

# VIETNAM – NEWS AND REGULATIONS

November 12, 2015

## Contents

### FINANCE

[Vietnam government wins legislature approval for \\$3bn bond issue](#)

[Banks select good projects and prestigious investors to guarantee](#)

### ECONOMY

[NA approves 2016 growth target of 6.7pct](#)

[Vietnam economy won't be better next year: economist](#)

### INVESTMENT

[Local corn farmers empowered to plan future with confidence](#)

[Korea contributes over 30pct of fresh FDI approvals in Jan-Oct](#)

### REAL ESTATE

[Phu Quoc to become paradise playground](#)

[High-end apartment projects rush for year end sale](#)

### ENERGY – OIL&GAS – MINING

[Draft circular specifies rules for mineral exports](#)

[Vietnam to sell shares in state-owned firm that runs oil refinery Dung Quat](#)

## **INFRASTRUCTURE**

**[Vietnam plans Hanoi-Vientiane highway project: report](#)**

**[Airport unlocks northern potential](#)**

## **LEGAL**

**[New special consumption tax on 24-seater cars](#)**

**[Thirty percent of the population to engage in e-commerce by 2020](#)**

## **FINANCE**

### **[Vietnam Government Wins Legislature Approval for \\$3 Billion Bond Issue](#)**

*Tuoi Tre News*

Vietnam's legislature has given the nod to the government's bid to issue \$3 billion in sovereign bonds to restructure debts, as lawmakers passed a budget resolution on Wednesday. The resolution, which sets plans for state budget revenue and spending in 2016, secured passage in a 392-34 vote during a lawmaking National Assembly session in Hanoi.

Only nine out of the 435 lawmakers cast a blank vote.

The Vietnamese government had been seeking legislative approval to raise a total of \$3 billion in bonds in 2017 to restructure domestic debts incurred during 2015-16. The National Assembly yesterday green-lighted the bond issue, but requested that it be carried out from now until the end of next year, instead of 2017, according to the resolution. Seventy percent of the bonds to be issued require a term of at least five years, the National Assembly said.

Vietnamese lawmakers also approved a five percent increase in the common minimum wage, which will go from the current VND1.15 million (\$51) a month to VND1.21 million (\$54) a month, starting May 2016. Vietnam's budget revenue in 2016 is estimated to reach VND1,019.2 trillion (\$45.5 billion), whereas spending is expected to be VND1,273.2 trillion (\$56.84 billion), according to the resolution. A budget deficit is thus projected to be VND254 trillion (\$11.34 billion), or 4.95 percent of the country's gross domestic product.

Vietnam's GDP was \$186.2 billion in 2014, according to World Bank data.

The country is also forecast to post 6.5 percent growth in GDP this year, and targets a rise of 6.7 percent next year, according to the 2016 socio-economic development plan passed by lawmakers on Tuesday.

## **Banks Select Good Projects and Prestigious Investors to Guarantee**

*Infonet*

Since July 1 when the regulation on guaranty in the sale, rental of houses to be formed in the future following Article No. 56 of the Law on Real Estate Business 2014 took effect, many projects announced to have been guaranteed by the bank. However, in a recent information, as said by real estate experts, so far, information about projects guaranteed by banks is only for reference, or just contracts that promise to guarantee are signed.

**\*Options of banks**

Apart from the reason that there have no guidelines, the reason why this “marriage” of banks with projects cannot be carried out yet is mainly due to the legality of the project as well as the trust about the feasibility and the financial capacity of investors. Not only buyers “choose prestigious investors but even for credit organisations as banks, the option to cooperate and guarantee projects should also need to be considered carefully.

Phu My Hung is a unit that has had a long history plus the recognition of the current urban development – a growing city that has modern appearance, full function.

That brings about assurance to both purchasers and cooperation partners. And in fact, not having to wait until the law stipulates but right from the start of business operations, Phu My Hung company put into the contract rather strict penalties if the company is slow in handing over apartments to customers.

And, over the last more than 22 years, Phu My Hung has carried out very well its commitment about progress to customers, even more than what it promised. The evidence is, among 90 works put into use, Phu My Hung has never been late. Even, many works were handed over before the deadline such as Happy Valley, Canh Vien 3, etc.

Thus, that Vietcombank South Saigon commits to guarantee Hung Phuc – Happy Residence project not only ensures that the business operation is in accordance with the law, but also affirms the prestige and brand of Phu My Hung.

As per the information from Vietcombank South Saigon, not just Hung Phuc – Happy Residence project but after July 1, customers purchasing houses to be formed in the future of Phu My Hung are issued a letter of guarantee associated with purchase contract immediately after signing the contract.

Accordingly, Vietcombank South Saigon granted to Phu My Hung company a guarantee quota having a total value of up to 600 billion dong, aiming at guaranteeing the payment of mortgage for customers buying housing products formed in the future of all projects invested by Phu My Hung Company.

Customers purchasing projects of Phu My Hung will be issued by Vietcombank South Saigon a letter of guarantee at the request of Phu My Hung company to ensure the precise and full implementation of obligations of Phu My Hung company in accordance with the regulation in the home purchase Agreement signed with customers.

In case, Phu My Hung company does not hand over apartments to customers under the expected delivery deadline or breach the home purchase agreement, unless otherwise unforeseen, Vietcombank South Saigon will refund the money to customers as stipulated in the guarantee letter issued by Vietcombank.

*\*Assured when buying a guaranteed home*

The partnership between Vietcombank Nam Saigon and Phu My Hung Development Co. Ltd will bring about optimal benefits to customers, helping to meet the demand for residency and improve life quality of the people. Accordingly, the purchase of Hung Phuc – Happy Residence, apart from the advantages of location, view, payment schedule and selling price, buyers can entirely feel assured of their rights.

Investor of Phu My Hung said, after the success of the Building A announcement in October with 99 percent offered apartments booked by customers, on November 221, the building B will be introduced to the market.

Apart from the overall position of the project with the view over the entire Nam Vien area, parks and My Phu villas, Chateau castle, Building B also looks directly at the landscape of the internal project area. Accordingly, Building B is located in the middle, two ends of the building is the utility designed in the style of high end resorts so many apartments in Building B of Hung Phuc – Happy Residence look at pool, flower garden, etc. with vivid, and beautiful view.

[Back to Top](#)

## **ECONOMY**

### **NA Approves 2016 Growth Target of 6.7%**

*The Saigon Times*

The National Assembly (NA) on November 10 passed a resolution adopting key socio-economic targets for 2016 including gross domestic product (GDP) growth of 6.7 percent. Nearly 90.5 percent of NA deputies voted in favour of the resolution though some deputies earlier requested reconsidering the ambitious GDP growth goal of 6.7 percent for next year.

A report by the NA Economic Committee showed Vietnam's economy expanded 5.25 percent in 2012, 5.42 percent in 2013 and 5.98 percent last year, and is projected to grow a little more than 6.5 percent this year. Therefore, the 6.7 percent growth target for next year is seen obtainable.

According to Nguyen Van Giau, chair of the committee, some deputies are concerned that the consumer price index (CPI) forecast of 5 percent or less for next year is a bit high as consumer prices this year are seen inching up a mere 2 percent.

The committee explained that this year prices of some essential commodities on global markets like energy, farm produce, foodstuffs, raw materials and metal have plunged against last year, and this is a reason behind the low CPI. However, according to the World Bank's forecast, commodity prices would rebound slightly this year. And together with the price adjustment of some public services in Vietnam, next year's CPI is projected to be higher than this year, so the CPI target of 5 percent or below for next year is rational.

Some deputies requested supplementing regulations on closely monitoring budget spending and collections, implementing a road map to reduce budget deficit and public debt from this year, limiting overspending and public debt, and closely managing the use of state funds.

According to the NA Standing Committee, at this session the NA is expected to pass a separate resolution on State budget projections and allocations for next year. Regarding a proposal to establish a special supervisory unit for the restructuring of banks including handling ailing banks and buying loss-making banks at zero dong, the NA Standing Committee has supplemented a resolution on enhancing supervision of ownership transfers and management at weak credit institutions. Besides, units under the NA are assigned to strengthen inspecting the restructuring of ailing commercial joint stock banks.

Other targets for next year are export growth of around 10 percent, a trade deficit of less than 5 percent of total export revenue, total development investment accounting for 31 percent of GDP and the ratio of energy consumption to GDP down by 1.5 percent.

Other targets include cutting the number of poor households by 1.3-1.5 percent, keeping the unemployment rate in urban areas below 4 percent, increasing the number of trained labourers to 53 percent, and raising the number of hospital beds for every 10,000 people to 24.5 and the number of health insurance policyholders to 76 percent of the country population.

Next year 85 percent of industrial parks and export processing zones should have central wastewater treatment facilities and forest coverage should reach 41 percent.

[Back to Top](#)

## **Vietnam Economy won't be Better Next Year: Economist**

*ThanhNien News*

Vietnam's economy will continue to recover but at a slow pace next year, and the sustainability of its rebound appears weak, a senior economist has warned. Nguyen Dinh Cung, head of the Central Institute for Economic Management, said: "The recovery in 2013-15 was driven by the growth in the mining industry. But such growth isn't sustainable because we can't drill for oil and dig for coal forever."

The country's gross domestic product grew 5.03 percent in 2012, the slowest pace in 13 years, amid a global economic slowdown. But it has recovered since 2013 and the government now expects 6.5 percent growth this year.

Last September the manufacturing Purchasing Managers' Index (PMI) fell below the 50-point threshold, to 49.5, for the first time in two years, indicating a contraction in manufacturing for the month.

"This meant factory growth possibly reached its limit," Cung said while speaking at a seminar on the country's growth prospects for 2016 held by the CEO Club Ho Chi Minh City on Wednesday.

He also pointed out that the agricultural sector has encountered many difficulties and has been on a downward trend this year because its production mode, which mainly relies on household farming, is no longer suitable. "Another factor that makes the economic growth not really sustainable is that the production sector still relies too much on imports.

"That is the reason why as soon as demand increased and the economy recovered, the trade deficit returned." The trade gap hit US\$4.03 billion in the first nine months of this year, swinging from a surplus in the last three years. China continued to be the biggest source of goods for Vietnam, accounting for nearly 30 percent of its total imports. Cung also expressed concern over the budget.

"The budget deficit has increased. Public debt has risen rapidly, especially in the past several years. These things will harm both economic stability and long-term growth." Worse, he said, this trend is showing no signs of stopping. "The economy in 2016 won't be much different compared to 2015. So any hopes for a breakthrough could lead to disappointment."

'Serious condition'

Cung said the current lending interest rate – of 9-10 percent – is still higher than "the endurance and health of the business community, especially of small and medium companies, will allow." High loan costs push up local companies' production costs, making it difficult for them to compete with foreign companies, he said.

Hiroataka Yasuzumi, chief representative of the Japan External Trade Organization in Ho Chi Minh City, said Vietnam's small and medium-sized enterprises are in "serious condition."

"Only 30 percent of them can access loans. So the government must support them with low-interest loans and credit guarantee."

The government should also support them in developing human resources and technology to reform their business, he said. More than 70,000 businesses closed down, went bankrupt or suspended operations in the first nine months of this year, according to the finance ministry. Only around 53,000 new businesses opened during that period, it said, noting that the figure was down 8.7 percent year-on-year.

[Back to Top](#)

## INVESTMENT

### **Local Corn Farmers Empowered to Plan Future with Confidence**

*VIR*

Vietnamese corn farmers have recently been enabled to access a new tool to optimise corn yield – a new corn traits with insect protection and weed management named Dekalb® Genuity®.

With this new tool, farmers will be able protect corn crop from the damages of insects and weeds, reduce hardships in farming, and maximise yield as well as income potential.

Corn, a major short-term crop grown locally in Vietnam, is a key source of income for millions of local farmers. To them, insects and weeds are a major cause of crop damage, low quality and yield loss, leading to a lower return on growers' investment. With the demand for corn increasing each year, and with Vietnam importing approximately \$1 billion worth of the crop annually, there is a need to support local farmers with addressing the demand for corn locally.

“Reflecting our understanding of the key challenges faced by farmers, Dekalb Vietnam has today introduced our Genuity trait technology to local farmers with the aim to enhance their crop potential,” said Narasimham Upadyayula, CEO of Dekalb Vietnam.

“This agricultural innovation allows us to offer farmers better protection against weeds and insects to enhance their crop. Integrated into the well-loved Dekalb conventional hybrids, the new technology will help farmers further optimise their investment and plan better for the future,” he said. Genuity traits are integrated on the Dekalb hybrids, protecting the corn crop against common pests such as corn borer, corn earworm and cut-worm.

Genuity also offers simple weed management, with farmers able to spray MAXER 660S herbicide over the top to bolster the crop's protection against weeds. This also helps minimise pesticide use and labour cost, enhancing farmers' savings, and resulting in a healthy, high-yield crop.

More than 16,000 Vietnamese farmers have been educated on the new technology and how to optimise the new tool from Dekalb Vietnam prior to the commercialisation.

Over 150 farmers have so far grown and reaped their first yields facilitated by Dekalb Genuity successfully. Many have recognised early benefits of the technology, which has enabled a better corn yield.

"After this season, I would choose Dekalb Genuity as it requires less labor hours. I also do not need to worry about weed and insect management anymore," said farmer Nguyen Hong Lam from Xuan Loc district in the southern province of Dong Nai.

"First, I did not have to spend much labour on weed management. Second, I did not have to spray herbicide, which is a huge relief," farmer Luu Van Tran from Thanh Son district in the northern province of Phu Tho commented. "I hope that Dekalb Vietnam and the government will enable us to further new traits such as Dekalb Genuity in the next year. This will help us immensely in securing our corn yield and will have a huge impact on our lives," shared Nguyen Thi Xuan, a farmer coming from Mai Son district in the northern mountainous province of Son La.

Dekalb Vietnam is a subsidiary of Monsanto, the world largest seed company which focuses on seeds, crop protection and biotechnology. Dekalb Vietnam was established in August 2010 after 15 years operating as subsidiary of Monsanto Thailand.

[Back to Top](#)

## **Korea Contributes over 30% of Fresh FDI Approvals in January-October**

*The Saigon Times*

South Korea accounted for over 30 percent of nearly \$19.3 billion in new foreign direct investment (FDI) approvals in Vietnam in the first ten months of the year, becoming the biggest foreign investor in the nation.

Data of the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment showed capital commitments by newly registered and existing Korean projects in Vietnam amounted to \$6.22 billion in January-October, with 96 percent of it in the form of 100 percent foreign direct investment.

Korean FDI enterprises pledged \$2.3 billion for 583 new projects while 257 operational projects added an extra \$3.94 billion for expansion in the period, which showed the increasing confidence of Korean investors in the domestic investment environment.

Korean FDI is mainly committed to processing and manufacturing sectors with 330 fresh and 217 operational projects worth \$5.63 billion. Among the major projects are an additional \$3 billion investment in production and assembly of digital displays by Vietnam Samsung Display Company in Bac Ninh Province's Yen Phong Industrial Park 1.

The other industries attracted little Korean FDI. Electricity generation and distribution ranked second with only three newly approved projects worth \$200 million, followed by wholesale, retail and repair with 64 new and six existing projects valued at \$94.2 million.

Apart from Korea, Vietnam attracted a lot of Japanese investors in January-October with 258 new and 137 operational projects worth over \$1.48 billion. Around 51 percent of new Japanese investments went to the manufacturing and processing sectors, followed by construction with 24 percent and real estate with 10 percent.

According to FIA, the fresh FDI pledges of \$19.3 billion in the first ten months of this year represented a 40.8 percent year-on-year pickup.

Foreign enterprises were committed to 17 sectors, with the processing and manufacturing industries luring 816 newly registered and 500 operational projects worth \$12.49 billion, 64.7 percent of total registered capital.

Electricity generation and distribution stood second with seven new and five operational projects capitalised at \$2.61 billion. The real estate sector followed with 25 fresh and eight existing projects with a total value of \$2.13 billion.

[Back to Top](#)

## REAL ESTATE

### **Phu Quoc to Become Paradise Playground**

*VIR*

Major projects in hospitality and tourism have turned the naturally beautiful Phu Quoc island into a magnet for tourists.

According to Huynh Quang Hung, Deputy Chairman of the People's Committee of Phu Quoc district in the southern province of Kien Giang, as of end-September, of the 200 projects licensed in the island, 140

projects have already started, with a combined total area of 5,110 hectares and the total investment capital of VND168 trillion (around \$8 billion).

Of these projects, some are billion-dollar investments backed by domestic developers like Vingroup and Sun Group. A casino project is planned at Bai Dai with an area of 30,000 square metres. Many investors have proposed joining the project, committing at least \$4 billion each.

Vingroup currently ranks first among investors with the total capital of VND9 trillion (\$403 million). Its projects include the Vinpearl Phu Quoc, Vinpearl Villas Phu Quoc, its Safari, and a golf course. Sun Group ranks a close second with VND8.6 trillion (\$385.6 million) invested in the JW Marriott resort, the Ritz-Carlton Resort & Spa, the Premier Village Phu Quoc Resort, The Sebel Phu Quoc, the world's longest cable car ride, and the Hon Thom sea entertainment complex. They're

followed by Milton with VND5 trillion (\$224.2 million), BIM Group with VND1.27 trillion (\$57 million), and CEO Group with VND1.26 trillion (\$56.5 million).

Highlights among the projects are Vingroup's 500ha Safari with the investment capital of VND3 trillion (\$134.5 million), Sun Group's cable car ride and the Thom sea entertainment complex with the first phase capital reaching VND5 trillion (\$224.2 million). Boasting such a range of attractions, the island will have plenty to offer tourists.

The Ministry of Culture, Sports and Tourism picked Kien Giang as the focus of the 2016 national year of tourism. Phu Quoc and Kien Giang have seen tremendous growth in the tourism sector recently and are bound to become a bright spot in the country's tourism picture.

Data from the Vietnam National Administration of Tourism showed that in 2014 the number of tourists to the island was 600,000, up 50 per cent on year. However, in the first nine months of this year the number fell to just 1.2 million.

According to a CBRE analysis, Phu Quoc has the biggest potential for tourism among all destinations in Vietnam as there is ample land, the beaches are beautiful and pristine, the weather is warm throughout the year and storms hardly ever occur. As such, the island is ideal for the development of hotels, resorts, casinos, health tourism, and entertainment.

By the end of this year the five biggest investors in Phu Quoc will add 700 five-star hotel rooms to the island's hospitality sector, and this number looks likely to quadruple in 2016. In 2020 the number is expected to reach 10,000 and Phu Quoc is predicted to possess the greatest number of high-end hotel rooms, capable of accommodating 2.1-2.4 million tourists each year. Of those, the projects of Sun Group, with the management of Accor Hotels, are going to turn Phu Quoc into one of the most attractive high-end tourism destinations of the world.

The Vietnamese government has given many incentives in order to turn Phu Quoc into the first special administrative and economic zone of Vietnam. Such incentives include a 10 per cent corporate income tax rate over the project's lifecycle, and a 50 per cent decrease in personal income tax for all individual investors.

With the VND1.6 trillion (\$71.74 million) cruise port, which began construction in April and is expected to be finished in 2017, Phu Quoc will be able to receive cruise tours of up to 6,000 passengers.

When Phu Quoc was connected to the national grid by undersea cable in 2014 (at the total cost of VND2.4 trillion (\$107.6 million)), it was a significant motivating factor in the island's new phase of development. At the ceremony to mark this event, Prime Minister Nguyen Tan Dung said, "With the roads, the airport, the domestic sea port and the international sea port whose construction has just started, and the national grid, Phu Quoc now has the infrastructure for growth."

[Back to Top](#)

## **High-End Apartment Projects Rush for Year End Sale**

*VIR*

Developers are rushing to launch their projects for the most fruitful time of the year – the end months which Vietnamese usually take big deals of purchasing accommodation.

According to Savills Vietnam, to the end of 2015, 12 projects with a total of more than 3,900 units will be launched in the Hanoi market.

Do Thu Hang, head of market research at Savills Vietnam said that the number of successful deals of houses and lands in the last months of the year would be at a high level, due to the increase from the overseas remittance and the traditional plan of Vietnamese to purchase houses and land at every year ends.

A range of projects have been launched in the market. Vingroup, a leading real estate developer has just launched its latest product into the market named Park Hill Premium. This is the high-end unit with smart qualification. Park Hill Premium is consisted of four apartment blocks, a modern shop house and more than 15,700 square metres of landscape.

Refico, the developer of Watermark in Tay Ho area also just launched ten last but most beautiful units with many incentives.

Vu Thanh Tung, general director of Tay Ho Tay Development Joint Stock Company, the developer of Watermark project said that these units were the last opportunity for purchasers to buy units located right next to the West lake.

Started construction since 2012 Watermark is an 18 storey building overseeing the West Lake which offers 218 high-end units. So far only 10 units left. The company is set to put these last units on sale on

November 14. Those are two and three bed-room units equipped with luxury design and all are overlooking the West Lake.

Tung said that this segment of apartments has been attractive to most customers thanks to its high yield and the stable growth economy.

Tung added that the lower benefit from other investment channels such as bank interest and the up and down of the stock market have also made the real estate market more appealing to investors.

In the coming months, Hanoi's apartment market will see a number of units released from a range of projects, such as MBLand Central Point Trung Kinh, MBLand Central Point My Dinh, HD Mon City, D'Le Roi Solei Quang An and FLC 265 Cau Giay.

According to the Vietnam Real Estate Association, the country property market is on the path to recovery and promises to remain busy in the upcoming months.

The association's figures revealed rising liquidity and falling inventories of the property market, with large numbers of successful transactions, especially in major cities such as Hanoi and Ho Chi Minh City.

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

The current property stockpile includes 11,380 apartments 8,542 houses and seven million square metres of land.

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

[Back to Top](#)

ENERGY – OIL and GAS – MINING

## **Draft Circular Specifies Rules for Mineral Exports**

VNS

The Ministry of Industry and Trade has drafted a circular stipulating that only some qualified businesses are eligible to export minerals.

The draft says enterprises exporting minerals should be established and run as per the Law on Enterprises as well as the Law on Commerce.

The companies should not have violated laws and regulations relating to minerals, environment protection and mineral exports or have temporarily suspended their export activities. Minerals meant for export should be processed as per quality standards and be in the list of exported minerals.

The draft also stipulates that exporters having minerals with less than 0.05 per cent thorium and uranium have to apply for the licence given for the export of radioactive materials, as granted by the science and technology ministry.

The ministry said local mineral exporters would have to follow normal customs procedures, while showing the original documents and copies declaring certification of quality and analytics on the quality and standard of each mineral consignment for export. Records proving the legal origin of the mineral exports will also be required. In addition, exporters have to report about the quantity of their previous mineral exports.

The draft says customs officers at border gates have to take samples of each mineral consignment to check their quality to prevent the export of raw minerals. Businesses will have to pay for the tests in laboratories that follow the Viet Nam Laboratory Accreditation Scheme (VILAS).

Enterprises that violate regulations about the declaration of mineral quality will be punished as per current laws and will be prevented from exporting minerals till they get the ministry's approval.

Four kinds of minerals, allowed to be exported on a limited basis till 2020, are titanium slag type 1 and type 2, reverted illuminate, concentrate rutile ore and white marble lumps.

[Back to Top](#)

## **Vietnam to Sell Shares in State-Owned Firm that Runs Oil Refinery Dung Quat**

*ThanhNien News*

State-owned Binh Son Refining and Petrochemical Company, which is managing the country's sole oil refinery Dung Quat, will complete its equitization process next year, local media reported. A manager with the company, officially known as Binh Son Refining and Petrochemical Co.,Ltd., confirmed the information earlier this week, according to news website Bao Dau Tu.

The plan's details were not revealed, but the unnamed manager was quoted as saying that the company, a unit of oil and gas group PetroVietnam, will be evaluated within weeks.

As of December 31 last year, Binh Son's charter capital was estimated at VND35 trillion (\$1.53 billion), and was one of Vietnam's six biggest businesses, according to the news website.

Dung Quat went into operation in the central province of Quang Ngai in 2008 with the capacity of 148,000 barrels per day, or 6.5 million tons per year. It has since produced more than 36 million tons of gasoline and oil products, posting revenues of over VND710 trillion (\$31.16 billion), Bao Dau Tu reported. The government first announced a planned IPO for Binh Son in 2012.

[Back to Top](#)

## INFRASTRUCTURE

### **Vietnam Plans Hanoi-Vientiane Highway Project: Report**

*ThanhNien News*

The Ministry of Transport has started a feasibility study on a 760-kilometer highway to connect Hanoi and Vientiane, local media reported on Wednesday. The study conducted by Transport Engineering Design Inc. will help decide whether the route should pass through Nghe An or Ha Tinh, two central provinces that borders Laos, news website Saigon Times Online said.

The transport ministry will meet with its Lao counterpart this month to work on the project, which will help connect capital cities of Laos, Myanmar, Thailand and Vietnam. The highway is one of three transport projects that Vietnamese and Lao governments are working on.

Last month the transport ministry announced its plan to work with Korea International Cooperation Agency to study the feasibility of a 550-kilometer railroad between Ha Tinh's Vung Ang Port and Vientiane. Together with Thailand, Laos and Vietnam also look to build a passenger bus service that connects Ha Tinh, Khammouan Province in the central region of Laos, and Nakhon Phanom Province in the northeast of Thailand.

[Back to Top](#)

## Airport Unlocks Northern Potential

*VIR*

The expansion and upgrade of the Cat Bi international airport in Haiphong is an essential part of the socio-economic development plan for the north of Vietnam. Construction of the airport's new runway, which requires the total investment of VND3.6 trillion (\$170 million), started in March 2013. By year end, the expansion of the runway will be completed and ready for testing. Operations will commence in the first quarter of 2016, allowing the airport to accommodate B777, B747, B767, A321, and similar aircraft with eight new aprons.

Two other components of the airport's upgrade – namely the passenger terminal building, financed by Airport Corporation of Vietnam, and the air traffic control tower with Vietnam Air Traffic Management Corporation as the investor – are also on schedule. Construction of the VND1.6 trillion (\$75 million) terminal started in January this year, and will be finished by the end of 2016. By then, the new terminal will be able to accommodate five million passengers per year, increasing to eight million passengers per year by 2025. Meanwhile, the new air traffic control tower with the total investment capital of VND80 billion (\$3.8 million) is also due for completion by the end of this year.

The Cat Bi international airport upgrade follows the expansion of the Noi Bai international airport, for which a new international passenger terminal was opened in January this year, boasting an annual handling capacity of 10 million passengers. Once the upgrade is completed, the Cat Bi international airport will be one of five airports in Vietnam where there are direct flights to Europe, joining Noi Bai, Tan Son Nhat, Phu Quoc, and Danang. Together with the Noi Bai international airport, Cat Bi will form a two-leg system to increase the reliability and capacity of air transport in the north of Vietnam.

The combination of all important infrastructure projects in Haiphong, including the Haiphong international gateway port, the Tan Vu-Lach Huyen bridge, the Hanoi-Haiphong expressway, and the Cat Bi international airport, will increase the competitiveness of the north of Vietnam. In total, these infrastructure projects represent investments of over \$3.2 billion surrounding the Dinh Vu-Cat Hai economic zone, indicating the strategic importance of this area in the overarching state development plan.

[Back to Top](#)

## LEGAL

### [New special consumption tax on 24-seater cars](#)

VNS

The government will levy a special consumption tax on cars with 24 seats and below from January 1, 2016, according to the prime minister's new decree. According to details in a number of new articles of the revised law, under the decree 108/2015/ND-CP, the new special consumption tax, which will be set equal to the importers' price, will replace the current one. It has been calculated keeping in mind their cost, insurance, and freight (CIF) value plus current import tariff.

The new calculation is expected to ensure fairness between automobile importers and domestic assemblers and producers, preventing tax fraud and tax losses to the State's budget.

The tax for imported cars with 24 seats and below will be equal to the importer's price but not lower than 105 per cent of the cost price, which includes the car's import price plus import tax and special consumption tax. If it is lower than this level, the tax will be fixed by a tax agency following regulations on tax management. As for the 24-seater cars assembled and manufactured in Vietnam, the tax will be equal to the carmakers' wholesale price but this price will not be lower than 7 per cent compared with the average prices of automobile businesses.

According to the general Statistical Office, Vietnam imported an estimated 95,000 cars in the first ten months of this year at a cost of \$2.31 billion – making year-on-year increases of 82.8 per cent and 100.2 per cent, respectively. As is normal, people's demand of cars will increase in the last few months of the year. Therefore, the businesses are expecting to import reach more than 100,000 cars by the end of this year with the total price exceeding \$2.5 billion.

Meanwhile, the total import turnover of auto spare parts reached \$4.8 billion in the ten months, 64.4 per cent higher than the same period last year.

Imported automobiles is expected to add to the boom in the domestic market in the near future as Vietnam will reduce its car-import tax to zero per cent by 2018, under the Asean Trade in Goods Agreement.

[Back to Top](#)

## **30% of the Population to Engage in E-Commerce by 2020**

*VLLF*

By 2020, thirty percent of the Vietnamese population will engage in online shopping with an annual average per-capita spending of USD 350, according to a draft decision approving the plan on e-commerce development during 2016-20.

The draft, which is prepared by the Ministry of Industry and Trade, sets the targets that B2C e-commerce sales would annually increase by 20 percent to reach USD 10 billion by the end of the planning period, accounting for five percent of the country's total retail sales of goods and services.

Is by 2020, 60 percent of businesses would have presence on the Internet; 80 percent would take and make orders online via e-commerce apps on the Internet or mobile platform; and 50 percent would apply special-use software to develop B2B and B2C e-commerce transactions.

To facilitate online shopping and e-payment, by 2020, all supermarkets, department stores and modern distribution centers would install POS terminals and 70 percent of electricity, water, telecoms and media service providers would support e-payment of service charges.

To this end, the draft proposes improving the legal system on e-commerce to suit practical development of different e-commerce models and activities; extending delivery networks to serve e-commerce transactions; establishing e-commerce transaction management and supervision, e-commerce website rating and e-document certification systems; and formulating mechanisms for settlement of disputes and handling of violations in e-commerce.

The [Vietnamese version](#) of the draft plan is now available on the Ministry of Industry and Trade's website.

[Back to Top](#)



[www.duanemorris.com](http://www.duanemorris.com)

**Oliver Massmann**  
 Partner - Duane Morris Vietnam LLC  
  
 Member - Supervisory Board  
  
 Petro Vietnam Insurance  
 Corporation  
  
 Pacific Place, Unit  
 V1307/1308,  
  
 13th Floor  
 83B Ly Thuong Kiet Street,  
 Hoan Kiem District, Hanoi,  
 Vietnam

**P: +84 4 3946**  
**2205**  
**F: +84 4 3946**  
**1311**  
**C: +84 169**  
**2495833**

No.10 Phoyazar Street,  
  
 15 Ward,Baukhtaw Yankin  
 Township,  
  
 Yangon, Myanmar

[E-MAIL](#) | [BIO](#) | [VCARD](#)

This e-mail is from Duane Morris Vietnam LLC (a law firm). We can provide a list of our partners upon request. If this e-mail has been sent to you by mistake, please let us know, and then delete this message

~~~~~

Please note that the above articles, comments etc have been extracted or reproduced and forwarded electronically from the sources credited above and have not been authored by the sender and do not necessarily represent the views of the sender. The sender takes no responsibility for the accuracy or legitimacy of the above or changes that may be made to the above by subsequent forwarders or recipients.

xxx