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## Highlight

### Vietnam ranked 99<sup>th</sup> for ease of Doing business in World Bank report

Despite several reforms, VN has failed to get a higher rank in a WB's annual report that documented business regulatory reforms worldwide last year.

This year's report, the Doing Business 2014: Understanding Regulations for SMEs Enterprises released Tuesday, ranks VN 99 out of 189 economies reviewed. Last year VN was ranked 98/189.

"VN improved its credit information system through a decree setting up a legal framework for establishment of private credit bureaus. VN strengthened investor protections by introducing greater disclosure requirements for publicly held companies in cases of related-party transactions."

However, the country "made paying taxes more costly" for companies by increasing employers' social security contribution rate, the report notes.

In terms of employing workers, WB said VN "abolished priority rules for redundancy dismissals or layoffs and increased the minimum wage."

#### Top 10 business-friendly economies

The 2014 Doing Business is the 11th in a series of annual reports on the ease of

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doing business, and it documented 238 business regulatory reforms worldwide last year, according to WB.

The report finds that the pace of business regulatory reform continues to accelerate following 2008–09 financial crisis. It also suggests that if economies around the world were to follow best practices in regulatory processes for starting a business, entrepreneurs'd spend 45 million fewer days each year satisfying bureaucratic requirements.

"A better business climate that enables entrepreneurs to build their businesses and reinvest in their communities is key to local and global economic growth," said WB Group President Jim Yong Kim.

Kim added that the report "shows that economies with better business regulations are more likely to empower local entrepreneurs to create more jobs," which he deemed another step in the right direction toward ending extreme poverty by 2030.

Singapore tops the global ranking on the ease of doing business, followed by Hong Kong SAR & China, New Zealand.

Other nations listed in the top 10 are the US, Denmark, Malaysia, South Korea, Georgia, Norway, and the UK.

In addition to the global rankings, the report also names the economies that

have improved the most on the indicators since the previous year.

The 10 economies topping that list this year are (in order of improvement) Ukraine, Rwanda, the Russian Federation, the Philippines, Kosovo, Djibouti, Côte d'Ivoire, Burundi, the former Yugoslav Republic of Macedonia, and Guatemala.

Yet challenges persist: five of this year's top improvers—Burundi, Côte d'Ivoire, Djibouti, the Philippines, and Ukraine are still in the bottom half of the global ranking on the ease of doing business.

*Source: World Bank*

### **VN prepares for CISG membership**

Vietnamese policymakers and economists stressed the need for VN to carefully evaluate advantages and difficulties before joining the UN Convention on Contracts for the International Sale of Goods (CISG - the 1980 Vienna Convention).

Nguyen Sinh Nhat Tan, head of the Legal Department under the Ministry of Industry and Trade, said at a Nov 1 seminar in HCMC that VN has consulted the CISG in building legal corridors and laws relating to trade and investment cooperation over past time.

He highlighted the active participation of different social sectors, esp those experienced in int'l trade and import-export activities in the southern region, preparing for VN membership to CISG.

Sharing Tan's views, Dr. Nguyen Minh Hang, an advisor of the VN Chamber of Commerce and Industry, said joining the convention is a topical event to VN, esp in the context that VN is accelerating its international economic integration.

The CISG, together with FTAs and the Trans-Pacific Partnership (TPP) agreement, is expected to make it easier for VN in trade and investment activities, creating a legal foundation for Vietnamese businesses to penetrate the international market, she said.

Apart from VN, several other Asian countries such as the Philippines and Thailand are also stepping up efforts to join the convention, she added.

According to Nguyen Trung Nam, Director of EP Legal Company, most countries that have trade ties with VN have become CISG member. Therefore, the convention surely affects the country regardless of its membership.

Delegates at the seminar pointed to common legal difficulties facing Vietnamese businesses such as transactions based on relationship and

belief, poor knowledge of legal issues in contract negotiations and the lack of budget for legal consultation.

Inked in Vienna, Austria in 1980, the CISG is a project of the UN Commission on International Trade Law (UNCITRAL). The self-executing treaty aims to reduce obstacles to int'l trade, particularly those associated with law issues, by creating even-handed and modern substantive rules governing the rights and obligations of parties to int'l sales contracts. As of Sep 26, 2013, the UNCITRAL reported that 80 states have adopted the convention.

*Source: Saigon Times Daily*

### **VN – Japan to boost joint tourism**



*Japanese tourists on the way to Ha Long Bay in northern Quang Ninh Province. As many as 1 million Japanese visitors are set to come to Viet Nam by 2015 under a tourism co-operation project between Viet Nam and Japan.*

VN-Japan tourism co-operation would focus on exchanging visitors, providing technical support and developing human resources, said Nguyen Manh Cuong, deputy general director of the VN National Administration of Tourism.

In the 5<sup>th</sup> meeting of the VN-Japan Tourism Co-operation Committee last Friday, Cuong said Japan had announced that VN had been put in the country's list of strategic markets that Japanese visitors would travel to.

In Japan, there were many tourism promotion campaigns to lure Japanese people to come to VN's central region, esp tourism destinations in Khanh Hoa, Quang Nam, Thua Thien-Hue provinces.

The Japanese side also planned to open a direct flight to the region, which would be a driving force for Viet Nam to upgrade infrastructure to serve tourism development, Cuong added.

Chairman of the VN Tourism Association (VITA) Vu The Binh said that the association had established 02 travel clubs in the South and the North to welcome Japanese tourists. At the same time, VITA would call for the most prestigious and professional travelling companies to take part in the campaign of bringing Vietnamese visitors to Japan.

Binh said he hoped with the co-operation between VITA and the Japan Association of Tourism, enterprises of the 02 countries would have more chances to join hands in developing tourism.

According to General Statistics Office, VN welcomed over 6.1 million overseas arrivals in the past 10 months of 2013, up 10.4 % against the same period last year. In the period, the number of Japanese tourists coming to VN reached 500,000, an increase of 5.6% compared to the same period last year. Meanwhile, in the first 08 months of the year, Japan welcomed nearly 53,000 visitors, up by 56% compared to the figure of 2012's corresponding period.

VN set the goal of welcoming more than 7.4 million travellers in 2013, which can help earn around US\$7.9 billion in revenues, up 15.6 % from 2012.

### **Going green**

Meanwhile VN and Japan have co-operated in seeking measures to implement an inter-governmental project on developing eco-cities in Viet Nam, Deputy Minister of Construction Nguyen Thanh Nghi has said.

A memorandum of understanding (MoU) recently signed between the Ministry of Construction and Japan's Ministry of Land, Infrastructure, Transport

and Tourism laid a foundation for both sides to accelerate the next steps of the project, he said, adding this was among activities to celebrate the 40th anniversary of VN-Japan diplomatic ties.

The MoU identifies the project's short, medium and long-term targets, co-operation methods and obligations of each side in providing information and technical assistance in building standards for eco-cities in VN, he said.

According to Nghi, the two sides also discussed the feasibility of the project in selected locations in four localities namely Hanoi, Vinh Phuc, Binh Duong and HCMC .

They were scheduled to establish a joint working group in charge of the implementation of the project in 2014, he added.

*Source: Vietnam News*

## Economy

### Holiday rush will raise Q4 GDP growth to 6.0%

The country's GDP growth would hit 6.0% in Q4 thanks to rising demand in the last months of the year and a stronger macro-economy.

The rise was forecast by the National Financial Supervisory Commission, which added that it would bring the annual GDP growth to 5.3%, still lower than the Government's target of 5.5%.

The commission said rising demand in the lead up to big holidays such as the Lunar New Year would help lift GDP growth in Q4 to 6%. Improvements seen in the country's macroeconomy last month were expected to boost growth.

It further said that the purchasing managers' index (PMI) hit a high of 51.5 in October thanks to rising export orders and that the industrial production index in Q3 also rose to 6%, up from 5.2% in Q2 and 4.5% in Q1.

Exports in October also surged 15.2% while imports were lower than in previous years, although buying of raw materials and equipment for production rose significantly.

The rise of material imports showed that domestic production was stronger, the commission said.

But it was hard to maintain the high GDP rise in the long term, reasoning that it would not be feasible under the current economic growth model.

The Government should speed up economic reforms within the next 2-3 years to enhance productivity and raise economic growth in the long term, the commission recommended.

It also anticipated that the country's average monthly inflation would jump by 0.6-0.8% from now to the year's end, providing there were no sudden and large changes in prices of commodities controlled by the Government.

It said commodity prices would post the highest price increases in the last quarter of this year, driven by hikes on food & foodstuffs, higher seasonal purchasing demand in the run up to the New Year and Lunar New Year, plus the possibility of petroleum and gas price adjustment.

The commission forecast this year's inflation would be controlled at around 7% as targeted, provided there was good management and regulations on prices of goods and services.

Inflation had risen 5.14% this year to Oct.

Source: Vietnam News

## National brands strut their stuff at fashion event



More than 200 textile and garment companies are marketing their products and services to both domestic and international customers at VN Fashion Fair that opened last Friday in HCMC.

The fair, held at the Tan Binh Exhibition and Convention Centre, has 300 booths, up 10% from last year's event.

Vinatex general director Le Quang Nghi said "We want to introduce to domestic consumers major brands of members of the VN National Textile and Garment Group (Vinatex) as well as others in the industry. This annual event will also provide opportunities for textile, garment and accessories manufacturers to find trading partners and co-operate in creating supply chains. Local firms will also have the opportunity to find international partners."

Deputy Minister of Trade and Industry Ho Thi Kim Thoa praised the textiles and garment industry for creating up to 2.5 million jobs and significantly contributing

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to national economic development with an annual growth of 15%. In the first 08 months of this year, the industry had grown by 17% and its localisation ratio had increased to 49%.

During the six-day event, the organisers, Vinatex and VN Textile and Apparel Association, will also hold fashion shows for the latest collections from leading national brands including Viet Tien, Binh Minh Garment, NEM and Hoa Tho.

During the opening session, a national Guinness record was held for the largest jacket, which is 2m wide and 3.5m. The jacket was made by Nha Be Garment. It took 10 skilled workers about 02 months to complete the jacket, using more than 40m of fabric.

*Source: Vietnam News*

## Singapore investors consider Vietnam attractive destination

VN is still a very attractive location to do business and MNCs such as Samsung, Intel, Hewlett-Packard and Rebrisco have recently made large-scale investments here. The remark was made by some presenters at a forum in Singapore on Oct 30 by the Institute of Southeast Asian Studies (ISEAS).

About 100 participants from government agencies, int'l financial institutions &

private sector shared views on VN's outlooks in the changing global political and economic landscape; explored trade, investment opportunities from the perspectives of VN & foreign countries; & exchanged experiences & ideas of various socio-economic issues in conjunction with increasing business activities and connectivity in VN.

Some presentations pointed to VN's advantages acting as a transport hub, linking mainland Southeast Asia and southern China with the eastern part of Southeast Asia, and regulatory changes in relation to legal recognition & greater openness to trade and investment.

In the view of A. Chongvilaivan, fellow of Regional Economic Studies Programme of ISEAS, to promote fruits of VN–Singapore Industrial Parks (VSIP), Singapore Government should render more assistance by providing training equipment to VN–Singapore Vocational College (VSVC), educating VSVC staff.

He added VN Government should build up business environment conducive to global investors, continue financial market reform that improves the efficiency, and solve some social issues relating to poor education system and income disparities.

*Source: VOV Online*

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## Banking & Finance

### Vietnam mulls ban on expats making foreign currency deposits

State Bank of VN (SBV) unveiled a draft decree seeking to prohibit non-Vietnamese from opening bank savings accounts in foreign currencies. The proposal, if approved, will supersede Decree No.160 guiding Foreign Exchange Ordinance in 2005.

SBV wants to curb some foreigners' practice of having foreign currency sent from abroad & depositing at local banks to make use of VN's high interest rates. The interest rate on dollar deposits is 1.25% for individuals, while London Interbank Offered Rate was 0.6%.

SBV wants regulations to be in line with the 2005 ordinance, which only allows Vietnamese nationals to have savings deposits in foreign currencies. When Decree No.160 was issued in 2006, VN was entering WTO, so some provisions of the ordinance were relaxed. But this led to inconsistencies in legal framework.

### No gifting of foreign currency

The draft decree also seeks to ban Vietnamese from gifting foreign money.

One of its authors said the ordinance doesn't expressly permit this. But the existing decree legalized it. He also said



the ban'd help plug a loophole as many people caught illegally trading foreign exchange claim they're gifting money.

Some experts, however, question the legality and feasibility of the regulation. Speaking to Thanh Nien, Le Tham Duong, dean of the HCMC Banking University's business administration department, while agreeing loophole exists, said many Vietnamese have a habit of gifting foreign money during the Lunar New Year. For example, it is a common belief that \$2 bills bring good luck. The ban would thus encroach on people's rights if approved.

Nguyen Minh Thuan, director of the Saigon International Law Company, said that the ban also violates Constitution. Government can't ban everyone from gifting foreign money just because some people carry on illegal transactions.

Tran Xoa, director of Minh Dang Quang Law Company in HCMC, wondered if the ban would also target remittances by overseas Vietnamese to their families, estimated at around US\$10b/year. If there is indeed a ban, receivers have to convert the remittances into dong. An old problem would then resurface, recalling a period when a similar ban saw illegal remittances proliferate.

*Source: Thanhnien News*

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## HCMC bourse joins WFE

VN's HCMC Stock Exchange (HOSE) became an official member of World Federation of Exchanges on Oct 29 in a WFE annual meeting in Mexico City.

Established in 1960, WFE is one of the world's largest financial service associations with 62 members including stock, futures, and options exchanges. It has 17 affiliate exchanges and 27 correspondents' organisations.

### **VN stock market's still seen as frontier.**

A representative from the HOSE said a number of stock markets in the region use WFE membership as criteria for market evaluation when considering cross-border investment. As such, WFE membership will make the southern bourse very attractive and is likely to increase the value of HOSE-listed companies and make them more attractive to foreign investors.

The membership will also help the exchange move toward international standards more quickly through shared experience with developed markets.

*Source: Vietnam Investment Review*

## Sunnier future for local stocks: NFSC

A newly-released report by National Financial Supervision Commission of VN (NFSC) on the local economy offered

reasons to be cheerful for the Vietnamese stock market.

The report said, excepting Jun and Aug when the world economic situation was not so good due to the feared cancellation of US support package and the uncertainty in Syria, VN-Index tended to rally month after month.

Up to Oct 23, VN-Index rose 1.79% from Sep and 21.1% from earlier this year. The liquidity was not so high but not steady through each session and gradually increased each month.

The average transaction volume in Oct was VND1.094 trillion (\$52.09m) per day, while in Sep was VND744b (\$36.8m). The report also found in 3 months since June, foreign investors returned to the market, buying VND590b (\$28.09m) in Sep & VND896.2b (\$42.6b) from Oct 1 to 24.

According to technical analysis, the market has passed its bottom level. VN-Index stood over the 470pts while HNX-Index also stood higher than 57pts.

The report concluded that the recovery of the domestic economy and the possibility that the US would extend its QE3 package until the end of 2013 could boost stock market expectations by the year's end.

Source: Vietnam News

## Enterprise

### Vingroup issues \$200m of int'l bonds

Vingroup Joint Stock Co (coded VIC) has completed the issuance of \$200 million of international bonds (high profitable bonds). The deal completed on the late afternoon of Oct 31 2013.

4.5-year term bonds don't have collateral. Global investors ordered total amount of int'l bonds worth \$200m issued at an interest rate of 11.625%.

Vingroup's bonds are rated B+/Stable and B/Stable by Fitch and S&P.

Over 100 global investors ordered Vingroup's bonds including 60% of investors from Asia, 25% of investors from the US and 15% of investors from Europe. Categorized under organisations, there were 66% of bonds distributed to fund management companies, 25% of bonds distributed to banks on private asset management and 9% of bonds distributed to banks and other investors.

As planned, Vingroup will transfer the amount of money raised from this issuance round to Vincom Retail Company – a branch of Vingroup that owns and operates Vincom centre and Vincom Mega Mall. This is the company that foreign investors led by Warburg Pincus to buy 20% of capital in the

second quarter of this year. Vincom Retail expects to use loans to develop new projects nationwide.

In this deal, Credit Suisse acted as global coordinator and Deutsche Bank and ING arranged and built books for this transaction.

*Source: Intellasia*

### **Vinashin gets new name as Vietnam restructure state companies**

Vietnam Shipbuilding Industry Group, the debt-ridden national shipbuilder, is being renamed and restructured as the government works to reform inefficient state-owned enterprises that are weighing down the economy.

Vinashin, as the company is known, will have its name changed to Shipbuilding Industry Corp., or SBIC, the transport ministry said in a statement posted on its website yesterday. SBIC will be state-owned with eight subsidiaries and registered capital of 9.52 trillion dong (\$451 million), the ministry said.

"Vinashin ceases operation from the day SBIC is granted business registration certificate," the ministry said, without specifying a timeframe.

The shipbuilder, whose near-bankruptcy spurred sovereign credit downgrades, defaulted on a \$600m internationally

syndicated loan in 2010. Vinashin said in September it plans to cut 14,000 jobs, more than half its workforce.

"Inevitably, there would need to be a rebranding," Dominic Mellor, Asian Development Bank country economist, said in a phone interview today. "You can't use the name Vinashin. But more important than that is what is different in terms of management. That's what potential investors will be looking at more closely."

Vinashin received the \$750 million proceeds from Vietnam's first dollar-denominated bond sale in 2005. By 2010, the company had accumulated about 86 trillion dong in debt, according to the government.

Vietnam's two-year-old effort to reform state-owned enterprises has had "limited" progress, the World Bank said in July, citing a low number of share sales of government companies.

Sold, Liquidated

The government has ordered Vinashin to restructure its 234 units. The majority, 165 units, will be sold, liquidated or placed into bankruptcy, according to the ministry's statement. Sixty-nine units will be restructured through mergers, equitization or capital transfer. SBIC will

take over the rights, liabilities and legal benefits of Vinashin, it said.

State-owned companies, which dominate key industries, account for an estimated one-sixth of employment in Vietnam and half of corporate income tax revenue, the International Monetary Fund said in August.

The new company must become more efficient, Mellor said.

"That involves, potentially, shedding of labor and financial and organizational restructuring, divesting from activities they shouldn't be in," he said. "You need to look at the corporate governance, what is the composition of the board, what's the oversight. Only time will tell whether they actually implement these new requirements."

*Source: Bloomberg*

### **Business can use one digital signature for tax declaration, customs procedures**

The customs sector of VN applies digital signature to electronic customs transactions as of November 1, 2013. This is an important preparatory step for the customs sector to deploy the VN Automated Cargo and Port Consolidated System and Vietnam Customs Information System

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(VNACCS/VCIS) in April 2014. At a recent press conference held by the General Department of Vietnam Customs, Vietnam Business Forum interviewed Mr Nguyen Manh Tung, Director of Information Technology and Customs Statistics Department, on this issue. Le Hien reports.

*Could you tell us how a company benefits from using digital signature?*

Currently, when registering to use e-customs procedures, each company is granted an electronic customs declaration account. However, many companies are not fully aware of their responsibilities for securing e-customs declaration accounts and leave their accounts at risk of appropriation or change without the knowledge and control of owners. This will lead to a lot of risks for businesses like failure to log in their accounts for declaration or illicit use by other parties like declaring prohibited goods.

Once using digital signatures for electronic customs declaration accounts, enterprises will help customs authorities to verify online declarers easily. Data sent are guaranteed accuracy and security, hence avoiding declaration information counterfeiting for digital signatures have been authenticated by certified public digital

signature providers. Digital signature ensures convenient and quick transaction process between customs authorities with businesses to meet high safety and accuracy requirements.

*Over 40,000 enterprises have registered to use e-customs declaration procedures. Many of them fail to get digital signatures before November 1, 2013. How will this issue be solved?*

The General Department of Vietnam Customs is maintaining two methods of declaration: Using digital signatures and not using digital signatures to facilitate companies across the country to complete customs clearances quickly. Nevertheless, with digital signatures, companies only need to take two minutes to perform this operation and bring long-term practical benefits to the business community.

*How will the customs sector deal with transmission congestions and information security?*

To address potential congestion at the time of deploying digital signatures in e-customs procedures, the customs sector simultaneously applies two measures, namely technology and management. Regarding technology, the General Department of Vietnam Customs decentralises the power of checking

data and signature compliance to the Provincial/Municipal Departments of Customs, thus reducing the workflow on its information technology system. Regarding management, the customs sector has now established a digital signature deployment support team affiliated to the Department of Information Technology and Customs Statistics to answer any concerns and support enterprises.

When digital signatures are used, only persons in charge are entitled to use encrypted digital signatures. When information is transferred and signed, persons without the responsibility will not be able to open it. When digitally signed customs declaration documents of enterprises are sent to customs offices, this information will be forwarded to authentication agencies for verification before it is opened. Hence, the document security will be guaranteed at a very high level. In addition, digital signatures also have the function of non-repudiation because digital signatures will help verify if enterprises repudiate their declared forms. When digital signatures are used, both declarers and recipients have encryption keys. If digital signatures are sent to an incorrect address, recipients without the key will not be able to open the communication. In

addition, technology firms also have very effective security solutions to digital signatures. At present, eight digital signature solutions providers are licensed by the Ministry of Information and Communication and they basically meet basic security requirements of enterprises.

*So, what about the fee for the digital signature service?*

The service fee for digital signatures is provided by service providers. Customs agencies have no connection to the feeing. Digital signature service providers will agree with enterprises on the fee. Currently, the fee is about VND1.5 million, including a token key - a user authentication device. The fee varies amongst service providers. Last but not least, a company can use one digital signature for tax declaration and customs declaration, thus helping it cut costs.

Source: VCCI

## Investment

### Over \$200m for second lift-off oil rig

The Petrovietnam Marine Shipyard JSC (PV Shipyard) and The VN-Russia Oil and Gas Joint Venture (Vietsovpetro) have recently signed a US\$200m contract on building a new lift-off oil rig in VN.

The Tam Dao 05 lift-off oil rig, the second of its kind in the country, will be completed after 32 months of construction and is expected to help Vietsovpetro be more proactive in oil and gas exploitation and reduce the cost of hiring drilling rig.

VN's first 90-metre rig, Tam Dao 03, has been put into stable and effective operation since Jun 2012. It has received a certification of int'l standard from the American Bureau of Shipping (ABS).

Source: Vietnam News Agency

### Investors concerned about corruption in Vietnam

Investors have voiced concerns regarding corruption in VN, describing it as one of the major issues discouraging VN-based business operations.

At an Oct 31 seminar on transparency and business, participants said corruption is particularly apparent in

customs, tax, traffic enforcement, land management, and construction.

They acknowledged the role of enterprises themselves in combating corruption and proposed a number of measures for ensuring business transparency.

According to a recent Government Inspectorate survey conducted with WB, corruption cases are highest in the customs, tax, traffic enforcement, land management, and construction areas of the national economy.

Many businesses admit paying bribes to officials in amounts equal to as much as 10% of their revenue.

Le Hong Hai, General Department of Taxation Deputy Head, said State management agencies should unite with businesses to devise concrete anti-corruption solutions and deterrents.

She pledged authorities would take tougher enforcement measures in the name of promoting integrity and transparency in Vietnamese business.

*Source: VOV Online*

## Market

### Trading remains sluggish in city

Shares continued to slide in HCMC while adding value in Hanoi.

VN-Index on the HCMC Stock Exchange fell 0.07% to 497.08 points although gainers outnumbered losers. Trading value declined slightly over Thursday's session to reach VND664.9 billion (US\$31.3 million) as trading volume fetched 42.5 million shares.

VN30, tracking the top 30 stocks on the bourse, dropped 0.15% to finish at 554.73 pts despite gains by the majority of the blue chips. Among the losers were big names such as insurer Bao Viet (BVH), giant property Vingroup (VIC), Phu My Fertiliser (DPM) and Vietcombank (VCB).

On Hanoi Stock Exchange, HNX-Index rose more than 0.7% to 62.08 pts. Gainers overwhelmed losers by 102-69. HNX30, composed of the exchange's 30 largest shares in terms of capitalisation and liquidity, also increased 0.36% to 115.84 points. Total value of trades, however, decreased over 13% compared to Thursday to VND136b (\$6.4m) on a volume of 17.4 million shares.

"Technical indicators show that indices won't have many changes in coming sessions," said FPT Securities Co. analysts

in yesterday's note. "The market really needs a boost so that investors can get out of their cautious psychology."

Market movements remained sluggish with declining liquidity and they couldn't identify whether there would be an up or downtrend. Foreign investors were net buyers yesterday on both stock exchanges, picking a combined value of VND18.55b (\$875,000).

*Source: Vietnam News*

### **Bullion plummets below VND 37 million per tael**

The price of gold in VN sank to VND36.92 million per tael (1.2 ounces) on Nov 2 as global price hit a two-week low on speculation that the US Federal Reserve would taper bond purchase.

Saigon Jewelry Company bought gold at VND36.82m per tael and sold at VND36.92m per tael as of 8am in HCMC. Since Mar 2011, this is the third time that domestic bullion has dropped to below VND37m per tael. The heavy metal fell to VND36.6m per tael in Jun this year after heading south for a long time from VND48.5m per tael set in Oct last year.

At the gold auction on Friday, the State Bank of VN had successfully sold 14,800 taels out of 15,000 taels of gold that were put up for auction. Since Mar 28,

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the State Bank has held 68 gold auctions, injecting 1,696,300 taels of gold in the market.

*Source: Saigon Times Daily*

### **Vietnamese now favor large capacity motorbikes**

More foreign motorbike manufacturers flock to VN. The driving license policy has been loosened. Vietnamese now have more opportunities to possess large capacity motorbikes.

#### **New policy stimulates the demand**

Instead of restricting subjects who can attend the exams for A2-grade driving licenses (applied to big capacity motorbikes), the Ministry of Transport has decided to allow more subjects to possess and drive the motorbikes in the newly released Circular No.38/2013.

Before Circular No.38, only the people serving in the Ministry of Public Security, army, market management taskforce, forest rangers, or sportsmen could attend exams for this kind of license. However, with new regulations, anyone can drive big motorcycles.

Analysts commented that the transport ministry's decision can be seen as a good medicine that stimulates market demand for large capacity motorbikes.



## **Time for large capacity motorbike market boom**

Many well-known motorbike producers have flocked to VN recently. More big names'd arrive soon once they realize demand's increase due to new driving license policy & Vietnamese new habit.

In Dec 2009, Ducati became the first European large capacity motorbike manufacturer landing in VN. After 03 years, Ducati decided to expand its business scale in Hanoi, because, as General Director Bradley Lalonde said, VN market's not as small as thought.

Ducati, which soon realized the great potentials in Asia, decided to set up an assembling factory in Thailand to take full advantage of the regional FTAs. Ducati revealed that it can get the two-digit growth rate annually in VN.

In Aug 2013, KTM, the Austrian manufacturer, officially chose a distributor in VN. It plans to set up showrooms both in Hanoi and HCMC.

Analysts believe that Suzuki, Kawasaki or Benelli, etc are also eyeing Vietnamese market as they've seen their colleagues making fat profit there. VN imports some 1,000 products every year. Therefore, manufacturers believe they have great opportunities in VN.

*Source: Vietnamnet*

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## **Legal Updates**

### **Tax evaders, fraudsters to pay fine up to VND 200 million**

The highest fine of VND100m will be imposed on an individual or VND200m on an organization that commits a violation of tax procedures.

Such is prescribed in Government Decree No.129/2013/ND-CP of Oct 16, prescribing the sanctioning of tax violations and enforcement of tax-related administrative decisions.

A fine for making false tax declarations which aim to decrease payable tax amounts or increase tax amounts to be refunded will equal 20% of these tax amounts, doubling the current rate.

A fine equal to one to three times the evaded tax amount will be imposed for a tax evasion or fraud.

Under the new regulation, the General Director of Taxation may impose a fine of up to VND200m; a tax officer on duty, VND1m; the director of a district-level tax department, VND50m; and the director of a provincial-level tax department, VND140m.

The Decree will take effect on Dec 15, 2013 and replace Decree No.98/2007/ND-CP of Jun 7, 2007, and

Decree No.13/2009/ND-CP of Feb 13, 2009.

Source: Vietnam Law

### **Harsher fines for copyright infringements**

The highest fine level to be imposed on an individual copyright infringer is now VND 250 million.

The above fine level is specified in Government Decree No.131/2013/ND-CP of Oct 16, on sanctioning of administrative violations in copyright and related rights.

The maximum fine level applicable to an organization committing the same infringement will be doubled to VND 500 million.

A fine of VND 400-500 million will be imposed on an organization that imports the original or a copy of a work without permission of the copyright holder.

A fine of VND 70-100 million will be imposed on an individual that broadcasts or re-broadcasts a program without permission of the copyright holder.

A fine of VND 15-35 million will be imposed on an individual that reproduces phonograms or video recording without permission of the copyright holder.

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In addition, infringers may face remedial measures, such as confiscation of goods infringing upon copyright or related rights, confiscation of copyright registration certificates, related rights registration certificates, or suspension of business, consultancy or service activities.

The regulation will take effect on Dec 15, and replace Decree No. 47/2009/ND-CP of May 13, 2009 and Decree No.109/2011/ND-CP of Dec 2, 2011.

Source: Vietnam Law