

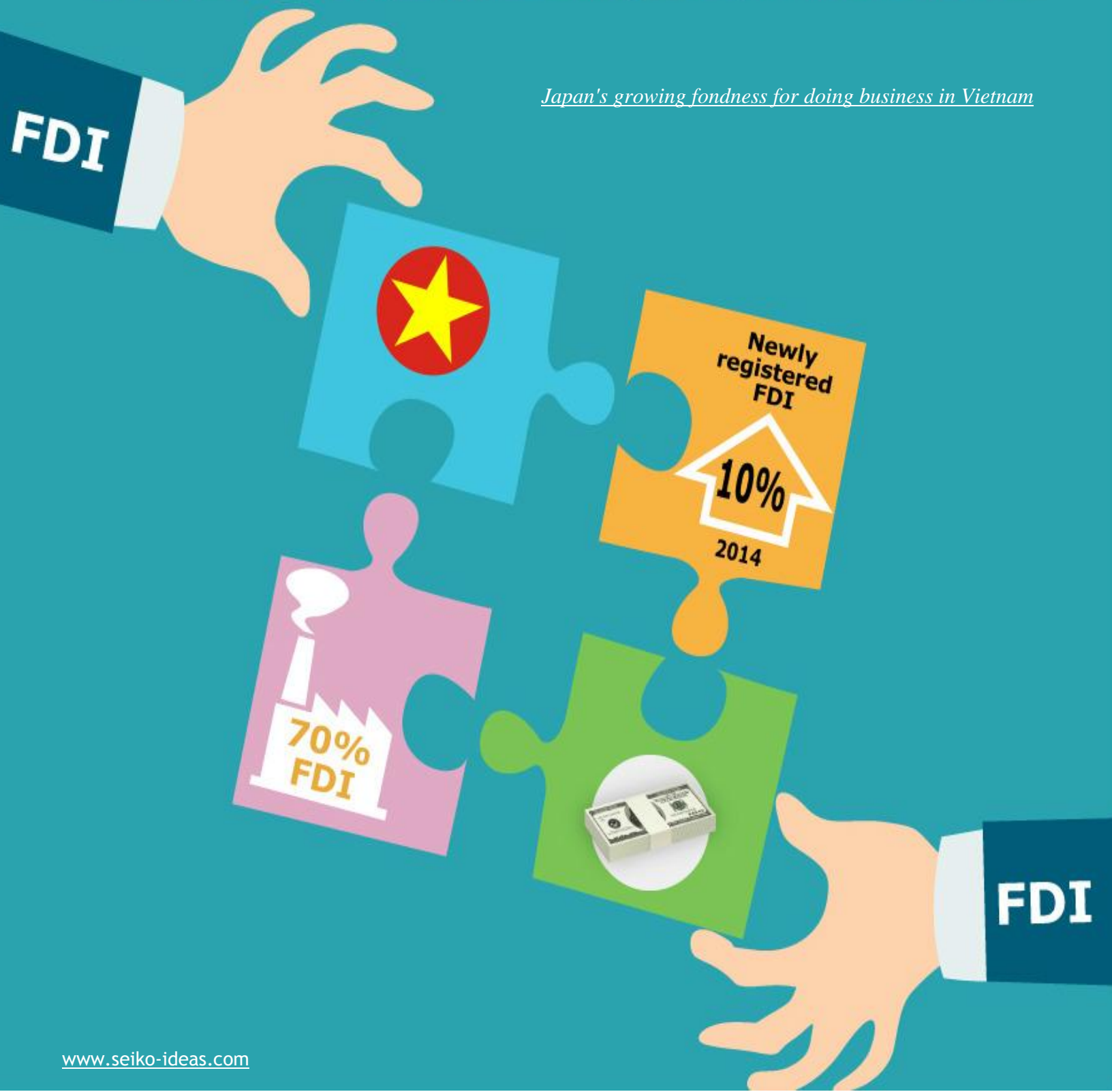
VIETNAM

# BUSINESS REVIEW

Vol 06, February 17<sup>th</sup> 2016

10% to US\$15.6 billion in 2014, with FDI in manufacturing accounting for more than 70% of the total.

*Japan's growing fondness for doing business in Vietnam*



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## ECONOMY

### ASEAN, Obama talk growth, entrepreneurship at summit

VNS — Leaders of the 10 ASEAN member countries and US President Barack Obama discussed the development of regional prosperity through innovation and entrepreneurship at the opening session of the ASEAN-US Summit in California, the US, on Monday.

The leaders agreed to further deepen the ASEAN-US strategic partnership, especially in developing industries with high scientific and technological value, and promote the innovative and entrepreneurial spirit that is a priority of ASEAN.

As the biggest economy in the world and one of ASEAN's top partners, the US plans to increase co-operation with and support for ASEAN to help build the ASEAN Community and develop small- and medium-sized enterprises and a digital economy as well as advanced technology and clean energy. It also aims to bolster start-ups and the innovative spirit.

Chairing the event, President Obama congratulated the formation of the ASEAN Community

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and confirmed that the US attached great importance to relations with ASEAN and supported its central role in the forming regional structures.

The President said he hoped the two sides would continue to push ahead with economic and trade co-operation in the future.

Prime Minister Nguyen Tan Dung stressed the strategic significance of ASEAN-US relations towards peace, stability and development in the region.

He proposed that the parties should effectively implement the agreed-upon co-operation programmes,

particularly the ASEAN-US Action Plan for 2016-20.

"Viet Nam supports increasing activities to promote co-operation and investment, and share start-up experience, knowledge and technology between ASEAN and US enterprises," he said, calling for the US's efforts to assist ASEAN in building a business environment conducive to innovative, dynamic and sustainable development, particularly for small and medium enterprises (SMEs).

PM Dung suggested that the sides consider the possibility of establishing an ASEAN-US Centre of

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## ECONOMY

Entrepreneurship and SMEs Development Support, which could be located in Viet Nam.

At the session, ASEAN leaders held talks with some leading US firms such as IBM, Microsoft and Cisco to seek stronger co-operation between US firms and ASEAN information technology companies.

US companies spoke highly of ASEAN's potential in developing the IT industry and the digital economy, and asked ASEAN leaders to further improve the environment for the IT sector.

The ASEAN-US Summit is taking place in the US between now and February 26, which marks a new milestone in the bilateral strategic partnership and demonstrates the increasing role and position of ASEAN in the global arena.

The summit, the first of its kind between ASEAN and a partner country after the official formation of the ASEAN Community last December, also illustrates the US's goal of boosting more pragmatic collaboration with Southeast Asia and ASEAN for peace, security and prosperity in the region.

### New auto sector strategy released

VNS - Prime Minister Nguyen Tan Dung has issued a decision regarding the mechanisms and policies needed to implement the strategy for Viet Nam's automobile industry development through 2025, with a vision toward 2035.

The measures will also cover the master plan for Viet Nam's automobile industry development through 2020, with a vision toward 2030.

Among the policies outlined are assistance in terms of credit, demand stimulation and market development.

Investment projects to produce automobile parts and assemble automobiles

by domestic enterprises will be given access to loans provided by the Vietnam Development Bank in line with regulations.

Domestic suppliers of components and parts in the global automobile manufacturing chain will be entitled to export credit in line with current regulations.

Organisations and individuals buying small and multifunctional vans for use in agricultural production in rural and mountainous areas will also receive support under the PM's Decision 68/2013/QD-TTg.

Tax and land incentives will be also devised for the automobile industry in line with Viet Nam's laws on investment and import-export tariffs, as well as international tax commitments and free trade agreements the country has signed up to.



## BANKS & FINANCE

### VND may slide 5% against USD



TNN - The dong will fall around 4%-5% against the US dollar this year as the Federal Reserve is expected to rate interest rates further and push up the greenback, the Vietnam News Agency reported on February 15, citing new forecasts.

The drop will be similar to the depreciation of the Vietnamese currency seen last year, Vietcombank Securities Company was quoted as saying in its new report.

Considering that the Fed may increase rates gradually, Vietnam has enough time to get ready for a weakening dong, the company said.

Vietnam's central bank, in fact, has made a necessary move which is setting a mid-point rate for the dollar/dong every day, according to the report.

The new policy, which has showed the central bank's flexibility, came after its plan to keep the dong from falling by more than 2% amid strong

US dollar purchases and unexpected plunges in China's yuan last year, it said.

The company said it does not see any clear internal factors that will put pressure on the dong. Dollar hoarding has been considerably curbed by recent measures taken by the central bank, including zero interest rates on dollar deposits.

Trinh Quang Anh, director of Maritime Bank's economic research center, gave a similar forecast, saying the dong will drop by around 4% this year.

Le Xuan Nghia, a banking and finance expert, also said with the central bank's recent policies, the exchange rate will rise about 5%, which is not a big change.

The central bank set the mid-point rate at VND21,873 on February 15, down 0.1% since it first set the rate on January 4. Banks are allowed to trade the dollar within 3% below or above the reference rate.

### 3 Vietnamese banks named among world's most valuable brands

TNN - The UK valuation consultancy firm Brand Finance has listed Vietnamese top lenders VietinBank, Vietcombank and BIDV among the

world's 500 most valuable banking brands.

VietinBank, the country's largest bank with VND799 trillion (US\$35.7 billion) worth of assets at the end of 2015, even made the top 400, climbing from 437th to 379th this year. The bank was in the list in 2012, 2013 and 2015.

The Bank for Investment and Development of Vietnam, or BIDV, entered the list for the first time at number 413 while Vietcombank advanced 37 places from last year to stand at 450th.

According to the company, the three banks have a brand value of \$249 million, \$218 million and \$189 million respectively.

The three banks last year were also named Forbes' list of 2,000 largest companies in the world.



US bank Wells Fargo continues to top the Brand Finance list with a brand value of \$44,170 million, followed by China's ICBC, valued at \$36,334 million.

## INVESTMENT

### Hanoi, HCMC considered investor-friendly

VNS - South Korean business executives consider Ha Noi and HCM City the most investor-friendly out of 10 cities in China, Viet Nam and three other Asian countries, a survey by the Korea Institute for Industrial Economics and Trade has found.

The other cities in the fray were Delhi, Mumbai, and Chennai in India, Shanghai and Qingdao in China, Yangon in Myanmar, and Jakarta in Indonesia.

Ha Noi topped with a score of 3.86 points out of 5, while HCM City scored 3.81. Chengdu was third with 3.52, followed by Shanghai with 3.36 and Qingdao with 3.22 points.

Delhi and Yangon obtained 2.46 and 2.06.

Besides, 53.7% and 51.6% of those polled said the investment climate in Ha Noi and HCM City would get better.

In contrast, they expect it to worsen in Qingdao and Shanghai due to rising costs, including wages, intensifying competition and unstable foreign exchange rates.

Over 19% said investment-related costs are cheap in Delhi, while

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22.2% said HCM City has high quality and ample manpower.

According to the Vietnamese Foreign Investment Agency, South Korean firms were the biggest foreign investors in Viet Nam last year with investments of US\$6.72 billion, accounting for almost 30% of total FDI.

South Korean firms have invested over \$43.64 billion in 4,770 projects in Viet Nam, accounting for nearly 18% of the country's FDI.

### Dong Nai, highlight in foreign investment attraction

Despite economic difficulties during 2015, Dong Nai remained one of Vietnam's leading provinces in foreign direct investment attraction, earning \$2.4b, up 250% against the set target.

To date, Dong Nai has licensed nearly 1,600 FDI projects, worth a total of nearly US\$24 billion. Last year alone, it had 186 FDI projects, 100 of them new projects totaling nearly US\$1.8 billion.

Most of the new investors come from Japan, the Republic of Korea, and Taiwan, mainly operating in advanced and environmentally-friendly technologies and support industries.

The achievements are attributed to efforts by the local administration who have held many trade promotion delegations abroad, upgraded the infrastructure in industrial parks, and speeded up administrative procedure reforms.

Mai Van Nhon, Deputy Director of the Management Board of Dong Nai Industrial Zones Authority (DIZA), said, "Administrative procedure reforms play a key role for enterprises to make investment decisions or expand the existing production."

"Our motto is to renovate, initiate, and offer the best service for businesses. We always do anything we can to relieve burdens for enterprises. It takes a maximum of 60% of the time needed to deal with administrative procedures in comparison with other places," he added.

Now it takes only five days to get an investment license from the Management Board of Dong Nai Industrial Zones Authority. More particularly, the province has stepped up administrative procedures in the tax and customs sector.

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## INVESTMENT

The provincial customs department has launched a program linking the bureau and businesses under which the latest regulations in exports and imports have been updated to answer enterprises' queries quickly. To further attract FDI, in addition to the above mentioned measures, provincial authorities and leaders from the relevant agencies have regularly organized talks with the business community to meet their requirements.

Phan Thi My Thanh, Deputy Chairwoman of Dong Nai People's Committee, said, "Currently there are many small-scale social housing projects which have been given the green light to change to houses for workers. But these haven't been realized."

"Enterprises can work with investors to make them come true. We really need support from consulates, associations and their branches to provide us more regularly with information relating to business difficulties so that we can help them in time," she noted.

In 2016, Dong Nai has set a target of US\$1 billion in FDI attraction.

### Despite tax hike, Vietnam still attractive to foreign auto manufacturers

NCDT - While complaining about difficulties, foreign automobile manufacturers still could reap fruit in 2015. Despite big problems, they still want to cooperate with Vietnam's automobile industry. The country's auto industry witnessed growth rate of 55% in 2015 over 2014, which was described as 'beyond any expectations'.

A VAMA report showed that 244,914 cars were sold in the year. This included 173,040 domestically assembled cars, up by 48% and 71,874 import products, up by 74%.

Toyota Vietnam leads the market in the number of sedans sold. It sold 49,778 cars in 2015, an increase of 22% over the year before.

Of the 10 best sellers, five belonged to Toyota Motor Vietnam, namely Vios, Fortuner, Innova, Altis and Camry.

Analysts cited two reasons behind the automobile market's boom. First, the demand for cars has been increasing recently as people prepare for Tet holiday. Second, people are rushing to buy cars to

avoid price increases to come as a result of the luxury tax increase.

Decree 108 released on October 28, 2015 stipulates that the taxable price will be the importers' wholesale price, not the CIF price plus the import tariff.

With the new taxation, the new price would be 5-15% higher. Anticipating this, Mercedes Benz and Toyota Vietnam have raised selling prices.

Pham Van Dung, general director of Ford Vietnam, said 2015 was a year of prosperity for automobile manufacturers with many important events, including the approval of TPP and the government's decree guiding the implementation of the Special Consumption Tax which took effect on January 1, 2016.

Dung believes that the automobile market would be more competitive in 2016 with the presence of nearly all big auto manufacturers in Vietnam and a wider range of products. And that though policies may change, investors would still be active.

According to Mark Kaufman from Ford, Vietnam is Ford's third largest market, following Thailand and the Philippines, in South East Asia.

## ENTERPRISES

### Vingroup pays over \$16m to buy land in Sydney



VNN - Vingroup, a large real estate group in Vietnam, has spent 22.5 million Australian dollars (approximately \$16.1m) to buy land in Sydney to develop a hotel project. This is the first business affair of Vingroup in Sydney, reported The Australian on February 15.

The site, fronting 183-185 Clarence Street in Sydney, is 1,030sq.m and previously owned by Alfasi, which recently sold another Sydney site, 65-79 Sussex Street, to Michael Kum's M&L Hospitality for AU\$22.5m, reported The Australian.

Vingroup proposed scheme to develop a 172-room hotel, but it is understood there is no development approval as yet. The site also has potential for mixed use development including a hotel.

The selling agents Andrew Langford and Peter Harper of JLL Hotels could not be reached for comment at the weekend. But it is understood the site sold within

weeks of its listing late last year possibly because of the popularity of tourism investment due to the low Australian dollar.

Alfasi could not be reached for comment.

Vingroup is no stranger to hotel projects having built three resorts in Nha Trang Bay including one with 483 hotel rooms and 168 villas. It also built the 200 room Vinpearl Premium Da Nang in Central Vietnam.

Some Vietnamese corporations have acquired foreign companies. Last year, Duc Long Gia Lai Group (DLG) acquired Mass Noble and the Ansen factory from the Global Emerging Markets (GEM) Fund of the US. In 2014, FPT Corporation successfully acquired 100% of RWE IT Slovakia, the subsidiary of a leading energy group in Germany. The deal helped FPT have nearly 400 professionals and new clients in the European market.

### PetroVietnam to close some oil wells if prices fall below \$30 per barrel

CafeBiz - With the average price of crude oil at \$32.4 per barrel, some subsidiaries of the Vietnam Oil and Gas Group (PetroVietnam) like PVEP and PVOil suffered losses in January 2016.

PetroVietnam officials said that if oil prices fall to below \$30 per barrel, the group will halt or reduce oil output exploited at some oil wells.

At a meeting held by the Ministry of Industry and Trade in early February, PetroVietnam officials said falling oil prices in January continued to affect the group's economic indicators.

Regarding production, the total output of oil in January 2016 reached 2.56 million tons, equal to 109.7% of the plan. More specifically:

- The oil output of 1.57 million tons, equivalent to 107% of the targeted plan for January
- The gas output reached 0.99 billion cubic meters, equal to 113.4% of the plan;
- Electricity production reached 1.73 billion kWh, equal to 89.2% of the plan;
- Production of gasoline reached 565.6 thousands of tons, equal to 114% of the plan.

However, because the average price of crude oil in January was only \$32.4 per barrel, down \$9.6 compared with the average price of December 2015 and down \$17.8/barrel (equivalent to 35, 4%) over the same period of last year, the total revenue of the group reached only VND81.1 trillion.



## MARKET & PRICE

### M&A continues to dominate real estate market

VIR - The recovery of the property market along with many open policies and incentives have created favourable conditions for real estate corporations with strong financial resources.

Novaland, for example, a well-known investor, has been involved in many merger & acquisition (M&A) deals in the real estate market in recent years.

Within only three years, the corporation bought 25 projects, most of which were mid-tier and luxury apartments with prices ranging from VND28 million – 50 million (US\$1,300 – 2,300) per square metre.

The projects prime locations have allowed Novaland to sell their products quickly.

Like Novaland, other groups like FLC, Vingroup, Him Lam, Dat Xanh and Hung Thinh Corporation have been involved in M&A deals.

FLC has a development strategy under which it directly invests in projects and also buys projects that have already been implemented.

Since 2013, FLC has spent hundreds of billion dong (tens of millions of US dollars) to buy projects in Ha Noi.

Meanwhile, after spending over VND10 trillion (\$450 million) for M&A deals in 2014, Vingroup continued to look for projects in prime locations in big cities like Ha Noi, HCM City and Da Nang..

Besides big corporations, the market has also seen the recovery of many real estate companies thanks to their restructuring, especially for M&A purchases.

VID emerged as a new name in the real estate market by buying many projects.

Foreign investors have also been involved in M&A deals, as the Creed Group spent \$200 million for stocks of An Gia Investment.

Warburg Pincus poured more than \$100 million into Vingroups Vincom Retail and increased its investment up to \$300 million in order to develop the biggest trade centre and shopping mall in Viet Nam.

The 2014-2015 period was considered a breakthrough for M&A activity in the real estate market.

The real estate market had been frozen for years, and as a result, many investors faced a financial crisis and had to sell many of their products.

This allowed corporations with strong financial resources to take

advantage of the market, spend less money and earn high profits.

Despite this, many property projects still face financial difficulties.

"In HCM City right now, there are 40 -50 projects under construction but up to 700 others are at a standstill. Therefore, in the time ahead, M&A will be the most important strategy," Nguyen Van Duc, deputy general director of Dat Lanh Real Estate Company, was quoted as saying in the Thoi bao Kinh te Sai Gin (Si Gin Times) newspaper.

"This year will be a boom time for M&A and more foreign investors coming to the field as Viet Nam is considered a promising market," Stephen Wyatt, general director of JLL Viet Nam, said.

### Thai products popular in domestic market



VNN - Vietnamese products are facing fierce competition from Thailand imports in the local market as Thai companies increasingly

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expand their presence in the country.

A report from the General Department of Customs (GDC) showed that exports from Thailand reached US\$7.5 billion in the first 11 months of 2015, an increase of 17% compared with the same period of 2014.

Thai consumer goods like fruits, sweets, and home appliances have flooded the local market. Thai farm produce and foodstuffs can be seen at any traditional market, convenient store or supermarket in Viet Nam.

The latest statistics released by the Ministry of Industry and Trade reveal that the volume of import products originating from Thailand are ranked second, after China. Currently, garments and household appliance products supplied by Thailand have been presented in nearly 9,000 traditional markets across the country. Thai electronic and electrical products currently account for 70% of the market share.

Dang Thu Hien, an owner of a mini mart in Ha Noi's Nguyen Trai Street said she sold Thai goods in addition to Vietnamese products, adding that more and more people have favoured Thai consumer products

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because they are of high quality, durable, well-designed and quite affordable.

Hien said she intended to open one or two more stores to expand her retail store chain specialising in Thai imports as the demand of customers buying the products had increased rapidly in recent years.

Mai Phuong, a loyal consumer of Thai products, said she had been buying Thai goods for many years because every member in her family preferred using the products.

"I have bought enough food for the coming Tet holiday, and most of it is sourced from Thailand, such as rice, vermicelli, some spices and candy. I think Thai foodstuffs are more tasty than Vietnamese foodstuffs, not to mention that some of them are cheaper," Phuong said.

Phuong said many of her friends also tend to consume Thai products as they believe the products have high quality while they are much cheaper than imports from Europe and the US.

Phuong added that many local traders in her neighborhood who once sold Chinese products and Vietnamese products now shift to selling products made in Thailand.

"There are now three convenience stores near my house selling Thai

products, I'm always able to find something good to buy when I visit," Phuong added.

### Thai retail ambition

Thai retailers have nurtured their ambition of scaling up their presence in Viet Nam for quite some time now. The retail sector has witnessed waves of international capital with the most popular retail brands in Viet Nam falling into the hands of Thai investors.

Vu Vinh Phu, Chairman of the Ha Noi Supermarket Association, gave this warning as he mentioned a number of concerns about recent deals that enable Thai companies to further penetrate the domestic retail market.

The deals mentioned include Thai company Berli Jucker's (BJC's) purchasing Metro Cash & Carry Viet Nam for over \$870 million. Berli Jucker, a major stakeholder and contributor to Thai expansion in Viet Nam, is owned by billionaire Charoen Sirivadhanabhakdi, who is currently the second largest shareholder in Viet Nam's leading dairy products company Vinamilk.

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## LEGAL UPDATES

### New decision to boost automobile sector

VNA - The Prime Minister has issued a decision on mechanisms and measures to implement the strategy for Vietnam's automobile industry development through 2025, with a vision toward 2035.

The measures are also designed for the implementation of the master plan for Vietnam's automobile industry development through 2020, with a vision toward 2030.

The policies specified in the decision will be valid for at least 10 years, it said.

Among them are assistance in terms of credit, demand stimulation and market development for the domestic automobile industry.

Investment projects to produce automobile parts and assembly automobile by domestic enterprises will be given access to loans provided by the Vietnam Development Bank in line with regulations on development credit.

Domestic suppliers of components and parts in global automobile manufacturing chains will be entitled to export credit in line with current regulations.

Organisations and individuals buying small and multifunctional vans for use in agricultural production and rural and

mountainous areas will receive support under the PM's Decision 68/2013/QD-TTg on support to minimize losses in agriculture.

Other incentives in terms of taxation and land are also devised for the automobile industry, in line with Vietnam's laws on investment and import-export tariff as well as international tax commitments and free trade agreements to which Vietnam is a member.

### New lending rules to help banks

VNS - The State Bank of Viet Nam (SBV)'s recent proposals on tightening lending rules would benefit local banks, the rating agency Moody's said on Monday.

The SBV early this month issued a request for comment on its amendments to Circular 36, which would set stricter rules on asset-liability management and on providing credit to the real estate sector. According to Moody's, these proposals, if implemented in the coming months, would be credit positive for Vietnamese banks because they would improve their liquidity and limit credit growth in the relatively high-risk real estate sector.

The SBV's proposed asset-liability management rule reduces the

share of short-term funding that banks can use for loans longer than 12 months to 40% from 60%.

As a result, the rating agency said, banks with sizable shares of longer-dated loans would have to slow their credit growth or shift their focus to shorter-term loans, which would benefit their liquidity.

Alternatively, the banks can attract longer-term funding to finance longer-term loans, but success in such an endeavour is unlikely because of higher funding costs and intense competition for deposits, according to Moody's. The system-wide ratio of short-term funding for medium- and long-term loans increased to 29% in November 2015 from 18% in June 2014, leading to higher liquidity and refinancing risks for banks because of growing mismatches between the maturity of loans and deposits.

In addition, the SBV proposed an increased risk weighting of real estate loans to 250% from 150%, which limits the credit growth of banks in this sector.

According to Moody's, Viet Nam's real estate sector has historically posed significant risks to banks, with the credit boom between 2008 and 2011 driven by rapid lending to this sector culminating in heavy losses for the banks.

## HIGHLIGHTS

### CBRE: Haiphong remains gateway to world

VNS - Hai Phong has the potential to become a major hub in Viet Nam, connecting regional and global logistics networks in the future, said CBRE Viet Nam Co Ltd.

Over the last 10 years, Viet Nam's GDP has grown from US\$66 billion in 2006 to \$186 billion in 2014, at an average growth rate of 13% annually, according to a report on logistics in Viet Nam written by CBRE Viet Nam, a foreign property service provider.

At the same time, inbound and outbound trade has expanded positively in value. The positive growth in economic performance has spurred the development of logistics infrastructures and the establishment of major logistics hubs supporting international trade. The Viet Nam logistics system is in its early stage, as compared to global logistics networks. Since Viet Nam joined the WTO in 2007, total trade volume has surged by 168% from 2007 to 2014. This has supported the growth in the development and improvement of the logistics sector. Further, annual throughput nationwide has doubled, from 4.9 million TEUs in 2008 to 10 million TEUs in 2014.



Goods are loaded and unloaded at the Haiphong Port

HCM City and Hai Phong have the two most important seaports in Viet Nam, according to CBRE Viet Nam. The annual throughput for these ports is growing, but throughput capacity at HCM City port is currently only equivalent to one-quarter of Hong Kong's, and one-sixth of Singapore's in 2014, while Hai Phong's capacity is about 50% of that of HCM City.

From 2008 to 2014, annual throughput in the south of Viet Nam, increased by 105%, with HCM City taking the lead. Over the same period, total throughput in the north of Viet Nam, with Hai Phong leading the way, increased 88%.

Notably, for northern Viet Nam, Hai Phong contributed 98% of the nation's total throughput in 2014.

Hai Phong has advantages in location, with over 100 kilometres of coastal line, and has the potential of a rising logistics hub able to offer national and regional standards in the future. However, Hai Phong's logistics sector has not performed at its full capacity, primarily due to a lack of fully-integrated infrastructure.

With the completion of major infrastructures in the future, Hai Phong hopes to attract more foreign investors and become a logistics hub in the region, contributing to the growth of the country.

Meanwhile, under the Provincial Competitiveness Index (PCI) report 2014, Hai Phong only ranks 34th among 63 cities and provinces. Of

## HIGHLIGHTS

those issues noted in the PCI report, transparency, infrastructures and labour quality are highlighted.

Therefore, in order to become a local hub in the near future, and regional hub in the long run, it is critical that Hai Phong addresses issues of administrative procedures, transparency, as well as pays attention to improving labour conditions.

At present, the Hai Phong local authority has worked to improve the city's infrastructure system and network, in connection with other cities and provinces, especially those key cities connecting regional logistics hubs, such as Ha Noi and Quang Ninh, according to CBRE Viet Nam.

### Tough year awaits Vietnam's mining sector



SGT - Vietnam's mining industry is facing more difficulties this year due to lower export prices, unfavorable mining conditions and higher costs, according to the Ministry of Industry and Trade.

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The ministry said that last month saw bauxite exploitation tumbling and export prices of minerals falling sharply.

Processed coal output totaled 3.7 million tons in January, unchanged from a year earlier. However, export prices of minerals plunged nearly 70% compared to a year-earlier period.

According to Vietnam National Coal and Mineral Industries Holding Corporation Limited (Vinacomin), commercial coal output neared 40 million tons last year, which was enough for domestic consumption and export.

Prime Minister Nguyen Tan Dung, speaking at a recent conference on a master zoning plan for the coal sector, urged relevant agencies to put the construction of coal-fired power plants under control. He wanted the coal and power sectors to focus on four centers for coal-fired power plants in southern Vietnam, namely Vinh Tan, Duyen Hai, Song Hau and Long Phu.

Regarding a revised master zoning plan for the coal sector until 2020 with a vision towards 2030, the Prime Minister urged the efficiency

of coal exploitation, processing and consumption to ensure energy security. He noted priority should be given to domestic consumption to reduce imports.

Experts warned that mining firms have overexploited the coal layer around operational mines as costs are low, thus affecting the safe corridors of coal mines. Vinacomin has extracted over 150 million tons of coal from this layer over the past 20 years.

The country's coal reserves are estimated at billions of tons but enterprises have to dig deeper to get it.

The Red River basin reportedly has coal reserves of hundreds of billions of tons but the mineral is hundreds of meters deep, which makes it expensive to mine.

For instance, Vang Danh coal mine in the northern province of Quang Ninh has an annual exploitation volume of 3.5 million tons and has been operational since 1964, so over 6,200 workers currently have to exploit coal at a depth of 150 meters. Vinacomin is drilling 175 meters deep on a trial basis to explore more coal in the future.

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## HIGHLIGHTS

### M-commerce gears up, outstrips PC-commerce



E-commerce firms say m-commerce will be the key in their business development strategy in 2016 and upcoming years.

Lazada, the e-commerce website believed to hold the largest market share now in Vietnam, has unexpectedly stated m-commerce makes up 60% of its sales.

In its report about the business performance in 2015, Lazada said m-commerce has made a jump following a series of demand stimulation campaigns launched by the firm and the improvements of apps to make it easier for customers to do shopping with their mobile devices.

Meanwhile, Tran Hai Linh, CEO of Sendo.vn, said 45% of the transactions on websites in 2015 were from mobile devices, while Linh hopes the proportion would reach 65% in 2016.

Just one year before, the transactions from mobile devices just accounted for 15% of total transactions on the website which holds the second-largest market share.

In mid-2015, when answering the local press, Zalora, a website specializing in distributing fashion products, said the pageviews from mobile devices accounted for 30% of total page views on zalora.vn.

The figures showed the popularity of m-commerce in Vietnam. Just one year ago, experts commented 'm-commerce is a growing tendency', but now they say "m-commerce is now a major shopping channel for online shoppers'.

All e-commerce firms appreciate the role of m-commerce in their business, predicting that 'm-commerce' will be more popular than e-commerce.

Linh from Sendo noted that m-commerce has had big impact on the development of e-commerce in Vietnam, and that m-commerce will be the key in Sendo's business strategy in 2016. Sendo App is one of its strategic targets.

Also according to Linh, six months after the launch, Sendo App had 500,000 downloads, thus making it

one of the favorite apps on both iOS App Store and Google Play.

On December 24, 2015, Sendo.vn became the free shopping app with the highest number of downloads on Appstore.

A representative from Zalora said the firm realized the importance of m-commerce very early, and it had been spending big money to develop app on smartphones of its own.

It launched Zalora App in July 2013, just one year after the establishment in Vietnam. Some years ago, the firm predicted that m-commerce would see a boom in 2015.

According to Zalora, Vietnam now has 20 million smartphone users, or 24% of the population. Most smartphone users are aged 18-35.

The high number of smartphone users, the low 3G service fee (less than VND100,000 a month) and the large coverage of free wi-fi in large cities all allow Vietnamese to access the internet from smartphones more regularly.

This has led to the rapid development of m-commerce.

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### **SEIKO IDEAS - 10<sup>th</sup> Anniversary**

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