiency lowering production cost and therefore making products more competitive.

Industrialization and modernization - it's inevitable

Industrial zone development helps eradicate hunger and alleviate poverty and it creates jobs, stimulates production and increases exports and domestic consumption. Industrial zones facilitate economic structure transformation, establish new urban zones, increase development in previously undeveloped regions and harmonize social and economic interests. In addition, industrial zones are an efficient use of land, they make use of local natural resources, they decrease traffic congestion and they reduce the need for housing and schools in urban areas. State policies are being revised to assure successful implementation of socioeconomic development targets with regards to industrial zones.

The completion of infrastructure in and around industrial zones stimulates local economic development and narrows the gap in living standards between rural and urban people, and it improves people's spiritual and material lives. Industrial zone development also leads to improved infrastructure quality and leads to greater demand for services.

State, non-state and foreign-owned businesses that build infrastructure in industrial zones not only facilitate the operations of IZ companies, they also help attract more companies to the industrial zones.

While industrial zones attract new investment, they also help existing companies expand operations so that they can increase production and become more competitive. Industrial zones accept polluting industries that were previously located in crowded urban residential areas. It then falls upon local governments to deal with environmental pollution. The removal of these companies protects the urban environment and frees up urban land that can then be used for community development. IZ businesses, particularly those which are foreign-owned, often times train their employees to operate rather modern equipment and technologies, which significantly improves the ability of the Vietnamese labor pool as a whole. More Vietnamese people are holding management

positions in foreign invested companies and they are exposed to modern business administration methods, modern marketing, financial management and human resource management skills. Working in a competitive environment helps Vietnamese laborers understand the need for industry modernization.

In response to the various difficulties experienced in industrial zone operations, the central and local governments have taken measures to revise IZ operations. IZ planning has been revised to accept a wider range of investors and attention is now being paid to matching type of business and location. In addition, the Government is making policies that are to increase business efficiency and improve manpower training quality. Some are suggesting that industrial zone authorities be given more decision making authority.

Recently the Government adopted a Vietnam industrial zone development plan to 2015 with a vision to 2020. An effort will be made to encourage businesses that have leased areas in existing industrial zones to follow through with their plans and another 15,000-20,000ha is to be made available by the end of 2010. Between now and 2015 steps are to be taken to establish 91 industrial zones that are to cover 20,839ha in total area and to enlarge 22 existing industrial zones by 3,543ha. There are to be a total of 15 economic zones on 80,000ha by 2020. Some believe that a centralized industrial zone administration system is needed and that this would facilitate national industrial development.

Vietnamese industrial zones have now been around for more than 20 years and it is hoped that they will continue to attract investment capital and cutting-edge technology which will spur socioeconomic development in the country

(Source: Chi Trung)

[Back to top](#)

NEWS IN BRIEF

PM allocates USD160 million for urban face-lift – Prime Minister Nguyen Tan Dung on May 6 agreed to provide an additional USD 160 million from a World Bank (WB) loan for a project to upgrade Vietnam's urban infrastructure. The funding will be distributed amongst the four target provinces and cities of Nam Dinh (US\$9.147 million), Hai Phong (US\$10.45 million), Can Tho (US\$11.6 million) and Ho Chi Minh City (12.8 million). The project has been ongoing since 2004 and is due to be completed in 2012. It aims to improve the standards of living for more than 1 million low-income earners in the target provinces and cities by building clean water plants, drainage systems and electricity networks.

Highland strawberry prices bloom – DaLat's strawberry growers have benefited from heavy rains during the last two weeks, which have damaged crops and reduced the number of strawberries, causing prices to rise. The rises are forecast to continue. Traders are buying strawberries at VND 15,000 – 17,000 a kilogram, up to three times higher than in the beginning of the year. At the market, the finest variety was sold at VND 50,000 – 60,000 a kilo. The second class variety was sold at VND30,000 – 40,000 a kilo. Strawberry growers are expected to make profits of VND5 - 6 million per 1,000 square meters a month. Da Lat strawberry fields cover an area of 200 hectares.

PM okays interest subsidy for needy – Prime Minister Nguyen Tan Dung signed a decision to provide interest subsidies for poor people taking loans from the Vietnam Bank for Social Policies. The interest subsidy will last two years and apply to loans taken between May 1, 2009 and December 31, 2011. According to the decision, the government will provide a 4 % interest subsidy on loans with annual interest rates of more than 4 % and subsidize all interest on loans that have lower interest rates. Dung has asked local governments to work with the bank's local branches to provide the interest-subsidized loans for needy people and ensure that they are used for the purposes stated in the loan agreements.

Northern port city re-exports frozen food containers – Hai Phong City's port authorities said that nearly 400 frozen food containers had been cleared by customs for re-export to other countries. The containers had been held up in the northern city for the past three days. The local Customs Bureau Area 3 completed procedures Wednesday to re-export about 60 containers, lowering the backlog at this particular port to around 500, Hai Phong's customs department said. Thanh Nien reported Monday that thousands of frozen food containers imported for re-export were stuck at several ports in the northern city, with unconfirmed reports saying importers from other countries were reluctant to accept shipments because of swine flu fears. An estimated 2,500 frozen food containers are still held up at Hai Phong ports, according to the city's customs department.

Touring secrets of Hanoi – Vietran Tour announced a Thang Long – Hanoi Discovery Tour on May 6 2009. Joining the tour, visitors will be shown 1000 years of Hanoi's history and discover the secrets behind traditional festivals, long-standing Vietnamese architecture and culinary delights from around Vietnam. Tours can be had from four hours up to four days. Thang Long, now the old quarter of Hanoi, was chosen by Ly Thai To, the founding king of the Ly Dynasty, as the capital of Dai Viet Kingdom (modern day Vietnam) in

1010. Thang Long means ‘ascending dragon,’ symbolizing the will and thirst for independence of the Vietnamese people after more than one thousand years of Chinese domination. Hanoi will celebrate its millennium in 2010, with many events planned throughout the year.

Vietnam joins HOFEX 2009 – Vietnamese enterprises have joined the 13th Asian International Exhibition of Food & Drink, Hotel, Restaurant & Foodservice Equipment, Supplies & Services (HOFEX 2009) in Hong Kong from May 6 – 9. There are more than 1,800 pavilions displayed at the exhibition coming from 41 countries and organizations in Asia. HOFEX is the biggest food and foodservice equipment exhibition in Asia which is held every two years. Compared to the last exhibition, this year exhibition sees a 70% increase in the number of enterprises, especially there is a considerable increase in the number of enterprises from new emerging markets. Within the framework of the exhibition, several activities are organized such as conference on the Hong Kong International Culinary Challenge (HKICC) and Regional Hotel General Managers Forum.

First oil refinery produces petrol – The first flow of petrol with an octane rating of 102 RON came out of technology unit No13 of the Dung Quat Oil Refinery – the first of its kind in Vietnam – on May 6 2009. After tests, *Made-in-Vietnam* commercial petrol products will be launched on to the market in early June, according to Dinh Van Ngoc, general director of the Binh Son Petrochemical Company under the Vietnam National Oil and Gas Group. The refinery is expected to supply 400,000-500,000 tonnes of petrol and oil to the market every month. Its products will help stabilize the domestic oil market amidst unexpected fluctuations in global oil prices.

Viet Nam firm to search for copper in northern Laos – Vietnam’s Hoang Phat Forestry and Mining Co signed an agreement with the Lao Government last Wednesday to explore and mine copper ore in the village of Pan Cau in the Muong Loong District of the northern Lao province of Luang Namtha. Under the agreement, signed by Hoang Phat director Nguyen Hach and Lao Deputy Minister of Planning and Investment Thongmy Phomvisay, Hoang Phat will make an initial six-month survey and then invest USD 3 million in exploring copper ore in an area of 86.6 sq.km.

Rubber Finance Co licensed to provide foreign exchange services – State Bank of Viet Nam (SBV) on April 28 signed Official Letter No 3047/NHNN-CNH licensing Rubber Finance Co to register and provide foreign exchange services in the domestic market. Under it, the finance firm was allowed to supply foreign exchange services like swap, future, option contracts, receive deposits with terms of longer one-year, issue bonds and valuable papers, provide short, medium and long-term loans in foreign currencies, discount and re-discount or mortgage valuable papers in foreign currencies, guarantee US dollar credit.

Vietnam – Japan partnership – Vietnam’s Communist Party General Secretary Nong Duc Manh and Japanese Prime Minister Taro Aso have reiterated the two countries’ commitment to developing a strategic partnership. Manh, who paid a four-day visit to Japan in late April, shared his Japanese host that the two nations would work toward the strategic partnership for peace and prosperity in Asia. They shared a view that Vietnam and Japan still had great potential for cooperation and more should be done to promote Japanese investment into Vietnam through activities such as a joint initiative to improve the business environment and Vietnam’s competitiveness.

South Australia seeks business opportunities – Kevin Foley, South Australia’s Deputy Premier and Minister for Industry and Trade, visited Vietnam in late April to boost economic cooperation and political ties. Foley met with senior government officials, Vietnamese trade officials, senior Australian trade officials and representatives of major South Australian companies doing business in Vietnam. His visit was aimed at promoting trade in manufacturing, education, agriculture, wine industry and so on.

Vietcombank, FIA tie up – The Bank for Foreign Trade of Vietnam or Vietcombank has signed an agreement to become the key partner for the Foreign Investment Agency (FIA) in providing banking services for foreign-invested companies. The agency under the Ministry of Planning and Investment will assist the bank to reach out to more clients being foreign-invested companies in and outside Vietnam. Vietcombank can introduce its services to the enterprises at seminars or conferences organized by FIA and sign deals with foreign partners and banks to improve services.

HCMC DPI - Investment Licensing – The HCM City People’s Committee has authorized the HCM City Department of Planning and Investment to grant or withdraw investment certificates and relevant papers for projects capitalized less than VND 300 billion. In addition, the department can also consider and grant licenses for some projects in the list of conditional investment projects and approve administrative procedures relevant to some projects that were previously under the consideration of the people’s committee.

Delta Economic Zone – The key economic zone for the Mekong Delta, which includes Can Tho City and three provinces of An Giang, Kien Giang and Ca Mau, will be established in the line with a project approved by the Prime Minister. The zone is expected to account for 11.6% and 1.3% of the GDP in 2009-2010 and 2011-2020 respectively.

HCM City’s CPI up – The consumer price index (CPI) of HCM City rose by an estimated 0.49% in April, taking the CPI of the city in the first four months of this year-on-year increase of 10.2%. According to the city’s Statistics Bureau, commodity groups that saw the highest price rise include food and drinks with an increase of 0.83%, transport-post-telecom services 0.91%, housing-electricity, and water-fuel and constructional material 0.59%.

International Fisheries Joint Stock Company will build an agro and fisheries product processing complex in Vinh Long Province with total investment capital of VND1.2 trillion (USD 70 million). The project will have four factories for rice milling, animal feed production, fisheries processing and cold storage.

Family Mart, Japan’s third largest convenience store chain owner will set up a distribution joint venture with Phu Thai Group of Vietnam. According to Dau Tu, the venture will open the first store in HCM City in the fourth quarter and four more stores next year. They plan to increase the number of outlets to 300 nationwide by 2014.

Vietnam leads Asia in FDI attraction by UNCTAD – Vietnam is leading other Asian countries in attracting foreign direct investment (FDI) with pledged capital tripling from 20.3 billion USD to 64 billion USD in 2008, said a UNCTAD report on world investment. The United Nations Conference of Trade and Development (UNCTAD) also noted Vietnam's opening of its retail market since early this year and new tax policies aimed at turning poor provinces in the Mekong Delta with low-cost production centres. The UNCTAD reported that last year the world saw a 21 percent FDI decrease, however, FDI influx to Asian and Oceanian countries fell by only 2.2 percent. In Asia, FDI attraction decreased in Japan, the Republic of Korea, Singapore, Thailand and the Philippines while increasing in China, India, Indonesia, Malaysia and Vietnam.

Quang Tri calls for investment in Lao Bao trade zone – A seminar to entice investors to the Lao Bao trade zone in central Quang Tri province was held in Quang Tri on April 29 2009. It also highlighted the ongoing preparations for the construction of the Densavan trade zone in the Laos province of Savannakhet. The Lao Bao trade zone has so far attracted 50 projects with a total capital of more than 2.3 trillion VND. The zone, located by Lao Bao's border gate is considered fundamental to the success of Quang Tri's economy in particular and the country in general. Investors attending the seminar also had the chance to seek out investment opportunities in the Densavan trade zone in Laos, which borders with Quang Tri province. On the same day, a duty-free shop was opened in Lao Bao's trade zone.

[Back to top](#)

COMING EVENTS

Da Nang to host real estate expo

The central city of Da Nang is preparing to host an exhibition on estate in mid July. Le Canh Duong, deputy director of the Da Nang Investment Promotion Centre, said the centre has completed plans to hold the Da Nang Real Estate Exhibition 2009 from July 16-18.

The three-day exhibition will help to warm up the city's real estate market during the current period of economic slowdown, Duong said, introducing investors to real estate projects in the city, investment environment and challenges, as well as Vietnam's development policy, procedures for selling or leasing property and market values.

Duong said the exhibition will also help the investors develop strategies for property projects in the city, as well as seek partners and new investment opportunities. The exhibition is expected to attract the participation of 15-25 firms to market their services and issue calls for investment in real estate development projects.

Da Nang currently has about 30 major real estate projects seeking investment, including new urban areas, office buildings, residential complexes, golf courses, and tourism properties. The city has already attracted USD 1.8 billion investment funds for 46 projects in the tourism industry over the past two years, according to the Da Nang culture, sport and tourism department.

[Back to top](#)

The 8th Woodworking Industrial Fair Vietnam wood 2009

Venue: Saigon Exhibition & Convention Center (SECC), HCM City, Vietnam

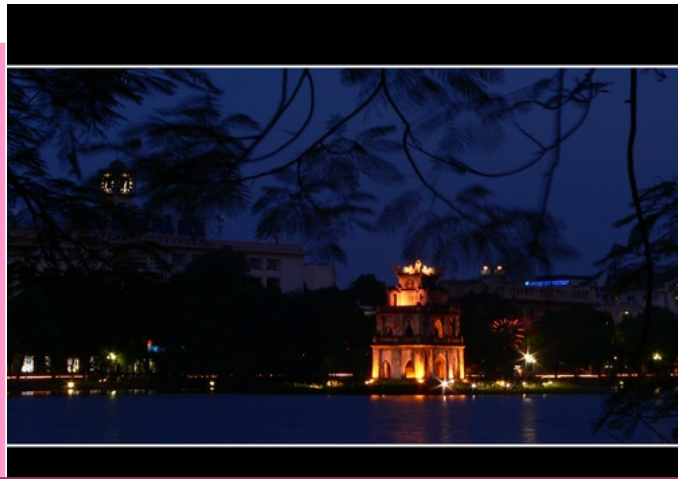
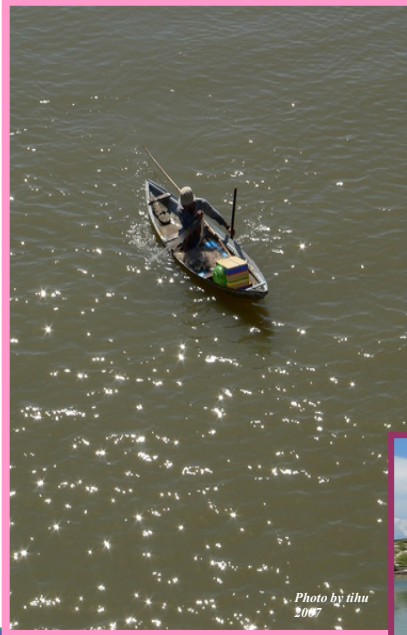
Show Date: September 24 -27th

Time: Sept. 24- 26 09:00 ~ 17:00, Sept. 27 09:00 ~ 16:30

Admission: Trade Visitors and Professionals Only



[Back to top](#)



About Viipip.com

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

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

Please visit our InfoGate at <http://Viipip.com> for your better view of Vietnam.

Disclaimer: Information within this bulletin is combined from various Vietnamese Governmental agencies, local and international media for reference purpose only. Viipip.com hereby disclaims responsibility for the accuracy of the information contained in this bulletin. No Claim for damages, actual anticipated or consequential, economic or otherwise, will be entertained.

Edited by: Huy Nguyen & Trieu Nguyen