Volume 42

March 27, 2013

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Date of News: Feb 20 th ~ March 27th

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Highlight

MOF to restore tax incentives to encourage FDI to IZs

The draft of the corporate income tax law compiled by the Ministry of Finance (MOF) is comprised of the provision saying that the tax incentives for industrial zones (IZs) would be restored.

Not only having suggested offering continued tax incentives to expanded investment projects, MOF has also decided to restore the investment incentives for IZ developers and IZ enterprises in an effort to attract more investors to the zones.

"It's really good news," said Vo Van Hai, Head of the Dong Nam Nghe An Economic Zone when hearing that MOF submitted the draft law with the provisions on tax incentives for the enterprises in IZs, to the National Assembly's Steering Committee on March 28.

In the past, corporate income tax incentives were once offered to the enterprises in IZs and IZ development companies. However, since the day the 2008 Corporate Income Tax took effects on January 1, 2009, the tax incentives have been removed.

Hai said that the tax incentive removal has made it very difficult to call for the investment in IZs. "Sometimes we could not attract any investor," Hai said.

The situation was seen not only in the central province of Nghe An, but in all other localities as well. The Ministry of Planning and Investment (MPI) has many times proposed to restore the tax incentives for the subjects in order to attract investments in IZs.

A report of MPI showed that most of the IZs are located in economic areas (80 percent of existing Izs), not in the areas with difficult socio-economic conditions. The IZ developers, though enjoying the advantageous positions, have to pay high for site clearance, infrastructure development. This explains why they have to set up land leasing fees at high price levels.

Therefore, investors would not set up their production bases in IZs to have to pay high land leasing fees and enjoy no tax preferences.

Fred Burke from Baker & McKenzie law firm also repeated many times that the removal of tax incentives has resulted in the loss of many good projects.

An MPI's official revealed that the latest draft law submitted by MOF comprises a provision saying that the investors who implement new projects in IZs, not including the central IZs, would enjoy the corporate income tax exemption for two years and the 50 percent tax reduction in the next four years.

MOF has stated that it does not intend to grant incentives to all investors. "We have to be selective in offering incentives. No need to encourage the development of the IZs in the central cities including Hanoi, HCM City, Da Nang, Hai Phong and Can Tho, which have been decided to develop into service, finance and cultural centers of the country," said Vu Thi Mai, Deputy Minister of Finance.

However, the viewpoint on offering tax incentives to investors by the Ministry of Planning and Investment, and the Ministry of Finance has not been shared by the National Assembly's Finance & Budget Committee.

Phung Quoc Hien, Chair of the committee, has pointed out that Vietnam has offered tax incentives to too many subjects and in a too large scale.

"The fact that the majority of investors set up their production factories in the IZs of the localities with advantageous infrastructure conditions has made the efforts to attract investments into difficult areas vain," Hien said.

Source: VietNamNet

PPP projects' development on talks

The Japan Bank for International Cooperation (JBIC) will help its country's private enterprises invest in Vietnam, especially in Public–Private Partnership (PPP) infrastructure projects, to meet the growing demand of infrastructure development in Vietnam.

The bank's CEO, Executive Managing Director Hiroshi Wantanabe, made the statement at a senior dialogue, the first of its kind, held in Hanoi on March 21, which he co-chaired with Minister of Planning and Investment Bui Quang Vinh.

The director stressed that his bank will do its utmost to address the current difficulties that mostly originate from the legal framework, to PPP projects.

Minister Vinh spoke highly of Japan's assistance, as Vietnam's biggest ODA provider Japan has funded PPP infrastructure projects in Vietnam. Vinh also valued the bank's participation in the host country's socio-economic development.

To further boost the PPP model in the coming time, Vietnam is perfecting its legal supporting policies to facilitate the implementation of PPP projects, Vinh added.

Participants from both sides shared the view that managing PPP projects in a sustainable manner is important.

On this occasion, the two sides inked a Memorandum of Understanding on the facilitation of PPP projects in Vietnam.

Source: VNA

Vietnam PCI: Dong Thap tops ranking

The southern province of Dong Thap ranked number one in the Vietnam Provincial Competitiveness Index (PCI) 2012, the Vietnam Chamber of Commerce and Industry (VCCI) and the US Agency International Development project, the Vietnam Competitiveness Initiative (USAID/VNCI), reported on March 14.

There were a few surprises in the report. In particular, the southern province of An Giang moved up to the second position from the 19 th spot in 2011, and the northern province of Dien Bien dropped to the bottom of the ranking from the 29 th position in 2011.

Speaking at the release ceremony, VCCI Chairman Vu Tien Loc said the PCI provided critical information on 63 provinces' business climate for policymakers and investors, fostering change and reform towards a public and equal business environment.

Enterprises surveyed in the report were pessimistic about business prospects, only 33 percent plan to expand their business operations in the next two years, added Loc.

PCI 2012 shows the efforts of several provinces and cities (Binh Dinh, Vinh Long, Kien Giang, Bac Lieu and Ho Chi Minh City) to improve their economic governance in administrative reform to narrow the development gap between them and 2011's high-ranking provinces, said Acting Head of the VCCI's Legal Department Dau Anh Tuan.

Measuring economic governance and the business environment across the country's provinces and cities, the 2012 PCI is the eighth annual report surveying over 8,000 domestic enterprises and 1,500 foreign-invested firms.

Source: VNA

Import tax on used cars to be increased by 20%

Import taxes on used cars of nine seats or fewer and an engine displacement of less than 1,500cc will increase by up to 20 per cent on April 28.

According to Circular 28/2013/TT-BTC issued by the Ministry of Finance, the import tax imposed on used cars with engine displacement of less than 1,000cc will be US$4,200 per unit instead of the current $$3,500.

The tax for each used car with a cylinder capacity of between 1,000-1,500cc will become $9,600, a rise of $1,600.

The adjustment will narrow the gap between import tax on used cars and brand new cars, especially in the compact car division.

Deputy Prime Minister Hoang Trung Hai last month asked the Ministry of Finance to review the import tax on used cars in a bid to restrain importers from disguising brand new vehicles as old ones to avoid higher tax rates.

It followed a proposal from local automaker Thaco Group, who reported that companies were fraudulently importing cars with small engines in order to be charged in the lowest tax bracket.

According to recent regulations, in order to be defined as second-hand, used cars must have been registered in a foreign country for at least six months before being exported to Viet Nam and they must have a minimum mileage of 10,000 km.

Thaco claimed that many importers disguised brand new cars as used ones by adjusting the mileage counters to over 10,000 km and changing import documentation, allowing them to avoid the 70 per cent tax imposed on new cars.

Kia Morning cars assembled by Thaco in Viet Nam bear a special $4,500 consumption tax plus $2,500 of import tax for parts and accessories.

"That means fraud is resulting in unfair competition between imported cars and locally assembled cars, especially of the brand that we are assembling," said Thaco's CEO Tran Ba Duong.

According to Thaco's independent survey, as many as 700 used Kia Morning cars were imported to Viet Nam in January only, a considerable increase from previous months.

However, according to the General Department of Statistics, the country imported 3,000 cars in January and imported just 1,000 cars in February.

It imported 27,000 cars in 2012, down 50 per cent year on year.

Source: VNS

Economy

More trade disputes signal Vietnam's economy growing

The fact that more trade barriers are being erected against Vietnamese goods means that the country's economy, specifically exports, are growing well, said Susan C. Schwab, a former US Trade Representative.

"This is a mixture of good and bad news, and is ironic regarding actions that have been taken in anti-dumping and injurious imports around the world given rising exports from emerging markets, including Vietnam," Schwab said.

"This is the second time I have been in Vietnam after my first visit in 1995. A lot has changed since then, signaling that Vietnam is a vibrant economy," she said at a recent seminar.

The event, "Dealing with Trade Remedy Cases and Protection Against Injurious Imports", was co-organised by the branch of the Mayer Brown JSM law firm in Vietnam and the Vietnam Chamber of Commerce and Industry in HCM City late last week.

The other side of the coin

If the volume of Vietnamese goods being imported into the EU, the US and Brazil was not rising, then there would be no such trade disputes or anti-dumping cases against Vietnamese exporters, she said.

In the big global picture, exports from the developing world to the developed world are also increasing.

"However, looking into statistics, we will see an increase in the use of anti-dumping actions to counter the negative effect of dumping by emerging economies against one another given the enhanced trade relationships between them" she added.

It is a clear signal that those economies, including Vietnam's, are faring well. The success in economic growth is a combination of entrepreneurial success.

Just take the milestone of when Vietnam started to trade with the US in 2001, and the entry of Vietnam to the World Trade organisation in 2007. Two-way trade between the two countries has grown rapidly ever since.

According to the American Chamber of Commerce (AmCham) in Vietnam, US-Vietnam trade has undergone a substantial rise over the last 12 years, from only $1.5 billion in 2001 to $9.7 billion in 2006 and over $22 billion in 2011.

Total two-way trade revenues between Vietnam and the US reached about $24 billion in 2012.

Betting on TPP

Negotiations over the Trans-Pacific Partnership (TPP) agreement, the newest adventure undertaken by 12 countries, including the US and Vietnam, were kicked off in September 2008 when Schwab was still working as a US Trade Representative.

TPP will have an effect on the global flow of goods, services, investment, and supply chains, and its provisions cover trade issues arising at the borders and beyond of involved countries.

Unlike otter trade deals, state-owned enterprises (SOEs) will also be a focus of TPP.

However, the question here for Vietnam is not the privatisation of SOEs, but that it is possible for state-owned firms to compete head-on with those from the private sector to ensure a level playing field.

In addition, Vietnamese businesses, especially exporters, will be among the biggest beneficiaries of the TPP. The agreement will get rid of many trade disputes against them.

"The country is currently the lowest-cost producer among the 12 countries taking part in the TPP, so it will gain virtually unrestrictive access to the 11 other markets, including some sensitive areas," she said.

Given the fact that Vietnam is now facing fiercer competition from Bangladesh and Myanmar in the world market, the country will have an edge over these two rivals after joining the TPP.

The TPP will also offer Vietnam a chance to move up in the global value chain, which will attract more foreign investments.

Susan C. Schwab is a Professor of Public Policy at the University of Maryland, and the former US Trade Representative and Presidential Cabinet Member (2006-2009).

She is now a Strategic Advisor in Mayer Brown's government and International Trade practice in Washington DC. Mayer Brown JSM, formerly known as Johnson Stokes & Master, was established in 1863 in Hong Kong and has offices in Hong Kong, Mainland China, Singapore, Thailand, and Vietnam.

In Vietnam, Mayer Brown JSM has been acting on behalf of Vietnamese exporting enterprises since 2000 in the antidumping cases against catfish and warm-water shrimp.

Currently, Mayer Brown JSM is representing a large number of Vietnamese seafood enterprises in the frozen fish fillets case and has achieved 100 percent success for its clients.

Source: Intellasia | Tuoi Tre

WB supports Vietnam's reforms to gain economic competitiveness

The World Bank Board of Directors on March 19 approved the first Economic Management and Competitiveness Credit for Vietnam (EMCC 1) to help the country with economic management reforms for higher productivity and competitiveness.

The EMCC 1, the first of a series of three operations, provides US$250 million concessional financing to support reforms in seven policy areas: financial sector; fiscal policy; public administration and accountability; state enterprise management; public investment management; efficiency of the business environment; and equity and transparency of the business environment.

"Based on its successful Poverty Reduction Support Credit series, the EMCC aims to address new challenges that will raise the efficiency and competitiveness of the Vietnamese economy" said Victoria Kwakwa, the WB Country Director for Vietnam.

"I hope that the EMCC series will provide a platform for deepening and coordinating dialogue between development partners and the Government of Vietnam with a view to helping Vietnam transition to a new economic growth model, which targets competitiveness and the quality of growth." she said.

Macroeconomic stability is a major priority for competitiveness in Vietnam, and a core objective of EMCC. The EMCC will help monitor macroeconomic policies and ensure that it supports the stabilization efforts of the government. Public Investment Management, SOE and banking sector reforms are prominent themes under the program, in line with the government's priorities for structural reforms.

In addition, the EMCC prioritizes government efforts to streamline administrative procedures and strengthen fiscal disciplines because they are critical to productivity and competitiveness.

Vietnam implemented major reforms in the early nineties, which contributed to large gains in competitiveness that spurred rapid growth and poverty reduction. There is growing recognition, however, that the reform process has slowed down in recent years.

New reforms are needed to address major structural inefficiencies, promote more efficient use of labor and capital assets, and increase productivity across the economy. EMCC aims to support the implementation of this reform program over the next three years.

Source: HaNoiTimes

March CPI falls as consumption weakens

Vietnam's consumer price index (CPI) in March edged down 0.19 percent against the previous month due to declining demand for goods and services after the Lunar New Year festival, reported the general Statistical Office on March 23.

With the March figure, CPI in the first quarter of this year was up 2.39 percent and 6.91 percent from December, 2012, and the same period last year respectively.

Four out of 11 commodity baskets saw a drop of 0.05 – 0.53 percent in prices. The sharpest decrease was seen in foodstuff and restaurant services. Food and foodstuff prices went down 0.59 percent and 0.95 percent respectively.

Meanwhile, a slight decline was recorded in postal and telecommunication services. Other declines were seen in beverages-tobacco and transport services, the latter of which inched down 0.25 percent thanks to the government's fuel price stabilisation policy and discount schemes by various transport firms.

In a macro-economic perspective, experts blamed weak supply and demand on the government's goal of curbing inflation in combination with ongoing cautious financial and monetary policies.

During the month, gold prices moved down 0.73 percent while the US dollar index was up 0.41 percent. This drove their respective prices down 0.8 percent and 0.05 percent year-on-year.

Source: Intellasia | VNA

Banking & Finance

JPMorgan Chase and ANZ forecast Vietnam's interest rate may fall by 1-2pct this year

Two banks namely ANZ and JPMorgan Chase forecasted that with the downward trend of inflation, the State Bank of Vietnam (SBV) may reduce the interest rates by 1-2 percent in 2013.

In its recently released short report, JPMorgan Chase said, the rise of the consumer price index (CPI) in March at 6.6 percent compared to the same period last year was lower than the forecast of 6.7 percent given by this bank previously. The base inflation (excluding prices of food and foodstuff-and traffic-transport) increased only by 11.3 percent over the same period last year, the lowest rise since September last year, the report emphasized.

According to JPMorgan Chase, the weak inflation trend after the Lunar New Year has been anticipated, and the aforementioned statistics do not surprise. The current upward pressure on prices in most commodities and services for the CPI calculation, says the bank, is low, including two biggest pressure groups on the increases in prices recently namely health and education.

The report shows that, since September last year to now, inflation has ranged around 6.5-7.1 percent year-on-year. JPMorgan Chase predicted, from now one, the inflation can hit the peak of 7.7 percent in July and then falling to the threshold of 5.5 percent at the end of the year.

Thus, according to the report, this year's inflation would be at 6.6 percent in comparison with the level of 9.1 percent in 2012 and 18.7 percent in 2011.

"Such inflation can create the basis for the central bank to cut 100-200 basis points of interest rates again this year because the economy is still weak, despite a positive real interest rate", JPMorgan Chase's report said.

Like JPMorgan Chase's point of views, ANZ's report also emphasized that all groups of goods and services in the CPI calculation have posted slow rise in March. Even the prices of the groups of food-food, beverages and tobacco, and the traffic were even lower than that in February.

Notably, according to ANZ, from July 2012 to January 2013, the price of the health group has posted month on month rise ranging around 3.4-17 percent. However, so far, the month on month increase in the price of this group was only less than 1 percent.

ANZ said that, with the faster than expected decline in inflation of the health group, the bank cut its forecast for average inflation in 2013 to 6-8 percent from 8-10 percent given earlier. According to the report, it is likely that the inflation by the end of this year would be above 6 percent.

On this basis, ANZ said that the key interest rate in dong will be reduced by 100 basis points in the second quarter this year. In the case of economic data being deteriorated faster than expected, ANZ forecasted the central bank will cut interest rates again.

"The central bank has expressed its willingness to cut interest rates further if inflation tends to end the year at the 6 percent threshold. We believe that this can happen. In the context of slow growth and the reforms in the banking system requires more time before the flow of credit to the economy is improved, we believe that the lower interest rates can clear away the pressure on the demand for loans", ANZ's report said.

Source: Intellasia | TBKTVN

Vietnam's Bank Restructuring: Shotgun Weddings

Vietnam's prime minister, Nguyen Tan Dung, is arguably a better Communist than he is a match-maker, judging by a recent spate of enforced bank mergers.

The latest, between Western Bank and PetroVietnam Finance Corp, the finance arm of state-owned oil and gas giant PetroVietnam, was confirmed by the former and denied by the latter. Judging by an announcement on the central bank's website, it looks likely to go ahead anyway.

Western Bank, also known as Phuong Tay Bank, is partly privatised and is Vietnam's 29th largest lender by assets. It will become a mid-sized bank after the merger, giving it a total equity value of 9.16tn dong ($438m), according to the bank's website. It is the latest step in the Vietnamese government's grand plan to restructure lenders with crippling levels of bad debt.

Analysts say PVFC will benefit from the merger despite Western Bank's high levels of bad debt – around 110bn dong at this time last year. One analyst who asked not to be named – the head of research at a securities company in HCM City – told beyondbrics that Western Bank was suffering severe liquidity problems, while PVFC – a financial institution, not a bank – was constrained by rules which prevent it raising capital from individuals. Merging with a bank would not only solve this problem, but "with the PVFC brand and relationships in the oil and gas industry, the new bank will have significant advantages in capital," he said.

Nevertheless, PVFC is reluctant. It sent a statement to the country's stock exchange denying the merger would take place. This is not the first time that companies have resisted falling into line with state-arranged marriages. Although the Vietnamese government has insisted that mergers taking place under its restructuring plan are "voluntary", a merger last year between Habubank and SHB was also denied by the two banks but went ahead anyway.

PVFC would appear to have little choice in the matter. It is 78 per cent owned by PetroVietnam, which in turn is wholly state-owned. Morgan Stanley, which has been conspicuously silent so far, owns 10 per cent of PVFC.

Vietnam's 50 banks, after years of excessive credit growth, have reached crisis point as loans to inefficient state-owned companies and speculative property investments have performed badly. Non-performing loans account for approximately 6 per cent of outstanding loans, according to the Chair of the government Office – down from about 8 per cent the year before. Fitch, the ratings agency, estimates that recapitalisation of the banks may cost anywhere between 7 and 20 per cent of GDP – so severe that the World Bank has offered new loans to help cover the cost.

In March last year Vietnam unveiled plans to force weak banks to merge, identifying 10 likely targets for mergers in the three years to 2015. At the time, the plans were welcomed by experts who were encouraged by the government's decisive action. Now that half of these mergers have taken place, those same experts are less sure. Nguyen Duc Thanh, director of the Vietnam Economics and Politics Research Centre, said the plans lacked detailed goals. "The target of reducing the number of commercial banks is clear, but it's not clear at all how we will develop the banking system; how to make it healthier," he said.

Ambreesh Srivastava, head of financial institutions south and southeast Asia at Fitch, said he hadn't seen any concrete improvement since the government's restructuring programme began. "The process needs to be clearer," he said, adding that Vietnam must also focus on the complicated issue of cross-shareholding in the medium term.

On March 15, prime minister Nguyen Tan Dung put his deputy and the central bank governor at the head of a new committee to coordinate bank restructuring with a target of 2015. But the task ahead of them is difficult. Brett Krause, CEO of Citibank Vietnam, said "transparency and speed of response by the government" were critical to ensure success.

But with private sector banks and public sector corporate giants squirming at the changes made so far, the government may have to change tactics if it hopes to succeed.

Source: Intellasia | FT

Enterprise

SOEs' bad debt a threat to public debt payment

The government would have to come forward to make payment for the debts incurred by state owned enterprises (SOEs), which would be a threat to the national economy.

Phap luat Vietnam has quoted foreign sources as saying that Vietnam's total public debts have reached $71.749 billion, or 49.4 percent of GDP, which means that every Vietnamese bears the public debt of $800.

The public debt, according by the Ministry of Finance, is still within the safety line. Vietnam has decided that its public debt in 2011-2020 must not exceed 65 percent of GDP.

Dau tu newspaper has quoted a report of the ministry as reporting that the ratio of public debt on GDP has fallen from 56.3 percent to 54.9 percent by the end of 2011.

According to IMF (International Monetary Fund) and the World Bank (WB), with the public debt at 54.9 percent of GDP, which, though having exceeded the threshold of 50 percent of GDP, Vietnam still is within the safety line in terms of medium term debts.

Vietnam's public debts technically are not as serious as the debts incurred by the eurozone's members. However, the public debt crisis in Europe has been, to some extend, still badly affecting Vietnam's public debt situation, because the EU is a big economic, trade and investor partner of Vietnam.

However, while the ratio of debt on GDP has decrease, the volume of public debts has increased significantly over the last two years. The total debts guaranteed by the government have increased from 11.9 billion dollars and VND226 trillion in 2010 to $13.7 billion and VND285 trillion in 2011. The government's debts have increased from $46.9 billion and VND890 trillion to $52.7 billion and VND1,000 trillion.

According to Vuong Dinh Hue, Head of the Central Economics Committee, the loans have been playing an important financial source for the investment and development.

Hue also said that the government has been doing everything it can to curb the public debt ratio on GDP at no more than 65 percent, while the foreign sovereign debts must not be higher than 50 percent of GDP.

Commenting about the bad debt situation, Dr. Pham The Anh from the Hanoi Economics University, said the highest risk does not lie in the debts reported by the Ministry of Finance, but in the SOEs' bad debts, because the government would have to use the state budget's money to pay debts for the big debtors. This would be a threat to the public debts.

Anh has also mentioned the foreign debts incurred by the private economic sector and the SOEs which have not been guaranteed by the government, estimated at 11.1 percent of GDP. The domestic debts incurred by SOEs account for approximately 16.5 percent of GDP.

He stressed that if counting on the debts, the public debts have far exceeded the safety threshold of 60 percent of GDP recommended by the IMF and WB.

While highly appreciating the government's efforts to reduce the public debt, but Anh still expressed his worry about the public debt payment. The high risk now lies in the domestic debts.

While foreign debts all have low interest rates and will become matured in a long period, 88 percent of the debts from government bond and government-guaranteed bond issuances have the short terms of 2-5 years.

As such, while Vietnam can make payment for foreign debts for many years (paying $1.5-2 billion a year), it will have to make payment for domestic debts at the same time in the near future. It is estimated that it will have to pay $4.5-5 billion a year in the next four years

Source: VietNamNet

SMEs bearing lending interest rate of 18-21pct/yr

As much as 64 percent of HCM City-based companies said that it is hard to access bank loans while the others who can borrow bank capital are bearing the lending interest rate of up to 18-21 percent per year, according to the HCM City Business Association.

In a recent meeting with leaders of HCM City People's Committee, the city-based businesses said that banks are mainly eying large scaled companies, so small and medium sized enterprises (SMEs) are very difficult to access bank loans.

Through a survey launched by the HCM City Business Association, as much as 64 percent of HCM City-based companies said that they are hard to access bank loans while the others who can borrow bank capital are bearing the lending interest rate of up to 18-21 percent per year.

Thus, the State Bank of Vietnam (SBV)'s announcement to lower the lending interest rate for businesses to 12 percent per year from January 24, 2012 in fact is for large companies only.

Enterprises also said that the bank-related services are subject to a wide variety of unreasonable charges, especially counting fee. At the same time, tax-related policies, such as VAT for inventory or some other charges are currently not reasonable, which have increased production costs of enterprises.

Noting the reflection of the businesses, HCM City People's Committee has sent a petition to the central bank to have measures on capital and interest rates to solve difficulties for businesses.

Source: VOV

Investment

Japan provides 203 billion yen ODA for Vietnam

Vietnam and Japan have inked a note on the Japanese Government's ODA to Vietnam worth 202,926 billion yen (over 2 billion USD) in its 2012 fiscal year.

At the signing ceremony on March 22 in Hanoi , Minister of Planning and Investment Bui Quang Vinh highlighted the important role the assistance plays in Vietnam 's industrialisation and modernisation, helping Vietnam improve its capability in a range of fields, especially in building infrastructure and coping with climate change.

Vietnam always appreciates ODA from the Japanese Government, Vinh said, pledging to utilise it properly, efficiently and transparently.

For his part, Japanese Ambassador to Vietnam Yasuaki Tanizaki affirmed the Japanese Government's consistent support for Vietnam 's strategy for socio-economic development by offering assistance for projects in various fields that improve the infrastructure system and living standards.

Japan is Vietnam 's second biggest bilateral donor, with ODA totalling 2.118 trillion yen.

Source: VNA

Japans provides 1.9 bln USD loan for Vietnam

Japan has pledged to provide Vietnam with a 175 billion JPY (1.9 billion USD) loan for the 2012 fiscal year.

An agreement to this effect was signed between Deputy Finance Minister Truong Chi Trung and head representative of the Japan International Cooperation Agency (JICA) Motonori Tsuno in Hanoi on March 22.

Accordingly, the Japanese side will inject the sum into transport projects like the second stage of the Nhat Tan bridge–Noi Bai airport project, the third stage of the Nhat Tan bridge project, and the third stage of improving safety on the Hanoi–Ho Chi Minh City railway project.

Other projects include the Cai Mep–Thi Vai international port, the second turbine of O Mon thermo-power plant, upgrading the irrigation system in central Nghe An province and Yen Xa waste treatment in Hanoi.

According to JICA, the annual interest rate will range between 0.2 percent and 1.4 percent, and is due to be repaid over 30 - 40 years.

Addressing the signing ceremony, Trung stressed the significance of the agreement on the occasion of the 40 th anniversary of Vietnam–Japan friendship, which falls this year.

Japanese-funded projects contributing to Vietnam's socio-economic development include Pha Lai, Phu My, Ham Thuan–Da Mi power plants, national high-way bridges No. 5, 10 and 18, Bai Chay, Thanh Tri and Can Tho bridges, Hai Phong port and Tan Son Nhat international airport.

Source: VNA

Disbursed FDI capital estimated at $2.7b as of March 22

As reported by general Statistical Office (GSO), till March 22, foreign direct investment (FDI) capital disbursement in Vietnam was estimated at $2.7 billion, up 7.1 percent from the same period last year and equalling to 25.8 percent of the total capital disbursement in 2012.

Thus, as calculated, disbursed FDI capital increased $1.65 billion from February 2013.

According to the report, the total amount of newly pledged FDI capital till March 20 was estimated at $2.93 billion, up 2.2 percent on year, with 191 projects, lower than the figure of 259 projects in the same period last year. The additionally raised FDI capital was $3.107 billion, up nearly 277 percent for 71 projects.

Thus, till March 20, Vietnam has attracted $6.034 billion of FDI capital, rising 63.3 percent over the same period last year and equalling to over 37 percent of the registered capital last year.

Earlier, according to the figure from GSO, from January 1 to February 20, 2013, newly pledged FDI capital reached only $630.3 million. Thus, within only one month from February 20 to March 20, Vietnam's FDI attraction reached over $5.4 billion.

Regarding the investment sector, processing and manufacturing industry fields attracted the most attention of foreign investors with 84 projects worth $5.539 billion, accounting for 91.8 percent of the total FDI capital in Q1/2013.

Real estate sector ranked at the second with $249.84 million, accounting for nearly 4.1 percent of the total investment capital, followed by wholesale and retail and repairing with 29 projects worth $85.2 million.

Japan continued to be Vietnam's biggest foreign investor in Q1/2013 with $3.159 billion, accounting for 52.3 percent of the total FDI capital in Vietnam, followed by Singapore, Korea, Taiwan and Hong Kong.

Thanh Hoa province attracted the biggest volume of FDI capital in Q1/2013, mainly thanks to the additional FDI capital of $2.8 billion for Nghi Son oil refinery project and then Thai Nguyen province, Binh Duong, Dong Nai and Hai Phong.

Source: Intellasia | GSO

Stock Market

Foreign investors channel $139 mln into Vietnamese stock market

This year foreign investors have disbursed some $139 million into the Vietnamese stock market, nearly equal to the 12-month net buying value of $151 million from last year.

In the week ending on March 8, foreign investors bought a net $8 million worth of stocks, compared with a net sale of $4 million in February.

Recent consecutive record rises on the Dow Jones Industrial Average increased the appeal of risky assets across the globe and prompted investors to continue pouring money into the stock market in Southeast Asia in the past week, said *Thomson Reuters*.

The Malaysian stock market took the regional lead with net buying of $361 million by the week ending on March 8, bringing the total net purchase price from the beginning of the year to $1.8 billion.

But the Indonesian stock market topped out at $2.075 billion as of March 11.

However, these statistics do not include the Singaporean stock market.

The Vietnamese stock market attracted some $2.34 billion worth of foreign money in 2012, of which nearly $2 billion worth of capital was sourced through deals on mergers and acquisitions (M&A), and stock purchase agreements for strategic partnership relationships, Thoi Bao Kinh Te Saigon newspaper reported, citing a source from the State Securities Commission.

Meanwhile, according to data from the HCM City Stock Exchange (HoSE) and the Hanoi Stock Exchange (HNX), the net-buying value of foreign investors hit VND3.12 trillion on HoSE and VND1.22 trillion on HNX in 2012.

Thus, the total net purchase value was worth over VND4.4 trillion, equivalent to about $211 million

HoSE statistics shows MSN shares of Ma San was the top choice for foreign investment, with VND1.455 trillion, followed by MBB shares of the Military Commercial Joint Stock Bank, with VND1.041 trillion.

On the other hand, STB shares of Saigon Thuong Tin Commercial Bank saw the strongest net-selling value with VND3.44 trillion, mainly from the divestments of ANZ.

On the M&A side, specifically stock purchase agreements for strategic partnerships, the year 2012 saw Japanese bank Mizuho buy a 15 percent stake worth $567 million in Vietcombank, and Sumitomo Life buy an 18 percent stake in Bao Viet from HSBC worth $340 million.

For unlisted companies, Masan Consumer has released individual shares to Kohlberg Kravis Roberts (KKR) for $100 million.

In 2013, VietinBank will sell 644.4 million shares to Tokyo Mitsubishi UFJ for $743 million.

In addition, there are rumors that Sacombank will sell a 15 percent stake to an unspecified foreign partner.

Recently, Vietnamese bonds have become attractive to foreign investment, as foreign investors have started buying Vietnamese bonds on the secondary market, according to several members of the government bond market.

In the last two months of 2012 and the first months of 2013, total net buying value of foreign investors in the secondary market has increased more than 20 times, from an average VND100 billion to more than VND2 trillion per month.

This is due to two main factors: the yield from Vietnamese G-bonds is ranked among the highest in the region, while risky elements are trending downward.

Source: vietmaz.com

Vietnam's stock market goes up on blue chips' rise

HANOI, March 1 -- Gains of blue chips of insurance, bank and real estate sectors helped boosting shares on Vietnam's stock market during the week.

Information on lower inflation in February, which is reported to rise by only 1.32 percent against the previous month, has contributed to extending rises.

The upward trend in the last three consecutive trading days showed a recovery sign of the country's stock market after experiencing fluctuation.

Though the VN-Index on the country's national southern Ho Chi Minh Stock Exchange (HoSE) witnessed rises, analysts said that besides negative rumors that had affected the market during previous trading sessions, no others positive information has appeared that is significant enough to help restore investors' confidence.

The market is continuing to fluctuate in the short term, showing that investors' psychology has not really stabilized and a recovery can occur due to temporary decreased supply, said analysts.

The VN-Index went up 2.59 points, or 0.55 percent to close at 477.15 points on Friday.

During the week, VN-Index lost 0.54 point or 0.11 percent against last Friday's close. The index experienced four ups and one down, posting the highest level of 483.69 points on Monday and the lowest level of 465.05 points on Tuesday.

Last week VN-Index ranged from 476.73 points to 494.83 points.

A total of 55.928 million shares worth 1.001 trillion VND (48. 02 million U.S. dollars) changed hands at the HoSE on Friday, an increase of 5.02 percent in volume and 27.52 percent in value against Thursday.

VN-30 index, the new benchmark index for the HoSE which has been applied since Feb. 6, 2012 and tracks the 30 leading shares by both market capitalization and liquidity, closed at 547.7 points on Friday, up 2.02 points, or 0.37 percent against the previous trading day. A total of 16.649 million shares were traded, worth 587.7 billion VND.

On the country's northern bourse, Hanoi Stock Exchange, the HNX- Index concluded at 62.78 points, up 0.22 points, or 0.35 percent on Friday against the previous trading day's closing session.

Source: news.xinhuanet.com

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