

VIETNAM

# BUSINESS REVIEW

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*World Bank reports on Vietnam digital growth*



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## ECONOMY

### Duties on Vietnam shrimp sent to US increased



VNS - The US has levied higher anti-dumping duties on Vietnamese warm-water shrimp exports during the period of review from Feb 1, 2014 to Jan 31, 2015.

This decision was taken at the 10th administrative review (POR 10), according to a notice of the International Trade Administration (ITA) on March 10.

The POR10 was requested on 51 Vietnamese shrimp exporters, including two mandatory respondents, Minh Phú Group and Soc Trang Seafood JSC (Stapimex).

Mandatory respondents are exporters selected for individual investigation by the DOC as part of its countervailing duty review, whereas exporters that are not initially chosen for investigation but wish to participate, and are accepted by DOC, are voluntary respondents.

According to the preliminary results of the POR10, sales by Minh Phú Group and Stapimex to the US, the two mandatory respondents, were made below normal value, and, therefore, are subject to anti-dumping duties.

The duty on Minh Phú Group was initially set at 2.86%, higher than the rate 1.39% in POR9, while Stapimex was subject to a tariff at 4.78%.

Anti-dumping duty on voluntary respondents was preliminarily established at 3.56%, nearly four times higher than the official 0.91 per cent set in POR9.

The tariff on other Vietnamese firms, those exporters not examined as mandatory or voluntary respondents in the POR10, remains at 25.76%, according to preliminary results.

The official duty at the POR 10 was scheduled to release in July.

In addition, in separate Federal Register notices published on March 1, the US Department of Commerce (DoC) and the US International Trade Commission (ITC) announced the initiation of Five-Year Sunset Reviews of the anti-dumping duty orders on

certain frozen warm-water shrimps from Brazil, China, India, Thailand, and VN.

### Vietnam slaps new tariffs on steel imports to protect local industry

TNN - The Ministry of Industry and Trade announced on Tuesday that additional tariffs will be levied on imported steel products as a temporary safeguard measure against cheap imports which have allegedly threatened the local industry.

The new tariffs, 23.3% for steel billets and 14.2% for steel rods, will take effect this March 22 and end as late as October 7.

They, however, will not be applicable for products from developing countries such as Cambodia and Indonesia, whose steel exports to Vietnam account for less than 3% of the country's total imports.

Vietnam is already imposing trade tariffs of up to 20% to these products.

## ECONOMY

The ministry said it will continue with an investigation launched at the end of last year into possible injury caused by steel imports.

Initial findings suggested that the recent surge of imports has caused "serious damage" to local production of steel billets and rods, according to the ministry's latest announcement.

Imported steel billets have undercut local products since 2014, especially after prices of imports were lowered by 30 percent last year, it said.

Local producers posted "near zero" profits last year as they had to sell their products cheap, the ministry said.

### Import flood

Vietnam imported more than 592,000 tons of steel billets in 2014, up 69.7% from the previous year, the ministry reported, citing figures from the customs.

Last year imports surged 218% to nearly 1.89 million tons, compared to an increase of 5-10 percent of the sales of domestic products.

Similar findings were reported about steel rods whose imports had outnumbered local sales since 2012.

More than 1.28 million tons of steel rods were brought into Vietnam last year, up 47% from 2014, while local producers posted increases of 15-25% in sales.

### Number of UPCoM's doubled in 2015, set for more growth

VNA - The number of Vietnamese unlisted public companies (UPCoM) doubled last year, and 2016 regulations should bolster once-sluggish growth even more.

Nguyen Vu Quang Trung, Vice Director of the Hanoi Stock Exchange (HNX), said that UPCoM - said to be a buffer for public companies before their official listing in the two local bourses - currently holds less than 30% of the total 1,071 unlisted public companies.

According to local media, non-UPCoM shares have no trading value on the legal market, or are traded illegally. Trading on the unlisted market is better regulated than illegal trading on the black market.

Since 2015, 72 more firms joined the UPCoM, which trades stocks, convertible bonds of unlisted public companies, and stocks of

companies delisted from listed markets. UPCoM aims to have 300 more companies join by the end of the year. The vice director said decision No 51/2015/QD-TTg and decree No 60/2015/ND-CP made the recent growth possible. Both directives forced all public companies to list their stocks in UPCoM, before listing in local bourses.

Under Vietnamese securities law, public companies are defined as: those with IPOs; those with shares listed in the two bourses; those whose stakes are owned by more than 100 investors, with charter capital of 10 billion VND (447,000 USD) or more; and State-owned enterprises (SOEs) that were turned into joint stock companies. So the State's plan to divest 40 trillion VND from SOEs this year via auctions will bring many more stocks to the unlisted market. And as equitisation of State-owned companies continues, more and more of them will be added to the unlisted market. Current Vietnamese laws stipulate that SOEs that shift to public companies must register in the UPCoM within 90 days.

## BANKS & FINANCE

### New expansion wave in banking sector begins

TBKTVN - Commercial banks are rushing to set up more branches and transaction offices after a long period of interruption. On the first working day after the Tet holiday, Viet Capital Bank announced it was seeking 200 new workers, including key personnel for the post of bank branch director. Just in the short time from the fourth quarter of 2015 to early 2016, many branches and transaction offices were licensed.

Only after 5 years have Vietnamese witnessed a new wave of banks expanding their networks. Thoi Bao Kinh Te VN estimated that over 20 commercial banks were licensed to open nearly 100 new bank branches & transaction offices within the first 2 months of 2016.

The Viet Capital Bank, for example, plans to employ 200 workers because it has a license from the State Bank's Governor to open 10 more branches.

Other commercial banks have been allowed to open 6-10 more branches each. In late 2015, some banks got licenses to set up new many branches.

Analysts commented that this is the biggest licensing campaign in the last five years.

The State Bank (SBV) has once again turned the green light on banks to expand their networks after it turned the red light in 2011. At that time, the watchdog agency stated it temporarily would not grant more licenses as it needed to improve the legal framework.

Analysts believed that the real reason behind the State Bank's decision to halt the licensing was the massive establishment of bank branches.

At that time, they warned that too many branches and transaction offices in such conditions was just like the heavy traffic on a small bridge.

There were many big problems at that time: inflation kept escalating, and commercial banks, while trying to attract more deposits, broke the interest rate ceiling set by the State Bank. There was also unhealthy competition in the banking system.

As such, SBV needed to build a new bridge. The bridge building was completed in September 2013, when the Circular No 21 on the establishment and operation of bank networks was released.

The legal document, according to analysts, sets higher technical requirements to ensure the safety of the system.

Banks have to make avprofit, cannot violate the regulations on operations safety and must comply with the regulations on debt classification and provisioning. They must have a non-performing loan ratio at below 3% of total outstanding loans.

However, only two years after the bridge was built, did the State Bank kick off a new campaign of licensing. This, according to analysts, showed that the banks' health has improved and they now can satisfy requirements.

### Domestic banks look hard on foreign strategic partners

VNS - Domestic commercial banks are finding it hard to look for foreign strategic partners due to difficulties in the financial market and the current rules on foreign ownership limits.

Restrictions in finance and governance force domestic banks to look for support from foreign partners to help them grow rapidly in the context of rising competition from the country's integration into the world market.

## BANKS & FINANCE

The Bank for Investment and Development of VN (BIDV), for example, early last year planned to find foreign strategic partners, selling a 15% stake to a foreign strategic partner and 10% to a foreign financial investor. However, it failed in its search.

Another example is Military Bank. After failing to find suitable foreign strategic partners for a long time, MB recently had to change its plans, and decided to increase stakes for foreign investors from 10% to 20% thru an additional share issue.



*Early last year, BIDV planned to find foreign strategic partners, selling a 15% stake to a foreign strategic partner and 10% to a foreign financial investor. However, it failed in its search.*

The same trend was seen with VP Bank after its strategic partner - the Singapore-based Overseas Chinese Banking Corporation Limited (OCBC) - withdrew its capital from late 2013. Finding no foreign strategic partners, VP Bank had to ask its shareholders in October 2015

to approve a plan to issue a number of shares, equal to 20% of the bank's capital, to overseas investors in order to raise capital to serve the bank's core businesses.

Under the current regulations, cap on foreign holdings in a Vietnamese bank is set at 30%. According to experts, the rule makes investment into domestic banks less attractive as foreign investors with low stakes have no say in the decision making process in such banks.

Besides, experts said, foreign investors are also mulling other options such as setting up independent operations rather than teaming up with local institutions such as in the case of ANZ. After divesting from Sacombank, ANZ scaled up its presence as a wholly foreign-owned bank in VN.

However, to attract foreign strategic partners, experts also recommended to domestic banks that they improve their transparency.

Deputy Director of the Central Institution for Economic Management Võ Trí Thành said that the transparency was a key factor in attracting foreign partners.

### Japanese bank to assist Vietnamese SMEs



VNA - The Johann Shinkin Bank of Japan (JSB) will provide financial information and consultations for Vietnam's Small- and Medium-sized Enterprise Development Fund (SMEDF) under a Memorandum of Understanding (MoU) inked in Hanoi on March 14.

The two sides will also exchange officials and cooperate with each other in organising workshops and other business connectivity activities.

Addressing the ceremony, SMEDF Director Hoang Thi Hong lauded JSB's collaboration, which demonstrates its special attention to the development of Vietnamese small- and medium-sized enterprises (SMEs) as well as the country's economic growth in general.

JSB Chairman Masao Morita highlighted Vietnam's rapid economic growth rate.

## INVESTMENT

## Singapore becomes leading investor in Vietnam

VNS - Singapore has become VN's leading investment partner after investing more than \$36b in numerous local projects, including processing, technology, manufacturing, real estate, construction, transportation, and storage.

According to statistics provided by VN's Foreign Investment Agency, Singapore-based firms implemented 30 new projects and increased investment levels in six existing projects in the first two months of 2016. Total investment in newly-registered projects, and additional capitalisation of existing ones, reached \$470m.

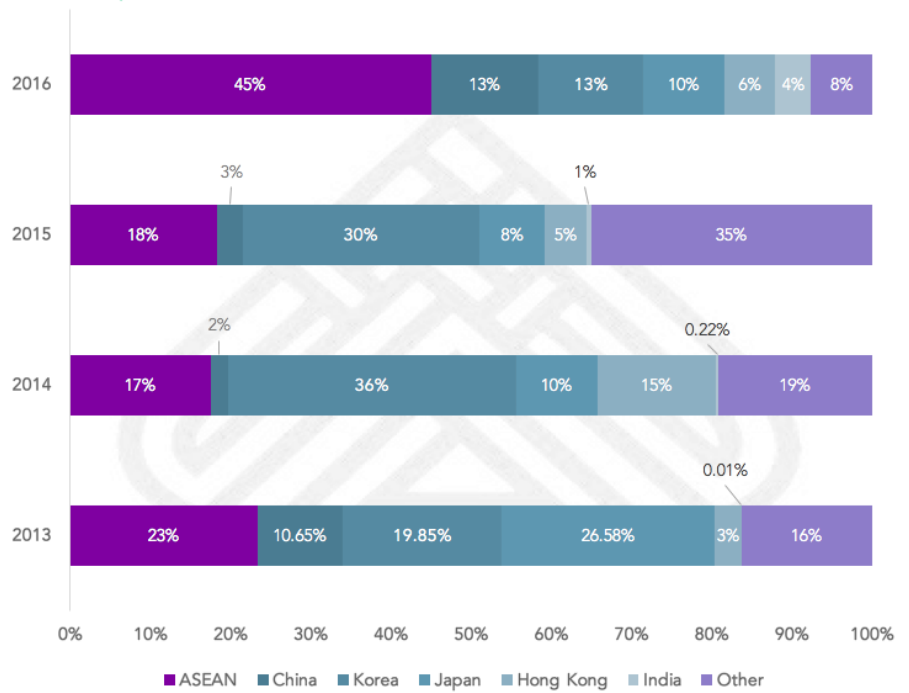
To date, Singapore has invested in nearly 1,570 projects in VN, ranking third out of 112 countries and territories investing in VN.

The average capital investment per Singaporean project in VN is \$23m, which is much higher than the average foreign investment of \$14m per project.

In the processing and manufacturing sector, Singaporean firms have invested a total of \$15.6b in 480 projects, accounting for 43% of Singapore's total investment in VN.



Vietnam's Top Sources of FDI: '13-16\*



Singaporean capital is also invested in real estate (\$11b), entertainment (\$1.8b), construction (\$1.7b) transportation and storage (\$1.4b).

HCMC is an attractive destination for Singaporean investors, who funded nearly 780 projects there with \$9.6b. These investments account for 50% of the total projects in HCMC & 27% of Singapore's total investments in VN.

About 74% of total Singaporean investment in VN is in the form of wholly foreign-owned projects. There are 1,163 such foreign-owned projects, worth a total of \$23.4b.

The rest of Singaporean investment in VN exists in the form of joint ventures, such as joint stock companies and business cooperation contracts.

**Co-operation in seaport industry**

Singapore also expects to further co-operation with VN in maritime services & seaports.

Singaporean businesses have invested in many big projects, including Cai Mep – Thi Vai and Sai Gon Port. Singaporean businesses expect to be given further information about the privatisation process of the VN National Shipping Lines (Vinalines).

## INVESTMENT

**Property market turns attractive to foreign investors**



VNN - The real estate market has become attractive to foreign companies & investment funds, which is evident in some major M&A & cooperation deals struck this year between foreign & local firms.

Last week Creed Group and An Gia Investment together with Phat Dat Real Estate Development Company (PDR) inked a deal to spend VND12 trillion (\$500m) on River City, a project with 8,000 apartments plus retail outlets and other facilities in HCMC's District 7.

Earlier Creed Group, a Japanese investment fund with total assets of \$5b, tied up with An Gia Investment to develop Angia Skyline and Angia Riverside condo projects.

Keppel Land Limited has entered into a conditional investment agreement to hold a 40% equity interest in Empire City Limited Liability Company, the developer of the \$1.2b Empire City complex in

the Thu Thiem New Urban Area in District 2, HCMC.

The \$93.9m deal made Keppel Land the biggest shareholder in the joint venture, which also involves two Vietnamese firms – Tien Phuoc Real Estate JSC and Tran Thai Real Estate Co. Ltd. with a combined stake of 30%, and Hong Kong real estate private equity fund Gaw Capital Partners with a 30% stake. The deal is expected to be complete in the second quarter of this year.

According to industry watchers, investors must secure long-term capital for the large project as it is scheduled for completion in 2022.

Besides, Sapphire JSC under Australia's Sakkara Group is looking for medium to large-scale property projects after it has divested its minority shareholding in both Refico Real Estate Group and in the City Garden joint venture in HCMC. The firm said it would buy land or form a joint venture with landowners.

Local enterprises have also been active with M&A deals. Dat Xanh Real Estate Group has spent VND61 billion raising its stake at Agriculture Printing JSC to 99.99%, or VND111 billion, while taking over the right to develop Opal Tower, a condo-office-commercial center complex in HCMC's Thu Duc District.

Thu Duc Housing Development JSC plans to join hands with Foreign Trade Development & Investment Corp. of HCMC (Fideco) to develop a project in District 1 and a high-class residential area in Can Gio District. The company will cooperate with Lien Phuong Garment and Textile JSC to construct Vinatex Building and Thu Duc House-Lien Phuong residential area.

According to M&A consultants, real estate transfer deals are complicated. Both buyers and sellers are not willing to announce their deals unless they are required to disclose information as stipulated for listed companies.

Speaking to reporters, Le Hoang Chau, chairman of the HCMC Real Estate Association, said the market will see more M&A deals, joint ventures and partnerships in the sector.

According to experts, the real estate market can benefit from macroeconomic stability and Vietnam's intensified international integration. Many foreign investors will join the market via M&A deals.

Investors in recent M&A deals or joint ventures are upbeat about the outlook of the property sector.



## ENTERPRISES

### Three foreign investors in race for purchase of Big C Vietnam

VNN - Bloomberg reported that Lotte Group (South Korea), TCC Holding and Central Group (Thailand) have applied to participate in the auction for the Big C Vietnam chain.

To own Big C chain, the investor will have to pay about US\$800 million.

To cut debt, Casino Group of France is selling some assets in Asia and Latin America, while focusing on business activities in its largest market - France.

Last year, Lotte Group said it planned to open 60 supermarkets in Vietnam by 2020. The Korean group runs the fast food chain Lotteria, shopping centers, hotels and cinemas in Vietnam.

Meanwhile, in January 2016, TCC Holding of the Thai billionaire Charoen Sirivadhanabhakdi completed the acquisition of Metro Cash & Carry Vietnam with 655 million euros.

Earlier, many large retail groups wanted to join the race to own the Big C chain in Vietnam, including Singapore's Dairy Farm; Japan's Aeon ...

The sale of Big C Vietnam was decided after Big C Thailand was sold late last month for \$3.5 billion.



Lotte representative told Bloomberg that they were very interested in the deal.

Meanwhile, TCC Holding and Central Group both declined to answer questions about the deal. However, in an interview with Techinasia few days ago, the Central Group's CEO Tos Chirathivat seemed to be unsure about the deal because the process of buying and selling Big C Vietnam is a lot more complex than the Big C Thailand.

Lotte Group last year announced plans to open 60 supermarkets in Vietnam until 2020. The purchase of Big C Vietnam can be considered as the easiest way for them to achieve this ambition.

### Vietnamese educational app wins leading US start-up award

VNS - An education mobile application developed by two Vietnamese overcame 1,200 technology companies globally to win first place at the SXSWedu in Austin, Texas, USA, which concluded on Thursday.

The application, Elsa, which stands for English Language Speech Assistant, functions as a personal coach to help English learners around the world speak English more correctly and confidently.

Elsa was established in 2015 by two Vietnamese, Van Dinh Hong Vu and Ngo Thuy Ngoc Tu, along with Xavier Anguera, a speech expert from Spain.

## ENTERPRISES

### Japanese eye up local real estate market

VIR - Japanese investors are increasing their presence in Vietnam's real estate sector by teaming up with domestic partners. Tokyo-based investment fund Creed Group became the first foreign investor in the Vietnamese property sector so far this year via its participation in a \$500-million residential project in Ho Chi Minh City's District 7. Along with its partners Phat Dat Real Estate Development Corporation and An Gia Investment, Creed Group will develop the River City project in the southern part of the city, which will comprise of 8,000 apartments in 12 blocks.

This not the first time that Creed Group has invested in Vietnam's

real estate sector. Last year, the group gave \$200 million to An Gia to develop the Angia Skyline and Angia Riverside properties which, combined, will supply 2,000 units to the Ho Chi Minh City market. A source from the company said that more than 90% of the projects' units have already been sold.

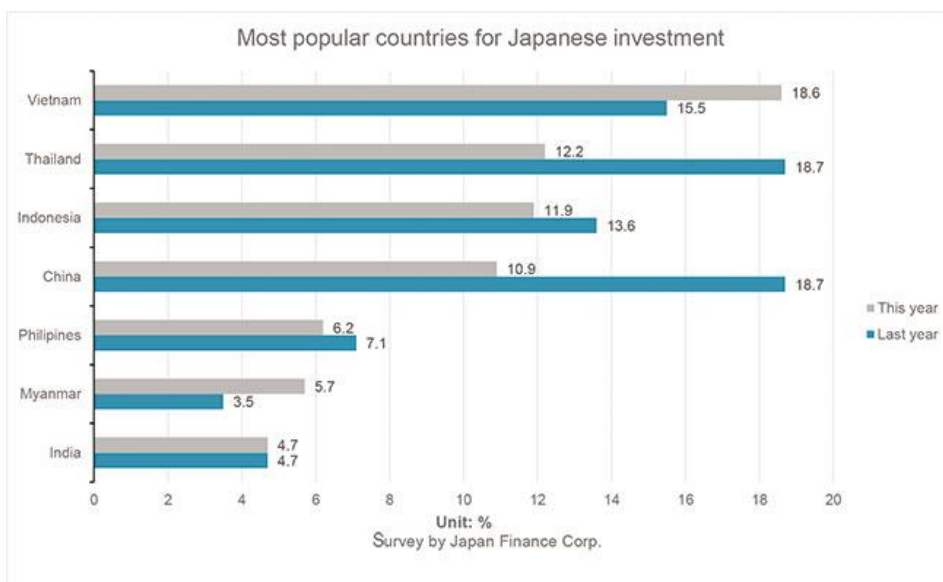
According to Toshihiko Muneyoshi, chairman of Creed Group, the real estate market in Vietnam has similar potential to those in a handful of other Asian countries. Creed spent more than ten years researching the Vietnamese property market, and found similarities between the local market and the initial period of real estate development in countries such as Japan, South Korea, and Singapore.

"We succeeded in our previous

projects, so we decided to participate in this new project," said Muneyoshi, adding that "the demand for real estate among people and enterprises is huge, requiring the participation of professional investors".

He also noted that Vietnam was becoming more deeply integrated into the world's economy, with many trade agreements already signed and taking effect, opening up chances to woo foreign investors to the country. Another draw for property investors are the laws on Housing and Real Estate Business, which have relaxed real estate ownership rules for foreign entities and individuals, and opened up the rights of foreign property firms to conduct business in Vietnam.

According to the Japanese Consulate in Ho Chi Minh City, out of all global investors, Japan last year had the third-largest investment capital sum in Vietnam at a total of \$1.84 billion, with 281 newly-registered projects and 129 expanded projects. Real estate is the third-largest sector for Japanese investment, following the manufacturing and construction industries.



## MARKET & PRICES

### Market sees large IPOs in March



*On March 7, Vissan off-loaded all of its over 11.3 million shares, or 14% stake, with the IPO, earning more than VND900 billion (US\$40.1 million) in total.*

VNS - The local market has seen some of the most attractive shares offered in initial public offerings (IPOs) in March.

Since the beginning of this year, 20 local companies have launched their IPOs.

In particular, the shares of well-known companies with good growth potential, such as the Viet Nam Meat Industries Limited Company (Vissan) and Cholimex in the food industry, attracted many investors on the HCM Stock Exchange (HoSE).

On March 7, Vissan off-loaded all of its over 11.3 million shares, or 14% stake, with the IPO, earning more than VND900 billion (\$40.1m) in total.

Based in HCM City, Vissan is one of the leaders in the food market,

especially in the sectors of fresh meat and processed foodstuff.

The selling price per share more than quadrupled the starting price of VND17,000 each. Vissan received subscribers asking for up to 63.6 million shares, more than five times the number of shares released in the IPO.

After the IPO, the State still held a 65% stake in Vissan as its major shareholder.

Three days earlier, local chili sauce manufacturer Cholimex Food Joint Stock Company offered more than 21.58 million shares, equivalent to a 25% stake, in its IPO.

Cholimex then sold less than 14 million shares, or 64% of the offering, at VND10,000 per share, earning a total of VND138 billion.

After the IPO, the State still held 49% of the charter capital in the company. Cholimex will sell a 1.15% stake to employees and 24.9% to strategic investors.

In the textiles sector, Gia Dinh Textiles and Garments one-member limited company (GIDITEXCO) will offer 15 million shares in its IPO on HoSE on March 18 at the starting price of VND10,200 each.

Based in HCM City, the State-owned GIDITEXCO specialises in production and the import and

export of products, machinery and equipment for the textile and garment industry. The company, which has two subsidiaries and 12 joint ventures in Viet Nam, is estimated to have charter capital of more than VND627 billion after equitisation.

According to data from the two bourses, other IPOs will also take place this month, including offerings from the Viet Nam Rubber Group, Nha Trang Vaccines and Biologicals Company, Tin Nghia Corporation and Vietnam Book Company.

According to the Electricity of VN group, it will release IPOs for the Power Generation Corporation 3 (Genco 3), the largest — in terms of capacity — of the three Gencos in March.

Last year, the southern bourse of HoSE organised 50 IPOs, selling 338.1 million shares for VND4.45 trillion in total. This year, the bourse plans to host the IPOs of major players such as MobiFone Telecommunications Corporation, Saigon Commerce Corporation Saigon (Satra) and Ben Thanh Corporation (Benthanh Group).

## LEGAL UPDATES

### New provisions on securities trading

VLO - Circular No. 203/2015/TT-BTC dated December 21st, 2015 of the Ministry of Finance on guidelines for trading on securities market.

This Circular provides for conditions on trading and payment for securities trading on the Stock Exchange.

Accordingly, apart from securities available on depository account, this Circular also allows an investor to place selling order for securities waiting to be transferred (Clause 1 Article 7)

“Securities waiting to be transferred” are securities that the investor has successfully purchased on the trading system of the Stock Exchange and are in process of completing ownership transfer procedures (Clause 11 Article 2)

Also, under this Circular, settlement and transactions for paying money to the investor must be executed through commercial bank. Securities company is not allowed to carry out internal transfer of money among the investors' accounts (Clause 6 Article 7)

This Circular takes effect from July 01st, 2017 and replaces Circular No. 74/2011/TT-BTC dated June 01st, 2011.

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### Enhancing the control on declaration of prices and HS codes of imported motor vehicle tyres

VLO - Dispatch No. 1371/TCHQ-TXNK dated February 26th, 2016 of the General Department of Vietnam Customs on regarding the assessable price of imported motor vehicle tyres.

The document is to require customs offices of provinces/cities to enhance the control on imported motor vehicle tyres (especially the motor vehicle tyres originated from China) in order to detect suspicious signs and conduct the post-clearance inspection towards consignments which are likely to be declared lower prices and incorrect HS codes for the purpose of tax evasion, then, re-collecting tax on violated consignments

In addition, this Dispatch also requests local customs offices to gather information about imported motor vehicle tyres which are then analyzed and compiled to determine assessable prices in accordance with provisions in the Circular No. 38/2015/TT-BTC and the Circular No. 39/2015/TT-BTC dated March 25th, 2015 as well as modify reference price levels shown in the List of imported goods exposed to valuation risks issued together with

the Decision No. 3950/QD-TCHQ dated December 31st, 2015.

### New regulations on validation of export fishery certificate from legal catches

Circular No. 50/2015/TT-BNNPTNT dated December 30th, 2015 of the Ministry of Agriculture and Rural Development regulations on validation of catch certificates, statements

Circular prescribes the validation order, procedures and contents of validation of raw materials, certificates and statements of fishery products processed from legal catches for exportation into certified markets.

In comparison with old regulations in Circular No.28/2011/TT-BNNPTNT, this Circular listed in detail competent authorities which shall certify fishery raw materials, products from legal catches.

Accordingly, only Directorate of Fisheries specified in Appendix II of this Circular, shall be competent in the validation of fishery raw materials and certificate of exported fisheries from legal catches.

Circular takes effect from February 15th, 2016 and replaces Circular No.28/2011/TT-BNNPTNT dated April 15th, 2011.

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## HIGHLIGHTS

**Transport Ministry announces investment bonanza**

VNA - The Ministry of Transport is calling on investors to raise capital for 18 expressway projects with the total value of VND205.56 trillion (\$10 billion).

The 11 projects planned to be carried out in the build-transfer (BT) and build-operate-transfer (BOT) formats are the following:

Under these projects, the total length to be built is 102 kilometres in the BT format and 541 kilometres in the BOT format. The total government contribution amounts to VND24 trillion (\$1.07 billion), of which the amount gained from selling toll collection rights is VND1.8



trillion (\$82 million), government bond sales is VND20.5 trillion (\$919 million), and VND1.7 trillion (\$76.2 million) will be allocated from the state budget.

Among 11 afore-mentioned project, only Cam Lo-La Son BT project will be wholly financed from the state coffers after 2020 at the cost of VND8.7 trillion (\$390 million).

**Vietnam to host its first international coffee show this May**

TNN - Vietnam will host the International Cafe Show for the first time this year aiming to promote the country's coffee industry.

The event at the Saigon Exhibition & Convention Center in Ho Chi Minh City will be held from May 12-14 by Seoul-based Exporum Inc., which has organized the Seoul International Cafe Show since 2002. Vietnam International Cafe Show will function as a multi-platform for coffee, tea, beverage, bakery, raw material, machine and equipment, dessert, cafe interior and franchise and start-up businesses.

The show will include the Vietnam National Barista Championship, organized for the first time. The champion will represent Vietnam

No.	Name of project	Length (Km)	Total investment (US mln)	Investment in BOT form (US mln)	State contribution (US mln)
1	My Thuan - Can Tho	24	296.8	214.8	82
2	Ninh Binh - National road 45	67	658	438	219
3	National road 45 - Nghi Son	39	291.6	228.3	63.2
4	Nghi Son - Vinh	78	744.4	453	291.4
5	Vinh - Ha Tinh (Ham Nghi junction)	55	529	318.4	210.7
6	Ha Tinh (Ham Nghi junction)	53	372.2	237.7	134.5
7	Cam Lo (Quang Tri) - La Son (Hue)	102	372.2	372.2	0
8	Dau Giay - Tan Phu	74	457	457	0
9	Bao Loc - Lien Khuong	72	674.2	441.2	76.2
10	Bien Hoa - Tan Thanh	32	416.5	416.5	0
11	Noi Bai - Bac Ninh	28	98.7	98.7	0

## HIGHLIGHTS

to participate in the 2016 World Barista Championship in Dublin, Ireland in June.

According to Exporum, Vietnam is recognized as one of the largest potential markets based on the current trend of coexistence of traditional and trendy coffee cultures and cafe franchises' popularity.

"The value of Vietnamese coffee has not been fully recognized despite the country's status as the world's second largest producer," Danny Hyundai Shin, Exporum CEO, said.

"Vietnam International Cafe Show, however, will be a gathering place of domestic coffee growers and global business people and expand

the country's whole transaction scale."

Last year, Brazil topped the list of coffee producers with more than 43 million bags (of 60kg), followed by Vietnam with 27.5 million bags, Columbia with 13.5 million bags and Indonesia with 11 million bags.

### Vietnam stocks seen reaching 2008 high by year-end on economy

TNN - With Vietnamese shares close to erasing their losses this year, strategists say the benchmark gauge will continue climbing to reach the highest level since 2008 as a rising economy and earnings draw investors.

After surging 11 percent from this year's low on January 21, the measure will extend gains to about 642 by the end of 2016, or 11 percent above its close on March 14, according to the average of 10 analyst forecasts in a Bloomberg survey. The stock index rose 6.1 percent in 2015, the best performer in Southeast Asia, while the MSCI ALL Country World Index slid 4.3 percent.

"The outlook for this year looks better as we expect strong earnings growth, driven by an emerging consumer and strong manufacturing," said Barry Weisblatt, head of research at Viet Capital Securities, the country's third-largest brokerage. "The domestic story is quite strong." He expects earnings growth of 20 percent this year and targets the stock index to reach 680 by year-end.

Vietnam's economic growth target of almost 7 percent this year makes it among the fastest-growing markets in the world and offers investors a refuge in a region rocked by the fallout from China's



## HIGHLIGHTS

economic slowdown. Companies in the consumer, industrial, building and power sectors will help power a rally as they benefit from fastest expansion in almost a decade, according to the strategists. Profit at companies on the benchmark gauge are projected to grow 14 percent in the next 12 months.

Dream House Investment Corp., a construction company, and Foreign Trade Development and Investment JSC, a developer of industrial parks, are among the biggest gainers this year on the VN Index, having jumped at least 46 percent.

The VN Index is down 0.2 percent for 2016 after briefly erasing its annual loss in intraday trading on March 14. The measure was down as much as 10 percent in January. The stock gauge rose for a fourth year in 2015, the longest run of annual gains since 2007. Overseas investors added a net \$100.4 million to their Vietnam stock holdings in 2015, the 10th straight year of inflows, when other Asian markets suffered outflows. Disbursed foreign investment surged to a record \$14.5

billion last year, while pledged foreign investment climbed 12.5 percent, government data show.

“Strong domestic consumption and continued FDI will support the market,” Patrick Mitchell, director of institutional marketing at Maybank Kim Eng Securities Ltd., said in Ho Chi Minh City. “The positive macroeconomic environment continues to promote cash flows from developed markets into Vietnam.” He recommends builders as well as companies that will gain from free-trade agreements, such as Kinh Bac City Development Share Holding Corp., Gemadep Corp., and Cotec Construction JSC. Growth quickens

Vietnam's gross domestic product rose 7.01 percent in the fourth quarter from a year earlier, quickening from a revised 6.87 percent gain in the three months through September, according to government data. The Asian Development Bank predicts the country's economic expansion for 2016 will be 6.6 percent, the highest among six Southeast Asian

countries, according to a December report.

The Vietnamese equity gauge is trading at 1.7 times net assets, near the lowest level in three years, while the MSCI All Country World Index is valued at 1.9 times, data compiled by Bloomberg show.

Vietnamese equities are still vulnerable to external risks including prospects of higher U.S interest rates and more devaluations of China's yuan that may affect the local market, according Nguyen Hoang Giang, chief executive officer at VNDirect Securities JSC. The yuan's depreciation will “put pressure” on the local currency to compete for export markets, he said.

## CONTACT

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

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