

NEWSLETTER FROM VIETNAM

February 2017



A peaceful morning in Hanoi

A warm welcome to all our readers

Information in this newsletter is presented on a synthetic basis with a reference number. On request, our offices will be pleased to assist any Brussels company who wishes to receive further information on any of the topics exposed hereunder. Please return by e-mail the topic with its official heading, mentioning the issue and the reference number.

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Hi-tech agriculture needs more easy credit

Prime Minister asked the State Bank of Việt Nam (SBV) to increase the preferential credit package for hi-tech agricultural firms from US\$ 2.6 bil to \$ 4.34 bil. The country's agriculture sector is still facing big challenges, including the adverse effects of climate change, underdeveloped cultivation methods, and unsafe and unhygienic agro-produce. The agriculture sector needs the involvement of private enterprises and co-operatives to solve the problems that it is facing. Start-ups in agriculture should be further encouraged. He wanted more attention paid to developing human resources geared towards hi-tech agriculture, and to expanding markets, popularising trademarks and improving packaging, thus ensuring stable consumption. (*Vietnam News, 03/02/2017*)

PM pushes for shrimp exports to rise to US\$ 10 bil by 2025

Vietnam has become the world's third largest shrimp exporter and the world's leading exporter of giant tiger prawn. Shrimp exports accounted for nearly 50% of total seafood exports, with the highest value of nearly US\$ 4 bil achieved in 2014. The Prime Minister asked the shrimp industry to strive for an export

value of US\$ 10 bil by 2025. Giant tiger prawn and white-legged shrimp are being farmed in 30 provinces and cities and are key export products. The south central provinces of Ninh Thuan, Binh Thuan, Khanh Hoa and southwestern provinces like Ca Mau and Bac Lieu are main shrimp producers. Ca Mau has the largest shrimp breeding areas. *(Vietnam News, 07/02/2017)*

Ho Chi Minh City spills 30% of clean water through leaking pipes

Ho Chi Minh City lost nearly 30 percent of its clean water in 2016 through leaking and broken pipes. Saigon Water Corporation (Sawaco) said it delivered around 630 million cubic meters of clean water last year, but some people were still unable to turn on the taps. Around 28 percent or 177 million cubic meters went to waste, worth at least US\$ 41.5 mil based on the lowest tap water price of VND5,300 a cubic meter. The company said it aims to reduce the rate of lost water to 26 percent this year and 25 percent in 2020, but a new order from the city's government said the rate of water loss should be less than 10 percent by then. *(VnExpress, 13/02/2017)*

Vietnam to digitize medical records for all citizens

The Vietnamese government has announced a plan to spend US\$220 mil on an ambitious project to create a nationwide system of electronic medical records. Under the plan, the government will still issue paper-based records to patients first but these will gradually be replaced by a digital system, built and run by the welfare agency Vietnam Social Security. The system, which will store personal medical records for all citizens, can be shared by health care providers to save time and money. The Vietnamese government has also announced a plan to issue electronic healthcare cards to all citizens to certify their rights to medical services anywhere, according to the government's online news portal. With the new system, electronic healthcare registries in all 63 cities and provinces will be synced. Vietnam Social Security is in charge of developing a plan to sync health, social security and unemployment insurance into one single card. *(VnExpress, 13/02/2017)*

Significant room remains for foreign investors in Vietjet

Vietnam's low-cost airline Vietjet's recently issued 2017 listing prospectus shows that there is about 25% room left for foreign investors, to reach its 49% foreign ownership limit. While the foreign ownership limit in the company is 49%, only 24.39% has been reached as of January 12, 2017. Vietjet shares are going to debut on the Ho Chi Minh Stock Exchange (HoSE) on February 28. According to the company's February 13 filing to the HoSE, 300 million shares will be listed, and the initial reference price will be VND90,000 (US\$3.9). The price values Vietnam's low-cost carrier at US\$1.2 billion, making it the first heavy-weight IPO of 2017. In 2016 Vietjet reported net profit of US\$100 mil, on revenue of US\$1.2 bil. *(Vietnam Investment Review, 16/02/2017)*

Thuan Binh to invest US\$ 2 bil in renewable energy

Thuan Binh Wind Power Joint Stock Company has plans to undertake some solar and wind electricity projects with total capital of US\$ 2 bil in the southeast coastal provinces of Binh Thuan and Ninh Thuan and the Central Highlands between now and 2030. The combined output of wind power projects nationwide for the national electricgrid is around 160 MW compared to the country's wind electricity potential of 10,000 MW. Inconvenient road and seaport infrastructure for transporting imported equipment and led the investment cost of wind power to rise to US\$ 2 bil per MW, which is higher than that of solar electricity with some US\$ 1.2 mil per MW. The selling price is now applied at US cents 7.8 per KWh and most investors are pinning high hopes of that the Government will raise the price to US cents 9.5 per KWh so that they can carry out their projects. *(Saigon Times Daily, 17/02/2017)*

Hochiminh City to replace 196,000 energy-guzzling bulbs

The HCMC Department of Industry and Trade has proposed replacing nearly 196,000 energy guzzling street light bulbs in residential areas with LED ones in a bid to cut electricity consumption. *(Saigon Times Daily, 21/02/2017)*

City targets modern urban agriculture

HCMC plans to continue restructuring its agriculture to make it modern and urban, enhancing the use of technology including biotechnology to produce safe quality products. Department of Agriculture and Rural Development said the city would strive to become a centre for supplying high-quality seedling and animal strains. It would work to meet the market's needs for safe vegetables, fresh flowers, ornamental fish, and dairy products. *(Vietnam News, 22/02/2017)*

After 6 years, footwear export turnover doubled

Vietnam is in the 4 top countries producing biggest quantity of footwear and ranks the second after China in term of value.

Market in 2016 (US\$)		Turnover (bil US\$)	
The US	4.48 bil	2011	6.5
China	904.9 mil	2012	7.3
Belgium	825 mil	2013	8.4
Germany	764 mil	2014	10.3
Japan	675 mil	2015	12
South Korea	345 mil	2016	13

(Marketing Times, 17/02/2017)

Free trade agreements fuel cosmetics market in Vietnam

The domestic cosmetics market has never been as vibrant as it is at present, with Vietnam having joined various free trade agreements which slash import tariffs on cosmetics to 0 – 5%. Statistics show that Vietnam’s cosmetics market is potential with revenue of US\$1.14 billion in 2015 and has maintained a double-digit growth rate for several years. Vietnam's middle class, which has high demand for beauty products, is growing strongly and forecast to double its current size to 33 million people in 2020. Despite such huge potential, domestic businesses’ technological capacity and financial strength remain modest. As a result, the local market is still dominated by foreign brands. *(VOV, 24/02/2017)*

Mining industry to be modernized

The PM has recently passed a project to renovate and modernize the mining industry by 2025. The project aims to accelerate new scientific and technological applications to production with a view to raising labor productivity, exploitation and manufacturing efficiency; minimizing losses of natural resources; improving labor safety; and ensuring environmental protection regulations. Especially, the project gives a priority to research and investment in developing infrastructure and equipment. *(VGP, 27/02/2017)*

Potentials in cold chains

The implementation of cold chains in Vietnam has a lot of potential. The cold chain market is expected to be worth US\$ 271.3 bil by 2022 when the international trade of perishable foods increased. Vietnam’s agribusiness market is expected to grow to US\$51 bil by 2020. It is estimated that the Vietnamese market will import 20,000 tons of beef and 3,000 tons of pork from the US this year. Pharmaceutical sales in Vietnam are estimated at US\$ 4.2 bil and are anticipated to increase at a compound annual growth rate of over 12.5%, predicted to reach US\$ 7.6 bil by 2020. *(Vietnam Investment Review, 27/02-05/03/2017)*

Vietnam chicken industry takes flight

The Ministry of Agriculture and Rural Development has released a national plan on monitoring food safety for processed chicken for export. In the plan, the ministry will help enterprises build abattoirs and processing facilities ensuring veterinary hygiene and food safety. Binh Phuoc Province is one of location will do trade promotion for chicken export, Japan, the EU and some Asian countries will be focused. *(Vietnam News, 28/02/2017)*

EXCHANGE RATE

1US\$ = 22,295.20 VND

1EUR = 24,101.00 VND (*Oanda on 28/02/2017*)

FAIRS AND EXHIBITIONS

Vietnam Int'l Cafe Show 2017

Coffee, Tea & Beverage, Bakery, Whole & Roasted Bean, Chocolate & Dessert, Ice-cream & Gelato, Raw Material, Machine & Equipment, Franchise & Start-up, Barista Education & Training

Time: 02-04 March 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: <http://www.cafeshow.com.vn/>

Propak Vietnam 2017

Processing and Packaging Exhibition for Vietnam

Time: 21-23 March 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: <http://www.propakvietnam.com/>

Analytica Vietnam 2017

5th International Trade Fair for Laboratory Technology, Analyzis, Biotechnology and Diagnostics

Time: 29-31 March 2017

Venue: ICE- Int'l Center for Exhibition, Hanoi

Website: <http://www.analyticavietnam.com/en/>

Inmex Vietnam

Leading & Definitive International Maritime Expo

Time: 29-31 March 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: <http://www.maritimeshows.com/vietnam/>

VIETNAM MANUFACTURING EXPO 2017

Time: 26-28 2017

Venue: ICE Hanoi, 91 Tran Hung Dao, Hanoi

Website: <http://www.vietnammanufacturingexpo.com/>

Vietnam Saigon Fabric & Garment Accessories Expo

Time: 05-08 April 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: <http://vfabric.com/sgfabric/>

LEDTech Asia 2017

Time: 12-14 April 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: www.ledtecasia.com

Cosmobeaute Vietnam 2017

Time: 18-20 April 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: www.veas.com.vn

Vietnam Expo

Time: 19-22 April 2017

Venue: ICE- Int'l Center for Exhibition, Hanoi

Website: <http://vietnamexpo.com.vn/>

Food and Hotel

Time: 25-27 April 2017

Venue: Saigon Exhibition & Convention Center, Hochiminh City

Website: <http://foodnhotelvietnam.com/home/>

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THANK YOU AND SEE YOU IN VIETNAM !