

INDO-VIETNAMESE CHAMBER
OF COMMERCE AND INDUSTRY

NEWS LETTER

Vol. 8

No.4

For Members only

April - June 1998

President Writes

Despite the South-East Asian currency crisis, Vietnamese economy maintained a high growth rate during the first quarter of 1998. During March 1998 industrial production increased by 13% over the corresponding month last year. During the first quarter of 1998, Vietnam's global exports totalled almost \$ 2.0 billion, marking a rise of 12% over the corresponding period last year. During the same period, its imports totalled \$ 2.2 billion, leaving a small trade deficit of \$ 200 million.

Since the issue of the new law on foreign investment in 1987, the country has licensed over 2320 projects with a total capital of \$32 billion. The pace of capital inflow is constantly advancing. Vietnam, a country of only 75 million people, attracted FDI of \$ 5.5 billion in 1997, which is far more than inflow into India during the same period.

Godrej & Boyce Ltd. is setting up a furniture plant in Vietnam to make office furniture, steel furniture, filing/storage cabinets, desks, chairs, etc. The \$ 6 - million project will start functioning by the end of 1998. Further details of the project are given elsewhere in this issue.

Coming to Indo-Vietnamese trade relations, downturn in exports to Vietnam, which set in during 1996-97, has reversed, during 1997-98, when exports from India to Vietnam increased by 2.8% to \$121.5 million from \$ 118.2 million in the preceding year. Nevertheless, at this level, exports were lower than the peak level of \$ 124.4 million attained in 1995-96. Imports from Vietnam have increased from \$ 1.7 million to \$ 7.4 million during the same period. As a result, trade balance, though continued to be in favour of India, declined from \$ 116.5 million in 1996-97 to \$ 114.1 million last year.

Vietnam continues its journey on the path of liberalisation and globalisation, which is evident in the decision announced in March 1998. Accordingly, Vietnamese enterprises as also joint venture enterprises no longer require approval for export from the Ministry of Trade. It is to be hoped that this measure to promote export from Vietnam will result in accelerating Vietnam's export to India, which have started picking up after a considerable slowdown in recent years.

The Vietnamese Government has also reduced the number of items that required import permit from the Ministry of Trade. Accordingly, consumer goods, steel materials, paper of various kinds, clinker, lorry, passenger car and automobiles (more than 12 seats) can now be freely imported by enterprises. As of now, the Ministry of Trade controls import of only 10 items in Vietnam, which include petrol, fertiliser, construction steel, cement, sugar, transparent construction glass, wine, automobiles (less than 12 seats) and motorcycles.

The "2nd Pride of India" exhibition is planned in Hanoi between October 23-26, 1998, providing a good opportunity to Indian companies to match their technology with their competitors in this emerging market, where our products have an edge in terms of both price and quality (see H.E. Mr. Aftab Seth's letter, given elsewhere in this issue).

H. E. Mr. Pham Sy Tam, Vietnamese Ambassador to India addressed members of IVCCI. We are thankful to H.E. For his keen interest in the activities of IVCCI and his positive outlook for Indo-Vietnamese relations. A detailed report of this meeting is published elsewhere in this issue.

N. K. Nayar
President



Left to Right : Mr. N. K. Nayar, President, Indo-Vietnamese Chamber of Commerce & Industry; H. E. Mr. Pham Sy Tam, Vietnamese Ambassador to India; and Mr. Y.P. Trivedi, President, IMC

Vietnamese Oil, Coal Projects Offer Vast Business Opportunities for Indians

June 10, 1998 :

Vietnam's ambitious coal mining and oil refineries projects offer vast business opportunities for both the public and private sector companies in India, according to His Excellency, Mr. Pham Sy Tam, Vietnamese Ambassador to India. His country is sending a high-level delegation on planning and investment to India in October 1998 for exploring avenues of business. The event will coincide with the Indo-Vietnamese Joint Working Commission meeting in New Delhi.

Mr. Pham was addressing a joint meeting of the Indian Merchants' Chamber (IMC) and Indo-Vietnamese Chamber of Commerce & Industry (IVCCI). It was Mr. Pham's first visit to the Chamber after he took over as Ambassador in India two months ago.

Mr. Pham invited Indian entrepreneurs and suppliers to take

advantage of his country's ambitious programmes for industrialisation and speedy economic development. He said that his Government has set a target for establishing an annual export capacity of 10 million tonnes of coal and a crude refining capacity 20 million tonnes before 2000 AD. The country's petroleum and coal companies are planning to send a delegation of experts to buy projects, equipment and machinery soon, he said.

" We need a lot of high quality industrial goods and modern machinery," he pointed out. Commodity imports by Vietnam constitute only 10 per cent of the country's total imports.

Mr. Pham also saw a great opportunity for Indian industry to set up joint ventures in areas of processing sea foods and agro products mainly for the purpose of exports. "We harvest plenty of good quality fish and other sea foods, in

addition to growing tea, coffee, rubber and other cash crops.

Last year 1.8 million tourists visited Vietnam; this year it has set a target of two million. For this purpose, it has decided to develop many centres of tourist interest. "We have over 1,000 beautiful islands waiting to be developed. We also wish to set up a Disney World. We have simple procedure for granting visa to tourists and businessmen," he said. Initially, vietnam was able to protect itself from the South-East Asian Currency crisis by erecting strong barriers against private borrowing from abroad. But in recent months, some harmful effects of the crisis have come to be felt. "Our trade with ASEAN shrank by \$500 million; so also ASEAN investment in our country. But there is another side to the crisis: we are now able to import products at far cheaper prices from ASEAN," he said.

Cont. page no6



Left to Right : Mr. Hoang Huu Khue, Consul-General of Vietnam in Mumbai; Mr. Vikas Nanda, Sr. Relationship Manager, Deutsche Bank; Mr. N. K. Nayar, President, Indo-Vietnamese Chamber of Commerce & Industry (IVCCI); and Mr. Ranjan Bhatnagar, Hon. Secretary, IVCCI.

Invest in Vietnam only with long - term goals in view, says Banker

MAY 5, 1998

If any Indian entrepreneur wants to set up business ventures in Vietnam, he should do so only with long-term business goals in view, Mr. Vikas Nanda, Manager (Corporate Banking), Deutsche Bank, said. Any short or medium-term corporate goals to reap profits has little chance of success. Mr. Nanda was addressing a joint meeting of Indo-Vietnamese Chamber of Commerce & Industry (IVCCI) and Indian Merchants' Chamber (IMC) on the subject of "Vietnam's banking and financial systems and business prospects for Indian corporates."

Though Vietnamese laws permit repatriation of business profits by corporates, there is also the

unwritten law that the corporates must have earned necessary foreign exchange for the purpose. As the exchange situation has become acute in recent past, the unwritten law is being strictly enforced somewhat rigorously, he said. He said that the State Bank of Vietnam is the apex bank which regulated the banking system consisting of (a) four major state-owned banks; (b) 100% Vietnamese owned Joint stock banks; (c) four joint venture banks set up in collaboration with countries like Indonesia, South Korea and Thailand; and (d) 27 branches of 23 foreign banks such as Deutsche Bank. Most of the banking network is situated in and around major cities like Hanoi and Ho Chi Minh City.

Vietnam's banking system is not fully developed. Its cheque clearing system was started only in 1994-95 and still far from effective. Cheques are valid only for a period of a fortnight and there is no law on 'Negotiable Instruments.' There is no foreign exchange market and liquidity in its domestic market is very poor and there are also regulations on investment banking. Vietnam is largely 'a cash society'; the people generally lack confidence in the banking system and choose to do transactions through gold or US dollar. The English law concept of "Trust" is still alien to Vietnam. Also there are no stock markets in that country.

Vietnam exports crude oil, coal, rice, coffee, garments, marine products, shoes, tin, rubber,

while its merchandise imports rose to \$11.2bn in 1997 from the previous year's \$11.1.bn.

Since 1987 it has received investment commitment for a total capital of \$33.1bn, and actual disbursal of \$ 10bn.In 1997 alone, it received investment commitment of \$ 4.5 bn and actual disbursal of \$2.3 bn. Most of the investment was in projects in areas like industry, hotels, office, apartments, Industrial zones, telecom and transport and oil and gas sectors. Investors are from Singapore, Taiwan, Hong kong, Japan, South Korea, France, Malaysia, US, Thailand and British Virgin Island.

Mr. Nanda also mentioned the following qualitative positive features: a) Vietnam has a stable political environment; it has very high literacy rate; its people are hardworking and trainable. b) its domestic industry is under-developed and c) it has laid a great emphasis on building industrial and social infrastructure and the economy is poised for rapid development. He also cautioned investors that they should not nurse any illusion that goods and services in Vietnam are cheap. "It is a tough market in which numerous foreign corporates are competing for a decent market slice," he said.

Mr. Hoang Huu Khue, Vietnam's Consul General in Mumbai, complimented Mr Nanda for his lucid exposition. Mr. N. K. Nayar, President of Indo-Vietnamese Chamber of Commerce and Industry, urged the Consul-General to take initiative for setting up direct shipping lines between India and Vietnam for promoting two - way trade. At present, freight charges from Mumbai to vietnam are far too exorbitant because of transshipment at Singapore, and are higher than the prevailing freight rates from west Europe to Vietnam.

Indiana

Indiana are leading manufacturers & exporters of high quality products which conform to International Standards. Indiana is an 'Export Award winner 9 times in a row.

◆ CABLE TRAYS

Perforated & Ladder Type- Light Heavy duty.
Painted & Hot Dip Galvanised.

◆ COPPER LUGS

Tubular Compression / solderless Type
1.5 sq.mm to 1000 sq.mm.

◆ BRASS GLANDS & ACCESSORIES

BW & CW Type as per BS - 6121,
sizes from 20S to 90L.

◆ HRC FUSE SYSTEM

NH-Type, 6A to 630A,
CA-1 (clip fixing), 2A to 16A,
BA-2, BA-3 (bolt fixing), 4A to 63A.

◆ EARTH RODS

(solid copper / copper coated).
Copper coated from size 9.5 x 1200 to
19 x 3000mm. solid copper from
10 to 19mm. diameter.
length 1200 to 3000 mm.

◆ OH TRANSMISSION LINE HARDWARE

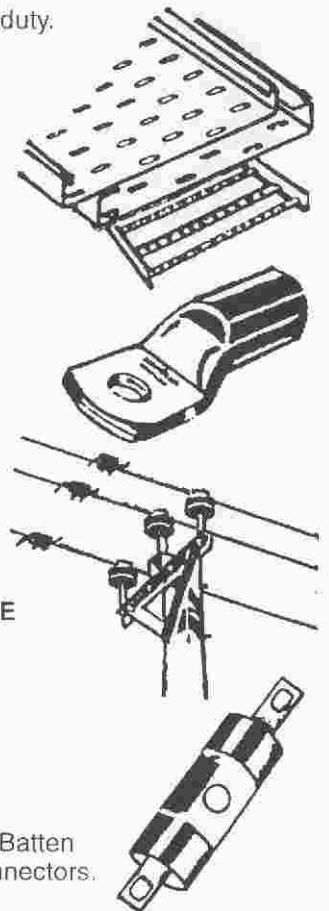
(Pole line) Hot dip galvanised as per
BS - 729/ASTM A123.

◆ G.I. CONDUIT PIPE FITTINGS

Junction Boxes, Bends, Elbows, Tees,
Couplers and Saddles.

◆ PORCELAIN HOLDERS

2/3 Slot Batten/Pendent - E 27, Goliath Batten
/Pendent-E 40, 5-30 amps. two way connectors.



We are also manufacturer & exporter of :
Gratings Bulk Material Handling Systems
Valves Fittings & Flanges Pumps.

Indiana INTERNATIONAL

Indiana House, Marol Naka, P. B. 7409, Andheri (E),
Mumbai - 400 059. (India).
Tel.: 022-8504743/8501155
Fax : 022 - 8505154/8505721.
E-Mail Prat@giasbm01.vsnl.net.in

Letter dated June 5, 1998 received from H. E. Shri Aftab Seth, India's Ambassador to Vietnam re: "2nd pride of India", Planned between October 23-26, 1998 in Hanoi is reproduced below.

1. You might be aware that this year in the month of January, with the support of this Embassy, Consulate General of India, Ho Chi Minh City, Comnet Exhibitions Private Limited, New Delhi we mounted an exclusive Indian exhibition, the first of its kind in Vietnam, at Hanoi called "The 1st Pride of India".

2. A large number of Indian companies both from the public as well as the private sector participated in this exhibition. About 30 Indian companies, including RITES, Indian Railways, IRCON, Hindustan Teleprinters, ITI Limited, National Aluminium Company Limited, Power Grid Corporation of India Limited, Cochin Shipyard Limited, Consultancy Engineering Services, West Bengal Industrial Development Corporation Limited, Central Water Commission, Water & Power Consultancy Corporation Limited, Bharat Petroleum, ONGC-Videsh Limited, Steel Authority of India, Kudremukh Iron Ore Limited, Eastern Medikot, The Project & Equipment Corporation of India, FCB-KCP Limited, Larsen & Toubro Limited, Hindustan Zinc Limited and Garima Global Enterprises, represented India and displayed their "state-of-the-art" technology.

3. The exhibition was well received by the Vietnamese authorities and visited by Vietnamese Ministers among whom were Deputy Prime Minister & Foreign Minister, H. E. Mr. Nguyen Manh Cam, the Minister of Planning & Investment, H.E. Mr. Tran Xuan Gia, the Minister of Trade, H. E. Mr. Truong Dinh Tuyen, the Minister of Culture & Information, H. E. Mr. Nguyen Khoa Diem and the vice Ministers of Industry, Culture, Education and Training and Foreign Affairs

Director Generals (Secretaries) of all major economic and Defence departments of the Government of Vietnam, highly placed Vietnamese Government officers and managers from Vietnamese companies also visited the fair. This Embassy had arranged the interaction of all the participating Indian companies with their counterpart Vietnamese companies and decision-making Governmental bodies. The concerned Vietnamese ministries and departments showed keen interest in associating with the Indian companies and expressed their willingness to have long-term cooperation with them.

4. In view of the success of this exhibition and the interest shown by the Vietnamese people at all levels, the "2nd Pride of India" exhibition is being planned from October 23-26, 1998 which will coincide with the Vietnam International Trade Exhibition, one of the biggest events in this country, where world renowned companies will be participating. This event will provide a good opportunity to Indian companies to match their technology with their competitors in this emerging market, where our products have an edge in terms of both price and quality.

5. It may be mentioned that Vietnam is the only country in the region to achieve a 9% growth rate during the year 1997 in spite of the financial crisis in Asia, it is forecast that Vietnam will be able to keep up this momentum and achieve growth rate touching 8.7% during 1998. The industrial production in 1997 increased by 13.2% and is targeted at 13.5% in 1998. Agricultural growth in 1997 was 4.8% and is expected to be at the same level in 1998 also. Tight growth policies and controls

have brought down inflation from 4.5% in 1996 to 3.6% in 1997. The foreign trade turnover shot up from \$18 billion in 1996 to \$20.1 billion in 1997 and is expected to reach \$24.2 billion in 1998. Population growth was reduced by 0.08% in 1997 and would be under 1.8%.

6. On the basis of the stability of industrial growth during the last few years, and the Government of Vietnam's drive towards economic development through industrialisation and modernisation, Vietnam has achieved an economic growth rate of 20% in 4 years. The long-term strategy of 1996-2000 has set an estimated import-export turnover of \$44 billion for the year 2000, of which export value alone will be \$20 billion (\$250 per capita).

7. The food output in 1998 is estimated to reach 31.2 million tonnes, an increase of 1.3% over 1997.

8. Since the issue of the new law on foreign investment in 1987, the country has licensed over 2320 projects with a total capital of \$32 billion. The pace of capital inflow is constantly advancing. Vietnam, a country of only 75 million people, attracted FDI of \$5.5 billion in 1997, which is far more than inflow into India during the same period.

9. ODA inflow has been steadily increasing and has crossed an annual figure of US\$1 billion. In the 1993-96 period, donor countries pledged US\$8.5 billion ODA to Vietnam and an estimated US\$1.1 billion in 1997. The increasingly rapid pace of disbursement has created a favourable payment balance and good conditions for large scale infrastructure and technology assistance projects. The biggest achievement for Vietnam in

1997 was that the trade deficit dropped, while exports recorded a higher growth rate.

10. This time also, the "2nd Pride of India" exhibition is being organised by M/s Comnet Exhibitions India Limited with our help. We would be grateful if this event is given wide publicity through your publications. We would also request your personal mobilisation of support from the wide range of industries with which you are associated. Copies of the regulations giving guidelines for attracting FDI investment, reduction of land rentals and tax concessions are enclosed for your use (Those interested members are welcome to refer to the same in the IVCCI library).

Cont. from page no2

Vietnamese Projects Offer Vast Opportunities for Indians

Mr. Hoang Huu Khue, Vietnam's Consul-General in Mumbai, said that he would render all assistance to Indian industrialists to increase trade with his country. "In the past 10 months, two-way trade between our two countries was only about \$100 million. With some special efforts, it can be stepped up to \$200 million, he said.

Mr. Y. P. Trivedi, IMC President, said that despite the South-East Asian currency crisis, Vietnamese economy maintained a high growth rate during the first quarter of 1998.

During March 1998 industrial production increased 13% over the corresponding month in the previous year. During the first quarter of 1998, Vietnam's global exports totalled almost \$2.0 billion, marking a 12% rise over the corresponding period last year. During the same period, its imports totalled \$ 2.2 billion, leaving a small trade gap of \$200 million.

Mr. Trivedi urged the Ambassador to help set up a direct shipping service between the two countries. "Absence of a direct shipping line between India and Vietnam impedes the two-way trade between the two countries, as freight charges from Mumbai to Vietnam are higher (because of transshipment at Singapore) than freight rates from West Europe to Vietnam, although the distance involved is far less. He hoped that the two countries would sign an agreement for setting up a direct shipping line.

Mr. Trivedi also stressed the need for setting up an arbitration cell at the Indo-Vietnamese Chamber of Commerce & Industry in Mumbai. "If such a cell is set up, I am sure Indian businessmen would feel more comfortable in dealing with Vietnamese counterparts".



Adapting and developing products to meet specific foreign needs. Studying buying behaviour. Opening up non-traditional markets. In fact creating a dynamic environment for Indian exporters to grow and pursue new opportunities. EXIM is playing a pivotal role in all this and more, with export contracts financed exceeding Rs. 134 billion. Helping our exporters meet standards of excellence the world demands. In the face of international competition.



EXPORT-IMPORT BANK OF INDIA

HEAD OFFICE ■ CENTRE ONE, FLOOR 21, WORLD TRADE CENTRE, COFFEE PARADE, MUMBAI 400 002. PHONE 2185272 FAX 2184572 E-MAIL: eximindia@vsnl.com
■ OFFICES: TOWER 1, 5TH FLOOR, JEEVAN BHAKATI BUILDING, CHANNAUGHT CIRCLE, NEW DELHI 110 001 ■ SA 38 PARK PLAZA, 71 PARK STREET, CALCUTTA 700 016 ■ UTI HOUSE, 1ST FLOOR, 29 RAJAJI SALAI, CHENNAI 600 001 ■ RAMANAHRES ARCADE, 4TH FLOOR, 14 M.G. ROAD, BANGALORE 560 001 ■ 5TH FLOOR, MAHER CHAMBERS IV, NARIMAN POINT, MUMBAI 400 011 ■ SAHAR 21, 1ST FLOOR, NEXT TO ELLENBRIDGE SHOPPING CENTRE, ELLENBRIDGE PO, AHMEDABAD 380 006 ■ OFFICES ALSO AT WASHINGTON D.C. SINGAPORE, BUDAPEST, ROME & JOHANNESBURG.

EXIM02720

Vietnam: Tourist traffic declined in 1998

The rental of hotel room and office space has been cut by 50-60% from that in 1997. Room occupancy is only between 20 and 30%. Of the 1.8 million tourists planned for the first half of 1998, the number of foreign visitors was only 780,000, 20% lower than that of the same period last year.

*List of countries with which India Has Double Taxation
Avoidance Agreement (As at the end of March 1998)*

Sr. No.	Country	Sr. No.	Country	Sr. No.	Country
1.	Australia	19.	Italy	38.	Spain
2.	Austria	20.	Japan	39.	Sri Lanka
3.	Bangladesh	21.	Kazakstan	40.	Sultanate of Oman
4.	Belgium	22.	Kenya	41.	Sweden
5.	Brazil	23.	Korea (Republic of)	42.	Switzerland
6.	Bulgaria	24.	Libyan Arab Jamahariya	43.	Syria
7.	Canada	25.	Malaysia	44.	Tanzania
8.	China	26.	Malta	45.	Thailand
9.	Cyprus	27.	Mauritius	46.	Turkmenistan
10.	Czechoslovakia	28.	Mongolia	47.	Turkey
11.	Denmark	29.	Nepal	48.	United Arab Emirates
12.	Finland	30.	Netherlands	49.	United Arab Republic (Egypt)
13.	France	31.	New Zealand	50.	United Kingdom
14.	Germany	32.	Norway	51.	United States of America
15.	Greece	33.	Philippines	52.	Uzbekistan
16.	Hungary	34.	Poland	53.	Vietnam
17.	Indonesia	35.	Romania	54.	Zambia
18.	Israel	36.	Russia		
		37.	Singapore		

SHRIJEE ENGINEERING WORKS (EXPORTS)

Manufacturer of Sugar Machinery

Supplied complete Process House Equipments for 3500 T.C.D. Sugar Plant

to

Nagarjuna International (Vietnam) Ltd.

Long An Province

OUR SPECIALITY :

1. Continuous Vacuum Pan for A,B&C Massecuite
2. Vertical Continuous Cooling Crystallizer
3. Multi Baffle Entrainment Arrester for Evaporator & Pan
4. Falling Film & Rising Film Evaporator

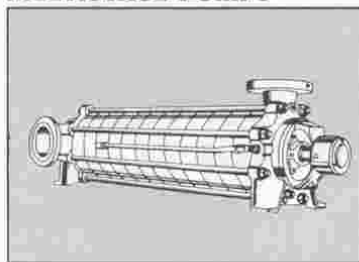
PLEASE CONTACT :

I-9, Everest, 10th Floor,
156 Tardeo Road, Mumbai - 400 034. India.
Tel : 91-22-495 22 48 / 495 46 99
Fax : 91-22-495 22 49.

KIRLOSKAR PUMPS

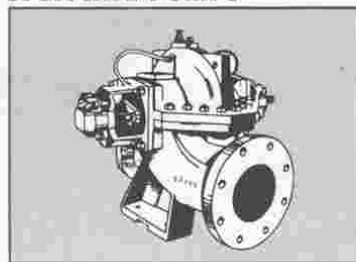
**FOR INDUSTRIAL, AGRICULTURAL &
DOMESTIC APPLICATIONS**

MULTISTAGE PUMPS



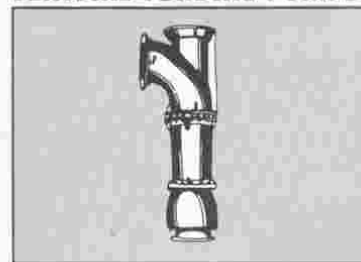
Type - RKB
Delivery size up to 250 mm
Capacity up to 750 m³/hr
Head up to 580 metres
Temp. up to 140°C

SPLITCASE PUMPS



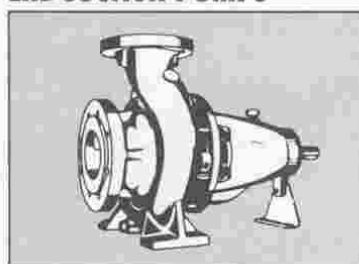
Type - UP/UPH/UPL/UPT
Delivery size up to 1100 mm
Capacity up to 20,000 m³/hr
Head up to 160 metres
Temp. up to 90°C

VERTICAL TURBINE PUMPS



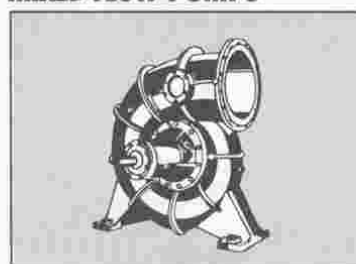
Type - BHR/BHQ/BHM/BHM_a/BHA
Delivery size up to 2200 mm
Capacity up to 40,000 m³/hr
Head up to 200 metres
Temp. up to 90°C

END SUCTION PUMPS



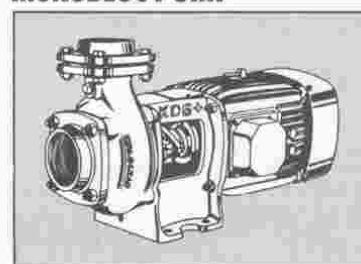
Type - DB/DBHS/DBM
Delivery size up to 150 mm
Capacity up to 550 m³/hr
Head up to 100 metres
Temp.: -10°C to 100°C

MIXED FLOW PUMPS



Type - MF/MFX
Delivery size up to 650 mm
Capacity up to 7000 m³/hr
Head up to 30 metres
Temp. up to 90°C

MONOBLOC PUMP

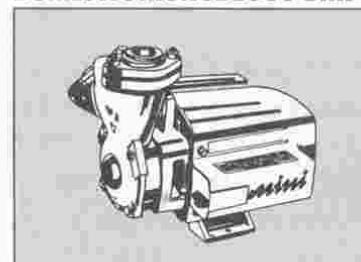


Type - KDS+
Delivery size : 25 mm to 100 mm
Capacity up to 133 m³/hr
Head up to 76 metres

- Available in a wide range of models and materials
- Backed by 75 years' technological expertise
- Performance proved round the world
- ISO 9001 certified plants with a wide array of facilities having the most sophisticated machinery, testing facilities and one of Asia's largest Hydraulic Research centres.



DOMESTIC MONOBLOC PUMP



Type - MINI+
Delivery size : 25 mm
Capacity up to 3.6 m³/hr
Head up to 28 metres



KIRLOSKAR BROTHERS LIMITED

Regd. and Head Office :
Udyog Bhavan, Tilak Road, Pune 411 002 (India)
Tel. : +91-212-544455
Fax : +91-212-540156, 544198, 542780
E-mail: kbl@giaspn01.vsnl.net.in
Internet: <http://www.kirloskar-kbl.com>

KirsonsTrading Pte Ltd

Distributors for South-east Asia
20 Kramat Lane, 03-02 United House, Singapore 228773
Tel : (65)-7383732, 7383896
Fax : (65)-7383731, 7321936

Just leave the pumping to us

Vietnam: New Laws For Trade And Foreign Investment

The Ministry of Planning and Investment recently released a Document, which regulates the form of application for investment licensing, and Decision, which lists the products of which foreign-invested projects must export at least 80 per cent of what they produce in the country.

The combination of both Vietnamese and foreign-invested enterprises has satisfied domestic demand for certain goods, resulting in a market saturation where some products are concerned. To protect domestic production, foreign investors are therefore required to target export markets if they produce these goods.

The two documents are aimed at simplifying investment procedures and ensuring that investors are well-informed of the requirements relating to the exportation of those goods which are sufficiently produced domestically. This means that they can determine their investment strategy in the early stages of setting up their projects.

When applying for investment licences, developers of investment projects which export at least 80 per cent of products, projects in industrial parks and export processing zones or projects with investment capital reaching \$5 million have to submit only one application form-issued by the MPI - instead of the application and

economic and technical studies previously required. This is considered a step toward simplifying cumbersome procedures, since more than 70 per cent of all projects throughout the country involve these three categories.

Except for the 24 stated products, investors can select their consumer markets freely, either domestically or overseas, but they must satisfy their foreign currency demands themselves. For investment projects involved in the three previously mentioned categories, licensing bodies can grant licences within 15 days from the date they receive the necessary documents.

Vietnam's Foreign Trade : 1998

Import & Export :

It was difficult for Vietnam to implement its export plan in the turbulence of financial and monetary crisis in Asia. However, fairly good results have been achieved in the first six months:

Export : Total export value was US\$ 4.82 billion or 43.8 per cent of the plan and 12 per cent of the same period last year. It was far below the plan as a result of the decline in export prices of main export items of Vietnam, while the quantity of export increased such as rice, crude oil, tea and electronics.

Import : The goal of the Government in import is to meet the demand for production and consumption and at the same time reduce the deficit. The import value in the first six months was US\$ 5.93 billion, an increase of 2.4 per cent over the same period last year and 45 per cent of the year plan. The year-on-year increase of 2.4 per cent was quite low in comparison with the import plan of 1998. The trade deficit in the first six months was US\$ 1.1 billion or 21 per cent of export value. It is expected the deficit will decline in the second half of the year as export will increase more substantially than import.

*Source: The Chamber of Commerce & Industry of Vietnam,
Vietnam Commerce & Industry, July 1998*

Vietnam: Economic Update

Foreign Investment In Vietnam

Five localities invested with US\$ one billion upward of FDI

No	Provinces	Projects	Reg. Capital (\$ Mil)	Ratio(%)	Average Project (\$ Thousand)
1	DCMC	697	8,857.5	29.6	12,708
2	Hanoi	345	6,885.2	23.0	19,957
3	Dong Nai	249	3,258.9	10.9	13,088
4	Ba Ria-Vung Tau	83	2,249.0	7.5	27,096
5	Hai Phong	88	1,456.4	4.9	16,550

63 countries and territories invest in Vietnam, including 10 investors with more than \$ one billion in investment capital

No.	Countries	Projects	Reg. Capital (\$ Mil)	Average Project (\$ Thousand)
1	Singapore	185	4,845.7	26,193
2	Taiwan	354	4,168.5	11,775
3	Hong Kong	264	3,364.0	12,742
4	Japan	236	3,037.5	12,871
5	South Korea	223	2,960.7	13,277
6	France	119	1,705.1	14,329
7	Virgin Is. of Britain	66	1,667.4	25,264
8	US	74	1,095.4	14,803
9	Australia	72	1,080.8	15,011
10	Thailand	109	1,037.5	9,518

Apart from more than \$ one billion investors, others with more than \$500 million number five including Malaysia \$943.9 mil., Panama \$673.2mil., Switzerland \$618.6 mil., Britain: \$569.1 mil., Netherlands: \$565.4mil.

Eleven among 19 economic sectors have attracted FDI.

No.	Sector	Projects	Reg. Capital (\$ mil.)	Ratio%	Average Project (\$ Thousand)
1	Agri-Forestry	233	1,195.6	3.8	5,131
2	Fishery	83	331.7	1.1	3,996
3	Gas and oil industry	39	1,611.6	5.1	41,323
4	Heavy industry	430	5,289.4	16.8	12,301
5	Light industry	608	4,645.3	14.8	7,640
6	Construction	221	3,677.1	11.7	16,638
7	Hotel, tourism	189	3,880.5	12.3	20,532
8	Service	191	7,410.9	23.6	38,810
9	Transport & communication	120	2,785.9	8.9	23,216
10	Finance & banking	26	182.8	0.6	7,031
11	Culture, healthcare & education	68	426.0	1.4	6,265

Grouped into three main categories, as follows :

No.	Sector	Projects	Reg. Capital	Ratio (%)	Average Project (\$ Thousand)
1	Agriculture, Forestry and Fishery	316	1,527.3	4.9	4,833
2	Industry and Construction	1,298	15,223.4	48.4	11,728
3	Service	594	14,686.1	46.7	24,724

As mentioned, sectors of industry and construction recorded the highest ratio of both number of projects and registered capital, the second rank was service and the lowest was agriculture-fishery.



R. Thaddeus Raja
Consul (Commercial)



CONSULATE GENERAL OF INDIA

49 Tran Quoc Thao Street, Dist.3.
Ho Chi Minh City (Vietnam)
Tel : (848) 823 1539 - 822 0114 - 822 4387 - 829 4498
Fax : (848) 829 4495
E-mail: cgin@bdvn.vnmail.vnd.net

No. HCM/212/3/98

June 23, 1998

Dear Sir,

As you are aware Vietnam holds very good potential for export of Indian electrical equipment both in the high and low voltage categories.

2. An Indian investment project for fabrication of transmission towers and accessories has already gone onstream in Vietnam. Indian companies in the past two years, have won tenders in Vietnam for supply of switchgears, transformers, transmission tower equipment, etc. A large chunk of these equipment have been integrated into Vietnam's electrical system.

3. Vietnam is currently in the process of upgrading its power sector at various provinces (equivalent to State Governments). The total value of projects that are expected to come up for international tendering in the next couple of years is about two billion US dollars, most of which are funded by ADB, World Bank, ODA. We are confident that with concerted efforts, Indian companies could bag a major portion of these upcoming contracts.

4. Enclosed to this letter please find details about Saigon Electricity Expo' 98 being organised by the Government owned Ho Chi Minh City Power Company from 29/9/1998 to 2/10/1998. There is no better way to get introduced to this market than by participating in an electrical equipment fair. You are requested to publish details of this fair in your inhouse publication and also inform interested members of your organisation. In case any member of your organisation is interested in participating in this fair, they may get in touch with this Consulate General for assistance, as also with the fair organisers directly.

With regards,

Yours faithfully,

(R. Thaddeus Raja)

INDO-VIETNAMESE CHAMBER OF COMMERCE AND INDUSTRY (IVCCI) ;
C/o Indian Merchants' Chamber IMC Marg, Churchgate, Mumbai - 400 020
Tel: 204 6633; Fax: 0091-22-2048508;
(Kind attn: Mr. Jitendra Sanghvi, Executive Secretary)

Godrej busy setting up \$6-million furniture unit in vietnam

Consumer goods manufacturer Godrej and Boyce Ltd is setting up a plant in Vietnam to cater to countries in that region, managing director jamshyd N. Godrej said.

The \$6 million factory is now under construction and will be ready in the next two to three monts.

"We should be able to begin production in the next five months or so," Godrej told PTI.

Godrej's Vietnam plant will make office furniture, steel furniture, file cabinets, desks, chairs and storage cabinets.

About 40 per cent of the factory's output will be sold in Vietnam and the rest exported to various countries, Godrej said.

However, these products will not be exported to India.

Vietnam was chosen as a production centre as it was a member of the Association of south East Asian Nations (Asean), He said.

"Whatever you make there, you can take it to other Asean countries at a preferential rate of duty. Asean has become something like a common market."

About 40 per cent of the factory's output will be sold in Vietnam and the rest exported to various countries, Godrej said. However, these products will not be exported to India.

Gorej said "In Asian countries, there is plentiful labour, skilled labour, high levels of education and

friendly government policies, Vietnam is vey high in that ranking."

"We have found all these advantages in vietnam," he said as the reason for choosing that country.

The six million dollar investment for the project has been made through two internatinal subsidiaries of the company, the Godrej (Singapore) and Godrej (Malaysia).

"Both these companies pooled in the money. Each contributed about three million dollar", godrej said.

The international subsidiaries manufacture a range of products, including office furniture (PTI).

*Source: Financial Express
June 15, 1998*

ADVERTISEMENT TARIFFS FOR IVCCI NEWS LETTER

Quarter Page	8 cm x 12 cm	Rs. 1,000/-
Half Page	16 cm x 12 cm	Rs. 2,000/-
	or	
Full Page	8 cm x 24 cm 16 cm x 24 cm	Rs. 4,000/-
Back Cover		
Quarter Page	8 cm x 12 cm	Rs. 1,500/-
Half Page	16 cm x 12 cm	Rs. 3,000/-
	or	
Full Page	8 cm x 24 cm 16 cm x 24 cm	Rs. 6,000/-

Contact : Executive Secretary, Indo-Vietnamese Chamber of Commerce & Industry
C/o. Indian Merchants' Chamber, IMC Marg,
Churchgate, Mumbai - 400 020. Tel. : 204 66 33 ● Fax : 204 85 08 ● E-Mail : imc@IMCnet.org.

Editorial Board : Shri Ranjan Bhatnagar, Shri P. N. Mogre, Shri Jitendra Sanghvi,
Edited & Published by Jitendra Sanghvi for Indo-Vietnamese Chamber of Commerce & Industry
C/o. Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020. &
Printed by him at Zenith Printers, Lower Parel, Mumbai - 400 013. Tel. : 497 23 15, 497 23 16 ● Fax : 496 19 14