

VIETNAM

BUSINESS REVIEW

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ECONOMY

Vietnam exports on track to reach \$133.7b in January

VNS - The export turnover of Viet Nam is estimated to touch VND308,202 billion (\$13.7b) in January, slightly increasing by 0.5% against the previous month, according to the General Statistics Office (GSO).

FDI sector contributed VND216,635 bln to VN's export revenue, up 4.8%, while domestic sector witnessed a drop of 8.7% in export value.

Exports of phones & components & computers & spare parts increased significantly this month, up by 44.3% and 7.1%, respectively.

Products which saw declines in exports included garments & textiles, with a drop of 9.4%, and crude oil, with a drop of 23% in volume and 40% in value.

The office said the US remained VN's biggest export market in Jan, with an anticipated export value of VND69,234 bln, up by 17.3% over the same period last year.

Meanwhile, VN imported VND312,669 billion worth of goods in the month, representing a drop of 2.1% over last Dec. Imports of the FDI sector increased by 6.4% while those of the domestic sector decreased by 11.9%.

VN remained largely dependent on China for imports, with an estimated import value of VND98,267 billion, up 0.4% over the same period last year.

Vietnam economy still reliant on foreign export sector



VNN - Billion USD projects such as Samsung's in Bac Ninh or the Duyen Hai power plant not only created jobs for thousands of people but also contributed greatly to Vietnam's export value in 2015.

Like previous years, the report on Vietnam's socio-economic situation in 2015 continues to emphasize the huge contribution of FDI sector to the export value of Vietnam.

FDI enterprises exported goods worth \$115.1b, equivalent to 71% of the total exports of the country in 2015, up 13.8%. The FDI sector's part in Vietnam's exports increased from 41% in 2009 to 71% in 2015.

These numbers are impressive but it reveals a problem: the economy is

more and more dependent on FDI enterprises.

The biggest representative is Samsung Group of South Korea. This group alone contributed about \$30b in the total export value of VN. As a result, the two provinces hosting Samsung factories – Thai Nguyen and Bac Ninh – are among the top six provinces and cities with the highest import-export turnover in Vietnam, along with HCMC, Hanoi, Binh Duong and Dong Nai.

Imports of the FDI sector in 2015 reached \$97.9b, accounting for 59.2% of Vietnam's total imports. Overall, in 2015 the FDI sector earned trade surplus of nearly \$17.15b. Meanwhile, Vietnam's trade deficit in the year is about \$3b, caused mainly by the trade deficit of local businesses. On the contrary, domestic enterprises are often inferior in comparison with FDI businesses.

Why has this situation happened? FDI companies are taking advantage of the recovery of the economy and VN's incentives for foreign investors. In addition, a series of trade agreements including FTA with EU, South Korea, AEC and TPP are all pushing capital into Vietnam.

BANKS & FINANCE

US dollar rate cut to three-month low

Commercial banks cut the exchange rate of the United States (US) dollar against the dong by VND30 to VND40, bringing it to its lowest level in the past 3 months.

Customers at the Agribank's main office in the central province of Ha Tinh. Local commercial banks yesterday cut their US dollar exchange rate by VND30-40 to the three-month low.

This was despite a rise in the central bank's daily reference rate yesterday.

Vietcombank and BIDV yesterday listed the buying/selling rates between VND22,320 and VND 22,390 per dollar, down VND40 against the previous session.

Vietinbank also cut the buying rate by VND20 to VND22,330 and VND40 for the selling rate to VND22,405.

The rates at ACB and Eximbank were quoted between VND22,301 and VND22,390, a VND40 reduction against the previous session.

The same trend was also seen in many other smaller-sized banks such as DongABank and Techcombank.

In contrast to the reduction at commercial banks, the daily reference rate quoted by the State

Bank of Viet Nam yesterday rose by VND2 to VND21,910.

The rates at the flea market were also much higher, staying between VND22,490 and VND22,510 per dollar.

From the beginning of this year, the central bank applied a new exchange rate policy in which it set a "central exchange rate" or a reference rate every day, instead of maintaining a fixed rate for a long period of time. The trading band of the new rate continues to be plus or minus three per cent.

For the past few weeks after the new policy had been applied, the exchange rates quoted by commercial banks and the central bank have moved in the opposite direction.

By yesterday, the US dollar/dong central rate stood at VND21,910 per dollar, up VND20 against the end of last year. However, the rate quoted at commercial banks in the period decreased roughly VND130 per dollar against the end of 2015.

Director of the State Bank of Viet Nam's Monetary Policy Department Bui Quoc Dung attributed the central rate rise to the impact of the global market including the devaluation of the yuan, a decline

in the Chinese securities market and a rise in US dollar value.

As for the decline in the exchange rates of commercial banks, he said, it was thanks to a positive response from the market to the new exchange policy, which has helped reduce the dollar speculation in the domestic economy and encourage organisations and individuals to sell the greenback to commercial banks.

The move has contributed to creating good liquidation in commercial banks and the domestic forex market for the past weeks, he said.

China's economic woes affect Vietnam's financial market

The problems of the Chinese economy have had a negative impact on Vietnam's economy, including the financial market.

The Chinese stock market has twice stopped operations this year. The Chinese renminbi has been devalued, and the country's GDP growth has slowed down.

International news agencies have published many reports about the serious problems in the world's second largest economy.

Import materials and equipment prices have been decreasing. And

BANKS & FINANCE



The problems of the Chinese economy have had a negative impact on Vietnam's economy

the PMI (purchasing managers index) dropped to under 50 points in the last months of 2015.

Le Xuan Nghia, a renowned economist, said there were some big problems China is facing. First, global demand is decreasing. Second, China has to devalue its currency, which has prompted foreign investors to leave the Chinese market. Third, the economic restructuring to shift production serve domestic demand has not succeeded.

Regarding the capital outflow, Nghia quoted international institutions as saying that foreign investors withdrew some \$500 billion worth of portfolio investment capital in the last year.

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The Chinese problems have caused disturbances to the global economy, including Vietnam's. While the Shanghai Composite Index dropped by 15% by January 14, the S&P 500 in the US decreased by 6%, STOXX 600 by 7.2%, and the VN Index of Vietnam by 4.5%. According to SSI Research, the slowdown of Chinese economic growth would have negative impact on industries such as mining, rubber, sugar and gas distribution. The prices of these goods in the world market are expected to decrease sharply in the short and medium term.

The steel industry is also predicted to be badly affected; however, as the demand has increased recently,

domestic steel mills still can maintain selling prices despite the iron ore price decrease.

The export of farm produce would also suffer because of the lower demand from China which is meeting economic problems.

In 2015, China was third, after the US and ASEAN, export market for Vietnam. China consumed \$17 billion worth of products, mostly farm produce, seafood, rice, cassava, rubber and coal.

However, Chinese economic growth slowdown would benefit enterprises which import input materials to make products for export. These include some listed companies such as Vinamilk, Binh Minh Plastics, Pinaco (battery manufacturer), CAV (wire cable manufacturer) and Phu My Fertilizer. When asked about the Chinese exchange rate policy to be applied in 2016, Nghia said he inclines towards the World Bank's prediction that China may devalue the renminbi by another 4% in the year.

ANZ, in its report released recently, commented that Vietnam was the South East Asian economy least influenced by China's economic growth slowdown.

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INVESTMENT

US businesses pour huge investment into garment



VOV - US businesses continue expanding investment in Vietnam to grasp opportunities from the Trans-Pacific Partnership (TPP).

According to latest statistics from the Vietnam Textile and Apparel Association (Vitas), FDI into the garment sector hit \$2b by the end of last year, the highest figure so far.

The American Chamber of Commerce (AmCham) forecast that Vietnam's exports to the US may reach \$51.4b by 2020, including \$15.2b from garment

Paul G. Hulme, President of Huntsman Textile Effects said, its warehouse at Long Binh Industrial Zone in Dong Nai province operated at its full capacity after six months being put into operation. It now supplies dye and chemicals used in the garment sector.

Huntsman Textile Effects planned to expand its investment in Vietnam, Mr Hulme said.

Early this year, a series of US projects were invested in Vietnam. For example, Avery Dennison RBIS inaugurated a factory to produce packing and materials for the

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garment and footwear industry in Long An province.

Nguyen Son, President of the Vietnam Cotton and Spinning Association, said the garment industry has increasing demand for materials as domestic businesses have not been able to produce chemicals and labels yet. Every year they had spent billions of US dollars on importing these materials. This provides a good opportunity for foreign investors.

Vietnam's energy sector forecast to see record FDI pledges



TNN - Vietnam's energy sector is set to become a new foreign investment magnet this year with at least \$4.5b to be committed for two new power plants, a government report said.

That was higher than the total FDI pledges of over \$2.8b recorded by gas and power projects last year.

One of the two anticipated projects is a thermal power plant invested by Japanese and Korean energy companies Marubeni and KEPCO at a cost of more than \$2.2b, the government's website said last week.

The investors are expected to apply for investment licenses for the 1,200-megawatt plant in the central province of Thanh Hoa within the first quarter, it said.

The other is also a 1,200-megawatt thermal power plant located in the northern province of Nam Dinh.

Its investors, Arab Saudi's ACWA Power and South Korea's Taekwang Power Holdings signed an investment agreement with the Ministry of Industry and Trade last week and are expected to receive a license this year, according to the website.

Both the projects will be developed under a built-operate-transfer agreement with Vietnam's government.

The government has planned 86 power plants for the 2011-2020 period and 18 thermal projects have been assigned to foreign investors, it said.

So far, six of the 18 planned projects have been licensed, it said.

Another six projects are still pending for licenses, although their investors, including Japan's Sumitomo, the Republic of Korea's Samsung C&T, Malaysia's Toyo-Ink and India's Tata Power, have signed investment agreements with the government.

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ENTERPRISES

Vietnam becomes Ford's No.3 market in Southeast Asia



VNA - Vietnam was Ford's third biggest market in Southeast Asia in 2015, after Thailand & the Philippines, said Mark Kaufman, director of the US car maker in the region. The three markets contributed significantly to Ford's record 103,975 cars sold across the region, an annual increase of 3.3%. Thailand surpassed all other ASEAN countries with overall sales of 36,463 units. Philippines came second with 25,372 cars sold, up 25% YOY.

Vietnam came third, selling a total of 20,740 units, an annual increase of 48%.

Last year, the Thai-made Ford Ranger led sales within the bloc and became the best-selling pickup truck in Vietnam, Cambodia and Myanmar in 2014 and 2015. It was the second-best seller in the Philippines and Malaysia. The model's sales across the region rose almost 8% from 2014 to reach 54,114 units, followed by the figure for Ford's SUV EcoSport with a 13% increase in sales to 20,518 units.

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Home appliance distributors open more shops amid promising market

VNN - Nearly 200 home appliance shops opened in 2015 as retailers expanded their business at 'lightening speed'. However, the home appliance market posed challenges and many of them had to leave the market. In early 2015, the business circle, for example, witnessed the death of TopCare, a strong brand. The distribution chain suddenly left the market during Tet, the peak sales season.

However, while TopCare closed, many other retailers eagerly entered the market. Vingroup, a big company in the real estate sector, jumped on the bandwagon with two brands, Vinpro and Vinpro+. And The Gioi Di Dong, well known as a mobile phone distributor, made heavy investments in Xanh, a home appliance supermarket chain brand, while The Gioi So Tran Anh poured money into hypermarkets.

The race to expand their networks resulted in the opening of many new home appliance supermarkets.

VinPro and VinPro+ in the first nine months of the year alone put 100

shops in 30 provinces into operation. Xanh in 2015 opened 70 shops, while Tran Anh opened nine hypermarkets in the north. They had good reasons to expand. Official reports showed that the home appliance market in 2015 witnessed high growth rates of 20-30% with sales of VND120 trillion. Mobile phones saw the highest growth rate with 30%, while laptops, tablets, electronics and refrigeration products had a 20% growth rate.

Vietnam is listed among the top five home appliance markets in the world with the highest growth rates. However, while most retailers had huge turnover, VND1.5 trillion and higher, their profits were modest. Analysts said the profitability rate of the home appliance distribution sector was 3%. But only a few distributors could obtain such a rate. The Gioi Di Dong was the only one distributor with satisfactory business results among those which made their financial reports public. The Gioi So Tran Anh's financial report showed that in the first nine months of 2015, its total revenue was VND2.474 trillion and post-tax profit VND11.9 billion. The chain estimates revenue of VND4 trillion for 2015 and modest profit of VND15 billion. This means a

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ENTERPRISES

profitability rate of 0.3%, which is much lower than the bank deposit interest rate.

However, despite modest profits, analysts say distributors continue to open more and more shops as they see the great potential of the market, which is expected to have turnover of \$800m from 2016.

Transport sector boosts equitisation, divestment in 2016

VNA - The Ministry of Transport continues taking measures to accelerate the equitisation and the divestment of all State capital from transport corporations in 2016.

The key targeted businesses include the Vietnam National Shipping Lines (Vinalines), the Vietnam Expressway Corporation (VEC), the Shipbuilding Industry Corporation (SBIC), the Cuu Long Corporation for

Investment, Development and Project Management of Infrastructure (Cuu Long CIMP).

According to Director of the Ministry's Enterprise Management Department Vu Anh Minh, the Ministry will undertake measures to complete the equitisation of the above-mentioned corporations, as well as the Nam Thang Long Transport Hospital.

Furthermore, the Ministry aims to equitise the Academy of Aviation, the Thang Long Vocational training School, and the two Transport Hospitals in the central cities of Vinh and Danang.

This year, the Ministry also targets to complete the divestment of State capital from eight corporations in other sectors, including the Vietnam Motor Industry Corporation (Vinamotor), the Civil Engineering Construction Corporations (Cienco

5, 6, 8) and the Transport Engineering Design Inc (TEDI).

Additionally, the process of divesting from a number of the Ministry's seaports, and the affiliates of Vietnam Railways (VNR) will also be stepped up this year.

Minh highlighted the success the sector has made in equitising its enterprises over the past five years, saying that the Ministry will work with other ministries and sectors on the equitisation process of the remaining enterprises.

From 2011-2015, 137 businesses in the transport sector went public, 67 more than the target, according to the Deputy Transport Minister Nguyen Hong Truong.

As of the end of last year, the number of firms having completed IPO reached 124, including 12 corporations, paying more than VND1.7 trillion (\$75.9m) into the fund supporting the rearrangement of State owned enterprises (SOEs) of the State Capital Investment Corporation.

In the 2011-2014 period, the total revenue of the Ministry's 18 equitised enterprises recorded an increase of 15.28%, with their contribution to the state budget up by 51.52%, and the average per capital income of their labourers up by 32.28.



MARKET & PRICE

Vietnam sees zero inflation prior to Tet holiday



A woman checks the price of fruit at a supermarket in Hanoi

TNN - The consumer price index has remained unchanged since December, without a rise in prices in January ahead of Tet, the General Statistics Office of Vietnam reported Sunday.

Compared to January last year when prices declined marginally for the first time in a decade, it increased by 0.8%, the office said.

A sharp fall of 2.82% in transport prices caused by cheaper fuel set off increases of 0.25-0.89% in nine other items in the CPI basket such as food and dining services, apparel and education, according to the office.

Post and telecom was the other item to fall, albeit by a marginal 0.06%.

Three cuts in gasoline retail prices in the past month reduced fuel prices

by 6.44% month-on-month, according to the report.

Vietnam's inflation was at a record low of 0.63% last year, but is expected to rise to 5% this year.

Tariff slashes cause foreign foods surge

VIR - Vietnam's husbandry sector has begun to feel the heat from the ASEAN Economic Community establishment, expected to prompt a rise in foreign foodstuff imports and livestock investment.

Last week, Danish Farm Concept Company signed the first contracts to supply investors in Vietnam with new turnkey pig production facilities. Representing the co-operative expertise of six Danish companies, Danish Farm Concept is the first business enterprise with the capability to deliver the complete Danish model for pig production.

The pig production facilities on the way to Vietnam will be tailored to local needs and conditions. Once in operation, they will both supply safe food to demanding consumers and deliver good returns to investors.

In another case, Thailand's frozen seafood producer PFP Group is reportedly planning to establish a

joint venture in Vietnam over the next three to five years. The group's international marketing director Piyakarn Piyapatana said that PFP was negotiating with several seafood firms in Vietnam about the foundation of this joint venture. It is expected that PFP will hold a major stake.

The new investments in the local husbandry sector are attributed to slashed import tariffs under the ASEAN Economic Community (AEC), plus Vietnam's great husbandry growth potential. Under the AEC, investors may concentrate production lines in a chosen ASEAN country, thus creating economies of scale, and then export the finished product tariff-free to other ASEAN countries as well as to ASEAN's free-trade partners in the region (China, India, South Korea, Japan, Australia, and New Zealand).

Piyapatana ascribed PFP's investment in Vietnam to the country's higher economic growth within ASEAN, improved business climate and notably a good source of seafood. Vietnam also enjoys trade privileges that will help PFP export to the other regional markets, such as the US and Europe.

MARKET & PRICE

DECOMPOSITION OF LIVESTOCK OUTPUTS (TARIFF REMOVAL WITHIN TPP COUNTRIES AND AEC COUNTRIES, MILLION USD)					
Item	Total	Livestock tariff cut in Vietnam	Livestock tariff cut by others	Non-live-stock tariff cut	Reduction in non-tariff barriers
Cattle	53	-5	3	42	13
Other animal product	134	-46	-2	133	49
Meat: cattle, sheep, goats and horse	-3	0	0	-3	0
Meat products	-196	-107	-6	-76	-7
Raw milk	0	0	0	0	0
Dairy	-77	-43	26	-59	-1

According to the Ministry of Planning and Investment's Foreign Investment Agency study on challenges and opportunities in attracting foreign direct investment (FDI) following the AEC establishment, Vietnam will have a big advantage in luring foreign investment to the livestock sector thanks to its abundant materials and land, especially big tax incentives.

For example, a livestock project will enjoy either reduction or exemption of corporate income tax. It will also be exempt from paying tax for importing materials and equipment. However, Vietnam's livestock sector, home to about eight million farmers,

may lose out following the establishment of liberalised trade blocs like the AEC. A Vietnam Institute for Economic and Policy Research survey on impacts of the AEC and the Trans-Pacific Partnership (TPP) on the sector stated that under the AEC and the TPP, consumers and importers would gain, while exporters and producers would lose due to competition with imported products.

Specifically, livestock exports of Vietnam to ASEAN are expected to fall mainly in pork and poultry, by 7 per cent to the Philippines, 82 per cent to Thailand and 3 per cent to Indonesia.

The survey revealed that in both AEC and TPP, tariff cuts by Vietnam in the husbandry sector negatively affect the total production value of the sector mainly due to higher competition from imported products (see table).

For example, Vietnam has been one of Australia's fastest growing export markets for live cattle, rocketing from just 1,441 cattle four years ago to almost 310,000 cattle last year.

LEGAL UPDATES

The Law on Accounting applicable from 2017

VLO - Law No. 88/2015/QH13 dated November 20th, 2015 of the National Assembly on accounting.

This Law provides for contents of accounting works, accounting apparatus, conditions for accountants, applicable from 2017 onwards

Accordingly, in comparison with the old Law on Accounting No. 03/2003/QH11, this Law supplements many prohibited acts such as: leaving assets, liabilities; renting, borrowing, leasing out, or lending the accountant certificate; establishing two or more accounting book systems or providing, publishing financial statements that contain inconsistent data in the same accounting period, etc.

The exchange rate used for conversion of foreign currencies into VND when making accounting books is changed, it is actual exchange rates instead of the exchange rates announced by the State Bank of Vietnam (Article 10)

Electronic accounting records may be still used for transactions, payment and may be stored in electronic form instead of being compulsorily printed and archived in paper (Articles 17, 18 and 26

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In addition, the new Law also supplements the provisions on prohibiting officials and public employees from registering accounting practice (Article 58)

This Law takes effect from January 01st, 2017 and replaces the Law on Accounting No. 03/2003/QH11.

Vietnam to stop licensing new coal-fired power plants



SGT - The Government has told relevant agencies to consider stopping new coal-fired power plant projects as domestic coal reserves are falling and the country will have to import coal, possibly from 2020, to keep its thermal power plants running.

The Government has recently held a meeting to discuss adjusting the national power development plan, also known as power master zoning plan VII, and the master zoning plan for development of the coal industry, or coal master zoning plan 60 until 2020 with an outlook to 2030. At the meeting, Prime Minister Nguyen Tan Dung told the Ministry

of Industry and Trade to submit amendments to both plans to the Government this quarter. Such amendments aim to solve environmental issues and reconsider development plans for all coal-fired power plants to fulfill Vietnam's commitments to greenhouse gas emissions reductions.

The Prime Minister was quoted by the Vietnam News Agency as saying that it is urgent to review and revise the master zoning plans for the development of coal and energy sectors in the 2016-2020 period with visions towards 2030.

"Energy is of paramount importance to Vietnam's growth and it is a decisive factor for the country's high and sustainable growth. It is difficult for Vietnam to realize growth targets if energy runs short," Dung said.

The Prime Minister said the master zoning plans for coal and energy industries should ensure sufficient supplies for the country's growth in the years to come and effectively deal with environmental issues.

As instructed by the Prime Minister, new gas-fired power plants will be prioritized over those running on coal. The country will call for investment in renewable energy projects.

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LEGAL UPDATES

Under the power master zoning plan VII, coal-fired power accounted for 35.1% of the country's total power capacity in 2015, followed by hydropower with 33.6%. The percentage will rise to 44.7% (nearly 30,000 MW) in 2020 and 56.1% in 2030.

According to Vietnam National Coal and Mineral Industries Group (Vinacomin), coal-fueled power stations consumed a total of 23-24 million tons last year. As coal exports were small, there was sufficient coal for thermal plants in 2015.

However, Vietnam is forecast to import millions of tons of coal this year for domestic consumption and imports would soar to 20-30 million tons per year in 2020.

Vietnam, which has long been a coal exporter, will have to import this mineral of fossilized carbon to meet power plants' needs.

Vietnam began a pilot scheme to import dozens thousands of tons of coal from Indonesia in 2011.

EVN has three thermal power plants in need of imported coal in the coming time. These plants are extended Duyen Hai 3 plant with a capacity of 600 MW, Vinh Tan 4 with 1,200 MW and Duyen Hai 3 with 1,200 MW. Meanwhile, PVN has

five facilities with a combined capacity of 6,000 MW.

Procedure of granting import-export food quality (under the management of the Ministry of Health)

VLO - Circular No. 52/2015/TT-BYT dated December 21st, 2015 of the Ministry of Health regulations on state inspection of imported food safety, and applications and procedures for grant of certificate of export to exported foods under the administration of the Ministry of Health.

Circular prescribes inspection procedures, certificate of compliance with import requirements under the management of the Ministry of Health including:

1. Inspecting of food quality for imported foods
2. Granting and reclaiming certificate of free circulation, certificate of import for imported foods
3. Granting and reclaiming health certificate of imported foods

According to this, imported foods included in Appendix 01 of Joint Circular No.13/2014/TTLT-BYT-BNNPTNT-BCT or prescribed in Clause 3 Article 14 of Decree No.38/2012/NĐ-CP, shall be

registered quality inspection in agencies which are designated by the Ministry of Health .

To imported foods, if they are in Appendix 01 of Joint Circular No.13/2014/TTLT-BYT-BNNPTNT-BCT, they shall be granted Certificate of Free Sale - CFS to be exported

If they are granted Certificate of declaration of compliance with food safety regulations and are required by the importing country, they shall be granted Certificate of Exportation - CE

The Health Certificate - HC which is granted to foods, processing aids or food additives; tools, packaging materials and food containers, shall be not compulsory, only granted on the request of organizations and individuals

The competence of CFS, CE và HC is granted by the Department for Food Safety and Hygiene - the Ministry of Health

Circular will take effect from february 23rd, 2016 and replace Decree No.23/2007/QĐ-BYT dated March 29th, 2007

HIGHLIGHTS

Bloomberg: Vietnam to be one of the fastest-growing markets



VNA - While the world's largest emerging economies such as Russia, Brazil and China falter, Vietnam's steady economic growth at nearly 7% this year will make it among the fastest-growing markets in the world, Bloomberg said in a recent article.

According to Bloomberg surveys, Vietnam's economy is expected to expand 6.7% this year, the same pace as in 2015. Rising domestic demand and foreign direct investment are helping the nation cope with global threats like stock sales and currency depreciation.

The State Bank of Vietnam's current efforts to make the exchange rate more flexible have also contributed to strengthening macro-economic stability and easing pressure on reserves, according to the article. It also quoted economist Eugenia Victorino from Australia & New Zealand Banking Group Ltd. as saying that Vietnam is positioned to have another stellar year in 2016. However, the long-term outlook will

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depend on political changes in the next 12 months, the economist said.

He also forecasted that Vietnam may become one of the fastest growing economies of the region and the world in 2016 and 2017, adding that Vietnam's rising trade deficit could derail its longterm growth, due to much faster import growth from consumption-related items such as automobiles.

MOIT to develop support industry

VOV - The Ministry of Industry and Trade (MOIT) has created programmes for the 2016-25 period to provide support for organisations and individuals in developing industries.

According to the draft, major support activities of the programmes include investment promotion activities at home and abroad for attracting investment for producing products, as well as to support industries and develop local and export markets for those products, reported chinhphu.vn website.

The programmes involve providing information and databases on the support industry, to transfer technology, manufacturing support for industry products, and to build

production management systems to meet international standards for support industry enterprises. They will also combine support industry enterprises with multi-national groups, and train skilled managers and staff for support industries.

The ministry has proposed capital of VND300 billion for 2,000 support industry enterprises to provide support for those enterprises in developing international management standards and systems.

Also, another VND115 billion will be given for support industry enterprises to become suppliers of support industry products for multi-national companies and other local and foreign support industry producers.

In addition, a programme on investment and trade promotion and support in seeking markets of consuming support industry products will receive VND115 billion. Assistance in training managers and staff; and building and updating databases on support industries at home and abroad at websites specialising in the support industry will get funds of VND220 billion and VND80 billion respectively.

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HIGHLIGHTS

Good prospects for e-commerce in Vietnam

VNA - Vietnam has great potential for electronic commerce as it ranks in the world's top 20 countries for internet users and first in Asia in internet user growth rate with over 30% of its population accessing the worldwide web.

According to Deputy Chief of the Vietnam E-Commerce Association (VECOM)'s Office Tran Van Trong, 2015 was considered an e-commerce boom, with the engagement of domestic groups such as Vingroup with Adayroi.com. International conglomerates also landed in the new market by joining hands with local companies like Lazada, Lingo, Bizweb and Haravan.

The e-commerce market has become a playground for not only big names but also small and household businesses, including traditional craft villages.

It was illustrated by 2,500 enterprises participating in an online event called The Online Shopping Day 2015, doubling the previous year's figure. The eager response of consumers helped create a total transaction value of more than VND500 billion (US\$22.7 million), three times higher than that of 2014,



during the day. The domestic e-commerce boasts a range of advantages in telecommunication infrastructure and legal environment, and a large internet user community who are ready to shop online. Despite having more advantages than traditional trading methods, the market has not tapped its full potential due to low customer confidence in online shopping, poor after-sale services and incompetent e-commerce specialists.

This dynamic market requires enterprises to have sufficient resources, long-term plans and new directions which will bring differences to customers, Trong added.

He cited the Vietnam Ecommerce Index 2015 report, which said that many enterprises use websites to

provide information on their products while 53% of websites are equipped with an online order function and only 17% had an online payment feature. No e-commerce business can exist without joining hands with other enterprises in different areas, he noted, describing the online shopping day as a means to boost e-commerce in Vietnam. Besides benefiting customers by offering quality products with discounted prices, the event serves as a bridge for retailers and support service providers to work together to improve service quality. Trong emphasised the need to have a master e-commerce development plan for the 2016-2020 period while perfecting the legal framework in the field, especially a mechanism to settle online disputes.

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