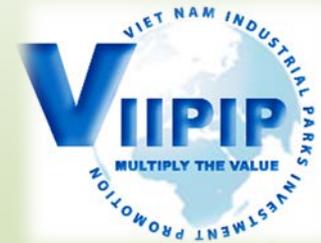




*Dear all,*

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

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



# VIETNAM: TRADE & INVESTMENT BULLETIN

## NO.1 / 2015

JANUARY

2015

## VIETNAM: TRADE & INVESTMENT BULLETIN No.1

### January 2015

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<p><b><u>NEWS IN BRIEF</u></b>          IPs says Hi</p>	 <b>TAN BINH IP BINH DUONG</b> 
<p><i>Supported by</i></p>	  

## DEVELOPER'S INTRODUCTION



# TAN BINH INDUSTRIAL PARK BINH DUONG PROVINCE, VIETNAM

**Address:** Tan Binh commune, Bac Tan Uyen district, Binh Duong province

**Phone:** (84-650) – 6 566 668/ 3 687 888

**Fax:** (84-650) – 3 687 888

**Email:** [tanbinh@tanbinhip.com](mailto:tanbinh@tanbinhip.com)

**Website:** <http://www.tanbinhip.com>

**DEVELOPER:** Tan Binh Industrial Park JSC

**OPERATIONAL TIME:** 50 years (from 2012)

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

### INFRASTRUCTURE

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

### OUTSTANDING FEATURES

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

### INCENTIVES AND SUPPORTIVE POLICIES

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

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



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## QUEVO 2 INDUSTRIAL ZONE

Address <b>A: Km no.18, Highway no.18, Quevo district, Bacninh</b> <b>T: (+84)2413 623 868   F: (+84)2413 623 868</b>		<b>Head office</b> <i>A: 13<sup>th</sup> floor, HH3 Tower, Metri Str., Tu Liem, Hanoi</i> <i>T: (+84) 4 66748483   F: (+84) 437877936</i> <i>E: <a href="mailto:office@idicoquevo.com.vn">office@idicoquevo.com.vn</a></i> <i>W: <a href="http://www.idicoquevo.com.vn">http://www.idicoquevo.com.vn</a></i>
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### LOCATION, REGION AREA, PLOT INFORMATION

<b>Location</b>	To airport	50 km to Noi Bai International airport along Highway no.18 International flights: more than 40 flights/week	<b>Electricity supply</b>	Power supply	-Two sources: 22V and 35V from EVN Bacninh -110 KV: Que Vo 2 now supplies to entire the IZ from national electricity grid network
	To road	Located along Highway no.18 from Bac Ninh to Hai Phong, Quang Ninh, Hai Duong To Highway no.183 (way to Hai Duong) about 07 km	<b>Water supply</b>	Capacity	Quevo water plant (Japanese technology), 1.5km from IZ IZ capacity of water consumption: 11000-20000 m <sup>3</sup> /day - Treatment capacity: 2000-4000 m <sup>3</sup> /day - The waste water treatment plant use both: COD, BOD ( <i>biotech treatment technology</i> ) and pH adjustment
	To port	- 90 km to Hai Phong seaport and Lach Huyen deep water sea port in Hai Phong along Highway no.18 - 100 km to Quang Ninh seaport along Highway no.18 - 15 km to Cau river port	<b>Waste water system</b>	Quality	- 1 <sup>st</sup> level: enterprises have to treat by themselves up to level B ( <i>Vietnam's standard: TCVN 5945:2005</i> ) - 2 <sup>nd</sup> level: waste water will be treated at the waste water treatment station within IZ up to level A ( <i>Vietnam's standard: TCVN 6984:2005</i> )
	To railway	01 km to Chau Cau railway station New Yen Vien - Cai Lan railway parallelly with IZ has been construction since March, 2008	<b>Faculties</b>	Telephone line	Up to 20 telephone lines for each factory and supplied by the Post Office (VNPT) of Quevo district
	To the centers	- 50 km to Ha Noi Capital along Highway no.1A - 15 km to the Center of Bac Ninh City - 90 km to Hai Phong City - 100 km to Quang Ninh City		Internet	-ISP: VNPT, Viettel, FPT Telecom -Speed: 512 kpsb and 128 kbps-2048 downstream -Services: dial-up, ADSL, Leased line,...
<b>Land</b>	Scale	572 ha 1 <sup>st</sup> phase: 272 ha (120 ha available) 2 <sup>nd</sup> phase: 300 ha	<b>Labor</b>	University	Technical teacher college Technical health university of Bacninh province
	Development status	-1 <sup>st</sup> phase: already finished the infrastructure and the land is ready for investors to build factory (120 ha) -2 <sup>nd</sup> phase: land compensation, leveling and under construction for infrastructure 1 <sup>st</sup> phase (300ha)		Worker	Population of Bacninh province is around 1,2 million and people on the age of working are around 0,7 million Population of Bacninh city is around 180 000 peoples

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## GENERAL REVIEW

### Vietnam, Mexico seek to tap cooperation potential

*Vietnam and Mexico still have room to further increase their economic cooperation to match the good political relations between the two countries, according to Vietnamese Ambassador to Mexico Le Linh Lan.*

Addressing a workshop on December 15 in Mexico City, where local enterprises seek opportunities for investment and tourism promotion in Vietnam, the ambassador noted that bilateral trade exchange is likely to surpass 1.8 billion USD in 2014, but the figure is small compared with the total foreign trade values of 780 billion USD and 280 billion USD of Mexico and Vietnam, respectively.

During the event, Mexican business representatives said a lack of knowledge and accurate information about Vietnam and its market and culture is a major obstacle for them in trade with Vietnam.

They put many questions on Vietnam's law and administrative procedures on investment and trade. Many expressed the wish to visit Vietnam to study the market.

A photo exhibition was also held in the framework of the workshop to introduce to the Mexican friends about Vietnam, its people and culture in the process of international integration

Source: Oananews

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### FTA to create more rooms for Vietnam-Customs Union cooperation

*The signing of a free trade agreement (FTA) between Vietnam and the Customs Union of Russia, Belarus and Kazakhstan will be an effective tool for Vietnamese exporters to make inroads into the union boasting a population of over 170 million with high per capita income.*

Minister of Industry and Trade Vu Huy Hoang and Trade Minister of the Eurasian Economic Commission Andrei A.Slepnev signed a joint statement on the conclusion of the Vietnam-Customs Union Free Trade Agreement (VCUFTA) on December 15 in the southern province of Kien Giang .

Witnessing the event, Prime Minister Nguyen Tan Dung said the signing and implementation of the agreement will be an important progress to enhance bilateral relations in economy, education-training, science-technology, and culture. He urged the two sides to finalise all necessary procedures to put final touches on the agreement in early 2015.

Vietnam and the Customs Unions kicked off their FTA talks in March 2013. After eight rounds of negotiation and many technical discussions, they have initially agreed on contents of the agreement on a wide-ranging scope and high-level commitments while ensuring mutual benefit in line with international practices and regulations of the World Trade Organisation (WTO).

The contents cover trade in goods and services, investment, rules of origin, trade remedy, customs facilitation, technical barriers to trade, sanitary and phytosanitary measures and legal and institutional issues.

Andrei A.Slepnev, head of the union's negotiation delegation, said the signing of the pact will boost two-way trade vigorously and promote investment ties among economic members.

From 2015, the Customs Union will be changed into the Eurasian Economic Union with the admission of Armenia and Kyrgyzstan . This will enable Vietnam to become a bridge linking the two economic regions, he said.

Minister Vu Huy Hoang described the union as a promising market. With the VCUFTA, local exports to Russia , Belarus and Kazakhstan could increase by 63 percent, 41 percent and 8 percent, respectively, he said.

The union provides Vietnam with preferential tariffs to facilitate its export of staples such as farm produce, seafood, garments and textiles, footwear and wood furniture.

Meanwhile, Vietnam agrees to open its market under a set roadmap for several commodities from the union, including husbandry products, machines, equipment and vehicles, which will not compete with made-in-Vietnam goods, but help to diversify the domestic market.

Vietnam is the union's first FTA partner, which will make Vietnamese businesses integrate into the union earlier than others with more preferential conditions. Once the agreement becomes effective, two-way trade is expected to rise by 18-20 percent a year, from 4 billion USD in 2014 to 10-12 billion USD in 2020.

Source: VNN

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### **Restructuring crucial to 2015 economic development**

*Restructuring State-owned enterprises (SOEs), credit institutions, securities market, and the farming sector is part of socio-economic development measures for 2015, as stipulated in Resolution 01/NQ-CP recently issued by the Government.*

Ministries, agencies and localities are requested to keep carrying out an overall plan on economic restructuring and submit their own well thought out restructuring schemes to authorities concerned no later than the end of the second quarter.

SOEs will focus on equitising and withdrawing capital from non-core businesses, while working on additional plans for the post-2015.

In the meantime, credit institutions are tasked with improving their governance, risk management, auditing and technology capabilities while keeping up to international practices, towards embracing Basel II capital standards step-by-step.

The restructuring of the securities market will continue in line with a government's blueprint set previously, making it easier to lure investment in and outside the country and deal with bad debts.

The farming sector's rearrangement covers across cultivation, animal husbandry, aquaculture, forestry, processing, and services. The new rural area construction programme is required to be stepped up towards set goals. Investors are encouraged to involve in agriculture and rural development.

Industries having a high level of technology, added value, and localisation rate will be boosted, especially the support industry, renewable energy, electronics, engineering, information and bio-technology, oil and gas exploration and processing, and environment, among others.

Source: VN+

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### **Saudi Arabian investors supported to invest in VN**

*PM Nguyen Tan Dung stressed that the Vietnamese Government supports long-term investments in Viet Nam by businesses from Saudi Arabia.*

PM Dung made the statement during a January 14 reception for newly appointed Saudi Arabian Ambassador to Viet Nam Dakhil Al Johani. He said that bilateral ties are developing in numerous fields and the Government wishes to enhance the practicality and effectiveness of the relations.

Both countries should improve mutual understanding, trust and support at international forums, particularly the United Nations, as well as boost trade ties, striving for a US\$2 billion two-way trade turnover by the end of 2015, PM Dung suggested.

The two sides should foster cooperation in labor, oil and gas, especially conclude Agreements on Encouragement and Protection of Investments and Aviation as soon as possible, the Government leader added.

The ambassador promised to work for the realization of bilateral agreements and conclusion of new agreements to promote both sides' potential.

He affirmed the Saudi Arabian Government's resolution in promoting cooperation with Viet Nam and considering the country as an important and potential market.

He also expressed his wish to witness breakthroughs in bilateral cooperation.

*Source: VGP*

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## **UK advocates signing FTA with VN**

*Viet Nam attaches importance to the relationship with the UK and makes efforts to launch effectively the Strategic Partnership Action Plan to bring benefits for both.*

PM Nguyen Tan Dung on January 13 made that statement at his reception for UK newly-appointed Ambassador to Viet Nam Giles Lever.

Welcoming Mr. Giles Lever to Viet Nam, PM Dung suggested the two sides accelerate cooperation in terms of politics-diplomacy, economics, trade, investment as well as other potential areas such as education-training, science-technology, national defense and security.

He proposed the UK continue its Official Development Assistance (ODA) provision for Viet Nam.

The PM hoped that the UK supports other nations in the EU to approve the EU-Viet Nam Partnership and Cooperation Agreement (PCA) and soon sign the Viet Nam-EU Free Trade Agreement (FTA).

The approval and signing of these Agreements will create a new legal framework and facilitate the cooperation between Viet Nam and the UK in particular and Viet Nam and the EU in general, he revealed.

PM Dung expected that the Ambassador will make active contributions to the bilateral relations in the future.

Ambassador Giles Lever confirmed that the UK supports the development process of Viet Nam and highly valued the nation's efforts and commitments in improving the investment and business environment, anti-corruption and opening market for foreign investors.

Southeast Asia and Viet Nam has increasingly become crucial in the UK's diplomatic policy, he said, adding that the UK officially ratifies the PCA and advocates the EU to approve and sign the PCA and FTA with Viet Nam.

The UK also expects to closely coordinate with Viet Nam in dealing with issues on climate change, illegal trade of animals and plants, and peacekeeping activities in the UN.

These contents mentioned above will be referred to and concretized in the upcoming Deputy Ministerial Strategic dialogue, the diplomat said.

*Source: TalkVN*

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## TRADE

### Vietnam, Algeria aim for 1 billion USD in two-way trade by 2020

*Vietnam and Algeria are aiming for 1 billion USD in two-way trade by 2020, Vietnamese Ambassador Vu The Hiep said at a workshop in Algeria's capital city on December 15 to seek ways to boost trade exchange between the two countries.*

Speaking before representatives from around 30 Vietnamese and Algerian businesses, the ambassador highlighted the potential for economic cooperation between the two nations, particularly in construction, agro-fishery product processing, consumer goods, pharmaceuticals and tourism.

In the first 10 months this year, Vietnam earned nearly 315 million USD from export to Algeria, including more than 116 million USD worth of coffee and 23.6 million USD worth of rice. However, Algeria' exports to Vietnam stood at only 702,000 USD.

Ambassador Vu The Hiep also urged both sides' enterprises to further their cooperation in labour, as Algeria is expected to see high demand for skilled workers in construction, infrastructure and mining. Vietnam hopes to send between 1,500-2,000 skilled workers and technicians to the country by 2020, Hiep added.

Commercial Counsellor Nguyen Van Mui briefed the participants on economic development and the international integration process in Vietnam, recent developments in Vietnam-Algeria economic, trade and investment partnership and its orientation in the coming time.

Director of the Department of International Relation under the Algeria Chamber of Commerce and Industry (CACI) Belhoul Ouiahiba introduced Vietnamese businesses to investment opportunities in Algeria. She said Algeria hopes to benefit from Vietnam's technology transfer through business joint ventures in different economic sectors, especially between small- and medium-sized enterprises.

Participants proposed that the two Governments sign agreements on two-way trade, labour cooperation and investment as well as hold more trade and investment promotion activities to help their businesses find partners and opportunities.

Source: VIR

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### FTAs to bolster up Vietnam's economy: minister

*More new opportunities will be opened up for Vietnam on economics, trade and investment once the country's free trade agreements (FTA) with its partners are reached, said Minister of Industry and Trade Vu Huy Hoang.*

Hoang granted an interview to Vietnam News Agency reporters on the context that Vietnam and the Customs Union of Russia, Belarus and Kazakhstan concluded their FTA negotiations on December 15.

According to the minister, under the pact, the Customs Unions provides Vietnam with preferential tariffs in order to facilitate the export of the country's staples such as farm produce, seafood, garments and textiles, footwear and wood furniture.

Meanwhile, Vietnam agrees to open its market under a set roadmap for several commodities from the union, including husbandry products, machines, equipment and vehicles, which will not compete with made-in-Vietnam goods, but help to diversify the domestic market.

The Customs Union, with a combined population of approximately 170 million and total GDP of 2.5 trillion USD, is not a choosy market, while its demand for imports is increasing.

Vietnam is the union's first FTA partner, which will make Vietnamese businesses integrate into the union earlier than others with more preferential conditions. Once the agreement becomes effective, two-way trade is expected to rise by 18-20 percent a year, from 4 billion USD in 2014 to 10-12 billion USD in 2020, stated the official.

He also expressed his belief that direct investment from the union into Vietnam will also increase thanks to trade liberalisation commitments and a more favourable investment climate, while logistics, financial and banking services and customs cooperation will be liberalised.

Vietnam will also have a good chance to learn from the union's advanced technologies to serve the country's industrialisation and modernisation, he added. He also stated that in the last months of 2014, the country basically finished negotiations on other free trade agreements with the European Union and the Republic of Korea.

According to the ministry, all of the three agreements, expected to be signed by the first half of 2015, cover a wide range of contents, including trade in goods, trade in services, investment, rules of origin, trade remedy, customs facilitation, technical barriers to trade, intellectual property, food hygiene, animal and plant quarantine, and legal and institutional issues.-VNA

Source: ITPC

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## **Garment sector leads nation in terms of export**

*The garment and textile sector continues to top the country in terms of export thanks to right strategies in business administration and local firms' increasing prestige in the world market.*

The sector's export value is likely to hit a three-year high of 24.5 billion USD, surpassing the set target by nearly 1 billion USD.

This is the result of the whole sector's joint efforts in orienting production strategies and selecting export markets as well as raising the rate of locally made materials to over 50 percent, said Vice President of the Vietnam Textile and Apparel Association (VITAS) Le Tien Truong.

Vietnamese garment and apparel products have gained a firm foothold in almost all foreign markets, especially the US (8.85 billion USD), Japan (2.38 billion USD) and the Republic of Korea (1.96 billion USD). The three markets make up nearly 70 percent of Vietnam's total export turnover. Economists said that signed and pending free trade agreements (FTAs) are opening up a lot of good chances for the sector to grow further as import tariffs may drop to zero in many markets.

Tax incentives to be brought by the Trans-Pacific Partnership (TPP) Agreement, expected to be signed next year, will also create favourable conditions for garment businesses to expand their presence in the US market.

For sustainable development, Deputy Minister of Industry and Trade Ho Thi Kim Thoa suggested enterprises establish their own trademarks and meet importers' requirements on product quality, chemical management and social responsibility.

Source: VNN

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### **MARD urges tra fish decree delay**

*The Ministry of Agriculture and Rural Development (MARD) has requested the government to delay implementing Decree 36/2014/ND-CP on pangasius farming, processing and exporting for the domestic tra fish industry.*

Under the current plan, the decree will go into effect this year, said a ministry official. To comply with the decree, exporters of tra fish will be forced to cap ice and moisture at 10 per cent and 83 per cent of the total weight of the product respectively.

However, the industry still has tra fish fillets in storage that have not met these regulations, so the decree should not go into effect in 2015, the ministry pointed out.

According to reports from export tra fish processors, post September 12, 2014, some 364,067 tonnes of tra fish fillets did not meet the new regulations on ice and moisture.

At present, the concerned authorities have arranged for 11 delegations to work at enterprises serving the industry, with orders to gather statistics on the volume of tra fish fillets that did not meet regulations by December 31, 2014, reported the Voice of Viet Nam.

Enterprises in the industry could not defrost and recycle the tra fish fillets in time to meet the deadline because these activities would not ensure the quality of the exports and would lead to heavy damages for the enterprises, the ministry said. The enterprises need to consume these tra fish fillets over the course of this year. Therefore, the decree should be effective from next year, the ministry proposed.

Minister of Agriculture and Rural Development Cao Duc Phat said the decree would improve the quality of tra fish fillets for export as well as the competitive ability of enterprises in the future, adding that it would help enterprises meet international standards of quality and requirements related to the origin of products.

The latter was especially important if Viet Nam signs free trade agreements with foreign partners in the future, he noted.

### **Tra fish exports**

Viet Nam is estimated to maintain an export value of US\$1.7 billion in 2014 for its tra fish, according to the Viet Nam Association of Seafood Exporters and Producers (VASEP).

Tra fish exports cannot recover in the early months of this year in large export markets.

The association pointed out that 2014 was the third successive year that the export value of tra fish had fluctuated around the \$1.7-billion mark.

Tra fish exports began recovering in June 2014 and continued to rise over the rest of the year in markets such as Southeast Asia, Mexico and China, with small export volumes. Meanwhile, tra fish exports faced an ongoing decline in the two largest markets: the European Union and the United States.

Tran Van Linh, VASEP Vice Chairman, said the current difficulties had resulted partly from the uncontrolled expansion of the tra fish breeding area in previous years.

The slow growth of key catfish markets posed another challenge to the sector's exports, which were already struggling with the shrinking profits caused by the low-price trend, Linh claimed.

Moreover, exports were also affected when tra fish enterprises began working to restructure themselves to further improve the reputation and value of their fish products, Linh added.

The United States' continued preference for Indonesia as a reference country in calculating tax levels for Viet Nam was a major disadvantage for local companies, given the differences in conditions, production scale and input costs between the two countries. The tra fish sector has to compete against supplies of other white-flesh fish such as cod and tilapia, according to VASEP.

In 2014, the Cuu Long (Mekong) Delta reserved 5,500ha for farming tra fish, which produced 1.1 million tonnes of fish. Vietnamese tra fish products have been shipped to 150 countries and territories across the globe.

*Source: Vietnam Tribune*

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### **Domestic candy brands draw more business**

*Customers are buying more Vietnamese confectionery products as the quality and design have gotten increasingly better and it remains reasonably priced.*

Many Vietnamese confectionery producers have done well with brand promotions that turn them into household names, Ho Quoc Nguyen, public relations director of Big C Vietnam told Phap Luat TP HCM (The HCM City Law) newspaper.

Domestic confectionery products accounted for 90 percent of the products sold in Big C supermarket systems, he said.

Nguyen Thanh Nhan, deputy general director of Saigon Co-op, noted that supermarkets are selling some 600 candy products from 25 domestic companies, accounting for 95 percent of their total inventory.

The reasonable price, good quality and clear origins of domestic products have won the trust of buyers, Nhan said.

A representative of Lotte Mart pointed out that in his supermarkets, Vietnamese sweet products accounted for 56.75 percent, while imported products, 43.25 percent, adding that the advantage held by Vietnamese products lies in their reasonable price.

Another reason for the popularity of Vietnamese confectionery items is that customers are buying fewer sweet products from China due to concerns about their alleged low quality and unclear origins.

Domestic confectionery producers should focus on improving and innovating technology and quality, which will make them stronger competitors, remarked Luu Huynh, marketing director at Pham Nguyen Confectionery Corp.

Huynh said foreign products are better than domestic ones in terms of technology and design. However, in terms of quality, domestic confectionery products are doing well.

Since mergers and acquisitions have recently become a popular trend, Vietnamese producers have the opportunity to re-evaluate their competitiveness and could re-design their plans for the future. By investing more in key products, rather than in advertising, they could boost their product value and increase added value, according to Huynh.

Phan Van Thien, deputy general director of confectionery maker Bibica, claimed that in terms of capital, the finances and marketing strategy of foreign companies surpass those in Vietnam. Therefore, for greater success in the domestic market, firms should introduce unique products.

Bibica is set to introduce a traditional line of products, named Lac Viet, for the upcoming Lunar New Year holiday to reinforce its image as a Vietnamese brand, he revealed.

Producers agreed that non-tariff barriers are necessary to protect domestic makers and prevent the sale of low-quality products.

According to a report from the Business Monitor International, revenue earned by Vietnamese confectionery producers is expected to reach 40 trillion VND (nearly 1.9 billion USD) in 2018

Source: VN+

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### **The government to tighten IPR Law enforcement in Vietnam**

*The Copyright Office of Vietnam's Ho Chi Minh City representative office recently paid unexpected visits to several city-based businesses such as An Giang Plant Protection and VietJet Air to heighten public awareness, enhance the Intellectual Property Rights (IPR) Law adherence and prevent the threats of cyber attacks that have become rampant recently.*

Nowadays, the wide penetration of IT has offered lots of benefits, but at the same time brought multiple challenges of data privacy and cyber security.

Cyber security, privacy and information security at enterprises are now at an alarming level when hacker, virus, malware attacks make computers' data, information vulnerable to be deleted, stolen, followed, warranty-lost, virus-injected from one to another, causing gigantic impacts and damages to enterprises' finance, reputation in the long run.

Cyber security in Vietnam has turned into hot topic after a series of large attacks into Vietnamese websites since August through October of this year.

One example was seen targeted malicious outage by a group of professional hackers on websites run by the Vietnam Communications Corporation (VCCorp) within five days on October 13-18, 2014, causing a damage of VND20-30 billion (\$950,000-\$1.4 million) for VCCorp itself and other partners.

"Privacy and information security are in emergency due to panic situation relating to increasingly new and complicated privacy breaches, new hack models and tricks in current information environment, however, many enterprises are seemingly indifferent with current information security," said Nguyen Manh Quy, Ho Chi Minh City chief representative of Copyright Office of Vietnam.

Cyber insecurity proves complicated, which entailed risks to threaten socio-economic development, defense and security assurance. One major cause for this increased risk is the use and installation of pirated software as many studies have shown.

According to a joint study by the International Data Corporation (IDC) and National University of Singapore (NUS) which was announced in Hanoi this May, APAC (Asia Pacific) enterprises were expected to spend nearly \$230 billion in

the four first months of 2014 to deal with issues caused by malware deliberately loaded onto pirated software, \$59 billion of which were dealing with security issues while \$170 billion dealing with data breaches.

According to the survey, APAC governments were estimated to possibly lose approximately \$50 billion to treat malware problems in pirated software. Besides, 90 per cent of pirated software contains viruses and malware in it, an ideal environment for hackers to penetrate into information system.

Enterprises that are using or installing illegal software will have a 73 per cent higher risk of losing important data, 55 per cent of unrecoverable data when the host system risks being broken, which not only causes damages to privacy and information security of their own but also expands the infection to the community.

Hence, it is possible to say, illegal software is considered a major threat and cause for cyber security attack, data interruption and losses of vital information.

Source: VIR

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### **Thai billionaire pays \$200 million to acquire Nguyen Kim**

*Power Buy – A company specializing in retail services for the Central Group of Thai billionaire Chirathivat has completed the acquisition of a 49% stake in NKT New Technology and Solution Investment and Development Corporation, the owner of Nguyen Kim Trading Company.*

Speaking to the Vietnamese media, a representative of the Central Group said the purchase of Nguyen Kim's shares would help the company expand its retail electrical system in Vietnam.

The General Director of the Central Group Vietnam, Philippe Broianigo, will be the General Director of Nguyen Kim, while Nguyen Van Kim will still hold the chairmanship of the Board of Directors.

The representative did not disclose the value of the deal, but according to Forbes Vietnam on January 1, Nguyen Kim was valued at \$200 million in the deal.

The deal is part of Nguyen Kim's plan to seek foreign partners in 2011-2015. Nguyen Kim, founded in 2001, has 21 electronics stores across the country and is the leading electronics retailer in Vietnam. In the fiscal year ending on March 31, 2014, the company had sales of more than VND8.4 trillion, and a net profit of VND352 billion.

Power Buy is rated as one of the top electronics retailers in Thailand, with more than 80 stores across the country. In Vietnam, the family of billionaire Chirathivat is opening a chain of Robins trade centers in Hanoi and HCM City.

Source: VietnamNet Bridge

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## **INVESTMENT**

### **PM allows changes to industrial parks**

*Primer Minister Nguyen Tan Dung has permitted amendments to the development master plan for industrial parks in 31 provinces and cities.*

He has approved the scrapping of five and reducing the size of six others that are set to come up in the five provinces of Ha Nam, Vinh Phuc, Tay Ninh, Ben Tre, and Tien Giang.

Another 16, which have been built already in Hoa Binh, Quang Ninh, Hai Phong, Vinh Phuc, Ha Nam, Da Nang, Gia Lai, An Giang, and Can Tho, will also see their sizes reduced.

Four parks in Hoa Binh, Vinh Phuc, and Dong Thap will be enlarged.

The PM wants all provincial people's committees to make efforts to speed up investment in industrial parks and the 10 provinces with the least investment in industrial parks to report to him and the Ministry of Planning and Investment every six months.

The ministry together with other relevant ministries and agencies now has to quickly submit the master plan for industrial parks for the period up to 2020 for the country's remaining provinces, and supervise and assist localities in attracting investment.

The PM also ordered provinces to resolve all difficulties faced by investors, reduce the size of parks with low efficiency, and review regulations related to detailed master plans, environment, land use in parks, compensation for land, and resettlement of people whose lands are acquired.

He wanted every industrial park to have wastewater treatment systems at the earliest.

Source: ITPC

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### **Foreign investment increases in textile-garment projects**

*In the past 10 months, nearly 20 foreign firms invested hundreds of millions of US dollars in Vietnam's garment industry.*

In early October, Hong Kong's TAL Group was licenced to invest \$600 million to build a fiber production, knitting and fabric dyeing factory at the Dai An Industrial Zone in Hai Duong province.

TAL has invested in the garment industry in Vietnam since 2004 with a plant in Thai Binh Province. Its products have been exported to the US.

TAL Apparel Limited of Singapore on November 4 received an investment certificate from local authorities of the northern province of Vinh Phuc, paving the way for the Singaporean giant to construct a US\$50 million textile plant.

Local officials approved for the plant to be constructed at Ba Thien 2 Industrial Park in Binh Xuyen commune.

It is the largest foreign invested project that has received approval to date in the province and, once completed, it is anticipated that it would generate 3,500 jobs and contribute VND40 billion to the national budget annually.

Construction is expected to be completed by September of next year.

Previously, Nam Dinh licenced a \$68 million fibre-weaving-dyeing project in the Bao Minh Industrial Zone of a Chinese corporation, Yulun Jiangsu Textile Group. This project is expected to go into operation in mid-2016.

In the south, many corporations of Taiwan and Hong Kong have also strengthened their investment in the textile-garment industry.

In early October, Haputex Development Limited (Hong Kong) and Viet Huong Investment and Development JSC of Vietnam formed a \$120 million joint venture named Nam Phuong Textile Limited in Binh Duong Province, specialized in weaving.

This project will be put into operation in early 2016, employing about 3,000 workers. Each year, this factory will supply 96 million meters of fabric, 15,000 tons of fibers and 10 million of garment products to the US and European markets.

In the Southeast Cu Chi District Industrial Zone, HCM City, two projects with a total investment of nearly \$200 million of two foreign companies are being implemented.

Worldon Vietnam Co. has invested in a luxury garment factory, which can produce 80 million of products per year, with \$140 million of investment capital. The factory is expected to open in June 2015.

Sheico Vietnam Co., Ltd. is building a fabric weaving and garment project with a total investment of \$50 million. The project is expected to be completed this month.

Apart from building factories, many foreign corporations have bought shares or cooperated with Vietnamese partners.

According to Nikkei Asian Review, trading firm Itochu will invest in the Vietnam National Textile and Garment Group (Vinatex). Itochu will soon acquire about five per cent of Vinatex's stock for more than 1 billion yen (\$9.25 million), making it Japan's first leading non-financial company to buy into a Vietnamese State-owned firm.

This information was confirmed by Chairman of Vinatex's executive board Tran Quang Nghi in an interaction with Tuoi Tre (Young) Newspaper. He added that Itochu had purchased some Vinatex shares through a normal transaction, not as a strategic shareholder of Vinatex.

As Viet Nam's largest state-owned textile company, Vinatex operates about 200 factories around the country, of which about 30 are involved in sewing garments for Itochu under a contract.

Itochu currently does business with about 100 Vietnamese textile companies. It deals in everything, from the procurement of raw materials to sewing, and supplies suits, shirts and other products to Japan, the United States and Europe. It is the largest Japanese firm in the country's textile industry.

Phong Phu Corporation - one of the biggest enterprises in the Vietnamese industry - has been also eyed by many foreign investors. In late April, Phong Phu Corporation and Japan's Hirose Shokai Company Ltd signed an agreement to establish a joint venture firm called Linen Supply Services Company Ltd (LSS). The new company will produce textile products such as cotton towels, pillows, blankets and curtains, and offer high-quality laundry services for five-star hotels and high-class apartments in HCM City and its surrounding areas.

It will be located in the Giang Dien Industrial Zone in the southern province of Dong Nai and will have a total investment of over US\$3 million in the first phase. Its factory covers an area of 3,168 square metres and is equipped with modern equipment from Japan.

It has a laundry capacity of handling 18 tonnes of material every day. In the second phase, the project will increase its capacity to 50 tonnes of material per day, mainly serving HCM City and its nearby provinces. It will focus on producing table cloth, uniforms and items for hospitals. Keitaro Hirose, chairman of the management board of Hirose Shokai Company Ltd, said that cooperation with Phong Phu in its investment project in Vietnam meant that they would work with the Vietnamese company and the textile industry in Viet Nam for a long-term period.

Hirose also hope to spread LSS's presence in many cities in Vietnam in the future by implementing investment studies in Ha Noi, Da Nang and Nha Trang. According to the Ministry of Planning and Investment, the number of foreign-invested enterprises (FDI) pouring capital into the textile industry is growing quickly.

So far this year, nearly 20 new projects of FDI firms have been approved by local governments. However, the Vietnam Textile and Apparel Association (Vitas) has warned of the expanding gap between FDI and domestic firms in the textile-garment sector.

A Vitas representative said the number of FDI textile-garment firms is small, but their scale is very large. Vietnam's annual textile-garment export revenue is more than \$20 billion and FDI enterprises hold up to \$12 billion.

Pham Xuan Trinh, General Director of Phong Phu Corporation, acknowledged that the increasing flow of foreign capital into the textile-garment sector aims to wait for the TPP (Trans-Pacific Partnership).

Currently, investment in China is facing difficulty and Vietnam has become a good place for investment. But this also can create major concern for Vietnamese enterprises. Pham Xuan Hong, Vitas Vice President, sees it as a chance for Vietnamese enterprises to develop their technology and buy materials at low prices.

*Source: Vietnamnet Bridge*

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## **Vietnam remains one of preferred destinations of Japanese information and technology companies**

*Japanese-backed information and technology firm SETA International Asia Company is among many Japanese information and technology firms who see opportunities in Vietnam.*

“In 2014, our main focus was on the export of Vietnamese manufactured products to Japan. However, in 2015, SETA will target three sectors including website production, security and cloud services, with expected revenue of \$1 million. We will also open a branch in the central city of Danang next year,” SETA’s marketing representative Nguyen Huong Giang told VIR.

Earlier this month, Japan’s Econtext Asia Limited announced a subscription agreement with Japan’s SBI Holdings, Inc. and Beenos Inc. to co-invest in FPT Corporation’s Sendo. The three Japanese firms will hold a 33 per cent stake of the domestic firm.

“Vietnam becomes the fourth country in Econtext Asia’s outreach strategy to develop its business in Asia after China, Indonesia and India. In the future, we plan to develop Sendo to become the largest online marketplace in Vietnam and contribute to the growth of e-commerce market by enhancing online payment and related infrastructure and services through Sendo’s SenPay payment system,” said an Econtext Asia statement.

“Many Japanese information and communications technology (ICT) companies are interested in Vietnam. We would like to highlight that Vietnamese ICT engineers are laborious and skillful. That is why Japanese ICT companies select Vietnam as their business partners,” senior economic researcher of the Japanese Embassy to Vietnam Hirotsugu Terado told VIR, while citing the Ministry of Planning and Investment as reporting that there were 117 Japanese ICT projects in Vietnam in 2013, occupying 7.6 per cent of the total Japanese investment in the country, and 58 projects in this year’s first half, accounting for 8.8 per cent of the total Japanese investment in the country.

At the Japan ICT Day 2014 held in Hanoi in late October, 167 Japanese IT firms came to Vietnam in search of investment and business opportunities, including many big firms like NTT, Canon, Panasonic, Toshiba and Sumitomo.

NTT Data Vietnam gained the revenue of \$7.5 million in 2013, up 33 per cent on-year. This year it has established its third office in Danang, increasing its workforce to 190 people.

According to the IT Promotion Agency of Japan (IPA), Vietnam has remained Japan’s second largest IT partner since 2012 with 31.5 per cent of Japanese firms preferring partners in Vietnam compared to 20.6 per cent for India and 16.7 per cent for China in a recent IPA survey.

Japan’s Sapporo IT Front recently agreed a deal with the Vietnam Software and IT Services Association to implement a project on developing IT human resources in Vietnam. The Japan International Co-operation Agency also agreed to provide 60 million yen (\$510,000) for the project between 2014 and 2016, aiming at providing IT training courses for Vietnamese companies.

According to the Vietnam Software and IT Services Association during the 2012-2013 period the local software revenue increased 52 times to reach nearly \$3 billion, while the hardware revenue grew 70.5 times to reach \$36.8 billion.

Last year, Ho Chi Minh City was ranked 16th and Hanoi 23rd in the list of the top 100 outsourcing destinations by Tholons, an advisory firm for global outsourcing and investments.

Source: VNN

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### **Vietnam-Japan partnership to focus on industrialisation**

*The Japan-Vietnam partnership is expected to put an increasingly heavy focus on industrial development and hi-tech agriculture products.*

Minister of Planning and Investment Bui Quang Vinh said the governments and business communities of both countries would continue to concentrate on improving policy-making and implementation processes in Vietnam.

Long-term policy-making for industrial development was necessary in order to create competitive advantages for Vietnam, as joining the ASEAN Economic Community would be a focus of the sixth stage of the Vietnam-Japan Joint Initiative. Both sides will spend more time on further discussions as part of the Vietnam-Japan Joint Initiative launched 11 years ago in order to make Vietnam's investment environment more attractive to Japanese investors.

The Ministry of Planning and Investment and the Japanese Embassy in Vietnam held a meeting last week to work out achievements and shortcomings in the implementation of the 5th Vietnam-Japan Joint Initiative from July 2013 to December 2014. Nearly 80 per cent of the contents agreed upon in the fifth phase were successfully achieved, while the remaining elements were in the process of being implemented.

The fifth phase focused on 13 issues, including taxation, customs, retail, transport, intellectual property, macroeconomic stabilization, infrastructure development and food safety. During the fifth phase, around 40 policy dialogues were held to create avenues for agencies from the two countries to exchange and discuss main contents of the action plan to realise the initiative.

"Both sides have agreed to enter the sixth stage of the joint initiative, demonstrating their desire to help Japanese investors feel more secure and confident about developing their business in Vietnam," said Japanese Ambassador Hiroshi Fukada.

Takahashi Kyouhei, co-chairman of the Japan-Vietnam Economic Council said that the fifth phase was successful and expected that the next phase to be inaugurated would bring more competitive advantages for Vietnam as the ASEAN Economic Community would fuel attempts for Vietnam to become more competitive.

"Japan will continue its support for the development of Vietnam and the ASEAN region in general during the sixth phase of the initiative," stressed Kyouhei.

Source: VNS

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### **RoK's telecoms group studies investment climate in Ha Nam**

*Dae-Ik Yoo, President of the Republic of Korea's leading telecoms group KMW, spoke highly of the investment climate in northern Ha Nam province during a meeting with the local leaders on December 17.*

Ha Nam will attract more foreign investors thanks to its investment incentives, geographic location close to Hanoi capital and the transportation network.

On his part, Mai Tien Dung, Secretary of the provincial Party Committee, emphasized Ha Nam's policies to draw foreign businesses, including those from the RoK, while building industrial parks to welcome foreign investors.

The province gives priority to small-and medium-size and environmentally-friendly projects on electronics and telecoms, he said.

Ha Nam is currently home to 57 valid RoK projects worth 250 million USD, accounting for 48 percent of the total FDI projects in the province.

On the same day, KMW representatives visited some provincial industrial parks

Source: VN+

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### **Indian group conducts investment survey in Ha Nam**

*A delegation from the Tata Indian group led by its managing director Indronil Sengupta has made a fact-finding tour of Ha Nam to study building a factory to make Titan watches in the province.*

At a working session on December 22, Vice Chairman of the provincial People's Committee Vu Dai Thang introduced its potential, strength and investment policies. The province has abundant human resources, and six industrial zones with good infrastructure where nearly 200 foreign businesses are operating.

Businesses investing in the province will be provided with good conditions, including electricity and water supply, labour recruitment support and security.

Thang introduced two IZs – Chau Son in Phu Ly City and Dong Van in Duy Tien district for Tata group to choose.

Indronil Sengupta appreciated the provincial investment environment, especially 10 commitments for investors and affirmed that the province meets Tata requirements for building a factory.

Tata - one of the biggest groups in India – has operated in many countries in the world, including Vietnam.

Source: VIR

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### **LG Electronics leases more land in Trang Due IP**

*LG Electronics yesterday signed a land-lease agreement for the second stage of the firm's investment expansion in the northern port city of Haiphong following the successful implementation of the first phase.*

A signing ceremony for the in-principal agreement in land sub-lease between LG Electronics, Kinh Bac City Development Holding Corporation (KBC) and Saigon- Haiphong Industrial Park Corporation (SHP) took place on December 18. Accordingly, LG Electronics is going to rent additional 40 hectares of land at the Trang Due Industrial Park (IP) for its second stage of expansion plans.

Back in January 2013, LG Electronics made an influential decision to invest in Haiphong. It chose KBC's Trang Due IP to build its manufacturing plant to produce electronic components with the total investment capital of \$1.5 billion. LG Electronics signed a 40ha-land lease agreement with KBC at that time. LG Electronics was granted an investment certificate by the Haiphong Municipal Economic Zones Management Authority in June 2013.

Since then, LG Electronics has been actively speeded up the construction of plant in the Trang Due IP. The plant has been regarded as one of the fastest-built facilities in Haiphong and it has been put into trial production.

KBC is also inviting LG Electronics' suppliers to set up shop at the Trang Due IP. To this end, the IP developer has also signed a memorandum of understanding with the Korean Electronics Association and other electronics part manufacturers in Korea

The Trang Due IP has become an important part of the port city's Dinh Vu-Cat Hai Economic Zone since 2013. In 2015, KBC hopes to draw in further investment projects from Korea.

Source: TST

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### **Investor reshuffle for Van Don airport**

*Sun Group – the owner of luxury resorts in the central city of Danang including Ba Na Hills and Son Tra Intercontinental Resort – is planning to invest in the Van Don International Airport project in the northern province of Quang Ninh where it is also developing two resorts.*

If the private group gains an investment certificate for the airport, it will mean that the South Korean-backed Joinus Company Limited may lose its already-granted permit because of the slow pace of the company's work.

Pham Minh Chinh, Secretary of the Quang Ninh Provincial Party Committee, said at a recent conference that the Van Don project looked like it would "break ground in the first quarter next year." He also said the provincial authorities were working closely with an investor to push the project forward.

"The investor is Sun Group," said Trinh Van Hong, deputy director of the Quang Ninh Provincial Economic Zones Management Authority.

The airport is regarded as an important infrastructure project in the province's Van Don Economic Zone. This is expected to play a vital role in bolstering the investment climate and tourism development throughout the province already famous for the Halong Bay World Heritage Site. The airport has the total investment of around \$1 billion, and would have the full throughput capacity of 6.5 million passengers per year.

Previously, Prime Minister Nguyen Tan Dung agreed with the Quang Ninh Provincial People's Committee in choosing Joinus and its partners as a "potential investor" for the airport project. The committee is also implementing site clearance for the project.

"Joinus has progressed the project too slowly," Hong claimed, justifying why the provincial leaders wanted to find another investor for the project.

Dolien Han, CEO and chairman of Joinus, was not available for comment when contacted by VIR last week. But in a previous interview with VIR, he said Joinus also planned to start the construction of the project in the first half of 2015, as it was close to securing a financial arrangement with Australia-based investment firm CastlePines Corporation.

But Hong claimed he had not seen positive progress from Joinus.

"If Sun Group invests, it will scale down the Van Don project to develop it as a domestic airport. Currently, the group is studying feasibility of the investment," said Hong.

Sun Group is now developing the \$285 million Ocean Park project in Halong city, and a \$167 million resort at Quang Hanh hot springs in Cam Pha city.

Source: VIR

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### **Additional US\$54.8 mln injected in Can Tho industrial parks**

*The Mekong Delta city of Can Tho attracted US\$54.8 million in investment in this year, US\$7 million higher than 2013, bringing the total capital in the locality's industrial parks to US\$1.91 billion.*

The new investments came from five new projects and 14 expanded others, Vo Thanh Hung, head of the Management Board of Can Tho Industrial Parks, told a meeting to review this year's investment attraction in Can Tho city on December 18.

Can Tho is home to 214 valid projects, including 23 foreign-invested ones. Of the total, 192 projects are operational while 22 others are under construction. They generated stable jobs for 32,000 workers.

Despite difficulties in production and business, enterprises at industrial parks raked in US\$1.4 billion in revenues, equal to that of last year. Of the figure, industrial production value reached US\$1 billion and trade service, US\$391 million.

Over the year, the industrial parks' export was US\$582 million, up 8% from a year ago and accounting for 43% of the city's total goods value.

Of the city's all eight industrial parks, Tra Noc I and Tra Noc II have the highest proportion of land hired by businesses with 100% and 91%, respectively, Hung said.

In a bid to attract more investors, Can Tho has pumped VND213 billion (US\$10.1 million) in building waste water treatment plants with a total capacity of 12,000 cubic metres per day in the two industrial parks. The plants are expected to be operational in the beginning of next year.

*Source: VOV*

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### **Taiwan firm breaks ground for \$100m garment plant**

*Taiwan's United Textile Co. Ltd. broke ground for a \$100 million garment factory in the Mekong province of An Giang on Dec 23.*

The plant in the Xuan To Industrial Park in Tinh Bien District will be built in two phases. In the first phase, United Textile will build eight factories (workshops), eight warehouses and other facilities on 54.7ha and employ some 12,000 workers out of the 29,000 it is eventually expected to hire.

A factory that will employ 3,500-5,000 seamsters will begin operation next September.

Construction of the first phase is scheduled to be completed by the end of 2016.

Work on the second stage, with facilities to be built on 93.6ha, will last from 2017 to 2019 when another 10,000-12,000 workers will be hired.

The company said the total investment in the project would go up to \$500 million if things go smoothly.

*Source: TalkVN*

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### **Waste power plant nears go-ahead in Thanh Hoa**

*Canada's Naanovo Energy Inc has filed an application for an investment certificate to build a 17 megawatt waste-to-energy plant in the central province of Thanh Hoa.*

According to the Thanh Hoa Provincial People’s Committee, executives from Naanovo Energy visited the province in mid-December and discussed the investment with the local authorities. Under Naanovo Energy’s plan, the company will invest \$101 million to build a waste-to-energy plant on a 25-hectare site. The plant will be able to treat 191,700 tons of waste a year.

Nguyen Ngoc Hoi, Vice Chairman of the Thanh Hoa Provincial People’s Committee, said the local authorities had already prepared site clearance, water supply and transportation infrastructure for the project. But he noted Naanovo Energy needed to complete the usual administrative procedures and environmental impact assessment to gain an investment certificate.

Established in 2001 in Canada, Naanovo is a global clean energy company with roots in North America. Its purpose is to develop clean energy projects in regions of the world where the demand for energy far exceeds supply and where alternative energy, or clean energy, is the preferred solution for producing electricity. Over the years, Naanovo has expanded operations through concentrated solar power and waste-to-energy projects in the UK, Brazil, El Salvador, Guatemala, Uganda, Nigeria and Saudi Arabia.

If the project in Thanh Hoa is approved, this could be the second waste-to-energy plant in the Vietnam.

The construction of the first waste-to-energy plant in Vietnam began last September in Hanoi. It was built at the Nam Son Waste Treatment Complex in Soc Son district by a joint venture between Japan’s Hitachi Zonen and Hanoi Urban Environment Company. Once completed, the Hanoi waste-to-energy plant will provide the electricity for the whole Nam Son Waste Treatment Complex, as a measure to deal with the glut of waste in the capital.

Several private investors have proposed building renewable energy projects generated from solid waste in the country in recent years, but most of them have not been realised due to the lack of policies that would help guarantee the projects. Those include Australia-based Trisun International Development’s \$400 million project and Vietnam Waste Solutions’ \$400 million project in Ho Chi Minh City.

To encourage private investors to develop waste-to-energy plants in the country, the Vietnamese government this year also issued a decision providing a ground-breaking feed-in tariff for power suppliers of up to 10.05 US cents per kilowatt hour. This is more than 25 per cent higher than the 7.8 cent applicable to wind power projects.

Source: VIR

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### **Hoa Binh Co bubbles over with V Cola fizzy drink plan**

*Domestic real estate developer Hoa Binh has ambitious plans to produce a carbonated soft drink to compete with Coca-Cola and Suntory PepsiCo.*

The firm will soon put into operation a \$39.7 million beer and beverage factory in the northern province of Bac Ninh’s Tien Son Industrial Park. The new facility will have the annual output of 150 million litres of soft drinks, 20 million litres of beer and 100 million litres purified water.

The V Cola brand will be the first domestically-produced carbonated drink, Nguyen Huu Duong, general director of Hoa Binh told VIR.

Duong said that the new facility would operate the most modern product lines imported from Germany. He believed V Cola retailed at just two thirds of the cost of Coca-Cola or Pepsi would be able to compete with the global drinks giants for their giant share of the domestic market. Coca-Cola and Pepsi occupying about 60 per cent of the Vietnamese beverage market, according to Ministry of Industry and Trade (MoIT).

Domestic companies such as Tribeco did previously attempt to produce carbonated drinks, but failed to compete with the international heavyweights. However, Duong said that if domestic beverage companies had a proper business strategy, they could successfully develop a foothold in the carbonated drink market.

Hoa Binh, a property developer most well-known for its Hoa Binh Green City took the decision to enter beverage production. The latest report by London-based Business Monitor International, a leading independent provider of proprietary data, analysis, rankings and forecasting revealed Vietnam's beverage industry's business growth during 2013-2017 stood at about 20 per cent due to increasing consumption.

According to the MoIT, the beverage industry has significantly contributed to Vietnam's economy. To date, the beverage sector accounts for about 15 per cent of the country's GDP and this is likely to continue increasing.

Vietnam's beverage market has proved attractive to both domestic and foreign beverage companies, with more money being poured into expansion in the sector.

In August this year, Tan Hiep Phat (THP), one of Vietnam's leading beverage groups, officially put into operation a \$85 million beverage plant in the northern province of Ha Nam's Kien Khe Industrial Park with the designed capacity of 300 million litres per year in the first phase, which will expand to 600 million litres per year in the second phase during 2018-2022. The group will continue focusing on its strength in tea with products such as Dr Thanh and Number 1. The group is investing in other plants in Binh Duong, Quang Nam and Hau Giang provinces. Once all are in operation, THP will annually provide around two billion litres of products, Tran Uyen Phuong, deputy general director of THP told VIR.

Phuong said that since it was near to impossible to compete with foreign giants such as Coca-Cola and PepsiCo in the carbonated drinks market, domestic beverage companies have chosen to focus on non-carbonated alternatives.

Coca-Cola also plans to invest additional \$300 million in the Vietnamese soft drink market by 2015. Meanwhile, PepsiCo Vietnam formed a joint venture with Japan's Suntory Holding Ltd in which Suntory would buy a 51 per cent stake in PepsiCo's Vietnamese beverage business. The company poured \$118 million into two beverage plants in Dong Nai and Bac Ninh provinces.

Masan, one of Vietnam's largest fast moving consumer goods companies, plans to expand its beverage business through buying a beer plant in the central province of Phu Yen, and through promoting its own brands such as Vinacafe and Vinh Hao this year.

Source: Bao Dau Tu

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### **Investment license awarded for US\$ 128 mln Nam Tien Phong industrial park and seaport project**

*The Chairman of the provincial People's Committee Nguyen Van Doc on December 24 granted an investment license for the project of Nam Tien Phong industrial park and port to the Tien Phong Industrial Park Joint Stock Company.*

Located in the area of Dam Nha Mac in Quang Yen town, the project of Nam Tien Phong industrial park and seaport is an 100 percent foreign - invested one. Its investor, the Tien Phong Industrial Park Joint Stock Company, is a joint venture among Hong Kong's Rent A Port, Infra Asia Investment Limited and Belgium's International Port Engineering and Management.

With the registered capital of US\$ 128 million, the Nam Tien Phong Industrial Park and Seaport project will be built on an area of 487 hectares. It is designed as an environmental-friendly industrial park which comprises a system of modern technical infrastructure. The project is expected to be inaugurated in 2015.

Speaking at the investment license awarding ceremony, the Chairman of Quang Ninh PPC Nguyen Van Doc highlighted the importance of the Nam Tien Phong Industrial Park and Seaport project, contributing to accomplishing the province's target to dramatically improve its infrastructure system. He also directed all relevant departments to offer the investors with favorable conditions to carry out the project.

Quang Ninh will provide all possible support in site clearance, adequately supply power, water so that the project can be quickly and effectively implemented, he said.

On this occasion, Mr. Neerav Kumar Gupta, Tien Phong's Project General Director expressed appreciation to the Quang Ninh PPC and other related departments for their enthusiastic support and active collaboration in complying with all the necessary formalities related to the project.

On behalf of the company, he committed to put the project into operation soon as well as do its utmost to complete the project on schedule

*Source: QNP*

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### **CapFin Asia eyes major Chan May-Lang Co deal**

*The US' CapFin Asia has expressed interest in developing an integrated technology, education, hotel and entertainment complex in the central province of Thua Thien-Hue's Chan May-Lang Co Economic Zone.*

CapFin Asia's director Daniel Berke revealed the firm's plan last week in a meeting with the local officials.

Nguyen Que, deputy head of the Chan May-Lang Co Economic Zone Management Authority confirmed the project proposal with VIR and added that the project was expected to cover 200 hectares.

"The potential investor said they would carry out a feasibility study for this project within the next six months and conduct planning before applying for an investment certificate," Que said.

According to Que, CapFin Asia's proposal matches the government plans for the area and would be particularly suitable for the Chan May-Lang Co Economic Zone.

Located between the central cities of Hue and Danang, and located on the Central Vietnam Heritage Road which includes attractive tourist destinations of Phong Nha-Ke Bang National Park, Hue, Hoi An and My Son, and located on the East-West economic corridor, the Chan May-Lang Co Economic Zone is regarded as one of 15 important coastal economic zones throughout the country.

Over the past six years, Lang Co has witnessed dramatic socio-economic development with revenues from the local tourism sector increasing by 25-30 per cent, with the area witnessing 95,000 visitors per year.

The Chan May-Lang Co Economic Zone has so far attracted 34 investment projects with the combined registered investment capital of \$2.28 billion, comprising of 10 foreign-invested projects capitalised at \$1.3 billion and 24 domestic projects worth \$968.5 million. Large projects in the zone include the Laguna Lang Co integrated resort developed by Laguna Vietnam, a subsidiary of Singapore's Banyan Tree Group with the total registered investment capital of \$875 million.

*Source: ITPC*

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## **Proconco inaugurates latest animal feed plant**

*Vietnamese-French joint venture Proconco, one of the biggest providers of animal feed in Vietnam, inaugurated a new \$9.3 million factory in the central province of Binh Dinh's Nhon Hoa Industrial Park last week.*

*The new facility is the company's seventh in Vietnam and joins the existing two in Dong Nai and other plants in Haiphong, Can Tho, Hung Yen and Hanoi.*

Nguyen Thi Le Hong, chairwoman of Proconco said the factory would cover five hectares and produce 150,000 tonnes of product per year. Hong added that in the second phase, the company would invest \$18.7 million into doubling its capacity. According to Hong, the new facility will meet the increasing demand for animal feed in central and Central Highlands provinces.

Animal feed companies in Vietnam have faced fierce competition, but Proconco has sold 1.3 million tonnes of products thanks to its model production line.

According to the Vietnam Animal Feed Association, this year the total capacity of animal feed is set to increase 10 per cent compared to the same period last year.

The compound feed industry in Vietnam has grown at a rate of 13-15 per cent annually. Last year, the country produced about 17 million tonnes with 50 foreign-invested companies accounting for 25 per cent of the number of firms, but a gigantic 65-70 per cent market share of the country's animal feed output. Thailand's CP Group alone holds a 15 per cent share and Proconco 10 per cent. The total national output is expected to reach 18-20 million tonnes in 2015 and rise to 25-26 million tonnes in 2020.

Last year, Vietnam imported 9.2 million tonnes of animal feed and additives, worth \$4.5 billion, up 27.46 per cent on-year. Products imported include protein-rich feed such as soybean, meat and fish powder and energy-rich products such as wheat, corn and bran.

In the first ten months of this year, Vietnam spent \$2.79 billion importing animal feed and supplemental foods, up 6.3 per cent on-year, mainly from Argentina (38.4 per cent), the US (12.2 per cent) and China (9 per cent).

*Source: Baomoi*

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## **Nghe An expects to lure 100 trillion VND investment**

*The central province of Nghe An has set a target of attracting around 100 trillion VND (4.7 billion USD) in investment, including 50 trillion VND from foreign direct investment (FDI), in the 2015-2020 period.*

To that end, the locality will synchronously implement measures to lure investment projects, considering it a key task to spur local socio-economic development.

It will facilitate investors' operation by zoning off land for, giving incentives to and assisting them in recruiting workers and building material areas. Nghe An will also continue improving its investment environment, aiming to name itself in the top 30 provinces and cities nationwide in provincial competitiveness index.

Currently, the province is calling for investment in agro-forestry, fishery and industry.

Last year, Nghe An granted investment licenses to 105 projects worth more than 18.5 trillion VND (880 million USD), representing increases of 45.83 percent in number and 43.74 percent in value against a year earlier. The projects have been put into operation and generated 8,000 jobs.

Some large-scale projects include Hanoi -Kim Liem urban and hotel complex (720 billion VND), Lan Chau-Song Ngu eco-tourism complex (1.97 trillion VND), Thanh Thanh Dat wharf (560 billion VND), Masan Food project (1.2 trillion VND), Ton Hoa Sen (2.3 trillion VND), Nguyen Kim supermarket (550 billion VND) and Vingroup (2.39 trillion VND)

Source: VN+

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### **Amata eyes Binh Dinh industrial and urban complex**

*Thai industrial land developer Amata Corporation PLC is planning to study a new project in Binh Dinh province, where Thailand's national oil and gas firm PTT has earmarked for the construction of its \$22 oil refinery and petrochemical complex.*

Binh Dinh People's Committee said an Amata delegation visited the province in December to study the investment environment. During a meeting with provincial leaders, Amata representatives learned about the expansion of Nhon Hoi Economic Zone, and the site for the planned for PTT's \$22 billion Victory oil refinery and petrochemical plant with 400,000 barrel per-day capacity and five million tonnes of petrochemical products annually.

Although Amata is just in the initial stages of its enquiries, the move shows that the Thai developer is planning to exploit future opportunities in the province after PTT and its partners build one of the world's largest oil refinery and petrochemical integrated complexes in the province.

The Vietnamese government last month agreed to incorporate PTT's project in the country's national oil and gas master development plan. Binh Dinh People's Committee has also started calling for investment into oil and petrochemical-related support industries. And if Amata develops an industrial park in Binh Dinh, it will significantly improve the province's industrial infrastructure.

Ho Quoc Dung, Chairman of Binh Dinh People's Committee, said they were keen on Amata to invest, as it could help to attract even more foreign investors to the province. Vietnam's leading industrial park and township developer VSIP is also studying a project in Binh Dinh that could become the firm's second industrial park and township complex in central Vietnam.

Amata is Southeast Asia's leading industrial land developer, boasting thousands of customers, including Fortune Global 500 Companies and numerous multi-national enterprises.

In Vietnam, Amata owns and runs Amata Bien Hoa Industrial Park in Dong Nai province. The developer last October signed a co-operative agreement with Dong Nai People's Committee for implementing the long-prepared modern and integrated city industrial estate worth \$530 million.

The agreement is a new step in Amata's decade-long plans to implement an industrial park and township complex in Dong Nai.

The first phase of the project is a hi-tech industrial park that is aimed at attracting manufacturing in biotech, research, nanotechnology and pharmaceutical sectors. The second phase or service township, will focus on building integrated facilities such as a housing estate, hospital, school and logistics services. The third phase will be a mega-township that will include shopping centres, food courts and recreation areas. Amata is also preparing for a mammoth \$2 billion development in the northern province of Quang Ninh.

### **Amata to launch three projects in Dong Nai**

*Thai industrial city developer Amata will invest in three new high-tech industrial park and urban development projects in the southern Dong Nai province, news website dddn.com.vn reported on January 13.*

Amata Viet Nam Public Limited will be the investor of a 753ha urban development project in the province's Tam An commune in Long Thanh district.

Meanwhile, a high-tech industrial park project and an urban development project, spreading over 410 hectares and 122 hectares respectively, will be developed by Amata's affiliates in Tam An and An Phuoc communes in Long Thanh district.

Dong Nai's People's Committee has established a steering committee to help the investors in getting land clearance and giving compensation. The investors are now working with the Long Thanh's People's Committee to measure the land and hire consultants to develop planning documents for the three projects.

Amata also plans to develop a large-scale high-tech industrial park in the northern Quang Ninh province and a township complex in the southern Binh Dinh province.

In September 2014, Amata signed an agreement with the Dong Nai People's Committee to implement a USD\$530-million high-tech industrial zone and urban development project in Long Thanh district.

Source: Bao Binh Dinh/ TalkVN

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## FINANCE – BANKING

### Short-term foreign lending extended

*The State Bank of Viet Nam (SBV) will extend short-term foreign currency lending to exporters and petrol importers by one year, in a move to support these businesses, said SBV Governor Nguyen Thi Hong.*

Under the SBV's Circular No 29/2013/TT-NHNN on lending in foreign currencies, issued in 2013, lending would expire on December 31 this year. Beginning January 1, 2015, only a limited number of borrowers, exclusive exporters and petrol importers were to receive foreign currency loans.

Hong said that after scrutinising past lending, as well as targeting to meet the country's 6.2 per cent GDP growth rate next year, as approved by the National Assembly, the central bank decided not to call in loans by the end of this year, as planned, but to extend payments until the end of 2015.

Both businesses and bankers want the central bank to extend the deadline for lending in foreign currencies, because they have significantly benefited from this lending.

Economists have also advised the central bank to extend loan payments, saying that any signs of credit growth, no matter whether it is the Vietnamese dong or foreign currency credit growth, should be seen as good news in the current circumstances.

Circular No 29, released in 2013 but taking effect in early 2014, was aimed to ease more businesses in accessing dollar loans, as it expands the list of subjects that can receive dollar loans from banks, within the context of the country's economic difficulty and low credit growth.

The regulation, plus a stable dong/dollar exchange rate and a lower interest rate of dollar than dong loans, has prompted businesses to rush to borrow dollars, which had contributed significantly to pushing up the country's recent credit growth.

According to the central bank's statistics, foreign currency outstanding loans within the banking system increased 20.77 per cent as of the end of September, which was five times higher than dong outstanding loans.

Of the total foreign currency outstanding loans, exports and petrol imports accounted for roughly 30 per cent. Further, lending on export businesses made up 24 per cent and the remaining 6 per cent of loans had been to petrol importers.

*Source: VNS*

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### **Finance ministry urges bank listings to boost transparency**

*The Ministry of Finance will cooperate with the State Bank of Vietnam to encourage commercial banks to get listed to increase transparency and reduce cross-holding in the system.*

This resolution was made a year ago and included a roadmap aiming to have all commercial banks listed by 2015. However, the stock market has been sluggish, and bank stocks have been immensely unstable. Therefore, watchdogs have not issued a clear direction for the listing of the banks.

While non-performing loans (NPLs) and cross-holding remain challenges in the system, there are still 26 commercial banks staying out of the stock exchanges.

The Bank for Investment and Development of Vietnam (BIDV) was the only bank to become listed last year. It was one of the most anticipated listings of the year, offering more than 2.8 billion shares. However, its trading volume remains low at a few hundred thousand units as the state still holds a dominant stake of nearly 96 percent.

In addition to BIDV, there are currently eight listed banks, including Vietcombank (VCB), Vietinbank (CTG), Asia Commercial Bank (ACB) and Eximbank (EIB). Rounding up these banks are Military Bank (MBB), Sacombank (STB), Sai Gon – Ha Noi Bank (SHB) and Nam Viet Bank (NVB).

Nam Viet Bank planned to delist in October 2013 due to high NPLs and operational losses.

Unlisted banks avoided going on the exchanges because they believed that the unfavourable conditions of the stock market would drag down their share prices. Some banks prioritised other goals, such as mergers and acquisitions.

Among the criteria for banks to get listed is the requirement to have an NPL ratio under 3 percent. This will be difficult to achieve by the end of this year.

*Source: VNA*

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### **Vietnam considers six bank mergers in 2015**

*Vietnam will be expecting six bank mergers and acquisitions as part of an effort to clean up Vietnam's banking sectors in 2015.*

In the Investment Forum's Biztalk held on January 12, the State Bank's (SBV) Deputy Governor Nguyen Thi Hong stressed that the restructure of banks would enhance and improve the banking system's performance and operations and bring Vietnam's banking operations towards international standards.

In particular, Vietcombank could merge with Saigon Bank for Industry and Trade while Vietinbank might join OceanBank. Likewise, BIDV would probably do the same with Mekong Housing Bank and Vietinbank could also merge with Petrolimex Bank.

Other banks in the mergers could include Maritime Bank with Mekong Development Bank and Sacombank with Southern Bank whom have been seen with preparation works last year.

SBV however stated that the details of the mergers were not finalised as yet and any mergers or acquisitions would be formally announced to the market when due.

Vietnam currently has 42 local lenders including many small banks which are deemed to be overcrowded by many economists. Once the mergers and acquisitions take place, smaller and weaker banks could take advantages of the bigger and stronger banks' financial capability to resolve bad debts and liquidity.

According to credit organisations' reports, by end of November 2014, bad debts amounted to 3.8 per cent across banks and the government is aiming to cut the level of bad debts to three per cent by end of 2015.

Source: TTO

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### **Bad debt situation made worse by VAMC**

*While the State Bank of Vietnam (SBV) says that settling bad debts through the Vietnam Asset Management Company (VAMC) is the optimal solution, economists doubt that it is actually helping the situation.*

VAMC, a state-owned corporation, was established to help commercial banks settle their mountain of bad debts. It has so far reportedly "cleared" VND123 trillion worth of bad debts from commercial banks' books.

Doan Van Thanh, deputy general director of VAMC, said the amount of debt VAMC buys from banks in 2014 was double that of the previous year (VND40 trillion).

However, of the VND123 trillion worth of debts bought, VAMC settled only VND4 trillion, which means that the remaining debts are still in VAMC's coffers. Deputy Governor of the State Bank of Vietnam, Nguyen Thi Hong, has once again said at a meeting with the local press that VAMC is the best solution for Vietnam to settle bad debts without the state's money.

However, economists doubt that VAMC can help settle bad debts, fearing that VAMC will only make the debt situation worse.

Dr. Nguyen Tri Hieu, a renowned banker, said the only thing VAMC can do is to write off debts from banks' balance sheets, while it cannot settle the problem to its root cause. This means that the bad debts have been taken away from bank balance sheets and put on VAMC's balance sheet.

In other words, VAMC is just a coffer for banks to keep their debts. This explains why VAMC now takes on huge debts it has bought from banks and does not know what to do with the debts.

Hieu pointed out that the State Bank's recent suggestion of settling banks' bad debts with the state's money shows that the central bank has failed to settle bad debts with VAMC.

Dr. Do Thien Anh Tuan, a lecturer at the Fulbright Economics Teaching Program (FETP), also believes that VAMC cannot help settle the existing problem of the banking system.

He noted that the banks' bad debts can only be "hidden" because they are not shown on books, but in fact, they have not disappeared. "There are too many problems in the VAMC model which cannot help settle bad debts effectively," Tuan said.

One of the problems Tuan mentioned is that VAMC does not have real money to buy bad debts.

When buying debts, it pays in special bonds, not cash. VAMC's chartered capital is VND500 billion, too small compared with the bad debt value, estimated at hundreds of trillions of dong. He noted that VAMC's chartered capital is even lower than the capital of some banks' AMCs (asset management companies).

Prime Minister Nguyen Tan Dung said at a dialogue with the business community in early December that reducing the banks' bad debt ratio to 3 percent was within reach in 2015.

Source: VNN

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## ANALYSIS – OPINION

### Power shortfalls still remain a concern

*Vietnamese Deputy Prime Minister Hoang Trung Hai spoke to VIR's Thanh Huong about the main challenges facing the nation's power sector in the coming years.*

### **Power generation facilities now seem able to keep pace with the local demand. Does this mean that the power sector has gone one step ahead to ensure power sufficient to meet the requirements of the country's socio-economic development?**

The total design capacity of various power generation sources in Vietnam has reached about 34,000 megawatts. However, real capacity in many instances has only touched 23,000MW, which is well-below design capacity. This is due to hydropower plants being affected by weather conditions or some power sources undergoing repair or maintenance. In southern cities and provinces, the power sector still suffers from time to time from insufficient backup sources.

Generally speaking, so far this year the power sector has been running effectively, providing sufficient power to meet socio-economic development targets, albeit with modest backup sources.

Vietnam's power demand has been rising constantly and is about 1.7 times higher than GDP growth, making the task of ensuring sufficient power supply in the coming years quite challenging. As estimated, each year the power sector will need about \$8 billion in order to raise the system's capacity by roughly 5,000MW.

Vietnam's current capita power consumption is rather low at 1,500kWh per person a year, which is half the global average. Meanwhile, power usage levels in developed countries surpasses 10,000kWh a person per year.

Therefore, to keep up with the country's power demand to match the annual economic growth level of 12-13 per cent in the period up to 2020, the prime minister has instructed government agencies to work out specific policies and mechanisms for urgent power projects to ensure the local demand is met.

Based on the latest figures, and if things go according to plan, the power sector can ensure there will be no power outages during the 2015-2020 period.

### **Although the government has encouraged the role of the private sector in power generation development, Electricity of Vietnam (EVN) still plays a decisive role. How can this situation be addressed?**

In the initial stages while the power market has yet to function under market rules, the decisive role of EVN is important to ensure that sufficient power supply matches development needs.

In the past decade, the power sector has gradually shifted from being a state monopoly to operating under market rules alongside businesses from diverse economic sectors, including foreign-invested companies in power source development. At present, EVN does not have a monopoly in power generation. The power sources managed by EVN (including financially dependent power plants and those it retains the entire capital in) account for 44 per cent of the total designed capacity; 37 per cent is managed by private businesses; and the 19 remaining per cent is handled by other state-businesses.

During 2015-2020, of the nearly 29,000MW of the designed capacity to be developed, EVN will account for about 33.5 per cent, while the remainder will be taken up by other businesses.

To ensure a healthy power market, the power sector will embark on a restructuring plan, and will exercise further steps towards forming a competitive power market as outlined in the approved plan. It's vital that the gradual reduction of EVN's monopoly role runs parallel to restructuring and forming a competitive power market to attract investors.

**The government has set a goal of having power prices set by market rules by 2015, but power prices are only slowly creeping towards this target. How will this goal be reached?**

According to consultants' calculations, market prices for power generation during 2015-2020 will surpass 9 US cents per kWh. However, current power prices are much lower than that level, averaging about VND1,537/kWh (7.2 cents per kWh), equal to just 75-80 per cent of the market price. At such a low price, the power sector's distribution and transmission units report very low profit rates of only 2-3 per cent. Financial indexes of power sector businesses currently are not capable of convincing banks to offer loans.

Therefore, to ensure investment capital for power projects, the government has supported EVN through providing guarantees for it to borrow from domestic and foreign credit institutions or allowing it to source investment credit packages for relocation of people affected by power projects.

The power price next year may still be lower than market prices as the power price also depends on a nation's development level. The power price will be gradually adjusted following market rules, while avoiding shocks to the economy. Power companies also need to enhance transparency, specifically in terms of how they go about calculating their power prices. They must boost labour productivity to slash costs, meanwhile state agencies must increase inspections and the supervision of proposals to increase power costs to ensure impartiality.

Source: VIR

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**More investment incentives for raw material imports**

*On 26 November 2014, the National Assembly passed Law No. 67/2014/QH13 on Investment (Investment Law 2014) with many new provisions that have significant impacts for both foreign and domestic investors.*

**Investment incentives**

Investment incentives comprise entitlement to a lower rate of corporate income tax (CIT); exemption from or reduced CIT; exemption from import duties on imported goods to form fixed assets, raw materials, supplies and components to implement investment projects; and exemption from or reduced land use fees and taxes. Investment incentives apply to the following investment projects:

- (1) Involvement in preferential investment industries and trades.
- (2) Being located in a preferential investment geographical area.
- (3) Having a scale of investment capital being 6 trillion dong or more disbursed over three years or less after receipt of an investment certificate (IC) or investment policy.
- (4) Being located in rural areas and employing 500 employees or more.
- (5) High-tech enterprises, scientific and technological enterprises or scientific and technological organizations.

Investment incentives applying to the projects listed in the above (2), (3) and (4) will not apply to projects for mineral resources exploitation and production, or for goods and services subject to special consumption tax, except car production.

### **Preferential investment industries and trades**

- (1) High-tech activities, industrial products supporting high-technology, research and development activities.
- (2) Manufacture of new materials, new energy, clean energy, renewable energy; manufacture of products with added value of 30 per cent or more or saving energy.
- (3) Manufacture of electronics, prioritized mechanical products, agricultural machinery, cars, car accessories and shipbuilding.
- (4) Manufacture of products to support the garment, leather and shoe industries, and products specified in the above (3).
- (5) Manufacture of IT products, software and digital products.
- (6) Breeding, growing and processing agricultural, forestry and aquaculture products; planting and protecting of forests; salt production; fishing and fishing logistics services; creation of plant and animal varieties, and manufacture of biological technology.
- (7) Collection, reprocessing or reuse of waste.
- (8) Development, operation and management of infrastructure facilities, and development of public transportation in urban areas.
- (9) Pre-school education, general education and vocational education.
- (10) Medical consultation and treatment, production of medicines, raw materials for the production of medicines, principal medicines, essential medicines and medicines for prevention and treatment of social diseases, vaccines, medical biological products, medicines from pharmaceutical materials, oriental medicines; scientific research for preparation technology or biological technology for the production of new medicines.
- (11) Investment in sports or physical practices and competition facilities for disabled people or for professional people, and the protection and promotion of cultural heritages.
- (12) Investment in centre for geriatrics, psychiatry or treatment of patients exposed to Agent Orange, or care centres for the elderly, disabled, orphans or street children.
- (13) People's credit funds and micro finance organizations.

### **Investment certificate**

The following projects are required to follow these procedures to obtain an IC:

- (1) Investment projects of foreign investors
- (2) Investment projects of economic organizations (a) having foreign investors holding 51 per cent of charter capital or more; or the most partnership members being foreign individuals applicable to partnership company; (b) having economic organizations specified in the above (a) holding 51 per cent of charter capital or more; (c) having foreign investors and economic organizations specified in the above (a) holding 51 per cent of charter capital or more.

The Investment Law 2014 includes investment projects not subject to implementation of the procedures for IC issuance as follows:

- (1) Investment projects of domestic investors
- (2) Investment projects of economic organizations having foreign invested capital and not listed in the above (2).(a), (b) and (c) will implement investment procedures in accordance with provisions applicable to domestic investors when

they invest and establish economic organizations; investment in the form of a capital contribution or purchase of shares or capital parts of economic organizations; investment in the form of a business co-operation contract.

(3) Investment in the form of a capital contribution, or purchase of a share or capital parts of economic organizations.

### **Investment activities to be prohibited**

The Investment Law 2014 provides details of investment activities to be prohibited such as drugs, chemicals and minerals; specimens of wild fauna or flora, and specimens of species of endangered and rare wild fauna or flora specified in the Investment Law 2014 and others; prostitution; human trafficking or the sale of human body parts; and businesses related to a sexual reproduction.

The Law on Investment takes effect on July 1, 2015.

Source: VNS

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### **Updated policies on foreigners**

*A string of fresh policies on foreign-related elements were introduced in 2014 including foreign strategic investors, sub-lease of job, preferential corporate tax, international goods trading activities with foreigners, temporary import for re-export, and indirect investment capital account.*

### **Foreign strategic investors**

A foreign strategic investor may hold 20% of the charter capital of a Vietnamese credit institution, according to Government's Decree 01/2014/ND-CP, dated January 3, 2014. The decree took effect from February 20, 2014.

Decree 01 adds financial joint stock companies and financial leasing companies to the list of organizations eligible to sell shares to foreign investors. This helps increase opportunities for foreign investors in Viet Nam.

Decree 01 maintains provisions on share ownership percentage of foreign investors as individuals and organizations. However, a foreign investors' share ownership percentage can be raised to under 15% of the charter capital of the Vietnamese credit institution.

The total share ownership level of foreign investors cannot exceed 30% of the charter capital of a Vietnamese commercial bank.

### **Guidelines for sub-lease of job**

Circular 01/2014/TT-BLDTBXH dated January 8, 2014 (Circular 01) took effect from March 1, 2014 providing further details on the implementation of paragraph 3 of Article 54 of the Labor Code of the licensing the activity of labor sub-lease, the deposit and list of works permitted to be done in sub-lease of labor.

As a rule, foreign enterprises may enter into joint ventures with Vietnamese enterprises to trade in the sub-lease of labor. In addition to the meeting of capital requirements, foreign enterprises have to prove that their main business line is the sub-lease of labor.

Foreign enterprises should provide contracts to which they have conducted the business activity of sub-lease of labor, in which the operating time of labor sub-lease has been granted in accordance with local regulations is represented and related to documents (if any).

### **Preferential corporate tax**

The Government's Decree 154/2013/ND-CP, dated November 8, 2013 guides the management of concentrated information technology parks.

Accordingly, enterprises will enjoy corporate tax rate of 10% for 15 years (up to 30 years in special cases) and exempt from tax in 04 years and get 50% tax cut in the next five years.

In addition, they will be exempted from import tariff for goods imported to create fixed assets and serve for production of information technology products and services of enterprises.

Under Decree 154, concentrated information technology parks must employ at least 2,000 laborers doing specialized jobs in information technology, occupying at least 60% of total laborers working in the IT Park.

The Decree took effect since January 1, 2014.

### **Int'l goods trading activities with foreigners**

The Ministry of Finance on January 27, 2014 issued Circular No. 04/2014/TT-BTC (Circular 04) guiding some regulations on international goods trading activities and agent activities of buying, selling, processing and conducting goods transit with foreigners.

Circular 04 stipulates four types of imported goods under tariff quotas including salt, tobacco, poultry eggs, refined sugar and raw sugar.

Used automobiles of all kinds shall satisfy condition that the vehicles were used less than 5 years old from the production year to the import year.

### **Temporary import for re-export**

The Ministry of Industry and Trade on January 27, 2014 issued Circular No. 05/2014/TT-BCT (Circular 05) providing for the temporary import, re-export, re-import and transit of goods.

Circular 05 takes effect from February 20, 2014 and replaces Circular No. 05/2013/TT-BCT, dated February 18, 2013.

From February 20, 2014, enterprises trading in temporary import for re-export of used goods and goods subject to special consumption tax must have the security deposit of VND 7 billion. The security deposit must be paid to the State Treasury at provincial level or bank branches in the province or city where the enterprise is issued Certificate of business registration or Certificate of enterprise registration.

The deposit amount of enterprises trading in temporary import for re-export of frozen foods is VND 10 billion.

### **Regulations on indirect investment capital account**

Circular 05/2014/TT-NHNN (Circular 05) of the State Bank of Viet Nam guides the opening and use of a capital account to carry out foreign indirect investment activities in Viet Nam.

Circular 05 only applies to investors who as non-residents, perform indirect investment activities in Viet Nam, as well as the organizations and individuals involved in the indirect foreign investment in Viet Nam.

According to this Circular, all foreign indirect investment activities in Viet Nam by foreign investors must be done through one indirect investment account opened at one licensed bank and all indirect investment activities shall be made in VND.

The Circular took effect from April 28, 2014.

### **Management of foreign learners**

The regulations of the Ministry of Education and Training on management of foreign students in Viet Nam will take effect on April 11, 2014.

Foreign students are required to register and update their personal information in a database at <http://lhsnn.vied.vn> within 30 days after their registration in the country.

Foreign students, including those studying at all educational institutions, are required to update their information annually or when there are any changes.

### **Attraction of foreign scientists**

Decree 87/2014/ND-CP, dated September 22, 2014 on attraction of overseas Vietnamese and foreign scientists and technologists in scientific and technological activities in Viet Nam, takes effect on November 10, 2014.

Accordingly, overseas Vietnamese and foreign experts shall be granted with preferential policies on (1) entry, exit and residence; (2) employment, labor and study; (3) salary; (4) housing; (5) information access; (6) commendation and honor; (7) and other policies in accordance with the regulations.

To enjoy the above preferential treatment, they shall have to satisfy the following conditions:

- Having inventions or plant varieties registered for intellectual property rights and suitable to scientific and technological tasks to be performed in Vietnam;
- Having outstanding scientific and technological research works that are suitable to scientific and technological tasks to be performed in Vietnam;
- Holding doctorates and having been teaching or conducting scientific research or technology transfer at foreign prestigious research institutions in professional fields suitable to scientific and technological tasks to be performed in Vietnam;
- Holding doctorates and having worked for over 3 years as scientific researchers in international cooperation programs or projects on science and technology or in research sections of foreign prestigious enterprises.

### **List of 127 national projects calling for foreign investment**

Under Decision 631/QĐ-TTg, dated May 5, 2014 regarding the promulgation of the List of National Projects calling for foreign investment by 2020.

The projects are categorized into five: technical infrastructure, social infrastructure, agriculture, processing and preserving and production-service sectors.

### **Enforcement of Land Law 2013**

The revised Land Law was adopted by the 13th National Assembly at its 6th session on November 29, 2013, featuring a number of important new points that draw great public concern.

Under the revised Land Law, foreign-invested enterprises are eligible to receive transfer of the investment capital, as the value of land use right applies to state-allocated land subject to collection of land use fees, the lease land is paid once for the entire rental period where the value of land use rights has been capitalized into the enterprise equity, except for transfer of the investment capital as the value of land use rights for agricultural production or forestry.

The transfer of the land use right associated with the residential housing investment project only applies to the land area having already completed construction of residential housings as per the approved projects.

Enterprise investor investing in the construction and business of industrial park infrastructure shall obtain permission from the competent authority to appropriately adjust the land use term; as long as the overall land use term shall not exceed 70 years and the project investor shall pay land use fees or land rent for the extended term area.

The Decree took effect from July 1, 2014.

Source: VGP

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## Key laws to bring new momentum

*Last year the Vietnamese government reviewed and implemented several new policies to bolster the economy, lawyers from LNT Law Firm writes.*

In November, the National Assembly passed 18 new laws that were to take effect from July this year. These new laws are supposed to represent a paradigm-shift in the business environment allowing foreign investors to conduct increasingly successful business practices in Vietnam. Noticeably, the laws on investment, enterprises, and real estate are expected to be lauded by foreign investors and foreign invested enterprises since they are bringing benefits to foreign investors while slashing red tape.

### Concept of foreign investors redefined

In the past, an FIE with foreign ownership of less than 51 per cent would be treated as a foreign company even if the FIE was established in Vietnam. Under the new Law on Investment, foreign enterprises are only those that were established abroad or where foreigners own 51 per cent or more of a locally incorporated company. Article 23 of the Law on Investment presupposes that FIEs are treated as “foreign enterprises” only if foreign investors own directly and/or indirectly through an FIE [owned directly by foreign investors up to 51 per cent (F1 level)] at least 51 per cent of the equity (F2 level). This is an important principle because an FIE will be treated as a domestic investor so long as it satisfies these requirements and will receive the same treatment a domestic company would. This will also lead to various means to participate in various industries and projects that were previously reserved only for domestic companies by share restructuring to obtain shares of domestic companies involved in said projects and industries.

### Abolition of investment certificates for M&As

When a foreign investor or an FIE (at least 51 per cent foreign ownership) conducts an M&A transaction into conditional investment projects or, as a consequence, holds more than 51 per cent equity of a target, then such M&A activity must be registered with the local department of planning and investment where the target is located. If these conditions are absent, the M&A deal may be conducted solely under the Law on Enterprises, thereby avoiding the requirement of obtaining an investment certificate to close the M&A deal, which was the most troublesome condition under the former law.

Even when registration is required, the registration process will be simple and straightforward and must be reviewed by the authorities within 15 days of submission. This change, together with the redefinition of foreign investors, will greatly streamline M&A investments.

### Reduction in majority voting threshold for JSCs and LLCs

Unlike other countries, the concept of majority voting under Vietnam’s current Law on Enterprises required 65 per cent voting rights, not 51 per cent. The law brings Vietnam’s joint stock companies back in line with the rest of the world (where a majority vote means 51 per cent and super-majority voting means 65 per cent). Please also note that a shareholder holding less than 51 per cent equity could hold more than 51 per cent voting rights if he/she has shares with preferential voting rights. With respect to limited liability companies the default majority rule is still 65 per cent

“unless otherwise provided by the charter”. That effectively means a simple majority voting in a limited liability company could be as low as 50.01 per cent if the charter so stipulates.

The quorum for a board meeting for limited liability companies or joint stock companies will be reduced from 75 per cent to 65 per cent. While this change may not affect existing companies with their current charters depending on how those charters were drafted, it opens up opportunities to renegotiate the charter for the benefit of some of the shareholders, as well as allows more investors to buy shares in a company.

### **Derivative actions - a boost for minority shareholders and private equity**

Although the old Law on Enterprises introduced the concept of fiduciary duty, it did not provide for an implementation mechanism to protect minority shareholders if fiduciary duties were violated. For the first time, the new law introduces the concept of derivative actions, which allows shareholders holding at least 1 per cent of the total shares to launch derivative actions against board members, directors and controllers for violating their duty to put their own interests before the company’s interests and the duty not to abuse their powers. The cost of derivative actions will be borne by the company. This can be considered good news for private equity funds or minority investors who currently hesitate to participate in the equitisation programmes of state owned enterprises.

### **Easing of the Acting Ultra Vires doctrine and HS code requirements**

While the Law on Investment reduces bureaucracy in the investment certificate registration process, the Law on Enterprises reduces delays in the Enterprise Registration Certificate (ERC) issuance process. The business lines are no longer recorded in the ERC. In doing so, an enterprise may have as many business activities as it wishes, provided that they are not prohibited or restricted by law. Trading and distribution companies will not need to supply thousands of Harmonised System (HS) Codes for traded products (and for products they anticipate in the future). This pre-empts the previously common complaint that licensing authorities frequently posed irrelevant questions delaying the incorporation process due to the HS Code requirements.

The relaxation of the HS Code system and the list of business activities during the ERC issuance process may lead the way to the loosening of the acting ultra vires doctrine – that is, an enterprise may only conduct business if such is allowed and stated in the ERC. This, again, will provide more certainty and relieve apprehensions over the legal capacity of companies who do business with each other.

### **Restriction of cross-shareholding**

The Law on Enterprises does not allow a subsidiary to hold shares in a parent company, or a cross-shareholding in between two subsidiaries of the same parent company. While this general obligation still waits for explanation in the implementing the Decree of the Law on Enterprises, this may affect a holding structure to the extent as cross-shareholding is concerned. It is unclear whether an F1 company holds share in an F2 company (but not vice versa) would fall into this prohibition if both F1 and F2 are members of an F0 group (see the graph in section 1 above).

### **Easier property acquisition by foreigners**

Property laws historically prohibited foreigners from acquiring property, the new law on residential housing will ease this measure to allow foreigners to purchase and own residential properties. Although this is not the first time the law has allowed foreigners to own residential properties, the previous law gravely limited the right to exercise ownership such as the ability to obtain a mortgage or use the property as collateral, or to pass on property as an inheritance. As a result, the new law that allows foreigners to exercise ownership is expected to lead to some more property sales.

Another change in the law is that FIEs are allowed to acquire property for whatever purpose they wish. The previous law limited FIEs to purchasing residential properties only for employees as a place of domicile. However, starting from July this year, FIEs can purchase residential properties to be leased out. Again, coupled with foreign individuals

purchasing housing properties, this new law is expected to provide some momentum to the housing market. “This recently passed law makes the market more attractive to Vietnam-based expats seeking an investment in residential properties in Vietnam, and clears away the initial barriers to create a level playing field,” said CBRE Vietnam.

Looking ahead, 2015 is expected to see the signing of several free trade agreements. Together with the enforcement of many laws related to business and investment, 2015 is expected to bring new vitality to the economy.

Source: VIR

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## NEWS IN BRIEF

### [More Japanese businesses invest in service in HCM City](#)

There is a growing tendency of seek investment opportunities in the field of service among Japanese companies, heard a workshop in Ho Chi Minh City on December 18. The workshop, held by the Japanese External Trade Organization (JETRO), saw about 60 Vietnamese businesses and 17 Japanese enterprises, including renowned trademarks such as Comline, Musashi, Doutor Coffee, in attendance. According to the organizing board, the Japanese businesses are interested in estate-related information and seeking spaces for restaurant and beauty care services in major commercial centres and shopping malls in HCM City. They also seek partners in a bid to expand Japan’s high-quality retail chains. Ho Xuan Lam, Vice Director of the Investment and Trade Promotion Centre, said that Japan’s investment in the field of service is increasing along with its strong investment industry in Vietnam. Since 2013, Japanese businesses have injected their money in more than 100 projects in the field of service in southern Vietnam, mainly in Ho Chi Minh City, according to JETRO.

### [System offers painless investment procedures](#)

Foreign investors who apply online for permission to invest in Vietnam will be able to receive investment certificates online as of 2015. The move is part of the national foreign investment information system, and is part of the plan to create more favourable conditions for foreign investors. If this plan is enacted next year, foreign investors may finally be able to dispense with complicated administrative procedures when deciding to invest in Vietnam. The procedure to obtain an investment certificate where a foreign party wants to invest or buy into a company in Vietnam is still very complex and cumbersome and a significant amount of time is dedicated to the preparation, explanation and supplementation of unnecessary information for various authorities. For example, investors may be required to explain the origin of funding, business plans and track records. The licensing time is also lengthened with cross-consultations between the municipal and provincial departments of Planning and Investment and the municipal and provincial People’s Committees or relevant governmental agencies. Sometimes, a local department may put an application on hold for two to three months while it awaits feedback from relevant governmental agencies.

### [HCM City posts 94% FDI surge](#)

Foreign direct investment (FDI) into HCM City as of December 15 has reached US\$3.21 billion, an increase of 94 per cent compared with the same period last year, according to figures from HCM City Department of Planning and Investment. The figure includes registered capital of \$2.84 billion for 414 new FDI projects, nearly triple last year’s figure. Most of the investment was in the manufacturing and real estate sectors. In addition, 133 operational projects have received added capital totaling \$371.2 million, 53.5 per cent of the figure in 2013.

### [Hanoi opens four large scale infrastructure projects](#)

Three large scale infrastructure projects will improve the capital’s investment environment and help reduce traffic congestion in Hanoi when they open in early of 2015. According to the Ministry of Transport, the second passenger terminal at the Noi Bai International Airport, the Nhat Tan Bridge and the road linking between Noi Bai to Nhat Tan which will open this week, will have an immediate effect on improving journey times. The projects will provide visitors to the capital with a better experience, the Japan International Co-operation Agency (JICA), which funded the projects, claimed. The 8.91 kilometer Nhat Tan Bridge which spans the Red River is one of the longest cable-stayed bridges in Southeast Asia. Together with the road linking to Noi Bai International Airport, they will prove to be two key projects to improve transport capacity from Hanoi to the airport. Nhat Tan Bridge cost VND13.6 trillion (\$647million), including loans from JICA and the reciprocal government funding.

The second terminal at Noi Bai started construction in December 2011 and has cost nearly \$1billion. The terminal is capable of receiving 10 million passengers per year currently and 15 million passengers per year by 2030. The new terminal will reduce the

serious overloading of Terminal 1. The Vietnam Airport Corporation also decided to lavish VND300 billion on a VIP Reception at Noi Bai. The area will only be used by 'high-ranking' delegations and restricted to use under international diplomatic reception regulations. The \$320 million, 12 kilometer road linking the Noi Bai International Airport to the Nhat Tan Bridge should ease traffic volume and serve the development of the Noi Bai in the future.

#### **Vietnamese growing increasingly familiar with digital signature service**

The authentication process for digital signatures on electronic documents is effective and economic, shared a government official at a conference in Ha Noi on December 30. A provincial official reported that more than 51,000 electronic documents were signed digitally after eight months of implementing the digital signature program in the province, added Nguyen Huu Hung, deputy director of the Vietnam government of certification authority under the Vietnam Government Information Security Commission. The conference, titled "Management and usage of digital signatures on electronic documents," was organized by the Ministry of Information and Communications (MIC). It aimed to discuss the application of digital signatures in Viet Nam. The conference included a discussion on how to turn a handwritten signature into a digital signature. It also discussed the process of verifying the authenticity of the digital signature. Digital signatures are a mathematical scheme used to demonstrate the authenticity of a digital message or document. Comments on the difficulties and possible solutions for the application of digital signatures were collected at the conference.

The MIC also announced the opening of the National Electronic Authentication Centre (NEAC) on the same day. MIC Deputy Minister Nguyen Minh Hong revealed during the conference that the centre's introduction helps the ministry improve the safety of information infrastructure for electronic transactions, including verification of the authenticity of digital signatures and electronic data. NEAC Director Dao Dinh Kha shared that the Vietnamese people are becoming more familiar with digital signatures. He noted that the Vietnam Posts and Telecommunications group, the first provider of a digital signature service nationwide, has up to 12,000 customers using the service five years after its implementation in 2009.

#### **Vietnam expects to manufacture 200,000 automobiles in 2015**

Vietnam is expected to manufacture 200,000 automobiles and 4 million motorbikes in 2015, marking respective yearly rises of 4.4 percent and 2 percent during the 2011-2015 period, according to the Heavy Industry Department of the Ministry of Industry and Trade. Though the sales of motorbikes slowed down, the automobile market saw signs of rebound, especially during the late 2014 compared to the same period of 2012 and 2013, Deputy Minister of Industry and Trade Nguyen Cam Tu told a conference to review the ministry's 2014 performance and launch its tasks for 2015. Truong Thanh Hoai, head of the Heavy Industry Department attributed the significant car sales to a 2 percent cut in registration fee from 12 percent, adding that trucks assembled at home are gaining popularity, especially light-weight category. Last year, 3.3 million cars and 128,000 motorbikes were manufactured, the ministry reported. About two million cars and 37 million motorcycles are on the roads of Vietnam, which has a population of more than 90 million

#### **Korean and UK firms granted investment certificates**

Chairman of the Ho Chi Minh City People's Committee Le Hoang Quan on January 14 granted investment certificates to Korean-invested Nobland Vietnam and Worldon Vietnam of the UK. With the certificate, Nobland Vietnam will increase its investment from US\$43 million to US\$61 million, said Director General Kim Chung Kuk. Meanwhile, Worldon Vietnam will build a fashion design centre and a factory on an area of 52ha to produce high-quality garment products. The company will build houses on 7 hectare for workers in Dong Nam industrial park (IP) in Hoa Phu commune, Cu Chi district with an estimated cost of US\$300 million. Nobland Vietnam was established at Tan Thoi Hiep IP in 2002 with an investment capital of US\$3 million. From a plant with 15 production chains at the beginning, the company now has three factories with 120 production chains.

#### **Delivery firms urged to tap e-commerce potential**

The rapid development of online shopping websites has presented both opportunities and challenges for express delivery businesses, said the Viet Nam E-commerce Association (VECOM). According to Tran Huu Linh, Head of the Ministry of Industry and Trade's Department of E-commerce, e-commerce is not a requirement, but a tool that creates favourable conditions for delivering goods and setting up logistical capabilities. Catching up with the trend, several companies in the sector have strengthened their investment to take advantage of the market. Express delivery services are experiencing a boom nationwide. Online shopping has become a vital trend, creating opportunities for both e-commerce and express delivery enterprises as 35 to 40 per cent of the country's population uses the internet daily. It is because of this reason that enterprises in the sector are considering developing special services for customers using e-commerce. For example, DHL-VNPT has invested US\$10 million to expand its market and open a 4,900sq m office with modern equipment. It has 134 transport vehicles and more than 400 staff

members for processing the over 10,000 orders received daily. Viettel Post, which was ranked third in the sector with a 10 per cent market share, has also tapped into the opportunities by investing 3 to 5 per cent of its turnover in technology, thus maximising delivery time and cost. Nguyen Thanh Hung, VECOM's general secretary said 91 businesses were granted licences by the postal service. However, several enterprises have not implemented the service. In addition, the poor quality of delivery has not made online shopping cheaper than traditional purchasing methods. This has become a big barrier for the e-commerce sector in Viet Nam. Hung said delivery companies should improve quality and competitive prices by expanding their scale, enhancing training, as well as the application of information and technology. He also suggested closer collaboration among online companies and delivery firms to meet customers' demand more effectively.

#### **Ministry of Transport, Bechtel to cooperate on Ca Mau port**

Transport Minister Dinh La Thang on January 12 met with the project management team from US based Bechtel Corporation discussing cooperation on the Hon Khoai coal port project in the southernmost province of Ca Mau. At the meeting, Mark Argar, a project manager of US based Bechtel Group said the port and logistics centre plays a vital role in the national economy. It is the nation's blood stream to support both export and import, create jobs for workers and is the gateway port to put into service for the coal industry, this factor is very important. This port is located at a strategic level and regional countries. He also said that his group has a signed a contract with Van Phong company to implement the Hon Khoai port project and it wants to jointly participate in research and feasibility analysis. For his part, Minister Thang welcomed collaboration from Bechtel and pledged to create the best possible conditions for the ventures success. Within the scope of responsibility of the Ministry of Transport, we will strive to support and facilitate the best possible conditions for the company.

#### **Dong Nai speeds up customs checks**

Dong Nai Customs plans to contribute VND14.7 trillion (US\$700 million) to the State budget this year, about VND1 trillion (\$47.62 million) more than the amount last year. The head of the agency, Huynh Thanh Binh, said that customs officers of the southern province will speed up administrative reforms and intensify supervisions against smuggling and trade fraud to achieve the target. He added that the agency has collaborated with 12 banks to collect taxes, while all its branches have implemented electronic customs systems, which serve 97 per cent of the enterprises involved in clearance, and that 98 per cent of the value of goods are declared here.

#### **Can Tho targets 12.5 percent increase in industrial production**

The Mekong Delta city of Can Tho intends to raise industrial production value to 109.8 trillion VND (5.1 billion USD) in 2015, up 12.5 percent from 2014, thus increasing the proportion of the industry sector in the region's economic structure to 35.7 percent. The city will restructure its agro-aquatic product processing industry with the intent to expand the rate of processed products to 22 percent of the industry's output, from 17 percent in 2014, said Duong Nghia Hiep, Deputy Director of the city's Department of Industry and Trade (DoIT).

The province also plans to funnel more than 50 trillion VND (2.3 billion USD) into the application of advanced technology in local businesses in an attempt to beef up production in sectors with strong domestic and international demand, such as rice, aquaculture, garments and textiles, footwear, electronics, pharmaceuticals, and consumer goods. For aquatic product processing and rice export, two of its largest sectors, the city will develop a quality control system in line with international standards to meet increasing high-end international demand.

The city will also work to establish trade connections with regional provinces and Ho Chi Minh City to further expand its wholesale and retail network.

Additionally, Can Tho will devise more incentives and support for private sector and small- and medium-sized enterprises in terms of workers' skills, transportation, finance, information, and technology, among others.

In 2014, Can Tho enacted numerous measures to address production and operation concerns of local firms while facilitating improved access to financial resources. The city's industrial production value alone rose to 97.6 trillion VND (4.6 billion USD) in 2014, up 12 percent from 2013, ranking among the top regional earners in the sector. In 2014, the Mekong Delta region's industrial production value reached nearly 185 trillion VND (8.5 billion USD), accounting for 30.6 percent of its overall economy which hit a record 469 trillion VND (21.7 billion USD). The Delta is comprised of 12 provinces and Can Tho city with a total area of 40,000 square kilometres and a population of 18 million. It is the country's largest granary and a major aquaculture region.-

#### **Binh Duong FDI beats fore, tops \$1.65b**

The southern province of Binh Duong on December 17 said it has attracted foreign direct investment of over US\$1.65 billion this year, 65 per cent higher than targeted in the beginning. It ranks third among provinces and cities in attracting FDI this year after

Thai Nguyen and HCM City, Le Thanh Cung, chairman of its People’s Committee, said. The achievement has been greatly appreciated since the province had to face many difficulties in 2014, especially the riots in May, local authorities said. Thanks to the province’s efforts and the Government’s support, production resumed in the third quarter and Binh Duong retained its attraction for investors. On December 17 the provincial authorities issued investment certificates for 30 projects, only one of them domestic, with a total investment of \$226 million. Sixteen of the projects are new while the rest are existing ones that plan to enlarge their investment. The strong FDI flows have made Binh Duong one of just five provinces and cities to have attracted total foreign investment of over \$20 billion. Speaking to Viet Nam News, Cung said the province would continue to upgrade infrastructure – including widening of National Highway No.13 that runs to HCM City –and streamline administration procedures. He estimated the province would attract FDI of over \$1.5 billion next year

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## COMING EVENTS

### [HVACR Vietnam Ho Chi Minh City](#)

Venue: [Tan Binh Exhibition & Convention Centre \(TBECC\)](#)

Country: [Ho Chi Minh City, Vietnam](#)

Start Date: **18.03.2015**

End date: **20.03.2015**

#### **Event Description**

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

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### [INMEX Vietnam Ho Chi Minh City](#)

Venue: [Tan Binh Exhibition & Convention Centre \(TBECC\)](#)

Country: [Ho Chi Minh City, Vietnam](#)

Start Date: **18.03.2015**

End date: **20.03.2015**

#### **Event Description**

International exhibition for the maritime industry

The INMEX Vietnam belongs to the most important business events of the maritime sector. All key industries will take an active part in it as exhibitors or in presentations and discussions within the forum. Thousands of professional visitors will be expected from public and private organisations from Vietnam and abroad, promising lucrative new business relations and partnerships.

The INMEX Vietnam will take place on 3 days from Wednesday, 18. March to Friday, 20. March 2015 in Ho Chi Minh City.

Please kindly refer to [maritimeshows.com](http://maritimeshows.com)

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### [ProPak Vietnam Ho Chi Minh City](#)

Venue: [Saigon Exhibition & Convention Center \(SECC - Nguyen Van Linh Parkway\)](#)

Country: [Ho Chi Minh City, Vietnam](#)

Start Date: **31.03.2015**

End date: **02.04.2015**

#### **Event Description**

Trade fair for processing, filling and packaging technology

ProPak Vietnam is an international processing, filling and packaging exhibition and conference for Vietnam's rapidly expanding manufacturing sectors for food, pharmaceutical, beverage, cosmetic, industrial and general consumer products. In highest attendance are locally based manufacturers and distributors from Vietnam, then from other countries around the world. ProPak Vietnam is co-located with Plastics & Rubber Vietnam (plastics and rubber technologies and materials exhibition) and PIA Vietnam (plant and process engineering exhibiton).

The ProPak Vietnam will take place on 3 days from Tuesday, 31. March to Thursday, 02. April 2015 in Ho Chi Minh City.

*Please kindly refer to [www.propakvietnam.com](http://www.propakvietnam.com)*

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*Reviewed by: Huy Nguyen & Nguyen Minh*