

VIETNAM

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Next-generation FDI: what's the new strategy?



INSIDE THIS ISSUE

HIGHLIGHTS

APEC impact and Japanese wave post impressive investment figures
Next-generation FDI: what's the new strategy?
Vietnam aims to raise \$4.8 billion selling stake in brewer

ECONOMY

Rice exports hit almost US\$2.5 billion
Vietnam's economic growth patterns questioned by experts

BANKING & FINANCE

Credit growth reaches 15.3% in 11-month period
SCIC's divestment boosts share prices, market soars
FPT Retail to hold IPO in mid-December

INVESTMENT

Investors pour millions of dollars into Vietnamese e-commerce
JETRO to host Invest Japan seminar in Ho Chi Minh City
Japanese firm gets nod to build US\$2.58 billion thermal power plant

ENTERPRISES

Uber partners with Vietnamese mobile wallet MoMo for payments
Lotte to open second duty free store in Vietnam amid tourism boom

MARKET & PRICES

Delivery services compete on speed
E-commerce: narrow door for Vietnamese businesses

ECONOMY

Rice exports hit almost US\$2.5 billion



VOV - Vietnam's rice exports achieved a great triumph in the 11 months leading up to December as they hit 5.52 million tons worth US\$2.49 billion, up 24.1% in volume and 24.9% in value against the same period last year.

These figures are much higher than last year's total (nearly 4.9 million tons and US\$2.2 billion).

In the first 10 months of this year, Vietnam shipped rice to 132 world markets. China was the largest importer with 40% of the export volume or 2.03 million tons, up 35% over the corresponding period last year. Meanwhile, exports to other markets also witnessed a sharp rise such as the Philippines (up 41.3%), Malaysia (up 97.3%) and Ivory Coast (39.7%).

According to the Ministry of Industry and Trade, 2017 is a successful year for the rice sector despite the forecast that many countries would implement a self-supply policy which causes difficulties to rice exporters. However, Vietnam's rice exports obtained a rapid growth after rice production in some countries were negatively impacted by climate change. Major importers like China, the Philippines, Malaysia and the Republic of Korea were in great demand and particularly, new import markets such as Bangladesh and Iraq also helped push up rice exports.

It is forecast that rice exports in the last month of the year will reach around 400,000-500,000 tons, bringing the total export volume to 5.9-6 million tons this year, 1.1-1.2 million tons higher than last year.

Vietnam's economic growth patterns questioned by experts

VNN - The unexpected jump in the GDP growth rate in the third quarter of the year remains controversial.

Head of the Vietnam Economics Institute Tran Dinh Thien, citing statistics about GDP growth rates in the last many years, said the 'strange thing' of Vietnam economy is 'the growth rate is low in the first quarters, high in the last quarters, and the yearly plans are fulfilled'.

Considering the GDP growth rate for a long period, he noted that the average growth rate had decreased by 1% every 10 years.

Regarding the economic performance in 2017, the fact that the GDP growth rate soared to 7.46% in Q3 from 5.15% in Q1 is 'enigmatic' to many analysts.

The unexpected jump in the GDP growth rate in the third quarter of the year remains controversial.

The unprecedented jump was made in the context of low public investment disbursement and a sharp decrease of crude oil output, they say.

However, according to Thien, private investment did indeed increase in the last year, while some business fields have witnessed sharp growth, including agricultural production.

The service sector has also grown well, while foreign invested enterprises, including Samsung and Formosa, have made big contributions to economic growth.

Thien praised the government's role in removing obstacles and creating favorable conditions for businesses to develop, which has led to a record number of newly set up businesses.

To create momentum for growth, Thien believes that in the next three years, Vietnam should not run after GDP growth rate every year, but should set other goals for economic development, of which GDP is just one target.



Vietnam's GDP growth rates

Problems

Thien pointed out that Vietnam has overvalued the dong, which encourages imports, assembling, outsourcing and speculation, but not domestic production and exports.

Large capital flows into the economy have led to many people having a lot of money, while economic activities have actually created little value.

The fact that a few people got rich quickly has encouraged speculation and eliminated the efforts to create real value for society.

The domestic sector remains weak and most enterprises still have not recovered their status before the crisis.

The number of enterprises which pay corporate income tax fell from 60-70% of total enterprises to 30% in 2015-2016.

The ratio of pre-tax profit on fixed assets and long-term investment of enterprises has decreased. In 2010, the ratios were 16, 7 and 5% for foreign invested enterprises, state-owned enterprises and private enterprises, respectively, but the figures decreased to 12, 3 and 4% in 2015.

The number of newly set up businesses in processing and manufacturing industries only increased by 8.6% compared with the same period last year. Meanwhile, the growth rate was 62.5% in the real estate sector.

BANKING & FINANCE

Credit growth reaches 15.3% in 11-month period



VNS - The credit growth in November rose 2.8% against the previous month, pushing the total rise in the 11 months of this year to 15.3%.

According to the National Financial Supervisory Commission, the government's financial watchdog, the ratio of medium and long-term loans in the 11 months increased by 12.7% against December last year and accounted for 53.8% of the total outstanding loans.

The rising rate of short-term loans was 18.6%, compared to 15.2% in the 11 months of last year.

The commission also noted that lending in foreign currency expanded 12.3% from the end of 2016, more than doubling the expansion of 5.8% in the same period last year.

Meanwhile, loans in the Vietnamese dong increased 15.6% in the 11-month period, lower than a 16.6% increase in the same period last year, and accounted for 91.8% of total credit.

The commission said that lending for the agricultural sector represented 8.1% of total credit, while that for real estate and construction made up 15.5%, down from 17.1% in 2016, of which 5.8% of the loans were funneled into the real estate industry.

Notably, consumer lending continued at a rapid pace, with growth hitting 59% in the 11-month period, driven mainly by home loans.

The commission said the mobilisation growth slowed to 13.5% between January and November, compared to 16.6%, a year earlier.

Liquidity in the banking system remained stable, buoyed by the State Bank of Viet Nam net injecting VND124 trillion (US\$5.46 billion) since the start of the year via foreign currency purchases and open market operations.

The average loan-to-deposit ratio (LDR) of the banking system stood at 86.9%, up from 85.6% at the end of 2016.

Interest rates increased by 70-80 basis points in the inter-bank market, while major banks revised up deposit rates, the commission said.

SCIC's divestment boosts share prices, market soars

VNS - The State Capital Investment Corporation (SCIC) has confirmed it will continue its scheduled competitive share offerings in four companies in the latter half of this month, easing investor concerns over the possibility of a delay after it was yet to disclose the initial bidding prices for these companies as scheduled. In November, the Government's investment arm announced a series of State capital divestments from five listed companies, including Viet Nam Construction and Import-Export Joint Stock Corporation (Vinaconex), Tien Phong Plastics Joint Stock Company (NTP), Binh Minh Plastic Joint Stock Company (BMP), Domesco Medical Import - Export Joint-Stock Corporation (DMC) and FPT Corporation (FPT).

By the end of last month, SCIC had only announced the initial selling price for Vinaconex (stock code VCG), which was set at VND25,600 (US\$1.12) per share, and had yet to announce bidding prices for four other companies as scheduled between November 27 and December 1.

SCIC will continue working on share offerings for these four shares, as stated at the November 17 roadshow, with no imminent disruption, a representative from SCIC told Viet Nam News by telephone, explaining it is awaiting information of companies for price announcement.

SCIC will auction 96.24 million shares of Vinaconex, equal to a 21.79% stake of the company, on December 8 on the Ha Noi Stock Exchange. In the latter half of this month, it will continue offloading 37.1% of capital at Tien Phong Plastic, 29.51% at Binh Minh Plastic, 34.71% at Domesco Medical and 5.96% at FPT Corp.

Share prices of these four companies quickly attracted investors' attention and sharply increased in value following the divestment announcement.

BMP's share price has increased 30% in the past one month, from VND73,000 per share to VND95,000 (\$4.2) on November 30. FPT's share price was up 16% to VND58,400 (\$2.2 to \$2.59); DMC up 27% from VND104,000 to VND132,000 and NTP up 17% from VND72,800 to VND85,000.

This is not the first instance of the SCIC's share offering taking a positive turn on a company's market value.

After the SCIC's auction of 48.4 million shares of Vinamilk on November 10, 2017, Vinamilk's shares (VNM) increased its value from VND151,000 per share to VND173,800 (\$6.7 to \$7.75) with more than nine million shares being traded on the stock exchange on that day.

VNM price closed yesterday at VND203,000 per share, a monthly increase of 31%.

Following the success at Vinamilk, on November 29, the Ministry of Industry and Trade announced an offering of 343.7 million shares for the State-owned Sai Gon Beer Alcoholic Beverage Joint Stock Company (Sabeco), equivalent to 53.59% of its charter capital at initial selling price of VND320,000 (\$14.2) per share.

After the divestment plan is announced, SAB shares rose sharply, from VND190,000 to VND339,000 per share (\$8.45 to \$15), becoming the most highly priced stock on the market, at present.

If the offering of Sabeco's shares is successful, the MoIT will collect at least VND109.9 trillion (\$4.8 billion).

SCIC has made significant progress in its divestment, as it is interested in the bidding process to increase transparency, rather than just selling a majority stake to strategic investors, as before.

The SCIC wants to promote the competitive bidding process to enhance transparency in the divestment process, so that listed companies can be exempt from making a public bid, instead of being obliged to send a written letter of interest of purchase to the auction board seven days before any auction.

In addition, SCIC is considering asking for the Government's approval to sell a majority of shares from its divesting companies for a better price than the market's expectation.

FPT Retail to hold IPO in mid-December

VNN - FPT Digital Retail Joint Stock Company is planning its initial public offering (IPO) on December 15 and seeking to debut its shares on the HCM Stock Exchange prior to April next year.

The FPT Corporation's retail arm is the second biggest mobile handset retailer after The Gioi Di Dong (Mobile World), with over 450 shops nationwide. Its IPO is expected to be a magnet, similar to the Mobile World Investment Corporation's IPO in 2014, given the lucrative outlook of Viet Nam's retail market.

During a roadshow on December 1, Nguyen Viet Anh, deputy chief executive officer of FPT Digital Retail, said the company expected to collect total revenues of about US\$600 million in 2017, 10 per cent of which would come from online sales.



Its profit is estimated to be VND293 billion (roughly \$13 million) by the year-end.

The retail company also plans to pay dividend in the form of stocks at the rate of 100 per cent (one shareholding will receive one new share) this year.

The pricing for the IPO has not been revealed, but the book value per share of the company was VND34,525 apiece by the end of September.

FPT Corporation is now its biggest stakeholder having 55 per cent of its capital, followed by Dragon Capital with a holding of 20 per cent and VinaCapital with 15 per cent. The last 10 per cent are owned by the company's employees.

Founded in 2012 with current charter capital of VND400 billion, FPT Digital Retail is Viet Nam's second biggest distributor of digital devices with two retail chains, including FPT Shop, which sells technology products of various manufacturers, while F.Studio distributes premium Apple products and accessories (Apple premium reseller).

Consumer loan-driven growth

FPT Retail has targeted an average annual growth rate of 24 per cent in the next five years, projecting total revenues and profits of VND25 trillion and VND650 billion by 2020.

The company will continue to expand its networks by an additional 100 shops in the next two years to increase the number of total outlets to 650-700 by 2020.

Besides seeking to increase the customer loyalty towards FPT shops, FPT Retail targets potential customers working in enterprises in Viet Nam by providing loans to finance their purchases at shops. The company offers credit lines based on the employees' positions in the companies.

Nguyen Bach Diep, chairman and CEO of FPT Retail, said the company was stepping up consumer lending, revealing that 30 per cent of its customers buy on instalments. Since October 2016, FPT Retail has connected with 10 banks and 1,000 enterprises.

In addition to this, the company is also focusing on the expansion of F.Studio, which is expected to reach 100 shops by 2020 to tap the potential market for Apple products, estimated to be worth \$1 billion in Viet Nam.

INVESTMENT

Investors pour millions of dollars into Vietnamese e-commerce

VIR - The Vietnamese e-commerce segment has become more vibrant due to increasing investments in the past few years.



Lazada ranks first among Vietnam's e-commerce websites

The rate of internet and smartphone usage is increasing, especially in big cities. Vietnam will become one of the hottest e-commerce markets over the world.

According to Nielsen, the annual growth speed of the e-commerce market is 22% and is expected to hit \$10 billion by 2022 from the current \$4 billion. The Vietnamese e-commerce market shows great potential for development and receives great attention from new investors.

According to MK News of Korea, STIC Investment Inc. will pour approximately \$10 million into Tiki.vn. STIC is an international venture capital firm, incorporated in 1999, with investments in over 360 companies. The firm has grown into a private equity firm handling over \$4.2 billion.

Tiki.vn has just received VND1 trillion (\$44 million) from JD.com to serve its plans to expand its operations.

Before STIC's investment, VNG, which is the biggest investor of Tiki.vn, held 38% of the shares. To date, Tiki.vn has received investment from three investors, including VNG Corporation, JD.com (China), and STIC (Korea) with the total investment capital of around \$71 million.

Tiki was established in 2010 as a startup e-bookstore but has since diversified to sell phones, tablets, digital devices, electrical appliances, toys, and souvenirs. Tiki.vn ranks fourth in the list of the leading e-commerce websites in Vietnam, according to an iPrice report. The added capital from STIC will help Tiki to consolidate its financial capacity to continue competition with heavyweights like Sea's Shopee Vietnam and Alibaba's Lazada Vietnam.

In June 2017, Chinese e-commerce giant Alibaba injected another \$1 billion into Lazada in Southeast Asia, raising its holdings from 51 to 83% and taking its total capital on the company so far to more than \$2 billion.

JETRO to host Invest Japan seminar in Ho Chi Minh City



VIR - Japan External Trade Organisation Ho Chi Minh City (JETRO) and the Ministry of Planning and Investment's Foreign Investment Agency will co-organise the Invest Japan seminar in Ho Chi Minh City on December 19.

The seminar aims to introduce the strengths of the Japanese market, the advantages of establishing a branch in Japan, as well as JETRO's free support activities for enterprises in Vietnam looking to invest or establish a business in Japan.

The relationship between Japan and Vietnam has improved significantly over the past years. This January, Japanese Prime Minister Shinzo Abe visited Vietnam. In March, the Emperor and his Empress visited Vietnam for the first time, and in June, Vietnamese Prime Minister Nguyen Xuan Phuc visited Japan for the second time after taking office.

In terms of the economy, the number of Japanese enterprises investing in Vietnam continues to increase, while trade relations are on the rise. A growing number of Vietnamese businesses are visiting JETRO to learn about investment and trade in Japan. In particular, Vietnamese IT enterprises are increasingly developing facilities in Japan to deploy business.

This seminar is a chance to learn about the investment environment in Japan as well as JETRO's support activities. In the seminar, apart from the speeches of JETRO, the Foreign Investment Agency, and the Japanese Consulate, representatives of major Vietnamese enterprises that have invested in Japan, such as FPT and Vietjet, will also share their experiences.

The seminar also includes investment information booths to introduce investment incentive policies in specific localities, such as Kanagawa Prefecture, Yokohama City, Chiba Prefecture, Nagoya City-Aichi Prefecture, Osaka, and Okinawa.

The seminar will be held at Saigon Prince Hotel, 63 Nguyen Hue Street, District 1, Ho Chi Minh City from 9 AM to 1 PM on December 19, and will be free of charge for guests.

Japanese firm gets nod to build US\$2.58 billion thermal power plant

SGT - Japan's Sumitomo Corporation has gained an investment certificate to develop Van Phong 1 thermal power project worth US\$2.58 billion in the central coast province of Khanh Hoa.

Before receiving the investment certificate, Sumitomo signed an investment agreement with the Ministry of Industry and Trade in May 2017. Work will start next year on the 1,320 MW station.

Covering more than 350 hectares in Nam Van Phong, Ninh Hoa Town, the project is expected to boost the development of Van Phong Economic Zone.

The investor proposed building the plant in 2006, and in 2009, the Government agreed the project to be developed under build-operate-transfer (BOT) format.

Minister of Industry and Trade Tran Tuan Anh (L) presents a letter approving Van Phong 1 thermal power project to Kuniharu Nakamura, chairman of Sumitomo Corporation, in this file photo dated May, 2017

However, the project has had to wait over 10 years to get the investment certificate due to protracted negotiations on a BOT contract and an assessment of environmental and socio-economic impacts.

According to the management board of Van Phong Economic Zone, ministries and departments have carefully appraised the project's location, land lease contract, electricity purchase contract and financial feasibility.

In the year to date, there have been three BOT thermal power projects granted investment certificates.

The largest one is Nghi Son 2 thermal power plant project in Thanh Hoa Province invested by a consortium of Marubeni Corporation from Japan and Korea Electric Power Corporation (KEPCO). With registered capital of nearly US\$2.8 billion, the plant has a net capacity of 1,200 MW.

In mid-2017, the Ministry of Planning and Investment presented an investment certificate to a Singaporean investor to develop Nam Dinh 1 thermal power project worth more than US\$2 billion in Nam Dinh Province.

Covering a total area of 242 hectares in the province's Hai Hau District, the plant will have a total capacity of more than 1,100 MW.

These projects helped the power generation and distribution sector attract the second largest foreign investment flow in January-November after the processing and manufacturing sector.

According to the Foreign Investment Agency, the sector attracted US\$8.37 billion of investment in the year to end-November, accounting for a quarter of the country's total FDI approvals.

The country now has 18 BOT thermal power projects. Some of them have been put into operation, including Phu My 1, 2 and 3 thermal power plants.

According to the national power planning until 2020, with a vision towards 2030, 16 new BOT power plants will be put into operation in the country by 2030, with a combined capacity of 22,000 MW.

However, experts said thermal power projects will put negative impacts on the environment and suggested the Government suspend a number of projects.

Most thermal power plants are located near the coastline to facilitate the import of coal and the use of water for cooling systems. Therefore, the marine environment could be badly affected.

Besides, the amount of cinder and ash discharged from thermal power plants has amounted to dozens of millions of tons. However, there have been no solutions for effectively treating cinder and ash.



ENTERPRISES

Uber partners with Vietnamese mobile wallet MoMo for payments



Bloomberg - Uber Technologies Inc. will allow riders in Vietnam to pay for their trips using local mobile wallet MoMo, opening up its service to the millions in the country who don't have credit or debit cards.

The pact is a first for the world's most valuable startup in Southeast Asia, Uber said. Backed by Standard Chartered Private Equity and Goldman Sachs, MoMo has five million users who use the mobile wallet to pay utility bills, buy airline tickets and access other services.

Uber's move comes as local ride-hailing rivals Grab and Go-Jek push aggressively for the adoption of their own in-app digital payments platforms to hook consumers. While Southeast Asia is home to 620 million people, many in the region have limited access to banking services and typically pay in cash.

"Asia has a unique payment ecosystem, and we are committed to serving customers the way they like to be served," Brooks Entwistle, chief business officer of Uber Asia Pacific, said in a statement. "That means expanding payment options, and embracing mobile wallets."

Lotte to open second duty free store in Vietnam amid tourism boom

BizLIVE - Lotte Duty Free, South Korea's top duty-free operator and a subsidiary of conglomerate Lotte Group, has announced it will open a second outlet in Vietnam next year as foreign holidaymakers rush to the Southeast Asian country, Korean media reported.

The new store will be located at the new terminal for international passengers of Cam Ranh International Airport in the central province of Khanh Hoa, well-known for its crystal beaches.

The duty-free operator plans to open the new facility in the first half and has secured the exclusive right to run the store until 2028.

Nha Trang, the head town of the province, is among the leading tourist destinations in the country and popular for Chinese and Russian holidaymakers. Several Korean airlines are bringing more Korean tourists to this spot.

The new store follows the official opening of an outlet in the central city of Da Nang earlier this month. Lotte aims at more openings in major Vietnamese cities including Hanoi and Ho Chi Minh City in the coming three years to become a leading free-store brand in Vietnam.

This is also part of the company's push to expand its presence overseas amid lukewarm sales at home due to a fall in Chinese tourist arrivals caused by tensions between China and South Korea following the installation of a missile system on South Korean soil.

Lotte has now expanded operations in a wide range of business in Vietnam, from retail to fast food, e-commerce, entertainment, real estate, and confectionery.

Lotte Duty Free, the third-largest duty-free operator in the world, currently runs six airport stores and city branches in Vietnam, Indonesia, Japan, Thailand and Guam.

MARKET & PRICES

Delivery services compete on speed



VNN - E-commerce delivery services are booming in Vietnam, especially in the last mile delivery segment – from distribution centers to consumers. The players in the market are both large businesses and startups.

German giant DHL last July kicked off domestic delivery service in Vietnam. DHL eCommerce Vietnam's CEO said the service is managed and supported by centers and storehouses located throughout the country.

When using the DHL eCommerce Portal, online retailers can order COD service (cash on delivery) for certain consignments of goods. Buyers can check and return goods at delivery times with Open-Box-Delivery service. The service is believed to fit Vietnamese consumption habits. UPS from the US has also accelerated its business. UPS Vietnam's CEO Daryl Tay said the strong point of the delivery firm is that it has solutions that connect customers in Vietnam with other countries, allowing customers anywhere to have similar experiences.

As for FedEx Trade Networks, after eight years of presence in Vietnam, it has set up a subsidiary to enhance services in the domestic market. The firm decided to expand the investment as it still can see big opportunities for development in Vietnam.

As foreign big players have geared up in the race, Vietnamese players have also applied solutions to improve service quality. Besides the large network with 18,000 postmen and deliverymen who reach every commune, VNPost also has solutions for online shops. Meanwhile, ViettelPost has a large network in all 713 districts in the country, with thousands of deliverymen.

The e-commerce delivery market also accommodates thousands of freelance service providers who work through transport firms such as Grab and Uber.

In July 2017, Uber launched its delivery service called UberShip which was renamed UberDeliver in HCMC. The service is competitive with the fee of VND15,000 for the first two kilometers and VND5,000 for every subsequent kilometer. The same service fee is applied by GrabExpress. Both GrabExpress and UberDeliver only deliver goods, but they do not provide COD.

As foreign big players have geared up in the race, Vietnamese players have also applied solutions to improve service quality.

Startups and small firms are also joining the market. In 2013, the fast delivery market had 5-6 players, while the figure now is 50.

ShipS, just after eight months of operation, has staff of 1,000 deliverymen in HCMC and 3,000 in Hanoi. The other well-known startups in the field include Giao Hang Gia Re, Giao Hang Nhanh, Ahamove, Tochanh.com, Proship.vn, Shipchung and

Giaohangtietkiem.

According to Charles Brewer, CEO of DHL eCommerce, with spending on e-commerce expected to increase by 23% from now to 2020, online retailers need to have high-quality logistics and transport solutions to expand their business scale.

E-commerce: narrow door for Vietnamese businesses

VOV - Foreign retail e-commerce businesses operating under the marketplace mode are increasingly dominating Vietnamese businesses in the market.

As in previous years, Lazada Vietnam was the first online shopping website to start the year-end shopping season. It offered sharp price discount rates for 15,000 products in a sale promotion campaign on November 9-11.



All the orders with weight of less than 6 kilograms were delivered free of charge on those days.

Lazada Vietnam also has put four new order processing centers into operation to ease congestion. However, the most attractive feature is the 50% discount rate for sellers on the platform.

Analysts said the moves by Lazada aimed to cope with the strong rise from Shopee Vietnam.

Though Shopee Vietnam only joined the market two years ago, it has been growing rapidly with many policies to support sellers and retailers. It delivers goods to buyers for free, and helps sellers train in sales and customer-care skills.

In the past, Shopee Vietnam was a C2C platform, but it has opened the Shopee Mall service to attract businesses with good brands. Shopee Vietnam also launched its year-end shopping season with 100,000 products on sale.

With SEA's (the holding company of Shopee Vietnam) success in its IPO in the US which brought US\$800 million, the company has more confidence to go ahead in the Vietnamese market. It has spent big money on ads in the last two months, which has turned it from a 'rookie' into a major competitor like Lazada.

Vietnamese e-commerce firms have behaved differently amid the sale promotion campaigns. Sendo.vn and Zalo.vn were silent, while Tiki.vn offered the 50% discount rate through flash sale for many product items, and committed to deliver goods free or charge for bills worth more than VND111,000. And it promised to deliver products within two hours for bills worth more than VND599,000.

As for sellers, Tiki did not collect commission from them on November 9-12. It chose Ngoc Trinh, a model, as the KOL for the campaign.

After receiving VND400 billion worth of capital in 2016, Tiki.vn spent money on infrastructure and its labor force. Sources said Tiki is negotiating with the US-based Amazon.com and China's JD.com, the two firms with which Tiki's operation model has most similarities. Meanwhile, Zalo.vn is still a strategic project of VNG Group.

As for other Vietnamese e-commerce firms, according to analysts, they are unstable amid the dominance of foreign players. Lazada Vietnam pays a lot for ads to attract customers, while Shopee Vietnam spends big money to support deliveries.

HIGHLIGHTS

APEC impact and Japanese wave post impressive investment figures



VIR - Foreign direct investment (FDI) attraction in the first 11 months this year has exceeded forecasts by hitting US\$33 billion, up over 82% compared to the same period last year. This figure comes from the impressive surge of Japanese investment and the positive impact of the APEC event in the central city of Danang in early November.

Impressive investments from Japan

According to data released by the Foreign Investment Agency of the Ministry of Planning and Investment, US\$33.09 billion was registered as FDI capital in Vietnam, increasing by 82.8% over the same period of 2016. Last month, FIA announced the figure of US\$28 billion of registered FDI capital within the first ten months—reaching the annual target two months early, to general surprise. This means registered FDI capital rose by US\$4.85 billion within a single month.

This growth comes mainly from two large-scale projects that have been granted investment certificates in November. The first one is a US\$885.85-million smart complex at Functional Area No. 2A of Thu Thiem urban area (Ho Chi Minh City) invested by Lotte Group (Korea). The second one is Sumimoto Corporation's (Japan) Van Phong 1 BOT coal-fired thermal power plant carrying the price-tag of US\$2.58 billion.

As a result, Japanese investors once again exceeded Korean rivals to become the first-ranking investor among the nations and territories investing in Vietnam within the 11 months of this year.

In addition to Van Phong 1, they also registered to invest in other projects valued at billions of dollars, including the US\$2.79-billion Nghi Son 2 thermal power plant (in the central province of Thanh Hoa) and the US\$1.27-billion Lot B-O Mon gas pipeline project. In the first 11 months, Japanese investors registered to invest as much as US\$8.94 billion in Vietnam, while Korean investors rank second with US\$8.18 billion.

Positive impact of APEC

At the press conference following the 2017 APEC Economic Leaders' Week in early-November, Deputy Prime Minister Pham Binh Minh announced that as many as 121 arrangements with a total value of over US\$20 billion were signed between leading corporations over the world and Vietnamese businesses.

Van Phong 1 coal-fired thermal power plant received its investment certificate during this time and a series of arrangements signed by representatives of Vietnam and Japan with a total value of US\$5 billion.

Besides Japan, Vietnamese businesses signed a series of commercial arrangements with US partners with a total value of US\$12 billion, including the US\$1.5-billion memorandum of understanding on engine maintenance and repair signed by Vietnam Airlines and Pratt & Whitney and the US\$1.3-billion Son My natura liquefied gas terminal project.

APEC is a good opportunity for Vietnam to attract investment capital from the well-known foreign investors attending the APEC 2017.

In the first 11 months, US\$33 billion of foreign investment capital arrived to Vietnam, including US\$27.8 billion of FDI capital, which is significant figure. Disbursed capital hit over US\$16 billion, raising 11% compared to the same period last year.

The trend shows no signs of stopping and foreign investment capital may increase sharply to produce a breakthrough in 2018.

Next-generation FDI: what's the new strategy?

VNN - The draft strategy on attracting FDI in 2018-2023 is being compiled by the Ministry of Planning and Investment (MPI) with support from the World Bank.

After 30 years of foreign investment, 24,000 projects with total investment capital of \$313 billion have been implemented in Vietnam. FDI accounts for 25% of total investment capital and makes up 20% of GDP.

Vietnam, in an effort to attract FDI, has pursued an open policy, offering many incentives to investors.

Analysts say the policy has problems and is no longer suited to the new circumstances. Vietnam needs a new strategy for the next development period.

Most foreign investors told the World Bank that Vietnam has offered big investment incentives and has a cheap labor force.

However, after a six-month study, Wim Douw, a senior expert on investment, trade and competition from the World Bank, found that Vietnam's advantage of a cheap labor force is disappearing.

In the context of global integration, Vietnam has to develop its economy on the basis of labor skills, technology and production chains.

In the context of global integration, Vietnam has to develop its economy on the basis of labor skills, technology and production chains.

Commenting about the current investment situation, David Brown, WB's senior advisor on investment policy, said Vietnam relies on

incentives to attract investors.

Brown suggested that Vietnam needs to change its policy on attracting FDI based on low labor costs and preferential treatment, while local authorities need to stop running a race of offering incentives to lure investors. State management agencies need to remove the barriers to businesses to join the market.

Nguyen Anh Tuan, former deputy director of FIA, also thinks that in the context of the fourth industrial revolution, Vietnam needs to have an FDI attraction policy which does not aim to get FDI at any cost.

Meanwhile, Truong Thi Chi Binh, director of SIDEC, stressed that the next-generation FDI policy needs to set up policies that encourage foreign investors to build production networks in Vietnam.

"Large multinational conglomerates such as Samsung and Intel have their factories in Vietnam, but the factories only do simple assembling," Binh said.

"We need to think of solutions which can help retain them, encourage them to expand production chains in Vietnam and transfer technology," she said.

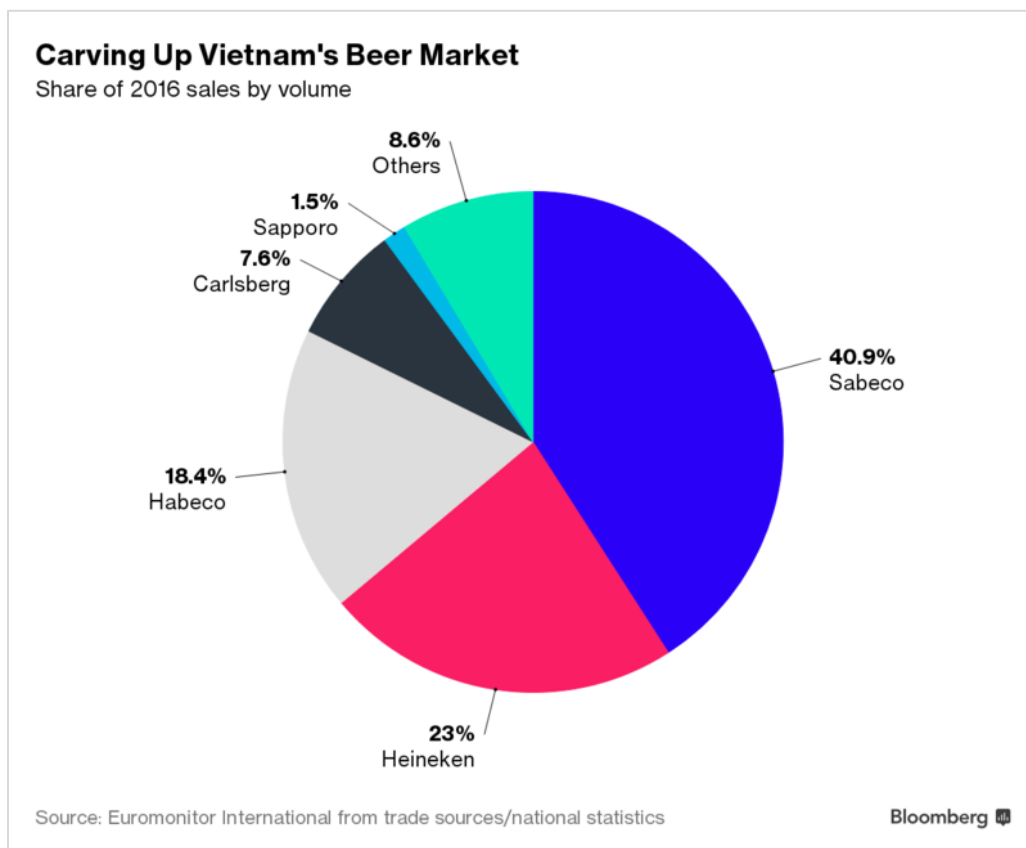
Simon Bell from the World Bank noted that experts have emphasized the need to attract investment in projects which create high added value, but they do not show how to do it and which business fields should be the focus.

Experts believe Vietnam should focus on high-tech/ICT, processing and manufacturing, supporting industries, tourism, and high-tech agriculture.

Vietnam aims to raise \$4.8 billion selling stake in brewer

Bloomberg - Vietnam is seeking to raise at least \$4.8 billion in the country's biggest stake sale as an offering in a state-run brewer attracts potential bidders including Anheuser-Busch InBev NV and Asahi Group Holdings Ltd.

The government, which owns almost 90% of Saigon Beer Alcohol Beverage Corp., will offer 53.6% of the brewer in a Dec. 18 sale, Truong Thanh Hoai, the Industry and Trade Ministry's head of industry department, said at a briefing on Wednesday in Ho Chi Minh City. The initial price has been set at 320,000 dong (\$14.05) a share, he said. That will be about 29% more than the average trading price over the past six months through Tuesday.



Foreign investors are limited to a 38.59% stake in the brewer. Combined with the 10.4% already held by investors from overseas, that would hit the foreign ownership cap imposed by Vietnam on some public companies. The auction has attracted interest from 15 large foreign investors including Asahi and Anheuser-

Busch, said Vo Thanh Ha, chairman of Sabeco, as the company is called. The shares will be offered in a single tranche.

Vietnam, whose Communist government has embarked on a plan to divest from some of the country's biggest companies, is attracting attention from investors in its growing market. An expanding middle class and youthful population helped drive a 300% surge in beer demand since 2002, according to Euromonitor International, which estimates the market was worth 147.2 trillion dong (\$6.5 billion) in 2016.

Shares Surge

Shares of Sabeco surged 5.9% at the close on Wednesday in Ho Chi Minh City trading. They have more than doubled since their December 2016 listing on expectations of the stake sale, which the government announced in August last year.

Last month, Vincom Retail JSC's existing investors raised 16.1 trillion dong in what was the country's biggest-ever first-time share sale.

Some investors may not find the price attractive, according to Tyler Cheung, director of institutional clients at ACB Securities JSC.

"The pricing appears a bit expensive for a financial investment and could deter domestic investors," he said. It "could still be attractive to a foreign strategic partner keen on accessing the impressive 40% plus market share Sabeco holds in one of the most attractive beer markets in the world."

Too Expensive

Asahi had expressed interest in Sabeco earlier and is continuing to gather more information, Takuo Soga, a spokesman for the Japanese company, said on Wednesday, declining to comment on the price or the stake on offer. It was one of the companies that has said that Sabeco is too expensive.

Anheuser-Busch is committed to Vietnam and growing its business for the long term, the company said in an emailed statement. "We look forward to playing a big role in the future of the Vietnam beer industry," it said. Shares of Sabeco trade at about 41 times blended forward 12-month earnings, according to data compiled by Bloomberg as of Tuesday. Asahi traded at about 19 times, compared with 21 times for Carlsberg A/S and 20 times for Heineken NV.

Hoai said he expects Anheuser-Busch to show keener interest in Sabeco as it would need to expand its local market share, while Heineken may not want to spend a huge amount as it already has a considerable piece of the market. The government won't relax the stake limit it has set for foreign investors, he said.

The government is also divesting stakes in Hanoi Beer Alcohol & Beverage as a growing budget deficit forces the leadership to accelerate a plan to cut holdings in state-owned firms. The sale of the brewer known as Habeco is expected to be completed in the first quarter of 2018, Hoai said.

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