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Highlight

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Highlight

Big investors can negotiate about tax incentives with the government of Vietnam

The draft corporate income tax law stipulates the jurisdiction of the government in deciding the investment incentives for the big investment projects, which are expected to have high socio-economic impacts.

This means that big investors, who are considered the "special investors" thanks to the great impacts on the socio-economic development of Vietnam, would be able to require the "specific mechanisms" for them. In other words, the big influential investors can "haggle" with the government of Vietnam about the incentives they can enjoy if investing in Vietnam.

A member of the law compilation committee said that a lot of big investors whose projects have big influences to the local economy development, but they cannot enjoy high-level investment incentives, if referring to the currently applied laws.

Meanwhile, tax incentives are one of the most important factors behind the investors' decisions to make investment in Vietnam.

The law compiler has implied Samsung, Nokia, LG and Canon. The investment incentives offered to Samsung once raised controversy among state management agencies. Samsung's projects create a lot of local jobs and its exports allow it to pay in much money to the state budget.

Therefore, local authorities believed that they needed to offer high incentives to attract the big investor. Meanwhile, management agencies disagreed with the incentives, saying that the incentives went beyond the current incentive frame

The official from the law compilation committee said that in such special cases, the government would make the final decision on whether to offer incentives to investors, and how high the incentives should be.

Samsung and Nokia, the mobile phone manufacturers, have been offered the highest possible investment incentives reserved for high technology firms. However, the local authorities offered the incentives just after considering the possible effects of the projects on the local economy development, rather than referring to the current laws.

Under the current laws, the investors cannot receive the incentives reserved for high technology firms, because mobile phones are not listed as high technology products subject to preferential treatment.

The general principle being pursued by the government is that Vietnam supports all the authentic investors who have serious long term business plans in Vietnam. However, the government must not make the decisions which come contrary to the current laws. Therefore, Robert Bosch and Kumho Asia, also considered the big investors, still have to wait for the government's decisions.

The suggestion of the law compilation committee to give more power in deciding the investment incentives to the government, if approved, would help settle the existing problems.

In fact, the mechanism has been applied in some regional countries such as Thailand and Indonesia. The governments of the countries have been negotiating with big investors about the investment incentives for big-scaled projects which have national influences to the socio-economic development.

"We need to do this in our current conditions," Bui Quang Vinh, Minister of Planning and

Investment said on Dau tu. His words can be understood that Vietnam needs to offer the incentives big enough to compete with other regional countries to attract big investors.

Experts have agreed that the investors, who implement multi-billion dollar projects, apply modern technologies and create many jobs, would have the right to claim for their benefits.

Dr. Tran Dinh Thien, Head of the Vietnam Economics Institute, agreed on the special mechanism, saying that it's necessary to harmonize the benefits of the investors and the sovereign benefits.

Source: VietNamNet

Vietnam's total retail sales and services surge 11.7pct in Mar

Declining economic situation, uncertain income of labourers and surging jobless and underemployment rate have affected the purchasing power of people, at the same time, the consumers still tend to tighten spending in the current difficult economic condition, general Statistical Office (GSO) said.

Although service sector continued high growth, many operations still faced difficulties. The growth rate of value added in this sector reached 5.65 percent on year in the first quarter 2013.

The detailed figures showed that the country's total retail sales and services in March reached 211.3 trillion dong, down 0.6 percent from the previous month and surging 11.8 percent over the same period last year.

Totally, in the first three months of this year, the total retail sales and services reached 636.2 trillion dong, up 11.7 percent year-on-year, if excluding the price factor, the year-on-year rise was 4.5 percent, lower than the rise of 4.7 percent in the same period last year.

Of the total retail sales and services in Jan-Mar, trade accounted for the biggest proportion with 77.3 percent, reaching 491.8 trillion dong and increasing 10.8 percent against the same period last year.

The revenues from hotel and restaurant reached 75.4 trillion dong, making up 11.9 percent and rising 15.4 percent year-on-year, services at 63.3 trillion dong (accounting for 9.9 percent and rising 15.3 percent) and tourism at 5.7 trillion dong (accounting for 0.9 percent and rising 4 percent on year).

Source: Intellasia | GSO

Foreigners contribute opinions to PPP regulations

Around 50 delegates representing for foreign investors, financial organisations and consultation companies in Singapore on March 25 participated in a workshop on the revision of Vietnam's decision on regulations on the pilot public-private partnership (PPP).

Speaking at the event, Deputy Minister of Planning and Investment (MPI) Dao Quang Thu highly valued foreign delegates' comments.

Thu said that from now to 2020, Vietnam needs an investment capital of about 30-40 billion USD each year to develop essential infrastructure system, including transport, electricity and water supply. Meanwhile, the mobilisation capacity of tradition investment channels meets only around 50-60 percent of the demand.

With the wish to strengthen the participation of domestic and foreign private economic areas in Vietnam's infrastructure development, the country attaches great importance to cooperation forms between the State and private sectors, he added.

Thu also stressed that Vietnam is preparing all necessary conditions to implement the PPP scheme, in which completing a legal framework on PPP is extremely important.

Le Van Tang, head of the Bidding Management Department under the MPI, said that according to the draft revision of the

decision, State capital in PPP projects can be up to 49 percent of the total investment capital while investors can enjoy more preferences. Priority areas for PPP schemes will be expanded to include information technology, agricultural infrastructure, education and government office buildings.

MPI leaders also pledged to complete the draft revisions on the decision in the first half of this year as scheduled to establish a more suitable legal framework on PPP and turn it into an attractive sector for foreign private areas.

Source: VNA

The real estate market in 2013 as seen by foreign consultancy firms

Foreign consultancy firms all believe that the real estate market would still be very difficult in 2013, while the prices would continue decreasing. However, they believe that there would be more successful transactions.

CBRE Vietnam believes that 2013 would be the time for a "revolution" in the real estate market. About the prices of the apartments in Hanoi, CBRE's experts think that the prices would drop by another 10 percent after decreasing by 12 percent in 2012.

A report showed that Vietnam had 55,000 operational enterprises in the real estate sector in 2012. Of the enterprises, 17,000 took loss, while 2,637 got dissolved. Meanwhile, CBRE thinks that the number of real estate developers and the number of real estate investment funds would be halved in 2013 and then halved further in 2014 before bouncing back again later.

Also according to the real estate consultant, the biggest transactions in the office leasing market would take place in the B-class office market segment. The actual area of offices to be leased in 2013 is believed to increase slightly in 2012 because of the recovery of the Vietnam's and the world's economies.

Knight Frank also thinks that the real estate market would still keep gloomy in 2013 with the apartment sale prices to drop further in the first half of the year, if the government does not implement necessary measures to settle the problems of the market.

Most of the transactions would be seen in the low-cost or popular market segments – the segments which both the people with real demand for accommodations and investors are interested in.

With a series of shopping malls to be opened in the next two years, including Vincom Mega Mall, Trang Tien Plaza, Ciputra, Golden Palace and Lotte Center, this is expected to change the face of the Hanoi's retail market, thus creating a strong competition among retail center developers.

The office market is believed to be stable in the first quarter of 2013 with few transactions to be made by domestic and foreign companies because of the long Tet holiday.

Savills Vietnam, while putting high hope on the measures taken by the government to stimulate the demand, believes that the measures would only show their effects by mid 2013.

Therefore, one should not expect too much on the recovery of the real estate market in 2013. If the apartment prices decrease further, the sales of low cost products, priced at less than 1-2 billion dong, would increase by 25 percent.

It is estimated that by 2015, about 860,000 square meters of office area would be available on the market to be sourced from 62 new office projects.

Meanwhile, Cushman & Wakefield believes that the measures suggested by the government and relevant ministries are not powerful enough to give strength to the real estate market which is in big difficulties.

It is expected that the new supplies would be available on the Hanoi market from 17 new projects. Since the supply far outstrips the demand, the price downward would continue in 2013, while the market would be the buyers'.

Colliers International does not put high hopes on the market growth in 2013, but it thinks the recovery can be seen in some market segments. The market would give the opportunities to the financially powerful investors who can take full advantage of the current price decreases to develop projects for profit later.

Source: DDDN

Japanese corporation to build 100 hotels in Vietnam

Japanese hotel chain, Toyoko Inn, introduced its ambitious plan to build 100 starred hotels in Vietnam at a seminar in Hanoi on February 22.

Nishida Norimasa, President and also founder of Toyoko Inn, said he believes that the project would be successful as for the long term Vietnam's economy will be surely better than at present.

Present at the event, Vice President of the Vietnam Chamber of Commerce and Industry Doan Duy Khuong highly valued the corporation's project, describing it a meaningful economic event in the context when the relations in trade, tourism and culture between Vietnam and Japan are growing positively.

Khuong expressed his hopes that the project, once completed, will contribute to boosting the two countries' tourism and investment cooperation, promoting Vietnam 's images to international friends and fostering tourism, investment and business activities in Vietnam .

Japan now ranks third among 84 countries and territories investing in Vietnam in terms of registered capital and first in terms of the amount of disbursed capital.

Source: TuoiTreNews

Economy

Difficulties and ways out for Vietnam's economy

Vietnam's economy has seen improvements in the first three months of this year but a lot of difficulties remain ahead, especially for businesses.

The conclusion was made during a meeting between the Ministry of Planning and Investment (MPI) and relevant ministries, agencies and localities in Hanoi on March 26.

According to participants, one of the silver linings in the first-quarter economic panorama was that the country's export turnover reached nearly 29.7 billion USD, up 19.7 percent against the same period last year and equivalent to 24.5 percent of the yearly target.

Of which, that of foreign-invested businesses (excluding crude oil) was close to 17.4 billion USD, representing a year-on-year increase of 27 percent and accounting for 58 percent of the country's total.

Economic experts said the export growth in the period under review maintained a rate higher than the import growth (17 percent) and the 10-percent target set by the National Assembly.

Staples such as crude oil, garments, coal, wood, phones and electronic parts continued to record high export growths.

The export growth was largely thanks to the FDI sector, which has maintained its high growth during the past four years.

According to the MPI's Foreign Investment Department, by March 20, the country had 191 licensed projects with a total registered investment of nearly 3 billion USD, up 2.2 percent year-on-year, and 71 projects had added a total 3.1 billion USD to their investment, marking a 3.7-fold increase over the same period last year.

The GDP growth was estimated at 4.89 percent while that of the same period last year stood at 4.75 percent. The service sector recorded the highest growth of 5.65 percent, followed by the industrial and construction sectors with 4.93 percent and the agro-forestry-fishery sector, 2.24 percent.

However, the economy also faced numerous difficulties, especially for industrial production and business development.

In the first quarter, the industrial production index rose only 4.9 percent over the same period last year. Of this, the index of the mining industry increased 2.1 percent and that of the processing and manufacturing, 5.4 percent, and electricity production and distribution, 9.4 percent.

Meanwhile, the development of businesses also saw a lot of difficulties. As many as 15,707 new businesses were registered with a combined capital of over 79 trillion VND (3.78 billion USD), down 6.8 percent in number and 16.1 percent in capital compared to the same period last year.

According to Deputy Minister of Planning and Investment Dang Huy Dong, there should be stimulus packages to boost consumption and reduce inventories so as to ease the situation.

Despite a decrease in inter-bank interest rates and the State Bank of Vietnam (SBV)'s policies to support production, businesses still find difficulties in accessing low-interest loans, he said.

As inventory and bad debt issues are not solved immediately and guarantee funds for small- and medium-sized enterprises have not started working in many localities, banks should make detailed assessments on businesses' production in order to put these funds into operation, said Pham Xuan Hoe, a representative from the SBV.

Hoe emphasised the need to activate the real estate market, suggesting the SBV coordinate with the Ministries of Construction and Finance to build an inter-sectoral circular that allows the mortgage of assets to be acquired.

Tran Xuan Hai from the Ho Chi Minh City Department of Planning and Investment proposed that banks continue to lower lending interest rates and increase disbursement for businesses.

Source: VNA

7pct inflation predicted for 2013

The National Financial Supervision Committee has forecast that Vietnam's inflation rate in 2013 will be controlled at less than 7 percent.

The committee cited the high economic growth in the first quarter as a positive sign that should create a foundation for successfully achieving the country's 2013 economic development goals.

If the domestic market does not see strong fluctuations in the following three quarters, the 5.3 percent GDP growth target will be within reach, it said.

However, the committee warned the national economy is still experiencing numerous difficulties, such as weak production capacity and low consumer demands.

Export revenues, which are considered a key factor in boosting economic growth, are predicted to decline in 2013 due to falling prices for Vietnamese exports on the global market.

In addition, the credit growth in the past quarter was very low.

Over the past ten years, the average inflation rate in the first quarter accounted for 40 percent of the entire year's figure. Weighing up the advantages and disadvantages of the economy in 2013, committee experts predicted this year's inflation rate will be kept below 7 percent.

Such a low rate may force deposit interest rates to go down to 7 percent, while the lending rate may drop to 10 percent.

The committee has proposed boosting production and offering more assistance to businesses in order to fulfill the year's set target of achieving higher economic growth than in 2012.

It stressed the need to continue adjusting bank interest rates, settling bad debts and putting the Vietnam Asset Management Company (VAMC) into operation. Preferential interest rates should also be given to construction and real estate projects.

The committee also suggested considering value added tax (VAT), reducing the corporate income tax to 20 percent to encourage private investment and attract more foreign investment, as well as speeding up the disbursement of investment in State-funded projects.

Source: Intellasia | VOV

Banking & Finance

'Room' for foreign investors in local bank at 30pct too low

The "room" for foreign investors in local bank at 30 percent, says experts, is still too low for desire of both foreign investors and domestic credit institutions.

Draft Decree on foreign investors buying Vietnamese credit institutions' shares was given for opinions. Foreign ownership would not change much. Strategic partner would not own more than 20 percent charter capital and foreign ownership in bank would not exceed 30 percent. Special cases of ownership in weak banks would be decided by prime minister and might be over 30 percentages.

According to an expert of Standard Chartered Bank, foreign capital would be an advantage source to finance weak banks. The attendance of foreign investors would improve banking assets quality, banks administrative and risk management.

Agree with room loosening for foreigners in finance and banking sector opinions, Vietnam Association of Finance Investors (VAFI) said that apart from strong capital resources (few million US dollar per bank), these foreign banks even comply with Vietnamese laws and risk management regulations more strictly than domestic banks. Besides, these banks would be able to improve banking management quality, lessen power abusing and corruption, said VAFI representative.

Sharing the same views, Saman Bandara, deputy CEO of Ernst & Young Vietnam said that banking was binding by clear laws and regulations so governance and anti-fraud activities need to be increased since frauds could happen everywhere and the reason might came from lacking of knowledge. Thus, the appearance of foreign partners could have banks to promote the compliance, which contribute in making credit system healthier.

Even though, 30 percent room was too tight for the demand of bon foreign investors and domestic credit institutions. In fact, foreign investors had owned the maximum allowed shares in banks while demand for rising capital was still high. Rising capital would improve future capital adequacy ratio (CAR), thus Vietnamese banks, especially small ones with 3-4 trillion dong capital, really wanted to attract foreign investment, said a member of a bank' BOD.

Financial and banking expert Nguyen Tri Hieu said that 30percent could not encourage foreign investors to invest in Vietnam. According to commitment with WTO, by 2020, barriers on foreign ownership in banks must be removed, so, with the remained 8 years, there should be a room increasing each 2-3 years. This time, room for foreign investors should be 40 percent, and then next times would be 51 percent and 75 percent, said Hieu.

In case foreign banks invested in weak domestic banks, 30 percent room could be increased. Maybe this was an option to finance bank restructuring process but many foreign bankers said that they were not interested in investing in weak banks since it may be bad for their reputation.

VAFI also said that foreign banks would not invest in weak banks at any costs since the root of weak banks was low quality management and with low ownership percentage, foreign bank would not have the control power to change that.

Source: Intellasia | VnExpress

Japanese investors had high expectation on Vietnamese bonds

"Inflation had not been big trouble for Vietnam anymore, and we had seen chance for gaining back the capital we lost here" said Hiroshi Okada, Chair cum CEO of United Investment Fund from Japan, to Dau tu chung khoan- local newspaper, after this fund invested 20 billion dong in MB Capital Vietnam Bond Fund (MBBF) certificates.

Reason for United Investment to reinvest into Vietnam:

The most important thing was the change in correlate between dong and Japanese Yen (JPY). Two years ago, United Investment invested in Vietnam but the result did not satisfy investor. At that time, value of dong was decreasing while JPY was still strong, thus investors lost because of foreign exchange rate.

At this moment, Japanese government used loosened monetary policy to take this country out of the long time deflation; hence value of JPY had decreased. Meanwhile, dong had proved its stability and when inflation would not be a big worry for Vietnam, and United Investments decided to reinvest into Vietnam to gain the capital they lost here.

Besides, there was a notable trend of Japanese investment moving China to Vietnam. Some certain changes in the relationship between Japan and China last year made Japanese investments turn their direction to other Asia countries, including Vietnam. In fact, United Investment intended to invest in China but many investors did not support that intention, hence, this fund cancelled the plan and invested in other countries.

United Investment's expectation in the investment in MBBF

United Investment invested in MBBF for the expectation of high yield of Vietnamese bonds. They also expected benefit from difference between secondary market transactions and revenue from coupon. Even Vietnamese bond coupon had decreased to last year, but at rate of 7 percent per year like this moment, it was still much higher than nearly-zero rate in Japan. Thus, even Vietnam declined bonds coupons, they would still be higher than in Japan.

There was a report of a global financial group forecasted that in 2050, GDP Vietnam would rank 14th in the world so United Investment had very high expectation on the Vietnamese market in the next 20-30 years. Two, three decades sounded long but Japanese investors could still expect with that period and investment, investing in Vietnam would still be cheap.

To stock market, liquidity was a weakness. Japanese cash still flow to other higher liquidity markets, such as Indonesia. Two years ago, United Investments invested 30 million US dollar into Vietnamese securities but the results did not meet their expectations, hence, they withdrew all the money, and the retained capital was only 15 million US dollar.

Current situation of United Investment Fund in Japan:

United Investment Fund invest in three major sectors: retirement fund, local bank asset management fund, and public fund with total managed assets value of 100 billion JPY (equal to 1.06 billion US dollar). Last year, AIJ fund scandal losing 2 billion US dollar retirement money of Japanese investors strongly affected retirement fund market and in the future, United Investment would decrease investment ratio in this type of fund. Meanwhile, United Investment strategy would be focus on public fund.

United Investment normally had thousands investors and this fund would use agencies to distribute products, like bonds and securities of other countries – Vietnam, Hong Kong, etc., to investors. Recently, United Investment will start to distribute Brazil and Russia's bond certificates and Vietnamese bond fund certificates in the near future. In February 2013, United Investment established Asia High Yield Bond Fund to invest in Asia high yield bonds.

Back to MBBF, United Investment believed that if Military Bank distribute fund certificate, then it would fit the nature of an open fund more.

Source: Intellasia | Dau Tu Chung Khoan

Enterprise

SMEs struggle under new gov't resolution

Under the Government's newly issued Resolution 02, some small- and medium-sized enterprises (SMEs) no longer qualify for preferential policies, which has left them struggling to pay debts and continue production, the chairman of HCM City's District 8 Business Association said.

Speaking at a meeting held yesterday by the city's Union of Business Associations in collaboration with Business Association of HCM City's District 10, Tran Ngoc Duong said Resolution 02 re-defined SMEs as companies with under 200 employees and an annual turnover of VND20 billion (US$962,000) or less.

"Under this resolution, most enterprises in District 8 would no longer be classified as SMEs since their annual turnover is higher than VND20 billion," he said.

Preferential policies such as bank loans and tax exemptions would not be available to companies that are no longer considered SMEs.

Tran Ngoc Dung, chairman of the Business Association of HCM City's District 8, said the resolution was issued to provide a number of solutions to relieve problems associated with business production, market support and bad debts.

Representatives of Maseco, Gia Dinh Textile and Garment and Sai Gon 3 Garment Joint Stock Co all agreed that the new resolution would create problems for them.

Le Chi Hieu, deputy chairman of the HCM City Real Estate Association, said the Ministry of Finance, which has implemented guidelines on the resolution via Circular 16, should revise the maximum turnover figure of VND20 billion.

He said the figure was too small because the dong had been devalued.

Business expectations

Speaking at the meeting, Van Duc Muoi, chairman of the HCM City Food and Foodstuff Association (Vissan), said there should be more value-added tax reductions and payment exemptions because enterprises were still mired in debts.

This would stimulate consumer demand, reduce inventories and increase business competitiveness, he added.

Muoi also said that lending rates were too high. Most companies were relying on their own resources to survive, waiting for a brighter day in the future.

Tran Viet Anh, vice chairman of the HCM City Rubber and Plastics Association, said many companies had closed last year and existing ones were still short of capital.

Company representatives at the meeting also complained about high interest rates as well as cumbersome bank-loan procedures.

However, Nguyen Tien Quang, director of Phu Tho Branch's Vietcombank in District 10, said his bank had offered three support packages with preferential interest rates for SMEs.

They include a VND30 trillion ($1.44 billion) loan at an interest rate of 7.5-8 per cent, a loan worth $700 million with an interest rate of 3.8 per cent, and another at VND5 trillion ($240.3 million) with an interest rate of 11 per cent.

The interest rate at Vietcombank for short-term loans is 12-12.5 per cent, and for medium- and long-term loans 13 per cent per year.

Source: VNS

Stronger Measures To Save Businesses

The Vietnamese Government will take stronger measures to save businesses, said Minister and Chairman of the Government Office Vu Duc Dam.

At a recent Government meeting, Minister Dam said the national economy showed positive signs in the first quarter as export turnover maintained its growth.

Last year, foreign invested businesses saw export growth but the domestic economic sector is currently operating at 10 percent higher than last year.

More than 7,600 out of 13,000 (approximately 60 percent) businesses that stopped their operations in 2012 resumed work in the first quarter of this year.

However, there is growing concern about the socio-economic situation as the number of newly registered businesses remains low while that of businesses in difficulty is still high, Dam said.

Based on this fact, the Government has considered drastic solutions to help businesses overcome challenges, such as reducing corporate income tax and valued added tax and implementing more measures to create a favorable business environment.

The Government discussed ways to keep inflation at a normal rate in order to ensure business costs are maintained at a reasonable level.

To ease market and business difficulties, relevant agencies and ministries have been asked to work with the State Bank of Vietnam (SBV) to research a project to set up a National Debt Purchase and Sale Company, which would help deal with bad debts.

According to a Government report, total export earnings in the first quarter of 2013 reached US$29.69 billion, up 19.7 percent over the same quarter last year.

Total import turnover hit VND29.2 billion, up 17 percent, with the domestic economic sector increasing by 7.9 percent and the foreign-invested sector by 25.5 percent

As of March 15, total State budget revenues were estimated at VND136,000 while budget spending was VND172,000 billion.

The first quarter's GDP grew 4.89 percent, slightly more than the 4.75 percent recorded during the same period last year. The growth in the agricultural sector rose by 2.24 percent, industry and construction by 4.93 percent, and services by 5.65 percent.

Source VOV.

Investment

Nearly $100b in FDI capital disbursed after 25 years

As of late February, Vietnam had attracted 14,550 valid FDI projects with a total capitalisation of $211 billion, of which almost $100 billion was already disbursed.

The information was released at the Ministry of Planning and Investment (MPI) conference in Hanoi on March 27, reviewing 25 years of foreign direct investment (FDI) in Vietnam.

MPI deputy minister Dao Quang Thu said FDI has significantly contributed to year-on-year growth of GDP over the years, which hit 19 percent in 2011. It has also provided additional capital for the national economy, accounting for 25 percent of total investments, as well as boosting export earnings, constituting 64 percent of 2012's total export revenue.

FDI has also helped expand international markets for Vietnamese goods and services, and considerably added to State revenue (US$ 14.2 billion in the 2001-2010 period; $3.7 billion in 2012 alone).

Through foreign-invested projects, modern technology, equipment acquisition, expertise and management experience have been transferred into the country and around 6 million jobs have been generated, either directly or indirectly.

In his speech at the conference, prime minister Nguyen Tan Dung praised the achievements that ministries, industry sectors and localities have made in attracting FDI capital over the past 25 years.

Vietnam has been increasingly favoured by foreign investors to run long-term business in the country, Dung noted.

However, Dung pointed out several weaknesses in foreign invested sectors that will need to be addressed, such as the significant imbalance in foreign investment injected in some sectors, slow investment disbursement, and low quantities of content of technology transfer in some projects.

He asked the ministries, sectors and localities to join forces by adopting generous incentives for the kind of large-scale socio-economic infrastructure projects that are able to produce enormous, positive impacts on the country's socio-economic growth, and also by taking moves to invite foreign investors to Public-Private Partnerships (PPP) projects.

The ministries sectors and localities are instructed to supplement regulations on hi-tech business criterion, mechanisms to develop support industries and capital and financial markets, and environmental protection standards.

At the same time, foreign investors will be encouraged to work with local universities and colleges to train up a high-quality workforce for the nation.

Approved socio-economic infrastructure planning schemes will be made public to enable foreign investors to have wider access to planning information and provide greater certainty for establishing related projects, PM Dung said.

The future promotion of investment activities needs to be coordinated on a national scale to prevent unhealthy competition among localities.

There should also be a closer coordination between the relevant agencies to raise localities' responsibilities for the attraction and use of FDI capital, Dung noted.

Source: Intellasia | VOV

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

Vietnam Stocks Fall As Rally Drives Valuations To 39-Month High

Vietnam stocks fell the most in Asia, snapping a three-day advance that drove valuations to the highest level in more than three years.

The Ho Chi Minh City Stock Exchange's benchmark VN Index (VNINDEX) fell 0.7 percent to 505.93 at the close, the biggest loss since March 26. The measure climbed 3.8 percent in the three days through April 2, driving the gauge's valuation to 14.4 times reported profit, the highest level since December 2009, according to data compiled by Bloomberg. Vingroup Joint-Stock Co. (VIC), the biggest listed property company, dropped 2.3 percent.

"The market was overheating in the last few days," said Giang Trung Kien, Hanoi-based head of research atFPT Securities Co. "We may see more light corrections in the next sessions."

Stocks climbed earlier this week after the State Bank of Vietnam cut its policy interest rates by one percentage point on March 25 to spur the economy and boost lending as inflation slowed to 6.64 percent in March. That was the seventh reduction in borrowing costs since the start of 2012.

The VN Index's 14-day relative strength index, a measure of market momentum, rose to 71 yesterday, above the 70 threshold that some traders view as a sign the market is poised to drop.

Vietnam's gross domestic product expanded 4.89 percent in the first three months of the year from the same period a year earlier, the General Statistics Office said on March 27, compared with the 5.2 percent median estimate of economists in a Bloomberg survey.

Source: StoxPlus.

Vietnamese finance market fragile amid rumors

With the weak resistance and the lack of transparency, the Vietnamese finance market would be shaky on any bad piece of news.

On February 21, 2013, the finance market rocked back and forth on the information that President of the Bank for Investment and Development of Vietnam (BIDV) Tran Bac Ha was arrested.

However, this was not the first time the finance market suffered from the false rumors. The electronic boards at securities trading floors many times turned red, showing the sharp falls of the stock prices after false rumors were spread out. The liquidity of some banks was threatened just because of wrong information about the arrest of the banks' managers.

The rumors were mostly aimed at the VIPs, who are the managers of big banks or big companies which list their shares on the stock market. Since they are the influential names in the business circle, any news relating to them would catch the special attention from the public and cause big changes in the market.

Some months ago, rumors were spread out that some senior executives of Masan (consumer goods manufacturer), Sacombank, ACB or Eximbank were arrested for the "wrongdoings in economic management." These then led to the plunge of the prices of the companies' shares, which were the blue-chips in the market, which was a storm in the business circle.

Most recently, a similar scenario took place with BIDV, one of the biggest commercial banks in Vietnam with the information about the arrest of BIDV's President Tran Bac Ha.

Ha then had to turn up before the public to prove that he is safe and innocent. However, there was enough time for the wrong information to cause big damages to the finance market.

The manager of a HCM City based bank said he was also the victim of a false rumor in August 2012. He said it was clear about the purpose and motive of those who deliberately spread out the rumors.

They started rumors to make investors puzzled and prompt them to bargain away some kinds of shares or run away from the market.

"They tried to collect some kinds of shares at low prices. Therefore, they spared the wrong news that the shares became less valuable due to the arrest of the managers of the companies," he explained.

"They could pocket hundreds of billions of dong, or trillions of dong from every campaign of spreading false rumors," he said.

The businessman went on to say that the Vietnamese market has been led by the rumors, because it still lacks the transparency.

"In such a young and fragile market like Vietnam, it is very easy to conduct the behavior to control the market prices to seek for profit," he commented.

Alan Phan, former President of Viasa Hong Kong investment fund, also said that the Vietnamese market has been easily driven by rumors. In the US, false rumors could exist 10 minutes only, because they would be clarified by the watchdog agencies immediately. Meanwhile, in Vietnam, the rumor about President Tran Bac Ha could "rule the roost "for two days.

In Vietnam, the rumors about the arrests of VIPs can easily cause a chaos on the market. Meanwhile, in developed economies, the rumors of this kind have become no more useful. This has been explained by the fact that the resistance of the national economy remains weak.

In fact, rumors exist in every market. However, the consequences they cause in the markets with high transparency would always be smaller than that in the markets with low transparency.

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