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GENERAL REVIEW

Each user can have up to 21 mobile numbers from 10 Aug 2009

The Ministry of Information and Communications have issued a decision permitting each individual to register up to three mobile numbers per one mobile network.

This restriction is considered a measure to curb "virtual" subscribers, which causes the waste of mobile numbers.

Based on this rule, with seven mobile operators in Vietnam, each person can register up to 21 mobile numbers. If Indochina Telecom and VTC join the mobile market, an individual can own up to 27 mobile numbers.

Mobile operators said that it is very complicated to control the number of subscribers so they will temporarily control newly registered ones. It means that as of August the 10th, the first-time mobile subscribers will be controlled so they can only register up to three mobile numbers with each network. Mobile operators will archive new subscribers' personal information to control the number of mobile phones they can register. In case they register mobile numbers and don't want to use them anymore, they will have to inform mobile operators to delete their registration.

All mobile networks said that the new rule is simple for managing new subscribers but it is very complicated to control over 80 million available subscribers because many of them own over three phone numbers at each network. The mobile networks asked the Ministry of Information and Communications' permission to postpone the control over available subscribers to a more suitable moment, later than 10th August.

(Source: VNN/VNE)

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Labor market 'recovering'

The online recruitment solutions provider VietnamWorks.com has reported an upsurge in demand which it says indicates signs of recovery in the labor market.

The Online Employment Indicator Report for the second quarter of the year released by the provider last week says the online labor demand index moved at a higher speed than the online labor supply index, showing signs of recovery.

Chris Harvey, managing director of VietnamWorks.com said: "The online labor indices of quarter II/2009 demonstrated an 'employers' market' with great availability in supply of labor. However, the online labor demand index moved at a higher speed than the online labor supply index, showing signs of recovery of the labor market".

The online labor demand index increased 36.8 percent in the second quarter. Of all 50 industries registered on www.vietnamworks.com, demand among 34 industries showed an increment over the first quarter, while the 16 remaining industries stayed unchanged.

During the same period, the supply index continued its upswing, increasing by 9.2 per cent over the first quarter. Twenty-six industries recorded increased supply, 12 industries remained unchanged, and 12 industries recorded a decrease.

Despite the upward trend in labor demand, employers are now more cautious in choosing the right person to fill vacancies and recruitment standards are being set higher, the report says.

The labor supply-demand gap narrowed in the majority of industries in the second quarter. In particular, the gaps between supply and demand of labor narrowed for 34 of the 50 industries. "The convergence of supply and demand of labor helped lower job seekers' stress in these industries, although big gaps still remain and would take time to resolve," said Harvey.

Sales, manufacturing, and marketing recorded the smallest gaps between the labor supply and demand amongst industries with the highest labor demand indices in the second quarter.

The labor demand index on sales increased 52.4 percent in the first quarter while the sector's labor supply index increased by 10.4 per cent. For manufacturing, the demand index went up by 36.4, while supply decreased by 5.9 per cent.

Labor demand index for marketing, meanwhile, was much higher than supply at 54.5 per cent vs. 7.1 per cent, resulting in more demand than supply in this sector.

Top five industries

In the second quarter of the year, the top five industries with high labor demand were accounting/finance, administrative/clerical, engineering, sales, and IT-software. Sales had the highest online labor demand index with an increase of 52.4 per cent over first quarter figures.

Increasing demand for human resources in key industries to a certain extent indicated that more employers needed talent to either help them ride out the storm or prepare for the next phase. Meanwhile, accounting/finance led the top five industries with high labor supply indices in the second quarter, followed by banking/investment, administrative/clerical, engineering, and human resources.

(Source: VNS)

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Petrol prices up by VND 500/litre

The Ministry of Finance and the Ministry of Industry and Trade have agreed to increase retail prices of petrol and mazut oil by VND500/litre and VND1, 000/litre respectively, starting August 9.

Accordingly, petrol A92 is now priced at VND14, 700/litre and mazut oil costs VND11, 500/litre.

The retail price of kerosene is cut by VND500 to VND13, 150/litre. Meanwhile, the price of diesel remains unchanged at VND12, 000/litre.

The newly adjusted prices are still lower than those from a number of Vietnam's neighboring countries such as China, Laos and Cambodia, according to the Ministry of Finance. The price hike was proposed by wholesale petroleum companies following the soaring oil prices on the world market in the past weeks, hovering around USD74-76/barrel. Domestic petrol prices were raised by VND700/litre by the two ministries on July 1st 2009.

(Source: VNN/VOV)

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Customers are cool toward Beeline

Starting with the "Big Zero" promotion programme providing internal calls free of charge, the seventh telecom network operator Beeline to date has not been able to create repercussions in the saturated mobile market of Vietnam.
According to a survey, the given reason making customers still ignore Big Zero is due to the affects of unsuccessful appearance of the previous performer HT Mobile-former of sixth mobile network Vietnamobile with the prefix 092.

A simcard agent owner in Hanoi's Kham Thien St said that he did not dare to buy a large volume of Beeline simcards because previously Vietnamobile network (with the same call cost policy of Beeline) had not attracted customers and many Vietnamobile simcards still are lying in inventory.

Others also did not import Beeline simcards because consumers are very familiar with big trade names like VinaPhone, MobiFone, and Viettel. In addition, pre-paid kit with face value of 65,000 dong of VinaPhone, the account of customers will have up to 130,000 dong while the kit is priced at 50,000 dong only, MobiFone presents the added value account o 120,000 dong to the buyer of 50,000 dong kits, Viettel with 120,000 dong for 55,000 dong kits. Meanwhile, Beeline simcard at 50,000-55,000 dong will provide an account of 120,000 dong as well.

Promotion accounts of large networks all are higher with equal or cheaper simcard buying prices plus the present of 100 percent card value. So the agents themselves advised consumers to buy simcards of big telecom providers instead of the Big Zero package of Beeline.

Beeline launched a real cheap call cost but customers still complained about the weak coverage quality and network connection error of Beeline. Factually, Beeline announced that till the end of July, they have covered only 90 percent of Hanoi and HCM City and improved the wave quality in some key areas inner the city. According to Beeline, apart from Hanoi, HCM City and Da Nang, the newcomer has covered 83 percent areas in Binh Duong and 74 percent in Dong Nai province. From August, the network coverage will be expanded to Hai Phong, Quang Ninh and Ba Ria Vung Tau towards to the targeted number of 40 cities and provinces by late 2009.

Talking with the press, Alexey Blyumin, general director of Gtel Mobile in charge of managing Beeline network said that from lessons of other mobile networks, we knew that a successful mobile network is to cover whole of the country. Limited coverage means limited success, he added.

In his opinion, Vietnam is a highly potential market although the density of mobile usage reached up to 55 percent. In next 1-2 years, Vietnam's mobile market will develop and then switch to saturate. Beeline has to catch all potential opportunities from now.

"We are making efforts to gain 2 percent of total registered subscribers in Vietnam by the year end. Beeline is the seventh network but I hate Number 7 so we will not accept the seventh position in the future, he stressed. In some Eastern European countries where VimpelCom is providing the services under the trade name Beeline. The firm harvested a lot of successes despite much fiercer competition in the region. Vietnam is a good business opportunity as well as a challenge requiring Beeline's big efforts, he remarked.

(Source: VnBusinessNews)

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HUE goes thirsty

Residents of Thua Thien-Hue Province's Phu Xuan Commune in Phu Vang District are no longer as happy as when they were first connected to running water in 2002.

They say their taps have been merely trickling for at least three years now. Before the clean-running water system was installed in 2002, the families were living with polluted salt water. But they then paid VND 1 million (USD 56) each to the Thua Thien-Hue Water Supply and Construction Company (Huewaco) for the installation of pipelines and water meters.

By 2004, several hundred families had connected to the pipelines and pressure was already dropping. Some residents had to stay up all night to collect water when no one else was using it. But a full night of running taps only collected 20 liters of water, residents said.

Nguyen Ngai, a resident more than 70 years of age, said each member in his family had to limit their bathwater to four mugs per day, even during the hottest summer months.

Families like Ngai's now have to buy well water at VND 50,000 (USD 2.92) a cubic meter, which means households of five members or larger often pay around VND 10,000 - 20,000 a day.

Water bills at Tran Van Cu's house showed the home had used only 29 cubic meters of water between May 2003 and April 2005, while those at Tran No's showed that only 11 cubic meters had reached his house from January 2003 to April 2006.

In its contract with the residents, Huewaco agreed to supply up to 16 cubic meters of water a month to five-member families.

The residents can claim compensation of VND 100,000 - 500,000 (USD 5.84 - 29.21) if they don't receive the amount stipulated in the contract, they said. Residents also said Huewaco has failed to explain the problem.

(Source: Viipip.com/Thanhnien)

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Foreign life insurers eyeing Vietnam

Some three or four foreign life insurance companies are planning to jump into Vietnam's insurance market, while a big US insurer which left Vietnam two years ago is plotting its return, quoted by a reliable source.

Director of a 100% foreign-owned life insurance company told that with the country's current population and economic growth, there is still a great deal of 'room' for life insurers. The director said that it is understandable and foreseeable that foreign insurers will invest in Vietnam, since less than 10 percent of the population has purchased life insurance policies. However, the director thinks that Vietnam should not grant licenses to too many insurance companies at this moment, adding that this should be done in a few more years, when the insurance market is more stable and the legal framework more solid.

Secretary General of the Vietnam Insurance Association Phung Dac Loc also thinks that in the current context of financial difficulties, Vietnam should halt granting licenses to new businesses, while it should focus on stabilizing the market. Meanwhile, even if licensed, businesses would find it difficult to operate as the competition in the market is very stiff.

In fact, foreign insurance companies obtained very satisfactory business results in the second quarter of the year in the context of the economic downturn. Foreign-owned life insurance companies got the growth rate of 42 percent in June in comparison with April 2009. According to the Vietnam Insurance Association, the total number of newly-signed insurance policies of the 11 life insurance companies now operational in Vietnam has increased by 100 percent.

The biggest difficulty for newcomers in the market is getting clients. Bancassurance is now considered an effective sales method, and has been used by many foreign and domestic insurers. However, according to a newly-established insurance company in Vietnam, selling insurance products through traditional channels is still the most effective way. Therefore, newly set up insurance companies still plan to get more clients through their agents.

A representative from the company said that high revenue is not the top priority for the company in its first stage of operation. "We have set the modest growth rate of 8 percent in the first five years of operation. Meanwhile, we will focus on strengthening our system and developing human resources during that time," he said.

(Source: VietNamNet/DTCK)

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Drainage project puts HCMC traffic lights on the blink

City residents already beleaguered by inordinate delays and sloppy resurfacing of dug up road sections can now add dead traffic signals to a lengthy list of grievances.

Contractors for a major drainage project in Ho Chi Minh City have admitted their responsibility for severing traffic light cables, but authorities are still struggling to resolve the issue.

The HCMC Urban Traffic Management Zone No. 1 has instructed the management board of the city's Environment Sanitation Project and Japanese contractor Shimizu to cooperate with city's Public Lighting Company (Sapulico) in repairing damaged underground cables.

"Several contractors have accidentally severed cables for traffic signals and street lights making them out of order," Tran Minh Hung told, Sapulico's deputy director.

Tran Binh Trong Street in District 5 was among the streets suffering increased traffic chaos after traffic signals stopped functioning, particularly at its intersections with Nguyen Trai and Tran Phu streets.

Le Thanh Hai, deputy head of Sapulico's Planning Section, said the traffic signals and lighting system at the Nguyen Trai–Tran Binh Trong intersections had been seriously damaged and could only be repaired temporarily to display the yellow lights for caution.

Apart from these two sections, Shimizu has also damaged underground cables for traffic and street lights at 15 other intersections, mostly in District 5, while digging up the streets to install sewers for the project.

Another Japanese contractor constructing another package of the project, N.E.S JV, has also wrecked the traffic light system at Tran Hung Dao –Tran Binh Trong, Tran Hung Dao– Nguyen Van Cu and Calmette– Nguyen Cong Tru intersections apart from damaging street light cables at several other sections.

Hai said traffic and street light systems began to suffer damages by construction of the Environment Sanitation Project in 2007 but the damage drastically increased since last year.

There have been 27 cases of traffic lights being damaged in 2008: 12 by Shimizu, five by N.E.S JV and the rest by China State Construction Engineering Corporation, Truong Tho Construction Joint Stock Company and Hanoi Construction Corporation.

Sapulico said it had to temporarily reconnect traffic light cables on the street surface whenever such incidents happened.

The company said the total costs to repair damage to traffic and street lights since 2008, due to the project's construction, was estimated at around VND1.1 billion (USD64,300). However, Sapulico has not received a single dong from the project's management board and involved contractors, although they had admitted their responsibility and agreed to compensate, company officials said. "We've had to wait for the compensation for a long time because the contractors have repeatedly delayed payment," Hai said.

Unfeasible solutions

The HCMC Department of Transport has recently censured relevant agencies for repeated breaches of responsibility in resurfacing a number of streets dug up for the drainage project.

The management board of the city's Environment Sanitation Project and the consultant CDM Company of the US will have to assess construction work and pay up only after the contractor has properly resurfaced the streets, it said.

This is the fourth time the department has censured the project management board on the issue. The department also said the project's management board and the consultant had not paid enough attention to inspecting street resurfacing by the contractors.

Plans to reduce traffic

Meanwhile, the city administration has instructed the Department of Transport to work with HCMC Research and Development Institute and authorities in central districts to draft a plan that would ban vehicles on certain streets and at certain times.

The plan includes the setting up of automated toll stations (or electronic road pricing) to collect fees on vehicles.

The city is also seeking approval by the Ministry of Finance for a plan to charge fees per vehicle in a bid to cut down the number of vehicles on the road. This plan had already been rejected several times.

The proposal includes higher taxes and stricter requirements for registration of new motorbikes and cars in the city as well as including permanent residence as a criterion for registering vehicles in the southern hub to prevent an increase in the number of motorbikes migrating to the city.

A campaign to encourage residents to use buses to reduce the number of motorbikes on the streets, launched last September, disappeared into obscurity just a month later.

In other measures, the Ministry of Public Security has been asked to review implementation of the Residence Law to slow down the population increase in HCMC due to migration. Hanoi and HCMC have also been asked to increase public transportation and relocate production facilities, hospitals and university to the outskirts.

*** Parking Restrictions for 11 HCMC Streets**

Deputy Director Le Toan of the Ho Chi Minh City Department of Transport has approved the urban traffic management bureau No. 1's suggestion that no parking is allowed on 11 urban streets from 6 a.m. till 8 p.m.

The restricted streets are Ly Van Phuc, Le Van Huu and Nam Quoc Cang in District 1; and Nguyen Thuong Hien (from Dien Bien Phu to Nguyen Thi Minh Khai streets), Ky Dong, Nguyen Thong (from Vo Thi Sau to

Tran Van Dang streets), Tran Van Dang and Rach Bung Binh (from Cach Mang Thang Tam to Hoang Sa) in District 3. The other streets are Hoc Lac in District 5; and Binh Thoi and Han Hai Nguyen (from Ba Thang Hai to Phu Tho) in District 11.

The Department of Transport has asked that the parking restrictions be imposed on these streets as soon as possible because they are highly susceptible to traffic congestion.

(Source: TN, Agencies)

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Fast food market heats up

Domestic fast food businesses are struggling to gain market share from their foreign counterparts, which have come to dominate this high-potential market.

Foreign, franchises like KFC and South Korea's Lotteria so far dominate this market. KFC expects to open 12 additional restaurants this year, raising its total nationwide to more than 80 shops. Lotteria, currently with 56 restaurants, also has plans to open two dozens more.

The fast food industry is a rapidly growing market in Viet Nam, this year expected to generate profits of around VND500 billion (about USD28 million), up 35-40 per cent over last year.

Kinh Do, Hy Lam Mon, Duc Phat and the ABC are among the domestic firms testing the waters in this market segment, and major supermarkets like Co-op Mart, Maximart, Big C and Metro have also moved to set up fast food stalls in their establishments. Commercial baker Kinh Do has recently opened a chain of small cafes called Kinh Do Cafe&Bakery. The director of Kinh Do's business and marketing division, Nguyen Duy Dang, said a combination of bakeries and coffee bars was a popular fast food business model around the world.

The firm has since opened its first large-scale cafe in HCM City. The 200sq.m shop also serves a full menu of sandwiches, pizza, hamburgers and hot dogs. Dang said that Kinh Do would soon open another 500sq.m Kinh Do Bakery & Cafe in HCM City's District 1. Industry experts think domestic businesses can compete with foreign fast food restaurants not by serving western dishes but by serving food tailored to the Vietnamese palate, including meat and seafood rolls and Vietnamese-style sandwiches.

Successful is Vietnamese-style fast food trademarks including Pho 24 and Banh Mi Ta. Pho 24 General Director Ly Quy Trung complained; however, that renting commercial space for restaurants was still a major challenge for domestic fast food vendors, due to the prohibitively high rents in major shopping and urban centers.

(Source: VietNamNet/Viet Nam News)

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Vietnam sets global standards for raising TRA, BASA fish

The World Wildlife Fund (WWF) has held talks in HCM City to ask for ideas from fish breeders, retailers, and manufacturers of food and chemicals as well as processors to prepare a draft on global standards for raising tra and basa fish. They aim to create a global set of standards governing the whole process of raising tra and basa fish, which has not been applied so far.

This set of standards is based on the actual capacity of the related parties to handle environmental and social issues that arise from raising tra and basa fish. They include specific criteria regarding the law, land and water use, water contamination, the management of animal food and chemicals, health and safety of raisers. These criteria are expected to apply to any scale of operation.

Hundreds of Vietnamese farmers participated in developing the standards in a transparent manner, in line with stipulations issued by the International Social and Environmental Accreditation and Labelling Alliance (ISEAL).

Flavio Corsin, a senior advisor to the WWF Vietnam, stressed the importance of the new standards as the global demand for tra and basa fish is rising and Vietnam is a major supplier. Vietnam earned USD1.4 billion from exports of 1.1 million tonnes in 2008, according to the Vietnam Association of Seafood Exporters and Producers.

The WWF has now held eight similar meetings, involving more than 2,000 people.

(Source: VOV)

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Vietnam: 700,000 tons of rice is expected to Philippines

Viipip.com - Vietnam shows its desire to sell 700,000 rice tons to the Philippines from now to the end of 2009, said by a government minister on Friday (07 August 2009).

Importing from Vietnam to the Philippines, the world's largest rice importer, would reach to 2.2 million tons of the total grain purchase, told by Deputy Minister of Industry and Trade Nguyen Thanh Bien. Bien did not indicate the exact time or price details but the top export firm Vinafood 2 talked to sell up to 500,000 tons of rice to the Philippines last month. He said rice prices could go down a little in the second half of this year, partly by reason of large stocks in Thailand, the world's largest rice exporter.

According to a senior official and exporters, rice stocks of the Thai government have gone up in equal to 7 million tons of milled rice, the highest ever, which could attach to the descending pressure on prices in 06 August.

A deal with the Philippines will help stop falling domestic prices in Vietnam, where the huge harvest crops have been at the peak in the Mekong Delta, traders said. The crops are expected to harvest next month before seasonal floods are coming.

The Philippines purchased 1.5 million tons of Vietnamese rice in January, taking calm to a market which showed rice prices shoot to record levels in 2008.

(Source: Viipip.com)

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Both US and EU garment markets narrowed, Vietnamese companies focus on Japan

While garments exported to the US and EU have been decreasing, exports going to Japan are still going well with a 20 percent growth rate in the first six months of the year.

Statistics from the General Department of Customs showed that in the first six months of the year, export turnover of garments sent to Japan was USD 440 million, an increase of 22 percent over the same period of 2009.

Horikoshi, a Japanese fashion designer, said that Vietnam now has a big opportunity to conquer Japan’s market, especially as it is backed by the Vietnam-Japan Economic Partnership Agreement (VJEPA) effective as of July 2009.

Under the agreement, those Vietnamese enterprises which use fabric sourced from Japan will enjoy the tariff of 0 percent instead of five or ten percent as previously. He said Japanese importers highly praise the stability and skills of Vietnamese workers.

Currently, Japan is the second biggest garment consumption market, where the market segment of fashion products for young women accounts for 60 percent of the total market value, worth some USD 28 billion. According to Horikoshi, Vietnam-made products will not be able to compete with China in the low-cost product market in Japan. However, he said that the high-grade product market still has room for Vietnamese producers to build up their brand names and boost exports to the market.

In fact, Japan is a loyal export market for Vietnamese garment products. A lot of Vietnamese enterprises have been successful with the market, namely Nha Be, Garment Company No 10, Nam Dinh Textile and Garment Company and Phong Phu Textile.

Horikoshi has advised Vietnamese enterprises to carefully study the demands and tastes of Japanese to provide Vietnam-made products with suitable designs. The consumption demand of Japanese consumers has seen some changes: the country tends to import many products and in smaller quantities rather than few products and in big quantities. He has given some advice on the fashion trend in the coming years, saying that the designs should come from feelings from nature and traditional costumes, or from economic or political events. For example, the fact that the US, for the first time, has a colored president, has kicked off a wave of African-style fashion in the US and European countries.

According to Vu Van Trung, Trade Counselor to Japan, exports of garments sent to Japan in recent years always increase by 9-10 percent annually. Trung said that trade counselors and Horikoshi will visit some workshops specializing in exporting garments to Japan to give more advice to them.

In an effort to boost exports to Japan, the Ministry of Industry and Trade has instructed garment companies to build garment material transaction centres and training centres which will be in charge of providing materials to export companies.

Deputy Chairman of the Vietnam Textile and Garment Association Le Van Dao said that if the current export growth rate continues, garment exports to Japan in 2009 will increase by 18-20 percent to reach USD 900 million to USD 1 billion and reach USD 1.1-1.2 billion in 2010.

(Source: VietNamNet/TBKTVN)

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Vietnam to boost farm seafood exports to Russia

The Ministry of Industry and Trade on Monday (03rd Aug 2009) urged local enterprises to push up farm produce and seafood exports to Russia given the positive results of the market in recent years.

Vietnam's agricultural and aquatic products now account for around 60% of exports to Russia, Nguyen Chi Tam, head of the European Market Department, said at a seminar on Vietnam-Russia trade in Can Tho City. "They are essential products for Russian consumers and have reached high growth rates during the past years," he added.

Last year, Vietnam increased fish and seafood export to Russia by 77% year-on-year. Rosselkhoznadzor, Russia's federal agency for plant and animal health supervision approved 38 Vietnamese seafood exporters last year.

Russia early this year resumed seafood imports from Vietnam after several months of suspension, creating opportunities for local exporters. If domestic companies can ensure quality and hygiene standards and the export industry is managed by a central department, Vietnam's tra and basa fish fillet will become a good brand in Russia, Tam said.

As Russia is facing serious impacts from the global economic recession, the Ministry of Industry and Trade expects to reach nearly USD1.5 billion in two-way trade this year in which Vietnam will export USD 735 million worth of commodities and import USD 745 million.

To achieve the target, relevant ministries should assist enterprises in export activities and national promotion programs, especially the Vietnam product exhibition in Moscow late next month. Associations and enterprises also have to be more professional and flexible in seeking importers and raising competitiveness of their products, Tam said.

Bilateral trade between the two nations reached USD1.64 billion last year. Vietnam exported over USD 670 million worth of commodities and imported USD970 million.

(Source: VnBusinessNews)

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Seafood sector hits snags

Since early this year, the Vietnamese seafood sector has seen its growth at a five-year record low. By the end of July, seafood exports only reached USD2.16 billion, down by nearly 9.5 percent.

Seafood exports continue to slump

Tran Ngoc Yen from the Information Centre for Agriculture and Rural Development (Agroinfo) said that the global economic downturn has resulted in a sharp fall in seafood exports.

In the first half of this year, turnover fell by 8.6 percent for filleted fish and by 7.6 percent for shrimps and crabs compared to the same period last year. Therefore, earnings during the reviewed period dropped by 8.1 percent compared to the corresponding period last year.

According to Agroinfo, there has been a sharp decline in orders from large markets such as Russia, Italy and the Netherlands, over the last seven months while the US and China's seafood imports have soared by 16 percent and 79 percent, respectively.

Despite being the country's top export earner of USD600 million, Tra and basa catfish export dropped by 3 percent. In addition, the seafood sector is facing tough competition with tariffs and trade barriers such as anti-tra and basa catfish campaigns in Italy, Spain, the US, Egypt and France. Apart from that, the US continues to impose anti-dumping tax rates on Vietnamese tra and basa catfish.

As of January 1st 2009, the EU has also enforced an illegal, unregulated and unreported fishing law on Vietnamese seafoods.

Under the law, businesses, which have certificates for operation in territorial waters and have registered the names of their fishing boats, are allowed to export their products to the EU market.

The re-opening of the Russian market for Vietnamese tra and basa catfish imports in May 2009 helped to increase seafood exports. However, Vietnamese seafood businesses still find it difficult to penetrate the Russian market due to its tariffs.

All for farmers to make a profit

Recently, the Ministry of Agriculture and Rural Development (MARD) has worked with the relevant associations and businesses to cope with trade barriers by establishing a steering committee for tra catfish production and consumption in the Mekong River Delta region. In addition, a bar code has also been set up to improve the value of tra catfish.

According to experts, the best way forward for businesses is to maintain their traditional markets and upgrade their human resources to seize new opportunities after the financial crisis is over. However, the big problem for businesses is how to increase the value of seafood products. Almost all exports are fresh tra and basa catfish, shrimps, crabs, cuttle-fish, and octopus.

Regarding the issue, Le Minh Man, business manager of the Cargill Seafood Company said that to overcome difficulties, businesses should not rush to increase the volume of exports as it costs them time and money. They should strive to secure traditional markets by fully tapping into their advantages.

Mr Man said that businesses should also pay attention to improving the role of farmers, which is not fair at present. Farmers -the providers for processing factories - might suffer losses but processing businesses might not. According to statistics, processing businesses take 60 percent of the value of seafood products while farmers enjoy just 12-15 percent.

Mr. Yen said that in a recent survey of Agroinfo in An Giang the province's aquaculture area has shrunk by 40 percent compared to a year ago. In addition, the remaining area cannot produce the maximum amount of products possible. As a result, there is a serious shortage of products for export. This will affect the export turnover for the whole sector in the remaining months of the year.

(Source: VOVNews)

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Export target won't be easy to meet: trade official

Low demand in major markets that have yet to overcome the global economic crisis will make it difficult for Vietnam to reach its export growth target of 3 percent in 2009, said a deputy trade minister.

It would be a great success if the country's export value this year could even match last year's, said Deputy Minister of Industry and Trade Do Huu Hao at a government press briefing in Hanoi Wednesday (05 August 2009).

Export turnovers dropped 13.4 percent year-on-year to USD32.35 billion in the first seven months of 2009.

Foreign-invested firms reaped export revenues of USD12.24 billion between January and July, excluding crude oil. Hao said anticipated shipments would not affect the country's gross domestic product (GDP) growth goal of 5 percent this year.

The decrease in export earnings was due to low demand in importing countries and price drops for many products, he said. Lower prices cut export revenues by more than USD 6 billion in the seven-month period. The average price of crude oil fell 53.1 percent, while rubber dropped 45.8 percent, pepper 33.2 percent, coffee 29.24 percent, rice 28.6 percent and cashew nuts 19.5 percent. Last year, the country earned USD 62.9 billion on exports, up 29.5 percent over 2007, according to the General Statistics Office.

So far this year, the trade surplus has reached USD 3.38 billion, or 10.5 percent of the export revenue, much lower than that of 40.8 percent in the same period of 2008. In the seven-month period, the country spent USD 35.37 billion on imported goods, a 34 percent drop year-on-year.

(Source: TN)

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Domestic market made a dead end?

When enterprises met difficulties in exporting products due to narrowed export markets, they thought of conquering the domestic market. However, after a period of trying to do that, they have since come to believe that the way out for Vietnamese goods is through exports.

Vietnam-made goods inferior in home market

130 Thai producers and traders together with 45 Thai restaurants are on a campaign to introduce products and seek distributors for their products, plastics, inox and glass-made goods, electric consumer goods, apparel and food, in Hanoi and HCM City.

In the food market, analysts once forecast that Vietnamese food would dominate the market to take the place of China-made goods after the quality scandals of the goods sourced from that country. However, it seems that Thailand-made products have been more swift-footed than Vietnam's in conquering Vietnam's market. Thai products have been flowing into supermarkets, wholesale markets and now retail markets. Retail shop chains that sell Thai goods have been mushrooming since the beginning of the year in Hanoi and HCM City.

In fact, Vietnamese businesses have been making every effort to conquer the home market with big-scale trade promotion campaigns. Garment and footwear companies were the pioneers in the campaigns as their export markets have been most influenced by the global economic crisis. These are also the businesses which put the highest hopes on sales in the domestic market.

Nevertheless, a lot of businesses, after a period of trying to conquer the domestic market, have realized that the domestic market, though a large one with 80 million consumers, is not a market that they can exploit easily. The domestic market requires product designs and quality different from the requirements of export markets.

Moreover, Vietnamese people's income per capita remains modest at USD 1,000 per annum, not enough to generate high demand. Additionally, the habit of saving money due to the bad social security system and concerns about economic difficulties has prompted Vietnamese consumers to continue tightening their belts.

Exporting, the solution for Vietnamese goods

Analysts believe that the outlet for Vietnamese goods should be in export markets rather than the domestic market.

According to Vu Khoan, former Deputy Prime Minister, exporting is the sector that most suffered from the global economic crisis, but it is also the most effective measure to help Vietnam escape from the influences of the crisis. Therefore, Vietnam should still prioritise export-oriented policies. However, economists have called for a different concept of 'export-oriented policies'. They say that export should not only mean 'sending goods across the border'. Le Duc Thuy, Chairman of the National Finance Supervision Committee, said this should be understood as meaning Vietnam needs to strive to make products capable of competing with products from other countries.

"Vietnam needs to strive to make products which can be sold in different markets," Thuy said.

Analysts also say that in the case of Vietnam, when exports become bigger, imports increase accordingly, because Vietnam needs to import materials to make finished products domestically. The same situation does not occur with neighbouring countries like China or Thailand, who have seen trade surpluses increasing.

(Source: VietNamNet/DTCK)

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INVESTMENT

Runckel: Vietnam offers competitive business operation costs

The cost competitiveness of Vietnamese operations was far greater than that offered by China or other regional destinations, Chairman of the US-Vietnam Chamber of Commerce Chris Runckel has said.

The young population base and the diligent workforce made Vietnam among the top choices for foreign investors, the Bangkok Post daily quoted Runckel as saying.

US multinationals based in Portland and Oregon all feel that their Vietnamese operations are among the most cost competitive and have the best quality of any production bases outside the US, said Runckel, who is also president of Runckel & Associates. He said Vietnam was trying to increase the efficiency of investment projects and therefore is now offering various incentives to companies in supply chain management.

Vietnamese Ambassador to Thailand Nguyen Duy Hung said a number of Thai companies such as Amata Corp, Siam Cement, Charoen Pokphand Group and Loxley Plc had invested in Vietnam and are reaping the benefits.

Runckel said Thai businesses with know-how, management techniques and strong balance sheets are what Vietnamese companies were looking for.

(Source: VNA)

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ODA disbursement reaches USD 1.5 bil in seven months

The attraction, mobilization and use of ODA have shown positive signs recently thanks to close co-operation among relevant ministries, agencies and donors, according to the Ministry of Planning and Investment (MPI).

The MPI said, from the beginning of the year through July 15, the total value of ODA capital via signed agreements reached nearly USD 2.2 billion, up 35.4 percent from a year earlier. The total amount included over USD2 billion in loans and USD92.4 million in aid. It added that 7-month ODA disbursement capital was estimated at USD1.5 billion, making up 78 percent of the annual plan.

Recently, the MPI has co-ordinated with the World Bank (WB) to inspect 20 WB-funded projects, and worked with development banks to implement proposals including 12 solutions and action plans. It has also cooperated with the Partnership Group for Aid Effectiveness (PGAE) in carrying out the programme on the efficient use of funds.

(Source: VOV)

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San Miguel Pure Foods Vietnam faces suspension over pollution

San Miguel Pure Foods Vietnam in the southern province of Binh Duong is facing heavy fines and a production suspension after its wastewater reservoir breached its embankment, emitting 230,000 cubic meters of untreated wastewater into the Thi Tinh River.

Vo Thi Ngoc Hanh, vice director of the Binh Duong Province Department of Natural Resources and Environment, submitted to the provincial government and the Ministry of Natural Resources and Environment a report on Tuesday (28 July 2009) suggesting strict measures against the company that produces animal feed and breeds some 70,000 pigs. If the company does not repair its wastewater facility by August 19 as demanded earlier by the provincial government, Hanh said, the environment authority will order a temporary closing of production until the work is completed.

Last year, San Miguel Pure Foods Vietnam was listed as one of the worst polluters in the province. In May 2009, the provincial government ordered the company repair its wastewater treatment facility by August 19 2009.

The department is analyzing the company's wastewater, the quality of the surface water of the Thi Tinh River and evaluating the economic damages caused by the incident which occurred on Saturday morning, according to Hanh. "After the analysis, the environment department will levy appropriate administrative fines in accordance with its violations of environmental protection law," Hanh said in the report. The department, she added, will force the company to pay an environment protection fee to cover all of the untreated wastewater that was discharged from its reservoir and to compensate for economic damages.

The company has ignored needed repairs to its wastewater facility for a long time.

According to test results of wastewater at the reservoir on July 25, the pollution concentration was much higher than permitted levels. The COD concentration exceeded the accepted level by some 264 times, the SS concentration by some 165 times and many other substances by hundreds of times.

San Miguel Pure Foods Vietnam discharges some 3,000 cubic meters of wastewater a day.

(Source: SGT)

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Vietnam's pharmaceutical industry needs hi-tech investment

Although Vietnam has a treasure of abundant and diverse sources of pharmaceutical materials, including nearly 4,000 herbal plants, the country's pharmaceutical industry currently depends on material imported from China to make up medicines. To exploit its own resources, it is necessary for Vietnam to boost investments in hi-tech extraction technologies.

Latest statistical reports from the Drug Administration of Vietnam indicated that in 2008, locally-produced medicines meet just 50.18 percent of demand, with eighty percent of materials for the production of medicine imported from foreign countries, mainly from China.

Pharmacist Nguyen Tien Hung, chairman of the Board of Directors of the Vietnam Medical Products Import - Export Company (Vimedimex) blamed the situation for the fact that Vietnam has not yet made adequate investment in modern separation and extraction technologies to exploit medicinal plants.

Reality shows that extraction technology of medicinal plants in the country is still underdeveloped. At present, Vietnam does not have any large hi-tech extraction plants. Most oriental medicine businesses build small scale plants, which are suitable for their own production demand.

The main extraction method employed in such plants is just intended for concentrating glues at normal pressure. Extraction plants built in areas where herbal plants are grown as materials, if any, are also small, equipped with rudimentary machines and equipment. Such plants are only used for producing one or two kinds of glues.

Thanks to the growing tendency among consumers to use herbal remedies, a number of oriental medicine businesses have begun to invest in modern plants equipped with controllable heat extraction technology.

No matter how modern they are, such plants cannot produce high-quality medicinal medicines that can compete with imported products because they are still falling short in extraction processes.

Mr Hung pointed out that last year, Prime Minister Nguyen Tan Dung approved a project to boost the development of the pharmaceutical industry and build a drug distribution system for the stages 2007 - 2015 and 2016-2020.

The PM also issued two decisions to stimulate the investment in plants to extract active elements from pharmaceutical materials, but no company has gained benefits from these policies. It is really a loss for the country because if Vietnam can exploit the resources of medicinal plants appropriately, it can earn millions of US dollars each year.

Cited as an example, Mr Hung said that in 1980s Dr. B. Gluzin, deputy director of Medicinal Plant Research Institute of the Russian Ministry of Agriculture, and his fellow-workers came to work in Vietnam and found a large volume of mangiferin (an anti-oxidant agent) contained in mango leaves. This kind of mango leaf extract is used for making medicines that cures shingles.

Based on the discovery, Russia decided to partially transfer the extraction technology to Vimedimex and placed an order, under which Vimedimex would supply mangiferin in the form of crude material to Russia.

In 1998, Vietnam exported mangiferin with a purity of between 75 and 78 percent for the first time. In 2002, Sovipharm Joint -Venture (now BV Pharma) was established and Russia decided to transfer the entire extraction technology to Vietnam.

At present, BV Pharma can produce mangiferin with a purity of 98 and 100 percent. The volume of material and medicines in the form of finished products exported to Russia is worth USD 1 million a year. But it is not merely mango leaves; Vietnam has hundreds of kinds of medicinal plants with high contents of precious active elements. For example, Taxol is found in Taxaceae; Rurin and Troxerutin in Sophora japonica L. and Curcumin and Quercetin in Curcuma.

Pharmacist Tran Hung, head of Department of Pharmaceutical Materials of the HCMC University of Medical and Pharmacy, said that to boost the development of the pharmaceutical industry and improve the production capacity of specific medicines, Vietnam has no choice but to stimulate investment in high-tech extraction technologies. To do so, it is necessary for the Government to have policies to encourage simultaneous investment in material growing areas, high technology and training.

Since businesses feel hesitant to invest in hi-tech extraction technologies, as they require large investment capital, Mr Hung said that the Government should also issue macro policies related to financial funding and tax incentives to encourage investors.

(Source: SGGP Daily)

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Some rich duty savings opportunities arise with Japan

This article examines duty savings opportunities for companies in Vietnam when leveraging Free Trade Agreements (FTAs).

This article looks in detail at the Vietnam-Japan Economic Partnership Agreement (VJEPA or Agreement) which is scheduled to enter into force this year.

The article will only focus on the "Trade in Goods" section of the VJEPA and what potential duty benefits they could provide for companies in Vietnam.

Considering the volume of Vietnam's trade with Japan (*exports USD 1.75 billion and imports USD 1.33 billion**), it made sense for both countries to negotiate an Economic Partnership Agreement. VJEPA negotiations between Vietnam and Japan started on October 19, 2006 and were concluded after only nine rounds of talks in September, 2008 and the VJEPA was officially signed by both countries on December 25, 2008.

According to the agreement's text, the VJEPA will enter into force on the first day of the second month following the month in which the governments of Vietnam and Japan have exchanged diplomatic notes informing each other that their respective legal procedures necessary for entry into force of the VJEPA have been completed. Initially both countries agreed to finalize their domestic legal procedures in May, 2009. However, this timeline was not met and Vietnam and Japan have now agreed to complete all of their domestic legal procedures in August, 2009. Japan and Vietnam's ministries of Foreign Affairs will exchange their diplomatic notes during August, 2009 in order for the Agreement to enter into force on October 1, 2009.

From Vietnam's side, before announcing that all its domestic legal procedures have been completed, certain legal documents had to be finalized and issued by the ministries of Trade and Industry (MoIT) and Finance (MoF). Circular No 10/2009/TT-BCT on the implementation of the VJEPA rules of origin was already issued by the MoIT dated May 18, 2009. However, the circular on the implementation of the special treatment on import tariff of trade in goods under the VJEPA is still being finalized by the MoF and is expected to be issued soon, at least before the end of August, 2009.

Once the VJEPA comes into force approximately 92 per cent of goods trade between Vietnam and Japan will be exempted from import duties within a period of 10 years. Vietnam-originating products such as agricultural and aquatic products as well as garments will be exempted under the VJEPA when imported into Japan, whereas Japan-originating industrial products such as automotive spare parts and certain electronics can be imported into Vietnam exempted from import duties or with reduced import duty rates.

Can my products benefit?

First and foremost, it is important to identify whether your products can actually benefit from the VJEPA, ie: whether there are any duty rate reductions provided under the VJEPA for your products. Annex 1 to the VJEPA outlines the preferential tariff reductions schedules of Japan and Vietnam. In order to determine what the potential benefits are for your company, you need to ascertain the customs classification of your products and the current import duty rate you are currently paying in the destination market (Japan or Vietnam). Once you have determined this, you can basically determine the margin of preference, which is the difference between the standard Most Favored Nation tariff rate and the lower preferential VJEPA tariff rate and subsequently determine the potential customs duty savings that can be achieved from the VJEPA.

It is important to emphasize that where there are no duty reduction benefits for your company under the VJEPA, it should be considered from a duty savings perspective whether the benefits of using the VJEPA outweigh the costs.

Similar to the AANZFTA and other FTAs that Vietnam has concluded, although the VJEPA can be a source of significant customs duty savings, these savings are not granted automatically. In order to benefit, a trade flow must originate from Vietnam or Japan and adhere to the various qualifying and compliance rules of origin as specified in the Agreement.

Under the VJEPA, goods are considered as originating in Vietnam or Japan where goods are wholly obtained or produced in Vietnam or Japan. Examples of goods that are wholly obtained or produced are plants, plant products grown and harvested, picked, or gathered in Vietnam or Japan, live animals and goods obtained from animals, minerals and other naturally occurring substances and sea-fishing and other marine products.

Where goods are not wholly obtained or produced, basically for manufactured products, they are considered to be originating if the meet the following main categories of rules of origin under the VJEPA.

Product specific rules

The product specific rules under the VJEPA, listed in Annex 2 to the VJEPA, may vary from a change in tariff classification at a chapter level (two digits), a tariff heading level (four digits), and a subheading level (six digits) to a local value content to a combination of these rules. Also, specific manufacturing or processing operations (e.g.: for certain textile and textile fabrics) or the "wholly obtained-criteria" maybe applicable to certain products.

Which specific rule ultimately applies depends on the customs classification of the product. Where product specific rules do not apply (i.e.: the product is not listed in Annex 2 to the VJEPA), the product may qualify under the below mentioned local value content or change in tariff classification rule.

Local Value Content (LVC)

Under this rule, the total value must be at least 40 per cent of the Free on Board (FOB) value of the finished product and the final production process must have taken place in Vietnam or Japan. The LVC is basically calculated by deducting the value of the non-originating materials (VNM) from the FOB value. A change in the tariff heading, at a four digit level, taking place in Vietnam or Japan between the end product and all non-originating materials that are used in the production, subject to certain conditions and relaxations.

So, what is next?

After you have determined that there are potential duty savings and your product can be considered as originating in Vietnam or Japan-based on the above described rules, the next step is to apply for a certificate of origin in order to demonstrate to the customs authorities in either Vietnam or Japan that your product is originating. The relevant certificate of origin under the VJEPA is called the "Form VJ". An example of this Form VJ is attached to Circular No 10/2009/TT-BCT.

The authorized agencies in Vietnam where companies can apply for a Form VJ are basically all the "Import-Export Offices" in the 16 main regions (including Hanoi, Ho Chi Minh City, Danang, Dong Nai, Haiphong, Binh Duong and Vung Tau). The list of all offices authorized to issue the Form VJ is attached to Circular No 10/2009/TT-BCT.

What supporting documents need to be submitted when applying for the Form VJ, depends on the applicable qualifying rule of origin as this depends on a product by product basis (e.g.: a production cost statement where the Local Value Content of 40 per cent applies, or the classification rationale of raw materials and finished products in case the Change in Tariff Classification rule applies).

Compliance with the applicable rules of origin of the Agreement (even after the Form VJ has been issued) is key for companies to have a supportable claim for the lower import duties which are provided for under the VJEPA. Therefore, a review of the relevant costs, manufacturing process and/or or tariff classification of a company's products should be part of the opportunity assessment before making a claim under the VJEPA (e.g. a later change in the tariff classification of the finished product may revoke the duty benefits where the Change in Tariff Classification rule was applied and the Form VJ had been issued on this basis).

In addition to FTAs that are currently in force in Vietnam and the recently concluded AANZFTA where savings opportunities could be available to Vietnamese manufacturers that export their products to Australia and New Zealand, Vietnam is on the verge of implementing its first major bilateral Economic Partnership Agreement with Japan. This VJEPA is expected to provide companies in Japan and Vietnam with substantial savings opportunities when exporting their products to both countries.

As such, companies in Vietnam that export products to Japan should prepare themselves and assess whether leveraging on the VJEPA could benefit them and whether their products would meet the relevant rule of origin. Preferably, companies should perform this assessment before the scheduled implementation date of October 1, 2009 so that once the VJEPA enters into force, they can already start using the benefits that are provided by the Agreement.

Finally, it is important to note that Vietnam, as part of ASEAN, also has a multilateral Economic Partnership Agreement with Japan, the ASEAN-Japan Economic Partnership (ASEAN-Japan EPA). Depending on your products and/or existing supply chain or business model, it might as well be possible that the VJEPA is not more beneficial to use than the ASEAN-Japan EPA (e.g.: different rule of origin may apply or lower import duty reductions for your product).

It is, therefore, important that both agreements should be considered at the same in order to determine which one is more beneficial for your company to use. We welcome your comments and questions nu.to.van@vn.pwc.com. To learn more about doing business in Vietnam, please visit www.pwc.com/vn.

(*Source: VNN/VIR/Ministry of Foreign Affairs of Japan)*

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Thai real estate giant invests in seaport city

The second largest housing developer in Thailand, Preuksa Real Estate Plc (PS) is expected to pool capital with a Vietnamese group to establish a Haiphong-based joint venture that specializes in constructing houses for middle income earners.

The Bangkok Post quoted PS executive manager, Thongma Vijitpongpun, as saying that the firm will offer high-quality, well-designed accommodation to attract Vietnamese customers.

The company's first project will be urban buildings in the seaport city of Haiphong, which is just over 100km from Hanoi.

Thongma said PS will use the earnings from its first project to invest in the upcoming projects and will learn about the housing market in Vietnam before proceeding, in order to best cater to Vietnamese lifestyle and culture.

Preuksa Vietnam LLC, the future joint venture between PS and Vietnam's Huy Hoang Group, will have about VND170 billion in registered capital, of which 85 percent will be held by PS through its branch Preuksa International. PS fetched USD 40 million in profits in the first half of 2009, a 41 percent rise from the same period last year.

(Source: VOV)

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Construction ministry seeks to set up new industry groups

The Ministry of Construction has proposed that the government grant permission for two new state-owned groups in the construction and engineering industries to strengthen local business competitiveness.

The new groups will comprise of a number of existing state-owned companies operating in the industries, with larger ones forming the groups' backbones, the ministry said last week.

According to the proposal, the Construction Industry Group will have total assets worth VND51.1 trillion (USD2.8 billion) and more than 81,000 workers, and the Housing and Urban Development Group will have assets worth VND30.1 trillion (USD 1.6 billion) and 78,000 workers.

The new groups would combine capital, human resources and know-how of their members to make them more competitive on big contracts bids, the ministry said. However, some companies named in the proposal objected to being forcibly grouped at a meeting Friday (07 Aug 2009) in Hanoi.

Le Van Que, chairman of Song Da Corporation, called such an establishment "forced addition." Companies should be able to join a group on a voluntary basis, he said.

The government has allowed so-called state-owned "economic groups" to be established as part of a pilot program since 2006. Eight such groups now operate in the fields of oil exploration, electricity, shipping, post and telecommunications, coal and minerals, insurance, textile and garments, and rubber. Local economists have shown concerns about the lack of regulations on the groups' operations as well as their low performances and called on the government to review the pilot program.

(Source: VnBusinessNews)

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Chinese builder wins deal for first part of southern expressway

China Road & Bridge Corporation (CRBC) on Wednesday (05 August 2009) cut a deal with Vietnam Expressway Corporation (VEC) to build the first 3.5-kilometer section of the HCMC-Long Thanh-Dau Giay expressway project at a cost of VND1.38 trillion (USD76.6 million).

Under the contract signed in Hanoi on Wednesday (05 August 2009), the Chinese contractor will complete the section in HCMC within 32 months, which is the first package for the long-awaited project of six packages to build the 51km expressway linking HCMC and Dong Nai Province.

This package 1A will include a 3.5-kilometer road passing through District 9 of HCMC, a flyover and landscapes along the section, said VEC general director Tran Xuan Sanh.

Speaking at the signing ceremony, deputy minister of transport Ngo Thinh Duc said it was urgent now to build expressways because of key roads and bridges in the country have become overloaded. He added the Government considers infrastructure a high priority, particularly traffic infrastructure, to foster socio-economic development.

The expressway, which will be a toll road upon completion, will start from the T-junction on the second ring road in HCMC's District 9, approach the future Long Thanh International Airport, and end at Dau Giay T-junction on National Highway 1 in Dong Nai Province.

The project, prepared years ago to improve traffic connection within the southern key economic zone and ease congestion on National Highway 1, will also include 20 small and medium bridges and a large one of 1.7 kilometers over the Dong Nai River in Long Thanh.

The road project will receive an OCR (ordinary capital resources) loan of over USD 410 million from the Asian Development Bank (ADB), and USD 516 million from the Japan International Cooperation Agency (JICA). Once completed in 2014, the project will facilitate traffic to and from the Long Thanh International Airport.

The expressway is designed to connect to the East-West Highway in HCMC and other planned expressways such as Dau Giay-Lam Dong and Bien Hoa-Vung Tau in the coming years to make an axis road linking the Mekong Delta region with southeastern provinces.

The HCMC-Long Thanh-Dau Giay includes two road sections; the first one starting from HCMC's second beltway to Long Thanh will be funded by JICA and the remaining section Long Thanh-Dau Giay will be financed by ADB.

In the first phase, which requires USD 932 million, VEC will develop a four-lane road of 27.5 meters wide. In the second phase, the road will be expanded into eight lanes for the HCMC-Long Thanh section and six lanes for the Long Thanh-Dau Giay section.

The project is divided into six construction packages. As package 1A is now awarded to the Chinese contractor, VEC is selecting candidates for packages 1B, 2 and 3. Several international contractors, mainly Chinese and Korean ones, have submitted papers to vie for these packages. These include CRBC, Guangxi Road and Bridge Construction, Kumho Industrial, Posco E&C, Doosan Heavy Industries and Construction, Shamwan, Keangnam, Hanshin E&C, and Vietnamese builders Cienco 4, Cienco 6, Cienco 8, Vinaconex, Thang Long Construction.

(Source: SGT)

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Vietnam Industry and Energy Fund shuts down

Vietnam Industry and Energy Fund Management Joint Stock Co. has been approved to close, according to Decision 463/QD-UBCK signed by the chairman of the State Securities Commission of Vietnam.

The fund management company, founded by the Vietnam Bank for Investment and Development (BIDV), with chartered capital of VND100 billion, has been operational since December 2007 when it was assigned to manage the fund bearing the same name with registered capital of VND10 trillion.

The close-ended fund was co-established by giant state-run groups and corporations including Vietnam National Oil and Gas Group (PetroVietnam), Vietnam National Coal and Mineral Industries Group (Vinacomin), Vietnam Post and Telecommunications Group (VNPT), Song Da Corp. and Urban and Industrial Zones Development Investment Corp. (IDICO). Those giants hold 80% of the fund.

However, those shareholders have been forced to cut all investments outside their core business operations and have suspended investments to the fund.

In the original press briefing to introduce the fund in 2007, BIDV chairman Tran Bac Ha said he would allow investments worth over VND7.4 trillion for 82 projects during the period 2007-2009, but the fund has yet to spend a dime on a single project.

The fund was initially tailored to prioritize investment in energy and industrial projects carried out by its founding members within the country and in the former Indochina region including Laos and Cambodia.

(Source: SGT)

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Kim Lien underpass gets upgraded

Preparation for the waterproofing of Hanoi's Kim Lien Underpass, the most modern underpass in Vietnam, starts on August 10.

Bao, head of the city's Main Project Management Unit (MPMU). Bao said that the reason behind the leakage was a partial subsidence at the joints.

In reaction to the situation, Taisei, the project's principal contractor, has proposed a waterproofing plan which was ratified by the Japanese Bridge and Structural Institute.

Taisei said that the tunnel was still structurally sound and that the leaks were a common problem in Japan in underground construction, as well.

The MPMU had already gathered opinions to help create the waterproofing plan from the institutes of Construction Science and Technology, and Irrigation Science, according to Bao.

A special consultancy group has also been set up to evaluate and assess all the joints after the waterproofing work is finished. The remaining work to be done on the project is being carried out as quickly as possible, and the tunnel is still open to traffic.

The construction of the Kim Lien Tunnel began in July 2006 and has cost VND 467 billion. The 664-metre tunnel is expected to be completed by October 10.

(Source: VNS/VOVNews)

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Construction safety fears building up

Continuous labor accidents at the construction site of Vietnam's highest building, the Keangnam Hanoi Landmark Tower, have raised serious safety concerns about high-rise building sites.

Despite Keangnam Vina chairman Ha Jong Suk apologising for the accidents and promising to tighten safety controls, three labor accidents in rapid succession have led to speculation labor regulations are being ignored by contractors. Le Bach Hong, deputy minister of Labor, Invalids and Social Affairs, said fines for work safety violations were too small and some contractors flouted the rules. Under current regulations, each violation is subject to a fine between VND 200,000-VND 20 million.

Hong said to fix the problem, a heavier fine system must be applied to investors, contractors and laborers. Last week, the Hanoi Construction Department demanded all investors and contractors work out more effective solutions to ensure construction site safety. Workers must be trained with advanced working methods at all sites.

According to a Ministry of Health survey on labor accidents, around 80 per cent of the surveyed enterprises conceded "very bad working conditions". Only 20 per cent of them met labor safety standards. Accidents most often occurred in mining, material manufacturing and construction. According to the Hanoi Department for Labor Invalids and Social Affairs, accidents at construction sites made up 60 per cent of the total labor accidents last year. Investigations into accidents that led to deaths were also slow.

According to the Hanoi Bureau for Labor Safety, many construction sites did not have safety fences and workers did not wear safety harnesses when working on high-rise buildings. Many contractors had cut off safety equipment to reduce expenses. A representative from a supervising company said that another outstanding problem was the quality of workers. There was a serious shortage of professional workers, and the majority was not qualified to work on such projects.

(Source: VIR)

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Work starts on southern traffic artery expansion

Construction began in Dong Nai Province's Nhon Trach District on Sunday (02 August 2009) on a project to expand National Highway 51 that runs from the southern province to neighboring Ba Ria-Vung Tau.

The 72.7 km road will be expanded to a width of 39m with six motor lanes and two general lanes, allowing vehicles to run at a maximum speed of 80 kilometers an hour. The road has four lanes at present.

The BOT (Build-Operate-Transfer) project includes the expansion of 16 bridges and construction of 13 other river bridges and 12 flyovers in densely-populated areas at a total cost of VND 3.2 trillion (USD177.7 million).

The highway is considered a traffic artery of strategic significance to the southern economic zone; the Vietnam News Agency quoted Deputy Prime Minister Hoang Trung Hai as saying at the ground-breaking ceremony.

The project is expected to be completed by February 2012.

(Source: Thanhnien)

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Binh Duong Province seeks USD 1bil investment

Binh Duong has set a goal of attracting USD 1 billion in foreign direct investments this year, according to deputy director of the provincial DPI Le Viet Dung.

"The global economic crisis and a provincial policy that excludes environmentally polluting projects have had an impact on the provincial investment attraction," Dung said. The province has absorbed USD 552 million in foreign direct investment in the past six months, far lower than last year's corresponding period. However, Dung said he believed the USD1 billion investment goal would be within reach. "The province is considering granting an investment certificate for a Taiwanese low-cost housing project with capital totaling USD50 million in the first phase," he said.

In a move to attract more foreign investors to the province, a delegation has been sent to Bangkok to advertise its potential and investment opportunities and its favorable policies for foreign investment. "After the five-day trip, we do hope to attract more Thai investors to do business here in our prioritized sectors, such as infrastructure construction and hi-tech," Dung said.

Aware of how important foreign investment is to provincial economic development, Binh Duong has been quick to slash administrative procedures for investors by installing a one-stop policy and simplifying licensing requirements.

The province had also developed infrastructure. Efforts had been made to develop investment projects within industrial zones and to further improve electricity, water supply, transport, waste treatment and trade. Additionally, the province had enhanced marketing campaigns for potential international investors, targeting certain economic groups and sectors, he said.

Binh Duong ranked second in the 2008 Provincial Competitiveness Index - a survey of the business climate in 63 provinces and centrally administered cities nationwide.

(Source: VietNamNet/Viet Nam News)

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More money requested to clean up toxic canal

Ho Chi Minh City agency has asked the municipal administration to grant an additional VND437 billion (USD24.5 million) to a project to clean up a polluted canal that floods neighborhoods with untreated wastewater.

The project to dredge a 1.9-kilometer section of the Ba Bo Canal between the city and Binh Duong Province started in October last year but little work has been completed due to site clearance problems.

According to Nguyen Ngoc Cong, deputy director of the HCMC Steering Center for Anti-flooding Programs under the municipal People's Committee, the center had asked to the committee to increase the project investment from VND307 billion (USD 17.23 million) to VND744 billion (USD 41.76 million).

The proposal was announced Wednesday (05 Aug 2009) in a working session with the Economy and Budget Committee under the HCMC People's Council, the legislature. He said the increase was needed as the project lacked money to compensate residents for site clearance, adding that the additional money would also be used to improve wastewater treatment facilities. Cong said the city administration had not ratified the proposal but it had approved it in principle.

No plans

Nguyen Thi Ngoc Duc, head of the Binh Chieu Ward's administration in HCMC's Thu Duc District, home to part of the canal, said the major cause of the delay was the lack of funds to compensate displaced residents. He said many households had rejected current compensation rates and have refused to relocate.

The municipal administration recently instructed relevant authorities to complete site clearance this month but only about a third of the task had been completed so far.

Huynh Cong Hung, deputy head of the Economy and Budget Committee, admitted that compensation and site clearance were delayed as there were no plans as to exactly how the displaced residents would be relocated yet. But Hung pledged that by 2010- 2011, pollution on the canal would be "absolutely improved."

Officials at the meeting said the city and the province were working together to better control wastewater poured from local industrial zones into the canal.

Still miserable

According to the city's Department of Natural Resources and Environment, pollution in the canal has showed signs of lessening since the project was launched, but recent tests showed that the content of contaminants was still 1.7- 9.3 times the legal limit.

The canal has made life miserable for thousands of households living nearby as it often floods their streets and homes with toxic water. A report said the canal receives about 8,600 cubic meters of wastewater from industrial zones daily.

According to statistics by the city's Department of Natural Resources and Environment, among the 78 businesses that drain wastewater into the canal, 14 don't treat their wastewater at all before dumping it.

At the meeting, residents said pollution in the canal had yet to improve and that severe flooding was still common during heavy rains.

The project, planned in 2003, aimed to improve the flooding situation in a 1,560-hectare zone while treating wastewater from residents and local industrial zones. The building of a reservoir to regulate flood water and the planting more trees were also included in the project, but the reservoir project has been put on hold and the trees have yet to be planted. In May, the city agreed to add VND55 billion (USD 3.09 million) to the project, increasing its budget to VND307 billion (USD 17.25 million).

(Source:Thanh Nien News)

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Central Highlands needs funding for 120 projects

The Central Highland provinces need nearly VND100, 000 billion to invest in 120 projects.

This issue will be discussed at an investment forum in Buon Ma Thuot City, Dak Lak province on September 5.

The event is being organised by the Central Highland Steering Committee in coordination with the Ministry of Planning and Investment, the Dak Lak Provincial People's Committee and the 4 provinces of Lam Dong, Gia Lai, Kon Tum, Dak Nong plus the Bank for Investment and Development of Vietnam.

The provinces that need large amounts of funding is Lam Dong (VND85, 838 billion ~ USD 5.5 billion), followed by Dak Lak (VND5, 153 billion), Kon Tum (VND4, 761 billion), Dak Nong (VND2, 134 billion) and Gia Lai (VND1, 918 billion).

The construction industry is seeking VND63, 859 billion, local infrastructure (VND29, 936 billion), tourism (VND2, 808 billion), industry (VND2, 006 billion), agriculture and forestry (VND625 billion), health care (VND250 billion) and education and training (VND230 billion).

During the forum, the Central Highland provinces will present their economic potential preferential policies and new mechanisms as well as administrative procedures for investment and business registration in the region.

The forum will be a chance for investors and businesses to seek out investment opportunities in the Central Highlands.

(Source: VOVNews)

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Road builder begins to widen National Highway 51

Bien Hoa-Vung Tau Expressway Development JSC (BVEC) on Sunday (02 August 2009) kicked off expansion of a road linking Dong Nai and Ba Ria-Vung Tau provinces to ensure a better flow of goods in the southern focal economic zone.

National Highway 51, running from T-junction at the Dong Nai Bridge to Vung Tau City, will be widened to eight lanes at a total cost of VND3.2 trillion (USD177.7 million).

Speaking at the groundbreaking ceremony, Deputy Prime Minister Hoang Trung Hai said the highway was a strategic backbone connecting HCMC, Dong Nai and Ba Ria-Vung Tau, which form an economic triangle in the southern economic zone.

Demand for cargo circulation between these three provinces is rapidly increasing, especially the transportation of cargo to and from major ports in Cai Mep-Thi Vai area in Ba Ria-Vung Tau, placing great pressure on the highway. Traffic jams grind many parts of the road to a standstill every day.

Deputy Prime Minister Hai asked relevant ministries and agencies to join forces with the developer to speed up the project so as to open the road to traffic as soon as possible.

The expansion of the 72.7-km road will take two years and a half. The project also includes expanding 16 existing bridges, and building 13 new bridges and 12 overpasses in crowded residential areas.

BVEC was founded by a group of large State-owned companies comprising Vietnam Urban and Industrial Zone Development Investment Corporation (Idico), Song Da Corporation, and Bank for Investment and Development for Vietnam.

The company also plans to commence work on Bien Hoa-Vung Tau expressway in the third quarter in build-operate-transfer (BOT) form.

The expressway, 35 meters wide with six lanes, will run in parallel with National Highway 51, and will require total capital of VND15.5 trillion, or USD 861 million.

** In a related development, a project to develop the Mong Cai international border gate city in the northern province of Quang Ninh has been approved by Prime Minister Nguyen Tan Dung.*

According to a decision issued on July 29, Mong Cai will be upgraded into a city in Vietnam by 2020, with modern trade centers, retail malls and an integrated infrastructure system.

The government will set aside priority funds for 26 projects until 2020 to upgrade the city's urban infrastructure. The city will be home to 175,000 people by 2020.

(Source: The Saigon Times Daily)

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Vietnam calls for more investment in housing development

Vietnam encourages more private investment in housing development with a view to attaining the target of raising the average dwelling area per capita to 14.3 sq.m by 2010 and 18 sq.m in 2020, according to the Ministry of Construction.

Speaking at a seminar on August 5th 2009 in Hanoi, Nguyen Manh Ha, Director of the ministry's Department for Housing and Real Estate Market Management, said that the total housing stock of the country now exceeds 1 VND billion sq.m, which means every Vietnamese has 12.2 sq.m of housing on average.

Of the total, around 30 percent, or VND 320 million sq.m of dwellings are built in urban areas and the remaining 70 percent in rural areas, Ha added.

Almost all participants in the seminar, entitled "Creating incentive policies for housing development", agreed that Vietnam's housing policy has been modified to meet the people's growing needs during the process of rapid urbanization in recent years.

The Vietnamese Government decided to eliminate its housing subsidy system in 1986, shifting toward more market-oriented mechanisms, such as selling state-owned houses to tenants, investing in new urban areas with multi-storey housing blocks and mobilizing people's ability to get more involved in their own housing. However, Ha pointed out that up to 70 percent of the total housing stock was built by individuals (either new construction or renovation) while investors' contribution was only 30 percent.

Meanwhile, a survey by the UN Habitat, an urban development programme in Vietnam, suggested that 25 percent of the current dwellings in Vietnam are of poor quality, with some of them being makeshift houses built by low income families that can't afford to buy a new house or renovate their current dwelling. Therefore, the Ministry of Construction said priority will be given to the implementation of the national housing development programme for the 2010-2015 period, which will further create favorable conditions for investors, both local and foreign, to develop housing in the country.

The programme will focus on renovation and reconstruction of old housing blocks, and development of flats for low-income people, students and workers.

(Source: VNA/VOVNews)

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Government to underwrite loan for Kien Luong Thermoelectric project

The Government will act as credit guarantor for the Kien Luong 1 Thermoelectric project, according to the approval of Prime Minister Nguyen Tan Dung.

The project is the first of Kien Luong Thermoelectric Center and includes two power plants with total estimated capacity of 4,400 MW owned by Tan Tao Group (ITA Group). Construction of the plant with capacity of 1,200 MW on over 578 hectares in Kien Luong Town of the Mekong Delta's Kien Giang Province will begin by year-end.

Once operational by 2013, the VND46.8 trillion plant funded by the Japan Bank for International Cooperation (JBIC) is expected to generate 8.1-8.4 trillion kWh per year.

ITA Group's projects at the Center are worth nearly USD7.7 billion and include the two thermo power plants and Nam Du Transshipment Deep Water Port which was given the green light to access a bank loan from JBIC.

The coal-powered power center, which will have to import coal from Australia and Indonesia via Hon Chong Port, will be the largest in Vietnam to meet the entire power demand of industrial parks in Ha Tien Town, empower Phu Quoc Island, export electricity to Cambodia and join the national grid.

(Source: The Saigon Times Daily)

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Singapore's Banyan Tree to build USD 900m Vietnam resort

Hospitality group Banyan Tree is on track to develop one of Vietnam's largest integrated resorts. The phase one development of its USD900 million beachfront project Laguna Hue commenced on Saturday (01 August 2009) with a groundbreaking ceremony.

The Singapore-listed company raised USD283 million for the project through a real estate fund established in 2008. When the first phase of the 280-hectare project is completed in 2012, there will be two resorts -- an 18-hole golf course designed by British golfer Nick Faldo, and residential apartments for sale. When fully completed, the project will add five more resorts as well as convention and shopping facilities.

Banyan Tree aims to replicate the success of its flagship Phuket resort, and gain a foothold in the growing Indochina tourism industry.

Laguna Hue will be the largest hospitality investment by a Singapore-based company into Vietnam.

Executive chairman, Banyan Tree Holdings, Ho Kwon Pin, said: "We see the market for Laguna Hue to be very similar to the market for Laguna Phuket. There will be guests from Asia, like China, Japan, Hong Kong, and a lot from Europe also." Banyan Tree said both resorts in Vietnam and Phuket will leverage on each other to create a stronger brand alliance such as in destination cross-marketing, events, and sales distribution. The company said the economic crisis turned out to be a blessing in disguise for the project.

Ho said: "The global downturn affected the speed of our fundraising for the US$300 million by a few months, but at the same time, we're building now because construction costs are a lot lower. “By the time the Banyan Tree and the Angsana Hotel, which is the phase one of the project, open, that will be about two years from now. We think that's the time the world economy will be going strong, and we will be riding the wave, so we think the timing is very good."

Laguna Hue is an hour's drive from both Danang and Hue International Airports.

The location offers a unique attraction with two nearby UNESCO world heritage sites, Hoi An and Vietnam's ancient capital of Hue. The development is expected to generate some 6,000 jobs for the residents of Hue and its neighboring provinces.

Over the next few quarters, Banyan Tree will continue to push ahead with its expansion plans, with resort and hotel openings expected in Hangzhou, China; Bali, Indonesia; Ras Al Khaimah, UAE and Acapulco, Mexico.

(Source: VnBusinessNews)

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Lilama signs contracts for Vung Ang 1 power plant

Vietnam Machinery Installation Corporation, or Lilama, on Thursday (30 July 2009) signed deals with combined value of over USD137 million with three contractors to develop Vung Ang 1 thermal power plant in Ha Tinh Province.

South Korea’s Hyundai Engineering Co., Ltd won the first contract worth USD9 million to take charge of construction design. Meanwhile, a consortium of Japan’s Toshiba Corporation and Sojitz Corporation won a USD112-million contract to provide turbines and generators for the project.

Lilama also clinched a deal worth USD 16.6 million with Yokogawa Engineering Asia Pte Ltd as provider of automatic control equipments for Vung Ang 1 plant. Lilama’s general director Pham Hung said the corporation had almost completed signing major packages for construction of the thermal power plant, the Vietnam News Agency reports. Lilama has plans to sign small packages for provision of clinker, cooling system, and clinker conveyor next month.

The thermal power plant will contribute eight billion kilowatts to the national grid per year since 2013 from two turbines with combined capacity of 1,200 megawatts. The first turbine is expected to run in 2012.

The project is invested by Vietnam National Oil and Gas Group while Lilama serves as the engineering, procurement, and construction (EPC) contractor. The plant will help ensure energy security in the country in coming years.

(Source: SGT)

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VASCO & VALC join forces to capitalize on private plane market

Vietnam Air Services Co. (VASCO) has teamed up with Vietnam Aircraft Leasing Co. (VALC) to provide consulting and charter plane services for individual operators in Vietnam.

Bui Ngoc Hoang, director of VASCO, said on the phone on July 29 that the two companies would help individuals buy suitable small-sized planes including Cessna for their business and leisure trips as part of an agreement they signed in HCMC on July 29. Hoang said guests would be assisted with after-sale services including how to make use of their aircraft and manage operating costs efficiently. The two sides will invest in buying planes for long-term lease to individuals as well.

VASCO and VALC, Hoang said, will provide all the services as for Hoang Anh Gia Lai Group's chairman Doan Nguyen Duc, who was helped to purchase a Beechcraft King Air B350 for USD7 million over a year ago.

Duc signed a contract with VASCO for purchasing and completing procedures for a license for his own plane that can operate from runways as short as 3,300 feet and be used for short-haul flights of around 2,500 kilometers. Duc got a license to operate the 12-seat aircraft that delivers near jet performance and is installed with Pratt & Whitney Canada engines not long after the plane delivery to him.

Hoang said the potential for Vietnamese individuals to own a plane was huge because many needed a private plane for travel. He added this was why VASCO and VALC were joining forces to cash in on this market segment.

Luu Thanh Binh, deputy director general of the Civil Aviation Administration of Vietnam, described the agreement between the two companies as a breakthrough for Vietnam's civil aviation industry and a platform for the local private aircraft market to take off.

VALC is expected to help purchase the first private aircraft later this year, and is aiming to arrange 5-10 planes for individuals in Vietnam in the next two years. VALC was established by major State-owned companies in late 2007 with registered capital of some USD200 million to provide aircraft charter, air taxi, airport services, and aircraft maintenance and repair services among others. VALC has ordered more than 20 modern aircraft including eight Boeing B787s for lease to Vietnam Airlines under long-term contracts the two sides have clinched. This national flag air carrier is one of the share-holders of the plane leasing firm.

(Source: VietNamNet/SGT)

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Nidec Tosok has new project in HCM city

Japan’s Nidec Tosok Corporation has established a joint venture with another Japanese firm in Vietnam, Akiba Die Casting Co., to manufacture auto parts at HCMC’s Tan Thuan Export Processing Zone.

Vu Van Hoa, director of the HCMC Export Processing Zone and Industrial Park Authority (Hepza), said on Thursday (30 July 2009) that Hepza awarded the investment certificate to the investor at a function in the city late last week.

A new USD7 million company, called Nidec Tosok Akiba (Vietnam) Co., Ltd, is 85% owned by Nidec Tosok. The venture will develop a factory on around 6,000 square meters to make items such as valve body, aluminum die-casting and zinc spelter die-casting products. Work on this factory is planned to start this month and it will come online in May next year. The products will be exported, according to Hepza.

Nidec Tosok Vietnam in Tan Thuan Export Processing Zone produces electric wires, computer fan motors and parts for gearboxes, among others. This is a joint venture between the world's leading producer of small precision motors and hi-tech products Japan's Nidec Corporation and Tosok Precision.

Nidec also has committed to invest some USD 1 billion in the Saigon Hi-Tech Park of the city. Nidec Corporation inaugurated electronic component factories in the park which are producing hi-tech products mainly for export.

(Source: Sai Gon Times)

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Vietnam gets high wind power potential

Viipip.com - *Harnessing the power of the wind is the way to aim to, said experts, since it does not pollute or take away land from people or crops. Vietnam, which is plagued by energy shortages, has great potential for developing wind energy.*

A survey by the World Bank has found Vietnam has greater wind energy potential than Thailand, Laos and Cambodia. Vietnam has the capacity to produce 513,360 megawatts of wind power/year, or 200-fold in compared with the output of the Son La Hydroelectric Plant in northern Vietnam - Southeast Asia's largest power.

Following Ministry of Trade and Industry's plan, Vietnam's renewable energy would increase 5% aiming to develop alternative energy sources from 2015 to 2025. Wind and solar power are expected to account for half of that.

Vietnam's land mass includes some 17,400m2 suitable for developing wind power projects, showed by a government survey. The provinces of Ninh Thuan and Binh Thuan show the greatest prospect, with a potential of 800 megawatts. Besides, the Vietnamese government is also directing to alternative power to provide for about 5% of the nation's electricity by 2020.

At present, more than 20 wind power projects are under construction in Vietnam, with the ability to generate an expected electricity output of 20,000 megawatts, although none are yet operated or connected to the national grid.

These connections may be promoted by the German Organization for Technical Cooperation that announced this month. This organization would help Vietnam implement a legal framework for connecting wind power projects to the national grid.

The agreement also calls for Vietnam to consider and develop a policy involving in consultants to the country's wind power projects. This progress could show profitable to Germany, the world's second-largest wind-power generator in 2008, in speeding up its role in advising developing countries on making the switch to wind as an energy source.

It is necessary to Vietnam to improve its policies and provide a strong legal foundation to attract more foreign investors in renewable energy sector, Gunter Reithmacher said, GTZ's chief representative in Vietnam.

Switzerland-based Aerogie Plus has already tapped into Vietnam's energy market,with a USD 28 million diesel-wind power plant on the island of Con Dao, belonging to the southern province of Ba Ria-Vung Tau, expected to be operational in 2010.

(Source: Viipip.com)

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Dong Nai: Adjusting and adding IPs oriented from 2015- 2020

Viipip.com - According to document No. 964/TTg-KTN issued in 17 June 2009, Prime Minister Nguyen Tan Dung has approved adjusting and adding industrial parks of Dong Nai based on Vietnam industrial parks development planning from 2015 to 2020.

The Prime Minister has agreed with construction of Long Thanh Service – Urban and High – Tech Industrial Park with 1,922ha in area including 500-ha-high-tech-industrial-park area.

The catalogues of the industrial park (IP) is prior to manufacture and expand as following:
- Adjusting the area of An Phuoc IP from 130ha to 201ha; Tan Phu IP from 54ha to 130ha; and Long Duc IP from 450ha to 580ha.

-Adding the catalogues of expand-to-expected-IPs such as Xuan Loc IP with the area of 200ha and Amata IP with 180ha in area.

Besides, the IPs are expected to be set up such as Long Thanh high-tech IP (500ha); Phuoc Binh IP (190ha); Cam My IP (300ha); Gia Kiem IP (330ha) and Suoi Tre IP (150ha).

(Source: NAT)

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FINANCE – BANKING

Banks raise deposit rates to up to 10.3 percent

Commercial banks continued to raise their dong deposit rates last week, driving the maximum rate closer to the cap of 10.5 percent.

Ho Chi Minh City-based HDBank, or Housing Development Bank, on Thursday raised its 36-month dong deposit interest rates to 10.3 percent a year, saying it is the highest saving rate in the banking system now. Local banks cannot pay interest rates higher than 10.5 percent per annum.

Other banks, including Agribank, Vietcombank, Mekong Housing Bank and SeABank, increased their rates on deposits of different terms by up to 0.3 percent a year, the State Bank of Vietnam said in its weekly report on its website.

The central bank said in the report state-run lenders raised their 12- month deposit rates to between 8.2- 8.5 percent last week from 8.19 percent a week earlier. Meanwhile, partly private banks set their rates as high as 8.7 percent compared to 8.6 percent a week earlier. Lending rates stood unchanged at 10-10.5 percent.

Nguyen Quoc Sy, deputy general director of Western Bank in Can Tho City, said the demand for loans is high now but banks can only cater to that demand if they attract enough funds for lending.

(Source: Thanhnien)

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Sacombank works with overseas firms for express remittances

Sacombank has worked with Vietnamese firms in Canada, Australia and the US to introduce express remittance services.

Saigon Thuong Tin Commercial Joint Stock Bank said it was working with Hai Van Company in Canada, Vina in Australia and Hong Lan in the US to offer businesses and individuals the new money transfer service, which aims to have funds transferred between the countries and Vietnam in 28 hours.

The bank said the service would provide both domestic remittance services and express outward remittance services for the purposes of study abroad, travel, inheritance, payment settlements, monetary allowances and other legal transactions approved by the State Bank of Vietnam. It has also opened the service in Cambodia and Laos, where the bank has two branches.

(Source: TN)

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ACB, Standard Chartered ink mutual support pact

The Asia Commercial Joint Stock Bank (ACB) and the Standard Chartered Bank (Vietnam) Ltd. signed Saturday (08 Aug 2009) an agreement that allows the latter to expand its banking coverage in Vietnam by using ACB's branch network.

UK-based Standard Chartered said the agreement aims to provide cash management services to its corporate customers in the country. ACB's network covers all major cities and provinces of Vietnam.

Standard Chartered's corporate customers will be able to access ACB's branches to make cash deposits or withdrawals.

The two banks also introduced a new cash management service called "Active Cash Collection," which allows Standard Chartered's corporate customers, as payees, to request the two banks to directly debit accounts of the payers who are customers of either bank.

Standard Chartered Bank Vietnam launched Thursday (06 August 2009) its "Taiwan Desk" service, which aims to meet the needs of the Taiwanese business community in Vietnam.

The service will be co-managed by Standard Chartered Bank Taiwan, which will help Taiwanese clients with the lender's wholesale banking products and services.

The opening of the desk is supported by the growing trade between Vietnam and Taiwan and the large presence of more than 3,000 Taiwanese firms in the country, the British lender said.

Helen Hui, managing director and head of Origination and Client Coverage Wholesale Banking for Standard Chartered Bank Taiwan, half of the bank's clients in Taiwan has been doing business in Vietnam.

(Source: Viipip.com/Vietnammarkets/TNO)

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ANALYSIS – OPINION

Vietnam's writers try to organize to deal with Google

Confusion still reigns in publishing circles over Google's offer to pay substantial copyright royalties in exchange for the right to digitize and sell electronic copies of over 4000 Vietnamese literary works. Meanwhile, the Vietnam Copyright Center is seeking writers' proxies to negotiate with Google.

Google is 'digitizing' printed books to build a giant electronic library. However, when it began quietly to carry out this project, it was sued by American writers' publishers. This case has implications for authors worldwide because the books that have been or will be digitalized number several millions and they are in at least 70 languages.

Google responded to the move of US publishers and the American Writers' Guild by proposing, in 2004, to pay royalties to publishers and authors – USD 60 per each work digitized, plus 63 percent of income it earns from selling these works in the future. This became the basis of an agreement between the US writers and publishers, on one side, and Google, on the other.

An American court is scheduled to review the arrangement between Google and the American publishers and authors on October 7th 2009. This hearing is named "The Trial of Equality". But is it really fair? Firstly, Google has digitalized thousands of books but it hasn't announced the book titles. Google claimed that it acts like this to avoid fraud in declaration.

Secondly, Google seems to have very properly offered three options for publishers and authors: they can agree to the royalties of USD60/work and 63% of future profit, or they can reject Google's proposal and pursue the lawsuit, or they can ask Google to remove their works from its database.

It seems that publishers and writers are not coerced to cooperate with Google. However, if Vietnamese authors agree with Google, are they sure that they won't suffer losses? Or, if they don't agree, do they have to sue

Google in the US? Currently, many developing countries like Vietnam have no means to find out if Google commits a fraud in the number of digitalized books or not.

Another question: once Vietnamese authors "sell" their works to Google, can local websites use these works? Vietnam Literary Copyright Centre (VLCC) Director Doan Thi Lam Luyen said that Google doesn't acquire exclusive rights. The VLCC proposes to represent Vietnamese writers in the negotiation with Google and it is calling on writers to authorize it to protect their interest in the case. Luyen said Vietnamese authors may be still confused in this case but if they don't unite and appoint a representative in this case, it is evident that their interests will be affected.

She thinks it will be very difficult for writers to negotiate individually with Google or begin a lawsuit against it. On the other hand, if they withdraw their works from Google's database, they will lose a chance to advertise their works and Vietnamese literature in general to the world.

VLCC joined the International Federation of Reproduction Rights Organization (IFRRO) in March 2009. The membership is useful for the VLCC in such cases, Luyen said. Luyen also said that IFRRO's member organizations and IFRRO are very prudent in the Google case. VLCC established an information sharing and legal consulting assistance network in early July 2009 with copyright protection agencies in many countries, such as Norcode, NFF from Norway, Cedro from Spain and VG Wort from Germany.

It is difficult to directly contact with Google at present because the October 7 hearing is pending. Members of IFRRO are working with Kinsella Novak, a consulting firm based in Washington, to promote media activities and see to legal formalities related to this case. If Vietnamese writers agree with Google, Vietnam will have to send the list of literary works to Google by January 5th 2010.

VLCC and the Vietnamese Writers' Association last week organized a talk with writers about the Google case. VLCC's lawyer, Do Khac Chien, explained to writers that Google will not pay copyright royalties for all literature works that it digitalized. Only works that were published and distributed as books after January 5, 2009 and are protected under Vietnamese law will receive compensation. Google don't have the exclusive right for these works.

Chien advised Vietnamese authors to work collectively to protect their interests. He said that the European Union is organizing a meeting to discuss this matter on September 7th.

A VLCC representative said that at present, the centre only represents the authors of fictional works. Of over 4000 works written by over 3000 Vietnamese authors which Google has digitalized, only one third are fiction. However, authors of non-fiction works who are not members of the Vietnamese Writers' Association can also authorize VLCC to protect their interests. VLCC is asking the Vietnam Writers' Association for authority to represent its members to negotiate with Google. Members who don't want to authorize VLCC can individually refuse permission.

VLCC said that it will ask that if Google uses images and information from literary works to introduce, attract or survey users, it pay a fee for that, too. VLCC Director Lam Luyen told writers that the centre will not collect funds from writers to follow this case. Instead, whenever they receive royalties from Google, they will extract 20 percent for the centre. "I'm afraid that actually, that's not going to be enough for us to pay for our staffs who are involved in this case. If writers do it on their own, I'm sure that they will have to pay a lot more," Luyen said.

Non-fiction writers on July 29 applied to the Ministry of Information and Communications for permission to establish the 'Association of Non-fiction Writers and Translators.'

(Source: VnBusinessNews)

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Vision taking shape

One of the globe's largest retailing firms, Metro Group is working at its full capacity on the implementation of the efficiency- and value-enhancing programme.

Eckhard Cordes, chairman of Metro Group's management board and CEO, talks about how the programme will drive the growth of the group's subsidiary in Vietnam.

Metro Group is talking a lot about "Shape 2012". So, what is that? "Shape 2012" is the cornerstone of Metro Group's strategy and it implies major changes for the group's organisation. It aims at various goals. We want to improve our productivity and reduce cost and at the same time change the culture of the company. One key element of "Shape 2012" is a stronger focus on customers. In the past Metro Group was a very purchase driven organization. Optimizing purchasing is necessary for every retailer but now we want a closer focus on our customer to better understand our customers' demands. "Shape 2012" started early this year as a group-wide programme for all 32 Metro Group countries.

The implementation has begun and we will see the programme's full impact in 2012. The programme consists of two phases. During the first phase we changed our organization and management capacity to exploit the profit improvement potentials, which has been successfully implemented by June 30. We have now started with the second phase on improving our profitability.

In what ways will the programme affect Metro Group's Vietnamese market strategy? Here, in Vietnam, the management had already embarked on a similar programme before we kicked-off "Shape 2012", and the profit improvement targets that the local management has defined are absolutely in line with "Shape 2012". Therefore "Shape 2012" does not bring major changes for Metro Cash & Carry Vietnam. The management here has been proactively shaping its own growth programme. If you carry out such an extensive programme, at the end of the day, it will be all about the implementation.

Defining the targets is easy, but successfully applying the measures for execution is the most important challenge. From my experience it is essential to have the right tools to monitor and verify the implementation - otherwise, we will not be successful. "Shape 2012" brings to Vietnam the toolbox that helps to monitor and implement the measures.

Metro Cash & Carry Vietnam recently opened its ninth store. How many stores are you targeting in Vietnam? In 2009, due to the worldwide financial crisis, we have slowed down our global expansion speed. But, we want to go back to our normal pace as soon as possible. In Vietnam I see a potential to open more stores in the future. Vietnam is a prosperous country where we serve customers' needs in a unique and very successful way.

The Vietnamese government is restricting foreign distributors' number of stores in the country to a certain extent to protect local firms. Do you fear this policy will badly affect Metro Group's expansion strategy? Especially in the current economic situation, the best stimulus package is deregulation and the removal of investment barriers. Any protectionist measure can be of considerable harm to international business. A free, competitive market is also in the best interest of the Vietnamese consumers. Metro Cash & Carry, for instance, clearly strengthens local economies, wherever the company is present. We are sourcing up to 90 per cent of our goods on shelf in Vietnam from local producers and suppliers, establishing modern trade infrastructure and mainly employing people from the local community - management included.

According to ATKearney's 2009 Global Retail Development Index, Vietnam fell six places due to declines in exports and the resulting decline in gross domestic product (GDP). Do you think Vietnam remains very attractive to foreign distribution firms like Metro Group? Sure. Even this year, despite the global crisis, Vietnam continues to grow. In Europe or in the US, we talk about declining GDPs, but in several Asian countries we still see growing GDPs - at little speed nevertheless growing. Also, Vietnam will show an economic growth of about 3 per cent in 2009 according to present forecasts, which a tremendous success is given the global crisis environment. And we are convinced that the Vietnamese economy continues to grow.

Our Metro Cash & Carry business in Vietnam is now very well positioned so we can attract the appropriate management talents which we need to make the company even more successful. We also export textile, food, fruit, fish, coffee, rice and other Vietnamese products into Metro's worldwide network. The export value of about USD 100 million already will surely increase. All in all, Vietnam is an important pillar in Metro Group's strategy.

Do Vietnamese suppliers really meet Metro Group's standards and in what ways will Metro Group help local firms grow their involvement in the global value chain? In Vietnam, we have invested considerably in the training of qualified personnel and in the local infrastructure to develop a reliable supply chain with a consistently high quality of products. We have been training over 19,000 farmers and fishermen since 2002 to improve their competitiveness. With our support, local fruit and vegetable farmers have achieved international quality certifications like GlobalGap and can now export their produce to international markets. Our investment in Vietnam is a sustainable one, and we consider our business as a partner of the Vietnamese economy to continue its very successful development of the past years.

(Source: BaoDauTu)

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Zero percent export growth rate also a difficult task

Though having lowered the targeted export growth rate in its report on the frame plan on socio-economic development by 2010 to zero percent for 2009, the Ministry of Planning and Investment still worries that the goal may not be unattainable.

In order to obtain a zero percent growth rate in exports, which means the same export turnover as in 2008, Vietnam will have to obtain the export growth rate of 19 percent in the last five months of the year in comparison with the same period of 2008.

Director the Department for National Economics Issues under the Ministry of Planning and Investment Bui Ha said on August 5 on the sideline of the regular Government press conference that even a zero percent export growth rate may be unattainable.

Ha said that his ministry has checked the figures about export revenues of the most important export items and has found out that Vietnam has lost some USD 6 billion due to price decreases in the world's market. This means that if the export prices had been equal to that of the previous year, Vietnam's exports by the end of July would have reached USD 37-38 billion instead of USD 32 billion.

In some documents released recently, the Ministry of Planning and Investment said: "Export turnover in 2009 will surely not be as high as last year's. Export turnover has decreased by 13.4 percent already in the first seven months of the year. Export prices may increase towards the end of the year, but the increases will be slight." Ha answered reporters' questions on the sideline of the meeting.

So, will we adjust the export target further? There will not be any further adjustment. The National Assembly sets a goal for the Government to strive for. However, it is quite a different story about if we can obtain the target, while how high export turnover is not a thing that we can decide. The Government can only take measures to encourage exports and create favorable conditions for enterprises to export products. Meanwhile, we cannot decide the export prices in the world.

So, we may have to see exports decreasing, and we may also have to see the GDP growth rate lower than the adjusted GDP growth rate target? Regarding the GDP growth rate goal, we have used a lot of measures to stimulate demand in the national economy. We have been trying to stimulate the domestic market, especially rural market, where 70-80 percent of the population is living.

The agriculture production sector did not suffer big impacts of the global economic recession in the last year, while it serves as the market for industrial products.

In GDP structure, we can see growth in the agriculture sector and in the service sector (the retail turnover increased by 20 percent). The tourism sector has also increased by 20-30 percent.

We launched the demand stimulus package worth USD 7-8 billion, which is a small sum if compared with the demand stimulus packages of other countries. However, if we compare the ratio of the package to GDP, we would see that the ratio is the same as the ratios of other countries.

The demand stimulus package has brought good effects as it has supported industrial production and financial institutions as well. Some pessimistic researchers predicted that many businesses would go bankrupt by the end of 2009. However, as you see, they are recovering, while banks have better liquidity and made profit in the first half of 2009.

Where can we earn foreign currencies from if we continue seeing exports decreasing? In fact, when exports decrease, imports decrease accordingly, because we have to import materials to make products for export. As import turnover decreases, the trade deficit is low if compared to export turnover. This is really not a big achievement. It is simply because our production and economic growth rates have been slowing down, leading to the low imports of materials.

In principle, a payment balance is unattainable in a developing economy.

In a recent report, the World Bank warned that the cash flow to the national economy is decreasing, while the cash outflow is increasing, which may lead to the imbalance of the foreign currency supply and demand…There has not been any problem with our foreign currency reserves. However, there have been warnings that the export decrease will have bad influences on the international payment balance.

However, the foreign currency earning will still depend on many other factors, for example, the official development assistance (ODA) capital. Meanwhile, ODA disbursement has been going very well. And foreign direct investment keeps flowing in. Therefore, we can say that there is no problem with the foreign currency supply.

How will the decreases in import and export turnover affect the state budget collection? No serious problem has occurred with the state budget collection as previously thought. A lot of receipts have been improved. The income from crude oil is an example. When we asked the National Assembly to adjust the export turnover target, the crude oil price was just USD 40-50 per barrel in the world's market. Meanwhile, the price has surged to $70 per barrel. I think that the state budget deficit of 7 percent of GDP is within reach. I think that the actual figure would be less than 6 percent.

(Source: TBKTVN)

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Ex-minister urges skeptical attitude toward foreign promoters' claims

A former planning minister comments on the foreign direct investment situation, including the collapse of ballyhooed projects. He calls on the central government to take back control of licensing in cases where projects have a significant impact on industrial development strategy or threaten major environmental damage.

Tran Xuan Gia is a well-known economist, and a former Minister of Planning and Investment, talked on August 6 about big foreign-invested development projects.

Have too many multi-billion dollar projects been licensed recently? What we need [to see] is not the amount of registered capital, but how paid-in capital has been absorbed by our national economy. I was a little surprised when I heard announcements about projects [supposedly] worth four, five or ten billion dollars.

The biggest of all was an USD 11 billion petrochemical project to be developed in Phu Yen province by a Singapore investor. They made a lot of noise about this one on the TV news. And then eight months later, they asked to stop the project, said 'goodbye' and left so quietly. I feel sad about that and I am sure that the people of Phu Yen didn't get any benefit from the USD 11 billion project.

When economic conditions are normal, it is no surprise to see investment projects that have a low ratio of stockholder's equity to borrowed capital. However, that needs to be watched nowadays, when the economic recession is occurring. In current circumstances, it is not easy to mobilize capital from lenders or other investors. It is easy to understand why highly-leveraged projects, where investors need to borrow perhaps 75 percent of capital from outside, have been slow to get started.

But, doesn't the big increase in registered FDI show the attractiveness of Vietnam's investment environment and foreign investors' confidence in Vietnam's economy? It is true that our investment environment is relatively attractive. However, I think we need to pay attention to two things: what's the fraction of investment capital actually coming in from foreign countries, and what part of the profit realized on investment is re-invested in Vietnam. And, of course, we should encourage investors to re-invest right here the profit they get from their investments in Vietnam. We need to calculate these flows when we consider what we must do to balance foreign currency demand and supply.

That situation means that the objective of mobilizing investment capital from foreign sources as a way of getting foreign exchange is going to be constrained. To the extent that we accept highly-leveraged project proposals, we will not achieve our target of mobilizing more foreign funds from FDI.

Some experts say that too much FDI capital is being poured into the real estate sector. Does that bother you? I don't see a problem with foreign direct investment in real estate. If foreign investors come to Vietnam to build offices, hotels and resorts, we can gain experience in project development, architecture and management.

However, after 20 years of attracting FDI, now is the right time for us to consider the capability of Vietnamese enterprises to implement such projects. I believe that our investors now have enough capability to raise capital and management experience to design and carry out such projects. They are spirited enough to hire and manage foreigners to do things that our professional workers cannot yet do.

Many experts doubt if capital can be mobilized for many FDI projects. What is your opinion about that? We need to understand that for big projects, foreign investors will not bring all the capital that is needed to Vietnam to implement the projects. Instead, they will focus on the first stage of the project. When they are getting 'payback' from the first stage, they will invest it in the second stage, and so on. Consequently, these huge projects will not help much in the task of balancing the foreign currency demand and supply

Well, then, are there any problems in the FDI structure? In 2008, 11 percent of FDI capital went to [goods] manufacturing, 28 percent to the iron and steel and aluminum extractive industries, 22 percent to oil and gas and 39 percent to apartment and office building projects. Manufacturing is the sector that needs to be encouraged, but it attracted only11 percent of FDI.

The FDI structure shows that the recent sharp increase in registered FDI is not so much the result of an attractive investment environment for manufacturing as the result of our liberal policies on exploitation of natural resources and use of land.

In some cases, investors have exaggerated the scale of the projects and the expected profitability in order to get investment licenses. That's a risk especially now that Vietnam has decentralized authority to consider projects and grant licenses.

Oh. You blame the massive licensing on the decentralization scheme? Decentralization of authority is actually the democratization of economic management. It's an indispensable step in economic development. However, not everything should be decentralized.

It's not feasible to decentralize the planning of industrial structure or sectorial and regional prioritization. Planning for the development of various sectors and regions must be unified, long range, and comprehensive.

We need to have four conditions to implement the decentralization scheme effectively: good programming, a good system, good organization and professional staff. We didn't prepare well enough when decentralized such planning. That explains why Ba Ria- Vung Tau province has licensed more than ten steel projects. And then, also, the planning can be good, but the execution poor.

What do we need to do to fix the errors? I think that if we are still unprepared to implement a decentralization scheme effectively, we should revert to the previous centralized system, especially for projects of considerable significance to national development, or may have a major environmental impact.

What really concern a lot of people are the permissions being granted to projects that cause a lot of pollution, not just in the provinces where they are sited, but to neighboring provinces as well, so there are huge environmental costs that society, not the investors, must bear.

What should we do about 'pending projects' which have been left unimplemented in the last over ten years? We need to investigate every one that's overdue, keeping the national interest in mind. The licenses granted for these 'hanging' projects should be revoked if investigation reveals that they have become hopeless.

(Source: Vietnamnet)

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NEWS IN BRIEF

Four Mekong delta localities, including An Giang, Kien Giang, Ca Mau and Can Tho city, have been cooperating on a program to develop the tourist industry in the next five years and through 2020. The program aims to form a tourist quadrangle in the Mekong Delta key economic region. For the long term, they have mapped out a master plan, as well as detailed plans for each locality, to develop the industry, making it a key economic sector thus helping boost the region's socio-economic and cultural development. The four localities will join hands in developing and upgrading infrastructure and encouraging economic sectors to invest in the industry. They will also coordinate in personnel training, building a tourism promotion centre along with a website to publicize the region's tourism industry, and diversifying and improving the quality of tourism products and services.

The Ministry of Construction said it would encourage more private investment in housing development to reach its target of raising the average dwelling area per capita to 14.3 sq.m by 2010 and 18 sq.m in 2020. Speaking at a seminar in Hanoi Wednesday (05 August 2009), Nguyen Manh Ha, director of the ministry's Housing and Real Estate Market Management Department, said the total housing area in the country has just been currently over 1 billion sq.m, which translates to an average 12.2 sq.m of housing per citizen. Ha pointed out that up to 70% of the total housing – both new construction and renovations – had been built by individuals, while investors contributed to only 30 percent of all projects. Meanwhile, a survey by urban development program UN Habitat suggested that 25 percent of the current dwellings in Vietnam were of poor quality, with some of them being makeshift houses built by low-income families that can't afford to buy a new house or modify their current homes.

The Vietnam National Oil and Gas Group PetroVietnam is building two ethanol plants in central Quang Ngai and southern Binh Phuoc provinces, according to a report in Hanoi, Vietnam. The estimated USD 160-million projects are in the planning stages, and engineering, procurement and construction contract for the Quang Ngai plant is set to be signed next month.

Trade between Vietnam and Russia is expected to rise 22% to USD 2 billion in 2009, Vietnamese state media said Friday (08 Aug 2009). Vietnam's main imports from Russia are oil products, steel, fertilizers, chemicals, machinery and equipment, while its key exports to Russia are garments, footwear, seafood, farm produce and handicrafts, a newspaper said, citing the Ministry of Industry and Trade. Trade between the two countries rose by 62.4% to USD 1.64 billion in 2008, the report said. Vietnam's exports to Russia in 2008 were USD 672 million, up 46.4%, it added. The ministry has forecast the bilateral trade to rise to USD 3 billion in 2010 and USD 10 billion by 2020, the report said.

Research and Markets has announced the addition of the "Vietnam - Key Statistics, Telecommunications Market and Regulatory Overview" report to their offering. Vietnam initially fell well short of the ambitious targets it set for the wider expansion of its telecommunications infrastructure. However, after reviewing its approach and introducing some competition into the market, it has started to build fresh growth momentum. The mobile market has been especially dynamic, Internet is now certainly on the move, and broadband Internet services are taking off at last. The continuing government involvement in the telecom sector, however, still raises major questions about its commitment to deregulation and liberalization. Annual revenues for the telecoms sector were expected to rise to up to USD3.5 billion by 2010. This report presents a set of the most currently available statistics and provides a general overview of country's telecoms sector.

Foreign and domestic businesses attending an investment promotion conference in Nam Dinh province, on August 5, pledged to inject nearly USD4 billion into 10 projects in the locality and its neighboring province of Thai Binh. Noteworthy are a project worth USD1.3 billion to build a power centre in Hai Hau district, Nam Dinh province, by a Republic of Korea company and a two-billion-USD project by the Vietnam National Coal-Mineral Industries Group to exploit and explore coal in Thai Binh province. Nam Dinh province has called for investment into 34 projects with a combined capital of over USD 2.2 billion, while the figures for Thai Binh are 35 projects and USD1.5 billion, respectively. Each province has allocated around 3,000 hectares of land to build economic zones, industrial zones and industrial complexes.

Toshiba Corp., Japan's largest atomic-reactor maker, and Sojitz Corp. won an 11-billion-yen (US$115 million) contract to supply generators to Vietnam, tapping growing demand in the country. The Japanese companies will supply the two 600-megawatt steam-turbine generators to a coal-fired power plant owned by Vietnam Machinery Installation Corp., Tokyo-based Toshiba said in an e-mailed statement on Friday (08 Aug 2009). The power station, in the country's north, will start operations in 2012, it said. Equipment manufacturers are competing for contracts from Vietnam as the country's power demand grows along with its economy, which the government has said may expand by 5.5 percent this year. The country plans to more than triple coal-fired power generation to add 30,000 megawatts capacity by 2015, according to Toshiba.

Local coffee company Thai Hoa signed a consultation contract Friday with US partner Smith Coffee to develop a chain of cafes in Vietnam. The USD 10 million-project would be geared toward building a high added-value retail trademark, according to the company. Thai Hoa also signed on Friday a cooperation contract with two businessmen from New Zealand to develop an organic coffee project in Vietnam. The project will develop thousands of hectares of organic coffee in Vietnam and Laos, providing materials for Thai Hoa's cafes and for export, said the company. The project's first phase envisions 3,000 hectares of organic coffee trees in Laos's Champasak province. Vietnam, the world's second biggest coffee producer, shipped 802,000 tons of coffee abroad worth nearly USD 1.2 billion in the first seven months of the year, up 19.1% in volume, but down 15.7% in value, according to the General Statistics Office.

The Japanese Government plans to provide a loan of between 150-200 million USD to support Vietnam's economic stimulus packages in the context of the global economic crisis. Nguyen Xuan Tien, Vice Head of the Department for External Economy under the Ministry of Planning and Investment, told the Tuoi Tre (Youth) newspaper, that the two sides are conducting negotiations on the loan, which is part of the Japanese Government's 3 billion USD emergency aid package for Asian countries to help them cope with the global crisis. Tien said an agreement on the loan is expected to be signed by the end of this year. The newspaper also cited the Department for External Economy source that another agreement on Japanese loan worth 10-15 billion JPY (100-150 million USD) is expected to be signed in early 2010 to assist Vietnam's program to cope with climate change.

Two Vietnamese companies have won the International Asia-Pacific Quality Award (IAPQA) 2009, reported the Directorate for Standards, Metrology and Quality. The Vietnam Electric Cable Corporation (Cadivi) bagged the World Class Award for Large Manufacturing Organization, and the Materials-Petroleum Joint Stock Company (Comeco) brought home the Best in Class Award for Large Service Organization. This year marks the first time a Vietnamese business has won the first prize of the IAPQA since the country joined the award in 2000. An award presentation ceremony will be organized in Mexico in October on the sidelines of the 15th conference of the Asia -Pacific Quality Organization (APQO).

The Song Thu Company, under the Ministry of Defense, launched a multipurpose rescue vessel on July the 31st in the central coastal city of Da Nang. The 3,500 horsepower ship, designed by the Netherlands' Damen Shipyards Group, can operate in a fire fighting, search and rescue or oil spill protection role and remain at sea for 30 days without needing to refuel. The vessel, named Sosrcem, has an automated system that can scoop up oil slicks, which replaces the traditional method of using floating barriers to contain oil spills. The Sosrcem, which is 52m in length, 12m wide and 5.5m high, was built at a cost of 300 billion VND (16.8 million USD), is the most modern ship of its class in Southeast Asia. Between its priority duties, the vessel will operate as a freighter, carrying materials and processed oil products to and from the local Dung Quat oil refinery.

Vietnam would remain an attractive destination for retail investment until 2012, said a US market research company, citing the country's strong GDP growth, regulatory structure changes favoring foreign investors and increasing consumer demand for modern retail concepts. According to US-based market research consulting services company RNCOS, rapid growth in Vietnam's retail market in the recent past has made the country an attractive destination for multinational retailers. Vietnam Retail Analysis (2008-2012), a research report from RNCOS, also said that the retail sector market in Vietnam was much smaller compared to other developing economies in Asia, but had shown strong fundamentals, with the value of retail sales having expanded rapidly to nearly USD 39 billion in 2008, from around USD 23.7 billion in 2005. The RNCOS predicted that Vietnam's retail industry would surpass US$85 billion in revenue by 2012 and modern retail channels are expected to play a crucial role in the future growth of the industry, improving their position in the market.

Vietnam financial department previously issued the notice of No. 93, intended to impose 10% tariffs on the imported alloy steel. Since this year, thousands tons of imported steel containing boron from China declared at customers as the raw materials using in machine manufacturing, enjoyed no imported tax, but most steels use in construction. According to the rules, the import tax on construction steel is 12%. Therefore, Vietnam financial department issued the No. 93 Notice, aiming at increasing the import tariffs on the alloy steel to 10% and enterprises can enjoy non-tariff by providing the survey report on the alloy steel.

The Dong Tam Joint Stock Co has deployed the Oracle E-Business Suite with the support of the FPT Information Systems Company, an Oracle Partner Network in Vietnam. The deployment process was divided into two stages and carried out by a professional team of 25 members in 43 places around the country, including 11 factories and 20 kinds of construction materials and interior decor products. "This project helps all of our employees and managers to receive faster feedback on operation results and make proper decisions," said Etienne Laude, CEO of Dong Tam Con. The new solution will allow Dong Tam to optimize materials planning with accurate analysis of orders and demand forecasts. It will also minimize materials management for manufacturing and storage, as well as effectively control the purchasing and goods receiving process.

An Duc Advertising Company has become the official agent in Vietnam for MIPIM Asia, the organizer of the Asia-Pacific region's major real estate summit and exhibition. The local firm will be responsible for all product sales and processing of details related to the MIPIM 2009 Real Estate Fair in November in Hong Kong. MIPIM's annual real estate fair is a marketplace to introduce developing real estate projects and an opportunity to reach strategic investment agreements with international investors and real estate and construction groups. Last year's event attracted more than 900 corporate participants and more than 2,000 visitors from nearly 50 countries. An Duc will facilitate planning and design for companies in Vietnam wishing to join the world's top real estate event.

SEAF Blue Waters Growth Fund (SEAF BWGF) has invested VND30 billion (USD 1.69 million) in convertible bonds in the Hoa Binh Co (HBC). The HBC is the official distributor of electrical power products for Honda, Kubota and other internationally recognized brands. It is also a leading assembler and distributor of generators and agricultural and construction equipment. The company will use the proceeds of the convertible bonds to support its core business dealing in internationally-recognized brands, and to expand its own distribution and retail network as well as its original line of products for domestic and international sales. Since the company started its business in 1989, it has developed a distribution network of four branches and 190 dealers nationwide. It saw sales grow 64 per cent between 2007 and 2008 to USD 17.9 million. After-tax profit in 2008 was USD 1.97 million.

Nineteen correspondents from 13 international travel magazines will visit Vietnam starting August 5 to write about the country, the Ministry of Culture, Sports and Tourism said. Their tour will begin in Ho Chi Minh City and wind upward to Nha Trang, Hoi An, Da Nang, Hanoi, and Ha Long Bay. The visitors will go to some of the most popular sites and also get a crash course in the country's culture, lifestyles, cuisines, handicrafts, and fine arts.

Australia & New Zealand Banking Group Ltd. will pay about AUS 1.1 billion (USD 920 million) to buy branches in six Asian countries from Royal Bank of Scotland Plc, the Australian Financial Review reported. The assets include bank branches in the Philippines, Hong Kong, Singapore, Taiwan, Indonesia and Vietnam, the newspaper said, citing unidentified people close to the matter. The deal may close as early as Aug. 3, the newspaper reported. "Discussions with RBS regarding selected assets in Asia are continuing and progressing well," Paul Edwards, a spokesman for Melbourne-based ANZ told Bloomberg News. He declined to comment on specific operations ANZ may be interested in. "There's no agreement been reached at this stage."

Turkey will conduct an antidumping investigation involving air-conditioner makers from Vietnam, the Philippines, Egypt, Pakistan and Indonesia, Vietnam's trade office in Istanbul said. The office said Foreign Trade Affairs of Turkey had made the decision on requests from Turkish firms which asked for expanded investigation and punitive measures on the products imported from the above-mentioned countries, alleging the products were sold at unfair prices like those from China. The Turkish government has since 2006 levied a 25 percent antidumping tax on Chinese air-conditioners, with over USD 30 million collected since, according to the office. It said Turkish authorities would collect information about the products and related makers within five weeks. Turkey levied a tax of USD 4.55 per kilogram on transmission belts in 2007 and 29-49 percent tax in 2004 on lighters imported from Vietnam.

Tien Giang Province has established agricultural and aquatic zones in recent years to supply raw materials for processing and export, an official said. Nguyen Van Khang, director of the local Department of Agriculture and Rural Development, said special varieties of rice, high-value fruit, safe vegetables, and tra catfish are farmed in these zones. Rice cultivation leads the way with more than 60,000 ha in Cai Lay, Cai Be and Cho Gao districts growing special grain varieties for export. The province grows 1.2 million tons of rice a year and exports 200,000-250,000 tons, according to the department. The province, which leads the country in fruit cultivation, is developing seven speciality fruits of high economic value, including Hoa Loc mango, Tan Phuoc pineapple, Vinh Kim star apple, and Cho Gao dragonfruit, on 70,000ha, producing 800,000 tons annually.

Vietnam Italy Steel Joint Stock Co has announced to gain accumulative production output of 108,600 tons of finished products, bringing in VND 884.878 billion in revenue and VND 130.096 billion in profit. In which, in Q2 only, the company reached profit of about VND 120 billion. VIS's impressive increase in Q2 profit resulted from the considerable rise of steel price recently. According to the company's resolution in the annual shareholders meeting previously, it targeted to achieve 2009 total production and consumption volume of 171,200 tons, with investment value of VND 34.19 billion, revenue of VND 1.622 trillion, profit of VND 25.34 billion and expected dividend payment of 12%.

The U.S. Department of Commerce confirmed that imports of textiles and apparel decreased by 9.7 percent from April 2008 to April 2009, and import value declined by USD 5.8 billion, reflecting the depressed worldwide economy. Three countries holding their own in a down market are China, with a 15 percent increase in imports over the previous month; Vietnam, with import values holding steady at USD 374 million; and Korea, which increased import volume by 2.5 percent, but lost import value.

The International Finance Corporation (IFC) this month began offering its Better Work Vietnam services to help apparel firms in southern provinces improve working conditions for their staff. The services include assessment against international labor standards and national labor law, customized advisory services for enterprises, and a range of training options for managers, supervisors, and workers. Better Work Vietnam is being introduced in the country with the support of the International Labor Organization. The USD 2.5 million, two-year service aims to benefit 700,000 workers in the southern provinces. Tara Rangarajan, Better Work Vietnam's program manager, said it looked forward to working as partners with Vietnamese apparel enterprises, workers, and the government of Vietnam to make sustainable improvements in labor conditions.

Eighty-two businesses and 24 businesspeople have received the prizes called "Business for Community" and "Businesspeople for Community". The prizes are based on such criteria as effective business performance, fulfillment of obligations to the State, high responsibility to partners and customers, environmental protection and charity donation. Addressing the prize-giving ceremony in Hanoi on August 2, Vice President Nguyen Thi Doan said the event, which is part of activities to promote trade for businesses, encouraged small and medium-sized enterprises to adopt good business practices. The event was organized by the Ministry of Industry and Trade, the Vietnam Journalists' Association, the Trade Promotion Department in coordination with the Vietnam Communication Development Company and the Vietnam Information Culture Co. Ltd.

Cambodia Angkor Air JV airline makes debut (27-7) Cambodian Prime Minister Hun Sen and Vietnamese Deputy Prime Minister Truong Vinh Trong on July 27 officially launched a new Cambodian national airline, Cambodia Angkor Air (CAA), at Pochentong international airport in Phnom Penh. This is a joint venture between the Cambodian National Aviation Agency and the Vietnam Airlines Corporation.

CAA now has two ATR-72-500 aircraft that serve domestic flights from Phnom Penh to Sihanoukville and Siem Reap. It plans to expand operations to other regional countries, including Vietnam and Thailand, with A-320 and A-321 aircraft. Cambodia's previous national airline called "Royal Cambodge Airlines" (RCA) was established in 1994 and had to shut down in 2001 due to making huge losses and using planes that failed to meet the International Civil Aviation Organization's standards (ICAO).

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COMING EVENTS

Vietnam International Construction & Building Exhibition

Start Date: 27 AUG 2009 End date: 29 AUG 2009

Venue: Saigon Exhibition & Convention Center (SECC)

4th Floor, Lawrence S. Ting Building, 801 Nguyen Van Linh Parkway, HCMC, Vietnam

Industry: Building Construction

Organizer: **Top Repute Co. Limited**

Room 2403, Fu Fai Commercial Center, 27 Hillier Street, Sheu Ng Wan, Hong Kong, China (Hong Kong S.A.R.).
Tel:+(86)-(852)-28518603
Fax:+(86)-(852)-28518637

EVENT PROFILE: Vietnam is one of the world's best-performing developing economics. The on-going construction, building industries has been boomed by the increasing demand from the expansion of the industrial, residential and infrastructure projects. 'VICB 2008' is a one-stop ideal arena to exhibit the latest construction and building industrial machinery, equipment, products, services and technologies.

VISITOR'S PROFILE: Distributor; trader; retailers and wholesaler; property owners and building developers; architect; contractor & services manager; civil engineer / facilities engineer / chartered building engineers; interior designer; landscape architect; plants operation and maintenance management; building maintenance.

EXHIBITOR'S PROFILE: Profile for exhibit includes Construction machinery / equipment / parts / material / vehicle / tools / hardware / electrical / technology / engineering / services and design. HVAC system and products;

building intelligent & automation; elevator & escalator; security & fire protection; building & decorative equipment / materials; building engineering & services.

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Shoe & Leather Vietnam

Start Date: 27 AUG 2009 End date: 29 AUG 2009

Venue: Saigon Exhibition & Convention Center (SECC)

4th Floor, Lawrence S. Ting Building, 801 Nguyen Van Linh Parkway, HCMC, Vietnam

Industry: Leather

Organizer: **Top Repute Co. Limited**

Room 2403, Fu Fai Commercial Center, 27 Hillier Street, Sheu Ng Wan, Hong Kong, China (Hong Kong S.A.R.).
Tel:+(86)-(852)-28518603
Fax:+(86)-(852)-28518637

EVENT PROFILE: Shoe & Leather Vietnam is the largest footwear show in Vietnam and features approximately 600 fashion footwear brands exhibiting in open booths, international pavilions.

VISITOR'S PROFILE: Trade Visitors - manufacturers, importers & exporters of Ladies shoes, men's shoes, children shoes, leather goods and footwear accessories & General Public.

EXHIBITOR'S PROFILE: Exhibitor categories include women's, men's and children's footwear, handbags and accessories, industry technology, footwear publications and footwear industry associations.

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Security & Fire Vietnam 2009

Start Date: 27 AUG 2009 End date: 29 AUG 2009

Venue: Saigon Exhibition & Convention Center (SECC)

4th Floor, Lawrence S. Ting Building, 801 Nguyen Van Linh Parkway, HCMC, Vietnam

Industry: Industrial Goods

Organizer: **Top Repute Co. Limited**

Room 2403, Fu Fai Commercial Center, 27 Hillier Street, Sheu Ng Wan, Hong Kong, China (Hong Kong S.A.R.).
Tel:+(86)-(852)-28518603
Fax:+(86)-(852)-28518637

EVENT PROFILE: Security & Fire Vietnam 2009 is Vietnam's leading trade fair for Industrial Goods Industry. Vietnam International Security System, Fire Protection Equipment and Technology Exhibition, Security & Fire Vietnam 2008 will be held at Ho Chi Minh City International Exhibition & Convention Center, Ho Chi Minh City, Vietnam.

VISITOR'S PROFILE: Professionals related to the field of fire departments, investigation & protection agencies, security & safety products manufacturers & suppliers, safety & security consultants, architects & building developers, ministries, systems & equipment installers, banking, finance, insurance institutes, civil services.

EXHIBITOR'S PROFILE: Profile for exhibit includes alarm systems, aviation fire protection, compressors, fire & gas detectors, heavy rescue equipment, smoke grenades & extraction, smoke control systems, protective clothing, access control devices, building management, explosive & narcotics detection, security doors, shutters & fencing, warfare protection, surveillance system etc.

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Vietnam Auto & Petrol Show

Start Date: 03-SEP-09   End Day: 09-SEP-09

Venue: Saigon Exhibition & Convention Center (SECC)

4th Floor, Lawrence S. Ting Building, 801 Nguyen Van Linh Parkway, HCMC, Vietnam

Industry: Automotive

Organizer: **Chan Chao International Co. Limited**

3-F, No. 185, Kangchien Road, Nei Hu District, Taipei, Taiwan.

*Tel:+(*886)-(2)-26596000
*Fax:+(*886)-(2)-26597000

EVENT PROFILE: Vietnam Auto & Petrol Show has become a very conducive event for the manufacturers and suppliers in the means of transport and petroleum industry to display the preeminent products/ services and to provide the clients with comprehensive information on their brand and company at one of the most dynamic Asian market. The exhibitor can also do the research on market, customers and competitors at the show, as well as seek for partners and distributors in Vietnam.

VISITOR'S PROFILE: Target audience - High-net-worth families & individuals, Executives & Businessmen, Overseas Buyers, Automobile Professionals, Corporate Buyers - CEOs, Decision Makers, Transport Operators, Tourism & Hospitality, Engineers, Technicians, Media & Press.

EXHIBITOR'S PROFILE: Profile for exhibit include Luxury Cars, Passenger Cars, Specialist Vehicles, Motorcycles, Scooters and Mopeds, and off-road vehicles Manufacturers & Dealers of Automobiles, Components and Accessories, Audio Video Equipment, Car-Care Products, Environment and Safety Equipment, Garage and Service Equipment, Moulds and Dyes, Oils & Lubricants, Petrol vending machines, Tyres, Batteries and Auto Electricals, Upholstery.

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

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

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

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