



Asian Productivity Organization “The APO in the News”

Name of publication: VietNamNet Bridge (17 OCTOBER 2015, Japan)

Page: <http://english.vietnamnet.vn/fms/business/144087/business-in-brief-17-10.html>

BUSINESS IN BRIEF 17/10

Vietjet Air brings Vietnam closer to RoK, Taiwan

Along with flights to Taiwan (China), low-cost Vietjet Air will launch new routes to the Republic of Korea (RoK) in November, which are expected to facilitate travel, trade and tourism cooperation between Vietnam and the two economies.

The carrier is currently implementing a promotion programme which offers one-way tickets for flights from Ho Chi Minh City and Hanoi to Seoul and Taiwan at prices from 0-2 million VND (0-90 USD).

The RoK and Taiwan have remained Vietnam's most important economic partners over recent years, ranking third and fifth last year, respectively. The RoK is the country's largest investor with Taiwan following as the fourth largest.

Economic ties between Vietnam and the RoK and Taiwan are expected to thrive moving forward with substantial opportunities and potential for cooperation.

Tourists from the RoK to Vietnam have increased rapidly in recent years.

According to the Korea Tourism Organisation, more than 800,000 Korean tourists visited the Southeast Asian nation in 2014. More and more Vietnamese travellers are also choosing the RoK for their vacations.

Taiwan has been identified as one of Vietnam's leading tourism markets with an average of over 300,000 arrivals each year.

As a new-generation carrier, Vietjet Air is favoured by both domestic and foreign passengers thanks to its modern equipment, good quality services, diverse entertainment activities and attractive promotion programmes.

Particularly, those who choose the Skyboss service will receive a range of priorities such as no fees for schedule changes, free checked baggage of 20 kg or one set of golf clubs, luxury lounge access, private vehicles and free wifi.

The service is especially convenient for businesspeople and artists, as it offers multiple choices for flying time and routes.

Many businesses said they save up to half of their costs when using the service.

According to statistics from the Civil Aviation Administration of Vietnam, Vietjet Air contributed 70 percent to the 26-percent Vietnamese air transport growth in the first six months of 2015.

The airline has received eight modern aircrafts from its contract to purchase 107 jets from Airbus, increasing the total number of modern planes in its fleet to 26, including A320 and A321 generations.

Russian automaker plans to make inroads into Vietnam

Russia's Sollers automobile company recently announced its intention to assemble the UAZ model in Vietnam.

Positive negotiations are likely to help a contract be sealed by the end of 2015 and the UAZ assembling begin in Vietnam next year, Sollers Director General Vadim Shvetov said on October 14, adding that Vietnam is an attractive market for Sollers.

The next negotiation round is scheduled to take place on December 25. The project timeline and investment have not been determined yet.

Vadim Shvetov also revealed that his company has a similar plan for Egypt, a gateway to Africa and the Middle East.

On May 29, Vietnam signed a free trade agreement with the Eurasian Economic Union (EAEU), which consists of Russia, Belarus, Kazakhstan, and Armenia.-

Vietnam sees chance to close trade gap with RoK

The newly signed free trade agreement between Vietnam and the Republic of Korea (RoK) will open up opportunities for export and reduce Vietnam's current trade deficit with the RoK, experts said at a workshop held in Ho Chi Minh City on October 15.

According to Bui Thi Thanh An, Deputy Head of the Vietnam Trade Promotion Agency under the the Ministry of Industry and Trade (MoIT), despite soaring outbound shipments to the RoK, Vietnam saw a trade deficit of more than 13.2 billion USD with the East Asia economic power in the first eight months of this year.

In the January-August period, the two nations' import-export transactions generated almost 24 billion USD – up 31 percent year-on-year, 18.6 billion USD of which was the value of goods Vietnam imported from the RoK.

The pact will enhance bilateral engagement in various fields but particularly in the trade of agricultural products, stated Le An Hai, Deputy Head of the MoIT's Asia-Pacific market department.

The MoIT recommended that domestic businesses grasp the chances in sectors with good prospects, including garment-textiles, footwear, agricultural produce and household articles.

The two nations posted 28.8 billion USD in trade revenue last year, a substantial expansion from the 0.5 billion USD recorded in 1992. Also in 2014, the RoK became the third biggest commercial partner of Vietnam while Vietnam was ranked sixth among the RoK's largest export markets.

ACB raises the bar for excellence in customer service

The Asia Commercial Bank (ACB) on October 15 was recognized as 'Best Customer Service Provider for 2015' by the Global Financial Market Review (GFM) in Ho Chi Minh City.

"This prestigious accolade testifies to ACB's hard work and dedication in adapting to the banking industry trends and servicing our clients' ever-increasing demand for attentive customer service," said ACB General Director Do Minh Toan at the presentation ceremony.

The banking market is a dynamic and fast-changing market, and with our clients becoming more business savvy, the pressure to provide efficient customer service is significantly heightened.

ACB puts customer service first in order to stand out from competition, Toan underscored, adding that this is the reason Moody's Investors Service recently upgraded the long-term deposit and issuer ratings of ACB to B2 from B3.

Industrial products from rural areas earn 'outstanding' label

The Ministry of Industry and Trade announced yesterday in Ha Noi that 100 industrial products from rural areas had earned an "outstanding" distinction this year.

Accordingly, there were 25 handicrafts products, 40 products from the agro-forestry and seafood sector, 25 products from the machines and spare parts sector and 10 products from various sectors.

The northern region had 39 products at the national level, the south had 31 and the Central Highlands had 30 products.

The vote for outstanding industrial products from rural areas was implemented at four levels. Criteria for the products were specific for each product group including the ability to meet with market demand, production development, economic and technical specifications, apart from society, environment and cultural needs.

The products which applied for the award should not have violated intellectual property rights, industrial ownership, and labour safety, in addition to food hygiene and environment protection. The products should also be able to produce in large quantities.

Speaking at the press meeting yesterday, Phan Van Ban, deputy director of Agency for Regional Industry Development, said the award aimed to choose outstanding products to support trade promotion, thereby promoting the rural industry.

The ceremony to honour the products would be held on October 17 with a live broadcast on VTV9.

Bonds to be issued on banks' bad debts

The Viet Nam Asset Management Company has begun to issue a new class of bond against bad debts it buys from credit institutions, one that can be traded between the central bank and lenders as well as among the latter.

Earlier the VAMC was issuing special bonds that could not be traded and could only be used as collateral to secure funding from the central bank.

Another benefit for credit institutions from the new bonds is that they carry a risk ratio of zero per cent when calculating their capital adequacy ratio.

Like the old bonds, they too carry a zero interest rate.

Their maturity date will be negotiated between the VAMC and the lenders, but will have a minimum tenor of one year.

The bonds have been created through the State Bank of Viet Nam's Circular 14/2015/TT-NHNN, which took effect as of yesterday.

The circular states that the VAMC would have to sell the bad debts through an auction or offer the consumers, who are the prospective buyer of the debt, the most competitive prices.

The VAMC could grant authority to credit institutions to sell the bad debt.

HCM City opens huge factory

An eight-storey factory built at a cost of VND100 billion (US\$4.5 million) at the Tan Thuan Export Processing Zone in HCM City was inaugurated on Tuesday. The building, leased by a Japanese manufacturer, has an area of 17,914 square metres, including 12,490sq.m of factory space.

Furukawa Automotive Parts Vietnam (FAPV), which produces auto parts, is the lessee.

Tat Thanh Cang, deputy chairman of the HCM City People's Committee, said following the city's decision to build multi-storey factory buildings in industrial parks and export processing zones in 2015-18, Tan Thuan had become the first to implement it. Work on a second building was expected to start early next year and finish in 10 months. The two is set to be built on a 20,000sq.m plot of land, Tran Thanh Hong, deputy general manager of Tan Thuan Co, Ltd, said.

Plans are to have five multi-storeyed factories in Tan Thuan and Linh Trung export processing zones, Hiep Phuoc and Dong Nam industrial parks, and the Saigon High-tech Park.

One of them, at Hiep Phuoc Industrial Park, is already under construction and expected to be finished in mid-2016.

Vietnam's brand value takes a tumble

Vietnam's brand value this year stands at \$139.5 billion, ranking it 49th among 100 researched countries, Mr. Samir Dixit, Managing Director of Brand Finance Asia Pacific at Vietnam Brand Matters told a Vietnam Brand Matters conference in Hanoi on October 14.

The figure represents a decline of 18 per cent against 2014, when it was \$172 billion and in 42nd position.

Mr. Dixit said that global brand value now totals \$7 trillion, an 11 per cent increase compared to last year. "The problems facing Vietnam's brand are domestic, not global," he said.

He emphasized that there are many things Vietnam can do better. The tangible value of enterprises' value in Vietnam is quite high at present, at 62 per cent of the total value, while the ratio around the world is 47 per cent.

The brand value of all Vietnamese enterprises is \$67.3 billion, just half of Apple's value. The value of Vietnam's 50 best enterprises is about \$5.5 billion, or half of just one major Singaporean company's brand value. Vietnam has no brands in the world's Top 500 strongest.

The competitiveness of Vietnamese brands remains weak. "Brands in Vietnam are neither contributing to nor benefiting from the country's brand," Mr. Dixit stressed.

He also revealed the Top 10 most valuable Vietnamese brands: Vinamilk, Viettel, Vinhomes, MobiFone, PetroVietnam, FPT, Vietinbank, Vinaphone, BIDV, and Vietcombank.

The gap between these brands, he pointed out, is too great. Vinamilk's brand value is about \$1.1 billion, whereas the second-highest, Viettel, has a value of \$580 million, followed by Vinhomes with about \$343 million.

Local brands in Vietnam face a range of difficulties, Marketing Director of Masan Beverage, Mr. Nguyen Dinh Toan, said at the conference. "Local brands build their brand by sentiment, without conducting proper research, and in the short-term, to seek immediate profit," he said. International brands in Vietnam, meanwhile, conduct a great deal of research and may even accept a loss for a few years before turning a profit.

Vingroup talks investment with Quang Ngai

The Quang Ngai Provincial People's Committee held a meeting with Vingroup on October 14 regarding the feasibility report on building Vincom Quang Ngai, a commercial center and residential area (called Shophouse) in Quang Ngai city.

According to the People's Committee of the central province, Vingroup will build a shopping center with four floors with its supermarket and electrical equipment retailer. The residential area, Shophouse, will cover at a total area of 1.1 ha and is a new model introduced successfully by Vingroup in many cities and provinces due to its perfect combination between a modern shopping center and commercial housing to maximize business efficiency.

Vingroup also reported to the meeting its ideas on construction planning for a complex in Binh Chau on an area of 2,200 ha, which would include a luxury hotel and three golf courses.

Chairman of the Provincial People's Committee Tran Ngoc Cang spoke highly of the plans for Vincom Quang Ngai and assigned related departments and agencies to work with the group on completing procedures, in particular those for land, and directed authorities to approve implementation at the earliest possible time.

However, a representative from Vingroup told VET that despite the group meeting with the Provincial People's Committee the projects are still in the research stage.

HPG announces surge in revenue and profits

Steel maker Hoa Phat Group (HPG) earned VND19.16 trillion (US\$855.3 million) in revenue and VND 2.75 trillion (\$122.7 million) in profits in the first nine months of 2015.

The group said compared with the same period last year, the revenue and profits grew 7.57 per cent and 6.63 per cent, respectively.

The group said most of the revenue and profits came from the construction steel sector, adding that the fodder section also contributed VND500 billion (\$22.3 million) to the total revenue.

The group will launch the sale of the real estate project in 493 Truong Dinh in Ha Noi in Q1 next year. However, a Hoa Phat representative said it would not expand the real estate business.

Hoa Phat Group Chairman Tran Dinh Long said the reduction in iron ore would affect revenue and profits next year, adding that the price of one tonne of steel had fallen from VND14 million (\$647) to VND9.5 million (\$424) since early this year.

Hoa Phat is one of the largest steel makers in Viet Nam, with a registered capital of VND13.1 trillion (\$584.8 million). On October 15, each share of Hoa Phat closed at VND32,700 (\$1.45) on the HCM City Stock Exchange.

New, flexible bond to be issued against banks' bad debts

The Vietnam Asset Management Company has begun to issue a new class of bond against bad debts it buys from credit institutions, one that can be traded between the central bank and lenders as well as among the latter.

Earlier the VAMC was issuing special bonds that could not be traded and could only be used as collateral to secure funding from the central bank.

Another benefit for credit institutions from the new bonds is that they carry a risk ratio of zero per cent when calculating their capital adequacy ratio.

Like the old bonds, they too carry a zero interest rate.

Their maturity date will be negotiated between the VAMC and the lenders, but will have a minimum tenor of one year.

The bonds have been created through the State Bank of Viet Nam's Circular 14/2015/TT-NHNN, which took effect on October 15.

The circular states that the VAMC would have to sell the bad debts through an auction or offer the consumers, who are the prospective buyer of the debt, the most competitive prices.

The VAMC could grant authority to credit institutions to sell the bad debt.

Economist applauds government divestment from 10 firms

Government divestment from 10 state-owned enterprises is a good move for the local market, a leading economist said.

"It's understandable that the government is trying to speed up the process of state-owned enterprise restructuring. Those 10 firms seem to have economic advantages that enable them for easy divestment," Nguyen Tri Hieu, an independent director on the board of Ocean Bank, said.

The State Capital Investment Corporation (SCIC) has been given approval by the prime minister to divest from 10 firms, including its stakes in FPT Corp and its subsidiary FPT Telecom. The government will divest all of its 45 percent stake in Vietnam Dairy Products JSC (Vinamilk), one of the country's top firms. The plan, which is estimated to worth USD3 billion, is considered the biggest divestment from the state yet.

Hieu, who has 30 years of experience working in the banking sector in the US, Germany and Vietnam, said one of the reasons for the divestment move was to help balance the state budget amid falling oil prices, rising debt and the lack of success in bond issues.

"Vinamilk is not related to national security in any way," he said. "The government can't continue competing and subsidising the market just for those profits."

Hieu said divestment will bring more benefits, not least because private firms have better management and results, but he doubted the move would attract foreign investment to fill the gap.

"These firms will have to change to meet customers' demands and better competitiveness," he said. "Firms with good business have a better chance at attracting foreign investments. Some investors may be interested in firms that are given preferential treatments. But when commitments to the TPP (Trans-Pacific Partnership) or the FTA (Free Trade Agreement) go into effect, preferential treatment may be withdrawn for fairer competition."

Rules about foreign ownership in many sectors remain unclear.

Hanoi Sales Promotion Month 2015 attracts 500 large enterprises

The Hanoi Sales Promotion Month 2015 was launched by the Hanoi Department of Industry and Trade on October 15 receiving confirmation from more than 500 large enterprises operating in the city.

This is the eighth consecutive year that the Hanoi Sales Promotion Month has been held as one of the largest commercial events in Hanoi.

The annual event themed 'Sales Promotion Month - Benefit for the Community' will take place between November 1 and 30 with nearly 1,000 locations offering promotions including 700 locations held by enterprises with distribution chains, up 20% compared to 2014.

Director of Hanoi Department of Industry and Trade, Le Hong Thang said the Sales Promotion Month will create opportunities for consumers to buy discounted goods, particularly goods made in Vietnam and have the opportunity to take advantage of sales promotion programmes offered by an array of businesses.

The event is also one of a number of substantial activities in response to the campaign 'Vietnamese people prioritise using Vietnamese goods', he added.

He noted that the Sales Promotion Month also offers an opportunity for enterprises to promote and sell their products, contributing to fostering production.

A string of activities will be organised during the promotion month including an 'Online sales promotion' programme on November 1-7 via two portals www.thangkhuymaihanoi.vn and www.timnhanhvietsam.vn; a 'Tourism promotion festival' consisting of 40 promotional booths at Ly Thai To Flower Garden from November 7-8; and the 'Sales Promotion Month Fair' including 240 promotional booths at the Giang Vo Exhibition Centre from December 3-7.

In addition, the 'Gold Day' programme will be held at 31 locations from November 14-15 with discounts of up to 50%. The event will see the participation of many large enterprises such as HC, Pico, Hapro, Vinmart, Saigon Co.op Mart, Big C, Parkson among others.

PV Gas plans to invest in gas projects abroad

PetroVietnam Gas Corporation (PV Gas) has unveiled a plan to invest in gas projects overseas in 2020 to ensure that Vietnam could get 5-10 billion cubic meters of gas a year from 2025 to meet domestic demand.

The overseas gas projects are part of a development plan of PV Gas until 2025 with a vision toward 2035. The energy firm aims to become the fourth biggest in Southeast Asia in 2025 in terms of gas output and join a list of strong gas corporations in Asia with total assets of VND128 trillion (US\$5.71 billion) compared to the current VND53 trillion (US\$2.37 billion).

Regarding gas exploration, PV Gas said it will invest in both domestic and foreign gas projects to boost gas supply for the domestic market. The company targets total gas output of nearly 60 billion cubic meters in the 2016-2020 period and 300 billion cubic meters in the 2016-2035 period.

PV Gas aims to increase its gas output by 0.2-1.5 billion cubic meters per year from 2017 depending on exploration results. It also plans to invest in upstream gas projects abroad from 2020 and start overseas gas production from 2025 with an annual volume of 5-10 billion cubic meters from 2030.

PV Gas will import liquefied natural gas (LNG) from 2021 to meet domestic demand and contribute to ensuring energy security.

Energy experts said gas fields of Vietnam, particularly off the southeastern coast, are likely to run out in the next 10 years due to overexploitation for increasing electricity generation as gas-fueled power plants make up 40% of the nation's power output as well as fertilizer production.

Currently, Vietnam has two main gas sources in PM3 Ca Mau with daily output of about four million cubic meters and the Nam Con Son and White Tiger gas fields with combined output of about 20 million cubic meters per day.

Technologies, collaboration vital to rice farming: experts

Rice growers should step up technology application and collaboration to increase yields and efficiency as more and more challenges abound for farmers across Asia, particularly in 2015.

Actions were called for to boost rice productivity sustainably at the ASEAN Rice Future Forum 2015 in Vietnam, which opened in HCMC on October 14.

Over 100 policymakers and rice experts from ASEAN countries gathered at the three-day forum to discuss how public-private and value chain partnerships are essential to the adoption of farming technologies, in light of the fact that the majority of rice farmers in these nations are smallholders.

The forum is organized by Bayer CropScience, in partnership with the International Rice Research Institute (IRRI) and the Ministry of Agricultural and Rural Development, as the continuation of the 2013 Rice Future Forum and the International Rice Congress 2014.

The event discusses the current state of ASEAN's rice cultivation sector, especially Vietnam as it is a foundation for the industry players to map out sound strategies and action plans.

IRRI forecast the current rice output of over 700 million tons per annum would not be sufficient to meet demands. Rice production will need to rise by 80 million tons in the next 10 years.

"Adoption of technologies is the key to increase yields and efficiency in rice production," experts noted.

Though Vietnam's rice exports have been increasing in volume, their added value has barely followed suit. As most farmers are low-income earners, they do not have much funding for technologies, seeds and crop protection products to raise output and improve their livelihood.

With increasing challenges faced in agriculture and rice farming, rice output growth must be achieved in a sustainable manner through innovative solutions and farming technologies.

"Agriculture is exposed to a plentitude of challenges such as limited arable land and natural resources, a shortage or rising cost of labor, increased market volatility, limits to credit availability for smallholder farmers, resistance issues and an ongoing quest for further increasing sustainability – to name only a few," said Sascha Israel, Head Region Asia Pacific, Bayer CropScience.

This means farmers need to learn how to farm better and harvest more from the available land. "At Bayer CropScience, we are committed to support growers in their daily operations with innovative products and on-farm advice to tackle these challenges and support a sustainable intensification of rice farming in a holistic approach. We collaborate along the entire value chain to achieve even better results."

Also at the forum, experts stressed the importance of collaboration between the public and private sectors and across the rice value chain.

Matthew Morell, Deputy Director General for Research at IRRI said: "IRRI has been working very closely with Bayer in the area of rice research, as we look into increasing productivity in rice farming through improved utilization of rice genetic diversity for crop improvement, disease management in rice, reducing greenhouse gas emissions, and capacity building for young rice scientists."

In Vietnam, under the Rice Value Chain project, Bayer brings in their partners to offer farmers an innovative, sustainable rice cultivation model comprising the Bayer Much More Rice program, training and on-farm consultancy services. Rolled out on a pilot basis in 2013 in southern localities such as An Giang, Can Tho, Long An and Ben Tre, the project has allowed participating farmers to decrease total input costs and increase yield, which has led profit to grow up to 40%.

Following such positive results, Bayer CropScience announces plans to expand the coverage of the project to 10,000 hectares over the next two years, covering five more key rice growing areas.

The event also features prominent speakers from companies and associations such as the Global Rice Science Partnership (GRiSP), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), the Better Rice Initiative Asia (BRiA), as well as government officials and policymakers from Malaysia, Indonesia, the Philippines and Thailand.

Work begins on sea reclamation project in Rach Gia

Phu Cuong Group has broken ground for a major sea reclamation project to build a urban area on Phu Gia Island in Rach Gia City in the Mekong Delta province of Kien Giang.

The urban area on reclaimed land would cost around VND2.2 trillion (about US\$98.23 million) and comprise sea-view villas, five-star hotels, seaside resorts and a yacht terminal, a Vietnam News Agency report said.

The group said it will take two years for ground leveling work and embankment construction in the 30-hectare project. Around 30.4% of land is planned for housing, 14.47% for commercial and service facilities, 29.95% for parks and 25.16% for roads and auxiliary works.

The project will feature a 6,000-square-meter tidal salt-water swimming pool, which is dubbed as the largest of its kind in the Mekong Delta region, as well as modern games.

Earlier, the group invested in the Phu Cuong high-end urban area consisting of a hospital, schools and sport-entertainment facilities in Rach Gia City. The group is building over 1,500 houses for about 8,000 residents in the area.

In the past eight years, the group has implemented three sea reclamation projects in Rach Gia City and these projects have helped the Mekong Delta city expand by an additional 550 hectares.

Experts: Workers just one factor for low productivity

Experts have emphasized that labor productivity depends not only on the quality of workers but also the structure of the economy and enterprises' application of modern technologies.

However, many employers often cite low labor productivity as a main reason to delay wage hikes for workers, heard a workshop held by the Vietnam General Confederation of Labor and Lao Dong newspaper in Hanoi on October 14.

The workshop on labor productivity took place at a time when many enterprises are complaining about a minimum wage increase of 12.4% for 2016, which is being considered by the Prime Minister. They said Vietnam's labor productivity remained low.

Nguyen Anh Tuan, head of the Vietnam National Productivity Institute, quoted data of the International Labor Organization (ILO) as showing that Vietnam's labor productivity in 2013 was among the lowest in the Asia-Pacific. It was 15 times lower than in Singapore, 11 times lower than in Japan, 10 times lower than in South Korea, five times lower than in Malaysia and 2.5 times lower than in Thailand. Vietnam was ranked higher than Myanmar and Cambodia in the ASEAN region.

Statistics of the Asian Productivity Organization showed that Vietnam's labor productivity is less than half of the average in ASEAN.

"In 2011-2013, labor productivity growth in Vietnam was over 3% per year while gross domestic product (GDP) growth stood at around 5% per year, meaning labor productivity growth did not match GDP growth," Tuan said.

Tuan warned that if Vietnam does not have proper solutions to boost labor productivity growth, the nation would find it hard to realize the goal of becoming an industrialized economy by 2020.

He noted if labor productivity growth remains as dismal as in the past, it would take Vietnam 50 years to catch up with Thailand.

Cao Sy Kiem, former governor of the State Bank of Vietnam, said labor productivity depends on three factors: policy and development environment, infrastructure and application of modern technologies, and labor discipline.

In reality, most local businesses are small and medium, so they lack capital for acquiring new technologies and training employees. Their labor discipline is also weak. These factors have hindered a labor productivity improvement.

Vu Quang Tho, head of the Institute for Workers and Trade Unions under the labor confederation, attributed low labor productivity to the inappropriate economic structure and the arrangement of the labor force. Over the years, the agricultural sector has accounted for 18-20% of GDP, the industry-construction sector over 38% and the service sector for 42-44%.

However, laborers in the agricultural sector often make up 46.8% of the workforce, 21.2% in the industry sector and 32% in the construction sector.

To raise labor productivity, Kiem said, Vietnam should step up economic restructuring with a focus on the industry and service sectors, make the business environment more favorable and improve policies and institutions. In addition, the country needs to hike wages, apply advanced technologies and train laborers.

Vietnam FinTech Club launched

Vietnam Financial Technology Club (FinTech) has been inaugurated in HCMC at a recent meeting between 20 start-up entrepreneurs and investors in the sector.

At the meeting, representatives of FPT Ventures, IDG Ventures, NextTech Investment, M_Service, Fundstart, 1Pay, Pasoto.com, Loanvi.com and MyMoney.vn agreed to set up a FinTech club in Vietnam to propose ideas to develop a relevant FinTech community in Vietnam.

Standard Chartered Bank in Vietnam and Dragon Capital fund the establishment of the club, according to a statement released by the bank on Tuesday.

The idea of establishing a FinTech club in Vietnam came during British Prime Minister David Cameron's visit to Vietnam in July. During the visit, the British government expressed interest in partnering with Vietnamese authorities, financial service providers and information technology enterprises to create favorable FinTech market conditions which benefit the country's urban and rural areas.

With a young and tech savvy population and 23 million smart phones in use and 55 million mobile phone subscribers, Vietnam offers significant demographic advantages for the development of the FinTech sector, according to the statement.

Douglas Barnes, British consul general in HCMC and director of the United Kingdom (UK) Trade and Investment in Vietnam, said the UK is open for FinTech business opportunities with partner nations around the world and will work closely with Vietnamese partners to nurture the FinTech industry in Vietnam.

Japan firms look for domestic partners

Eleven Japanese industrial enterprises are taking part in a four-in-one exhibition on metalworking solutions at the Saigon Exhibition and Convention Center in HCMC in order to look for local suppliers.

These firms are active in various sectors like mechanical engineering, electronics and waste recycling from Japan's Osaka. They want to find buyers and partners that can supply products for the Japanese market.

According to Hideo Toyoshima, head of the Osaka Foundation for Trade and Industry, Osaka is strong in supporting industries and enterprises from this Japanese city have come to Vietnam to seek partners as part of their strategies to expand their operations outside Japan and meet rising development demand.

Vietnamese businesses can expand their markets and have access to advanced technologies when partnering with Japanese firms, Toyoshima said.

Small and medium enterprises from other parts of Japan like Tokyo and Hiroshima are joining the three-day expo to seek Vietnamese suppliers of components.

Hirota Yasuzumi, managing director of the HCMC office of the Japan External Trade Organization (JETRO), cited JETRO's annual survey as saying that 78% of Japanese enterprises active in Vietnam want to increase local content in their products.

According to the survey, of total production costs of Japanese enterprises in Vietnam, labor makes up 17.4% while material accounts for 58%. Therefore, enterprises find it important to cut material cost to enhance the competitiveness of their products.

Yasuzumi said the localization ratio of products made locally by Japanese companies rose to 33% last year compared to 22% four years ago.

However, Vietnam's supporting industries are lagging far behind those in Thailand and China where respective local content represents 55% and 66% of the value of products made by Japanese firms.

According to the expo's organizer, Reed Tradex Co. Ltd, the event attracts more than 500 brands from 25 countries and territories.

The expo, consisting of Metalex Vietnam 2015, Business Alliance 2015 for Supporting Industry, Electronics Assembly 2015 and Industrial Components and Subcontracting Vietnam 2015, lasts until this Saturday.

Lower USD interest rate does not harm businesses

The US dollar interest rate cut last month will not cause economic losses for organisations or individuals, said the State Bank of Vietnam (SBV) on October 12, adding that it is more beneficial to shift to VND as the difference between the interest rates on USD and VND deposits is now above 5 percent.

On September 28, the SBV slashed the interest rate ceiling on US dollar deposits offered by commercial banks to organisations and companies from 0.25 percent to zero percent per year, while the rate for individuals was reduced from 0.75 percent to 0.25 percent per year.

The move aimed to prevent foreign currency hoarding in the domestic economy and increase the interest rate gap to create more advantages for the dong against the dollar.

The current interest rate ceiling on dong deposits is 5.5 percent.

The central bank recommended companies making future payments in USD transfer their USD deposits into VND to eliminate any potential opportunity costs and purchase dollars under a forward contract for the payment.

The forward contract will enable the company to exchange an amount of currency in a specific future date for a specific rate in order to avoid exchange rate risks.

Interest payments from the new dong deposits would both make up for the cost of the forward contract and generate profits for the firms.

Furthermore, local enterprises also benefit from lowered dollar interest rates when taking out loans in USD compared to VND.

The SBV devalued the dong by 1 percent and expanded the exchange rate trading band in commercial banks from 1 to 3 percent in August, a move to keep the dong flexible enough to defend against negative fluctuations in both domestic and global markets by early 2016.

It will continue to use a mix of monetary policies to ensure a balance of foreign currency supply and demand and limit speculation on future exchange rates.

Work begins on sea-encroaching urban area construction

Top-notch sea-view villas, five-star hotels, seaside resorts and a yacht port will sprout up on an artificial island in the southwest province of Kien Giang, as the Phu Cuong Group (PCG) commenced construction on Phu Gia island, the sea-encroaching urban area project, in Rach Gia city on October 13.

The artificial island, invested at a total cost of about VND2.2 trillion (\$98.2 million), is set to be built into a modern and stunning architectural ensemble. It will take the group one year to level off the ground's surface and build the embankment.

Of the total 30 hectares, 30.4 percent of the land will be zoned off for accommodations, 14.47 percent for trade and services, 29.95 percent for green trees and 25.16 percent for transportation.

A highlight of the project is the 6,000-square-metre tidal salt-water swimming pool, the largest in the Mekong Delta region. The pool will be integrated with a line-up of modern and interesting games.

Earlier, the PCG also invested in the Phu Cuong high-end urban area in Rach Gia city, which includes a hospital, national-standardised schools and a sport-entertainment complex. The group is currently building over 1,500 houses which will be able to accommodate about 8,000 residents in the area.

Since 1997, the PCG, one of the leading companies specialised in seafood processing exports in Vietnam, has carried out three sea-encroaching projects in Rach Gia city, helping the city expand by an additional 550 hectares.

Vietnam Entrepreneurs' Day observed in Laos

The Vietnam Business Association in Laos celebrated the 11 th Vietnam Entrepreneurs' Day (October 13) with a ceremony in Vientiane on October 12.

Chairman of the association Nguyen Duc Moc said there are more than 700 Vietnamese companies in Laos with the majority of them operating in mining, hydropower production, industrial tree planting, livestock farming, financial – banking – insurance services, hospitality services, construction material production and telecommunications services.

Though the economic growth slowdown in the two countries directly affected business activities, Vietnamese enterprises in Laos surmounted difficulties to continue developing and contributing to Laos' economic growth along with the special bilateral relations.

Moc thanked the nations' leaders as well as the Vietnamese Embassy in Laos for their continual assistance to his association and pledged more efforts for the sake of Laos's economy and the expansion of the Vietnamese community there.

At the function, Vietnamese Ambassador Nguyen Manh Hung appreciated the firms' devotion to local social welfare and the expatriate community.

He hoped the association members would assist one another and abide by local laws, thus fuelling the sustainable development of the Vietnamese business community in Laos and the special ties between the two countries.

Iron and steel complex becomes operational in Cao Bang

An iron and steel complex with annual an capacity of 220,000 tonnes of steel billet officially went into service in the northern mountainous of Cao Bang on October 13.

The project, which kicked off in 2012 with a total capital investment of over VND1.9 trillion (\$86 million) by the Cao Bang Iron and Steel Joint Stock Company, covers more than 79 hectares in Chu Trinh commune of Hoa An district.

The complex includes a factory producing sintered ore, an iron metallurgy mill, a steel metallurgy mill and a oxygen factory. It uses iron ore from the Na Rua mine, located about 7 kilometres from the factories.

Once operational, the complex will employ and provide stable incomes for over 1,500 locals together with about 10,000 direct and indirect jobs for others, according to Director of the company Nong Minh Huyen.

Vietnam to diversify textile material suppliers

Vietnam will expand the range of its textile and garment material suppliers to stimulate the development of the sector, a senior official of the Ministry of Industry and Trade (MoIT) said.

At a conference on the Vietnam-India garment and textile cooperation on October 12 in Hanoi, Deputy Minister of Industry and Trade Do Thang Hai said Vietnam is seeking textile material suppliers outside the Association of Southeast Asian Nations (ASEAN) and China.

He noted that India's fabric, natural fibre, cotton and garment accessories are of good quality and diversity.

In addition, the ASEAN-India free trade agreement has made Indian materials more competitive in term of prices.

Therefore, India is a potential destination for Vietnamese garment and textile industry to seek suppliers of materials and accessories, the Deputy Minister said.

Vishvajit Sahay from the Department of Heavy Industry under India's Ministry of Heavy Industries and Public Enterprises, said India's yearly export of garments and textiles to Vietnam already reached \$400 million.

He said however, Vietnam's imports of materials from India are still modest due to difficulties in payment and transport.

The official noted that last year the Indian government passed a \$300-million credit programme in order to help Indian companies to enter the Vietnamese market.

He affirmed that both Indian enterprises exporting to or investing in Vietnam and Vietnamese enterprises which want to import garment and textile materials from India can seek preferential loans from the programme.

According to figures from the MoIT, the Vietnam-India trade has strongly grown in recent years, reaching \$5.59 billion in 2014, up 9.84 percent in comparison with 2013.

Medical-instrument company to buy back 5.63 million shares

Japan Vietnam Medical Instrument Joint Stock Company (JVC) plans to buy back 5.63 million shares or 5 per cent of its outstanding shares, local media reported yesterday.

The company's move aimed to stabilise its stock value on the market, but the company did not reveal when it would repurchase its shares. The company assigned Le Van Giap, the company's director, to take charge of this move.

While this move was announced by JVC at the shareholder meeting at the end of last month, the plan was not revealed at the time.

By the end of the day yesterday, the company's share had risen 6.7 per cent to close at VND4,800. However, JVC dropped 77 per cent in the last four months after its former President Le Van Huong, was arrested and accused of cheating the company's customers.

Livestock firm Vilico lists 63m shares on UPCoM

Shares of Viet Nam Livestock Corporation (Vilico) will be traded on the unlisted public company market (UPCoM) on October 26.

According to the Ha Noi Stock Exchange, 63.1 million shares of Vilico, coded VLC with a combined face value of VND631.01 billion (US\$28.04 million), will begin changing hands at a price of VND13,800 (61 cents) per share.

The company said in a mid-2015 report that it earned about VND1.26 trillion (\$56 million) in net turnover during the first half of this year, with more than 70 per cent of its earnings coming from milk products.

The firm has two subsidiaries, including Moc Chau Dairy Cattle Breeding JSC and Mien Trung (Central Region) Livestock JSC.

VEF/VNA/VNS/VOV/SGT/SGGP/Dantri/VET/VIR