

VIETNAM

BUSINESS REVIEW

Vol 11, March 25th 2015

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ECONOMY

Firms avoid business associations

HA NOI (VNS) — Associations for enterprises should be improved further in terms of quality of management and activities, experts said.



Viet Nam has 400 associations for enterprises. About 96 per cent of the firms are local enterprises that are small in size, and these associations could play an important role during the economic integration process of such small firms, a recent survey conducted by the Viet Nam Chamber of Commerce and Industry (VCCI), has suggested.

However, 70 per cent of them are not interested in joining such associations, according to the survey.

Tran Huu Huynh, VCCI deputy general secretary, told online Cong an nhan

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dan (People's Public Security) newspaper that the number of newly-established associations had risen sharply nationwide at the national, provincial and municipal levels over past few years.

Many enterprises need support from such associations and have seen these associations playing a role in protecting the rights and interests of enterprises, according to Huynh.

The associations also partially act as a representative of enterprises during the implementation of trade promotion activities, connect partners and provide information and sales training for enterprises.

However, 70 per cent of enterprises not being a part of any association was indicative of something important, Huynh said. Firstly, these enterprises did not really feel the need for connecting with associations. That also meant that the associations had not played their role of helping these enterprises well.

The enterprises were also unaware that the associations need to be used as a tool for protecting the rights and interests of enterprises, he said.

VCCI's Huynh said the small firms were only aware of the short term role played by these associations of introducing them to prospective business partners and hadn't seen them protecting the business environment, businesses' rights and competitiveness, as well as acting as a platform for tapping trading opportunities.

In other countries, the establishment of an association was considered the right of enterprises and associations usually competed amongst themselves to attract more members, he said.

Meanwhile, in Viet Nam, such associations lacked competitiveness and had limited operations.

Nguyen Dinh Cung, the head of the Central Institute of Economic Research and Management, said many state offices had assumed the role that should have been played by the associations instead.

Therefore, ministries and sectors should separate the formulation of policies from the implementation of the policies and market regulation. That

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would create conditions for the associations to perform their role in a constructive manner.

The associations also needed to manage trade promotion activities and funds, such as funds of investment and industrial development, he said.

During the current economic integration process, the associations should specify their roles as a protector of members' rights and interests, an organisation for trade promotion and development of core products and supporting products, Cung said. — VNS

Higher environmental tax among challenges facing Vietnam airlines

Vietnamese air carriers pinpointed many difficulties that are hindering their operations, including a higher environmental tax on fuel, as they met with the country's aviation watchdog on Thursday.

The Civil Aviation Authority of Vietnam (CAAV) held the Hanoi meeting to listen to the carriers in the hope of finding possible resolutions to their problems.

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Duong Tri Thanh, deputy general director of national flag carrier Vietnam Airlines, said the new environmental tax, which will triple starting in May, will result in a VND740 billion (US\$34.49 million) cost overrun for the company from now to the end of this year.



Budget carriers Jetstar Pacific Airlines and VietJet Air too will incur extra expenses of VND150 billion (\$6.99 million) and up to VND400 billion (\$18.64 million) due to the new tax, respectively, Thanh added.

On March 10, the Standing Committee of the National Assembly passed a resolution to increase the tax to VND3,000 a liter from VND1,000 a liter for gasoline and jet fuel.

The 200-percent tax hike is said to help offset about 84 percent of the loss to be caused by a cut in tariffs on gasoline imports for the state budget, Dinh Nam

Thang, deputy director of the Tax Policy Department under the Ministry of Finance, told Tuoi Tre (Youth) newspaper earlier this month.

The Vietnam Airlines official thus called on the CAAV and the Ministry of Transport to petition the government to

issue a "suitable policy" to assist the airlines. "The environmental tax should be considered as a surcharge which should be allowed to be counted in the

airfare calculation," he suggested.

Thanh also talked of another issue which he said has been hindering many Vietnamese airlines when it comes to overseas services.

"We are facing problems in asking for departure slots from airports of other countries," he said.

Vietnam Airlines has only been licensed to offer five flights per week from the Beijing Capital International Airport for the last 20 years, according to the official.

"We want to launch two more flights for the service but this requires a proposal from higher Vietnamese authorities,

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and the issue has remained unsolved for years,” he added.

Thanh said Vietnam has created conditions to facilitate Chinese airlines in their services to the country, so “there must be a policy” to ensure that Vietnamese carriers will be treated the same when flying to China.

“China only provided slots for Vietnam Airlines to depart at 1:00 am or 4:00 am so it is difficult to exploit the service,” he lamented.

Nguyen Duc Tam, deputy general director of no-frills VietJet Air, said the airline’s business results and sustainable development are hurt by the high loss ratio in pumping fuel, which is carried out by Vinapco, a Vietnam Airlines subsidiary.

Vinapco is refilling fuel for VietJet Air planes at an average loss ratio of two percent, which costs the carrier VND120 billion (\$5.59 million) a year, Tam elaborated.

“The CAAV and Vietnam Airlines must be aggressive in handling this issue,” he urged.

Tam also called on the companies that supply in-flight meals at Noi Bai International Airport and Da Nang International Airport to diversify their

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menus and cut production costs to better serve passengers.

For Hai Au Aviation, which operates seaplanes for tourism purposes, open and convenient policies, regulations and mechanisms to facilitate the service are what the company most desires.

The lack of relevant policies has prevented the Hanoi-based aviation firm from launching more services, general director Luong Hoai Nam told the meeting.

Hai Au Aviation has been licensed to offer only two services, Hanoi– Ha Long and Ho Chi Minh City– Phan Thiet, since it began operations in September last year.

“We have reached an agreement to buy 20 more seaplanes over five years but have had to delay delivery to wait for the policies,” he said. “We do not risk taking the aircraft home and seeing them lie dormant for not being allowed to fly.”_TUOITRENEWS

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BANKS & FINANCE

Bank's bad debt: easier bought than sold

The State Bank of Vietnam (SBV) has released an ultimatum for commercial banks that they must sell all their bad debts by the end of the third quarter of 2015.



Buying debts

Analysts said “not many things have been done” by the Vietnam Asset Management Company (VAMC), which is in charge of buying debt.

However, they said VAMC’s process of buying bad debts from commercial banks would proceed more quickly with many new regulations and the SBV’s strong determination to settle bad debts. SBV has asked commercial banks to sell at least 75 percent of bad debts by the end of the second quarter, and 100 percent by the end of the third quarter. The amount of the bad debts banks have to sell will be set by the central bank.

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Banks, in fact, have not neglected their task of clearing bad debts. Circular No 36 stipulates that only banks with a bad-debt ratio below 3 percent are eligible to provide credit and buy shares from other credit institutions. Banks with high bad-debt ratios also face restrictions in opening new branches and providing new loans. A report shows that VAMC has bought VND137 trillion worth of principal at VND108 trillion paid in special bonds. It has permission to issue VND80 billion worth of special bonds this year, while planning to buy VND80-100 trillion worth of debts.

Selling debts

Of the VND137 trillion worth of bad debts purchased, only VND5.1 trillion have been settled through compulsory sale and other modes. Nguyen Duc Kien, deputy chair of the Economics Committee, said that VAMC bought bad debts and then “put it over there”, because it does not know what to do with the debts. Agribank’s loan worth VND400 billion provided to a three-star hotel developer in Bac Ninh province became a non-performing loan as the developer could not pay the debt. Agribank sold the hotel to VAMC at

VND360 billion, a very high price compared with the market price, estimated at VND200 billion. However, VAMC cannot sell the hotel at VND200 billion because current laws do not allow it to do this. As such, Kien concluded, the only thing VAMC can do is to keep the hotel for five years before giving it back to the bank. Dr. Can Van Luc from BIDV said a big gap exists between the price at which VAMC buys debts— equivalent to 80 percent of the debt value, and the price at which VAMC can sell debts— equivalent to 40-50 percent of the debt value.

VIETNAMNET

US dollar prices soar at VN's commercial banks

HA NOI (Biz Hub) — Rates for the greenback soared at all domestic commercial banks on March 24, approaching closer to the ceiling price set by the State Bank of Viet Nam.

Vietcombank had raised Monday's rate by VND25 on both the buying and selling sides. Thus, the bank set the buying and selling rates for each dollar at VND21,515 and VND21,575, respectively.

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Also compared with Monday's rate, Techcombank added VND10 on both sides, listing each dollar at VND21,490 and VND21,580 respectively.

BIDV added VND25 on the buying side, listing it at VND21,515. It also increased the selling side by VND30, listing each dollar at VND21,580 respectively.



Other commercial banks, such as ACB, EximBank, and Agribank also boost their USD exchange rate by between VND10 and VND50 for each dollar. Buying rates at those banks were listed between VND21,480 and VND21,490 and selling rates were listed between VND21,570 and VND21,580, respectively.

The highest rates for the U.S. dollar were seen at VietinBank, with each dollar (buy-sell) listed at VND21,515 to VND21,585 respectively; and DongABank, which sold each dollar for VND21,590.

At the same time, the rates in the flea market remained as high as in commercial banks. Quoc Trinh Gold and the Jewellery Company on Ha Trung Street, which is popular for money exchange in Ha Noi, bought each dollar for VND21,610 and sold it at VND21,640.

In comparison to last week's rates in the market, the prices were about VND100 lower.

Since January 7, SBV had boost the inter-bank exchange rate from VND21,246 to VND21,458 for each U.S. dollar. The effective exchange rate had a 1 per cent margin and the ceiling rate was VND21,673 per dollar.

Thus, the rates for both commercial banks and the flea market are still lower than SBV's ceiling rate.

Earlier, SBV had confirmed that demand and supply for foreign currency was stable in the market. However, the greenback rates have kept soaring in the local market.

There are at least two reasons for the surge in USD rates. The first one is that U.S. dollar prices went up in the international market. The second one is the speculation psychology of domestic

investors, who also thought that SBV would step up U.S. dollar rates again.

Meanwhile, the site gafin.vn considered the high trade deficit of \$1.2 billion during the first two months as an important factor for the surge. Data from the Viet Nam Customs Office showed that during the first two months, the country's export turnover touched \$22.97 billion and its import turnover reached \$24.18 billion.

According to Reuters.com, on March 24, the U.S. dollar edged higher versus a basket of currencies after a top U.S. Federal Reserve official said it would wait no more than a few months before considering an interest rate hike.

In the meantime, the State Bank of Viet Nam still plans to increase the VND/USD exchange rate by not more than 2 per cent in 2015. — VNS

INVESTMENT

Property start-ups soar as capital deadline looms

HA NOI (VNS) — There has been a wave of new property business start-ups since the beginning of the year, as the minimum legal capital requirement of VND6 billion (US\$284,000) is still effective.

From July 1, that level will be raised to VND20 billion (\$945,000).



According to the General Statistics Office, the number of property firms established in the first two months of this year rose by 89 per cent over the same period last year, or 223 firms per day.

Deputy Chairman of the Viet Nam Federation of Civil Engineering Association Pham Si Liem said this somehow reflected optimism about the recovery of the property market, and firms saw opportunities to invest in it.

However, most of these start-ups were small with modest registered capital.

Deputy President of HCM City Real Estate Association Nguyen Van Duc said firms must be very cautious in doing business as lower average registered capital meant that several small and medium-sized firms were at higher risk when upheavals occurred.

"If firms want to exist and develop in a harsh property market, they must be professional and stand on solid resources," Duc said.

Another reason for the wave of property business start-ups was the amended Law on Real Estate Business, which required a minimum legal capital of VND20 billion (\$945,000) from July 1, up from the current VND6 billion (\$284,000).

As a result, there was a rush to establish firms before the end of June.

Under the draft decree prepared by the construction ministry on the basis of the law, a minimum legal capital requirement of VND50 billion (\$2.64 million) might be applied on those investing in property projects that were awaiting approval of State investment agencies. Others would be required to have a minimum legal capital of VND20 billion.

The construction ministry said raising legal capital limits aimed to prevent the establishment of firms en masse, which occurred during the past few years, leading to unfinished projects and losses to buyers.

This drew mixed opinions from experts. At a conference last week held by the Viet Nam Chamber of Commerce and Industry, most experts said the VND50-billion minimum legal capital rule was unreasonable and inconsistent with the Law on Real Estate Business.

Some said the regulation was not tight enough to deal with the mass establishment of property firms, while others said raising legal capital limits would narrow down doors for small businesses.

According to Phan Hai Anh from Vingroup, different levels of minimum legal capitals might cause confusion. She added as the Law on Land regulated that an investor must have equity capital equal to 15 per cent or 20 per cent of the total investment of the property project, there was no need to have two different levels of minimum legal capital. The VND20-billion minimum legal capital rule sounded reasonable, Anh said.

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Director of Basico Law Firm Truong Thanh Duc proposed to put the draft regulation for reconsideration, as it might be inconsistent with the established law, adding that only one minimum legal capital level should be applied.

Chairman of the Viet Nam International Arbitration Centre Tran Huu Huynh said he was worried about the retroactive effect of the law, adding that firms established before the amended law came into effect should be allowed to keep a minimum legal capital of VND6 billion.

Huynh said the draft regulation about adjusting the minimum legal capital level following macro-economic improvement was not reasonable, as it might narrow down opportunities for small businesses to join the market. — VNS

Foreign tech firms boost investments in Vietnam

HCMC – A number of foreign technology firms like South Korea's LG, Japan's Fuji Xerox and Taiwan's Compal have recently unveiled plans to increase investments or resume their half-done projects in Vietnam to benefit

from low costs and incentives offered by the Government.

LG Electronics is expected to move its TV production in Thailand to Vietnam in late April or early May this year to reduce costs, according to Reuters.

LG produces around 600,000 TV sets annually at its plant in Thailand, with 100,000 of them for export.

In Vietnam, LG originally injected only US\$300 million into manufacturing electronic devices and household appliances at Trang Due Industrial Park in Haiphong City, but later decided to raise the figure to US\$1.5 billion to make its complex in Vietnam a key manufacturing base. LG will export all products made in Vietnam.

Nipon Wongsangarunsri, marketing director of LG Electronics Thailand, told Reuters that the group wants to have one regional TV production base with new machines comparable with those at its plants in South Korea, and Vietnam is considered the best place.

Nipon said the parent company considered Vietnam the most worthwhile country to invest in. He explained wages are one factor but the main one is to ensure quality and make the most of logistics.

According to Reuters, it takes the group a couple of weeks to take delivery of parts imported from China to Thailand while with the production facility in Vietnam it takes only one week.

A source from LG Electronics in Seoul said the group's TV production in Thailand is quite small. Therefore, merging the facility in Thailand with the one in Vietnam will help increase the firm's output.

Industry insiders said as the Government is offering many incentives to foreign enterprises in the hi-tech sector, LG's relocation of production lines in Thailand to Vietnam to improve business efficiency is understandable.

International media reported that Taiwan-based Compal Electronics will resume operation of its plant in Vietnam this year to enjoy the incentives and deal with rising labor costs in China.

In 2007, Compal announced an investment of US\$500 million in a laptop production facility in Vietnam and was expected to operate it in 2009. But the project was then postponed.

Compal's plant in Vietnam will produce smartphones instead of laptops as initially planned. Compared to other smartphone production facilities of

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Compal in China, the Vietnam factory is closer to the smartphone supply chain in Shenzhen in the northern neighbor.

Currently, Fuji Xerox is planning to develop one more factory in Haiphong City as it regards the northern city as a key production base in the region.

Taiwan's Kingtec Group is now constructing a plant at My Phuoc 3 Industrial Park in Binh Duong Province to turn out electronic products for export to Europe and America. The project has an investment of US\$30 million in the first phase.

Microsoft said last year that its smartphone production lines in China, Hungary and Mexico would be moved to Vietnam and that the Nokia plant in Bac Binh Province would be its major production facility.

Seeing Vietnam as one of its important production bases, Intel is expanding investment in its semiconductor assembly and test facility at HCMC's Saigon Hi-tech Park.

Analysts said many multinationals have chosen Vietnam after they coped with unfavorable market movements in China. In addition to many investment incentives offered to technology firms, water and electricity costs in Vietnam

are lower than other markets. _
Saigontimes.

ENTERPRISES

State to hold 36 per cent stake in equitised Vinalines

HA NOI (VNS) — The Ministry of Transport plans to submit an equitisation plan for Viet Nam National Shipping Lines (Vinalines), in which the State-owned capital will be 36 per cent of chartered capital.

This was decided at a conference on Vinalines' equitisation plan held in Ha Noi last week, in which leaders from the ministry and Vinalines participated.

Vinalines CEO Le Anh Son said the corporation's chartered capital was VND9.1 trillion (US\$452 million). Its equitisation would include the sale of part of the State-owned capital and issuance of corporate bonds to raise chartered capital.

The corporation's chartered capital will include 36 per cent of the stake owned by the State, 30 per cent for strategic partners, 33.75 per cent for external investors and the remaining percentage of shares will be for Vinalines' workers.

After equitisation this year, Vinalines will dissolve or declare bankruptcy for the firms which are ineffectively operating in finance or are not suitable

for the corporation's development strategy.

It will also divest its investment capital from all 11 firms, including the port companies of Quy Nhon, Quang Ninh and Doan Xa, Southern Container JSC, Hai Au Sea Transport Company, Thu Do Securities Company and Van Phong Investment and Development Company.

As scheduled, Vinalines will also launch its initial public offering during the first quarter of this year. The starting price will be VND10,000 per share.

Last December, a corporation official had told Viet Nam News that the corporation was valued at more than VND21 trillion (\$1 billion). More than VND8.3 trillion (\$395.23 million) of the amount was State-owned capital.

CEO Son told baogiaothong.vn that Vinalines would focus on three main areas: sea transport, sea ports and maritime services after equitisation. The fleet of vessels will be restructured and modernised, and will use vessels with a tonnage of between 80,000 and 150,000 deadweight tonnage (DWT) and container ships with a capacity of 600 to 2,000 twenty-foot equivalent unit

(TEU), which accounted 20 per cent of the domestic market share.

The corporation will also aim for investment in key sea ports and logistics infrastructure, connecting goods distribution centres nationwide and supply door-to-door services to customers.



"By 2019, Vinalines will resolve all debt and balance its capital flows. By that time, the financial situation will be clearer, and banks will have more confidence in the corporation's operation," said Son.

Deputy Minister of Transport Nguyen Hong Truong said Vinalines' equitisation plan was not only to maintain State-owned capital at 36 per cent, but would more importantly solve the existing problems and help in the continued development of corporation. Truong has also directed the corporation to submit to the Prime Minister its equitisation plan before

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March 31 and hold its first meeting of shareholders this year. — VNS

Lazada best performer among e-commerce sites

HCMC – After three years of operation, Lazada Vietnam has emerged as the best performer among the e-commerce websites in Vietnam, with its 2014 revenue jumping five times over a year earlier and exceeding the average level on the market.

Alexandre Dardy, CEO of Lazada Vietnam, said lazada.vn had a million customers and over 200 million pageviews, the highest number in the online shopping market in the country.

As many as 300,000 items of 1,500 sellers were sold via the website last year.

According to the Vietnam E-commerce and Information Technology Agency under the Ministry of Industry and Trade, the website ranked first among 216 e-commerce sites by revenue last year, and held 36% market share, followed by sendo.vn with 14.4%, zalora.vn with 7.2%, tiki.vn with 5.4% and ebay.vn with 3.6%.

The online shopping sites in Vietnam posted total revenues of over VND1.66

trillion last year, doubled that of the previous year.

At the end of last year, Lazada Group announced it had attracted 200 million euros in investment capital from major corporations in the world, including Singapore's Temasek, to boost operations in six ASEAN markets – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

However, Dardy said delivery would become a challenge for online shopping sites in the coming time. Therefore, apart from one warehouse in Hanoi and another in HCMC, Lazada is in cooperation with express delivery companies to ship goods to customers nationwide.

“Lazada will launch a program to ship products to buyers in Hanoi and HCMC within two days instead of four to five days,” Dardy said. In addition, the firm will boost advertising on social media, in print and on television to make it known to more people.

VinaCapital Partners-Up On New South Hoi An Deal

After over two years of searching, Vietnam-focused asset management firm VinaCapital has finally found

prestigious partners including Macau-based SunCity Group and Hong Kong-based Chow Tai Fook Enterprises Ltd to replace Malaysia's Genting Group for their proposed US\$4 billion integrated casino resort in Quang Nam province.

A source at the Chu Lai Economic Zone Authority, Quang Nam, said the provincial committee would issue an amended investment certificate for this project, officially recognizing SunCity Group and Chow Tai Fook Enterprises as stakeholders working in conjunction with VinaCapital.

The Hong Kong-based Chow Tai Fook Enterprises is engaged in property development, hotels, casinos, transportation, and jewelry. Meanwhile, the SunCity Group is a casino operator at the world's largest casino hub Macau. “They completed the deal and are ready to resume this long-delayed project,” said the local source.

However, as yet, the details of SunCity and Chow Tai Fook's role in the project have not been revealed. If the investors receive a new investment certificate this week and resume construction on the project in the coming months it will confirm a statement made by Don Lam-co-founder and CEO of VinaCapital-to

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the media last October in which he stated that construction on the development would begin in mid-2015.

South Hoi An is the largest tourism property project in the popular holiday destination of Quang Nam, already home to several luxury coastal resorts.

The project was initially developed by VinaCapital and Genting Malaysia Berhad and was intended to include five-star hotels, villas, and gambling facilities.

But in September 2012 Genting suddenly announced its withdrawal from the project during site clearance work, forcing VinaCapital to find other partners to jointly develop the project.

To make the project more attractive, VinaCapital proposed the local authorities reduce the site to 1,000 hectares from 1,538 hectares. The developer also asked permission to extend the project's lifetime to 50 years.

In addition, the developers also asked for permission to expand the scale of the gaming facility in the project. Specifically, they want 90 gaming tables in the first phase of the project, a 20-table increase on the current investment certificate, and a number

equal to those provided at Ho Tram Strip in Ba Ria-Vung Tau province.

Over the past two years, VinaCapital has tried to find partners that have casino industry experience. US-backed Peninsula Pacific expressed interest in the project at one point, but eventually withdrew. As such, the completed deal with SunCity Group and Chow Tai Fook Enterprises comes as some relief to VinaCapital.

"We expect the new investors can push the development forward because both of them are experienced industry players," said the source at Chu Lai Economic Zone Authority.

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MARKET & PRICE

Rice Exports in 2015 to Face Many Difficulties

In 2014, Vietnam's rice exports still managed to achieve production targets, yet exports faced many difficulties due to competitive pressure from outside markets. Due to the quite flat export situation and fierce competition, enterprises are worried that rice exports of Vietnam in 2015 will still face many difficulties.



Low export prices

The rice export price of Vietnam is low. In 2015, rice export is predicted to hardly maintain a high level as the previous year. Oryza.com, the leading site for global rice news, said, at the end of the January 2015, export prices of many nations are averaging US\$422 a tonne, down US\$42 a tonne compared to 2014. For Vietnam, at the week closing date on 30th January, 5-percent broken rice export price reached US\$360 a tonne, down US\$10/ tonne compared to the

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previous week, US\$25 a tonne compared to the previous month and US\$45 a tonne compared to the previous year. These situations are warning signs of declining export prices while competition is increasing.

February and March are the period of winter-spring rice crop. Rice consumption on this occasion is expected to reach more than 3.6 million tonnes. Due to the oversupply, the price of rice will possibly decrease, not to mention the impact posed when Thailand begins rice stockpiling. According to the calculations of the Vietnam Food Association (VFA), domestic rice prices began to decline from the beginning of January and fell sharply in the end of January and the beginning of February.

The recent report of the Vietnam's Ministry of Agriculture and Rural Development showed that rice export volume in February of 2015 was estimated at 200,000 tonnes with the value of US\$90 million, which makes the rice export volume of the first two months of 2015, 526,000 tonnes, worth US\$243 million, down 33.1 percent in volume and 34.0 percent in value compared to the same period last year.

The average export price of rice in January of 2015 reached US\$470.5 a tonne, down 1.36 percent compared to the same period in 2014.

Not only rice, but export turnover of agriculture, forestry and fisheries are also considerably decreased. Export turnover of agriculture, forestry and fisheries in February of 2015 was estimated at US\$1.78 billion, bringing the export value of the industry in the first two months of 2015 to US\$4.177 billion, down 1.9 percent compared to the same period of 2014. In particular, marine product export value was estimated at US\$907 million, down 9.4 percent; primary forest product export value is estimated at US\$1,046 million, up 8.9 percent compared to the same period in 2014.

Risk of shrinkage in many markets

In addition to lower export prices and fierce competition with Thailand and India, in 2015, Vietnam's rice is in danger of shrinking share in many markets, particularly the Chinese market when this country restricts import quota.

China is the largest importer of Vietnam's rice in the past three years. In 2014, Vietnam exported 2.1 million

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tonnes of rice to this market (accounting for over 30 percent of the country's rice exports). In addition, rice exports to this market by quota reached 1.5 million tonnes. However, Vietnam's rice exports to China in 2015 are more likely to change as they increase control and prevent cross-border smuggling. Instead, China will increase rice import quota from multiple sources with low price. In Chinese market, in 2015, in addition to Thailand, the rest of the market will be divided for Vietnam, Myanmar, Pakistan and Cambodia.

Besides, Africa is the second largest rice export market of Vietnam's. However, from 2014, due to the discharge of Thailand's rice warehouses, which made the price sometimes US\$30 - 40 a tonne lower than Vietnam rice price, it has lost up to 60 percent of market share in this market. In 2015, it is forecast that Thailand will continue to dominate this market thanks to its advantage of large inventory and competitive prices.

In order to consume paddy and commodity rice in prices beneficial for farmers and to achieve rice export goal in 2015, at the end of last January, Deputy Prime Minister Hoang Trung

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Hai hosted a meeting on rice export in 2015. Deputy Prime Minister Hai asked relevant ministries, agencies and localities, the Vietnam Food Association (VFA) and enterprises to regularly monitor and grasp changes in rice export market, build market solutions, promote specific trade for each market in 2015 under the direction of maintaining and maximizing opportunities of concentrated and large markets, recover the commercial market for traditional rice, gradually develop new and potential market, and agree with the Ministry of Finance on the source, additional funding needed to implement rice trade promotion activities.

In addition, Deputy Prime Minister also required research and strategy development of Vietnam's rice exports associated with the implementation of the scheme to restructure agriculture of rice, contributing to strengthening the connection between rice production and consumption and improving the **quality and value of Vietnam's rice.**

The Government has issued a decision on the temporary stockpiling of paddy and rice of 2014-2015 winter-spring crop.

Particularly, 1 million tonnes of rice in the 2014-2015 winter-spring crop in the Mekong Delta will be bought for storage, according to the paddy: rice conversion rate of 2:1, including various types of paddy and rice (including sticky, fragrant and plate types). The temporary storage time is from March 01, 2015 to the end of April 15, 2015.

The Prime Minister assigned the State Bank of Vietnam to direct a number of commercial banks to loan to buy temporary storage of paddy and rice in a maximum period of 6 months from the date of the temporary storage until the end of August 31, 2015. State Budget will support 100 percent interest rate of temporary stored paddy and rice with the maximum rate of support up to 4 months from the date of the temporary storage until the end of June 30, 2015.

Thu Ha

Internet Grows to 288 Million Domain Names in Q4 of 2014

Recently, VeriSign, Inc. (NASDAQ: VRSN), a global leader in domain names and Internet

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security, announced four million domain names were added to the Internet in the fourth quarter of 2014, bringing the total number of registered domain names to 288 million worldwide across all top-level domains (TLDs) as of Dec. 31, 2014, according to the latest Domain Name Industry Brief.

The increase of four million domain names globally equates to a growth rate of 1.3 percent over the third quarter of 2014. Worldwide registrations have grown by 16.9 million, or 6.2 percent, year over year.

The .com and .net TLDs experienced aggregate growth in the fourth quarter of 2014, reaching a combined total of approximately 130.6 million domain names in the domain name base for .com and .net. This represents a 2.7 percent increase year over year. As of Dec. 31, 2014, the base of registered names in .com equaled 115.6 million names, while .net equaled 15.0 million names.

New .com and .net registrations totaled 8.2 million during the fourth quarter of 2014. In the fourth quarter of 2013, new .com and .net registrations totaled 8.2 million.

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During the fourth quarter of 2014, Verisign's average daily Domain Name System (DNS) query load was 110 billion across all TLDs operated by Verisign, with a peak of 146 billion. Compared to the previous quarter, the daily average decreased 3.7 percent and the peak decreased 54.0 percent. Year over year, the daily average query load increased 33.5 percent and the peak query load increased 47.1 percent.

The DNS is a critical component of the Internet; however, its security is often overlooked. Implementing DNS Security Extensions (DNSSEC) into the DNS can help to minimize attack surfaces and enhance security postures. This quarter's back page article, "Understanding and Enabling the Full Benefits of DNSSEC" highlights the role and benefits of DNSSEC in the DNS.

Verisign publishes the Domain Name Industry Brief to provide Internet users throughout the world with statistical and analytical research and data on the domain name industry. Copies of the 2014 fourth quarter Domain Name Industry Brief, as well as previous reports, can be obtained at VerisignInc.com/DNIB. . **TKD**

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LEGAL UPDATES

People's ownership may be made into law

HANOI – The controversial concept of people's ownership may be made into law as it has been added to the latest draft revisions to the Civil Code.

People's ownership, according to the draft, is defined in Article 213 as ownership of public assets like land, water resources, minerals, marine resources, airspace, natural resources and other assets invested and managed by the State.

Article 224 of the draft amended Civil Code says the State represents the people as owner of such assets. The Government manages and ensures the proper, effective and economical use of the assets owned by the people.

Speaking to the Daily on the sidelines of a seminar on the draft held by the Ministry of Justice and the U.S. Agency for International Development (USAID) in Hanoi on Tuesday, lawyer Truong Thanh Duc said the definition remained vague.

People's ownership is one of the three concepts on forms of ownership as specified in Article 213 of the draft. The

two others are private ownership and shared ownership.

Article 213 of the draft simplifies many concepts regarding forms of ownership mentioned in Article 172 of the 2005 Civil Code.

Though Article 172 makes no mention of people's ownership, such a concept is used to make clear six forms of ownership – State ownership, collective ownership, private ownership, shared ownership, ownership by political organizations and socio-political organizations, and ownership by socio-political-professional organizations, social organizations and socio-professional organizations.

According to lawyer Nguyen Duy Lam, head of the business legislation club, the division of forms of ownership based on the functions and duties of subjects is inappropriate and should be changed. In fact, in Vietnam and other countries, there are three main forms of ownership which are State, private and shared ownership.

Meanwhile, Dr. Vu Thi Hong Yen from Hanoi Law University said under the Constitution and the 2013 Land Law, land is owned by the people and the

State just represents the people to exercise the land use rights.

Yen added the draft does not define the land use rights and only Article 132 states the land use rights are mentioned in the Civil Code and Land Law. *Saigontimes*

HIGHLIGHTS

Made-in-Viet Nam oil rigs go overseas

HA NOI (VNS) — Vietnamese engineers have worked to master advanced oil rig construction technology and have now exported their giant oil platforms.

The PetroVietnam Technical Services Corporation Mechanical and Construction (PTSC M&C) is planning to export the Marahaja Lela South oil rig to Brunei this June. The company earlier won the US\$100 million contract to build the oil rig from investor Total E&P Borneo BV, affiliated with France's Total Corporation.

PTSC M&C has completed the project's jacket in Brunei, weighing nearly 1,200 tonnes, and is working to complete the oil rig's topside, weighing nearly 3,000 tonnes, in the southern coastal province of Ba Ria-Vung Tau.

In 2013 the company also won a \$70 million procurement and fabrication contract for the Heera Redevelopment – Process Platform project operated by India's Oil and Natural Gas Corporation. It was performed by PTSC M&C under a contract signed with Afcons, the main contractor of the project.

The company delivered the project's 8,500-tonne topside to its Indian partner last November.



At the delivery ceremony, K Subrahmanian, a representative from Afcons, said the platform was completed professionally, while maintaining international standards.

Director of PTSC M&C company Dong Xuan Thang told Tuoi Tre (Youth) newspaper that the company had once hired foreign experts to work on detailed design stages, which led to an increase in total expenses.

But since 2009, the company set a target to complete the detailed design stage itself, to help avoid such hurdles, he said.

To that end, PTSC M&C initially invited international partners to train its engineers at the company's headquarters in Ba Ria-Vung Tau Province. The Vietnamese and foreign engineers worked together on several

projects, and the company reached its target one year earlier than expected.

The achievement was marked with its engineers completing the detailed design for the Su Tu Vang Tay Nam oil rig on their own in mid-2014.

Thang said the completion of detailed designs for oil rig construction projects by Vietnamese engineers brought in many profits, particularly economic efficiencies. It also helped to minimise project management staff and helped to save millions of dollars on each project, he said.

The use of local workforce also helped the company detect and fix any problems immediately, he added.

"The time to complete the jacket was thus shortened to only five months, instead of up to 11 months, and ten months from the previous 18 months in the case of the topside," he said.

"The loss ratio of the project also dropped to only 5 per cent, instead of 20-25 per cent."

While PTSC M&C is being praised for its efforts, the PetroVietnam Marine Shipyard Company (PV Shipyard) is also enjoying initial successes in its bid to master the leading-edge technology in building jackup rigs.

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A jackup rig, or a self-elevating unit, is a type of mobile platform that consists of a buoyant hull fitted with a number of movable legs, and is capable of raising its hull over the surface of the sea, freeing it from reliance on tug boats or heavy lift ships for transportation.

Last October, PV Shipyard started work on the first phase of the \$230 million Tam Dao 05 jackup rig for Vietsovpetro, a joint Russian-Vietnamese enterprise. Construction is expected to be completed after 32 months. This is considered the largest and most modern self-elevating rig in Viet Nam, that was built wholly by Vietnamese engineers from detailed design through construction.

In early 2012, PV Shipyard also succeeded in building the Tam Dao 03 platform as part of a \$190 million contract with Vietsovpetro. The platform was granted a certificate by the American Bureau of Shipping (ABS) for meeting international standards.

The event helped to list Viet Nam among the few countries in the world that are able to manufacture such jackup rigs. — VNS

Suntory Group Initiates Water Education Programme for Elementary Pupils in Vietnam



“Mizuiku - Em yêu nước sạch (I love clean water)”, a project to promote future generation’s awareness on water conservation, was launched on March 19 in My Duc & Thanh Oai Districts as an initiative to welcome the World Water Day on 22nd March by Suntory Group and Suntory PepsiCo Vietnam Beverage. Attending the opening ceremony were representatives from Ministry of Planning and Investment, Ministry of Health, People Committees and Departments of Education and Training of Thanh Oai and My Duc Districts, Hanoi City, principals of piloted schools, senior representatives of Suntory Group and Suntory PepsiCo Vietnam Beverage, Live and Learn and nearly 400 teachers and pupils of Do Dong Elementary School.

In Japanese, Mizu stands for “water” and iku stands for “education”. Mizuiku is a natural water education programme that has been successfully deployed in the home regions of Suntory natural mineral water since 2004. After ten years of implementation, the number of programme participants reached 98,000 children and parents in Japan attending teaching class and outdoor activities.

Mizuiku is a meaningful programme that brings sustainable benefits to the society, especially to the youth, and Vietnam is the first country other than Japan having Mizuiku programme implemented by Suntory. The project is funded by Suntory Holdings Limited (SHD) Japan and conducted by Suntory PepsiCo Vietnam Beverage (SPVB), the strategic alliance between Suntory and PepsiCo. in coordination with local authorities, schools and Live and Learn, a global NGO in the field of environmental education.

The prime focus of this unique hands-on programme is to educate children on the role of the water on the planet and to raise their awareness on the importance of water resources and water hygiene in their daily life so that

HIGHLIGHTS

they can lead a healthy life and water resources can be handed down to future generations. In Vietnam, the pilot programme is aimed at involving of about 1,600 pupils and teachers from 6 elementary schools in two districts of Thanh Oai and My Duc, Hanoi. Lasting one year, Mizuiku programme offers study programmes for students as well as outdoor activities including a factory tour to one of SPVB's plants to observe reuse, water saving activities and waste water treatment system at the factory's production lines. Besides incorporating water education, the project also sponsors installation of water facilities or renovation of rest rooms which have been seriously degraded at these schools.



At the first teaching class about water, pupils at Do Dong elementary schools had the opportunity to see pictures/photos exhibition and short animated videos which conveyed practical and useful messages such as:

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If you waste water, other people may not have water to use; Drinking water from unprocessed sources can make you ill; Water resources are limited and it will run out once you do not save it, etc.

Mr Katsuyasu Kato, Executive Chairman of SPVB said: "As beverage companies, both SHD and SPVB strive to save water resources. The Mizuiku programme manifests our corporate philosophy of "In Harmony with People and Nature" which goes beyond producing environment-friendly products and mobilizing employees for volunteer activities. The Mizuiku programme proves our efforts in continuing to pursue our corporate philosophy as well as contributing to the sustainable development of the community. We expect the programme to benefit Vietnamese elementary pupils – future protectors of country environment as it does in Japan."

Under the Group's value of "Sharing the profit with society", SPVB has a strong commitment to sustainable business practices that are beneficial to its employees, business partners and communities, especially on environmental protection activities such

as Recycle Day, World Environment Day, World Ocean Day, Think and Drink Campaign, Waterhope Project in Quang Nam province, etc. Mizuiku Programme is not a project-based initiative but it is a long-term project that is closely tied to SPVB's operation. TLD

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