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FINANCE

Vietnam: M&As touch \$4.3b in 2015 as banking, realty and retail buzz with deals

Dealstreetasia

Merger and acquisition deal value hit a high of \$4.3 billion in 2015 in Vietnam, 40 per cent higher than 2014, on the back of heightened consolidation activity in the banking, retail and real estate sectors.

The M&As in the region had peaked to similar levels last in 2012 at \$4.2 billion.

Vietnam saw domestic, inbound and outbound acquisitions during the year, according to data from the Institute of Mergers, Acquisitions and Alliances.

Baodautu (Investment) publication, the state organisation behind the Vietnam M&A Forum, listed notable deals across the finance, retail and real estate, the most active sectors in deal-making.

Banking has seen a lot of consolidation as Vietnam seeks to create several large-sized lenders and strengthen its finance sector. Thus, the country witnessed a spate of bank mergers last year, leading to larger institutions with bigger networks.

Meanwhile, the Vietnamese real estate market too remained busy following a recession since 2011, and has become attractive to foreign investors. In retail sector, the investments are ignited by the interest of Asian retailers like AEON (Japan) or Central Group (Thailand).

However, the report from the Vietnam M&A Forum was based on deals that concluded before August 2015.

Deals to watch for in 2016

Some of the major transactions towards the end of the year were HCM City-based Khang Dien Housing JSC's intention to increase its holding in Binh Chanh Construction Investment Shareholding Company significantly to 57.3 per cent, and Vingroup's takeover of retail outlets of Maximark.

The investment momentum is likely to continue in 2016 with some big-ticket divestments like MobiFone and Vinamilk on the radar.

While MobiFone hopes to earn \$889 million proceeds from IPO, the plan to sell 45 per cent of state ownership in the golden goose Vinamilk (worth \$4 billion) is expected to occur this year.

In addition, investors are also looking for the privatisation of the Binh Son Refinery and Petrochemical Co Ltd, the owner of Vietnam's first and currently biggest oil refinery.

As French mass retailer Groupe Casino has recently said it will dispose off the Vietnam-based assets of Big C supermarket chain, it can be one of the most remarkable acquisitions

in 2016 as a Bloomberg report had earlier predicted the deal could reach 750 million euros (\$813 million) in value. Thailand's Central Group is reportedly an interested buyer.

The M&A activities will also be bolstered by the government's decision to slash the limit of foreign holdings in public companies and its commitment to ease the limit in banks to 30 per cent.

One significant driver is the Trans Pacific Partnership (TPP), which is anticipated to create M&A deals in new areas such as garments, footwear and manufacturing, along with the traditional foreign direct investment.

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Forex policy undermining speculation

Bizhub

The central bank's new exchange rate management policy has helped reduce the US dollar speculation in the domestic economy, an official said at an online discussion.

At the discussion on exchange rate on Monday, director of the State Bank of Vietnam's Monetary Policy Department, Bui Quoc Dung said that the foreign exchange market has responded positively to the new policy.

From the beginning of this year, the central bank has applied a new exchange rate mechanism in which it sets a "central exchange rate" or a reference rate every day, instead of maintaining a fixed rate for a long period of time. The trading band of the new rate continues to be plus or minus three per cent.

Dung said for the past two weeks after the new policy had been applied, the US dollar/dong central rate has changed flexibly, staying at VND21,917 per dollar by January 15, up VND27 against the end of last year. However, the rate quoted at commercial banks in the period decreased roughly VND50 to VND60 per dollar against the end of 2015.

Dung attributed the central rate rise to the impact of the global market including the devaluation of the yuan, a decline in the Chinese securities market and a rise in US dollar value.

He said that the new policy has encouraged organisations and individuals to sell the greenback to commercial banks, adding that liquidation in the domestic forex market has been good, with smooth transactions for the past two weeks. He also expected that transactions of the greenback would further ease the next time.

According to Dung, the achievement was notable, especially when the global financial market had seen many consecutive negative changes.

It showed that besides reducing the speculation, the new policy has also helped the forex market to better adapt to external shocks, he said.

He said that the daily little change in the central rate would not cause shocks for the domestic forex market and enterprises, and would allow firms to pay more attention to preventing risks caused by the foreign exchange rate.

At the discussion, banking expert Le Xuan Nghia believed that from now on, foreign currency inflow to Vietnam would be larger than the outflow, or foreign currency supply would exceed demand if the country could eliminate the dollar speculation.

Nghia also forecast that the devaluation of the dong against the dollar this year would be roughly 3 per cent.

Meanwhile, general director of HSBC Vietnam Pham Hong Hai said that the devaluation this year would be less than 4 per cent, but higher than the 1-2 per cent rate of the previous year, due to a rising volatility in the global market.

Under the new exchange rate policy, the dollar/dong rate would now be based on the exchange rate changes in the inter-bank foreign exchange market, as well as monetary developments in countries that are involved with Vietnam's trade, investment and financing, to a major extent.

The daily-adjusted rate was to be in line with the macro-economic balance and would be the basis for local credit institutions and branches of foreign banks to provide their foreign exchange services, it said.

The central bank said that such a mechanism would enable it to ensure its management directives, while letting the exchange rate move flexibly as per global monetary fluctuations.

However, to be able to take appropriate measures under the new policy, besides having to map out new measures such as forward transactions, the central bank must also actively watch the forex market and the impact of domestic and international macro factors on the rate daily.

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ECONOMY

TPP may be officially signed on February 2

VNE

The Trans-Pacific Partnership (TPP) may be signed on February 4 in New Zealand, according to Nguyen Quynh Nga, deputy director of the Multilateral Trade Policy Department of the Ministry of Industry and Trade.

Nga said the Vietnamese negotiation group was preparing documentation for the signing.

The negotiation for the TPP was completed in 2015 but to be formally signed, it must be adopted by the major countries involved, like the US and Japan.

In the US, the TPP has caused mixed opinions as it will affect some protected sectors in the country.

Representatives of the Ministry of Industry and Trade said that the integration commitments would help Vietnam open the markets for goods and services, reduce commercial barriers and investment protectionism, and make policy transparent.

Not only the TPP but other free trade agreements (FTAs) with South Korea, the European Union and the Asean Economic Community (AEC) will expand trade relations between Vietnam and other countries and promote export growth. It will enhance Vietnam's participation in regional value chains, and also help develop the services sector and restructure the economy.

The FTAs have caused more foreign investors to be interested in Vietnam in 2016.

However, deeper global integration requires the Vietnam economy to be prepared to avoid adverse shocks.

We can see that the lowering of tariffs under the FTAs will cause reduced budget revenue from import duties. There will also be pressure from stronger economies in commodities, labour force and high-quality technology.

The key industries that are currently protected in Vietnam, such as agriculture and sugar will need time to adapt before the barriers are removed completely.

Enterprises in the private sector will also face difficulties caused by FTAs.

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Vietnamese government sets 2016 economic targets

VNA

The government has recently adopted major measures to carry out the country's 2016 socio-economic development plan and state budget.

The Resolution No.1 issued recently by the government has laid down some key objectives for this year, as follows;

Gross domestic product (GDP) grows 6.7 percent; export turnover increases by 10 percent; import surplus ratio against exports is under 5 percent; consumer price index grows less than 5 percent; total development investment is about 31 percent of the GDP; the percentage of multi-dimensional poor household rate reduces to between 1.3 percent to 1.5 percent and health insurance coverage nationwide is about 76 percent.

Maintaining macroeconomic stability while controlling inflation.

To ensure this objective is achievable, the government has asked all government agencies, people's committees and organisations nationwide to pull efforts to carry out their assigned tasks at a high level.

The government has asked the State Bank of Vietnam to work closely with ministries and central and local government agencies to come up with proactive monetary and fiscal policies to put inflation under the control and stabilise the macro economy so that Vietnam will achieve a rational economic development growth.

To achieve these targets, the government Resolution has asked the State Bank of Vietnam to carry out all monetary tools and policies to stabilise the foreign currency market in line with the development of the national macro-economy as well as the financial and monetary market inside and outside Vietnam.

Pro-active fiscal policy

The government has asked the Ministry of Finance to co-ordinate with ministries and central and local governments to develop a pro-active national budget for 2016.

The Resolution has also listed some key measures to help achieve the national budget target. One of the measures is to strictly carry out the Tax Law and state budget collection missions.

“In 2016, Vietnam vows to strictly control public debt, government debt as well as foreign debt as written in the National Assembly Resolution,” the document says.

To achieve these targets, the Ministry of Planning and Investment (MPI) is instructed to come up with high quality and feasible policies in line with economic development inside and outside Vietnam while closely monitoring the world crude oil price development.

The government Resolution lists three key areas for the national economic restructuring, namely public investment; State economic groups/corporations; State Commercial banks and credit organisations. However, public investment is the core. The MPI will work closely with other ministries and government agencies to monitor and supervise the use of Official development assistance (ODA), preferential loans from foreign donors, plus the State development investment credits and others in all public investment projects.

Meanwhile, State investment credits are designated to invest only in important and urgent projects having a big impact on the country’s socio-economic development.

The document also emphasizes the need to mobilise other capital resources in the construction of essential infrastructure socio-economic projects by combining various

methods like public-private partnership, foreign direct investment, joint venture and others.

Export promotion

The Resolution calls on the Ministry of Industry and Trade (MOIT) to work out policies to diversify import markets to avoid heavy dependence on a certain market while taking measures to promote exports in a sustainable manner.

“The MOIT should adopt effective measures to increase exports to potential markets, particularly commodities with high value added and high export turnover,” the government Resolution says.

The document also lays emphasis on the effective use of trade protective measures as regulated by the World Trade Organisation in restrictions on imports and protecting domestic production.

IT application

The Ministry of Home Affairs and central and local government agencies are asked to strictly carry out the country’s Master Programme on Public Administrative Reform in the 2011-20 period and the government’s Plan on Administrative Reform from 2016-2020.

The government’s Resolution asks all central and local government agencies and organisations to apply IT in their public services, particularly the government’s Resolution 36a on IT application.

Corruption prevention

All ministries and central and local agencies have to strictly carry out rules and regulations on the prevention and combating of corrupt activities, particularly the regulation that public officials have to make reports on their income and assets.

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INVESTMENT

FDI sector plays bigger role in economy

Saigontime

The foreign direct investment (FDI) sector has played a more pivotal role in Vietnam's economy over the years, with a number of big projects contributing greatly to economic growth.

According to the General Statistics Office, FDI businesses exported US\$115.1 billion worth of goods last year, making up 70.9% of Vietnam's total. Their imports amounted to US\$97.9 billion, accounting for 59.2% of the total.

Overall, the FDI sector enjoyed a trade surplus of US\$17.15 billion in 2015.

These figures showed that FDI enterprises have taken advantage of Vietnam's intensified international integration.

The FDI sector has contributed a larger part to Vietnam's gross domestic product (GDP) while State-owned enterprises (SOEs) and local private companies have seen their contributions to GDP tumbling or unchanged.

A study by economic expert Pham Chi Lan showed that FDI firms made up 13.3% of Vietnam's GDP in 2000 and 18.1% in 2012. In contrast, SOEs' contributions stood at 38.5% in 2000 but fell to 32.6% in 2012.

Meanwhile, private Vietnamese companies made up 48.2% of GDP in 2000 and 49.1% in 2012.

According to data of the Foreign Investment Agency (FIA) under the Ministry of Planning and Investment, FDI pledges for new and operational projects in Vietnam neared US\$22.76 billion in 2015, up 12.5% from a year earlier.

FDI disbursements last year amounted to US\$14.5 billion, a year-on-year rise of 17.4%.

In the 2011-2014 period, FDI enterprises disbursed some US\$11 billion for their projects in the country.

The reasons behind FDI capital hikes are Vietnam's economic recovery, improved business environment and institutional reforms. Foreign investors have stepped up investment

activity in Vietnam given the country's participation in more free trade agreements (FTAs) and the ASEAN Economic Community, which came into being in late 2015.

Economic experts said more FDI indicated Vietnam's increasing involvement in the global supply chain. But this is a concern as Vietnam's economy will depend more on the FDI sector.

The FDI sector has contributed much to Vietnam's economic growth in the short term but the country's resources may weaken.

According to research by Tran Tho Dat and To Trung Thanh of the National Economics University, the ratio of gross national income (GNI) to GDP of Vietnam was 97.9% in 2006 but dropped to 95.1% in 2014. The gap between GNI and GDP illustrates money outflows from FDI businesses.

Cash repatriations to foreign nations totaled US\$8.6 billion in 2013, US\$9 billion in 2014 and US\$4.2 billion in the first half of 2015.

This bodes ill for the economy, the two experts said, adding if the FDI sector plays a key role in Vietnam's export and foreign debt increases steadily, more cash would flow out of the country.

Dat said in the long run, the FDI sector would not help Vietnam achieve high and sustainable growth, so domestic private enterprises should be supported to grow.

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Vietnam seeks new investors for empty industrial park

ThanhNienNews

The government has decided to transfer a major industrial park in the Mekong Delta province of Tien Giang to the local authority after its manager, PetroVietnam's construction subsidiary PVC, failed to attract investors.

After acquiring Soai Rap Industrial Park, Tien Giang will find investors to fill up the park, which has taken over 285 hectares of forest and farm land.

The project has so far cost more than VND1.48 trillion (US\$65.46 million), according to media reports.

It was originally designated a shipbuilding complex with state shipbuilding company Vinashin as the operator.

However, the debt-ridden company, which was restructured into the Shipbuilding Industry Corporation in 2013, had kept delaying the project since 2007.

In November 2010, PetroVietnam's construction subsidiary PVC took over the project and turn it into an estate of oil and gas companies. But it failed to attract other companies, except for one that produces oil pipes, local media reported.

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REAL ESTATE

Apartment market in two major cities rising

VNS

Viet Nam's real estate market is expected to continue recovery this year after gaining good business results last year, with the market reaping benefits from favourable macro conditions, experts said.

According to property service provider CB Richard Ellis (CBRE) Viet Nam's report on Ha Noi property market in the last quarter of 2015, the average consumer price index (CPI) grew 0.63 per cent this year, which is the lowest level since 2001, and fell way below the annual average level of 5 per cent recently.

This low level of the inflation rate supported the growth of consumption and investment level in 2015. Similarly, the low mortgage rate also supported activities in the real estate market last year. Credit growth improved in 2015, recording 18 per cent, significantly higher than the 12 per cent to 14 per cent average level in the 2012 to 2014 period, according to the State Bank of Viet Nam.

Although the interest rate in Viet Nam has increased slightly after the United States Federal Reserve hiked its interest rate in late December, it is forecast that Viet Nam will not expect a drastic change in interest rates in 2016, since most of the effect has already been factored in the interest rate's current value.

This is good news for real estate investors as this real estate investment has been proved to yield better returns than other types of investments such as currency, gold, oil, or government bonds, in recent years. It is likely that more fluctuations will happen in these markets in 2016.

Housing transactions in Ha Noi last year hit a record 21,100, surpassing the sector's peak in 2009, according to CBRE Viet Nam. High-end apartment transactions accounted for 32 per cent of the total, up from 20 per cent in previous years.

A number of property investors have sped up delayed projects. Several apartment projects have been restructured in both size and price in accordance with market demands.

The mid-end and low-cost apartment transaction rate was down compared to 2014, however, it still accounted for a large share of the total sales due to reasonable pricing.

In 2015, about 28,300 apartments were put on the market in Ha Noi, up 70 per cent compared with the previous year. High-end apartments accounted for 28 per cent of the total share compared to the peak of 21 per cent in 2009.

Average prices of new projects increased between 3 per cent and 5 per cent year-on-year (YoY), and even the prices rose between 5 per cent and 7 per cent for high-end projects, Nguyen Hoai An, CBRE Viet Nam's vice director in its Ha Noi branch said.

Last year also marked a firm recovery in HCM City's housing market with strong launches, positive sales volume and improved prices, particularly for mid- to high-end properties.

More than 41,900 condominiums were launched in 78 projects, mostly in the east (47 per cent) and south (27 per cent) of the city, an increase of 122 per cent YoY, according to a quarterly report of CBRE Viet Nam on HCM City market.

It was the highest ever in a single year, due to the introduction of Vinhomes Central Park in Binh Thanh District and Masteri Thao Dien in District 2, as the continued positive market momentum boosted the confidence of developers.

Overall, market sentiments remained positive throughout the year as 2015 ended with record sales for a single year – an estimated 36,160 units and up 98 per cent YoY.

These included sales to individual buyers and en-bloc sales to institutional investors and property agents, in which sales to individual buyers were estimated at 33,348 units, up 83 per cent.

According to Savills Viet Nam, in HCM City market, apartments saw the highest new supply and transaction volume in the quarter. Around 11,800 units were launched from 17 new and another seven existing projects, up 20 per cent quarter on quarter (QoQ) and over 100 per cent YoY.

This was the largest new supply by a quarter over the last five years. Almost 7,700 units found buyers, up 47 per cent QoQ and 86 per cent YoY.

Projects with good locations, investment opportunities, developed infrastructure and comprehensive urban planning attracted buyers' attention, Savills Viet Nam said.

In the future, the new exchange rate mechanism that was applied from December 2015 would not make any remarkable impact on the Vietnamese real estate market, An said.

The Vietnamese dong remains stable compared to other foreign currencies in the region, she explained, adding that Vietnamese still account for 90 per cent of investors in the real estate sector, and domestic capital flows dominate the market.

According to the CBRE experts from Singapore and Hong Kong, Viet Nam's exchange rates remain stable and positive among other Southeast Asian countries.

They attributed the attractiveness of Viet Nam's property market to a growing population that has led to increased demand for housing.

Meanwhile, with the revised Law on Housing and Law on Real Estate Business coming into effect from July 1, 2015, the market recorded a certain level of interest from foreigners in major high-profile projects by reputable developers in both Ha Noi and HCM City, according to CBRE Viet Nam.

As the market is developing towards a more open and internationalised environment, while overall pricing is still attractive as compared to other matured markets, it is expected

that more foreign buyers will look into Viet Nam market as more guiding laws are issued to foster investment activity.

Both homebuyers and developers need to prepare for a changing market with evolving laws and regulations: Compliance and transparency are important in managing these changes.

The demand growth on the domestic property market will remain positive this year, supported by continued strong investor sentiment and the availability of housing credit, according to property consultancy Jones Lang LaSalle (JLL) Viet Nam.

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Central bank to control property loans

VNS

The central bank will control property loans to limit risks this year, an official told a meeting in HCM City late last week.

State Bank of Viet Nam deputy governor Nguyen Phuoc Thanh said that although credits grew positively with the majority of loans poured into production and business activities last year, many banks pumped too much capital into the real estate market.

Xay Dung, a Ministry of Construction newspaper, reported that property loans grew by 18 per cent year-on-year last year, as commercial banks accelerated financing both property developers and homebuyers.

According to the central bank's credit department, outstanding loans in the real estate sector total about VND360 trillion (US\$16 billion), a rise of 80 per cent from the figure recorded three years ago.

"What's worrying, many banks have 'put all their eggs into one basket' – the realty sector. It is necessary to tightly monitor risks, or else bad debts in this area may soon rise again," Thanh said.

The deputy governor noted that bad debts remained an issue for the banking sector. He added that some banks were facing troubles with enterprises that asked for loan restructuring and lower interest rates to avoid bankruptcy.

The Viet Nam Institute for Economic and Policy Research under the University of Economics and Business said that rallies in the property market were positive signs for the economy. But caution is needed to prevent "property bubbles" from occurring.

Minister of Construction Trinh Dinh Dung said recently that, at the moment, the property market did not have the conditions to form a bubble. "However, it cannot be ignored," he stressed.

In a resolution issued earlier this month on socio-economic in 2016, the Government asked the central bank to strictly control loans allocated in high-risk areas, including real estate.

This would be part of the central bank's policies to help the country control inflation, maintain macro-economic stability and accelerate economic growth.

Dung said the construction ministry would aim at enhancing the quality of property products in 2016, as the competitiveness of the construction sector remained low.

This was one among its efforts to boost the construction production value by 10 per cent against 2015.

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ENERGY & OIL & GAS & MINING

Vietnam inks \$2.2 bln power project with Saudi, Korean firms

REUTERS

A consortium of Saudi Arabia's ACWA Power and South Korea's Taekwang Power Holdings has signed a \$2.2 billion thermal power plant investment agreement with Vietnam, ACWA Power said on Tuesday.

The pact comes as Vietnam faces a shortage in power supply amid the developing country's ever-increasing demand for electricity to fuel economic expansion, which hit a five-year high of 6.7 percent in 2015.

The 1,200-megawatt Nam Dinh 1 thermal power plant will be built on a build-operate-transfer basis for 25 years in the northern province of Nam Dinh, ACWA Power said in a statement on its website. "This agreement is an important stepping stone for our first project in Vietnam," said Rajit Nanda, Chief Investment Officer of ACWA Power. It is unclear how much each firm will invest.

The project is scheduled to start in mid-2016 after eight years of negotiations and will use coal provided by state coal mining group Vinacomin, Vietnam's trade ministry said in a Tuesday statement on its website.

Vietnam is expected to start importing coal next year as rising demand for power exceeds domestic supply, and since 2010 it has been a net consumer of oil, with demand growing 7.5 percent annually in the 20 years ended 2013, outpacing China at 6.5 percent, ANZ said in a report last year.

Last year, Vietnam's coal imports jumped 125 percent to 6.96 million tonnes, while exports dropped 76 percent to 1.7 million tonnes, extending the annual export downtrend of about 10 percent a year that began in 2010, customs data showed.

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Largest thermal power centre of Vietnam goes on stream

VIR

The 2,300 megawatt (MW) Mong Duong Power Centre in the northern province of Quang Ninh, Vietnam's largest power centre, has come into operation after four years of construction.

On January 16, Power Generation Corporation 3 (Genco3), a subsidiary of Electricity of Vietnam Group (EVN), held the inauguration ceremony of Mong Duong 1 Thermal Power Plant, one of the two thermal power facilities in Mong Duong Power Centre.

Mong Duong 1's construction started in October 2011. It includes two turbines with a combined capacity of 1,080MW, generating 6.5 billion kWh per year. The first and second turbines of the plant became commercially operational in October and December 2015, respectively.

The plant is a key project in the national power development plan for the 2011-2020 period, with the vision to 2030. The project has a total capital of \$1.76 trillion, \$930 million of which came from the Asian Development Bank as ODA loan and \$510 million as loans from Export-Import Bank of Korea.

According to Duong Quang Thanh, chairman of EVN's Board of Members, Mong Duong 1 will contribute to supplying energy to serve the socio-economic development of the key North Vietnamese economic region in general and Quang Ninh province in particular.

The second facility in Mong Duong Power Centre is Mong Duong 2 Coal Fired Power Plant, a joint venture between the US's AES Corporation with 51 per cent, Korean Posco Energy with 30 per cent, and China Investment Corporation with 19 per cent.

The \$2.1 billion Mong Duong 2 plant's construction started in September 2011. The plant, including two turbines with a combined capacity of 1,240 MW, came into operation in April 2015 and will be handed over to Vietnam after 25 years.

The two thermal power plants' operation in Mong Duong Power Centre contributes 18 per cent of the total power supply of the national electricity system.

"The demand of power will increase between 5,000MW and 7,000MW annually, thus constructing and upgrading the power infrastructure is a key duty in the national power development plan for the 2011-2020 period, with the vision to 2030," Deputy Prime Minister Hoang Trung Hai said.

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LEGAL

No more governmental guarantee for groups with financial difficulties

VLLF

The Prime Minister has recently nodded the Finance Ministry's proposal to stop granting the governmental guarantee to groups or corporations that have financial difficulties, owe debts to the Accumulative Fund or are having their foreign loans on-lent by the Government or government-guaranteed loans settled.

Under the proposal, the required debt-to-equity ratio would be maintained when the grant of the governmental guarantee is considered, mainly for domestic loans for urgent projects of which some of foreign loans are guaranteed by the Government; and governmental guarantee for individual projects borrowing domestic loans will be gradually reduced.

The proposal aims to restrict the application of special mechanisms when the grant of governmental guarantee is considered for projects, especially the approval of a project's equity-to-total investment ratio of under 20 percent.

In particular, any governmental guarantee exceeding USD 500 million per project will not be granted in the 2016-2020 period to one project owner implementing many projects in a planning year.

The Prime Minister has assigned the Finance Ministry to revise or formulate decrees to replace Government Decree No. 15/2011/ND-CP dated February 16, 2011, on the grant and management of governmental guarantee, and Decree No. 01/2011/ND-CP dated January 5, 2011, on the issuance of government bonds, government-guaranteed bonds and municipal bonds, to meet practical requirements.

The Finance Ministry will guide and review three-year (medium-term) investment programs and annually adjusted plans registered by investors that wish to borrow government-guaranteed loans in order to elaborate and report guarantee limits to the Prime Minister.

The Prime Minister assigns ministries and agencies to direct and adopt policies to prioritize or encourage the implementation of construction investment projects, particularly those in

infrastructure development in the PPP and BOT forms, in order to attract non-state investment and reduce the pressure of government-guaranteed capital mobilization.

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Number of foreign broadcasting channels to be limited soon

VLLF

The number of foreign channels included in a pay radio or television service package will not account for more than 30 percent of the total number of channels.

Under Government Decree No. 06/2016/ND-CP of January 18, on the management, provision and use of radio and television services, a foreign broadcasting channel in a pay radio or television system in Vietnam must have healthy contents conformable with the Vietnamese culture and not violate the press law of Vietnam; have met the requirement to own or use the copyrighted contents being aired or televised in such system; and have obtained a certificate of registration of service provision on pay radio and television.

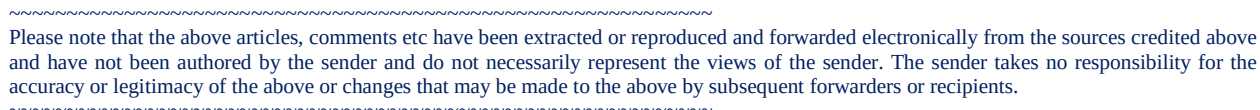
Besides, the channel must be edited and translated into Vietnamese by a unit licensed to edit foreign broadcasting channels and have an authorized agent in Vietnam to fulfill its financial obligations under Vietnamese regulations.

The new regulation underlines that foreign channels must not broadcast advertisements from abroad. Advertising contents, if any, must be prepared in Vietnam, edited by a responsible unit, and comply with the advertising law of Vietnam.

The Decree also details the joint production of radio and television broadcasts. Specifically, a unit licensed to produce broadcasts for domestic channels may select its partners that are legal entities established under Vietnamese law to jointly produce part or whole of a program or channel and will take responsibility for deciding on to-be-broadcast contents of jointly produced programs or channels in accordance with the press law.

However, the joint production of radio and television news or political affairs broadcasts will not be licensed.

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