

VIETNAM

BUSINESS REVIEW

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Dragon Bridge (Da Nang) on the American television



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ECONOMY

MAG urges easing of dependence on greenback

Vietnamnet - Vietnam's heavy dependence on US dollar gives it few policy choices, the Vietnam Business Forum's Macroeconomic Policy Working Group (MAG) has commented.

Yuan, the currency of China, the second largest economy in the world, & VN biggest trade partner, has never gotten a foothold on the foreign exchange market in VN.

If it were the greenback, it could have been sold to any banks. US dollar is the major foreign currency used by businesses and individuals in their foreign trade. This explains why the dong/dollar exchange rate is always an important factor policy when considering management policies.

Experts: heavy dependence on US dollar not good for VN

The report by MAG pointed out that VN's dollar-pegged foreign exchange policy had a negative impact on its trade balance.

While VN has been pegged to US\$, its exports to US account for less than 20% of total export turnover,

FIGURE & EVENT

3 bln litres

is the total amount of beer consumed in Vietnamese market each year with the average growth of 10% YOY.

\$446m

is the total expenditure on IT services in Vietnam in 2013, up 9.9% over last year, regardless of macro-economic challenges.

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Is the number of state-owned companies to be equitized in the first six months of 2014.

while imports from US make up only 4% of total imports.

In 2013, total VN-US import-export turnover amounted to only 11% of total import-export turnover. Meanwhile, VN-China turnover amounted to 19%, with VN-Japan at 9.5% and VN-EU at 12.8%.

In terms of VN's sovereign debts, its biggest creditors in 2012 included Japan (34.5% of VN's total foreign debts), WB (28.8%) & ADB (15.5%). As such, VN's foreign debts have been valued not only in US\$, but also in other hard foreign currencies, including JPY, SDR and EUR.

A report showed that 38.8% of VN's foreign debt by Dec 2010 had been in JPY, 27.1% in SDR, 22.2% in US dollars and 9.2% in EUR.

MAG's experts commented that it is unreasonable for VN to follow a dollar-pegged foreign exchange

policy, while trade & foreign debt depend on other foreign currencies.

This has affected the bilateral trade and investment between VN & other big partners, while this cannot truly reflect the economic relations between them, esp in the current context of US\$'s heavy fluctuations.

Therefore, VN has been recommended to apply a new foreign exchange policy which allows it to evaluate VND in correlation with more than one foreign currency. This will be a reasonable choice which helps both stabilize the exchange rates and ensure the flexibility of the nation's policies.

Now is the right time for VN to follow the new policy, as it now has all the necessary conditions to do this.

BANKING & FINANCE

Time Bomb laid in foreign currency credit market

Vietnamnet - The dollar lending interest rate is lower by at least 3-5% annually than the dong interest rate, which is the reason for the sharp increase in the ratio of the dollar outstanding loans on dollar deposits from 84.3% in early 2014 to 99.5% in early May 2014.



Weaker liquidity – imminent worry

A report of the National Financial Supervisory Council showed that by early May, while deposits in foreign currencies had decreased by 9.1% in comparison with the end of 2013, outstanding loans in foreign currencies had increased by 7.2%.

The report also noted that, since early April, the interbank dollar interest rate has increased from 0.3 to 0.5% annually.

Meanwhile, the dong interest rate curve has moved in the opposite direction: while dong-based outstanding loans increased by 2.6%, dong deposits increased by 3.5%, lowering the ratio of dong outstanding loans to dong deposits from 82.4 to 79.9%.

There exists a big gap between the dong and dollar lending interest rates. According to the State Bank, in the week of June 9-13, the dong short term interest rate hovered around 9-10%, with the long term interest rate at 10.5-12% per annum. Meanwhile, the dollar interest rates were 3-6% and 5.5-7%, respectively.

The low dollar interest rate obviously has made dollar loans more attractive.

The director of a major bank in Hanoi said he received a report indicating that the foreign currency loans of the whole banking system in the first half of 2014 surged by 10% over the end of 2013, but that the mobilized capital growth rate was negative during the same time.

The banker himself admitted that the high growth rate of foreign currency lending is not good at all.

“If banks’ loans exceed their capital mobilization capability, they will surely face a liquidity risk,” he said, adding that the State Bank is not equipped to offer support to banks which run into problems with foreign currency liquidity.

Banks slash dong interest rates, hesitantly

The State Bank has admitted to high risks for national economy when businesses continue to prefer foreign currency loans.

At a government meeting in May, governor of the State Bank Nguyen Van Binh said that economists have urged the central bank cut the dong interest rate further, in order to ease the capital cost burden on businesses’ shoulders. However, Binh said, the State Bank still needs to consider the issue thoroughly, because this may affect the dong’s position in the long term.

The central bank, therefore, has had its reasons for maintaining a high dong deposit interest rate vis-à-vis the dollar interest rate. This has made it more profitable for people to keep dong, thus prompting them to sell dollars to banks in exchange for dong.

BANKING & FINANCE

VP Bank gets nod to acquire finance firm

Vietnamnet - The State Bank of VN (SBV) allowed VN Prosperity Bank, or VPBank, to acquire the Vinacomin Finance Company.

The seller is VN National Coal and Minerals Industries Group, or Vinacomin, which will transfer its entire equity at the finance company to the bank.

SBV Decision No 1282/QD-NHNN, dated June 30, taking effect on the same day, states that the bank will inherit all rights, responsibilities and legal interests of the group here.

According to a new business licence granted by SBV Governor Nguyen Van Binh, the finance firm has a charter capital of VND1 trillion (\$47.62m) and its name is changed to VPBank Finance Company.

Gov't had, in principle, approved the equity sales of Vinacomin in May with the aim of implementing the divestment of State-owned enterprises from non-core lines of business, and restructuring the credit institution system.

VPBank said it would shift all consumer credit activities to the acquired company for better operations, as it planned to be

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among the top retail banks in VN in the future.

Dong A Bank's plan to raise charter capital to VND 6.0 trillion fails

Stoxplus - Dong A Joint Stock Commercial Bank (DongA Bank) has just notified the cancelation of its plan to increase charter capital from VND5 trillion to VND6 trillion after failing to do so within the allowed timeline, local Securities Investment reported.

DongA Bank implemented plan to increase its charter capital immediately after the Annual General Meeting of Shareholders in 2012. Accordingly, the Board prepared documents to the State Bank of Vietnam (SBV) and State

Securities Commission (SSC) asking to increase its charter capital from VND5 trillion to VND6 trillion and got approval of SBV and SSC.

At the same time, DongA Bank informed its shareholders to register and pay for the new shares. By the end of 2013 (the date that the SBV's deadline for raising capital expires), the total amount pledged by shareholders were VND700 billion, in which the amount paid was less than VND90 billion.

Therefore, on April 23, 2014, DongA Bank officially announced to cancel the results of the above shareissuance with the reason that it had failed to be completed within the timeline prescribed by the SBV.

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INVESTMENT

Vietnam to become electronics production capital of the world



Saigon Times - A number of the largest global technology groups set up their factories in VN, giving many reasons to believe that VN is destined to become the world's major electronics production base.

The "Intel effect"

Intel is believed to have started the second foreign investment wave in VN when it built a \$1b chip manufacturing facility in HCMC in 2010. Outside of China, it is the manufacturer's largest factory in the world.

Intel CEO Paul Otellini said at the time that the value of Intel's project did not lie in its billion-dollar investment, but in its ability to lure other high-tech investors.

Ministry of Planning & Investment (MPI) has announced that Samsung, which is now running two factories

in Bac Ninh & Thai Nguyen, will funnel \$1b to another project in VN for the production of LCD panels and related accessories.

The recent moves by the South Korean electronics manufacturer have all suggested that Samsung has decided to develop Vietnam into its [primary] production base in Asia. Like Intel, the big investor would also help attract others to VN. Analysts are optimistic about VN's ability to attract foreign-invested hi-tech projects.

HCMC Hi-tech Park (SHTP) has reportedly attracted 30 hi-tech projects over 4 years since its operation. Investors in the park include such prominent names as Intel, Jabil, Nidec and Datalogic.

SHTP has granted 60 investment licenses to projects worth \$2.3b in total so far this year, including 29 foreign-invested projects totaling \$1.7b. The park's management board is planning to enlarge by 70 ha to accommodate more big investors in the hi-tech sector.

Where's the center of the production base?

VN's electronics export turnover soared by 35% in 2013 over the prior year, according to the Ministry of

Industry and Trade. The figure highlights the increasingly large scale of electronics production in Vietnam.

After the Samsung's factory in Thai Nguyen became operational, a number of satellite investors flocked to the province to set up their factories, making spare parts and accessories to provide to Samsung. Hundreds of millions of dollars have been poured into electronics manufacturing projects in Thai Nguyen and Bac Ninh, turning the provinces into a new electronics center of VN.

The British Laird technology firm, for example, has inaugurated a \$4.7m electronic parts factory in a land plot of 10,000 m² in Bac Ninh.

Samsung Electronics VN (SEV) alone has 60 parts suppliers, including 45 from South Korea, five from VN & 10 from other countries, while 28 suppliers have factories in Bac Ninh. Foreign investors have also been seeking suitable sites in Bac Giang, Hung Yen, Vinh Phuc, Hanoi & HCMC to set up their factories. Hai Phong, the northern port city, proves to be an ideal location for many manufacturers.

INVESTMENT

There are two main reasons for hi-tech groups to choose Vietnam for their production bases a cheap and qualified labor force and attractive investment incentives.

Thai Nguyen provincial authorities, for example, in order to persuade Samsung to set up a factory there, have offered very attractive tax incentives for a period of 16 years.

More projects planned for supporting industries though success in uncertain

NLD - VN is still determined to develop supporting industries to become more attractive to foreign investment, despite past failures.

A cooperation agreement was signed recently between N&G Investment & Development JSC & General Production, which represents 150 Japanese foundries & metal casting manufacturers. Under the agreement, a foundry complex covering an area of 127ha would be set up in Hanoi Southern Supporting Industrial Park & Urban Services (Hanssip). Parts & accessories to be manufactured at the complex would be provided to automobile & agricultural machine manufacturers.

The project has been applauded by VN agencies & local officials because it will help develop supporting industries, an objective that VN aspires to.

Binh Duong provincial authorities are moving ahead with plans to develop supporting industries in their locality. The centerpiece of their plans is a 300ha industrial zone esp designed for satellite businesses which will make materials and auxiliary accessories to provide to big manufacturers.

The zone, expected to be located in the 1,000ha Bau Bang Industrial Park in the province, would mostly accommodate paper and footwear production.

The provincial authorities are also joining forces with the local wooden furniture and fine arts association to work out a plan to create a concentrated production zone for furniture manufacturers. If the plan succeeds, there will be a close supply chain in Binh Duong which can satisfy all the manufacturers' demands.

The major weakness of Vietnam, in the eyes of foreign investors, is the lack of supporting industries. This explains why VN Gov't have laid a

red carpet to welcome investors in supporting industries.

However, the supporting industries development strategy was kicked off many years ago, and relatively little progress has been made so far. In the textile & garment sector, for example, VN still import \$9b worth of material from China to serve domestic production.

The failures of a series of projects in supporting industries have given analysts reason to remain doubtful about the feasibility of new projects.

In 2004, HCMC People's Committee agreed to reserve a 7.5ha land plot in Dist.9 for establishment of a textile & garment complex. However, the project was never implemented because investors were not financially capable to cover site clearance costs.

Later, city localities approved the allocation of 5has of land in the Binh Chieu Ward of Thu Duc District to investors who planned to develop a footwear and textile & garment material supply complex. However, plans were thwarted when Dept of Natural Resources & the Environment decided to expropriate the land to put it to other uses.

ENTERPRISES

City mall fills retail spaces



VNS - SCVivoCity, a shopping mall that will open in the first half of next year in HCMC's Dist. 7, has already managed to lease out half its 41,000m² net lettable area.

Vietsin Commercial Complex Development JSC (VCCD), set up by Saigon Co.op Investment JSC and the Singaporean real estate developer Mapletree to build SCVivoCity, signed MoUs with 13 retailers for almost 21,300 m².

Saigon Co.op and Singapore supermarket NTUC FairPrice will open a hypermarket called Co.opXtra at the mall.

BIDV signed a contract to lend \$40m for developing the mall.

How should a foreign-owned company in VN be named?

Pilaf Law Firm - According to the Law on Enterprises (2005), each company's name must be written in Vietnamese, including the

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foreign enterprise's name. Foreign-owned enterprises should carefully adopt an operating to avoid unnecessary problems.

Each newly formed company may have up to 3 names, one in Vietnamese, another in a foreign language, and an abbreviated form from its Vietnamese or foreign language name. However, according to regulations of the Law on Enterprises, the enterprise's name in a foreign language has to be directly translated from the Vietnamese name. Therefore, enterprises from other countries are advised to exercise due care in selecting a correct Vietnamese title for their business.



It is essential to be aware that the name of an enterprise must have two components: type of business entity and specific name. There are four types of business entity in Vietnam: limited

liability company, JSC, partnership & private enterprise. Additionally, an enterprise's specific name may contain its business sector & investment form, provided that it has already registered that business sector or carried out an investment in that form.

According to the guidance documents of the Law on Enterprises (2005), enterprises are allowed to name their business using letters from the Vietnamese alphabet and may include letters such as F, J, Z and W; numerals and symbols; plus, the name must be pronounceable. In other words, aside from the letters in the English alphabet, enterprises can also use distinct letters from the Vietnamese alphabet such as Ẫ, Ầ, Đ, Ê, Ô, Ơ, Ư.

Foreign enterprises should also keep in mind that although they are entitled to propose their preferred names, the final decision-making authority rests with the business registration offices. However, in the event that a proposed name is rejected, the business registration offices must clearly state the reasons why, and their decision will be the final one.

MARKET & PRICES

Electronics stores a hit with buyers



Customers shop at Nguyen Kim Supermarket. Large, modern stores in VN have become popular among customers

VNS - A majority of consumers in VN prefer large, modern stores when they shop for hi-tech electronic products.

As a result such stores have mushroomed in recent years, they said, pointing to chains belonging to famous firms like FPT, The Gioi Di Dong, and Vien Thong A.

As soon as they appeared in the market, these shops became popular since they offered advantages that traditional retail shops did not – a large and varied range of models, convenient services, and reasonable prices.

As of June, FPT Corporation had 116 stores in many cities and provinces, including 13 in Hanoi & 12 in HCMC. Nguyen Bach Diep, CEO of FPT Retail, said customers now demand friendly pricing policies and post-

sale services, and so his company regularly changes sales strategies to compete in the market.

"80% of products sold at FPT shops are priced equal to or even lower than similar products on the market. "In addition, the FPT shops are ready to counsel customers and offer convenient post-sales services in addition to gifts."

The Gioi Di Dong (Mobile World Investment) Corporation is the largest mobile phone retail chain with nearly 200 large, modern shops nation-wide.

Analysts said all of these retailers focus on pricing.

As a result of its price advantage, last year The Gioi Di Dong sold 2.3 million Apple, Nokia, Sony, and HTC mobile phones, accounting for 20% of their total market.

Le Tam, director of Techone Mobile Supermarket, said people prefer to buy from authorised sellers because they can then be sure about the quality and warranty on products.

"At small shops, customers cannot know about the origins of products," he said.

Le Ngoc Phuong, a resident of Tan Binh District, said buying electronic products from large, famous stores

means customers do not have to worry about quality.

Besides, they often get preferential treatment at these stores, she said.

According to data from the GfK Group, Germany's largest market research Institute, smart phones accounted for 70% of mobile phones sold in VN last year, up 135% from 2012.

Tablet sales soared 250% last year.

Many foreign companies have been lured by the huge potential of the Vietnamese market, where 15 million people live in the two major cities of Hanoi and HCMC, two-thirds of its 90 million people are aged below 30, and 30 million use the internet.

VN gasoline prices reach record high

Petrolimex, VN's leading fuel importer & distributor, increased the price of 92-octane (92 RON) gasoline by VND410 to VND25,640 (\$1.2) per litre, prompted by jumping world oil prices.

The highest-ever price of 92 RON in VN is the fifth hike since the beginning of the year and the second increase in the last two weeks.

LEGAL UPDATES

Regarding application of bidding laws since Jul-1, 2014

Dispatch No. 4054/BKHDT-QLDT dated June 27, 2014 of the Ministry of Planning and Investment on the implementation of the Law on Bidding No. No. 43/2013/QH13 and Decree No. 63/2014/ND-CP.

The Document guides the application of bidding laws as from the effective date of Law on Bidding No. 43/2013/QH13.

Accordingly, to the bidding packages, of which bidding plans have been already approved but the recruitment invitation dossiers, bidding invitation dossiers have not been issued from July 1, 2014 and the recruitment invitation dossiers, bidding invitation dossiers have been issued before July 1, 2014, the application of laws shall comply with clause 1, Article 129 of Decree No. 63/2014/ND-CP.

During the time between July 1, 2014 and August 15, 2014 (the effective date of the Decree No. 63/2014/ND-CP detailing the Law on Bidding No. 43), the bidding activity shall be carried out in accordance with the Law on Bidding No. 43/2013/QH13 and the

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following documents, except for the contents that contrary to the Law on Bidding No. 43:

- Decree No. 85/2009/ND-CP ;
- Decree No. 68/2012/ND-CP ;
- Decision No. 50/2012/QD-TTg ;
- Such Circulars as: 01/2010/TT-BKH, 02/2010/TT-BKH, 03/2010/TT-BKH, 04/2010/TT-BKH, 05/2010/TT-BKH, 06/2010/TT-BKH, 08/2010/TT-BKH, 09/2010/TT-BKH, 10/2010/TT-BKH, 11/2010/TT-BKH, 15/2010/TT-BKH, 17/2010/TT-BKH, 20/2010/TTLT-BKH-BTC, 21/2010/TT-BKH, 01/2011/TT-BKHDT, 09/2011/TT-BKHDT .

As from August 15, 2014, the bidding activity shall be complied with Decree No. 63/2014/ND-CP. To the aforesaid Circulars, they shall be applied whenever having written amendment, supplement

Regarding competence to certify the PIT exemption for foreign experts

Dispatch No. 1930/TCT-TNCN dated May 26, 2014 of the General Department of Taxation on certification competence in the application for tax exemption for foreign experts implementing ODA project in Vietnam.

According to the provision in Article 4 of the Joint Circular No.12/2010/TTLT-BKHDT-BTC , the application for tax exemption for the foreign experts implementing ODA project in Vietnam must be certified by the managing Agency regarding the experts are eligible for tax exemption according to form No. 1 enclosed with this Circular



Person who has the competence to certify is the head of the managing Agency or his/her deputy for the case of authorization (clause 1, Article 6 of Decree No. 09/2010/ND-CP

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HIGHLIGHTS

Vietnam's economy suffers from China row

Nikkei -- Vietnam's continued struggle with China over territorial claims in the South China Sea is beginning to take a toll on the Southeast Asian nation's economy, threatening to push its robust growth lower.

Economic repercussions from the latest flare-up of the long-standing territorial dispute are now being felt. Some infrastructure development projects involving Chinese companies have stalled, while the number of Chinese visitors to Vietnam has begun to drop. The government and the nation's business sector are taking steps to reduce Vietnam's heavy economic dependence on China. But it is not an easy thing to achieve.

Heavy outcomes

Signs of the maritime spat's impact are clearly visible at a construction site of an urban train line in southwestern Hanoi. The construction of Line 2A, a 13km rail line that runs on viaducts across the city center, has been on hold since mid-May. Chinese companies are involved in the project's

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construction, which is mostly funded by China. Construction machinery has been left idle and exposed to the weather.

After a wave of anti-China demonstrations swept through Vietnam, Chinese workers disappeared from the site, said a person who knows about the project. China is providing nearly 80% of some \$530m needed to build the train line. With the construction of bridge piers and girders left in advanced stages, the line was expected to be completed by the end of the year. In the central Vietnamese Ha Tinh Province, an anti-Chinese riot has caused problems for the construction of a new integrated steelmaking plant for Taiwan's Formosa Plastics. In mid-May, workers for a Chinese subcontractor were attacked by a mob at the construction site, and several people were killed. Most of the 4,000 Chinese workers at the site have returned home, causing serious construction delays.

The inaugural kindling of a furnace at the plant, originally scheduled for the end of May 2015, will be delayed by several months.

The Vietnamese tourist industry is also taking a big hit from the deterioration of relations with China. There have been a large number of cancellations of tours and hotel reservations by Chinese tourists. The number of Chinese tourists who visited Vietnam in June plunged 29.5% from the previous month.

Economic dependence

The extent of Vietnam's economic reliance on China has come to the fore since early May, when the current maritime confrontation started with sea vessels from the two countries ramming each other near China's deep-sea oil rig stationed in disputed waters.

There have been a total of 20 engineering, procurement and construction contracts for infrastructure projects such as power generation plants planned in Vietnam recently. Of that total, 15 contracts have been won by Chinese companies, according to local media.

Some Vietnamese are warning that the construction of power plants will stop if Chinese companies leave the country.

The Vietnam Center for Economics and Policy Research at the VNU

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HIGHLIGHTS

University of Economics and Business revised down economic forecasts at the end of May. The territorial row will lower the country's real economic growth rate in 2014 to 4.15-4.88%, down by more than 1 point from its original prediction of 5.4-5.5%, the center said.

Mizuho Research Institute has also slashed its growth forecast for Vietnam, from 6% to 5.6%, citing the effects of anti-China protests.

These revised forecasts are below the VN Gov't annual growth target of 5.8% for this year.

Leading economic indicators have yet to show any serious damage from the territorial row. Vietnam's real gross domestic product grew at a healthy rate of 5.18% in the first six months of 2014 from a year earlier.

But other economic data are already showing troubling signs of a possible economic slowdown. New or additional direct foreign investment in Vietnam during the first half of this year, for instance, dropped 35.3% from the same period last year. The rate of export growth during the same period was lower than the year before.

Dwindling foreign investment is bound to deliver a heavy blow to the Vietnamese economy, which has been powered mainly by exports of foreign manufacturers.

In an article published earlier this month in an official government newspaper, Vietnamese President Truong Tan Sang stressed the need to correct the country's heavy economic dependence on China. The Vietnam Textile and Apparel Association called on its member companies to submit information about their purchases of yarn, fabric and dye from China. The association is seeking to promote purchases from alternative sources such as Thailand and India.

Samsung gets green light for \$1b project in VN



The People's Committee in the northern province of Bac Ninh on July 2 handed over an investment certificate to a \$1b project of Samsung Display Co., Ltd to

execute the project "Samsung Bac Ninh Hi-Tech Complex".

This is regarded as a surprisingly fast move as until 30-June did this agency submit a petition to The People's Council for this project's favours. It can be referred that The People's Council has quickly responded to this request.

Making statement at the ceremony, Samsung Display's representative told that right after retrieving the investment certificate, Samsung Display will start building the project in July 2014 in the precinct of Samsung Bac Ninh Hi-Tech Complex.

With the new investment, Samsung has, to date, pumped approximately \$6.8b into VN, making it one of the largest & most effective foreign investors in VN.

According to the Bac Ninh Industrial Zone Authority, Samsung Bac Ninh exported \$23.9 billion worth of goods last year with added value of \$7.6b and localized ratio of 33%. This ratio is forecast to keep going up after Samsung Electro-mechanics officially comes into operation in Q1-2015.

Objective of "Global stronghold"

HIGHLIGHTS

According to Samsung Display's Representative, the new investment is a part of Samsung's plan to keep on upgrading manufacturing capability of

Samsung Bac Ninh Hi-Tech Complex with an aim to make VN "Perfect global manufacturing stronghold" of Samsung, manufacturing not only mobile phones but also other electric – electronic products and telecommunication.

Work on the new plant will commence this month, focusing on research and development for manufacturing high-definition (HD) displays and assembling next-generation HD displays, including curved and foldable displays.

Production scale is planned to keep stable at 4 mln products per month. Investment progress plans as follows: \$500m in 2014-2015, \$250m in 2016-2018 and \$250m in 2018-2020.

Annual revenue of the project is planned to increase year on year with \$1.5b, \$4b and \$6b in 2015, 2018 and 2020, respectively.

Maximum favours

Bac Ninh province affirms that Samsung Display's project meets

conditions of a hi-tech enterprise and therefore, request to give the project maximum favours in the field.

To execute the project, Samsung Display has petitioned to have investment and investment assurance favours. Accordingly, this enterprise needs to be regarded as a process-export enterprise with 100% foreign capital and enjoy preferential customs policy (AEO) since foundation.

As for tax, Samsung Display has petitioned to apply the corporate income level at 10% in 30 years since it has revenue; free from corporate income in 4 years since it has taxable income and decrease 50% tax in the next 9 years; decrease 50% of tax in the next 3 years.

Samsung Display also showed their demand to rent land and use the industrial zone's infrastructure with the same conditions as applied for the current Samsung complex.

After consideration, Bac Ninh petition The People's Council to accept "decrease 50% of corporate income tax in 3 years after free-tax period of time based on Law on Corporate Income Tax

(free in 4 years and decrease 50% in the next 9 years).

Moreover, Bac Ninh also proposed to assist 50% of infrastructure using fee for project's land of 46.28 ha with the support fee of VND286 mln (\$13.62m).

The committee also asked to support training costs for 8,000 local workers at a total cost of VND12 bln (above \$570,000).

However, until Samsung Display have actual tax contributed to the province budget do these supports come into effects, assuring the rule that support level is less than or equivalent to actual tax contributed to the budget by Samsung fill the support money is over.

VietGAP project bears fruit

Cau Duc pineapples, a brand name protected by the National Office of Intellectual Property, have been cultivated under the Vietnamese Good Agriculture Practice (VietGap) standards in Hau Giang Province for the last three years, bringing high profits to local farmers.

HIGHLIGHTS

Hau Giang is one of the largest pineapple-producing areas in the Cuu Long (Mekong) Delta.

In 2011, the province's Department of Science and Technology implemented the VietGap program & expanded it to 50ha in Vi Thanh City and Long My districts.

As part of the project, the department teaches farmers how to plant disease-free pineapple seedlings and also helps them find outlets for their products.

The VND4.5 bln (\$214,000) program is funded by the central and local budget as well as participating farmers.

Farmer Vu Sui, chairman of the Thanh Thang Co-operative in Vi Thanh's Hoa Tien Commune, said the new method had produced high yields with larger fruit.

The head of the project, Nguyen Thi Kieu, said the department had provided farmers with seedlings, organic fertilisers and advanced technologies.

It had also paid for the fees required to apply for VietGap certification.

Kieu said that farmers had used integrated crop and pest



management, and applied both organic and chemical fertilisers.

Pineapples cultivated under VietGap standards have yielded about 30 tons per ha, three times higher than normal cultivation.

With an average price of VND4,000 a kilo, farmers can earn about VND240 million (\$11,400) per hectare, she said.

Hau Giang plans to expand the Queen pineapple cultivation area to 2,000ha by 2020. The province now has 1,546ha of pineapple with an average yield of 10 tons per hectare.

In recent years, local authorities have carried out many measures to

improve the quality of Cau Duc pineapple seedlings and have encouraged farmers to use VietGap standards.

The Queen pineapple variety, which has been cultivated in Hau Giang for more than 50 years, has a beautiful shape and is larger and less sweet than other varieties.

The trademark "Cau Duc Pineapples of Hau Giang" is registered and protected under the National Office of Intellectual Property.

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