

Highlight News**Singapore relationship blooms**

As August 1, 2013 marked the 40th anniversary of diplomatic relations between Vietnam and Singapore, Deputy Minister of Foreign Affairs Pham Quang Vinh spoke to VIR's Thanh Tung about the strong bilateral relationship.



How has the relationship between Vietnam and Singapore developed since the two countries established diplomatic ties in 1973?

Vietnam and Singapore have, over the past 40 years, seen their comprehensive relations grow strongly. The two nations are now heading toward a strategic partnership.

Singapore has been providing valuable experience in national management, particularly of socio-economic development. Singapore's expertise in human resources development, education and training, urban management and high-tech application has been especially useful.

The two countries turned their relations into a comprehensive partnership in 2004, and signed the Singapore-Vietnam Connectivity Framework in 2005. These were historic milestones in the two countries' relations, and laid an

important legal groundwork for cementing co-operation in all areas, especially in economics, trade and investment, making Singapore one of Vietnam's leading partners, not only in the region, but also in the world.

What have been the highlights of the two countries' relations over the past years?

Firstly, the bilateral political relations have been strengthened with many visits by high-ranking officials, and many co-operation agreements have been inked during these visits, as well as bilateral co-operation mechanisms like the ministerial-level summits on Vietnam-Singapore Economic Connectivity, and political consultancy between the two ministries of Foreign Affairs.

Secondly, economic, trade and investment co-operation has always been a big highlight of the bilateral relations. In recent decades, Singapore has been one of Vietnam's largest trade and investment partners. Last year, bilateral trade reached \$9.6 billion, and Singapore is now Vietnam's sixth largest trading partner.

The two countries share co-operative mechanisms like the Singapore-Vietnam Connectivity Framework embracing six prioritised sectors, namely finance, postal-telecommunications-information technology, transport, education and training, commerce and service, and investment.

Singapore's investment in Vietnam is sustainable and greatly benefits the two economies.

Thirdly, national security and defence co-operation has grown.

The basis for co-operation is the Memorandum of Understanding on Defence inked in 2009, and a co-operation deal on fighting trans-national crime extended in 2012.

Fourthly, Vietnam and Singapore have also co-operated well in education and training, which will help Vietnam develop high-quality human resources. Singapore also helps Vietnam train managers and those working in the high-tech sector. At present, about 9,000 Vietnamese students are studying in Singapore. In Vietnam, Singapore is actively implementing the Singapore co-operation programme, and developing the Vietnam-Singapore training centre and Vietnam-Singapore high-quality training centre.

Finally, the biggest highlight in the relationship this year is the expectation that the partnership will be elevated to the level of strategic partnership, marking an important milestone affirming the success and sturdy development of the 40-year relationship.



What are your views on the island state's direct investment in Vietnam?

At present, Singapore is Vietnam's third largest foreign investor with cumulative registered investments of \$28.6 billion in more than 1,170 projects. This shows the confidence that

Singapore investors have in the growth and development of the Vietnamese economy.

Singaporean projects are mainly focused on services, processing, manufacturing and high technology. These projects are quite effective as they have not only generated a lot of employment, but also churned out skilled workers and transferred technologies to Vietnam.

Notably, five Vietnam-Singapore industrial parks have become the special model for the two countries' economic co-operation. In order to further tap into development potential, leaders from the two countries have always underscored the need to further co-operate in policy making to facilitate investment and business for firms from the two countries. Vietnam has also proposed that Singapore continue investing in the country in such sectors as high technology, information technology, infrastructure construction, urban development and tourism, including the development of the Phu Quoc tourism area.

What should Vietnam and Singapore do to strengthen the co-operation among ASEAN member states, and enhance ASEAN's status globally?

Both Vietnam and Singapore have been doing their utmost to build a sturdy, close-knit ASEAN, while contributing to peace, stability and development in the region. During ASEAN meetings, the two countries always agree to give special attention to successfully constructing the ASEAN Community by 2015, and

also building a post-2015 vision for ASEAN so that the bloc can further develop.

The two countries have also agreed to continue cementing their solidarity and the solidarity among ASEAN member states, to further ensure peace, security and development of the region, including the implementation of initiatives such as the Regional Comprehensive Economic Partnership for East Asia, expansion of the ASEAN+3 and East Asia connectivity, enhancement of the principles of the Treaty of Amity and Cooperation in South East Asia, the Declaration of the East Asian Summit on the Principles for Mutually Beneficial Relations, the Third Bali Declaration on the ASEAN Community in a Global Community of Nations, as well as the improvement of the ASEAN organisational apparatus' operational effectiveness.

Source vir.com.vn

Shall Vietnam invest in another petrochemical refinery plant, Binh Dinh is the best place

The statement was confirmed by the Minister of Trade Truong Dinh Tuyen at the press meeting to brief the petrochemical complex in Nhon Hoi economic zone on the morning of 15/8/2013 in Quy Nhon city. Photo: Panorama of the press meeting.

At the meeting, Mr. Sukrit Surabotsopon, Deputy Chief Executive Officer of Petroleum Corporation of Thailand (PTT) said that the reason PTT choose

Binh Dinh to invest in a petrochemical complex was because it had large vacant land up to 2,000 ha, far from residential areas, near deep water port. Crude oil tankers can moor 2 km off the coast, which is convenient for making a pipeline system to bring material to the plant (in Thailand, the pipeline to pump crude oil from vessels is 20 km from the coast). On the other hand, the site to construct the plant is shielded by Yen Ngua mountain, so it is not very likely to be affected by harsh climate condition in the rainy season in the Central region.



After long time of investigation, research and negotiation, PTT has officially issued a letter to register its investment in a refinery, petrochemical complex in Nhon Hoi Economic Zone on an area of 2,000 ha, with a capacity of 660,000 barrels of crude oil/day (equivalent to 30 million tons/year). The investment is expected to be approximately USD 28.7 billion from the capital of Thailand Petroleum Corporation, strategic partners and partners of Vietnam. Crude oil for the plant will be imported from countries of the Middle East (45%), Africa (25%) and South - Central America (30%). The plant will produce about 11 refined petroleum products such as LPG,

gasoline 92, 95, Jet A1, diesel oil, ... and 10 other petrochemical products including LLDPE, Polypropylene, DEG ... The consumer markets are mainly Vietnam and some other countries in the Southeast Asia.

Lately, the People's Committee of Binh Dinh Province in collaboration with PTT investors have prepared a prefeasibility study and explanation of a number of relevant issues and to submit them to the Ministry of Industry and Trade (MoIT) and relevant ministries. The MoIT has requested the Prime Minister to approve for adding this project to the Vietnam oil and gas development planning toward 2015, vision until 2025.

Currently, the investor is working on a feasibility study, organizing bids to select competent international consultants to consult the project owner in completing the feasibility project of the refinery, petrochemical plant in Nhon Hoi Economic Zone as requested by the Prime Minister and the central ministries. Binh Dinh PPC has also asked universities, colleges and vocational training institutions in the province and the relevant agencies to provide necessary information and data for the preparation of the feasibility project. In addition, PPC has invited leading experts in economics, engineering technology and environment nationwide, the former leaders of Vietnam oil and gas industry and former leaders of PPC and Economic Zone Management

Board to participate in the consulting group, supporting the PPC in checking and evaluating the project before it is submitted to the MoIT.

According to the plan, in the middle of 2014, PTT will submit the feasibility study to the Prime Minister.

Source IPC Binh Dinh

Quang Ngai looks for an improvement in PCI

A meeting was held last week chaired by Chairman of Quang Ngai provincial people's committee Cao Khoa with attendance of wide range leaders of districts, departments and relevant agencies to discuss how to improve level of Quang Ngai provincial competitiveness index (PCI).



According to the Vietnam Chamber of Commerce and Industry (VCCI), the PCI level of Quang Ngai in 2010 was ranked 55 on the list of 63 provinces and cities in Vietnam, and Quang Ngai was belonged to the average group.

In 2012, the provincial PCI level improved significantly, touching the position of 18 and being a member of well group, but it quickly went down one year later.

Speaking at the meeting, Chairman Khoa expressed that PCI level partly released the dynamic

activities of local government in attracting investment. Therefore, he requested his partners to promote administrative reform, build a better public administration.

To create attractive business and investment environment, he asked provincial leaders to create favor conditions for enterprises and help them understand the strategic directions and development plans in the Quang Ngai province.

Source quangngai.gov.vn

Da Lat – An attractive paradise

COMING TO DALAT

It would be a huge disadvantage in our life if we did not once set foot on Dalat (Lam Dong). Coming to Dalat, you can choose to take a flight from HCMC, Danang and Hanoi, just almost two hours' flight to Lien Khuong airport, the gateway to the City of Flower. If you travel by land, from HCMC, Nha Trang and Phan Rang, you can follow national road 20, 27 and 723 to Dalat. And, the journey to the romantic Dalat city by land, starting from HCMC can also be taken on a motorbike with travel distance of 300 km or less.

There are over 700 hotel and establishment located in the center of the city, that can accommodate almost 30000. There are one – to five hotel star, such as Ngoc Lan, River Prince, Dalat Hotel Du Parc, Ana Mandara... to name a few. If you wish to mingle with the romantic nature, you can stay in other accommodation establishments, for instance, Cu Lan (Sloth) village, Golden

Valley... hidden in the deep forest. Coming to Dalat, you will not ignore famous tourist attractions like Valley of Love, Yellow Stream Lake, Tuyen Lam Lake... Also, there are famous flower villages – Thai Phien, Ha Dong and Van Thanh – are another reasonable choice if you wish to learn about hi-tech flowers.

When night comes, when the city is wreathed with fog, Dalat sinks in mystery as if it were coming from a wonderland. Huddling in a warm coat, you'll feel at ease beside a cup of filtered coffee, counting every drop falling slowly into the cup and watching the surrounding activities by night in one of the cafes standing on Nguyen Chi Thanh, Truong Cong Dinh streets... A gong & chimes musical show performed by the ethnic minority actors at the foot of Langbiang mountain will appeal to tourists. Coming to Dalat, you will certainly not forget to buy some specialties as gifts. Right at foot of Langbiang mountain, the brocades made by ethnic female weavers will satisfy your taste. In the downtown areas, you can find other specialties that only Dalat can offer, for instance, artichoke, strawberries... and dried flowers, artful hand-embroidered paintings...

“FOUR – IN – ONE” CULTURE WEEK

Particularly, in 2013, Dalat will host 4 major events: the first UNESCO Vietnam – ASEAN Heritage Festival, The Tay Nguyen – Da Lat National Tourism Year 2014, the Celebration of Dalat 120 – Year Founding & Development and the 5th Flower Festival.

Pursuant to the agreed content between the Ministry of Foreign Affairs and Lam Dong People's committee, the 2013 Culture Week with these major events will mark the participation of other ASEAN countries, ASEAN partner countries (India, China, Japan, South Korea); Vietnam's provinces having UNESCO heritages (including 5 western highland provinces, 12 provinces and cities in the central part and from Northern areas) as well as other localities having heritages pending UNESCO's recognition. In this First UNESCO Vietnam – ASEAN Heritage Festival, one of the leading contents is to honor and promote, on an international and regional level, Vietnam's recognized heritages as well as heritages pending UNESCO's approval. At the same time, this is an international forum to share experiences and enhance conservation values of UNESCO's heritages between Vietnam and other countries, and a favorable environment to strengthen friendly and close relationships between Vietnam and other countries in ASEAN and the ASEAN partner countries.

We hope that, when you leave this city located on the altitude of 1.500m above sea level, you will bring with you the sweetest and warmest feeling you have experienced during your journey. We also hope, when you say goodbye to this city, you will be pleased with what this wonderland has offered you!

Source Dalat-info

Vietnam's investment environment improves

With US\$4.1 billion invested in Vietnam in the first seven months of 2013, accounting for 34.4 percent of the total amount of foreign investment registered in the country, Japan continued to take the lead among 46 countries and territories investing in Vietnam.



Japan External Trade Organization Chief Representative Hirokazu Yamaoka

According to Japan External Trade Organization (JETRO) Chief Representative Hirokazu Yamaoka, the results show how the investment environment in Vietnam has improved and that the Vietnam-Japan Joint Initiative is following the goals set by the two governments.

From the viewpoint of some Japanese businesses, after 10 years of implementing four phases of the Vietnam-Japan Joint Initiative, Vietnam has achieved considerable improvements in terms of tax and created favorable conditions for foreign investors to get visas for entry to Vietnam. Visa application procedures applied to Japanese businesspeople have been considerably simplified. Vietnam has also reduced import and export taxes applied to some kinds of goods. These changes benefit both Vietnamese and Japanese businesses.

Japanese businesses investing in the field of component manufacturing, especially auto components, have been offered preferences by the Vietnamese government. As a result, Japanese investment in Vietnam in this field has increased. In July, the Yazaki Hai Phong Vietnam Company Limited, a member of the Yazaki Group (Japan), signed a principle contract to hire land in the Dong Mai Industrial Zone of Quang Ninh Province to invest US\$33 million in manufacturing electric wires for autos; the Vietnam Tokai Company Limited recently inaugurated a plant based in Da Nang's Hoa Cam Industrial Zone, which was built to manufacture electronic, plastic, rubber components and seats for autos with total investment of over US\$10 million.

Hirokazu Yamaoka said that Vietnamese auto manufacturers still had to import components and spare parts at high tax rates. Therefore, encouraging foreign investors to build component manufacturing plants in the country would allow Vietnam to reduce imports.

Japanese investment in Vietnam is mostly concentrated in localities such as Hanoi, Hai Phong, Ho Chi Minh City, Dong Nai and Binh Duong. Statistics show that up to July 2013 Japan has had 2,014 investment projects in 36 provinces of Vietnam, of which 886 projects concentrate in seven provinces.

In the opinion of Hirokazu Yamaoka, the concentration of Japanese investment in some localities has created pressures in

terms of labor and investment costs for Japanese businesses. Therefore, he expects the

Vietnamese government would offer more preferences which encourage Japanese businesses to invest in less attractive localities.

To attract more Japanese investment in the time to come, Hirokazu Yamaoka said, the two governments would concentrate on fields such as industrial waste treatment and recycling, infrastructure development, tax and administrative procedures. Notably, Japan will increase cooperation with Vietnam in the field of food industry, focusing on

The Vietnam-Japan Joint Initiative was initiated by the prime ministers of the two countries in April 2003. So far, the initiative has been implemented through four phases, creating opportunities for the two sides to resolve many problems and considerably improve the investment environment in Vietnam, thus promoting investment and business activities of Japanese and other foreign investors in Vietnam. The fifth phase of the initiative began this July and will finish in December 2014.

ensuring hygiene and safety for export products. "We also wish to help Vietnam develop industries such as motorcycle, auto, logistics and environment and will propose specific measures to promote cooperation in each field," he added.

By Hoa Le & Hung Cuong

Investment Promotion

Danang's investment promotion Delegation worked in Yokohama City (Japan)

Within the framework of the visit of Danang's delegation in Japan and Korea from August 5th – 15th, 2013, in the afternoon of August 6th, 2013, with the support of the Embassy of Vietnam in Japan and other organizations including JETRO, VERI, and IDEC, Danang City organized a Seminar on investment promotion in Yokohama (Japan). The seminar was hosted by Mr. Van Huu Chien, Chairman of Danang People's Committee, and Mr. Nobuya Suzuki, Deputy Mayor of the City of Yokohama.

Among other participants at the seminar there were Mr. Doan Xuan Hung, Ambassador of Vietnam to Japan, representatives from Japanese organizations such as JETRO, VERI, IDEC..., and more than 200 Japanese investors in Yokohama and other surrounding provinces, and especially, investors from big companies in Japan such as Hitachi, Mansei Recycle System, Sojitz, Tokyu Land, Nikken Sekkei...



At the seminar, the leader of Danang introduced the

development of infrastructure facilities urban planning, potentials and advantages of Danang city in attracting foreign investments, and especially called for investments into Danang Hi-tech Park, IT Park, and projects in the fields of tourism, environmental treatment, and the construction of the water plant in Hoa Lien. The city leaders and the leaders of other related departments clearly explained the issues raised by businesses about the investment opportunities in the Danang Hi-tech Park, IT Park, and environmental treatment issues including waste water treatment and solid waste treatment. Chairman Chien pledged commitment that the city government would actively support Japanese investors during their process of establishment and implementation of their investment projects in Danang. The city would also continue to improve its investment environment to create favorable conditions for companies to do business effectively and achieve sustainable development.

In the morning on same day, Danang's delegation also had a meeting with Ms. Fumiko Hayashi, Mayoress of Yokohama city. The two parties discussed about the plan to implement the Memorandum of Understanding on cooperation towards a sustainable development between the two cities signed on last April 9th. The leaders of the two cities also discussed about other cooperative projects, and exchanged business delegations to learn about investment opportunities between

the two cities including some short-term staff exchange...



In the morning of August 7th, 2013, the city delegation had a meeting with Japanese environmental companies, especially worked with Kanazawa factory, which is under the management of Yokohama government. This is a modern environmental treatment factory utilizing the new 3R technology reusing, recycling and reducing waste. The factory treats 1,200 tons of garbage each day, which are classified into 15 categories, and are treated extensively. The garbage is burned to create energy used for living and production; the cinders is used for production of concretes for construction of seawalls. In the afternoon, the delegation worked with Yokohama's Deputy Mayor about the potentials for cooperation in the fields of hi-tech and environmental management. In particular, some companies in Yokohama such as OECC, Kajima, IAM... have already studied some environmental projects in Danang.

LQM - IPC Danang

The People's Committee of Quang Nam Province meet and work with Japanese TOTO Group

On May 25, 2013, Vice Chairman Dinh Van Thu met and

worked with Japanese TOTO Group, led by Mr. Tamura Shinya -General Director for TOTO Vietnam and Head of Japanese Industrial Enterprises Association in Vietnam.

Beginning the meeting, Vice Chairman Dinh Van Thu introduced to the TOTO mission on the socio-economic development and the potentials and advantages of Quang Nam province in attracting investments, notably Dien Nam-Dien Ngoc Industrial Park in the north and Chu Lai Open Economic Zone in the south of the province - two key areas of investment attraction in term of industrial sector of Quang Nam province. It is worthy to note that Quang Nam is also the home to the high quality resources of silicate sand with 200 million tons of reserves and large deposits of kaolin which can ensure adequate supplies of raw materials for the production of sanitary ware for TOTO Group.

The TOTO Group leader said that TOTO Group already invested in building a factory of high quality sanitary ware products in Hanoi and officially operated in Vietnam for the past 11 years; and confirmed that in order to warmly welcome the 40th anniversary of establishing diplomatic relations between Vietnam and Japan, TOTO Group desires to make a new development in Vietnam, namely conducting a plan to seek new investment opportunities in Quang Nam so as to expand its investment in and production of sanitary ware products with high quality for export and Vietnamese market.



Vice Chairman Dinh Van Thu meets with the leaders of TOTO Group of Japan

Vice Chairman Dinh Van Thu said that the good cooperation between the Governments of Japan and Vietnam has created favorable opportunities for the two countries' enterprises to develop and enhance their activities in business and investment; and wish that site survey taken by TOTO Group this time will achieve good result by which TOTO Group early consider and make decision to invest in the province. Quang Nam Province is committed to actively supporting TOTO Group during the site survey and project implementation.

Mr Tamura Shinya - General Director for TOTO Vietnam thanked the provincial leader and its relevant departments for taking the time to meet and work with the TOTO mission. He also confirmed that TOTO Group will not only survey and seek a suitable investment location in Quang Nam but also actively help Quang Nam province to get access to and attract more Japanese investors to Quang Nam in the coming time.

After the meeting, TOTO leaders and the members of the mission made a site visit to some locations in Tam Hiep Industrial Park and Bac Chu Lai Industrial Park in Chu Lai Open Economic Zone.

Van Nam

Events

Vietnam-Japan Economic Summit 2013

Vietnam - Japan Economic Summit 2013 (VJES 2013) will be held in Ha Noi from 04 - 06/9/2013 . This event is to celebrate 40th anniversary of diplomatic relation between the two countries, organized the Chamber of Commerce and Industry in Vietnam (VCCI), Japan External Trade Organization (JETRO) and the Japan Economic Times - Nikkei Business Publications (Nikkei BP). It is expected that around 500 guests will come to this event. Photo: Booth Perspective.



Japan is a leading important economic partner of Vietnam, especially in ODA cooperation, trade and investment with a lot of on-going activities since the two countries signed in 'the Vietnam-Japan economic partnership agreement' in 2008.

The goal of VJES 2013 is to boost the collaborative relationship in economy and business of two nations, providing opportunity for exchanging and updating information. VJES 2013 will focus on three main themes, namely infrastructure development, industrialization and supportive industry strategy, human resource for supportive industry with the

participation of experts, businesses and government officials who are going to deliver talks. Participants can search for business opportunities through participation in the activities of the program such as business connection, exhibition visit, or field trips to nearby industrial parks.

Source IPC Binh Dinh

Seminar "Business, investment opportunities and tourism development on the East-West Economic Corridor (EWEC)"

Within the framework of the East - West Economic Corridor Investment, Trade and Tourism International Expo - Da Nang 2013 on August 8th - 13th, 2013 at Danang Fair and Exhibition Center, Danang People's Committee will host the Seminar "Business, investment opportunities and tourism development on the East-West Economic Corridor (EWEC)" on August 8th, 2013.

The seminar aims to introduce the investment environment, and opportunities for investment, businesses and tourism development for provinces/countries along the EWEC. The seminar also provides a forum for companies to network, exchange information, seek opportunities for cooperation and investment, and expand the market.

Date and time: 13:30 - 17:30, August 8th, 2013

Venue: Conference Hall, Danang People's Committee (42 Bach Dang street)

Source IPC Daanang

Conference offers opportunities for Japanese firms

As part of the 40th anniversary of diplomatic ties between Vietnam and Japan, a three day Vietnam-Japan Economic Co-operation Conference will take place from August 20-23 at the Grand Plaza Hanoi Hotel.



The three-day conference will provide ample opportunities for Japanese investors to gain a better insight into Vietnam, Photo: Duc Thanh

The event will provide an opportunity to develop direct investment links between Vietnamese localities and companies and Japanese investors.

The Ministry of Construction and Embassy of Japan in Vietnam co-hosted event, which will be sponsored by Japan International Cooperation Agency (JICA), is part of a wider series organised by FDI Vivina and Vietnam Real Estate Association.

The event will provide an opportunity for dialogue and investment promotion exchanges between Vietnam and Japan. Besides the main event, there will be a gala dinner and cultural exchange session, field trips, and exhibition of projects seeking Japanese investments.

The exhibition booths will focus on infrastructure, real estate,

tourism, construction and supporting industry development.

Along with 150 Japanese delegates, representatives of ten northern and up to five southern provinces, along with more than 100 Vietnamese firms, associations and investors will attend the conference

“The conference is an ideal way of building links between Vietnamese localities and domestic firms with Japanese investors,” Doan Xuan Huy, event director of External Relations and Media said. “Japanese companies are increasing their investment projects in the wider Southeast Asian market, and Vietnam remains their attractive destination.”

The participating Vietnamese companies and localities will be assisted by experts and members of the organising committee to determine the effectiveness of their investment attraction plans.

Meanwhile, the conference will also help Japanese firms gain a greater understanding of the preferential policies in Vietnam they are entitled to, and particular advantages of each city or province where they would choose to set up business.

The event will also allow participants to hear about investment case studies from successful Japanese firms operating in Vietnam at present.

Source vir.com.vn

FDI Updates

FDI into Vietnam continues increasing

Together with the strong growth of registered, additional and disbursement capital, FDI into Vietnam in the first seven months of this year continued to increase. In particular, FDI flows mainly focused on the manufacturing and processing industries.

The attractiveness of the industrial sector

According to the Foreign Investment Agency of the Ministry of Planning and Investment, in the first seven months of this year, Vietnam attracted FDI capital of US\$11.91 billion (including newly registered capital and additional capital), an increase of 19.6 percent compared to the same period last year.

Newly registered capital in the first seven months of 2013 reached US\$6.92 billion, an increase of 10 percent compared to the same period last year. FDI projects received additional capital of US\$4.99 billion, an increase of 36.2 percent compared to the same period last year. In particular, FDI disbursement in the first seven months of this year totaled US\$6.65 billion, an increase of 6.4 percent compared to the same period last year.

According to the Foreign Investment Agency, the manufacturing and processing industries remained the most attractive sectors in terms of FDI attraction with total newly registered capital and additional

capital of US\$10.44 billion, accounting for 87.7 percent of total FDI capital. Real estate trading; wholesale and retail sectors ranked second and third in FDI attraction in this period with total registered capital and additional capital of US\$580.77 million and US\$230.98 million respectively.

In terms of the FDI sector, in the first seven months of this year, export turnover (including crude oil) reached an estimated US\$48.242 billion, an increase of 22 percent compared to the same period last year, accounting for 66.3 percent of total export turnover. Export turnover (excluding crude oil) reached an estimated US\$43.962 billion, accounting for 60.43 percent of total export turnover. In addition, import turnover in the FDI sector in this period stood at US\$41.329 billion, an increase of 24 percent compared to the same period last year, accounting for 56.3 percent of total import turnover. In general, in the first seven months of 2013, the FDI sector's trade surplus reached about US\$6.9 billion, while Vietnam's trade deficit stood at US\$733 million.

Attractive investment environment

46 countries and territories had FDI projects in 50 Vietnamese provinces in the first seven months of this year. Japan was the leading country investing in Vietnam with total newly registered capital and additional capital of US\$4.1 billion, accounting for 34.4 percent of total FDI capital in Vietnam. Singapore and Russia ranked second and third with total newly

registered capital and additional capital of US\$3.73 billion and US\$1.015 billion, accounting for 31.3 percent and 8.5 percent of total FDI capital in Vietnam respectively.

Vietnam granted licenses to four major FDI projects in the first seven months of this year including the Samsung Electronics Vietnam's project in Thai Nguyen Province with total investment capital of US\$2 billion and the Russian-invested Bus Industrial Center Co., Ltd. project in Binh Dinh Province with total investment capital of US\$1 billion. In addition, the Singaporean invested Nghi Son refinery and petrochemical project received additional capital of US\$2.8 billion and the Samsung Electronics Vietnam's project in Bac Ninh Province increased its investment capital by US\$1 billion.

According to the Ministry of Planning and Investment's information, Japan's FDI flows into Vietnam were likely to increase, especially after the success of the Vietnam-Japan Joint Initiative Phase IV. The two countries also agreed solutions to improve Vietnam's investment environment.

In addition to Japan, Singapore and the Republic of Korea (RoK), Vietnam's investment environment has also engaged the interests of many countries, such as Thailand, China and the US. This is an important foundation to help FDI flows into Vietnam increase in the coming period.

By Nguyen Hoa

Research – Discussion

10 years of FDI attraction into Chu Lai Open Economic Zone

Chu Lai Open Economic Zone (OEZ) is the first OEZ established by the Government to serve as a powerhouse of growth and development for the Central Vietnam. After 10 years of construction and development, the results of foreign direct investment (FDI) into Chu Lai OEZ are still modest, below its potentials and advantages.

1. Overview of Chu Lai OEZ

Covering a total area of 32,400 hectares in Quang Nam Province, Chu Lai OEZ was officially established and put into operation by the Government since June 5th of 2003. The Government has chosen Chu Lai OEZ as one of five priority economic zones which will be focused on infrastructure investment from now to the year 2015.

So far, the Central Government has supported Chu Lai OEZ thousands of billion VND from the State budget. Mission of Chu Lai OEZ is to contribute to the quick and sustainable development of Quang Nam province, hence, driving forward the socio-economic development of the Key Economic Zone in Central Vietnam.

2. Current situation of FDI into Chu Lai OEZ

After 10 years of operation, as late July of 2013, Chu Lai Open Economic Zone is home to 89 investment projects with a combined registered capital of US\$1.514 billion, of which 62 projects valued at over US\$783 million are in operation. Emerged from a sandy soil with a very poor agricultural production, Chu Lai O EZ now houses many factories, workshops, tourist sites, new urban areas, etc. Investment projects here have created thousands of regular jobs for local people, made contribution to the State budget and formed key industrial products. Remarkably, the national-scale Chu Lai - Truong Hai Auto Engineering Complex (Thaco) has contributed to the development of Vietnam' auto mechanic industry.

However, according to many ministries and experts, Chu Lai O EZ's potentials and strengths are yet to be tapped effectively and the zone has not been a key player in driving pervasively development for the whole Central Vietnam region as initial expectations of the Politburo and the Government.

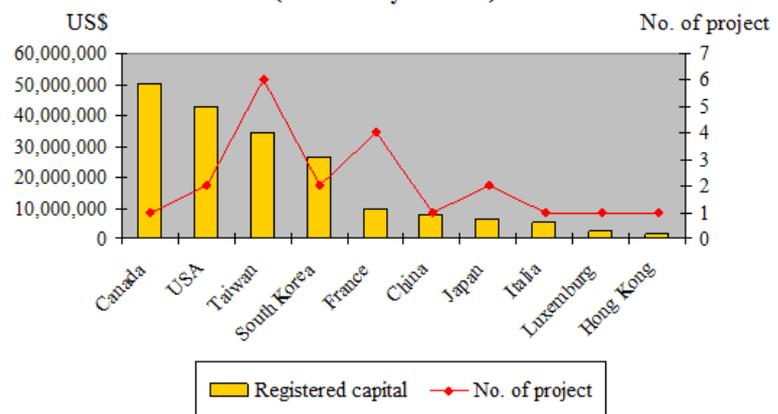
Relating to foreign direct investment (FDI), so far Chu Lai O EZ has only attracted 21 FDI projects from 10 nations with total registered capital of nearly 187 million US\$, accounting for 23.6% no. of projects and 12.3% total

registered capital invested into the zone.

Amount of FDI registered capital into Chu Lai O EZ until now only accounted for 3.6% of Quang Nam province's total FDI registered capital of (0.7% of Central Vietnam and 0.09% of the whole country).

EU, Japan, Korea, etc) have not considered Chu Lai O EZ as their suitable investment location. Currently, most successful or large-scale projects belong to the domestic investors such as Chu Lai-Truong Hai auto engineering complex (Thaco), Chu Lai Float

Figure 1: FDI into Chu Lai O EZ (as late July of 2013)



Source: Management Board of Chu Lai O EZ

Despite of applying the country' highest incentives and preferential treatments in the 1st Free Trade Zone approved by the Government, *the outcomes of FDI inflow to Chu Lai O EZ are still very modest, below its potentials and advantages.* FDI projects licensed mostly belong to the simple technologies and industries, mainly the SMEs which have not participated in the global production networks, etc. Some important sectors of Chu Lai O EZ like infrastructure, hi-tech and supporting industries, services creating high added-values have not succeeded in FDI attraction. So far, many strategic foreign investors and TNCs (from USA,

Glass Plant, Chu Lai Soda Production Factory, Number One - Chu Lai Beverage Company, etc.

3. Some petitions to strengthen effectively FDI attraction into Chu Lai O EZ

In order to strengthen and make breakthrough in FDI attraction into Chu Lai O EZ, hence driving forward the growth of Quang Nam province in particular and Central Vietnam in general, the authors propose some petitions as the following:

Mechanisms and policies relating to FDI attraction

- Chu Lai O EZ' mechanisms and policies of FDI incentives

need to be consistent and really “open” in accordance with international standards, as well as competitive with other regional countries.

- Research and propose the Government some special, unique policies and incentives for FDI attraction into infrastructure sectors including airport, seaport, Free Trade Zone, traffic roads, basic infrastructure for Industrial Parks, etc.

- More competitive investment incentives (relating to land, corporate income tax, etc) which are sufficient attractive to foreign investors need to be considered.

Investment procedures:

- Implement more efficiently and better “One-stop shop” investment procedure to all FDI projects licensed with the shortest time in order to save expenses for foreign investors.

- Strengthen to support foreign investors during their seeking opportunities and applying for investment license through the internet (via Chu Lai OEZ website).

Developing investment in strategic infrastructure:

- Strengthen mobilising and combining financial supports from the Central and Local Governments, ODA, FDI, Public-Private Partnership (PPP), etc to accelerate strategic infrastructure projects such as Chu Lai Airport, Ky Ha Port,

Cua Dai Bridge, South Hoi An Resort, Auto Engineering Industrial Park (Thaco), Vietnam – Korea Chu Lai Complex of Industrial – Service – Urban areas, etc.

- Strengthen co-ordination between Chu Lai OEZ and Ministries, Dung Quat Economic Zone in accelerating the interregional infrastructure works like Danang – Quang Ngai Expressway, coastal road from Hoi An to Chu Lai, etc. This will better the investment environment of Chu Lai OEZ towards foreign investors.

Innovative and efficient investment promotion:

- Research and build a long-term (5 -10 year) investment promotion plan for Chu Lai OEZ, concentrating on key strategic partners such as Japan, South Korea, etc.

- Focus on attracting FDI into key projects and comparative sectors such as Chu Lai Transshipment Airport and airplane repair service center, Vietnam – Korea Chu Lai Complex of Industrial – Service – Urban areas, National Auto Engineering Complex, South Hoi An Resort, supporting industries for mega projects in Dung Quat EZ, etc

- Chu Lai OEZ’ investment promotion activities should be under coordination of Central agencies (Ministry of Planning and Investment), associated with annual National Investment

Promotion programs. Focus on implementing some key domestic or overseas seminars calling for FDI based on “regional linkage” with co-organizers including Chu Lai OEZ, Dung Quat EZ, Danang city, etc.

- Strengthen links with overseas investment promotion representatives of Vietnam in key nations, as well as companies investing and trading in infrastructure works for Economic Zones, Industrial Parks in order to target efficiently each potential investor or specific project calling for FDI into Chu Lai OEZ.

- Pay more intention on “on-the-spot” investment promotion by strengthening supports and solving difficulties to licenced FDI enterprises, ensuring them operating effectively and profitably. This will consolidate Chu Lai OEZ’ image and marketing efficiently new foreign investors.

- Strengthen PR and communications for Chu Lai OEZ in some international TV channels such as CNN, NHK (Japan), global websites relating to investment and well-known magazines like Economist, Financial Times, Japan Economic Journal...

- Upgrade and utilize Chu Lai OEZ’ website as an efficient investment promotion tool in terms of design, content and

promotional effectiveness, gradually reaching the benchmarks and professionalism of other regional countries. Key important documents like brochure, project profiles, DVDs and other information required by investors must be constantly updated onto the website.

- Chu Lai OEZ' website needs to be closely linked with that of Ministry of Planning and Investment (MPI), Foreign Investment Agency (FIA), Investment Promotion Centers from Central to local levels, international organizations like JETRO, KOTRA, etc.

MA. Trinh Minh Van

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IPCC

Investment Opportunities

Japan-Vietnam Friendship Association in Sakai supports Binh Dinh in fisheries sector

From 05/8 to 07/8/2013, the delegation of Japan-Vietnam Friendship Association in Sakai made a visit to Binh Dinh to continue to survey and complete records relating to 02 projects of Japanese ODA for Binh Dinh province in fisheries sector. The delegation had Mr. Hirosuke Kato - member of leadership board of Japan-Vietnam Friendship Association and Mr. Masakazu Shoga - seafood experts, who participated in acquisition drafting ODA project document.

The main purpose of the visit to Binh Dinh was to observe a number of shipbuilding facilities, ice manufacturing facilities, facilities of collecting and processing ocean tuna in order to in crease collaboration in seafood processing and introduce Binh Dinh's tuna products to Japanese market.

During this trip, the delegation also conducted more detailed survey on the area planned for building fishing port in Binh Dinh to improve the quality of tuna fishing and preservation as proposed by the Japanese seafood business. When the specialized fishing port project goes into operation together with preservation of the product in accordance with modern technology, tuna quality after fishing will be significantly improved and fully qualified to be exported to Japan.

It is the second visit of the Japan-Vietnam Friendship Association in Sakai and also the fifth delegation of businesses and organizations to Binh Dinh since December 2012 after Binh Dinh's investment promotion program in Japan.

IPC Binh Dinh

The Ukraine open opportunities for Vietnamese businesses

Thanks to the Ukraine's favorable geographical location and plentiful natural resources, the Eastern European country offers the possibly of political and economic relations and opportunities for Vietnamese businesses to invest in the Ukraine.

The Ukraine, a promising land

Accounting for 45 percent of the world's mineral output, the Ukraine is the biggest country in the world in terms of mineral resources. It ranks sixth among countries worldwide in terms of steel output and mining while representing about 40 percent and one third of the world's manganese output and black soil.

With a total area of 603,700 square kilometers and a population of 46 million, the Ukraine ranks 44th and 29th worldwide in terms of area and population, respectively. Apart from fertile plains, the Ukraine has grasslands and plateaus through which go major rivers, and diverse climate. There are more than 30,000 flora species, including more than 400 species according to the Ukraine's Red Book.

Favorable natural conditions helped the Ukraine economy develop. The country's urbanization rate stands at 67.2 percent. The Ukraine has spearhead industries including metallurgy, mining, machinery manufacturing, electronics and agriculture. Last year, although the world economy encountered a host of difficulties Ukraine obtained a gross domestic product (GDP) growth of 3.9 percent. The country is expected to reach a GDP growth of 3.5-4 percent in 2013.

Ukraine became a member of the World Trade Organization in 2008 and joined a Free Trade Agreement (FTA) with publics of the Commonwealth of Independent States (CIS) in 2012. It is negotiating joining an FTA with the EU.

Vietnam-Ukraine relations

Vietnam and the Ukraine established bilateral diplomatic relations on January 23, 1992. Ukrainian President V. Yanukovich paid an official visit to Vietnam in March 2011, while Vietnamese Prime Minister Nguyen Tan Dung visited Ukraine in October 2011.

The two countries signed a number of important documents including an agreement referring to principles on relations and cooperation between Vietnam and the Ukraine, and others. The inter-governmental committee for economic, trade, scientific and technological cooperation has met 12 times.

Along with political relations, bilateral trade and investment relations have experienced considerable progress. According to the General Department of Vietnam Customs, bilateral trade turnover was valued at US\$182.4 million in the first half of 2013 (up 45 percent from the same time in 2012), including US\$117.9 million worth of Vietnamese exports to the Ukraine (up 22 percent) and US\$64.5 million worth of Vietnam's imports from this market (up 124 percent).

The Ukraine has four investment projects worth US\$30 million in Vietnam, while Vietnam has four investment projects with a combined registered capital of US\$27 million in the Ukraine. During Ukrainian President V. Yanukovich's visit to Vietnam in March 2011, the president, Vietnam's Viettel Group and the State Agency for Investment and National Projects of Ukraine

signed a memorandum of understanding (MoU) on implementation of a US\$600 million broadband internet development project in the Ukraine.

According to the Foreign Investment Agency, Vietnamese businesses are welcome to invest in Ukraine's telecommunications equipment and services, shipbuilding, agricultural production, mineral resource survey and mining, and tourism services.

The Foreign Investment Agency however believe that bilateral trade and investment relations remain disproportionate with their potential; with favorable natural conditions, stable economic development the Ukraine offers huge investment potential for Vietnamese businesses. The two governments are negotiating to sign a bilateral cooperation agreement, and are looking to sign agreements on animal quarantine and controlling the quality of farm produce, forest products and seafood. The two countries will continue improving institutions and administrative procedures to create a transparent, favorable environment for Vietnamese and Ukraine investors.

Chu Huynh