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Highlight

Japanese ODA Putting Railway Bridge Reinforcement On Track

The 44 bridges that serve Hanoi-Ho Chi Minh City 1,700-kilometre railway artery will continue to be reinforced as part of a large project backed by Japan.

According to Japan International Cooperation Agency (JICA) in Vietnam, an agreement on Vietnam's borrowing of 13.79 billion yen ($147 million) in official development assistance (ODA) from Japan will be inked on March 22 between JICA and Vietnam's Ministry of Finance.

The sum, which will be added by the Vietnamese government's VND1 trillion ($48 million) as a contribution, will be used for a nine-package project to upgrade 44 railway bridges located from northern Ninh Binh province to Ho Chi Minh City. At present, 10 out of these bridges have been upgraded, 18 are being upgraded currently and work bids are being sought for the other 16.

For example, bridges that have deteriorated with age which are located over at 230-km stretch kilometres from the south to central Danang city have been replaced with new steel bridges including foundation structures. A package to upgrade the bridges of Thap Cham and Song Quao in southern central Ninh Thuan province and four bridges of Song Lon, Song Nho, Song Luy and Muong Man in southern central Binh Thuan province will be put out to tender on March 18, 2013.

"All the tender process will be open and transparent to construction firms," said Suzuki Taketomo, project manager of Hanoi-Ho Chi Minh City Railway Line Bridges Safety Improvement Project Construction Package No2.

"Under our plan, this project will be wholly completed in 2016," said Nguyen Van Anh, deputy chief of Project Implementation Department No.1 under the state-owned Vietnam Railway Corporation's Railway Projects Management Unit.

"This project will help reduce the trains' running hours from the existing 27 hours to 24 hours. It will also help the trains transport passengers and goods in a safer manner and ensure railway safety," Taketomo said.

The project has been implemented by Japanese construction firms including Tekken, Manuberi, Yokogawa, Mitsui Ship Building, Rinkai and Taisei, and Vietnamese construction firms like CIENCO1 and Thang Long.

The new ODA loan will be the third one of the type between Vietnam and Japan, with the first one worth 8.222 billion yen ($87.87 million) signed in 2004 and the second one worth 11.737 billion ($125.43 million) clinched in 2005. These sums were also used for upgrading 19 weak railway bridges, helping to reduce the train's running hour from 36 hours in 1994 to 29 hours in 2007.

Nguyen Dinh Thao, senior programme officer from Japan International Cooperation Agency, said all the bridges that had and would be upgraded were installed with Japan's environmental friendly technology including stainless steel. Japanese know-how, he said, was also used in the construction management of steel girders, direct fastening track, long rails and cast-in-place piling.

"Moreover, though the Japanese government is now depreciating the yen to spur its economic development, the value of the ODA loan will not be affected as the value of the yen has been fixed at time of making design of this project," Thao said.

Source: VIR

Vietnam, Japan promote agriculture cooperation

Vietnam and Japan have agreed to promote bilateral cooperation in the field of agriculture.

An agreement to this effect was reached at a meeting in Hanoi on May 4 between Minister of Agriculture and Rural Development Cao Duc Phat and his Japanese counterpart, Yoshimasa Hyashi, who is on a working visit to Vietnam .

Under the agreement, the two sides will cooperate to increase agricultural production and productivity and promote agricultural diversification.

They also agreed to boost rural development; enhance farmers' capacity in organising their production; and strengthen forest management and aquaculture development in a sustainable manner, and use sea resources effectively.

At their meeting, the two ministers highly valued bilateral cooperation over the past time, saying that the cooperation should be further strengthened in the coming time.

Source: VNA

Tax breaks aimed at attracting investment

Industrial zones (IZs) may become more appealing if tax incentives are re-introduced. This is the thinking behind a draft law on Corporate Income Tax prepared by the Ministry of Finance.

According to the draft law, investors with new IZ projects will be exempted from corporate income taxes (CIT) in the first two years of operation.

They will also enjoy further reductions of 50 per cent in the following four years.

The Minister of Planning and Investment, Bui Quang Vinh, recently said the changes were part of Government plans to provide more investment incentives to investors.

If the draft law is approved, it is expected to attract investment in IZs, particularly during a time of economic difficulties.

According to a Ministry of Planning and Investment (MPI) report, the reduction in foreign direct investment in recent years is due to a change in tax incentives from January 1, 2009.

This is blamed for significantly reducing the number of IZ projects. Before January 1, 2009, new investors to IZs enjoyed a corporate income tax reduction of 20 per cent for the first 10 years. For the first12 years, investors in production sectors were taxed only 15 per cent.

However, the country decided to remove the incentives when the revised Corporate Income Tax took effect on January 1, 2009. According to MPI, the removal of the incentives made it difficult for IZs to attract investors as land lease in the zones was high due to high costs of land compensation and infrastructure construction.

It said if there were no incentives investors would be hard to find, hindering the development of the manufacturing industry and hindering Government plans.

However, the Ministry of Finance said incentives needed to be selective, adding that none were necessary for Ha Noi, Hai Phong, Da Nang, HCM City and Can Tho as these cities received many other incentives so that they could develop into service, financial and cultural centres.

The Committee on Finance and Budget also recommended that incentives tfor IZs be classified on industry and locality.

Source: VNS

Property prices go down further in Hanoi

Property prices in Hanoi had fallen 20-40% by the end of the first quarter, yet the market remains sluggish with few transactions.

The market has recorded discounts in almost all segments, including apartments, villas, semi-detached houses and land plots. In Cau Giay District, apartment prices have been slashed 10-20%, but sale remains poor.

According to property trading floors in the western part of Hanoi, apartment prices in this area have gone down. Madarin Garden, for an example, has seen its offer price cut to VND25-35 million from the previous VND45 million per square meter.

Similarly, apartments of the Van Phu Victoria project in Ha Dong District are now on sale at VND14-15 million per square meter, versus VND21-22 million previously. Owner of the Westa project in Mo Lao Urban Area has lowered the offer prices from VND26-28 million to VND17.9-21 million a square meter.

The majority of customers now have demand for low-cost mid-size condos Therefore, it is said that apartment prices in Hanoi are still high and must be reduced further to attract buyers.

A research by CBRE shows that prices of villas and semi-detached houses in Hanoi declined 15-20% year-on-year in the first quarter. Because supply of villas and semi-detached houses is abundant, their prices are forecast to drop further in the coming time. VNREDSat-1 set for launch today

HCMC – Vietnam's first remote sensing satellite VNREDSat-1 is expected to be put into orbit at 9:06 a.m. local time today after its launch was postponed last Saturday, said the Vietnam Academy of Science and Technology.

VNREDSat-1 was originally scheduled for launch last Saturday from Kourou Space Center in French Guyana, but the launch was postponed in the last minute because of unfavorable weather.

Brigitte Serreaul, representative of EADS Astrium and director of the project currently present at Kourou, said weather conditions at Kourou in the next two days would remain unpredictable, but Arianespace intended to send the satellite into space at 9:06 a.m. today.

The final decision about the launch will be given at 7:30 a.m. today, says a report on Thanh Nien newspaper.

Arianespace, the company in charge of launching VNREDSat-1, has successfully put two telecom satellites of Vietnam, Vinasat-1 and Vinasat-2, into orbit. Meanwhile, EADS Astrium is the designer and manufacturer of VNREDSat-1.

The VNREDSat-1 project costs a total of 55.8 million euros, or some US$72.6 million, funded by official development assistance (ODA) from France and Vietnam's reciprocal capital.

After going into space, VNREDSat-1 will provide ministries and localities with high-resolution images for socioeconomic development. In particular, the satellite will help Vietnam timely respond to forest fires, floods, oil spills and many other natural disasters.

Source: Saigon Times Daily

Economy

Economic restructuring not up to expectations

After a year of economic restructuring, Viet Nam still faces grave problems including high inventory, bad debt and falling purchasing power.

Representatives from the Ministry of Planning and Investment acknowledged that the economic restructuring process had failed to meet expectations during a meeting last week held by the NA Economics Committee.

In response, deputies emphasised that speed was of the essence. The slower the restructuring measures were carried out, the more difficulties the country would face, warned committee member Cao Sy Kiem.

"Enterprises will start showing reduced trust and even cynicism concerning governing authorities," he said.

Vu Viet Ngoan, head of the National Financial Supervisory Commission, agreed that market confidence was reduced to an alarming level and more effort was needed to regain enterprises' confidence.

"A detailed roadmap is necessary to ensure the success of the restructuring," said former director of Trade Research Institute Nguyen Van Nam.

Ministry representatives made the case that they already had such a "roadmap" but that the process would take time because of its complicated nature. They cited current policies that sought to address the high real estate inventory and balance supply and demand, such as measures encouraging investors and consumers to involve themselves in the social housing sector and changing commercial housing projects to social housing.

Nine ailing banks are also being restructured, which involves classifying and evaluating bad debts in line with international practices and curbing the increase of bad debts. Public investment, in terms of both capital and the number of projects, has been reduced.

Upcoming Governmental decisions, the ministry said, aim to get State-owned enterprises to operate under market mechanisms. They stipulate information that enterprises can make public as well as methods to evaluate enterprises' performance.

At the meeting, the State Bank acknowledged that the restructuring of ailing commercial banks also lagged behind. While the central bank had planned to restructure 5-8 banks in the first quarter, only two banks (TienPhong Bank and Habubank) had so far implemented restructuring plans. NA Economics Committee vice chairman Nguyen Van Phuc said to facilitate the restructuring efforts, the country also needed more comprehensive laws on management of public spending as well as bidding and corporate law.

Source: VNS

Low CPI increase raises worries

It's foreseeable that the consumer price index (CPI) only increases very slightly in April, though the General Statistics Office will only release the CPI report later this month. Nearly all the sectors of the national economy have been immovable.

The petrol price increases, which have led to the transportation service fee increases, plus the healthcare service fee increases are still not enough to offset the decreases in the food and foodstuff prices.

According to the General Statistics Office, petroleum products account for 8.87 percent of the basket of goods and services for calculating CPI. In previous years, any petroleum price increases would lead to the price increases of other goods and services.

After the petrol price was raised on March 28, the Ministry of Industry and Trade said that the price increase would make the CPI increase additionally by 0.127 percent, while the indirect impacts remain unpredictable. Some taxi and cargo transportation firms have also announced the 7-8 percent service fees.

The slight decrease of the petroleum prices on April 28 has helped weaken the influences of the petroleum price hike to the CPI increase

However, petroleum price and transportation service fee increases alone would certainly push the prices up.

Analysts have pointed out that the healthcare service fee would also push the CPI up. However, in April, the healthcare service fees were raised only in four cities and provinces – Hai Phong, Nam Dinh, Binh Thuan and Tay Ninh. The service fee only accounts for a small portion in the basket of goods and services considered for calculating CPI. Therefore, its impacts on the CPI would be weak.

It is the food and meal services which are believed to be the main reason behind the slowdown in the CPI increase. The products and services account for 39.93 percent of the basket of goods and services (food 8.18 percent, foodstuff 24.35 percent and meal services 7.4 percent).

In the two big cities of Hanoi and HCM City, the prices of the goods and services have decreased by one percent over the previous month.

The further decreases in the prices of food and meal services have been predicted by the taskforce on the domestic market management because of the hot weather, the demand decrease and the profuse supply.

Especially, with the stabilization of the goods prices in the world market, experts can see no big reason which may lead to the sharp CPI increase as previously warned when the petrol price was raised.

Commenting about the CPI increase slowdown, Dr. Vu Dinh Anh, a well-known price expert, said everything has been sitting without stirring because all the sectors of the national economy have been immovable.

Sharing the same negative view, Dr. Ngo Tri Long, also a well-known economist, said the CPI increase slowdown would be a worry than a joy.

While this is the good news to the consumers, who now can buy goods and services cheaply, this is the bad news for the domestic production.

"This reflects the gloomy picture of the national economy, in which the inventories are high, the laborers' income decreases, the purchasing power decreases and the consumers' confidence decreases," Long said.

"The grey color of the picture about the national economy is the main reason that makes the CPI increase slow down," Long said.

Source: VietNamNet

Banking & Finance

Four-month credit growth at 1.4pct

The credit growth of the banking system started to show improvement in January-April, at 1.4 percent, though it was only 0.03 percent in the first quarter, the State Bank of Vietnam (SBV) reports.

The above credit growth is quite positive compared to a reduction of 0.2 percent in the same period in 2012. However, according to SBV, the credit improvement is still lower than the target.

The low credit growth is often seen in the first few months of the year due to seasonal reasons, the central bank said.

Besides, the economy has still faced many difficulties, leading to limited credit demand and thus low credit growth. The major factors causing slowing credit growth are high inventories at companies, slackened demand and troubles in collaterals settlement.

While this credit growth is pretty low compared to the whole year's target of 12 percent, capital mobilisation sharply surged from the end of January and recorded a high rise against the same period in 2011 and 2012. As of April 23, deposits marked up 5.34 percent versus the end of last year, 1.5 times higher than the year-ago period's rate and six-fold higher than the figure in the same period in 2011.

According to SBV, the deposit growth of dong is much higher than that of foreign currency, in line with the central bank policy of restricting foreign currency deposit and lending while promoting direct forex trading.

As such, the amount of current capital in dong at credit institutions was quite stable and ample in the first four months of the year, resulting in low borrowing demand of commercial banks via open market operations.

Interest rates on the inter-bank market stayed at low levels and barely declined from early this year, at 2-3 percent per annum for overnight, 2.6-3.2 percent for one week and 4.3-5 percent for one month on April 23.

The central bank in the report also mentioned the fluctuation of foreign exchange rate after the Lunar New Year and in the middle of April, saying this is only a sentimental factor and that the rate was stabilised after the central bank applied intervention measures. As of April 25, the inter-bank exchange rate between dong and US dollars stayed stable at VND20,828 to the dollar, with the average buying rate of commercial banks picking up some 0.4 percent against early this year.

Source: Saigon Times Daily

Several bank mergers to take place

Many banks have brought forward merger plans at their annual shareholders' meetings, including several obvious deals to be carried out soon.

The merger between Dai A Bank and HDBank has been approved by the central bank, said HDBank Chairwoman Le Thi Bang Tam at the recent shareholders' meeting, where the proposal for this merger was passed.

Similarly, the merger plans by Maritime Bank, Sacombank and Eximbank were submitted to their shareholders and all got the nod.

Through the signing of a strategic partnership last year, Eximbank and Sacombank are heading towards a merger.

Le Hung Dung, board chair of Eximbank, said much about the scale and the network of Sacombank when delivering the merger proposal at the meeting of shareholders. Pham Huu Phu, Eximbank stakeholder, is currently board chair of Sacombank.

With fairly stringent regulations on network expansion set by the central bank, merger is the shortest path to breakthrough development, said Dung.

In addition to the banks with specific partners, many other banks submitted merger plans to their shareholders in advance, in preparation for possible opportunities.

For example, Military Bank (MB) sought the nod from its shareholders on a merger although the bank had not chosen any partner yet. MB's high requirements for bad debt ratio and financial safety make all the banks interested in merging with it so far unqualified.

Likewise, the proposal for merger that ABBank delivered at its shareholders' meetings was passed though it was still unknown who would be the bank's partner in such a deal.

Meanwhile, the merger plan of DongA Bank was already approved at the shareholders' meetings last year.

Pham Van Bu, board chair of the bank, said his bank must spur capital to VND6 trillion to increase its scale, and then would choose an appropriate time for the merger, because

DongA Bank stock price is currently quite low.

“Although 3-4 partners have come to discuss this issue, we are still considering,” he said.

Apart from merger, a number of banks intend to put up their stakes for sale to overcome the current tough times.

At the shareholders’ meetings last week, Navibank mentioned the participation of new shareholders in its restructuring. A senior source from the central bank revealed the restructuring plan for Navibank had been approved.

Earlier, Westernbank submitted its plan for merger with PetroVietnam Financial JSC (PVFC) to its shareholders and received their nod. Meanwhile, TRUSTBank has sold a majority stake to Thien Thanh Group.

Nguyen Hoang Minh, deputy director of the central bank’s branch in HCM City, deemed mergers and acquisitions among banks very appropriate in the current context. Joining hands will help banks improve their financial strength to deal with poor credit growth and rising bad debt at present.

However, an expert said the central bank should closely control bulk purchasing of bank shares to prevent cross-ownership and money laundering, and protect bank shareholders and depositors.

Source: Intellasia | Thesaigonntimes.vn

How big is Vietnam’s public debt, $128.9 or $66.8 billion?

The economic development model which relies much on the investment capital increase is believed to be the “culprit” that causes the high public debt.Foreign institutions say $128.9 billion, Vietnam says $66.8 billion

Dr. Nguyen Trong Hau from Almammer University in Poland, citing the calculations of the UN experts, said that Vietnam’s total public debt has reached $128 billion in accordance with the international practice. The figure is equal to 106 percent of the GDP in 2011, or nearly double the figure released by the government of Vietnam.

Dr. Luu Bich Ho, former Head of the Strategic Research Institute, an arm of the Ministry of Planning and Investment, said that the figures prove to be confusing and unreliable.

Foreign institutions said that in 2011, Vietnam’s public debt was $128.9 billion, equal to 106 percent of GDP, while the Ministry of Finance of Vietnam released the figures of $66.8 billion and 55 percent of GDP.

Explaining the difference in the figures, Hau said that international experts calculate the public debts by considering five factors, while Vietnamese consider 3 factors only. The two factors which have not been considered by Vietnam are the debts incurred by the state owned enterprises and the state’s borrowing from the pension fund.

Hau said that with the current Vietnamese calculation method, some huge debts worth billions of dollars like the Vinashin’s ones have not been counted on.

Meanwhile, in other countries, any loans to state invested enterprises would be counted on as public debts, even though the state only holds several percent of stakes in the companies.

Hau has warned that a lot of private debts may also turn into public debts. In principle, when real estate developers borrow money from foreign sources, these are listed as the private debts. However, if the developers cannot pay debts due to the current gloomy market, the state may have to come forward and pay debts for them in an effort to avoid the domino effects to the national economy. If so, the public debts would increase rapidly.

Dinh Mai Long, MA, from the President's Office, has also warned that in case state owned enterprises fall into dissolution, the government would have to pay debts for them, even if the loans are not guaranteed by the government.

Vietnam urged to follow international practice

Hau believes that Vietnam should follow the international practice when calculating public debts. This would allow Vietnam to have a better outlook over the debt situation and make reasonable decisions to settle debts.

Dr. Nguyen An Ha from the European Research Institute said he can find many similarities in the public debt situations in Vietnam and PIIGS, the countries in the public debt crisis. Their GDP has been decreasing since the global financial crisis 2007, while the inflation rate has been increasing (always higher than 8 percent).

Therefore, Ha has urged the government to think of the measures to settle the problem, or it is too late.

Long has noted that the borrowing from China has been increasing rapidly over the last few years, reaching $1.2 billion. The public debt has increased rapidly by 15 percent per annum, which nearly "catches up" with the increase of 17-21 percent in the tax collection to the state budget. This means that the increase in the state budget's receipts in the next few years would be only big enough to pay debts

Source: VietNamNet

Enterprise

Many local firms in race to expand distribution networks

Many Vietnamese companies, especially those in the consumer goods sector, are racing to make strong investment into their distribution channels to prepare themselves for competing with large foreign corporations.

Vinamilk has expanded its retail system nationwide to nearly 200,000 points as of now and still continues to open more stores at the moment. The giant dairy company also invests heavily in the distribution system.

Mai Kieu Lien, general director of Vinamilk, said her firm now has about 250 distributors along with some 2,000 staff members.

Vinamilk and the information technology solution provider Viettel are deploying a sales management system under which staffs of retailers selling Vinamilk's products are equipped with tablet computers connected with 3G services to do their jobs. As such, the whole sales process of Vinamilk is supervised via the Internet and the firm's managers are kept abreast of changes, including inventory volumes and debts as well as activities of staffs to map out production strategies more effectively.

According to Lien, Vinamilk's strategy is to build on its own more stores selling its products, with some 500 outlets of the same model to be opened in the next five years, much higher than the current 60 stores.

Similarly, Masan Group has poured a lot of money into expanding its retail system, with its subsidiary Masan Consumer having products sold at more than 176,000 outlets across the country now, including modern channels, convenient stores and groceries.

Masan has established monopolistic distribution relationships with 200 distributors and more than 2,000 sales staffs nationwide.

The group is operating five distribution centers at strategic locations in HCMC, Binh Duong, Danang, Hung Yen and Hai Duong provinces to deliver goods to distributors within 24 hours upon the receipt of orders.

Masan has recently increased its product categories by acquiring nearly 65% stake in Vinh Hao Mineral Water Company operating around 40 sales agents and roughly 25,000 retail stores. The entity plans to merge with Vinh Hao for stronger development by combining its present distribution system and retail stores of the latter in the country.

Other firms like Vissan and Lien Thanh have also heavily invested in distribution systems and outlets to introduce their own commodities.

Nguyen Anh Nguyen, former deputy general director of Unilever Vietnam, noticed that local enterprises have tended to consider distributors and retailers as an important asset in their balance sheets.

For instance, Vinamit will make ties-up with Chinese large distributors as its strategic shareholders in the near future.

Many local entities will even turn their own sales staffs and outlets into shareholders soon, Nguyen noted.

Proper investment into distribution systems will considerably help businesses manage inventories and debts, reduce expenses and monitor market moves, Nguyen insisted.

Source: Saigon Times Daily

Vietnamese Small Businesses Cannot Grow Up

Vietnam lacks the medium size businesses which can act as the bridge connecting enterprises and join the global supply chain.

The recently released report of the Central Institute for Economic Management (CIEM) showed that in 2009-2011, only 31 small and tiny enterprises grew up into medium scaled enterprises, while 133 small and medium enterprises turned into small and tiny ones.

The conclusion has been made after the institute conducted a survey on 1999 small businesses.

The Vietnam Chamber of Commerce and Industry (VCCI) has released the 2012 annual business report which shows that over the last 10 years, a lot of new businesses were set up, but then died prematurely. About 700,000 businesses have been set up, but only 300,000 had been found operational by early 2013.

Economists, while noting the increasingly high number of tiny businesses in recent years, have warned that Vietnam lacks the medium sized enterprises which play a very important role in the development of all economies.

Regarding the number of workers at enterprises, the average figure decreased from 74 workers in 2002 to 34 in 2011, fitting small scaled businesses. Especially, the non-state owned enterprises have seen their workforce narrowing from 31 workers in 2002 to 22 in 2011.

The report of VCCI pointed out that in 2002, there were 4,600 tiny enterprises, and 2/3 of them still had been operating at the same scale by 2011. Of the remaining 1/3, only 30 percent could develop into small enterprises, and only 2 percent could turn into "medium" and "big."

The analysts have noted the downward tendency in the number of medium enterprises. Approximately 39 percent of small businesses turned small in 2011, while 5.12 percent turned into tiny.

In 2010-2011, up to 40 percent of small enterprises reportedly cut down the labor force. 99 percent of tiny businesses are non-state owned.

The number of unprofitable businesses has increased significantly. The percentage of unprofitable businesses was high at 30.2 percent in 2006, then decreased slightly in the next years, but later soared to 42 percent in 2011. Especially, the figures for non-state owned enterprises jumped from less than 30 percent in 2002-2010 to 42 percent in 2011.

The surveyors, while noting that the capital growth rate has always been higher than the growth rate of the labor force, said that businesses have been developing on the basis of the capital increase, not on the labor force increase. Meanwhile, Vietnam believes that it has the great advantage in the labor force.

Vietnamese businesses abandoned by the State?

A lot of small and medium enterprises said they don't intend to scale up the business, because they cannot expect any support from the State.

The owner of an electric cable company in Hanoi said he once intended to expand the production after hearing that the workshop premises rent decreased sharply. This prompted him to plan to rent 50,000 square meters of land. However, the plan was canceled because it sounded unfeasible.

The businessman estimated that he would need to borrow VND2 billion from banks to implement the plan. However, he could not afford the sky high interest rate of 14 percent per annum.

Especially, some businessmen said they don't want to become the "big fish," and that small ones can get adapted to the new circumstances more easily than the big ones with cumbersome apparatuses.

Source : Vietnamnet

Investment

January-April FDI falls sharply in city

While the nation's foreign direct investment (FDI) has markedly picked up this year, HCM City, which was among the top localities with high FDI attraction in previous years, has seen a sharp decline in FDI inflow.

A recent report of the city's Department of Planning and Investment shows that both fresh and additional investment capital in the city only reached $348 million in January-April, shrinking more than 37 percent year-on-year.

With such low FDI inflow, according to the Foreign Investment Agency under the Ministry of Planning and Investment, HCM City was no longer in the top five localities for FDI attraction in the first four months and has fallen behind Thanh Hoa, Thai Nguyen, Binh Dinh, Binh Duong and Dong Nai provinces. It is noted that the gap of investment attraction between HCM City and the leading FDI localities is huge, with Thanh Hoa posting up to $2.8 billion in investment and Thai Nguyen more than $2 billion in the past four months.

As per the report, among total pledges of $348 million, 105 new projects totalling $140 million were licensed, up over 32 percent year-on-year.

As such, the remainder of more than $207 million as additional capital of FDI companies in operation citywide is higher than fresh amounts but still falls by over 53 percent over the same period in 2012. The city recently granted an amended investment license for Japan's Nidec Tosok Company to raise its capital by roughly $96 million, taking its investment capital in Tan Thuan Export Processing Zone (EPZ) to a combined $205.6 million. However, no considerable improvements in the city's FDI inflow have been made in the past four months.

The report indicates that the four-month FDI attraction into the city mainly focused on investment projects outside EPZs and industrial parks (IPs) worth over $183 million. Investment projects in EPZs and IPs contributed $123 million and those in the city's south over $40 million.

Source: Intellasia | Thesaigonntimes.vn

FDI sector gains US$3.34 billion trade surplus

The foreign direct investment (FDI) businesses have gained a trade surplus of US$3.34 billion in the January-April period, according to the Foreign Investment Agency (FIA).

FDI sector's exports (including crude oil) are expected to touch around US$25.53 billion, year-on-year increase of 23.2% over the same period last year and accounting for 64.69% of Viet Nam's total export revenue.

Its imports reached US$21.76 billion, up 25.2% and equalling 54.16% of the country's import expenses.

The nation recorded a trade deficit of US$722 million for the first four months./.

Source: VGP

Stock Market

QI/2013: Securities Companies Make VND520 Billion Net Profit, 28% Comes To SSI

Vietnam's securities companies made a net profit of VND520 billion in Q1/2013, higher the previous year result, local financial website cafef.vn reported.

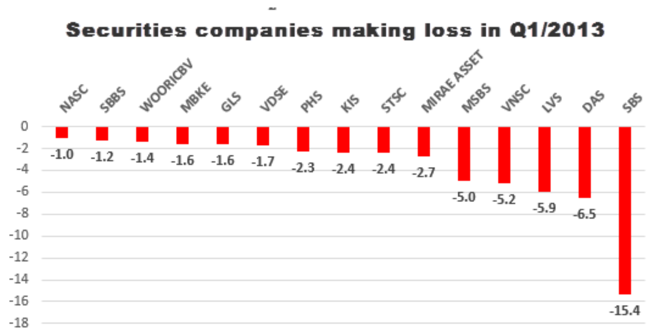
All 93 securities companies in Vietnam have reported their Q1/2013 results of which 62 made VND 585 billion profit and the rest made VND65 billion loss.

SSI led after booking VND148 billion profit and being the only securities company with net profit of over VND100 billion, accounting for 28% of total net profit in the industry.

The next 3 runners were ACB Securities Company with VND70 billion profit, Ho Chi Minh City Securities Corporation (HCM) with VND63 billion profit and Kim Long Securities JSC (KLS) with VND51 billion profit.

In the top ten were the names of Bao Viet Securities Company (BVSC)-VND34.6 billion; VNDIRECT Securities Corporation (VND) with VND27.3 billion, FPT Securities Joint Stock Company with VND23 billion, Thien Viet, TechcombankSC with VND16 billion, CTS with VND12.66 billion and AGR with VND11 billion.

Loss making companies



Source: StoxPlus.

Securities Firms Seek Plans To Dissolve

Securities companies are shutting down or threatened by dissolution as the economic recovery takes time to have an effect.

Cho Lon Securities Company recently announced that it would close after seven years. All their debts and contracts will be dealt with by the end of October. Au Viet Securities Company will also dissolve the company and try to complete all payment in 2013.

Meanwhile, many other companies have chosen to leave the market without major public announcements, such as the Lien Viet Securities Company that withdrew its membership from the country's two stock exchanges.

The State Securities Commission of Vietnam (SSC) is also contemplating to revoke licences of Truong Son, Hanoi and Delta securities companies.

Those three companies technically have not worked in the past year because of poor financial security. Trang An Securities was also suspended because of its financial plight in April.

Dozens of other brokerage firms are suffering from debts, violations, and special controls from the SSCbecause they could not maintain healthy indexes.

Last year, the securities market received a heavy blow from the recession and some companies even incurred losses for six consecutive years, laying off staff, closing offices and withdrawing from the stock market.

Because of the small size of Vietnam"s securities market, 60-70% of the market share belong to the 10 largest players while the remainder shared by 95 firms.

Even if the small brokerage firms can invest themselves to earn some income, they face huge challenge now from the tough times.

Several experts said firms would not publicly announce their dissolution which they deemed as a difficult task because of required procedures.

Vietnam should push on with stock market reform and start with creating favourable conditions for poorly-performed securities firms to dissolve.

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