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Highlight

Vietnam GDP rises 5.42% in 2013, estimate 5.3% gain

VN's economic growth accelerated as exports climbed, banks struggled to meet Gov't lending target. Stocks rose.

GDP rose 6.04% in Q4 from a year earlier, quickening from a 5.54% gain in the 3 months through Sept, according to General Statistics Office (GSO). For the full year, the economy grew 5.42%, faster than a 5.25% pace in 2012, and the median estimate of 5.3% in a Bloomberg survey.

Manufacturers from Samsung Electronics Co. to Nokia Oyj have boosted VN's exports, which grew 15.4% this year from a year earlier. That has helped offset faltering bank lending, as the government takes steps to resolve bad debt and overhaul the financial system.

"The economy is steadily recovering," said Fiachra MacCana, HCMC Securities Corp. "Exports are still the main driver, esp for VN's manufacturing industries, but there's a little bit of domestic backup. It's a broad-based recovery."

VNINDEX climbed 0.6% as of 10:34 a.m. local time. It has gained more than 22% this year, the biggest advance among

major Southeast Asian indexes. The dong has slipped more than 1% in 2013.

Foreign Projects

According to IMF, VN's growth is being supported by export & foreign investment. The exports – to - GDP ratio increased from 56% (2009) to 75% (2012).

VN received \$11.5b in disbursed FDI this year, a 10% increase from last year, GSO said today. Pledged FDI was \$21.6b, a gain of 55% from a year earlier.

Higher costs & wages in China are prompting some companies to set up manufacturing in neighboring Asian economies. Samsung, the world's biggest smartphone maker, is building a \$2b plant in VN that may make 120 million handsets a year by 2015.

Services Rise

Year-to-date retail sales growth in Dec was slower than 2012. SBV said bank lending may rise 9% this year, lower than the target of 12%. It cut the refinancing rate to 7% from 15% (2012).

PM Nguyen Tan Dung plans to complete a revamp of state-owned enterprises by 2015 & has set up an asset management company to clear bad debt at lenders.

The economy may grow 5.4% in 2014, WB said, slower than Govt target of 5.8%.

Services, which made up 43% of the economy, grew 6.6% in 2013, while industry & construction which made up 38% of GDP, up 5.4%. Inflation quickened to 6.04% in Dec. Dung told the central bank earlier this month price gains must be kept at 6.5 - 7% in 2014.

Source: Bloomberg

Vietnam's overseas investment reached US\$15.5 billion

VN businesses have invested \$15.5b in 742 projects abroad, according to the Ministry of Industry and Trade.

The mining industry topped with 99 projects (\$4.6b), accounting for 13.3% of all projects and 46% of total investments.

Agro-forestry and seafood processing ranked 2nd, with 80 projects worth \$1.9b, equivalent to 10.8% of all projects and 12.6% of total capital, while power projects also attracted \$1.8b (12.1%).

VN businesses have expanded their investment to 59 countries and territories.

Source: Asian News Network

Vietnam reins in rising CPI during 2013

VN's CPI rose 0.51% in Dec compared with the previous month & increased by 6.04% over Dec last year, which the average CPI this year increased by 6.6%

over 2012, marked the lowest rate of increase over the past decade.

GSO revealed that the prices of housing & construction materials recorded the highest monthly rise, up 2.31%. Those of garments, hats & footwear came 2nd, up 0.57% & those of food & food products came 3rd, with a 0.49% rise. The prices of goods & services related to culture, entertainment and tourism rose 0.13%.

The prices of traffic services dropped by 0.23% & those of postal services & telecommunications down by 0.01% in Dec.

HCMC's CPI in Dec rose by 0.39% over Nov & 5.2% compared with the same period last year. The city's rate is lower than that in many other provinces including Hanoi & Haiphong because it has successfully controlled prices with the market stabilisation programme, which provides nearly 7,600 points of sale, of which nearly 3,300 sell food. This has made the city's average CPI increase at 3.67% over 2012.

Hanoi's CPI in Dec rose 0.35% over Nov and rose by 7.04% over the same period last year. This year, Hanoi's average CPI increased by 6.37% over last year.

Head of GSO Nguyen Bich Lam said that with this level of increase in the CPI, the National Assembly's target to curb inflation in 2013 is within reach.

He attributed the CPI rate to Gov't management as well as efforts made by Gov't branches & agencies to implement drastic measures & policies to control inflation, market prices & the supply & demand of goods during the last months of the year.

The abundant supply of food, thanks to bumper crops this year, plus the low purchasing power have also contributed to the strong performance. As many as 17 cities, provinces adjusted healthcare costs, resulting in a rise of 19.5% in the CPI of medicines & healthcare services.

Lam blamed the accelerated rate of the CPI increase on the localities' increase in tuition fees, hikes in the prices of oil and gas and electricity, and the effect of the 15 storms that have hit VN so far this year. CPI in Jan 2014 is expected to see a major jump due to a high demand for commodities during Tet holiday. GSO forecast that CPI will edge up by only 7% next year.

GSO indicated 2013 GDP is estimated to reach 5.42%, 0.08% lower than the target but still higher than 2012 (5.25%), pointing out that there are signs of recovery.

Source: Vietnam News

Economy

Vietnam rice exports drop following falling demand

Rice exports are set to fall by around 15% this year to 6.6 million tonnes after demand plunged in Southeast Asia, General secretary of VN Food Association (VFA) said.

Huynh Minh Hue told a seminar in HCMC this week that the average export price was \$430.89 a ton, down \$14.5 from last year, as exports fetched \$2.64b. It's due to the fall in demand in some traditional markets in the second half of the year.

Indonesia didn't buy at all while the Philippines & Malaysia reduced imports. But an increase in exports via border trade with China compensated partly & enabled farmers to sell their crops.

Next year, exports are supposed to run into difficulties because of lower prices of Thai rice & stiff competition from some other major suppliers in Asia, he warned. With supply exceeding demand, rice prices could continue to fall for some time. VN should be prepared for fierce competition, esp with Thailand, in exports of white and fragrant rice.

It has competitive advantages in export of fragrant & high-quality white rice to

Africa & a geographical advantage in supplying the product to China.

Southeast Asia, despite falling demand, remains a major market with many Govt-to-Govt contracts. With good prices & freshly harvested grains, VN would be more competitive when demand revives in these markets. China would remain the biggest importer of VN rice but there are risks like buyers flouting contracts.

In light of the likely hurdles, VFA has forecast rice exports next year to remain unchanged at this year's figure of 6.5-7 million tons. It has suggested measures to boost exports, including strengthening trade promotions in new markets, developing high-quality seedlings & growing varieties that the market needs. Setting new quality standards & strengthening quality checks of exports are required to safeguard the country's prestige, it said.

At the meeting, VFA and 13 provinces signed a MoU for co-operation in rice production and consumption.

Pham Van Du, deputy head of the Department of Crop Production, said areas would be identified for growing high-quality rice for exports under the MoU. They would be 500-1,000ha each.

VFA, on behalf of exporters and in conjunction with Department of Crop

Production, will advise farmers on what kind of rice to grow in each region, buy their crops at market prices, revamp the rice trading system & develop brands for the grains. Initially, 13 areas will be identified in the Cuu Long (Mekong) Delta for growing rice.

Source: Vietnam News

Vietnam enjoys \$650m trade surplus

VN achieved an export revenue of nearly \$125.79b by Dec 15, up 15.4% from 2012, according to the VN General Department of Customs (VGDC).

Its trade exchange reached \$250.93b, up 15.2% compared to the same period last year. Despite its trade deficit of over \$90m in 1st half of Dec, VN produced a \$650m trade surplus since Jan 2013.

VN's imports in the first 2 weeks of Dec were valued at \$10.59b, bringing the total import turnover to \$125.14b, a year-on-year increase of 15.1%.

For its part, FDI sector earned \$77.32b from its exports, making up 61.5% of the total export earnings at an annual growth rate of 27.2%. Its import value hit \$71.01b by Dec 15, 24.2% higher than the previous year's figure.

Source: VOV News

Paper industry grows 7% in 2013

The paper industry has posted sales growth of 7% this year, but this growth rate is not equally shared by companies in the industry, Vu Ngoc Bao, vice chairman and general secretary of the VN Pulp & Paper Association, said at a news briefing in HCMC on Tuesday.

At the news briefing on the exhibition Paper VN 2014, Bao said the industry's sales growth in 2013 was not so bad though it's lower than in previous years.

Total paper sales volume in 2013 is estimated at 3 million tons, up 3% year-on-year, & domestic output at 1.7 million tons, rising 7% year-on-year, with the balance imported. But paper imports have increased 10% against last year.

Bao said many companies had constantly made strong investments to meet rising demand while some others had been forced to either stop or scale down production.

This is a natural selection in the paper industry in the context of the current economic difficulties, Bao said. As such, some businesses weak in governance and technology have been eliminated.

Bao forecast the paper industry to grow better next year.

Source: Saigon Times

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Bank & Finance

No more delays in new rules for bad debts: SBV

The central bank says it will allow no more delays in the implementation of tighter rules on bad-debt classification & risk provisions initially set to take effect June 1 and then delayed until next year.

Dang Van Thao, SBV's deputy chief inspector told that the delay had played a "historic role" in helping banks & businesses in a tough time by giving the former more time for better preparations & enabling the latter to access loans.

But SBV can't postpone the implementation of Circular 02, which requires stricter standards for loan classifications & risk provisions any longer. Lenders have to comply "thoroughly" with the rules from June 1, 2014.

Economist Nguyen Tri Hieu supported SBV's decision, saying another delay, as proposed by analysts and banks, would drag the process on too long.

Banks have argued that they need another delay because the tighter loan access would force many businesses into collapse, but Hieu said he did not expect this to be the case. It was much better let Gov't know the real bad debt situation to take proper measures.

A Reuters report published 7 months ago that the new rules could triple VN's non-performing loan level, which stood at 4.65% at the end of May, according to SBV chief inspector Nguyen Huu Nghia.

Missed target

At the press conference, SBV's deputy governor Nguyen Dong Tien said the banking system would likely fail to hit its targeted credit growth of 12% this year. Loans have expanded 8.83% so far this year. But Tien said the figure was appropriate given the tough economic circumstances & VN's priority of inflation control. CPI are forecast to rise by 6% this year, compared to 6.81% last year. SBV has already set a target of 12-14% growth in loans for 2014.

Source: Thanh Nien News

Central bank sets new rules for foreign currency lending

Governor of State Bank of Viet Nam (SBV) issued Circular No 29/2013/TT-NHNN on lending in foreign currency by credit institutions & foreign bank branches to resident borrowers. The Circular applies to (1) credit institutions & foreign bank branches permitted to conduct foreign exchange activities & lend in foreign currency to clients; & (2)

residents borrowing from credit institutions & foreign bank branches.

Lending in foreign currency by credit institutions and foreign bank branches

Credit institutions & foreign bank branches (the "lending bank") may evaluate & decide to lend in foreign currency for the following demands:

(1) Short-, medium- & long-term loans to make offshore payments for import of goods & services when the borrower has sufficient foreign currency from business revenue to repay the loan.

(2) Short-term loans to primary oil & petrol import enterprises obtaining the Ministry of Industry & Trade's 2014 oil & petrol import quota & not having sufficient foreign currency from production or business revenue to repay the loan. This applies until 31 Dec 2014.

(3) Short-term loans to meet domestic capital demands to implement production or business projects for export of goods via VN border gates & when the borrower have sufficient foreign currency from export revenues to repay the loan. When the lending bank disburses loan monies, the borrower must sell by way of a spot transaction this amount to the lending banks, except where the borrower needs to make payment in foreign

currency under the regulations. This provision applies until 31 Dec 2014.

(4) Loans for offshore direct investment in projects of national importance, having investment policy approved by National Assembly, Gov't or PM & granted an investment certificate by Ministry of Planning & Investment.

The lending banks may evaluate & decide to lend in foreign currency outside the above list in the priority fields or the fields in which development of production is encouraged by Gov't after SBV approves each specific case.

SBV approval to lend in foreign currency

To lend in foreign currency, the lending bank must send a written request, to SBV for approval, including:

(1) The lending bank has evaluated the client's production or business project & is assured that the project is feasible & efficient. The client must satisfy conditions under the regulations on lending. The lending bank is able to recover the loan, including principal & interest, on time. The lending bank's request must include a specific report on the client's current financial status, production or business status, source for loan repayment, & demands to borrow in foreign currency, to implement its production or business project in the

priority field or the field in which development of production or business is encouraged by Gov't;

(2) The lending bank must include a specific report on its own foreign currency sources to provide the loan & an undertaking to ensure balancing of its foreign currency sources as appropriate for the term & amount of the loan; & that the loan complies with current regulations on lending, foreign exchange control, limits on extension of credit, prudent ratios applicable to the lending bank & other regulations;

(3) The lending bank undertakes to be responsible for evaluation & decision to lend in foreign currency to clients & information contained in the request.

Lending banks' responsibilities

The lending banks providing loans in foreign currency must comply with this Circular, regulations on lending, foreign exchange control, prudent ratios & other relevant provisions. The lending banks must provide monthly reports to SBV on their foreign currency loans on the 12th day of the following month.

This takes effect on 1 Jan 2014 & replaces Circular No.37/2012/TT-NHNN (28 Dec 2012).

Source: VOV News

Enterprise

VN dancing robot among best toys this Christmas in US

VN made dancing robot 'Tosy DiscoRobo' has been named among the best toys this Christmas Season by the American Parent Association (APA).



APA described this as a lively, entertaining toy for children. Several magazines (CNET, Grandparents.com, CBS) added the dancing robot 'Tosy DiscoRobo' on their list of best toys to buy this Christmas.

Currently, the VN made toy is selling like hot cakes on the website Amazon.com.

APA launched their own survey of toys & tested the best ones to introduce for parents to buy for their children during the festive season.

CNN has also just selected 'Tosy DiscoRobo' as 1 of the 8 most favorite toys this Christmas Season. The dancing robot can move 56 dance steps when programmed.

Source: SGGP

Kinh Do continues boosting M&A

Kinh Do Corporation (KDC) will continue boosting M&A activity to boost investments in companies in the confectionery & foodstuff industries besides developing its business overseas, Tran Le Nguyen, KDC's general director said at a function celebrating the 20th birthday of his firm on Monday.

During 2 decades of operation, KDC has been associated with numerous M&A transactions & joint venture & co-operation deals inside & outside the country for further development.

In its next development strategy, KDC will continue embarking on M&A activity to reduce investment time & utilize available resources to develop its core business as well as expanding the foodstuff industry in the near future.

M&A activity has helped KDC achieve more successes than failures, according to Nguyen. Besides expanding its business scale, KDC has also diversified its lines of products through M&A transactions which partly helps the company avoid relying on the seasonal factor when doing business.

The products that KDC is expanding production are instant noodle, cooking oil & sauce among other foodstuff items.

KDC's expansion strategy in near term is to cooperate with strategic partners for processing products bearing its brand rather than building its own plants. The firm is expected to introduce instant noodle & cooking oil products to the market early next year.

Besides diversifying products in the core business industry, targeting global markets is considered as an important strategic step for KDC to accelerate its sale growth in the near future. KDC now is negotiating with foreign companies to launch items overseas & making plans to construct factories abroad.

From a small manufacturing facility 20 years ago with 70 workers only, KDC has become a corporation with 5 subsidiaries & 4 plants specializing in confectionery, ice cream & dairy products. It is expected to enjoy total sales of over VND5 trillion and a profit of an estimated VND600 billion in 2013.

In celebration of its 20th birthday, KDC was given 2nd grade Labor Medal by the State President while Tran Kim Thanh & Tran Le Nguyen as the firm's 2 founders were given 3rd grade Labor Medals. On this occasion, KDC has donated a total sum of VND2 billion to social organizations.

Source: Saigon Times

Vietnam's auto industry opportunities may slip away: Toyota

Japan's top automaker Toyota warned on Tuesday that VN will lose opportunities to develop the automobile industry if Gov't fails to release suitable policies from now to 2025.

Yoshihisa Maruta, general director of Toyota VN, said that if Gov't has no policies to secure the gap in production costs between complete knocked-down (CKD) and complete built-up (CBU) cars, it will be a challenge for VN to maintain the auto industry.

Speaking at a seminar organized by Bank for Investment and Development of VN (BIDV) & Japan's Shinkin Central Bank (SCB) in Hanoi, Maruta said that import tariffs within ASEAN will be removed, resulting in a sharp fall in imported car prices and giving a boost to the automobile market.

Maruta urged Gov't to apply supportive measures for the industry. "Now is the most important time to decide the future of the auto industry," he said.

VN should learn from Thailand that had successfully developed the auto industry before opening the door. After that, the nation has continued to develop the auto industry.

The seminar also discussed other fields of cooperation between VN & Japan.

Phan Duc Tu, general director of BIDV, said that Japan currently is the biggest ODA donor & FDI investor in VN.

Bilateral trade between the two nations is expected to hit \$29b in 2013. By late Sept, Japanese firms had invested in 2,100 projects in VN.

BIDV has been trying to seek cooperation opportunities to speed up Japanese FDI in VN. The local bank has chosen SCB as one of first Japanese strategic partners to develop the Japanese client segment.

SCB is the sixth biggest bank in Japan and the 80th in the world. It can be called the 'central bank' of 270 people's credit institutions in Japan with thousands of corporate customers from many countries, including Vietnam.

Commenting on the partnership model between VN and Japanese banks to speed up FDI capital in VN, Do Nhat Hoang, head of Foreign Investment Agency, said that this is a good model to support enterprises.

As of Nov, Japan is the biggest investor in VN with total committed investment capital of \$34.5b.

Source: Saigon Times

Investment

Fishing industry attracts \$310m in FDI

The fishing industry has so far attracted more than 70 FDI projects capitalised at over \$310m, mostly focusing on aquaculture, processing, feed & fries.

Dinh Thi Thanh Huyen, a Ministry of Agriculture & Rural Development official, says these are small projects with an average investment capitalisation of over \$4.4m each. Although businesses from 18 countries have invested in this industry, they have yet to cooperate in production & supply chains.

In addition, FDI in the fishing industry remains modest, esp in the Mekong River Delta where localities have not built strategic plans for promoting & managing foreign investment. Poor infrastructure, low profit & risks have barred investors from investing in the field in VN, said Huyen.

She suggested localities implement a development strategy of the fishing industry until 2020 to attract hi-tech & environmentally friendly FDI projects, & perfecting incentive investment policies.

She said businesses need to learn about Int'l investment trends & investor demand, boost trade promotions and attract ODA sources. Esp, it is important

to diversify investment methods under Public-Private Partnership (PPP) model.

Huyen reveals the General Department of Fisheries will co-ordinate with Metro Cash & Carry VN & other companies like Cargill, Fresh Studio to develop fishing ponds under a pilot METROGAP model for 2,000 households in the Mekong Delta city of Can Tho.

A seafood development centre in Can Tho & a fishing industry centre in Kien Giang will be established to attract FDI & ODA sources, contributing to developing the seafood sector in the Mekong River Delta, improving export turnover and generating jobs for local people.

Source: VOV News

Investment flows to industrial zones

Companies in HCMC's industrial parks & export processing zones have reported an increase in investment & export revenues this year, the Export Processing & Industrial Zone Authority said on Friday. They have attracted total investment of \$576.77m this year, a 40% increase year-on-year, Ho Xuan Lam, head of HEPZA's administrative office, said.

Foreign investment surged by 73% to \$358.5m, including in 19 new projects worth \$68.7m.

The \$31m Vie-Pan Techno Park project in Hiep Phuoc Industrial Park, a \$9.8m twine factory in Tan Phu Trung Industrial Park (IP), and a \$15m drug storage project in Tan Tao IP are among the largest. 29 existing foreign projects brought in additional investment of nearly \$290m.

Japan, the largest foreign investor in IPs & EPZs, accounted for half of the year's FDI, followed by Singapore (26%) & Australia (14%). The remaining was from investors from Taiwan, Germany, Sweden & Denmark.

Domestic investment rose by 7% to \$218m, all of it due to an increase in capital at existing firms. New investors accounted for \$125.9m, a 10% decrease year-on-year.

There are now nearly 1,300 projects with a total investment of \$7.78b in IPs & EPZs, with 1,063 of them operational.

Exports have been worth \$5.1b this year, an increase of 13% despite the economic downturn.

Forty firms have shut down or reduced production, leaving more than 1,700 workers unemployed.

The number of workers fell by 2,700 to 268,800.

Source: Vietnam News

Market

Local gold price tumbles after FED prompts global sell -off

Domestic gold price yesterday lost an additional 1.08% to fall below the resistance level of VND35 million per tael (US\$1,647), which marked a record-low not seen since Nov 2010.

The falling price followed the drop in world gold prices after the US Federal Reserve's move to curb its bond-buying stimulus prompted a huge sell-off. Spot world gold prices fell to a six-month low of \$1,185.10 an ounce earlier yesterday, before it inched-up to \$1,192.80 due to bargain-hunting buyers.

SJC gold bars were traded at VND34.9/VND35.13 million (\$1,642/1,653) per tael. The drop extended the gap between local and world price to VND4.7 million (\$221) per tael. One tael is equivalent to 1.2 ounces.

PNJ reported strong sales from individuals, doubling the volume of two days ago to around 300 taels. However, the daily purchase power remained stable at 500 taels.

Nguyen Cong Tuong, sales manager of Saigon Jewellery Company (SJC), said that many people worried about the down trend continuing & sold their gold

to secure as much as possible. But prices at SBV's auction were improved.

During the 75th auction, 12 credit institutions purchased 14,700/15,000 taels of gold offered by SBV at VND35.01-35.04 million (\$1,667-1,668) per tael.

According to SBV, it has sold 1.799 million taels of gold since its first auction in March.

Source: Vietnam News

Costly 3G fee a rod for network operators' own back

VN's 3 largest mobile operators are making a rod for their own back with their 3G data packages, whose prices subscribers deem unreasonably expensive. Users are calling to boycott them while some have already stopped using their costly services

In Oct, Vinaphone, MobiFone & Viettel simultaneously announced a 40% price increase for their services, sending the 3G data package fee from VND50,000 to VND70,000 per month.

This data package is applicable only to smartphone users, while the fees for those using 3G on laptops and tablets via 3G USB & 3G SIM card surged to four times the original price.

This has ignited a wave of boycotting for the 3G services among local forums &

social networks. Boycotters say what is most annoying to them is the fact that service quality has not been improved along with the higher prices.

"Network operators must accelerate their service speeds before increasing prices," a member posted on a Facebook page called "Group of those who boycott the 3G service providers over new prices."

But some have lost patience with the operators, saying there is no use complaining about service providers.

"They are turning a deaf ear to us. Let us take action ourselves by canceling our 3G data packages. Extending the service means you're accepting their unreasonable price hikes," another member said in his Facebook post.

Meanwhile, some subscribers switch to using WiFi to save costs.

Hoai Vu, a resident in HCMC's Tan Phu Dist., said it cost his family nearly VND1 million (\$47) last month to run 3G services on 3 smartphones and two 3G USBs of family members. "Now, with WiFi, the monthly cost is only VND200,000".

Stopping using 3G means he couldn't go online anytime & anywhere, but Vu said he acknowledges this and it is not an issue, as long as he can enjoy "fast & stable Internet at home."

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Transparency needed

Economic expert Nguyen Ngoc Son said the mobile operators seemingly did not care about subscribers' reactions when announcing the price hikes.

"They must have known that the users would be angry, but as the monopolies of the market, they just didn't care," he said.

Son said there is no sign of a competitive market when all of the three largest mobile operators increased service prices by the same amount and at the same time.

Nguyen Hoang Hai, general secretary of VN Association of Financial Investors, called for an overhaul in the domestic telecom sector to control the monopoly, and protect the rights of consumers.

The network operators can easily hike service prices because there is a lack of transparent information about their financial operations, he said.

The government should thus require the mobile operators to publicize their financial reports and details of their services frequently so that consumers can check their cost prices to see whether their price hikes are reasonable, he urged.

Source: Tuoi Tre News

Gasoline price rockets VND584 per liter

The interdisciplinary ministries of Industry & Trade & Finance had allowed petro distributors to raise their prices for petroleum products by VND380 to VND650 per liter at max since Dec 18.

Accordingly, the price of RON 92 gasoline soared by a max of VND584 per liter to VND24,214 per liter. The new level of 0.05s diesel oil is VND22,960 per liter and that of 0.25s diesel oil increases from VND22,260 per liter to VND22,910 per liter. Kerosene is now sold at VND22,400 per liter.

The Ministry of Finance explained that except engine oil, the retail prices of aforesaid oil products were lower than base price by VND914-1,414 per liter. Thus, an increase in price is necessary as global oil prices have been escalating in the past month.

On the other hand, the balance of the gasoline price stabilization fund was at about VND72 billion by Dec 10.

The ministries also asked the petro distributors to stop using money from the nation's gasoline price stabilization fund for gasoline and diesel oil.

Source: SGGP

Legal Updates

New law brings in caretaker for bankruptcy assets

New regulations for bankruptcy asset caretakers in the third draft of the Law on Bankruptcy were discussed in Ha Noi on Tuesday by Int'l Finance Corporation and the VN Business Forum.

According to the drafting committee, under the current law members of an asset liquidation team held multiple tasks at the same time & were ineffective in overseeing bankruptcy assets.

"The ineffectiveness is because there are too many parties on the team, plus they have limited knowledge, mostly having few skills in statistics and liquidation," stated Nguyen Thi Dieu Hong from the VN Chamber of Commerce & Industry's legislation committee.

This is the first time the concepts of a bankruptcy asset caretaker have been put into the law, replacing the asset liquidation team. The draft added Article 12, stating that an asset caretaker is defined as a lawyer chosen by the court.

However, KPMG's director of restructuring services, Phil Smith, recommended the expansion of

conditions for the asset caretaker, such as being a qualified accountant.

In many places around the world, professionals in practicing bankruptcy were normally those in the legal and accounting industries, said Smith.

The draft also regulates that an asset caretaker has the responsibility of helping businesses restructure. Therefore, he must have considerable knowledge and experience in corporate governance.

In addition, VN Int'l Law Firm said that other legal documents did not define how a lawyer could perform the jobs of an asset caretaker. The drafting committee should consider carefully not creating conflicts between the Law on Bankruptcy and the Law on Lawyers.

Enterprises and creditors can negotiate about the filing for bankruptcy is the content of a new provision that is not included by the current law.

According to the law firm, this would allow the parties to agree on a solution to handle debts without jeopardizing business operations.

Source: Vietnam Investment Review

Preferential policies for agricultural development

Gov't has promulgated a series of additional preferential policies to encourage investment in agriculture & rural development. Under newly-approved Decree 210/ND-CP, investors shall be exempted from land use fee for carrying out agricultural projects eligible for special preferential treatment.

For projects eligible for preferential treatment, the land use fee shall be reduced to 70%. The fee shall be cut by half in case of encouraged investment projects.

Investors of large-scale livestock farms will receive VND 3 billion (\$140,000) per project. Esp, projects on production of high yielding dairy cows will get VND 5 billion (\$235,000) each. The preferential policy aims to help investors to build sewage treatment, electricity and water systems, pastures, and battery cages.

According to the Decree, the preferential policy is also applicable to centralized aquaculture projects at sea.

The Decree will take effect since Feb 10, 2014.

Source: Vietnam Government Portal