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New drivers required for economic growth

The next National Congress of the Communist Party of Vietnam must identify new means of bolstering economic growth, National Assembly (NA) delegate for Ho Chi Minh City, businessman Nguyen Ngoc Hoa, recommended in the draft report of the 12th National Congress.

Other countries need from 20 to 25 years to become an industrial country but it has taken Vietnam 40 years since reunification and 30 years since the “Doi Moi” process was introduced, Mr. Hoa said. He was anxious that Vietnam still sets industrialization targets for the next five years.

Looking at GDP growth, he said that GDP in the last has averaged about 5.88 per cent, which is lower than the average previously. He believes growth has become saturated because the economy has not received new motivating measures.

For the first time, the private economy was emphasized as an important driver of economic growth in the draft report of National Congress, NA Delegate for Ho Chi Minh City Tran Du Lich said. He stressed that this is the reason for the growth of the private economy during integration.

The draft report determined the role of the private sector and improvements to policy to support its development.

NA Delegate for Hanoi Nguyen Quoc Binh agreed that reform will drive socio-economic growth.

There are now about 800,000 enterprises registered in Vietnam, including about 500,000 to 600,000 active enterprises, Mr. Hoa said. He suggested that Vietnam reach 1 million or even 2 million enterprises to create power in the economy.

Vietnam attends international fair in Belarus

Vietnam Trade Office officials have showcased the country's high-quality seafood, tea, coffee, and other agricultural products at an international fair-expo themed "Business in the Regions" in Belarus's Gomel city.

During the fair-expo on October 21-22, a forum, themed "Business Days in Gomel", was opened for enterprises and diplomats in the country to discuss foreign trade.

Speaking at the event, Vietnamese Ambassador to Belarus Le Anh said Vietnam and Belarus have numerous prospects for expanding win-win bilateral trade and economic relations in the time ahead.

The envoy proposed the two sides should actively take part in conferences on business as well as introducing goods at fairs in both countries in order to boost ties, particularly in areas of agriculture, machinery manufacturing and milk production.

Anh affirmed with the signing of the free trade agreement (FTA) between Vietnam and the Eurasian Economic Union (EAEU), the two countries will have more driving forces to develop the ties more effectively .

The event saw the participation of more than 20 delegations from 11 countries, including Brazil, Germany, China, Russia, and Vietnam.

Belarus has imported several products from Vietnam including tea, rice, and seafood.

The country is strong in chemistry, petrochemistry, automobiles and hi-technology.

At a reception for outgoing Vietnamese Ambassador Do Van Mai in Minsk on August 17, Belarusian President Alexander Lukashenko said Belarus looks to expand comprehensive cooperation with Vietnam.

Brazilian rains jolt coffee market, slow Vietnam harvest

Coffee futures in London lost ground on October 16-17 with prices of robusta coffee falling US\$42 per metric ton on forecasts of rains producing an abundant upcoming harvest in top producer Brazil.

On the Intercontinental Exchange (ICE) in New York robusta futures contracts ended the week down 1.2% at US\$1,600 per metric ton.

On the ICE New York futures transaction floor, the price of Arabica coffee dropped by US\$175 per metric ton in just one day.

For ICE January tracking, Vietnamese robusta fell to US\$1,570-US\$1,600 (VND35,100,000-35,800,000) per metric ton in Dak Lak, the country's biggest growing province, down from US\$1,610-US\$1,620 (VND36,000,000-36,200,000) a week ago.

"Low prices are driving many Vietnamese farmers to delay the start of the fall harvest," said a grower in Dak Lak's district of Cu M'gar, "as they won't end up with much to show for it."

Exporters sought to sell Vietnamese robusta grade 2, 5% black and broken at a premium of US\$40 a metric ton to the January contract this week for loading in December, against premiums of US\$30-US\$40 a metric ton last Tuesday.

Trading has slowed because of the latest price drops, but recent sales could boost Vietnam's coffee exports next month, a Vietnamese trader at a European company in Ho Chi Minh City said.

The trader added that most of the coffee being loaded this month and in November will still come from the 2014/2015 crop that ended in September.

Coffee is Vietnam's second-biggest commodity among agricultural produce after shrimp and fish.

The bitter beans, used mostly for making soluble coffee, brought in US\$3.55 billion last year while revenues in the first nine months of this year totalled nearly US\$2 billion.

Vietnamese logistics sector needs big revamp after landmark trade deal conclusion

Vietnam's logistics industry has many opportunities to develop and engage more deeply in the world's with the future signing of the Trans-Pacific Partnership (TPP) trade agreement, to which the Southeast Asian country is party.

The TPP deal, which aims to liberalize commerce in 40% of the global economy, was reached earlier this month, pending approval by lawmakers in 12 participating nations.

These countries include Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, the US, and Vietnam.

Logistics is a potential sector which requires coordination between state agencies and local businesses, as the bigger share of the pie is in the hands of foreign-invested firms.

With the annual growth rate of 12% and an export and import turnover topping US\$623 billion by 2020, according to the World Bank's forecast, Vietnamese logistics companies need to improve service quality to increase competitiveness, especially in the face of global and regional economic integration.

As an important link of the economy, logistics activities help goods to get from producers to end-users, while ensuring timely delivery of materials, components and spare parts from suppliers to producers for production.

According to statistics of the Vietnam Logistics Association (VLA), the Southeast Asian nation currently has over 1,300 active logistics companies, including 25 foreign-invested enterprises.

However, the foreign players now account for 80 percent of the market share, while thousands of local firms make up the rest.

Do Xuan Quang, VLA chairman, told a recent seminar in Hanoi that total logistics costs, including the expenses of transport, storage, warehousing, customs

procedures and other paperwork, reach about US\$37-40 billion annually.

"However, US\$30-35 billion of the total is paid to foreign firms, which means the most delicious part of the pie is in the hands of foreign companies," news website VnEconomy quoted Quang as saying.

As the majority of domestic enterprises operating in logistics are small-scale firms, due to their limited financial and management capacity, they are mostly providing simple services.

In addition, the insufficient financial capability also bars them from developing a system of specialized logistics facilities, such as warehouses and ports, and applying the latest advancement in information and transportation technology to their operations.

In contrast, bigger foreign-invested firms in Vietnam are offering an integrated package of logistics services which include many processes, from cargo delivery to other value-added services like handling customs formalities, warehousing, packaging and distributing.

Several experts have pointed out some main factors that also hinder the development of the logistics industry in Vietnam, including underdeveloped transport infrastructure that fails to keep pace with the speed of industrialization, overlapping customs procedures, and the construction of unplanned and incoherent ports and supporting centers.

All of these have resulted in logistics cost in Vietnam being among the world's highest, at 25% of GDP, which in turn hinders the cost competitiveness of Vietnamese companies.

The respective logistics cost in the US, Europe, and the world is about nine percent, 13%, and 15%.

The country's drive to channel private investment into transport infrastructure has recently helped speed up the privatization of state firms, which previously handled almost all important transport projects, and may have a good impact on the sector in the future, experts said at the seminar in Hanoi.

Many private investors at home and abroad have expressed their ambitions to spend millions of dollars owning critical transport infrastructures, according to the Ministry of Transport.

Among them are two giants, Hanoi-based T&T Group and Ho Chi Minh Stock Exchange-listed VinGroup, which have constantly suggested acquiring and running many airports, seaports and railways in Vietnam.

After owning the right to manage the Quang Ninh port property, T&T has proposed that the Ministry of Transport allow it to take over the Hanoi railway station.

Meanwhile, the race to win the right to operate the Phu Quoc airport on the eponymous island is getting tighter with three private firms participating, including T&T, Vingroup and retailer IPP Group.

The upgrade of Cam Ranh Airport in the south-central province of Khanh Hoa has over 12 investors bidding for it.

Both VinGroup and T&T have also paid their attention to investing in the main railway stations in Hanoi, Ho Chi Minh City and Danang. According to the Ministry of Transport, up to 17 rail projects are waiting for the participation of the private sector in an effort to rejuvenate one of the key road transport sectors of the country.

Savings rates rising

A number of banks have slightly adjusted up savings rates and launched promotional programs to attract more depositors.

Viet Capital Bank on October 21 announced to raise interest rates for Vietnam dong deposits by 20 basis points. The bank now applies an annual rate of 6.5% to deposits with a term of seven months, 6.6% to eight months, 6.7% to nine months, 6.7% to 10 months and 6.8% to 11 months.

A day earlier, Eximbank launched a promotional program in which holders of savings accounts of 15 months or longer are entitled to an interest rate bonus of 10 to 50 basis points. The program runs till the end of this year.

Under the program, deposits of 15 months or longer at Eximbank carry an interest rate of around 7% per annum. The lender also has gifts available for customers who deposit VND30 million (US\$1,346) or more.

Techcombank has also revised up savings rates by 0.19 to 0.29 percentage point for tenors of three to 18 months. Its current interest rate for the 12-month tenor is 6.08%.

Since early this month, Sacombank has raised interest rates for tenors of four months and seven to 11 months by 10 to 30 basis points. The lender has kept the rate for the 13-month tenor unchanged while offering a higher rate of 7.55% for 13-month deposits worth from VND500 billion.

The recent developments show banks want to raise long-term capital to make more medium to long-term credit available. As citizens are still fond of opening short-term savings accounts, interest rates would continue to rise.

According to a deputy general director of a small bank, the bank has just revised up the rate for the one-month tenor by 10 basis points though it has enough funds to lend. The lender has been compelled to increase rates to retain customers.

There is a low possibility that interest rates could edge up strongly from now to the end of this year. Banks are seen maintaining the current rates, the banker said.

Nguyen Thanh Toai, deputy general director of ACB, said banks usually raise interest rates in the final months of year to prepare sufficient funds to lend in the lead up to the traditional Lunar New Year holiday, or Tet.

In recent months, some banks have repeatedly adjusted deposit rates but at a slight pace. One-year deposits now have rates of 6-7%.

According to the State Bank of Vietnam, the rate in the first week of October was 0.8-1% per annum for demand deposits in Vietnam dong and tenors under one

month, 4.5-5.4% for one month to less than six months, 5.4-6.5% for six to less than 12 months and 6.4-7.2% for over 12 months.

Interest rates for short-term credits in priority sectors ranging from 6% to 7% while medium and long-term loans are subject to rates of 9-10%. Normal corporate borrowers take out short-term loans at rates from 6.8-9% and medium and long-term credits at 9.3-11%.

Vietnam's October CPI up 0.11%

Vietnam's consumer price index (CPI) in October inched up 0.11% from the previous month, the same increase from last year's corresponding period, announced the General Statistics Office (GSO) on October 24.

The figure pushed the 10-month CPI to 0.67% on an annual basis.

Of 11 goods and services categories, seven posted moderate price increases, including food and restaurant services (0.19%); beverages and cigarettes (0.11%); garment, headwear and footwear (0.2%); household appliances (0.12%); medicines and medical services (0.01%); education (0.05%); other goods and services (0.1%).

Falling prices were recorded in post and telecommunications (0.03%), housing and construction materials (0.01%), transport (0.05%), culture-entertainment-tourism (0.06%).

The October CPI growth is put down to stronger demand for food during the wedding season, falling supply of vegetables due to the rain earlier this month, needs for fall-winter apparel and footwear, and higher water costs in Hanoi and the northern provinces of Lao Cai and Nam Dinh, said Deputy Director of the GSO's Price Statistics Department Do Thi Ngoc.

Drops in prices of rice, construction materials and steel also curbed the index.

Transport costs went down 1.76% on lower fuel prices.

The prices of gold and US dollar slightly declined in the months to hover at VND34 million per tael and VND22,457 per USD, respectively.

Also according to the GSO, the core October inflation, which excludes the costs of fresh food, energy, health and education services, picked up 0.06% month-on-month and 1.82% year-on-year.

The 10-month core inflation hiked 2.12% compared to the same period last year.

Ngoc forecast that the November CPI will move up slightly, with prices in almost categories remain stable.

Thai Vietjet to launch periodic weekly flights to India

To meet increasing demand from pilgrims travelling from Thailand to India, Vietjet's joint venture airline, Thai Vietjet, has officially started operating weekly flights from Bangkok to Bodh Gaya, a famous religious site associated with the Mahabodhi Temple Complex in the Indian state of Bihar.

As of October 24, every Saturday, a Thai Vietjet flight will depart Bangkok at 11.30am and land in Bodh Gaya after a three-hour journey. The return flight on the same day will embark at 2.10pm and touchdown in Bangkok at 6.40pm (all local times).

With this new route, Thai Vietjet will create attractive opportunities for followers of Buddhism and monks as well as residents and guests of Vietnam and Thailand to travel easily and affordably between Bangkok and Bodh Gaya. Flights can be snapped up for VND8 million (US\$366/THB13,000) including taxes/fees, 7kgs of hand-carry luggage and 15kgs of check-in luggage.

During Vietjet's on-going daily promotion, "It's 12pm, Let's Vietjet" from noon till 2pm there are thousands of low-fare tickets to more than 25 destinations within Vietnam and more than 10 destinations across Asia up for grabs.

Earlier this year, Thai Vietjet operated this same route from Bangkok to Bodh Gaya during Vietnam's Tet (Lunar New Year) holiday. Thai Vietjet also offered this flight service on the occasion of a ground-breaking ceremony held to celebrate the renovation of Venuvan monastery in Bodh Gaya.

Thai Vietjet has also operated successful charter flights from Bangkok to tourism destinations in Central Vietnam such as Hue and Danang (Hoi An) for a number of sight-seeing and holiday tours.

Travelers can now easily travel between Vietnam and Thailand's capital city with Vietjet operating three daily return flights between Bangkok and Ho Chi Minh City and one daily return flight between Hanoi and Bangkok.

Agriculture festival opens in HCM City

On October 23, the Vietnam Farmers' Association (VFA) celebrated its 85th anniversary with a kick-off of an agriculture festival at the Gia Dinh Park in Ho Chi Minh City filled with live music and lots of fun.

More than 250 restaurants, farms, ranches, breweries, wineries and other vendors signed up to participate, putting the festival at full capacity weeks in advance with over 600 pavilions showcasing everything in agriculture plus.

Vice President Nguyen Duy Luong of the VFA said events like this are what the agriculture industry needs to improve the competitiveness of the nation's farmers and keep them abreast of the rapid changes it is going through.

A seminar was held to provide farmers and agricultural officials with information about free trade agreements and their impact along with loads of information on recent technological advances in the industry.

During the festival running through October 29, Luong said many other fun and interesting activities are planned including a bonsai festival, food events and a shopping festival to name just a few.

Women make inroads into male-dominated market

Women account for 20% of Vietnamese entrepreneurs and the proportion is expanding, said Vietnam Chamber of Commerce and Industry (VCCI) Chairman Vu Tien Loc at a forum held in Hanoi on October 23.

According to the VCCI, more female-led enterprises have survived from the recent economic slowdown than their male-led peers and female entrepreneurs constitute a solid factor of economic growth during the global integration.

World Bank Country Director for Vietnam Victoria Kwakwa said the female force has contributed to positive progress the nation has achieved since becoming a member of the World Trade Organisation.

State support in the form of improved business climate and information access will help domestic companies better integrate, she said.

Capacity building and market expansion are two foremost points deciding success amidst growing competition, stated Pham Thi Ngoc Lan from Kien Thanh Co. Ltd, a firm producing handicraft exports.

Of the 680 companies listed on the two national stock exchanges, only 5% are under management of female CEOs. Yet, the market cap of these women-led companies accounted for VND260 trillion (US\$11.6 billion), 20% of Vietnam's total market capitalisation.

Some of the biggest firms in Vietnam, like dairy giant Vinamilk (VNM), real estate developer VinGroup (VIC), Refrigeration Electrical Engineering Corp (REE), FLC Group (FLC) and Kinh Bac City Development Share Holding Corp (KBC) are run by female CEOs.

Taiwan to construct bicycle factory in Binh Duong

On October 23, DDK Group based out of Taiwan signed a business deal with Becamex IDC Corp to fund the construction of manufacturing facilities to produce bicycle saddles, grips and bags in the southern province of Binh Duong.

Pursuant to the agreement, DDK through its wholly owned subsidiary, Active International Vietnam Co Ltd, will fund the construction of the US\$200-250 million plant in the Bau Bang Industrial Park.

A spokesperson for DDK said once fully operational, the new facilities would create good paying jobs for about 10,000 locals.

Industrial Park at Vinh Phuc Province moves forward

On October 22, the Japan Sumitomo Group got the green light from the Vinh Phuc provincial People's Committee to proceed with construction of the Thang Long III Industrial Park.

"After more than 30 months of conducting surveys, the Sumitomo Group decided to go forward with the proposed IP to be located at the Binh Xuyen District in Vinh Phuc Province," said a company spokesperson.

Construction of the IP's technical infrastructure is expected to be completed by December 2024. It will give priority to hi-tech projects such as engine manufacturing, support industry, electronic component and precise engineering.

Once fully operational, the Thang Long III IP is expected to attract about 79 businesses with investment of US\$1.5 billion, generating 25,000 good paying jobs for local people.

Over US\$530 mln in FDI lands in Binh Duong

The People's Committee of southern Binh Duong province granted investment licenses to 38 foreign direct investment (FDI) projects in the locality on October 23, including 23 newly-licensed and 15 already-operational projects, worth a total of US\$531.8 million.

This is the third wave of grants this year.

Chief among the new projects are the US\$50-million Samoa wood factory in the Thanh An industrial cluster in Dau Tieng district, the US\$18-million CLK cold storage company from Japan and the US\$12-million factory of Taiwan-based Vistarr Sports Ltd Co.

An extra US\$130 million was poured into the Vina Kraft Paper Ltd Co. in Ben Cat district while the Chanh Duong Paper Ltd Co. added more US\$74 million in investment.

Binh Duong has lured more than US\$1.63 billion in FDI during the first 10 months of this year, an annual growth of 40%.

FDI projects this year include 165 newly-licensed and 107 existing ones, most of which are located in industrial parks.

The province is now home to approximately 2,550 FDI projects with a combined investment of over US\$22 billion.

World Bank pays attention to Can Tho's smart city

The World Bank (WB) supports Can Tho's intent to turn itself into a smart city in the Mekong Delta region, WB senior expert Hoang Thi Hoa said while working with local authorities on October 23.

Can Tho People's Committee Vice Chairwoman Vo Thi Hong Anh shared that the city aims to modernise its urban management through promoting e-governance and resident access to public services.

As a result, local authorities and people will be more aware of changes in weather patterns and floods, she noted, adding that smart transport to enhance convenience and safety is also a priority.

The WB expert said Can Tho's smart city model is the first in the Asia-Pacific region to gain the WB's attention; however, careful assessments are needed to verify the project's feasibility before any further support can be offered.

Labour productivity remains unnerving in Vietnam

In September 2015 the National Wage Council (NWC) of Vietnam proposed an across-the-board sharp increase in the monthly minimum wage of 12.4% effective the beginning of next year.

For purposes of the minimum wage the nation is broken down into four industrial regions and the rate of pay differs depending upon the average per capita labour productivity in the region the worker is employed.

Currently the minimum rate of pay for workers in the urban and industrial zones, the highest paid region, is US\$138.97 per month (VND3.1 million), which would rise to US\$156.91 (VND3.5 million).

The proposal has sparked heated debate among key parties such as the Vietnam Chamber of Commerce and Industry (VCCI), State-Sanctioned National Union of Workers and Vietnam General Confederation of Labour (VGCL).

However, most leading experts and economists are generally under the impression that the proposed increase will ultimately find its way into a Prime Minister decree by the end of the year.

Given the backdrop of the debate regarding wage growth outpacing the nation's gains in labour productivity, speakers at a recent workshop in Hanoi argued there are structural problems in Vietnam's labour market that extend far beyond pay.

In 2013, the most recent year for which accurate official figures are available Vietnam ranked the lowest in the Asia-Pacific Region in term of worker productivity— 15 times lower than Singapore, 11 times lower than Japan, and 10 times lower than the Republic of Korea (RoK).

Speakers said Malaysian workers produced fivefold more goods and services than their Vietnamese counterparts while Thailand workers outperformed Vietnamese workers by two and one-half fold.

"Workers are far from catching up with other countries within ASEAN" said General Director Nguyen Xuan Duong of the Hung Yen Garment Company, citing Asian Productivity Organization (APO) statistics.

Duong said those statistics show that Vietnamese worker productivity is about two times lower than the average for ASEAN and he attributes the shortcoming primarily to outdated technology.

However Duong emphasized a slow shift in the economic structure, inadequate training and ineffectual use of educated workers are also contributing factors dragging down productivity.

Meanwhile, Deputy Head Nguyen Thi Huong Hien of the Salary and Labour Relations Department zeroed in on the fact that labourers in industries like agriculture and seafood are largely unskilled and uneducated.

"They are largely untrained and work in seasonal and unstable jobs that generate little added value," said Hien.

Hien also laid a portion of the blame on workers themselves, saying that many workers have a bad work ethic. Many have not applied themselves in their academic studies and therefore it is very difficult for them to grasp advanced science and technology.

In addition Hien said "far too many have unrealistic compensation expectations".

Director Nguyen Anh Tuan of the Vietnam National Productivity Institute (VNPI) warned that the issue is unnerving and if Vietnam does not devise proper solutions to resolve low worker productivity issues, economic growth is at risk.

Hanoi moves to develop tourism as spearhead sector

Hanoi will focus on fully tapping its resources to further promote local tourism with a view to making it a spearhead sector, said Chairman of the municipal People's Committee Nguyen The Thao.

Addressing a meeting with enterprises and organisations operating in tourism on October 23, Thao reported that the city is implementing a tourism development plan to 2020 with a vision towards 2030, aiming to turn tourism into a key economic sector with high professionalism, synchronous and modern infrastructure, and high-quality, diverse and competitive products.

Efforts will be doubled to make Hanoi - a city boasting its more than 1000-year history - a safe, friendly and attractive destination to visitors, he stressed.

Hanoi receives tourists from 160 countries and territories worldwide, especially those from markets with high affordability such as Western Europe, Northeast Asia, Australia and North America, among others.

The city now has nearly 3,100 accommodation establishments with around 38,000 rooms.

In the first nine months of this year, it greeted over 15 million arrivals, up 8% against the same period last year, raking in VND39 trillion (US\$1.75 billion). Of the figure, nearly 2.3 million were foreign holiday-makers, representing a year-on-year increase of 14%.

However, the city has yet to make the most of its potential and advantages to develop its tourism industry, the chairman noted.

Luu Duc Ke, Director of Hanoitourist, suggested setting up a municipal-level agency in charge of the field, which will operate as a Steering Committee for the city's tourism development.

The committee will work with travel agencies and tourism experts to design policies and priorities for tourism development, he said.

Businesses also hoped the municipal authorities to re-define the Hanoi tourism's key markets, thus outlining appropriate orientations for the sector.

Agriculture festival introduces farmers' outstanding products

About 250 agribusinesses are showcasing their outstanding models, products and services at the 2015 Agriculture Festival, which opened at Gia Dinh Park, Ho Chi Minh City on October 23.

Addressing the opening ceremony, Vice President of the Central Committee of the Vietnam Farmers' Association Nguyen Duy Luong said the 600-booth festival provides

a platform for agricultural enterprises to seek partnerships and new markets, attract investors, and improve competitiveness amid regional integration.

It is also intended to strengthen the connection between the government, scientists, agribusinesses and farmers towards sustainable development, he added.

A workshop on approach to the Trans-Pacific Partnership (TPP) agreement through hi-tech agriculture perspectives will also be held on the sidelines of the festival to update farmers on the newly-concluded trade deal and propose advanced technology solutions in the sector.

A bonsai contest, orchid displays, a cuisine feast and a shopping day in response to the campaign "Vietnamese use Vietnamese goods" are also scheduled at the event.

The week-long festival is jointly organised by the Central Committee of the Vietnam Farmers' Association and the municipal People's Committee to celebrate the association's 85th founding anniversary (October 14).

HFIC & IPC cooperate to develop infrastructure in HCMC

Ho Chi Minh City Finance Investment Company (HFIC) and Tan Thuan Industry Promotion Company (IPC) yesterday signed an agreement, aiming to boost their cooperation in investment & infrastructure sectors in Ho Chi Minh City.

Mr. Pham Phu Quoc, general director of HFIC said the 2016-2020 period, the city estimates for capital source to transportation sector is over VND 124trillion.

Of these, state budget's capital is by VND 55,300billion, accounting for 44 percent, ODA capital will be VND 17trillion and the rest of VND 49,300billion is to mobilize social capital sources while, IPC current is one of the leading enterprises in the city of infrastructure investment with its strategy of "Heading towards East Sea".

Under agreement, high-priority projects that will be planned to implement for the 1st phase of cooperation include Hiep Phuoc urban area, Hiep Phuoc port area, the 3rd phase of Hiep Phuoc Industrial Zone, North-South route and Nguyen Van Linh road junction...

Uber proposes legal framework to operate in Vietnam

Uber Vietnam has submitted a pilot project to the Ministry of Transport on building of a legal framework for transport connecting service in Vietnam, said representative of Uber Company in the Southeast Asia at a meeting with the ministry yesterday.

Transport Deputy Minister Nguyen Hong Truong said that according to regulations, taxi is a traditional means of transport under tight management. Each company must have logo and specific addresses.

Cars using Uber service in Vietnam have not been registered and operated illegally.

Besides some benefits that Uber service bring to passengers like convenience and low cost, it have proved many problems for instance the Government can not collect taxes, the safety of passengers aboard is not ensured and local authorities can not manage the number of Uber taxi cabs resulting in unhealthy competition.

Therefore, building of a legal framework for Uber taxi's operation must solve these problems, he said.

According to the Ministry of Transport, Uber should give pilot measures suiting Decree 86 on transport business conditions before asking for the Government's permission to operate in Vietnam.

New air route connects Vietnam, Laos, Cambodia

Cambodia Angkor Air will officially launch the new air route linking the Cambodian capital of Phnom Penh with the Lao capital of Vientiane and Hanoi, Vietnam on October 25.

The airline will conduct three flights per week on Wednesdays, Fridays and Sundays, using the Airbus A321.

Cambodia Angkor Air currently operates flights from Phnom Penh to five other cities in Southeast Asia - Bangkok, Siem Reap, Vientiane, Hanoi and Ho Chi Minh City.

In 2013, the airline also launched the route connecting Cambodia with Guangzhou and Shanghai in China.

Cambodia Angkor Air, the national carrier of the Kingdom of Cambodia, is a joint venture between Vietnam Airlines and the Cambodian government, to which Vietnam Airlines contributed 49% of capital.

Currently, Vietnam's national carrier Vietnam Airlines co-operates with Cambodia Angkor Air to operate flights on numerous routes such as Phnom Penh-Ho Chi Minh City, Phnom Penh-Vientiane, Siem Reap-Ho Chi Minh City, Siem Reap-Hanoi, Siem Reap-Da Nang, Hanoi-Vientiane, Bangkok-Hanoi and Bangkok-Ho Chi Minh City as well as Luang Prabang-Hanoi and Luang Prabang-Siem Reap.

Vietnam, Czech Republic businesses seek partnerships

Businesses from Viet Nam and the Czech Republic gathered at a forum in Ha Noi yesterday to seek investment and co-operation opportunities.

The forum was held on the occasion of the official visit to Viet Nam by Czech Foreign Minister Lubomir Zaoralek.

Vice President of the Viet Nam Chamber of Commerce and Industry (VCCI) Doan Duy Khuong said, with its potential for dynamic economic development and young, competitive labour force, Viet Nam would be an effective partner for Czech businesses.

Viet Nam would continue speeding up institutional reform and creating a more open and transparent environment to help facilitate the trade and investment activities of businesses, he said.

VCCI would spare no efforts to support the businesses of the two countries in seeking and developing trade and investment opportunities, he said.

The Czech Foreign Minister said Viet Nam offered many opportunities for Czech investors as it boasted a developing market of more than 90 million people and abundant natural resources.

Viet Nam had become an active member of the ASEAN community, and it was expected that the country would serve as a bridge to help the Czech Republic penetrate the ASEAN market more deeply, Zaoralek said.

He added that the two countries' economic relations had seen constant development, but the bilateral trade turnover still failed to meet its potential.

Bilateral trade turnover between the two countries reached nearly US\$295 million last year, a year-on-year increase of 20 per cent. The figure stood at \$165 million in the first half of 2015.

Viet Nam mainly shipped footwear, seafood, textiles-garments and chemical products to the Czech Republic.

The Czech Republic exported to Viet Nam energy products, machinery, mechanical items, automobiles and health care items.

Vice Chairman of the Confederation of Industry and Transport of the Czech Republic Stanislav Kazecky said his country wished to increase co-operation with Vietnamese businesses, particularly in the fields of energy, automobile manufacture, waste water treatment, healthcare and petrochemistry.

He said there was growing interest in the Vietnamese market amongst Czech businesses with a view to investing there.

A tourism and economic forum held during the official visit to the Czech Republic in May by Vietnamese President Truong Tan Sang attracted hundreds of leading Czech exporters and businesses seeking investment opportunities in Viet Nam, he said.

A similar forum was also held for businesses of the two countries in HCM City on Thursday.

Director of VCCI-HCM City Vo Tan Thanh said Viet Nam and the Czech Republic would strive to achieve \$1 billion in bilateral trade in the near future.

He noted that the Czech Republic was among Viet Nam's strategic markets in 2010-20, while Viet Nam was listed as one of the European country's top 12 potential markets.

Apart from the traditional sectors, the two countries were also actively working to accelerate co-operation in other fields such as education and training, labour and services.

Czech investors are running 48 projects worth more than \$100 million in Viet Nam. The Czech Republic ranks 44th out of 105 countries and territories investing in Viet Nam.

Experts call on Gov't to consolidate banks

The Government should instruct relevant ministries and agencies to further consolidate to make the restructuring of the banking system more effective, experts said at a conference in Ha Noi yesterday.

Addressing a conference on the restructuring of the banking system, director of the Viet Nam Institute of Economics Tran Dinh Thien said that the success of the restructuring depended significantly on similar efforts in other sectors.

For example, the restructuring of the banking system could not succeed without the consolidation of local enterprises, Thien said.

Dang Ngoc Duc, director of the Finance Banking Institute under the National Economics University, also said that it needed a further comprehensive co-ordination between the restructuring of credit institutions with the restructuring of other sectors such as State-owned enterprises and public investment.

Besides, Duc said, measures on tax and fee reduction or exemption related to trading of non-performing loans (NPLs) and mortgaged assets that were restructured should be also taken.

He said after merger and acquisition, credit institutions should also receive reduction or exemption in corporate income tax.

The legal framework should be further streamlined to better handle NPLs, Duc said.

Expert Le Tham Duong said after three years of restructuring, the central bank now should pay attention to the number of commercial banks and their model.

It was time to further give heed to banks' quality, especially governance, human resources and capital, Duong suggested, and added that there should be at least two large-sized commercial banks which were strong enough to compete against other regional rivals.

Besides NPLs, it is also necessary to further focus on loans that are risky to become NPLs, according to Duong.

Echoing Duong, Ha Huy Tuan, vice chairman of the National Financial Supervisory Commission said that lenders should learn from the experiences of the previous NPLs and be more cautious about new loans to avoid it becoming NPLs.

According to experts, the restructuring of the banking system has gained significantly in the past three years, avoiding a domino collapse in the banking system.

The restructuring also helped the banking system gain a stable interest rate and remove a serious liquidity shortage. According to the central bank, both deposit and lending interest rates currently were down by roughly 40 per cent as against 2011. The rates are equal to that of 2007.

The restructuring also handled weak banks, reduced the cross-ownership, and settled NPLs.

Truong Van Phuoc, vice chairman of the National Financial Supervisory Commission, said that the health of the restructured weak banks had been so far improved significantly with equity up 18 per cent, capital mobilisation up 147 per cent, credit up 87 per cent and risk provision fund up 146 per cent.

Despite the achievements, director of the Business Development Institute Le Xuan Nghia quoted the State Bank of Viet Nam's Governor Nguyen Van Binh as saying that the restructuring results in the past three years would be just a premise for the modernisation of the banking system to meet international governance standards of Basel II in the next stages.

No bubble expected from rising land prices

Land prices in central Da Nang City have been rising from the beginning of this year but industry insiders do not see any risk of a property bubble occurring.

Dau Tu Bat Dong San (Property Investment) newspaper reported Huynh Thi Thanh Thao, deputy director of Thien Kim property trading floor as saying, property prices were seen rising by around 30 per cent in the city's centre and even up to 100 per cent in beachfront areas.

Despite that, Thao did not see risks of a property bubble occurring in the central city, saying that the rise in prices of Da Nang properties came from a combination of stimulating factors driven by the city's tourism potential and developed infrastructure.

Thao cited her trading floor's statistics which showed that 70 per cent of land buyers were coming from the big cities with the main purpose of building houses, hotels and restaurants.

Statistics from the municipal Department of Culture, Sports and Tourism, Da Nang City revealed more than 3.7 million tourist arrivals in the first nine months of this year, up 23.6 per cent over a year ago.

What was different from previous years, was that buyers were now eyeing land rather than other property products, Thao said, pointing out that land prices in the central city remained cheaper than Ha Noi, HCM City and Nha Trang, in addition to an abundance of choices with promising profits.

Sharing the same viewpoint, Tran Van Binh from Sunland Company said that Da Nang's socio-economic development also helped to make the city's property market more attractive.

Earlier, Do Thu Hang from Savills said that the Da Nang property market had huge potential for development with an international airport ensuring good connectivity, recreational centres, beach and many beauty spots.

The regulation allowing foreigners to buy houses in the country was also expected to boost the demand for the property market in the central city, she said.

Property experts expected tightened management by local authorities in land transactions to help prevent a bubble.

At the city's meeting on September 24, local watchdogs warned about the occurrence of land purchases by foreigners under the name of Vietnamese, which might push up land prices, and asked for efforts to prevent this.

VN property market on road to recovery

Viet Nam's property market is on the path to recovery and promises to remain busy in the last few months of the year, the Viet Nam Real Estate Association said.

The association's figures revealed rising liquidity and falling inventories of the property market, with large numbers of successful transactions lowering inventories, especially in major cities such as Ha Noi and HCM City.

Statistics showed that as of the end of September, property stockpiles declined to nearly VND59.4 trillion (US\$2.64 billion), dropping by more than half of the figure recorded in the first quarter of 2013.

The current property stockpile includes 11,380 apartments worth about VND17.4 trillion (\$733.3 million), 8,542 houses worth VND14.6 trillion (\$648.89 million) and seven million square metres of land worth VND22 trillion (\$977.7 million).

About 5,300 successful transactions were recorded in the nine-month period in Ha Noi, representing a rise of 70 per cent over the same period last year. The southern market witnessed 5,300 successful transactions from the beginning of this year, double the figure a year ago.

The recovery of the property market was also reflected in the rising number of new firms operating in property investment and business, the association said.

The association's statistics revealed a hefty 78 per cent rise in the number of property start-ups over the same period last year, together with a drop of 30 per cent and 7.2 per cent in the numbers of firms being dissolved or temporarily halting operations, respectively.

The anticipated rise in the inflow of foreign direct investment (FDI) was also expected to boost the development of the property market, the association said.

It said the supply of high-end apartments would rise in the remaining months of the year, especially in large cities.

High-end apartments accounted for nearly one-third of the total number of apartments that were put on sale so far this year, with the successful transactions accounting for 22 per cent of the total transactions, up from six per cent in 2013 and 18 per cent last year, the association said.

It estimated that 4,300 high-end apartments would be released in the Ha Noi market towards the end of the year.

There would be mild increases in property prices, driven by the overall market recovery and rising demand, especially from foreigners for high-end apartments, the association said.

More social housing for lease in Ha Noi

The Ha Noi Department of Construction has announced that contracts of the 114 apartments for lease will be signed in December this year.

These apartments belong to the Ecohome 2 social housing project located in Co Nhue–Chem in the north of Tu Liem District of Ha Noi.

Thu Do Investment JSC is the investor of this Ecohome 2 project and the construction began in the second quarter of this year and is slated to be operational in H1 next year.

Vinpearl Resort & Villas – All in One

Property developer Vingroup and its real estate agents will hold a workshop in Ha Noi tomorrow on investment in Vinpearl Resort & Villas.

The five-star Vinpearl Resort & Villas Resort project includes luxury villas which are located on beautiful beaches in Viet Nam's leading tourism cities including Vinpearl Danang Resort & Villas, Vinpearl Nha Trang Bay Resort & Villas and Vinpearl Golf Land-Nha Trang Resort & Villas.

Apart from enjoying five-star services and facilities, customers will have an opportunity to get an attractive rental price with their property when investing in the project. Moreover, Vinpearl Resort & Villas is highly appreciated by customers as Vinpearl has co-ordinated with Vinhomes – one of the top 50 brands in 2015 released by the UK-based Brand Finance to launch high quality real estate products with outstanding services and synchronised infrastructure and facilities.

Thuan Kieu Plaza faces demolition

The existing Thuan Kieu Plaza trade centre and apartment project will be demolished soon and to be replaced with new high-end apartment project.

Thuan Kieu Plaza covering an area of 10,000sq.m in District 5 of HCM City was completed in 1998 but it has been left idle since then.

The reason was attributed to the bad geomancy so buyers did not want to buy apartments here, Le Hoang Chau Chairman of the HCM City Real Estate Association said.

S Korea to support VN bond market

The Ha Noi Stock Exchange (HNX) and South Korea's Knowledge Sharing Program (KSP) yesterday signed a Memorandum of Understanding (MOU) to implement a project this year to improve Viet Nam's corporate bond market.

KSP specialists will help HNX learn from practices and experiences in South Korea's corporate bond market and its IT system.

KSP will also help HNX to develop human resources, encourage the Government to improve its regulatory system for the corporate bond market in Viet Nam and publish the project's results for stakeholders, including the two governments, HNX and companies.

The South Korean specialists will work with the Ministry of Finance, the State Securities Commission, the Vietnam Bond Market Association and market members, including securities firms and listed companies, to gain a deeper understanding of the country's corporate bond market.

At the meeting between HNX and KSP, the South Korean specialists shared their knowledge of the corporate bond markets, and suggested that Viet Nam's corporate bond market could integrate into the Asian market soon under the Asia Bond Markets Initiative 2016-20.

KSP is a South Korean government-funded programme launched by the Ministry of Finance and Strategy in 2004 to share Korea's development know-how, assist its partner countries and bridge the knowledge divide.

VEF/NAVNS/VOV/SGT/SGGP/Dantri/VET/IR