

VIETNAM

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BANK & FINANCE

State Bank to crack down on bitcoin exchange



VNS - The State Bank of VN will work with the public security forces to seize operators of the VN real-time bitcoin exchange (VBTC) that was launched on Wednesday.

Head of the SBV Payment Department Bui Quang Tien told the local press that his department, which is supposed to manage electronic money, did not grant any licence to the exchange.

"Bitcoin and other virtual currencies are not legal tender or permitted means of payment in VN".

VBTC was jointly founded by the Bitcoin VN Co. Ltd and the Israeli Bitcoin Exchange Bit2C earlier this year and launched beta testing in June. It allows unlimited bitcoin purchases in VN.

VBTC CEO Nguyen Tran Bao Phuong, quoted by thesaigontimes.vn, said that the company was discussing with the www.seiko-ideas.com

FIGURE & EVENT

VND50 bln

is the charter capital of the first ETF fund founded in Vietnam, named ETF VFMVN30. Par value is VND10,000 per fund certificate.

3.52%

is the increasing ratio of credit in the first 06 months of 2014 compared to the same period last year. This is regarded as the abnormal increase.

30 mln

is the number of users OTT services in Vietnam in 2014. Top apps are Zalo, Viber & LINE with 10, 12 & 04 mln users, respectively.

concerned authorities about the benefits of bitcoins. She said that the benefits that "this advance in monetary technology" would bring about were irrefutable, albeit the Government has to work harder to manage it.

Phuong said that she was ready to cooperate with the Government to prevent bitcoin-related crimes.

"If Gov't does not accept bitcoins, formulating a law banning them would be very difficult".

Many countries as Thailand, Russia, France, China & Norway do not recognize bitcoins as legal currency. An official statement, dated February 27, by the SBV said that the use of bitcoins was illegal. The document says: "All bitcoin exchanges that allow users to trade anonymously, therefore, can be used to launder dirty money, sell

drugs, hide from paying taxes, exchange & pay for illegal activities. Services hosting bitcoins have been shown to be at high risk of being hacked, stolen, or have their database exchanges and exchanges stopped.

At the beginning of 2014, the value of the bitcoin fell significantly when two of the biggest bitcoin exchanges in the world, Mt. Gox & BitStamp, temporarily disallowed customers from withdrawing their money due to technical difficulties.

The US government also arrested four suspects for illegal activities connected to bitcoins. On February 25, Mt. Gox closed down suddenly and hundreds of millions of dollars worth of bitcoins were stolen.

Due to its fluctuating nature & the complications that can occur within a short time, the bitcoin is seen as a bubble & is un-

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predictable & dangerous for investors. It is not regulated by any institution or country worldwide. Therefore, bitcoin users have no legal protection and have to bear the losses arising from its volatility themselves.

Thus, SBV has warned organisations and individuals not to invest in bitcoins, keep any bitcoins, use services connected to them and other crypto currencies.

Banks are victims of Chinese counterfeit-card crimes

BTimes – VN police have warned that banks have become targets of int'l card crimes, with most of them originating in China.

PC50, the police department that fight hi-tech crimes, has discovered a ring of Chinese criminals who use counterfeit credit cards to withdraw blns of dong from big VN banks.

Police said the Chinese suspects had set up four companies and used legal entities as a screen for their illegal activities.

Companies had signed contracts with VN banks to install POS machines, & then used counterfeit cards with stolen information to withdraw money from the POS.

Eximbank, one of the victims, when discovering forged transactions, instead of reporting the case to competent agencies, only canceled the contracts. This, according to PC50, made it more difficult for Dept to investigate.

A representative of VN Card Association said this was not a big case & consequences were not too serious, but it was worrying that more cases had occurred recently.

“Some years ago, the majority of the crimes were from Malaysia. Meanwhile, in recent cases, they have been mostly from China.”

A source from PC50 confirmed that most of the crimes were Chinese. “Chinese hackers are not as ‘smart’ as western ones,” he commented.

“However, there are numerous Chinese crimes in VN. In the past, criminals arrested were Malaysian. But we believe they were backed by Chinese rings,” he said.

The first card crimes worldwide were discovered more than 10 years ago. But in Vietnam, the first case was uncovered in 2005.

When asked why there were so many Chinese crimes in Vietnam, the source said China's proximity to Vietnam allowed Chinese to easily

bring the card counterfeiting equipment to Vietnam. China also has a reputation for having many information technology crime rings.

However, he said, the most important reason behind the increasingly high number of swindling cases in Vietnam is outdated card technology.

Five or seven years ago, criminals mostly targeted Malaysia and Indonesia. However, since the countries have shifted to chip technology, crimes have tended to head for Thailand and Vietnam.

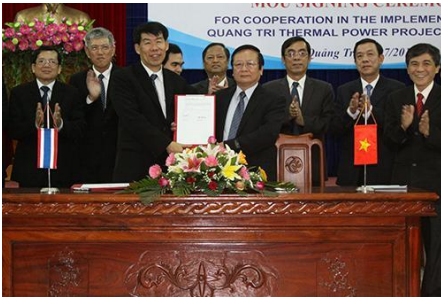
A VN banker admitted that magnetic card tech is one of the reasons behind an increasing number of such crimes in VN. It is not too difficult to make counterfeit cards. “One just needs a rough shape & \$200 to buy a machine from China to create the cards”.

In fact, VN banks have been aware of the danger since 2005, but they kept hesitating to shift to chip cards because of high investment.

A senior executive BIDV revealed that in early 2014, the bank experienced several similar cases. BIDV decided to replace magnetic cards with chip cards to prevent further risks.

INVESTMENT

\$2.26b thermal power plant projected in Central Vietnam



Vietnamnet - Quang Tri province & Thai Int'l Power Company (Egati) have signed a memorandum of understanding on the construction of a thermal power plant with a total investment of \$2.26b in Hai Lang District. The project will be carried out in the form of build-operate-transfer (BOT) form.

This is the first coal-fired power plant in Quang Tri province. The plant will have a capacity of 1,200 MW with two turbines.

Under the plan, the construction will commence in 2018, and in 2021 the first turbine will be put into operation.

This project is expected to satisfy the needs of electricity for development of Quang Tri province and the central region.

Previously, many thermal power project agreements worth billions of US dollars in the central region have

been signed, including the Dung Quat and Vung Ang 2 projects.

At the signing ceremony, Quang Tri provincial leaders committed to creating favorable conditions for Egati to implement the project at the scheduled pace.

\$20b gas-fueled power plant kicks off



Pham Nhu So, vice chairman of Quang Ngai province, said that VN officials & representatives of Exxon Mobil Corporation will conduct a survey in the central region to prepare for a \$20b project to build a gas-fueled power plant.

Under this huge project, Exxonmobil will build a power plant with a capacity of 1,500 MW in phase one, from 4,000 to 5,000 MW in phase two, and a gas processing plant.

The American group is considering two options: taking gas from the blue whale field to Ca Cai, which is close to the Dung Quat oil refinery

and building the power plant in Quang Ngai province; or taking gas to the port of Tam Hiep in Nui Thanh district of Quang Nam province and building the power plant in Binh Thanh commune, Binh Son district in the Dung Quat Economic Zone.

Nguyen Hoai Giang, Chairman of the Binh Son Petrochemistry Co., Ltd, which runs the Dung Quat Oil Refinery, says that the government has approved the development plan of the gas industry to 2015 with a vision to 2025.

Under this planning, Vietnam will build a gas pipeline system from Lots 117, 118, 119 to the shore with a design capacity of about 2-4 bln m³ per year.

Gov't also wants to build a gas processing plant in the area with a capacity of about 4 bln m³ a year, expected to be operational from 2018.

"After a preliminary analysis of the blue whale field, experts believe that Vietnam can take advantage of this gas resource to develop gas power plants and the petrochemical industry," Giang said. He added that if Exxon Mobil chooses the second option, it can

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take full use of the existing infrastructure including the deep-sea port, the convenient transportation system, the warehouses and facilities as well as the staff of the Dung Quat oil refinery.

Hotel business attracting big-time investors

Saigon Businessmen - Dang Van Thanh, one of the richest Vietnamese stock millionaires, who appeared in public recently after a long absence, said he had invested huge sums of capital in his sugar and tourism projects.

In April 2014, Thanh turned up at an important event, where Thanh Thanh Cong Investment JSC signed a cooperation agreement with the Tay Nam Trade & Export Company on the development of a 4- to 5-star hotel chain in Da Lat, Nha Trang and HCMC.

Later, Thanh, who is now Chair of Thanh Thanh Cong Group, said in Doanh Nhan Sai Gon that in the immediate future, Thanh Thanh Cong will focus on developing hotels in the south, including 3 to 4-star chains bearing the Golf and Michelia brands.

On June 23, Golf VN Tourism JSC (VNG), organized an extraordinary shareholders' meeting to find more members of the board of directors. The changes in the structure of the board of directors were made after Thanh Thanh Cong wrapped up a deal to purchase 6 mln VNG stakes to become the biggest shareholder with 49% of stakes.

With the deal, Thanh Thanh Cong can easily expand its market share in the hotel market. VNG is now managing the Golf hotel chain comprising two to four-star hotels (Vinagolf's members) in Da Lat City (114 rooms from two hotels), Can Tho (one 4-star hotel with 107 rooms), Hoi An (one 3-star hotel with 69 rooms).

It has taken over the 4-star Golf Angkor in Siem Reap, Cambodia, since March 2011.

A report of Thanh Thanh Cong Group, which invests money in many business fields, including real estate, sugar, tourism and financial investments, said that tourism services make up 10% of the group's total revenue. Its revenue and profit totalled VND12.6 trillion and VND800 bln, respectively, in 2013.

Other big players

Besides Dang Van Thanh, many other well-known names have appeared in the 2-4-star hotel market.

Over the last three years, hoteliers have witnessed the rapid expansion of the A&EM Hotel chain in HCMC and the strong development of the brand. The chain is managed by A&EM single-member company limited with investors from Hai Phong City.

In 2004, the company put its first hotel into operation. Meanwhile, by 2011, it has 10 hotels in Hanoi and HCMC, mostly 2-3-star hotels, with 600 rooms total.

Nguyen Van Hai, General Director of A&EM, said injecting money in 2-3-star hotels is a reasonable choice, because the hotels of this type not only can meet the demand of foreign travelers, but also of domestic tourists.

Ocean Group of Ha Van Tham, also one of the most influential businessmen in Vietnam, is also planning to develop a 4-star hotel chain (StarCity) after making heavy investments to develop the 5-star Sunrise brand.

ENTERPRISES

Mobile World rises to ceiling in VN stock trading debut



Bloomberg - Mobile World Investment Corp, Vietnam's biggest mobile-phone retailer, surged by the limit in its trading debut on bets the company will benefit from growth in the nation's market for hand-held devices.

The stock rallied to 81,500 dong at the mid-day break on the Ho Chi Minh City Stock Exchange, valuing the company at 5.11 trillion dong (\$241.2m). Mobile World listed about 62.72 mln shares with a reference price of 68,000 dong apiece today. Shares can rise or fall by a maximum 20% from the initial price on their first day of trading. The stock rose as high as 120,000 dong in the so-called over-the-counter market, according to SanOTC, which tracks OTC prices in VN.

Mobile World's reference price "does not fully reflect" the

company's potential, Hoang Huu Tri, an analyst at FPT Securities JSC, said by phone. "It is not a surprise the stock rose to the ceiling." The benchmark VN Index (VNINDEX) rose 0.4%, extending this year's gain to 16%.

Vietnam will feature among the top 10 countries that have the highest density of mobile-phone ownership in the world by 2016, FPT Securities said in a July 9 note. There were 98 million mobile-phone users in the country as of December, the Ministry of Information and Communication said Dec. 26. Vietnam has a population of about 90 million, data compiled by Bloomberg show.

"The consumer market in Vietnam is young and hungry for hand-held devices," Patrick Mitchell, head of institutional sale and trading at VinaSecurities JSC, said by phone today. "Mobile World will have success as consumers continue to view the latest devices as desirable luxury items."

The company's revenue may climb 68% this year and net income will likely surge 84%, FPT's Tri said.

Profit reached 264 billion dong, meeting 61% of the full-year target,

Mobile World said in a statement today.

The company aims to boost pretax earnings by 47% to 513 billion dong this year, Tran Huy Thanh Tung, head of the company's supervisory board said in February interview.

Mobile World operates more than 229 stores in 63 provinces and urban areas in the country, according to its website.

SSC approves merger of securities companies

The State Securities Commission on Thursday approved the merger of Viet Nam Int'l Securities (VISE) and the Dai Tay Duong Securities JSC (OSC).

The merger is part of the efforts to restructure securities companies and will be implemented with the swap ratio of 4:1 for VISE and 13.5:1 for OSC, and must ensure that trading is implemented without any interruption.

If the deal goes through, it would be the second merger of securities companies in Viet Nam, after the deal between MB Securities and VIT Securities at the end of last year.

VISE reported an aggregated loss of nearly VND75 billion or US\$3.5

ENTERPRISES

million in the first six months of this year. As of the end of March, 55 of the 90 existing securities firms reported aggregated losses, statistics of the finance ministry showed.

Restructuring securities companies was a core issue during the restructuring of the stock market which aimed at developing a more stable and healthy market.

VNG sell e-commerce site to FPT

Viet Nam's Internet and technology corporation VNG announced on Wednesday that it has sold its e-commerce website www.123mua.vn to the FPT Corporation, but did not reveal the selling price.

FPT's ecommerce site www.sendo.vn will take over www.123mua.vn and implement the contracts with its customers.

"Trade is an important part of our development strategy in 2014 and in the next few years. This is also a long-term commitment by FPT to develop e-commerce in Viet Nam," Sendo's General Director Tran Hai Linh said.



"Our objective is to become the e-commerce website with the largest number of transactions by providing services of high quality and guarantees."

VNG Deputy General Director Nguyen Hoanh Tien said that the trade would bring long-term benefits for consumers. "Sendo can approach the large number of customers of www.123mua.vn, and the shops on this ecommerce floor will have an opportunity to increase their service quality and gain more benefits with Sendo's support," he added.

A report by the Viet Nam Ecommerce and Information Technology Agency (VECITA) in April had said that www.123mua.vn, established in 2006, was one of the top 10 websites frequented by

Internet users. It has registered between 5.5 million to 6 million visits, and around 2,500 new stores register with it every month. There are approximately 80,000 products on sale on the website, mainly fashion and technology products for young people.

The website www.sendo.vn was launched in September 2012 with a business-to-consumer-to-consumer model. Firms can offer products and services on this platform and can get advertising and consultation support from the website.

MARKET & PRICES



Foreign retailers flock to HCMC

The Singaporean Mapletree group made its presence before the public in early July when it introduced its Vietnamese partner, a first step in its plan to open its store in 2015.

Vietsin, a joint venture between Saigon Co-op, one of the largest Vietnamese retailers, and Mapletree, have signed contracts with 13 retailers to lease retail premises at SC VivoCity shopping mall.

The retailers are committed to lease more than 50 percent of the area, about 21,270 square meters.

The 13 int'l brands include CGV, South Korea's largest cinema chain and Co.opXtra hypermarket run by

a joint venture between Saigon Co-op and NTUC FairPrice.

These also include major players in the food & beverage (F&B) sector such as Starbucks, MOF, BreadTalk, ThaiExpress, Pepper Lunch and Shabu Ya.

Following Mapletree, Robins Department Store, a subsidiary of the Central group from Thailand, has announced its plan to "conquer" the southern market to start in November.

After opening its first department store in Hanoi, Robins is marching towards the south, planning to set up another department store at Crescent Mall in the new urban area of Phu My Hung.

The Japanese AEON Mall has made its official presence in Vietnam with

the inauguration of the first shopping mall on January 1, 2014.

The retailer plans to open a store in Binh Duong province in the fourth quarter of the year.

The fast food giant McDonald's, which just opened its first shop in Vietnam in February, has just set up a second one.

A representative of McDonald's Vietnam revealed at the opening ceremony that it has had plans for the opening of a fourth shop in Vietnam.

Other major players have been speeding up their expansion plans in Vietnam.

Starbucks plans to open its eighth shop in the third quarter, Baskin Robbins opened its 20th shop in the second quarter, while Warren Buffett's Dairy Queen has opened a second shop, just several months after it opened the first one in January.

Caffe Bene, a South Korean brand, present in 12 countries, will open in HCM City in the third quarter.

Marc Townsend, managing director of CBRE Vietnam, a real estate service provider, in a second quarter report about the HCM City real estate market predicted that

MARKET & PRICES

more and more int'l retailers would flock to HCM City in the time to come.

The senior executive cited a Nielsen survey that the Vietnamese consumer price index in the first quarter was higher than the global average level, one reason foreign retailers want to join the Vietnamese market.

Mark Burlton from Cushman & Wakefield noted that int'l retail groups do not need to maintain high numbers of shops in their countries, and they tend to seek opportunities in other markets, especially in Asia and Vietnam.

Budget smartphone sales soar



VNS - Budget smartphone sales have risen significantly in the domestic market following the narrowing price gap between mobile phones and smartphones.

Handsets costing VND2 million to VND4 million have become more popular. The low-end market,

particularly in rural areas, is driving sales growth, traders say.

Chinese and Vietnamese budget smartphones, which offer high-end devices at relatively low prices, have played a key role in the mushrooming growth.

Meanwhile, a few well-known brands have introduced affordable models, such as Lumia 525, Nokia X, ASUS Zenfone and Galaxy Trend Plus.

In addition, strong discounts on some high-end models has also helped trigger sales.

According to a representative from The Gioi Di Dong Joint Stock Company, a prominent mobile phone retailer, the sales of its budget smartphones increased by 60% in the first half of the year.

Deputy director of the company, Tran Kinh Doanh, said the smartphone segment in Viet Nam was still hot and would develop further.

Meanwhile, Nguyen Hoang Son, a sales representative from OneTouch, an online phone retailer in Ha Noi, said more budget smartphones were expected to make their debut by the end of July.

"Many thousands of new students will enrol in August and they are the potential buyers of budget smartphones," he added.

According to GfK, one of the world's largest research companies, Viet Nam ranks second among the fastest growing markets for smartphones in Southeast Asia, owing to the popularity of 3G (third generation network) and budget smartphones.

The German company reported that the top three growth markets for smartphones were Indonesia, Viet Nam and Thailand.

Meanwhile, the percentage of smartphone sold in Viet Nam in the first quarter surpassed sales of ordinary mobiles, reaching 55%, the Germany-based market researcher reported.

GfK attributed the fast development of the smartphone market in Viet Nam to the increasing popularity of 3G, which according to the Ministry of Information and Communications, covers more than 80% of Viet Nam's territory.

LEGAL UPDATES

Important changes to procurement law

VIR - The law states that in order to engage in a state-funded bidding package on non-consultancy services, and construction and installation packages, a local or foreign contractor must submit his/her technical dossier for careful scrutiny by the project developer or owner. Once the dossier is approved, the contractor can submit their financial dossier for final approval.

"This is a very important point in the law, because it will help select competent contractors to ensure the quality of projects. Specifically, technical standards are looked at first, followed by financial factors. This is a determinant for a contractor to win a bidding package," said the Ministry of Planning and Investment's (MPI) Public Procurement Department head Le Van Tang.

The law, which replaces the Law on Public Procurement issued in 2005, also highlights governing scope. In the previous law, development projects subject to bidding requirements are only those in

which there is more than 30% state capital invested.

However, the new law expands this scope to all development projects of government bodies and state-owned enterprises, as well as other projects in which the state has invested at least 30%, or if total state capital exceeds VND500 billion (\$23,445).

The new law also expands governing scope to contractors within Vietnam that serve to implement outbound investment projects for Vietnamese enterprises. It is applicable when either the proportion of state capital is 30% or more, or state capital invested exceeds VND500 billion (\$23,445)

The new law also consolidates and improves existing regulations on the selection of investors for public private partnership (PPP) projects and projects involving land use; online bidding; and the purchase of drugs and medical materials, as well as the provision of public goods and services. These regulations were previously included in different legal documents and were at times incompatible with the procurement law.

Under the new law, regarding the participation of foreign contractors, it become eligible to take part in an int'l bid in Vietnam, foreign contractors are now required to partners with domestic contractors or employ domestic sub-contractors, unless domestic contractors do not have the capacity to participate in any part of the bidding package. Formerly this requirement was only applicable to foreign contractors in the construction industry.

In terms of foreign contractors partnering with domestic firms, those in which the domestic company takes charge of 25% or more of the work value will be rewarded with preferential treatment.

Additionally, in a bidding process to provide goods, if the value of domestically sourced goods accounts for 25% or more, the contractors will also be eligible for preferential treatment.

As for contracts with contractors, the new law provides greater detail on issues such as signing, performance and adjustment.

LEGAL UPDATES

Specifically, the new law categorises contracts into four types based on pricing mechanisms, including lump-sum contracts, fixed-unit price contracts, modifiable unit price contracts, and time-based contracts.

Lump-sum contracts are the standard, and the use of other types must be justified before being approved.

Under new rules, even Bill Gates is ineligible for a work permit in Vietnam

Tien Phong - Circular No 3 of the Ministry of Labor, War Invalids and Social Affairs (MOLISA), issued in March, has placed difficulties on enterprises that want to employ highly qualified foreign workers.

The circular stipulates that foreigners employed as specialists must present documents which prove that they have a university degree or higher education levels, in addition to proof that they have at least five years of experience of working in the fields related to their job in Vietnam.

Attorney Fred Burke from Baker & McKenzie law firm said the HCM City labor department refused to

grant a work permit to a foreigner who was a graduate of a leading university in the US and has been working for the firm for three years.

The problem was that the foreigner had only three years of experience instead of five years, as required.

Colin Blackwell, a South Korean engineer, also complained that many specialists play very important roles in the production process but have been refused work permits because they do not have five years of experience.

Yoshihira Maruta, chair of the JP Business Association in VN (JBAV), said at VN Business Forum that the new legal document required complicated procedures.

He said Japanese workers must present police records even though they may stay in Vietnam for only one day. Agencies sometimes refuse to grant police records to Japanese workers because of the short-term stay.

People teaching English in VN are listed as "specialists", i.e., and such, they also have to satisfy the requirements to be eligible for work permits. The strict requirement has put pressure on schools and foreign language centers.

Dr. Nguyen Van Phuc, president of Mien Dong Int'l University in Binh Duong Province, complained that the school has had difficulties recruiting foreign lecturers since the new regulation became effective in March.

"Some of our lecturers have been working for 20 years, but they don't have certificates on the service length and experience," Phuc said.

"They do not know where they can go to obtain the certificates. The consulate general has refused to grant such documents, which are unfamiliar in foreign countries".

The president of a Hanoi-based university commented that the new regulations are too complicated and unreasonable.

"Should we ask the lecturers, who have worked in many other countries, to go back to the countries to get certificates and show to VN agencies?" he asked.

"With the current regulations, even Bill Gates cannot meet the requirements to be able to work in Vietnam," he said.

The strict regulations will prevent qualified foreign workers who want to devote their knowledge & experience in VN.

HIGHLIGHTS

Vietnam central bank eyes more flexible monetary policy in 2nd half, 2014

ANN - State Bank of VN Governor Nguyen Van Binh is planning a more flexible monetary policy in the second half of this year to enable the country to achieve credit growth of 12 to 14% by the end of the year.

At a conference held by the central bank yesterday, Binh said total credit in the first half of the year grew by only 3.52%.

The low credit growth, which has stirred concerns in recent weeks, was blamed on weak capital absorption capacity of the economy, unsolved budget debts and the tedious process of handling collaterals along with the loan underwriting mechanism for enterprises.

In the second half, Hanoi will focus on managing bad debts, raising total demand and facilitating market recovery.

Policy makers said credit demand in the second half was always twice than that of the first half. They expressed optimistic provisional views over the entire year's target of 12 to 14% credit growth.

www.seiko-ideas.com

Earlier, a report by the Monetary Policy Department showed that roughly 87 to 90% of capital resources of banks went to government bonds and state treasury bills.

The central bank yesterday said bond and bill purchases would help credit institutions raise their liquidity position. However, they warned that the banks' holdings might cause some difficulty if banks would not be able to balance the tenures.

In terms of credit structures in the first half, credit increased by 10% for exports, 5.8% for auxiliary industries and 13% for hi-tech applied production firms. Meanwhile, small and medium sized enterprises posted a 2% increase in credit. As of May, 2014, loans allocated for agriculture and rural areas were up by 2.56% against the end of 2013.

Dong liquidity was secured. Loan-to-deposit ratio (LTD) in the dong came down to 87.4% from 92.5% in December last. (The LTD ratio indicates a bank's liquidity. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements and if the ratio is too

low, banks may not be earning as much as they could be.) By the end of June, the foreign exchange reserves were US\$35 billion.

The ratio of dollar deposit-to-total money supply was 11.4%, slightly down from 12.4% by the end of last year.

PPP in Agriculture: Unlocking enormous potential

VCCI - Ministry of Agriculture & Rural Development (MARD) opened two consecutive conferences on agricultural investment in the form of public - private partnership (PPP), showing the high interest of investors in and the good prospects of this investment form.

Cao Duc Phat, Minister of MARD, said the results of agricultural PPP projects made him expect a sharp rise in foreign direct investment (FDI) inflows into agriculture in the form of PPP in the near future.

Upgrading Vietnamese agricultural products

He said Vietnam is one of 11 countries in the world to pilot agricultural PPP. As many as 20 leading foreign corporations have invested in agriculture in Vietnam in

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the form of PPP. Vietnam has established six PPP groups of agriculture: vegetables, fruits, coffee, tea, seafood - the general merchandise, and microfinance groups. All groups are very effectively operated and appreciated by the world.

Tran Vu Hoai, Vice President of External Relations at Unilever Vietnam, a representative of tea PPP group, said, with the PPP model, tea growers and tea processors have been trained of int'lly certified farming sustainability. Each year, Unilever buys 30,000-35,000 tons of int'l Rainforest Alliance-certified tea for export. This result has brought Vietnamese tea closer to the "made in Vietnam" tea brand that investors expect to make an echo in the world tea market.

Up to now, businesses joining the tea PPP group reportedly have invested EUR440,000 in training programmes and in production cooperation with over 23,000 farmers in six provinces.

As head of the seafood PPP group, Philippe Bacac, Managing Director of Metro Cash & Carry Vietnam, said Metro, said promising results have also been reported by the

seafood PPP group. Metro Cash & Carry Vietnam together with other companies of the group like Cargill and Fresh Studio have successfully built up production chains meeting int'l standards, which helps Vietnamese seafood products easily penetrate supermarket chains. Each year, more than 4,000 tons of seafood products from the PPP projects are estimated to be consumed by supermarkets nationwide.

Thus far, the PPP seafood group has trained more than 2,000 fishermen and 400 merchants in farming techniques, safe medicine and chemical use, packaging and transportation in accordance with certified standards.

FDI flows into agriculture

Given the current serious climate change, PPP is hoped to lure more investment into the agriculture sector as prices of agricultural products will increase and stay high in the years to come. Dr Dang Kim Son, Director of Institute for Policies & Strategies on Agriculture & Rural Development, said Vietnam has great opportunities to attract FDI into agriculture through PPP

projects. This is a door to attract FDI capital into agriculture.

With the participation of initial active factors, once commodity sectors establish value chains, foreign capital will flow more strongly into agriculture. Besides, the Government of Vietnam's determination for agricultural restructuring will create a significant source of motivation for investors. Dr Dang Kim Son said agricultural PPP projects have boosted agricultural output by 2-3 times and farmers' incomes have thus increased 10-15 percent. Traditional farming methods and practices have fundamentally changed to closed models. Agricultural PPP model has successfully connected businesses and farmers. Management agencies have timely and accurately captured practical problems from production realities to build, change and apply management policies.

Tran Kim Long, Deputy Director of Int'l Cooperation Dept under MARD, said, to continue promoting PPP advantages, good results from PPP projects in big businesses will be studied to apply in different levels and various sectors.

HIGHLIGHTS

Coca Cola market strategy backfires

Vietnamese consumers are being exploited by Coca-Cola to advertise for the soft drink manufacturer free of charge, according to marketing experts.

Under a sales promotion campaign, Coca-Cola will print consumers' names or nicknames on their drink cans, which is now in fashion among youth.

Consumers in big cities or important markets in VN can ask their names to be printed on the cans they buy. A marketing expert said the same advertisement method had been used in many other countries before it was launched in VN.

"Coca-Cola has found a good way to use Vietnamese consumers as partners to advertise its products," the expert commented. "And Vietnamese private brands have been exploited by Coca-Cola".

Coca-Cola understands young consumers' psychology very well.

The consumers, who are willing to pay money for original things, feel excited to see their names on Coca-Cola cans. They buy more Coca-Cola's products, thus helping the manufacturer advertise.

www.seiko-ideas.com

What would happen if Coca-Cola cans with celebrities' names appear on Facebook, a social network with millions of users in VN?

The answer is both VN celebrities & Facebook would serve as advertising channels for Coca-Cola. A lecturer of the marketing faculty at a Hanoi-based university said VN consumers have become smart enough to understand what Coca-Cola is trying to do. He recalled the movement of VN consumers boycotting Coca-Cola's products when Coca-Cola was suspected to be carrying out transfer pricing to evade tax in VN.

In late 2012, HCMC Taxation Agency released a report showing that since its establishment in February 1994, Coca-Cola VN has been taking losses despite turnover increases year and year, and thus,

has not paid any dong in corporate income tax.

Minister of Planning and Investment Bui Quang Vinh in May 2013 stated that VN would investigate enterprises suspected of conducting transfer pricing, including Coca-Cola.

A movement to say "no" to Coca-Cola's products began among Vietnamese consumers.

Vu Tuan Anh, director of the Vietnam Management Institute, wrote on his Facebook page that "I never use Coca-Cola because I believe it has been trying to evade tax. And I will never buy Coca-Cola just because I can print my name on the cans".

This has been applauded by a lot of netizens. "I won't drink Coca Cola anymore as the manufacturer has not done good things for VN".



Coca Cola can with printing words "Coca Cola: Pay Tax"

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