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Highlight

Vietnam's seafood surge nets exporters US\$5.37b in first 10 months

In Oct, Vietnam exported US\$689 million worth of seafood products, bringing its total seafood export turnover over the first 10 months to around \$5.37 billion, up 6% year-on-year, according to Ministry of Agriculture and Rural Development.

During the reviewed period, the US remained the largest importer of Vietnamese seafood, accounting for 21.7% of the country's total export value.

Meanwhile, exports to other big markets such as China, Canada and Thailand have also seen encouraging growth at 55.3%, 21.6% and 10.6%, respectively.

However, the period saw decreases in some export markets such as Australia, South Korea and Italy.

In Jan-Oct period, the domestic fisheries sector produce over 2.37 million tonnes, marking a modest rise of 3.5%.

The industry will produce 7.0 million tonnes of seafood by 2020, according to a master plan ratified by PM in August.

Under the plan, the country's seafood exports are projected to rake in \$11 billion by 2020 with an average annual growth rate between 7.0 - 8.0%.

Aquaculture is expected to make up 65% of the output.

The plan lays out ambitions to industrialise the sector by 2020, with a view to modernise the industry by 2030, while staying committed to sustainable and competitive development to integrate into the global economy.

The sector's total output is expected to reach 9 million tonnes between 2020 and 2030, 70% of which will come from aquaculture.

Export turnover is also projected to climb to US\$20b within the same time frame.

Source: Asia News Network

Ten month FDI at US\$19.23 billion

Newly registered and additional foreign direct investment capital touched US\$19.23b in first 10 months, up 65.5% year-on-year, according to the Foreign Investment Agency under the Ministry of Planning and Investment.

By Oct 20, around 1,050 new projects were licensed with registered investment capital of \$13.07 billion, increasing 79% compared to the same period last year. 393 existing projects also asked for an additional investment capital of \$6.15 billion, up 42.5% year-on-year. FDI projects have so far disbursed \$9.58

billion out of \$11 billion which is expected to be disbursed this year.

Among 52 nations and territories, Japan continued to be the biggest investor with \$4.84 billion, accounting for 25.2% of total FDI capital; South Korea took second rank with \$4.01 billion; and Singapore ranked third with \$3.98 billion.

Source: Saigon Times Daily

Japan to pump ¥30b into buying Vietnamese SOE debts

At a time when many Vietnamese state-owned enterprises (SOEs) are struggling to find capital to resolve the bad debt issue, Finance Ministry said some 30 billion yen, or \$300 million, is waiting to be disbursed to buy their liabilities.

Dang Quyet Tien, Deputy Head of the Corporate Finance Agency under the ministry, said SOE restructuring is among the top priorities for 07 assistance packages Japanese government has recently pledged to support VN with.

"Finance Ministry is currently working with Japanese International Cooperation Agency (JICA) over an agreement in which JP businesses will help local SOEs by buying their debts," he said.

Specifically, JICA will help boost the financial muscle of VN agencies in charge of trading bad debts, namely

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Debt and Asset Trading Corporation (DATC) and VN Asset Management Corp (VAMC).

Japanese investors, both public and private, will buy bad debts from Vietnamese SOEs, thus enhancing their restructuring process. "It is estimated that some 30 billion yen will be pumped into this plan," Tien said.

Tien added that Japanese investors are interested in the electronics and shipbuilding industries, as well as the beverage and confectionary sectors.

The VAMC is also buying bad debts from local state-run enterprises by issuing special bonds, and Tien said the difference between VAMC and JICA programs is that the foreign investors, instead of the local government, will cover most of the debts being traded.

"Moreover, while VAMC and DATC only buy debts of businesses with assets, JICA will classify them into groups with different solutions," he said.

Debtors with feasible development plans will be restructured, while those with too much debt will be forced to declare bankruptcy.

"Japan has successfully deployed this mechanism for their own SOE restructuring," Tien asserted.

Source: Tuoitre News

Economy

CPI slip stimulates retail sector

Retail sales and service revenue was estimated to reach VND2,158 trillion (US\$102.8b) in the first 10 months of 2013 - General Statistics Office (GSO).

The figure represents a 12.6% year-on-year rise, although it would be only 5.5% if price hikes were excluded.

The hotel and restaurant sector posted the highest growth rate, contributing VND260.2 trillion (\$12.4 billion) to total turnover and registering a year-on-year increase of 14.9%. The service sector followed with VND220.2 trillion (\$10.5 billion), up 14.8% over last year.

The GSO attributed the stronger purchasing power to higher demand in the wedding season and demand for school supplies as the new school year began in September, as well as warm clothes as winter approached.

Vu Manh Ha, an expert at GSO, said the lower CPI in Oct helped boost demand. This month's CPI was also much lower than the past few months. In Sept and Aug, CPI rose 1.06 & 0.83% respectively.

CPI increased by 5.14% from Dec 2012 and by 5.92% from Oct last year.

According to GSO, the cost of 09 of the 11 goods used to calculate the CPI

increased this month, with food prices surging the most. The price of transport dropped by 0.17%, while prices of postal services and telecommunications inched down 0.03%.

In Oct, CPI in urban areas posted slower growth than in rural areas, at 0.42% compared to 0.54%.

Gold prices, not included in the CPI, lost 2.87% month-on-month and US dollar prices edged down 0.18%.

Source: Vietnam News

IIP fails to hit former heights due to economy

The index of industrial production (IIP) saw a 5.4% year-on-year increase in the Jan-Oct period, according to GSO.

In Oct alone, the index edged up an estimated 5.9% compared to the same period last year.

GSO experts said industrial production did not bounce back strongly due to global economic turmoil. IIP growth was much lower than in previous years (9.2% in 2011 and 5.6% in 2012).

They attributed the low growth to high inventory. The volume of stockpiled goods in processing and manufacturing industry hit 9.7% early this month. Industries with higher inventory include motorcycle production (up 168.8%),

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paper production (up 101.5%), electronic home appliances (up 100.9%), sugar processing (up 98.4%), pharmaceutical chemicals (up 54.8%) and steel production (up 18.4%).

However, some industries saw consumption grow, such as urea (up 27%), powdered milk (up 13.8%), refined sugar (up 12.9%), ready-made cloth (up 11.4%), processed seafood (up 8.6%) and automobile assembly (up 13.4%).

HCM City's IIP climbed 5.9%, higher than the national average. Vinh Phuc and Quang Ngai provinces posted increases of 17% and 21.1%, respectively, and Dong Nai Province and Binh Duong Province both gained 7.6%. Ha Noi's IIP grew only 4.45%.

Source: Vietnam News

Setting a sustainable pangasius supply chain

A project on the sustainable pangasius supply chain in Vietnam is expected to help boost the sector.

With value of 2.4 million EUR (3.1 million USD), a project aimed at establishing a sustainable pangasius supply chain in VN (SUPA), presided over by VN Cleaner Production Centre (VNCPC), with the participation of VN Association of Seafood Exporters & Producers (VASEP),

World Wildlife Fund (WWF) Vietnam and WWF Austria, has begun.

The project is expected to boost the development of the Vietnamese pangasius sector in the direction of cleaner production and contribute to the establishment of a sustainable pangasius supply chain for the sector.

Pangasius is a major export product of Vietnam. For the last many years, however, due to strict quality and product origin requirements of importing countries, the Vietnamese pangasius sector has met numerous difficulties in seeking new markets to boost exports.

The SUPA project has been developed in such a context. Under this project, a supply chain involving all stages of pangasius production will be set up. Involved in the chain will be those who produce feed for pangasius, young fish and chemicals, those who breed pangasius and SMEs which combine pangasius breeding and processing, pangasius processing companies, purchasers, international distributors and VN traders, big retailers and shops. The project will link all sides concerned into a chain consisting of farmers, businesses, importers, retailers and processing plants to create quality and competitive finished products.

According to Ngo Tien Chuong, WWF Vietnam's Aquaculture Coordinator, the project proposes comprehensive solutions to deal with problems facing the pangasius sector. Specifically, the project will focus on improving production capability and promoting responsible production in order to improve the quality of products, minimize environmental impacts and reduce production costs through the effective utilization of natural resources and the application of cleaner production methods (RE-CP) as well as efforts to innovate products and develop the market. Chain links will be tightened to optimize the interests of all sides involved while standards set by the Aquaculture Stewardship Council (ASC) will be applied to meet market requirements.

The project will help SMEs and household-sized producers exchange information and provide them with technical assistance so that they can apply ASC standards to promote sustainable production and enhance the competitiveness of the Vietnamese pangasius sector in the global market.

The project will provide farmers with training on fish breeding techniques and quality management so that they can create the best products. Pangasius

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processing companies will be assisted to apply the most advanced technologies so that they can efficiently use energy and material resources and launch products which meet the highest requirements of import markets.

The implementation of the project began in April 2013 and will finish in March 2017. Its goal is turning Vietnam into a sustainable, environmentally friendly pangasius producer and exporter by 2020, bringing it socioeconomic benefits. At least 70% of businesses in the Vietnamese pangasius sector will produce and process pangasius at a medium or large scale; 30% will produce feed for pangasius and have independent small-sized farms, taking the initiative in joining efficient natural resource utilization and cleaner production processes; at least 50% will be able to supply the market with sustainable, international-standard products.

Total expenditure on the SUPA project is nearly 2.4 million EUR or 64 billion VND, of which 1.9 million EUR (80%) is funded by the EU through the EU Switch-Asia Program and the remainder, 20%, is contributed by organisations which take part in implementing the project.

Source: Vietnam News Agency

Banking & Finance

Banks braced for bad news over 2013 profit projections

Commercial banks are pessimistic about their profit prospects for this year, with many expected to fall far short of their annual targets.

According to Ministry of Planning and Investment, many banks have to date only realised between 20 and 30% of their annual profit targets. As the year's peak business season nears, banks are only expecting the period to help improve their credit growth, not fulfill their profit plans.

A deputy general director of a medium-sized commercial bank in HCMC also said that although his bank's profit target for 2013 was modest at VND450b (US\$21.32m), it was only able to achieve 25% of it in the first 09 months.

He blamed for weak credit growth since most of the bank's enterprise customer didn't want to borrow capital. Meanwhile, the bank could not push up provision of personal loans since that segment was not strong point of small and medium-sized banks. Bad debts were another big problem.

"Our bank has already made several efforts to restructure customers' debts so

that they can repay old debts and take new loans. However, the situation has not improved much since we find it difficult to compete with major banks in attracting well-performing enterprises. Lending to enterprises in difficulties carries a much higher risk, of course."

Low expectations

Oceanbank Chairman Trinh Van Tuan said that in the current context, the most important focus for his bank was how to manage and minimise business risks. "As usual, the banks' profits often increase in the 4th quarter. But it is not expected to rise much this year."

OCB's profit target for 2013 was set a modest VND320b (US\$15.16m) and the bank actually met 50% of the target in the first 6 months, but it still does not expect to realise the annual plan.

In the first 9 months, Nam A Bank's credit growth of 30% far exceeds the limit assigned by the central bank, but it is still difficult to realise the yearly profit target, according to its Deputy general director.

For years, Eximbank has achieved high credit growth rates, but the 8% it has recorded in the first 9 months shows its annual target of 15% maybe impossible, putting its profit plans in the same boat. Eximbank chairman Le Hung Dung said

that the bank expected to achieve just 50% of its pre-tax profit target for 2013.

In a recent report on Asia Commercial Bank, Bao Viet Securities Company said that the former had made VND1,569b in pre-tax profits in the first 9 months, accounting for 52.5% of the year's target and registering a growth rate of 9.5%. However, a high ratio of bad debts, estimated about VND3.09 trillion (\$147m), requires ACB to make greater provisions for them. Hence it will be difficult to realise its pre-tax profit target of VND1.8 trillion by the year-end.

Similarly, in the first 9 months of the year, Vietcombank earned about VND6.7 trillion in pre-tax profits, accounting for nearly 70% of the year's plan. However, with a bad debt ratio of around 3%, it had to set aside VND2.7 trillion. Therefore, with just VND4 trillion in profit until now, its annual target of VND5.8 trillion may be difficult to realize.

Sacombank, likewise, has been recognised as one of the commercial banks that have achieved a high credit growth of 13.4% in the first 9 months. Despite this impressive achievement, it is struggling to achieve the year's profit target of VND3 trillion, its senior officials have said.

Source: Vietnam News

FDI firms say no to local banks' loans

While local banks are trying to extend loans to FDI enterprises, esp big firms with positive investment results, they're losing potential customers to foreign banks who have more attractive lending rates.

Hoang Van Thanh, Chief accountant of Japanese-invested bronze wire producer CFT VN, said the firm has taken out foreign-currency credit from a Japanese bank at a lending rate of just 1% per annum and a generous credit line of US\$40m. So CFT VN has no demand to borrow from VN lenders.

A representative of YKK Company, a 100% Japanese-owned company specializing in apparel material production, said his firm has borrowed foreign currency loans from parent group at the rate of 0.5% per annum.

Le Hoang Son, director of VietinBank's Bien Hoa Industrial Zone branch, said the lender has been trying to reach out to FDI firms in the southern province. However, most of these enterprises have to take out loans as appointed by their parent companies. Otherwise, these firms will demand very low lending rates that cannot be offset by banking services they will use. Therefore, the bank will not gain profits from these deals, Son said. "Recently, we

contacted a German firm but it has been told to borrow from Deutsche Bank in Vietnam. This enterprise has only agreed to use our card service.”

VietinBank Bien Hoa is now applying low lending rates at 6-6.5% per annum for dong credits and 3-3.5% per annum for foreign-currency loans (for those with foreign-currency incomes only). However, it has yet to attract FDI enterprises as most of these firms ask for foreign-currency loans.

A representative of Dona New Tower Company said that the company has borrowed from HSBC Bank as the lender's lending rates are far lower than those of domestic banks. To enjoy the lending rate of 3.5% per annum, the enterprise has to use many banking services of a local lender while the bank is unsure of selling foreign currency to the company for debt payment. “Actually, local banks cannot compete with foreign ones in terms of lending rates. Our parent company does not request us to take out loans from a certain bank but they will cast doubt on high lending rates,” she said.

Failing to woo large FDI firms, domestic banks are also hesitant at giving credits to small foreign firms given the scandals of many fleeing directors recently.

KPMG Vietnam Company in a report released in August said that total outstanding loans of 33 local banks for the FDI sector accounted for just 2%. The report was based on the 2012 financial statements of the 33 banks whose total assets made up 86% of the entire banking system.

Source: Saigon Times

Enterprise

A unique organic guava farm in Dak Nong



An organic guava garden in Quang Khe commune, the Central Highlands province of Dak Nong, has secured a stable income for its owner and created jobs for local people.

Tran Tan Tam's guava garden sprawls nearly three hectares of basalt, a type of volcanic soil.

During the cultivation process, he applies advanced technology and strictly follows the tree growth to have appropriate nursing methods. When the fruits grow as big as a toe, Tam uses a white plastic bag to cover each guava so that it is protected from sunlight, pesticide and insects. Fruits from his garden are dubbed "super-clean guavas" by local people.

Three years ago, Tam moved to Dak Nong from central Quang Nam

province and bought seven hectares of land for farming.

Besides the guava area, he zoned the remainder of his land for coffee and other fruit trees. Arabica coffee and avocado trees are also grown within the guava garden to increase economic efficiency.

At present, Tam can harvest more than 100kg of guava each day. The fruit is sold at 20,000 VND (0.95 USD) per kilo in localities across Dak Nong and other provinces.

Not just a stable source of income for Tam's family, the cultivation model also creates jobs for local people and provides them with a per capita monthly income of 3.5 million VND (166.7 USD).

Vice Chairman of Quang Khe People's Committee K'Sieng said that the success of Tam's guava garden is an example of high technology farming for other locals in the commune, encouraging the development of similar techniques for orange and tangerine cultivation.

Source: People's Army Newspaper

FPT in the black

In the third quarter, FPT reported nearly \$360 million in revenue, up 23% against the third quarter of last year, and profits of \$26.8 million, up 2%.

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So far this year it has earned \$953.8 million, up 14% and 74% of its annual goal.

It reported profits in the first nine months of \$72.57 million, up 4% on year and 67% of this year's goal. Earnings per share so far are at \$0.197, up 3% on year.

Segments that contributed most to revenues were Technology and Telecom, accounting for 76% of before tax profits and holding on to their leading positions in years past.

Software, system integration, and IT services posted revenue growth of 22%. Telecom services and online services saw 10% growth.

Source: Vietnam Investment Review

Nokia inaugurates US\$300 million plant in Vietnam

The world's leading mobile phone manufacturer inaugurated a US\$300 million factory in northern Bac Ninh province on October 28 after one and a half years of construction, aiming to boost Vietnam's capacity in phone production.

Addressing the inauguration ceremony, Deputy Minister of Planning and Investment Dang Huy Dong said the high-tech project of Nokia contributes

greatly to the bustling development of the country's technology sector.

Stephen Elop, Executive Vice President of Nokia Devices and Services, said Nokia will continue its investment in developing the Vietnamese labour force, with a view to raising the workforce's competitive capacity in the global market.

Covering a total area of 65,400 square metres, the factory initially manufactures the Nokia 105, shipping 95% of its product abroad.

Source: VOV Online

Investment

Experts concerned about Vietnam's rush to build too many refineries



Vietnam's only major oil refinery at Dung Quat meets 30% of local demand. Six more proposed projects in the industry have raised concerns that the country may soon be producing too many petrochemicals.

Experts are worried an influx of upcoming oil refinery projects will bring VN more supply than demand, environmental and financial problems.

Oil and gas expert Nguyen Dong Hai questioned the economic effectiveness of plans to keep building refineries as the oil sector, while receiving many incentives from Government, is likely to import most of its input material.

He said crude oil reserves are running out as VN's major oil field Bach Ho has been exploited for 25 years, and other fields are of small account. The reckless investment in a wide range of oil refinery projects might end up like the country's hydropower expansion plans, which

have been fraught with environmental and social controversies.

In Jul, Government suspended 18 hydropower projects in Quang Nam due to negative impacts on the environment and local residents.

Analysts warned that foreign investors, who are tending to shift to bio-fuel production in their countries, could treat Vietnam as a factory to help them use up their outdated technology.

The country is set to see an infusion of at least 6 refineries added to its only existing plant Dung Quat in the northern province of Quang Ngai.

Work began on the the Vung Ro oil refinery in Phu Yen Province early this month. Britain-based investor Tachnostar Management Ltd had earlier increased its investment in the project to US\$3.18 billion from \$1.7 billion in 2007.

Work on the US\$9.0b Nghi Son project in the northern province of Thanh Hoa will start later this month and is scheduled to wrap up in 2016. The plant, a joint venture by state-owned oil and gas group PetroVietnam and three foreign investors, will be operational in 2017 with an annual capacity of 10 million tons.

In May, Thailand's top energy firm PTT received the nod from Government to build Nhon Hoi refinery with a proposed

cost of up to \$30b. The mega project is expected to churn out 30 million tons of oil products per year, more than four times Dung Quat's capacity, and half of the output is for exports.

Ha Tinh Province said it planned to license Taiwanese conglomerate Formosa Plastic Group to build a \$12.5b oil refinery.

Economist Le Dang Doanh said the government should consider numerous aspects with extra care before approving any oil refinery projects.

Apart from the minuscule Cat Lai plant (with an annual output of 350,000 tons), Dung Quat is VN's only refinery and it has faced a slew of problems as well.

Dung Quat, which meets only 30% the domestic demand for oil products, hopes to increase its capacity to 8-10 million tons per year by 2015.

Not including the proposed refinery in Ha Tinh, Ministry of Industry and Trade estimated that the infusion of new plants would make local supply exceed demand by 7.0 million tons by 2020, and 11 million 5 years later.

Chairman Phung Dinh Thuc of PetroVietnam, which runs Dung Quat, said the country's plan to develop the oil refinery sector through 2025 included only Dung Quat and Nghi Son, and a

third project, Long Son, which is still in the first stages of pre-construction.

The state firm cited supply-demand imbalance to oppose the mega project Nhon Hoi invested in by Thai PTT, but its proposal was turned out by the ministry.

Indeed, supply-over-demand would impose pressure on the Asian region with oil and gas researcher Wood Mackenzie has pointed out that lower profits would also be a result.

Oil refineries in the region have reported a profit of \$5-10 per barrel on average over the past 3 years, but the number is set to decline by \$1.5 per barrel by this year's end, and by another 50 cents in 2014, the Scotland-based firm said.

Source: Thanhnien News

Vietnam market for kids' entertainment promising

Investors in children's entertainment services said they are doing well and are confident the market would grow since Vietnam has some 20 million children aged under 15.

A spokesperson for N KID Corporation, which owns 20 tiNiWorld education and entertainment complexes across the country, said around 100,000 children visit them every month.

Complexes, measuring from 300 to 2,500 square meters, are situated in HCMC, Binh Duong, Hai Phong, Da Nang. Last year it got 800,000 customers, a four-fold increase over 2011, earning VND36.0b (US\$1.7m) in admission fees. N KID hopes to get one million people past its turnstiles this year, Tuoi Tre reported.

Le Quang Hung, General director Thai Duong Consulting and Investment JSC, or HELIKO, owner of KizCiti, which reproduces interactive "workplaces" for kids, said around 1,000 children aged between 3 and 15 come every week for role-playing 30 different jobs ranging from doctors to farmers.

Hung said when KizCiti was launched at the end of 2011, shareholders were prepared to take losses for a few years, but the 20,000-square-meter area in Dist. 4, HCMC, quickly became popular. Last year they got more than 200,000 kids.

Tuoi Tre estimated that, with admission costing VND180,000 on weekdays and VND220,000 during weekends and plus VND20,000 for adults in holidays, KizCiti earns at least VND7.0b (\$332,000) a month in ticket sales alone.

In May, Saigon Times quoted a market research company that the Vietnamese market for entertainment services for kids under 12 is worth \$700 million a year.

Growing market

Hung said his company plans to open a KizCiti in Hanoi soon, but stressed that the market in HCMC has room for a lot more growth.

Around a fourth of last year's customers, or 50,000 children, visited KizCiti more than 80 times. The numbers account for only a fraction of the city's child population, he said, referring to obvious potential for growth.

Nguyen Que Anh, director general of HimLam Vietnamese Kid Intelligence Development JSC, said their children's entertainment and education complex Vietopia would open in Dec in Dist.7. To cost more than \$25m, the three-hectare complex will offer 100 different role-playing activities related to 70 vocations. Anh said market for kids' entertainment and vocational services is "totally promising" in HCMC, where 2,500 schools don't have proper playgrounds.

In fact, for years the media and parents have complained about the general lack of playing spaces for children, leaving them bored during the summer holidays.

According to official figures, there were only around 5,100 playgrounds in the whole of Vietnam in 2011.

Source:ThanhNien News

Market

Vietnam Stocks to rise 10% by year-end as exports jump, HSC says

VN's benchmark equity index is poised to rally 10% by year-end as inflation slows and exports grow, according to the nation's biggest brokerage.

VN Index (VNINDEX) will probably climb to 550 by December, versus yesterday's close of 501.17, said Fiachra MacCana, Managing director at HCMC Securities Corp. The gauge has already risen 21% this year, outperforming a 17% gain in the MSCI Frontier Markets Index.

VN's inflation rate fell to the slowest pace in 14 months in Oct, below the median economist estimate in a Bloomberg survey, data from GSO showed yesterday. Exports climbed 16% in the first nine months of 2013 from a year earlier on sales of electronics and mobile phones. Overseas demand is helping support an economy that's been hurt by faltering credit growth, with Fitch Ratings estimating bank bad debt at about 15% of loans.

"We're very positive for next 6 months," MacCana said in a phone interview. "The macro environment looks very stable with potential upside. Both

currency and inflation are under control while export demand is picking up."

SBV devalued the dong by 1% in Jun, the first time since Dec 2011. Policy makers won't let the currency weaken by more than 3% this year as they seek to prevent the hoarding of dollars, the central bank said Oct 8.

Spur Lending

VN's monetary authority cut its refinancing rate eight times since the beginning of 2012 to spur lending, while the legislature voted in June to lower the corporate income tax rate to help businesses. The government also started an asset management company in July to buy bad debt from banks.

VN Dairy Products JSC, the nation's biggest dairy producer, yesterday reported net income grew 19% in the first 9 months of 2013. Hoa Phat Group, VN's biggest steel producer by market value, said on Oct 22 that net income surged to VND1.46 trillion in Jan-Sep period, exceeding its full-year target.

"So far, earnings in the stock market look very positive because of the low interest rates and low input costs," MacCana said. "A lot of companies have been able to boost profits significantly."

Earnings at listed companies may rise as much as 15% this year as the economy

expands between 5.4% and 5.5%, he said. VN's GDP grew 5.25% last year, the slowest pace since at least 2005.

VNINDEX may reach 600 by the end of the first quarter, or 20% above yesterday's close, MacCana said. Expenses for most companies will decline next year and that will help boost profits by at least 15%, he said.

Source: Bloomberg

Fuel traders told to keep prices steady

Ministry of Finance told fuel wholesalers to limit their use of price stabilisation fund from 300-200 VND per litre.

The decision was announced in Dispatch No14239/BTC-QLG on fuel price management, in which the ministry said it would keep fuel prices, import tariffs and deductions for the price stabilization fund unchanged.

Currently, reference price of gasoline is VND24,084 per litre, while retail price is around VND23,880 per litre.

Similarly, each litre of diesel and kerosene is now sold for VND22,310 and VND22,020, while their reference prices are VND22,902 and 22,934 respectively.

For diesel, the ministry has permitted fuel wholesalers to continue earning

commissions of 100 VND per litre and charging 300 VND per litre to the price stabilisation fund to limit price increases. Petrol hubs selling kerosene are expected to retain earnings of 100 VND per litre and reduce the use of price stabilisation fund to 700 VND.

For mazut, traders will continue to take 200 VND per litre from the fund.

The price stabilisation fund was reported to be sitting at VND58.6b (USD2.7m) at the end of Sept, after rising over VND3.0b (USD141,911).

According to the latest statistics, of the 12 petrol dealers who contributed to the fund, 6 had a positive fund balance. Petrolimex's Sept balance stayed over VND205b (USD9.7m), while Military Petroleum Corporation with VND180b.

Meanwhile, as of Sept 30, PVOil reported a negative fund balance of more than VND209b (USD9.88m), while Petec Trading & Investment Corporation also saw a loss of over VND145b (USD6.86m).

Recently, Minister of Finance Dinh Tien Dung stated that the ministry would publish data on a quarterly basis rather than each month to minimise costs to relevant agencies.

Source: Vietnam News Agency

Legal Updates

Transactions of gold with the value of VND 300,000,000 in cash must declare personal information

Decree No. 116/2013/ND-CP dated October 04, 2013 of the Government detailing a number of Articles of the Law on Prevention and Combat of Money Laundering

This Decree details a number of Articles of the Law on Prevention and Combat of Money Laundering No. 07/2012/QH13 on measures to prevent and combat money laundering, collection handling and transfer of information on prevention and combat of money laundering

Accordingly, banks must apply the measures to "identify clients" who make infrequent transactions of large value. Infrequent transaction of large value is the transaction of clients having no account or having account but it does not conduct transactions within 6 months or more with the total value of VND 300,000,000 (three hundreds million) or over in a day.

Transactions of doing the business of precious metals and gems in cash with the value of VND 300,000,000 or more in a day must apply measures to "identify

clients". In this case, clients must declare full information such as: full name, date of birth, nationality, occupation, position; phone number, passport/identity number, date of issue, place of issue; address of residence and place of current life.

For clients being foreign individuals, identification information must contain: full name, date of birth, occupation, position; passport number, place of issue; entry visa, address of residence abroad and address of residence in Vietnam;

For the case of clients are organizations must declare: full transaction name, abbreviated name, address of headquarter, phone number, fax number, operation or trading sector, information of set up people or the representatives

This Decision takes effects on the date of October 10, 2013, replaces Decree No.74/2005/NĐ-CP dated June 7, 2005

Source: Viet Law

Guiding conditions for applying the new tax rate of CIT and VAT

Circular No. 141/2013/TT-BTC dated October 16, 2013 of the Ministry of Finance guiding on the implementation of Decree No. 92/2013/ND-CP dated

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August 31, 2013 of the Government detailing the implementation a number of articles which took effect on the date of July 1, 2013 of the Law amending and supplementing a number of articles of the Law on corporate income tax and the Law amending and supplementing a number of articles of the Law on Value Added Tax

This Circular guiding conditions to be applied some tax incentives including:

1. Small enterprises with revenue does not exceed VND 20 billion/year are eligible for the tax rate of 20%
2. Revenue from sales, lease, lease – purchase of social houses is eligible for the tax rate of 10% of CIT and 5% of VAT
3. Revenue from sales, lease, lease – purchase of commercial houses is eligible for the tax rate of 5% of VAT

Accordingly, the annual revenue (does not exceed 20 billion) which is used as the basis for identifying to be applied the tax rate of 20% is the total revenue of the preceding year. This total revenue is determined based on the criteria [01] and [08] of the Form No. 03-1A/TNDN.

For newly established enterprises in the first 6 months of 2013, the average monthly revenue (does not exceed 1.6 billion) used as the basis for identifying to be applied the tax rate of 20% is

determined based on the criteria [21] on the declaration of quarter I and II of 2013, Form No. 01A/TNDN . This revenue excluding other incomes

Particularly, enterprises established from July 1, 2013, the quarterly declaration must be calculated at the tax rate of 25%. At the end of fiscal year, if the average monthly income dose not exceed 1.67 billion, finalized at the tax rate of 20%

This Circular takes effect on the date of November 30, 2013. However, it is also applied to taxable periods of CIT and VAT since July 1, 2013

Source: Vietnam Law