

**VIETNAM: TRADE & INVESTMENT
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Vietnam Trade & Investment Bulletin is published by 15th every month by VIIPIP.COM. The Bulletin collects and reflects an overview on Vietnam economic climate. Through this, readers would find useful and general information on Vietnam for research and investment into Vietnam.

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Vietnam eyes 6.5% GDP growth next year

Vietnam's 2010 GDP growth is targeted at 6.5%, said the National Assembly's Standing Committee at a meeting October 2 after considering the Government's proposal on major economic targets for next year.

At the meeting, the committee heard the Government's report on the social and economic situation. Accordingly, the country may meet some main economic targets set for 2009, of which GDP growth is expected to reach 5.2%, CPI to increase seven% and budget deficit to account for 6.9% of GDP.

The country is not likely to fulfill seven among 25 targets, including export growth, job generation, and human resource training. Though agreeing with the 2010 GDP growth proposed by the Government, the NA Economic Committee suggested the budget deficit target should be lowered. It argued that the budget deficit has run high in recent years and particularly in 2009. It also warned that the Government's debt has been on the rise: in 2008, it made up 36.5% of GDP; in 2009 it may be 40%; and in 2010 it is likely rise to 44%.

NA Deputy Chairman Nguyen Duc Kien commented that the 2010 GDP growth of 6.5% is reasonable, but he said the Government should use its experience in 2009 in proposing specific social and economic targets for 2010, which will be officially submitted to the NA at its sixth session scheduled to start on October 20.

2010 targets proposed by the Government:

- GDP: 6.5%
- Income per capita: USD1, 200
- CPI: 7%
- Budget deficit: 6.5% of GDP
- Job generation: 1.6 mil
- Labor export: 85,000 people
- Poor household: less than ten%
- Total investment: 41.5% of GDP

(Source: The Hanoi Times)

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Taxman clarifies PIT on properties

The General Department of Taxation sent document 3929/TCT-TNCN to its provincial departments around the country to give additional guidance on the collection of personal income tax (PIT) from individuals who trade properties, following the Finance Ministry's recent circular 161/TT-BTC which is drawing public attention these days.

The new guidance comes at a time when many real estate companies and property traders are concerned about the higher tax on properties acquired by homebuyers contributing money to a builder to develop a project. They lament the 25% tax to be levied on the difference between a property's transaction price and the input cost, since the real input costs are not always properly reflected.

Tran Thi Le Nga, head of the propaganda and taxpayer support division of the HCMC Tax Department, cleared up many points by saying that a tax rate of 25% would be calculated on the difference between a property's transaction price and the real input cost. For a property whose input cost is not identified, a tax rate of 2% will be charged on the transaction price. She cited the new document saying that for future property transactions made by contributing money to a project and with the contract transferred many times to different buyers, a 2% tax will be levied based on the transaction price, for the input cost cannot be verified.

Many property experts had suggested a 2% tax on the transfer price reckoning it was reasonable because the local property market has a bad habit of trading property from a developing project and transferring it to many different

people for profit and because of the absence of management from relevant organizations and from tax collection agencies. Nga noted that a 2% PIT would be charged on contracts made from September 26 but not on contracts made before that day.

A reader named Bao Ngoc grilled the representative of the tax department as to whether or not the tax rate acknowledged developers' violations of the Construction Ministry's rules that forbid homebuilders to sell their products before finishing their projects' foundations, and developer's wrongful practice of mobilizing capital from customers and offering them the right to buy a future property.

The tax representative answered that the property trading law allows people to buy a would-be property, and the civil code permits them to invest money in a future property, and developers who violated property regulations would be held responsible. Nga stressed that the new tax did not help developers break the rules and that all transactions that generate income would be subject to tax. She said that some transactions would be exempted, including transactions made between family members and for those who have only one property.

(Source: Saigon Times)

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First natural disaster channel to debut next year

Early next year, Vietnam is set to open up its first television channel that is solely dedicated to helping prevent natural disasters.

The new channel, VTC 14, will be launched by the Vietnam Multimedia Corporation (VTC). It will provide documentaries that raise awareness of potential threats, as well as forecasts of imminent disasters, to improve the preparedness of relevant agencies and people.

Vietnam is a tropical country, subject to yearly monsoons, and within the Asia-Pacific storm belt. As a result, it suffers from many natural calamities, especially floods, throughout the year.

According to international scientists, Vietnam is now one of ten countries in the world most affected by calamities. The country frequently suffers from a variety of disasters including storms, floods, landslides and droughts.

Reports from the Ministry of Agriculture and Rural Development indicate that 750 people die or go missing every year from natural disasters, along with property losses valued at 1.5% of the national GDP each year, on average, for the past 10 years.

Environmental specialists have raised the warning that Vietnam, affected by global warming, is likely to suffer natural calamities that last longer, are more numerous, and more severe in the coming time.

(Source: NTA)

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Foreign ODA consultants exempt from personal income tax

Foreign experts on official development assistance projects in Vietnam will soon be exempt from paying personal income taxes, according a recently-issued government statute to take effect November 20.

The consultants' incomes exempt from the tax, as regulated by new the statute, include salary or wages they are paid from any and all ODA projects and programs. Personal income tax exemptions are currently granted to foreign experts only on certain ODA projects and programs.

The consultants are allowed to stay in Vietnam for no longer than 183 days at a time and will not be asked to pay taxes on any necessities they bring into, or buy in, Vietnam, according to the statute. Moreover, Vietnam will grant visas for the consultants' families, allowing them to enter and leave the country as many times as proposed by the agencies in charge of the ODA projects and programs. The experts and their families can also bring foreign currencies into Vietnam and exchange them, and bring their legal incomes out of the country.

(Source: Thanh Nien News)

Construction of new National Assembly building starts

A ground-breaking ceremony was held at the Ba Dinh Hall in Hanoi on October 12 to start the construction of a new National Assembly building, which will be the headquarters of the top legislative agency.

Present at the ceremony were Prime Minister Nguyen Tan Dung, Deputy Prime Ministers Truong Vinh Trong and Hoang Trung Hai, Deputy Chairmen of the National Assembly Nguyen Duc Kien and Uong Chu Luu, and leaders of various ministries and central agencies.

PM Dung stressed on the need to implement the construction regulations and ensure the progress and quality of the project designed by the German architects GMP, which won first prize in recent design contest.

The new building will have seven floors, including two basements and a tunnel linked to the headquarters of the Ministry of Foreign Affairs. It is expected to be completed by the third quarter of 2012 at an estimated cost of VND 4,797 bil.

(Source: VOV News)

Nation pins hopes on farm, forestry, aquatic products

The Ministry of Industry and Trade forecasts that export earnings from farm-forestry-aquatic products will face a slight decrease of 6% to stand at 12.4 bil USD for the whole year. However, the ministry still pins much hope on this category of goods in the remaining months of the year, expecting it to help the country achieve its set export goal of USD 61 bil this year.

According to the Ministry of Agriculture and Rural Development, farm-forestry produce and seafood raked in 11 bil USD in the past nine months of the year--a drop of 12% over the same period last year, but each month has seen consecutive rises in profits from rice, tea and cassava.

Rice shipped abroad hit 5 mil tonnes in the reviewed period, representing a surge of over 35%. However, due to on-going price declines on the world market, the value of this staple stood at only USD 2.3 bil, a 6.4% decrease over the corresponding period last year.

The Philippines emerged as Vietnam's number one rice importer, accounting for 41% of the country's rice export output. It was followed by Malaysia, bought up 10% of the Vietnamese export volume.

Tea was a single product that has steadily risen in both volume and value over the reviewed time. Statistics revealed that 97,000 tonnes of tea was sold abroad in the past nine months for USD 126 mil, which reflected increases of 14% and 24% in value and volume, respectively. Despite a drop in export value, coffee remained the second largest hard currency earner after rice, with 893,000 tonnes shipped abroad and USD 1.3 bil earned in the past nine months.

Belgium beat out Germany to become Vietnam's largest coffee consumption market, purchasing 14% of Vietnamese-made coffee beans and products. Germany fell to second place with 11%.

In the past nine months, the country sold 489,000 tonnes of rubber latex abroad, netting USD 732 mil, while some big rubber exporting countries announced cuts in production output and export volume. Cassava posted a surprising upswing in value to USD 473 mil, doubling the figure recorded in the same period last year. The surge was attributed to high demand for the product on foreign markets for making animal feed and producing bio-energy. Aquatic products brought home USD 3 bil in export value in the nine months, with USD 936 mil coming from shrimp alone.

Experts from the Ministry of Agriculture and Rural Development said this group of commodities is likely to receive more orders from importers as they are preparing for the upcoming winter holidays and the world economy is on the path to recovery.

The Japan-Vietnam Economic Partnership Agreement comes into effect on October 1, slashing tariffs on up to 86% of Vietnamese farm-forestry-aquatic products, offering exporters of those products a prime opportunity to get

a bigger slice of the pie there. Also the recognition by Spain of Vietnamese tra and basa products as meeting the EU's food safety requirements and regulations buoyed the hopes of domestic seafood exporters. Spain imports around 40,000 tonnes of the products--the largest amount among European countries.

(Source: *The Hanoi Times*)

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Hanoi to popularize e-customs by 2011

E-customs procedures will be applied at all customs units by the end of 2011, said the Hanoi Customs Department at a seminar on September 8 in the capital.

The e-customs procedures will be applied for all import and export activities, and then to other fields.

As scheduled, e-customs will be piloted at the Gia Thuy Customs Office in October and the Outsourcing Investment Customs Office and the Bac Thang Long Industrial Park Customs Office in December before being introduced to all other customs offices in the city by the end of 2011.

In 2009, e-customs software systems will be used to manage all forms of import and export, including business, outsourcing, and import of input materials for the production of exports.

The municipal customs department is in charge of managing import and export activities in Hanoi and the neighbor provinces of Bac Ninh, Vinh Phuc, Phu Tho, Hoa Binh and Yen Bai where there are big industrial parks and hi-tech zones with many foreign investors.

(Source: *The Hanoi Times*)

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Car owners may have to pay road maintenance fee

Owners of automobiles would pay an annual operator's fee deposited in a road maintenance fund under a draft proposal by the Ministry of Transport.

Under the proposal, car owners would pay an annual operating fee ranging from VND1.2 mil (USD 67) per car, depending on the car's engine capacity. The proposal also calls for new one-time-only registration fees for motorbike owners.

The fees would vary according to engine capacity, with VND 300,000 (USD 17) per motorbike of less than 70-100cc. For motorbikes of 70-100cc capacity, the fee would be VND 600,000 (USD 34); for 100-175cc capacity, VND1 mil (USD 56), and for 175cc capacity, VND1.5 mil (USD 84).

All fees would be used for the road maintenance fund as the state budget can only meet 50–60% of the demand, according to Le Manh Hung, deputy minister of transport. Hung said that each USD 1 used to maintain roads would help save USD 3 for vehicle operations and maintenance.

The money collected from the annual car operating fee is expected to reach VND1.4 trillion (USD 78.65 mil), and the amount from newly registered motorbikes VND2.1 trillion (USD 118.14 mil).

The ministry has also asked the Government to transfer 50% of fuel fees, including those charged on air transport, to the road maintenance fund.

The HCM City and Ha Noi authorities are proposing a separate operating fee on autos and motorbikes in an aim to reduce traffic congestion, but reports are unclear whether it would be an annual charge.

(Source: *VNS*)

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Minister emphasizes positive view of Vietnam's export growth

Minister of Industry and Trade Vu Huy Hoang, while admitting the possible minus export growth for 2009, points out that Vietnam's achievements are still much better than that of many other countries and plans for increasing exports should show results in early 2010.

Mr Vu Huy Hoang shared his view about Vietnam's export growth in the following interview:

What would you say on the decreasing exports and the possible minus export growth rate forecast for 2009?

It is true that our exports have decreased in comparison with the same period of 2008. However, we need to analyze the figures. In fact, the volume of export has increased significantly. Rice exports, for example, have increased by 34%, crude oil 10% and coal by two%.

This is really encouraging, since it was not easy for us to increase exports during the economic crisis when all export markets narrowed and all countries reduced demand. However, we were unlucky as the world prices fluctuated and decreased dramatically over the same period of 2008. Some products saw sharp price decreases of 50%. Therefore, the export volume increase could not cover the price decreases.

Vietnam's export decrease, however, was much lower than that of many other countries. The decrease was 20-30% on average in other countries, while the figure was 14.3% for Vietnam.

Meanwhile, Vietnam's import decrease has slowed down, making the trade deficit bigger. What would you say about that?

Vietnam's trade deficit index is worth considering. The trade deficit was USD 12 bil at the same period of the last year, or nearly 30% of the export revenues. Meanwhile, in the first nine months of 2009, our trade deficit was USD 6.5 bil, or less than 16% of the export revenue. I can say that the figure shows the result of our efforts to curb trade deficit.

As such, we have been successful in curbing trade deficit, which will help us in trade balancing. We have been determined to curb the trade deficit at USD 10-11 bil this year and not let the trade deficit exceed 20% of export revenues.

Will we have any miracle in the last three months of the year to improve export?

Boosting exports is a really difficult task for now. If export prices had been the same as last year's, our export revenues would have increased by 1-2% in the first nine months of the year and by three% in 2009.

Drastic measures are still being taken to boost exports, but we do not have much more time in 2009. I think that a lot of this year's measures will show results in 2010.

(Source: VietnamNet)

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Vietnam sets higher taxable prices for imported cars

The General Customs Department has set higher minimum taxable prices for more than 600 imported car models, following allegations that local importers have used under-invoicing to evade taxes.

Taxable prices for all imported cars, both new and used, will be between 3 and 20% higher, which can translate to an increase of thousands of US dollars, a local newswire reported Friday (06 Oct 2009).

An Acura MDX imported from Canada, for instance, was priced at USD 33,000 at Vietnamese ports, but now customs will tax the vehicles on a price of no less than USD 37,000, even if the actual price is lower, the newswire said.

Fair but expensive

A car importer in Ho Chi Minh City told the move would make competition fairer among businesses, but he said it would also drive retail prices up. “In the end, it is still consumers who will be hurt,” he said, warning that incorrect pricing could violate regulations set by the World Trade Organization.

The decision to raise minimum prices for imported cars came after Vietnam’s carmakers said under-invoicing and other unfair competitive practices by auto importers were hurting them as well as the state exchequer.

The Vietnam Automobile Manufacturers’ Association has informed the Finance Ministry that some importers intentionally make invoice prices much lower than actual selling prices to reduce their tax obligations. However, many car importers said they declared car prices based on their contracts with foreign sellers and thus it is not so easy to evade tax by under-invoicing as claimed by the Automobile Association.

They said the new price list was made in favor of the Vietnam Automobile Manufacturers’ Association. However, according to an official at the General Customs Department, the decision was not a response to what the car association has said. It was necessary to update the price list regularly.

(Source: Thanh Nien News)

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Rice production: Vietnam has good farmers but bad traders

Vietnam churns out large volumes of rice that is enough for domestic consumption and for export, however, Vietnam’s rice doesn’t always fetch a good price.

So, why is it that Vietnam’s rice is always cheaper than Thailand’s in the world market? Scientists blame it on a perceived inferiority.

Tran Dinh Long, Professor, Academician, chairman of the Vietnam Plant Variety Association at the Ministry of Agriculture and Rural Development (MARD), said in a recent interview that the quality of Vietnam’s rice is lower than Thailand’s because Vietnam’s national rice varieties are not good. He said that though MARD has spent billions of dong on scientific research, no ‘national rice’ variety has been found. Meanwhile, economists, however, blame the price difference on distribution networks.

Nguyen Dinh Bich, a well known expert of the Trade Research Institute under the Ministry of Industry and Trade (MOIT), pointed out that before May 2008, the gap between Vietnam’s and Thailand’s rice export prices was not big - 10% at maximum. However, the gap has widened. And the suggestion is the drop can’t be attributed to rice quality as there couldn’t be such a drop off in such a short time. Bich sees the “art of trading” as key and calls on a wider consideration of the issues aimed at bringing the price of Vietnam’s rice closer to Thailand’s.

Local newspapers recently quoted officials blaming low rice export prices on small Vietnamese rice exporters offering unprofitable export prices in order to chase customers. However Bich dismissed the scenario saying it could not be the main reason behind the low rice export price. He said enterprises, which only export tens of thousands of tonnes of rice, cannot lead the market or set prices.

Bich added that only the big state-owned general corporations which have large export volumes can do that.

“Is it the general corporations, who are selling rice cheap, who have forced Vietnam’s average rice export price down in the world market?” he questioned.

As yet there has been no official report on the losses suffered by Vietnam when rice exporters sell rice at low prices. However, in 2008, director of a rice export company in Can Tho City estimated Vietnam lost USD 500 million as it could not take advantage of rice shortages in 2008 when rice prices skyrocketed.

(Source: Tienphong Online)

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Tax waiver on Vietnamese garment exports to Japan

Vietnam's garments and textiles exports to Japan will be subject to zero% import duties from October 1.

The tax waiver is part of the Vietnamese-Japanese Economic Partnership Agreement, which came into full effect the same day.

Statistics show that 80% of garments and textiles companies have managed to secure export contracts for the rest of this year, 40% of the contracts being signed with Japanese importers.

The President of the Vietnamese Textiles Association (Vitas), Le Quoc An, urged enterprises to focus on building up confidence in their products and to strengthen their relationship with Japanese importers right from the beginning with small contracts paving the way for bigger ones.

According to Vitas, Japan is one of the three largest markets for Vietnam's garments and textiles. Many Vietnamese companies have won regular contracts to supply knitwear, ready-made suits, shirts and towels to Japanese trading companies, including the Dong Xuan Knitting Company, the Nha Be Garments Company, the Nam Dinh Textile Company and the Phong Phu Textiles Company.

The sector's export turnover to Japan has steadily increased to USD 820 mil in 2008, accounting for 9% of its total earnings. Although the impacts of the global financial crisis dampened worldwide demand, the sector's exports to Japan in the first 8 months of this year hit USD 605 mil or 15% higher than the corresponding period last year.

The increase is more significant as the country's garments and textiles export turnover fell slightly to USD 5.9 bil and its overall exports to Japan dropped by more than 32% to USD 3.9 bil.

(Source: VGP)

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Aquatic exports reach USD 3bn in nine months

Vietnam's aquatic export turnover reached USD 3 bil over the last nine months, a decrease of five% of export value compared to the same period last year, said Nguyen Thanh Bien, Deputy Minister of Industry and Trade.

Mr. Bien said if Vietnam can better exploit the market, aquatic products can bring home more USD 1.75 bil in the last months of the year, raising aquatic export turnover to reach the year target of USD 4.4 bil. The target is less than last year's turnover, USD 4.5 bil, but was based on the international economic downturn. Vietnam exported aquatic products to Japan and the US to the tune of USD 574 mil and USD 530 mil respectively.

US market is recovering

The US was for a long time Vietnam's biggest aquatic importer but after two anti-dumping lawsuits of tra and basa fish and sugpo prawn in 2000, exports to the US fell. However, Vietnam's aquatic export to US have recently begun rising again. Many aquatic products were imported to the US over the past few months, such as tilapia, crab, tra and basa fish and oyster.

Vietnamese aquatic export companies have more opportunities to export to US, with US's import demand of sugpo prawn increasing sharply due to supply falling from other countries, except India, Mr. Bien said.

According to the Vietnam Association of Seafood Exporters and Producers (VASEP), overall the US became the fifth largest importer of Vietnam's sea product market, with an increase of 337% in volume and more than 560% in value. The US became the fourth largest market from March, after Japan, Korea and the EU. Other markets have fluctuated while US demand has continued to grow over the past few months. Many aquatic export companies said that demand of octopus in many countries has been increasing in the year's closing months and basa and tra fish exports to the US receiving the best prices.

Strengthen, exploit and expand the market

Export to traditional markets like Japan, the EU and the US have been on the rise, and will be helped by the Japan-Vietnam Economic Partnership Agreement, which comes into effect on October 1. The agreement slashes tariffs

by up to 86% on Vietnamese farm, forestry and aquatic products. The import tariff of Vietnam's shrimp will be lowered to one to two%, offering exporters a prime opportunity to get a bigger slice of the market.

Japan's aquatic product imports are expected to rise from September to December and the price for tuna, salmon, crab, octopus and frozen prawn likely to rise due to limited supply. Spain, the biggest consumer of Vietnam's tra and basa fish in the EU (400,000 tons per year) recognized that Vietnam's seafood products can meet EU's requirements on food hygiene.

According to the Ministry of Industry and Trade, in the year's end months Vietnam's aquatic export companies need to continue to exploit big markets, such as South Korea which consumes 7,300 tons shrimp per year, Russia which mainly imports tra fish, Japan which consumes tra and basa fish and the Middle-East.

Government needs to give more help

According to VASEP, to exploit markets effectively, companies need to have enough materials to process.

There are some 700 seafood processing companies nationwide while the domestic source can provide only 50% of the total materials demanded. In addition, aquatic exploitation is decreasing, as many fishermen have given up their careers due to increasing expenses, limited supply and poor profits. Some companies in Binh Thuan, Ba Ria-Vung Tau and Kien Giang said they just meet 40-50% of octopus export orders.

To enhance aquatic export turnover in the last three months, companies need to join trade exhibitions in the EU, Russia, South Korea and Japan to seek new partners and the Government needs to consider cutting import tax of aquatic materials, said VASEP. Zero import tax of aquatic materials has been applied in other regional countries, it added.

(Source: SGO)

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INVESTMENT

Viet Nam becomes hot spot for global investors: report

Vietnam's GDP has been doubling every 10 years since 1986 and its per capita income levels have increased ten-fold since 1986, the report says.

"With a population of 86 mil, Vietnam is the 13th most populous country in the world and has a young population – 65% of the population is under 35 years," a UKTI statement released on Thursday (17 Sep 2009) says. "The UK ranks as Viet Nam's third largest EU investor (after France and the Netherlands), having 109 projects with a registered value of USD 2.04 bil."

Addressing the Economist Intelligence Unit's Emerging Markets Summit in the same day, the UK Secretary of State, Lord Mandelson, revealed the findings of the new report which examines global business attitudes to emerging markets in light of the global downturn.

The 'Survive and Prosper: emerging markets in the global recession' report, gives fresh insights into the opportunities and longer-term strategic importance presented by emerging economies. It is based on a survey of more than 540 high level business executives from across 19 business sectors; over 40% of those interviewed worked for companies headquartered in emerging markets.

The survey finds that 77% of companies expect the global economy to improve in 2010-11 and emerging markets support global profitability despite the economic downturn. Sixty% of companies surveyed expected to derive more than 20% of their total revenues from emerging markets in five years' time – almost double the current figure of 31%. China was cited as the preferred investment destination over the next year and beyond by most respondents (45%) followed closely by India (43%) and other Asian nations (35%). Political risk was cited by 50% of survey respondents as the greatest government-related obstacle to doing business in emerging markets.

(Source: BTA + VNS)

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Big developments boost Vietnam by billions

The total foreign direct investment (FDI) may reach USD 20 bil in October, which means that the FDI attraction plan target is met two months early.

The worry about the possible failure of attracting FDI in 2009 due to the impact of the global economic crisis has been lifted after local newspapers reported investment commitments in big multi-bil dollar projects.

Dragon Beach Resort projects in the central province of Quang Nam by Tano Capital LLC and Global C&D Inc has just received approval from the Quang Nam People's Committee. The project has the total investment capital of USD 4.15 bil.

In the southern province of Dong Nai, the Nhon Trach project - a new urban area by Malaysian Berjaya Group has received an investment license with the registered capital of two bil dollar. This is the biggest ever real estate project in Dong Nai province. Located in the area of 600 hectares, Nhon Trach new urban area will become a satellite city near Long Thanh international airport, which, in the near future, will be the biggest airport in Vietnam.

The two big investment projects alone would be enough to raise the total registered FDI capital to USD 18.65 bil. Meanwhile, the figure announced by the Ministry of Planning and Investment on September 20 was USD 12.541 bil. Meanwhile, the Phu Yen People's Committee has promised to grant investment license to the US Galileo Investment Group's Nam Tuy Hoa Creative City which has the investment capital of USD 1.68 bil in the first phase.

Chairman of Phu Yen province Pham Ngoc Chi has affirmed that all procedures have been completed and that the project will be licensed on October 24, 2009. Recently the USD 1.7 bil Vung Ro oil refinery (a joint venture of UK's Technostar Management Ltd and Russian Telloil Group) revealed plans to increase capital and speed up investment.

Representative said investors plan to 'go faster' with the investment project, i.e they will try to implement all targets of the projects immediately instead of implementing gradually in three phases. It seems that the capital arrangement for the project has been going more smoothly than previously expected, and that investors want to churn out products ready for the post-crisis period.

Regarding Nam Tuy Hoa Creative City, which is expected to get a license on October 24, the project investor has committed that the project will commence just two weeks after the licensing. Elsewhere Galileo Investment Group has proposed a huge project with a total investment capital of USD 11.4 bil. However, Vietnamese Prime Minister Nguyen Tan Dung has decided that the licensing for the rest of project will be considered only when the first phase shows success.

(Source: *VietNamNet/DT*)

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Vietnam sees bustling franchise sector

In the first half of this year, the Ministry of Industry and Trade granted licenses for the franchise deals of 15 overseas companies, mostly from the US, Belgium and Canada, in the food and beverage, fashion and information technology industries in Vietnam.

The figure reflected a noticeable growing interest from foreign groups in franchise operations in Vietnam, where the consumer market is getting more powerful and the population has now reached 85 mil people. Currently, the US's Grainger Group is looking for Vietnamese manufacturers of industrial equipment and other devices to supply to the group, which already sells 850,000 different products. Grainger has established a network of 18 distribution centers and 600 branches scattered around the world.

The Vietnam Business and Franchise Association and the Business Centre from the Republic of Korea have forecast that the Vietnamese franchise sector will earn USD 36 mil in revenue in 2010 if it keeps growing at the current rate. They also forecast that by 2010 the number of franchised shops in the country will rise by 50%. In 2008 there were only 890.

The Japan External Trade Organization (JETRO) has predicted that franchise activities in Vietnam will heat up in the near future, particularly in the catering and tourism industries, as a large number of Japanese businesses have shown their eagerness to start up businesses in the country.

More Vietnamese businesses are accepting franchises as an appropriate way of securing their investments when trying to establish a niche in local markets and indirectly penetrating foreign markets in a quicker and easier fashion, if they are not strong enough financially to launch overseas promotions themselves.

For example, the Phu Thai Group, one of Vietnam's leading distributors of consumer goods, has teamed up with Japan's Family Mart to develop a network to distribute Japanese goods in Vietnam and Vietnamese commodities in Family Mart's stores in Japan.

Pho 24 is a successful example in the franchise business, as six years after starting up, it has established a total of 70 franchised restaurants in and out the country. The company is mulling over a plan to increase its franchises to 80 by the end of this year with the opening of its first restaurant in Hong Kong and its second in the Republic of Korea in October.

The company expects to set up more franchised shops in Japan, China and the US in 2010. At present, there are around 70 franchising networks operating in Vietnam, mainly Malaysia's Parkson, Germany's Metro, the US's CBRE, Dilmah and KFC. Several Vietnamese businesses are joining these networks, such as Trung Nguyen Coffee, Pho 24, Kinh Do Bakery, AQ Silk and 24-Seven.

(Source: VNK)

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Germany Sees Vietnam as the Second Most Attractive Market in Asia

Vietnam is now the focus for Germany to step into ASEAN while German companies see Vietnam as the second most attractive market in Asia after China. Vietnam and Germany have set up relations for a long time.

At present, some 100,000 Vietnamese people are living in Germany and some 100,000 people can speak German in Vietnam. In addition, around 3,000 Vietnamese students are studying in Germany.

In 2008, the two-way trade revenues between Vietnam and Germany were recorded at USD 4 bil, the largest amount between an EU member and Vietnam. Germany has granted a total of 1 bil euro of official development assistance to Vietnam since 1990. The German Reconstruction Bank has lent Vietnam USD 100 mil to build the Ha Noi – Hai Phong expressway.

At present, German companies are very interested in big projects in Vietnam, including the National Convention Centre, the headquarters of the Ministry of Public Security, the Ha Noi Museum and the Parliament House.

(Source: VCCI)

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Foreign pledges to increase inspectorate's capacity

Denmark, the Netherlands and Sweden have pledged to fund around USD 13.2 mil to help Vietnam strengthen the capacity of its inspectorate system from now through 2014.

An agreement underscoring the commitment was signed in Hanoi on October 13 by Inspector General of the Government Inspectorate of Vietnam Tran Van Truyen and Sweden, Danish and Dutch ambassadors to Vietnam, Rolf Bergman, Peter Hansen and Joop Scheffers, respectively.

Accordingly, the Programme on Strengthening Comprehensive Capacity of the Inspectorate System (POSCIS) will be separated into 10 projects with the participation of the Government Inspectorate, the Ministries of Public Security, Planning and Investment, Finance and Internal Affairs and local authorities of Ho Chi Minh City and the provinces of Khanh Hoa, Ha Tinh, Kien Giang and Binh Duong.

The programme aims to clarify the functions, tasks and organizational mechanisms of the inspectorate system; to reinforce its personnel management to attract talents; to help prevent, combat, detect and effectively resolve

corruption cases; and to strengthen the coordination between inspectorate agencies and auditing companies, as well as other investigative and procuracy bodies.

Addressing the ceremony, Inspector General Tran Van Truyen said that the Government Inspectorate of Vietnam appreciated the assistance of its foreign partners in the implementation of the POSCIS in the context that Vietnam has enacted a National Strategy for Preventing and Combating Corruption towards 2020 and signed the United Nations' Convention against Corruption.

The Government Inspectorate of Vietnam also considered the programme a lever, giving impetus to its effective operation in the coming time, Truyen added. On behalf of developing partners, Swiss ambassador to Vietnam Rolf Bergman said that combating corruption is the responsibility of both the Government and the mass media.

(Source: VOVNews/VNA)

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Phu Yen, a good sell: conference

To the question why Phu Yen is an attractive place to investors, Stephen Klenk from U.S.-based Galileo Investment Group has a simple answer.

“It’s perfect,” Klenk told a conference in Hanoi on Wednesday (07 Oct 2009) to promote investment in this central province. Klenk said that for his company, which has invested USD 1.6 bil to build a high-tech city in Phu Yen, the province had it all, not too densely-populated, rich in culture and natural resources, and beautiful.

Natural beauty was indeed trumpeted as one of Phu Yen’s top advantages at the conference organized by the Ministry of Investment and Planning and the Phu Yen People’s Committee. The province, with a 200km coastline, boasts many beaches and bays, the breathtaking Da Dia Cliffs, and Cape Dien, one of the first places to receive the sunrise in Vietnam.

Tourism was thus targeted as a key sector for Phu Yen’s socio-economic development, said Tran Chien Thang, Deputy Minister of Culture, Sports and Tourism. In recent years, Phu Yen tourism has seen an average annual growth of 30%-40% in both number of visitors and revenue, as well as the development of four- and five-star hotels and resorts.

Thang said the Government had designated Phu Yen to host 2011 National Tourism Year and was encouraging travel companies to develop tours to the province. Yet, determined to triple its per capita income to USD 3,000 by 2020, Phu Yen aims for much more than just being one of the country’s tourist attractions. Its outline to call for investments presented at the conference features nine ambitious projects in various areas, including tourism.

These projects range from a USD 1.3 bil plan to build infrastructure for the South Phu Yen Economic Zone to a USD 10 mil project to build a coconut input area and processing factory.

Matthias Duehn, director of the European Chamber of Commerce in Hanoi, said Phu Yen’s goals and potential were real and good. But when it comes to attracting European investors, the province must ensure three things: sufficient and sustainable infrastructure, an educational system that meets market demand and favorable government policies.

Chairman of the Phu Yen People’s Committee Pham Ngoc Chi said as far as infrastructure was concerned, investors could rest assured. He said Phu Yen, with a deep water seaport, a sizable airport and, especially, the upcoming opening of the Hanoi-Tuy Hoa air route, “isn’t as far from the country’s big economic centers as some investors may think.”

As for favorable government policies, the conference was assured by Telloil, one of the two investors of Phu Yen’s Vung Ro Oil Refinery, “be bold and come, and all the administrative hurdles, if they arise, will be solved by the local government.”

(Source: Saigon Times)

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Bridge nears completion

The last spans of the Can Tho Bridge, which will cross the Hau River and connect Can Tho city with Vinh Long province in the Mekong delta, were linked in October 12.

Japanese contractors link the last spans of the Can Tho Bridge in the Mekong Delta, to be opened to traffic at the end of March next year. The Transport Ministry's My Thuan Project Management Unit said 96% of the work on the 2.75km main bridge had been completed. Remaining work will be finished early next year, with the bridge open to traffic by the end of March.

Once completed, the bridge will be the country's longest cable-stayed bridge, with a four-lane carriageway 26-m wide. Work, however, has been slow on the construction of a 7.69km road section leading to the bridge in Can Tho city, and the five bridges of Cai Tac 1, Cai Da, Cai Nai, Ap My and Cai Rang.

As of October 3, only 75.4% of the work on the approach road for Can Tho Bridge was complete, while the approach road to the bridge in Vinh Long province was nearly finished.

Work on Can Tho Bridge began in September 2004 and was initially scheduled to replace the existing ferry service by the end of 2008. But an accident in September 2007 resulted in the bridge collapsing, killing 56 workers. Construction was suspended for several months.

Total construction cost is VND 4.8 trillion (USD 266.5 mil). Capital came from an Official Development Assistance loan provided by the Japanese Government and the Viet Nam Government.

(Source: VietNam News)

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Express rail to connect Hanoi - HCMC in less than 6 hours

An express railway connecting Hanoi and Ho Chi Minh City in five and a half hours is scheduled to open by 2035, the Vietnam Railway Corporation (VCR) said on September 15.

Several sections of the 1,630- kilometer railway will open before that time, VCR's deputy general director, Nguyen Dat Tuong, said during meeting on the issue held by VRC and the Japan Overseas Rolling Stock Association. The Hanoi-Vinh route is scheduled to open in 2020 and the HCMC-Nha Trang route in 2030, said the company (VRC). The trains could reach speeds of up to 300 kilometers per hour (186 miles per hour).

The Japan International Cooperation Agency (JICA) said the Vietnam-Japan Consulting Joint Venture (VJC) had proposed to apply the same technology used by the Shinkansen high-speed rail system in Japan. VJC is a joint venture between Vietnam's Construction Consultant Joint Stock Company and three partners from Japan, including Japan Total Consulting Company, Japan Railway Technical Service and Nippon Koei Co. Ltd.

"The express railway is expected to serve up to 26% of traveling demand and reduce the number of deaths due to traffic accidents," said Nguyen Huu Bang, VRC's general director. It would help to reduce the national railway's input cost by 57% and the number of traffic accidents by 20%, he said.

Planners said they had yet to calculate an estimated cost for the whole project, but they guessed that general infrastructure for the project could cost up to USD 38 bil. Experts had previously said the whole project could cost up to USD 55.85 bil.

VJC estimated the project would use up to 4,170 hectares of land, including 9% in urban areas, 20% in residential rural areas and the rest in agricultural and forest lands. Around 16,500 households will be affected by the project.

Some 9,500 families would have to contribute their residential land, including 1,700 households in Ho Chi Minh City, while 7,000 others will have to give up agricultural land. Ngo Think Duc, deputy minister of transport, said the ministry would complete the railway project plan and submit it to the central government who would then seek approval from the National Assembly in May 2010.

(Source: Thanhnien)

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Foreign inflows into Vietnam's industrial zones decreased sharply this year

In a worrying sign for Vietnam's export driven and low-end manufacturing economy, foreign inflows into Vietnam's industrial zones decreased sharply this year, a Ministry of Planning and Investment meeting was told.

Developers of industrial and export processing zones told the meeting in late September that the number of foreign-invested projects shrank "in a threatening way" in the first eight months of this year.

Chairwoman of Vietnam Investment and Development Joint Stock Company (VID), Nguyen Thi Nguyet Huong, said the company's 10 industrial zones only attracted three foreign-invested projects totaling USD16 mil between January and September.

"Seven other contracts were from local investors," she said. "In fact, the three foreign-invested projects were the results of last year's negotiations." The new contracts are a worry for the park's owners who point to previous years when the company would attract 35 to 50 projects in the first five months of the year, she said.

The same situation is playing out with her competitors. Becamex IDC Corporation, which runs six industrial zones in southern Binh Duong Province, the company only attracted five projects totaling USD 212 mil in the first eight months of this year.

Up north, the Thang Long 2 Industrial Zone in Hanoi said not a single investor has walked through the compound's doors in the past nine months.

Representatives of industrial zones said the global economic downturn is just one of the reasons for the lack of foreign investment. They said the revocation of corporate income tax incentives since early this year has left Vietnam unable to compete with China and Thailand to attract foreign investors.

Before 2009, projects into industrial zones enjoyed a 25% reduction of corporate income tax in the first three to four years, and 50% in the following nine years. But the revocation of this law has made investors reconsider their investment. "The law change made investors feel insecure," said the representative of Japanese Investors Association in Ho Chi Minh City.

The director of Thang Long Industrial Zone, Akito Shiraishi, said the government should have better policies in place as investors continue to look at China and India as better destinations. Foreign direct investment (FDI) between January and August fell 78% from the same period last year to USD 10.45 bil, according to the Foreign Investment Agency.

(Source: The Hanoi Times)

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Two nuclear power plants to be built in Ninh Thuan

Vietnam's first two nuclear power plants with a total capacity of 4,000 megawatts will be built in the central coastal province of Ninh Thuan.

The plants are expected to start commercial operations in 2020, according to a newspaper, construction of the plants will begin in 2014.

"The construction of the plants is the best and necessary option to ensure the national power security," Deputy Prime Minister Hoang Truing Hay told a conference in the province on Thursday (08 Oct 2009). The most modern and safest technologies in the world would be selected for the plants, Hay said.

The government forecasts that electricity demand will rise about 13% this year, *Bloomberg* reported. The news service said Vietnam has been considering the commercial nuclear power option at least since 2002.

(Source: Thanh Nien News)

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Can Tho Airport upgrades runway

The Southern Airports Corporation has poured an additional VND850 bil (USD 47 mil) into a project to lengthen Can Tho airport's runway by 600 metres to meet the increasing demand for transport services in 2010 and the following years.

The expansion will enable the airport to accommodate Boeing 777 and Boeing 747 aircraft and open international air routes to other Southeast Asian countries in 2010.

When complete, the Can Tho Airport - an expansion of the former Tra Noc Airport - will cover an area of 388,8ha, of which 27,491m² is for aircraft landing and 2,400m² for the terminal. The first phase was completed last year with the runway of 2,400 metres in length and 45 metres in width.

Since January 4, the airport has served more than 110,000 passengers. Once the new runway is operational, the airport is expected to serve between 2-3 mil passengers a year.

(Source: VNBusinessNews)

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PM turns first sod on highway construction

Prime Minister Nguyen Tan Dung turned the first sod on construction of the North-South Expressway's HCM City-Long Thanh-Dau Giay section on Saturday (03 Oct 2009).

The 55km section, which will require investment of about USD 1 bil, will link to the HCM City's East-West Highway and connect with the 40km HCM City-Trung Luong expressway to form an express route of nearly 100km.

The express route, which will link HCM City with several districts in Dong Nai Province, will pave the way for socio-economic development of HCM City, Dong Nai, Long An and other neighbouring provinces.

Dung said well-developed, modern infrastructure, particularly roads and highways, would be a major factor in speeding up Viet Nam's industrialisation. He added that the development of an expressway system was a top priority.

Tran Xuan Sanh, general director of the Viet Nam Express Investment and Development Corporation, the investor of the expressway project, said the section was expected to facilitate transportation to the southeastern provinces, and boost the development of the port chain on the Thi Vai-Cai Mep River and satellites cities of HCM City. Sanh said it would be a crucial route to link the proposed Long Thanh International Airport in Dong Nai Province with HCM City and Mekong Delta provinces. He said the four-lane section would have safe barriers, footpaths, three bridges, and traffic control and toll stations.

The section starts at the An Phu intersection in HCM City's District 2, where it meets with East-West Highway. It will run through three wards in District 9, then arrive in Dong Nai Province's Long Thanh District and go through the districts of Nhon Trach and Cam Luy, ending at Thong Nhat District's Dau Giay intersection.

The stretch from An Phu to Long Thanh is 24.7km long and the Long Thanh-Dau Giay section is 30.3 kilometres. Sanh said it would take 35 years to recoup capital for the project, which is expected to be put into use in 2012.

Capital for the project was estimated at USD 932.7 mil, including ODA (official development assistance) loans of USD 516.5 sourced from the Japanese Government, USD 410.2 mil from the Asian Development Bank (ADB), and contingency costs from VEC, he said.

HCM City People's Committee Chairman Le Hoang Quan said the city authorities would enhance co-operation with the investors as well as contractors to ensure progress on the project.

(Source: VNS)

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[New USD 100-mil-plus tourism complex to hit Nha Trang](#)

Lighthouse Investing Joint-stock Company announced plans to invest in a VND1.8-trillion hotel and commercial complex in the central beach city of Nha Trang.

The Lighthouse Complex Tower Nha Trang, set to cost the equivalent of around USD 100.87 mil, will include two 36-storey towers featuring five-star hotels, apartments, offices and a trade and cultural center, said the company in a statement announcing the project Sunday (04 Oct 2009).

The complex is designed by Singaporean-owned Laud Architect Pte Ltd., which beat out 11 other local and international consulting and design companies in a design contest held by Lighthouse last year.

Lighthouse revealed no details as to when the four-year project would be launched.

Lighthouse Investing Joint-stock Company was founded by six companies, including Petrol Vietnam Finance Group and Saigon Trading Group.

(Source: ThanhNienNews)

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[Work begins on Kon Tum's largest hydropower plant](#)

Work on construction of a hydropower plant with an investment of over 5.7 trillion VND (roughly USD 322 mil) began on Sept. 27 in Kon Plong district, the central highland province of Kon Tum.

The Thuong Kon Tum hydropower plant, the largest of its kind in the province so far, is designed to have a total capacity of 220 MW, producing 1.1 bil kWh of electricity a year.

Once completed in 2014, the plant will supply electricity to the national 220KV electricity grid and contribute to maintaining water flow for the Tra Khuc River in the central province of Quang Ngai, serving agriculture and industry in the lowland regions.

(Source: VNS)

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[India wants to build a port in Vietnam](#)

Viipip.com - Mundra Port and Special Economic Zone Limited (MPSEZ), India's largest private port and special economic zone, is in talks with the Vietnamese government to set up a port in Vietnam to make a demand on iron ore and coal bulk, said by a report.

MPSEZ would be the first Indian company to build a harbor abroad if the talks are preceded successfully.

"Things are in the initial stages negotiating with Vietnamese Government on set up a port there, and we are hopeful of setting up the port," Director of MPSEZ, Rajeeva Sinha, said. He did not reveal any details, but emphasized that there are a lot of plans to set up at least one port in the region in the period of next three to four years.

Mundra Port has talks with the Indian state governments of Orissa, Andhra Pradesh and Tamil Nadu for setting up the port; however, the timeframe for the project has not been mentioned, he added. Mundra Port has recently signed a 30-year concession with the Mormugao Port Trust (MPT) for the development of a coal terminal at Goa on a build, operate and transfer (BOT) basis.

The project will handle 10 mil tonnes of coal per year and is expected to generate revenue of 2 bil rupees (USD41.6 mil) per annum. About 3.5 bil rupees (USD 72.8 mil) will be invested in the project, which is scheduled to be commissioned by March 2013. At present, MPT handles some 5.5 mil tonnes of coal annually.

(Source: Viipip.com)

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Industrial projects in, protective forests out

Hundreds of hectares of protective forests in the Mekong provinces of Long An and Tien Giang have been wiped out, paving the way for industrial development projects.

Some 300ha of protective forests in Tien Giang's Go Cong Dong District were destroyed after the provincial authority granted a license to a subsidiary of Viet Nam Ship-Building Industry Corp. (Vinashin) to develop a shipyard on 285 ha of land in Gia Thuan and Vam Lang communes. In addition, Tien Giang will soon hand over another 300 ha of protective forests in the communes of Tan Phuoc, Gia Thuan and Vam Lang to the developers of sizable industrial projects such as Petro Mekong's Soai Rap Fuel Depot, Soai Rap Industrial Park and Thuan Tien Fuel Depot.

According to Nguyen Huu Chi, ex-chairman of Tien Giang People's Committee and currently deputy minister of Finance, as of March 2008 tenants have unveiled plans to lease up to 6,000ha of coastal land in the province's Go Cong District. If these contracts are signed, thousands of hectares of land in coastal areas in Tien Giang will be wiped out for industrial parks.

Long An provincial authority has also planned many industrial parks in Can Giuoc District's coastal areas. Up to 482ha in the 500-ha Vinh Thanh Hamlet in Phuoc Vinh Dong Commune have been earmarked for ports, shipyard and urban development projects to be carried out by companies such as Shin Petro (a subsidiary of Vinashin), Lilama and Caric Enterprise.

Pham Van Bien, deputy chairman of Phuoc Vinh Dong Commune People's Committee, said at the moment only Caric has cleared the site of 30ha of land in the commune. When other projects are realized, hundreds of hectares of protective forests will be destroyed. However, all the destroyed areas have been left fallow and no industrial complex has been built on the land that had been once protective forests. Without these forests the coastal areas in Long An and Tien Giang will be threatened by natural disasters such as high waves, rising tides, winds and tropical storms.

Phap said the irrigation sector was responsible for managing and protecting the protective forests while the provincial authorities were assigned to license projects that result in forest destruction.

After Tien Giang wiped out hundreds of hectares of protective forests for planned industrial development projects, the Government recently approved a project to upgrade the sea dyke system in the province's Go Cong District. The VND1.4 trillion (USD 78 mil) project includes the afforestation of 100ha of protective forests which can help combat rising tides and tropical storms, to ensure safety for 54,000 ha of arable land and the lives of tens of thousands of families in the region.

(Source: VNS)

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FINANCE – BANKING

ADB, Japan help VN on micro-finance

The Asian Development Bank and Japan are helping Viet Nam bring its unregulated micro-finance programmes into the formal sector so that it can provide increased financial support for the poor.

The Japan Fund for Poverty Reduction is extending a USD 1.5 mil grant to help the Government formalize the micro-finance sector.

Five programmes will be implemented to develop the sector's capacity to join the formal sector. Staff training and supplementary matching funds will be provided to enable targeted institutions to deliver modern, diverse financial products and services.

Currently micro-finance is dominated by Government-subsidized programmes led by the State-owned Viet Nam Bank for Social Policies. However, they have struggled to meet the financial needs of the poor and offer limited services.

At the same time the growth of informal providers has been constrained by their inability to mobilize significant amounts of money because they lack the capacity to comply with regulations on taking deposits, says an ADB press release.

The Government, supported by previous technical assistance from ADB, has developed a legal framework that paves the way for informal operators to enter the regulated sector, helping to make the industry more diverse, viable, and sustainable. The Government will provide counterpart funds equivalent to around USD 150,000 with participating micro-finance institutions supplying matching funds of USD 800,000 equivalent

(Source: VNS)

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Standard Chartered revises outlook up

Standard Chartered Bank has revised upward its three-year outlook for Viet Nam's economic growth in light of how well the country has weathered the global economic crisis, in addition to proactive fiscal measures and resilient domestic demand.

In a report entitled "*Viet Nam – further recovery, fresh challenges*," Standard Chartered has increased its forecasts for this year's economic growth to 4.9 from 4.2%, while revising its forecast for next year's growth from 5% to 6.7%, and for 2011, from 6% to 7.2%. "Along with China, India, and Indonesia, [Viet Nam] is one of the few countries that did not experience a year-on-year contraction in GDP, according to official data," the report said. "The latest GDP growth data, for the third quarter of this year, show that the economy is on a solid recovery track, though the export sector remains sluggish."

Viet Nam's economic growth has continued to rebound from a low of 3.1% in the first quarter of this year to 5.8% in the third quarter. The recovery was largely driven by domestic demand, with retail sales growing consistently at around 20% between April and August. "A rebound in industrial production has also added positive momentum to growth, even though export performance so far this year has been disappointing," the report said.

The bank also revised Viet Nam's inflation forecasts modestly upward in line with the stronger growth projections. It expected the State Bank of Viet Nam to start hiking the prime rate in the second quarter of 2010 rather than in the third quarter, even though there was other tools still available to manage lending and contain inflationary pressure.

Despite the optimistic reassessment of the economy, the bank also pointed out some emerging risks not dissimilar to those encountered in 2008. "In particular, the widening of the trade deficit in recent months points to an imbalance between domestic strength and external weakness. And while current inflation remains tame both on a year-on-year and a month-on-month basis, aggressive fiscal and monetary stimulus is generating inflation expectations which could be self-fulfilling," Standard Chartered said.

"Commodity prices could trigger a further deterioration in both the trade deficit and inflation, as we saw in 2008. The good news is that we do not expect a sharp rise in prices of food, energy, or metals... Given the deterioration in external balances, the bias will be for the Government to use the exchange rate more aggressively to narrow the trade deficit."

In 2008, Viet Nam encountered the twin problems of a massive trade deficit and a surge in inflation. The trade deficit rose to USD 18 bil in 2008, and inflation peaked at 28.3% year-on-year in August 2008. These problems were caused by a combination of economic overheating and a sharp rise in the cost of goods.

The trade deficit has widened in recent months at a rate of USD 1.5 bil per month. Imports of machinery and spare parts, electronics and vehicles have picked up, reflecting robust domestic demand, but exports have shown few signs of improvement.

With the cumulative trade deficit for January-September at USD 6.5 bil, the current rate suggested that the full-year trade deficit could reach USD 11 bil, although successful operation of the Dung Quat oil refinery could help mitigate the trade deficit in part.

Standard Chartered also expressed worries that inflation could reignite, but, despite aggressive monetary expansion by the State Bank, inflation has so far remained tame. Inflation slowed to 2% year-on-year in August and picked up to 2.4% in September. Standard Chartered expected inflation to accelerate to 6.6% by the end of this year and to 7.4% next year.

Month-to-month inflation was also modest, registering 0.24% in August and 0.62% in September, with transportation costs seeing the strongest increase. Food and housing, the largest components of the nation's inflation figures, remained stable, leading Standard Chartered to predict only a modest rise in inflation in 2010. Among the problems the bank foresaw, however, was increasing depreciation pressures on the Vietnamese *dong*.

"Near-term balance-of-payments dynamics are likely to continue to put upward pressure on US dollar – Vietnamese *dong*, as weaker inflows from foreign direct investment and inward remittances are unlikely to cover the trade deficit," the report said.

Standard Chartered warned that the State Bank, by restricting credit growth, had been focusing on controlling the quantity of loans and money supply rather than the cost of borrowing. Furthermore, raising interest rates now would run counter to the interest-rate subsidy scheme the Government implemented in early 2009, under which selected borrowers were entitled to a subsidized 4-per-cent interest rate.

(Source: VNS)

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New Rules for Government Bonds

The Hanoi Stock Exchange (HNX) was the scene of a Government Bond Trading System launch ceremony on September 24, 2009. Present at the ceremony were Minister of Finance Vu Van Ninh, Deputy Minister of Finance Tran Xuan Ha, the heads of the State Securities Commission and other organizations, a number of people representing listed companies and Vietnamese and foreign reporters.

The secondary bond trading market was launched in 2000 at the Ho Chi Minh City Securities Trading Center (now the Ho Chi Minh City Stock Exchange) and in 2005 at the Hanoi Securities Trading Center (now the Hanoi Stock Exchange - HNX).

Government bonds have been traded only at the Hanoi Stock Exchange since 2007 but it was quickly discovered that this government bond trading market was fairly dysfunctional. Stocks and bonds are traded using the same software but they have had to be bought and sold using a different method. Investors have been unable to get information about government bonds and this has hampered bond salability.

Laws concerning bond trading are inadequate and the computerized system used for bond trading couldn't handle all kinds of transactions that take place in the bond market and it was oftentimes impossible to know at what price a bond was bought or sold. This was because only securities companies that are members of the Ho Chi Minh City Stock Exchange can connect directly to the government bond trading system. If one is not a member of the Ho Chi Minh City Stock Exchange, one can not connect the system to get information about a transaction. And yet most government bonds are purchased by commercial banks.

It was in late 2004 that the State Securities Commission submitted to the Ministry of Finance a plan to develop a specialized secondary government bond trading market by restructuring the existing secondary market. On June 20, 2006, the Ministry of Finance enacted Decision 2276/QD-BTC concerning bond auctions at the Hanoi Stock Exchange making HNX the only place where government bonds can be auctioned. HNX was also at that time made the sole bond distribution agent for the State Treasury, the Vietnam Development Bank, the Hanoi People's Committee and the Ho Chi Minh City People's Committee.

On January 15, 2008, the Ministry of Finance issued Decision 86/QD-BTC approving Project 86 which established a specialized government bond market. Under Project 86, in May 2008, the State Securities Commission enacted another Decision, this one requiring that all government bonds that were listed on the Ho Chi Minh City Stock Exchange and matured six months or more from that date be transferred to the Hanoi Stock Exchange by June 2, 2008. The number of types of bonds traded on the Hanoi Stock Exchange then rose to 476 with a total face value of VND142.665 trillion.

The Hanoi Stock Exchange then adopted a specialized government bond trading system which was an improvement on the old system. Under the new system, bond trades are negotiated. This works because transaction values are generally high and transactions are infrequent. As with common transactions, those who are members of the Hanoi Stock Exchange can post their buy and sell orders at specific prices and volumes which enter the system for e-transactions. This method is relatively open and transparent. The specialized government bond trading system allows two kinds of bond trading: outright and repo. This system helps publicize information about bond transactions in the secondary bond market which increases bond salability. This also helps organizations that are issuing bonds because they can monitor prices in the secondary market.

More than 500 kinds of bonds are now available in the new government bond trading system with a total face value of VND166 trillion with nearly 30 organizations, most of these being commercial banks.

On September 24th, to standardize the process of bond issuance, listing, registration and trading, and to reduce administrative procedures, the Hanoi Stock Exchange and the Securities Depository signed agreements with government bond issuing organizations to sell their bonds in the future at the Hanoi Stock Exchange

(Source: VEN)

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ANALYSIS – OPINION

Business optimism a key catalyst for growth

Most Vietnamese businesses are now optimistic about the future, and this positive sentiment is the key factor that will drive the economy upward, says Dr. Matthias Duehn, director of the EuroCham Hanoi Office.



Matthias Duehn, director of the EuroCham Hanoi Office

How do you assess the position and potential of Vietnamese firms in the Southeast Asian region?

I believe that Vietnamese companies are becoming better known in and around the region; names such as Vinamilk, Vietnam Airlines and PetroVietnam already have a very good reputation outside of Vietnam.

We have already seen a number of Vietnamese companies investing in the Southeast Asian region, for example Viettel and Vinamilk. More and more Vietnamese companies are contemplating listing on foreign stock exchanges, for example in Singapore and even beyond: On September 18, Cavico Corporation, a major infrastructure development company based in Hanoi, was permitted to list its common stock on the NASDAQ capital market, thereby becoming the first Vietnamese company listed in the United States.

This is a strong signal that Vietnamese companies have the potential and the courage to enter foreign markets. However, this trend is still in its early stages and Vietnamese companies still need to address a number of challenges when competing outside their countries as the competition is also tough. For example, products need to be more customized to the needs of overseas markets.

To this end, Vietnamese companies will have to learn more about market trends in the region and spend more money on market-related research and development. Despite the challenges, I believe that, in a few years, Vietnamese companies will be able to compete with major companies throughout the region.

Asia, including Vietnam, is tipped to overcome the impact of the global financial crisis the soonest. How do you assess the role of Vietnamese businesspeople in helping the country gain this achievement and overcome the crisis? Please share your thoughts on the way Vietnamese firms are overcoming the crisis, compared to those taken by Asian and European companies?

I see that the Vietnamese economy is quite resilient compared to other neighboring economies in the region. This is largely attributed to the government's intervention early this year with a first stimulus package, and now a tentative second.

Other markets, for example the financial services industry, have not been fully exposed to the crisis in the first place. As a result, despite the crisis, growth for 2009 is still projected at around 5%, and the outlook for 2010 is well over 6.5%.

So, as a matter of fact, Vietnam has tackled the crisis quite well! Most Vietnamese businesses are now optimistic about the future. This positive sentiment is the key factor that will drive the economy upward.

How do Vietnamese businesspeople demonstrate social responsibility in terms of environmental protection, poverty reduction and such?

We have noted a substantial shift in awareness of corporate social responsibility (CSR) amongst Vietnamese companies. No doubt the Vietnamese business community should play an active role when it comes to CSR. It has to be understood that CSR is not a charity, but can actually profit the companies themselves. To this end, EuroCham is involved in a UNIDO project aiming at improving Vietnamese SMEs in implementing CSR to reach the global supply chains for sustainable production.

With regard to environmental protection, EuroCham focused in 2009 on the topic of Green Business and Climate Change. For example we organized a high-profile exhibition and conference called Green Biz in September in Hanoi. We have received a high level of attention from both the government and the local businesses who visited our exhibition.

With regards to poverty reduction, we know that Vietnamese companies have been taking a more active role in joining forces with the government to make a difference in remote and isolated areas.

I think the government should devise more favorable policies to enable these companies to invest in those areas and create jobs for people. If the business community pays attention to the less developed areas, then we can possibly reduce the poverty gap in this country according to the Vietnamese government's socioeconomic strategy.

What is most important in promoting the role of businesspeople in economic development?

EuroCham has always believed in the long-term development opportunities of Vietnam. The economic data was and remains promising, despite the impact of the economic crisis.

With growth still at almost 5% and projected to be well over 6.5% next year, Vietnam is back on track already. In particular, with a young and eager population, two thirds of which are under 35, Vietnam has a great pool of talent to contribute to its future success. EuroCham believes that, to attract investment, three core issues matter.

The first is infrastructure, which is not only limited to roads, seaports and airports, but also includes [sustainable] power generation and power supply, and forms the basis of [foreign] investment. *Second* is education. Even with an impressively young and eager population, work processes and demand for labor get more complex and sophisticated. Formerly simple manufacturing jobs now often require solid skills. Accordingly, it is important that the educational institutions improve to meet these standards and cooperate with the companies that require these skills. *Third* is a favorable government policy. It is important that the provincial government provide transparent rules for potential investors to rely on. Incentives for investment, in particular tax incentives, must be clear and applied predictably.

What does EuroCham do to help firms overcome the impact of the crisis, as well as develop in the post-crisis period?

We are a 10-year-old-plus business chamber established in Vietnam in 1998 with offices in Hanoi and Ho Chi Minh City. Now we are one of the largest foreign business associations in the country, with over 600 member subscriptions and 1,200 chamber representatives.

Open to individuals, companies and organizations of all nationalities, we offer a wide range of benefits and services to make doing business with Vietnam easier. Through our regular business and networking events, sector committees, lobbying and advocacy, EuroCham plays an important part in making Vietnam an attractive destination to do business while ensuring our members' interests are placed first and foremost.

On an annual basis we publish the White Book on trade and investment issues and recommendations filed by European businesses, welcomed by the government as a constructive contribution to Vietnam's economic development.

Another important activity of EuroCham is the Vietnam-EU Business Forum (VEUBF), a cooperative venture between EuroCham and the VCCI, formed at the behest of the Prime Minister. In the past two years this forum has been quite active in transferring the best European business practices to Vietnamese companies as well as networking them together.

(Source: TN)

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Preferences for Hi-tech Businesses

The High Technology Law became effective on July 1st, 2009. It carries many provisions that facilitate high technology (hi-tech) development by businesses and individuals.

The biggest preferences in terms of land, taxes and financial mechanism are given out to support activities related to high technology development, search, exchange, application and workforce training. Also, the Vietnamese Government pays much attention to hi-tech development in agriculture. The Government has assigned the Ministry of Agriculture and Rural Development to set up a plan for improving hi-tech, giving preferential treatment to businesses that apply hi-tech in agriculture and investing in biotechnology, chemistry and physics.

The remarkable point of the High Technology Law that is individuals are given the right to build up hi-tech parks and make businesses on their own if they are given permission by the Government. This is an unheard-of regulation. Investment capital for hi-tech development is encouraged to come from the State budget and other sources.

"The High Technology Law will make the appeal to businesses as they enjoy the highest preferences in terms of tax as well as land and other conditions," said Le Dinh Tien, the Deputy Minister of Science and Technology.

There are not yet any specific criteria to define hi-tech industrial/agricultural parks. What is the basis to classify those ones?

This matter was discussed so many times in the process of drafting this law. There are some opinions supposed to build more hi-tech parks in localities but some disagreed. They thought that just the major hi-tech parks need to be concentrated on. Also, the Vietnamese National Assembly has decided that only the Prime Minister has the right to establish hi-tech parks.

National hi-tech parks help boost hi-tech development in economic zones, thus they need more investment. The Hoa Lac Hi-tech Park in the North, the Ho Chi Minh City Hi-tech Park in the South and some potential in the central region are some examples. Hence, investment in the locally-managed hi-tech parks will come from the local budgets. There are not any sayings that the localities do not have the rights to establish hi-tech parks in the law but they can apply the criteria of hi-tech parks to create their own land or investment policies. Some localities are in the process of preparation for establishing hi-tech parks.

The High Technology Law and its draft guidance decree refer to only four areas of hi-tech to enjoy preferences and these do not include nanotechnology, electronics and telecommunications. So it will not help boost science and technology development. Could you clarify this?

The four areas mentioned in the High Technology Law include new materials, information technology, automation technology and biotechnology that cover quite fully all main fields. A list of hi-tech products that are encouraged to develop will be made in the near future.

For example, nanotechnology is part of new material technology, telecommunications originates from information technology. Telecommunications and information are two areas that use technology but not parts of technology.

If there are some new areas in the future, the Government will be given the authority to supplement the law during the development process of science and technology.

Under the High Technology Law, are there any more preferences for hi-tech businesses apart from land and tax preferences?

Since it was promulgated, the High Technology Law has encouraged and offered many preferences to hi-tech businesses and the ones that make hi-tech products. Not only the businesses in hi-tech parks, preferences for which have been approved by the Prime Minister, but all the businesses that meet the requirements and criteria of hi-tech also get the same preferences.

Businesses that are based in hi-tech parks can make use of quality infrastructure that is invested in by State-owned or private companies. Hi-tech parks have favorable locations, near to research/training centers. Other advantages of hi-tech parks are that they have many facilities such as R&D (Research and Development), training facilities and laboratories that facilitate businesses' operations.

The draft decree guiding the implementation of the High Technology Law will be submitted to the Government later this month. So how will the law affect the attraction of investment into hi-tech parks?

It will take time for any policy to show its effects. Many conditions must be available to attract foreign businesses to enter the Vietnamese market. Hence, they will feel more secure when bringing hi-tech into Vietnam when the High Technology Law comes into effect. Besides, the High Technology Law will make the appeal to businesses as they enjoy the highest preferences in terms of tax as well as land and other conditions.

For instance, a foreign investor planned to invest in high biotechnology in Hanoi and he asked the Government for preferences to compete with investors from other countries in the region. I told him that the High Technology Law will create a favorable environment for investors, especially in terms of tax. This makes investors feel assured.

(Source: VEN)

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Exploring 210-bil-tonne coal basin: big potential, high risk

The Vietnam Coal and Mineral Group's (Vinacomin) scheme to develop the Red River Delta coal basin has attracted the attention of the public for its huge potential and high risk.

According to Vinacomin, Vietnam's need for coal by 2010 will be 25-26 mil tonnes. With a total output of 45-47 mil tonnes, Vietnam will be able to export 20 mil tonnes next year. However, the country will have to reduce coal exports to 5 mil tonnes in 2012. This is the reason for Vinacomin's request to open the Red River Delta coal basin.

However, scientists are worried about the feasibility of this project, its environmental impacts, economic effectiveness and food security.

Why does Vinacomin want to open the Red River Delta coal basin at this moment?

According to Vinacomin, Vietnam's requirement for coal will hit 94 mil tonnes by 2015. Coal-fuelled power plants alone will use up to 67 mil tonnes of coal while the total coal output will be around 60 mil tonnes only.

By 2020, the country's need for coal will reach 184 mil tonnes, with 150 tonnes for power plants, while the total output of coal will be 70 mil tonnes. In 2020, the demand for coal will rocket to 308 mil tonnes, with around 268 mil tonnes for power plants. Vietnam will have to import coal.

According to Vinacomin, Vietnam has to think about purchasing coal right now. However, its negotiations with coal exporters have not been successful because sellers have offered coal at high prices. The group suggested boosting the exploitation of coal at home, especially of coal mines which have not been exploited yet, for example in the Red River Delta.

Vinacomin said that the Red River Delta contains a huge quantity of coal which could help the country balance the supply-demand of coal after 2020. It estimates that this coal basin has up to 210 bil tonnes of coal, with some kinds of coal suitable for power and metallurgic plants.

Vinacomin designed a scheme called "Developing the Red River coal basin" in June 2009 and the Ministry of Industry and Trade has sent this scheme to relevant ministries and bodies for comment.

Huge potential, high risk

The shortage of coal is the motivation for exploring new coal basins like the Red River Delta. However, this project requires careful research because this coal basin covers a vast area, where millions of people live and where there are millions of hectares of agricultural land and important construction works.

Vinacomin has begun its surveys of the Red River Delta coal basin. However, the survey is still in the first stages because this group has foreseen big difficulties. The coal basin is deep beneath the ground and covers a large area, around 3500sq.km in Nam Dinh, Hung Yen and Thai Binh provinces. Vinacomin plans to survey some mines, such as Binh Minh, Khoai Chau 1 and Khoai Chau 2, which are at the depth of 400 to 1200m.

The investment for exploration is estimated at 6.5 trillion dong (USD 382.3 mil) and the total capital for this scheme is up to 76.36 trillion (USD 4.49 bil). Vinacomin is seeking foreign investors to explore this potential basin together.

The group has signed business cooperation contracts (BBC) with Australia's Linc Energy and Japan's Marubeni Corporation to experimentally use gasifying technology at a coal mine in the Red River Delta.

The Red River Energy Company has also inked a deal with China's Machinery Import Export Corporation (CMC) to explore the Khoai Chau – Binh Minh coal mines before establishing a joint venture to explore the Binh Minh mine by the traditional pit method.

Initial criticism

Vinacomin has received some comments from the Ministry of Construction (MoC). This ministry asked Vinacomin to more carefully consider the following issues: the Red River Delta coal basin development scheme must not break down the construction and urban planning, not harm rice land and coal mining technology must not affect the land ground of the region where coal is mined.

The MoC also said that Vinacomin has to calculate the impacts of the global climate change phenomenon. The Union of Vietnam Scientific and Technological Associations said that Vinacomin's scheme still lacks an environmental evaluation report.

These are initial responses but they show how important Vinacomin's scheme is. The group will have to do more research to compile a detailed scheme. This scheme needs to be submitted to the National Assembly for consideration of the investment policy, economic, social and environmental impacts. The entire political system and public need to agree on this project, not like in the case of the bauxite mining programme.

(Source: VNN)

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NEWS IN BRIEF

Indochina Land rated best developer - London-based Euromoney magazine in Oct 5th recognized Indochina Land as the best developer in Viet Nam in its fifth annual Real Estate Survey. Indochina Land is also the sole Viet Nam-based developer rated in the top 10 list of developers within Asia. The survey canvassed the opinions of real estate developers, advisors, financial institutions, investors and end-users worldwide.

Shinwon to build USD 1.5m textile factory - Construction is to start this month on a textile factory in Song Cong Town, in northern Thai Nguyen Province. South Korean Shinwon Corporation received an investment certificate to build the USD 1.5 mil Shinwon Abenezzer Ha Noi factory on 8ha, with a designed capacity of 45 mil products a year.

More eco-friendly condo projects underway - The SetiaBecamex Joint Stock Co has opened a sample of its eco-friendly condominium complex to be built on 226ha in the southern province of Binh Duong. EcoLakes would have parks, green fields, ponds, lakes, avenues and buildings, all designed in harmony with tropical environment, the company said.

More foreign investors get accounts - To date, the stock market has welcomed 13,278 foreign investors to participate in securities trading, which includes 1,082 institutions and 12,196 individuals, according to the Viet Nam Securities Depository Centre. September alone witnessed the participation of 65 foreigners in securities trading, which represents a monthly increase of 0.5%.

In the first nine months of this year, 654 foreign investors had been granted trading accounts.

ABT pays bonus shares - Ben Tre Fisheries JSC has been approved to further raise its charter capital by 40% by issuing 20% of its bonus shares. The increase in charter capital from VND81 bil (USD 4.5 mil) to VND113 bil (USD 6.2 mil) will be completed this year. ABT has posted its profits for the third quarter at VND29.43 bil (USD 5.1 mil).

TRA revenue up 30% in third quarter - Traphaco Joint Stock Company reported that its revenue in the third quarter reached VND145 bil, which was up 30% from this period last year. The company also earned an after-tax profit of more than VND12 bil (USD 666,600). According to the company, from now to the year end, the company will increase the prices of its products, which have remained unchanged in recent years. Traphaco has been approved by the State Securities Commission to issue bonus shares for its existing shareholders.

Vietnam's government debt is forecast to stand at 40% of its GDP this year, up from 36.5% in 2007, the National Assembly Finance and Budget Committee said Friday (02 Oct 2009). The debt would continue to surge to 44% of GDP next year. The committee warned that the national debt would reach an unsafe level if the government did not take necessary measures to tackle growing budget deficit, which is expected to stand at 6.9% of GDP this year. The committee said the deficit should be reduced to 6% of GDP next year and it should be controlled at less than 5% in the coming years. The Asian Development Bank has estimated that the government budget deficit may reach as much as 10.3% of GDP this year from 4.1% in 2008. Vietnam is targeting economic growth of more than 5% this year and 6.5% in 2010.

Total SA plans to buy Exxon Mobil Corp.'s lubricant business in Vietnam, a newspaper reported, citing an agreement between the companies. The purchase includes a lubricant plant in the southern Vietnamese province of Dong Nai and Exxon's base oil distribution network throughout the country, the newspaper said. Lyn Toh, Total's spokeswoman in Singapore, confirmed the plan. She declined to provide details. Karen Wong, an Exxon spokeswoman in Singapore, said in an e-mail that the sale is a "confidential matter" between the companies and the sale doesn't affect Exxon's other businesses in Vietnam.

An increase in tuna exports from Vietnam to Canada has made the northern American country one of the top importers of the aquatic product. The Association of Seafood Exporters and Producers of Vietnam (VASEP) reported that tuna exports to Canada are experiencing double digit growth. Since mid June, exports have gone up 384% in volume and 107% in value from a year ago, while those to other countries have shown negative growth. With this result, Canada has become Vietnam's fifth largest buyer of tuna after the United States, the European Union, Japan and Israel.

Britain's Prince Andrew is to arrive in Vietnam on Monday (28 Sep 2009) to give a royal boost to his country's trade and investment profile, British authorities said. During his two-day trip, the prince is to meet Prime Minister Nguyen Tan Dung and other officials, and visit Vietnamese and British businesses including Rolls-Royce and HSBC, UK Trade and Investment said in a statement. His visit 'aims to raise the UK's profile as a major trading and investment partner for Vietnam, highlight further investment opportunities for British companies in Vietnam, and encourage Vietnam to regard the UK as a main business gateway into Europe,' it said. Britain is Vietnam's third-largest European Union investor, with total projects worth USD 2.1 bil (USD 2.97 bil), the agency said. Bilateral trade was worth more than USD 1.9 bil last year.

A fair featuring made-in Vietnam products opened in HCM City on October 02 by the HCMC Investment and Trade Promotion Centre (ITPC) in coordination with the People's Committee of Can Gio district. The event in celebration of the Can Gio fishermen's traditional festivals aims to help the locals gain access to high-quality products made by prestigious Vietnamese businesses through discounts and gift offerings. The fair is one of the activities organized by the ITPC to develop the domestic market and promote the use of Vietnam-made products. More such fairs are due to be held from now through the end of this year in HCM City's outlying districts and surrounding provinces.

Quang Nam province authorities have issued a license to allow two U.S. firms to invest USD4.15 bil in an eco-tourism project, state media reported Monday, citing a provincial government source. Tano Capital LLC and Global C&C Inc. plan to build the Dragon Beach project in the province, which is 800 kilometers south from Hanoi, said the Thoi Bao Kinh Te newspaper. The project will cover 400 hectares and have sports facilities, hotels, commercial buildings and offices, it added. The newspaper didn't say when the project will be built or when it is scheduled to start operating.

Rockingham Asset Management LLC has sought permission to invest USD2.2 bil in an airport in Quang Ninh province, a newspaper reported Monday. Rockingham plans to build the Van Don airport, located about 200 kilometers northeast from Hanoi, under a build-operate-transfer contract from 2010, the report said. The airport will be built in three phases, with an investment of USD552 mil in 2010-2014, USD520 mil in 2016-2020 and USD1.139 bil in 2026-2030, the report said.

The Ascott Group has signed a contract to manage a serviced residence property in Hai Phong. This latest addition to Ascott's portfolio increases the number of units to 1,182 across seven serviced residence properties in three cities. Five

properties are already operational in Hanoi and Ho Chi Minh City, offering a total of 818 units. To be called Somerset Central TD, Hai Phong, this will be Ascott's first serviced residence property in the coastal city and its seventh in Vietnam.

The new Somerset property is part of the landmark TD Plaza, a modern and luxurious mixed use development consisting of a five-storey shopping complex, which is already operating, an office block and two towers of residential apartments and serviced residences. Somerset Central TD, Hai Phong sits on a prime urban area in the city's new Central Business District with strategic access to the airport, port and the old city centre.

The Vietnam National Administration of Tourism (VNAT) is planning to promote tourism services on the China market. The Head of the VNAT, Nguyen Van Tuan said that Vietnam has not yet paid enough attention to the huge potential of the Chinese tourism market. Due to a lack of information and high prices, the number of Chinese tourists visiting Vietnam is still limited. Many have preferred going to Thailand, Singapore and Malaysia. 2,7mil international guests visited Vietnam in the third quarter of this year, a year-on-year decline of 16% with Chinese tourists making up the highest number of 338,600 people.

The Vietnamese Ministry of Culture, Sports and Tourism (MCST) has launched a campaign called "Charming Vietnam" in London to promote foreigners to visit the country. Cabs, carrying images of Vietnam's world heritage site Ha Long Bay, Vietnamese girls in white Ao Dai (long dresses) and information about Vietnam's economic hub, Ho Chi Minh City, will be seen in the streets of the UK's capital city over a six-month period. Speaking at the recent launch ceremony, the Vietnamese Ambassador to the UK, Tran Quang Hoan, said he hoped that this type of advertising would attract residents in London to visit Vietnam. Advertising by taxi has been used by many other countries such as Singapore, Malaysia, the Philippines and Thailand to promoting their tourist industries.

Vietnam's first private cargo airline Trai Thien Air Cargo has received its operator's license and is expected to begin operations in October next year, according to the country's Ministry of Transport. The company has set its sights on serving the Northeast Asian and Southeast Asian markets with up to five Boeing 737 aircraft, although only one plane is expected to be put into service initially. Six other domestic Vietnamese airlines – Vietnam Airlines, Vasco, Jetstar Pacific, Indochina Airlines, VietJet Air, and Mekong Aviation - currently are licensed for both passenger and cargo transport.

Construction started on the solid waste treatment plant at central city of Da Nang's Khanh Son dumping site October 3. This is the first waste treatment plant in Vietnam that uses domestic technology and facilities. Covering an area of two hectares, the plant has a capacity of 650 tons of waste a day. It can process non-biodegradable household waste, such as nylon bags and plastic products and tires, into industrial oil. The plant cost VND120 bil and is expected to open in September next year.

A number of businesses from Rome and Lazio in Italy gathered at a seminar in Italy to explore the investment opportunities and seek out trading partners in Vietnam and other Southeast Asian nations. Statistics provided by the European Union's Statistics Office (Eurostat) revealed that the value of Rome's exports to Southeast Asia rose by 28.5% and to Vietnam alone by 28.7% in the first quarter of 2009. However, Caltagirone said that in the face of Vietnam's potential market, Italian businesses have not been very active in their investments and face tough competition from foreign rivals. Two-way trade reached 1.21 bil EUR in 2007 but rose by barely 3% in 2008 due to the global economic downturn, he said, adding that Italy's exports to Vietnam fell by 12.2% and its imports from Vietnam went up by 15.6%.

Seven Korean groups, including Samsung, Daewoo, Ska, Kumho and Keangnam, will get involved in the building of urban railway route No. 5 linking the West Lake to Lang-Hoa Lac Road in Hanoi. The project will be built in the BOT and Planning Permission in Principle (PPP) formats under an MoU recently signed between the Vietnam Railway Department and the RoK investors. The USD1.2 bil route will have a total length of 33.5 km and 22 stations.

Viettel is keen on buying shares of Bangladesh's State-run mobile phone company Teletalk Bangladesh Ltd and plans to invest USD250 mil in the enterprise, said a spokesperson from the Bangladeshi Ministry of Telecommunications, Shafayet Hossain, on October 01. If an agreement to this effect is reached between the two sides, Viettel will invest without taking profits for the first three years. As it does in Vietnam, Viettel will provide free Internet connection services for schools in Bangladesh. In addition, it will set up 19,500 telecom signal receivers, install 50,000 km of optical cables, put 3G technology into operation and provide Internet services for 3.5 mil customers.

RoK to invest in building Hanoi urban railway - Seven Republic of Korea (RoK) groups, including Samsung, Daewoo, Ska, Kumho and Keangnam, will get involved in the building of urban railway route No. 5 linking the West Lake to Lang-Hoa Lac Road in Hanoi.

Under a memorandum of understanding (MoU) recently signed between the Vietnam Railway Department and the RoK investors, the project will be built under the business-operate-transfer (BOT) and Planning Permission in Principle (PPP) formats. The route, expected to be built at a cost of USD 1.2 bil, will have a total length of 33.5 km and includes 22 stations

Protrade in southern Binh Duong province signed a joint venture contract to build a logistics centre along with Singapore's YCH Group on October 1. This is the YCH's first project in Binh Duong and has a total investment capital of USD14 mil. The Vice Chairman of the provincial People's Committee Le Thanh Cung said that fits in with the province's development plan and investment plans. Once operational, the centre will help to improve the local logistics industry and increase the competitiveness of local logistics companies.

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COMING EVENTS

Vietnam International Industrial Fair

Venue: Vietnam Exhibition & Fair Centre

Date: 20 - 24 October 2009

City/State: Ha Noi Capital, Vietnam

Industry: Industrial Goods

Organizer: **Vietnam Exhibition Fair Centre**

148, Giangvo, Hanoi, Vietnam.

Tel: (+84-4) – 3834 5511

Fax: (+84-4) – 3831 1228

Event Profile: Vietnam International Industrial Fair (VIIF 2009) is a big economic, Investment and trade promotion event annually held under sponsorship of Vietnamese Government, attracting great number of domestic enterprises nation-wide and hundreds of foreign companies over the word.

Visitor's Profile:

- Maintenance
- Corporate Management
- Marketing
- Operations Management
- Engineering Management
- Production
- Design Engineering
- Research & Development
- Plant Manager
- Machine Operator
- Quality Control
- Purchasing
- Welding Operator.

Exhibitor's Profile:

- Expertise technology
- Machinery and equipment in Manufacturing
- Mining
- Energy
- Shipbuilding
- Construction
- Transportation
- Processing industries
- Machine tools manufacture
- Equipment and Accessories
- Machinery and equipment in Plastic
- Packaging and Printing
- Products and services of Information & Telecommunication technologies
- Automation
- Electronics...

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EPM Linkage Vietnam 2009

Venue: Saigon Exhibition & Convention Center (SECC)

Date: 15 - 17 October 2009

City/State: Ho Chi Minh City, Vietnam

Industry: Industrial Goods



Organizer:

- **Deutsche Messe AG**

Messegelände, 30521, Hannover, Germany.

Tel: (+49)-(511)-890

Fax: (+49)-(511)-8932626

- **Chan Chao International Co. Limited**

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

Tel: +(886)-(2)-26596000

Fax: +(886)-(2)-26597000

Event Profile: Since its inception in 1992, the show has gained recognition as an ideal and established platform for launching business activities in the sustainable South East Asian market. The EPM LINKAGE show focuses on capital goods and cutting-edge technology and illustrates how investment in these areas can serve as a driving force behind future market developments.

Highlights: It is a meeting point for different professional and business figures, an occasion to update and to investigate topics ranging from research and new technology to marketing and the business outlook for the sector. For this reason, the event host seminars, debates, focus meetings, and conventions.

Visitor's Profile:

- Machine building
- Tool & mould-making
- Fixture design
- Automotive industry & suppliers
- Shipbuilding industry
- Aerospace industry
- Electrical & electronic industry
- Precision machines & optics
- Manufacture of iron
- Sheet metal and metal ware
- Transportation, storage & handling
- Energy Industry
- Telecommunications
- Engineering & Contracting.

Exhibitor's Profile:

- Machine Tool
- Industrial Automation
- Motion
- Drive
- Automation
- Energy & Electricity
- H2O & Environmental Protection.

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International Transport & Motor Technology Show Hanoi

Venue: Viet-Xo Culture Palace

Date: 16 - 19 October 2009

City/State: Ha Noi Capital, Vietnam

Industry: Automotive

Organizer: **Asia Trade Fair & Business Promotion (Holdings)**

88 Pham Ngoc Thach Street, Hanoi, Vietnam

Tel: (+84-4) – 3573 6728 / 3573 6729

Fax: (+84-4) – 3573 6727

Event Profile: International Transport & Motor Technology Show (Autotech) will be a unique professional and large-scale exhibition with a total displaying area of thousands square meter. The Show is expected to attract a huge number of domestic and overseas enterprises that display and introduce their technological products, accessories, spare parts, services of Vietnam Automobile - Motorbike Industry and Supporting Industry.

Visitor's Profile:

- Manufacturers
- Importers & exporters of Vehicle accessories
- Special equipment
- Tuning
- Performance systems
- Design refinement
- Repair & Automotive Services
- Equipment for vehicle service and repair
- Bodywork repair and painting
- Garage building and management
- Refuelling and care
- Disposal and recycling.

Exhibitor's Profile:

- Vehicles Car with 4-7 seats
- Motorbike and scooter
- Minibus
- City bus
- Passenger car
- Light and heavy truck
- Pick-up
- Special purpose vehicle
- Transportation Commodities & Passenger transport
- Ship building Industry & marine transport
- Airlines...

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EPM-Machine Tool Saigon

Venue: Saigon Exhibition & Convention Center (SECC)

Date: 15 - 18 October 2009

City/State: Ho Chi Minh City, Vietnam

Industry: Plant & Machinery



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

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

Tel: (+886-2) – 2659 6000

Fax: (+886-2) – 2659 7000

Event Profile: EPM-Machine Tool Saigon is the absolute leading trade fair for the sector and venue for the highest provider and user competence; exhibitors from all over the world once again will put their efficiency and innovative power to the test before the best qualified international specialists.

Highlights: It is a meeting point for different professional and business figures, an occasion to update and to investigate topics ranging from research and new technology to marketing and the business outlook for the sector. For this reason, the event host seminars, debates, focus meetings, and conventions.

Visitor's Profile:

- Machine building
- Construction of equipment
- Tool & mould-making, fixture design
- Steel & light-metal construction
- Road vehicle construction & suppliers
- Automotive industry & suppliers
- Shipbuilding industry
- Aerospace industry
- Electrical & electronic industry
- Precision machines & optics
- Manufacture of iron
- Sheet metal and metal ware.

Exhibitor's Profile

- Flexible automatic products
- Modules
- Systems and lines
- Metal-working machines for chip-removal shaping
- Metal-forming machine tools
- Surface treatment of machines and equipment
- Handling and transport equipment
- Industrial robots
- Tools for machine-tools
- Control and measuring tools
- Electric & electronic equipment for machine-tools
- Sensor & diagnostic technique
- Machines & tools for timber & stone processing.

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