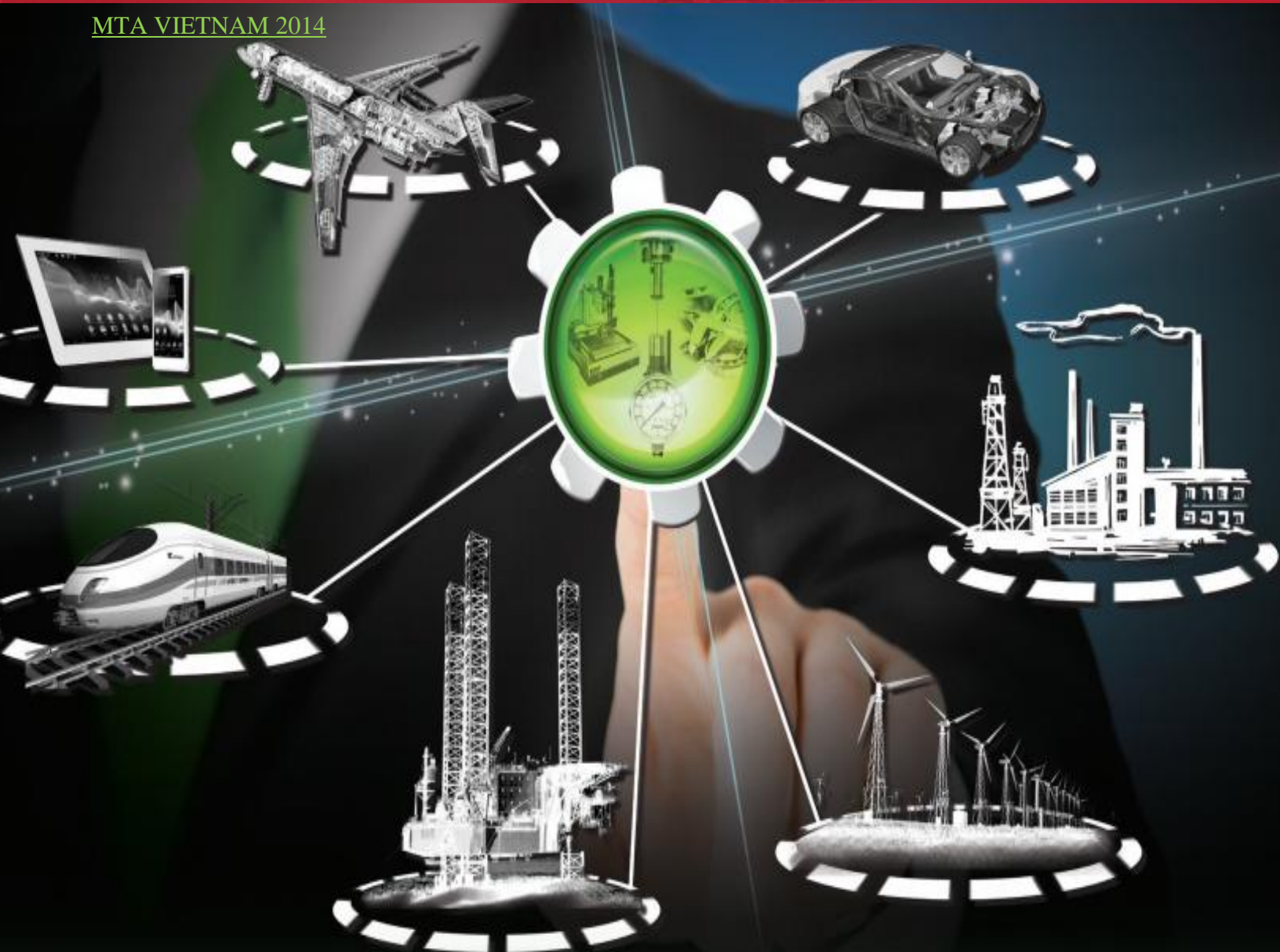


VIETNAM BUSINESS REVIEW

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MTA VIETNAM 2014



MTA VIETNAM 2014

TRANSFORMING VIETNAM'S MANUFACTURING INDUSTRY

INSIDE THIS ISSUE

Highlight

US slaps duties on steel pipes from Vietnam, Malaysia, Thailand
Vietnamese farmers seek to reduce reliance on China with new markets
Japanese consumers to taste Vietnamese lychee
FPT acquires European IT firm

Figures & Events

Economy

Trade surplus reaches \$1.3b in the first six months of 2014

Bank & Finance

Vietnam state bank devalues Dong to support export
Widening room for securities companies: a step forward or backward?

Investment

Quang Ninh seeks investment
What are the consequences of China's reduced investments in Vietnam?

Enterprise

Seaplane tours to be available in Vietnam soon
Saigon Co.op lends a helping hand to litchi consumption

Market & Prices

Vietnam subsidizing fuel prices?

Legal Updates

The new guidance on price registration and declaration
Making customs declaration for exports, enterprises must submit 2 types of invoice at the same time

ECONOMY

Trade surplus reaches \$1.3b in the first six months of 2014



The rubber exports turnover increased by 38% to touch \$44 million; garments and textile rose by 13% to reach \$206 million; and that of wood and wood products posted a 14% increase to reach \$63 million.

VNS - The country's trade deficit was estimated at US\$200 million in June, with the total export turnover being \$12.1 billion and that of imports being \$12.3 billion.

Statistics from the General Statistics Office showed that the total export turnover in the first half of the year would reach \$70.9 billion, posting a 15% year-on-year increase, while the total import turnover would be \$69.6 billion, an increase of 11% year over year.

The country saw a trade surplus of \$1.3 billion in the six-month period.

Foreign direct investment (FDI) businesses (including crude oil) dominated the trade activities compared with domestic firms, according to the office.

FIGURE & EVENT

\$1.08 billion

is the total registered capital investment into HCMC in the first 6 months of 2014, equivalent to 423% over the same period of 2013.

4.98%

is the increase of CPI in Jun-2014 over the same period last year. Hanoi & HCMC's figure is +0.08% and +0.58% over last 5 months, respectively.

93%

Is the localized ratio of motorbikes manufactured by Honda Vietnam, in which there are even some models with localized ratio publicized as 99%.

The sector saw a high trade surplus of \$8.5 billion, while the domestic companies reported a trade deficit of \$7.2 billion in the first half of the year.

In June, the total export turnover was reduced by 2.5% over the previous month, staying at \$12.1 billion.

Some products saw an increase in export turnover in June. The rubber exports turnover increased by 38% to touch \$44 million; garments and textile rose by 13% to reach \$206 million; and that of wood and wood products posted a 14% increase to reach \$63 million.

The FDI sector also took the lead in terms of import turnover during the period, with an increase of 12%, while that of domestic firms was 10%.

The import of items used for assembly was still high year over year. The import turnover of machines and equipment and spare parts rose by 22% to reach \$1.9b; that of phones and spare parts rose by 6% to touch \$237 million; metals' import turnover rose by 17% to amount to \$244 million; garment material increased by 28% to touch \$515m and that of cloth rose by 18% to a total of \$72m.

The office said that this was a positive sign which reflected the recovery of domestic production activities. However, Vietnamese enterprises have not been active in production as the imports mainly served the assembly activities of the FDI sector.

BANKING & FINANCE

Vietnam state bank devalues Dong to support export

Tuoi Tre News -

The recent devaluation of the VN dong is a proactive move of the State Bank of VN (SBV) to support exports in the last six months of 2014. On Wednesday evening, SBV announced a decision to devalue the dong by 1% starting Thursday.

In the 5 five months of the year, exports grew by 15.4% YOY, so SBV should adjust the exchange rate to support exports in the last 6 months of this year, said Nguyen Thi Hong, head of SBV's Monetary Policy Dept. Growing exports, in turn, will also support economic growth in the 2nd half of the year so that the realization will meet the target previously set by Gov't, Hong said.

Explaining the exchange rate adjustment, Hong said that in the first 5 months of 2014, the local money and foreign exchange were stable and foreign currency supply was guaranteed.

VN enjoyed a \$1.6b trade surplus during the period, bringing in a \$10b surplus in the national balance of payments.

The stabilized money market also helped SBV to buy a large amount of foreign currency for the national foreign exchange reserves, bringing VN's foreign exchange reserves to \$35b, the highest rate ever.

In the early months of the year, local credit institutions have sold more foreign currency to SBV. Therefore, SBV had a chance to buy a huge amount of foreign currency worth about \$10b for the foreign exchange reserves.

Regarding whether the dong

devaluation will have a negative effect on the banking system, Hong has already said that it will not.

According to figures compiled by credit institutions, the current banking system is running a negative reserve of foreign currency as they have all sold to SBV. As a result, this time the exchange rate adjustment will partially affect the financial costs of local credit institutions.

However, the exchange rate adjustment will contribute to

ASSETS & REGISTERED CAPITAL OF BANKS IN VIETNAM

	MM/YR	Assets	Reg Cap
Agribank	03-14	729,563.4	28,722
BIDV	03-14	572,262.7	28,112
VietinBank	03-14	558,784.2	37,234
Vietcombank	03-14	446,118.0	23,174
Military Bank (MB)	03-14	182,711.4	11,256
Saigon Commercial Bank (SCB)	12-13	181,018.6	12,295
Asia Commercial Bank (ACB)	03-14	173,390.5	9,377
Techcombank	03-14	164,134.6	8,878
Eximbank	03-14	153,457.8	12,355
VPBank	03-14	130,004.8	6,347
Sahabank	03-14	128,031.1	8,866
Maritime Bank (MSB)	12-13	107,114.9	8,000
Vietnam Public Bank (PVcombank)	03-14	96,161.2	9,000
Lien Viet Post Bank (LPB)	01-14	80,000.0	6,460
Dong Nam A Bank (SeABank)	12-13	79,864.4	5,466
Phuong Nam Bank (Southern Bank)	12-13	77,558.0	4,000
HCMC Development Bank (HDBank)	03-14	76,279.6	8,100
An Binh Bank (ABBank)	12-13	57,792.0	4,798
Petrolimex Group Bank (PG Bank)	03-14	22,771.6	3,000

(Source: Reuters, 06/2014)

BANKING & FINANCE

supporting exports, thereby spur economic growth, facilitate foreign exchange market stability, and ensure liquidity of foreign currency to meet the legal demand for foreign currency of the economy.

After the adjustment, SBV will implement measures to stabilize the local foreign exchange market.

Widening room for securities companies: a step forward or backward?

VCCI - VN State Securities Commission (SSC) recently acknowledged that it would widen room (the stake proportion of foreign investors in companies) for securities companies instead of the initial plan that is widening room for those not belonging to the conditioned business group.

Currently, VN Gov't has commissioned Ministry of Planning & Investment to review and classify business list to choose which businesses will have room widened and which not.

Mr Vu Bang, SSC Chairman said that based on actual conditions, widening room for eligible enterprises will hardly be implemented on time. However,

widening room for securities companies alone will be much easier because there are two types of allowed securities companies with foreign capital in VN securities market that is companies with up to 49% foreign capital or companies with 100% foreign capital.

The SSC is separating securities companies from the general plan of widening room to submit to the Ministry of Finance, according to which foreign investors can possess 0-100% capital in securities companies.

Nationwide there are about 90

active securities companies, including over 40 foreign invested companies, over 10 companies with foreign capital up to 49%, 1 company with 100% foreign capital (Maybank Kim Eng Securities). Thus, after Decree 58/2012/ND-CP on permitting foreign investors to possess 100% capital in a securities company, only 1 company has transferred. Other companies still wait for new regulations from state authorities so that foreign investors can increase possession proportion higher than 49%, but not 100%.

INVESTMENT BY FOREIGN BANKS IN VIETNAMESE BANKS

BNP Paribas	20%	Of	Oricombank
Commonwealth Bank of Australia	20%	Of	VIB
Malayan Banking Bhd (Maybank)	20%	Of	ABBank
Societe Generale	20%	Of	SeABank
United Overseas Bank	20%	Of	Phuong Nam
Bank of Tokyo-Mitsubishi UFJ	19.73%	Of	VietinBank
HSBC Holdings Plc	19.41%	Of	Techcombank
SMFG	15.13%	Of	Eximbank
Mizuho Corporate Bank	15%	Of	Vietcombank
Standard Chartered Plc	15%	Of	ACB

(Source: Reuters. 06/2014)

INVESTMENT

Quang Ninh seeks investment

VIR - Ministry of Planning & Investment (MPI) submitted to Prime Minister a draft decision on specific incentives given to the northern province of Quang Ninh for mobilising investment capital.

According to news portal Bizlive, under the draft, MPI proposes to set up a pilot State-owned finance and investment company in the province to better mobilise investment capital to develop the province's infrastructure & other important socio-economic sectors.

The company's model will be the same as HCMC Finance & Investment Corp. in HCMC (HFIC).

HFIC, which is a wholly State-owned company with a charter capital of VND5 trillion (\$234.74m), is targeted to mobilise capital from domestic & foreign organisations & individuals to invest directly or indirectly into the city's prioritised sectors.

After three years of operation, HFIC gained a profit of VND1.27 trillion (\$59.62m) and its return on equity (ROE) averages 15.81%.

According to the draft, Quang Ninh will also get funds for its key projects. It will be also allowed to advance

investment capital of the next year for its projects based on the projects' implementation process.

According to the MPI, Quang Ninh will implement 312 projects with State funds to boost the province's socio-economic development during the 2013-15 period.

Quang Ninh has an important location in the pivotal economic zone in the North of Viet Nam. It is seen as an important part of the economic development triangle in the North (Ha Noi – Hai Phong – Quang Ninh).

The Government has so far decided to develop the province to form big centres serving as international exchange regions, so as to support provinces in the southern part of the Song Hong (Red River) Delta.

It will be also targeted to form big industrial centres, to develop high-tech industries such as electronics, informatics and new material production.

Consumption goods production, food processing and seaport economic development industries will also be developed.

The government will take the lead

in international cooperation and foreign investment attraction.

In recent years, Quang Ninh Province has achieved some remarkable economic progresses. The annual average growth rate of GDP between 1996 and 2000 was 7.54%, in 2001 and 2002 it was 12% and 12.65% last year.

What are the consequences of China's reduced investments in Vietnam?

Vietnamese economists are trying to calculate the damage to the national economy in case China stop trade and investment activities with Vietnam.

Many Vietnamese have expressed their concerns about the possibility of China suspending its trade and investment activities if Vietnam sues China in the international arbitration court.

They have reasons to worry about this after the Philippine's case. On January 22, 2013, the Philippines officially filed in the UN's Arbitration Court against China for its violations of the 1982 Law on the Sea Convention, of which both the Philippines and China are members.

INVESTMENT

However, China, not the Philippines, took action first, in the battle. In early 2012, Chinese enterprises unanimously complained that Filipino banana and fruit imports contained high pesticide residue.

This has been repeatedly denied by the Philippines. However, thousands of containers of bananas imported from the Philippines at that time rotted at ports in China, which consumes 30% of Filipino bananas. The same situation occurred with other Filipino fruits.

The Philippines Minister of Trade and Industry, Gregory Domingo, who met the Vietnamese Minister of Agriculture and Rural Development at the 2014 World Economic Forum held in Manila recently, said China did not prohibit the banana imports, but it imposed a ban for a time, and then lifted the ban at other times.

As a result, Filipino farmers protested against the government's policy as they could not export bananas, which have created problems in internal agencies.

A question has been raised about how China would be affected if

China temporarily suspends some bilateral programs, as was threatened by the Chinese Ministry of Foreign Affairs spokesperson Hong Lei in May.

Thoi bao Kinh te Saigon has quoted several economists as saying that if Vietnam's exports to China fall by 10%, it would suffer a one% GDP decrease.

VEPR, an economic policy research center, in a report released last week, predicted that the GDP of Vietnam would be between 4.15% and 4.88% this year. If the forecast comes true, i.e., the GDP growth rate becomes much lower than the World Bank and ADB projected rate of 5.5-5.6%, this would be a major worry for Vietnam.

Nevertheless, Dr. Vo Tri Thanh, Deputy Head of the Central Institute for Economic Management (CIEM), one of the critics of the VEPR's report, is not pessimistic.

"These (the scenarios drawn up by VEPR) would come true only if the warnings (about trade and investment freezing) occur," he said.

According to Thanh, of the total imports from China,

finished consumer products account for 10%, equipment and machines 30%, and intermediate products (parts, accessories, input materials) 60%.

Meanwhile, half of the 60% of the imports are made by foreign invested enterprises in Vietnam in their global production value chains.

Thanh believes that the production and supply chains must not be broken even if China unilaterally closes its border gates.

In the worst case scenario, if China really stops exporting goods, Vietnam would be able to seek input materials from ASEAN or other countries, though at higher prices.

"I believe that China will still have to implement its commitments as a member of WTO and ASEAN +China free trade agreements. It will not be easy for it to do all that it wants," Thanh said.

Dang Kim Son, a well known economist, also said that China would not be foolish enough to close the border gates because it still needs rice to feed its high population.

ENTERPRISE

Seaplane tours to be available in Vietnam soon

Nhan Dan Online - The Thien Minh travel group has announced that it will offer seaplane tours this September, becoming the first supplier of this kind of tourism service in the country.



First seaplane flights in Vietnam will offer visitors to Ha Long Bay in September.

According to the group, Thien Minh, which owns Hai Au Aviation Corp., will import 2 Cessna Grand Caravan EX aircraft from the US Cessna Aircraft Company.

The aircraft will arrive at VN's Noi Bai Int'l Airport in Aug before taking off for trial flights a month later.

They will initially operate on the Hanoi - Ha Long route, before expanding to other routes in the southern region, including routes between HCMC to Khanh Hoa, Binh Thuan, Can Tho, An Giang, Con Dao & Phu Quoc.

According to Deputy General Director of Thien Minh Group Luong Hoai Nam, VN boasts favorable conditions to facilitate seaplane

tourism services with many rivers and streams and a beautiful, long coastline. Instead of spending 3-4 hours travelling by bus from Hanoi to Ha Long, it should only take tourists 30 minutes to travel by seaplane, while experiencing scenic beauty from a height of 150-3,000 metres.

An expected cost of US\$4,000, divided among the passengers, will be charged for a one-hour flight. A Hanoi - Ha Long one-way flight will cost around \$250 per person, while an extra \$100 will be charged for scenic flights around Ha Long Bay.

The state of a art US Cessna Grand Caravan EX seaplane can lift 12-18 passengers. It has a cruising speed of 300kph and is able of holding off and alighting during both normal airports and on a water.

Saigon Co.op lends a helping hand to litchi consumption



A customer selects litchi at a Saigon Co.op supermarket in HCMC.

Saigon Times - HCMC-based store chain operator Saigon Co.op is helping farmers in northern provinces ease the litchi glut by selling more than 10 tons of litchi per day at its supermarkets and food stores in the south.

Saigon Co.op said since early this month its Co.opMart supermarket chain and Co.op Food store chain have launched programs aimed at boosting fruit consumption with litchi being put on top of the list.

Saigon Co.op has also conducted surveys at litchi farms to evaluate the production process of the fruit so as to ensure the product's quality for consumers and good prices for both growers and itself, avoiding the prices being manipulated by traders.

This month, Saigon Co.op has helped growers consume an estimated 200 tons of litchi and it expects to raise the volume to around 500 tons by the end of the month.

From late March to early April, Saigon Co.op in the central region also ran an ad-hoc promotion to increase sales of the fruit to help growers after China suddenly reduced import of the produce.

MARKET & PRICES

Vietnam subsidizing fuel prices?

Vietnamnet - A fierce debate has been raised in response to the recent release of the UNDP's report on the energy situation in VN, saying the government spends \$1.2-4.5b/year for fuel subsidies.

The report cited the International Energy Agency's statistics, which assert that the amount of money for fossil fuel subsidization in Vietnam was between \$1.2 and 4.5 billion per year during the period of 2007-2012. In 2011, for example, the subsidization rate averaged 15.5%, or \$46.7 per capita.

According to Nguyen Manh Hai, a researcher of the Central Institute of Economic Management (CIEM), a member of the compilation team, though the state does not pour any dong into any subsidization funds, the subsidies have been implemented in different ways.

The state, for example, controls wholesale and retail selling prices, and allows power generators to access official credit from state-owned commercial banks at preferential interest rates. It also guarantees loans for enterprises, or give bailouts to unprofitable enterprises, and allows corporate income

tax remissions. Power generators rarely have to pay for social and environmental fees.

The power market has been controlled by state-owned enterprises. As the enterprises have to sell products at below the ceiling prices as requested by the State, accepting lower profits or losses, they would be crippled with debts. In this case, the government has to compensate their losses.

Official sources have disclosed that the total debt incurred by the three biggest power corporations, including PetroVietnam (oil & gas), EVN (Electricity of VN) and Vinacoal (coal mining) reached VND316 trillion by 2012, or \$15b, amounting to one-quarter of state-owned enterprises' total debts.

Power generation plants, mostly EVN, can buy input materials – coal and gas – at prices much lower than world market prices. Vinacoal, for example, had to sell coal to electricity generators at a price just equal to 60% of the export price in 2012 and 70% of production cost.

In 2013, the coal price applied to power generators was equal to the production cost, but it was still lower than the world's price.

Coal and gas subsidization allows power companies to generate

electricity at low production costs, since coal and gas provide 55% of the input materials needed by power plants.

Electricity price in Vietnam is the lowest in the region

The report also pointed out that the power price in Vietnam is lower than that in other regional countries. The electricity retail price has been increasing significantly since 2007. However, if one assesses prices based on 2002's consumer price index, the price of electricity remained nearly flat in the period of 2008-2013, while it was lower than in 2002-2007.

The average electricity price rose from 4.6 US cents in 2002 to 7 US cents in 2013, a very modest increase when compared against world price increases.

In 2011-2012, electricity prices were 8-9 US cents in South Korea, Taiwan and Indonesia, 10 US cents in Thailand, 11 US cents in Malaysia and 20 US cents in the Philippines. Electricity subsidies of 36-54% were implemented in all the countries, except the Philippines.

In 2012, China sold electricity to households at 8 US cent per kwh. The prices were 12 US cents in the US, 20 US cents in the EU and 26 US cents in Japan.

LEGAL UPDATES

The new guidance on price registration and declaration

Circular No. 56/2014/TT-BTC dated April 28, 2014 of the Ministry of Finance guiding the implementation of the Government's Decree No. 177/2013/ND-CP dated November 14, 2013 detailing and guiding the implementation of a number of articles of the Law on Price.



This Circular guides the price registration and declaration according to the new provisions in Decree No.177/2013/ND-CP dated November 14, 2013. Accordingly, if an enterprise has a network of production and business in two provinces or centrally-affiliated cities or more or being an exclusive enterprise; enterprise or group of enterprises having a dominant position in market, it is required to register and declare prices at the Price Management Department (the Ministry of Finance). The

remaining enterprises may register and declare prices in localities. Particularly, branches, agents that have no right to decide and adjust prices (selling goods and services according to the prices provided by the supplier) shall not declare and register price. However, the branches and agents must report in writing to Departments of Finance on the issue of having no right to decide price (clause 4, Article 14).

According to clause 2, Article 17 of this Circular, if an enterprise increases or decreases prices of goods and services not exceeding 3% compared with the declared prices, the enterprise shall not declare price again.

This Circular takes effect on June 14, 2014. To annul Circular No. 104/2008/TT-BTC dated November 13, 2008 and Circular No. 122/2010/TT-BTC dated August 12, 2010.

Enclosed with this Circular are the forms of: price registration, price plan dossier of goods and service, dossier of price negotiation, price declaration Document (only in Vietnamese file)

Making customs declaration for exports, enterprises must submit 2 types of invoice at the same time

Dispatch No. 7924/BTC-TCHQ dated June 16, 2014 of the Ministry of Finance on the use of invoices upon making procedures for export, tax finalization

Continued from dispatch No. 7310/BTC-TCT dated June 3, 2014 allowing enterprises may use added value invoice or export invoice for exports from March 1, 2014, this Dispatch guiding the use of invoices upon making customs procedures and tax report, tax finalization

Accordingly, for goods, services exported to overseas, including the export and import on the spot (except for the export and import on the spot of processed goods), enterprises use 2 following types of invoice at the same time (only submitting the copies)

- Commercial invoice or export invoice
- Added value invoice

For exporting on the spot of processed products, exporting to export processing enterprises, enterprises only issue added value invoice or export invoice.

HIGHLIGHTS

US slaps duties on steel pipes from Vietnam, Malaysia, Thailand

Reuters - The United States will slap duties on imports of stainless-steel pressure pipe from Malaysia, Thailand and Vietnam after finding the products had been sold at unfairly low prices, the government said on Tuesday.

The U.S. International Trade Commission said U.S. producers were injured by imports from the three countries, the final step in triggering duties as high as 167.1 percent for some pipe from Malaysia.

The pipe is used in pharmaceutical production lines, petrochemical lines, brewery process and transport lines and general food processor lines. Imports from the three countries totaled \$49.9 million in 2013, the ITC said.

Japanese consumers to taste Vietnamese lychee

VOV - Farmers in Hong Giang commune, Luc Ngan district, which has the country's largest lychee growing area, are marketing exports of lychee to Japan on a pilot basis.

The fruit indigenous to the northern province of Bac Giang is a famous

www.seiko-ideas.com

local specialty, however, China is the only significant export market.

To reduce its reliance on the Chinese market and diversify outlets overseas, Hong Giang commune in collaboration with the Vietnam Academy of Agricultural Science and Technology are piloting a programme to market lychee in Japan.

Bui Huy Tinh, Chairman of the Hong Giang commune People's Committee, said that if the pilot programme is successful, next year local authorities will begin implementation of a full-fledged marketing and export campaign for the Japanese market.

Preliminary results have been positive as Japanese feedback say

they enjoy the flavour and are very fond of the fruit, Tinh added.

Local farmers are optimistic that the fruit will be exported to other countries, including the US, the Republic of Korea, Australia and Western Europe.

Many other varieties of Vietnam's agricultural products are seeking their ways into differing countries to avoid an overdependence on China, the largest market of Vietnam's vegetable exports making up 32% of market share.

In late May, Vietnam became the first and only country to have been granted license to export dragon fruit to New Zealand. Currently the fruit has been sold in over 30 countries around the globe.



[Back to top](#)

HIGHLIGHTS

FPT acquires European IT firm

Talk Vietnam - FPT on Thursday finished its first M&A deal overseas after buying out RWE IT Slovakia, a subsidiary of the RWE Group - one of Europe's leading utility companies.

The takeover, also the first M&A of any Vietnamese ICT companies conducted outside VN, also enabled FPT, one of VN leading information & telecommunications technology (ICT) corporation, to rename the firm FPT Slovakia.

The deal, reached by FPT and RWE Group in Berlin, Germany on Thursday, also made FPT Slovakia be the first FPT Software's wholly owned company in Europe.

RWE IT Slovakia, being established in 2004, currently has more than 400 employees, most of whom are experts in software applications and programming (SAP) area. Previously, as an internal IT Service provider, RWE IT Slovakia delivers high quality services to RWE Group, mainly in the area of SAP and 'Smart Home' solutions.

As part of the agreement, FPT also won a 5-year contract with RWE Group which enabled FPT Software Vietnam and FPT Slovakia to jointly delivered IT services worth tens of millions of dollar to RWE Group.



"This is the landmark deal for FPT. Closing a strategic deal with RWE Group is changing FPT position in Europe," said FPT's Chairman Truong Gia Binh.

"The deal will position FPT as a leading service provider in Europe, paving the way to expand their customer base, strengthen delivery capabilities at Europe and adding about 400 experienced consultants in SAP area," according to FPT press release after the deal.

In recent years, besides reinforcing and enlarging the domestic market share in key business fields, FPT continues boosting its globalization strategy.

The corporation will focus on providing full IT services and migration services based on new technology, including cloud computing, mobility, and big data,

to developed markets such as Northern America, Europe, Japan, and Singapore.

Foreign market contributed over \$1.1 trillion (\$52m) revenue to FPT's business result in first 5 months of this year, up 19 percent compared to the same period in 2013.

The local ICT corporation has planned to gain \$340m in revenue from global markets by 2016 through self-development projects and M&A.

RWE Group is one of the Europe's leading utility companies headquartered in Essen, Germany with presence in 29 countries. With revenue of more than \$70b & 66,000 employees in 2013, RWE Group is expected to spend a total of \$1 billion on IT projects.

HIGHLIGHTS

Vietnamese farmers seek to reduce reliance on China with new markets

Tuoi Tre News - Fruit and vegetable growers in VN's Mekong Delta are trying to extend their markets into other regional countries & even the EU in an attempt to reduce their heavy reliance on China.

China is the largest importer of most of the green produce from the Mekong Delta, but exports have recently slowed down due to the high tension caused by a drilling rig Beijing illegally placed in VN waters at the beginning of last month.

Prices of several products such as durian, mangos, star apples, jackfruit, sweet potatoes, and blue dragon fruit have thus plunged accordingly, sending farmers to find new outlets for the fruits.

Agricultural businesses are considering exporting their products to Cambodia, Thailand, Indonesia, Malaysia, and India, with Cambodia merging as the most suitable alternative.

This is because products of lesser quality are still accepted by the Cambodian market, while the two countries are geographically close, according to industry insiders.

Nguyen Thanh Hien, who runs a fruit trading facility in Tien Giang Province, said he has boosted sales to Cambodia over the last month. Even though the export quantity is not large, the transport costs are low due to the short distance.

Tran Huu Danh, director of Long Viet Co Ltd, a blue dragon fruit exporter based in Tien Giang, has managed to go even further, as he recently sent shipments to India.

"India is a large yet not demanding market. Our company has planned to penetrate further into the Indian market in the next 3-5 years and we will become less dependent on China then."

Long Viet Co used to export 90% of its products to China but the Chinese partners have recently halted imports over the tension in the East VN Sea. The company has thus sought alternative markets including Thailand, Malaysia, and Indonesia.

Targeting strict markets

Professor Nguyen Quoc Vong, an agricultural expert, said there is a huge global demand for clean and high-quality green produce, and Vietnam should try to join the game. "But the country must change its traditional cultivation methods and adapt modern and high

technology to be able to grow international standardized products," he said.

In fact, some Vietnamese green produce has managed to enter demanding markets.

The first batch of Vietnamese blue dragon fruit, for instance, recently arrived in New Zealand one month after it was officially recognized in the Pacific Ocean country, according to Plant Protection Dept. New Zealand is the latest in many strict markets that VN blue dragon fruit has managed to penetrate, following Japan, South Korea, Chile, Canada, the U.S., and the EU.

Other fruits, including mangos, longans, litchis, rambutans, and star apples, will also be exported to these high demand markets if quarantine procedures are passed, according to agricultural experts.

"Businesses must try to find partners and launch promotional programs to bring their products to these markets," said Nguyen Huu Dat, director of the quarantine supervision agency under the Ministry of Agriculture & Rural Dept. Beijing has stationed its Haiyang Shiyou 981 oil rig in Vietnamese waters of the East Vietnam Sea since May 1 despite fierce protests from Hanoi.

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