

**HD MPI earns praise for liberal laws**

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Minister of Planning and Investment (MPI) Bui Quang Vinh won much praise from National Assembly (NA) deputies for the transparent and liberal policies proposed in the draft amendments to the Investment and Enterprise laws.

After one year of review, the ministry has decided to keep 272 conditional business sectors and remove 114 others, Vinh told a session discussing the revised Investment Law and Enterprise Law, which will be passed at the ongoing NA sitting. He said that the revised Enterprise Law will no longer have provisions on prohibited business sectors and conditional business sectors. Provisions for these sectors will remain in the revised Investment Law, but the ministry has proposed only six prohibited business sectors and 272 conditional business sectors in the revised law.

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The content of the business sector that enterprises register is also removed from the business registration certificate, meaning enterprises are not confined to the registered business sectors. Vinh said this revision is in line with the spirit that enterprises are allowed to do all what is not banned by law.

Another highlight of the revised laws is the transparent investment protection policy. The interest of enterprises from all sectors will be protected in case of policy change. "Any policy change must put enterprises on the gain side," Vinh said.

Economic stability lifts Vietnam ratings

The credit ratings agency Fitch Ratings has upgraded Vietnam's credit rating, citing an improvement in macro-economic stability and a stronger external balance.

The agency has upgraded Vietnam's long-term foreign and local currency issuer default ratings (IDRs) to BB- from **B+**. The issue ratings on Vietnam's senior unsecured foreign and local currency **bonds** have also been lifted to BB- from **B+** and the country ceiling to BB- from **B+**.

The revision of the outlook on Vietnam's IDRs was based on improvements in macro-economic stability. Fitch said Vietnam's economy has been stable and its gross domestic product (GDP) has remained relatively strong at a three-year average of 5.6% against a BB range median of 3.7%. The macro-economic stabilization has contributed to a sharp turnaround in the current account from a deficit of 3.7% in 2010 to a projected surplus of 4.1% in 2014. Meanwhile, foreign direct investment (FDI) inflows, which accounted for 4.5% of the nation's GDP in 2011-2013, have helped to balance payment surpluses and foreign reserves accumulation.

According to the Ministry of Finance, the rating upgrade of Fitch as well as of Moody's, which has raised Vietnam's sovereign credit rating to B2 from B1, has a positive impact on Vietnam's international bond **sale**. The ministry last week successfully **sold** out US\$1 **billion** worth of government **bonds** on the international capital market. The Nov. 6 sovereign bond **sale** in San Francisco attracted 437 international investors who bid for a total of US\$10.6 **billion** worth of debt paper, 10 times over the amount put up for **sale**. The success has encouraged the ministry to weigh an additional international bond issue to raise more funds for restructuring public debt.

Lawmakers approve 2015 budget, socio-economic targets

The National Assembly (NA) has approved a resolution on the socio-economic targets and budget estimates for 2015.

The resolution sets gross domestic product (GDP) growth for 2015 at 6.2%, inflation 5%, export growth 10%, investment 32% of GDP, poverty reduction 2% and employment 1.6 **million** jobs.

The total revenue for the State budget is estimated at VND921.1 trillion (around US\$34 **billion**) including VND10 trillion as revenue carried over from this year. Meanwhile, the total expenditures are projected at VND1,147 trillion (about US\$54 **billion**). The overspending rate is equivalent to 5% of GDP, or VND226 trillion (over US\$10 **billion**), higher than the rate of 4.8% this year. As crude **oil** is a major source of revenue for the State budget, the estimates were approved on the basis of the projected crude **oil** price at US\$100 per barrel next year.

Phung Quoc Hien, chairman of the NA Finance-Budget Committee, noted that this can be seen as a positive balance given the world's falling crude **oil** prices since late September. Global financial institutions also forecast crude **oil** prices will range from US\$85 to US\$90 a barrel next year, which is likely to affect the State budget collection. Crude **oil** currently contributes 10% to the total State budget revenue.

The resolution also allows an increase of 8% in pensions, allowances and wages for retirees, policy people and low-income civil servants from January 1, 2015.

It stresses that the Government must improve the efficiency of public investments and effectively implement fiscal policy to avoid waste and losses. Every effort must be made to ensure public debt is within the safety limit of less than 65% of GDP. The handling of bad debt in the banking system must be accelerated so as to reduce the bad debt ratio to less than 3% by end-2015.

This week, deputies will cast votes of confidence for 50 key Government posts and debate some bills. The agenda next week sets aside three days for question-and-answer sessions where four ministers will be grilled over issues of great public interest. The four are the Minister of Industry and Trade, the Minister of Home Affairs, the Minister of Transport and the Minister of Labor, Invalids and Social Affairs. Prime Minister Nguyen Tan Dung will also take the podium to explain some general issues and answer queries of NA deputies.

VN becoming America's leading ASEAN exporter

The American Chamber of Commerce (AmCham) in Vietnam has forecast that Vietnam's exports to the United States would climb to US\$29.4 **billion** this year, up around US\$1.3 **billion** from its July forecast and nearly 36 times from US\$800 **million** in 2000.

If the latest forecast comes true, Vietnam's share of ASEAN's exports to the states would increase to 22% this year versus 16.5% in 2013 and 1% in 2000, surpassing Malaysia, Indonesia and Thailand to become the leading ASEAN exporter to the U.S. for the first time. AmCham has also forecast that this growing export trend will continue in the coming years and send Vietnam's exports to the U.S. to US\$57 **billion** in 2020, accounting for 34.1% of ASEAN's exports to the states and leaving regional rivals far behind.

According to experts, Vietnam's participation in the Trans-Pacific Partnership Agreement is expected to bring about big opportunities for boosting the country's exports to the states.

Figures from the Ministry of Industry and Trade show that Vietnam's exports to the U.S. amounted to nearly US\$23.7 **billion** in the first 10 months of this year, up 21.8% over the same period last year. The strong growth was credited to rising exports of apparel, footwear, computer and equipment, wood products and seafood.

Trade deficit may return next year

The Ministry of Industry and Trade has forecast that Vietnam could face a trade deficit of US\$6 **billion** or higher next year, three years after the country has enjoyed a trade surplus.

Deputy Minister of Industry and Trade Do Thang Hai said at a press briefing last week that the trade surplus in the past years has mostly been contributed by foreign direct investment (FDI) firms while domestic enterprises have always run a trade deficit. However, things are changing as FDI enterprises' export growth has declined year by year, from 31% in 2012 to 22% last year and 12% this year. "Exports of FDI firms have peaked. Moreover, they target profits rather than higher year-on-year export growth," Hai said.

Next year, Vietnam may attract more investors as a result of some free trade agreements (FTAs) the country is about to sign. The increase in foreign investments will **lead** to more equipment imports. Imports of products from FTA partners are also forecast to rise.

Hai said given those reasons, the ministry expected Vietnam's exports next year would rise 10% year-on-year to US\$163 **billion** but imports would grow higher, resulting in a trade deficit of US\$6-8 **billion** or 5% of export turnover. For this year, the ministry estimated that Vietnam will gain a trade surplus of US\$1.5 **billion**.

Figures from the General Statistics Office show that Vietnam enjoyed a trade surplus of US\$400 **million** in October, bringing the surplus in the first 10 months to US\$1.87 **billion**. Exports in Jan-Oct. are estimated at over US\$123 **billion**, and imports US\$121.2 **billion**. The foreign investment sector gained a trade surplus of US\$13.8 **billion**.

New Samsung handset plant license out soon

The Government has completed procedures for awarding a license for Samsung Electronics Vietnam's new smartphone project in the northern province of Thai Nguyen.

A source from the Ministry of Planning and Investment said the **company** would invest US\$3 **billion** in the second facility to turn out its brand-new smartphones. The forthcoming facility will be located next to a US\$2-**billion** smartphone plant which Samsung Electronics Vietnam opened in March this year.

Samsung has continuously expanded its **operations** in Vietnam. In July, the Korean electronics giant received an investment certificate for Samsung Display, a US\$1-**billion** project to research and develop high-resolution screens in the northern province of Bac Ninh. It has recently been awarded a license for a US\$1.4-**billion** hi-tech consumer electronics plant in HCMC.

The latest investment move would bring Samsung's total capital pledges in Vietnam to around US\$11 **billion**, making it the single biggest foreign investor in the country.

Last year, Samsung Electronics Vietnam facilities in Bac Ninh and Thai Nguyen obtained US\$24 **billion** from exports, accounting for 18% of Vietnam's total.

City aims at garment design hub

HCMC is aiming to become a center for fashion design and garment material and accessory supply for the whole country.

With this orientation, which is mentioned in a master plan for developing the city's textile-garment industry to 2020 with a vision to 2030 announced by the Department of Industry and Trade, the city government has encouraged the relocation of apparel factories to neighboring localities to cope with the labor shortage here. After 2020, apparel factories will be relocated to industrial zones and other provinces with sufficient labor supply. Meanwhile, garment companies in the city should be solely responsible for design and export-import **operations**.

In the future, the suburban districts of Cu Chi, Hoc Mon, Nha Be and Thu Duc will only have small-scale apparel facilities to make products for tourists while textile-garment firms in the inner-city districts will focus on designing and introducing new products. Big textile markets like Tan Binh, Dai Quang Minh and Soai Kinh Lam will become wholesalers of textile-garment materials.

The total investment capital for developing the city's textile-garment industry by 2025 is estimated at VND33 trillion, with investments in the inner city's facilities accounting for VND8.75 trillion.

According to experts, human resources are the core for achieving the ambitious goal.

**Property** experts warn of market stagnation

Despite clear signs of recovery, realty experts have warned that the real **estate** market in HCMC may turn volatile again as many **property** developers are rushing for investment in new projects.

At a realty market review conference held by the HCMC Real **Estate** Association (HoREA) last week, experts said many realty enterprises are preparing to carry out new projects, especially in the high-end segment, to capitalize on the market recovery.

Do Thi Loan, vice chairwoman of HoREA, informed that there have been two big high-end **property** projects introduced in HCMC in recent months. Vingroup is developing Vinhomes Tan Cang in Binh Thanh District with over 10,000 apartments scheduled for completion between 2017 and 2018, and Masteri Thao Dien in District 2 will provide the market with more than 3,000 units.

Loan said that many other **property** companies are also rushing to develop new projects, which may **lead** to a huge supply in the coming years.

A **property** expert told the conference that if realty companies are not informed well of the market and are allowed to develop their projects while demand remains low, the **property** market would likely fall back into stagnation. He said that administering agencies should step in and provide them with transparent information about the real situation.

According to the real **estate company** CBRE, the **apartment** market in HCMC has picked up with more **apartment** sales recorded in the first three quarters of this year. Some 3,300 apartments were **sold** in the third quarter and 6,000 apartments found buyers in the first and second quarters.

A survey of Savills Vietnam shows that as many as 92 **apartment** projects with some 57,300 units may be completed between 2015 and 2017.

Investors sought for public restrooms

HCMC authorities are looking for investment to construct more than 100 high-quality public restrooms classified as "four- to five-star facilities" in 24 districts to serve locals and visitors for free.

Under a proposal submitted to the city's government by the Department of Transport, new public restrooms should be built at parks and coach stations in 24 districts. The investment should come from the private sector.

One ardent investor is Saigon

Thuong Tin **Commercial** Bank, or Saccombank, which has financed over 10 high-quality public restrooms in the city center. The restrooms, with an area of 60 sq **m**, cost VND800 **million** to VND1 **billion** each. Saccombank also pays for electricity, water and cleaning fees in the facilities. In return, the bank is allowed to put its automated teller machines (ATMs) at these locations. No advertisement but banners for information approved by the city's government will be allowed at these sites.

The HCMC Department of Transport estimated the city needs about 1,000 public restrooms including hundreds in the center for tourists and locals.

President attends APEC Summit

President Truong Tan Sang (1st, R) in a **group** photo with other leaders at the 22nd Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in Beijing Nov. 11. At the week-long meeting themed "Shaping the Future through Asia-Pacific Partnership," Sang called for Asia Pacific business leaders to grasp big opportunities which will be brought by the ASEAN Economic Community (AEC) and free trade agreements (FTAs). Vietnam will host the APEC meeting in 2017.

VIFA Home 2014 held in town

The Vietnam Furniture and Home Furnishing 2014 (VIFA Home 2014) was held at Tan Binh International Exhibition and Convention Center in Tan Binh Dist., HCMC, from November 6 to 9 by the Handicraft and Wood Industry Association of HCMC (HAWA). The four-day event attracted the participation of 115 companies showcasing their products at 474 booths. Of the participants, wood processing companies accounted for 68%; the remainder was those specializing in furniture, handicrafts and supporting industries. Up to 62% of exhibitors were based in HCMC. There were two foreign companies coming from Malaysia and Croatia. (Photo: Manh Tung)

New technologies at VietnamPlas 2014

The 14th Vietnam International Plastic and Rubber Industry Exhibition 2014 (VietnamPlas 2014) was held at Saigon Exhibition and Convention Center in Dist. 7, HCMC, from November 5 to 8. Jointly organized by the Vietnam Plastic Association, Vietnam Rubber Association, Vinexad, Chan Chao International Co., Yorkers Trade and Marketing Service Co. and Guangzhou MASS Exhibition Co., the four-day event attracted some 220 exhibitors from Australia, **China**, India, Japan, South Korea, Malaysia, Saudi Arabia, Taiwan, Thailand and Vietnam displaying their products, machinery, equipment, technologies and services in the plastic and rubber industries at over 350 pavilions. (Photo: Ngoc Hung)

VGAC holds Australian Alumni Awards

The Vietnamese Graduates from Australia Club (VGAC) hosted the 2014 Australian Alumni Awards ceremony, which was supported by the Australian Government, on November 8 in HCMC. The ceremony was aimed to honor outstanding alumni of Australian universities and colleges who have made major contributions to Vietnam in such fields as education, arts and culture, innovation and research, business and sustainable social development. Ho Tran Da Thao (photo), a Douglas Mawson Institute of Technology alumnus, received the Australian Alumni Award for Media, Culture and Arts.

(Photo: Courtesy of VGAC)

#### Jet Airways launches Vietnam-India service

Jet Airways has extended its service to HCMC from Bangkok to offer air connections between Vietnam and its hubs in Delhi and Mumbai in India. The new service was launched after the signing of a memorandum of understanding between Jet Airways and Vietnam Airlines in mid-September this year. As scheduled, Jet Airways' Flight 9W063 takes off at Tan Son Nhat International Airport at 6:15 p.m. and arrives in Delhi at 11:59 p.m. (local time); and Flight 9W064 departs from Indira Gandhi International Airport at 8:55 a.m. and lands at Tan Son Nhat Airport at 5:15 p.m. (Photo: Courtesy of Jet Airways)

#### Honda Vietnam inaugurates third factory

On November 10, the third motorcycle factory of Honda Vietnam was officially opened in Dong Van II Industrial Park in Ha Nam Province. Covering some 270,000 square meters, the new US\$120-million factory has an annual designed capacity of 500,000 motorcycles. It has seven workshops for assembling engines and finished motorcycles, molding, soldering and painting. In the first phase, the factory will have some 1,300 workers to manufacture 1,000 units, mostly scooters, per day. The launch of this facility helps raise Honda Vietnam's annual production capacity to 2.5 million units. (Photo: Courtesy of Honda Vietnam)

#### KinderWorld sponsors charity run

Last weekend, the charity event "Run for the Hearts 2014" was held at Celadon City in Tan Phu Dist., HCMC, attracting more than 5,000 participants. This is the second year that KinderWorld Education Group has sponsored this charity event, aiming to raise funds for poor children's heart operations, sow the seed of love in students and increase public awareness of a healthy life and friendly environment. Operating in Vietnam since 2000, KinderWorld now has 14 campuses nationwide under two brand names of Singapore International School (SIS) and KinderWorld International Kindergarten (KIK). (Photo: Courtesy of KinderWorld Education Group)

#### Prudential Vietnam receives labor medal on 15th anniversary

On November 11, Prudential Vietnam held a function in Hanoi to mark its 15 years of operation in Vietnam and receive the second-class Labor Order granted by the State President for its achievements in developing the insurance industry and community activities from 2009 to 2013. Via Prudence Fund under Prudential plc (the U.K.), from 2011 to September 2014, Prudential organized 2,800 social programs worth nearly VND80 billion, which attracted over 1.8 million participants and gave support to 152,000 beneficiaries.

(Photo: Courtesy of Prudential Vietnam)

#### Fuel prices down further

The latest round of cuts last Friday has sent fuel retail prices sliding to three-year lows. The ninth downward adjustment in the year to date following lower global oil prices have sent prices of gasoline down by VND950, diesel oil by VND520 and kerosene by VND360 a liter. The respective retail prices of RON92 gasoline, diesel and kerosene are now VND21,390, VND19,240 and VND19,700 a liter. The ministries of Finance and Trade and Industry have urged transport firms to lower charges in line with the fuel price fall.

#### Big fund investment

U.S. investment group Global Emerging Markets (GEM) has clinched a deal to purchase VND1.7 trillion (US\$80 million) worth of shares of Hoang Anh Gia Lai (HAGL) Group in the next three months. GEM plans to pour US\$200 million in Vietnam. The investment deal in HAGL, the biggest part of the investment pledge, was arranged by the U.S.'s Asia Global Capital Group and local investment firm Bamboo Capital Group, who were also the consultants for an investment deal between GEM and another local group Duc Long Gia Lai (DLG).

#### Bribing investigation

Minister of Health Nguyen Thi Kim Tien has asked the Ministry of Public Security to launch an investigation following the information that U.S.-based hospital diagnostic manufacturer Bio-Rad Laboratories, Inc. had bribed Vietnamese health officials. The media reported that Bio-Rad was accused of giving bribes to win equipment sale deals in Vietnam, Thailand and Russia. According to investigation results of the U.S. Securities and Exchange Commission, Bio-Rad spent some US\$7.5 million bribing officials in the three countries between 2005 and 2010 and thus illicitly earned around US\$35.1 million.

Vinalines' debt **sale**

Vietcombank has become the first credit institution in Vietnam to sell a US\$19-**million** debt of Vietnam National Shipping Lines, or Vinalines, to Vietnam Debt and Asset Trading Corporation. The debt trader did not disclose the discounted value of the loan but said it is less than 50% of the original value and all the unpaid interest is written off. Vietcombank is one of the 22 domestic and international lenders which had given loans worth over VND11.4 trillion to Vinalines as of the end of 2013. Some foreign banks, aware of Vinalines' insolvency in the near future, have agreed to cut 70% of the loan value and write off the interest.

Anti-dumping probe

India has decided to launch an anti-dumping investigation into melamine tableware and kitchenware imports from Vietnam, **China** and Thailand. According to the Vietnam Competition Authority (VCA), the Indian Directorate General of Anti-Dumping and Allied Duties has initiated the probe, the sixth anti-dumping case against Vietnamese products in India. Petitioner Hamilton Housewares Pvt. Ltd. claimed that melamine tableware and kitchenware imported from Vietnam, **China** and Thailand at less than fair value from April 2013 to March 2014 have caused injury to Indian firms.

Power plant investment

The Dung Quat Economic Zone Authority has unveiled a location for Dung Quat thermal power plant invested by Singapore's Sembcorp Utilities Pte. Ltd. The 1,200-MW thermal power project will cover around 134 hectares in Quang Ngai Province's Binh Son District and be implemented under the build-operate-transfer (BOT) mode with an investment of US\$2.5 **billion**. The first generator is scheduled for **commercial** operation in September 2020 and the whole plant will come online in March 2021.

**RE** vietn : Vietnam | austr : Australia | thail : Thailand | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | indochz : Indo-China | seasiaz : Southeast Asia

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