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SEE PAGE 3



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SEE PAGE 11



Observing Vietnam Journalists' Day 2018 with VIR

SEE PAGES 17-21

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Some major foreign car makers are looking to expand their production in the country

SEE PAGE 4

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As the domestic paper sector is on its way to take regional leadership, concerns grow

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Vingroup will take on Apple and Samsung

Seeking to diversify ever more, Vingroup sets its sights on producing smartphones

SEE PAGE 15

Foreign-owned banks had a great year 2017

Wholly foreign-owned banks in Vietnam reported great performance

SEE PAGE 22



Photo: Le Toan

Sustainable solutions

As Vietnam is facing the hurdles of rapid urbanisation and the threat of a lack of power generation capabilities on its path toward sustainable growth, companies like Mitsubishi Heavy Industries are stepping up to develop fully integrated solutions aimed at ensuring a bright and prosperous future for the country's economy.

SEE PAGE 11

NATIONAL	2-3
INVESTING	4-8
COMPANIES	9-16
VIETNAM JOURNALISTS' DAY	17-21
MONEY	22
HANOI IN FOCUS	23-25
SOC TRANG IN FOCUS	26-27

FX reserves hit record high and continue growing

By Trang Nguyen

Domestic forex reserves have hit an all-time high totalling \$64 billion – enough to cover 3.5 months of Vietnam's imports – and the country's FX reserves stand to grow even further, thanks to the overall trade surplus and the prospects of more incoming FDI.

Vietnam's FX reserves, as Prime Minister Nguyen Xuan Phuc noted at a National Assembly meeting session held late last month, have grown from around \$28 billion in 2015 to a record high of almost \$64 billion in May, on the back of more stable FX and inflation rates.

According to ANZ Research, given these foreign exchange reserve figures, Vietnam can cover approximately 3.5 months of imports. However, when comparing the scale of the country's FX reserves and import cover with neighbouring countries like Thailand – coming in with \$196.1 billion in reserves and 10.6 months, the Philippines – \$80 billion in FX reserves, equivalent to 10 months of imports – what Vietnam has gained could be considered rather modest.

The World Bank, IMF, and other financial organisations recommend that emerging countries like Vietnam

hold FX reserves worth at least three months of imports.

"The widening of the overall trade surplus has aided the central bank in rebuilding its FX reserves," said Eugenia Victorino, ANZ economist for greater Mekong and ASEAN.

According to Victorino, despite the fact that growth in merchandise exports has slowed down, given an average rise of 15.8 per cent in the year to date, Vietnam's exports remain robust. On the other hand, import growth is causing a delayed expansion in exports, leading to a \$3.4 billion trade surplus in the year to date. While export production is

still supportive of growth, the net contribution of domestically-owned production has been limited.

"Indeed, the improvement in the trade balance is mostly attributable to the FDI-related sector," she said. "Newly registered FDI continues to come in, although \$4.7 billion this year as of May are lower than the \$5.6 billion received in the same period last year.

"After the US withdrew from the TPP agreement, the remaining members of the trade pact are now pursuing the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). With

Vietnam expected to uphold its commitment to pursue significant economic reforms, the prospects for more FDI are positive," she added.

Vietnam's inflation, according to ANZ Research, has been on a gradual uptrend, reaching 3.9 per cent year-on-year in May. Food prices turned a corner at the start of the year, implying that all major CPI components are now contributing positively to stave off inflation.

"We expect inflation to rise to 3.6 per cent in 2018, still below the maximum threshold of 4 per cent set by the government earlier this year," noted Victorino. ■



Local firms decry OTT TV services

By Hong Quang

Vietnamese pay TV providers are raising concerns about over-the-top television service providers, as their provision of cross-border services to the Vietnamese market has been blamed for unfair competition and putting domestic entities on the brink of bankruptcy.

Last month, the Vietnam Pay-TV Association (VN-PayTV) submitted an official document to the Government Office and the Ministry of Information and Communications (MIC) on deferring the permission for overseas providers to offer over-the-top (OTT) services, commonly known as internet television, in Vietnam.

OTT services provided by companies such as US giants Netflix and Amazon, Iflix from Malaysia, and others have been growing quickly in the Vietnamese market, according to the document.

There are currently gaps in the management, control, censorship, and edition of OTT content. For example, the existing legal procedures and conditions are not up to par, thus making it difficult to ensure information security and prevent the negative impacts of uncensored content.

VNPAYTV cited well informed sources of its members as saying that overseas OTT service providers plan to pour money into gaining a monopoly over the provision of Spanish La Liga, English Premier League, and other sports programming, which is

extremely important to local viewers.

“If the plan comes to fruition, it would infringe on competition-related rules as well as cripple the local pay TV market,” VNPAYTV stated in the document.

“If the provision of cross-border OTT services by overseas entities is not managed in an explicit manner, it will cause unfair competition between domestic payment TV and telecom entities with overseas OTT rivals, which is likely to push the domestic firms into the red and even to the edge of bankruptcy,” VNPAYTV went on to say.

In a petition sent to the MIC in April, VNPAYTV also blamed overseas providers like Netflix and Amazon for the unfair competition with domestic entities.

These overseas providers allegedly have no transmission television infrastructure in Vietnam. Their provision of OTT content has not been permitted by Vietnamese authorities and they continue to pay no taxes.

“Meanwhile, domestic payment TV and telecom entities have poured a lot of money into building TV infrastructure and producing content,” VNPAYTV stated.

VNPAYTV proposed that the MIC set out strict measures and binding regulations for the permission of overseas OTT provision. Rules should be put forth to ask foreign providers like Netflix and Amazon to co-operate with domestic entities to harmonise profits on both sides.

However, Adam Sitkoff, executive director of the American Chamber of Commerce in Hanoi, told *VIR*, “There is no need to regulate OTT services in a similar fashion to broadcast and pay TV because the internet is not a scarce resource and entry barriers are low. Furthermore, content quotas are not required because shelf space is unlimited, compared to a 24-hour linear environment as is the case with regular TV.”

Sitkoff asserted that global internet services offered to consumers should not be banned just because incumbents feel threatened. He emphasised that it is important to know that OTT services provide great opportunities for Vietnamese OTT developers to compete globally.

According to the paper “Smart Regulation for OTT Growth” by the Asia Internet Coalition, any attempts to impose additional regulation on OTTs would create business uncertainty and lower economic growth and investment. Ambiguous, unnecessary or misapplied rules would harm innovation and pose significant jurisdictional challenges for enforcement.

Thomas J. Treutler of law firm Tilleke & Gibbins claimed that OTT services, including VoIP, SMS, apps, cloud services, and internet television are an inevitable technological innovation which has been developing globally across many countries, not only in Vietnam.



OTT providers such as Netflix and Amazon are of growing concern to local firms

“Instead, existing operators should find new ways to change their business models in order to survive and compete. Generally, in this area, very few countries regulate the services, and this has led to a great deal of innovation and access to lots of content for the public. Traditional pay TV operators will have to adapt their business and pricing models,” Treutler told *VIR*.

In fact, fierce competition between domestic and foreign entities has been increasing over the past two years, with domestic firms like SCTV, VTVcab, Vietnam Satellite Digital Television Co., Ltd (a joint venture between VTV and the French premium channel Canal+),

and Viettel integrating OTT platforms into their premium TV services, said Le Dinh Cuong, vice chairman of VNPAYTV.

Once overseas OTT providers are permitted to offer their services to the Vietnamese market, the segment could be a real threat to domestic entities.

Dang Phuong Tuan Minh, marketing manager of OTT service developer Clip TV, a subsidiary of Vega Corporation, has significant concerns about foreign entities’ officially sanctioned provision of OTT services in the Vietnamese market, explaining that foreign entities have the advantage of diversified content, technology, and capital.

To expand their provision, domestic OTT entities such as Clip TV are likely to seek a niche approach, Minh stated.

Vu Gia Huy, vice director of VTC Digital Television Service Co., Ltd. (VTC Digital), said that in the face of stiff competition, VTC Digital is going to seek collaboration with domestic entities to create attractive content for the firm’s OTT application VTC Play, Huy said.

Overseas OTT entities penetrated the Vietnamese market five years ago. In 2016, some tried to seek permission for providing their OTT services in Vietnam, but they failed to get it from the MIC, according to VNPAYTV. ■

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Celebrating Journalists' Day with VIR

With Vietnam observing Journalists' Day on June 21 to honour the press for its work of delivering high-quality information to the public, *Vietnam Investment Review's* long-time partners and readers throughout the country let us know what value *VIR's* reporting provides to them and where they see most room for improvement.

STONEY SU

Country Director, Cargill Incorporated



ries of boom and bust or implications from social, political, and diplomatic events as reference for foreign direct investment to make business decisions.

Thank you for being such a good companion to foreign investors in Vietnam.

Despite a conspicuous shift in the media landscape caused by the 21st-century Information Age, such a key, influential mainstream medium like *VIR* still matters and you still play a vital role in modern journalism.

Over the past 23 years of doing business in Vietnam, Cargill has always come to the Ministry of Planning and Investment and referring to the *Vietnam Investment Review* for market insights and advice as we trust your sources of information.

It helps us a lot in proposing business ideas and making business decisions, whether to bring in new lines of products and services, or to expand our current business footprint in the country.

We highly appreciate your macro-economic stories, very well written by *VIR* reporters, whether they are sto-

What we would like to see from *VIR* in the future is to continue to transition and transform by leveraging digital, mobile, and social platforms to reach readers more effectively and respond faster to any changes in the market.

Please keep up your good work as a trusted partner of businesses.

Happy Journalists' Day to all the members of *VIR*. ■

THOMAS J. TREUTLER

Partner and managing director, Tilleke & Gibbins Vietnam



ment situation. It is really helpful to keep up on new investment trends through *VIR*, and investors look forward to every issue.

It would be interesting to see more statistics on M&A transactions and trends from different countries.

VIR should continue to do more focused, specialised editions on specific industries, such as the pharmaceutical sector, high tech sector, automotive sector, and more. ■

As an avid reader of *VIR* for 25 years now, it is clear that *VIR* is always on top of new developments in governmental policies and the invest-



WYEREN YAP VOOI SOON

General Director, Gamuda Land (HCMC) JSC

At that point in time, in order to get familiar with the market and to have a better understanding of the customers, choosing reputable publications was a necessity for us. We found that *VIR* is one of few valuable sources of information on both national and international economic issues, especially its property section, which is related to our business nature. Hence, our company has subscribed to *VIR* ever since.

Since entering the Vietnamese market in 2007 as a foreign developer from Malaysia, Gamuda Land in general and myself in particular found a lot of differences in the culture as well as the real estate market.

The section I like the most

is Property, because I can find information on many issues related to our business. As an expatriate living and working in Vietnam, finding credible, up-to-date, and industry-recognised knowledge, data, and information is very challenging. It is particularly hard to acquire publications in English, and *VIR's* English version provides me with lots of information and data.

VIR is one of few publications which provides very relevant, non-biased, and

thought-provoking data and information. As a real estate developer, we need to keep ourselves updated with market trends, governmental policies, and reputable consultants' advice, which is provided quite clearly in *VIR's* publications.

If there is anything to improve, I would say that I wish to have more in-depth stories on FDI. Also, in the time of global integration, I wish to have more infographics, boxes, and charts which can offer more figures than text stories. ■

SAMI KTEILY

Executive Chairman, PEB Steel



main source of reliable and authoritative data on investment in Vietnam, especially FDI; the statistics on FDI are very informative and help give me a better understanding of the investment landscape.

Over the last more than 20 years that I have been in Vietnam, *VIR* has been my

found in *VIR*. Not only do I look forward to Mondays when I receive my copy, reading it cover-to-cover on the same day, but I make sure that my PA keeps hold of any issues I miss when I travel overseas. The variety of sections covered in each issue (investment, companies, money, property, etc.) is wide, inter-

esting, and commendable. The interviews, however, could be more useful if they were conducted with some truly challenging questions to the interviewees. Sometimes I feel this is not the case and it is just a window for companies to promote their products and services.

Happy Vietnam Journalists' Day! ■

SIMON MATTHEWS

Country Manager for Vietnam, Thailand, and the Middle East, ManpowerGroup



clients who already decided to trust us with their business, and become their strategic partner for all HR issues. It's a great honour to have partnered with *VIR* over recent years.

As a company that provides comprehensive, innovative, and very complex workforce solutions to companies in various industries, we try to provide added value to our

I believe *VIR* is doing a good job at conveying up-to-date information from businesses and government and I'm really glad to hear that you are growing strong and diversified, just like us. Among many interesting columns, I specifically enjoy the 'Investing' and 'Your Consultant' sections, which provide helpful information and advice from experts or senior leaders. As economies become more knowledge-

based and technology-driven, educational attainment and skill diversification become more important to labour markets and jobs of the future.

In the future, I expect to see more insights from *VIR* about human investment and the labour market, in order to provide readers with the right skills for the workforce and inform enterprises about new and suitable methods for success. ■

MATTHEW POWELL

Director, Savills Vietnam



For the last 20 years, Savills Vietnam has had a long, close relationship with *VIR* in which we openly discuss Vietnam's real estate market. Personally,

I have worked closely with *VIR's* editorial and journalistic team for the last 14 years. Not only has Savills Vietnam been an active advertiser in *VIR* where we promote our projects and services to high-end audiences, but we have also discussed trends and movements of Vietnam's property markets in multiple articles over the years.

VIR is a fantastic source of information for what is happening in Vietnam, providing insights into various

sectors: business, banking and finance, real estate, policy, and more, hence obtaining a high-end audience. I like *VIR* for its well-designed structure with specific sections that enable me to absorb high-quality information in a short amount of time in a regular weekly format. I hope *VIR* continues to further improve the quality of articles and in-depth analyses which have always been well-received and appreciated by its readers. ■

LEE JU HYEON

President Director, Posco VST



paint an accurate picture of what is happening and make the paper one of the most thorough and reliable sources of business news in the country.

VIR and many other publications and broadcasters have supported us since we began and together we have been steadily working to promote Vietnam, build a domestic industrial sector, and contribute to Vietnam's reputation as a country on the move.

The information we need more of to be better able to meet the demand of the marketplace is related to three key areas.

Firstly, we need accurate and reliable information on government policies, agendas, and direction.

Secondly, we need information on market trends and projects related to the development of the power sector's infrastructure.

The third area of interest is competitive information. ■

I have a great deal of respect for the work done at *VIR* in relation to business news. The reporters and managers of *VIR* go to extremes to



Prime Minister Nguyen Xuan Phuc answers press interview questions



VIR is the foremost English-language business publication in Vietnam (pictured above are *VIR* Group's publications)

TAVEESAK SRISUNTISUK

Managing Director, Hexagon Metrology, Ltd.



I know *VIR* and your magazine *Timeout* not only as a news channel, but as a friend who connects me to social and business life in Vietnam. Above all, *VIR* has prestige with domestic as well as foreign companies thanks to your breaking news, and

sharp and precise articles and commentary.

Your news is not only trustworthy, with a quick pace of updates, but also very precise. This proves that you always prioritise the verification of information sources and deploy the full referencing process when producing news.

In addition, I do not see any sensationalism, which shows the viewpoint of journalists in your newspaper. *VIR* has an opportunity to improve in the area of content by having deeper knowledge of the subjects under discussion and by offering relevant, in-depth of analyses various sectors. ■

GLENN KONG WAI KEONG

General Director, Vietnam International Container Terminals



VICT congratulates the people in the journalism industry on Vietnam Journalists' Day. *VIR* provides readers with up-to-date information on domestic and foreign investment in Vietnam, allowing the supply-and-demand markets to better understand the

trends and opportunities, and providing necessary studies and preparations to benefit from their investments.

The regularly updated statistics on the value of foreign investment with breakdowns by investing countries, by invested provinces and region in Vietnam, and by industrial clusters, are valuable data to help readers in their quantitative analysis of the depth and breadth of the investment direction.

I take this opportunity to wish *VIR* continued success ahead and am looking forward to more updates and publication from *VIR*. ■

JORGE MARTIN-MARTINEZ

General Director, DKSH Vietnam



Vietnam is currently one of the most exciting places in the world in which to do business. With a prospective GDP growth of almost 7 per cent for 2018, Vietnam is among the fastest-growing economies worldwide.

When I talk to my busi-

NIRUKT SAPRU
CEO Vietnam and ASEAN
and South Asia Cluster
Markets,
Standard Chartered Bank



On behalf of Standard Chartered Bank Vietnam, I would like to extend my heartfelt congratulations to *VIR* on the occasion of Vietnam Journalists' Day.

Standard Chartered is strongly committed to Vietnam and we are continuing to invest more resources in the country to grow our business across all segments and better serve the evolving needs of clients. Market information is important to us and we highly appreciate the breaking news and the comprehensive insights on economic and financial affairs that you provide. These are very helpful for us in driving our businesses. Thank you and please keep up the good work.

As a leading international bank, our purpose is to drive commerce and prosperity through our unique diversity. We are pleased to have been featured in *VIR* several times to share our thoughts and expertise with the hope of contributing to the sustainable growth and prosperity of Vietnam's economy. We hope to further strengthen our partnership with you and are delighted to assist you as and when needed.

I wish *VIR* success ahead, may you receive greater interest from readers. ■

ness partners all over the world, many of them consider investing here.

VIR plays a fundamental role here: It is a window to the world and promotes Vietnam as an attractive place in which to invest and do business.

At the same time, *VIR* is a valuable source of information for us at DKSH, especially for our thousands of employees.

I personally read *VIR* very frequently with great attention, and make sure to share the most valuable insights with our business partners and employees. ■