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**Reference exchange rate up 2 VND at week’s beginning**

The daily reference exchange rate for VND/USD on the first day of the week (June 12) increased by 2 VND from June 9 to 22,408 VND per USD.

With the current trading band of +/-3 percent, the ceiling rate applied to commercial banks during the day is 23,080 VND and the floor rate 21,736 VND per USD.

The opening hour rates at commercial banks saw light changes from the last working day of last week.

Vietcombank listed its buying rate at 22,655 VND and selling rate 22,725 VND, up 5 VND.

Meanwhile, BIDV reduced its rates by 5 VND, to 22,650 VND (buying) and 22,720 VND (selling).

Both the rates at Techcombank were unchanged from June 9, at 22,630 VND (buying) and 22,730 VND (selling).


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**Concerted efforts behind stable credit growth**

Total outstanding loans to May 25 grew 6.53 percent year-on-year, much higher than the 5 percent and 4.5 percent in the same period of 2016 and 2015, respectively, according to the central bank.

Unlike most years, credit growth during the first five months of 2017 has been stable, as the government directed banks to equally split credit growth into every month, avoiding a massive boom in the closing months of the year.

As a result, banks have gained momentum in boosting consumer lending since the start of the year, especially at a time when liquidity remains stable.

A change in policy also made a difference. With the maximum ratio of short-term funds used for medium- and long-term loans cut from 60 per cent to 50 per cent from January 1, the State Bank of Vietnam (SBV) has successfully prevented banks' medium- and long-term lending from growing too quickly, as has been the case previously.

Rather, banks have been forced to focus on increasing credit growth via short-term loans to optimise their lending cycle.

Assuming a bank has boosted its lending since the start of this year, a short-term loan with a three- to six-month term could translate into to two or four successful lending cycles a year, helping to boost interest income on loans and making capital sources more productive.

The National Financial Supervision Commission (NFSC) said in its April report that there has been a transition within the proportion of credit. "While short-term credit growth has risen from 44.9 per cent in December 2016 to 45.5 per cent as at the end March, the opposite has applied to medium- and long-term loans," it noted.

On top of that, a rather flexible target set for credit growth at banks has been applied by the central bank this year, which is set to avoid aggressive credit expansion in the closing months of the year. The move is in contrast to past years, when the central bank was stubborn enough to keep its credit growth target unchanged throughout the year, which in turn has made credit growth in the first five months became more realistic.

Strong capital flows to real estate and stocks

Though credit demand increased strongly after Tet, there are many signs that credit growth has surged since mid-March. While the rate stood at just 2.81 per cent as at March 20, it rose to 4.06 per cent as at end-March before heading to 5.76 per cent at end-April.

The SBV’s Circular No.39/2016, which came into effect on March 15, allows banks to restructure customer loans, under the condition that customers are fully capable of repayment in the future, while regulating that loan term restructuring be implemented prior to or within ten days from the date of maturity or the repayment term.

A recovery in the real estate market together with strong growth in the stock market during the opening months of the year may have also stimulated a flow of capital into these investment channels. The National Assembly Economic Committee noted on May 22 that it believed it is necessary to continue enhancing control over lending to...
the real estate sector, particularly to the high-end segment. Vietnam saw 3,126 new real estate businesses last year, up 83.9 per cent compared to 2015.

High demand for foreign currency loans
Within the 5.76 per cent credit growth during the first four months of the year, loans in VND and foreign currencies grew 5.87 per cent and 4.64 per cent, respectively. While growth in foreign currency loans was lower than those in VND, it was nonetheless a massive gain compared to the negative growth recorded in the same period last year.

Export businesses, at the time, were forced to repay all of their foreign currency loans to credit institutions before March 31, 2016, in accordance with Circular No.24/2015. It was not until June, when the central bank's Circular No.07/2016 came into effect, that they were allowed to approach foreign currency loans again.

Meanwhile, with the SBV's Circular No.31/2016 permitting banks to conduct foreign currency lending to end-2017, export businesses have utilised the discrepancy in foreign exchange rates since the start of this year, especially since the USD/VND rate has seen stability and been estimated to have fluctuated by no more than 3 per cent.

Finally, the $2.7 billion trade deficit posted during the opening four months of the year, in which imports rose 24.9 per cent year-on-year to more than $64 billion, expresses the high demand for foreign currency loans among export businesses.

Vietnam targets credit growth to expand at the same rate in 2017 as last year, at 18 per cent.


Economists suggest dealing with bad debts before meting out punishment

The National Assembly (NA) was discussing bad debts settlements and how to deal with those responsible for these bad debts, with the hope that there will be detailed regulations on solving these problems, bringing about liquidity and transparency in the economy.

Solving bad debts or handing out punishment
The Resolution on Bad Debt Settlement is expected to enter into force on July 1, 2017. Currently, the draft is controversial because of worries about possible loopholes. Some delegates even proposed dealing with those responsible for bad debts first, then settling the debts themselves later.

"The resolution should find out the causes of bad debts and deal with individuals or organisations behind them, so that bad debts can be settled properly," Mai Sy Dien, a delegate from the central province of Thanh Hoa said.

However, many experts said that authorities should clearly distinguish between solving bad debts and dealing with those behind them. Confusion between the two matters may extend the timeline of bad debts settlements.

"Bad debts may be caused by commercial banks and enterprises, however, settlements are beyond their reach. Thus, if we force these individuals and organisations to handle debts on their own, maybe the will stay for decades," Dr Le Xuan Nghia, member of the National Council of Consulting Finance and Monetary Policies, said.

Besides, setting up a mechanism for quick bad debt settlement does not mean forgiving the primary sources or giving them a chance to evade responsibility.
According to economist Truong Dinh Tuyen, bad debt settlement is not a kind of loan write-off for commercial banks or a method to evade responsibility, instead, it is a leverage to spur economic growth. Still, there should be strict punishments for those racking up the heaviest volume of bad debts. Indonesia is an example, as besides bad debt settlements, this country also sentences those responsible to prison sentence by the dozens.

Le Minh Hung, Governor of the State Bank of Vietnam, said that individuals and organisations found in violation are strictly judged in accordance with Vietnamese laws and regulations. There is no regulation in the draft that would give these individuals and organisations a chance to profiteer or evade responsibility.
Over the last five years, according to statistics of the Ministry of Public Security, police officers (excluding local ones) found and prosecuted 95 economic cases of and started procedures against 200 bank officers.

Recently, related agencies have investigated and prosecuted 128 bank officers, many of whom were chairmen, general directors, or deputy general directors.

Awaiting a legal mechanism

According to Nguyen Van Thang, chair of Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank), the main reason behind bad debts derives from the Vietnamese economy. For example, the soaring bad debts in 2012 originated from the crisis of the real estate and securities market. However, commercial banks cannot deny their responsibility in contributing to the growth of bad debts recently. A range of cases when big shareholders of banks violated and illegally withdrew capital for their companies are typical examples.

Le Minh Hung agreed that one of the causes behind bad debts is that the credit process in many banks is not strict enough. In addition, some banks’ risk management and internal control systems are weak, while bank officers may abuse their power to violate regulations.

However, at present, enacting a mechanism to solve bad debts is more important than punishing guilty individuals and organisations. According to Dr Le Xuan Nghia, the separation between solving bad debts and punishing those behind them will speed up settlements.

One more important thing is to protect the legal rights of creditors, especially the right to collect collaterals. If regulations are strict enough, debtors will have to seriously follow the rules.

“State agencies should have put in place a specific legal corridor for bad debts as soon as possible, so that commercial banks will have a foundation to work on,” Nghia said. http://www.vir.com.vn/economists-suggest-dealing-with-bad-debts-before-metling-out-punishment.html

Maritime Bank reports consolidated profit of over 31b dong in Q1/2017

In Q1/2017, Vietnam Maritime Commercial Joint Stock Bank (Maritime Bank, coded MSB) reported the consolidated loss of more than 31 billion dong.

Specifically, the bank’s net interest income reached 310 billion dong, down 36 percent from Q1/2016. The net interest from the investment securities trading also fell 72 percent to 53 billion dong.

The net interest from service operation grew more than 60 percent to 27 billion dong. Other activities also brought about more than 39 billion dong, up nearly 1.5 times.

The bank’s operating cost in the period also significantly increased by 14 percent to 435 billion dong.

MaritimeBank earned a net profit from business operation (pre-provisioning) of 34 billion dong, down 90 percent compared to Q1/2016. Though the bank’s risk provisioning cost in Q1/2017 declined strongly from the same period last year, the figure of 65 billion dong caused Maritime Bank a loss of more than 31 billion dong (the after-tax profit in Q1/2016 was 131 billion dong).

As of the end of Q1/2017, Maritime Bank’s total assets rose more than five percent to 97.661 trillion dong; the customers’ deposits at the bank improved slightly by 0.2 percent from the beginning of the year to 57.719 trillion dong.

Conversely, loans to customers reached 33.263 trillion dong, down 5.3 percent from the beginning of the year. Of which, real estate/infrastructure loans accounted for 35.4 percent, compared to eight percent of the construction sector.

The bank’s non-performing loan (NPL) ratio increased from 2.36 percent to 2.75 percent (of which the irrecoverable bad debt accounts for 2.25 percent, equal to 750 billion dong).

The bank’s investment securities exceeded loans to customers with 40 trillion dong (nearly 920 billion dong provision). Of which, the par value of special bonds issued by the Vietnam Asset Management Company (VAMC) was 8.873 trillion dong (compared
NA casts doubt on 6.7pct growth target

National Assembly (NA) delegates have urged the government to revise down the 2017 gross domestic product (GDP) growth target of 6.7 percent given the current economic conditions.

The GDP growth in quarter one was 5.1 percent year-on-year, the lowest level in recent years.

Reviewing the socio-economic situation last year, many deputies said Vietnam did not achieve the GDP growth target despite more favourable conditions than this year.

Now, as conditions are less agreeable, the government even set a higher GDP target at 6.7 percent. Therefore, they asked the government to explain the reason for the unrealistic growth target.

Some delegates stated it is necessary to set the GDP target in a more scientific way, and consider all the factors that might affect GDP growth like natural resources and the environment so that the government can realise its growth target.

Besides, many delegates expressed concerns that the first-quarter growth slowed to a four-year low of 5.1 percent, and therefore, the full-year growth could hardly reach 6.7 percent. Therefore, some predicted the country would obtain 6.3 percent at best.

Prime minister Nguyen Xuan Phuc earlier issued a directive asking ministries, sectors, localities to fulfill essential requirements in an determined effort to chase the target.

GDP likely at 6.3-6.5 percent

The average rate in the remaining quarters should be over 7 percent if the country is to achieve the economic growth target this year, according to Vu Hong Thanh, chair of the NA Economic Committee, in a report on the 2016 and 2017 socio-economic situation.

"However, given the actual situation in 2017, this goal is very difficult to accomplish, with probably 6.3-6.5 percent attainable," Thanh remarked.

He then proposed the government weigh how a lower GDP growth rate would affect other indicators such as public debt and budget deficit. Besides, it is necessary to give a second thought to boosting crude oil pumping and mineral mining which have been earlier cited as additional measures to attain the growth target.

The NA also asked the Ministry of Planning and Investment to allocate public investment in an effective manner to avoid a lack of capital towards certain projects.

In regard to macroeconomic policy, the government should pursue flexible fiscal and monetary policies to stabilise foreign reserves, exchange rates, and interest rates; as well as step up efforts to facilitate production and business activities.

According to the government, realising the set GDP target would ensure macroeconomic balances such as State budget, public debt, investment, import-export, employment, income, and wellbeing. The higher growth will also lay a foundation for sustainable growth in the coming years; and meet the country’s 2016-2020 growth target of 6.5-6.7 percent a year.

The government also demanded a higher volume of crude oil and coal, and urged relevant ministries and agencies in preparation for the North-South Expressway project.

MPI: Growth target challenging but attainable

Minister tells NA that 6.7 percent target remains within reach.

Minister of Planning and Investor Nguyen Chi Dung has said the economic growth target of 6.7 per cent for this year is a tough goal but can still be achieved.

Addressing a skeptical National Assembly (NA) in Hanoi on June 9, the minister said it’s important for the economy to keep expanding at a rapid pace or it will fall behind...
Vietnam’s regional peers.

"The target is challenging. But with the right plan at the right time, the country can hit it," he said during the NA’s June 9 session.

The government is concerned that another slowdown would cast doubt over the country’s ability to maintain its position among Asia’s fastest-growing economies.

Several legislators had pressed minister Dung on whether the target was realistic, with some questioning the government’s plan to boost growth by increasing the crude oil output.

Nguyen Tuan Anh, delegate for southern Binh Phuoc province, said that, to keep the economy growing, local companies should be provided with the best environment in which to thrive.

Without strong companies, economic growth will be affected and the country “will have to pump several million more tonnes of crude oil to boost GDP,” he said.

This is not the first time that NA delegates have voiced their concerns over growth. When the legislature began its summer session in late May, the government’s mining-focused path was also questioned, with some delegates asking that the government choose other alternatives for achieving growth targets in order to ensure a sustainable future.

Cabinet members last week confirmed that they would try to meet the annual target by tapping oil and gas reserves, after Vietnam’s economic growth in the first quarter hit a three-year low of 5.1 per cent.

But minister Dung reminded legislators that increasing crude oil output is only a temporary solution.

"The unwavering stance of the government is that growth won’t be pursued at all costs, not at the cost of stability and sustainability," he said.

Vietnam’s economy is projected to expand 6.5 per cent this year, the Asian Development Bank said in a report released in early April, adjusting its forecast of 6.3 per cent made in September last year. The bank said growth could pick up to 6.7 per cent next year.

In an interview with foreign media late last month, prime minister Nguyen Xuan Phuc said he is confident that Vietnam’s economic growth will meet the goal of 6.7 per cent, despite weak expansion in the first quarter.

"The main economic indicators in May are all very good with a strong pickup in exports, foreign investment, and agriculture production, laying the ground for faster growth in the third and fourth quarters," he said.

Late last week, fresh from his visit to the US and ahead of his trip to Japan to boost trade and investment, the PM threatened to take strong action.

He told a cabinet meeting that officials responsible for each industry will be tied to specific growth targets. Those who are unable to achieve the expected goals will face punishment, with leeway only given in the event of natural disasters.

penalties were VND724 billion ($31.86 million). Why do these figures not match with those annually released by tax agencies?

In 2016, tax agencies inspected 329 enterprises that conducted controlled transactions. After all the inspections, the total tax arrears, refunds, and penalties were VND607.52 billion ($26.73 million), losses were reduced by VND5.162 trillion ($227.1 million), deductible taxes decreased by VND2.04 billion ($89,760), and taxable incomes were adjusted upwards by over VND2.121 trillion ($93.3 million).

Previously, in 2015, the total tax arrears, refunds and penalties were over VND1.062 trillion ($46.7 million), deductible taxes decreased by nearly VND303 billion ($13.3 million), and losses decreased by over VND10.050 trillion ($442.2 million).

These inspections were for enterprises that conducted controlled transactions, transactions among associated enterprises at any stage of operation, during manufacturing, trading, securing production machinery, or providing any kind of services -- the deals were present across the whole spectrum of doing business. However, controlled transactions do not necessarily include transfer pricing.

These figures show that the losses from tax arrears, refunds, and penalties, as well as deductible taxes in 2015 were much lower than in 2016. Why was this so?

After the Ministry of Finance (MoF) issued Circular No. 66/2010/TT-BTC on guiding the determination of market prices in business transactions between associated parties, tax agencies focused on inspecting controlled transactions to press enterprises to obey the tax laws better. Many enterprises have yet to be inspected by tax agencies, but they actively adjusted their manufacturing and business results, recalculated taxes, and paid full tax to the national budget.

Increasing inspections is a way to fight against transfer pricing. However, in accordance with Directive No.20/CT-TTg on reforming the inspection practices of government agencies that the prime minister signed less than a month ago, state agencies are not allowed to inspect enterprises more than once a year. How will this affect the activities of the general Department of Taxation?

Inspection not only raises the national budget, it also creates a transparent and fair business environment for enterprises. However, state agencies should facilitate enterprises' manufacturing and business operations, as well as their investment expansion. In particular, state agencies should avoid causing trouble and annoying enterprises. As stipulated in the directive, tax agencies should only inspect enterprises with actual signs of tax fraud, or those in fields with a high possibility of tax fraud, and especially previous violators.

Every year, enterprises must file their tax, which the tax agencies will duly check. If we find tax fraud, they will be on the list of on-site inspections. This process closely follows the procedures on inspection and Directive 20.

Also, the cooperation with MoF, the Ministry of Planning and Investment (MPI), the State Bank of Vietnam (SBV), the Ministry of Science and Technology (MoST), the Ministry of Agriculture and Rural Development (MARD), the Ministry of Information and Communication (MIC), the Ministry of Industry and Trade (MoIT), and municipal and provincial people’s committees will increase the efficiency of this whole process and further discourage transfer pricing.

Enterprises are now more ready to voluntarily obey the tax laws, is it necessary to cooperate with seven ministries and municipal and provincial people’s committees? Transfer pricing is a global matter, as the more deeply Vietnam is integrated into the world economy, the more frequent and complicated transfer pricing becomes. Thus, MoF and tax agencies need support from other ministries and municipal and provincial People’s Committees.

In particular, SBV will be responsible for the supply of information and figures on foreign borrowings and loans of enterprises that conduct controlled transactions. MPI has to provide figures on business registration and the structure of investment capital (as recorded in the business registration), and track any adjustments to investment and business registration certificates and other relevant information of projects that show signs of tax fraud or tax evasion.
MoIT makes efforts to reduce trade deficit

The Ministry of Industry and Trade (MoIT) plans to tighten control on goods whose imports are discouraged and facilitate local manufacturing to reduce the country's trade deficit.

Statistics from the ministry showed that Vietnam exported about $79.3 billion worth of commodities in the first five months of 2017, an increase of 17.4 per cent from the same period last year.

According to the MoIT’s Import-export Department, the US remained the country’s largest buyer, followed by the European Union, China, Asean, Japan and South Korea. The department said the country’s import-export activities showed encouraging signs, as it has maintained the growth rate in its export turnover. The trade deficit was reduced from $2.74 billion in the first four months of the year to $2.7 billion in the five-month period. The reducing trade deficit has proved that the country’s efforts to ensure trade balance was proving to be effective.

It added that Vietnam’s export turnover has not only seen high growth in its traditional markets but the turnover has also been stable in countries with which it has common borders.

Le Bien Cuong, deputy director of the ministry’s Mountainous and Frontier Trade Department, said that in the first five months of the year, trade activities between Vietnam and countries with which it has common borders, especially China, has seen high growth rate.

However, there were rising concerns that continuous trade deficit for months might harm the economy. In addition to export growth, local firms’ imports of materials for production were also increased.

Thai Van Thi, director of Phu Tai Concrete Company, said they have been continuously importing materials for concrete production and investing in machines due to a large number of orders.

Thi said the company’s imports of machines and materials for production in the first five months of the year rose by 50 per cent from the same period last year.

Many economists believed the trade deficit was still within an acceptable level, and it is normal for a developing economy such as Vietnam, which is integrating more deeply into the global trade and joining free trade agreements. Furthermore, domestic production has rebounded, motivating imports.

However, the ministry will use trade remedies against several imported goods to encourage consumption of made-in-Vietnam products to limit imports. Especially, it will continue to diversify exported products and markets to avoid much dependence on certain markets.


VN rice exports hit 3-year high

The price of Vietnamese export rice has hit a three-year high thanks to the rising import demands and the restricted supply source.

According to the Ministry of Industry and Trade, the demand for Vietnam’s 5 per cent broken rice, has been rising, hitting $390 per tonne in the early days of June, against
$360 per tonne to $380 per tonne in late May. This is the highest price since December 2014, the ministry said, attributing it to the rising global demand for rice imports, especially in the Asian region. The export price rise has also caused the paddy price in the domestic market to soar. A tonne of 5 per cent broken rice in the domestic market stood between VND7.65 million ($340) and VND7.75 million in early June, up VND550,000 ($24) per tonne against last month.

The global rice market has been heating up after top importing countries, such as Bangladesh and the Philippines, announced to import roughly 950,000 tonnes of rice recently. Bangladesh last month said it would buy 250,000 tonnes to 300,000 tonnes of Vietnamese rice immediately and planned to increase its rice imports from Vietnam to 500,000 tonnes by the end of 2017. It will also buy one million tonnes of Vietnamese rice annually until 2022. The Philippines also said that it would issue a tender late this month or July to import 250,000 tonnes of the grain from key suppliers Thailand, Vietnam and India. Besides this, to meet the demand for rice until the end of the year, as well as up to the first quarter of 2018, the Philippines is expected to import at least 1.5 million tonnes to 1.6 million tonnes of rice. Other regional countries such as Malaysia and Indonesia have also planned to import rice, while the demand for rice in China and Africa is also on the upward curve. While the demand for rice is rising, supply sources are restricted, even “being exhausted”, international experts said. At a rice conference in Bangkok, Thailand, on May 29, executive manager of Rice Trader Jeremy Zwinger said that the global sources of rice supply have been constricted. Even Thailand’s abundant stockpile of rice has fallen sharply. In Thailand, in May, the rice stockpile was only 4.32 million tonnes. In late May, Thailand floated tenders to sell 1.82 million tonnes of rice. Thailand’s ability to sell rice in the coming months will be severely limited, as the country’s paddy harvest, having an output of three million tonnes, is in September. In Vietnam, the domestic stockpile is also restricted with most of the rice being exported to China. The country’s new paddy harvest season is in August. The same trend is seen in India where rice exporters are facing the challenge of meeting their export contracts, until the next harvest season. Experts have forecast that the global rice price will increase by roughly $20 per tonne in the next three months. They have advised rice exporting enterprises to not sell the crop in a hurry, hoping that the price of 5 per cent broken rice would increase to at least $400 per tonne. http://bizhub.vn/news/vn-rice-exports-hit-3-year-high_286771.html

Although Vietnam’s livestock industry is thriving, its export potential has yet to be tapped. Most of the country’s livestock products only serve domestic markets, Pham Van Dong, director of the Department of Animal Health under the Ministry of Agriculture and Rural Development (MARD). According to Dong, the export of livestock products remains very modest compared to the development potential due to the low quality of slaughterhouses and livestock farms and risk of disease. "Animal husbandry in Vietnam is characterised by small-scale, scattered farms. Areas where there is a high animal husbandry density always face high risk of disease, affecting the export of livestock products," Dong told a seminar held in Hanoi this week. The total number of pigs slaughtered in 2016 reached over 29 million, an increase of 1.3 million compared with 2015. The figure for poultry was over 360 million, up 20 million compared to 2015, according to statistics from MARD. Vietnam has been exporting frozen suckling pigs to Hong Kong and Malaysia. The whole country has six slaughterhouses supplying pork for export to Hong Kong and Malaysia.
two providing pork to Malaysia. In 2016, the output of exported pork totalled 11,000 tonnes, worth nearly $100 million. In the first five months of 2017, the figure was 10,600 tonnes, worth nearly $46 million. Regarding poultry, neither live chicken nor processed chicken has been exported, but at present, there are only two companies that have registered to export heat-processed chicken products to Japan, namely Koyu & Unitek Co Ltd and C.P. Vietnam Livestock Breeding JSC.

Concerning poultry eggs, there are currently five establishments producing and exporting eggs, including salted duck eggs and canned quail eggs, to Hong Kong, Singapore and Japan.

Nguyen Duc Hoang, chair of Thang Loi Co Ltd, specialised in processing and exporting pork, said at the event that some of their partners from Singapore, Taiwan and South Korean had expressed their wish to import Vietnam’s processed suckling pork but at the end they change their mind because Vietnamese products fail to meet their requirements on production line and safety hygiene.

Disease-free zones
In order to boost livestock product export, the livestock industry should focus on improving the quality of the production line at all stages, rather than the quantity or the prices of pork. The two most important focuses should be conditions at the production facilities and animal health, Hoang said.

MARD’s Department of Animal Health reported that it had approved pilot schemes for the establishment of disease-free areas in the northern provinces of Thai Binh and Nam Dinh. However, the project has been delayed.

Hoang Thi To Nga, deputy director of Nam Dinh Department of Agriculture and Rural Development, said Nam Dinh faced many difficulties in capital mobilisation for the project. “To date, only two communes in Nam Dinh have been recognised as disease-free areas,” Nga said.

Hoang said the State should set up disease-free areas as neither localities nor businesses have enough resources to do so. In the long term, the establishment of disease-free areas for pig and poultry breeding is necessary to increase exports, he added. Dong said livestock breeders should study and develop self-controlled production chains, which strictly control all stages of production from breeding to slaughter to fulfill requirements of importing countries.

Deputy minister of Agriculture and Rural Development Vu Van Tam said Vietnam’s livestock industry should be restructured in a sustainable and competitive manner, adding that a shift from small-scale household breeding to large-scale farming will enable farmers to supply products that meet export requirements.

Large-scale animal farms typically use advanced technology helping them meet importers’ requirements on techniques, quality and hygiene, he said. He suggested local companies invest in modern facilities to produce and store processed products for export. The MARD will propose that the government provide credits for businesses to expand export markets, he said.


Seafood exports to US face tough recovery

Vietnam’s seafood exports to the United States reduced in the first five months, according to the Vietnam Association of Seafood Exporters and Producers (VASEP). Also, it will face difficulty in recovering in the next few months, VASEP said. The nation saw a year-on-year growth of 7.5 per cent in the total export value of seafood to $2.76 billion in the first five months, but the export value of local seafood products to the US fell by 12.7 per cent year-on-year to $461 million, the association said. The reduction made the US only the second largest export market for Vietnam in the first five months of this year, against the first place in the same period last year, it said. The fall was partly due to the anti-dumping duty on Vietnamese tra fish and shrimp in the US market.

The exports of Vietnamese seafood products to the US was expected to face difficulty
in recovering by the end of this year, because the US inspection programme for catfish would be effective September 2017. Also, with Donald Trump becoming the US President, the currency market has seen many changes, and the new US government may increase tax, and technical and protection barriers, the association said. During the first five months, the EU was the third largest export market for Vietnamese seafood products, but still had a reduction of 0.7 per cent in the export value. Meanwhile, Vietnamese seafood products reached a year-on-year growth of 29.3 per cent, 20.1 per cent and 26.1 per cent to Japan, China and South Korea, respectively. VASEP said tra fish and shrimp exports had slow growth because the material supply for shrimp and tra fish was limited, and prices for the material of those products increased sharply. Therefore, enterprises had changed the structure of seafood export products and markets to promote exports of tuna, squid, octopus and other seafood products. Vietnam’s tuna exports gained a year-on-year increase of 20 per cent to $216 million in the first five months due to the growth of exports to traditional markets such as the US and the EU. In the first five months, the nation’s squid and octopus exports rose by 39 per cent to $199 million against the same period last year.

Vietnam seeks to raise tuna exports to Japan

The Vietnam Association of Seafood Exporters and Producers (VASEP) and local enterprises are seeking solutions to speed up tuna exports to Japan. Vietnam has seen tuna export revenue bouncing back strongly since early this year, with the value of export to Japan posting significant growth. According to the Ministry of Agriculture and Rural Development, the nation’s seafood export value was expected at $2.8 billion in the January-May period, up nearly 10.5 percent year-on-year. The US, Japan, China and South Korea were four key markets for Vietnamese seafood for making up 53.5 percent of total export revenue. It is noteworthy that tuna exports recovered strongly with earnings jumping 20 per cent to $216 million. However, canned and frozen tuna products were the key revenue generators while the fresh tuna export value remained modest. Japan is one of eight biggest tuna export markets of Vietnam. However, local enterprises are subject to higher taxes than regional exporters such as Thailand and the Philippines, according to VASEP. Therefore, the association in a recent petition sent to the Ministry of Industry and Trade suggested negotiations with Japan to cut the tuna import tax to 0 percent like that enjoyed by the two other countries. At present, Vietnam’s canned tuna products are subject to a tax of 6.4 percent in Japan, putting local firms at a disadvantage in the competition against regional rivals. Some local firms have approached the market by shipping fresh tunas for auction at the Osaka Central Fish Market. Recently, Binh Dinh Fishery JSC has sent seven ocean tunas to the centre. According to the ministry, ocean tuna is among products of high economic value and strong potential for export. Along with tra fish and shrimp, tuna is regarded as a national product of the fishery industry. In 2014, the ministry passed a plan to pilot a closed chain for tuna fishing, trading, processing and consumption. The project has fetched initial positive results so far.

Vietnam to export poultry products to Japan soon

The Koyu & Unitek Co Ltd is expecting to export the first batch of 40 tonnes of Vietnamese poultry products to Japan later this year. According to Nguyen Van Quyen, head of the company’s export project board, the group is waiting for the Japanese veterinary agencies to grant the export licence.
It took two years for the firm to complete all the necessary procedures to export its poultry products to Japan, he said. The biggest problem is the building of its own monitoring management programme, in line with the standards of the World Organisation for Animal Health and the Japanese veterinary organisations.
Japan is particularly interested in products originating from poultry without avian flu diseases and ingestion of antibiotics, Quyen noted.
The building of a safe buffer zone is difficult, but the company has received support from the Ministry of Agriculture and Rural Development in the field.
The company has invested in building a chain of production with bio-safety processes and the application of advanced technology.
It expects two seed farms and three commercial ones to serve exports, in addition to six to seven manufacturing farms to meet the domestic demand.
Apart from Japan, the company has studied other markets such as Europe, Australia and Canada, Quyen said.
Japan is a potential market for Vietnamese farm produce, as under the Vietnam-Japan Economic Partnership Agreement, tax rates for farm produce have been reduced sharply.
In addition to this, as the proportion of agricultural production has become smaller in Japan’s gross domestic product (GDP), its import demands for farm produce have increased in recent years, the Thoi bao Tai chinh Vietnam (Vietnam Financial Times) reported.


Vietnam becomes largest shrimp provider in RoK

A year after the Vietnam Republic of Korea (RoK) free trade agreement became operational, Vietnam is the largest shrimp supplier of the RoK, providing 49 percent of total shrimp imports.
In 2016, Vietnam’s shrimp exports to the RoK increased 13.6 percent compared to 2015. In the first quarter of 2017, the RoK’s shrimp imports from Vietnam, Thailand and Ecuador rose 5.3 percent, 24.7 percent and 4.1 percent respectively.
The RoK is the fifth largest market for Vietnamese shrimp after Japan, the EU, the US and China. In 2014, Vietnam surpassed China to become the number one shrimp supplier in the RoK.
After a fall of 12.2 percent in January 2017, Vietnam’s shrimp exports to the RoK grew 72 percent in February and 52 percent in March. In the first quarter of this year, Vietnam earned 61.8 million USD from the exports, up 30.8 percent over the same period last year.
According to the Vietnam Association of Seafood Exporters and Producers, Vietnam enjoys low import tax at 10 percent compared to other competitors such as China, India and Ecuador.
From April 1, 2018, a big change will affect Vietnamese shrimp exports to the RoK, as frozen shrimp imports will be required to show import certificates under adjustments in import regulations of the National Fishery Products Quality Management Service under the Ministry of Ocean Fisheries to protect the country’s aquatic ecosystem.
According to Tran Van Pham, general director of the Stapimex company in Soc Trang, from April 1, 2018, testing of seafood samples before exporting to the RoK will be implemented in Vietnam, which means Vietnamese firms will have to pay for the costly process.
To deal with the costs, enterprises will lower the price of seafood material, which will affect farmers and the whole sector, he added.
Australia starts anti-dumping probe for rod in coils from Vietnam

The Australian Anti-Dumping Commission has opened an anti-dumping investigation on wire rod in coil imports from Indonesia, the Republic of Korea, and Vietnam. According to the Vietnam Competition Authority under the Ministry of Industry and Trade, Vietnam’s products targeted by the investigation bear the HS codes of 7213.91.00.44, 7227.90.90.02, and 7227.90.90.42. Those products are currently not subject to tax when exported to Australia.

The probe was triggered by a complaint filed by Australian steel producer OneSteels Company that took effect on May 31. The period subject to the anti-dumping investigation was from April 1, 2016 to March 31, 2017, while the period under damage enquiry was from January 2013 to present.

The dumping margins calculated by the plaintiff are 30.6 percent for Vietnam, 30.6 percent for Indonesia, and 43.3 percent for the RoK.

However, the ADC’s estimated dumping margins are 20.9 percent for Vietnam, 29.8 percent for Indonesia and 20.9 percent for the RoK.

The applicant claimed that due to a particular market situation with regard to taxes on the two main inputs, the domestic selling price for Vietnam is not appropriate for use in determining the normal value.

The Vietnam Competition Authority said ADC could adopt temporary anti-dumping measures but not earlier than 60 days since the launch of the investigation.

ADC is due to issue Essential Facts on September 25, 2017 and the involved parties will have 20 days to give opinions on this document.

Earlier, Australia carried out anti-dumping investigation for this product imported from Indonesia and China’s Taiwan.

Cashew nut segment lowers expectations for export growth

The global demand over the past seven years for the ever-popular kidney-shaped cashew nut has climbed to roughly 150 percent its value in 2010 and is now estimated at $5.2 billion, industry data show.

However, unseasonal rains in Vietnam, the largest exporting country of cashews, earlier this year has wreaked havoc on the projected annual harvest, said Le Van Duc of the Ministry of Agriculture and Rural Development.

Duc who is the deputy head of the Ministry Department of Crop Production told reporters that yields are forecast to drop by 17 percent in the province of Binh Phuoc, which is the largest producing region in the country, accounting for more than half of the national annual production.

Meanwhile production is down a whopping 15 percent in the province of Ba Ria-Vung Tau and by an astonishing 50 percent in Lam Dong, which are two other high production regions of the country.

The damage caused by the rains spell nothing but trouble for the segment, Duc noted, adding that the total crop forecast for 2017 has been downgraded by 52,000 metric tonnes compared to 2016 to just 252,000 metric tonnes.

Global cashew consumption in 2014, the most-recent year for which industry data is available, reached a record 716,682 metric tonnes, so a 52,000-metric tonne shortfall is significant as it likely represents a shortfall of roughly 7 percent of the global harvest for 2017.

Nguyen Duc Thanh, chair of the Vietnam Cashew Association, said the unexpected reduction may prevent the national economy from reaching the gross domestic product target set by the government for the year.

To ensure sustainable development for the segment, Thanh suggested that the government expand the number of hectares under cultivation from the current 340,000 to 400,000 for next year.

However other experts have said that the cashew segment in Vietnam isn’t completely dependent upon local farmers and expanding the number of hectares under cultiva-
tion could prove counterproductive. About two thirds of the nuts processed in Vietnam are grown somewhere else, principally in West Africa, which accounted for about 46 percent of the global cashew production in 2016, and most of those nuts were shipped to either Vietnam, India or Brazil for further processing.

Processing is labour intensive. Trees produce an oval-shaped fruit called the cashew apple with a single nut on the outside. Once harvested, the shells are softened by steam and then cracked by hand. The kernels are dried, peeled and sorted by size and quality. Workers often coat their hands with oil to limit exposure to skin-irritating toxins in the fruit that is very like poison ivy, oak, or sumac.

So, even with a smaller domestic crop, Vietnam may import about 800,000 metric tonnes of raw nuts in the shell this year, more than twice the amount grown locally, according to Thanh of the Association.

It probably makes better sense for Vietnam to cut production by 60,000 hectares for 2018 and let prices rise and rely more on import reexport operations and make a higher rate of earnings on lesser sales amounts. Vietnamese notoriously focus on the top line sales figures and ignore bottom line earnings. With total global demand capped it makes little economic sense to continually produce more, in turn putting downward pressure on prices leaving the farmers overall with less earnings.

A better strategy might be to focus on higher earnings by producing a higher-quality cashew nut, streamlining the production process through retooling with the latest modern technologies and innovative cost reduction.

Nguyen Trung Anh, director of the research and development centre of PAN Group, a leading regional agriculture and food group in Vietnam, agreed. He also suggested the segment pay more attention to improved cultivation and technological improvement and less on expanded cultivation areas.

It’s now more important than ever for farmers and processors to follow clean and environmentally friendly production practices to produce high quality products consistent with international standards than it is to broaden the outdated low earning traditional cultivation methods.


Bac Giang exports lychees to China

The northern province of Bac Giang organised a trade fair to promote lychee consumption in the Pingxiang city, Guangxi province, southwestern China, on June 9.

The province expects to ship 50,000 tonnes of lychees abroad, half of the volume to China.

The locality has nearly 30,000 hectares under lychee cultivation, with a total output expected to reach 100,000 tonnes in this year, according to vice Chair of the provincial People’s Committee Duong Van Thai.

President of the Pingxiang city-based Wan Li Company, Lu Chunhua said thanks to the zero percent tax of the China Asean free trade area and convenient distribution channel, which takes only three days to get Bac Giang’s lychees in China, his company plans to buy 500 tonnes of Vietnam’s lychees to sell in major Chinese cities like Shanghai and Guangzhou.

Close to Vietnam, Pingxiang is an important gate to bring Vietnam’s lychees to China.


Ministry to issue codes for for-export pepper growing areas

The Ministry of Agriculture and Rural Development (MARD) will soon issue Production Unit Codes (PUCs) to areas that qualify to produce peppers for export, said deputy minister Le Quoc Doanh on June 8.

Doanh made the remarks at a conference in the Central Highlands province of Dak
Nong to enhance cooperation in safe and sustainable pepper production.
The deputy minister said provinces where pepper farming is a key industry should
back local producers with incentives to encourage production affiliations to develop
large-scale, high-quality pepper farms.
The MARD will study feasible policies to support businesses involving in such affilia-
tions, especially input suppliers and pepper producers, he added.
He also stressed the importance to raise awareness of VietGAP and GlobalGAP stand-
ards among farmers for made-in-Vietnam farm products to meet increasing demands
of foreign markets.
It was estimated that Vietnam has over 126,000 hectares of peppers, mostly in the Cen-
tral Highlands and the Southeastern region. The country is now the world’s leader in
output and productivity.
The Central Highlands posted an average yield of 2.86 tonnes per hectare per crop, the
highest in the country while Gia Lai had the highest yield of the region, 41.2 tonnes per
hectare per crop. In some farms, yield could reach to 10 tonnes per hectare.
http://en.vietnamplus.vn/ministry-to-issue-codes-for-forexport-pepper-growing-are-
as/113049.vnp

Exports through Lao Cai International Border Gate surge

The import-export turnover through the Lao Cai International Border Gate in Viet-
am-China border exceeded 248 million USD in the first five months of 2017 with an
impressive surge in exports, according to the border gate customs office.
Tran Anh Tu, the office’s deputy head, said that as of June 7, the value of exports
through the gate reached 110.5 million USD, equivalent to 214 percent of the figure in
the same period last year.
Main export staples include iron ore, footwear, farm produce, confectionary, seafood
and aquatic products.
To facilitate import-export activities, the office has applied the Vietnam Automated
Cargo and Port Consolidated System and Vietnam Customs Information System (VN-
ACCS/VCIS), thus speeding up the processing of customs procedures.
The office also extended the working hour to 10pm to support import-export enter-
prises.

Vietnam spends half a billion US dollars to import vegetables and fruits

If the export of fruits and vegetables in the first five months of 2017 was “praised” with
the year-on-year growth of 38 percent, reaching $1.38 billion, then in the opposite di-
rection, vegetables and fruits are also imported in large number to the local market
with “dizzy” growth.
*$470 million spent to import vegetables and fruits

The report of the Ministry of Agriculture and Rural Development (MARD) shows that
the import value of vegetables and fruits in May 2017 reached $154 million, up 68.6
percent compared to the same period last year, equal to $470 million.
Previously, China has always been considered as the biggest exporter of vegetables
and fruits to Vietnam, but in two recent years, vegetables and fruits from Thailand
have flocked to Vietnam, making Thailand become a big provider of vegetables and
fruits to the country.
Economist Nguyen Minh Phong said while many Vietnamese agricultural products
have no output such as watermelon, dragon fruit, bananas, etc., vegetables and fruits
have flocked to Vietnam, with increasingly large value, and are strongly consumed by
the domestic market.
Thai vegetables and fruits penetrate Vietnam through retail hypermarkets, large su-
permarket chains, convenience stores, etc. with eye-catching designs, comparable pric-
es to domestic ones, therefore, they are easily to be chosen by consumers.
As per the explanation of the general Department of Customs, one of the reasons for
the surge in Thai vegetables and fruit imports is that Thai retailers have acquired the
two largest retail, wholesale hypermarkets in Vietnam including Big C and Metro (in 2015 and 2016). These hypermarkets have boosted Thai fruits to Vietnam more quickly and largely. In addition, Thai businesses have also strengthened the supply of Thai fruits through retail distribution channels into specialised stores.

Besides, since 2015, Vietnam has removed almost 100 percent of its tariffs for conventional goods imported from Thailand so Thai fruits and sweets have benefited from this policy.

The dramatic increase of imported vegetables and fruits have caused the general Department of Customs to give the warning that in two recent years, the import of fruits from Thailand to Vietnam has increased sharply. The situation is worth alarming because many of which can be produced in Vietnam.

*Vague origin of imported vegetables and fruits*

Vegetables and fruits imported to Vietnam in the first five months were mainly apples, oranges, pears, kiwi, cherries originating from New Zealand, Australia; mango, sour-sop, tamarind from Thailand; apples, pears, plums, cabbage, lettuce, potatoes, etc. from China.

Although China and Thailand are two markets supplying about 70 percent of fruits to Vietnam, not many small merchants introduce the true origin of the products but affirm that they originate from the U.S, Australia, etc.

Most fruit importers have outputs that are mainly supermarkets or their own distribution systems, and if distributing to wholesale markets, they cannot compete in price as the price difference of the same type of apples at the wholesale market and the import unit can sometimes amount to 35,000 dong to 45,000 dong/kilogram.

Tran Van Chuc, deputy director of Fruits and Greens Company said that there is not any regulation on the management of fruit labels in Vietnam, so labelled imported fruits with no clear origin are quite common in the market.

Agricultural experts argue that it does not mean imported fruits and vegetables are safe because apart from officially imported fruits, there still remains large quantities of non-quota imported fruits whose quality are difficult to be controlled. And more importantly, when consumers still favour foreign goods, imported fruit products which are not really safe can still have places to be consumed at expensive prices.

It is inevitable for foreign fruits and vegetables to be imported to the domestic markets when Vietnam opens the market with many free trade agreements in force. In particular, in the near future, fruits from Europe will flow more to Vietnam when the Free Trade Agreement with the European Union (EVFTA) is implemented.

The fact that fruits coming from Europe, along with fruits from Thailand, China, etc. are massively pouring into Vietnam will continue to create a fierce competition between domestically produced products and imports, not only in price, design but also in the production process. And the problem of finding outputs for Vietnamese agricultural products still remains more difficult.

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New decree on car imports sends conflicting message

In contrast to the usual encouragement of industrial localisation and job creation for Vietnamese citizens in developing the manufacturing industry and supporting industries, the draft decree on conditions for auto manufacturing, assembling, importing, and maintenance and warranty business recently uploaded on the website of the Ministry of Industry and Trade (MoIT) to gather public opinion, is “loosening” restrictions on the import of completely-built units (CBUs).

The general public and industry insiders were taken by surprise by the regulations on the import of CBUs outlined in the draft decree on conditions for auto manufacturing, assembling, importing, and maintenance and warranty business (“the draft”) developed by MoIT and the Ministry of Transportation (MoT) in coordination with other related agencies and offices.

Overly lax conditions

Article 5 of the draft stipulates that “enterprises engaged in the automotive manufacturing, assembling, and importing business must be responsible for the recalling and
However, Article 21 removes the right of importers to demand accountability from manufacturers over the recall of defective units. Specifically, the draft only requests that importers "file written commitment with MoIT in fulfilling their responsibilities in the warranty, maintenance, recall, and recollection of imported cars."

Meanwhile, according to the website of Vietnam Register, the recall must be executed by the manufacturers, both domestic and foreign, through their authorised agencies. No commercial importers are allowed to initiate recalling efforts.

On this matter, Tran Ba Duong, Chair of Truong Hai Auto Corporation (THACO), said it is unprecedented for a trading company that is not a representative of any manufacturer to initiate product recall due to defects, since such companies merely act as the intermediary in the recall.

Studies of the global automotive industry also point to the practice where government or governmental agencies directly request the manufacturers to issue recalls. Toyota Japan has even been fined for $16.4 million for failure to disclose information with the intention to delay a recall.

In 2016, THACO, an assembly and distribution partner to Mazda, reported a Check Engine Light defect on the Mazda 3 model. It was only after Mazda, for multiple times, delegated experts to review, assess, and collect information on the reported defect that they decided on a recall in Vietnam.

"Without permission from the manufacturer, THACO cannot initiate a recall even if we want to, due to technical and safety issues," said Duong.

Commenting on the Draft loosening up the requirements on warranty, maintenance, and recall for imported CBUs, Le Ngoc Duc, CEO of Hyundai Thanh Cong Corporation, echoed the sentiment, saying there is no way a distributor can start a recall without the manufacturer's consent.

"The National Assembly classified the automotive industry as one subject to conditions prescribed by the laws due to concerns over assuring the safety of users and road participants. The essential factor is to protect consumers’ rights. There needs to be coherent policies on automotive warranty, maintenance, and recall so that the vehicles satisfy technical requirements before taking to the roads, as well as ensure the safety of people and the society," remarked Duc.

Lacking in fairness

The Vietnam Automobile Manufacturers’ Association (VAMA) proposed three categories of documents that automotive trading companies must obtain. They are: (1) authorisation by the manufacturer for import, distribution as well as the provision of warranty and maintenance services, and recall; (2) technical support agreement; (3) authorised parts and components provision agreement.

"The draft stipulates that car importers must be responsible for the provision of warranty and maintenance services as well as the recall of products. However, these activities must be carried out in accordance with the manufacturer's permission and instructions and importers are not allowed to act on their own will. The aforementioned documents are to protect consumers’ rights and assure safety for the vehicles through providing technically appropriate maintenance, replacement with brand-guaranteed components and parts, as well as product recall upon the manufacturer's request," said Toru Kinoshita, chair of VAMA.

According to a suggestion by Hyundai-Thanh Cong, there needs to be requirements for the importers to attain Certificates of Quality (CQ) provided by the manufacturers in order to assure the quality of the vehicles circulating on the market. This is also to avoid cases where cars produced experimentally, not meeting quality standards, are imported into Vietnam and circulated on the market, while consumers often lack access to adequate information to demand their rights.

"Domestically manufactured vehicles are required to attain CQ for 100 per cent domestically assembled vehicles. Therefore, CBUs must also satisfy this requirement to ensure fairness," said Duc.

Only the manufacturer possesses precise knowledge of the systematic errors incurring
in the design and production process. The diagnosis of defects related to the details, parts, and components as well as how to fix them can only be carried out by the manufacturer, with their adequate tools, equipment, and technical knowledge.

Notably, in a recent assessment of the automotive industry, MoIT remarked that MoIT’s current regulations regarding quality control for imported cars have yet to hold manufacturers accountable for the protection of consumer’s rights and the environment in activities such as warranty, maintenance, recall due to defects, and collection of disposed products. The regulations on quality control of imported cars are currently not as strict and comprehensive as those imposed on domestically manufactured and assembled vehicles.

Therefore, despite the opinion that additional requirements for importers in terms of documents would be taxing and limiting the freedom to do business, it is evident that no manufacturer could entrust its reputation and quality to a profit-driven distributor.

Unrestricted automotive imports until the end of 2017

Another point considered “odd” in the draft is permitting unauthorised importers of passenger cars of nine seats or below until the end of 2017.

Circular No.20/2011/TT-BCT of MoIT on additional procedures to import passenger cars of nine seats or below, which requires authorisation from manufacturers, has been effective since May 12, 2011. However, MoIT is repeatedly pushing back the deadline to stop the operation of unauthorised importers.

In June 2014, MoIT issued Public Letter No.4582/BCT/XNK allowing unauthorised importers until May 28, 2015. The reason was that a reported number of 2,000 vehicles, valued at $17.75 million, had been imported before the issuance of Circular 20. In mid-2017, MoIT again prolonged the process until the end of 2017.

According to experts, the extension given to these unauthorised importers causes confusion and is perceived unfair amongst compliant industry players. These “liberating” regulations for CBU imports are introduced against the backdrop that the Vietnamese government wants to attract investments from renowned international car manufacturers and to increase production capacity in Vietnam in order to prevent the economy from sinking further into trade deficit.


Dong Nai’s first-half trade surplus forecast to hit 600 million USD

The southern province of Dong Nai expects to enjoy a trade surplus of nearly 600 million USD in the first half of 2017.

According to the provincial People’s Committee, Dong Nai aims to earn 8.1 billion USD from exports in the first half of the year, up 11 percent against the same period last year. Meanwhile, its import turnover in the period is estimated to reach 7.51 billion USD, an increase of 21.3 percent.

Of the export earnings, the foreign-invested sector is projected to contribute 7 billion USD, up 12 percent, while the non-state sector and the state sector are forecast to make up 963 million USD and 108 million USD, respectively.

The trade surplus is attributed to the export growth of hard currency earners such as footwear with 1.3 billion USD and garments with 704 million USD, while wood and wooden furniture and textile products are estimated to contribute 508 million USD and 560 million USD, respectively.

Dong Nai’s export revenues from the Republic of Korea market recorded the highest growth of 19.6 percent, followed by China with 19.2 percent; Japan, 9.6 percent and the US, 5 percent.

In the first five months of the year, Dong Nai province raked in over 6.6 billion USD from exports while importing 6.1 billion USD worth of products.


Automobile sales rebound in May

As many as 23,232 cars were sold in May, up 6 per cent from the previous month, ac-
According to the Vietnam Automobile Manufacturers’ Association on June 7. During the month, sales of tourist cars rose 20 per cent to 12,915 units, while the sales of commercial vehicles fell 6 per cent to 9,005 units. The sales of specialised vehicles plummeted 22 per cent to 1,312 units. While domestically assembled cars saw a rise of only 1 per cent in sales to 16,656 vehicles, imported car sales shot up 20 per cent from the previous month to 6,576 units. The increase was attributed to big discounts offered from renowned carmakers such as Hyundai Thanh Cong, Truong Hai JSC (Thaco) Toyota, Honda, and Nissan Vietnam.

Thaco led the market with a total sale of 8,263 units, accounting for 37.9 per cent of the market share. It was followed by Toyota Vietnam with 5,151 units, making up 23.9 per cent, and Ford Vietnam with 2,451 units, or 11 per cent.

In the first five months of 2017, the total automobile revenue dropped 1 per cent year-on-year. The sales of tourist cars climbed 6 per cent while those of commercial and specialised vehicles fell 9 per cent and 19 per cent, respectively. While the sales of domestically assembled vehicles decreased 7 per cent, the number of imported cars surged 16 per cent year-on-year.

Salt prices soar, supply dwindles

Domestic salt prices have been on the rise since the beginning of March, and many salt farmers have expressed their dissatisfaction after running out of salt during the price hike.

In southern Bac Lieu Province, the current buying price for salt has increased by 100 per cent from the beginning of this year’s salt harvest. In particular, black salt is selling at VND700 to VND900 (US$0.03 to $0.04) per kilogramme and regular salt at VND1,200 to VND1,300 per kilogramme, as compared to the VND500 to VND600 and VND250 to VND500 at the same time last year, respectively.

Nguyen Hoang Thua, deputy chair of the Doanh Dien Hamlet Salt Cooperative in Bac Lieu Province, reported that salt inventories at the cooperative and many other farms had been cleared. He also stated that despite the high demand and price, farmers were still not making much profit due to low productivity.

Another reason for decreased salt supply this year is the large amount of residual inventory from last harvest, which caused salt farmers to convert their salt farms to aquacultural farms, said Duong Chi Thanh, deputy Head of Division at Bac Lieu provincial Department of Agriculture and Rural Development.

Unfavourable weather conditions, such as a prolonged rainy season, further decreased supply by shortening harvesting time and limiting the coastal areas reserved for sea salt farming by 50 per cent compared to last year.

On estimate in Bac Lieu Province alone, the 2016 to 2017 salt harvest spanned only 1,700 hectares instead of the usual 2,300 hectares. Output is down by 30 per cent from the 2015 to 2016 harvest, currently at more than 165,00 tonnes.

Light crop drives up lychee prices

Consumers can expect to pay more for lychees this summer, as pickers start harvesting a lighter than expected crop in Vietnam, reports the Tien Phong (Vanguard) Newspaper.

Local growers have reported this year’s lychee harvest is substantially down from the prior three years and off by as much as 25 percent against last year alone because of unseasonal rains earlier this year that destroyed blooms.

The average selling price of lychees in the northern province of Bac Giang ranged $0.80-US$1.90 per kilogram for low to high quality fruit, which is near record high levels.
Duong Van Thai, vice chair of the Bac Giang People's Committee noted lychees are selling for as much as $3 per kilogram in China and most of the harvest from the region, which is just starting to trickle in, is bound for Chinese markets. People who have got crop could do quite well this season, said Thai. But of course, the disappointing problem is that very few have a good harvest to look forward too.


Power supply in north region surges 12.47pct in five months

The Northern Power Corporation (EVNEPC) has reported that in the first five months of this year, the firm supplied 21.4 billion kWh of commercial electricity, a rise of 12.47 percent year-on-year and reaching 37.14 percent of its yearly target. Of the total, the construction and industry sector consumed 64.14 percent, a year-on-year increase of 15.34 percent. Particularly, the firm ensured safe and stable power supply in May, when demand for electricity rose strongly during a severe heat wave in 27 northern localities. Also in May the enterprise put into operation several transmission lines and transformer stations in various localities, raising the grid’s capacity and reliability. During the month, the EVNEPC provided middle-voltage power access to 168 customers for an average time of 5.58 days each, 1.42 day lower than requirement. In June, the corporation will continue with measures to ensure safe and stable power supply and reduce electricity loss, while speeding up the construction of power generation and transmission projects.


Government to field NA questions next week

Prime minister Nguyen Xuan Phuc and all the deputy prime ministers will field questions about issues within the government’s responsibility at interpellations from June 13 to 15, according to the government news website. Those interpellations are included in the work programmes of the third sitting of the 14th National Assembly. Apart from the top leaders of the government, others taking the hot chair will include the minister of Agriculture and Rural Development, the minister of Culture, Sports and Tourism, and the minister of Health and the minister of Planning and Investment.

On the morning of June 13, National Assembly Chairperson Nguyen Thi Kim Ngan will chair the first question-and-answer session where minister of Agriculture and Rural Development Nguyen Xuan Cuong will take the podium. He will answer questions about the roadmap and solutions for the restructuring and sustainable development of agriculture, and solutions to improve the quality and competitiveness of farm produce, seafood protection and rehabilitation and fishery management.

In the afternoon session, members of the National Assembly will question minister of Culture, Sports and Tourism Nguyen Ngoc Thien over the management and certification of cultural activities, the management of sports and cultural projects, the organising of festivals, and solutions to improve the competitiveness of Vietnam’s tourism. The next day, National Assembly members will question minister of Health Nguyen Thi Kim Tien about measures to improve the quality and efficiency of healthcare services, medicine price control, overload at hospitals, and the working conditions of healthcare staff, especially in remote areas.

On the afternoon of June 14 and in the next morning, the minister of Planning and Investment will answer questions about specific solutions for investment development, allocation of investment capital from the State budget, management of public investment, and responsibilities of departments and agencies for implementation of important projects.

On June 15, deputy prime ministers Truong Hoa Binh, Trinh Dinh Dung, Vu Duc Dam and Vuong Dinh Hue will clarify governmental issues questioned by the ministers in the previous interpellations.
These interpellations will be broadcast live on VOV1 channel of Voice of Vietnam radio station, VTV1 channel of the Vietnam Television and on the website of the National Assembly at www.quochoi.vn.
http://english.thesaigontimes.vn/54427/Government-to-field-NA-questions-next-week.html

Proposed decree fights 'fake news'

Social network users could face fines of up to VND50 million (US$2,200) if they violate regulations in a draft decree proposed by the Ministry of Information and Communications.

The ministry is gathering opinions from experts and State management offices for a new draft decree that clearly sets out the penalties for offenses in the fields of postal communication, telecommunications, radio, information technology, social networking and cyber security.

Specifically, the draft dictates regulations on violations online and on social networks, according to Le Quang T Do, deputy director of the Department of Broadcasting and Electronic Information, at the Ministry.

Do said that the draft marked the first time detailed regulations on the responsibility of individuals when using social networking services had been declared.

According to the draft decree, social network users can be fined between VND20 million and VND30 million for disclosing private information of individuals or organisations without prior approval.

Posting materials online, including photos, videos and articles, of a sexual or violent nature would also result in punishment. These violations, and the posting of information contrary to Vietnamese fine customs, would also attract fines of VND20 million to 30 million.

If the users fail to immediately remove the offending material at the request of State agencies, they will be subject to the monetary penalties indicated.

Under the proposed regulations, social network users who provide false information or offend the prestige of State agencies, organisations and individual will be fined between VND30 million and VND50 million.

Users of social networks may be subject to a fine of between VND10 million and VND20 million for the use of personal information and images of other people to create new accounts.

If they register personal information incorrectly, posters could be fined between VND2 million and VND5 million.

According to Do, the regulations were designed to match reality, in which the use of social networks is growing rapidly in Vietnam. The number of users connected to some form of social network and the amount of influence these services have are both on the rise.


HCM City aims high for business development

The HCM City government has set many high targets for enterprises and business development in the city in the next five years.

Specifically, in the 2017-2022 period, the city aims for an extra 60,000 startups a year, a 10 percent increase in State budget revenue and a 5 percent rise in jobs.

In addition, enterprises are expected to spur capital, expand markets, and improve product competitiveness. Counterfeit and low-quality products and environmental pollution due to production activities will be controlled while contributions to funds for the poor are expected to increase.

In the first five months of this year, about 15,500 enterprises were established, up 10.4 percent year-on-year, with total registered capital of VND193.8 trillion (US$8.55 billion), up 54.2 percent.

The business environment has been improved greatly. The city government has created favourable conditions for household businesses to upgrade themselves to compa-
nies. Up to now, 413 family-run businesses have been converted into companies. HCM City is now home to nearly 309,000 enterprises. The city is implementing many business supporting policies to take this number to half a million by 2020.

http://english.thesaigontimes.vn/54425/HCM City-aims-high-for-business-development.html

New Communist Party resolutions to cut down SOEs

12/JUN/2017 INTELLASIA | VIR

The private sector will grow after the roles of the government and state-owned enterprises in the "socialist-oriented market economy" are clearly defined.

Dysmorphic market

Mai Huy Tan, 72, is starting a plant that would burn household garbage to produce electricity. This is the second time he started a company. The first time, at the age of 52, he has been very successful with the Duc Viet sausage brand.

With his hefty business experience, he still cannot quickly realise his aspiration to replace the current practice of burying garbage. His equipment was imported from Germany, but "the procedures are very complicated," he said. He also said that there is strong opposition out there, but he did not want to call names.

Economists were less squeamish about throwing around names as to his opposition. They said public services providers, including garbage treatment, make a lot of profit.

Hanoi authorities spend VND8 billion ($352,000) a day or VND3 trillion ($132.24 million) a year on garbage treatment.

Out of the 5,400 tonnes of waste produced in Hanoi each day, 4,000 tonnes are treated at Nam Son solid waste processing complex in Soc Son district, operated by Hanoi Urban Environment One Member Co., Ltd (URENCO) since 1999. The company has just started operation of an industrial waste-to-power plant at the Nam Son complex. The plant cost about VND612 billion ($27 million), but currently only treats 75 tonnes of garbage a day. Where is the opportunity for projects the likes of Tan's?

Nguyen Dinh Cung, director of the Central Institute of Economic Management (CIEM), said that according to the three resolutions issued on June 3 by the 12th plenary meeting of the 12th Communist Party of Vietnam (CPV) Central Committee, "state-owned companies will withdraw from areas where private sector companies are able to join. The administrative interference mechanism and the practice of giving state-owned companies state capital to compete with other companies will stop, then companies will compete in terms of efficiency, creativity, and technology."

Benefit for state-owned companies

According to Resolution 12, by 2030 most state-owned companies will be owned by shareholders other than the state, and they will primarily operate in the joint stock company form. The number of state-owned companies will be small and their operations will be limited to some fields.

Nguyen Quoc Hiep, chair of GP Invest, who has been working at SOEs for 20 years, said, "During the 20 years managing leading state-owned companies in the construction industry (from 1987 to 2007), I did not do as much as I wanted to. Meanwhile, at GP Invest, in just 10 years I did a lot of things. Our shareholders since 2007 have got a 190 per cent return on their investment."

Hiep used to manage Vinaconex Corporation, then Constrexim. He used to be very excited about the reform and equitisation plans for SOEs.

According to Hiep, managers at SOEs do not earn more when the companies do well. Therefore, none of the managers feel the need to be creative or push reforms. "There is no room for risk," he said, "that is why these companies can never have a breakthrough."

For more than 10 years, the leading names in construction were Vinaconex, Song Da Corporation, as well as Licogi and Lilama in industrial construction. They were all SOEs. Now the three most prestigious contractors of 2017, according to Vietnam Report, were Coteccons, Hoa Binh Corporation, and Unicons -- all private sector companies. In the top 10 there is only one SOE, Urban Infrastructure Development Investment Corporation (UDIC).
"Even when SOEs are equitised, if the state holding remains high, the mindset will stay. Managing these companies is very difficult," Hiep said.

Pham Duc Trung, head of the Research Department on Enterprise Reform and Development at CIEM, said that the government should separate the state's regulatory function over all types of companies (state-owned or private sector) and its function as the owner of the state capital at SOEs.

Resolution 12 stipulates that by 2018 there should be a government agency that would represent the state capital at SOEs. This body will be responsible for explaining their efficiency in managing the state capital. "This mechanism will stop the relationship between government regulatory agencies and SOEs. SOEs will have to follow market economy mechanisms and there will be no discriminatory treatment between SOEs and private sector companies," Trung said.

Hope for the next period

Some economists are saying that these three resolutions will solve the main weaknesses of the Vietnamese economy.

Tran Dinh Thien, director of the Vietnam Economic Research Institute, said "A reform of state-owned companies is all that the economy needs right now. The private sector cannot grow if the state-owned sector does not shrink and if the market economy mechanisms are not complete."


Vietnam and the globe are abuzz with startups and small-scale enterprises bringing out new ideas and innovative products to the market. However, finding one's way through the winding, littered path to bring a fledgling enterprise to fruition, be it a successful IPO or an acquisition by a larger company, is a difficult undertaking.

This article was written as a rudimentary introduction to the startup process, of what to keep an eye for, and a short glossary of the obscure terms and stages involved.

Stages of funding

Setting up a startup can be best broken down to the stages of the so-called funding process, the timeline denoting the milestones of growth and increased funding, as well as the emergence of new partners and co-owners.

Probably the best (and simplest) run-down on the process was compiled by information designer and infographic author Anna Vital, whose chart is widely used as the best introductory tool to the stages of start-ups, running from the idea stage to the eventual IPO.

Idea stage: It all starts with a single person who decides on realising an idea, to bring out a product or service, and build an enterprise around it. During this preparatory stage, this single person is working on the idea alone, drawing up plans, crystallising the rough outline of the actual product, and while he/she is nowhere close to the end product yet, actual value is already being created, 100 per cent of which belongs to him/her.

Co-founder stage: After a while comes the time when a single person has to admit that his limited resources, be it product-specific knowledge or finances, may not be enough to go ahead. While it is possible to bootstrap an enterprise from the get-go, aspiring entrepreneurs usually look for a trustworthy partner to share the workload and help with networking -- a large number of startups went bust because the founders spent way too much time tinkering with the product in the backyard, while ignoring looking for customers or further funding.

Having a second (or third) person on the team, while diluting ownership rights, provides an enterprise with much-needed expertise and access to larger audiences or funding opportunities. On the other hand, this setup is also rather limited in its resources and it usually does not stretch far enough to show a working product before more funding is needed.

Family and friends round: Further funding is only available by formalising the enter-
prise, registering it and securing the relevant documentation, after which it accept funds from the public (otherwise it would be “public solicitation,” which is largely against the law). In this round of funding, entrepreneurs have two options: either going around friends and family or hitting up accredited investors and making your pitch.

Either way, capital contribution means handing out equity, partial ownership of the company. While entrepreneurs are understandably against the idea of giving up ownership and control, there is a lot going in favour of this from a financial perspective, the primary argument being that there are no better alternatives to grow.

A significant amount of capital may be acquired without giving away controlling interest in the enterprise itself -- as Anna Vital put it, "Your slice of the bigger pie will be bigger than your initial bite-size pie."

Seed/Angel round: Startups need to be constantly on the lookout for funding, growing complacent after securing the first capital contribution usually spells doom for the company: founders need to be constantly planning for success, growth, and additional expenses.

After their initial contribution, friends and family might not have the resources to provide sufficiently large funds, especially not to a formal startup company. This is when incubators, accelerators, and excubators come into the question, along with angel investors -- the time for the well-honed pitch to sway business professionals and force open their purses.

Venture capital round: After building the first version of the product and establishing some traction with users through (hopefully) working with incubators and accelerators, even angel investment might seem relatively small funding. The next step would be approaching venture capitalists, who are essentially bigger, financially more capable angel investors.

The first VC investment will be the company’s Series A, after which Series B, C, and the rest of the alphabet may follow in good order. In case everything is going well, the product sells like hotcakes, customers maintain heavy demand, and the enterprise itself remains financially viable, the company will reach its end-game fantasy: either acquisition by a larger firm or the long-aspired IPO.

Keep lean and clean

After clarifying the growth stages of a startup company and seizing up the long road ahead, aspiring entrepreneurs need to turn their attention to the essential business processes without which the enterprise cannot function. It cannot be stressed enough that without sufficient forethought and organisation even the best product idea may not find the appreciative target audience and that haphazard management can be the death of any company. This is especially true for startups that by their very nature attempt to build a castle out of thin air.

Business Insider provides a hefty list of the eight most crucial business processes to look out for, but first and foremost startup founders need to keep one thing in mind: a startup is all about innovation, even in the smallest nuances. There is no sure-fire sample to follow and the most successful companies have managed to tailor the smallest facets of business management to give them the edge. It is all about streamlining, keeping every process small and compact, monitored and customised at every turn of events -- small businesses at their heart are all about efficiency.

Many of these points might seem obvious, yet a whole legion of startups went bust from not actually paying due attention to them. Most of them (save for the ones with the most inane management) started off doing them, but they failed to pay constant and unwavering focus on keeping and revising their processes, thinking the initial plan was good to go -- losing a couple of dollars at each turn, expenses mount up and bury a company over time.

Managing financial and physical assets: A good idea alone hardly ever sells the product. A company needs to be financially viable to provide the optimum price, and simple accounting is a must to keep track of the company’s available funds, of where the money comes from and where it goes.
Developing a business plan: Jot down the key elements and keep the list updated. The first version of the plan may need to include critical processes, such as market opportunity, requirements, product definition, business model, sales process, organisation. Never forget to keep revising, expanding, and changing these points, they become obsolete surprisingly fast as the product gains shape, the market develops, and funds shift.

Funding process: Create a clear plan on what networking and documents are required to get to friends and family, angel investors, and institutional investors. Make sure all legal procedures are observed and keep track of your networking options and activities.

Product development process: Continuously document product requirements, features, metrics, and milestones in its development.

Manage human resources: Recruit, hire, pay, and train others, while ensuring effectiveness and consistency. In addition, keep track of legal obligations and tax considerations -- startups and small enterprises are famous for being informal and lax workplaces, which promotes creativity and inclusion, but the legal foundations should be solid as stone.

Leverage IT: Prepare a plan well in advance on how to acquire, utilise, and carry out IT solutions in your business. As the enterprise grows, teamwork and common working surfaces will become all the more important and a few handy features can go a long way towards making operations more effective. In case of technology startups, it is advisable to decide early on how the company will access the internet, what servers will be required, and how the databases will work. Additionally, do not ever forget the scheduled backup.

Billing and revenue collection: Companies need to explore their options on the most economical sales methods and collecting revenue. Sales methods not only include finding the right website to sell on, other alternatives, including delivery services also need to be evaluated.

Customer service and support: Customers need a readily-available contact that can offer professional and quick response, attesting to real expertise. Remember: if you do not hold yourself a business, people will not see you as a business.

Startup dictionary
Below is a rudimentary glossary of terms associated with startups. While the list is (very) far from exhaustive, it could serve as a starting point for further, more in-depth research whereby readers may learn about the evolution of angel investors over the recent years and more technical dimensions of equity and convertible debt/notes.

Angel investors: accredited investors who inject capital for startups in exchange for ownership equity or convertible debt. In the US, angel investors need to have at least $1 million in the bank or an annual income of $200,000.

Bootstrapping: funding a company only by reinvesting profits

Business incubators: fee-based comprehensive suite of services from the beginning to the end that are, unlike free incubators and accelerators, available for any paying applicant

Business incubators: a company that helps new and startup companies develop by providing services, such as management training or office space.

Option pool: shares of stock reserved for employees of a private company. Option pools are a way of attracting talented employees to a startup company, as when the company goes public, the employees will be compensated with stock. Early-joining employees usually receive a greater percentage of the pool.

Venture capital fund: an investment fund that manages the money of investors who seek private equity stakes in startup and small- to medium-sized enterprises with strong growth potential. Generally characterised by high-risk, high-return investment decisions.

Startup/seed accelerators: fixed-term, cohort-based programmes, that include mentorship and educational components and culminate in a public pitch event or demo day http://www.vir.com.vn/startup-guide-to-fledgling-entrepreneurs.html
Vietnamese food products have significantly increased their presence in world markets, but they remain unknown because they lack brand identification and consciousness in the consumer's mind.

Urgent action would be required to change this situation, local and international experts said yesterday.

Leon Trujilo, an expert with the Netherlands' Centre for Promotion of Imports from Developing Countries (CBI), told a seminar in Hanoi that Vietnam was a strong supplier of many agricultural products and foodstuff to the world, but global consumers were hardly aware of this.

“There is a big gap between what Vietnam is capable of and what the world knows about Vietnam. Therefore, it is necessary to fill the gap by mapping out a strategic direction for brand building and promoting the image of the country’s food industry,” Trujilo said.

Claudio Dordi, Technical Assistance Team Leader for the EU-Vietnam Multilateral Trade Assistance Project (EU-VN MUTRAP), told Vietnam News that Europeans still don’t have a particular perception of food products from Vietnam, because the country mainly exports raw material or non-processed products.

“Since you focus on exporting raw material rather than building up overall brand marketing and distribution strategies, the value remaining for Vietnamese firms is still limited,” Dordi said.

He said Vietnam needed to expand and upgrade the value chain for its food products especially those produced for export. But this would require a lot of investment in terms of technology, human resources as well as capital.

Trujilo remarked that while many localities and businesses embarked on building their own brands, the limited resources at their disposal, both in terms of personnel and finance, meant that the newly-generated brands remained small and non-competitive in the global market.

Brand identity

Deputy minister of Industry and Trade, Tran Quoc Khanh, said at the seminar that building a food brand strategy was part of a national branding programme targeting Vietnam’s export goods in highly competitive fields.

“The Vietnamese food industry has tremendous potential for growth, not only serving domestic demand but also in boosting the country’s exports, so it receives a lot of attention from the government and relevant agencies,” Khanh said.

Trujilo said the programme for building a brand strategy for Vietnam’s food industry, being implemented by the Ministry of Industry and Trade (MOIT), the CBI and EU-VN MUTRAP, had basically completed its research and proposed the concepts of "brand positioning", "brand architecture" and "visual brand identity" for the food industry.

Based on the results of surveys and opinions from experts, relevant associations and enterprises, the programme proposed a slogan for the food industry: “Vietnam the food basket of the world.”

This slogan, together with an official visual brand identity expressed with meaningful graphics, would promote the image and increase recognition of Vietnam’s food products in the world market, Trujilo said.

Late last year, deputy prime minister Trinh Dinh Dung had issued a circular asking the Ministry of Industry and Trade (MoIT) to co-ordinate with ministries, agencies and associations to carry out the programme on building a brand strategy for Vietnam’s food industry.

Soon after, a memorandum of understanding was signed by the MoIT’s Vietnam Trade Promotion Agency, the CBI and EU-VN MUTRAP.

Quality control

Dordi said that besides the designing and branding of products, firms would need to focus a lot on quality, which is a decisive factor for boosting exports.

“In the last five years, we have been supporting different Vietnamese brands including...
Vietnam’s food industry seeks to build brand

How to complete a programme on developing Vietnamese food brand was discussed at a workshop in Hanoi on June 9.

The event was jointly held by the Vietnam Trade Promotion Agency (VIETRADE), the Netherlands’ centre for the promotion of imports from developing countries and European Trade Policy and Investment Support Project (EU-MUTRAP).

Deputy minister of Industry and Trade Tran Quoc Khanh affirmed that the food industry is one of Vietnam’s potential sectors as the country is becoming an important supplier of food and agricultural products for many countries.

VIETRADE deputy head Ta Hoang Linh said that the programme on developing Vietnamese food brand has completed plans on positioning, brand architecture, and visual brand identity for the sector.

Based on opinions of relevant Vietnamese associations, organisations and businesses and foreign importers and experts, the programme recommended the positioning plan of “Vietnam the food basket of the world.”

The programme is expected to announce a report on the Vietnamese brand strategy in the third quarter of this year. During 2018-2020, it will carry out communication campaigns to promote Vietnam’s food sector and its sub-sectors through media channels and trade promotion events inside and outside the country.

Vietnam has paid much attention to boosting food and foodstuff promotion activities at numerous markets over the world.

Experts said a stable economic growth is the foundation for the boom in Vietnam’s food and beverage industry, which accounts for 15 percent of GDP and even higher in the future. Nielsen Vietnam estimated the country’s food and beverage market was valued at 30 billion USD in 2016.

http://en.vietnamplus.vn/vietnams-food-industry-seeks-to-build-brand/113066.vnp

Demand for organic product keeps rising

Demand for organic farm and other products has increased significantly both in Vietnam and globally, and this is good news for businesses investing in the field, according to the Ministry of Agriculture and Rural Development.

Deputy minister Tran Thanh Nam said many countries had begun to adopt organic agricultural practices, and the area under organic farming is increasing.

“In Vietnam the area has increased by 3.6-fold since 2010 to more than 76,000 ha now.” Though it is still very modest compared to the total farming area, businesses and organisations apply international organic standards, and certified organic products are exported to many markets, including the US and EU, he said.

According to the Vietnam Organic Agriculture Association, the country exports small quantities of organic products like tea, shrimp, rice, cinnamon, anise, and attar. There are also some successful organic models to grow tea and vegetables by Ecolink and Ecomart, vegetables by Organik Da Lat, a unique thick-skinned orange in Tuyen Quang province, rice by Ca Mau-based Vien Phu Green Farm and others.

In the domestic market, organic-certified products and products with environmentally-friendly certification are increasingly seen in supermarket shelves, shops and web-
sites, with cosmetics, milk, fruits and vegetables, attar, spices, coffee and tea being the most popular.

For instance, Organica, which sells imported and local fruits, vegetables and many other products, is a familiar address to many consumers in HCM City and Da Nang. Lotte Mart now has shelves for displaying organic products, mainly shampoo, facial cleansing milk and shower cream.

To meet the increasing demand for organic products, domestic retailers and businesses are seeking collaboration and investment opportunities in the organic agriculture sector to reduce costs.

Saigon Co.op recently unveiled four groups of products under the Co.op Organic brand: rice; cucumber, squash, tomato; choy sum, mustard green, water spinach; and basa fish fillet and black tiger shrimp.

The company invested in a 300ha organic farm in Ca Mau Province growing agricultural produce certified by the USDA, JAS of Japan, the EU, and Naturland, Diep Dung, Saigon Co.op chair, said.

The cooperative recently signed agreements with Vinamit JSC, Germany’s Binca Group, international organic certification organisation Control Union, Peterson Consultancy, and Vietwatch to develop its organic products to international standards.

Nguyen Lam Vien, general director of Vinamit Joint Stock Company, said signing the deal with Saigon Co.op would help promote locally-made organic products.

Dung said Saigon Co.op would continue to expand its list of both food and non-food organic items, and seek to become a leader of the organic production-processing-distribution-consumption chain in both the Vietnamese and export markets.

According to market research company Nielsen, more consumers want products that are good for their health and do not hurt the environment.

Experts said organic agriculture offers advantages like lack of pesticides residues, helping increase the value of agricultural and aquaculture products and having a greater likelihood of being accepted in choosy markets.

But companies in the field also face many challenges, they said.

There is no domestic certification organisation for organic products and growers have to depend on foreign organisations.

Prof Dr Pham Van Bien, former director of the Institute of Agricultural Science for Southern Vietnam, said “Vietnam still lacks national standards and a comprehensive legal framework for production, certification and quality control of organic agricultural products. The government should soon have in place policies, mechanisms and a national standard system to make it easy for businesses and farmers”.

Nam said his ministry had worked with relevant ministries to counsel the government in setting up a legal framework and national standards for organic farming to boost organic agriculture and building brands for organic products.

The country has enough natural and social conditions to develop organic farming, especially products like vegetables, fruits, rice, tea, and fisheries, he said.

Existing and proposed free trade agreements would bring opportunities for exports, especially of organic produce, he added.

http://en.vietnamplus.vn/demand-for-organic-product-keeps-rising/113086.vnp

Real estate nudges up in May

Real estate sales in May rose slightly month-on-month, compared with the first quarter this year, according to the Ministry of Construction’s Management Agency for Housing and Real Estate Market.

Successful transactions were mostly in the mid- and hi-end segments, while affordable ones were not sold owing to their limited supply.

During the month, Hanoi recorded nearly 1,200 successful deals, up by some 14 per cent against last month, raising the five-month volume to about 5,400.

In the southern metropolis HCM City, nearly 1,300 deals were reached, marking a 12 per cent increase. Between January and May, up to 5,870 transactions were successful.

Brokers said successful deals were mostly those located near downtown. Buyers also
take into account transport convenience, facilities, apartment design, payment
progress and the appreciation value.

In Hanoi, major sales were predominant in the southwest, such as The Golden Palm in
Thanh Xuan, Gelexia Riverside in Hoang Mai and Gemek Premium in Ha Dong, which
have synchronous infrastructure.

Hi-end projects in HCM City also sold well, such as Vinhomes Golden River Ba Son in
District 1 and Ha Do Centrosa Garden in district 10.

Low-rise housing in Lucasta Khang Dien in District 2 and Thu Thiem Garden in Dis-
trict 9 saw considerable sales.

Tourism and resort properties in coastal localities, such as Da Nang City, Nha Trang
City in central coastal Khanh Hoa Province and Phu Quoc in southern Kien Giang
Province, have become attractive to investors at home and abroad.

Unsold properties nationwide were valued at about VND27.89 trillion (US$1.23 bil-
lion), as of late May, down 10 per cent from the end of 2016. The figure declined
VND474 billion ($20.87 million) from April.

Unsold land for housing accounted for more than 3.37 million square metres worth
VND13.2 trillion ($581.33 million), the biggest proportion of total unsold property val-
ue.

It was followed by low-rise housing (3,492 units worth VND7.38 trillion or $325 mil-
lion), condominium apartments (3,325 units worth VND4.83 trillion or $212.7 million),
and land for commercial purposes (648,140 square metres worth VND2.48 trillion or
$109.2 million).

Although unsold properties continued to decrease, the rate of decrease slowed down.
Most of the unsold land is part of uptown projects lacking infrastructure, the manage-
ment department said.

The value of unsold real estate in Hanoi was still higher than in HCM City in May. It
was estimated at VND5.45 trillion ($240 million) in Hanoi and VND5.18 trillion
($228.13 million) in HCM City, down VND23 billion ($1 million) and VND100 billion
(4.4 million) from April, respectively.

http://bizhub.vn/property/real-estate-nudges-up-in-may_286803.html

VN property
developers see new
tricks in VR

As competition in the property market heats up, developers are seeking new ways of
attracting buyers one recent attempt makes use of virtual reality and augmented real-
ity (VR/AR).

It's expected that VR will boom this year, with a wide number of sectors taking advan-
tage of the latest technology, including real estate, which will allow potential buyers
"real" experiences of property projects.

A recent report by Cushman & Wakefield estimated that VR and AR would become a
$2.6 billion market in real estate by 2020, as headsets such as the Oculus Rift and the
Microsoft Hololens become common place over the next few years.

"It's essential to begin preparing for the expansion," Cushman & Wakefield said. "In
addition to virtual walkthroughs of both finished and unfinished buildings and virtual
models projected onto desks and tables in the real world innovations which are al-
ready in development companies see opportunities for more game-changing features
a little further down the road, once mass adoption takes hold."

Cushman & Wakefield cited a research report released last year by Goldman Sachs,
saying that VR/AR hardware and software is finally catching up with consumer expec-
tations, and are poised to disrupt a number of markets, including real estate.

Catching up with the trend, several Vietnamese developers have started to use VR and
AR in their marketing to promote sales, such as VinGroup, Sun Group and BIM Group.
At a recent sale opening of Citadines Marina Ha Long, BIM Group used the Microsoft
Hololens to demonstrate every detail of the project in front of buyers' eyes.

A representative from the developer said that the use of new technologies would help
make up for the gaps in traditional marketing tools.

Phan Thanh Hue from Booyoung Vina was quoted by Dau Tu Bat Dong San (Real Es-
Dinh Anh Tuan, director of 3D Vni, which provides the hardware, said that many customers were excited about the new experiences. Tuan said that developers were starting to use VR and AR in marketing and more expansion was expected. Tuan said that VR was forecast to become an indispensable trend, changing the face of marketing and sales in many sectors, including real estate. This technology would also help increase the competitiveness of property products, he added.

According to Pham Ngoc Mai Anh, director of ADT Creative, a start-up in VR applications, there is an increasing interest in using VR by property developers. However, because of current prices, VR is now only appropriate for high-end segments rather than having broad appeal, experts say.


The State management agencies and local authorities must be cautious with the real estate market performances and wary of a market bubble, deputy prime minister Trinh Dinh Dung reiterated recently.

Although the property market is on a stable trend and contributed significantly to the country’s economic development after a protracted period, close watch must be placed on the market development, Dung said.

At the meeting late in May, Dung said that the Ministry of Construction and local authorities must enhance market watch to ensure the market develops on the right track, prevent crisis and ensure a sustainable growth.

Several days after, at a meeting on June 1, Dung requested those present to carry out measures to ensure the stability and healthy development of the real estate market, adding that this was critical to ensure macro-economic stability.

Dung said that the property market development must be in line with the country’s housing development strategy, especially social housing development, urban, industrial zone and tourism development and balance of supply and demand.

Dung reiterated this during a government meeting on June 3. The deputy prime minister’s request was raised at a time when the land prices in HCM City soared in the recent months on rumours of new infrastructure projects that would benefit land prices.

Actions have been taken to calm down the land “fever” in the southern city. The construction ministry asked the HCM City’s public planning information and property agency to ensure transparency in its infrastructure projects.

On June 3, Directive 24/CT-TTg was issued about the solutions to promote growth to reach the economic targets in 2017, in which prime minister Nguyen Xuan Phuc asked the Ministry of Construction to closely watch the real estate market performances, actively raise measures to promote its healthy development, prevent speculation and unreasonable increases in prices and ensure the market transparency.

The State Bank of Vietnam recently said that the credit growth for the real estate sector slowed down in the first five months of this year.

The Ministry of Housing and Real Estate Management Department under the construction ministry said that housing prices did not see significant increases in the period.

http://bizhub.vn/property/vn-must-eye-bubble-deputy-pm_286805.html

Foreign direct investment (FDI) in the real estate market hit nearly 52.7 billion USD as of May this year, with 65 percent of which or 40 billion USD being poured into resort projects.

According to Phan Huu Thang, vice President of the Vietnam National Real Estate Association (VNREA), Vietnam attracted 600 million USD in FDI to property projects in the first five months of 2017.


http://bizhub.vn/property/vn-must-eye-bubble-deputy-pm_286805.html

Vietnam’s resort property is attractive to foreign investors thanks to the country’s popular tourist destinations, 4,000-year history, diverse culture and cuisine, hospitable people, and favourable geographic location, he said.

Not only foreign investors, many domestic groups are also investing in resort projects nationwide, with famous names such as FLC and VINGROUP, which own luxury resorts namely FLC Sam Son, FLC Quy Nhon, Vinpearl Nha Trang, and Vinpearl Phu Quoc.

Last year, Vietnam’s real estate sector lured about 1.3 billion USD, making up 10 percent of total FDI poured into the country. VNREA has predicted that the market will become busier.


Shipbuilders allegedly buy silence as poor-quality fishing boats inspected in central Vietnam

Many shipbuilders in central Vietnam, whose steel-clad fishing boats proved to be of poor quality shortly after delivery, have been accused of paying local fishermen to buy their silence ahead of an inspection into their substandard products.

As many as 18 steel-clad fishing boats in the south-central province of Binh Dinh, built by Nam Trieu Co. and Dai Nguyen Duong Co., had to lie dormant ashore as they were damaged shortly after being handed over to fishermen.

A representative of one of the shipbuilders has said the damages were caused by “too salty seawater”.

Binh Dinh has formed an independent inspection team to examine the boats following complaints from their owners.

“This is a serious matter,” the province's deputy chair Tran Chau said at a meeting on Friday.

Chau added that the problem has grown even dodgier after some fishermen had demanded that authorities cease the planned independent inspection into their boats.

“This is unreasonable,” Chau said, implying that the shipbuilders had somehow encouraged the fishermen to withdraw their petition.

Also on Friday, many boat owners have denounced that the shipbuilders had indeed offered to pay hundreds of millions of dong (VND100 = $4,405) to have them withdraw the call for inspection.

Tran Van Phuc, deputy director of the Binh Dinh agriculture department, said seven fishermen had asked to withdraw their complaints, saying they did not want their boats to be inspected by authorities.

However, on Friday, six of them told the agriculture department that they would not pull the complaints. The only fisherman who did not want his boat to be inspected is Le Hoai Thanh, who said he had received VND250 million ($11,013) from the shipbuilder to fix the ship’s damages.

The constant changes of mind of the fishermen had angered Chau, the provincial deputy chair.

He requested that the panel formed to independently appraise the fishing boats in question must do their duty, even when the affected fishermen withdraw their complaints against the shipbuilders.

“I have also asked the Binh Dinh police department to call for intervention from the Ministry of Public Security,” he said.

Chau demanded that the case be properly handled and “any heartless shipbuilders with deliberate violations must be strictly sanctioned, even criminally punished.”

Myriad violations

Citing a preliminary inspection, Phan Trong Ho, director of the Binh Dinh agriculture department, said the 18 poor-quality fishing boats have been found to be built with Chinese-made steel, instead of South Korean product as contracted.

The quality of the boats’ paint cover was also below standard, Ho told Tuoi Tre (Youth) newspaper.

He underlined that the boat engines, supposed to be supplied by Japan’s Mitsubishi,
are not authentic products. "Many of the engines are meant to use for means of road transportation, not fishing boats," the official said.

Teddy Truong Thuong, a Mitsubishi representative based in Singapore, has confirmed that the engines and power generators installed on eight of the fishing boats in question "show signs of being altered."

"The machines may have been altered for use in maritime environment and there are signs that the generators are not our authentic products," the Mitsubishi representative asserted.

Buying silence

Tran Dinh Son, one of the owners of the poor-quality boats, said that Nam Trieu executives had tried to persuade him to withdraw his complaint against them. According to Son's account, the shipbuilder director Nguyen Hoang Tan and his deputy Bui Huu Hung came to meet him on June 5, two days before Binh Dinh authorities started inspecting his boat.

"Tan and Hung gave me VND100 million, asking me to withdraw all petitions I had filed to Binh Dinh authorities," he said.

The shipbuilder bosses even gave him a petition withdrawal letter prepared by their own, but Son refused to sign.

"Even so, they submitted the letter to authorities without my consent and signature," Son said.

On June 7, Son returned VND100 million to Tan. Another boat owner, Thai Van Duyet, also said Tan had offered to give him VND200 million ($8,800) to buy his silence.

"My boat costs VND20 billion [$881,057] and its poor quality had given me hundreds of millions of losses, so I did not accept the offer," he said.


Flagging railway sector lays tracks to catch up

The railway sector in Vietnam has lost the dominant position it enjoyed two decades ago, and is trailing far behind other modes of transport. The sector currently accounts for just four per cent of transport market, and enjoys a meagre 3.18 per cent allocation from the State Budget for its development.

Its stagnation is starkly evident in the outdated 1m-wide tracks that most routes in the country use, unchanged from when they were first laid during the French colonial period over a century ago.

The North-South railway, which connects the capital city of Hanoi in the north with the biggest city in the south, HCM City, "has not seen a single new metre of railway track in nearly a hundred years," said La Ngoc Khue, former deputy transport minister.

The current minister of Transport, Truong Quang Nghia, once told the media that his dream of a high-speed train railway "would not see reality in my term."

The 500km route, once considered the strength of railway sector, is now facing stiff competition and dragged down by infrastructure deficiencies.

The Hanoi  Lao Cai route, once a cash cow, has been struggling to attract passengers for around three years now.

Phung Thi Ly Ha, deputy director of Hanoi Railway Transport Co., said the company had reduced ticket prices, deployed more flexible run time and offered several promotion programmes, but these had not been very effective.

"From Hanoi to Lao Cai Province, it takes 5 hours by road; on the train, it takes 8 hours," Ha said.
The aviation sector makes the best railway route pale in comparison. The North-South train journey takes up to 30 hours and costs VND 2 million ($88.1). People can now hop on a plane for lower prices if they book their ticket early, and the journey time is less than two hours.

It gets worse
Unfortunately, the railway sector’s freight division, which should do well because of its highly competitive pricing, does not fare much better than the passenger division. The central city of Da Nang actually wanted the entire railway system removed, but the Ministry of Transport (MOT) has rejected the request.

The limited budget allocated for railway development, as mentioned earlier, also reflects the low priority accorded to the sector by the State.

According to the transport development master plan (from now until 2020 with a vision towards 2030), 700km of highways are expected to be completed by 2020 and another 2,200km by 2025. Within the same time frame, the Long Thanh international airport in the southern province of Dong Nai will also be built and national carriers will double their fleet to 300 aircraft.

Against this, the railway sector’s ambitious North-South project will only be ‘discussed’ after 2020. Even if it is approved and work commences right away, the project can only become operational by 2030 at the earliest, and will be a decade behind the road and aviation sectors.

Lukewarm interest
The State-run railway sector has been rolling out the red carpet for the private sector for several years now, but has not received an enthusiastic response.

In 2014, the MoT called for private investment in 16 projects, 12 concerning the existing railway system and the remaining four for building new railway routes. When the list of 16 projects was made public, many big players including South Korea’s Lotte and domestic conglomerate SunGroup had expressed interest.

However, three years on, only one railway logistics project in Phu Yen Province has begun operations, the others are still in the consideration phase.

Vu Ta Tung, director of the State-owned Vietnam Railways Corp (VNR), admitted that private capital would “naturally flow only into profitable areas.”

Tung suggested an approach many other countries have used—allowing private investors to build stations into multiple-use complexes, complete with a bus system, underground metro, shopping malls, food stalls and entertainment services.

Similarly, in the railway freight division, the private sector could invest in infrastructure components like cargo yards and warehouses that would provide logistics services like loading, unloading and other support services, he said.

Khuong The Duy, deputy head of the Vietnam Railway Authority under the MOT, said that the ministry was planning to deploy the BOOT model (Build-Own-Operate-Transfer), piloting it on the Da Lat Trai Mat route.

Under this model, private investors will use their own resources to upgrade or build new components for stations suiting their business activities, and after they have recovered their investment, the infrastructure will be transferred to the State. Alternatively, the investor can continue to lease the facilities.

“We hope the government will agree to this approach, because it can attract investors into other railway infrastructure projects, especially new rail routes that connect seaports and airports,” Duy said.

Medium-term surge
The Ministry of Transport has requested the government to allot VND7 trillion (US$308.6 million) from the State Budget for medium-term investment into the flagging railway sector.

Charged with the task of revitalising the sector, VNR said the majority of this money will be used for a “comprehensive upgrade” of the North-South railway infrastructure, the Thoi Bao Kinh Te Vietnam (VnEconomy) reported.

There are 1,452 bridges on the North-South line, but nearly half of them, or 697, have fallen into a state of disrepair. The stations on the line are also not distributed properly,
and 1,047 level crossings and 3,000 pedestrian crossings will need to be upgraded, according to Doan Duy Hoach, deputy director of VNR.

The VND7 trillion will go into four projects: upgrading the Hanoi-Vinh route at an estimated costs of VND1.6 trillion ($70.5 million); the Nha Trang Sai Gon route (VND1.8 trillion, or $79.3 million); repairing bridges ($79.3 million); upgrading infrastructure and building three new stations on the Vinh-Nha Trang route ($79.3 million).

The sector is also working with banks and other credit institutions to borrow another VND5 trillion ($88.2 million) over the next three years. This year, VNR expects to borrow VND2 trillion, which will go into manufacturing five new trains this year, and another 7-10 in 2018, each costing an estimated VND100-120 billion ($4.4-5.3 million).

The railway sector’s goal now is not to focus too much of its resources on competing with other modes of transport like airways or road transport in terms of speed, but “on offering diverse and satisfactory services, flexible pricing schemes and a reasonable running schedule,” Hoach said.

The newly made trains are expected to feature a VIP section (1-2 carriages) with more “luxury” furniture that will have higher ticket prices. Trains made in Nha Trang will be painted blue and white, predominantly, to “present a sense of freshness and friendliness.”


Pharmaceutical giants jockey for market dominance

The total spending on medicine in 2017-2021 will grow by 15-17 percent thanks to the population increase and improved income per capita. Vietnam is entering the aging period of the population this year. The average spending on medicine per capita is now at $33 per annum. The figure is expected to increase to $55 by 2021, much lower than the average spending level of $117 of 22 new emerging markets.

Meanwhile, the EPI Index from Yale University showed that Vietnam ranked 131st among 180 surveyed countries in 2016. The index shows air quality, water sources and environmental sanitation.

Witnessing the moves by pharmaceutical firms in the market recently, Le Van Truyen, former deputy minister of Health, said the pharmacy industry will continue its strong development, while competition among firms will be even greater in the next five years.

Pharmacy firms are making good profits, with the market expecting a stable growth rate of 10-15 percent.

Domestic pharmacy firms have been spending big money in the last two years to expand production and change corporate governance to adapt to the new circumstances. Traphaco has vowed to become the Number 1 enterprise in the Vietnamese market in growth rate, profit and market capitalisation value. It strives to obtain turnover of VND4 trillion and profit of VND500 billion by 2020.

As for 2017, the company plans to launch eight new products into the market and targets VND2 trillion in turnover and VND242 billion in profit, which many analysts say are ‘very ambitious’.

However, analysts said the ambitious goals are attainable if Traphaco can maintain current growth. In 2011-2016, Traphaco gained the highest growth rate in the industry, 16 percent per annum.

Meanwhile, Hau Giang Pharmacy will cement its position as the biggest generics manufacturer in Vietnam in terms of turnover.

The company is now trying to develop a modern distribution channel, including drug store chains, supermarkets and convenience stores in five largest cities.

The solutions are believed to help it obtain a growth rate of 15 percent and net turnover of VND6.750 trillion by 2020.

Taking full advantage of M&A to improve competitiveness is being pursued by Domesco, another big company in the industry.

Abbott, the biggest shareholder of Domesco, plans to transfer commercial rights for 28
products to Domesco.
A report shows that about 30 pharmacy firms had listed their shares on the Hanoi and HCM City bourses and on UpCom by April 2016 with total capitalisation value of VND14.8 trillion.
http://english.vietnamnet.vn/fms/business/179837/pharmaceutical-giants-jockey-for-market-dominance.html

How are four big ice cream makers in Vietnam dividing market share?

Kido Frozen Foods Joint Stock Company Kido Foods (KDF), a subsidiary of Kido Group plans to list on Upcom in Q3/2017. KDF holds 35 percent of the ice cream market share in 2016 and is the largest ice cream producer with a distribution network of more than 70,000 outlets, including 50,000 POS (refrigerator) owned by the company itself. The company possesses two among three leading ice cream brands in Vietnam including Merino and Celano. The total retail revenue from these outlets reaches about 2.7 trillion dong in 2016.

As per Vietnam Market Intelligence (EMI), Merino and Celano are among the top three most prominent brands and are the most commonly used ice cream brands in Vietnam. Merino targets at young customers (aged 5-25) while Celano targets at older and more high-end customers (aged 25-40).

EMI’s survey result also shows that, the ice cream consumption in Vietnam increased 15 percent in 2013-2016 including the productivity growth of six percent per annum. About 70 percent of the ice cream in Vietnam is sold through retail outlets in the form of instant ice cream or box ice cream, while the remaining 30 percent is sold through food service outlets such as restaurants, coffee shops, which often have higher price. Also as per EMI, apart from KDF that is dominating the market with 35 percent market share, the three other giants are also competing for market share including Unilever/Wall’s (10 percent), Thuy Ta (10 percent) and Vinamilk (nine percent). The remaining 36 percent market share belongs to high-end ice cream parlors in urban areas and small businesses with inexpensive products that are dominating the rural area.

For consumers in Vietnam urban areas, Wall’s ice cream brand is no stranger. The brand entered Vietnam market in 1997 with a $22 million plant in HCM City, the largest ice cream factory in Vietnam at that time. However, Wall’s quickly failed and had to withdraw from Vietnam in 2003 and resell the plant to Kido, the mother company of KDF.

In 2008, after the deadline for not competing with Kido ended, Wall’s immediately returned to Vietnam with products imported from Thailand. Due to the freezing need, the ice cream transfer from Thailand can be quite expensive. Therefore, Wall’s is very cautious in choosing the types of Stock Keeping Unit (SKU) to bring to Vietnam. Wall’s only brings about 20 SKUs to the country. This, along with the fact that no domestic manufacturing unit slows down the response to inventory exhaustion, makes Wall’s face disadvantages in negotiating with retailers, especially in traditional commercial stores.

However, Wall’s is still the leading ice cream producer with 70 percent market share in Indonesia, 61 percent of market share in Thailand, 52 percent market share in the Philippines and 33 percent market share in Malaysia. With 10 percent market share in 2016, Wall’s revenue in Vietnam reached $115 million.

The potential opponent of both Wall’s and KDF is Vinamilk. The largest dairy business in Vietnam has not boosted the ice cream business. This is easy to understand when the total scale of ice cream market in Vietnam is only equal to six percent of Vinamilk’s total revenue in 2016.

However, Vinamilk is still occupying 10 percent market share in ice cream segment. With the brand and distribution system in place, when Vinamilk focuses on boosting the ice cream segment, companies in the industry will have to face more intense competition.

At present, Vinamilk’s ice cream portfolio consists of 50 SKUs (compared with 20 of Wall’s and 200 of KDF) with four brands: Vinamilk Box Ice Cream (home use), Delight,
Kid Ice Cream, and Twin Cows. Vinamilk and Kid Ice Cream compete in low-cost segment with basic flavors, while Twin Cows was launched in 2015 and was Vinamilk’s first challenge when penetrating the premium segment.

Thuy Ta is the oldest brand but has not shown a breakthrough in market share when it is only limited in Hanoi. Founded in 1945 in Hanoi, Thuy Ta is one of the first ice cream brands in Vietnam. Now, the company is operating a number of restaurants and cafes, rather than just focusing on ice cream retail distribution.

In the premium segment, there are ice cream parlors in major cities with such brands as Fanny, Bud’s, Haagen-Dazs. Ice cream from these chains often cost several times higher than retail ice cream. Therefore, this is a separate segment and are not direct competitors to retailers such as KDF, Wall’s and Vinamilk.

A need to fund infrastructure projects vital to expanding Vietnam’s economy and boosting connectivity is pushing its government to turn to the private sector for support.

Vietnam has made a strong commitment to infrastructure spending in recent years, with investments averaging 5.7 per cent of GDP, according to the Asian Development Bank (ADB) a figure second only to China’s in the region and triple the outlays of Malaysia, Thailand, Indonesia and the Philippines.

This commitment is set to continue in the medium term: according to the Ministry of Planning and Investment, Vietnam needs some $480bn to fund urgent infrastructure investments by 2020, with more projects in the pipeline in the following decade.

Among the key projects is construction of a planned $13bn, 10-lane road spanning 1800 km between Hanoi in the north and HCM City in the south. It will be the largest road project to date and boost connectivity substantially along the country’s north-south spine.

Other key projects include building 11 power stations with a combined generation capacity of 13.2 GW, intercity and intracity rail networks, and at least 1380 km of additional highways.

Low private buy-in

While investment levels are high as Vietnam seeks to reinforce its national infrastructure backbone, the share of development funding coming from the private sector is low.

According to ADB estimates, private investment in Vietnam’s infrastructure could be less than 10 per cent of the national total, compared to as much as 30 per cent in India. Reasons for this low participation include the long-term nature of such projects, where returns on investments take far longer than those in other sectors, such as property.

The need for more private funding of infrastructure should become more pressing in the coming years, with the ADB estimating that the state budget will be able to fund just one-third of the $480bn in planned spending by the end of the decade.

Capital markets needed for financing

To better tap private funding, Vietnam needs to deepen its capital market structure, according to a report published last month by consultancy McKinsey.

The report said Vietnam along with several other Asian countries should do more to tap private savings to help finance infrastructure expansion and ease reliance on the public sector.

Of the 12 countries covered in the report, Vietnam ranked last for both development maturity and the size of the local market as a share of GDP: capital markets in Japan for example were valued at some 400 per cent of GDP to Vietnam’s 50 per cent. Such gaps put Vietnam at a disadvantage when seeking to mobilise private sector finance for infrastructure investments, the study said.

Increased liquidity in the sovereign bond market would allow the state to better harness private sector finance, it said, but would require a shift to larger sales of benchmark bonds, rather than the current mix of different outstanding bonds that are only rarely traded.
One proposed avenue to increased infrastructure funding is pension funds. Though of only limited scale at present, in time these could be grown into a source of development finance, as in many other countries, according to Tyler Cheung, director of the institutional client division at ACB Securities, a full service brokerage firm. "Through tax incentives to invest in pension schemes, a new pool of funding could be developed in the capital market, while also easing pressure on the banking sector," Cheung told OBG. "Not only will this help shift a burden from the state to individuals, it can also fund long-term projects such as infrastructure and logistics."

Easing pressure on the banking sector
High dependence on banks for funding makes broadening the capital markets base increasingly important, according to Pham Hong Hai, CEO of HSBC Vietnam. "Developing the capital market is critical for Vietnam," he told OBG. "Banks are supporting 70-80 per cent of capital requirements today. This is too much, and they won’t be able to handle this in the long run."

Scaling back government reliance on local banks to raise funds for infrastructure would also free up liquidity for lending to the private sector, which at times struggles to obtain credit.

A deeper capital markets pool would both increase liquidity in the economy and allow some of the funding to flow into much-needed infrastructure investment.

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**Business investments rise strongly in HCM City**

HCM City attracted $1.37 billion worth of foreign direct investment in the first five months of this year, a year-on-year increase of 45.8 percent, according to the Department of Planning and Investment.

Authorities issued investment certificates to 283 new projects worth $342 million, while 81 existing projects increased their investment by $287 million. The city also approved 775 M&A deals worth $742 million.

The processing and manufacturing industry attracted the biggest sum of nearly $123 million, followed by wholesale and retail, automobile and motorcycle repair, information and communications, and real estate.

Besides, 15,500 local companies were established in the period with a combined capital of nearly VND193 trillion (S$8.53 billion), increases of 10.4 percent and 54.2 percent year-on-year, the department said.

Over 22,000 others registered to increase their capital by a combined VND259.8 trillion.

Together, local investment rose by 2.4-fold to over VND453 trillion.

The business sector is expected to grow faster during the rest of this year since authorities have been making intensive efforts to improve the business environment, the department said.


**Hue invest $2.26m in auxiliary industry**

The central province of Thua Thien-Hue has decided to set aside nearly VND52 billion (US$2.26 million) into auxiliary industries between now and 2025.

The investment aims to meet nearly 35 per cent of local demand for industrial manufacturing by 2020 and 55 per cent by 2025, respectively.

Specifically, VND24.65 billion ($1.07 million) will be earmarked for the 2017-20 period and the remaining for 2021-25 period.

Priority fields will include auxiliary industries for garments, leathers and footwear; metallics, plastics and rubber; electricity and electronics; as well as hi-tech industries.

The province is calling for building a high-quality factory to churn out shoe parts such as soles and toes for the footwear industry, with target of meeting 65 per cent of the sector’s demand by 2020 and 75 per cent by 2025.

Thua Thien-Hue will continue developing projects to provide materials for all produc-
tion stages of the textile and garment sector, so as to form a complete production chain.
In the near future, the province will build an industrial centre supporting garment sec-
tor in the Phong Dien Industrial Park to serve the whole central region and the coun-
try.
The province plans to produce more than 100,000 tonnes of fiber and 20 million metres
of fabric per year by 2020. The figures by 2025 will be 150,000 tonnes and over 45 mil-
ion metres, respectively.
Production of other materials supporting the garment sector is expected to meet more
than 70 per cent and 80 per cent of local demand by 2020 and 2025, respectively.
The respective figure for medical equipment and electricity-electronics parts supply
will be over 35 per cent and 55 per cent.
The province will also give priority to support high-tech industries, including soft-
ware, machinery maintenance and repair services meeting international standards.

Binh Thuan boasts
great potential for
solar power
development

Five solar power projects worth over 14.8 trillion VND (651.2 million USD) have been
approved to invest in the central coastal province of Binh Thuan as of May 2017.
They included a 200MW plant covering 309 hectares in Thien Nghiep commune, Phan
Thiet city, and a 150MW plant in Bac Binh district and Phan Thiet city with a total area
of 211 ha.
Dry climate and sunny weather, especially in the northern area, are advantages allow-
ing Binh Thuan to develop solar power apart from wind power mills.
Many investors are interested in investing in the field in the locality.
The provincial People’s Committee has approved studies for investment in 30 other so-
lar electricity projects in the locality, with two of which, Eco Seido and Da Mi solar
plants, which have respective capacity of 40 MW and 47 MW, getting approval from
the Ministry of Industry and Trade.
Binh Thuan has 40 locations that have been planned to call for investment for develop-
ing solar power projects, mainly in Bac Binh, Tuy Phong and Ham Tan districts.
According to Chair of the provincial People’s Committee Nguyen Ngoc Hai, the local
authorities encourage the mobilisation of capital from economic sectors to fully tap the
locality’s advantages of natural and energy resources.
The locality is calling for investment into developing clean energy in connection with
key economic sectors, towards realising its goal of becoming an energy centre by 2020,
with a total capacity of over 12,000 MW.
As scheduled, by 2030, Binh Thuan is likely to attract solar electricity projects with a
combined capacity of over 4,000 MW. The locality is hoped to become a clean energy
centre in the future.
http://en.vietnamplus.vn/binh-thuan-boasts-great-potential-for-solar-power-devel-
opment/113127.vnp

Quang Tri seeks to
develop macadamia
farming

The Lien Viet Post Joint Stock Commercial Bank (LienVietPostBank) will give central
Quang Tri province a credit package worth 500 billion VND (22 million USD) to help
the locality develop macadamia farming.
The credit package was signed by representatives of the province and the bank at a
workshop on macadamia cultivation in the mountainous district of Huong Hoa on
June 10.
Within the framework of the workshop, more than 200 local farmers visited a macad-
amia farm of My Anh Khe Sanh Co., Ltd They were also instructed by leading profes-
sors and experts in macadamia farming techniques, from designing orchards to the
planting, caring, harvesting and processing of macadamia.
Participants said that Khe Sanh town in Huong Hoa district has favourable soil and cli-
mate conditions and labour advantages for the cultivation of macadamia, which was
Quang Tri province has instructed the provincial agricultural sector and Huong Hoa district to zone off areas suitable for macadamia farming, while working with My Anh Khe Sanh Co., Ltd to help local farmers with macadamia growing techniques. Over the past time, LienVietPostBank has partnered with the Vietnam Macadamia Association to organise workshops on macadamia in the Central Highlands and Northwestern regions. According to a plan approved by the Ministry of Agriculture and Rural Development, the northwest and Central Highlands regions will plant macadamia trees on 9,940 hectares of land and develop 12 processing units by 2020. By 2030, there will be 34,500 hectares nationwide and 30 processing units in the two regions.

http://en.vietnamplus.vn/quang-tri-seeks-to-develop-macadamia-farming/113125.vnp

Ha Giang welcomes Japanese businesses

The northern mountainous province of Ha Giang rolls out the red carpet for foreign investors, including those from Japan, to seek investment opportunities, Chair of the provincial People’s Committee Nguyen Van Son has said.

Ha Giang signed a Memorandum of Understanding with the Japan-Vietnam support industry assistance joint stock company in June 2016 after the Japanese firm made several fact-finding tours in the fields of healthcare, tourism, vocational training, and agriculture.

The Japanese company has supported the province to build a rehabilitation hospital and a centre for training human resources in the health sector. It also helped the Ha Giang vocational college carry out a training programme in automobile technology and veterinary.

The two sides have implemented cooperation programmes to develop hi-tech agriculture and tourism.

President of the company Murooka Katsunori said in the third quarter of 2017, his firm is stepping up coordination with the province to start the construction of the Japan-Vietnam joint venture rehabilitation hospital.

In addition to completing the cherry park project in Quan Ba district, the two sides have launched a centre of testing and piloting plant varieties with processing products for exports to Japan.

The company will promote the strengths of Ha Giang in Japan and dispatch business organisations to explore the local investment environment, Murooka Katsunori said. According to Son, local authorities have granted investment license and business registration certificate for the company.

The provincial People’s Committee pledged to direct relevant agencies to promptly address difficulties for businesses to ensure the progress of investment projects, he said.

He expressed his belief that with the effective bilateral cooperation, the Japan-Vietnam rehabilitation hospital in Vi Xuyen district and the cherry park in Quan Ba district will open up huge opportunities to serve Japanese tourists to the northernmost province.

http://en.vietnamplus.vn/ha-giang-welcomes-japanese-businesses/113076.vnp

Mekong Delta proves attractive to retail businesses

The Mekong Delta is emerging as a destination for both domestic and foreign retail companies who have spotted potential in the local retail market, the Cong Thuong (Industry & Trade) newspaper reported.

Major retailers such as Lotte (the Republic of Korea), Saigon Co.op, Big C and Vin group have been present in the Mekong Delta with Sense City, Vincom, Lotte Mart and Co.opmart supermarkets.

Can Tho city, the centre of the Mekong Delta, is now home to 18 supermarkets and shopping malls, 18 convenience stores, and a number of food stores.

The Saigon Trading Group (SATRA) said it plans to form a big retail system in Can
Tho. In the near future, it will open Satrafoods, a food store chain and later develop Centre Mall shopping centres and Satramart supermarkets here.

Huynh Trung Tru, deputy director of the Can Tho municipal Department of Industry and Trade, said the city’s turnover of retail goods and services revenue is expected to surpass 105 trillion VND (4.6 billion USD) this year, up 9.87 percent from 2016. Since the year’s beginning, Dong Thap province has allowed the construction of a shopping centre named Shophouse 5a December of Vincom Retail and two Co.opmart supermarkets of Saigon Co.op.

In other provinces such as An Giang, Vinh Long, Tra Vinh and Ca Mau, investment is also being poured strongly into modern retail channels such as supermarkets and convenience stores.

Deputy director general of Saigon Co.op Nguyen Anh Duc said his firm put Sense City Ca Mau in Ca Mau province into operation in late May. This is the third shopping malls of Saigon Co.op in the Mekong Delta. Aside from shopping malls, Saigon Co.op has also built 20 Co.opmart supermarkets across the region.

The company is stepping up capitalising on the Mekong Delta’s retail market due to improving living standards of local residents and authorities’ favourable conditions for investment in supermarkets. It will continue seeking suitable locations in the region to open more supermarkets in the time ahead, he added.

According to the Steering Committee for the Southwestern Region, the expansion of the retail system in the Mekong Delta has gradually changed locals’ shopping habits. However, there still exist obstacles to the attraction of retail investment there.

Le Huu Tinh, Marketing director of Emart Vietnam, said despite substantial improvement, infrastructure in the Mekong Delta is still limited, which will raise delivery costs. Poor roads will also affect consumers’ access to shopping places.

At the same time, the local distribution system lacks connectivity and traditional wet markets, numbering about 1,800 across the region, are still popular. Therefore, Mekong Delta localities should swiftly address those shortcomings to bolster their retail market, many economic experts said.

http://en.vietnamplus.vn/mekong-delta-proves-attractive-to-retail-businesses/113072.vnp

Long An seeks to attract investors to its industrial zones

Industrial zones and complexes are central to socio-economic development and attracting investors, the Long An Province Department of Industry and Trade has said. They account for half of the Cuu Long (Mekong) Delta province’s $4 billion annual trade, it said in a report.

Long An, which neighbours HCM City, has 28 industrial zones (IZs) and a similar number of industrial complexes (ICs), some operational and others under construction.

The 25 that are operational have attracted over 1,000 domestic and foreign projects worth over $5 billion.

Phan Nhan Duy, director of the province’s Department of Natural Resource and Environment, said the number of industrial zones and complexes have kept increasing in the province, and the focus is now on quality instead of quantity.

The province is now soliciting investment in them, he said.

Thai Hoa Industrial Zone in the Duc Hoa III Industrial Zone, for instance, offers incentives such as tax holidays and flexible land leasing policies to attract high-tech companies. To be invested since 2014, the zone now has attracted over 80 foreign and domestic investors.

With an area of over 100ha, the zone is planned to become a modern industrial zone in the province. It has been now an ideal destination for foreign and domestic investors to have plant here and then export their goods to many neighbouring markets of Laos, Thailand and Cambodia.

Truong Van Trieu, head of the Long An industrial zones management, said many other IZs too are striving to offer the best incentives and facilities to investors.
Central region struggles to develop tourism

Community-based tourism, unique lifestyles and traditional cultural values offer major potential for development in the centre of Vietnam and its Central Highlands, deputy prime minister Vu Duc Dam said at a tourism forum in Tam Ky city on Saturday.

But, Dam said, too many barriers were preventing the region’s tourism from taking off. "A series obstacles, including visa exemption, infrastructure, accommodation, environment require joint action by different agencies,” Dam said. "International tourists don’t come to Vietnam only to stay at luxury hotels and resorts. They are lured by the unique lifestyle and traditional culture that they cannot find elsewhere in the world,” he said.

"Culture in the central and Central Highlands region should be attractions to international tourists. The region should boost community-based tourism to boost sustainable green industry and stable incomes,” he added.

The deputy PM also warned that standard of human resource and hospitality management in the region has yet to reach the required level to serve luxury tourism, as well as the environment.

Dr Tran Du Lich, head of the Consultative Group for Development of the Central Coastal Region, said tourism’s potential has yet evaluated as a key industry for future’s development in Vietnam, and the ‘green’ industry was received unfair treatment in comparison to other industries.

Lich said tourism in the region has yet to build up its luxury brands due to a lack of human resources, while investment funds have been poured in too many fields.

"Tourism potential in the central and central highlands region has yet set on right launching pad, while the industry received too little preferential as cement or steel industries were enjoyed from the governmental policy,” Lich spoke out at the forum, which was held on Saturday.

He said the tourism service in the region was designed for all tourists, but not high-end global tourists and premium services.

Lich suggested hospitality must be concerned as one of the most important factor for future’s development in tourism in the region.

The director of the Vietnam Institute of Economics, Tran Dinh Thien said tourism in 19 provinces and cities in the central and central highlands has been booming rapidly over past decades.

Thien, who is a member of the national consultancy Council on financial policy and monetary, said the region should build a trust and attraction to global tourists, and a world level downtown and entertainment.

Expert Vu Dinh Anh said tourism in Vietnam will struggle against fund deficiency in next five years when the state budget will be limited for the industry.

Anh said tourism industry, which was invested total fund of $18.5 billion in 2011-15, will need $24 billion for 2016-20 development in creating an estimated revenue of $35 billion in 2020.

He said preferential tax policy for tourism has yet concerned, while a fund for tourism industry is not established.

Chair of Vietnam Tourism Association, Vu The Binh said tourism capacity in the region has been underdeveloped in comparison to HCM City and Hanoi.

Despite of hosting 6.4 million foreign tourists in 2016, the region only earned VND71 trillion ($3.1 billion) 17.7 per cent of the country’s tourism income.

The region has nearly 400 hotels and resorts 39 per cent of country’s total but only 49
per cent of room had served for tourists. Meanwhile, number of travel agencies accounted 10 per cent of the country, and tour guides (2,000 persons) only took a 12 per cent of the country’s total tour guides. Binh also said 19 provinces and cities in the region employed 350,000 direct and indirect employees, but nearly 40 per cent are unskillful. He said the region had developed 12 airports including three international airports Da Nang, Phu Bai of Hue and Cam Ranh of Khanh Hoa but only one duty-free shop was built in Da Nang. The forum, which included in agenda of the on-going 6th Quang Nam Heritage Festival, was a chance to review and evaluate real potential of tourism and hurdles that the industry needs to clear out for future growth.


Korean investment in HCM City increasing

Many Korean enterprises, especially large ones, have plans to invest in HCM City which will prop up investment pledges by the East Asian country in the city in the near future, said HCM City Chair Nguyen Thanh Phong. At a meeting on June 8 with Gangwon Province Governor Choi Moon-soon, who is paying a visit to HCM City, Chair Phong said that South Korea is currently the fourth biggest foreign investor in the city, but the ranking is expected to move up soon owing to a large number of imminent investment projects by Korean investors in HCM City. Many Korean enterprises had expressed their keen interest in HCM City in the previous visit of the HCM City delegation to South Korea, Phong noted. Phong said that the city is willing to welcome Korean enterprises including firms from Gangwon Province to do business here. Enterprises from Gangwon Province can invest in biotechnology, health and power sectors in HCM City. The city authorities will create favourable conditions for Gangwon’s enterprises to operate in the city. Governor Choi Moon-soon said that the province’s delegation representing many large corporations are visiting HCM City to sound out cooperation opportunities. At the meeting, HCM City and Gangwon Province leaders also signed a memorandum of understanding on friendly cooperation between the two localities. According to a report by the HCM City Department of Planning and Investment, 283 foreign investment projects were licensed into the city in the first five months of this year with total registered capital of $342 million. South Korea was the largest investor with $95.11 million, followed by Malaysia with $45 million, Singapore with $39.91 million and Japan with $38.9 million.

http://english.thesaigontimes.vn/54412/Korean-investment-in-HCM-City-increasing.html

Gangwon businesses promote Korean investment in HCM City

Businesses of Gangwon province of the Republic of Korea (RoK) want to set up partnership with and expand investment in HCM City, Governor Choi Moon-soon has said. He made the remark at a conference on Gangwon HCM City economic cooperation held by the Korea Federation of Small and Medium Enterprises and a delegation of Gangwon firms in HCM City on June 9. The governor said locality-to-locality economic exchanges are an important driving force for the two countries’ economic partnership. HCM City is the biggest economic and financial hub of Vietnam and also one of the most vibrant cities in Southeast Asia. It attracts much attention from Korean investors, including those from Gangwon province. He added that businesses from his province want to access information about growth promotion and investment attraction policies of HCM City. They hope to establish partnerships with local firms to enhance ties in health care, culture, education and tourism.
Sharing the same view, Consul general of the RoK in HCM City Park Noh-wan said Vietnam, especially HCM City, is currently a magnet for foreign investment. Therefore, Gangwon companies should make use of opportunities from investment promotion programmes to connect with local firms, thus creating a long-term growth momentum for both sides.

Valuing the province’s investment promotion plan, Chair of the HCM City People’s Committee Nguyen Thanh Phong said his city welcomes and will provide the best possible conditions for foreign investors. It will improve the business climate and support domestic and foreign companies in their establishment and operation. He added the two localities boast huge cooperation potential, especially in the fields that match Gangwon’s strength and HCM City’s demand such as biotechnology, medical equipment and new materials.

He voiced his belief that cooperation and mutual support will bolster their respective economic development, thus contributing to the prosperity of Vietnam and the RoK.


Business Briefs Jun 12, 2017

* The government has approved an equitisation plan of Song Da Corporation, which has chartered capital of VND4.5 trillion, by divesting the State holding at the enterprise and issuing additional shares to raise its capital. Initially, the firm will offer 450 million shares with a face value of VND10,000 each, including 229.5 million shares, or a 51 percent stake, owned by the State, 822,000 shares to employees, 135 million shares to strategic investors and over 84.7 million shares for public auction. The State ownership at the company will fall to less than 50 percent after 2020.

* Hoang Anh Gia Lai Company (HAG) has issued 137.5 million shares to convert VND1.1 trillion worth of bonds. HAG has sold the shares at VND8,000 each, raising its registered capital by 17.4 percent to VND9.27 trillion.

In 2010, HAG sold the bonds to North Brooks Investment (Maritis) Pte. Ltd., a member of Singapore’s Temasek Holdings Private Limited, at a convertible ratio of 1:125. HAG has converted VND200 billion worth of bonds earlier issued to the investor into 20 million shares of its subsidiary Hoang Anh Gia Lai Agricultural Company (HNG). After the conversion, HAG has cut its holding in HNG to 67.84 percent, equivalent to 520.45 million shares, from the earlier 70.52 percent.

* FLC FAROS Construction Corporation (ROS) plans to issue 43 million shares to pay a share dividend for 2016 at a 10:1 ratio. The issuance will help ROS raise its registered capital by 10 percent to VND4.73 trillion. Hoa Phat Group (HPG) reported a steel sale volume of 178,000 tonnes in May, bringing the total volume in the January-May period to 845,400 tonnes, up 24.5 percent against the same period last year. Since early this year, the company has exported around 66,000 tonnes of steel to the US, Australia, Malaysia, Singapore, Cambodia and Laos and 27,000 tonnes of steel ingots to the Philippines.

* Gia Lai Electricity Company (GEG) will deploy a plan to merge with Tay Nguyen Power Investment Company (TIC), issuing “Over 7.7 million shares at a convertible ratio of 1:1. TIC is going to de list from the market for unlisted public enterprises, or UP-CoM, in the third quarter of this year to merge into GEG.

Market down as bank stocks lose steam

The stock market eased off its three-day winning streak with a 0.44 percent decline on June 8 as bank stocks fell due to profit taking.

STB was the only gainer in the banking sector, adding 2.6 percent at VND13,800 a share with a matching volume of 3.6 million shares.

Other lenders listed on the HCM City market lost ground, with BID dropping 1.5 per-
cent, CTG losing 1.8 percent and VCB and MBB inching down 1 percent. EIB fell 1.7 percent at VND11,800 per share though investors traded a hefty 53.2 million EIB shares via put-through deals at the ceiling price of VND12,800.

However, most bank stocks reported a high trading volume, in which BID was the most heavily traded stock with 3.7 million shares, MBB 2.3 million shares and VCB and CTG with over one million shares each.

ROS was the most notable laggard on the southern bourse as it plunged to the floor price of VND113,300 per share with trading volume shrinking sharply to less than 100,000 shares. The VN Index fell 3.33 points against the session earlier at 750.13, with ROS alone taking away over 20 basis points from the index.

Some mining stocks also decreased after their recent gains. Having hit the ceiling price for eight sessions in a row, AMD fell to the floor price of VND21,850 per share with nearly 7.6 million shares changing hands.

The property and banking sector saw numerous losers such as FLC, HQG, SCR, DXG and DLG. FLC led the southern market by liquidity with over 9.9 million shares traded.

In contrast, DHG, which went up to the ceiling price of VND119,900 per share, and blue chips KDC, DPM, GMD and HPG helped curb the market downturn. HPG rose for a third straight session, closing up 0.3 percent at VND31,500 per share with matching volume of 5.3 million shares, while KDC edged up 4.4 percent at VND46,400 per share and SSI up 0.8 percent at VND26,000 per share.

EVG debuted on the market on June 8, shooting up to the ceiling price of VND14,150 per share with volume of nearly 2.9 million shares. While most mining stocks dropped, KSA still hit the upper limit with volume of 8.3 million shares.

Turnover on the southern bourse improved to over VND5.2 trillion thanks mostly to large bloc deals. Aside from over 53 million EIB shares, investors traded 17.2 million VIC shares worth nearly VND706 billion, 1.75 million NVL shares worth VND122 billion and 1.06 million PNJ shares worth VND101 billion via put-through deals.

The Hanoi market declined after six consecutive rising sessions, with the HNX-Index dropping 0.22 percent from the day earlier at 97.25. Turnover tumbled to VND735 billion, including bloc deals valued at VND43.4 billion.


VN Index dips just below 750 points

The benchmark VN Index inched down 0.05 per cent and closed Friday’s trade at 749.72, just below the new nine-year high of 750 points recorded on June 6. It was the second drop this week.

Rising caution was attributable to the market slump, as investors were concerned about a possible downward correction after profit-taking pressure increased on the major shares.

BIDV (BID), Vietinbank (CTG), PV Gas (GAS), insurer Bao Viet Holdings (BVH), FLC Faros Construction (ROS) and mobile phone retailer Mobile World Group (MWG) pushed the market down in the last minutes of Friday’s trade.

All of these shares were among the top 30 largest shares by market value and liquidity on the HCM Stock Exchange.

“The VN Index declined below the short-term support threshold of 750 points due to weak demand at the end of the session and a steep fall of ROS shares,” analysts at BIDV Securities Co (BSC) wrote in Friday’s report.

ROS shares fell 7 per cent, the biggest daily drop capped on the HCM Stock Exchange for a second day and settled at VND105,400 (US$4.64) a share.

Money tended to shift from financial and real estate sectors to healthcare services and the rubber industry.

Major firms in these two groups included Hau Giang Pharmaceutical (DHG), Traphaco (TRA), Domesco Medical Import Export (DMC), Da Nang Rubber (DRC) and The Southern Rubber Industry (CMS), all of whom leapt between 1.7 per cent and 6.6 per cent.
Several large-cap stocks including Vinamilk (VNM), petrol retailer Petrolimex (PLX), VinGroup (VIC), Saigon Securities Inc (SSI), FPT Corp (FPT) and Masan Group (MSN) maintained growth and cushioned the market.

The market breadth remained near equilibrium with 127 stocks rising, 135 declining and 68 closing unchanged. This balance may indicate a proportion of investors were ready to buy shares when their prices decreased, BSC’s analysts wrote in the report. They predicted the VN Index could bounce back 750 points early next week.

On the Hanoi Stock Exchange, the HNX-Index ended its session up 0.11 per cent at 97.36 points.

Overall liquidity dropped with a total of 239.2 million shares worth VND4.4 trillion ($194.5 million) traded in the two markets, down 29.1 per cent in volume and 26.7 per cent in value compared to Thursday’s levels.

Foreign investors continued to purchase shares on the HCM City’s exchange, picking up shares worth a net value of nearly VND43 billion. Steelmaker Hoa Phat Group (HPG) remained on the top of the most-purchased shares by foreign traders with a net buy value of VND15.2 billion.

They were also net buyers on the Hanoi Stock Exchange, totalling a small net value of VND4.3 billion.


VN market may see short correction this week

Local stock markets may see a correction early this week due to rising profit-taking pressure after a long rally, but the downward period is expected to be insignificant owing to investors’ confidence in the market outlook and strong foreign buys.

The benchmark VN Index on Wednesday set a new nine-year high of 753.46 points for the third time in the past month. Despite the last two declining sessions, the southern market index expanded 1.5 percent for the week, closing Friday at 749.72 points.

The index has expanded 12.8 percent since the beginning of this year.

“I see a high possibility that the market will see a downward correction this week, but not too strong,” said Nguyen Ngoc Lan, head of brokerage at Agribank Securities Co. Lan noted the last two losing sessions indicated investors’ bearish sentiment and the market is exposed to downward risk.

She told the tinnhanhchungkhoan.vn that trading on the two exchange-traded funds (ETFs) during their second-quarter portfolio restructuring may have impacts on the market this week.

On Friday, MVIS Vietnam under the VanEck Vectors Vietnam ETF announced it would add shares of FLC Faros Construction Co (ROS) into the basket of its V.N.M ETF with a weight of 6.5 percent, making it the fourth largest share of the fund’s portfolio. The fund will spend about $19.2 million to buy 4.14 million ROS shares in the near future.

After nine months of listing, ROS has been added in portfolios of the two foreign largest ETFs focusing on Vietnamese shares, including FTSE Vietnam ETF and V.N.M ETF. However, ROS was among the shares suffering the biggest losses last week, slumping 14.7 percent for five trading days. Such a steep decline was likely attributable to investor concern about the dilution risk after the company approved the issue of an additional 43 million shares to pay 10-per-cent dividend for 2016’s business results.

During its second-quarter review, V.N.M ETF also removed shares of PetroVietnam Drilling and Wells Service Co (PVD) and PetroVietnam Technical Service Co (PVS), equivalent to sales of 4.57 million PVD shares and 5.66 million PVS shares in its holding.

On June 2, FTSE ETF also reported it would add shares of Sacombank (STB) and real estate Novaland Investment Group (NVL) in its portfolio while removing shares of Hoang Anh Gia Lai Co (HAG), insurer Bao Viet Holdings (BVH) and PetroVietnam Power Nhon Trach 2 Co (NT2).

Shares of Sacombank rose over 12 percent last week, while Novaland’s shares inched down 0.7 percent for the week.
Strong buys by foreign traders also supported the market last week with a total net buy value of over VND255 billion on the two exchanges. On the HCM Stock Exchange the net value was VND248.5 billion, while the value on the Hanoi Stock Exchange was VND6.6 billion. The HNX-Index on the Hanoi Stock Exchange increased 3.2 percent to close Friday at 97.36 points.

Large-cap stocks continued to be the market supporter last week, particularly bank shares like Vietcombank (VCB), BIDV (BID), Vietinbank (CTG), Sacombank (STB), Military Bank (MBB), Asia Commercial Bank (ACB), and other industry leading shares such as Vinamilk (VNM), Hau Giang Pharmacuetical (DHG), FPT Corp (FPT) and steelmaker Hoa Phat Group (HPG).

Many securities firms have forecast the market will fall slightly early this week but the medium-term trend will likely be upward thanks to sustainable growth of large-cap stocks and foreign buys. “The VN Index may move around 740-750 points this week,” wrote Le Duc Khanh, head of Market Trading Strategy at Maritime Bank Securities Co. http://sggpnews.org.vn/business/stock_market/vn-market-may-see-short-correction-this-week-67247.html

**Vietnamese businesses capable of listing on leading stock markets**

The requirements set by the world’s leading stock markets can be met by many Vietnamese businesses, experts say.

There are nearly 20 large stock markets in the world with capitalisation value of over VND1 trillion, considered the most important financial centers. Of these, NYSE (the New York Stock Exchange) and Nasdaq are the largest with total capitalisation value of $30 trillion.

The Vietnamese stock market had capitalisation value of $100 billion by the end of the first quarter of 2017.

In order to list shares on Global Select Market of Nasdaq, businesses need to satisfy financial and liquidity requirements. Regarding the financial requirements, businesses will have to choose one of four requirements on income, capitalisation cash flow, capitalisation revenue, and assets equity.

As for income, businesses have to obtain pre-tax profit of three fiscal years of over $11 million.

If businesses cannot meet the requirement, they can choose the requirement on capitalisation and cash flow.

Their total cash flow in the last three years must be higher than $27.5 million and the capitalisation value must be higher than $550 million in the last 12 months, and revenue must be over $110 million.

As for the requirement on assets, the total asset value must be higher than $80 million and stockholder equity higher than $55 million (VND1.26 trillion).

An analyst said many Vietnamese businesses can satisfy requirements. Vinamilk, the nation’s leading dairy producer, for example, reported revenue of VND47 trillion in 2016 and the post-tax profit of over VND9.3 trillion, which is hundreds of times higher than required levels.

Meanwhile, Vinamilk share liquidity in the latest 52 trading sessions was 1.2 million shares, and its capitalisation value VND200 trillion.

To list shares on Hong Kong bourse (HKEx), regarding financial requirements, businesses have to satisfy four major requirements on profits for shareholders, capitalisation, revenue and cash flow.

However, the requirements set by HKEx are lower than Nasdaq. The total profit for shareholders in the latest three years must be over 50 million Hong Kong dollars, or VND145 billion. These can be met by many Vietnamese companies.

However, in order to have their financial indexes recognised internationally, Vietnamese enterprises will have to follow the International Financial Reporting Standards (IFRS), or the specific standards set by markets (HKEx, for example, sets China Ac-
Price shocks and concerns about rubber firms returning to difficult time

The positive movements of natural rubber price in the world have helped enterprises in the industry record impressive revenues and profits in the first quarter (Q1) of 2017. However, the business prospects of this business group in the near future may be narrowed down in the context when natural rubber price begins to reverse.

From late August 2016, the latex price on Tokyo Commodity Exchange (TOCOM) recorded a spike from 150 JPY per kilogramme to 351 JPY per kilogramme in January 2017, the highest level in the last five years. The sharp rise of latex price was quickly reflected in the Q1 business results of natural rubber companies.

For example, according to the Q1 2017 financial statement of Phuoc Hoa Rubber Joint Stock Company (PHR), the company recorded revenue of 412.3 billion dong and pre-tax profit of 85.7 billion dong, respectively up by 129.4 percent and 100 percent compared to the same period of 2016. Leader of PHR shared that this results were thanks to the 67 percent increase in the average rubber selling price in Q1 compared to the same period of 2016, reaching 45.1 million dong per tonne.

Meanwhile, Dong Phu Rubber Joint Stock Company (DPR) in Q1 2017 generated revenue of 243.9 billion dong and pre-tax profit of 100.9 billion dong, up by 162.5 percent compared to the same period of 2016. DPR’s leader said that although the consumption volume in the period only increased by 3.9 percent compared to the same period of 2016, the average selling price significantly rose by 84 percent to 49.7 million dong per tonne. That helped the company complete 33 percent of its revenue plan and 31.5 percent of its pre-tax profit plan set in 2017.

However, the good days are short. From February until now, the rubber prices quickly dropped. At the end of the session on June 3rd 2017, the rubber price on TOCOM was only 191 JPY per kilogramme, the lowest since November 2016. The reason for this fall is said to be the unsettled abundant supply and shortage of output sources. The basis of the recent price increase came from the causes such as the impact of rising oil prices, output decline due to natural disasters, and sharp rise of consumption demand in short term, etc. Therefore, when difficulties are overcome, the upward price momentum could not sustain.

The natural rubber price in the recent time has been affected by a series of less positive information. Specifically, news sources from Reuters said that the global rubber production would increase to 12.9 million tonnes in 2017, from 12.4 million tonnes in 2016, mainly thanks to the strong recovery of the production volume in leading countries such as Thailand and Vietnam, after suffering from natural disasters in 2016.

In addition, the crude oil prices fell and could not break out of the 50 USD per barrel, reducing the pressure of price increase to the substitution synthetic rubber. The rumour that Chinese government would release rubber inventory to stockpile new goods was also a cause of this issue.

A number of analysis reports also showed concerns that the economic growth plan of the US President Donald Trump would affect the demand of rubber market and investors would reduce their investment in high-risk commodity assets. As forecasted by the Association of Natural Rubber Producing Countries (ANRPC) in January 2017, the natural rubber supply surplus could reach 300 600 thousand tonnes per year in 2018-2022 period, and the supply and demand would only be balance by 2023. Meanwhile, the International Rubber Study Group (IRSG) offered a less optimistic scenario in which the oversupply was predicted to last until 2030.

Perhaps having learnt that the price increase of global rubber price in late 2016 and early 2017 has no sustainable basis, at their annual general meetings (AGMs), most rubber companies set fairly cautious 2017 plans, especially in the selling price target.

DPR estimated the average selling price in 2017 at 36 million dong per tonne, 27 per-
cent lower than Q1 2017, and PHR only expected the annual average selling price to be 35.69 million dong per tonne, 20.88 percent lower than Q1 2017. Meanwhile, Tay Ninh Rubber Joint Stock Company (TRC) set the average selling price target in 2017 at 35.28 million dong per tonne, while the realised figure in Q1 was 49.2 million dong per tonne.

In fact, the price fluctuations of natural rubber companies in the domestic often have a lag of 2-3 months compared to the global developments. Thus, in the short term, the business results in Q2 of these units can still grow well compared to the same period of 2016, but the room for growth based on price factor will gradually be narrowed. These companies may even see negative growth, if the downtrend of global rubber price continues.

The down cycle of natural rubber price has lasted for many years, making it difficult for companies in the industry. At some points, they had to sell at lower prices than cost prices; and the latex exploitation was unprofitable which must be offset from other income (mainly from the liquidation of rubber plants), etc.

Some companies have had to cultivate rubber trees with some other trees to increase income. PHR and DPR have promoted investment in leasing industrial zones in order to diversify their revenue structure. The recent rally has made many investors to expect rubber price to escape from the prolonged downtrend.

However, the global rubber price movements are showing that the rally is perhaps just lightning and difficulties can quickly return.

Are rubber stocks still attractive?

Although rubber price has fallen and remained at low level in recent years, natural rubber stocks still attract investors. This is said to come from two elements. The first element is the strong financial foundation. After many years output sources faced difficulties, companies have actively cut production costs and adjusted the financial structure towards lowering debts. This foundation, along with the steadily positive business cash flows have helped rubber companies to not only meet the funding needs of new investments and re-cultivate the rubber trees annually, but also maintain regular cash dividend payment policy.

At PDR, as of late Q1/2017, the ratio of debts on total equity was only 6.5 percent, while cash and bank deposits accounted for 26.78 percent of the total assets. DPR is also the company which recorded the highest payment of dividend, averaging over 30 percent since 2010.

Meanwhile, the short-term and long-term debts of PHR only accounted for 24.1 percent of the total resources. Cash, cash equivalents and term deposits of the company reached over 811 billion dong, accounting for nearly 20 percent of the total assets. PHR maintained dividend payment at above 15 percent annually.

The borrowings of TRC only accounted for 8.07 percent of the total capital with dividend payment guaranteed at over 15 percent annually. Thong Nhat Rubber Joint Stock Company (TNC) even had no debts, no interest expenses, and the cash and equivalents reached up to 43.15 percent of the total assets. The company’s dividend payment reached 8 percent in the most difficult years.

The second element was the concentrated shareholder structure. Four companies including PHR, DPR, TRC and HRC are over 55 percent owned by the Vietnam Rubber Industry Group (VRG).

For TNC, its largest shareholder is Ba Ria Vung Tau People’s Committee, with 51 percent ownership. The absolute dominance of the major shareholder has helped the operation of these companies to be maintained stable.

However, this point and the long-term ownership trend of internal shareholders and foreign investment funds in which less transactions were made, have caused the liquidity of rubber stocks to constantly remain low.

Among the current listed rubber companies, PHR, DPR and TRC are having the best and most stable profitability, thanks to the high proportion of young forest.

Each company has its own advantage. For example. PHR has the largest exploitation area, while DPR is has the advantage of developing closed production chain which
uses natural rubber as the input material. Meanwhile, TRC is enjoying preferential tax rate at 12.5 percent for corporate income tax on farm production and 15 percent for other activities until 2019.

Reflecting positive information about the world natural rubber price and the good business results in Q1/2017, natural rubber stocks have recorded a significant price increase in the last six months.

The market prices of TRC and TNC rose by over 50 percent, while that of PHR and DPR increased by less than 80 percent. The Price per Earnings (PE) in the last four quarters was 10.7 times for PHR, 8.2 times for DPR, 7.8 times for TRC, and 9.8 times for TNC.

These levels are fairly low compared to VN Index and many other stocks of other sectors. However, in the past, the group of natural rubber stocks was often traded at much lower PE than the market. Therefore, the decline of rubber price this time will put pressure on the business prospects, thereby putting pressure on the market prices of rubber stocks.

Certainly, although the rubber price is following a downtrend, the average price in 2017 is most likely to be higher than that in 2016, thanks to the price hike in the beginning of the year.

With this development, along with good financial foundation and regular cash dividend policy, the group of natural rubber stocks is still attractive to investors who prefer long-term stocks.

In addition, the story of each company, typically PHR with the extraordinary profit information from the compensation of site clearance of VSIP 3 industrial park can also maintain the good increase momentum for the stock.

Shipping companies worried about price listing policy

Many seaport and shipping companies are worried about regulations on publicising their freights and surcharges of ocean container shipping, and seaport charges, valid from July 1.

The Vietnam Maritime Administration at a conference held on June 8 to instruct shipping companies to carry out Decree No. 146/2016 on the listing of above-mentioned charges stressed that seaport and shipping companies shall publish their service charges and can only collect charges according to the publicised prices.

Trinh The Cuong, head of the Maritime Transportation and Services Division under the Vietnam Maritime Administration, said the decree prevents seaport and shipping enterprises from collecting unreasonable charges from export-import companies. A representative of the Vietnam Ship Agents and Brokers Association (VIŚABA) said many shipping companies have signed contracts valid until the end of 2017 or 2018 with different charges compared to listed charges. If the charges to be collected differ from the price frame, they may be subject to punitive sanctions pursuant to the new decree.

Cuong replied that the decree is applied to contracts signed after July 1 only.

A representative of the European Chamber of Commerce in Vietnam (EuroCham) wondered if the Vietnam Maritime Administration could control the implementation of the decree at thousands of seaport and shipping companies.

Cuong said the maritime agency has a taskforce responsible for this job with the support of information technology. Besides, the administration will divide ports into groups for easier control.

Bui Thien Thu, deputy head of the administration, said companies failing to list their service charges will be sanctioned according to regulations.

Articles 4 and 5 of the decree regulate that seaport and shipping enterprises must publish their service charges, inclusive of taxes and fees, on their websites and at their headquarters and transaction places. Shipping companies have to wait 15 days to apply new charges.

PetroVietnam exceeds earnings targets

The Vietnam Oil and Gas Group (PetroVietnam) reported robust May operations, surpassing its monthly goal on the way to achieving annual business targets. PetroVietnam’s oil and gas output for May was 2.25 million tonnes, exceeding the amount assigned by the government by 10.4 per cent. This makes the company’s total output for the first five months of 2017 11 million tonnes, 7.7 per cent higher than the initial goal and 46.2 of the annual target.

The company’s revenue in the last five months was VND204.8 trillion (US$9.14 billion), 13.4 per cent higher than the monthly business goal and 47 per cent of the annual target.

PetroVietnam contributed VND35.6 trillion ($1.58 billion) to the State budget, 13 per cent higher than the five month target and equal to 48 per cent of the yearly objective. PetroVietnam also reported significant progress in oil exploration, with the discovery of a new oil basin and the White Rabbit 3 oilfield seeing its first stream of oil extracted from well 37P on May 7, thirteen days ahead of schedule.

May’s crude oil turnover was 1.34 million tonnes, 12.3 per cent higher than the monthly target. The first five months saw the company rake in 6.62 million tonnes, up by 8 per cent compared to the business plan and 46.6 per cent of the yearly target. Domestic production accounted for 5.80 million tonnes in the past five months and overseas oil production accounted for 0.82 million tonnes.

PetroVietnam gas production reached 0.9 billion cubic metres in May, 7.6 per cent higher than the monthly plan, making the first five months of 2017’s total 4.38 billion cubic metre, 7.4 per cent higher than the target and 45.6 of the annual goal. The company generated 1.94 billion kilowatts of electricity in May, making the five month total 9.24 billion kilowatt and 46 per cent of the yearly target. Petrol production for May reached 530,300 tonnes, 5.5 per cent higher than the monthly goal, making the first five month’s total output 2.8 million tonnes, 16.4 per cent higher than the initial plan and 41.2 per cent of the annual goal. Fertiliser production in May reached 155,600 tonnes, 8.1 per cent above the monthly goal, making the first five month’s output a total of 764,400 tonnes, 10.6 per cent higher than the planned amount and 50.3 per cent of the yearly target.

The average price for crude oil in the first five months of 2017 is currently $55.2 per barrel, while Brent fluctuates between $50 to $52 per barrel.

http://bizhub.vn/markets/petrovietnam-exceeds-earnings-targets_286804.html

Vietnamese people turn to prefer made-in-Vietnam products

As per many economists, domestic consumers have turned their attention to buying “made in Vietnam” products instead of foreign goods. Moreover, the proportion of rural people who give priority to using Vietnamese goods has accounted for more than 80 percent, even higher than the urban people.

Recently, a market research company has provided the statistics that currently, 81 percent of consumers believe in high quality Vietnamese goods compared to 23 percent in the past.

As per TNA’s research on consumer trend, 92 percent of consumers in HCM City will definitely choose Vietnamese products. This figure is 87 percent in Hanoi, of which, 62 percent of consumers are satisfied with Vietnamese products and 41 percent of consumers advise their relatives to give priority to using Vietnamese goods.

The report of the Steering Committee of the campaign “Vietnamese people give priority to using Vietnamese goods” in provinces and cities also shows that Vietnamese consumers in general increasingly appreciate Vietnamese goods. In many localities, textiles and garments, leather and footwear are enjoyed by 80 percent of the population; foodstuffs, vegetables and fruits are also favoured by 58 percent of consumers. Dang Thuy Ha, market researcher of Nielsen Company, said previously, the people were not interested in “made in Vietnam” products because many businesses have not fully played their role and responsibility in the promotion.
Along with that, counterfeit goods were still raging and the media did not communicate well. However, up to this point, businesses have begun to access consumers. Besides, people's perceptions of goods are also improved. Therefore, from 2016 to now, the ratio of Vietnamese people using domestic goods have overwhelmed.

As per L. Chaitanya Kishore Reddy, research director, representative of TNS Vietnam, Vietnam's goods have improved in terms of quality and value. Previously, Vietnamese people often preferred international brands for good quality. However, up to now, the quality of Vietnamese brand has also increased and has been able to compete with international quality. The online shopping offers open opportunities and major brands, reputable brands are widely available to the public.

"Some comment that if domestic goods are of good quality, and create brands, consumers will certainly trust and be willing to drop foreign goods for domestic consumption. And, in my opinion, the new consumer trend in Vietnam is that the Vietnamese people have chosen Vietnamese products", said L. Chaitanya Kishore Reddy.

All cities and provinces across the country will stop selling A92 petrol and offer only E5 RON 92 and RON 95 fuels starting in 2018, said deputy prime minister Trinh Dinh Dung.

At a meeting on the bio-fuel development scheme and the roadmap for application of a ratio for blending biofuels with traditional fuels, deputy PM Dung said that RON 92 will be available alongside E5 RON 92 petrol on the market until the end of this year. The move is expected to contribute to the country’s energy security and environmental protection.

The deputy prime minister also approved a proposal of the Ministry of Industry and Trade to ask ministries, agencies and localities to carry out two decisions on the fore-said scheme and the roadmap of the prime minister. The approval will facilitate fuel traders and relevant agencies to blend biofuels with traditional fuels.

The Ministry of Industry and Trade will have a feasible plan to replace RON 92 petrol by E5 RON 92 petrol and launch E10 petrol in the future. The ministry will also closely supervise the supply of biofuel and ensure the quality of E5 RON 92 petrol.

In addition, the ministry will cooperate with relevant agencies to control the operation of ethanol producers and help them overcome barriers.

Deputy prime minister Dung also assigned the Ministry of Finance to monitor fuel prices to make E5 RON 92 and E10 biofuel prices more competitive to consumers. The ministry must coordinate with the ministries of Agriculture-Rural Development and Industry-Trade to minimise the cost of ethanol used in blending biofuels.

The Vietnam Oil and Gas Group (PetroVietnam), the Vietnam National Petroleum Group (Petrolimex) and petrol traders and distributors have to ensure sufficient ethanol supply, expand the E5 RON 92 blending stations in the north and other regions and propose solutions to effective fuel replacement.

Previously, the Ministry of Industry and Trade has issued a pilot plan to replace A92 petrol with E5 RON 92 biofuel in HCM City and Hanoi from July 1, 2017. However, the ministry has proposed the government replace A92 petrol with E5 RON 92 biofuel countrywide.

The electronic visa (e-visa) pilot scheme has had a positive impact on Vietnam’s tourism industry since it was implemented at the beginning of the year. Information from the Department of Tourism under the Ministry of Culture, Sports and Tourism showed that by May 30 four months after the scheme started some 22,000 tourists from the United States, the United Kingdom, the Czech Republic, Germany, Ireland, Slovakia, Japan, Switzerland and China who do not use biometric pass-
ports have requested e-visas on the country’s immigration portal at https://www.immigration.gov.vn.
Some 21,000 tourists received e-visas, 12,000 of whom entered the country. Security procedures were conducted properly at airports and border gates and ensured the safety of passengers.
Vu The Binh, standing vice chair of the Vietnam Tourism Association, said that the issuance of e-visas has made it easier for citizens of 40 foreign countries to visit Vietnam. The visa-exemption policy for citizens from the UK, France, Germany, Spain and Italy that has been in force since July 2015 has also boosted the number of European tourists to the country and did not decrease tourism revenue, he said.
The exemption policy attracted 720,000 tourists from these countries in the first 12 months—an increase of 96,000 tourists compared to the period in 2014 yielding total revenues of $126 million, while the deficit in visa fees caused by the exemption was $21.6 million, Binh said.
Similarly, 58,000 more European tourists visited the country last year and yielded $76 million in revenues, while the deficit in visa fees was $2.3 million, he added.
The increased number of tourists and revenues created development opportunities for several types of tourism service, he said.
Simplifying immigration procedures is a common trend around the world. According to the Global Competitiveness Report 2016-17 from the World Economic Forum (WEF), the percentage of tourists requesting visas to enter a country decreased from 77 per cent in 2008 to 58 per cent in 2016.
Some 85 per cent of the world’s nations have applied solutions to simplify immigration procedures over the last two years.
In Southeast Asia, apart from Vietnam which is waiving visas for citizens from 22 countries, Malaysia is waiving visas for 155 countries and territories, Singapore 158, Indonesia 169, and Brunei 58.
These countries are also applying visa-on-arrival and e-visa policies.

Passengers to fly helicopter from Times Square to airport

Times Square JS Company on June 9 started transporting moneyed passengers by helicopter from hotels in downtown HCM City to Tan Son Nhat International Airport. Well-to-do guests including those staying at the Reverie Saigon Hotel can fly from the Times Square building to the airport by helicopter. This is a trial air service provided by Times Square JS Company and Southern Vietnam Helicopter Company (VNH South). Both partners have not revealed fares but an aviation expert estimated the cost of a single helicopter flight with four or five passengers would be around $10,000.
Earlier, a test fly from the helicopter pad atop the 39-story Times Square building on Nguyen Hue Boulevard was launched on May 5.
The general Military Command had earlier also approved construction of a helicopter helipad on the top of the building and the provision of the service.
There are around 10 helipads on the rooftops of hi-rise buildings in HCM City, including the Bitexco Financial Tower, Tan Son Nhat Saigon Hotel, and Diamond Plaza.

Deputy urges savings to build Long Thanh airport

Vietnam could have VND10 trillion (about $440 million) for the Long Thanh International Airport project by saving 1 percent on regular budget spending, said deputy Pham Minh Chinh at the National Assembly sitting in Hanoi on June 8.
Chinh suggested two measures for speeding up construction of Long Thanh airport, including creating a special mechanism for site clearance and reducing government spending.
According to Chinh, the government’s regular spending has increased continuously over the years. Regular spending accounted for 62.3 percent of the State budget in 2015
and 65.7 percent in 2016, and is estimated to reach 64.9 percent in 2017. It means that regular spending in 2017 would increase by VND114 trillion compared to that of 2015. “By reducing regular spending by 1 percent in 2017, we could save over VND10 trillion. To do this, we need to streamline the State machinery in accordance with Resolution 39 by the Politburo,” Chinh said.

Chinh’s suggestion received great support from other members of the National Assembly who discussed a possibility of separating site clearance, compensation and resettlement from the Long Thanh airport project to make them an independent component.

According to a report by the government, 5,614 hectares of land needs to be cleared for the airport project, including 5,000 hectares for building the airport terminal and the remainder for resettlement areas. There will be 4,730 households receiving a total compensation of over VND23 trillion, including VND5 trillion from the State budget.

However, National Assembly deputy of Hanoi Tran Thi Phuong Hoa said land prices in Dong Nai Province have doubled recently. “What will happen if the National Assembly does not approve the feasibility study for the airport although the Dong Nai government has started clearing land? Solutions for site clearance and compensation of the Long Thanh airport project should, therefore, be discussed in the later sessions of the National Assembly,” she said.

Speaking about Tan Son Nhat International Airport, minister of Transport Truong Quang Nghia said it would be impossible to expand the airport to the north due to noise pollution, high site clearance cost and other problems. Therefore, the ministry has chosen the scheme to build an additional terminal capable of handling 10-15 million passengers to raise the total capacity of the airport to 40-43 million passengers per year. Construction of the new terminal is scheduled for completion in 2019. However, the airport would be overloaded again in 2022. “Therefore, the construction of Long Thanh airport is imperative and we need to speed up the project,” Nghia added.

Meanwhile, National Assembly delegate of HCM City Tran Anh Tuan said Tan Son Nhat International Airport should be given priority for expansion. National Assembly delegate of Binh Duong Province Nguyen Thanh Hong raised his concern over the sources of finance for the project of Long Thanh airport as well as the North-South Expressway (worth $14 billion) in the context of high public debt.


Japan helps Ha Nam develop manufacturing workforce

12/JUN/2017 INTELLASIA | VNA

Japan’s Kobe International Centre for Cooperation and Communication held a working session with authorities of northern Ha Nam province on June 9 to discuss a project on human resources development in manufacturing.

The 376,800 USD project is carried out from 2017 to 2020, under which the Ha Nam Vocational College will choose a contingent of qualified teachers and suitable curricula, hold seminars and survey Japanese firms in the locality. Japanese partners will help with outlining syllabi regarding 5s methodology while Vietnamese teachers will have chances to interact with Japanese enterprises via various events.

Speaking at the event, Chair of the provincial People’s Committee Nguyen Xuan Dong said the project will improve the capacity of Ha Nam Vocational College’s teachers and provide high-quality workforce for Japanese businesses in Ha Nam, contributing to poverty reduction and local economic growth.

He also pledged all possible support for the project.

**HCM City eyes new chemical trade centre**

The HCM City People’s Committee has instructed District 8 authorities to speed up land acquisition and compensation payment to enable the construction of an aromatic substances and chemical trading centre by the beginning of next year.

At a recent meeting to discuss the project, vice Chair of the municipal People’s Committee Tran Vinh Tuyen said 42 households need to receive satisfactory compensation before moving out.

Tuyen also instructed the Departments of Industry and Trade and Planning and Investment to begin the tender process this year.

The city authorities have to identify a new investor for the project after Tuan Chau Group, chosen as the investor, failed to go ahead with the work.

When the centre is up and running, Kim Bien Market in District 5, which specialises in trading chemicals, as well as other chemical trading facilities in the city will relocate to it.

This would help authorities easily control food hygiene and safety, Tuyen said.

Incentives will be offered to aromatics and chemical stores and business households to move into the new centre, he said.

In February the city announced the plan to build the 11-hectare centre in District 8’s Ward 7 for selling industrial and medical aromatics and chemicals besides organising research, consultancy, exhibitions and international cooperation.


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**Model of collaborative training in agriculture**

Vietnam National University of Agriculture trains 9,000 students annually but can’t keep up with market demand, so it has adopted a new training model to meet businesses’ needs.

To supplement its academic curriculum, Vietnam National University of Agriculture has expanded work-study programmes and collaborated with businesses to arrange internships.

Nguyen Thi Lam, a student of veterinary medicine, said “We have opportunities to meet employers before we graduate, so we can choose suitable training courses and seminars on work skills for our target profession.”

The CP Livestock Company of Vietnam and Vietnam National University of Agriculture have cooperated to train 500 veterinary and agronomy students. The students visit CP Company during a probationary period and the company recruits the students when they graduate.

Hoang Van Hung, who is in charge of recruitment at CP Company, said “We have cooperated with the University to offer the students practical opportunities. The University’s curriculum meets 80 percent of our needs. Our cooperation is expected to raise the rate in the future.”

A University survey shows that 70 percent of its students find a job within 6 months of graduation, 91 percent within one year.

Associate Professor Doctor Bui Tran Anh Dao, Head of the Training Management Department, said “the University will send students on probation to Japan, Israel, Australia, and the Republic of Korea. It has to adapt to market demands. We have revised our training programmes to meet businesses’ needs identified by market surveys”.

The Vietnam National University of Agriculture has 33,000 students pursuing 28 majors. It has cooperated with countries strong in hi-tech agriculture such as Israel, Japan, ROK, Germany, and Australia.


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**Foreign cruise ships to Thua Thien-Hue can keep casinos open**

The central province of Thua Thien-Hue has now become Vietnam’s second locality after its neighbouring Danang City to allow international cruise ships to keep their casinos and free-duty shops operational while at anchor there.
Local authorities consulted many agencies and reviewed relevant regulations to come to a decision that foreign-flagged cruise liners are given the go-ahead to dock with their onboard services legally provided, including casinos and free-duty shops, according to Le Huu Minh, deputy director of the provincial tourism department. Many shipping lines and travel firms said the ban appears to be within a decade-old practice without being written in any law. Therefore, no rules are found to force foreign ships to suspend certain services when they are in Vietnamese waters.

Minh stressed the policy is intended to lure more visitors to Thua Thien-Hue, thereby facilitating the local tourism to become its spearhead economic sector. Especially, sea and rail travellers are high on the province’s list of priorities. “We enjoy considerable advantages that many European and North American travellers come here to explore our ancient imperial capital and local cultures. Therefore, we are trying our hardest to develop new wharfs and services in order to attract more tourists,” he said.

The first wharf of the Chan May Port can now comfortably accommodate large cruise ships while its wharfs No.2 and 3 are under construction. Provincial authorities intend to call for more investors to build other wharfs so that Chan May will become an international tourism port providing connections to Halong, Vung Tau, Phu Quoc, Hong Kong, Singapore, and the Philippines.

Last year, foreign cruise ships transported around 79,000 tourists to the province. The figure is forecast to nearly double to 150,000 this year.

Meanwhile, the tourism department has called on 40 local travel firms and hotels to cooperate with the railway sector so as to offer tourists promotional packages. Notably, it has also come to an agreement with the railway sector to launch carriages on short routes from Hue to Quang Nam, Quang Binh, and Danang with the aim of serving domestic and international travellers as part of its Central Heritage Road Tour. The number of tourists to Thua Thien-Hue is forecast to reach five million in 2020, a rise of 1.7 million against 2016, with revenues estimated at VND6 trillion. The local tourism and services sector is expected to account for more than 35 percent of gross regional domestic product, according to the province’s action plan to turn the local tourism into a spearhead economic industry.

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for mobile communications modems, radio-frequency identification cards and readers, production management systems, and motorcycle black boxes.

The centre’s director Ngo Duc Hoang said recent technology transfers are under non-exclusive agreements, so the government does not lose the right to own these technologies. More importantly, these positive results help Vietnam become an integrated circuit producer, thereby promoting manpower training for the industry.

Meanwhile, the city’s vice chair Tran Vinh Tuyen hailed the centre’s determined efforts, noting that other technological products should be developed and commercialised as soon as possible.

http://english.thesaigontimes.vn/54415/Home-made-IC-tech-evaluated-at-VND290 billion.html

Sun Group unveils luxury resort complex in Ha Long

Developer Sun Group has officially unveiled its luxury resort complex in Quang Ninh Province -- Sun Premier Village Ha Long Bay, close to the recreation complex Sun World Halong Complex.

The developer expects that the project would stimulate tourism in the northern province.

Carrying the luxury resort brand name Sun Premier Village of Sun Group, Sun Premier Village Ha Long Bay with resort villas and shophouses is among the first beach-view resorts of international standards in the northern region with guaranteed profits by the developer.

A representative from the Australia’s Dark Horse Architect who participated in designing the project said that every villa included a secluded space in a tropical garden, blended with the fresh natural scenery, overlooking the spectacular Ha Long Bay. Each architectural feature is a perfect combination of simple style and elegance reflected through sophisticated colours. With a construction density of just 18.2 per cent, Sun Premier Village Ha Long Bay even surpasses the gold standard framework of a high-end international eco-resort. This is also the trend in resort architecture, depicting a classy and elegant lifestyle, which is gaining popularity among the upper class.

The shophouses will run along major streets in Ha Long towards the downtown, the prime location for shopping, offering immense investment opportunity.

According to Sun Realty, the developer would offer attractive sales benefits for resort villas and shophouses with a minimum guaranteed profit of 9 per cent for up to 15 years. Buyers would be provided with zero interest rate and a grace period of up to 24 months and discount of 8 per cent on the selling price.

In addition to these, buyers would be able to enjoy a timeshare policy of free stay for 15 nights each year, which could be exchanged within Sun Group’s hotels and resorts. For shophouses, buyers would be given zero interest rate on loan of up to 70 per cent of the price of the shophouse and a grace period of up to 12 months or discounts for early payments.


Jetstar Pacific leads in flight cancellations, delays

Low-cost carrier Jetstar Pacific has cancelled and delayed about 15.4 percent of 568 flights it operated in a week, according to the latest report released by the Civil Aviation Authority of Vietnam (CAA).

The CAA calculated the number of delays and cancelations in four Vietnamese carriers Vietnam Airlines, VietJet Air, Jetstar Pacific and Vasco from May 31 to June 6. Jetstar Pacific was closely followed by national flag carrier Vietnam Airlines which delayed 380 flights and cancelled ten others, or approximately 15 percent, out of a total of 2,605 weekly flights.

VietJet Air came third with 328 delays and four cancellations among 2,311 flights, or 14.4 percent.

Vasco had no cancellation and only one delay out of 249 flights.
Vietnam Airlines, Jetstar Pacific promote tourism in Japan

National flag carrier Vietnam Airlines and budget airline Jetstar Pacific, in conjunction Hanoi city, hosted a workshop in Saitama prefecture on June 6 to promote Vietnam’s tourism potential in the Japanese market.

During the event, the two carriers introduced tourism potential of Hanoi in particular and Vietnam in general, as well as direct flights between the two nations. Vietnam Airlines is the largest carrier operating direct flights between Vietnam and Japan with an average of 70 trips per week on 10 routes connecting Hanoi, HCM City and Da Nang with Haneda, Narita, Kansai (Osaka), Centrair (Nagoya) and Fukuoka. Since its first flight in 1994, Vietnam Airlines has served 10 million people, accounting for 65 percent of the market share.

Meanwhile, Jetstar Pacific announced to operate two direct routes linking Hanoi and Da Nang with Osaka, becoming Vietnam’s first low-cost airline to offer direct service to Japan. The first flight is schedule to begin in early September this year with four round-trips per week using 180-seater Airbus A320.

Both carriers are implementing a dual brand strategy to diversify products to meet customers’ demand and enhance their popularity in both domestic and foreign markets.

Vietnam’s FLC Group plans to lease seven planes from Airbus for new carrier

Vietnam property company, FLC Group, which aims to start a new airline that could take to the skies for the first time early next year, is working with Airbus to lease about seven aircraft by 2018, the company’s chair said on Saturday.

FLC’s board decided in May to set up the new airline, called Vietnam Bamboo Airlines. The new carrier will have a fleet of "about seven" aircraft by 2018, and its first flight could take place in early 2018, said Trinh Van Quyet, chair of FLC Group.

"By 2018, it will be about seven...and the number would be increasing in the year after. We are now working with Airbus," Quyet told Reuters in an interview on the sidelines of a company road show in Singapore, adding they would be on lease.

"That carrier will serve our resorts in nine provinces in Vietnam. We will connect with international flights and we will carry them to our resorts," he said.

Vietnam now has four airlines -- Vietnam Airlines, Vietjet Aviation, Jetstar Pacific Airlines and Vietnam Air Services Co.

FLC said in March it won provincial approval for a study to invest $2 billion in an entertainment complex in northern Quang Ninh province that could include resorts, hotels, a casino and golf course, among other services.

FLC plans to invest about $2.1 billion on the project, Quyet said. The provincial government has already suggested a location for the resort, which includes a casino, he added.

"We are working on the master plan now, and we are clearing the land," Quyet said, adding that it covered 1,700 hectares (4,200 acres).

FLC is part of a growing number of foreign and domestic investors betting on Vietnam’s decision to allow citizens entry to its casinos, a lucrative market locked for years in a nation of passionate, yet clandestine gamblers on cards and soccer.
From mid-March, Vietnamese have been allowed to gamble in approved casinos and under certain conditions in a three-year pilot project announced in January. The government will review whether to retain the policy after three years. There are fewer than 10 casinos in the country, all barred to Vietnamese. The change could make Vietnam an attractive destination for big gaming companies such as Las Vegas Sands, Genting Bhd, Nagacorp and Penn National Gaming, which have expressed interest. 


Star Telecom to build population management system for Laos

Star Telecom, a joint venture between the Laos-Asia telecom company and Vietnam’s military-run Viettel telecom group, has won a contract to build a population management system for the Lao government.

The company signed the contract with the Lao Ministry of Home Affairs in Vientiane on June 9.

The system will store digitised citizens’ data, including birth, death and marriage certificates, and immigration records, thus facilitating management work and cutting time and cost for administrative procedures.

Under the contract, in the first phase of the project between 2017 and 2018, Star Telecom will build the system for the provinces of Vientiane, Luang Prabang and Champasak. Estimated costs amount to about 700,000 USD in total.

In the second phase, the system will be expanded to 14 remaining provinces.

Speaking at the signing ceremony, Thongchan Sivilay, head of the Lao Ministry of Home Affairs’ household registration department, said the new system will boost quality of population management in Laos, particularly in calculating statistics on family registration to serve socio-economic planning.

Star Telecom director Cao Anh Son pledged to effectively carry out the project, making internet connection available to all units of the ministry and promptly handling all issues arisen during the installation of the new system.

Star Telecom now accounts for 50 percent of the mobile service market in Laos. 

http://en.vietnamplus.vn/star-telecom-to-build-population-management-system-for-laos/113061.vnp

Korea’s Taekwang to expand business scope

Company to move into industrial complex construction, power plants, and logistics, according to South Korean media report.

Taekwang Co., a first-generation South Korean company that successfully entered Vietnam with the contract manufacturing of Nike footwear, is expanding its business to include industrial complex construction, power plants, and logistics in the Southeast Asian country, South Korea’s Pulse News reports.

The company said it is building an industrial complex around a dyeing plant currently being constructed at the Moc Bai Border Gate Economic Zone in southern Tay Ninh province, nearby HCM City.

Park Yeon-cha, Chair of the Taekwang Group, said the company has a blueprint to build a power plant and launch logistics services after building the industrial complex. The complex covers 1.32 million sq m in total, including 1.08 million sq m for an industrial park and 240,000 sq m of commercial land.

It will also be equipped with an industrial water processing facility capable of treating 20,000 tonnes a day and a tap water system supplying 3,000 tonnes of water daily, together with high-speed internet. The company will begin public subscriptions for the complex from next month.

The Vietnamese government is said to be offering attractive tax breaks to tenants at the complex.

While Vietnam levies a 20 per cent corporate income tax, companies at the complex will be exempt from corporate taxes for four years. The rate will be 5 per cent for the
The company also plans to build a 2,400 MW thermal power plant in northern Nam Dinh province. The government will reportedly issue a license to Taekwang in the near future.

The company is also seeking to acquire Gemadept, the country’s largest logistics company. The acquisition could be a bridgehead for the South Korean company to build a comprehensive logistics network that covers neighbouring countries like Cambodia and Laos.

Taekwang entered Vietnam in 1994 with the establishment of shoemaker Taekwang Vina. The group has since developed factories and projects in the fertiliser, petrochemical, and thermal power industries.

Gemadept, meanwhile, is listed on the Ho Chi Minh Stock Exchange, with State ownership standing at 8.7 per cent and foreign ownership 21 per cent. Its share price increased strongly over the month before information emerged that it is likely to divest from subsidiaries in the logistics field and intends to purchase 15 per cent of Gemadept Tower.

In 2014, Gemadept sold 85 per cent of Gemadept Tower to South Korea’s CJ Group. At a price of VND41,900 ($1.85) per share, Gemadept’s market capitalisation stands at over VND7.518 trillion ($331.4 million).


Ford achieves 10.6 per cent market share

US auto maker Ford reported that its market share in Vietnam in the first five months of this year stood at 10.6 per cent after it sold nearly 12,000 units.

Pham Van Dung, managing director of Ford Vietnam, said the market share had jumped by 1.1 percentage points from last year.

Four out of Ford’s line-up of seven vehicles -- EcoSport, Ranger, Transit, and Explorer -- remain the top sellers in their segments, he said.

"We are seeing strong demand spread across our full line-up."

In May overall sales rose by 6 per cent year-on-year to 2,451 units.

Sales of the Ranger increased by 22 per cent year-on-year to 1,307 units. The Ranger’s year-to-date sales rose 4 per cent to 5,650.

Transit retained its leadership of the commercial van segment with sales of 543 vehicles. Its year-to-date sales totals 2,561.

EcoSport remained the best-selling compact SUV in May with sales of 250 vehicles, which helped push its year-to-date sales to 1,826.

The Everest mid-size SUV saw May sales of 94 units while year-to-date sales rose 133 per cent to 496.

The imported Explorer premium SUV delivered May sales of 109 vehicles.

http://bizhub.vn/wheels/ford-achieves-106-per-cent-market-share_286781.html

First container of Vietnam’s ngao oysters shipped to Italy

Lenger Seafoods Vietnam shipped its first container of ngao oyster grown in northern Nam Dinh province to Italy on June 10, ushering in a new opportunity for local breeders.

Nam Dinh is home to about 2,000 hectares of ngao oyster farming, mostly in Giao Thuy and Nghia Hung districts, that produce over 30,000 tonnes of oyster annually, said vice Chair of the provincial People’s Committee Nguyen Phung Hoan.

A majority of the locality’s ngao oysters have been consumed by local buyers while a small amount have been exported to China by petty traders.

After one year of construction, the Lenger Seafoods Vietnam, a member of Lenger Seafoods from the Netherlands, has become operational, setting the scene for the development of the seafood processing industry and ngao farming in the province.

The company has also helped establish a supply chain, from breeding, harvesting, to
transporting and processing, under strict requirements of Italy. Ngao oysters of Nam Dinh gaining access to the foreign market will bring many benefits to the province, Hoan noted, urging businesses and farmers involving in the supply chain to comply with the importer’s requirements.

According to Nguyen Ho Nguyen, director general of Lenger Seafoods Vietnam, the firm collects ngao oysters from farms certified to have clean and safe water environment. After harvested, the oysters will be processed in a closed hi-tech production line from cleaning to preservation to ensure the oysters to stay fresh when they reach to the end consumers in the EU market, he added.

Lenger Seafoods Vietnam is capable of producing up to 300 tonnes of ngao per day. It expects to soon export ngao to more markets, including the Netherlands, Spain, France, the Republic of Korea, Japan and the United States. It plans to send about ten more containers of ngao to the EU this June and develop a distribution channel in supermarkets and restaurants across the country.


Partnership formed to develop wind, solar power in Ninh Thuan

The Trung Nam Construction Investment Corporation (Trungnam Group) and the Trung Nam Wind Power Joint Stock Company signed contracts with partners on June 10 to carry out wind and solar power projects in the south central province of Ninh Thuan. Nguyen Tam Thinh, a representative of the Trung Nam Wind Power Joint Stock Company, said the wind power project will be carried out in coordination with the Trung Nam Construction & Engineering Corporation, the Power Engineering Consulting Joint Stock Company No. 4, the Duc Dung Design and Construction Consulting Joint Stock Company, the Lilama 45.3 Joint Stock Company, and the Green Cosmos Marketing Pte Ltd. Under the contract, the engineering, procurement and construction (EPC) package will be carried out in 20 months since the signing date. On the occasion, the Green Cosmos Marketing Pte Ltd also signed with Enercon group of Germany a contract on providing equipment to install 45 wind turbine towers at the Ninh Thuan plant. Besides, Trungnam Group and the Syntegra Solar International AG inked a contract on the solar power project consultation and management. At the signing ceremony, German Consul general of Germany in HCM City Andreas Siegel said Enercon and Syntegra Solar are two prestigious and major German groups specialising in wind and solar power equipment provision.

The cooperation between Trungnam Group and the two groups will not only bring about benefits in terms of clean energy development but also serve as a milestone in Vietnam-Germany economic partnership in the renewable energy industry. The construction of the Trung Nam wind power plant began in August 2016 with total investment of 3.96 trillion VND (174.5 million USD). The factory is set to have a capacity of 90–100 MW, generating 286 million kWh. Phase I of this project is scheduled to be completed in the third quarter of 2018 while phase II will finish in the second quarter of 2019. Trungnam Group is also conducting a feasibility study of a solar power project as part of the wind power project. The company said it may develop a 515MW solar power project in Ninh Thuan.


Vinmec Central Park International Hospital gets JCI accreditation

Vinmec Central Park International Hospital of Vingroup has become the fourth medical facility in Vietnam to receive the Joint Commission International (JCI) accredit-
tion with 9.84/10 points on June 9.

Passing its strict criteria in the first assessment, Vinmec Central Park has striven to meet 285 standards and 1,116 measurable elements to get the JCI accreditation, a global standard in health care, after only 15 months of operation.

"JCI accreditation would be the first step to help Vinmec Central Park become the leading medical facility of international standards in the region. With JCI accreditation, residents will have more opportunities to access high quality healthcare services right here in HCM City, instead of going abroad," said Prof Truong Ngoc Hai, director of Vinmec Central Park International Hospital.

Operational since December 2015, Vinmec Central Park has become one of the first choices of HCM City’s Vietnamese and foreigners in health care and treatment, especially in the treatment of complicated heart diseases.

Vinmec Central Park is one of the hospitals with best infrastructure and medical facilities in the Asia-Pacific region. JCI experts rated the hospital on meeting international standards in patient safety, infection intervention, and patient and their families’ rights protection.

Vinmec Central Park International Hospital of Vinmec Healthcare System was developed by Vingroup with a total investment of VND2,000 billion. The hospital has 16 medical specialities with skilled doctors, health workers, advanced medical facilities and professional operation processes.

Previously, Vinmec Times City International Hospital was the first medical facility in Vietnam to receive JCI accreditation in June 2015. With the new accreditation of Vinmec Central Park Hospital, Vinmec continues to be a professional health care system that meets international standards in Vietnam.


Intercontinental Danang celebrates 5th anniversary with multiple WTA accolades

InterContinental Danang Sun Peninsula Resort developed by Sun Group once again brought home prestigious awards from World Travel Awards.

The award ceremony, held at Grand Kempinski Hotel Shanghai, saw the participation of hundreds of senior key decision-makers from across Asia and Australasia. InterContinental Danang Sun Peninsula Resort has won the following accolades: Asia’s Leading Luxury Resort 2017, Vietnam’s Leading Resort 2017, Asia’s Leading Fine Dining Hotel Restaurant 2017: La Maison 1888 restaurant, and Asia’s Leading Luxury Hotel Villa 2017: Sun Peninsula Residence Villa.

This year, InterContinental Danang Sun Peninsula Resort surpassed leading contenders, including Angkor Miracle Resort and Spa (Cambodia), Conrad Koh Samui (Thailand), Gayas Island Resort (Malaysia), The Bulgari Resort Bali, The Grand Ho Tram Strip (Vietnam), and The Oberoi Vanyavilas (India), to retain its place as Asia’s Leading Luxury Resort in 2017, winning the title for the fourth consecutive year since 2014. In the race to earn Asia’s Leading Luxury Hotel Villa 2017 title, Sun Peninsula Residence Villa of InterContinental Danang Sun Peninsula Resort also successfully left behind strong contenders, such as Conrad Royal Oceanview Pool Villa at Conrad Koh Samui; Coral Bay Deluxe Villa of Mandarin Oriental, Sanya; Presidential Villa of The Mulia, Mulia Resort and Villas -- Nusa Dua, Bali; The Bulgari Villa of The Bulgari Resort Bali; The Presidential Beach Front Pool Villa of V Villas Hua Hin; and MGallery by Sofitel.

La Maison 1888 was named among the world’s ten most beautiful restaurants by newspapers NewYork Daily News and The Daily Meal. The restaurant then ranked one of the top 10 in the World’s Best New Restaurants 2016 by CNN. This year, the restaurant was named “Best Hotel/Resort Fine Dining Restaurant Worldwide 2016/17” by Hotel of The Year Awards in January. Now the restaurant was named Asia’s Leading Fine Dining Hotel Restaurant 2017 by World Travel Awards.

"To be recognised in this year’s awards is a result of the thoughtful and world-class service and great experiences we deliver to our guests everyday as well as the fantastic
vision of our owners who built the most impressive Resort in Asia,” said Juan Losada, general manager of InterContinental Danang Sun Peninsula Resort.

2017 marks the fifth year since InterContinental Danang Sun Peninsula officially started operation. Since 2012, the 200-room ocean view resort, surrounded by Son Tra Peninsula’s beautiful scenery, has received a host of prestigious awards. As of now, the resort designed by Bill Bensley, has received about 40 of the highest awards in the regional and global tourism industry.

The World Travel Awards was launched in 1993 to acknowledge excellence in the travel and tourism industry and is now in its 24th year. Heralded as the 'travel industry’s equivalent to the Oscar’s' by The Wall Street Journal, the awards are handed out based on votes by the public and travel professionals worldwide.


Vietnam’s street food popular items now being served at chain restaurants

Banh cuon (steamed rolled rice pancake), banh my (Vietnamese sandwich) and Mon Hue (Hue cuisine) are gaining even more popularity as they are being served at better restaurants.

From the first shop on Tran Huy Lieu street opened in October 2008, Banh Cuon Gia An has developed into a chain with 13 shops.

Mon Hue has developed more rapidly than Gia An thanks to methodical investment, from shop decoration to menu design. Just within a short time, the brand has become known throughout Hanoi and HCM City.

Huy Vietnam, which was established in 2007. Besides Mon Hue, Huy Vietnam also owns other Vietnamese food chains, namely Pho Ong Hung (Hung’s pho) and Com Express.

In the fast food sector, Hoang Minh Nhat, the Master Chef 2014 winner, has developed a banh my brand which has conquered the hearts of Vietnamese and foreign customers.

Quan An Ngon and Quan Ngon with their shop networks in Hanoi and HCM City have also been well known to customers.

The owners of the brands have franchised the brand in Laos and Cambodia to bring Vietnamese food to Viet Kieu (overseas Vietnamese) in the neighbouring countries. Vietnamese food chains are smaller than foreign owned chains, but they have great potential to develop. In April 2015, Huy Vietnam successfully called for series C capital worth $15 million.

Minh Nhat, with her banh my chain, targets young middle-class income earners who now have the habit of eating out. Nhat said Vietnamese sandwiches are known because of its crispy crust and special taste.

However, analysts warned it is not easy to build up food chains bearing Vietnamese brands.

Nguyen Thanh Tung, the owner of a food chain in Hanoi, has shut down one shop downtown, citing the high rent.

Pho 24, after a period of development, has been transferred to a foreign investor. Once owning a large network with shops not only in Vietnam but also in overseas, it has gradually left the market.

An analyst commented that the retail rent is not related to the business performance of the shops. The rent tends to increase because of the growing tendency of opening food shops.

He said that the success of food shops depends on financial capability, corporate governance and marketing strategies. Vietnamese businesses are still weak in these areas.


Vietnam talks boost to tourism fund

The country inevitably must launch a fund to support sustainable Vietnamese tourism
growth, Vu The Binh, vice president of Vietnam Tourism Association said. Binh and other tourism agencies' representatives joined the discussion yesterday on a draft of the revised tourism law.

According to Binh, the revised law is based on the basic content of Tourism Law 2005 and has updated regulations relevant to current affairs and targets to develop Vietnamese tourism into a spearhead economic sector.

The Vietnamese tourism sector in the first five months of this year has witnessed strong growth, with more than 5.2 million international tourists visiting Vietnamese shores, a surge of nearly 30 per cent compared to the same period last year.

"We can reach the 30 per cent growth, even 50 per cent if we have strong resources," Binh said.

However, he said that the Vietnamese tourism sector has yet to gather strong resources and needs a fresh "bounding force", which he suggests will come in the form of a tourism development support fund.

Nguyen Hong Hai, president of the capital city’s tourism club, said that sources of the fund-- from the State, voluntary donors and other legal sources--must be clarified.

A representative of Vietnam Society of Travel Agents (VISTA) highlighted that the fund establishment is necessary to boost Vietnamese tourism promotion around the world. In Vietnam, budget for tourism promotion activities remains only $2 million on average, equivalent to only 2.9 per cent of Thailand’s, 2.5 per cent of Singapore’s and 1.9 per cent of Malaysia’s.

He suggested learning from other countries’ experience in calling for investment.

Pham Manh Cuong, VISTA deputy general secretary, recommended funding the proposal with an accommodation tax paid by tourists staying overnight.

Accommodation ranking on debate

Controversy broke out among participants on whether accommodation rankings should be made mandatory.

Dinh Manh Thang, president of Tourism Association of central Thua Thien-Hue Province, said that a ranking system should not be made compulsory, as tourists determine the accommodation quality, not the State or accommodation owners.

Many participants agreed that holiday visitors are lured by high-quality accommodation at reasonable prices, not by star rankings.

However, others argued that accommodation rankings are necessary to protect rights of tourists and avoid cheating.

At the discussion, the participants also agreed on compulsory licences of three types of tours: domestic, inbound and outbound.


HCM City unable to coax rural workers to train

HCM City is struggling to persuade rural residents to undergo vocational training but also to provide jobs to those that do train.

Though most rural workers have irregular jobs with low incomes, they refuse to attend vocation training courses or switch to other work, according to Chu Thi Hong Nhung, deputy chairwoman of Tan Thoi Nhi Commune in the outlying Hoc Mon District.

Her commune offers training in various vocations such as hairdressing, car driving and baby-sitting but very few people attend the courses.

Vo Le Phi Vu, deputy chair of Binh Chanh Commune in Binh Chanh District, said "rural workers are happy with low-paying jobs as long as they can make ends meet."

"Many of them earn just enough for subsistence," he said.

But he pointed out that as their families' breadwinners they were afraid of quitting their current jobs to take up vocational training.

"Though trainees get tuition and travel subsidies, they cannot earn enough to support their families," he said.

This year the commune had been assigned a target of providing vocational training for 281 workers, but only 33 rural people turned up, he said.

"Ten of them are taking agriculture-related courses, and the rest are learning IT, driv-
ing and automotive maintenance and repair,” he said.
Nguyen Thi Liem, head of the Binh Chanh District Labour, Invalids and Social Affairs Office, said young people were not interested in agricultural courses, leading to a shortage of young workers in the sector.
Most rural people farming vegetables, orchids and ornamental fish in the district are old, while young ones work in the Le Minh Xuan and Vinh Loc industrial parks and Pouyen company, she said.
A plan announced by the city People’s Committee envisages training around 13,000 rural people in the 2017-20 period.
At least 80 per cent of them are expected to get new jobs or continue in their old ones with better salaries after completing training.
The plan is being implemented in 12 districts -- Hoc Mon, Cu Chi, Nha Be, Binh Chanh, Can Gio, Binh Thanh, Go Vap, Thu Duc, Binh Tan, 8, 9, and 12.
In the first five months of this year a total of 3,008 rural people were trained.
On-demand vocational training
Short-term training courses fail to equip trainees with the skills enterprises require, according to Liem.
Vocational training centres do not keep pace with the progress made in equipment and production technologies by industry.
Pham Cong Tan, head of the Hoc Mon District Labour, Invalids and Social Affairs Office, said nearly 100 rural people will be trained in baby-sitting to meet the demand from more than 1,000 nurseries in the district.
Last year 55 attended training and got jobs at private nursery schools, he said.
Depending on the demand from enterprises, around 670 people would be trained this year to work in the textile and garment sector, he said.
Nguyen Van Lam, deputy director of the city Department of Labour, Invalids and Social Affairs, said local authorities should provide training that meets the needs of enterprises and the labour market.
Authorities in communes should learn about the labour needs of companies and offer training and introduce workers to the labour market, he said.
His department would recommend that city authorities should provide more financial support to families of trainees to encourage more rural residents to take up vocational training to get better jobs, he said.

Counterfeit tourism brands harm legitimate travel firms
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Tourism companies with fake names of well-known travel companies are causing misunderstandings among customers.
Nguyen Van My, chair of Lua Viet Tour, said that it was easy to counterfeit products in the tourism sector.
My said a client booked a tour to the central region via Lua Viet branch in Nam Dinh province but Lua Viet does not have any branch in Nam Dinh and the firm had not organised tours to the central region at that time.
Later, he found out that there was a travel firm with a name similar to his company’s name Hanh Trinh Lua Viet with the headquarters in Nam Dinh.
“We were very frustrated because the brand name ‘Lua Viet’ which we have been building over many years was copied. But when we complained about this, Hanh Trinh Lua Viet showed us a license for operation granted by the Nam Dinh Planning & Investment Department,” he said.
Meanwhile, Tran Bao Thu, marketing director of Fiditour, complained that the company’s website in design and content is often copied, from tour design to customer care programmes.
According to Thu, the copycats are mostly small tourism companies which don’t have strong brands in the market.
“Fiditour worked with counterfeiting tourism companies, but the problem still cannot be solved,” she said. “The current regulations and the policy to protect businesses are
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Tran Van Long, CEO of Du Lich Viet, said that when searching on Google and typing the names ‘Saigontourist’, ‘Vietravel’ and ‘Du Lich Viet’, the website showed links to little known small tourism firms at the top of the page. "Authentic firms, in order to fight the ‘dirty’ firms, have to spend money to buy advertisements," he said.

Pham Trung Luong, former deputy head of the Research Institute for Tourism Development, said the counterfeiting in the tourism sector has existed for a long time. However, state management agencies have not taken any actions to stop the problem. As a result, authentic firms have to live together with ‘dirty’ firms.

Lawyer Nguyen Van Hau commented that ‘dirty’ travel firms can have illicit business because of legal loopholes. The Enterprise Law and Decree No 43 stipulate that two travel firms are considered as having the same name only if all the components of the names are exactly the same. As a result, newly set up businesses just add one or two words to be able to get business certificates.

Vietnam Festival 2017 opens in Tokyo

The 10th Vietnam Festival opens in Tokyo, Japan, on June 10, the Vietnam News Agency reports. Thousands of Vietnamese and Japanese visitors flocked to the opening ceremony of the two-day event which houses more than 120 pavilions, including food stalls. Visitors could taste Vietnamese traditional dishes, buy handicraft products, and join an exhibition affirming Vietnam’s sovereignty over Hoang Sa (Paracel) and Truong Sa (Spratly) archipelagos.

Vietnamese Ambassador to Japan Nguyen Quoc Cuong said he hopes the festival will contribute to strengthening the extensive strategic partnership between the two countries.

President of New Komeito Party Yamaguchi Natsuo took the occasion to highlight that the relations between Vietnam and Japan are growing in various fields such as politics, economics and culture.

The Vietnam Festival was first held in 2008 as part of the activities to celebrate the 35th founding anniversary of Vietnam-Japan diplomatic ties. There are around 200,000 Vietnamese living in Japan, mostly students and trainees.

Italian businesses invited to VN’s largest food expo

Vietnam Food Expo 2017, the largest show of the country’s food industry, was introduced to businesses and entrepreneurs in Rome on Thursday. The event was organised by the Vietnamese Embassy in Italy and Lazio region’s trade promotion agency Lazio Innova at the agency headquarters in Rome.

Speaking at the event, Bui Vuong Anh, trade counsellor at the Vietnamese Embassy in Italy, said the fair, which is slated to run in HCM City from November 15 to 18, is a national-level trade promotion activity that specialises in the agro-fishery and food processing sectors.

Ilaria Turatti, head of Turatti Pacific Co. Ltd, a food processing company that operates in Vietnam, shared her experience of investing in the Southeast Asian country. Businesses that attended the event expressed interest in the Vietnamese market, which they consider a gateway to the Asia-Pacific region.

Last year, Italy, as the Country of Honour at Vietnam Food Expo 2016, had 40 stalls that showcased local specialties and food processing machinery.

In an interview with the Vietnam News Agency, Vng Anh said Vietnamese firms and
Vietnam to attend agricultural technology expo in India

Vietnamese businesses will have their first look at new global agricultural technologies and equipment at the EIMA Agrimach India expo to be held at the Indian Agricultural Research Institute in New Delhi in December.

The 2017 EIMA Agrimach India, the 5th International Exhibition & Conference on Agricultural Machineries, Equipment and Technologies, seeks to showcase the best and latest in agri-machineries besides providing an excellent opportunity for Indian and overseas players catering to the entire value chain through vertical-based national and international pavilions, according to the organisers.

Marco Acerbi, exhibitions department director of the Italian Agricultural Machinery Manufacturers Federation (FEDERUNACOMA) one of the organisers said the machinery displayed at the show could be adapted for both the Indian and Vietnamese markets.

Jasmeet Singh, head of agriculture at the Federation of Indian Chamber of Commerce and Industry (FICCI), said India too, like Vietnam, faced the challenge of small land holdings.

"We have huge lands but cultivable lands for farming are fragmented." He added FICCI was working with FEDERUNACOMA to launch all kinds of farm machinery in India and would like to do the same in Vietnam.


Cave Festival to kick off in Quang Binh

Festival to take place in "kingdom of caves" from June 16 to 25.

Cave Festival 2017 will take place in the kingdom of caves central Quang Binh province on June 16-25.

Held biennially, the festival aims at promoting the magnificent beauty and cultural identity of the province.

The highlight of the event will be the launch of new tours and accommodation services in Quang Binh, including a tour exploring Yen Phu Lake, Hoa Son Cave, and Ruc Mon Cave, a tour exploring the culture of the Arem and Ma Coong ethnic minority groups, and a tour of the provincial capital, Dong Hoi, by electric bus, among others.

Various activities will take place in Dong Hoi during the festival.

A special arts programme entitled "The Kingdom of the Caves: Great and Legendary", with the participation of many famous artists, will be held at the opening ceremony on the evening of June 17 in Bao Ninh Square, Dong Hoi.

A 50-km triathlon (cycling-running-swimming) involving 50 athletes in combination with charitable activities are expected to provide a range of experiences for tourists.

From June 11-22, parades, a sailing competition, kayaking and other water sports will take place along the beach and on the Nhat Le River.

A cultural and tourism exchange between Quang Binh and northern Hai Phong city, meanwhile, will provide an opportunity for visitors to enjoy water puppetry and Le Thuy folk songs, a national intangible cultural heritage.

Street art programmes will also be held in several locations in Dong Hoi with the participation of domestic and international street art groups. An EDM Beach Party has also been organised, to create a lively atmosphere.

According to the director of the Quang Binh Department of Tourism, Ho An Phong, the province will launch a special tourism stimulus programme to mark the occasion, with discounts of 10 to 20 per cent on all tourism services for visitors to Quang Binh.
during the festival.

From June 1, Vietnam Airlines, Vietjet Air, and Vasco Airlines will jointly offer daily flights between Hanoi and Dong Hoi to meet increased demand among passengers, according to the provincial people’s committee.

Quang Binh’s tourism sector faced many difficulties and challenges last year due to environmental incidents but recovered in the opening months of this year. It welcomed more than 81,000 visitors in May, up 111 per cent year-on-year. Popular attractions include Dong Hoi city, Vung Chua Yen Island, Phong Nha Ke Bang Cave, Chay River Dark Cave, and Thien Duong Cave, among others.


Vietjet to host series of activities at international travel show in RoK

Low-cost carrier Vietjet will host many interesting activities at the Hanatour International Travel Show 2017 in the Republic of Korea (RoK) from June 9 to June 11 at the Korea International Exhibition Centre (KINTEX).

A lucky draw will offer a chance to own flight tickets priced from only 0 USD, or discount codes of 20 percent and 10 percent, which can be used to book any flight between Vietnam and the RoK, including HCM City/ Hanoi/ Hai Phong/ Da Nang to Seoul and Hanoi to Busan.

Visitors also can take part in the exciting “Fast & Fun” game while enjoy amazing flashmob performance and take pictures with beautiful, friendly crews; live stream on Facebook at Vietjet’s photo booth or hash tag #Vietjet to receive many gifts.

This is the second year Vietjet has participated in the event and earned huge attention of fair visitors by the youthful, dynamic appearance.

Hanatour International Tourist Fair is the largest annual trade fair in Korea. The 11th Hanatour International Travel Fair in 2017 has 1,000 booths with the participation of a large number of travel companies, hotels, airlines, tourism service enterprises... from many continents around the world.

Vietjet is currently operating five flights from Hanoi, HCM City, Hai Phong, Da Nang to the RoK.

A member of the International Air Transport Association (IATA) with the IATA Operational Safety Audit (IOSA) certificate, Vietjet was named as one of the Top 500 Brands in Asia 2016 by global marketing research company Nielsen and “Best Asian Low Cost Carrier” at the TTG Travel Awards 2015. The airline was also rated as one of the top three fastest growing airline brands on Facebook in the world by Socialbakers.

Currently, the airline boasts a fleet of 45 aircraft, including A320s and A321s, and operates 350 flights each day. It has already opened 63 routes in Vietnam and across the region to international destinations such as Thailand, Singapore, the RoK, Taiwan, Malaysia, China, Myanmar and Cambodia. It has carried nearly 35 million passengers to date.


End