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Highlight

Vietnam ranks 7th worldwide for economic growth potential

Vietnam is number 7 in the world in the terms of economic growth potential and 4th within emerging Asia-Pacific economies, according to recent study by the auditing and business consultancy firm Grant Thornton.

The Global Dynamism Index shows that overall Vietnam is ranked 27th out of the 60 countries surveyed with a score of 54%, Grant Thornton said in a statement released on September 27th.

Australia is leading in the survey with a score of 66.5%. Other countries in the Asia Pacific region with high dynamism index are China (62.7%), Malaysia (59.5%), South Korea (59.5%), Thailand (56.4%), Philippines (55.7%) and Indonesia (51.2%).

"The ratings go well beyond basic GDP data", said Grant Thornton CEO Ed Nusbaum.

"Five areas were identified as holding the key drivers to an economy's dynamism: business operating environment, science and technology, labor and human capital, economics and growths and the financing environment. Within these groups, there were 22 key data points that were analyzed", he added.

Source: Thanh Nien News

VJES strengthens bilateral ties for new era

The Vietnam Chamber of Commerce and Industry (VCCI), the Japan External Trade Organization (JETRO) and the Nikkei Business Publications (Nikkei BP) with the support of the Vietnam – Japan Friendship Parliamentarians Caucus, the Embassy of Japan in Vietnam, and the Japan International Cooperation Agency (JICA) organized the Vietnam – Japan Economic Summit 2013 (VJES) in Hanoi with the attendance of nearly 400 delegates and speakers.

Dr. Vu Tien Loc, VCCI President, said that this forum laid emphasis on "proposing future economic cooperation expansion orientations while creating the foundation for connecting businesses and updating investment and business opportunities and cultural exchanges between Vietnam and Japan. The forum also provided opportunities for businesses of both nations to directly talk with government officials and branch leaders".

VJES's main contents were three theme-based sessions, namely Vietnam – Japan cooperation in infrastructure development. Vietnam's industrialization and supporting industry strategy; and human resources development – key to manufacturing industry development.

Besides, the summit delegation, comprising Mr. Arata Takebe, a representative of Vietnam – Japan Friendship Parliamentarians Caucus; Mr. Yasuaki Tanizaki, Japanese Ambassador to Vietnam; Dr. Vu Tien Loc, VCCI President and Dr. Daisuke Hiratsuka, JETRO Vice President, paid a courtesy visit to State President Truong Tan Sang.

During the event, participants also visited exhibition booths by companies from both countries. Also, VJES organized a field trip to industrial park in Vinh Phuc province and Bac Ninh Mapletree Logistics Complex.

Forty years after diplomatic relations were established, Japan has become an important economic partner of Vietnam. Currently, Japan is the largest foreign investor in Vietnam. In 2011, 234 new projects invested by Japanese companies were licensed in Vietnam and 317 projects were licensed in 2012. In 2011, Japan-invested FDI projects accounted for 25% of the total FDI projects in Vietnam. In 2012, the figure doubled to 50%. Japan is also the largest ODA donor for Vietnam. More than 70% of Japanese ODA is used for infrastructure development projects such as infrastructure, transportation or power plants. Japanese investment in Vietnam also generates employment. For example, more than 100 Japanese manufacturing companies at the Hanoi-based Thang Long Industrial Park employed more than 60,000 Vietnamese workers.

Source: VCCI

Economy

GDP inching up strenuously

In early 2011, the 11th Communist Party Congress decided that Vietnam needs to obtain the average GDP growth rate of 7.0-7.5% in 05 years 2011-2015. However, even the modest 5.4% growth rate in 2013 is thought to be unattainable.

The GDP growth rate, together with four other norms, is not likely to reach the target, according to the latest report by MPI about the implementation of socio-economic plan 2011-2015.

The other norms include the ratio of investments on GDP, the budget deficit on GDP, productivity increase compared to 2010 and GDP's contribution to the state budget.

06 months after the 7.0-7.5% GDP growth rate target was set by the Communist Party Congress, economists voiced their concern that the goals would be unreachable.

They said the 6.0% target would be more reasonable, while less optimistic economists thought it could be 5.0% only, if the resources cannot be allocated in a more effective way.

In October 2011, government put into discussion 2 scenarios for GDP growth.

The first one said Vietnam would get the 7% growth rate in five years, while the second one said 6.5%. As such, both the plans submitted by the government showed the lower figures than the figures approved by the congress.

The Minister of Planning and Investment Bui Quang Vinh then said that at first, the Prime Minister was determined to obtain the targets set by the congress. However, after hearing domestic and international experts, he looked at the situation realistically and decided to adjust the growth targets.

The National Assembly at the end of 2011 ratified socio-economic development plan in 2011-2015 with GDP growth rate 6.5-7.0%.

However, even the 6.5% rate remains unattainable in the last three years. According to MPI, the average GDP growth rate in 2011-2013 is 5.63%, if calculating GDP with the 2010's prices.

The GDP growth rate is hoped to be a little higher in 2014, at 5.8%. If this comes true, the five-year GDP target would be out of reach.

Nevertheless, MPI believes that the GDP growth rate Vietnam has obtained over the last several years is "acceptable" if considering the external and internal difficult conditions.

The ministry has predicted that the average GDP growth rate for 2011-2015 would be 5.8%, or equal to the rate projected for 2014.

However, even the modest 5.4% rate target in 2013, in the eyes of many economists, may not become realistic.

Head of the Vietnam Economics Institute Tran Dinh Thien said at the autumn economic forum which ended last week, "I said to the Prime Minister I can't understand if this year's growth rate is higher than last year's, once all factors supporting the growth are weaker."

According to Thien, the credit growth rate of the first eight months of the year was modest at 6.45%, the financial source from the state budget and the agriculture sector both are also weak.

More and more businesses have to shut down as they cannot survive the current difficulties. Meanwhile, the national finance supervision council always emphasis that the demand, the factor that stimulates the growth, is very weak.

Source: Vietnamnet

Mobile phones press towards top of export list for the first time

Mobile phones and spare parts are likely to top the list of Vietnamese export items for the first time this year, with their annual export earnings expected to hit US$ 20 billion.

Viet Nam raked in $13.07 billion from exporting these products in the first nine months of this year and the $20 billion target is within reach.

The export value of mobile phones and spare parts increased 21.45 times from 2009 to 2012, or 177.8% each year.

In 2009, it ranked 9th among top 10 export items behind garment, footwear, crude oil, seafood, electronic, computer and spare parts, wood products, rice and rubber.

01 year later, it climbed to 4th place. It placed 2nd behind garments in 2011-2012, jumped to top in the first 09 months of 2013. Notably, foreign-invested business accounted for 99.2% of exports.

The high export growth was attributed to new phone handset manufacturing projects in northern Bac Ninh Province, which made Bac Ninh the country's second-largest hard currency earner this year after HCMC, earning $15.5 and $20 billion respectively.

The European Union was the largest importer of Vietnamese mobile phones and spare parts, consuming $5.4 billion in the past nine months, a year-on-year increase of 71%.

Source: VIR

Banking & Finance

Cross ownership, big headache in banks

Cross ownerships among banks are still beyond control and complicate the process of tacking bad debts, said Ministry of Planning and Investment (MPI) in a report sent to the Government's monthly meeting 03 days ago.

In its report, MPI said cross ownerships in the banking industry were rather sophisticated and too difficult to be made transparent, hindering the economic restructuring process.

The report mentions many forms of cross ownership, including among banks, and between banks and enterprises, with a group of major shareholders holding big stakes in both banks and enterprises, "creating a labyrinth of cross ownership ties that are complicated and uncontrollable."

The ministry therefore observed that the process of tackling bad debts has merely begun, and the amount of non-performing loans can still grow further.

The warning by MPI is in sync with reports delivered by the National Assembly's Economic Commission at the Autumn Economic Forum in Hue City last week, which described such cross ownerships as a matrix and at an alarming level.

Such relationships have been formed among State-owned commercial banks, joint-stock banks, foreign banks, finance funds, State-owned enterprises and private businesses.

The ownership by State-owned banks at joint stock banks alone poses a big problem. For example, Vietcombank as of end-2011 held an 11% stake in Military Bank, 8.2% in Eximbank, 4.7% in Orient Bank, and 5.3% in Saigon Bank. The NA report said by then there were 08 joint-stock banks having ownership relationship with 04 State-owned banks.

Cross ownerships among joint-stock banks are also rampant, with at least six banks having other banks as stakeholders. Eximbank, for example, has a stake of 10.6% in Sacombank and 8.5% in Viet A Bank.

State conglomerates and private corporations also hold stakes in banks. By the end of 2011, there were some 40 corporations holding a stake of at least 5.0% in joint-stock banks. Furthermore, most State conglomerates have established finance companies of their own.

The relationship between banks and private companies is also difficult to monitor. There are banks owned by family-run companies or by members of same families, who are also top executives at private companies.

Banks themselves also have their own affiliates in areas of securities, real estate, financial investment and insurance. Data collected from 04 State-owned banks and 08 joint-stock banks shows that 11 out of these 12 lenders have established securities offshoots, 08 out of the 12 have set up financial investment firms or fund management firms, 09 with subsidiaries in real estates, and 05 with stakes in insurance companies.

Source: The Saigon Times

Banks in a rush to clear bad loans

Around 10 credit institutions are queuing up to sell their non-performing loans to Vietnam Asset Management Company (VAMC), in an attempt to shore up their balance sheets.

VAMC's Vice Chairman, Nguyen Quoc Hung, told that banks below the required 3% level were also keen to rid themselves of bad loans.

A full applicant list is yet to be released, meanwhile VAMC will prioritise buying back loans from banks running a bad debt ratio of above 3%.

Nguyen Van Le, SHB Director, which plans to sell about VND 1.0 trillion (US$ 47.3 million) of bad debt to the VAMC, told Tuoi Tre that selling the loans would help lower bank's bad debt ratio, consolidate balance sheets and allow special bonds to trade on the OMO.

OCB's Chairman, Trinh Van Tuan, told Tuoi Tre that VAMC's buying programme was the best way to resolve non-real estate secured loans, which accounted for a big share in the bank's bad debt structure.

The sale would help the bank to put capital in circulation for business operations, Tuan said.

Last week, VAMC purchased VND 170 billion ($8.04 million) of bad debts from PGBank, with the deal helping lower the bank's bad debt ratio from 8%, to around 3% by the year's end.

The long list of applications to sell loans fast accumulated after VAMC's purchase of 11 bad debts for VND 1.7 trillion ($80.6 million) from Agribank using its bonds-scheme early last week. The deal wiped 7.56% of the bank's bad debt, leaving Agribank's bad debts worth around VND 33.52 trillion ($1.58 billion).

The central bank is currently deciding how much the Hanoi-based bank will get, but early predictions show the bank will not receive more than 70% of the bond's value.

VAMC has also been verifying procedures necessary to buy debts from commercial banks. As planned, the company will issue bonds as much as VND 30 trillion ($1.4 billion) to buy debt from now till the end of this year.

The State company, which is monitored by the State Bank of Viet Nam, is hoping the actions will encourage foreign investors to buy the assets, estimated to have substantial market value.

Source: VNS

Enterprise

Vietnamese enterprises prepared to expand in Asia

Many Vietnamese SMEs are now ready to expand business in Asian, according to Mr. Tat, CEO of Singapore United Overseas Bank .

Tat was quoted by Singapore's daily The Business Times as saying that companies operating in the fields of manufacturing, trading and oil and gas are leading in expanding the presence of Vietnamese firms in Asian markets.

He said that UOB has set up a foreign direct investment (FDI) advisory department to provide support to Vietnamese businesses seeking to expand operations in Asia.

UOB's statistics showed that trade flow between Viet Nam and other Asian markets through UOB jumped 20% from the second half of 2012 to the first half of this year.

The two-way trade between Viet Nam and Asian countries also soared by 46.7% from 2010 to 2012, reaching US$ 150.4 billion.

According to Edlyn Khoo, Director of Singapore's International Enterprise Development Centre in HCMC, the foundation of the UOB FDI advisory department would help to promote trades and businesses between the two sides.

The UOB has opened seven FDI advisory departments in Asian countries and territories, including Singapore, Malaysia, Thailand, China, Indonesia, Hong Kong and Viet Nam.

Two other FDI advisory departments were going to be set up in Myanmar at the end of this year and in India in the first half of next year.

Source: Asia News Network

Vietnamese software firms consider Japan as the major market

JP software market is really attractive in the eyes of VN software outsourcing firms, but VN firms always have to struggle to penetrate the lucrative market. According to Vinasa (VN Software and IT Service Association), up to 80% of VN firms consider JP as the core market when doing the outsourcing for foreign partners. Of these, only 5% of business has been exploiting JP market, 20% consider JP as main market, and 55% consider JP as one of their main markets.

The survey conducted by Vinasa shows that though all businesses consider JP as a choosy market, 50% of them still affirm they can find business opportunities on market, while 25% say they can satisfy market's demands.

A representative of the VN Technology Solution Co. (Techno) said they choose JP as the top priority partner. Therefore, besides providing software outsourcing services for JP partners in VN, Techno is also striving to export the labor force, i.e sending engineers to JP.

Meanwhile, the representative of HKDA said though the company only began approaching the Japanese market in mid-2009, turnover from software outsourcing service for the Japanese market now accounts for more than 30% of total turnover.

Nevertheless, Vietnamese software firms have admitted that they still cannot fully exploit the opportunities of the Japanese big market.

According to Tran Tuan Nam, Deputy Director of NCS JSC, in the period of 2005-2009, the software outsourcing growth rate for the Japanese market reached 70-80%, much higher than average growth rate of software industry at 30-40%. However, the growth rate has been slowed down significantly in 2010-2011, when Japanese economy bore big impacts of global economic crisis.

Though obtaining very high growth rates, turnover Vietnamese software firms have got from the Japanese market is much lower than that earned by the businesses from China and India – the biggest rivals for Vietnamese firms in the Japanese market.

Sources show that Vietnamese software firms just hold 1-2% of the Japanese software outsourcing market, much lower than the market shares held by Chinese or Indian firms.

Nam believes main reasons behind the modest achievements of VN software firms on JP market are the limited Japanese language skills of Vietnamese software engineers and the limited project management ability.

Iku Amino, General Director of the Japan Agency for Promotion of information technology, noted that the biggest problem of Vietnamese software firms is that they lack the engineers who have the qualification meeting the international standards. Especially, staff has limited Japanese language skills and cannot get adapted well to the arising problems during their works.

Besides, he said that Vietnamese software firms now cannot keep the advantage edge in terms of prices in comparison with the rivals.

Experts have warned about low quality of IT education. By the end of 2010, Vietnam had 250,000 IT officers, including 128,000 officers in the hardware, 72,000 in the software and 51,000 in the field of digital content. Vietnam has 227 schools that train IT officers and 60,000 students are enrolled every year.

However, a survey conducted by Vinasa has pointed out that the successful recruitment proportion is very low, just 5-10%, while most of businesses say they have to spend 1-3 months to retrain newly recruited officers.

Source: VietNam News Today

Investment

Vietnam attracts US$ 15 billion of FDI in 09 months

In the first half of this year, Vietnam attracted nearly US$ 10.5 billion in terms of foreign direct investment (FDI) to 554 new projects and 217 old ones, up 15.9% from a year earlier.

In the same period, around US$ 5.7 billion was disbursed, up 5.6% compared to last year's figure and more than US$9.3 billion poured into the processing and manufacturing industries, accounting for 88.9% of total FDI.

Topped the list of 45 countries and territories investing in Vietnam was Japan with nearly US$ 4 billion accounting for 38.1% of the funding, followed by Singapore with US$ 3.41 billion, making up 32.6% and Russia with US$ 1.0 billion, equal to 9.7%.

Among FDI projects operating in 46 provinces and cities nationwide are the Nghi Son Oil Refinery in Thanh Hoa province with an additional capitalisation of US$ 2.8 billion from Japan, Samsung Electronics Vietnam in Thai Nguyen province with US$ 2.0 billion from Singapore and the Bus Industrial Centre in Binh Dinh province with US$ 1.0 billion from Russia.

Export earnings from the FDI sector, including crude oil, in the first six months rose 24% to US$41.1 billion from a year earlier, accounting for 66% of Vietnam's total export turnover.

Source: VIR

Refinery investment to double

Vung Ro Petroleum Ltd has received a modified investment licence from the People's Committee of central Phu Yen Province for the development of the planned Vung Ro oil refinery project.

The committee allowed project investment capital to be increased from US$ 1.7 billion to US$ 3.18 billion, which will double the plant's annual output to 8.0 million tonnes, following Government approval.

The refinery would be built in Hoa Tam Industrial Zone in Nam Phu Yen Economic Zone using a land area of about 680 ha and water surface of 500-1,300 ha, instead of on more than 185 ha in Hoa Tam and Hoa Xuan Nam communes.

The investing company petitioned for the adjustments based on market demand, since the project was first licensed in 2007.

Addressing the licensing ceremony on Sunday, Deputy PM Hoang Trung Hai said the new move marked an advance for the large-scale project, which would play an important role in the nation's energy industry development and the socio-economic progress of the south-central region.

He urged relevant parties to promptly implement the next steps of the project.

On Sunday, Vung Ro Petroleum signed an overall design contract with Japan's JGC Group, and entrusted this company as an EPC (engineering, procurement and construction) contractor.

The province was concentrating on clearing ground and building traffic, water and electricity infrastructure for the project, according to the local Department of Planning and Investment.

Construction of the refinery could possibly begin in November, an unnamed People's Committee official told VnEconomy.

As planned, the plant would be completed within 04 years and would annually produce 90,000 tonnes of liquefied petroleum gas, 487,000 tonnes of RON 92 gasoline, 1.6 million tonnes of ROM 95 gasoline, 325,000 tonnes of jet fuel, 2.3 million tonnes of diesel and 1.4 million tonnes of fuel oil.

Vung Ro Petroleum is a joint venture between British Virgin Islands' Technostar Management Ltd and Russia's Telloil Group.

Source: VNS

The biggest so far M&A deals in Vietnam

The Bank of Tokyo’s nt in Vietinbank was the biggest merger and acquisition (M&A) deal in 2012. Foreign groups now keep pouring money into the insurance and building material enterprises.

A report of StoxPlus, a finance service firm, showed that big foreign groups now eye the Vietnamese insurance and building materials, having invested $388 million and $587 million, respectively, in the two fields so far.

The banking sector witnessed only one M&A deal in 2012, but it was a big one, worth $743 million. Meanwhile, the food and drink sector saw the sharp falls in both the number of successful affairs and the value.

Bank of Tokyo bought Vietinbank

In December 2012, the Japanese Bank of Tokyo-Mitsubishi and Vietnamese Vietinbank signed a contract under which Vietinbank would sell nearly 20% of its stakes, or 644 million shares to be issued, to the Japanese investor at $743 million.

After the share issuance, Vietinbank's chartered capital will be VND 32,661 billion.

French investors bought Oil Field Block 15-2

In February 2012, Conoco Philips Vietnam, the third biggest oil and gas group in the US signed a contract on selling its assets in Vietnam, which included three subsidiaries, to Perenco France, worth $1.3 billion.

This is one of the three affairs from which Conoco got US$ 615 million. The block is situated in the Rang Dong oil exploitation area of the Cuu Long basin.

Perenco spent $397 million to buy Oil Field Block 15-1

In the second deal, Coronco Vietnam got $397 million.

Sumitomo bought 15% of Bao Viet Group

The fourth biggest Japanese group Sumitomo Life Insurance spent $340 million to obtain 18% of stakes at Bao Viet Group, the biggest insurer now in Vietnam. The shares were sold by HSBC at VND 57,950 per share.

Perenco bought Nam Con Son

The third affair between Conoco and Perenco was valued at $287.3 million, which was also wrapped up in February 2012. After the transfer deal, Perenco now holds 16.3% of stakes at the Nam Con Son gas pipe project.

The pile line, which lasts 393 kilometers, carries gas from Nam Con Son to Vung Tau City. Prior to that, the operators of the pipe line included PetroVietnam which held 51% of stakes, BP with 32.7% and Conoco 16.3%.

Thai investor bought Prime Group

In late February 2012, Thai cement group Siam signed a contract on buying 85% of stakes of Prime Group, the biggest tile manufacturer in Vietnam, valued at $240 million, or VND 5.0 trillion.

The group now runs 06 factories which have the capacity of 75 million square meters a year, accounting for 20% of the domestic market share.

Thang Long cement changes hands

The Indonesian investor spent $230 million to obtain 70% of stakes of the Thang Long Cement Company in Quang Ninh province. The factory has the total investment capital of VND 6.0 trillion which churns out 2.3 million tons of products every year.

Semen Gresik is the biggest cement manufacturer in Indonesia. It is one of the ten companies with the biggest capitalization value of over US$ 9.0 billion in the Indonesian stock market.

This is the first M&A deal conducted by the group outside of the Indonesian territory.

British group bought Soco Vietnam

In March 2012, Soco International PLC from the UK spent $95 million to buy 20% of stakes of Soco Vietnam from Lizeroux Oil & Gas Ltd.

Soco Vietnam holds 28.5% of stakes at the Te Giac Trang oil field of block 16-1 and 25% of stakes at Ca Ngu Vang of Block 9-2.

Source: VNE

Stock Market

Stocks increase on both bourses

Both benchmark indices finished yesterday's session higher after a day which will have brought smiles to investors nationwide.

On the HCM City Stock Exchange, the VN-Index gained 0.6 per cent to close at 500.47 points with the number of advancers almost doubling the number of decliners.

This was the first time the VN-Index exceeded 500 points during the last six weeks and occurred thanks to strong cash flow.

The VN30, tracking the southern city's 30 largest stocks, also added 0.99% to reach 557.54 points.

While only 05 codes saw slight decreases, 15 others rebounded to help indices add value.

Shares of Hoa Phat Group (HPG) climbed 3% to finish at VND 36,300 per share, PV Drilling (PVD) rose 2.3% to VND 67,500 and Vietinbank (CTG) finished at VND 17,600, up 4.1%.

The total trading volume remained at a positive level, reaching VND 1.066 trillion (US$ 50.78 million) on a volume of 72.09 million shares.

On the Ha Noi Stock Exchange, the HNX-Index ended at 61.39 points, a 0.74% rise compared to last Friday. Gainers overwhelmed losers by 122-62.

More than 27 million shares worth VND 248.23 billion ($11.82 million) were exchanged.

The HNX30, composed of the bourse's top shares in terms of capitalisation and liquidity, gained 1.29% to hit 114.71 points.

According to FPT Securities (FPTS), the VN-Index would continue to exceed the 500-point level throughout trading during the week while the HNX-Index fluctuates around 61 to 61.5 points.

In the short term, several enterprises' business outcome reports for the third quarter were expected to support the upward trend of the market. There was high possibility that the optimism would remain during this month, FPT Securities said.

SHS Securities also forecast a positive trend for the VN-Index in the last quarter of the year.

Regarding the proposed increase in the ownership rate of foreign investors, SHS said that if passed, this would be a positive factor on the domestic investors' sentiment in the short-term with expectation that market liquidity would improve.

In the long term, this would help the stock market attract new sources pumping foreign capital into sectors such as oil and gas, healthcare and consumer goods, which have traditionally interested foreign investors.

Source: VietStock

Foreign ownership ratio may rise to 60%

The State Securities Commission (SSC) has submitted to the government the plan on raising the ceiling foreign ownership ratio, which aims to encouragetransactions on stock market.

The information has been confirmed by Vu Bang, Chair of SSC. Prior to that, the Ministry of Finance, Stock Exchanges and relevant bodies all expressed their agreements with the plan.

What will happen on the stock market, if the suggestion gets approval?

The watchdog agency hopes that a higher ceiling foreign ownership ratio in listed companies would help improve the liquidity in the market. This would also help attract more foreign investment, a more important goal.

If the government gives the nod on the proposal, the currently applied ceiling foreign ownership ratio of 49% would be raised to 60% which would bring big changes to listed companies.

Analysts warned that the higher foreign ownership ratio would mean higher risks for the Vietnamese listed companies of being taken over by foreign companies. The risks prove to be higher for the enterprises in which foreign shareholders hold tens of percent of shares.

In Bibica, for example, the foreign strategic partner holds 38% of stakes, and it would easily increase its control over the business operation once the allowed ownership ratio is raised.

As for listed companies, in which foreign ownership ratio has hit the ceiling, partners can also easily acquire control by buying shares from finance investors.

Big changes are expected to take place in the enterprises where foreign partners hold the control.

However, as Nguyen Thanh Chung, General Director of AAS, a securities company pointed out, it would be not as easy as "swallow candies" to take over domestic enterprises.

Chung said the 51% ownership ratio is not the decisive factor. The ratio just allows the stake buyers to have additional members of the board of directors and make decisive voice in the enterprises' business decisions.

Meanwhile, they need the ownership ratio of 65% or 75% in accordance with the Securities Law and the enterprises' regulations to make the decisions vital to the enterprises, including the decisions on the chartered capital and stockholder equity increase or decrease, dissolution or merger.

Chung believes that only the foreign big conglomerates want to take over Vietnamese enterprises. However, their targeted enterprises need to be very good at business and have big business scale enough. Meanwhile, there are not many such enterprises.

"Offering more room to foreign investors in Vietnamese enterprises is just the solution that bring to foreign investors more opportunities to buy more stakes," Chung commented.

Meanwhile, Hoang Thach Lan, who once worked at the HCM City Stock Exchange, does not think the SSC's proposal, if approved, would help much.

He said in fact, some foreign enterprises and individual investors have been holding more stakes than they are allowed to hold (49%), though the stakes, on papers, under others' names.

The solution would help improve the liquidity in the enterprises with big business operation scales. However, the foreign ownership ratios in such enterprises, including Vinamilk, Kinh Do, have hit the ceiling already

Source: Vietnamnet

Legal Updates

Public digital signatures to be used in e-customs procedures

With a view to creating more favorable conditions for enterprises engaged in import and export activities, the Ministry of Finance on September 18 issued Decision No. 2341/QD-BTC, introducing the roadmap of use of public digital signatures in e-customs procedures.

Accordingly, from November 1, customs declarers will use their digital signatures registered with customs offices when carrying out e-customs procedures as prescribed in Article 4 of Government Decree No. 87/2012/ND-CP of October 23, 2012, and Article 5 of the Ministry of Finance's Circular No. 196/2012/TT-BTC of November 15, 2012.

The General Department of Customs will guide customs declarers in using public digital signatures in e-customs procedures.

Source: VietnamLaw

Chemical industry development plan approved

In order to develop Vietnam's chemical industry in a sustainable and healthy manner, the Prime Minister on September 18 issued Decision No.

1621/QD-TTg to approve the plan on development of Vietnam's chemical industry through 2020, with a vision to 2030.

The plan aims to build the chemical industry with a relatively complete structure, including the manufacture of production tools and consumer products to serve other industries, better meet the domestic demand and boost export.

Under the plan, the chemical industry will be invested with advanced technologies so as to turn out high-quality products competitive in price and capable of protecting the ecological environment.

It will also contribute to rationally distributing production forces by sector and territorial region, creating a balanced and reasonable development within the chemical industry and establishing and bringing into play industrial parks and complexes and large-sized chemical production establishments.

Regarding growth targets, the growth rate of chemical industry production will reach an average 14-16 percent and the chemical industry will account for up to 14 percent of the whole industrial sector by 2020, and 15 percent by 2030.-

Stemming from the specific needs of the economy and the requirement on assuring national food security, security and defense, the chemical industry will be divided into 10 groups, including fertilizers, plant protection drugs, pharmachemical products, base chemicals, industrial gases, rubber products, cleansing products, paints and printing inks.

The total investment capital for the Vietnam's chemical industry through 2020 will be USD 15,118 million.

Source: VietnamLaw