

**GENERAL REVIEW**

[Vietnamese Economic growth down to 3.9% in 1<sup>st</sup> half](#)  
[Vietnam to lead the world in entertainment & media growth](#)  
[In HCM City, traffic jams have become a way of life](#)  
[Electronic customs network to expand](#)  
[HCMC doubles promotion fund for tourism](#)  
[Competitive power market step closer](#)  
[Power lines to be buried in HCM City](#)  
[US state opens investment and commerce office in Vietnam](#)  
[UEM: Be mulling jobs in Vietnam, Cambodia](#)  
[HCM City looks to get tough on illegal foreign workers](#)

**TRADE**

[Will Vietnam sue US DOC?](#)  
[EU - top consumer of Vietnam's aquatic products](#)  
[Experts say it's time to build name recognition for Vietnam's farm products](#)  
[Vietnam, Italy strengthen trade ties](#)  
[Positive signs for VN's textile, garment sector](#)  
[China narrows doors for Vietnam's exports](#)  
[Cars unsalable in the world, but selling well in Vietnam](#)

**FINANCE – BANKING**

[Banks fear of bad debts](#)  
[Vietnam has nearly 100 banks](#)  
[Draft law triggers banking criticism](#)  
[Domestic banks eye Indochina](#)

**NEWS IN BRIEF**

**INVESTMENT**

[HCM City second nationwide in attracting foreign investment](#)  
[Malaysia firm invests in cemetery venture](#)  
[Yen My green industrial park](#)  
[Formosa makes steel JV in Vietnam](#)  
[Hai Duong Province Plans for Seven New Industrial Zones](#)  
[Hungry for workers in Ho Chi Minh City](#)  
[Vietnam President breaks ground on \\$700m power project](#)  
[Large-scale Hanjin container ship docks at Tan Cang-Cai Mep port](#)  
[Binh Duong's industrial zones attract 1,005 investment projects in Jan-June 2009](#)  
[Japan's giant steelmaker presses on with Dung Quat plan](#)  
[Vinh Phuc ranks 5th nationwide in investment attraction](#)  
[Many steel projects found proceeding slowly](#)  
[Song Da Corporation Invests USD 2 billion in 14 Projects in Laos](#)  
[42 provinces fail to attract FDI](#)  
[RMJM unveils design for Hyatt Regency Danang Resort and Spa](#)  
[Japan – Vietnam alliance to advise high-speed railway project](#)  
[Hoa Lac hi-tech zone attracts four new projects](#)  
[Bidding stricter on projects using land](#)  
[Funds to flow soon for southern inter – port road](#)  
[Lack of infrastructure in economic zone deters investors](#)

**ANALYSIS**

[Sci-Tech Ministry proposes to put Viet Kieu in charge at research institutions](#)  
[Farm families reeling under shock of recession and land conversions](#)  
[Resorting to innovative tourism strategies](#)

**COMING EVENTS**

[Vietnam Computer Electronics World Expo \(VCW Expo\)](#)  
[VietFood Pro+Pack Saigon](#)  
[VietFood - Ho Chi Minh](#)



### **Vietnamese Economic growth down to 3.9% in 1<sup>st</sup> half**

*Viiipip.com* – Vietnam's economy increased approximately 3.9 percent in the first six months from the beginning year, down to annual growth of 6.5 percent in the same period in 2008, the government said Wednesday (24 June 2006).

GPD raised 4.5 percent in Q2 compared with the same period last year, which has led to fuel growth in the first half, said by the General Statistics Office in its monthly report.

The World Bank forecasts that GDP growth of Vietnam is 5.5 percent in 2009, faster than the 4.5 percent given by the Asian Development Bank. And this figure also is higher than the governments revised growth target of "around 5 percent".

According to the statistics office, the government should take measures to achieve growth of around 5.9 percent in the second half to meet the annual target. The steps contain restructuring the economy to lift the efficiency and the competitiveness, and prevent of a return of high inflation in the second half as well as directing fiscal stimulus to the right targets, the office said.

(Source: NAT)

[Back to top](#)

### **Vietnam to lead the world in entertainment & media growth**

*Viet Nam is projected to take the lead in the expansion of its entertainment and media market in the next five years, with the overall compound annual growth rate to be the highest in the world at 16.7%, said a global business advisory firm.*

In its 10th Global Entertainment & Media Outlook report, Price water house Coopers said the value of Vietnam's entertainment and media market approximately tripled in five years from 2004 to 2009 and is expected to exceed 2.3 billion USD in 2013.

The greatest contributor to the growth, the consultancy firm said, is the internet access market, which is expected to grow by 20.9% during the period. Advertising will likely expand by 10.9% and consumer spending (excluding Internet access) by 16.1%, it added.

According to Price Water House Coopers, economic expansion is helping drive the large increases expected in most of the high-growth countries including Vietnam. Infrastructure improvements, particularly in the areas of broadband and multichannel television as well as mobile telephony, will also be principal drivers.

Viet Nam still has substantial room for growth due to low penetration in many categories of E&M, it said. In line with global trends, growth in Internet access spending, television advertising and television subscriptions is expected to lead the industry's expansion in Vietnam.

The global entertainment & media market as a whole, including both consumer and advertising spending will grow by 2.7% compounded annually for the entire forecast period to 1.6 trillion USD in 2013.

Latin America and the Asian Pacific remain the fastest growing regions, expected to increase at an annual compound rate of 5.1% and 4.5% through to 2013, reaching 73 billion USD and 413 billion USD respectively.

(Source: VNA)

[Back to top](#)

### **In HCM City, traffic jams have become a way of life**

*Traffic jams in Vietnam's biggest city are daily getting worse. They not only hinder the city's development but also roil the lives of its residents. Outwitting the tie-ups has become an obsession of HCM City's people whenever they leave their home.*

Facing the fact that city authorities have run out of remedies for ‘traffic jam disease,’ the people of Ho Chi Minh City have no option but to learn how to coexist with this natural calamity, just as the Mekong Delta’s residents are resigned to ‘living with floods.’

### Too few streets, too many vehicles = gridlock

HCM City has about 3300 kilometers of roads and streets, equivalent to 26 square kilometers of pavement. The city’s total area is 2095 square kilometers, so the ratio of road to total area is about 1.5 kilometers per square kilometer, or about one-tenth the world standard for cities. Viewed another way, roads and streets take up 1.36 percent of HCMC’s total area, compared to a world standard of 20 to 25 percent. And the number of vehicles is soaring. The city has around 4 million vehicles, including 3.8 million motorbikes. Every day, another 500,000 motorbikes and 60,000 cars are carrying commuters from adjacent provinces.

Municipal Department of Transport’s director Tran Quang Phuong is fond of saying that “if all these vehicles were on the road, the total road area is not enough for any of them to move.”

Dr. Pham Xuan Mai of the HCM City University of Technology calculates that motorbikes alone require from 12 to 48 square kilometers of pavement. The surface of the narrow streets is further narrowed because of construction works, which the local people call ‘blockhouses.’ The more than 250 projects being implemented on hundreds of roads make traffic jams worse. Key arteries into the city centre like Truong Chinh – Cach Mang Thang Tam, Le Van Sy, Nguyen Van Troi, Nam Ky Khoi Nghia and Vo Thi Sau have plenty of ‘blockhouses’ these days.

The city government has requested that traffic police be assigned to project sites to guide traffic, but the police officers only work at some sites.

Truong Chinh Street, which becomes Cach Mang Thang Tam Street, is altogether seven kilometers long. Along its route are some 14 construction sites, each narrowing the road by more than half? If traffic police are not present, this street is always tied up in traffic jam after traffic jam, a sea of vehicles.

The situation is no better on Le Van Sy, Vo Thi Sau, Hai Ba Trung and Nguyen Van Troi streets. The average speed of vehicles on these roads is just two or three kilometers per hour and sometimes approaches zero. If there’s a construction site, there’s a traffic jam.

### Traffic jams even at night

“The ratio of traffic jams exceeds the permitted level by 11 to 23 times. Economic losses caused by traffic jams are estimated at 14.3 trillion dong (\$841 million) per year, 5.1 percent of the city’s gross domestic product,” said Dr. Mai. Though the city’s residents can hardly bear the situation now, they’ve learned that the Department of Transport will continue construction projects on nearly 100 kilometers of road this year.

Oppressed by terrible traffic jams that are as regular as one’s daily bowls of rice, and the helplessness of the transportation authorities, the online community is passing around a sarcastic ‘advertisement’ that spoofs the HCM City Department of Transportation. According to the ‘ad,’ “a new movie will soon be released entitled *Traffic Jams on Every Millimeter*, arrive tingly tragic-comic drama. The movie allegedly features more than 8 million actors and hundreds of kilometers. The actors shuffle along roads littered by blockhouses, barriers, sewage, rainy water and dust. The film will air from 6am to 7pm every day, and continuously when it rains.”

### Adapting to the unavoidable

Temporary solutions such as re-structuring traffic flows and increasing the number of bus trips cannot solve the problem. It may take the city ten years or more to solve traffic jams by building more roads and an urban light rail system while restricting personal vehicles. For now, the city’s people have no alternative to peaceful coexistence with traffic jams.

Some government agencies have recently issued tips on how to live in peace with traffic jams. The pioneer is the People’s Committee of District 10, which has erected traffic flow billboards. Along impacted streets like To Hien Thanh, Ly Thuong Kiet, Thanh Thai and Su Van Hanh, the red boards with white or yellow letters show drivers how to escape from traffic jams on main roads during peak hours by using alleys. District 10 Deputy Police Chief Le Van Doan said District 10 has set up nearly 100 boards of this kind.

The City Department of Transportation has also devised a road map that points out the positions of ‘blockhouses’ in HCM City. The map is updated on a weekly basis on the department’s website ([www.sgtvt.hochiminhcity.gov.vn](http://www.sgtvt.hochiminhcity.gov.vn)) and for the local media. The department is also working with some IT firms to establish a traffic-jam warning program and show the shortest ways to avoid traffic jams through mobile phone messages (SMS).

(Source: VietNamNet/LD)

[Back to top](#)

### **Electronic customs network to expand**

*The country’s electronic customs network will be expanded to five provinces and two additional cities this year, an official from the General Department of Customs has said.*

The country’s customs procedures must be aligned with international and regional norms, Le Van Ninh, head of the department’s reform division, said during a meeting organised by the department and the Viet Nam Chamber of Commerce and Industry in HCM City in July 13, 2009. E-customs will be available in Ha Noi and Da Nang and the provinces of Dong Nai, Binh Duong, Lang Son, and Ba Ria-Vung Tau.

In 2005, a trial e-customs system began in HCM City and Hai Phong, resulting in time and money savings. As a result, more than 297 companies now use e-customs in HCM City. The Government began the e-customs effort in the two cities to reduce corruption among customs officials and to minimise time spent on customs procedures for companies. The new service allows businesses to file online applications and track the progress of customs clearance.

Ninh said many companies had not invested in computers to make use of the services. Le Quang Hoai, an official with the Customs’ statistics department, said the sector would upgrade IT infrastructure, broadband speed and software to enhance network stability and security. Training customs staff and businesses in using e-customs would be another priority, he added. To help businesses, the e-customs network will be linked to the State treasury, banks and tax offices. During the meeting, the Thai Son Technology Development Company conducted an installation of ECUS e-customs software and instructed companies in how to use it.

(Source: VietNamNet/Viet Nam News)

[Back to top](#)

### **HCMC doubles promotion fund for tourism**

*The country’s travel hub of HCMC this year will spend around VND9 billion (USD600,000) on tourism promotion activities, twice compared to the last year’s budget, an official said.*

La Quoc Khanh, deputy director of the city’s department of culture, sport and tourism, said that the city’s tourism needed a bigger budget on activities to help the sector overcome a decline in international tourist arrivals. He said much of the fund would be spent on developing more products. However, most of the budget will be used for developing products instead of carrying out marketing activities only,” he said.

In particular, the city this year will restart two tourism development plans. One is to develop Pham Ngu Lao Quarter in District 1 into a special tourist rendezvous for international travelers, especially backpackers, and the other is to develop river tourism. “The city’s government has approved our department’s proposal to carry out these two projects. We will spend around VND900 million on the plans,” Khanh said.

Of projects to develop tourism products, the Saigon - 100 Exciting program will receive a budget of VND2.7 billion for development. The program is to introduce 100 preferred things, services and tourist destinations in the city selected from ten different sub-sectors in the hospitality industry.

The program will be first introduced to international visitors on the occasion of the international travel exhibition in HCMC this October.

Khanh said the international exhibition is the biggest promotion event for the inbound sector that the department was focusing on in the rest of the year. The city received only some 1.33 million international visitors in the first half and expects the total number this year to fall 10% from last year's figure of 2.8 million.

While international visitor arrivals fell in the first half, the number of domestic travelers increased impressively, and thus requires further support, he said. To attract domestic tourists to HCMC, the department will make promotion trips in Hanoi, Halong and the Mekong Delta provinces of Tien Giang and An Giang to invite guests to HCMC.

*(Source: VietNamNet/SGT)*

[Back to top](#)

### **Competitive power market step closer**

*Another big step has been taken towards a more competitive electricity market in Vietnam. The Ministry of Industry and Trade (MoIT) will issue a draft regulation on Competitive Generation Market (CGM) in November this year, deputy MoIT minister Do Huu Hao said recently.*

The draft regulations will comprise strict rules on power generators' rights to ensure the safe operation of the country's electricity network. Under the draft regulation, local generators will offer a price on the base of a capped price calculated by the Electricity Regulatory Authority of Vietnam.

Power purchasing and generation companies which join Vietnam's CGM will have to use the model power purchase agreement (PPA) next year, which is expected to determine appropriate power prices and hence attract more investment in local power projects.

The current purchasing mechanism regulated by the state-owned Electricity of Vietnam (EVN), the sole power distributor in the country, which is not based on market rule has made local independent power producers (IPPs) and foreign investors unwilling to join in the industry.

A large number of IPPs are selling electricity to EVN under bilateral purchasing agreements that do not include specific price, which have usually resulted in price conflicts between the sellers and the buyer.

The Vietnam National Coal and Mineral Industries Group has gained no deal on purchasing price with EVN for the Son Dong Thermal power plant in northern Bac Giang province, which started construction in 2004 and was put into operation in March 2009. The group could not also sign a PP A with EVN for investing in the Cam Pha coal-to-power plant, which started operation in the beginning of May, 2009.

PetroVietnam fell into the same situation when it was unable to negotiate selling price with EVN before constructing the Ca Mau thermal power plants 1 & 2 in southern Vietnam.

The two groups signed an in principle deal for electricity trading in 2006, talking in purchasing price in a general term, without specific calculation on a price that was the best for both sides. It is almost unlike foreign investors in built-operate-transfer power projects who are required to complete PP As before carrying out any construction projects in Vietnam.

"The CGM will enable both domestic and foreign investors operate in a fair and equal condition and market mechanism will allow them calculate their price the best before making investment decisions", according to Tran Viet Ngai, chair of Vietnam Energy Association.

Under the draft, PP A and supporting services will be clinched before ground-breaking of power plants in order to help investors easily seek and arrange investment capital for their power projects.

*(Source: Vietnam Investment Review)*

[Back to top](#)



## **Power lines to be buried in HCM City**

*HCM City Power Company plans to lay the entire medium-voltage cable network and half of the low-voltage network in District 1 and District 3 underground by 2015.*

In other districts, they will go beneath the ground only along certain streets. Tang Nai Tong, deputy director of the company, said, "Telecom cables should not be piggyback on electricity lines," suggesting telecom service providers should have their own poles for cables.

The company had piloted a programme in those districts to classify cables, getting rid of useless ones and demanding the removal of those strung without permission by others. Sixty per cent of others' cables had been put up in violation of regulations for using electricity poles, he said, making things messy. On Dinh Tien Hoang Street, for instance, there were 18 unauthorized cables put up by internet service provider FPT.

Tong expected the work for entire network of the city to be finished by 2025, but Le Manh Ha, director of the city's information and communications department, was not optimistic, saying it would take "100 years." Experts said the work would require a massive amount of money and close co-operation between the power and other utilities.

*(Source: VietNamNet/Viet Nam News)*

[Back to top](#)

## **US state opens investment and commerce office in Vietnam**

*The Vietnam commerce offices, one in Hanoi and one in HCM City will be responsible for attracting investment and commerce to Vietnam for Maryland and supporting the state's companies operating in Vietnam, which will be managed by Rockville, based Meiwah International Holdings.*

In 2008, Maryland State earned total USD22 million from goods and service exports to Vietnam and spent over USD65 million from imports. Head of Maryland Department of Business and Economic Development, Christian S. Johnson opined that the new offices will create more commerce and investment opportunities for both countries. Last year, Maryland State opened representative offices in Korea, Japan, Montenegro, Canada, Brazil and South Africa.

*(Source: Kinh Te Vietnam & The Gioi)*

[Back to top](#)

## **UEM: Be mulling jobs in Vietnam, Cambodia**

*[Viipip.com](http://Viipip.com) - Malaysia's UEM Group Berhad (Bhd) has been offered huge projects in Viet Nam and is also mulling whether to be accepted a contract to build a bridge in Phnom Penh, Cambodia. UEM Group has ventured abroad through its construction arm UEM Builders Bhd, mainly to countries like India and Qatar.*

The bridge project in Cambodia is worth about RM356 million (USD100 million) and UEM is in the final stages of evaluating the job.

Vietnam is being a favorite destination to Malaysian companies like SP Setia Bhd and Gamuda Bhd...They have already had a presence when seeking to grow profits amid a slowing home market.

The projects in Vietnam are worth "a few billion US dollars" in Da Nang and Ho Chi Minh City, Chairman Tan Sri Dr Ahmad Tajuddin Ali said in an interview in Kuala Lumpur recently. Work includes building an airport and a port. "It's so big that we may have to rope in other Malaysian contractors," Tajuddin added.

UEM was confident of defending itself against a legal suit from the Qatar Public Works Organization. "We have received from the Qatari authorities the certificate of completion for the entire Salwa Road project. We have also got the extension of time for the job to January 31, 2009," he said.

Due to this, UEM Group will not build provisions for the suit. At the same time, it also has a RM1 billion claim for work already done for the same project. It means that the Qatar Public Works Organization is seeking damages, reportedly about 878 million Qatari riyal (RM880 million), against design consulting engineer Parsons

International Ltd, UEM and Qatar Insurance Co have shaken hands to work on the Salwa International Road. UEM has been named as the second defendant in the suit, said by Tajuddin.

(Source: Viipip.com)

[Back to top](#)

### **HCM City looks to get tough on illegal foreign workers**

*Labor authorities in Ho Chi Minh City are seeking stricter measures to curb the rising number of foreign workers working in the city illegally. The city's Department of Labor Invalids and Social Affairs has proposed that the government amend a decree on foreign labor to impose stricter fines on firms that employ illegal workers, reported on Monday (29 June 2009).*

The department also suggested new regulations that would require foreign workers to acquire a labor permit before entering Vietnam. The body also said immigration agencies should not be allowed to extend visas for foreigners working in the country without the permit. Department officials have suggested that the Ministry of Public Security tighten regulations to nip the problem in the bud at immigration and customs.

The labor department said the fines against employers found using illegal workers, currently between VND5 million (USD281) and VND10 million (USD562), were too low to act as a deterrent. Inspectors from the department said many employers out of 171 inspected this year were caught violating laws pertaining to the use foreign workers, Vietnam News Agency reported Monday.

According to a decree on the issue, employers have to report to government agencies on all foreign workers they employ. More than 14,500 foreign workers from 73 countries, mostly in Asia, are currently working in HCMC with labor permits, according to statistics from labor authorities in the southern hub. The city's Police Department, however, has reported that around 50,000 foreigners are residing in the city.

(Source: Agencies)

[Back to top](#)

## **TRADE**

### **Will Vietnam sue US DOC?**

*The US Department of Commerce (DOC) has released a decision which has been described as 'unfair' to Vietnamese frozen shrimp exports. The Vietnam Association of Seafood Exporters and Producers (VASEP) has officially proposed the Government initiate legal proceedings against DOC with the World Trade Organization (WTO).*

Representative from VASEP said that DOC has been applying the zeroing method to calculate the dumping margin for frozen shrimp imports from Vietnam. Currently, Vietnamese shrimp exporters are assessed the anti-dumping tax rates of between 4.13 to 25.76% when sending products to the US market.

According to VASEP, shrimp export prices depend on the size of shrimps, i.e. higher prices are paid for bigger size shrimp. As Vietnam mostly exports big shrimp, its average export price is always high. This explains why previously, the tax rates imposed by the US on Vietnamese exports were relatively low compared to other countries. However, not all consignments of shrimp exported by Viet Nam to the US have high prices. As sometimes Vietnam exports smaller size shrimp, it gets lower prices.

Meanwhile, the US DOC has been following a calculation method under which it ignores consignments of shrimp which have export prices higher than the average price for that shrimp size, which leads it to conclude that Vietnam dumps the consignments of shrimp that have lower prices. "This is unfair and this does not follow WTO rules," said VASEP's representative. The representative also reiterated that in the second administration review of Vietnamese shrimp exports, 30 Vietnamese shrimp exporters registered for the review, but DOC only chose two of them for its compulsory probe.

According to VASEP, DOC is applying an unreasonable calculation method and has been unjust in setting the anti-dumping margins. It says these are contrary to articles No 1, 6 and 9 in the WTO's Anti-dumping Agreement (AD). The decision by DOC has made Vietnam lose its competitive edge over other countries exporting shrimp to the US, including Thailand, which is now, imposed the tax rate of 3.18 percent, and India, which is imposed 1.6 percent.

VASEP's proposal to sue the US DOC is being considered by the government. However, an official from the Ministry of Industry and Trade said that there is a good chance Vietnam could win the lawsuit. According to the official, the spirit of the WTO's AD is that anti-dumping activities are abolished, not that more tax revenue is generated. One of the things VASEP has cited to persuade government agencies to proceed against the US DOC is that the agency in charge of settling disputes under WTO considers the zeroing calculation method applied by the US contrary to WTO rules. Other countries have sued the US for this and won the lawsuits. VASEP has been trying to persuade government agencies that if Vietnam won the lawsuit, it would help stop the disadvantageous decisions imposed by DOC on Vietnamese frozen shrimp and many other industrial products.

(Source: TBKTVN + DN)

[Back to top](#)

### **EU - top consumer of Vietnam's aquatic products**

*The European Union (EU) ranks first among markets consuming Vietnam's aquatic products with USD 357 million, making up 26 percent of the country's seafood exports, followed by Japan.*

Among Vietnamese export products, Tra and Basa catfish tops the list with the US and the EU becoming the biggest importers, while shrimp ranks 2<sup>nd</sup> thanks to demand from the Japanese market. The Russian market is growing in importance as well, with a large and diversified consumption demand for Tra and Basa catfish.

With USD320 million netted in June, Vietnam's aquatic export turnover in the first half of this year reached nearly USD 1.7 billion, down 11 percent against the same period last year. According to the Ministry of Agriculture and Rural Development, in recent months, due to effects of global economic recession, many Vietnamese aquatic products have cut their prices to stimulate demand.

(Source: VOVNews)

[Back to top](#)

### **Experts say it's time to build name recognition for Vietnam's farm products**

*Prices plummet when farmers have bumper crops, and soar when crops are poor. Is that inevitable? Agriculture experts say that managing stocks and building brand name recognition for farm produce can dampen the impact of price volatility on Vietnam's farmers.*

#### **Now or never**

Brand names have big significance not only for promoting exports but also for the domestic market, says Pham Trong Bao Chau, an executive of Vinamit, the fruit processor and exporter. He related that Beaujolais Nouveau wine is made of superfine grapes. It only appears on the market in early November and is available only for a few months. Therefore, French people all rush to drink this wine in November. Meanwhile, in Vietnam, no farm produce has such a good brand name that people rush to buy it at a certain time like Beaujolais Nouveau. Chau proposes that the farm sector use a part of its profits to advertise products. Pham Chi Lan, a senior economist who once was part the Prime Minister's research team, agrees that it is urgently necessary to build up brand names for Vietnam's farm produce. It's something that should be done right now, she says, or it will never be done. Lan notes that agriculture has always been a driver for Vietnam's economy and the important role of agriculture and farm produce can be more clearly seen in the economic crisis.

In Lan's view, Vietnam's farm sector should seek profit from products with added value. Lan said that the actual value of watermelons exported by Mexico to the US just accounts for 0.05 percent of their sales price. More than 99 percent of the profit is created by processing and good brand names.



Bac Giang province is launching a project to popularize Luc Ngan litchis, a local speciality, when the 2010 crop comes to market. The project is supported by the Institute for Development Studies and the Business Research and Support Centre.

### **Stabilizing the market by stimulating demand and controlling supply**

Building brand names for Vietnam's farm produce is a long term job. In the near future, economists say, stimulating the demand and controlling supply is a thing that needs to be done immediately to stabilize farm produce prices.

Chau said that coffee prices have fallen sharply as enterprises rushed to clear stocks, rather than release them slowly to the market. The same situation occurs with most agricultural produce. Chau said that prices will certainly fall if producers try to market big volumes of products all at once. Instead of selling products in massive scale, producers should keep products in stock to maintain the supply-demand balance and control the sales price. Conversely, if the purchasing power decreases, it is necessary to have marketing measures to stimulate the demand. In Vietnam, fruits are always in oversupply at peak crop time.

Every litchi crop lasts eight weeks with an average output of 200,000 tonnes. Farmers should not expect people to consume all the output of fresh litchis. Instead, they should think of making other products from litchis, including candied litchi fruit, litchi jam or litchi ice cream.

Nguyen Duy Thuan, an expert from the Business Research and Support Centre, has suggested that setting up farm produce trading floors under the management of local authorities or associations also proves to be the good idea to control the sale prices.

*(Source: VietNamNet/NLD)*

[Back to top](#)

### **Vietnam, Italy strengthen trade ties**

Viet Nam always likes to have more Italian investors doing business in Vietnam as Italy has great potential for science and technology development, said President Nguyen Minh Triet at a reception for the general director of Piaggio Viet Nam Co,Ltd (PVN), Costantino Sambuy, in Hanoi on July 13.

President Triet highlighted the PVN project to produce Vespas in Vietnam, which will contribute greatly to economic development in the country. He emphasized that Vietnam will create a better investment environment for foreign investors including those from Italy.

Mr Sambuy expressed his belief that the upcoming high-level visit by President Triet late this year will mark a new step of development in the relationship between the two countries.

*(Source: VNBusinessNews)*

[Back to top](#)

### **Positive signs for VN's textile & garment sector**

*Due to the world economic downturn, businesses in the textile and garment sector faced a decline in exports and a lack of orders in the first few months of the year. However, there are clear signs of recovery, with the number of orders improving.*

#### **Increasing orders**

At the end of this year's second quarter, the number of orders at textile and garment businesses in Ho Chi Minh City have increased by 15-20 percent compared to the first few months of the year. Most businesses have orders from foreign partners, which will keep them busy until the third of quarter.

According to Phung Dinh Ngo, director of Binh Hoa Garment Company, the company has had recent orders, with exports to the EU showing satisfactory results in the second half of the year.

Pham Xuan Hong, chairman of Sai Gon 3 Garment Joint Stock Company, said his company has earned USD25 million from garment exports this year. Exports to Japan accounted for 65 percent, with orders from America and the EU stabilizing.

Vietnam has achieved remarkable growth in garment and textile exports to Japan at a time when exports to its major markets, like the US and the EU, plunged.

According to textile and garment companies, many importers stopped orders or hastily cut orders during the economic downturn. When the world market began to improve, traders did not have enough goods to sell, leading to the recent increase in orders. The quick recovery of Vietnam's textile and garment industry has shown its particular advantages compared to other countries.

Chairman of The Vietnam Textile and Apparel Association (Vitas) Le Quoc An said Japanese importers are switching their orders from other countries to Vietnam, as they appreciate the consistency in the quality of Vietnamese made clothes and the skill of its workers.

Vietnam's textile and garment exports in the first six months of this year totaled more than \$4 billion, a decrease of 1.3 percent compared to the same period last year. The decrease is much lower than the forecast of 15 percent and was relatively lower than other countries. Textile and Garment exports still achieved growth rates in Japan, Korea, Taiwan and Norway. The highest growth was for Japan at 25 percent.

The recent signing of the Vietnam-Japan Economic Partnership Agreement is expected to help further increase Vietnamese clothing exports to Japan. Under the treaty, from July 1 Japan will eliminate import tariffs on Vietnamese textiles and garments that use raw materials of Vietnamese, Japanese or ASEAN origin. Taxes are currently five to ten percent. Pham Xuan Hong, deputy chairman of Vietnam Textile and Garment Association, said exports increased to Japan due to Vietnam's quality orders and reasonable prices.

### **Increasing orders, decreasing workforce**

Orders and workers are two the most difficult aspects at the current time for the textile and garment sector. With the positive signs from the market and stable long term contracts, businesses do not have enough workers. Many companies have had to outsource to fulfill contracts.

The serious shortage of workers has forced many garment companies to recruit untrained workers and offer attractive salaries. This compares to the number of job losses in the clothing industry worldwide. At some businesses, there has been a 50 percent drop in the work force since the end of 2008.

Pham Xuan Hong, a member of the association, said some companies laid-off workers when they had no orders, but when they have orders they face difficulties in recruiting workers.

In the first few months of the year, many companies cut down on workers when they had no orders. This resulted in many of the trained workforce returning to their hometowns. Companies do not know where to find them in order to resume normal production.

Ho Chi Minh City based textile and garment companies, on average, are 10 -15 percent short in employees. Many companies have offered more than VND2 million per month and ensured rewards for Tet, but are still struggling to recruit enough workers. With the problems in hiring enough staff, the industry expects to make \$9.1 billion compared with the initial target of \$9.5 billion this year.

*(Source: SGGP)*

[Back to top](#)

### **China narrows doors for Vietnam's exports**

*Though imports from China can easily penetrate into Vietnam's market, Vietnam's exports have tough time reaching China's, said by a report.*

### **China's close 'defensive measures'**

Vietnamese newspapers have been reporting about long queues of trucks, especially trucks carrying farm products, waiting to pass Chinese customs at the northern border. According to Lao Cai Province Customs Office Director

Nguyen Dinh Phien, Vietnam's exports of farm produce like cashew nuts, green-bean cakes and dried cassava must have certificates of origin and go through strict testing in quality before they are allowed to enter China. And, according to Phien, China has been using tariffs very effectively to regulate its imports and exports.

An export item to China could be subject either to the official tariff stipulated by the Government or to another tariff set by local authorities and applied to cross-border imports. That explains why in some cases, Vietnam's footwear exports to China, if admitted as 'official exports,' must bear a tax rate of over 30 percent, but if they cross the border as 'local trade,' could be taxed less than 5 percent.

China, depending on whether it wishes to encourage or discourage a specific export or import, adjusts its tax policy very frequently. Phien cited fertilizer exports as an example. Up to June 30, China imposed a 130 percent export tariff on fertilizer to make sure it had sufficient supply for domestic agricultural production. However, as soon as its domestic needs were satisfied, it slashed the export tariff dramatically to 10 percent.

"Chinese policies on import-export always change rapidly and considerably. Therefore, if Vietnamese businesses are not flexible enough, they will take losses," said Bui Van Khang, Head of the Mong Cai Customs Office at Quang Ninh province's border with China. At the Tan Thanh Border Crossing Customs Office in Lang Son province, Chief Officer Nguyen Huu Vuong observed that Vietnam's farm produce exports often get stuck at the quarantine inspection. "Some consignments of exports were refused because the products were not packaged in the necessary way. For example, Vietnamese small businessmen did not box watermelon, but used rice straw to cushion it instead. That was disallowed."

### **Should Vietnam play the Chinese game too?**

Pham Thi Hong Thanh said that China now finds it harder to export products to big markets. To cope with this result of the global financial crisis, China has been calling on domestic consumers to use Chinese-made products and has been restricting imports, especially from bordering countries like Vietnam. For example, China has set new regulations ostensibly to strengthen the food hygiene quarantine on seafood imports. It seems clear that setting strict requirements on imports is an effective way that China adjusts its trade balance and restricts imports.

According to Thanh, China's stricter control over imports will certainly reduce Vietnam's exports to China. How much they fall depends on how well Vietnamese exports can meet the technical requirements and the tightened levels set by China. A senior economist says that the way China has been controlling imports shows it is able to use WTO rules effectively to protect local producers. Currently, he added, there are reports that around 20 countries are reportedly doing much the same. However, it seems that Vietnam has not paid attention to using such 'defensive measures'.

MIT statistics show that in recent years, Vietnam's exports to Asia-Pacific (which includes China) have always accounted for more than 50 percent of our total exports.

*(Source: VietNamNet/DV)*

[Back to top](#)

### **Cars unsalable in the world, but selling well in Vietnam**

*While the car sales have plummeted in the world market, in Vietnam, there is still not enough Toyota or Honda cars to satisfy demand. In such a market, 'fixers' thrive.*

### **Car models all in short supply**

Vietnam is really a lucrative market for automobile manufacturers: cars still sell well here despite the economic downturn. All the models offered by Toyota Vietnam are reportedly in short supply, especially Vios, Altis and Camry. Customers have been told that if they place orders right now, they will get delivery in November and December.

A business officer of Toyota urges customers to place orders right now, or you will have to wait a long time to get deliveries," he said. "Even for the Innova van, customers have to wait till October, and longer for the smaller models which are now the top choices of customers". However, it is not easy to place orders now. Toyota My

Dinh has rejected orders for ‘hot’ models since May. A salesman of the agent said that it will only have cars by October to deliver to the customers who have signed contracts. Therefore, it has decided to stop signing new contracts to avoid risks.

Honda’s models are also reportedly in short supply. Customers, who want to purchase a Honda Civic, will have to wait until August to get delivery. GM Daewoo (Vidamco) reports satisfactory sales of its Lacetti and Gentra small sedans. A Vidamco manager said that the firm can’t promise its customers deliveries until August. Red Gentras are in especially high demand. “I visited different car sales agents looking for a Vios and I was told to place orders, pay a deposit and wait,” said one weary customer.

### **Profitable opportunities for ‘fixers’**

“If you place your order for an Altis right now, normally you won’t get delivery until December. But you if want delivery sooner, you just need to pay me 40 million dong to install some additional equipment for the car. I will try to arrange a car for you in August,” a salesman of Toyota LH told a VTC journalist that he thought was a prospective customer.

Toyota LH is the sales agent that announced during the ‘SUV/MPV fever’ in April, before higher taxes on those vehicles went into effect that it would only sell cars to customers who agreed to pay 20 million dong to ‘install more equipment.’ It seems that the sales have been going so well that the sum of money has been doubled.

The short supply brings golden opportunity for ‘fixers’ (called ‘storks’ in Vietnamese slang) to ‘do business’. It is impossible now to purchase cars at the manufacturers’ suggested retail prices (MSRP). The only way to get car deliveries soon is to pay additional money to sales agents.

An insider explained how this is done. Salesmen’s relatives sign contracts to buy cars. Then, a salesman will contact customers to resell the contracts signed with the manufacturers under the salesmen’s relatives’ names. A lot of customers agree to pay additional money to get deliveries soon, rather than waiting many months to get cars. On some auto forums, the required premiums are \$1,000-1,500.

A customer named Long complained that the official sales agents say cars have run out, but if customers agree to pay more money, they still have cars to sell. “Customers are the biggest sufferers. They have to clench their teeth while their pockets are picked,” he said.

In the rest of the world, as the global crisis has deepened, cars have been almost unsalable. In the huge North American market, Toyota’s small car sales in June were 32 percent below the same period of the last year. To pump up sales, Hyundai and Suzuki have been offering ‘low cost petrol’ to those who purchase their cars. Meanwhile, in Vietnam, there are not enough cars to sell. A question has been raised that if it is true those automobile joint ventures are short of cars to sell, or this is just the art of marketing?

*(Source: VietNamNet/VTC)*

[Back to top](#)

## **INVESTMENT**

### **HCM City second nationwide in attracting foreign investment**

The city achieved significant economic growth over the last six months despite the global downturn, HCM City leaders said at a three-day People’s Council meeting that began in 7th July 2009.

Nguyen Thanh Tai, Deputy Head of the municipal People’s Committee, said the city’s total investment fund was VND37.58 trillion (USD 2.2 billion), an increase of 18 per cent against the same period last year.

Despite the difficult economic situation, the city ranked second in the country in attracting foreign direct investment, with 173 new projects. But that figure represented a fall of 19 per cent compared to the same period last year. The city’s GDP for the period was VND135.06 trillion (USD7.5 billion), an increase of 4.6 percent compared with the same period last year, which saw the lowest growth in the last 10 years. The service sector

achieved the highest growth, at 6 percent, and agriculture the lowest increase, with 3.6 per cent. Despite some progress, Tai said service sectors that contributed to the city's growth, such as transportation, travel and finance, fell dramatically in value during the period.

For the second half of the year, the city will launch stimulus packages to help the business community in the fields of construction, commerce, agriculture and rural development, among others. Preferential loans will be part of the package. Export-import turnover was USD 9.2 billion during the first six months, a fall of 18 per cent against the same period last year.

The city reported that three projects funded with official development assistance (ODA) had been completed, and another 17 projects were in the pipeline, with a total investment of VND50 trillion, of which VND38 trillion was from ODA. The city said it had moved quickly to disburse funds for projects invested with State and foreign capital as well as ODA funds. Administration reform, which had been carried out for years, had also progressed well, city officials said.

Nguyen Minh Hoang, head of the People's Council's Budget Committee, said that the usage of public land was not effective and that many investment projects were carried out too slowly.

During the meeting, the city pledged to improve health care, control epidemics, and provide jobs and welfare to the poor. The deputy head of the municipal People's Committee, Nguyen Thanh Tai, and leaders of the departments of Transport; Natural Resources and Environment; Health; and the Labor, War Invalids and Social Affairs were scheduled to take part in a televised meeting to answer questions from the public today. They were to discuss a number of contentious issues, including construction work on city streets, traffic jams and air and water pollution.

Pham Phuong Thao, chairwoman of the municipal People's Council, said food safety and the control of epidemic outbreaks would also be on the meeting's agenda.

(Source: VNS)

[Back to top](#)

## Malaysia firm invests in cemetery venture

*Work will soon begin on Vietnam's first foreign-invested cemetery, a USD 120 million facility that will include a crematorium and a park and separate sections for different religions.*

The Son Trang Tien Canh (Fairyland in Mountainous Farmland) cemetery in the southern province of Tay Ninh is being developed by Fairy Vietnam, a joint venture between Vietnam's Tri Phuc Company and Malaysia's Fairy Park Group. Fairy Vietnam Business Manager Nguyen Thuy Trang said the Tay Ninh cemetery will be the first in the Son Trang Tien Canh cemetery chain.

The site in Tay Ninh was chosen for its beautiful location at the foot of Ba Den (Mrs. Black) Mountain, a favorable place for funeral observances according to the Chinese practice of feng shui, Trang said. The cemetery will include a crematorium, a park and an area for graves and cremated remains.

Relatives of the departed will be given advice about feng shui and how to take care of their site. The cemetery authorities will hold annual rituals, such as requiems and memorial days for the dead people.

Unlike traditional cemeteries in Vietnam, the Malaysian-invested cemetery will have separate sections for followers of Buddhism, Catholicism and Caodaiism, the Vietnamese religion founded in the 1920s and popular in southern provinces.

The cemetery is expected to begin operations within six to 10 months. The investors will hold a ground-breaking ceremony at the site in Tay Ninh's Hoa Thanh District on Saturday (04 July 2009), signaling the beginning of construction.

Provincial Department of Planning and Investment Deputy Director Duong Van Thang said some South Korean and Singaporean investors have also been investigating setting up cemetery businesses in the province.



Investment consultants said the demand for cemetery services in Vietnam was huge, especially as most established cemeteries had fallen into disrepair.

The consultants said Vietnam's cemetery business was not considered risky as the law encouraged individuals and private firms to invest in the sector.

(Source: TT)

[Back to top](#)

### **Yen My green industrial park**

*Megastar land plans to invest USD70 million in the construction project of Yen My Business Park located in Yen My Dist, Hung Yen province, in the south east of Hanoi. The new industrial zone is 30 kilometres away from the centre of Hanoi, about 50 kilometres far from Noi Bai International Airport, 80 kilometres of Hai Phong Port and 140 kilometres of Cai Lan Port.*

The Megastar Business Yen My, with total construction area of about 200 hectares, will be divided into standard plots of 0.5-2 hectares and large plots of 4-20 hectares. There will be offices for lease and factories for lease (using unit of 1,000 square metres).

In addition, similar to other industrial zones and high-tech zones, Megastar Business Park will be constructed in many multifunctional development areas, including variety of multifunctional complex, serving different using purposes from workshops to office buildings, showrooms, trade centres, houses and apartments.

(Source: VNBusinessNews)

[Back to top](#)

### **Formosa makes steel JV in Vietnam**

*In 6<sup>th</sup> July, Formosa Plastics Group (FPG) announced that it will invest into a project to set up a cold-rolled steel plant in Vietnam following the suggestion of Taiwan-based majority shareholder - China Steel Corp.*

The group has made a decision to take a stake of 5 percent in China Steel Sumikin Vietnam Joint Stock Co., which marks the first cooperative steel sector investment between the two industrial giants, said by a person close to FPG.

Formosa Group's shift follows Feng Hsin Iron and Steel Co. Ltd. relinquishing its 10-percent stake in the project last month in the wake up of descending international steel prices.

Based on a source similar to the situation, the joint venture's ownership agreement required Feng Hsin to convince an NT\$1-billion (USD 27 million) capital call. Accordingly, its board of directors determined the risks to be too high and decided to withdraw from the project. The source said China Steel instantly contacted Formosa Group and invited them to buy half of Feng Hsin's stake. The remainder is likely to be snapped up by co-owner Japan-based Sumitomo Metal Industries Ltd., they added.

If all goes to plan, the stake of the company will be divided into 51 percent (China Steel), 35 percent (Japan's Sumitomo Metal Industries Ltd.), 5 percent (Formosa Group) and other 9 percent of Taiwan-based partners, including Chinfon Trading Group, Hsin Kuang Steel Co. Ltd. and Chun Yuan Steel Industry Co. Ltd.

The new venture investment is estimated at about NT\$37 billion (USD1.15billion), with half of the total to be financed through shareholder capital and the rest with loans.

One representative of the joint venture said that China Steel's move to bring FPG on board makes perfect sense, as domestic enterprises in the same industry should join forces to break into new overseas markets. Industry analysts similarly view the tie-up as a logical step for both firms, with Formosa Group already receiving the green light from Vietnamese authorities to build a steel mill in Ha Tinh Province.

The plant, expected to manufacture about 30 million tons of steel yearly, will supply the joint venture company's cold-rolled steel sheet plant, also to be located in Vietnam's central region.

(Source: TWT + Viipip.com)

## Hai Duong Province Plans for Seven New Industrial Zones

*Vietnam's northern province Hai Duong is striving to build another seven new industrial zones by 2020 while expanding the area of its current three industrial zones, the Zones Management Board said Thursday (02 July 2009).*

The new industrial zones are namely Quoc Tuan-An Binh, Kim Thanh, Luong Dien-Ngoc Lien, Binh Giang, Thanh Ha, Hoang Dieu and Hung Dao. The province is currently home to 10 industrial zones, six of which are occupied. Provincial authorities have simplified investment procedures, said the board, adding that local leaders pledged continued application of the one-stop mechanism at local industrial zones.

The province offered 10-year land rent exemption and a 50 percent land rent reduction for the next 10 years for investors building production facilities in local industrial zones, plus a number of other incentives, including financial support for site clearance and exemption and reduction of corporate income tax for investors.

To date, Hai Duong Industrial Zones have attracted 118 domestic and foreign-invested projects worth a combined total of USD1.84 billion. Ninety-three are foreign-invested, worth a total of USD1.43 billion, with investment pouring in from 14 countries and territories.

The province has issued a list of projects calling for foreign direct investment by next year. It encouraged foreign firms to invest in 17 projects in footwear, processing, wooden furniture, packaging, electronics, construction materials and automobiles. In order to better facilitate investment and infrastructure the province's industrial zones will be further improved, local authorities said.

*(Source: VnBusinessNews)*

[Back to top](#)

## Hungry for workers in Ho Chi Minh City

*Le Thanh Tam, director of the HCM City Department of Labor, War Invalids and Social Affairs, told that an enterprise in District 12 had asked him to help them recruit 500 laborers in the apparel sector. Tam could not help as the department's job placement centre is also facing a labor crisis.*

With the economy in recovery and production in the city back to normal operations, HCM City is once again short of workers, especially unskilled ones.

In Tan Binh Industrial Park, many textile and garment companies like May Thanh Cong, Thang Loi, Nam Thien and Dong Tien Hung have posted recruitment notices for unskilled workers. They do not limit the number of applicants and offer salaries from 1.8 to 2.5 million VND/ month. However, only a few people have applied for the jobs. About 10 people drop by to read the notices everyday but just one of them comes in to ask for more information,' says a security guard of Dong Hung Tien Co.

Job placement centers in the city have also rushed to seek unskilled workers due to the high demand of local enterprises. Some big employment centers under the labor department' HCM City Export Processing and Industrial Zones Authority (HEPZA), and local authorities have also joined the hunt for employees.

The latest figures from the labor department show that HCM City lacked around 61,000 laborers at the end of June, including 12,000 for industrial parks and export processing zones.

Pham Xuan Hong, vice chair of the Vietnam Textile and Apparel Association (Vitas), says that each enterprise in the sector is around 15 percent short-staffed. "The number of export orders has increased since the beginning of the second quarter, which is a challenge for many labor-intensive companies" he adds. Since massive layoffs in late 2008, many companies have been having trouble finding workers after receiving new orders as the workers have found other employers or have moved to other industries. As a result, the current shortage is more serious than before the economic crisis, Truong Lam Danh, vice chair of the HCM City Labor Union, explains.

Labor management and employment centers blame the high cost of living in HCM City and the low salaries for the labor crisis. More and more, industrial parks are being placed outside HCM City, so workers have decided to

work in their hometowns to save money instead of flocking to the big city. "Some enterprises force their workers to work overtime but do not pay a fair overtime wage. Some pay lower than regulated salaries. Hong of Vitas says that most companies in the apparel sector are seeking ways to keep workers due to difficulties in recruitment. One of the most effective solutions for the problem is appropriate salary rates. However, only large companies like Viet Tien, Nha Be and Sai Gon 3 can offer monthly salaries of over 2.5 million dong.

Productivity is also important to help companies reduce work hours, stabilize salary rates and recruit fewer workers, Tam says. HEPZA has also called for enterprises to pay the salaries posted on recruitment notices to keep employees. The enterprises should assist workers with accommodation, says HEPZA employment centre director Nguyen Thanh Tung.

For a long-term solution, the city should restructure industries, reduce labor-intensive projects and replace them with high-tech ones to ease the labor shortage, Tam of the HCM City labor department says.

(Source: SGT)

[Back to top](#)

### **Vietnam President breaks ground on \$700m power project**

*President Nguyen Minh Triet broke ground for construction of a 750MW thermo-power plant in Nhon Trach District, Dong Nai Province, on Saturday (27 June 2009).*

The project of USD700 million belonging to Nhon Trach Power Plant No 2 will help stabilize and supply electricity for national economic development, the President said. "The major difference between this power plant project and others is that the major works are being undertaken by local companies rather than foreign contractors," he said.

The power plant is receiving 51 per cent of its investment from the Viet Nam National Oil and Gas Group (PetroVietnam). The remainder is provided by the Electricity of Viet Nam (EVN), the Viet Nam Post and Telecommunications Group, the Viet Nam National Coal and Mineral Industries Group, as well as the Bank for Investment and Development, and Technology Development Co Ltd. Construction is scheduled to be completed in 30 months. Once operational the plant will produce 4.5 billion kWh of electricity annually, helping to ease the country's power shortages until 2015. Contractors for the power plant project are the Viet Nam Machinery Installation Corporation (Lilama) and the PetroVietnam Construction Joint Stock Company.

Nhon Trach Power Plant No2 is the second thermo-power plant built in the Nhon Trach Power Complex, located 35km southeast of HCM City. After two years of construction, the last turbine of the Nhon Trach Power Plant No1 became operational on April 22 of this year, bringing the plant's electrical generating capacity up to 450MW. Invested by PetroVietnam, the complex has a total capacity of 2,600MW.

(Source: VNS)

[Back to top](#)

### **Large-scale Hanjin container ship docks at Tan Cang-Cai Mep port**

*Tan Cang-Cai Mep Port in Ba Ria-Vung Tau Province received its first large-scale container ship travelling on the route between southern Vietnam and the southwestern Pacific area of the US on Tuesday (07 July 2009).*

The Hanjin Colombo V.0102E is owned by South Korea's Hanjin Shipping Co. Six ships of the company, which can each carry 4,000-4,300 twenty-foot containers of cargo, will operate on the route that will run through Port Klang (Malaysia), Singapore, Cai Mep (Vietnam), Yantian (China), Tokyo and Osaka (Japan), Long Beach and Oakland (US).

The ships will leave Tan Cang-Cai Mep Port for the southwestern coast of the US every Wednesday, with the voyage lasting 16 days. Hanjin plans to launch shipping services with smaller ships between Tan Cang-Cai Mep Port and other ports in Thailand, Indonesia and Cambodia.

(Source: Thanh Nien News)

[Back to top](#)

## **Binh Duong's industrial zones attract 1,005 investment projects in Jan-June 2009**

*Binh Duong Province's Project Management Board has announced that they have managed 26 industrial parks in the local area, exclusive of the industrial zones of VSIP 1 & 2, with the total areas of 7,133 hectares.*

In details, there were 22 industrial zones in the province that had been put into operation with total leasing area of 2,265 hectares. Many industrial zones have positive and satisfactory land-leasing rate.

In details, eight industrial zones in Binh Duong province got the filling rate of over 98 percent, three industrial zones of 70 percent, three zones of over 60 percent and three of 40 percent.

Up to now, there were 1,005 effective investment projects, in which 701 projects had got foreign invested capital with the total registered capital of about USD 4.43 billion and 304 projects with capital raised from domestic enterprises with the registered capital of 12,221 trillion dong.

*(Source: VnBusinessNews)*

[Back to top](#)

## **Japan's giant steelmaker presses on with Dung Quat plan**

*Representatives of JFE Steel Corporation, the second largest Japanese steelmaker after Nippon Steel, have met with authorities of Quang Ngai Province to discuss a huge steel mill project in Dung Quat Economic Zone.*

Le Van Dung, vice director of Dung Quat Economic Zone Authority, told the Daily on the telephone on Monday that the company would spend some USD 5 billion on the project with the first-phase annual capacity of five million tons, mainly for export.

JFE Steel's products will be mainly for the automobile, shipbuilding and mechanical engineering industries, he said, and the Vietnamese government last year gave approval in principle to the investor to study and develop the project. JFE has been making a pre-feasibility study for submission to the Vietnamese Government and if approved, the project will be included in the country's steel development plan.

At the meeting, the company said it would need detailed information about the environment, geology, electricity and expansion plan for Dung Quat Economic Zone in the future. Le Quang Thich, vice chairman of the province, said on the province's website that the province would help JFE Steel Corp. do the pre-feasibility study. Thich also asked the investor to soon submit the pre-feasibility study to Quang Ngai authorities, who will send it on to the Ministry of Industry and Trade this year.

JFE Steel Corporation's plan is envisaged setting up a new company in Vietnam to develop the project on 1,000 hectares in the zone. The project is expected to employ between 2,000 to 3,000 workers, two-thirds of them engineers and skilled workers. It will also build a port for importing raw materials, including iron ores and coke, and exporting the factory's products. The company will import raw materials from Brazil and Australia.

The project will markedly contribute to the development of the automobile, shipbuilding and mechanical engineering industries, as most local steel manufacturers produce construction steel, Dung said.

JFE Steel Corporation's project, if approved, will become the second large-scale steel project in Dung Quat Economic Zone after Tycoons and E-United, which will cover a combined 455 hectares.

Tycoons and E-United expect to start commissioning the first phase in 2010, with an annual capacity of three million tons of steel ingots and hot rolled steel rods. The investors plan to increase output by two million tons of steel annually, including heavy gauge plate and hot rolled coil in the second phase, to reach full capacity in 2013. Its output will be for both local sale and for export.

*(Source: Sai Gon Times)*

[Back to top](#)

## **Vinh Phuc ranks 5<sup>th</sup> nationwide in investment attraction**

*Since early this year, the northern province of Vinh Phuc has drawn more 40 new investment projects with USD136.7 million in capital, ranking 5th nationwide in investment attraction.*

Among these new projects, 5 with Foreign Direct Investment (FDI) have a capital of USD 80.5 million. Up to now, the province has seen over 400 projects with a total capitalization of USD2 billion, generating jobs for 35,000 workers. In addition, since the beginning of this year, the province has registered another 20 foreign projects, increasing total capital to nearly USD100 million, focusing on such fields as computer production, electronic components and automation.

The province has built a project to develop industrial local zones by 2015 with a vision for 2020. As planned from now until 2015, Vinh Phuc will add 10 more industrial zones covering 4,589 ha. By 2020, the province will have another 10 industrial zones covering 3,176 ha. So, by 2020, the province will have 29 industrial zones totaling 10,400ha. Together with strengthening promotion of the investment environment and pushing up the infrastructure construction for industrial groups, Vinh Phuc province has created very favorable conditions to attract investment capital sources to the area.

*(Source: VOV)*

[Back to top](#)

## **Many steel projects found proceeding slowly**

*The Ministry of Industry and Trade has said that a lot of big steel projects are two or three years behind in their implementation. Several projects have had licenses revoked because they were never even begun.*

The steel project invested in by ESSAR-Vietnam Steel Corporation, which plans to make hot rolled steel, for example, is two years behind in its implementation. No one knows when the construction of the steel complex will kick off. As for the Lao Cai steel complex, only the iron mining sub-project has been implemented, while the construction of the steel mill is already a year late compared to the date written in the investment license. The Quang Ngai Steel Complex project, which Taiwan's E-United Group registered to invest in, is also two years behind. The Yen Bai, Vinashin steel mills, Hang Nguyen Mining Enterprise, Phu My mill (stage 2) are also among projects reportedly a year behind schedule.

According to the Ministry of Industry and Trade, the main reason behind the tardiness was the excessive time used to draw up, approve projects and for the bidding process. Moreover, difficulties in site clearance and capital arrangement have also been cited as reasons. Material price fluctuations and global economic downturn have also affected the pace of the projects.

According to Pham Chi Cuong, Chairman of the Vietnam Steel Association, Vietnam's steel industry has been developing rapidly, but it lacks sustainability. He has warned that massive investment in steel projects (steel mills are set up in most localities) is threatening to break the steel industry's development strategy, while negatively affecting energy balance, transportation and the environment.

Also according to Cuong, there are three big problems in licensing metallurgical projects in localities. First, the licensing has not been following the industry's development programme, which was approved by the Prime Minister. Second, domestic enterprises choose unsuitable partners because they do not have enough information. Third, projects do not declare measures for environmental protection

*(Source: Tien Phong)*

[Back to top](#)

## **Song Da Corporation Invests USD 2 billion in 14 Projects in Laos**

*Song Da Corporation of Viet Nam has invested over USD 2 billion in 14 projects in Laos to date, the Construction newspaper published by the Ministry of Construction said.*



The majority of the corporation's investments have been injected into hydropower projects. Song Da Corporation has also coordinated with other Vietnamese firms to carry out mining and new urban development projects in Laos.

The corporation plans to collaborate with PetroVietnam Power Corporation to build the 1,400-MW Luong Phabang hydropower plant and to work in partnership with the Vietnam National Chemical Corporation (Vinachem) to mine potassium salt deposits in Kham Muon province in Laos.

In the first half of this year, the Laotian government has licensed 15 foreign-directed investment (FDI) projects valued at USD1.2 billion to Vietnamese firms, the Communist Party of Viet Nam said.

(Source: *VnBusinessNews*)

[Back to top](#)

## 42 provinces fail to attract FDI

*The report of Foreign Investment Department, Ministry of Planning and Investment released lately about attracting foreign direct investment (FDI) in the first half of 2009 showed that there were 42 provinces in the country that failed to attract foreign investors to pump capital in FDI projects there.*

Among 10 cities and provinces in the Red River Delta, Hanoi and Vinh Phuc had new FDI projects. In the ten provinces in North East region, Bac Giang is the only provinces that attracted foreign investors for taking part in three new projects.

There was only Thua Thien – Hue that had got one new FDI project in the 10 provinces in the North West and North Central regions. HCM City led the country with the largest number of FDI projects of 143 units in the first six months, followed by Hanoi with 68 projects.

The industrial manufacturing and processing sector had got the largest number of 66 new FDI projects. On the contrary, the sectors of finance, banking, insurance and power plant had the fewest, only one new project for each. Among 306 new approved projects, 226 projects were 100 percent foreign owned; 66 projects of joint venture, 6 projects of business cooperation contract and 9 projects of joint stock.

(Source: *VNBusinessNews*)

[Back to top](#)

## RMJM unveils design for Hyatt Regency Danang Resort and Spa

*RMJM's Singapore studio has revealed the designs for the new Hyatt Regency Danang Resort and Spa located on China Beach in Vietnam, considered one of the most luxurious beaches in the world.*

The project will include residences and a 200-room hotel. The design takes particular inspiration from the historic town of Hue, as the buildings are arranged in clusters, similar to a traditional Vietnamese townscape.

The hotel also features guest rooms that are arranged in clusters, grouped on the east and the west of the lobby. Each group features a three-story building and several two-story blocks, offering privacy in sheltered tropical gardens. Twenty-seven beachfront pool villas are located just south of the hotel.

"The region surrounding the resort has such a magnificent history. Hoi An, My Son and Hue in particular have a very celebrated legacy. We tried to reflect that in our designs for the project landscape, creating an ideal balance between contemporary luxury and Vietnamese tradition," says Karen Lim, design director at RMJM Singapore.

A lush landscape separating the resort from the road also pays tribute to Vietnamese culture. The "rampart" acts as a boundary but also accommodates gateways, back gardens, retail space and various entertainment facilities. This assemblage of different elements is reminiscent of traditional Vietnamese villages and is a reference to the ancient walled architecture of Hue.

"Our rampart, evocative of the walls of Hue, serves many functions," explains Lim. "This includes hosting modern facilities and retail space, while providing a gateway to the resort. This is an example of how we've combined modern luxury with Vietnamese tradition". The hotel is expected to open in 2010.

(Source: ITPC)

[Back to top](#)

### **Japan – Vietnam alliance to advise high-speed railway project**

*An alliance between Japanese and a Vietnamese consultancy firm has been chosen to study the feasibility of a high-speed railway project to link Hanoi and Ho Chi Minh City.*

State-run Vietnam Railways, the investor, has tasked Japan's Tonichi Engineering Consultants Inc. and Hanoi-based Railway Construction and Investment Consultant JSC consulting firms to assess the USD 33 billion railway plan in one month. The 1,630-kilometer high-speed railway will be built with aid from Japan.

A section of the route between Hanoi and Vinh, a town in the central province of Nghe An, as well as a section between HCMC and Nha Trang in the south-central province of Khanh Hoa, are expected to become operational in 2020. The whole line is scheduled for completion in 2035.

After analyzing three of the world's most advanced high-speed railways – Japan's Shinkansen, France's TGV and Germany's ICE – the project manager Vietnam-Japan Consulting Joint Venture suggested the use of the Shinkansen "bullet-train" model.

The track, with a wider gauge of 1.45 meters, will reduce the train journey between Hanoi and HCMC to less than 10 hours from more than 30 hours now with speeds of up to 360 kilometers per hour. The country's north-south trains now travel 1,726 kilometers between the two cities on a single track with a narrow 1m gauge.

(Source: Agencies)

[Back to top](#)

### **Hoa Lac hi-tech zone attracts four new projects**

*The Hoa Lac hi-tech industrial zone has so far this year granted investment licenses to four projects with a combined capital of USD 316.45 million.*

The four new projects include a laboratory and a facility to test ship design models with an investment of 85.6 million USD from the Vietnam Ship Research Institute under the Vietnam Shipping Industrial Group (Vinashin) and a 16.29 million USD Internet centre funded by the Vietnam Internet Centre.

The other two projects are FPT University, into which the Financing and Promoting Technology Group have invested 154.1 million USD and a post and telecom centre built by the Vietnam Post and Telecommunications Group at a cost of USD 105.457 million.

In total, the Hoa Lac Hi-tech Industrial Zone of Hanoi has attracted 35 projects, capitalized at 1 billion USD.

(Source: VNBusinessNews)

[Back to top](#)

### **Bidding stricter on projects using land**

*Investors will be now subject to stricter requirements when bidding for projects using public land under a Ministry of Planning and Investment circular which took effect on May 30<sup>th</sup> 2009.*

Circular No 03/2009/TT-BKH issued on April 16 seeks to enhance transparency in the bidding process and make uniform the enforcement of laws on land use and bidding, which currently remain inconsistent from place-to-place around the country.

Under the circular, investors in projects on the list using land and subject to publication must have legal-person status (for institutional investors) or civil-act capacity (for individual investors). They are required to propose in bid or proposal dossiers a total level of investment that would result in at least a 15-percent ownership stake in the project, for projects using less than 20ha of land, or 20 per cent, for projects using 20ha or more. For joint bidders, ownership stakes would be calculated according to the terms of their partnership agreement.

Investors would also have to evince capacity to raise capital and resources for their projects through financing commitments from banks or other financial institutions. For joint bids, investors must agree in writing to appoint a single representative and specify the responsibilities of each member of the joint bid.

Under the circular, selected investors in projects which enjoy an increased coefficient of land use or increased area under construction work under an adjusted land use plan must pay the State an amount corresponding to the added value they enjoy.

MPI experts said these regulations aimed to increase the responsibility of investors using commercially valuable land or land under the management and use of State or local agencies or State-owned enterprises. They pointed out that the capital ownership rate required of investors would enable the selection of financially viable investors while reducing the possibility that bidders would intentionally inflate total investment figures to win contracts.

The new requirements were also aimed at increasing transparency in the bidding process and raising the efficiency of land use, said Nguyen Xuan Dao, deputy director of the ministry's bidding management agency.

In sum, the regulation introduces provisions to assure investor participation in the bidding process, setting a minimum ratio of bidder participation in the base value of the project specified in the bid dossier of 1:3. Bidding participants must also submit a refundable deposit or bid guarantee set at 5-10 per cent of the total investment to be made by the selected investor. (For projects in phases, the guarantee is calculated according to the level of investment in each phase.)

An investor is subject to forfeit of the project deposit and withdrawal of the investment certificate if it fails to formulate and implement the project under the signed contract or transfers the project before construction is completed.

This regulation also applies to an investor which fails to pay the amount committed in its bid or amounts due as a result of increased land-use coefficient or increased land area under construction pursuant to an adjusted plan.

The circular also requires bid solicitors to publish in the consecutive issues solicitations of tenders for projects using land on an approved list of projects by ministries, branches, localities and State-owned enterprises. This list must also be published at least 30 days prior to the opening of bidding to give investors sufficient time to register their participation.

Bid solicitors may select investors only when a detailed construction plan at a scale of 1:2,000 has been approved and an overall plan for compensation and resettlement prepared. They must also publicize the finalized list of bidders.

The circular details time requirements in the bidding process. Bids cannot be accepted for at least 10 days after the publication of the solicitation. Thereafter, investors are given at least 30 days to prepare bids or proposals for domestic bidding and 45 days for international bidding, counting from the first day the solicitation has been issued. Bids must be evaluated within 60 days for domestic bids and 90 days for international bids, counting from the date of bid closing.

(Source: VNS)

[Back to top](#)

### **Funds to flow soon for southern inter – port road**

*The government has asked ministries to advance funds for building a key road connecting seaports along the ThiVai River in Ba Ria- Vung Tau Province pending capital from government bonds for the project crucial for economic growth in the region.*

Around 6.6 trillion dong, or nearly \$390 million, will be required for building the 21.3- km long road connecting all key seaports in the Cai Mep- Thi Vai area, but Deputy Prime Minister Hoang Trung Hai has urged the ministries of finance and planning-investment to disburse funds from other sources first.

In a statement issued by the government Office late last week, Hai approved the project in response to a proposal from the transport ministry, Ba Ria- Vung Tau Province and relevant agencies. The statement specifies that the government approves funds from an issue of government bonds for the project.

Under a plan made by Ba Ria- Vung Tau Province's transport department, the inter-port road will start from the lower Cai Mep container port, pass through Tan Thanh District of Ba Ria-Vung Tau and end at Phuoc An port in Nhon Trach District of Dong Nai Province. The road will be divided into two phases and construction will be completed after six years. The first phase will be executed within the 200Q-2012 period. The road will link up deepwater ports, which could receive large ships of up to 80,000dwt, with industrial parks along the Thi Vai River.

Under a master plan prepared by the transport ministry, Port Group 5, which includes seaports in HCM City, Dong Nai and Ba Ria-Vung Tau provinces, is one of the key drivers for socio-economic development in the southern focal economic zone. The master plan envisioned total cargo throughput at these southern ports at 53 million tonnes per year by 2010. However, that projection has become outdated, according to the Vietnam Maritime Administration, which estimates throughput at these ports at 100 million tonnes next year and 222 million tonnes per year by 2020, given the current growth tempos at 10 percent per year for loose cargo and 20 - 22 percent for containers.

Faced with the high growth in cargo circulation, the transport ministry three years ago asked relevant agencies to draw up a plan for a road that connects all ports in the Cai Mep-Thi Vai area, as synchronizing the development of infrastructure facilities with the development of ports is a key to boosting the economy.

Deputy PM Hai, according to the statement, also asked the ministries of transport and construction to hasten paperwork to approve the expansion of Highway N o. 51 linking Dong Nai and Ba Ria-VungTau. This highway also plays an important role for the transport of cargo from the above seaports to other southern localities, so Hai also set this August as the deadline for starting the project.

The expansion project will be carried out by the Bien Hoa- Vung Tau Expressway Corp at an estimated cost of 2.07 trillion dong. The 72.7-km expanded road once in place after two years and a half will contribute greatly to the development of the economic triangle encompassing HCM City, Dong Nai and Ba Ria- Vung Tau.

Besides above road projects, a feasibility study for the Bien Hoa- Vung Tau Expressway will be conducted soon, alongside a plan being mapped out by the transport ministry to build a railway connecting Bien Hoa with ports in Cai Mep- Thi Vai.

In late May, the SP-PSA International Port was inaugurated by a join~ venture between two local corporations and the Port of Singapore Authority, becoming the first large-scale container port in Cai Mep- Thi Vai. Days later, Tan Cang - Cai Mep port developed by the military-run Tan Cang Saigon was also put into operation in early June.

These two container ports will help meet Vietnam's rapidly growing container traffic demand and make the country a major sea transport hub in the Asia-Pacific region.

*(Source: SGT)*

[Back to top](#)

### **Lack of infrastructure in economic zone deters investors**

*A number of investors are hesitating to pour their money into the Nhon Hoi Economic Zone because of slow construction in the area.*

"Some foreign partners of my company have plans to invest in the zone but they're hesitating because infrastructure has not yet met their requirements," said Hong Yeung-Vietnam Company's Tu Boi Phong.

The Khang Thong Commerce and Trade Company was granted a tax-free investment license for the area, with a registered capital of VND 4 trillion (USD 224 million). One of its partners, ALT Investment Group, visited the site, but had not yet made a decision on investing in the area. So, it was slow construction on infrastructure projects that caused the economic zone to miss out on many investment opportunities. The head of NEZ's management board, Man Ngoc Ly, said that in 2008, the economic zone had faced many difficulties, such as the global economic crisis, rising prices of raw materials, high interest rates, a prolonged rainy season, policy changes for land clearance and compensation and poor co-operation between functional agencies and the management board.

## Difficulties

The EZ will cover a total area of 6,000ha, but up to now, only 2,000ha have been cleared. At present, the economic zone is seeing difficulties in land clearance at Hang Doi, mainway's T26, T24, DT 639 in tourism projects and in the Vinh Hoi Project, the biggest project ever, with an investment of \$250 million.

Up to now, only 20 of some 600 households have been moved. Although a number of households had received compensations and agreed to resettle, some still seemed to not understand, said deputy head of the provincial People's Committee Le Huu Loc. It would take time to explain and convince them. This was said to be part of the cause of the slowdown. To deal with the problem, in the middle of June, the province issued Document 1828/UBND-CN to set up a committee that would directly be in charge and solve all issues relating to land clearance and compensations before the July 1 deadline.

Regarding infrastructure construction, the management board reported that up to now, floor plans and water pipes in the first phase of the water supplying project (with a total investment of VND45 billion and a capacity of 12,000cu.m per day) had been completed. The power project, which would build and operate 110kW-220kW transformer stations and a wire network, was 50 per cent complete. Infrastructure construction was expected to be completed by the end of the year.

Established in June 2005 under the Prime Minister's decision, economic zone was expected to become a key factor in regional socio-economic development. This multiple-sector economic zone will include a non-tariff area, industrial parks, a sea port and port services, a tourism area and a new residential area, all operating under a special incentive mechanism. Moreover, investors could easily employ labourers from neighbouring areas of Tuy Phuoc, An Nhon, Phu Cat and Quy Nhon. According to head of Trade Promotion Centre Duong Ngoc Oanh, 19 investment projects have been officially granted with investment certificates, with total registered capital of VND15.7 trillion

From now to the end of the year, the management board will concentrate on promoting infrastructure projects with capital coming from the State budget, provincial budget and investments.

## Target set

The economic zone has set a target to attract VND8-10 trillion in investments, to disburse VND1.4-1.5 trillion (three times higher than in 2008) and to strengthen land clearance and compensation with VND350 billion from the State (six times higher compared with last year).

In order to achieve these goals, the management board has committed to disburse capital and pay bidders on time. In addition, they will improve the effectiveness of management and boost co-operation with authorities and functional agencies. Next, the management board will discuss and share the burdens of the bidders. And, last but not least, they will raise the quality of consultancy, design and supervision to ensure the quality of the construction projects.

Hopefully, with these efforts, the economic zone will soon be completed and become operational, attracting more home and overseas investors. "The economic zone is expected to bring a promising future for the province's socio-economic development. We warmly welcome investments and support," Binh Dinh Province deputy head Le Huu Loc said.

(Source: VNS)

[Back to top](#)

## FINANCE – BANKING

### Banks fear of bad debts

*Vietnamese banks, despite of the economic crisis, though have posted high profits during the first six months but the banks here are face many risks and disadvantages in the business operations, Dr Le Xuan Nghia, vice head of National Financial Supervision Council said.*



Under Vietnam's accounting standard, the bad debt ratio of the banking system increased from 1.7 percent in 2007 to 2.1 percent last year that was still in the allowable range of 3.5 percent as per the norms of State Bank of Vietnam (SBV). However, Fitch Ratings organization said in its April report that according to International Financial Reporting Standards (IFRS), Vietnam's bad debt ratio ought to be 13 percent exactly in 2008 end. The figure will climb to 17 percent by this year end. Accordingly, Fitch Ratings downgraded Vietnam's local currency sovereign rating to BB-minus from BB on Tuesday, blaming sustained fiscal decline and structural weaknesses in the economy. The foreign currency rating has been affirmed at BB-minus and the outlook on both ratings has been revised to stable from negative.

High bad debt ratio of big banks was a result of long term lending tendency (over five year loans) without any requirement on paying a part of principle debts every year end. Thus, in Vietnam, if loan rates are paid maturely, bank debts will be not classified into bad debts, Fitch explained.

Earlier, International Monetary Fund (IMF) at the midterm Consultative Group meeting held in Dak Lak province proposed that Vietnam should upgrade the capacity of inspecting credit risks of bank loans.

According to specialists, although applying international standards, Vietnam's bad debt definition has a totally different method of debt classification mainly basing on debt payment deadline without comprehensive evaluation on the substance of debts.

On July 3, 2007, the evaluation of Ernst & Young international auditor was that if Vietnamese banks classify debts and customers in line with the above method, bad debt ratio will increase by 2-3 times. Typically, Bidv's bad debt ratio surged to 31 percent and the bank had to deduct up to 3.5 trillion dong for the credit risk prevention fund. After two years of restructure, the bank's bad debt ratio was reduced to 2.77 percent with much effort.

Banks' lending growth jumped 18 percent just in the first half of last year against total targeted 21 percent for the whole 2008. Instead of lending for impaired customers, banks concentrated on government bonds, meaning that the capital demand of the customers with good debt payment capacity decreased sharply within 2008, analysts of the auditor wrote. In fact, the sharp slump of the real estate market in 2008 has affected quality of property backed loans. It was not surprising when IMF asked SBV to release a correct estimation and satisfactory report on credit risks of bank debts. It is questioned that how banks' health will be if bad debt ratio soars.

In February 2009, Fitch Ratings in a published special report, "Vietnamese Banks -Focus on Asset Quality: Three Stress Scenarios", had noted that 2009 and beyond is likely to prove challenging for Vietnam's banks. This is as loans quality is bound to deteriorate, particularly in relation to the broad property development sector and loans denominated in US dollar and to borrowers in general, given banks' very strong loans growth for 2004 to the first half of 2008.

Citing the report, Also, the state-owned banks may well come under pressure from the government to support larger borrowers if required, and indeed the broader economy in general, as part of the authorities' stimulus measures -possibly resulting in an even larger level of problematic loans, albeit presumably only to be ultimately covered by the state.

To gauge the extent the agency conducted a basic scenario analysis, assuming varying levels of NPLs (10 percent, 15 percent and 20 percent). While most of the banks remain solvent under the scenarios -with Asia Commercial Bank (ACB, Individual 'D'), Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank, Individual 'D') and Bank for Foreign Trade of Vietnam (Vietcombank, Individual 'D') performing better than average -the analysis points to the likely need for more capital in all the banks, particularly in regards to some of the less well-capitalized/more exposed state-owned banks, including Vietnam Bank for Industry and Trade (Individual 'D/E'), Bank for Investment and Development of Vietnam (Individual 'D/E') and Vietnam Bank for Agriculture and Rural Development (Individual 'D/E').

State banks accounted for 51 percent of lending market share in 2008 but they paid attention to doing business with large sized companies or state corporations. Thus, they will have to suffer higher pressure to support borrowers. If bad debt ratio stands at 10 percent, all banks will have to face potential damages.

Notably, Vietcombank, ACB and Sacombank, which have the highest business efficiency thanks to core banking activities, gave high priorities for increasing profits as well as bringing the ratio of debts on total assets to the low

level. However, Fitch also warned, in general, banks especially state commercial banks still need to enhance the capital mobilization.

(Source: SGTT)

[Back to top](#)

### **Vietnam has nearly 100 banks**

*In early July 2009, Vietnam had 97 banks, including three state commercial banks, two equitized state commercial banks (Vietcombank and Vietinbank), 37 commercial joint-stock banks, 5 joint-venture banks, five 100% wholly-invested banks, and 45 branches of foreign banks.*

Of the five 100% wholly-invested banks, three were licensed by the State Bank of Vietnam (SBV) but have not kicked off operations. Apart from these commercial banks, the country also owns the Vietnam Development Bank (VDB); the Vietnam Bank for Social Policies (VBSP); 30 non-bank credit institutions (including 17 financial companies and 13 finance lease companies); 55 representative offices of foreign credit institutions; central people credit funds with 24 branches; and 1,019 local people credit funds.

On July 7<sup>th</sup> 2009, the SBV also coordinated with representatives from the Swiss government to kick off a program for management training in the banking sector in Vietnam. The program includes 14 parts detailing key factors in administrating and managing commercial banks.

The factors of risks and profits, banking risks under the Basel framework, and credit risks will be attached with importance.

(Source: LD)

[Back to top](#)

### **Draft law triggers banking criticism**

*Foreign banks have been desperately calling for a change in the newly-drafted Credit Institutions Law, but with only slim hopes for it.*

The new Credit Institutions Law was drafted in late 2008 and has been amended four times. The latest draft law on credit institutions, which will be brought into discussion at a government meeting this July, triggered criticism, as it restricted the single borrower limit for foreign branches to the branch capital.

Article 128 under the draft law reads that total lending of a foreign branch to a single borrower would be limited at 15 per cent of its capital, rather than 15 per cent of the holding bank's capital, as stated under current regulations. "It's a stressful period for us [foreign banks]. If Article 128 is officially regulated, it would clip our wings," a representative of the Vietnam Business Forum's Banking Working Group (BWG) told at a conference, discussing the new drafted Credit Institutions Law, co-organized by the Vietnam Banking Association (VNBA) and the Vietnam Chamber of Commerce and Industry (VCCI).

According to the draft law, foreign bank branches in Vietnam with chartered capital of \$15 million would be allowed to lend one customer no more than \$2.25 million. A Korea Exchange Bank (KEB) representative said that the bank had two branches in Vietnam, and thus "could lend to one borrower a maximum of USD4.5 million". "It is really inappropriate. These figures are really small. Sixty per cent of our customers are currently borrowing more than USD4.5 million," she said. KEB's source added that one Korean company was planning to borrow up to USD20 million for a project related to the Dung Quat oil refinery plant.

"If the lending cap is maintained, I can say that all the Korean bank branches in Vietnam will join together to offer syndicated loans. But this will still not be enough. This change will back track the country's World Trade Organization commitments to open up the banking sector," she said.

VNBA general secretary Duong Thu Huong said that the association would petition the State Bank. "We fully support the foreign banks in Vietnam in this case," she said. BWG's representative in turn said that the hope for change was slim. "The new law has been drafted four times, and all three previous times we asked the State Bank to change Article 128 without success," said the BWG representative.

Akihiro Saito, director of Mizuho Corporate Bank's Hanoi branch, said that if the article was approved, foreign branches would have to choose between increasing capital or decreasing total outstanding loans in Vietnam. "Increasing branch capital, which has always been a big decision, is mostly impossible given the current global financial turbulence, while collecting undue loans would hurt our customers, who are mainly Japanese foreign direct investors in Vietnam," said Saito.

"This will have a catastrophic effect not only on financing critical foreign direct investment and international companies in Vietnam, it will also have an adverse effect on large Vietnamese companies and infrastructure projects seeking foreign capital for growth," the Vietnam Business Forum's BWG representative concluded.

(Source: VIR)

[Back to top](#)

## Domestic banks eye Indochina

*Several domestic banks are moving into international markets, especially less developed markets in the Indochina region.*

After launching a branch in Phnom Penh, Cambodia, late last month, Sacombank completed its plan to break into the Lao and Cambodian markets. At the branch inauguration, chairman of Sacombank's executive board Dang Van Thanh said he expected Sacombank's Phnom Penh branch to become a major player in Cambodia's banking system. Thanh said Sacombank would open more branches and transaction agents in Laos and Cambodia in a move to target the countries' small- and medium-sized enterprises as well as local and Vietnamese residents.

Preparing to make its own breakthrough in the international market, Techcombank in April signed a payment agreement on border areas with the Industrial and Commercial Bank of China. The Bank for Investment and Development of Viet Nam (BIDV) also mapped out plans to exploit the Lao market by calling for more investment in five provinces in northern Laos.

Tran Bac Ha, BIDV executive board chairman, said that in addition to promoting trade and investment with Vietnamese businesses in northern Laos, the bank would also act as a financial intermediary between businesses in the two countries.

Though it already has a representative office in the US, Vietcombank deputy general director Nguyen Thu Ha said the bank planned to set up a remittance company to make sending payment between the two countries easier. However, Ha recommended domestic banks target less developed markets like Laos and Cambodia because they would be less competitive. Though Viet Nam's banking system has made great strides in recent years, there were still concerns about shortcomings in experience, risky management, technology and human resources.

A bank's general director, who declined to be named, said if Vietnamese banks failed to deal with their shortcomings, they could face major risks operating in international markets. Ha also said that banks must carefully select and study international markets to see whether expansion plans were suitable.

(Source: VietNamNet/Viet Nam News)

[Back to top](#)

## ANALYSIS – OPINION

### Sci-Tech Ministry proposes to put Viet Kieu in charge at research institutions

*The Ministry of Science and Technology has proposed that the Government allow Viet Kieu experts to hold key positions in state-owned research institutions, and be well-paid for their work, said Deputy Minister Nguyen Quan.*

**What do you think about Viet Kieu as a 'resource'?** --> The State Committee for Overseas Vietnamese reports that, of three million Viet Kieu, around 400,000 hold university diplomas. Many successful Viet Kieu have

assumed significant positions in scientific and training institutions abroad. I would say that the potential of Viet Kieu knowledge is huge, though few Viet Kieu intellectuals yet participate in activities in Vietnam.

**Why doesn't Vietnam attract many Viet Kieu experts?** --> Our policies are not attractive enough, and the procedures for recruiting Viet Kieu intellectuals are terribly slow and neither open nor clear. For instance, if a research institution wants to appoint a highly-qualified Viet Kieu scientist as its rector, it must request the opinion of the local Department of Home Affairs and many other agencies. Moreover, our regulations forbid research institutions from using state funds to pay high salaries to Viet Kieu experts. By this I mean that our administrative system lacks specific regulations and is incomplete. Working conditions and the work environment in Vietnam are insufficient and backward. The cooperation between research institutes and universities is poor, causing certain difficulties for Viet Kieu.

**What have we done to deal with such problems?** --> Formalities related to visas and traveling to Vietnam have been simplified for Viet Kieu. The new Law on Nationality also allows Viet Kieu to live abroad but retain Vietnamese nationality, which ensures their rights in Vietnam. The National Assembly has just approved a Law enabling Viet Kieu to buy houses without restriction in Vietnam. However, because of administrative barriers, Viet Kieu have so far mainly participated in scientific seminars and conferences, not in research and development activities.

**What are the Ministry of Science and Technology's proposals to attract Viet Kieu experts?** --> Viet Kieu should be appointed to top positions at research institutes in Vietnam if they are capable in management and qualification. The State can assign scientific research projects to Viet Kieu scientists, even when they work abroad, on the basis of equality with scientists here.

The Ministry has proposed some experimental policies for using scientific and technological experts, including Viet Kieu intellectuals. Under this policy, the salary and income of scientists can be several times higher than the state's common salary schedule. For Viet Kieu scientists it could be even higher - the pay would be decided by the employing agency, based on their capabilities.

**Which are the fields in which you hope Viet Kieu intellectuals will make the greatest contribution?** --> We want Viet Kieu experts to focus on hi-tech fields such as bio-technology and automation technology, in materials sciences dealing with nanotechnology and alloys, in information technology, particularly in network security, industrial and management software.

Vietnam aims to build its first nuclear power plants and develop space technology but we lack experience and leading experts. If Viet Kieu intellectuals will cooperate and contribute their brains to Vietnam in these areas, they will be greatly honored.

(Source: VietNamNet/DV)

[Back to top](#)

## **Farm families reeling under shock of recession and land conversions**

*A research institute's report on the impacts of the global economic crisis on Vietnamese farmers says that over 60 percent are strongly affected. The institute's director argues that farmers need protection against land conversions and help in innovating.*

The Institute of Policy and Strategy (IPSARD) is a research arm of Ministry of Agriculture and Rural Development. Its Agricultural Development Centre director, Dr. Vu Trong Binh, told that the state must protect farmers better against the market's 'attacking arrows.'

"When we did our research," Binh said, "we saw that almost all export items in the rural area, especially luxury products like cashews, handicrafts, even seafood products have strongly recessed. A lot of cultivated land is left fallow. There has been a more than 20 percent reduction of investment in agriculture."

**According to the institute's research, how many immigrant workers have had to return home because of economic recession?** --> We surveyed four provinces. We found that 22 percent of the people who had left to work elsewhere [principally in urban areas – ed.] have returned home because there was no more work. The



economic crisis has also hit Vietnam's labor exports. In the first four months of 2009, 17 percent of guest workers had to return to Vietnam before their labor contracts expired. In the four provinces we surveyed, 37 percent of the workers who lost jobs and returned home had been factory workers. At home, only 6 percent of returned laborers found new jobs in the service and industrial sectors, 5.3 percent found farming jobs and the rest were unemployed.

***What are the direct impacts of the crisis on farmers?*** --> The number of villages that have food-short households is up by 9 percent, particularly in the mountain regions. The economic recession has forced down the prices of agricultural products. Some 72 percent of the villages said that they had to sell agricultural products for less, an average reduction of 14 percent from 2008. Fourteen percent of villages reported that they had unmarketable agricultural products. In the winter-spring crop of 2009, 4.9 percent of farmland was left unexploited. However, the total area used for aquaculture in 2009 is around 0.7 percent higher than 2008.

Economic crisis has forced farm households to cut down their spending, especially outlays for construction or for items like meat and fish. We saw this especially in Ninh Binh and Binh Thuan.

***What kind of assistance do farmers need?*** --> Farmers are still very vulnerable. They need to be protected better. Many people applaud agricultural development but they don't point out clearly that that is benefitting from that development. It is a very dangerous situation when projects that help farmers escape from agricultural production are encouraged.

Industrial parks and infrastructure are being built on prime land. In some provinces, the local governments are all too ready to move hundreds of families to make space for an industrial project. Farmers are in effect discarded and they have to face land-related difficulties. The construction of golf courses is a typical example.

***Do you think that this crisis offers opportunity to modernize the countryside and agriculture?*** --> Crisis is the time for structural innovations. That's something to hope for because it paves the way to the future. I think that government assistance policy for farmers should include structural adjustments. For example, the government can give priority to farmer families that seriously apply the rules on product quality, those who are capable of meeting technical requirements for exports, and those who use modern technology to produce highly competitive agricultural products. At the least, we should support farms that employ a lot of workers, businesses that don't break contracts with farmers and conscientiously pay social insurance for their workers.

In this way, the crisis will help eliminate businesses that don't catch up with the trend of development. At this moment, we are implementing the assistance policy on a level ground, rather than tilt toward restructuring that forms new paths and promotes new values.

***Research has shown that losing land is a traumatic event in a farmers' life. What can be done to help farmers cope with the current wave of taking agricultural land for industrial production?*** --> Hardly any farmer who loses land can afford to buy more farmland. Many countries have plans which show clearly which areas are for agriculture and which for urban development. Such land-use plans are designed for 10-20 years and it is difficult to change them. To change these plans, it must be proven that a new plan is better than the old ones.

We need to figure out where society's interest lies. It should include a policy to ensure farms belong to the people who really want to develop agriculture.

(Source: VNN/TT)

[Back to top](#)

## **Resorting to innovative tourism strategies**

*The global economic downturn has left Vietnam's tourism industry exposed to a testing time as international travelers tighten their belts.*

Yet Frederick van Ravesteyn, general manager of the Hoi An-based Swiss-Belhotel Golden Sand Resort & Spa still sees twinkling gems in the sands. He tells why.

***The UN World Tourism Organization last week reported a sharp decline in international tourism. What is the situation in Vietnam?*** --> This year is really very challenging for the tourism industry and hoteliers, which have taken a hard hit from the global financial crisis and the domestic economic slowdown. We expect the next couple



of months to continue to be challenging. On a positive note, I believe we will only able to see a modest development towards the end of the year.

*We see new hotels and resorts are mushrooming, particularly alongside the central coast from Danang to Quang Nam. How do you see competition in the near future?* --> Undoubtedly the opening of more international hotels and resorts nearby will leave us exposed to increased competition. However, it will also add impetus to this challenge. The city of Hoi An has been kept somehow as a secret destination. But the secret cannot be kept for a long time and when it is out due to newly introduced direct flights by international airlines and the increase of international hotels and resorts with their new marketing tools and campaigns, the destination will be seen as the new and ultimate holiday and convention address in Vietnam and Asia if not the world, which will benefit us all.

*What can you say about international travelers' awareness of Vietnam?* --> I see the awareness of our destination as a more desirable one compared to various others such as Thailand, Sri Lanka, India, Fiji and now South Korea. The political stability here offers us unparalleled opportunities that must be seized upon and be taken full advantage of. In today's world people are not only looking for a beautiful location but especially now for a safe and secure beautiful unspoiled destination.

*Are there any positive moves to attract those travelers?* --> We will see all kinds of changes happening. For example, the government has announced it will become more flexible to allow foreign travelers to obtain visas on arrival rather than the long process to obtain visas from overseas embassies and consulates. International and Vietnamese holiday-makers are becoming instant travelers and organize their bookings at the last minute through various websites. We have seen a sharp increase in direct booking through our website and especially now with the interfaced world-wide booking system fastbooking.com resulted in an overwhelming response.

*Vietnamese holiday-makers and convention businesses are reportedly spending more for services in luxury hotels and resorts. How can you target these kinds of customers?* --> In today's world you have to provide what potential customers can afford. Our room rate of around USD 95 fits most budgets of Vietnamese tourists and convention organizers and their delegates. Also, it will give the Vietnamese holiday-makers, including convention organizers, the opportunity to stay at a luxurious sea-side estate like ours instead of staying in a resort.

*Offering lower rates during a difficult period appears to be a common tactic of hoteliers. Still, do you think there will be negative responses from travelers when the rates are hiked again as the economy recovers?* --> It is better to have a high occupancy with low room rates, than a low occupancy at a high room rate. Naturally when the economy turns around we will slightly adjust our rates, but these guests remember their experiences with us and will return again and again.

*How do you see the future with hotel companies like yours compared to independent resorts and hotels?* --> I believe that Vietnam should push-up comprehensive hotel management solutions to reach the professional development and potential customer technologies, online marketing and multimedia services will help hotels to build up their brands save workforces and improve management otherwise they will be left behind.

A survey shows that more than 30 per cent of tourists booked hotel via websites last year and another 30 per cent booked rooms at representative offices after reading online information. As a result, around 70 per cent of Vietnamese hotels have lost opportunities to serve international visitors.

*What are your objectives?* --> We are to be consistent in fulfilling a commitment to deliver what the market wants and providing a quality of service above expectations, so that our guests and customers will return again and again.

(Source: VIR)

[Back to top](#)

## NEWS IN BRIEF

**Vietnam Starts Work on 440-Megawatt Thermal Power Plant** - Viet Nam National Coal-Mineral Industries Group has started construction recently of the 440- megawatt Mao Khe thermal plant in the northern coal-mining province of Quang

Ninh to ease the country's power shortage. The plant, 165 kilometers (103 miles) northeast of Hanoi, is expected to start generating power in 2012 with annual output of about 2.6 billion kilowatt-hours, the government said in a statement posted on its Web site. The development of the \$577 million plant, two years behind schedule, will help Vietnam ensure energy security; the statement cited Deputy Prime Minister Hoang Trung Hai as saying. State-owned Vietnam National Coal awarded China's Wuhan Kaidi Electric Power Co. a \$429.5 million engineering and construction contract for the plant this month.

**Tan Tao Energy Co. to build Vietnam's largest power plant** - Prime Minister Nguyen Tan Dung has given the green light for Tan Tao Energy Joint Stock Company to take over the proposed Kien Luong 1 and Kien Luong 2 thermo-power plants from parent company Tan Tao Investment & Industry Corporation. Tan Tao Energy Joint Stock Company was set up by Itaco in May last year to develop power projects. Kien Luong will be the largest thermo-power plant project in Vietnam at a cost of USD 6.7 billion. Kien Luong 1, with a capacity of 1,200MW, will begin operation in 2013 -2014 and the 1,200 - 2,000MW Kien Luong 2 will go on stream in 2015 – 2016.

**GTZ, Siemens assist HCMC in transport groundwork project** - German Technical Cooperation (GTZ), Siemens and the Ho Chi Minh City Institute for Development Studies (HIDS) launched Monday (29 June 2009) a transport project in HCMC. The project will focus on the quality of transport infrastructure, traffic synchronization and management, HIDS Director Nguyen Trong Hoa said. During the first year, project workers will conduct research to map out future traffic conditions for HCMC, according to Hoa. It will then prioritize spending and design strategies to cope with the conditions, he said. It is aided by the German government via Siemens and GTZ who specialize in technical cooperation for sustainable development with public sectors around the world.

**189 projects registered to build houses for the low-income** - The Ministry of Construction has proposed the Central Steering Board on Housing and Real Estates to ask relevant bodies to push up the making of a mechanism and policy on social housing. According to the Ministry of Construction, so far, 21 localities have sent their reports on the registration of 189 projects on housing for low-income people. Reports from localities show that 150 projects have been registered to build houses for low income people from 2009 to 2010 with the total floor area of more than 5.6 million square metres.

**The 14th Vietnam Information and Communication Technologies Outlook will be held in Ho Chi Minh City from July 15-19th 2009** - This year's seminar will provide a more specific foundation for the role of the software industry in the economy, making it a vital part of the country's development in the next 15-20 years. At the seminar, experts will also analyze Vietnam's position in the global ICT scene, assess the current state of the country's software industry and its future directions for development, as well as compare the business, software and service development strategies of domestic and foreign ICT groups. Concurrently, the 14<sup>th</sup> Vietnam Computer Electronics World Expo will be held, expected to attract 300 ICT groups from home and abroad who will display their cutting-edge technology and products at 400 booths. From July 16-17, the 7<sup>th</sup> Vietnam E-Government Symposium will be held with the participation of foreign experts, who will talk about a public-private cooperation model in the ICT sector.

**Investor moves to toll booth, drivers protest** - The major investor in the Hanoi Highway in Ho Chi Minh City is to move the location of a major toll booth on the highway to District 9, about two kilometers from its present location in District 2. The investor, the HCMC Infrastructure Investment Joint Stock Company (CII), said it has lost money since the Saigon Port moved to Cat Lai Port in District 2 last year as many trucks have been entering Cat Lai Port without going past the toll booth. However, the HCMC Goods Transportation Association has protested as the investor will begin collecting fees in the new area while it has neither finished enlarging the highway in District 9 nor begun needed construction work on Rach Chiec Bridge, which links districts 2 and 9. The booth's new location will ensure toll collection from these trucks as well. The move is to be made from September.

**Vietsovetro, a Vietnam-Russia oil and gas joint venture, has reported a new oil discovery in the Bach Ho Dong Bac – 19 exploratory drilling well** - The primary results indicate that the reserves are present in depth of 4,606 meters to 4,654 meters and the average density of oil is 0.82 g/cm<sup>3</sup> (40° API). The new independent oil reserves have no hydraulic connection with the presently exploited oil reserves in the basement of Bach Ho field. According to Tran Hoi, deputy general manager on geology of Vietsovetro, the oil well is the artesian well of the maximum hydraulic pressure among oil discoveries of Vietsovetro in the precedent 28 years. Vietsovetro also encountered an Oligoxen-bearing seams on the sediment. The findings will be further studied once the work on drilling well is concluded.

**The 2009 Corporate Social Responsibility Awards was launched on July 7 by the Vietnam Chamber of Commerce and Industry (VCCI)** to honor businesses which have performed their social responsibility well in the areas of environment and labor. The awards ceremony is scheduled to take place in Hanoi in December. The awards aim to raise businesses' awareness of their responsibility for the sustainable development not just of themselves but also of their community and

society. The awards will encourage enterprises to share their experience in labor management and help link them with international businesses and forums.

**The ANZ Bank has released a report on the development of Vietnam and some regional countries and territories, with Vietnam's growth rate estimated at 4.5%.** According to the report, production and construction values hit a 10-year record low of 3.1% in the first quarter of this year. Despite a surge in the second quarter, Vietnam's annual growth will be lower than the previous years but still higher than some other Asian countries. The ANZ Bank forecast Vietnam's growth at 4.5%. Strong FDI inflows will be a key factor in making up for trade deficit, it said.

**Low-cost carrier Jetstar Pacific has become the first airline in Vietnam to accept online payment by the local ATM debit card Connect 24 issued by Vietcombank.** It has also offered a promotional programme for customers buying tickets online. Passengers who want to use the service need to register in advance with Vietcombank. The airline is working with other banks on the use of their ATM cards for online payment.

**A Chinese consortium called Kaidi signed a USD 429.5 million contract Tuesday (07 July 2009) to build a coal-fired power plant in northern Vietnam, state media said.** Kaidi signed the contract in Hanoi with the investor of the plant - Vietnam National Coal-Mineral Industries Group, or Vinacomin. The plant, to be located 150 kilometers east of Hanoi in Quang Ninh province, will have a capacity of 440 megawatts. Under the contract, Kaidi will design; purchase equipment, build and test run the plant within a 42-month period. It said the project, which will use technology from Foster Wheeler and Siemens, will have a total cost of \$577 million.

**Vietnam took the lead in the number of foreign arrivals to Cambodia in the first five months of the year with 122,000 tourists, accounting for 12.8%.** According to the Cambodian Ministry of Tourism, countries that recorded surges in arrivals to Cambodia during the period also included the US with 69,000 people, up 1.4%; the UK with 50,000 people, up 15.8%; and France with 47,000 people, up 5.5%. Lao tourists to Cambodia sharply rose by 149% over the same period last year with 41,000 people thanks to Cambodia's simplified customs procedures and the completion of a road linking the two countries. However, amount of tourists from Cambodia's traditional markets have not increased in recent years, including China, Japan, the Republic of Korea, Thailand and Australia. By the end of May, Cambodia attracted nearly 950,000 foreign tourists, a 2.3% decrease compared to last year's correspondent period.

**Vietnam's textile and garment exports to Japan are forecast to grow by 20% year on year to between 900 million USD and 1 billion USD this year** - The expected increase is based on the fact that Vietnamese textile and garment businesses officially enjoyed preferential export tax rate of zero percent as of July 1, 2009, said the Vietnam Textile and Apparel Association. According to the Vietnam-Japan Economic Partnership Agreement, the nation's textile and garment exports to Japan using materials imported from Japan and other members of the Association of Southeast Asian Nations (ASEAN) will enjoy a tax rate of zero percent instead of earlier 5-10 percent.

**Bach Dang Construction Corporation on July 1 started work on the Hanoi - Nghe An beer plant in the central province of Nghe An.** The factory has an investment capital of 500 billion VND (28.1 million USD), with 330 billion VND (18.5 million USD), being financed by the Bank for Investment and Development of Vietnam. The facility has an initial capacity of 50 million liters per year. This can be upgraded to 100 million litre per year. The plant is a subsidiary of Hanoi Beer, Alcohol and Beverage Corporation.

**The Ben Tre People's Committee Wednesday (01 July 2009) called on businesses to invest in the Mekong Delta province, saying it offered great potential in multiple sectors.** Provincial administration officials said the projects with potential included riverside residential and urban complexes, coastal ecotourism resorts, human resource development, education and healthcare. At a seminar in Ben Tre Town attended by representatives of nearly 200 businesses, Nguyen Thai Xay, chairman of the committee, said the province's private investment inflow in the first half of the year reached nearly VND3.6 trillion (USD 200 million), a year-on-year growth of 17.9 percent.

**The major investor in the Hanoi Highway in Ho Chi Minh City is to move the location of a major toll booth on the highway to District 9, about two kilometers from its present location in District 2.** The investor, the HCMC Infrastructure Investment Joint Stock Company (CII), said it has lost money since the Saigon Port moved to Cat Lai Port in District 2 last year as many trucks have been entering Cat Lai Port without going past the toll booth. However, the HCMC Goods Transportation Association has protested as the investor will begin collecting fees in the new area while it has neither finished enlarging the highway in District 9 nor begun needed construction work on Rach Chiec Bridge, which links districts 2 and 9. The booth's new location will ensure toll collection from these trucks as well. The move is to be made from September.

**The national aquatic product output in the first six months is 1,161,000 tons, an increase of 7.7% compared to the same period last year,** according to the Ministry of Agriculture and Rural Development. The Tra catfish and tiger prawn

raising area increased slightly due to the increase in prices of these aquatic products. The country's aquatic product output from aquaculture is estimated at 203,000 tons which brings the total volume in six months to 1.1 million tons, up 7.2% against the same period in 2008.

**Around 3.4 million tons of rice worth USD 1.4 billion has been exported as of late June, reported the Vietnam Food Association.** Rice is the only agricultural product achieving the growth rate in both export volume and export turnover. Rice imported from Vietnam also has a higher growth rate compared to the same period last year. The Philippines has imported over 50% of Vietnam's exported rice. Recently, the rice market is rather animated with an increase of USD 5 to 10 per ton in the exported rice prices.

**Vietnam Maritime Stock Bank reported Friday a first-half pretax profit of VND112 billion (\$6.4 million).** The bank didn't provide a comparative figure. The bank's total assets were VND46 trillion at the end of June, up 143% from end-2008, it said in a statement. Earlier this year, the Hanoi-based bank said it will raise its registered capital to VND3 trillion later this year from VND2.24 trillion.

**The Vietnam Securities Depository Authority said Thursday (02 July 2009) it issued licenses to 142 new foreign institutional investors to trade local stocks in the first half of this year,** raising the total number to 1,031 by end- June. During the period, 175 foreign individuals also received permission, increasing the total number to 12,005, the VSD said on its Web site. Vietnam's share index, or VNindex, has risen 37.4% so far this year, and the Ho Chi Minh Stock Exchange has total market capitalization of VND342.2 trillion (\$ 20 billion) as of Thursday.

**HCM City aims for 25% retail growth** - The southern economic hub aims to reach a growth rate of 25% in its total revenue from retail trade and service next year, as part of a plan to develop wholesale and retail systems in the city by 2015. The city also hopes to post 35-40% trade and service growth by 2015 and 60% by 2020. The city plans to build 95 new supermarkets and 140 trade centers before 2015.

**Ben Tre invites investment in several sectors** - The Ben Tre People's Committee Wednesday (01 July 2009) called on businesses to invest in the Mekong Delta province, saying it offered great potential in multiple sectors. Provincial administration officials said the projects with potential included riverside residential and urban complexes, coastal ecotourism resorts, human resource development, education and healthcare. At a seminar in Ben Tre Town attended by representatives of nearly 200 businesses, Nguyen Thai Xay, chairman of the committee, said the province's private investment inflow in the first half of the year reached nearly VND3.6 trillion (USD 200 million), a year-on-year growth of 17.9%.

[Back to top](#)

## COMING EVENTS

### Vietnam Computer Electronics World Expo (VCW Expo)

*Start Date:* 17 July 2009

*End Date:* 20 July 2009

*Venue:* Tan Binh Exhibition & Convention Centre, HCMC, Vietnam

*Industry:* Computer & IT

*Organizer:* IDG World Expo



Vietnam Computer Electronics World Expo (VCW Expo) comprises an Exhibition and a Forum. The exhibition will feature a comprehensive range of ICT related products and services, while the associated. It will focus on the latest ICT developments in the region and globe, provide a platform for telecommunication leaders to share their ideas on future trends and discuss appropriate strategies for development.

*Visitor's profile:* Dealers, Resellers, PC retailers, Value added resellers, Manufacturers, System builders, System integrators, Service providers, Software developers/vendors, Consultants, Consumer Electronics Store, Computer Hardware Store, Department Store, Superstore Chain, Mail order/Catalogues, e-tailer/ online store, Distributor/Wholesaler, Importer/Exporter.

*Exhibitor's profile:* Profile for exhibit include New technologies, new services: Pervasive computing, Wireless LANs, ICTs for development, extending access to education, e-government, case studies, Developing the value



chain: Digital broadcasting, Promoting e-commerce, Mobile internet applications, Regulating investor confidence: New business models and value chain, Investment attraction and financing strategies, R&D investment create new markets, Regulatory and policy trends.

[Back to top](#)

### **VietFood Pro+Pack Saigon**

*Start Date:* 19 August 2009 *End Date:* 22 August 2009

*Venue:* Saigon Exhibition & Convention Center (SECC), HCMC, Vietnam  
4th Floor, Lawrence S. Ting Building, 801 Nguyen Van Linh Parkway

*Industry:* Agriculture

*Organizer:* F. A. S. T. System & Management Services

VietFood Pro+Pack Saigon is one of the leading exhibitions for Food and Packaging industry in Vietnam. This is the annual event. The exhibition will be held from 19-22 Aug 2009 at Saigon Exhibition & Convention Center (SECC). This is the most established annual trade fair for Vietnam's F&B, food processing and packaging industry.

*Visitor's profile:* Trade distributors and importers, factory managers, Hotel F&B officers, owners / operators of restaurant, eateries and cafes from provinces within North Vietnam are the target visitors.

*Exhibitor's profile:* Exhibitors includes Manufacturers and exporters of processed / canned foodstuff, food additives and ingredients, processing & packaging machinery, equipment, turn-key projects, food hygiene and safety, bakery / confectionery supplies for hoteliers and restaurateurs, eateries and cafes.

[Back to top](#)

### **VietFood - Ho Chi Minh**

*Start Date:* 19 August 2009 *End Date:* 22 August 2009

*Venue:* Tan Binh Exhibition & Convention Centre, HCMC, Vietnam  
446 Hoang Van Thu Street, Ward 4, Tan Binh District

*Industry:* Agriculture

*Organizer:* Vietnam National Trade Fair and Advertising Company  
No. 09 Dinh Le, Hanoi, Vietnam.  
Tel: (84-4) 3825 5546 (Ext: 436)  
Fax: (84-4) 3936 3085

*VietFood – Ho Chi Minh* is the leading trade fair for Food & Beverage, Food Processing, and Packaging Technology in Vietnam. This is the 13th edition of the exhibition.

*Visitor's profile:* Retailer /Department Store, Drink Importer/Distributor/Wholesaler, Food Importer/Distributor/Wholesaler, Fast Food Restaurant/Hotel, Food Service, Consulting, Bakery/Confectionary Manufacture, Restaurant/Bar/Club/Cafe Management, Fast Food Restaurant, Supermarket/Grocery Store/Convenience Store.

*Exhibitor's profile:* Profile for exhibit include Processing equipment, Confectionery & Bakery equipment, Dairy processing equipment, Ice-cream making equipment, Meat processing equipment, Fish processing equipment, Fat and oil making equipment, Canning equipment, Snacks making equipment, Components to the food industry <http://www.biztradeshows.com/trade-events/vietfood-hochiminh.html>, Packaging and packaging equipment, Bottling equipment, Refrigerating and trading equipment, Equipment for supermarkets, Transport and logistics, Equipment for lab analysis.

[Back to top](#)



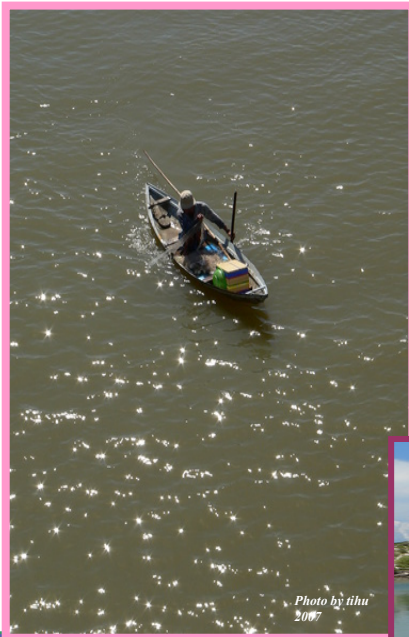


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*Edited by: Huy Nguyen & Trieu Nguyen*