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Highlight

2013 export turnover to hit over \$132b

Vietnam earned an export turnover of US\$121b in the past 11 months, being closer to its target at \$126.1b for the whole year (10% higher than 2012).

According to General Statistics Office (GSO), its export revenue was estimated at \$12.3b in Nov, representing a rise of 18.9% compared to a year earlier.

The 11-month figure showed a year-on-year increase of 16.2%, with the foreign-invested sector making \$81.2b (up 23.5%) and the State-owned sector \$39.9b (up 3.6%).

Key export items included telephones, garment and textiles, electronics, computers and spare parts, footwear, plastics, timber and leather products, and fruit and vegetable.

Source: VOV News

Dollar market wakes up suddenly after long sleep

Dollar market, which has been stable for a long time, has heated up with the prices increasing in both the black and official markets. On the black market, it has risen to VND21,280 per dollar, the highest peak since Aug.

The manager of a joint stock bank in Hanoi on Nov 27, said the interbank market was very bustling with the buying and selling prices at VND21,120 & VND21,140 per dollar, respectively.

VietinBank bought dollars at VND21,095 per dollar on the day, an increase of VND10 per dollar over the day before, and sold at VND21,140, or VND5 per dollar higher. The buying & selling prices of Vietcombank and BIDV were VND21,095 and VND21,135.

One of the reasons behind this increase is the higher demand for dollar to make payment for petroleum imports. However, it would be stabilized again.

Another reason, according to deputy director of a HCMC bank is the slight decrease in the dong interest rates. The dollar demand has increased when some commercial banks buy dollars to meet SBV's requirements on the foreign currency positions. But the dollar price would not stay firmly at high level for long due to the weak demand. Most of the interviewed bankers affirmed they cannot see any signs of increase in the dollar demand, which may force banks to rush to collect dollars.

Deputy director of a bank in Hanoi also said the dollar demand from businesses tends to decrease. Though the national

economy has shown signs of recovery, businesses seemingly don't feel secure enough to borrow dollars to expand their production. Bankers and securities companies have also said the exchange rate adjustment would not occur, because there is no pressure on the exchange rate. So they denied the opinion that increase in dollar price is due to banks' effort to speculate dollars in anticipation of the dong devaluation.

Under Circular No. 37, only export companies with incomes in foreign currencies can borrow capital in foreign currencies & convert into dong to serve their businesses. That's why foreign currency outstanding loans have decreased continuously since the beginning of the year. In HCMC, the outstanding loans in foreign currencies had decreased by 22.1% by the end of Nov, while the outstanding loans in dong had increased by 12.1%.

Source: Vietnamnet

Property market shows recovery signs

The real-estate market has shown signs of recovery but difficulties remain, said Minister of Construction Trinh Dinh Dung.

Dung said in recent months, an increasing number of transactions had followed a long freeze, but small &

medium size apartments were still in short supply. In addition, property prices had been sharply cut after going through a "hot" development period. Real estate investors had been forced to lower their prices. This often meant trimming back the amount of imported luxury items often used in building.

The minister predicted that sales would increase as prices started matching buyers' incomes. Spokespeople for several property companies agreed that the market had become more eventful.

Vu Cuong Quyet, Green Land Corp, said customers had been seeking high quality homes with good playgrounds, roads, schools and hospitals. Home buyers were even prepared to pay more for such apartments.

Tran Kien Cuong, Golden Gain JSC told that clients often decided to buy apartments at year-end. Large remittances from relatives overseas often arrived at this time.

Int'l property consultant, Cushman & Walkfield forecast that the estate market would experience more sales of most types of housing from VN buyers.

Source: Vietnam News

Economy

Vietnam pilots PPP in agriculture

Le Quoc Doanh, Deputy Minister of MARD made statement at a seminar "Applying science & technology in agricultural production for VN's food safety, quality & sustainability", which was held on the morning of Nov 29 in Hanoi.

According to Doanh, currently, state funding for agriculture remains modest while ODA resources decrease in recent years & resources from private sector are also low. In these circumstances, PPP can play an important role as it helps utilise resources from science & technology as well as the management experience of MNCs and TNCs.

He said that MARD is piloting a PPP model in agriculture in order to foster agricultural development by increasing added values & sustainable practices.

The model has attracted 15 trans-national groups so far, including Metro Cash & Carry, Unilever, Nestle, Dupon, Croplife, Syngenta and Fresh Studio.

They are working to find a way to cooperate & foster the sustainable development of 5 industries: tea, coffee, vegetables, fisheries & commodities. They are calling for the participation of

more foreign & domestic companies to realise these efforts.

Dupon is working with MARD to look for ways to apply science & technology to agriculture, animal husbandry, aquaculture & enhancing food nutrition & safety in the country.

Several other foreign companies are working to build up professional and sustainable supply chains in the country.

VN targets to attain an agricultural growth rate of 17-18% by 2015, with the sector's expected export revenues \$40b, in which agriculture will contribute \$22b and, for fisheries, \$11b.

Source: Dan tri News

Vietnam's 500 largest firms announced

VN National Oil and Gas Group (PetroVietnam) once again tops the list of the 500 largest enterprises in 2013.



PetroVietnam illustration photo

The information was unveiled by VN Report JSC (VNR) on Dec 2. According to the list of VN's top 500 largest

enterprises (VNR500), Samsung Electronics VN (SEV) ranks second, followed by VN National Petroleum Group (Petrolimex) & VN Electricity (EVN). Besides, VNR also announced the 500 biggest private enterprises.

VNR500 is based on int'l standards & determined by several factors including profit, growth rates, labour, owner equity & total assets. This is the 7th consecutive year VNR500 was released in a bid to honour the achievements of the largest enterprises which represent VN's business community in 2012.

State-owned companies still dominate this year's largest enterprises, with 8 listed in the top 10 largest firms. The top 10 firms account for nearly 39% of the total revenue of VNR500 in 2012.

Source: Vietnam News Agency

90% of VN tea exported in raw form



Ministry of Industry and Trade's Market Department Deputy Head Le Viet Nga has revealed VN's export tea price is significantly lower than the average

global price, attributing it to more than 90% of tea volumes being exported in the form of raw materials. Despite VN's position among the top 5 tea producers and ranking 5th among worldwide tea exporters, the value of VN tea exports remains comparatively lower than other nations, at USD1,200 per hectare.

Few businesses have invested in developing trademarks & packaging technologies to increase the products' value. In addition, the number of tea factories has tripled or even increased 7-8 fold compared to capacities of supply materials, leading to a lack of investment in material zones & low quality products.

Thai Nguyen Tea Association President Nguyen Thi Nga reports that there is limited co-ordination between tea growers & businesses, so the sector still faces difficulties in ensuring quality management & food safety & hygiene. The tea sector should update processing technologies & production lines to produce competitive tea products while proposing tax exemption for tea cultivation in hilly regions for 5 years & setting up a price stabilization fund as well as introducing modern mechanisms to develop sustainable tea production.

Source: Talk Vietnam

Bank & Finance

Removing credit bottlenecks

At year-end, the demand for cash payment of VN companies is very high. This is also the time people do more shopping and spending, so the demand for loans often strongly increases. Credit rose sharply last year as usual, but this year the situation seems to remain very quiet & many banks in VN are still trying to push money out in credit. The first 10 months of 2013 saw credit growth in the new system of 6.8%.

VN's economy has not exposed clear signs of recovery, the pessimism are still puzzling the business community so this is not the time to embark on the new plan. The demands to expand production of the businesses are lower, which require cautious calculation to select the right projects for investment. The challenges of job market and loss of income caused consumers to tighten spending. The challenges make the businesses difficult to sell their products, leading the collapse of the production and the businesses' restrictions to make new loan. This causes low credit growth.

Credit in bottleneck

Businesses are always in hunger for capital; esp, in the high economic

growth periods, the businesses are always lack of capital for production. The interest rate now fell from 20% to just 10-12% per year, but difficulties remain.

To explain, the first cause may come from the business operation. For a long time, many large enterprises have run businesses based on the unrelated investment in finance instead of their core business activities. Many businesses that got involved in the fast profitable industries such as securities & real estate are now paying the price. Meanwhile, their core business areas are facing difficulties due to sluggish economy, large inventory & competitive pressures from imported goods. All challenges push businesses under the pressures, causing them to pay the price.

However, if the economy cannot recover sustainably, the firms can't recover, leading an increase in the unemployment. Gov't is adopting some of solutions to support businesses to overcome the crisis & adjust the interest rates downward, along with the credit support packages for priority sectors. The companies are rescheduled or extended for loan payment or loan rollovers to revive the businesses.

The banking system is in the phase of restructuring to make the system

healthy, increase the securities & reduce the risks. In response to the reporters, Mr Tran Xuan Quang, Standing Deputy Director of Maritime Bank said that in the current economic context with potential risks, the banks are certainly cautious to review the loans to avoid the heavier burdens of their own bad debts.

The credit bottleneck is formed as a result. The banks face the pressures of increasing the credit growth while paying the interest rates, which cause negative impacts on their profitability. And the businesses can not access the credit packages smoothly.

The signals for acceleration

The credit bottleneck is one of the issues that the government and the State Bank of VN (SBV) are now discussing and proposing solutions to help the economy grow. The policies for loan rescheduling and debt restructuring are technical measures, which help the companies to be fueled by new financial sources. But so far, the results have not been clear, apart from the fact that the NPL ratio of the banks is reported to decline rapidly.

Another important move is that the Governor of SBV will host a meeting with 14 large banks (G14). The banks are listed as Vietcombank, VietinBank, BIDV, Agribank, ACB, Eximbank, Sacombank,

Techcombank, Military Bank, Maritime Bank, VP Bank, VIB, SeABank & SHB. The expected content of the meeting is to evaluate the credit growth in the banking system.

Previously, at the National Assembly's meeting in Nov 2013, Governor Nguyen Van Binh said SBV would coordinate with Ministry of Construction, some businesses in the construction sector to offer a combined product, which aims to facilitate purchase of building materials & tackle issues such as inventories, backlog in building materials.

Construction and real estate sectors are 2 main sectors facing serious difficulties. However, if the policies are open and supportive, many businesses can revive the business activities and accelerate the work progress and avoid the incomplete projects, which drive the businesses to be drowned.

The highlight of the credit growth this period may include the credit packages for agriculture and rural development sector, with a high growth rate of over 15%, and an expected rate for the whole year of 18 % while the bad debts in the agriculture and rural development sector are only over 3%.

Binh said that SBV will continue pursuing the flexible and effective monetary

policies. The controlling of the interest rates and exchange rates will help to regain the confidence for businesses in the investment. The handling of the bad debts through VN Asset Management Company will help the companies to access the capital.

Credit at this point is still congested, but it is expected to be pushed up under the supervision of SBV and the fact shows that the banking system now proves its more prosper & safer activities. Obviously, the banks that changed the credit activities, proactively reviewing and enhancing the accessibility to its customer, reviewing and selecting the appropriate clients are likely to overcome the immediate difficulties and gain trust for lending. The banking services are being better improved, indicating a new wave of competition in improving service quality.

At this period, many optimistic signs also appear. In some banks, the credit growth is fostered in the last months. The SHB at the first 6 months of the 2013 has its credit growth of only 2.7 % while reaching 8.7 % at the end of September, compared to the end of 2012. And at the first 9 months of the year, the HDBank's credit has grown to 20.39 %, compared with 2012.

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Another factor stimulating the credit growth rate is the relatively "soft" interest rate, which stimulates the demands for shopping & spending on the products in the peak seasons, esp in upcoming Lunar New Year. This motivates the businesses invest more in production.

Source: VCCI News

Compulsory bank restructuring spares no one

SBV has announced that besides 9 weak commercial banks undergoing the restructuring process, it has found another 8 weak credit institutions for the compulsory restructuring.

The post-hot growth period

VN once experienced the period when the annual credit growth rate was as high as 30-40%, which helped the banking sector make fat profit.

The attractiveness of the investments in the banking sector not only lied in the huge profits, but also from the power: banks' owners could use huge capital to fund their businesses' projects.

ACB, Sacombank, Vietcombank, Eximbank & Dong A Bank made big leaps in their development in the period with the total assets and stockholder equity increasing by tens of times just within a short time.

However, in return for the overheated growth, commercial banks have caught a lot of problems. The complicated cross-ownership among banks, between banks & businesses has led to management uncontrollability. A high pct of total assets & banks' stockholder equities is considered "virtual capital."

A lot of new banks were set up to act as the suppliers of capital to the businesses of the banks' owners and big shareholders. Nguyen Duc Kien, a founding shareholder of ACB used tens of trillions of dong from ACB and other banks to lend to his businesses.

Analysts commented that the golden age of the banking sector is over. The annual credit growth rates were modest at 10% over the last 3 year, while a lot of banks report the sharp falls in profits.

Besides, they have been burdened with big bad debts as well. Commercial banks' reports said their bad debt ratio by Oct 2013 had been less than 5%. The banks considered "strong" reportedly have the bad debt ratio of below 3%.

However, SBV admitted that if the debt restructuring in accordance with the Decision No. 780 was not carried out, the bad debt ratio of the national economy would be 15%.

"Strong" banks will also experience the restructuring

Le Hung Dung, President of Eximbank said that banks now are like farmers, who have to work hard on the rice fields to collect small sums of money. He said that the period when banks could easily make profit from the gold, bond, share trading & from the large margin between the lending and deposit interest rates is over. Not only weak banks but strong banks also have to improve and renovate themselves.

A lot of banks have cut down thousands of workers in their restructuring plan to cut down expenses. Eximbank, for example, has transferred 300 workers from the headquarter to the sales units, while ACB has laid off 1,000 workers and cut down wages.

A finance expert commented that banks previously entertain illusions about the bright prospect of the finance investments. Therefore, they set up securities companies & excessively poured money into real estate projects. And now is the time to pay a heavy price for this. Even the banks considered as healthy are not surely 100% safe.

Source: Viet Stock

Enterprise

Bidrico wins Int'l Quality Crown Award in Diamond category



Bidrico Beverage Co., Ltd recently won the International Quality Crown Award in the Diamond Category from the Business Initiative Directions (BID).

This award is for businesses worldwide with strong commitments to quality & excellence in technological innovation, with many world-leading brands joining.

In 2011, Bidrico was honoured the International Star for Leadership in Quality Award. In 2012, it was bestowed the Platinum - The Century International Quality Era Award."

BID was founded by 90 leading nations with the objective of building reputation & brand for enterprises by quality evaluation. Every year, BID votes & hands awards for companies in various sectors around the world.

Source: VCCI News

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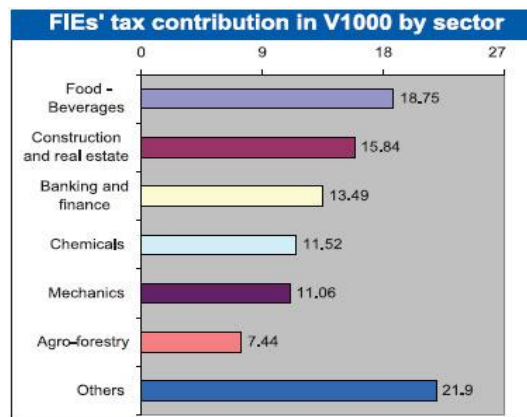
Tax crackdown nets FDI enterprises

A tax management crackdown was thought to result in higher tax contributions from FDI enterprises.

In the V1000, which lists the top 1,000 VN enterprises by tax contributions, foreign-invested enterprises (FIEs) contributed 24% of the corporate income tax of total V1000's tax payments in 2012, higher than 19.6% posted the year before.

Among the 458 new names on the list, foreign companies accounted for over 45%, while domestic private sector & state-owned enterprises contributed 37.1% and 17.5%, respectively.

"2012 marked a positive change for FIEs' tax contributions to VN's state budget. The local tax authority's efforts in tax inspection and investigation of FIEs' tax duty contributed to FIEs higher tax contributions," said Phan Huu Nhat Minh, director of research at VN Report.



Recently, VN's tax authority strengthened tax inspections for enterprises, with a particular focus on FIEs. As a result, hundreds of billions of dong of back tax was collected & raised accusations of transfer pricing many high profile FIEs operating in VN.

According to recent inspection results, General Department of Taxation (GDT) checked the business results of 5,531 FIEs, 60% of the total operational in the country, and found "worrying problems". 3175 of 5,531 FIEs (57.4%), posted a profit & 529 enterprises reported losses despite steadily increasing turnover.

Top 10 FIEs of Tax Contribution in V1000

1. Unilever Vietnam International Limited Company
2. HSBC Bank (Vietnam)
3. Acecook Vietnam Joint Stock Company
4. CP Vietnam Corporation
5. Honda Vietnam
6. Vietnam Brewery Limited Company
7. Vietsovpetro Joint Venture Company
8. Phu My Hung Corporation
9. Castrol BP Petco Limited Company
10. Toyota Motor Vietnam Limited Company

GDT reported that numerous FIEs repeatedly reported losses & asked for tax refunds, while unceasingly expanding their businesses. Meanwhile, domestic enterprises, operating in the same business fields & under the similar conditions, reported profits & paid corporate income tax.

GDT inspected 122 FIEs & found many of them guilty of transfer pricing. Those enterprises were forced to pay tax arrears of over VND200b (\$9.5m). Big FIEs such as Adidas, Coca-Cola & PepsiCo came under scrutiny suspected of transfer pricing.

In 2012, the local tax authority checked and inspected 2,027 enterprises showing signs of transfer pricing and related parties transactions and collected back tax of VND683.5b (\$32.55m).

A GDT representative said that the recent efforts of the local tax authority in tightening tax management caused many enterprises to report higher profits than those in previous years. Minh also argued that FIEs' positive business performance in 2012, most of which focus on exports, was another reason behind their bigger tax contribution.

FIEs' ranking also advanced given the domestic economic sectors' financial woes due to shrunk domestic consumption and bad debts.

In 2012, FIEs accounted for 55.9% of the country's total export turnover value of \$114.57b, according to figures of Ministry of Industry and Trade. They recorded an export turnover of \$64.05b, up 33.8% year-on-year, while roughly \$59.94b worth of goods were imported, an

increase of 22.7% on the same period. Meanwhile, the export turnover of SOEs only made up around 40%, a 1.3% increase against 2011.

Senior economist Le Dang Doanh added that FIEs were not feeling the pressure of high interest rates or inflation as in previous years, which helped them make greater tax contributions.

Source: Vietnam News

Retail enterprises post 12% profit rise

VN's total retail sales & service revenue in the first 11 months of this year reached VND2,386 trillion (\$113b), GSO reported.

The figure represented a 12.6% year-on-year rise, the highest level so far this year and the increase will be 5.5% if price hikes are excluded.

Le Thi Minh Thuy, head of GSO's Trade Department, said the consumer price index in Nov grew 0.34%, the lowest level in the past 5 years, sparking an increase in retail sales and service revenue. Purchasing power has risen, contributing to revenue growth.

She added that the increase is only one-third of the level recorded during the same period in 2010 due to low incomes and tighten spending.

People are only buying essential goods, and spending is limited on hotel and restaurant services.

The trade sector, which accounted for 76.8% of the total, rose 12.2% over the same period last year, while hotel and restaurant services were up 15.3%.

The service sector posted a 13.4% year-on-year increase, followed by the tourism industry with a 1.8% jump.

The individual economic sector accounted for half of the total retail sales and services, reaching VND1,201 trillion (US\$57b).

It was followed by the private sector with VND824.6 trillion (US\$39b), accounting for 35.3%.

Several items posted sharp decreases, including gold, motorbikes and electrical products.

Source: VOV News

Investment

\$400m tyre plant opened in Tay Ninh



The Chinese Sailun Tyres company in the Phuoc Dong-Boi Loi Industrial park, located in the southern province of Tay Ninh, began operating its new US\$400 million tyre factory on November 30.

The factory, whose construction began in 2011, is the largest foreign invested company in Tay Ninh. The plant is capable of manufacturing 150,000 tyres per year, including semi-and full-steel radial tyres and specialty tyres, and is expected to employ nearly 1,000 people.

Source: Vietnam News

IFAD grants Vietnam US\$33 million for sustainable rural development

The International Fund for Agricultural Development (IFAD) will provide 33 million USD to a project of sustainable

rural development for the poor in Ha Tinh and Quang Binh provinces.

At the signing ceremony in Rome, Italy, on Wed, IFAD President Kanayo F. Nwanze applauded VN's achievements in agricultural and rural development and poverty reduction. As VN was considered a bright example in these efforts, the fund decided to help poor farmers sustain their livings and enhance their ability to adapt to economic crises and climate change.

Vietnamese Ambassador to Italy Nguyen Hoang Long said the Vietnamese Government will continue poverty reduction activities. He promised that VN will use assistance from IFAD and other international organizations, expressing his hope that IFAD and Vietnam will continue to broaden their cooperation.

In early Dec, VN will negotiate with IFAD a 14-million-USD loan for climate change adaptation in the two Mekong Delta provinces of Ben Tre and Tra Vinh.

Source: Vietnam Government Portal

Market

Firms face huge losses as gas prices skyrocket

Binh Duong-based ceramic maker Phuoc Du Long is facing a monthly loss of VND200m as gas prices will increase by US\$267.50 a ton starting in Dec.

Vuong Sieu Tin, company director and deputy chairman of Binh Duong Ceramics Association, said gas accounts for 45% of the production cost for a single ceramic product.

Starting Dec 1, Vietnamese cooking gas suppliers hiked selling prices by up to VND80,000 a 12-kg cylinder, setting a new record price of VND491,000 a cylinder. The highest-ever price prior to this was recorded last year at VND480,000 a cylinder.

The sharp price hike not only affects consumers, but also businesses for which gas is the main fuel for production.

Tin said all members of his association were shocked to learn of the news last weekend. The association members consume an average of more than 1,000 tons of gas collectively on a monthly basis, and must increase selling prices by 10% if they want to make up for the extra expense.

Otherwise, they will incur a VND200 million loss per month, Tin said.

But it is not simple for the businesses, at least with Phuoc Du Long, to increase prices, as contracts have been signed months earlier, he added. The gas price increase came at the wrong time, when the ceramic exporting sector has begun to show positive signs.

Similarly, Ngo Hai, chief manager of the Huong Viet Restaurant in HCMC's District 7, said his facility will incur an overrun loss of VND2.4 million per month due to higher gas prices.

"We have no choice, as what can we use to cook other than gas?" he said.

A representative of a food processing company also said businesses have been put into a tough spot with the new gas prices.

"Businesses have no choice but to either suffer the loss or cut profits as they cannot hike their selling prices," he said.

Source: Tuoi Tre News

Life insurance market to surpass annual growth target

Vietnam's life insurance segment is expected to exceed its annual target of 15% with 19-21% growth in the previous three quarters, a senior industry official says.



Insurance experts discuss at the seminar in HCM City. — VNS Photo Quynh Hoa

This year's revenues for this segment is estimated at more than VND21.15 trillion (US\$1.01 billion), Viet Nam Insurance Association general secretary Phung Dac Loc said at a two-day conference that opened yesterday.

The "VN Insurance 2013 – Capturing VN's Fast Growing Insurance Market" conference is organised by IBC Asia, a division of Informa Plc, the largest publicly owned organiser of conferences and courses in the world.

The non-life insurance segment is expected to meet the 10% growth target for the year, although it saw a negative growth rate of minus 5% in Q1.

However, the segment rallied in the second and third quarters with growth of 5% and Q3 sees 8.6% growth. It is expected to post revenues of VND25.034 trillion (\$1.19b) this year.

The country would celebrate 20 years of Vietnamese insurance market development next month, Loc said, adding the demands on life insurance and health insurance has increasing rapidly in the past time.

Over the past 20 years, 20 million school students, 5 million labourers, 1.5 million auto owners, 7 million motorbike owners, 200,000 business owners and more than 6 million other people have joined life insurance schemes.

Many FIEs in transportation, electricity, telecommunication, oil exploitation, tourism and shipbuilding sectors have also purchased insurance.

Organisers said the conference aims to provided a platform for insurance companies and finance organisations to capitalise on the Vietnamese market.

The conference will focus in particular on the latest strategies in product development, designing effective marketing campaigns and establishing cohesive distribution channels.

Among the topics discussed yesterday were the strengthening of regulatory frameworks to support further development of VN's insurance market; growth potential of the life insurance segment; M&A and impact of the

restructuring process on the insurance industry.

Jack Howell, chief executive of Prudential Viet Nam, said the Vietnamese insurance market is relatively small now, but poised to grow in the near future.

He said, "strong GDP growth will help drive the Vietnamese insurance market and a strong distribution system will help drive growth for firms in VN."

The market growth needs to incorporate anticipated product needs based on the economy and demographics, Howell said.

Along with sales, companies are responsible for educating consumers on the value of life insurance and financial planning since it (customer education) is a key pre-requisite to customer acquisition, he said.

Education will help to ensure that the market enjoys sustainable and responsible growth, he said.

Le Hai Phong, executive director and chief financial officer of Bao Viet Holdings, said that the insurance industry played a relatively weak role in the Vietnamese economy, but has the capacity and potential to expand and contribute much more.

He said there were still many gaps between local practices and international best practices that need to be narrowed, especially in capital management, risk management and International Financial Reporting Standards. Industry regulators in Viet Nam should ensure consistency and enhanced transparency, he said.

Today, conference participants will continue their discussions on raising insurance awareness in developing markets, the future of micro-insurance and private health insurance development in Viet Nam.

Source: Vietnam News

Vietnam is SE Asia's fastest growing smartphone market: GfK

VN & Thailand are the 2 fastest-growing markets for smartphones in Southeast Asia in the first 3 quarters of this year, a report by GfK shows.

Both countries reported surges in smartphones sales and values from Jan to Sept in 2013 that are more than double those of the same period in 2012, GfK said in its report released Monday.

VN posted a 156% surge in smartphone volume and 113% in value, while the respective figures for Thailand are 118% and 114%.



GfK tracked smartphone growth in the first three quarters of this year in seven Southeast Asian countries including Singapore, Malaysia, Thailand, Indonesia, VN, Cambodia & Philippines, and concluded that intensifying demand propels smartphone sales volume by 61%.

Half of all handsets sold are now smartphones, and Android and bigger screen models are gaining popularity, the report shows.

In the first three quarters of this year, consumers from the above countries spent \$10.8b on nearly 41.5 million smartphones, according to the report.

Among the 7 individual markets tracked, Indonesia has the greatest smartphone sales volume and value. Since the beginning of this year, Indonesian consumers have already bought 14.8 million smartphones worth over \$3.33b.

Thailand & Malaysia have the next highest sales volume with 7.2 million & 6.4 million units sold respectively.

However, in terms of smartphone sales revenue, the ranking of these 2 countries are topped by Malaysia, which garnered \$2.25m while Thailand raked in \$1.96m from Jan to Sept 2013.

"The increasing affordability of smartphones, particularly in developing markets, is helping many consumers in these countries make the switch from their basic feature phones to their very first smartphone," highlighted Gerard Tan, Account Director for Digital Technology at GfK Asia.

"It is worth noting Sept as a significant milestone, as it is the month when sales penetration reached the halfway mark: when 1 in every 2 mobile purchased in the region is now a smartphone."

In terms of operating systems, the Android, with its 72% market share, continues to be increasingly sought after across six of the markets. This platform is most widespread in the Philippines, Malaysia, and Singapore, where the operating system now makes up 91, 83 and 81% of total smartphone sales in the countries respectively. In Indonesia, a proportion of Android smartphones sales jumped by 23% within a year, from 37 to the current 60%.

Larger screens are now increasingly prevalent in new smartphones.

Smartphones 4-inches wide or more occupied 13% of total sales last year, but now have more than doubled their share. In the first nine months of this year, 1 in 4 (27%) smartphones sold had a screen size of at least 4 inches.

"The latest trend in the market now is phablets, which are mobile devices with cellular voice functionality but a display between 5.6 inches and 6.99 inches," said Tan.

"Launched only recently around mid-2013, over 460,000 have already been sold and we will likely see an increase as more models enter the market," noted Tan.

"The substantial 50% of feature phone buyers in Southeast Asia who have yet to convert to smartphones presents much potential for manufacturers, and we predict a continued uptrend and exponential growth in the smartphone market in this region," concluded Tan.

Source: Vietnamnet

Legal Updates

The regulations on design and installation of outdoor advertising media

Regulation QCVN 17:2013/BXD dated Oct 31, 2013 of Ministry of Construction on the construction and installation of outdoor advertising.



This regulation prescribes compulsory requirements that must be complied with when designing, building and installing of outdoor advertising media.

This regulation applies to outdoor advertising media displayed on outdoor advertising works, banners, which are fixed or moved; does not apply to advertised products.

The Regulation is issued together with Circular No. 19/2013/TT-BXD dated Oct 31, 2013; it takes effect from May 1, 2014.

Source: Vietnam Law

Regarding tuition fees for foreign employee's children

Dispatch No. 8878/CT-TTHT dated Oct 31, 2013 of HCMC Department of Taxation on personal income tax.

Pursuant to Clause 2.g, Article 2 of Circular No.111/2013/TT-BTC, for the case that the Company signed a labor contract with a foreign expert, has agreed to pay tuition fees on behalf of this employee for his/her children studying in VN at preschool level, this fee is exempted from PIT. However, it is needed to have tuition fee certificate from school), this income is not counted in taxable income when calculating PIT of this foreign employee.

Source: Vietnam Law

New regulations on im-export operation for the year 2014

Decree No. 187/2013/NĐ-CP dated Nov 20, 2013 of Gov't detailing the implementation of Commercial Law regarding the activity of int'l goods sale & purchase & activities of agents for trading, processing, transiting goods with foreign countries.

This decree provides the following lists in order to replace all previous lists which issued in Decree No.12/2006/NĐ-CP including: The list of commodities

banned from export; The list of commodities banned from import; The list of export, import commodities licensed by the Ministry of Trade.



One of the new features of this Decree is adding items to the list of commodities banned from import include:

- Cars, auto spare parts, motorcycles, specialized motorcycles, motorcycles that haven't been used yet but erased, forged, changed frame & engine.
- Chemicals belong to the list of banned chemicals specified in Appendix III of Decree No. 108/2008/NĐ-CP.
- Chemicals stated in Appendix III of the Rotterdam Convention.
- Plant protection drugs banned in VN.
- Sun light.

Source: VCCI