Dear all,

Vietnam Trade & Investment Bulletin gives Our Sincerest Thanks and Warmest Wishes for the Lunar New Year

Thank you for your interest in our services throughout past year!

VIIPIP — VIET NAM INDUSTRIAL PARKS INVESTMENT PROMOTION — MULTIPLY THE VALUE

VIETNAM: TRADE & INVESTMENT BULLETIN

NO.2 / 2015

FEBRUARY

2015

contact@viipip.com
www.viipip.com

INDOCHINA INTERNATIONAL CONSULTING
KK11, Ba Vi, Ward 15, District 10, Ho Chi Minh City - Vietnam
Tel: (+ 84-8) 3507 9327 – Fax: (+ 84-8) 38 377 277

VIETNAM: TRADE & INVESTMENT BULLETIN No.2

February2015

GENERAL REVIEW

Growth, inflation under control: PM
Poland-Vietnam: 65 years of friendship and cooperation
Vietnam to improve market economy, deepen world economic integration
Europe-Vietnam relations boosted
Vietnam-Philippines commission meets on strategic partnership establishment

TRADE

Seven foreign pharmaceutical companies forced to stop their business
Aeon secures footing in Vietnam Vinatex and Itochu embark on ambitious project
Queen of Nuts crowned
Companies find it difficult to join global footwear production chains
Trade minister: Local firms still dominate retail market

FINANCE – BANKING

Lien Viet Post Bank to fund macadamia project
No limit to foreign-ownership in weak banks: SBV
SSC mulls more room for foreign investors
Corporate bonds slumped in 2014
Banks see liquidity rise despite Tet cash demand

COMING EVENTS

HVACR Vietnam Ho Chi Minh City

INMEX Vietnam Ho Chi Minh City

ProPak Vietnam Ho Chi Minh City

INVESTMENT

VSIP looks to expand Quang Ngai investment
Hepza to attract $700 million in 2015
SHTP to attract $150 million in investment capital
Foreign textile firms reel out new investments in anticipation of TPP
EU investments stymied
Ho Chi Minh City welcomes Samsung project with over $46mn in infrastructure upgrades
Vietnam's first BOT airport breaks ground in Phan Thiet
Quang Tri rolls out investment invite
Hai Duong IZs attract $122m in foreign direct investment
Amata pleas for extra incentives
Omanis ready to shake on Haiphong Port deal
Infrastructure to change Thu Thiem landscape
January's on-year hike in FDI points to a bumper year ahead

ANALYSIS

Vietnam's industrial policies worse than some African countries: experts

FDI expected to surge in 2015

NEWS IN BRIEF

IPs says Hi

DEVELOPER'S INTRODUCTION

TAN BINH IP
BINH DUONG

TAN BINH INDUSTRIAL PARK
BINH DUONG PROVINCE, VIETNAM

Address: Tan Binh commune, Bac Tan Uyen district, Binh Duong province
Phone: (84-650) – 6 566 668/ 3 687 888 **Fax**: (84-650) – 3 687 888
Email: tanbinh@tanbinhip.com**Website**: http://www.tanbinhip.com

DEVELOPER: Tan BinhIndustrial Park JSC

OPERATIONAL TIME: 50 years (from 2012)

AREA:352.5 ha in total, 244.5 ha of industrial land, 5.9% of which is occupied

INFRASTRUCTURE

- The capacity of fresh water supply is 14,000m^3/day & night
- Waste water is treated according to Vietnamese Standard with capacity of 10,000 m^3/day & night
- The 22KV of electrical supply network for manufacturing is connected to the 110/22KV – 2 x 40MVA of National grid
- Internet access technology – FTTx provides best telecommunication services for enterprises
- 36 ha residential area meets a wide range of demands of workers

OUTSTANDING FEATURES

- Convenient location: 15 km from Binh Duong New City – Binh Duong administration center, 55 km from Tan Son Nhat airport (HCMC), 61 km from SaiGon seaport, 62 km from Tan Cang - Cat Lai seaport
- Wide internal roads (24 – 38 m) and connected with important roads (DT741, National Highways No. 1A, 13, 14, 22, 51, My Phuoc-Tan Van)
- Abundant raw materials from rubber trees (wood, sap,…) and other agriculture products

INCENTIVES AND SUPPORTIVE POLICIES

- Special Enterprise income tax for the newly-established projects in Tan Binh industrial park
- Special price for the first new comers
- Various price options for tenants that can be paid within 18~24 months without interest

For more detail, please contact Planning & Business Dept.: (84) 933 446 988

Back to top

QUEVO 2 INDUSTRIAL ZONE

Address
A: Km no.18, Highway no.18, Quevo district, Bacninh
T: (+84)2413 623 868 | F: (+84)2413 623 868

IDICO
ISO 9001-2008

Head office
A: 13th floor, HH3 Tower, Metri Str., TuLiem, Hanoi
T: (+84) 4 66748483 | F: (+84) 437877936
E: office@idicoquevo.com.vn
W: http://www.idicoquevo.com.vn

LOCATION, REGION AREA, PLOT INFORMATION

Location	To airport	50 km to Noi Bai International airport along Highway no.18 International flights: more than 40 flights/week	**Electricity supply**	Power supply	-Two sources: 22V and 35V from EVN Bac Ninh -110 KV: Que Vo 2 now supplies to entire the IZ frosm national electricity grid network
	To road	Located along Highway no.18 from Bac Ninh to Hai Phong, Quang Ninh, Hai Duong To Highway no.183 (way to Hai Duong) about 07 km	**Water supply**	Capacity	Que Vo water plant (Japanese technology), 1.5km from IZ IZ capacity of water consumption: 11000-20000 m³/day - Treatment capacity: 2000-4000 m³/day - The waste water treatment plant use both: COD, BOD (*biotech treatment technology*) and pH adjustment
	To port	- 90 km to Hai Phong seaport and Lach Huyen deep water sea port in Hai Phong along Highway no.18 - 100 km to Quang Ninh seaport along Highway no.18 - 15 km to Cau river port	**Waste water system**	Quality	- 1st level: enterprises have to treat by themselves up to level B (*Vietnam's standard: TCVN 5945:2005*) - 2nd level: waste water will be treated at the waste water treatment station within IZ up to level A (*Vietnam's standard: TCVN 6984:2005*)
	To railway	01 km to Chau Cau railway station New Yen Vien – CaiLan railway parallely with IZ has been construction since March, 2008	**Faculties**	Telephone line	Up to 20 telephone lines for each factory and supplied by the Post Office (VNPT) of Que Vo district
	To the centers	- 50 km to Ha Noi Capital along Highway no.1A - 15 km to the Center of Bac Ninh City - 90 km to Hai Phong City - 100 km to Quang Ninh City		Internet	-ISP: VNPT, Viettel, FPT Telecom -Speed: 512 kpsb and 128 kbps-2048 downstream -Services: dial-up, ADSL, Leased line,...
Land	Scale	572 ha 1st phase: 272 ha (120 ha available) 2nd phase: 300 ha	**Labor**	University	Technical teacher college Technical health university of Bac Ninh province
	Development status	-1st phase: already finished the infrastructure and the land is ready for investors to build factory (120 ha) -2nd phase: land compensation, leveling and under construction for infrastructure 1st phase (300ha)		Worker	Population of Bac Ninh province is around 1,2 million and people on the age of working are around 0,7 million Population of Bac Ninh city is around 180 000 peoples

Back to top

GENERAL REVIEW

Growth, inflation under control: PM

Prime Minister Nguyen Tan Dung has assured the nation that Viet Nam's gross domestic product (GDP) and inflation are still under control and are expected to hit their targeted 6.2 per cent and 5 per cent for 2015.

During the monthly meeting of Government in Ha Noi on Jan 30, he pressed for additional solutions to stabilize the macro-economy and remove any barriers to business.

The PM hailed efforts by ministries, agencies and localities to achieve socio-economic development goals from the start of the year.

He said that during January, farming, industrial production, and service sectors had shown strong progress, social welfare had been comprehensively provided, and political security and social order maintained.

He urged Cabinet members to design methods to improve the business climate, accelerate the pace of agricultural restructuring, "new-style rural area" construction, and reform credit institutions.

Participants also discussed a tax exemption policy for goods traded in border areas, a draft decree on policies for Party, State and socio-political organization officials unqualified for re-appointment in terms of age, and a draft resolution on attracting and training outstanding students and young scientists through 2020.

They also evaluated a pilot project on food safety inspection in Ha Noi and HCM City and a report on methadone treatment for drug addicts in rehabilitation centers.

Business growth

Prime Minister Dung also urged ministries and localities to work together to remove difficulties for small- and medium-sized businesses, and help them boost growth.

Dung, also the Cabinet leader, asked ministers to make more efforts to simplify administrative procedures and improve business environments, focusing on taxes, customs, land use, business registration and power access.

At the same time, it is crucial for ministers to step up the process of restructuring State-owned enterprises, public investments and credit organizations, while lowering bad debt to less than 3 per cent and maintaining a stable exchange rate.

He said the plunge in world oil prices was an emerging problem that called for caution and specific measures to minimize impacts on economic growth. He added that all targets for the year should be maintained, particularly the goals of 6.2 per cent GDP growth, budget collections and spending, and an inflation rate of 5 per cent.

On the new rural area building program, Dung said the goal of having 20 per cent of communes nationwide fulfill all criteria by the end of 2015 and 50 per cent by 2020 is quite feasible. He asked the Finance Ministry to search for more resources for the program.

The government leader also asked ministries and localities to continue efforts to improve the quality of health care, cultural services and education.

He said he required close co-ordination among ministries and localities when managing prices and ensuring supplies of goods during Tet. They needed to deal with trade fraud and speculation, as well, he said. Authorities must also ensure social welfare policies are fully implemented, and take better care of the poor, welfare beneficiaries, and people in remote and mountainous areas during the festival, he said.

Dung also emphasized that it's important to continue strengthening defence and security to firmly safeguard national sovereignty, as well as ensure social order and safety during Tet.

Source: VIR

Back to top

Poland-Vietnam: 65 years of friendship and cooperation

Poland and Vietnam today celebrates the 65th anniversary of the two countries' diplomatic relations since the establishment in 1950.

Throughout this year Polish Embassy together with Vietnamese partners would celebrate this remarkable anniversary, the embassy announced on February 3.

"One of the goals I set for myself when starting my diplomatic mission was to reduce the gap between our two countries. We cannot to narrow the geographical distance between Poland and Vietnam, but we could work to keep our countries closer in terms of culture, economics and science," said Ambassador of Poland to Vietnam Barbara Szymanowska.

Perfect political relations between Poland and Vietnam are developed by high-level visits. In 2014 Deputy Prime Minister and Minister of Foreign Affairs of the Socialist Republic of Vietnam Pham Binh Minh, visited Poland. In the same year Minister of Defence of the Republic of Poland Tomasz Siemoniak visited Vietnam.

However in economic relations there is still a lot to be done. There is huge potential diverted from political relations as well as friendly attitude of Vietnamese nation towards Poland can boost economic ties between Poland and Vietnam.

Poland is also working on increasing cultural, scientific and educational cooperation. Such cooperation creates connectivity between people. People to people relations are very important for Polish-Vietnamese relations.

Poland is also offering for Vietnam official development assistance (ODA) credit for 250 million euros. The framework agreement on that is currently under the negotiations. The importance is that this credit will have direct influence on people's life because projects have to comply to ODA regulations.

Source: Vneconomictimes

Back to top

Vietnam to improve market economy, deepen world economic integration

Vietnam will try its best to further improve market economy institutions and strengthen its integration into the world economy, Deputy Prime Minister Pham Binh Minh has said.

Deputy PM Minh, who is also Minister of Foreign Affairs, made the statement when he hosted a year-end get-together with the diplomatic corps in Hanoi on Feb 4, according to the Vietnam News Agency.

The official also said the Vietnamese government will continue bettering its market economy institutions, policies and laws and improving the business and investment climate, making it easier for the country to integrate into the international economy.

Vietnam will actively take part in global security and development issues as well as in responding to global challenges including climate change, water and energy security, he said.

Deputy PM Minh assured his guests that Vietnam is determined to deepen ties with countries worldwide in 2015, an important year for the Southeast Asian nation as it will mark the birth of the ASEAN Community and the enforcement of many free trade agreements.

Minh stressed that countries should respect mutual interests, comply with international law, demonstrate goodwill for cooperation for the sake of peace and development of all parties concerned.

Moroccan Ambassador and head of the diplomatic corps El HoucineFardani praised Vietnam as an active and responsible member of the international community.

The fact that Vietnam has been elected as a member of the United Nations Human Rights Council proves the world's recognition of the country's progress in improving human rights, the ambassador said.

He highly valued Vietnam's preparations for the 132nd General Assembly of the Inter-Parliamentary Union (IPU) slated for March this year.

The diplomat also hailed the country for overcoming challenges regarding maritime disputes.

Source: TuoitreNew

Back to top

Europe-Vietnam relations boosted

The EU-Vietnam Free Trade Agreement (FTA) is expected to be signed this year. LilianaLizarazo Rodriguez, a free trade agreement specialist at Belgian law firm A-Law International and the firm's managing partner Patricia Leers look at the impact of the agreement on Vietnam's economy and business climate.

The eleventh round of EU-Vietnam FTA talks were concluded two weeks ago and the finalization of these negotiations is expected soon. This round focused on key issues for the EU and they will have potentially significant impacts on Vietnam's investment and business environment: trade in services, investment, public procurement, competition and regulatory issues.

These issues are of major concern as they are linked to core international standards that promote a free and transparent climate for trade and investment complemented by issues on corporate social responsibility. This environment is seen as a condition to enhance business opportunities for both sides.

Economic relations with the EU are crucial for Vietnam because trade with the EU represented around 11 per cent of the total trade (only trade with China being higher) and almost 20 per cent of exports in 2013 according to figures from the European Commission. The EU is Vietnam's number one export destination. Vietnamese investors are also increasing their presence in at least 12 EU member states with the total registered capital of $35.9 million in 2012. Conversely, the EU is one of the largest foreign investors in Vietnam, committing €1.37 billion. For the EU, Vietnam is its fifth largest trading partner within ASEAN and this group is its third largest trading partner worldwide (after the US and China).

The conclusion of the EU-Vietnam FTA is part of the EU strategy to negotiate trade agreements with regional blocs worldwide. That is why the FTA negotiations with Vietnam are closely related with the FTAs negotiated with Singapore, Malaysia and Thailand. This is also happening in other regions such as in the Andean region where the EU concluded an FTA with Colombia and Peru, and Ecuador joined last year.

Whereas Vietnam and ASEAN have concerns over the negotiation of mega-agreements in the Asia Pacific region such as the Regional Comprehensive Economic Partnership (RCEP) and the Trans-Pacific Partnership (TPP), the EU-Vietnam FTA is seen as an agreement that would contribute to the development of its institutional capacity because the EU FTAs typically also support the design of regulatory frameworks for non-tariff issues.

That is why the EU concluded the Framework Agreement on Comprehensive Partnership and Co-operation (PCA) in 2012 to support Vietnam in developing its institutional framework. Given the EU was also one of the supporters of Vietnam's WTO accession in 2007, this PCA sought to implement and enforce concrete commitments on trade and investment (Title IV) in line with international standards by means of a strong co-operation program to improve market access. The PCA sought the exchange of information on trade-related policies and the provision of capacity-building. The main areas of concern of the PCA are sanitary and phytosanitary measures, technical barriers to trade, investment promotion, competition policy and protection of intellectual property rights. It includes also the fight against counterfeiting and piracy.

Therefore, the signature of FTAs with the EU does not only enhance trade and investment but its added value for Vietnam lays also in the provision of co-operation and capacity building on regulatory issues by the EU. The EU is the second largest bilateral donor and the biggest in terms of grants in the area of socio-economic development in Vietnam.

The most well-known co-operation program is the Multilateral Trade-related Assistance Program. At the level of ASEAN, the EU is also financing the Enhancing ASEAN FTA Negotiating Capacity Program, ASEAN Regional Integration Support Program, EU-ASEAN Statistical Capacity Building Program and the ASEAN Project on the Protection of Intellectual Property Rights.

These co-operation programs demonstrate that the EU, more than any other actor, is strongly supporting the development of an institutional framework for trade and investment in Vietnam. In addition, the EU offers Vietnam its Generalized System of Preferences (GSP), which increases trade but also improves competitiveness, technology transfers and transparency. The implementation of the GSP is the ideal pre-condition for the introduction of an FTA as occurred in other regions, such as in Colombia-Peru.

But what does the FTA mean for Vietnamese companies?

Surveys by the Economist Intelligence Unit in the Asia-Pacific Region in 2014 give further support to the Vietnamese EU FTA strategy. The first survey looked at how FTAs were being used and how are they perceived by businesspeople in ASEAN. Results showed that 85 per cent recognised the increase of their exports as a consequence of the use of FTAs and 72 per cent said FTAs were the best option for overseas businesses. The survey further indicated that although the FTAs mostly referred to the elimination of tariff barriers, the conclusion of more comprehensive FTAs is supported by 81 per cent of ASEAN exporters and 77 per cent support the signature of FTAs with larger economic blocs. Within Vietnam, 37 per cent of the surveyed companies use FTAs. This is higher than in Singapore, but there is still an important growth margin.

The second survey had an Asia-Pacific scope and found that only 25 per cent of firms consider non-tariff barriers as relevant in their exports. However, the companies are not necessarily aware of the detrimental impact such barriers provided as the survey also found that ignorance about FTAs was the main reason for its low rate of use.

These findings seem to justify why the EU - Vietnam FTA constitutes an added value for trade and investment in Vietnam: it is a major driver for the modernization of the country's legal framework; it contributes to the sophistication of manufacturing; and it prioritizes regulatory issues. The presence of the EU in the Vietnamese market seems to fill this gap through co-operation programs on the implementation of good practices in intellectual property rights, competition policy, customs co-operation, investment protection and technology transfer, which are key requirement in line with international standards.

Source: TalkVN

Back to top

Vietnam-Philippines commission meets on strategic partnership establishment

Vietnam and the Philippines discussed the establishment of a bilateral strategic partnership at a meeting held during a two-day visit to the Philippines by Vietnamese Deputy Prime Minister and Foreign Minister Pham Binh Minh that started Thursday.

The function was opened by the Vietnam-Philippines Joint Commission and was co-chaired by Deputy PM Minh and the host country's Foreign Affairs Secretary Albert F. del Rosario, according to the *Vietnam News Agency*.

At the event, the two sides noted that bilateral relations between the two countries are developing well in various aspects, including politics, trade and investment, fisheries, marine and oceanic affairs, and defense and security cooperation.

The host and guest expressed pleasure at the stable growth of their two-way trade, which hit US$2.8 billion in 2014, and agreed to resume meetings of the sub-committees on trade cooperation to seek ways to boost trade value to over $3 billion.

The two sides agreed to continue enhancing collaboration in maritime-ocean affairs, including effectively realizing agreements in fisheries, search and rescue, and coping with ocean oil spills.

Regarding the East Vietnam Sea issue, both sides expressed their concern over the ongoing large-scale encroachment activities that pose a threat to peace and stability in the region, as well as to the lives of many people across coastal states in the area

The two officials agreed that the parties concerned should adhere to the ASEAN-China Declaration of Conduct of Parties in the East Vietnam Sea (DOC), conclude a Code of Conduct (COC), and exercise restraint from undertaking any action that may escalate tension in the area.

The two sides stressed that all disputes related to the East Vietnam Sea should be resolved by peaceful measures based on international law and the 1982 UN Convention on the Law of the Sea.

They also reiterated their commitment to continued bilateral and multilateral cooperation towards the establishment of the ASEAN Community as well as upholding the centrality and unity of ASEAN in the evolving regional architecture.

Source: TTO

Back to top

TRADE

Seven foreign pharmaceutical companies forced to stop their business

Seven foreign pharmaceutical firms' business registrations and drug importing licenses were suspended for 12 months starting January 2015 due to violations in their drug registration dossiers, according to Nguyen Viet Hung, deputy director of the Drug Administration of Vietnam (DAV), reported by local newswires.

Accordingly, the DAV will suspend the reception of drug import documents as well as documents about patented medicines and generic drugs which had been announced or undersigned by the above firms.
The seven companies committing drug registration violations include six international companies and one domestic one. They are M/s Bio-Labs (Pvt) Ltd., Pakistan; YashPharma Laboratories Pvt. Ltd India; Austin Pharma Specialties Co., HongKong; HealthecarePvt Ltd, India; Lien Hop Pharma Co., Ltd; Biodeal Pharmaceutical Pvt Ltd., India and Miracle Labs (P) Ltd. India.

According to the statistics of the DAV, there are currently many cases amounting to malpractice in foreign drug import activities, especially of Indian firms.

Previously, circulation licences of a series of Indian enterprises were revoked when they were found importing and distributing bad medicines, including Umedica Laboratories Pvt., Ltd.; MarksansPharma Ltd.; Yeva Therapeutics Pvt., Ltd.; Cure Medicines (I) Pvt., Ltd.; Medley Pharmaceuticals Ltd.

Apart from them, the business licences of other Indian leading pharmaceutical companies such as MarksansPharmaLdt, India and Medley Pharmaceutical Ltd have also been revoked, following the firms being fined on numerous occasions due to violations of drug quality regulations in a number of their products.

In August 2014, the DAV carried out an investigation at five leading domestic pharmaceutical companies: Central Pharmaceutical Company No1's (CPC1) Ho Chi Minh City Branch, National Phytopharma Joint Stock Company, DanangPharma Medical Equipment Joint Stock Company, Central Pharmaceutical Company No3 (CPC3) and Sohaco Trading and Pharmaceutical Group JSC (Sohaco).

At the end of the investigations, the above firms were imposed a fine of VND100 million (mỏe than $4,700) each for their failure to meet the drug standards registered in their firms' circulation dossiers.

The administration has also stopped receiving and considering Sohaco's, Phytopharma's, CPC3's and Dapharco's dossiers requesting import licences for the next six months. The DAV has also issued a ban on CPC1 from importing medicines for one month.

Source: VIR

Back to top

Aeon secures footing in Vietnam

Japan's largest retailer Aeon, in addition to building its own stores in Hanoi, Ho Chi Minh City, and Binh Duong, has recently expanded its presence in the Vietnamese market through the acquisition of two local retailers.

The retail giant announced last week that it had reached an agreement on a capital and business tie-up with two Vietnam's leading domestic retailers of Fivimart and Citimart. Aeon president Motoya Okada was quoted by the Nikkei Asian Review as saying that Aeon would acquire a 30 per cent stake in Fivimart and a 49 per cent interest in Citimart. He did not say how much this acquisition would cost Aeon.

This is the latest move in the Japanese retailer's "Shift to Asia" strategy under their 2014-2016 medium-term management plan.

"In order to achieve rapid growth in the Vietnamese market, we believe that partnerships with Fivimart and Citimart are of great significance, as these companies have strong business foundations in two of the largest cities in north and south of the country, as well as knowledge of the varying regionally-oriented customer needs," Aeon noted in an announcement.

Fivimart is the largest supermarket chain in Hanoi, operating 20 stores in the capital. Advocating locally-based management, the company offers products that meet local needs. Furthermore, the products such as all-in-one plate of stir-fried or stewed dishes combined with matching sub-meals represent their product planning capabilities.

Citimart is the largest supermarket operator in southern Vietnam, operating 27 stores mainly in Ho Chi Minh City. The company boasts its strong suit as being freshness and quality of its perishable foods, and being able to offer a wide selection in products like cut fruits and items sold by weight.

Annual revenue at both companies ranges between $45.1 million to $47.6 million.

"Aeon, Fivimart and Citimart will co-operate closely in promoting their businesses which include comprehensive financial services and convenience stores that contribute to the modernization of the retail industry, and the enrichment of people's lives in Vietnam," Aeon stated.

While working together to jointly develop the Aeon brand "TOPVALU," Aeon will inherit local knowledge from these two companies, including product procurement and customer needs. Likewise, Aeon will provide them with know-how regarding logistics, IT, development of human resources, and quality control for ensuring safety and security in the supermarket business.

According to Aeon, towards the launch of the ASEAN Economic Community scheduled for the end of this year, Vietnam is making steady growth, which is backed by a population in excess of 90 million, and a high economic growth rate that has contributed to an expanding middle class.

In Vietnam, Aeon Financial Service Company in 2008 became the first Japanese company to engage in installment sales in the country, followed by MINISTOP, which launched its CVS convenience store business in 2011.

In January 2014, Aeon opened its first shopping mall in Vietnam – the Aeon Mall Tan Phu Celadon, in Ho Chi Minh City, which is one of the country's largest shopping malls. This was followed by the Aeon Mall Binh Duong Canary, which opened in the southern province of Binh Duong in November 2014.

With plans to open the third mall in Hanoi this year as well as other proactive initiatives in the pipeline, Aeon looks set to continue broadening its business scope in Vietnam.

Source: VietnamGlobe

Back to top

Vinatex and Itochu embark on ambitious project

Vinatex and the Itochu Group, two leading textile and garment makers of Vietnam and Japan, have just inked a framework cooperative agreement on implementing a string of new projects on finished textiles-dyeing products and raw materials in Vietnam.

The string of projects aims to help Vinatex increase its self-reliance on material sources and expand its portfolio of finished textile, dyeing and raw material projects.

The initial stages of the project items are designed to primarily serve Vinatex's member units.

In last October Itochu spent more than $9 million on buying a 3 per cent stake in its local partner Vinatex when the latter hosted its initial public offering (IPO).

According to Itochu Textile Prominent Asia CEO Shimizu Motonari, Vietnam is an important market in Asia for textile and garment investment, especially appreciating in light of Vietnam's ongoing negotiations over diverse free trade agreements (FTAs).

Motonari stressed in particular the Trans-Pacific Partnership Agreement (TPP), negotiations over which will soon reach conclusion, then approaching the signing stage.

"More cooperative projects will be placed underway in the upcoming time between members of the two sides as Itochu is both a stakeholder and a long-time business partner of Vinatex," said Motonari.

The string of projects is expected to generate $60 million in total revenue in the course of the next five years, and create thousands of jobs at project sites such as Nghe An and Quang Binh provinces.

Though the total investment capital of these projects is still withheld, it is expected to amount to several million US dollars since textile and dyeing tends to be a capital intensive investment.

Vinatex general director Le Tien Truong said, "Through having Itochu as a stakeholder and partner, Vinatex expects to expand its markets, access state-of-the art technology, and more importantly, tackle the bottleneck of costly textile-dyeing investment, striving to build up a comprehensive supply chain in textile and garment for Vinatex, as well as Vietnam's textile clothing industry."

As Japan's third largest multi-sector group behind Mitsubishi Corporation and Mitsui &Co, with core businesses in textile clothing, metals/minerals, food, equipment and machinery, energy and IT, Itochu is in a strong position to support Vinatex when the two sides embark on a long-term cooperation.

Until present, Itochu is the first non-credit institution from Japan that invests in a Vietnamese state-owned enterprise, such as Vinatex.

To date, Itochu has developed trading relations with about 100 Vietnamese companies in the textile and garment fields.

According to Motonari, growing Japanese investment into the raw materials sector provides the opportunity for the Vietnamese textile garment industry to take advantage of the yard forward principle and gradually meet the technical and environmental standards to become a major exporter to Japan.

This year, Vietnam's total export value of textiles and garments to Japan is expected to hit $2.9 billion, a 9 per cent jump from 2014.

Source: VnBusiness

Back to top

Queen of Nuts crowned

After over 10 years of growing amongst coffee, pepper and cashew plants in the Central Highlands, macadamia trees have become wildly popular among local farmers, with one kilogram of unshelled nuts reaching VND700,000 ($32.71), 36 per cent cheaper compared to the Australian VND950,000 ($44.39), newswire Vneconomy reports.

DinhManh Dai, a DakLak province farmer, and his family have been growing macadamia plants for almost five years. In 2010, Dai attended a seminar on macadamia plants held by the DakLak Department of Science and Technology and VinaMacca JSC. After thorough studying of scientific reports on the plant, Dai decided to invest VND40 million ($1,860) for a cultivation trial.

The Krong Nang District in DakLak province, where Dai grows his plants, now has over 17,800 seedlings with the number of families starting to cultivate the plants still on the rise. The volume is estimated to yield up to 200,000 tons of macadamia nuts this year.

Kim Thi Dinh, another Krong Nang district farmer, first grew macadamia trees intercropping with coffee plants and the volume yielded remarkably. Dinh, however, could not find buyers for the nuts at the beginning and had thought of dumping the plants until groups of experts from Australia, Thailand and Japan came to conduct a survey on the plants in the region. The macadamia plants were then confirmed to cultivate well under the region's climate and soil conditions.

Dinh has kept her plants since then and after 10 years, the macadamia crops have brought her a stable income and proved to be more superior to her coffee crops.

Nguyen Tri Ngoc, director of the ThanhTay Institute for Agroforestry Technology Research, stated that Vietnam had all the right conditions for macadamia cultivation, emphasizing the particular suitability of the north-western and the Central Highland regions.

The plant, indigenous to Australia, was first introduced to the country in 2002 for trial cultivation. Local scientists claimed that macadamia grown in Vietnam could produce the same or even higher yields than those grown in Australia, the world's top grower of the plant.

According to chairman of Him Lam JSC Duong Cong Minh, macadamia nuts have gradually increased their popularity in Vietnam, yet the main targets of producers remain high-income earners and foreigners within the country due to the nuts' high market price.

Minh shared that local production is still scattered with low crop yield and quality remains poor in comparison to international standards for macadamia nuts.

Him Lam JSC conducted a comprehensive research project on macadamia trees in the Central Highlands in 2014 and the company has joined Lien Viet Post Bank to invest VND20 trillion ($935 million) in macadamia plantation over the course of five years, staring in 2015.

The project will focus on developing the scale of plantation in Vietnam from the stages of seedlings to the rezoning of plantation areas as well as providing financial support and facilitating direct involvement with local farmers in planting macadamia trees.

By the end of September 2014, the total plantation area in the Central Highlands' Kon Tum province was reported at 50 hectares while similar figures in the provinces of Gia Lai, DakLak, DakNong and Lam Dong were recorded at 80, 500, 600 and 400 hectares, respectively.

Macadamia trees have proven to be more cost-effective than coffee plants for local farmers as the former can yield fruits up to 60 years while the the latter can only be utilised for one-third of this time, amounting to a longer life cycle of investments into macadamia production.

Source: VIR

Back to top

Companies find it difficult to join global footwear production chains

Though the world's biggest footwear producers employ outsourcing partners in Vietnam instead of other regional countries, there is little room for local enterprises to join their global supply chains.

It is estimated that hundreds of millions of pairs of sport shoes bearing Nike and Adidas brands are made in Vietnam every year. However, domestic companies find it hard to compete with foreign enterprises.

Nearly 80 footwear factories in Vietnam outsource for Adidas. However, 90 percent of the factories are South Korean- and Taiwanese-invested, namely Pou Yuen Vietnam and PungKook Saigon III. Most of the factories are located in HCM City and Binh Duong, Dong Nai and TayNinh provinces.

Adidas reportedly has 1,200 factories located in 65 countries. Last year, Vietnam was one of five leading producers for the footwear brand in Asia.

In Vietnam, Adidas has nearly 100 shops throughout the country. Meanwhile, Nike has 30. Seventy-five kinds of Nike shoes are made in Vietnam.

Nike has been present in Vietnam since 1995, where it established business relations with 10 factories of South Korean and Taiwanese partners. More than 75 percent of Nike's labor force is from Asia.

According to Business Journal, in 2013, the factories in Vietnam provided 42 percent of Nike's products sold worldwide, higher than that of other two suppliers – China and Indonesia.

The Vietnam Leather and Footwear Association (Lefaso) said the giant footwear manufacturers including Nike, Adidas and Puma tend to seek outsourcing partners in Vietnam instead of China and Bangladesh.

However, the new strategy of major footwear makers may not bring benefits to Vietnamese producers.

Nguyen DucThuan, chair of Lefaso, said all the footwear producers in Vietnam, both Vietnamese and foreign-invested enterprises, want to use domestically sourced materials to be able to enjoy the preferential tariffs within the framework of free trade agreements (FTAs).

Thuan said the localization ratio of footwear products is about 55-60 percent, but most of the domestically made content is from foreign-invested supply chains.

Economists also commented that Vietnamese enterprises should not expect too much from the big foreign companies' new strategy on seeking supply sources in Vietnam.

There has been nearly no presence of Vietnamese enterprises in the existing foreign production chains in Vietnam so far.

Ha Duy Hung, chair of Dong Hung Group, a 100 percent Vietnamese owned enterprise, said that when foreign investors come to Vietnam, they usually brings "satellite" enterprises in charge of providing materials to them.

"A footwear producer will come to Vietnam together with textile, sole and shoestring enterprises, thus creating a production complex in Vietnam. Therefore, it is very difficult for Vietnamese enterprises to become the links in production chains," he noted.

Source: VietnamNetBridge

Back to top

Trade minister: Local firms still dominate retail market

Minister of Industry and Trade Vu Huy Hoang said domestic enterprises now hold 97% local retail and wholesale market share though Vietnam opened its doors to goods imports from the Association of Southeast Asian Nations (ASEAN) decades ago.

Hoang said he believes domestic firms will be able to compete with counterparts from other ASEAN countries after Vietnam joins the ASEAN Economic Community (AEC) late this year, Vietnam News Agency reports.

Hoang raised the point after some recent surveys showed a lot of local enterprises are not well prepared for or aware of AEC establishment and some experts even warned that local businesses may lose market share at home when imports from ASEAN surge on tariff reductions and exemptions.

For example, a recent survey conducted by the University of Economics and Business with nearly 700 small- and medium-sized enterprises (SMEs) in Vietnam's major cities found that the majority of them do not know the AEC scheme and the challenges they will face. Many respondents said they will not adjust their business plans in the face of AEC.

The trade minister stressed Vietnam considers wholesale and retail as sensitive areas when the country negotiates with partners for bilateral and multilateral free trade agreements. Therefore, he noted, Vietnam will open these markets to foreign investors based on prudent road maps and adopt appropriate policies for different goods imports, especially farm produce and fuels.

He gave an example that Vietnam now imposes import quotas on salt, sugar, eggs and tobacco materials as committed to the World Trade Organization and that high import tariff rates will be imposed on the volumes exceeding the quotas.

Quotas are among the measures Vietnam applies to protect local enterprises and encourage domestic companies to invest and maintain a firm foothold in wholesale and retail sectors.

Hoang said that not many foreign wholesale and retail firms licensed in Vietnam have been licensed to operate in Vietnam, and their goods for sale are monitored by competent agencies.

The expansion plans of foreign wholesale and retail companies are carefully considered based on a master zoning plan for these sectors and their possible impacts on the wholesale and retail networks of Vietnamese enterprises.

Foreign wholesale and retail companies should have plans to boost consumption of Vietnamese goods at their stores as well as local production. This is one of the conditions for them to meet if they want their expansion plans approved.

"As such, Vietnam's wholesale and retail markets are still dominated by domestic firms and a mere 3% share is in the hand of foreign companies," Hoang said.

Foreign wholesale and retail companies are requested to give priority to domestic enterprises if they want to transfer part or all of their investments and only sell their investments to foreign partners in case they cannot find local firms.

Hoang noted that Vietnam will have to gradually reduce import tariffs for many more products to 0% and relax requirements for foreign goods imports after AEC comes into existence. But he said domestic enterprises will be able to compete not only on the home market but also in other ASEAN markets.

Hoang said key Vietnamese products like apparel, footwear, farm produce and seafood could make their way to more ASEAN markets.

Hoang called for domestic enterprises to map out strategies to make the most of the AEC establishment and cope with new challenges.

Source: The SaigonTimes

Back to top

INVESTMENT

VSIP looks to expand Quang Ngai investment

Industrial land and township developer VSIP will expand the first phase of its VSIP Quang Ngai amid rising investments in the central region.

The Quang Ngai Provincial People's Committee recently approved the adjustment of the industrial park's (IP) development plan, allowing the developer to expand the park by nearly 50 per cent to 660 hectares from the initial 458ha.

According to the Management Authority of the Dung Quat Economic Zone - where VSIP Quang Ngai is situated - this expansion demonstrates the developer's confidence in the growth potential of the central region, following its successes both in the south and in the north. Asides from the expansion of VSIP Quang Ngai, VSIP is looking into developing two more projects in the central provinces, in Nghe An and BinhDinh, in a bid to respond the growth trends of this region.

Beginning operations as recently as 2013, VSIP - the joint venture between Vietnam's Becamex IDC and Singapore's Sembcorp Industries - developed VSIP Quang Ngai as an integrated township and IP. The project covers an area of 1,120ha, roughly half of which is dedicated to industrial land.

VSIP expected that this IP would be a competitive manufacturing base vis-à-vis labour-intensive industries and those eyeing the central region market and the external markets such as Laos, Cambodia, and Eastern Thailand. In addition, VSIP Quang Ngai offers investors preferable incentives under the government-approved Dung Quat Economic Zone scheme. Indeed, this IP is located in one of the few remaining areas in Vietnam where investment incentives are still available.

At present, the IP is home to 10 tenants from six countries with the total registered investment capital of nearly $200 million. King Riches, a subsidiary of Kingmaker Footwear Group, is building a $20 million factory in the park. URC Central Co. of the Philippines, known for its Jack & Jill brand of potato chips, started construction of its $35 million plant in the park while China's HebeiXindadong Textiles Co. is developing its $60 million textile manufacturing plant.

The Dung Quat Economic Zone Management Authority announced that it would attract around $2.1 billion of foreign direct investments to Dung Quat this year.

Source: VIR

Back to top

Hepza to attract $700 million in 2015

Ho Chi Minh City's Export Processing and Industrial Zones Management Authority (Hepza) is expected to draw in investments worth of $700 million into the local zones this year with 60 per cent arriving in the form of foreign direct investment capital

On Jan 23, Hepza released a report on the investment attraction of industrial and export processing zones (IZs and EPZs) in 2014 and the development plan for 2015, showing that Ho Chi Minh City lured in a total of $752.39 million worth of investments signifying a 23.52 per cent increase compared to the previous year and exceeding its referent target by 136.8 per cent.

Foreign direct investment (FDI) capital in the second city's IZs and EPZs hit $347.5 million in 2014, a slight decline of 4.39 per cent compared to 2013. Meanwhile, the domestic investment sum was estimated at more than VND8.5 trillion ($404.89 million), a 64.8 per cent increase over the previous year.

Tran Cong Khanh, a senior official of Hepza said that the total export revenue of IZs and EPZs increased by 7.84 per cent compared to 2013, totaling at $5.5 billion in 2014.

According to Hepza's Investment Management Office director Tran Viet Ha, most foreign invested projects in 2014 were in textile and garment, services, electronics, machinery, tobacco and foodstuff plastic and rubber processing sectors.

Source: VIR

Back to top

SHTP to attract $150 million in investment capital

Saigon Hi-Tech Park (SHTP) in Ho Chi Minh City plans to lure in $150 million in investment capital in 2015, 40 per cent of which will come from foreign direct investment (FDI) capital.

The park also set the target of $3.3 billion to be achieved in export turnover this year. The information was announced at a meeting held by the SHTP Management Board on January 20.

In order to reach the targets, head of the SHTP Management Board Le HoaiQuoc said SHTP would call on potential investors from the US, Japan, South Korea, Singapore, Taiwan and Germany. "The park has also speeded up the infrastructure development at a 70-hectares land plot so that the Samsung project can be put into operation next year," he added.

"To ensure sustainable development, SHTP needs to make further investments into research and development projects as well as nurturehi-tech businesses. Meanwhile, it should create more favorable conditions to attract both domestic and international investors," said Le Manh Ha, Deputy Chairman of the Ho Chi Minh City People's Committee.

At the meeting, SHTP and Dutch-based company Fab Max B.V signed a memorandum of understanding (MoU) aimed at training skilled workforce in the semiconductor industry under the sponsorship of the government of the Netherlands.

According to the MoU, the training program will be jointly conducted by the two sides that will endeavor to enhance information exchange and boost business cooperation in the sector. The memorandum signifies the commitment and efforts of SHTP and Fab Max B.V to improve the quantity and quality of Vietnamese workforce, meeting the requirements of high-tech firms both in the park and in the city, suggesting long-term aims of cooperation.

SHTP has made a splash in terms of investment attraction in 2014 with 10 projects totaling at $1.89 billion in the registered investment capital, a 670 per cent on-year growth. This unprecedented figure sets a new record for Ho Chi Minh City attesting to the largest investment capital of hi-tech projects flowing into the city up till now.

Among others, there are six domestic projects valued at $348 million and four FDI ones worth $1.55 million. Notably, the Samsung project contributed $1.4 billion to SHTP's total FDI.

Additionally, SHTP's export turnover last year hit $3.126 billion, accounting for over 90 per cent of the second city's total export value. The localisation ratio in high-tech products reached 32 per cent, surpassing this year's target by 25 per cent set previously.

Source: VIR

Back to top

Foreign textile firms reel out new investments in anticipation of TPP

Foreign enterprises are ramping up their investments in Vietnam's textile and garment sector in preparation of the potential Trans-Pacific Partnership

Two foreign-invested firms would add nearly $180 million in the total investment capital to their projects in Ho Chi Minh City.

Director of Worldon Vietnam Ma Jianrong said that his company would expand its production capacity with an increase of $160 million in the investment capital. In 2014, the company was granted an investment certificate to make high-class products for well-known brands like Uniqlo, Nike, Adidas and Puma. The company developed a garment facility covering 45 hectares in the second city's Cu Chi Southeast Industrial Park, including a center for fashion design and garment manufacturing.

"In light of a favorable investment environment and positive forecasts for production, the company decided to raise its investment capital from $140 million to $300 million," said Jianrong.

Meanwhile, the Korean-based Nobland announced that it would invest an additional $18 million in its factory in the city's Tan Thoi Hiep Industrial Zone, an increase of $61 million in the company's current investment capital.

Nobland first entered Vietnam in 2002 with a $3-million garment plant equipped with 15 production lines. After 12 years, the company's investment in the country has reached $43 million and they currently run three factories, with the annual total output of 74 million products.

Director of the Ho Chi Minh City Industrial and Export Processing Zones Management Authority's (Hepza) Investment Management Division Tran Viet Ha said that these moves indicated a growing tendency among foreign-invested textile and garment firms to increase investments in Vietnam ahead of the possible Trans-Pacific Partnership (TPP) deal.

According to Hepza's statistics, dozens of foreign investors, mainly from South Korea, China, Hong Kong and Taiwan, have recently lodged applications to increase their investments in Vietnam's apparel sector.

In this context, some big state-owned firms are accelerating their business operations before the country's garment exports reap the benefit of zero per cent tariffs that are supposed to come into effect if the TPP is signed.

State-run Vinatex, for example, announced it would invest in more than 30 major projects to develop supply chain links among its subsidiaries during 2015-2017. Last week, the group announced it would build a fiber, weaving, dying and garment complex and upgrade its existing facility worth more than $714 million in the central province of Quang Nam this year.

Last year, according to the Ministry of Industry and Trade, Vietnam's garment and textile export turnover hit nearly $20.76 billion, up nearly 15.8 per cent compared to 2013. The country planned to achieve a turnover target of $28-$28.5 billion this year, rising 15.9 per cent on-year. The country's export turnover to the US market will be $11 billion, Europe with $4 billion, Japan with $2.9 billion, and South Korea with $2.8 billion.

Source: VNS

Back to top

EU investments stymied

The Eurozone crisis may hamper investments from Eurozone nations to Vietnam, as the euro's depreciation makes investments in Vietnam more expensive.

The EU is among the largest sources of foreign direct investment inflows into Vietnam, with figures from the Ministry of Planning and Investment revealing that EU firms had registered to invest in 1,566 projects in Vietnam as of the end of December 2014, worth some $19.1 billion.

Vietnam was eagerly anticipating a flood of European investments following the near conclusion of a lucrative bilateral free trade agreement. Late last year, Prime Minister Nguyen Tan Dung even toured a series of EU nations including

Germany, Belgium and Italy seeking investment opportunities in Vietnam. But if the Eurozone continues to be dogged by problems, this will hamper investment inflows in Vietnam.

"The substantial devaluation of the euro against the US dollar has already made European products very competitive against those coming from other areas, especially those whose currency is linked to the US dollar, including Vietnam," said TomasoAndreatta, vice chairman of the European Chamber of Commerce (EuroCham) which has more than 700 European corporate members.

In mid-January, the euro dropped to an 11-year low against the US dollar after the Swiss National Bank made a decision to stop buying euros to anchor the Swiss franc.

Analysts believe the euro will keep on depreciating, pushing the Eurozone back into crisis like in 2009, with the threat of deflation. The situation currently suggests the European Central Bank may have to implement quantitative easing to spur economic growth.

Andreatta, who is also head of IntesaSanpaolo Bank's office in Ho Chi Minh City, said the investments from the Eurozone became more expensive in Vietnam. "An investment decided last year will see an automatic adjustment, as it was decided in terms of euro, so now, once translated into Vietnam dong, it is smaller," he said.

In addition, Andreatta believed companies in the Eurozone were now poorer in terms of US dollars and they may decide to postpone or review investments previously planned.

Last but not least, the incentives for European business to outsource products from Vietnam has reduced, as the Vietnam dong is linked to the US dollar and has appreciated, thereby reducing the attractiveness of Vietnam's low labor costs.

"There are parts of Europe with relatively low labor costs like Portugal or Romania, where productivity is higher than Vietnam and they are very close to the core of the EU market, which will now be considered as first choice for new production facilities for sales in Europe," said Andreatta.

However, the current Eurozone crisis can only inhibit investments from this zone to Vietnam in the short term, given the potential growth in this market and EU monetary authority policies that could boost European economies.

"The overall economic development is affected by disappointing growth in the Eurozone and the geopolitical events. However, following extensive reforms, we can say that Europe and the euro are in better and more stable shape. The euro countries are undertaking comprehensive reforms," said Thomas Hundt, director of Germany Trade and Invest in Vietnam.

Hundt believed European businesses would strengthen their competitiveness by investing in countries with the highest comparative advantage. The comparative advantages between European countries and Vietnam arise from differences in factor endowments or technological progress.

"There are still many potential gains to be made from free trade and open investment conditions between Vietnam and the EU. The upcoming Vietnam-EU free trade agreement will boost European investments in Vietnam in the long term. Other attractive factors for European investments this year are the expected accelerated Vietnamese GDP growth and today's excellent business climate among European companies in Vietnam," he added.

Source: VIR

Back to top

Ho Chi Minh City welcomes Samsung project with over $46mn in infrastructure upgrades

Ho Chi Minh City is spending over US$46 million on infrastructure upgrades to speed up the implementation of a multibillion-dollar project by Samsung, the city's chairman told executives of the South Korean electronics titan on Wednesday.

The southern megacity is expected to spend as much as VND1 trillion ($46.6 million) to develop infrastructure to serve the Samsung project, The Saigon Times Online quoted chairman Le Hoang Quan as saying at a meeting with Han Myoung Sup, executive presidents of Samsung Electronics, and other high-ranking officials from the company.

Han has just been appointed general director of Samsung Vietnam and assigned to oversee all of Samsung's investments in the Southeast Asian country, including the $1.4 billion plant at the Saigon Hi-Tech Park, Ho Chi Minh City's tech hub, according to the newswire.

The city money is being spent on site clearance and bridge and road construction so that Samsung can soon begin implementing its project, according to the city's chairman.

Quan added that the megaproject is expected to help boost the city's socio-economic development.

The $1.4 billion Samsung Consumer Electronics Complex (SCEC), which will include a manufacturing facility and a research and development center, obtained an investment license from the municipal administration in October last year.

The SCEC is the key and largest scale project among Samsung's similar investments in Southeast Asia, Han said at the meeting.

Samsung will first make the latest generations of smart TVs at the Ho Chi Minh City plant, and then move on to other deluxe consumer electronic products, according to the South Korean executive.

The South Korean electronics behemoth hopes to put the complex into operation at this time next year, he added.

But chairman Quan expressed his hope that Samsung will be able to unveil its first curved TV produced at the SCEC by September 2 to mark the 70th National Day of Vietnam, according to The Saigon Times Online.

Le Manh Ha, deputy chairman of Ho Chi Minh City, ordered the Saigon Hi-Tech Park on Tuesday to develop its infrastructure and "create the most convenient conditions" for Samsung to commission its plant in 2016, according to the Radio Voice of Vietnam.

"All of the projects at the park, especially that of Samsung, have a long-term impact on the development of the city's hi-tech sector," Ha underlined.

The hi-tech hub attracted ten projects worth nearly $1.9 billion in 2014, according to the Radio Voice of Vietnam. The park generated more than $3 billion from exports, accounting for more than 90 percent of the city's hi-tech export revenue.

Samsung is running a number of multibillion-dollar projects across Vietnam, with total investment topping almost $13 billion.

In 2014 alone, the company was committed to pumping an additional $5.4 billion into the Southeast Asian country through its $3 billion second production complex in the northern province of Thai Nguyen, a $1 billion screen-making plant in the northern province of Bac Ninh, and a $1.4 billion consumer electronics factory in Ho Chi Minh City.

The company also signed a memorandum of understanding last month to develop a $2.5 billion thermal power plant in the north-central province of Ha Tinh.

Samsung's existing projects in Vietnam include a $2.5 billion manufacture complex in Bac Ninh, a $2 billion complex in Thai Nguyen, and a $36.5 million screen-making factory in Ho Chi Minh City.

Samsung's total investment in Vietnam could rise to $20 billion by 2017, according to the Vietnamese investment ministry.

Source: TTO

Back to top

Vietnam's first BOT airport breaks ground in Phan Thiet

Authorities in the south-central province of Binh Thuan, home to the resort town of Mui Ne, hope to welcome more international investors and tourists with a new airport breaking ground in its capital city of PhanThiet on Jan 18.

The US$219.03 million airport is the first of its kind to be constructed under the BOT (build-operate-transfer) model, Vietnamese Deputy Prime Minister Hoang Trung Hai said as he initiated the ground-breaking ceremony.

Phan Thiet will be a combined civil-military airport for domestic travel, with two separate developers in charge of each of the purposes.

The defense ministry-run 319 Corp. will build the military section under the BT (build-transfer) scheme, whereas Rang Dong Group will invest in the civil terminal under a BOT contract.

In the BOT framework, the developer receives a concession from the private or public sector to finance, design, construct and operate a facility for a certain period, during which it has to raise the finances for, and is entitled to retain all revenues generated by, the project. The facility will be then transferred to the public administration at the end of the concession agreement.

Meanwhile, under a BT contract, the contractor finances the project upfront and is then repaid over a short time frame.

Rang Dong Group chairman Nguyen Van Dong said his company will cover VND1.7 trillion ($79.22 million) of the total investment, while the BT portion is worth around VND3 trillion ($139.81 million).

The Phan Thiet airport is located on a 543-hectare land plot in Thien Nghiep Commune, with 150 hectares earmarked for defense purposes, and 109.5 hectares for civil aviation activities.

The civil and military terminals will share the remaining 283.5 hectares.

The airport is slated to be commissioned by 2018, and is expected to serve 500,000 passengers a year by 2020. Its capacity is projected to reach one million passengers a year in 2030.

The airport is expected to strongly boost Binh Thuan's investment attraction and tourist arrivals.

Although the provincial tourism sector is still growing, there are signs that the growth is slowing and investors have become less interested, according to Nguyen Van Khoa, chairman of the BinhThuan Tourism Association.

"With Phan Thiet set to be connected with air travel, the number of deluxe holidaymakers coming to Mui Ne will soar in the future," Khoa was quoted by DauTu (Investment) newspaper as saying.

The rise in tourism arrivals will encourage investors to pump more money into new resort projects, he added.

The resort town of Mui Ne, known for its beautiful beaches and delicious seafood, is only 25km away from downtown Phan Thiet.

It now takes up to six hours to travel the 200km between Ho Chi Minh City and Phan Thiet, according to people who commute the route by bus.

Tourists can also choose to travel by train, which takes around four and a half hours, or a new seaplane service, tickets for which range from $175 to $250.

Phung Kim Vy, chairman of a Phan Thiet-based resort, said the airport is a "considerable complement to the development of the provincial tourism industry."

Binh Thuan has many good tourism products and attractive destinations but tourists are discouraged as they have to travel a long way by road to reach the resorts and beaches there, Vy told Dau Tu.

"If Phan Thiet is connected with other big cities in and outside Vietnam, the number of holidaymakers will surely surge," she said.

Source: TTO

Back to top

Quang Tri rolls out investment invite

The central province of Quang Tri – home to one of the bloodiest battlefields during the American War – is now renowned as one of the country's top investment locations.

The Electricity Generating Authority of Thailand, better known as EGATI, is making Quang Tri its chief focus as it develops its overseas business in Vietnam. EGATI has gained in-principle approval to build a 1,200-megawatt thermal power plant which will cover 450 hectares in Hai Lang district.

According to the Quang Tri Provincial People's Committee, the $2.26 billion power project will operate under the build-operate-transfer (BOT) model. Once completed, it will play a key role in ensuring national power security as well as bolstering the local socio-economic development.

EGATI is not the only investor setting up shop in Quang Tri. Data from the province's Department of Planning and Investment shows that by October 2014 the province had attracted more than 200 private investment projects, with the total investment capital of more than $2 billion.

Some projects operating there have achieved remarkable success, including Geruco MDF wood processing mill, Phong Phu garment and textile factory, Hoa Tho garment and textile factory, Super Horse energy drink plant, Camel motorbike tyre plant, ICall mobile assembling plant and Uni-President Ltd's facility.

Situated in central Vietnam, Quang Tri borders Quang Binh to the north, Thua Thien-Hue to the south and Laos to the west. The province is traversed by the Highway 9 which is part of the East-West Economic Corridor running through the Lao Bao International Border Gate, providing ample opportunities for the development of trade, tourism, and investment co-operation between Vietnam with ASEAN members.

Although the province recorded an average per capita income of just VND19.5 million (around $900) in 2013, the province's economic structure has greatly improved in recent years, with industry and construction accounting for 38 per cent of the province's output, followed by agriculture, forestry and fisheries at 23.8 per cent, and services accounting for the remaining 38.2 per cent.

Despite the fact that Quang Tri remains one of the poorest provinces in Vietnam, it currently holds massive potential by virtue of its 120-kilometre coastline and the 60-100 billion cubic meters of high quality gas resources it possesses.

According to the government's gas industry development master plan, a gas transmission system to Quang Tri will be constructed during the 2014-2016 period. This system will be capable of transporting 1-3 billion cubic metres of gas per year. Once completed this will obviously provide favorable conditions for the development of the gas-nitrogen industry and hi-tech product processing in the province.

Quang Tri also has 8,400 square kilometers of fishing grounds for raisin tiger shrimp, cuttlefish, greater amberjack fish and sea-cucumber, providing an annual catch of some 17,000 tons. The province has another 4,000 hectares of water surface for shrimp and crab farming. More than 3,000 hectares are already being used for aquaculture with the annual output of 7,500- 8,000 tons.

Source: BaoDauTu

Back to top

Hai Duong IZs attract $122m in foreign direct investment

The northern province of Hai Duong reported positive investment results at its industrial zones (IZs), which attracted more than US$122 million in foreign direct investment (FDI) during January alone.

According to the Municipal IZs Authority, over $41.55 million of the total FDI has been invested by five newly-licensed projects, while the remainder of the capital is from three projects operating with growing levels of capital.

These projects include a $27 million plant on animal breed production, financed by Malaysia's Leong HupFeed mill Viet Nam Co, and South Korea's Kefico Viet Nam Co's existing factory on manufacturing automotive components, which has raised capital by $65 million.

The Head of the Authority Pham Minh Phuong told Viet Nam News that with the newly added capital, the operating projects nearly doubled in size. This was a good signal, and reflected that the IZs-located enterprises experienced efficient business performances, while also proving their growing trust for the provincial investment climate.

Over the past few years, besides applying the "one-stop-shop" policy to attract more investment, the province also organized numerous direct dialogues with investors to resolve their obstacles in a timely fashion, Phuong noted.

Thanks to these efforts, Hai Duong had attracted 20 new foreign-invested projects to its IZs last year, capitalized approximately $336 million, while allowing 18 other projects to raise capital by $142 million, the authority's report revealed.

By the end of 2014, the provincial IZs had 149 foreign-invested projects, with capital totalling more than $3.02 billion. Of these projects, 144 have become operational.

Speaking at the license granting ceremony on Sunday, the Chairman of the provincial People's Committee Nguyen Manh Hien, pledged that local authorities would always create favorable conditions for investors, including those from foreign countries, and help them implement their projects in the locality.

This year, the province has set the goal of attracting an additional FDI of $235 million for its IZs.

Source: VNN

Back to top

Amata pleas for extra incentives

Thailand's Amata Corporation has asked for special incentives from the Vietnamese government for investment projects located inside its proposed $2 billion hi-tech park and township complex in the northern province of Quang Ninh.

The Thai industrial developer claimed that such incentives would be necessary to compete with surrounding industrial parks (IPs) such as VSIP Haiphong and Dinh Vu.

Somhatai Panichewa, president of Amata (Vietnam) JSC, the developer of the Amata Bien Hoa industrial complex, and CEO of Amata VN Plc., which is listed on Thailand's stock exchange, and the developer of all future projects in Vietnam, held a meeting with Minister of Planning and Investment Bui Quang Vinh to put forward the request.

Under the proposal, Amata requested that the normal incentive rate for corporate income tax (CIT) of 10 per cent be extended over 18 years, with the first five years fully exempt, 5 per cent paid over the next eleven years, and 10 per cent paid over the final two years of this period. In addition, it requested an 8 per cent CIT for hi-tech companies for the entirety of the project's lifetime, and reducing by half the personal income tax (PIT) rate for people working in the site. Amata also asked for an exemption on their land and water rental fees.

Amata's requested incentive far exceeds the existing preferential incentives that the Vietnamese government granted to companies investing in the country's economic zones (EZs). Currently, EZ businesses enjoy the highest incentives in the country, with a 10 per cent CIT over a 15 year period, with the first four years exempt and the following nine years at a 50 per cent reduction.

Under the legal regulations on tax incentives for IP projects, companies investing in Amata's future projects can get only two years of tax exemption and four years of a 50 per cent reduction. There is no PIT reduction for employees in IPs.

Panichewa explained that Amata asked for this support package from the Vietnamese government because it wished to increase its competitiveness against VSIP Haiphong – which is situated only 16 kilometres from the proposed Amata site, and which is a part of the Dinh Vu EZ in the northern port city of Haiphong.

She affirmed Amata was determined to pursue this project.

Amata has been investing in Vietnam since 1994, with the maiden project of Amata Bien Hoa, in the southern province of Dong Nai. Two years ago, it proposed to develop the project in Quang Yen district in Quang Ninh, on a 6,400 hectare site. This area includes industrial land, education and science facilities, as well as logistics and exhibition facilities.

Amata estimated that this project would create 300,000 jobs and attract around $5 billion in investments from foreign and domestic companies.

At the meeting, Minister of Planning and Investment Bui Quang Vinh said that the incentive request was beyond the authority of the government. As tax incentives are regulated by laws such as the Law on Corporate Income Tax and the Law on Investment, only the National Assembly can amend them.

“Amata's project is just an IP. We cannot provide more incentives to companies investing there. If Amata wishes to have more incentives, it must establish an EZ and prove its feasibility as well as explain the effectiveness of the zone,” said Vinh, adding that this measure was also likely an impossible task because most of EZs already in existence throughout the country had a wealth of space yet to be filled.

Vinh cited the case of Rent-A-Port, which had been refused by the government when seeking the highest incentive rate for its newly-licensed IP also in Quang Ninh.

Source:VNFeatures

Backto top

Omanis ready to shake on Haiphong Port deal

The investment by the State General Reserve Fund of the Sultanate of Oman into Haiphong Port, if successful, is expected to inspire other foreign investors to engage in the restructuring of the Vietnamese seaport industry.

On Jananuary, Vietnam's largest shipping firm Vinalines submitted its capital divestment plan from northern Vietnam's largest port. The move will open room for Vietnam-Oman Investment JSC (VOI), belonging to Oman's State General Reserve Fund (SGRF) sovereign wealth fund.

Specifically, Vinalines proposes transferring a maximum 29.58 per cent stake in Haiphong Port to VOI, tantamount to more than 97 million shares, while Vinalines will continue to hold a 65 to 75 per cent in the port's chartered capital as required by the Vietnamese government. With a transfer price estimated at least at VND13,800 per share, Vinalines expected to reap about VND1.33 trillion ($62.5 million) from the deal.

In its plan, Vinalineswill also seek a strategic investor for Haiphong Port through direct negotiations in the post-IPO period as is the case with national flag carrier Vietnam Airlines.

“Under regulations from the Omani government, the SGRF is not allowed to partake in auctions in its investment ventures, but it could only take part in negotiations, or in other words, negotiation is the prerequisite to SGRF investment projects,” said Vinalines general director Le Anh Son.

This is also the only remaining issue for Vinalines' sale of the stake to VOI.

Earlier, the Vietnamese government agreed to sell part of Vinalines' stake in Haiphong Port to VOI. The Government Office announced the government had agreed to 19.68 per cent minimum to a maximum 29.58 per cent of Vinalines holding in Haiphong Port be sold to VOI.

According to a Vinalines source, once becoming Haiphong Port's strategic investor, the VOI/SGRF would provide $2 million each year for three years to finance training, hiring of experts and technical assistance to help boost the port's efficiency.

The SGRF also has a track record in global seaport investment. With the total asset value reaching $35 billion, the fund has been investing in major seaports throughout the world.

At Kumport terminal in Turkey, cargo throughout jumped 52 per cent after three years following SGRF investment and it has become the largest port in Turkey. "The partner from Oman has proposed a meticulous and highly convincing plan with a detailed implementation roadmap to help improve the efficiency and profitability of Haiphong Port," Son unveiled.

With the chartered capital of more than VND3.26 trillion ($152.7 million), Haiphong Port reported the cargo throughput volume of 19.75 million tons, including one million TEUs of container cargo per year. Last year, it reported the total revenue of over VND1.57 trillion ($73.6 million) and profits of VND397 billion ($18.5 million).

Source: VIR

Back to top

Infrastructure to change Thu Thiem landscape

Thu Thiem New Urban Area, one of the biggest urban development areas in Ho Chi Minh City, is pushing forward with the construction of infrastructure to attract developers.

Le Hoang Chau, chairman of the Ho Chi Minh City Real Estate Association, said Thu Thiem remained largely unattractive to foreign developers due to the largely non-existent infrastructure.

"Infrastructure is obviously needed to attract investors," Chau said.

Twenty years have passed since Thu Thiem New Urban Area received prime ministerial approval, but while the site is beginning to see large developments, its infrastructure has been largely ignored.

In addition to Thu Thiem Bridge 1 and the tunnel under the Saigon River which have connected the area with the centre of Ho Chi Minh City, the municipal People's Committee last month agreed a build-transfer (BT) contract with an investor for constructing four roads and 12 bridges in the Thu Thiem New Urban Area in District 2 worth $569.4 million.

The four roads will be constructed by Dai Quang Minh Real Estate Investment Joint Stock Company.

Upon completion, these routes will play a significant role in the development of the new urban area, linking it with Thu Thiem Bridge, Vo Van Kiet Highway and the Saigon River Tunnel.

In addition, the city authorities and the company also signed another BT contract for a 9-hectare central square and a 20-hectare riverside park. Local authorities are also planning to build a second bridge to Thu Thiem connected to Ho Chi Minh City's center.

However, Chau warned that due to the scale of this area, only major investors were in the running for the work.

According to the Thu Thiem Management Board, more than 10 projects have kicked off work in the area.

Dai Quang Minh Real Estate Investment Joint Stock Company is building a 37-hectare residential area featuring houses, apartments, school, park and cultural centre. Meanwhile Duc Khai Joint Stock Company has planned to build the Binh Khanh Residential Area over 39 hectares consisting of various apartment blocks varying from 3 to 25 stories.

After completion, these two projects will serve as examples for other investors to follow.

Vingroup was also chosen to develop an international shopping, finance and housing development in Thu Thiem.

It will also be in charge of developing a shopping and housing area over 79 hectares on Thu Thiem Peninsula, opposite the city's central business district.

Foreign investors have also started work in Thu Thiem, with South Korea's Lotte working with a Japanese investor to build a complex of shopping centre, hotel, serviced apartments, offices and apartments. The $2 billion complex will be built over a 10 hectare site and be started soon.

Source: Vietnambreakingnew

Back to top

January's on-year hike in FDI points to a bumper year ahead

Foreign direct investment accelerated in Vietnam in January both in commitment and disbursement capital, highlighting the growing momentum of inward investment inflows into the country.

The Ministry of Planning and Investment's (MPI) Foreign Investment Agency last week reported that foreign investors had poured $505 million of fresh investments into Vietnam during January, up 8.6 per cent from a year earlier. Meanwhile, the new commitment of investments in the period reached $663 million, strongly increasing 67 per cent year-on-year.

The industrial manufacturing remains the largest recipient of foreign direct investment, accounting 91.3 per cent of the total foreign direct investment (FDI) commitment in the month, followed by the retail and distribution industry. China's garment and textile firm Shenzhou International Group Holdings Limited, through its affiliate World on Company, last month registered to build a $300 million factory in Ho Chi Minh City. Another Chinese garment and textile company, Regina Miracle International, also decided to invest an additional $90 million to its existing factory in the northern port city of Haiphong.

The rise in the FDI disbursement highlights the growing momentum in foreign investment expansion in Vietnam during 2013-2014. Last year, the total commitment of inward investments in the country reached $20.2 billion, with disbursement of $12.3 billion.

"I believe FDI will keep on increasing in Vietnam, as the nation has become increasingly competitive," said Hong Sun, secretary general at Korea's Chamber of Business in Vietnam. He said many South Korean companies were studying investment opportunities in Vietnam, especially small and medium enterprises, following electronic giants like Samsung and LG. In addition, he said, the upcoming free trade agreements with the European Union, South Korea and Customs Union of Russia, Belarus and Kazakhstan would also boost investments into the country. Sun added that FDI this year would benefit from the amended laws on Investment and Enterprises, which will take effect from the middle of this year.

"We expect FDI this year will exceed last year. We're already working hard on introducing locations for foreign investors who plan to build factories here," said Tran Duy Dong, director of the MPI's Economic Zones Management Department.

India's Tata Group, for instance, is thinking of producing its Titan watch in Vietnam this year, and also expands its investments in car manufacturing. The Indian group is now negotiating with the Ministry of Industry and Trade for a $2 billion coal-fired power plant in the southern province of SocTrang.

Source: ITPC/VIR

Back to top

FINANCE – BANKING

Lien Viet Post Bank to fund macadamia project

A seminar is inaugurated today in the Da Lat City to introduce a roadmap for the implementation of a macadamia cultivation project in the Central Highlands region.

The seminar is organized by the Lam Dong People's Committee, the Central Economics Committee and the Central Highlands Steering Committee.

According to the project, the Lien Viet Post Joint Stock Commercial Bank (Lien Viet Post Bank) will lend the Him Lam Joint Stock Company over VND20,000 billion (over US$930 million) for planting macadamia for five years.

This is the first project aimed at large-scale cultivation of the macadamia nut in Viet Nam.

The Him Lam Company will supply farmers with seeds, fertiliser, and plant protection products and will teach them proper planting techniques.

The money will also be invested during the first phase of the project for macadamia cultivation on 100,000 hectares (ha) of land by 2020.

Another VND18,600 billion ($865 million) is expected to be invested during the project's second phase to expand the area for cultivating the plant to 200,000ha between 2020 and 2024.

Nguyen Duc Huong, Vice President of the LienVie tPost Bank, who proposed that the Central Highlands Steering Committee organise the seminar, says Viet Nam has all the conditions required for the strong cultivation of macadamia.

"We wish to lend to farmers for growing this kind of tree. The farmers can collect the capital and earn profit in the seventh year as per our expectation," Huong tells the VnEconomy.

The macadamia nut is dubbed as the "Queen of Nuts" for its outstanding nutritional value and high concentration of mono-unsaturated fats.

The plant, indigenous to Australia, was introduced to Viet Nam in 2002 for trial cultivation in some central provinces, including Lam Dong, Dak Nong and Dak Lak. After more than a decade under trial cultivation, it was found that Viet Nam produced a higher yield of macadamias than other countries.

Local scientists have tested and found that the north-western and Central Highlands regions have conditions best suited for the plant's growth.

By September 2014, the plant covered 1,600ha in the Central Highlands region.

However, a representative from Lien Viet Post Bank tells online news portal nld.com.vn that the plant is now growing spontaneously. He says the project aims to turn the plant into a key industrial plant in the Central Highlands region, which can provide a stable source of income for the farmers and turn the region into a "macadamia kingdom" in Southeast Asia.

Source: VNS

Back to top

No limit to foreign-ownership in weak banks: SBV

The government of Vietnam is considering raising the ceiling on foreign ownership in weak banks which are undergoing restructuring, Deputy Governor of the State Bank Nguyen Phuoc Thanh said.

Deputy Governor of the State Bank of Vietnam (SBV) Nguyen Phuoc Thanh, in an interview to the local press, said foreign capital was considered an important resource to restructure the Vietnamese banking system, especially in dealing with weak banks.

Under government Decree No 01, foreign investors can hold up to 30 percent of the joint stock credit institutions' chartered capital.

Meanwhile, the highest possible foreign-ownership ratios in Vietnamese weak banks which undergo restructuring will be determined by the Prime Minister.

This means that there is no limitation on proportions of shares foreign investors can hold in the weak reshuffled credit institutions.

In such exclusion cases, they can buy more than 30 percent of bank shares, while the foreign ownership ratios will be determined by the Prime Minister.

This means that if foreign investors accept to take over weak banks, they will have preferential treatment, to be offered in specific cases.

One year ago, rumor had it that GP Bank, one of the nine weak banks which was forced to undergo restructuring in the first phase of the national bank restructuring program, would be sold to a Singaporean bank, UOB.

Local newspapers then quoted an official of the State Bank as saying that the foreign banker would buy 100 percent of the Vietnamese bank's shares and turn it into a foreign bank.

However, there has been no further information about the deal. Some sources said the deal failed completely because the foreign investor felt it would not receive enough preferences for taking over the weak bank.

SBV's officials, at recent meetings with the local press, said that the central bank would intervene in the weak banks' restructuring process by forcing them to merge with other banks.

They also stated in local media that the first half of 2015 would be the peak time for bank restructuring and many merger and acquisition deals would be made during that time.

Analysts commented that the statements showed SBV's strong commitment on the weak banks' restructuring. The large banks, in which the State holds controlling stakes, have been officially asked to admit weak banks.

Meanwhile, the central bank has released an "ultimatum" to commercial banks that within the first six months of the year, they need to settle 60 percent of the bad debts they are going to deal with in 2015, and sell at least 75 percent of the bad debts they are going to sell to the Vietnam Asset Management Company (VAMC).

Source: GreetingVN

Back to top

SSC mulls more room for foreign investors

The State Securities Commission (SSC) is revising Decree 58/2012 guiding the Securities Law to increase the foreign ownership limit at listed enterprises, especially at the firms where the State holds no controlling stakes.

SSC chairman Vu Bang said at a review conference on the stock market development in Hanoi on February 2 that if the draft decree was approved in the second quarter of this year, it would help attract foreign capital into the market.

SSC wants to create favorable conditions for foreigners to get involved in sectors that are not off-limits to foreign investment. It also considers allowing foreign investors to own 50-100% stakes at local securities companies this year.

In addition, SSC is reviewing regulations on foreign ownership ratio at stock trading organizations. Maybank Kim Eng Vietnam is the only 100% foreign-owned securities firm in the country at the moment.

Domestic securities enterprises would receive support to open representative offices and branches abroad, according to SSC.

SSC will work with the central bank to implement Circular 36/2014/TT-NHNN on lending rules governing stock investments. The two sides will monitor capital going to the stock market from banks to ensure safety for the banking system and boost development of the market.

According to SSC's report, the VN-Index stood at 545.63 points and the HNX-Index at 82.98 points at the end of last year, up 8.1% and 22.3% respectively against the year earlier.

The stock market's capitalization totaled VND1.12 million billion (US$52.5 billion) last year, accounting for 31% of Vietnam's gross domestic product (GDP) in the same year and VND172 trillion higher than the previous year.

Liquidity on the market improved remarkably with the average trading value per session exceeding VND5.5 trillion last year, double the figure in 2013.

Speaking to the Daily on the sidelines of the conference, Bang said SSC would speed up the restructuring of the stock market with a focus on stock trading organizations. It is preparing for the launch of a derivatives market.

Bang said in the coming time, State-owned enterprises as well as private firms wanting to list on the stock market must abide by regulations on financial and management reports.

Source: TalkVN

Back to top

Corporate bonds slumped in 2014

Vietnam corporations issued far fewer bonds in 2014, despite the participation of many big companies.

Total value of corporate bond issues for the whole year reached about 22.922 trillion VND (1.07 billion USD), a year-on-year decrease of 33.4 percent and accounting for less than one percent of the country's GDP, according to the Ministry of Finance's Banking and Financial Institution's data.

Meanwhile, government bond issues climbed 37 percent over 2013, totaling more than 248 trillion VND (11.6 billion USD) last year, equivalent to 6.24 percent of GDP.

Outstanding corporate bonds were a mere 2.5 percent of GDP while the number of government bonds was 12.84 percent.

Many large companies issued big bond issues, such as Vietnam National Coal Mineral Industries Group (Vinacomin), 3 trillion VND (140.2 million USD); Hoang Anh Gia Lai Co (HAG) and Masan Group (MSN), each issuing bonds worth over 2 trillion VND (93.5 million USD), Bank for Investment and Development of Vietnam (BIDV), Kinh Bac City Development Shares Holding Corp (KBC) and HCM City Infrastructure Investment Co (CII), with issues between 1-1.5 trillion VND (46.7-70.1 million USD) on each issue.

Apart from them, many listed companies also issued bonds with smaller sizes from 50-350 billion VND (2.3-16.4 million USD), including Vietnam Electricity Construction Co (VNE), Bac Lieu Fisheries Co (BLF), Ninh Van Bay Travel Real Estate Co (NVT), Hung Vuong Corp (HVG), NBB Investment Corp (NBB), DIC Investment and Trading Co (DIC).

Some planned to make bond offers last year, but have yet to issue, including construction company Tasco Co (HUT) and Transimex-SaiGon Corp (TMS) with an issue value of 100 billion VND (4.7 million USD) each.

Most of these convertible bond issues were private placements to banks and strategic investors with an attractive prices and interest rates. The popular bond terms were often three to five years.

According to analysts at VPBank Securities Co, the slow development of the Vietnamese corporate bond market could be attributed to the underdeveloped secondary bond market and the lack of information from issuers.

In addition, Vietnam does not have recognized independent rating agencies to help investors evaluate the creditworthiness of bond issuers. Other countries in the region, such as Malaysia, Indonesia and Thailand, all have at least one rating company.

However, many analysts believe there are many rooms for the corporate bond market to develop in the future as issuing bonds are still an attractive way for companies to raise capital

Source: VN+

Back to top

Banks see liquidity rise despite Tet cash demand

A surge in deposits during the last few months has helped banks ramp up their liquidity, despite growing demand for Lunar New Year (Tet) cash.

Previously, both individuals and firms often experienced high cash demand during the months leading up to Tet, due to which banks' deposits often fell.

Truong Dinh Long, Deputy General Director of the Orient Commercial Bank, told the Dautu (Investment) newspaper that even though Tet is approaching, his bank's deposits in January rose by more than 6 percent from the month before.

He added that idle money deposited at his bank had also increased during the past few months through a reduction in deposit interest rates.

Savings in banks, with an annual interest rate of 6 to 6.5 percent, are still considered more attractive than other investment channels, he pointed out.

Tran Ngoc Tam, Deputy General Director of Nam A Bank also said deposits at his bank had remained healthy during the last months of the lunar year, when both individuals and enterprises often reported high demand for Tet cash. Owing to this, his bank's liquidity has remained robust.

Another reason for this is that banks have also launched more promotional schemes to lure depositors.

Le Tham Duong, the head of the Business Administration Faculty under the HCM City Banking University, said the deposit interest rate is still positive, compared with inflation, so people still prefer to deposit their spare cash in banks.

This year savings will remain intact in banks as annual deposit interest rates are still pegged at 5 to 6 percent, which is higher than inflation. According to ANZ bank, inflation this year is anticipated to hover around 3 percent.

Experts also pointed out that deposits and savings are still seen as safe investments, as the central bank's monetary policy appears to be more supportive of the Vietnamese dong.

According to the latest survey on business trends at credit institutions and foreign banks' branches during the first quarter of this year, liquidity in the banking system has continuously improved.

Roughly 89 percent of surveyed credit institutions said their liquidity had improved from last year and is currently in a good condition. Strong liquidity will continue to be maintained this year as well, the State Bank of Vietnam forecasted.

Under the survey, the institutions also anticipate that their deposits will rise by 4.5 percent on average during the first quarter this year and surge by 14.35 percent for the entire year

Source: VNA

Back to top

ANALYSIS – OPINION

Vietnam's industrial policies worse than some African countries: experts

Africa is thought to be more underdeveloped than Vietnam and Asia, but some countries have better industrial policies than Vietnam, according to Professor Kenichi Ohno, a Japanese expert.

He spoke at a workshop at the GRIPS Development Forum (GDF) and Vietnam Development Forum (VDF) in mid-December 2014.

Rwanda, Zambia, Ethiopia and Tunisia, which have been able to reduce corruption, have better industrial policies than Vietnam, he said.

The leaders in the countries take part in sanitation campaigns with citizens and set up action plans every year.

These countries have also been making great efforts to develop the private economic sector and bolster the inner strength of their national economies.

Meanwhile, as Professor Ohno said, Vietnam has made efforts to create value since doi moi (renovation) initiated by the Communist Party in 1986.

But the professor warned that Vietnam has fallen into the middle-income trap, and that if it does not make changes to policies, it will get bogged down in the trap.

He said that Vietnam lacks both the strong will and the capability to speed up its industrialization process.

Policies on vocational training, on small- and medium-sized enterprise development, and support industry development remain weak. Policies on productivity improvement and renovation barely exist, he said.

Commenting on the issue, Dang Thi Thu Hoai, deputy head of the Public Service Policy Division of the Central Institute of Economic Management (CIEM), said: "Many policies have not been implemented or have not brought desired effects, especially in education, and science and technology development."

"Vietnam has created many new policies with an aim to make science and technology play a key role in economic development. However, the effects of the policies over the past decades have been modest," she said.

Professor Ohno said that attracting foreign direct investment, developing small- and medium-sized enterprises, and linking foreign-invested and domestic enterprises were three policies necessary for any country.

"In Vietnam, foreign-invested enterprises export more than they import, while domestic enterprises import more than they export. The real estate bubble still exists," he said.

He emphasized that Vietnam should not rely on ODA (official development assistance) and FDI, but on industrial policies to reform and develop.

Source: VietnamNetBridge

Back to top

FDI expected to surge in 2015

Foreign direct investment (FDI) in Vietnam is forecast to increase significantly this year, as many large FDI projects are expected to be issued licences in the next few months.

The ThoibaoKinhte Viet Nam (Vietnam Economic Times) newspaper quoted a source from the Economic Zone Management Authority (EZMA) of Binh Dinh as saying that the central province is scrutinising the Nhon Hoi oil refinery complex (also known as Victory Project). The project is expected to be issued an investment licence before the Lunar New Year (falling on February 19).

If the license is issued as per EZMA's plan, the FDI capital in BinhDinh this year will far exceed the capital that the province attracted last year, as the investment capital of the Nhon Hoi project alone is estimated at US$22 billion.

Also, Nhon Hoi is not the unique large FDI project that BinhDinh can attract this year.

Head of Binh Dinh's EZMA Man Ngoc Ly said that the province is also working with two other large investors, Singapore's VSIP and Thailand's Amata, to select sites for the projects' infrastructure construction.

If their progress is advantageous, the two projects are likely to help Binh Dinh figure among the country's most attractive FDI destinations in 2015.

Besides Binh Dinh, the northern province of BacNinh is also expected to issue licenses to large FDI projects this month.

Ngo SyBich, head of Bac Ninh's EZMA, said that the projects that can be issued licenses early this year in the province are also large, with each having hundreds of millions of dollars of investment capital.

He revealed that Bac Ninh is working with a Singapore-based software investor and, if it works out, a project worth more than $100 million will be issued a licence this month.

Bac Ninh is also negotiating with a German investor. If the deal is signed, hundreds of millions of dollars will be poured into the province. It is expected that the project will also help the northern province to attract other FDI supporting projects.

Experts said that licensed projects worth billions of dollars have so far helped Viet Nam to attract many other supporting projects. This is in accordance with the Government's sustainable growth strategy involving investment boost to high-tech industries and creation of value-added exports and supporting industries.

Bac Ninh, for example, has so far successfully attracted several large high-tech companies such as Canon and Sumitomo of Japan, Samsung of South Korea, Foxconn and Mictac of Taiwan, and Tyco Electronics and Nokia of the United States, besides ABB of Switzerland.

The northern port city of Hai Phong has also created a hub to attract heavy industry projects worth hundreds millions of dollars of GE, Kyocera, Bridgestone and Fuji, as well as Xerox and Toyota.

Experts have also forecast that Vietnam will possibly attract increased FDI capital in 2015 as a result of the advantages offered by the free-trade agreements (FTAs) that were concluded in 2014.

Vo Tri Thanh, deputy director of the Central Institute for Economic Management, said that the signing of three FTAs with the European Union, the Republic of Korea and the Customs Union of Russia, Belarus and Kazakhstan will offer great advantages to Vietnam in attracting foreign investment in the short run.

After Vietnam concluded the three above-mentioned FTAs, and as a result of the Chinese Investment Strategy +1, businesses in the European Union and the Republic of Korea may shift their production facilities from China, and Vietnam will certainly be an attractive destination, Thanh said. He added that following their example, a number of supply businesses will invest in Vietnam.

After the ASEAN Economic Community (AEC) is established in 2015, investors from countries which have concluded FTAs with Vietnam will see ASEAN as a common market and a united production facility in the near future. As an

ASEAN member with accelerated trade liberalization, Vietnam will become an important gateway for foreign investors, including European Union companies, to enter the ASEAN market.

Statistics from the Ministry of Planning and Investment's Foreign Investment Agency showed that Vietnam attracted 20.23 billion USD in FDI capital last year, an increase of 19 percent against the target. The Republic of Korea led the 60 countries and territories investing in Vietnam in 2014, with 7.32 billion USD in investment capital, accounting for 36.2 percent of the country's total FDI capital.

Source: VN+

Back to top

NEWS IN BRIEF

QuangNgai to switch on $60m solar power station this year

The central province of Quang Ngai is developing a 30-Megawatt solar power station in Mo Duc District, which will start operating by the end of the year, the provincial Department of Industry and Trade announced yesterday.
The department said the station, which got construction approval five years ago, will be built with a US$60 million investment from a joint-stock company.
The department said the project will commence this year so it can connect to the national grid. It will be an example of green growth in the province.
In 2005, a solar power project was developed in An Binh Islet of Ly Son Island District, 30km off the coast of Quang Ngai Province. But the district started using power from the national grid at the end of 2014.

Prime Minister approves upgrade of Vinh airport

The Prime Minister has approved a proposal to upgrade Vinh airport in the central province of Nghe An into an international airport by 2020, with a vision extending to 2030.
The proposed Vinh international airport has been designed to handle 2.5 million passengers per year by 2020, with seven parking areas for large aircraft, including the A320, A321 and ART72.
In 2014, the airport welcomed 1.25 million passengers, reaching the highest growth nationwide, with an average growth rate of 43.89 per cent per year during a 13-year period.
The upgrade is expected to promote socio-economic development in the province, in particular, and the north-central region, in general.

Binh Duong announces co-operation with Dutch firm

The southern province of Binh Duong late last week signed a co-operation agreement with Eindhoven in the Netherlands, opening many opportunities for the province to welcome more investors.
Under the agreement, the two sides will strengthen their relationship as well as co-operation in the fields of planning, infrastructure and urban development, energy, economy, science and technology, health care and education.
Initially, they will focus on activities in science and technology, trade promotion and high-technology. They will set up research and entrepreneur centres and improve human resources.
Speaking to Viet Nam News, Eindhoven's Deputy Mayor Mary Ann Schreurs said they would initially see what Binh Duong needs and then decide the details.She also revealed that in the autumn of 2015, there would be a business delegation visiting the province to seek investment opportunities.
Along with co-operation between Binh Duong and Eindhoven, Binh Duong's Becamex IDC Corp signed a co-operation agreement with the latter's Brainport Development. The two sides will work together in human resources, technology, business and other sectors.
According to Binh Duong's leaders, the co-operation will support the province's development and modernization as Eindhoven is considered a "smart" city that has a well-developed industrial sector with many big companies like Philips and DAF Trucks.
Along with the Netherlands, Binh Duong has developed strong co-operation ties with cities in Laos, Cambodia, China, Italy, South Korea, France and Japan.

Bridge project to connect northern economic triangle

Deputy Prime Minister Hoang Trung Hai broke ground on the construction of Bach Dang Bridge and its connecting road on Jan 25

The bridge will link the Ha Long-Hai Phong Highway to the Ha Noi-Hai Phong Highway.
It will stretch over the Bach Dang River and cost VND7.6 trillion (more than US$357.2 million) under the build-operate-transfer model.
Quang Ninh Province People's Committee is the project's main investor, and it will be built by Japanese group SE in co-ordination with the Bach Dang Bridge BOT Joint Stock Company and other local subcontractors.
The bridge will be over three kilometers long and 25 meters wide, with four lanes allowing speeds of up to 100 kilometers per hour.
The bridge is one of the two main components of the Ha Long-Hai Phong Highway project. The other component, the 19.5km highway, broke ground in September 2014. The entire project is expected to be complete in 2016.
Once completed, it will contribute to completing a route connecting the key northern economic triangle, Ha Noi-Hai Phong-QuangNinh. The project is also expected to increase investment in Quang Ninh, contributing to socio-economic development

Construction begins on terminal at Cat Bi Airport

The Airport Corporation of Viet Nam (ACV) and the northern province of Hai Phong on January 24 began construction on a terminal at Cat Bi International Airport in the northern city of Hai Phong to meet increased demand
At a cost of VND1.5 trillion (US$71.4 million), the terminal will include modern equipment and cover an area of over 15,600 sq.m.
The capacity is expected to reach 4 million passengers per year, with 1,000 passengers served at rush hour.
The current terminal is only 2,650 sq.m in size and can accommodate only 300 passengers at rush hour. The total capacity last year was 800,000 persons.
The terminal cannot meet current demand at the airport, which is now being expanded, ACV said.
The new terminal would also help improve infrastructure as well as safety and services for all flights.
It will aid connections between Hai Phong and other provinces and cities in the country as well as in the region, contributing to the city's socio-economic development.
Cat Bi International Airport is located in Hai An District of Hai Phong City.
The airport has played an important role in developing the socio-economy of the city and northeastern region.
Currently, the airport is being widened under its phase-1 construction, which will be completed in September.
Last year, the airport received 930,000 customers, an increase of 6 per cent year-on-year

Construction of South Korean garment factory starts in Bac Lieu

Construction on a Republic of Korea-invested garment factory commenced on Sunday in Chau Hung A commune in Vinh Loi District, the Mekong Delta province of Bac Lieu.
The Pinetree Company from the Republic of Korea has pumped US$5 million into building the factory, which is scheduled to start operation in June with 2,000 employees, who are expected to be local residents.
Speaking at a ground-breaking ceremony, Deputy Chairman of the provincial People's Committee Le Minh Chien said the authority continues creating all possible conditions so that the project will be deployed effectively. He also asked the local authority and constructors to keep the construction progress on schedule and ensure its safety and quality at the same time.
Bac Lieu's economic structure has been transformed with higher proportions of industry and service sector.
Currently, industry-construction contributes 24.71 per cent to the province's total GDP, while services make up 25.59 percent and agriculture, 49.70 per cent.
The locality has been working hard to improve its investment environment to both domestic and foreign investors.

Quang Nam threatens to withdraw Besra'slicence for delayed tax, fine payment

If Besra Vietnam does not pay its taxes and fees and late payment fines, Quang Nam province is going to confiscate its assets and withdraw its investment certificates.
Le Phuoc Thanh, Chairman of the Quang Nam Provincial People's Committee, made the statement right after the January 23 meeting between the firm and the provincial leaders on the firm's environmental pollution and tax debt issues, according to newswire baodatviet.
The press was not allowed in this meeting. A reliable source told VIR that the two sides had not found a common voice and that the province was waiting for the Ministry of Finance's decision.
Quang Nam authorities have for many times warned Besra Vietnam about possible closure for its late payment of taxes and fees.

EU promotes exports and investments to Vietnam

14 companies from eight countries in Europe paid a visit to Vietnam recently to map the country's export and investment opportunities.

The trip was financed by the European Union under the EU-Vietnam Business Network (EVBN) project with an objective of increasing EU exports and investments to Vietnam in particular by small and medium enterprises (SMEs).

EVBN had organized the Agrofood Trade Mission to offer European companies a unique opportunity to discover the Vietnamese market and meet potential business partners. The trade mission took place in both of the largest Vietnamese cities, Hanoi and Ho Chi Minh City from January 19-23.

The companies had customized B2B meetings with Vietnamese importers, distributors and buyers. A total number of around 175 meetings were organized between 14 European companies and Vietnamese partners within the framework the trade mission.

The European businessmen had attended an informative seminar organized in Hanoi officially opened by Ambassador Franz Jessen, head of the EU Delegation to Vietnam.

EVBN also organized points-of-sales visits for the 14 European companies at BIG C stores and Annam Gourmet shops to demonstrate a real site to EU companies.

As a part of the trade mission, some companies also participated in the food and beverages exhibition called "Le Bon Marche" in Ho Chi Minh City.

2015 will mark an important year of bilateral cooperation between Vietnam and the EU over the past 25 years.

One door-one stop model inaugurated at Lao Bao-Densavan border gate

Deputy PM Nguyen XuanPhuc and his Lao counterpart SomsavadLengsavath on February 6 opened the "One door-one stop" model at the Lao Bao- Densavan international border gate.

Speaking at the ceremony, Deputy PM Phuc highly valued the efforts and close cooperation of the Viet Nam-Laos special working group in overcoming difficulties and obstacles to shorten the customs clearance time at the border gate and boost up connection and trade between the two sides.

He expected that the model will become a force for localities and other nations in the East-West corridor linking Myanmar, Thailand, Laos and Viet Nam as well as other corridors in the Greater Mekong Subregion (GMS) to fully implement commitments in the GMS Cross-Border Transport Facilitation Agreement (CBTA).

To launch the "One door-one stop" effectively, he suggested countries in the GMS in general and Viet Nam and Laos in particular to enhance investment, upgrade hard and soft infrastructure, and reduce obstacles in procedures to create a more favorable environment to accelerate trade, investment, tourism and people-to-people exchanges.

The Deputy PM also proposed development partners, especially the Asian Development Bank and Japan, to continue their assistance for launching the model.

The inauguration of the model has shown the efforts of the two nations in simplifying and harmonizing procedures and made Laos become a connection between nations in the Mekong River area.

The economic corridor is created based on a road of 1,450 km connecting four nations in the GMS, which is meaningful to Laos and Viet Nam in socio-economic development and poverty reduction.

As many as 19 Vietnamese provinces and cities belong to the corridor.

Quang Nam attracts US$5.09 billion in FDI

The central province of Quang Nam has attracted US$5.09 billion in foreign direct investment (FDI) so far, ranking 13th among 63 cities and provinces nationwide, the Foreign Investment Agency said.

In 2014 alone, the province attracted $87 million in FDI with $72 million from 11 newly-licensed projects.

Real-estate trading was considered the most attractive sector by foreign investors, absorbing $4 billion or accounting for 80 per cent of the FDI registered in the province till date. It was followed by processing and manufacturing, with $515 million or 10 per cent and the restaurant and catering sector with $328 million or 6.5 per cent.

During the period, Singapore was the province's largest source of FDI, with more than $4 billion or 80 per cent of the province's total FDI.

Can Tho's IPs attract nearly US$2 bln in investment

As many as 214 valid projects with a total investment capital of US$1.91 billion, have been launched in industrial parks (IPs) in the southern city of Can Tho, according to the city's IPs management board.

In 2015, IPs in the city set the goal of earning US$1.5 billion from industrial and commercial production, of which US$620 million will be gained from exports.

They are expected to create 3,500 jobs and contribute VND2,000 billion to the State budget.

The industrial and commercial production of the IPs in Can Tho City was estimated to reach US$125 million in January, US$10.9 million higher than the same period last year.

The export value of these IPs attained US$51.6 million in the first month of the year.

Currently, a total amount of VND225 billion have been invested to expand the premises at these IPs in the city.

Quang Binh, Russian company to build thermal power plant

The central Quang Binh provincial People's Committee and Russian Inter RAO Group have freshly signed a Memorandum of Understanding on the development of Quang Trach 2 thermal power plant.

Under the Build-Operate-Transfer contract, the plant, to be located in Quang Dong commune, Quang Trach district, is intended to cost $2.4 billion.

It is designed to have two turbines with a full capacity of 1,320 megawatts. The plant is slated to become operational in 2024 at the latest.

The province pledged to fully support the investors, with site clearance and the construction of crucial infrastructural facilities, like roads, power grids and water pipes.

The VND34 trillion ($1.59 billion) Quang Trach 1 thermo-power plant, invested by the Viet Nam National Oil and Gas Group, was launched in Vinh Son hamlet, Quang Dong commune, Quang Trach district in September 2011.

The 1,200 MW plant was scheduled to be completed within four years but its progress has been delayed due to unforeseen economic recession.

The province and the Viet Nam National Oil and Gas Group are working to tackle difficulties to make the plant become operational by 2020.

Back to top

COMING EVENTS

HVACR Vietnam Ho Chi Minh City

Venue: Tan Binh Exhibition & Convention Centre (TBECC)

Country: Ho Chi Minh City, Vietnam *Start Date:* **18.03.2015** *End date:* **20.03.2015**

Event Description

International Exhibition on Heating, Ventilation, Air-Conditioning, Air Filtration & Purification and Refrigeration Systems HVACR Vietnman is the country's leading exhibition on Heating, Ventilation, Air-Conditioning, Refrigeration, Air-Filtration & Purification Systems. HVACR Vietnman is co-located with the following established events: Pumps & Systems, Valves, Pipings& Fittings Thailand, Compressors & Fluid Power. This 4-in-1 platform will provide the most ideal marketplace for international manufacturers and suppliers to launch new products, reach out to buyers, appoint agents & distributors, build brand awareness and establish business networks. *Please kindly refer to*www.hvacrseries.com

Back to top

INMEX Vietnam Ho Chi Minh City

Venue: Tan Binh Exhibition & Convention Centre (TBECC)

Country: Ho Chi Minh City, Vietnam *Start Date:* **18.03.2015** *End date:* **20.03.2015**

Event Description

International exhibition for the maritime industry
The INMEX Vietnam belongs to the most important business events of the maritime sector. All key industries will take an active part in it as exhibitors or in presentations and discussions within the forum. Thousands of professional visitors will be expected from public and private organisations from Vietnam and abroad, promising lucrative new business relations and partnerships.
The INMEX Vietnam will take place on 3 days from Wednesday, 18. March to Friday, 20. March 2015 in Ho Chi Minh City. Please kindly refer to maritimeshows.com

Back to top

ProPak Vietnam Ho Chi Minh City

Venue: Saigon Exhibition & Convention Center (SECC - Nguyen Van Linh Parkway)

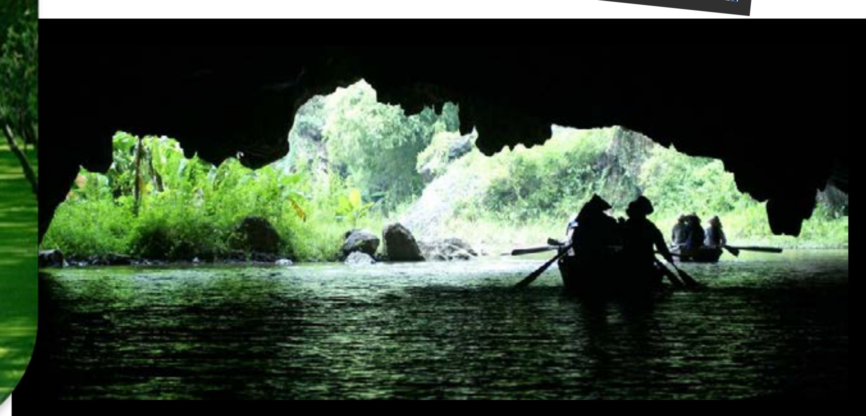
Country: Ho Chi Minh City, Vietnam *Start Date:* **31.03.2015** *End date:* **02.04.2015**

Event Description

Trade fair for processing, filling and packaging technology
ProPak Vietnam is an international processing, filling and packaging exhibition and conference for Vietnam's rapidly expanding manufacturing sectors for food, pharmaceutical, beverage, cosmetic, industrial and general consumer products. In highest attendance are locally based manufacturers and distributors from Vietnam, then from other countries around the world. ProPak Vietnam is co-located with Plastics & Rubber Vietnam (plastics and rubber technologies and materials exhibition) and PIA Vietnam (plant and process engineering exhibiton).
The ProPak Vietnam will take place on 3 days from Tuesday, 31. March to Thursday, 02. April 2015 in Ho Chi Minh City. *Please kindly refer to* www.propakvietnam.com

Back to top


Photo DTK



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.

Reviewed by: Huy Nguyen & Nguyen Minh