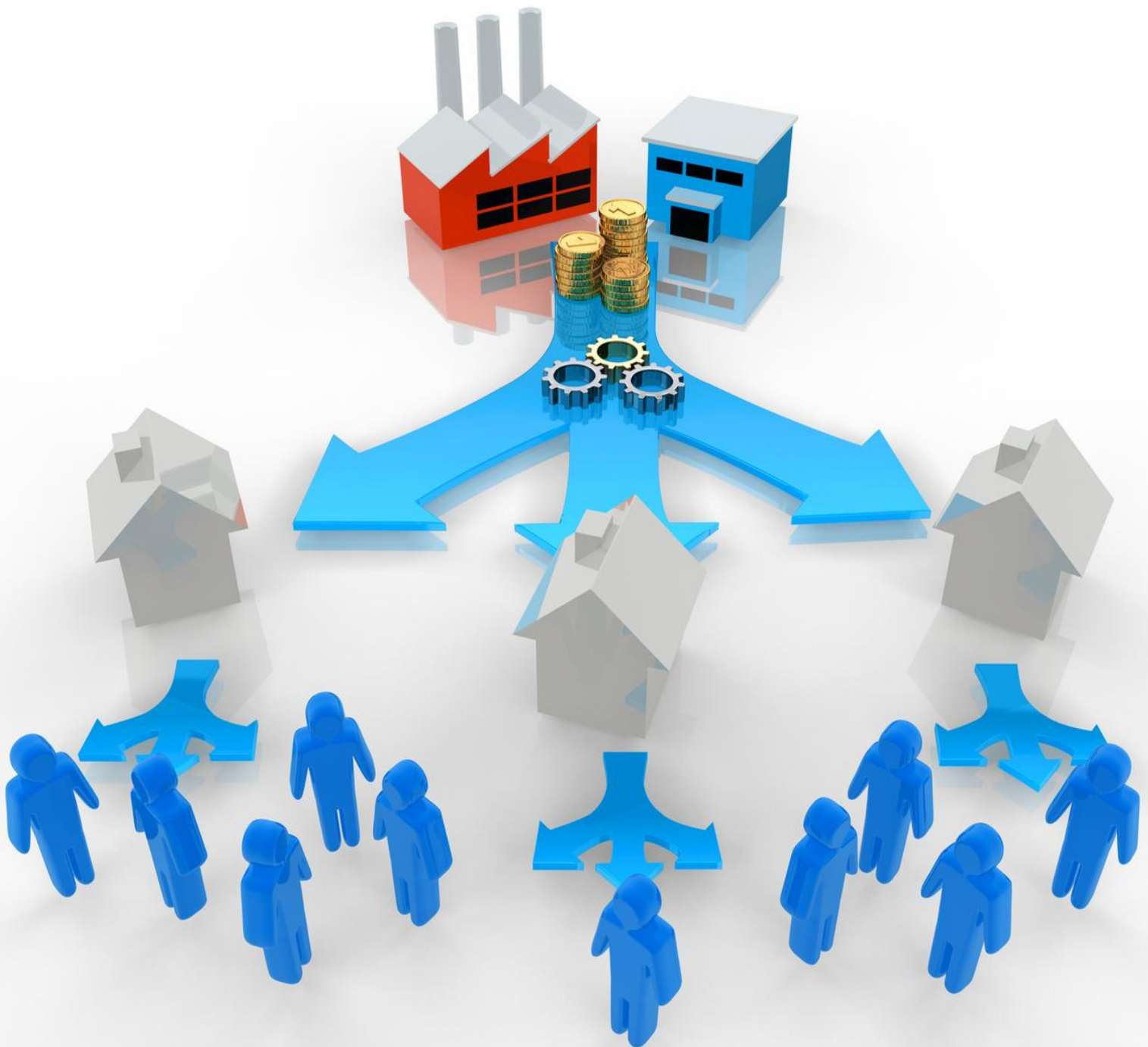


VIETNAM

BUSINESS REVIEW

Vol 36, September 17th 2014



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ECONOMY

Overdue debts touch \$2.9b

VNS - Overdue debts at credit institutions in Hanoi reached VND61.3 trillion (\$2.9b), or 6.72% of the total outstanding loans, by the end of August.

The statistics of the State Bank of VN's Hanoi branch showed that the total outstanding loans as of August 31 fell by 2.88% against the end of last year to VND917.88 trillion (\$43b). Meanwhile, the total deposits were up 6.75% to VND1,117 trillion (\$52b). Dong lending interest rates for priority borrowers from agriculture, rural areas, exports sector, small and medium enterprises, support industries and high-technology production are 7 to 8%. For ordinary businesses, the rates are 9 to 10% for short loans, and 10.5 to 12% per annum for mid-to-long term loans.

Companies which have transparent financial capacity, good business strategies and good performance results may get dong loans at 6 to 7% per year.

The amount of bad debts at Hanoi-based banks is in accordance with the nationwide trend.

Late last month, Nguyen Thi Hong revealed that Vietnamese commercial banks' bad debt ratio

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rose to 4.84% by late June 2014, representing a 3.61% increase YOY. She attributed the increase to sluggish production and business, resulting in delay in debt payments for a number of businesses, and the implementation of new debt regulations in SBV's Circular No 09/2014/TT-NHNN based on the classification of bank risk.

The circular, which deals with the classification of bank assets, the setting up of risk provisions and the manner by which provisions against credit risks are to be deployed, will force an increase in risk provisions, according to Hong.

The Chairman of VN Asset Management Company (VAMC) told reporters that since October 2013, his company had purchased VND58.9 trillion (\$2.8b) worth of bad debts from 35 credit institutions.

Steel sector can cope with FTA

VNS - Domestic steel manufacturers will not be on the brink of shutting down when the free trade agreement (FTA) between Vietnam and the Custom Union of Russia, Belarus and Kazakhstan (VCUFTA) comes into effect later this year, the Ministry of Industry and

Trade stated Friday in response to widespread concern over the industry's future.



The union will only provide Vietnam with products that are not manufactured domestically. During negotiations, the union said it would prioritise exporting industrial products to Vietnam, such as steel, tyres and tubes, machines and equipment. Meanwhile, Vietnam's key exports will be garments, aquatic products, leather, shoes and agricultural products.

In addition, manufacturers from the union will have to compete with major Vietnamese steel exporters.

The two sides will also implement tax cut roadmaps for specific products and will not eliminate taxes directly after the agreement takes effect.

VN commercial affairs office in Europe expected the FTA to boost VN's exports to Russia & the Commonwealth of Independent States.

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BANKS & FINANCE

Gov't plan to issue \$1b in int'l bonds stirs controversy

BTimes - The successful issue of international bonds at low interest rates will allow Vietnam to promote itself in the international capital market, according to a VPB Securities report.

The government's plan on issuing \$1 billion worth of international bonds was confirmed by Chief of the Government Office Nguyen Van Nen at the regular meeting of the government in August.

According to VPBS, the government does not necessarily have to issue bonds in US dollars.

"The current \$36 billion foreign exchange reserve is quite capable of paying dollar debts. Moreover, Vietnamese banks now have demand for dong bonds," the VPBS report reads.

The State Treasury last week reported that 90% of the plan to issue VND6 trillion worth of dong bonds has been fulfilled.

The interest rates have fallen to the deepest low in history. Therefore, the government can easily mobilize capital in the domestic financial market.

On this issue, Dr. Phan Minh Ngoc, a finance expert, commented that foreign exchange reserves must be used to fulfill other important tasks, such as the dong/dollar exchange rate stabilization, not to lend money to anyone.

Ngoc also pointed out that though \$36 billion is the biggest-ever foreign exchange reserve, it is just equivalent to a three-month import turnover, the minimum level to be safe in accordance with international standards, and that \$36 billion is not big enough for Vietnam to spend money like water. However, according to VPBS, there are favorable conditions for Vietnam to issue bonds now, when both the Libor (London Interbank Offered Rate) and margin interest rate, the two factors that define the bond interest rates, have been falling since the beginning of the year.

The Libor 10-year rate dropped from 3.07% earlier this year to 2.47% in early September. Meanwhile, Vietnam's CDS (credit default swap) rate decreased from 300 points to 190 points.

This means that if it issues roll-on bonds now, Vietnam will be able to

mobilize capital at lower interest rates.

VPBS also believes that issuing bonds now shows to the world that this is something that it can do well, once its macroeconomic conditions are better.

The situation was different several years ago, when Vietnam faced three big problems – a high inflation rate, weak local currency and Vinashin's huge debts.

Meanwhile, international credit rating agencies Moody's, Standard & Poor's and Fitch all have recognized considerable improvements in Vietnam's economy.

However, Bui Kien Thanh, a banking expert, warned that the government needs to calculate the capital mobilization cost carefully before making decisions, which includes the bond interest rate, guarantee fee and issuance fee.

A senior executive of Rong Viet Securities Company also noted that though the Vietnamese 10-year bond interest rate has been decreasing since the beginning of the year, it is still high compared with the figure in 2005 and 2010.

BANKS & FINANCE

Vietnam dislike payment cards, still prefer cash



VNE - Despite great efforts by the State Bank to encourage use of payment cards, Vietnamese still prefer cash.

When Hoang Thu Le made a payment for a refrigerator which had the quoted price of VND8 million at a home appliance center in District 5 in HCM City, she was told that VND8.16 million had been deducted from her account.

The saleswoman explained that she had to pay a 2% surcharge for the non-cash payment.

A senior executive of Vietcombank said that the 2% surcharge was not imposed on customers, but on goods and service providers. However, in reality, customers have to pay the fee as they are asked to "share difficulties with the goods and service providers".

The banker said surcharges on POS (points of sale) is a must for banks, www.seiko-ideas.com

because this is the only source of income for banks to maintain card services (covering expenses and making payments to international card companies such as Visa and Mastercard).

Meanwhile, goods and service providers say with modest profits, they cannot cover the POS fees. As a result, the burden is on customers.

Cash payers more welcome

Le Song Nga, an office worker, said in most cases, salespeople prefer receiving cash. The loyal customers' club of a supermarket in Hanoi reportedly can enjoy a 3% discount rate if they buy goods on fixed days of the weeks. However, those who pay with cards cannot use the discount.

Phuong Mai, a student, said she feels "more secure" when shopping with cash instead of cards.

She recalled that some months ago, she could not pay for a shirt with cards.

"I was told that there were errors with the POS and asked to make the payment in cash. Therefore, I had to run around to look for an ATM to withdraw cash and then come back to the shopping mall, a big one in District 1 in the center of

HCM City, to make the payment and get the shirt," she said.

"It would be better to bring cash if you are in Vietnam, because there are not many POS for you to use," Mai noted.

A report from the State Bank showed that 149,000 POS had been installed throughout the country by June 2014. However, most of the POS are located in Hanoi and HCM City.

Security solutions

Song Nga, the office worker, said she preferred buying goods online as she was too busy to go to shops. One day, she discovered a strange transaction and found that her account was hacked. Though she has a new card, she is still reluctant to use online services now.

A banker admitted that it is risky now to make payment with cards, both international and domestic cards. Banks have found that security solutions are unsafe, but no more effective solution has been found. Therefore, card holders have to protect themselves by using their cards carefully and making transactions with reputable distributors.

INVESTMENT

Japan, RoK, Thailand speed up investment in Vietnam

VNA - With recent M&A deals in VN, Thailand has become a merging name, besides two long-term investors Japan and the Republic of Korea (RoK), who are also speeding up investment in VN, Saigon Giai Phong daily reported.

According to the Vietnam's Department of Foreign Investment Department under the Ministry of Planning and Investment, Japan ranked 3rd as of June this year with the total investment capital of \$800m. This is a reduction over the same period last year amid the Yen devaluation.

However Japan is still leading in the number of FDI projects in Vietnam with over 2,300 projects worth \$35b. Japan has so far invested in 18 out of 21 economic sectors in Vietnam. Of these, manufacturing and processing see first with \$30b, which is followed by real estate with \$1.4b & construction with \$1.05b.

The Japanese Commerce and Industry Department has recently revealed that 30% Japanese businesses who are investing

abroad consider Vietnam as their first choice.

A survey by the Japan External Trade Organisation shows that 70% of Japanese companies in Vietnam want to broaden their trading.

Meanwhile, the RoK has always been listed the top 5 FDI investors in Vietnam in recent years.

In the first half this year, the RoK took the lead in 41 countries and territories investing in Vietnam. The country's investment touched \$1.55b accounting for 23% of the total FDI capital in Vietnam.

At present, 3,300 RoK companies are pouring their investment capital in Vietnam. Among them are Samsung, LG and Lotte. They are employing over 500,000 workers and contribute in 30% Vietnam's export value.

Before the purchase of Metro Cash and Carry Vietnam by Berli Jucker (BJC) Group, Thailand businesses had carried out similar deals in the S-shaped nation.

Thailand had 333 FDI projects with \$6.46b by the end of last year, ranking tenth out of 101 countries and territories and second in ASEAN nations that are investing in VN.

Binh Duong targets \$1.7b in FDI

VOV - The southern province of Binh Duong hopes to attract \$1.6-1.7b in FDI this year, People's Committee's Chairman Le Thanh Cung has said. Speaking at a ceremony to mark the third phase of issue of investment certificates this year to investors yesterday, he said that in the year-to-date the province had attracted \$1.4b, which is 140% of the year's target and 26% up YOY. The investments have been in 113 new projects worth \$673m with 99 existing ones.

He told that another \$200-300m is likely in the remaining months.

The province has attracted investors in every field including industry, services, urban development, and housing, he said.

But in the first nine months investment in property has not been very high.

Cung hoped this would change later this year when the property market recovers.

On September 16, the province issued investment certificates for 42 projects, 37 of them foreign and 19 of them new.

ENTERPRISES

Lotte Mart rolls out major promotion program



VNS – Korean supermarket chain Lotte Mart is offering big discounts on more than 1,000 items under a promotion program that opened last Friday and will go on for almost a fortnight.

The products include including fresh foods, fruits, kitchen utensils, fashion garments, and electronic products, which are being sold at discounts of up to 41%.

Customers buying items worth VND350,000 (US\$16.5) can get a large environmentally-friendly bag for just VND1,000. The supermarket plans to give away 4,000 such bags to encourage customers to go green.

The promotion, called "*Hang Viet gia tot*" (Good prices for Vietnamese goods), is on from September 12 to 25. Lotte Mart, which came to Vietnam in 2008, currently has eight stores.

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Metro provides customers business support solutions



VNS – Metro Cash & Carry Vietnam kicked off its Horeca Fair last week to introduce business-support solutions to their professional customers.

The one-month event will take place in six stores nationwide in HCMC, Nha Trang, Da Nang and Hanoi, with the participation of about 18,000 customers.

Philippe Bacac, managing director of Metro Cash & Carry Vietnam, said the wholesaler would provide customers with complete and efficient solutions covering food, non-food and services to hotels, restaurants, caterers, canteens, cafes and bars.

"We will not only share knowledge and experience, but also provide specific solutions that can help them operate their business more successfully," he added. Giving solutions to support professional customers is one of the core

activities of Metro Cash & Carry Vietnam. A few months ago, it completed a hygiene and food-safety training course for 25,000 customers at its 19 centers.

Domestic retailers struggle to compete

A lack of a master retail plan has caused insecurity and confusion in the local retail sector, leaving many of them losing market share to their foreign rivals, independent market analysts have said.

Vietnam has become more attractive to foreign retailers, particularly those from the region, as the country ranked second this year among the 10 top locations for retailers in Asia.

According to the "The Liveliness of Retail Markets in Asia –Pacific 2014" report that CBRE recently released, Vietnam has great potential thanks to its young population and ever-improving purchasing power from its growing middle class.

In CBRE's report, Hanoi and HCMC, Vietnam's two biggest cities, are included as two of the top 10 Asian cities for retail expansion in 2014.

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ENTERPRISES

Foreign retailers had flocked to the country in recent years to take advantage of opportunities and enter the market at the right time.

Firms such as AEON, Dunkin' Donuts, Auntie Anne's, Starbucks and McDonald's have all opened outlets in the country.

The latest retail group is Thailand's Berli Jucker Public Company Limited (BJC), which bought the formerly German-owned Metro Cash & Carry Vietnam.

Although it is easier for Vietnamese companies to find locations, they are having a difficult time competing with their foreign rivals.

For instance, HCMC currently has 475 convenience stores, 350 of which are foreign-owned.

Singaporean Shop&Go, which arrived in 2005, became the leading convenience store chain in Vietnam after opening its 103rd outlet in April this year.

Circle K has opened 73 outlets since 2008, including 10 in HCMC since the beginning of the year.

Nguyen Tien Vuong, deputy general director of Hapro, said localities had not developed retail plans suited to specific areas & based on local people's demand.

Thus, domestic retail firms were often unsure about where to locate shops and how to expand their distribution networks.

"Retailers like Hapro need specific policies from the Government that include planning of retail activities for such locations as resettlement areas, new residential areas and suburban areas, as well as information on consumer demand of the residents who actually live there," Vuong said.

"Also, because of a lack of planning, some foreign retail giants have been allowed to put up buildings next to domestic ones, which makes it difficult for locals to compete," he added.

Pham Xuan Tiem, former director of the Hanoi Socio-Economic Research Institute (HSERI), said that, due to a lack of master planning, most supermarkets and trade centers were located in major cities, with 70% of them in Hanoi & HCMC. Moreover, most of these modern retail establishments are in urban areas with high density, while only a few are in rural areas, which have great potential, Tiem said.

"At present, the number of first- and second-tier domestic supermarkets

accounts for only 22%, and those that are third-tier account for up to 46% of the total.

"Meanwhile, small retail establishments often have a weak array of commodities, poor and inconvenient displays, and mediocre services," he said.

Phan The Rue, former minister of the Trade and Industry, said the domestic retail market still had great potential for exploitation, but authorised agencies had not surveyed consumer demand to discover the most appropriate development plans.

"The imbalance among modern retail points between urban and rural areas has had a great impact on socio-economic development. Many retail points in the same locations not only waste human resources and land, but also create unhealthy competition," Rue said.

Nguyen Van Nam of the Vietnam Economics Science Association said it was necessary to have long-term coordinated development plans for all sectors, including the retail sector, so that investors could be confident about their competitive ability.

MARKET & PRICE

Imported beer products flood the market

Beer products made in other countries are flooding the VN market, where demand is the highest in Southeast Asia.



Hoang, 39, from District 2 in HCMC, said he was excited when he discovered that many imported beer products became available at supermarkets.

"Previously, we could only buy imported beer from the foreign manufacturers' sales agents in Vietnam for family or holiday parties. But now the products are available at supermarkets as well," he said.

The owner of a beer garden in Dist. 1 also said it was now easy to buy wholesale products from distributors to sell for retail at his shop.

"In the past, I had to place orders with sales agents and importers, and I then got the deliveries later. But now I can order beer products and receive prompt delivery and negotiate prices via phone".

Meanwhile, the owner of a beer club in District 1 said that his customers preferred foreign imports, and of the 120 beer products available at his club, the number of Vietnamese-made products was so modest that "they can be counted on the fingers of your hands".

Reporters from VnExpress, after conducting a quick market survey in HCMC, found that over 20 import beer products were available at supermarkets and sales agents in HCMC.

At Big C in Dist.2, buyers can find Japanese Asahi, Mexican Corona, German Oettinger and Bitburger & the Netherlands' Royal Dutch. The products are 4 times more expensive than VN products.

A salesman at Big C said domestic products still are preferred thanks to their reasonable prices, but the sales of foreign beer have increased rapidly.

"In the past, imported beer was mostly sold to high-income earners because the products were very expensive because of added taxes and fees. However, middle-class consumers now also drink imported products as the prices have gone down and their incomes have risen.

The increasingly high demand for imported beer has prompted retailers to pay higher attention to the products. About a dozen beer products are now available at the Maximart chain. Co-op Mart, which had rarely distributed imported beer, has also tried with Budweiser.

A beverage import company, which has dozens of duty-free tax shops at border gates, revealed that his company had imported over 1 mln liters of beer across the border.

However, he said the figure "was nothing", if compared with the 11 mln liters of beer imported into VN through different channels.

Beer has been brought to Vietnam through official imports and cross-border imports, and by smugglers.

State management agencies reportedly discovered 26 beer smuggling cases in the first five months of the year, seizing 7,200 cans of different kinds. However, analysts commented that the volume of smuggled goods was much higher in reality. An import beer distributor in Binh Thanh District in HCMC said he now supplies over 20 product items imported from many different countries.

LEGAL UPDATES

New law defines bankruptcy proceedings



After 10 years from the issuance of the 2004 bankruptcy law, a new Law on Bankruptcy (the Bankruptcy Law) was passed on June 19, 2014, by the 13th National Assembly with bankruptcy proceedings separated into the two concepts - insolvency and bankruptcy.

In addition, the new law clearly defines rights and obligations of involved parties in bankruptcy proceedings; changed the composition of the team of management and liquidation; prescribed shortened proceedings for bankruptcy, and procedures for bankruptcy of credit institutions; provided for suspension for settling cases related to the implementation of the financial obligations of enterprises unable to dissolve debts and resolve legal consequences; and re-arranged the stage of asset liquidation in bankruptcy proceedings, etc.

The new law creates a new title of trustee with the rights and obligations similar to the team for the management and liquidation of assets, which is responsible for managing the operation and liquidating assets of the enterprise in bankruptcy during the proceedings (including the management and liquidation of assets; representing the enterprise in the absence of a legal representative; reporting on the status of assets, financial liabilities and operations of the enterprise; participation in making a business recovery plan; provision of proposals for the court to implement the following works: collecting evidence, declaring a transaction invalid and recovering asset sales or transfers that were conducted illegally, applying interim urgent measures and applying administrative sanctions). Under the new Bankruptcy Law, a minimum period in which creditors can lodge a petition for bankruptcy proceedings against debtors is three months from the due date of financial obligations. In addition, the law also grants to other individuals and organisations the

right to inform the entities who have the right and obligation to file a request for bankruptcy proceedings when they discovered the enterprise was unable to dissolve its debts.

The court with jurisdiction to resolve bankruptcy proceedings is transferred to the people's court of the district where the head office of the enterprise is located, except in certain cases where the people's court of the province has jurisdiction under the provisions of Article 9.1 of the Bankruptcy Law. A petition for bankruptcy proceedings will not always result in initiation of bankruptcy proceedings as a petitioner has the right to actively negotiate the withdrawal of the petition through a separate agreement with debtor. With the new regulations, information of an enterprise initiating bankruptcy proceedings (Insolvent Debtor) can be easily accessed via notification to the petitioner, Insolvent Debtor, creditors, the Procuracy, the authority of civil judgment enforcement, tax agency, business registration agency where the head office of the enterprise is

LEGAL UPDATES

located and the national business registration portal, the portal of the court and two consecutive issues of local newspapers. This allows other creditors, or other entities with financial issues against the enterprise a better ability to know and take next steps to protect their own rights & legitimate interests.

In avoidance of dispersing and hiding assets, some transactions, shortly before initiation of bankruptcy proceedings can be considered to be invalid in the following cases: (i) transactions relating to asset transfers but not at market prices; (ii) the transfer of unsecured debt into secured debt or partially secured debt; (iii) payment or balance to a creditor for debts not yet due or for a larger amount than due debts; (iv) transfer of property without payment; (v) transactions for purposes other than business activities of the enterprise; (vi) other transactions with the purpose of dispersing the assets of the enterprise. The court with jurisdiction will consider the transactions at the various periods depending on the engaged entities. The time period for entities in a relevant relationship

to the Insolvent Debtor is 18 months, and for others it's six months.

An enterprise is declared bankrupt if (i) the enterprise is unable to pay official fees or advance bankruptcy costs; (ii) the creditors meeting was postponed but still unsatisfied for being reconvened; (iii) a resolution of the creditors meeting is not passed; or (iv) a business recovery plan is not made within the time-limit, a business recovery plan cannot be implemented, or debts cannot be dissolved even after the performance of the business recovery plan.

This new Bankruptcy Law enters effect on January 1, 2015.

New instruction on deposit insurance

Circular No24/2014/TT-NHNN dated Sept 06, 2014 of SBV instructions on certain contents pertaining to the deposit insurance.

This Circular provides instructions on carrying out certain activities regarding the deposit insurance such as the determination of contents of the Certificate of Deposit Insurance; issuance and revocation of the Certificate of Deposit Insurance in case of the merger and consolidation of

insured institutions; opening and use of the insurance deposit account opened at banks & SBV; purchase of treasury bills issued through SBV. This Circular comes into effect from October 24, 2014.

Regarding the extension of bidding closure duration for drug purchase

Dispatch No. 6130/BYT-QLD dated September 5, 2014 of the Ministry of Health (MoH) on extending duration of bidding closure.

While waiting for the Ministry of Health promulgates the guiding document for the Table of technical assessment standards at bidding invitation dossiers for drug purchase to replace Annex 2 provided in Circular No. 37/2013/TT-BYT dated Nov 11, 2013 of MoH guiding the elaboration of bidding dossier for drug purchase in medical establishments, MoH suggests the units that have issued the bidding invitation dossiers since August 15, 2014 and their closure duration is before September 20, 2014 to extend duration of bidding closure by 20 days, counted from the date of bidding closure stated in the bidding invitation dossiers already issued.

HIGHLIGHTS

TPP negotiations making progress



VNS - Trans-Pacific Partnership (TPP) chief negotiators have made important progress across a range of issues as they continue their drive toward a comprehensive agreement after 10 days of intensive meetings last week.

"We are committed to a focused work plan, which will allow us to make continued progress," said Barbara Weisel, US Chief Negotiator for TPP. "All countries involved want to reach a conclusion to unlock the enormous opportunity TPP represents."

Through the TPP, the US is working to establish a trade and investment framework in the Asia-Pacific region that supports US job creation by expanding trade, which accounted for about a third of US economic growth in the past five years.

The US is also taking steps to establish innovative rules that promote core US values in the agreement, such as transparency and good governance and strong and enforceable labour and environmental standards.

During last week's session in Ha Noi, many issues were resolved between the US and its TPP partners – Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Viet Nam.

The teams made important progress on State-owned enterprises, intellectual property, investment, rules of origin, transparency and anti-corruption, and labour.

They also continued to construct ambitious packages for preferential access to each other's markets for goods, services, investment, financial services, and government procurement.

The US and the other 11 TPP countries are committed to resolving the remaining issues as quickly as possible, including both the final text of the agreement and the market-access packages.

Vietnamese specialties sold at knock-down prices, farmers feel self-pity

VNN - Despite their industrious work and great efforts, Vietnamese farmers remain poor. Their farm produce, including specialties, are purchased at knock-down prices.



The people of My Le Commune in Long An Province have sold only 90 tons of Nang Thom Cho Dao rice, while the remaining 120 tons of the 2013-2014 crop lays dormant and unsold.

The U.S. Patent and Trademark Office (USPTO) has granted a certificate of trademark protection for "Nang Thom Cho Dao" rice. This is a kind of special high-class rice which cannot be produced in any other parts of the world.

According to Huynh Van Co, Chair of the My Le Agriculture Service Cooperative in Can Duoc District, the local farmers had been

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encouraged to grow the specialty rice on an area of 500 hectares, while EcoForm JSC promised to be responsible for its purchase and distribution.

However, any joy the farmers felt at that time was premature. EcoForm has “disappeared”, just several days after collecting rice.

Nguyen Thi Nam, a farmer in Can Duoc District, said she has harvested 4 tons of Nang Thom Cho Dao rice, but she cannot sell any of it.

Chau Thi Luom in My Le Commune has also been put on tenterhooks because her 2.5 tons of rice remains unsold. If she cannot sell the rice, she will not have money to cover the family's basic needs and pay down her bank debts.

Nang Thom Cho Dao rice is not alone in this distinction. Many other farm products of Vietnam, including rice, coffee and watermelon, are dirt cheap in the world market, despite their high quality.

While high-quality rice remains unsellable, popular rice has been sold at surprisingly low prices. In June 2013, Oryza, a website that tracks the global rice market,

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reported that Vietnam's rice price had dropped by 1-4%. At that time, Vietnam offered 5% broken rice at \$370 per ton, listing itself among the countries which sell rice most cheaply.

In the latest news, Vietnam decided to bid the strikingly low price of \$439 per ton to obtain the right to provide 800,000 tons of rice to the Philippines. Its rivals had all bid upwards of \$469 per ton for the same deal.

Local newspapers some days ago reported that farmers in the central region were discarding watermelon or feeding it to their cattle, because of excess stock which had no buyers. Hundreds of trucks carrying watermelon reportedly got stuck at the Vietnam-China border, causing an export deadlock and a sudden drop in demand.

The Ministry of Industry and Trade has released a report revealing that prices of nearly all export items have been falling. The average rubber export price has dropped by 24.80%, while rice, cassava and cassava-made products have seen the prices decreasing by 10-19%.

The ministry has estimated that the price decreases have led to the loss of \$160m in export turnover.

A farmer in Thach That District in the former province of Ha Tay, now a part of Hanoi, said he feels self-pity when hearing that Japanese farmers were able to sell a couple of mangos for ¥1.6m, or \$15,000.

“Their works can be well repaid, while ours cannot,” he lamented.

Vietnamese flock to online shopping

VNN - The growth of connected device ownership is causing a boom in the online retail sector, with the number of people making online purchases spiking in the last two years in Southeast Asia, particularly Viet Nam, global information company Nielsen said in a report last week.

Doan Duy Khoa, director of Consumer Insights at Nielsen Viet Nam, said: “2014 is witnessing a significant growth of e-commerce in Viet Nam.

“Entertainment activities such as travel are the key potential areas which continue to see about half of Vietnamese consumers intending to shop online.

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"Searching for and finding more information on products and services online before buying in stores seems to be very popular with many Vietnamese consumers.

"Now, with the increasing use of smart phones, Viet Nam is in the top three markets in Southeast Asia whereby consumers use their mobile device to shop online most frequently."

The report said 58% of Vietnamese consumers use their mobile phones to shop online frequently.

Khoa said, "And this trend is expected to continue in the coming years."

The report also said that 56% of Vietnamese internet users said they use price-saving apps in-store and 44% manage their grocery list with grocery retailers' mobile apps and online tools.

Regional comparison

The survey found that travel services are the most commonly bought items online in Southeast Asia along with tickets for films, live performances, exhibitions, and sports events.

Singaporeans and Malaysians rank among the world's most avid online shoppers.



Singaporeans have the highest online purchase intention globally with around 70% planning to go online to buy flights and 69% making hotel and tour reservations within the next six months.

The country ranks second highest globally for event tickets.

Malaysians rank second globally in buying tours and making hotel reservations online and third globally in terms of intention to buy airline tickets and event tickets online.

Around half of consumers in Indonesia, the Philippines, and Viet Nam intend to make travel and

event purchases online, while it is around four in 10 in Thailand.

Digital consumers across the region enjoy shopping online.

Filipinos, Vietnamese, and Singaporeans are most inclined to buy online whereas in Indonesia, Malaysia, and Thailand they are more likely to go online to browse.

Reading online reviews, product research, and convenience are among the main reasons for consumers in Southeast Asia to go online to shop.

A large number of consumers in Indonesia, the Philippines, and Singapore often look at products

HIGHLIGHTS

online before buying them in a store.

Credit card security remains a key concern across the region with five of the six Southeast Asian markets ranking above the global average with respect to concern about providing card information online.

Filipinos are the most cautious when it comes to paying online by credit card, with 67% afraid of giving card information online, followed by Thais (62%), Indonesians (60%), Vietnamese (55%), Malaysians (52%), and Singaporeans (41%).

This compares with 49% globally.

"Concerns about providing credit card information online remains a barrier to purchase, and providing reassurances about online payment security is essential for online retailers to gain the trust of consumers," Connie Cheng, Shopper Practice Leader, Southeast Asia, North Asia and Pacific, said.

Use of mobile phones for online shopping is growing in popularity across the region, with the Philippines, Indonesia, Viet Nam, and Thailand ranking in the top 10 globally and all Southeast Asian

markets scoring above the global average.

Tablet usage is also gaining traction as a means of accessing online retail sites, with all Southeast Asian markets except Singapore ranking above the global average in the use of tablets to shop online.

"Increasing connected device ownership in Southeast Asia is by far one of the most significant factors impacting the shopping behaviour of consumers across the region," Cheng said.

"Rising affluence, availability of high-speed connectivity and evolving online offerings will compound this effect in the years ahead.

"With this growth set to continue, e-commerce represents a huge opportunity for online retailers and bricks and mortar operators alike to tap into the expanding online consumer base.

"The key to staying ahead of the curve lies in identifying and understanding consumer demand, staying abreast of evolving online behaviour and implementing tactics which build a lasting connection with consumers."

The Nielsen Global Survey of E-Commerce polled more than 30,000 internet respondents in 60 countries to examine the online shopping and purchasing intentions of consumers worldwide.

It was done in February-March this year.

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Training (Languages & Soft skills)

Consulting

Marketing

Translation - Interpretation

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