

VIETNAM

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Export growth 50% of target

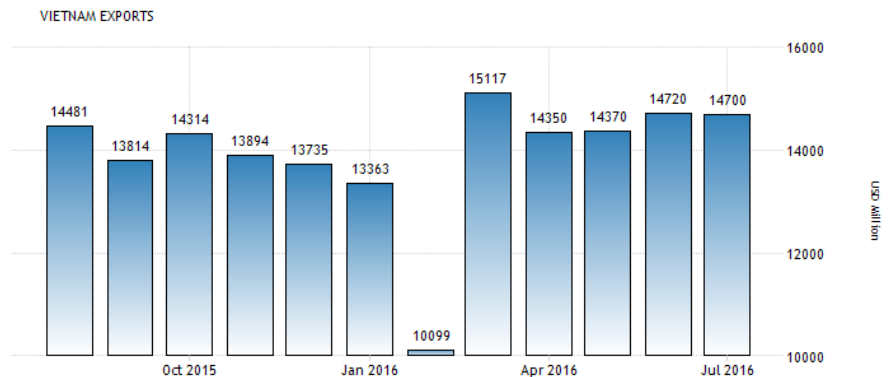
VNS - The country's total export turnover in the first 7 months of the year was \$96.83b, representing an annual increase of 5.3%, said Duong Duy Hung, director of the Ministry of Industry and Trade's Planning Department.

However, the growth of total export turnover in this period was much lower than that of 9.2% in the same period last year, meeting only half the target.

Hung told a meeting in Hanoi yesterday that the total export turnover in July was \$14.7b, 0.2% less than the previous month. July exports by the agro-forestry and fishery sector rose only 0.1% from June. In addition, the processing industry has not maintained its high growth rate of previous years, with a turnover drop of 0.9% compared to June.

"The declining export prices have been the main reason for the decrease of the manufacturing sector," he said.

The country's import turnover last month was also 1% lower than June's. In the January-June period, the total import turnover reached \$95.03b, posting a 0.9% YoY decrease.



SOURCE: WWW.TRADINGECONOMICS.COM | GENERAL STATISTICS OFFICE OF VIETNAM

VN saw a trade surplus of \$1.8b in the first 7 months of 2016, equal to 1.9% of the total export turnover.

Deputy minister Hoang Quoc Vuong said the country would be hard pressed to meet the targeted export growth rate of 10% for the whole year barring breakthrough solutions.

Vuong asked the industry and trade sector to focus on providing solutions to ease difficulties for business, thus promoting exports.

"The industry and trade sector has contributed 60% of GDP for the country. The sector should make great efforts in the year-end months," he added.

Minister Tran Tuan Anh also asked departments to review regulations relating to export procedures to facilitate exports. He urged relevant agencies to enhance trade promotion in order to find new markets.

Rice-shrimp farming: an effective and sustainable production model

VOV - In the last five years, the dual rice-shrimp farming systems has grown in many Mekong Delta provinces from tens of thousands of hectares in 2005 to 160,000 ha in 2011 and is likely to reach 200,000 ha by 2020.

The model has proven effective and sustainable.

The Mekong Delta has many advantages for developing rice-shrimp farming, which is more environmentally friendly than other models due to easy application of advanced management methods, less use of chemicals, and conformity to good agricultural practices (GAP).

In addition to the key products, which are rice and shrimp, other crops and aquatic products can be alternately farmed under the

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model, which has profits of up to 30% higher than shrimp or rice farming alone.

Hoi Van Thu, a farmer from Phong Tan commune in Bac Lieu province, has cultivated rice and raised shrimps simultaneously.

He said, "In the last five years, regulating saline zones and fresh zones in my locality hasn't been stable. Much salt intrusion has made it impossible for rice to be sowed in the fields. That's why the rice-shrimp farming model has increased economic efficiency".

Rice cultivation in shrimp raising areas is a way to remove salt from the rice fields during the rainy season, limit salt intrusion, and

prolong the life-span of land use.

Ca Mau and Bac Lieu are among the Mekong provinces with large rice-shrimp farms, master-planning and development directions until 2020, and solutions for developing the model sustainably.

Soc Trang has master-planned rice-growing areas on shrimp farms that produce Ngoc Dong brand fragrant rice in accordance with GlobalGAP standards.

Tra Vinh, which is famous for rice-shrimp farming on Long Hoa island in the middle of the Tien River, has successfully established organic rice cultivation areas for high-end export markets.

Dr Tran Van Khoi, Director of the

National Agricultural Promotion Center, says the rice-shrimp farming model now typifies Mekong Delta coastal areas.

"First, provinces have done regional master-planning in line with detailed directions from the government and the Ministry of Agriculture and Rural Development for each province," he said.

"Second, with the available resources, provinces should focus on the transfer of technology, especially training to improve farmers' production skills so that the model can develop sustainably. Third, we need to encourage farmers to promote product brand," Mr Khoi said.

The rice-shrimp production scale in the Mekong Delta could reach 200,000 ha, contributing about 800,000 tons of rice a year. The Ministry of Agriculture and Rural Development plans to develop an irrigation system for the model.



BANKS & FINANCE

IMF gives warning of debt distress in Vietnam's future



VIR - The International Monetary Fund has warned Vietnam's government about a growing budget deficit and public debt, largely due to a big rise in recurrent expenditure and ineffective usage of public investment.

In its report on Vietnam's 2016 economy released in late July, the International Monetary Fund (IMF) stated that 'Public debt has risen sharply, and the risk of debt distress has climbed'.

The ratio of public and publicly-guaranteed (PPG) debt to GDP is projected to increase to 62% in 2016, up over 16 percentage points in the past 5 years, 'reflecting persistently high budget deficits'.

Under the IMF's baseline projection, PPG debt would rise toward 70% of GDP, elevating the risk of debt distress.

According to the World Bank, Vietnam's total public debt has been rising rapidly in recent years. The government has recently reported that by the end of 2015,

Vietnam's total outstanding public debt (government, publicly-guaranteed and local government) was estimated at 62.2% of GDP - nearly 11 percentage points higher than the level in 2010, and inching quickly toward the legally-mandated ceiling of 65% of GDP.

'For 2015, the direct debt service was tantamount to 8.4% of the state budget. If the principal debt service is concluded, the rate is over 26%', Prime Minister Nguyen Xuan Phuc said.

'The debt service for the 2011-2015 period has been 1.86 times higher than that in the 2006-2010 period. It is forecasted that the debt service will continue rising higher in 2016, 2017, and 2018', he added.

According to the IMF, the main driver of the rise in public debt is a large and persistent fiscal deficit. A budget deficit of at least 6.05% of GDP was projected for 2016, higher than the 5.9% rate of last year.

In this year's first 7 months, the budget deficit totalled \$4.7b, higher than the \$4.5b of last year's corresponding period.

The long-lasting budget deficit was largely due to an improper spending structure. During the 2006-2010 and 2011-2015 periods, development expenditure fell from 28% to 23.4% of total budget

spending, while recurrent expenditure rose from 55-65% of total spending.

'Notably, a large part of the recurrent expenditure is used for paying the salaries of the over 11 million people working in state-owned organisations', said Tran Hoang Ngan, a National Assembly deputy representing HCMC.

'The state budget currently has to feed a cumbersome administrative apparatus'.

The prime minister also attributed the rising budget deficit and public debt to ineffective usage of state funds.

There are many examples of this ineffective investment. In the northern province of Ninh Binh, the \$545.4m Ninh Binh Nitrogenous Fertilizer Plant has annually suffered losses averaging \$91m since it began operation 4 years ago.

Some investments have been complete losses. The \$325m Dinh Vu Polyester Fibre Plant in the northeastern city of Haiphong has suspended operations since October 2015, and the \$100m Dung Quat Bio-Ethanol Plant in the south-central province of Quang Ngai has also stopped operations.

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In another notable case, the \$363.63m expansion of Thai Nguyen Steel Factory in the northern province of Thai Nguyen has yet to become operational, after 10 years of construction.

According to the IMF, corporate performance in Vietnam has deteriorated in recent years, particularly in state-owned enterprises.

'Corporations' profitability has declined and leverage has increased. This combination has significantly reduced corporations' debt service capacity and is reflected in an increasing share of firms whose debt is at risk, meaning with an interest coverage ratio below one', said the IMF report.

Worried about the national financial security, Prime Minister Phuc has ordered stringent management of the state coffers. He said that the government would 'strengthen financial disciplines with tough solutions to curb revenue losses for the state budget, and to prevent transfer pricing and tax arrears'.

He ordered that recurrent expenditure 'must be radically saved', especially in spending for meetings, purchasing state-funded cars, and officials going away on business overseas.

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'We must be responsible for every penny's worth of tax paid by the public'.

Vietcombank to sell shares to Singaporean investment fund

VNA - Singapore government's investment fund GIC Private Limited (GIC) is negotiating to buy at least 7% of the Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank).

That would be the second largest investment that the Singaporean sovereign fund has made this year in Vietnam.

A successful deal would show investors' high confidence in Vietnam's banking sector, which has been badly affected by bad debts.

Vietcombank has been planning to issue 360 million new shares, equivalent to 10% of the bank's existing stocks to foreign investors in a private placement.

The total value of the share issuance is US\$600 million based on the bank's current market value.

The stake sale to GIC could be at a lower price than the bank's share price, according to Singaporean media reports. Vietcombank will have to submit details of the deal to its biggest shareholder, the State Bank of Vietnam (SBV), for approval.

A successful deal would make GIC the third largest shareholder after the central bank, which holds 77% of capital, and the Japan-based Mizuho Bank, which holds 15%.

In the first half of 2016, Vietcombank recorded a pre-tax profit of VND4.27 trillion (\$189.8m), an increase of 35% over last year, and reduced its bad debt ratio to 1.74% from 1.84%.

The SBV on August 2 approved Vietcombank's proposal to increase charter capital by over VND9.3 trillion (\$416.38m) to VND35.977 trillion.

After completing procedures related to the capital rise in accordance with the current legal regulations, Vietcombank will have to submit documents to the SBV, asking for a change in charter capital in its operation licence.

The added capital will come from the issuance of 933 million bonus shares at the rate of 35% for the existing shareholders of the bank.

After raising the charter capital, the dominant share of the State would reduce from 77% to 70%.

Vietcombank said it aims to be not only the No 1 bank in Vietnam, but also placed in the top 300 financial banks with the best management in the world by 2020.

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INVESTMENT

Foreign investors in Vietnam change their minds about oil refineries



VNS/ANN - A number of foreign investors have decided to postpone plans to build refinery in Vietnam after reconsidering their investment decisions.

Thailand's largest corporation, **PTT Public Company Limited (PTT)**, has postponed plans to build the **\$20b Victory Nhon Hoi refinery and petrochemical complex** in the south-central coastal province of Binh Dinh.

The complex would have covered 1,400 hectares in the Nhon Hoi Economic Zone and refined around 20 million tonnes of oil a year.

PTT had tied up with the world's biggest oil producer Saudi Arabian Oil Company (Saudi Aramco) to build and operate the plant.

The main reasons the Thai investor gave for the withdrawal were uncertainty in the global oil market where crude prices have plummeted, and their unhappiness

with incentives offered by the local government.

On their part, the Binh Dinh authorities said they have also decided to shelve the project since investors had failed to prove its feasibility but had taken so much time that the province had missed the opportunity to attract other investors to the economic zone.

But details of the disagreement between the two sides are not known.

Before the Nhon Hoi refinery project, in mid-June Russia's **Gazprom Neft (GPN) had decided to pull out of negotiations to buy a stake in the operator of Vietnam's only oil refinery, Dung Quat.**

GNP, the oil arm of top global gas producer Gazprom, had started exclusive negotiations to buy a 49% stake in the Binh Son Refining and Petrochemical Company (BSR), the operator of Dung Quat and a subsidiary of State oil company PetroVietnam.

GNP decided to halt negotiations because Gov't could not offer it the preferences it sought.

The Ministry of Industry and Trade had ruled that Dung Quat can't continue to enjoy tax breaks after 2018, one of GNP's demands.

But the Russian company is likely to consider buying stakes in the future

when Dung Quat goes public and issues shares.

Earlier, in 2015, **Qatar Petroleum International also pulled out of the \$4b Long Son petrochemical project** in the southern province of Ba Ria-Vung Tau.

Licensed in 2008, the complex was to have been built by a joint-venture between Thai Siam Cement Group, Qatar Petroleum International (QPI), and PetroVietnam.

Construction should have begun in 2014 and been completed in 2017, but was delayed due to site clearance issues.

A further obstacle was due to the restructuring of its development strategy but failed to reach a deal with the other partners, leading to a serious delay.

It was recently announced that construction would begin in the Q4 of this year, though Qatar Petroleum's replacement has yet to be revealed.

There seems to be a disturbing pattern in the pull-outs.

Many analysts attributed it merely to investors' reconsideration of their investment decisions.

Whatever the reasons, others said, Vietnam does not need more refineries since the capacity of Dung Quat and those planned to

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be built is enough to meet the country's demand.

Wholly foreign-owned Woori Bank to open in Vietnam



VNS/ANN - South Korean Woori Bank will soon open a wholly foreign owned bank in the country after receiving endorsement from the State Bank of Vietnam

The State Bank of Vietnam (SBV) has approved in principle South Korean Woori Bank's plan to set up a wholly foreign owned bank in Vietnam.

Under Document 5829/NHNN-TTGSNH, SBV also approved a draft list of Woori Bank Vietnam's board of members, members of the supervisory board and general director.

For an official licence, Woori Bank was asked by the SBV to complete legal dossiers in accordance with the current regulations and submit them to the SBV governor for approval.

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Once it receives the licence to operate, Woori Bank - South Korea's largest bank in terms of consolidated assets as of the end of March - expects to be a vehicle that will help to expand South Korean investment in Vietnam, where it has been limited to operating two branches.

South Korea is now the largest foreign investor in Vietnam, with Samsung Electronics Co Ltd and LG Electronics Inc bringing large investments to turn it into a Southeast Asian production hub.

Other major Korean companies in Vietnam are Kumho Construction, Posco group, Hanjin Logistics and Kumho Tire.

A free trade agreement between South Korea and Vietnam that came into effect last December gives more investment incentives to Korean firms. South Korea invested US\$4.2 billion in Vietnam in the first seven months this year, accounting for 32.5% of Vietnam's total investment capital.

After receiving the official approval, Woori Bank will also seek to strengthen its localised services for Vietnamese retail customers through channels such as its mobile

banking platform Wibee Bank and chat app Wibee Talk.

Vietnam currently has six wholly foreign-owned banks. They are HSBC Vietnam, ANZ Vietnam, Standard Chartered Vietnam, Hong Leong Vietnam and Shinhan Vietnam, besides Public Bank Berhad.

According to experts, more foreign banks are expected to enter Vietnam's market, especially after the establishment of the Asean Economic Community late last year. They recommend that Vietnamese banks must operate on a larger scale, with huge investments in technology and products through consolidations and mergers, to create better and stronger banks that can compete with foreign banks.

By 2020, in accordance with the commitment to the World Trade Organisation, Vietnam will have to completely open its doors in the banking sector.

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ENTERPRISES

Vingroup's retail business jumps fivefold in H1



A Vinmart shopping center in Ha Noi capital. Vingroup plans to have 400 Vinmart centers across Vietnam by 2020.

Nikkei - Vietnamese property developer Vingroup logged a 438% jump in its retail business to 6.9 trillion dong (\$309m), in the first half of 2016. The retail business now makes up around 20% of the company's revenue.

That impressive growth comes after Vingroup Chairman Pham Nhat Vuong revealed the company's decision to make retailing a core business, hoping to increase its contribution to sales to around 50% of the group total in coming years.

According to Vingroup's financial results, Vingroup's revenue doubled to 24.1 trillion dong (\$1b) in H1 of 2016, contributing a more than fourfold expansion in its net profit to 2.9 trillion dong (\$130m), meeting 98% of the company's full-year target.

The company attributed the strong January-June numbers to solid growth in all segments in the second quarter, led by a 226% increase in the retail sector, followed by 59% growth in tourism. Education revenues climbed 57%, while the health care business saw 53% growth. Its revenues in apartment management services rose 39%. The real estate segment, the main contributor to overall revenue, posted a 31% increase to 4.3 trillion dong. Vingroup's earnings from investment also added significantly to revenue, up 228% to 2.5 trillion dong in H1.

Sales costs also rose sharply in January-June, up 237% to 2.4 trillion dong compared with the same period last year. The group has 40 ongoing projects across the country, worth some 20 trillion dong, part of a total inventory valued at 31 trillion dong.

Vingroup's earnings per share came in at 763 dong, up 239% on the year. The company has sped up openings of retail outlets across Vietnam - Vinmart Plus convenience stores, Vinpro electronics shops and Vinmart trading centers.

He said the group will focus on second- and third-tier cities, as well as smaller rural towns with more than 10,000 people, aiming to have 10,000 convenience stores and 400 shopping malls across the country within three years.

Vietnam's retail market is expected to grow to more than \$150b within 4 years. Int'l players, including shopping mall operators Lotte, Aeon, E-mart, Auchan, Takashimaya, Metro and Big C, and convenience store chains such as Family Mart, Shop&Go, 7-eleven, Ministop and Circle K are all pushing into the country. Vingroup aims to overtake Co.opmart, become the largest retailer in VN of some 93 million consumers.

After 14 years focusing on real estate and tourism projects domestically, Vingroup plans to expand overseas with its Vinpearl brand. The group is looking for locations in nine overseas markets, including US, Canada, Australia, Singapore and Europe.

Vingroup plans to increase its base capital of 2.1 to 21.5 trillion dong through the sale of additional shares this year.

ENTERPRISES

Vietnam Brewery becomes Heineken Vietnam Brewery



VNN - The Vietnam Beer Limited (VBL) has announced its new name as Heineken Vietnam Beer Ltd., with 40% of capital held by Saigon Trade Corporation (Satra) and 60% by Heineken Asia Pacific.

Mr. Leo Evers, Chief Executive Officer of Heineken Vietnam, said the new name will appear on the entire product packaging in January 2017.

The products produced by VBL will continue to circulate on the market in the first half of 2017. Their quality is consistent with the quality of other products bearing the new name Heineken Vietnam.

The organizational structure and management, production, sales model and property rights for the brands of Heineken, Tiger, Larue, BGI, Bivina, Desperados, Affligem and Strongbow Cider fermented apple juice will be maintained.

VBL was established in 1991 as a joint venture between Heineken

Asia Pacific (HAP), which is headquartered in Singapore and Satra.

With the annual huge profits of up to VND4.1 trillion and annual tax revenue of VND12.6 trillion of VBL, the public is questioning whether the foreign partner in this joint venture is trying to acquire the shares of Satra and its first step is to deleting the brand Vietnam beer?

In 2012, Heineken spent \$6.3 billion to buy back 40% stake in Fraser & Neave Group (F & N) Singapore in Asia Pacific Breweries (APB) - one of the largest brewers in Southeast Asia and the producer of the popular Tiger beer.

According to Euromonitor, more than 80% market share of the Vietnam's beer market is in the hands of the three groups - Sabeco, VBL (now Heineken) and Habeco.

The Saigon Beverage Corporation (Sabeco) holds more than 40% market shares. If Sabeco is the leading firm in the common segment, VBL is the leader in the premium segment.

In terms of beer consumption in Vietnam, it was 6.6l/person/year in 2010, 3.8 liters/ person/year in the period 2003-2005, and the figure is

forecasted to reach 7 liters/person/year by 2025.

After 7 years, from the 8th place in Asia (2008) for beer consumption, in 2015 Vietnam became the leading contry in the region and the third in Asia for beer consumption.

This is the reason Heineken identified Vietnam as its 2nd most important market.

LafargeHolcim sells its 65% stake in Vietnam joint venture

Reuters - Building materials company LafargeHolcim Ltd has signed an agreement with Siam City Cement Public Company Limited for the divestment of its 65% shareholding in LafargeHolcim Vietnam, it said on Thursday.

The enterprise value of the deal was 867 million Swiss francs (\$890.7m), on a 100% basis, the Swiss-French group said in a statement.

It said the transaction was subject to customary regulatory and shareholder approvals, as well as to a right of first refusal of LafargeHolcim's joint venture partner, and was expected to close in the fourth quarter of 2016.

MARKET & PRICES

Coffee chains face high rents, competitive market

NCDT - Coffee chains require long-term capital, but profits can be unpredictable as some chains have found.

A report from the World Bank shows that HCMC had 8 million people in 2014 and the figure will rise to around 10 million by 2020. The city promises attractive opportunities for service companies, including coffee chains.

However, the problems with The KAfe, the 'rising star' in the market, show the difficulties coffee chains are facing. The KAfe ran well in Hanoi, but it has met problems trying to expand in the HCMC market.

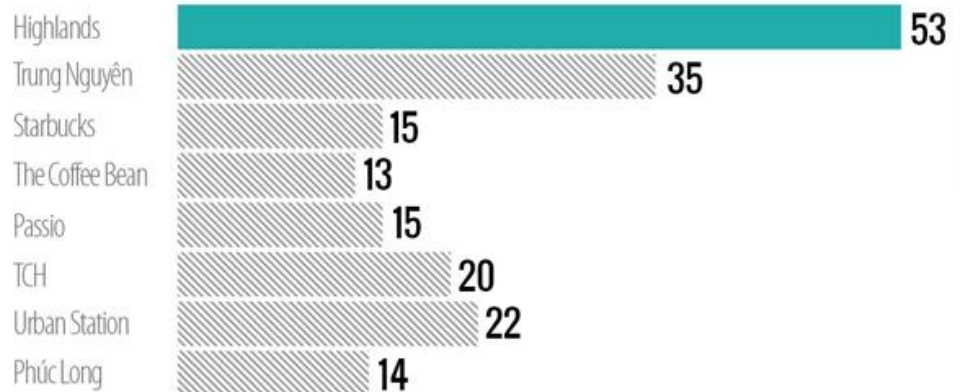
Euromonitor, a market survey firm, has estimated the increase in the roasted coffee consumption from 1.83 million bags to 1.92 million thanks to the increasing number of coffee chains and cafes.

Coffee chains are one of the fastest growing business models with annual revenue up by 32%.

An analyst commented that the problems of coffee chains mostly derive from the central area-based business model.

Like retail chains, coffee shops are largely located in densely populated areas. But unlike retail

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Firms with 10 or more shops

chains, coffee chains cannot be located in the suburbs because of lower purchasing power.

This explains why the largest coffee chains have 10 shops and more in HCMC centre, such as Highlands, Trung Nguyen, Starbucks, The Coffee House, Urban Station, Phuc Long, Passio and The Coffee Bean & Tea Leaf.

District 1 has 17 Highlands and 16 Trung Nguyen shops. District 3 is the area for smaller brands such as The Coffee House and Urban Station.

When there are too many shops in the same areas, the supply would be higher than demand, which increases retail premises rent.

According to Vo Van Huu Phuong from Cushman & Wakefield Vietnam, district 1 offers the most retail premises, about 16% of the total retail premise supply.

The rent in central business districts increases by 4% per annum, now

hovering around VND2.5 million per square meter a month, three times higher than in the suburbs.

The investment rate for one coffee shop is relatively high. To have a shop with an area of 100 square meters in central business district, investors have to make initial investment of no less than VND1 billion and spend no less than VND100 million a month to run the shop.

High operation costs affect the pricing policy. Vo Mau Quoc Trien, chair of Rita Vo, said the price of one cup of coffee was equal to the price of one kilo of coffee, affirming that only with such a high selling price can the company cover expenses.

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MARKET & PRICES

Low-cost mobile phones disappearing from market

VOV - Low-cost mobile phones, priced below VND2 million, are no longer selling well in Vietnam.

A GfK report on Vietnam's mobile phone market in the first half of the year showed that the market share of low-cost products dropped from 24.2% in the same period of last year to 17%.

The products priced at VND2-3 million have also seen market share drop from 19.7% to 17.4%.

The figures were for both feature and smartphones.

High-end products have all seen market share increase rapidly. Even products priced at VND8-VND10 million which sold slowly in the last few years unexpectedly doubled compared with 2015.

The information is good news for mobile phone manufacturers. However, a question has been raised about why low-cost products are disappearing from Vietnam. Do Vietnamese consumers have higher salaries or have manufacturers given up low-cost products?

The representatives from The Gioi Di Dong and FPT Shop, the largest mobile phone distribution chains in Vietnam, both have reported stable sales of low-cost products.



A retailer in HCMC said there were sale promotion programs launched last year, under which consumers could buy products on installments with interest rate of 0%.

"Instead of spending small sums of money to buy low-cost products, consumers would rather buy popular products at VND3-VND4 million and pay for them on installments," he said.

Samsung and Oppo are the two phone manufacturers running the most attractive sale promotions applied for products priced at VND3-VND4 million and VND6 million or more.

Meanwhile, Hoang Thuy Linh from Mobiistar, a Vietnamese brand, commented that low-cost products are disappearing because manufacturers don't want to continue production of them.

She said that since the profit from products was not attractive enough, manufacturers were shifting to focus on VND3-VND6 million products.

Some distributors also think that Samsung, Oppo, Motorola, HTC and Microsoft still make low-cost products to satisfy demand, but they will give them up because the models cannot bring high profits.

However, Truong Huu Dung, a veteran phone trader in HCMC, commented that GfK's statistics only show a part of the market, because it cannot cover unnamed products dominating rural and mountainous markets.

LEGAL UPDATES

New provisions on issuance of construction licenses and the management of foreign construction contractors in VN

VLO - Circular No. 14/2016/TT-BXD dated June 30th, 2016 of the Ministry of Construction guiding the issuance of construction licenses and the management of foreign construction contractors in Vietnam. This Circular guides the issuance of the construction license and the management of foreign construction contractors in Vietnam. Accordingly, in comparison with the current provisions, this Circular provides for some new points relating to the application for issuance of a construction license, the periodical reporting regime and the establishment of executive office in Vietnam of foreign contractors.

In particular, the application for issuance of the construction license is additionally required to have the decision on investment in a project or the investment certificate or the written approval for the investment policies (Clause 7 Art. 4).

Regarding the periodical reporting regime, foreign contractors shall only have to submit the annual report on Dec 20th of every year instead of having to submit the periodical reports every 6 months

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according to the earlier provisions (Clause 1 Art. 8).

Similarly to the earlier provisions, every foreign contractor must establish an executive office at the place where the project is conducted. However, according to the new provisions, foreign contractors who perform the activities of formulation of construction planning, formulation of construction investment project, construction survey or construction design may establish an executive office at the place where the office of the project owner is headquartered.

In addition, regarding contracts pertaining to the construction and supervision of construction of work involving multiple provinces, foreign contractors may establish the executive office in an area where a part of the work is located (Art. 9).

This Circular takes effect from August 15th, 2016 and replaces Circular No. 01/2012/TT-BXD dated May 8th, 2012.

Circular issued to stipulate number of apartments owned by foreigners

VGP - The Ministry of Construction has issued Circular No.19/2016/TT-BXD guiding the implementation of the Housing Law and Decree No.

99/2015/ND-CP dated October 20, 2015 of the Government guiding the implementation of the 2014 Housing Law.

Accordingly, the proportion of apartments owned by foreign organizations and individuals to the total number of apartments in all apartment buildings for sale or lease-purchase in a ward must not exceed 30%.

As for individual houses for sale or lease-purchase under commercial housing projects, the total foreign ownership must not exceed 10%.

As required by the Decree, in order to own property in VN, a foreigner must possess a valid visa stamped by VN immigration authority.

Persons entitled to diplomatic privileges and immunities under the Ordinance on Privileges and Immunities for Diplomatic Representations, Foreign Consulates and Representative Offices of Int'l Organizations in VN may not own apartments or individual houses in VN.

Foreign organizations and individuals doing business in VN may carry out property transactions if possessing valid investment registration certificates or relevant certificates granted by Vietnamese competent authorities.

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HIGHLIGHTS

Vietnam, Japan sign far-reaching irrigation pact



VOV - The governments of Vietnam and Japan agree that an efficient and competitive ASEAN green economy is vital to creating jobs, strengthening the middle class, and ensuring sustainable economic growth.

During a bilateral meeting on August 8, Minister of Agriculture and Rural Development (MARD) Nguyen Xuan Cuong and his Japanese counterpart Keiichi Ishii renewed their close bilateral relationship on the environment, climate change and energy.

Minister Cuong highlighted the commitment of the two nations to take strong action in irrigation management in the Mekong Delta, along the nation's coastlines and throughout the mountainous regions of the northern part of the country.

To that end, he announced the two leaders have signed a far-reaching pact to improve irrigation and

water management throughout the aforementioned regions by working through the Japan International Development Agency (JICA).

For his part, Minister Ishii noted the problem of water - logging and consequent extensive damage to agriculture crops and other segments of the economy are a common phenomenon in regions such as the Mekong Delta.

This cooperation accord will go a long way in minimizing those losses from floods and as well as other natural disasters by improving infrastructure and overall water management capabilities.

When China sneezes, these countries will be first to catch a cold

Bloomberg - If (or when) China sneezes -- ranging from a sharp devaluation of its currency or protectionist measures to defend local industries -- Singapore, Taiwan, Vietnam, South Korea and Malaysia would be first to feel the chill, according to analysis from Natixis SA.

By contrast, Indonesia, India and the Philippines are rather more immune, based on trade, tourism and investment links that were collated by the French Bank's Hong

Kong-based economists Alicia Garcia Herrero and Trinh Nguyen.

For those with the largest exposure to China, trade ties are the biggest link.

Tourism is another important factor linking the fortunes of Asia's smaller economies to their regional giant. In 2015, the number of Chinese outbound tourists climbed 14.5% to 35.4 million, according to the China Outbound Tourism Research Institute. They spent \$235 billion in 2015, Natixis said, and most Chinese tourists prefer to holiday in Asia with 60% of the trips to the region.

Still, those countries gaining most from Chinese tourists also experience a "heightened sensitivity" because that demand can rub both ways, Natixis said, citing the 20% drop in Chinese tourists to Vietnam last year after the two nations were embroiled in a spat over disputed territories in the South China Sea.

Another bond comes from China's projects like the "Belt and Road" initiative and the Asian Infrastructure Investment Bank. As China pumps money into the region, partly to export excess capacity, it's also increasing its soft power.

HIGHLIGHTS

While providing a boost for growth, a more powerful China is also posing a dilemma for its neighbors who have to tussle between the need to assert their sovereignty without discouraging Chinese investors and spenders. That's a tough balancing act that's only going to get trickier as Chinese President Xi Jinping pursues his "China Dream" of increased economic and political clout.

Japanese currency appreciation increases public debt in Vietnam

NCDT - "The world is trying to run away from the yen, but Vietnam seems to go in the opposite direction," Le Xuan Nghia, member of the National Finance & Monetary Advisory Council, said.

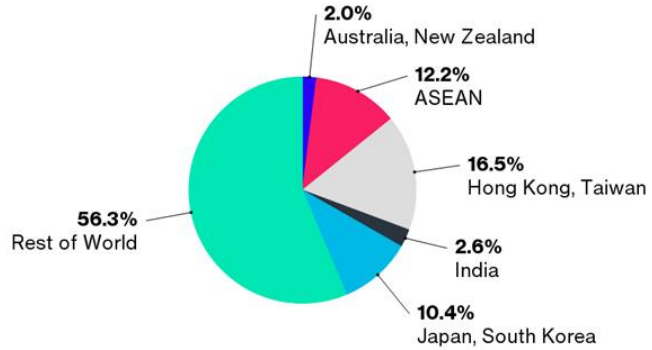
Just within the first half of 2016, the Japanese yen made new records. It has appreciated against 31 major currencies used in global circulation, increased by 15% in value compared with the US dollar and 17% with the dong, the sharpest increase in the last 15 years.

The yen appreciation has caused Vietnam's public debt, with a large proportion in yen, to increase.

According to Pham The Anh from Hanoi Economics University, of the www.seiko-ideas.com

First Stop Asia

More than one third of Chinese goods go to the region

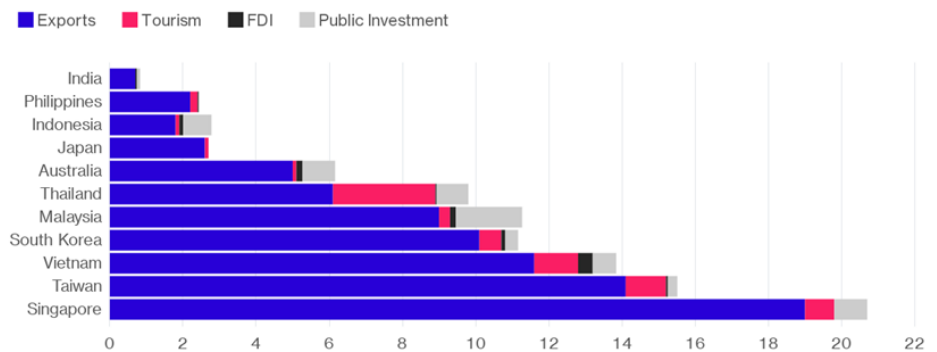


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The China Effect

A summary of Asia's exposure to China (% of GDP)

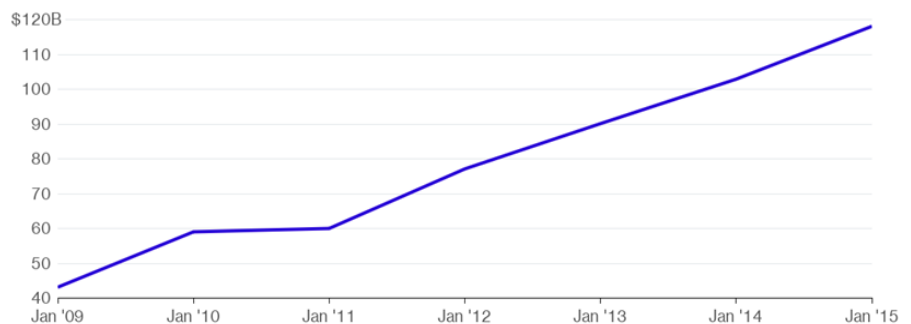


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Going Global

China's Outbound Direct Investment



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HIGHLIGHTS

total public debt of \$125 billion by 2015, or 62.2% of GDP, the debt in yen accounts for 38%, dollars 25% and euros 15%.

Ngo Tri Long, a finance expert, confirmed that the 20% increase of the currency just within one year has caused the yen debt, estimated at \$45b, to increase proportionally.

According to the National Finance Supervisory Council, the dong/dollar exchange devaluation of 5% last August increased public debt by 0.9% of GDP.

A report shows that non-refundable aid in 2008-2011 only accounted for 2.5% of the total ODA (official development assistance) granted by the Japanese government to Vietnam.

The other loans (under which the Japanese contractors' presence is not compulsory) are long-term loans (30 years, with 10 years of grace period) have an interest rate of 1.4% on average.

As such, with the yen appreciation of 17% against the dong in the last year, the real interest rate Vietnam has to pay for the loans is nearly 2% per annum.

If the yen maintains its strength in the next decade, ODA loans will no longer be cheap if compared with dollar international bonds, which

now have interest rates of around 4.8% per annum for 10 years.

In fact, the preferential loans from Japan have put heavy burden on key enterprises in the national economy. The Airports Corporation of Vietnam (ACV) and Pha Lai Thermopower JSC (PPC) are two of them.

They borrowed 93 billion yen, or VND190 trillion in total, but incurred the loss VND1 trillion in the last year. This means that they have to pay 0.54% of total value of the loans.

ACV, for example, got Japanese ODA for the Tan Son Nhat Airport project with the interest rate of 1.6% per annum, but with the yen appreciation, it has to pay 2.14% per annum in reality.

Similarly, with the preferential interest rate of 0.5% per annum on a loan to build Noi Bai T2 terminal, the actual interest rate is 1.04%.

Vietnam among 10 most optimistic countries globally: Nielsen

TNN - Though consumer confidence in Vietnam dropped slightly in the second quarter, the country is the seventh most optimistic country globally, according to the latest survey from information and measurement firm Nielsen.

In the online study, consumers in Vietnam scored 107 points in the

Consumer Confidence Index, down two points from the previous quarter.

Nguyen Huong Quynh, managing director of Nielsen Vietnam, said in a statement the fact that Vietnamese continue to be optimistic about the local economy in comparison to other countries reflects "rising affluence in our country, the continued growth of middle class populations and a stable government's economic outlook."

The study also revealed that consumers in Southeast Asia are still among the most confident in the world. The Philippines, with 132 points, surpasses India to become the most optimistic country globally. Indonesian remains the third most confident, with 119 points.

Southeast Asian consumers continue to be among the world's most avid savers, with more than two in three (68%) putting their spare cash into savings. When coming to savings, consumers in Vietnam keep the highest globally (76%), followed by Indonesia (70%) and the Philippines (65%).

CONTACT

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