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President Writes

In deference to the increasing demands posed by the development of the country's business sector, the Government of Vietnam recently published the Commercial Law of Vietnam, which became effective on January 1, 1998. The new Commercial Law which is applicable to every businessman in the country, non-discriminatory against any legal status and economic sectors or models of business operations, has come to shape an institutionalised trading relation in the market economy and at the same time mark the end of a period of unstable spontaneous development, particularly in terms of conducting macromanagement policies. Under the new law, the State from now on stops adjusting the market activities by providing inconsistent and ineffective guidance. All individuals, co-operatives, business families operating under various laws, including Law on State owned Enterprises, Law on Private Enterprises, Company Law, Co-operative Law and other entities, which are subject to other legal documents, will be now considered as ordinary business entities when they are involved in trading and services.

The new Commercial Law has provided local people with access to consumer markets, priority credit and subsidy, tax preferential treatments to traders of substantial goods and financially supporting those assigned as suppliers.

The Commercial Law is now regarded as a legal foundation on which the market for goods and services will be developed across the country and trading relations with foreign partners will be expanded. In reality, trading relations between Vietnam and other countries in the region has seen progress, especially since Vietnam introduced the Law on Foreign Investment.

Recently, Vietnam was approved to join APEC in 1998 and is getting closer to obtaining membership of WTO. To integrate successfully, Vietnam needs to shape its trade policy which focuses on adjustments to lower tariff barriers. In order to fulfill the aim of extending relations in international markets with a direct focus on export activities, the Government should enable domestic producers to directly import and export materials and equipment. In line with this, the Government should pay greater attention to develop a new generation of capable exporters. It is expected that such a new law will give Vietnam's market a better competitive capability and a faster integration into the markets in the region and the world.

Coming to Indo-Vietnamese trade and economic relations, downtrend in exports to Vietnam, which set in during 1996-97, continued unabatedly through 1997-98. During the first 10 months (April-January) of 1997-98, exports from India to Vietnam have declined by 3.6% to \$ 91.3 million from \$ 94.7 million in the corresponding period last year. India's exports to Vietnam declined, while India's global exports increased by 2.4 per cent during the same period. Imports from Vietnam, on the other hand, have increased from \$ 1.1 million to \$ 6.1 million during the same period. As a result of increase in imports from and decline in exports to Vietnam, trade balance, though continued to be in favour of India, declined from \$ 93.5 million to \$ 85.2 million.

N. K. Nayar
President

INDIANS FEEL AT HOME IN VIETNAM



From L to R are : Shri Y.P.Trivedi, President-elect, IMC, H.E. Mr Aftab Seth, India's Ambassador to Vietnam, Shri Ram Gandhi, President, IMC, Shri N.K.Nayar, President, IVCCI, Shri P.N.Mogre, Secretary-General, IMC, Shri Ranjan Bhatnagar, Hon. Secretary, IVCCI and Shri Jitendra Sanghvi, Executive Secretary, IVCCI.

DECEMBER 2, 1997

The Indian Embassy in Vietnam, assisted by private enterprises, is organising an Indian Industrial Fair called 'The Pride of India '98' at Giang Vo Exhibition Centre in Hanoi from January 14 to 17, 1998 as part of celebration of the 50th anniversary of India's Independence, Mr. Aftab Seth, India's Ambassador in Vietnam announced.

Addressing a Joint meeting of Indian Merchants' Chamber (IMC) and Indo - Vietnamese Chamber of Commerce & Industry (IVCCI) here, he invited Indian businessmen to participate in the fair in a big way. Already Mahindras have booked space at the exhibition; otherwise, response from Mumbai has been lukewarm, so far. He said that Indians will feel totally at home in Vietnam, despite language problem, because of strong Indo-Vietnamese political bonds forged since India became independent.

Long-term prospects for investment in Vietnam by Indian businessmen are

excellent, even though the short-term prospects appear daunting. "So, if you want to make quick buck, say in a year or two, Vietnam is the place for you to do business," he said. This year, three Indian companies - KCP, Chennai, Rajashree - have received licences to set up sugar projects in that country. Already, Nagarjuna and Udampur sugar companies have begun operations. Another company from Kerala, Harrison Malayalm, is setting up a large rubber plantation and processing unit, he said.

There is also a great scope for joint ventures between small and medium scale industries. Even though there is a tremendous goodwill in Vietnam towards India, Indian businessmen should not expect to get special favours in respect of business dealings. "Our businessmen should be ready to compete with businessmen from other countries on equal footing," the ambassador said.

Decisions concerning foreign investments, particularly regarding on acquisition of land, will have to go

through several levels of administration, causing frustrating delays. But Indian businessmen have no reason to be put off, because Indian system is not very much different, he said.

Mr. Seth suggested that India should import Vietnamese crude, so as to set right the balance of trade which is presently adverse to Vietnam. Earlier welcoming him, Mr. Ram Gandhi, President of Indian Merchants' Chamber, had pointed out that in the four months between April and July 1997, Indian exports to Vietnam have declined to \$40.2 million from \$43.7 million in the corresponding four month period of the previous year. On the other hand, imports from Vietnam increased from \$0.5 million to \$1.9 million during the period.

Mr. Gandhi also stressed that immediate steps should be taken to establish a direct shipping line between the two countries. Presently, the mode of shipping cargo to Vietnam is very expensive as a result of the need for transshipment at Singapore, he said.

TRADE FAIRS IN VIETNAM

By R. Thaddeus Raja, India's Consul & HoC, Ho Chi Minh City

ECONOMY

Vietnam has witnessed in the last decade sustained economic growth and restructuring. Its "Doi Moi" adjustment and reform programme has accelerated growth and attracted very large foreign capital investment. Vietnam's annual GDP growth has been maintained between 8-9% over the last five years (National GDP is now estimated at US\$ 20 billion), industrial growth has been between 12-14% over the same years and foreign trade has shot up from US\$ 4 billion in 1991 to over US\$ 18 billion in 1996. Licensed Foreign Direct Investment in the country has exceeded US\$ 25 billion of which US\$ 12 billion is estimated to have already been invested in the country. Assistance from multilateral funding agencies has averaged US\$ half a billion over the last few years and this figure is projected to rise to over US\$ 1 billion by the year 2000. ODA inflow has been steadily increasing and has crossed the annual figure of US\$ 2 billion. According to World Bank statistics, per capita GDP at purchasing power parity has now reached about US\$ 1265/- which is roughly the same as that of India.

2. Vietnam in short is clearly emulating the achievements of its partners in ASEAN of which it became a member recently. It is now to also join the APEC. While other economies in the region have been seriously affected by the recent economic crisis, Vietnam appears to be comparatively insulated from it. There are, however, some differences in the present growth of Vietnam with those of the other east Asian economies. In Vietnam, industrial growth is dependent more so on capital from FDI and ODA sources rather than on just domestic savings, which is low presently but rising. Secondly, the model of export-led growth does not fully apply as yet to Vietnam because

its exports comprise mainly of commodities. Vietnam's growth would, therefore, continue to be based on increasing inflow of foreign capital, technology, machinery, equipment and finished and semi-finished products and even skilled manpower resources. These are the factors which make it attractive and comparatively easier for investors and exporters to establish themselves in the Vietnamese market at this stage and this should be made use of by Indian companies.

BILATERAL TRADE

3. An analysis of the main items of Indian exports indicates that these are pharmaceuticals, oil cakes, machinery, agro-chemicals and other chemicals. There has been a remarkable increase in Indian exports to Vietnam from around US\$ 50 million in 1994-95 to over US\$ 150 million last year. Other items from India which have been identified as having potential to be exported to Vietnam are plastics, metals and metallic products, electrical equipment, electronics, software, agricultural equipment, consumer goods, cement and construction items, yarn, fabrics and intermediaries, medical equipment, tyres and rubber products.

BUSINESS ENVIRONMENT

4. Business in Vietnam was and is mainly controlled by large Government owned companies. The best method of doing business is through personal contacts and meetings. This is the reason why a large number of representative offices have sprung up in the two main cities of Vietnam - Hanoi and Ho Chi Minh City. Nevertheless, a dynamic and young private sector is growing which will gather greater strength in the future. Its way of doing business is more akin to that in free

market economies and its practices are affecting the Government sector also. The way of doing business is, therefore, changing and modern marketing techniques, such as participation in trade fairs, are becoming more and more useful in testing the market, establishing contacts and obtaining orders and affecting sales. It needs to be mentioned, however, that only designated companies, which have the status of trading companies and have obtained import licences, can import goods into the country. As per prevailing Government regulations, foreign companies are not allowed to import stock or market their products in Vietnam. As such, it is preferable to tie up with a suitable Vietnamese company. If this is done prior to participation in the trade fair, it will make it easier for the Indian company to effect sales at the trade fair itself and to take orders for the future.

TRADE FAIRS

5. Trade fairs in Vietnam used to be general purpose fairs, more akin to "Melas", where actual sales took place and still do. However, specialised trade fairs have now started coming up and are becoming more popular. Trade fairs in Vietnam are mainly organised by the Vietnam Trade Fair companies based in Hanoi and Ho Chi Minh City, namely, VEFAC and TRAFAC as also certain foreign companies such as CP exhibitions, Adsale, etc. Attached is a list giving details of the main fairs which are taking place in Vietnam since April 1998. The Fairs marked with an asterisk are those which are important. In particular, we recommend participation in the following fairs which will take place from June onwards this year. The participation could be by individual companies or as few together in an India Stand.

EXHIBITION/FAIRS IN HANOI IN 1998

S.No.	Name of fair/Exhibition	Date	Venue	Organizers
1.	International Fair on Industrial Products	October 22-28	Giang Vo	VEFAC
2.	Exhibition on Construction and Mining Technology/Powertech VIETNAM'98	Nov. 3-7	Giang Vo	VEFAC, HANNOVER
3.	MEDIC-DENTAL VIETNAM'98	Nov. 12-16	Giang Vo	VEFAC/IMAG
4.	Construction & Building Vietnam'98/Transport Vietnam'98 /EP Vietnam'98	Nov. 26 to Dec.7	Giang Vo	VEFAC, ADSALE, VINEXAD

EXHIBITION/FAIRS IN HO CHI MINH CITY IN 1998 :

S.No.	Name of Fair/Exhibition	Date	Venue	Organizers
1.	VIETNAM INT'L INDUSTRY SHOW	Aug. 28	Kasati Centre	TRAFAC
2.	SAIGON ELECTRICITY (including refrigeration & air-conditioning, lighting & electrical appliances, security & fire equipment EXPO'98)	Sept. 22-25	HCMC	VIETCOMCAMBER/ CP EXHIBITION
3.	INTERNATIONAL TRADE FAIR' ON CONSTRUCTION INDUSTRY & CONSUMER GOODS-EXPO'98	Oct.	HCMC	VINEXAD/Ho Chi Minh City People's Committee
4.	AUTO & VITI VIETNAM'98	Oct. 8-11	Kasati Centre	TRAFAC SAIGON & ADSALE
5.	VIETNAM-MARITIME (PORT & MARITIME EQUIPMENT)	Nov. 16-18	HCMC	VIETCOMCHAMBER/ RAI EXHIBITION, SINGAPORE
6.	VIETNAM TELECOMP'98 Int'l specialized show on Tele-communication & BroadcaSting Industries.	Nov. 17-21	Kasati Centre	TRAFAC SAIGON & ADSALE
7.	VIETNAM IT WEEK'98 (Int'l specialised show on Information industry)	Nov. 21-25	Kasati Centre	TRAFAC SAIGON/ VAIP

EXHIBITION/FAIRS IN CAN THO IN 1998:

S. No.	Name of Fair/Exhibition	Date	Venue	Orgnizers
1.	Can Tho International Agricultural Fair	Dec. 10-16	Can Tho	Can Tho International Trade Fair & Exhibition.

EXHIBITIONS, FAIRS, SHOWS IN HA NOI : 1998

S. No.	Name of Fair/Exhibition	Date	Venue	Orgnizers
1.	INTERNATIONAL FAIR ON INDUSTRIAL PRODUCTS	Oct. 20-26	Giang Vo	VEFAC
2.	EXHIBITION ON CONSTRUCTION AND MINING TECHNOLOGY / POWERTECH VIETNAM'98	Nov. 3-7	Giang Vo	VEFAC HANNOVER
3.	MEDIC-DENTAL VIETNAM'98	Nov. 12-16	Giang Vo.	VEFAC/IMAGE
4.	CONSTRUCTION & BUILDING VIETNAM'98 / TRANSPORT VIETNAM'98/ EP VIETNAM'98	Nov.26 to Dec. 7	Giang Vo	VEFAC ADSALE VINEXAD

EXHIBITIONS, FAIRS, SHOWS IN HO CHI MINH CITY : 1998

S. No.	Name of Fair/Exhibition	Date	Venue	Orgnizers
1.	VIETBUILD & SAIGON FURNITURE & DECORATION SHOW'98 (Int'l show on macinery equipment & technology for construction & interior decoration)	July 10-14	Kasati Centre	TRAFAC SAIGON
2.	VIETNAM INT'S INDUSTRY SHOW'98 (Show on industry)	Aug.28 to Sep.3	Kasati Centre	TRAFAC SAIGON VIETNAM INDUSTRY MAGAZINE
3.	SAI GON ELECTRICITY (including refrigeration & air-conditioning, lighting & electrical appliance, security & fire equipment Expo'98)	Sep.22-25	Ho Chi Minh city	VIETCOM CHAMBER CP Exhibition

4.	INTERNATIONAL TRADE FAIR ON CONSTRUCTION INDUSTRY & CONSUMER GOOD-EXPO'98	Oct.	Ho Chi Minh city	VINEXAD Ho Chi Minh city People's Committee
5.	AUTO & VITI VIETNAM ' 98	Oct. 8-11	Kasati Centre	TRAFAC SAIGON & ADSALE
6.	VIETNAM - MARITIME (Port & Maritime equipment)	Nov. 16-18	Ho Chi Minh city	VIETCOMCHAMBER RAI Exhibition - Singapore
7.	VIETNAM TELECOMP' 98 Int'l specialized show on Telecommunication & Broadcasting Industries	Nov. 17-21	Kasati Centre	TRAFAC SAIGON Adsale
8.	VIETNAM IT WEEK' 98 (Int'l specialized show on Information Industry)	Nov. 21-25	Kasati Centre	TRAFAC SAIGON VAIP
9.	INTERNATIONAL AUTUMN TRADE FAIR '98 (General Int'l Trade Fair in Autumn)	Nov. 27 to Dec. 3	Quang Trung Fair Ground	TRAFAC SAIGON
10.	CAN THO INTERNATIONAL AGRICULTURAL FAIR	Dec. 10-16	Can Tho	Can Tho International Trade Fair & Exhibition

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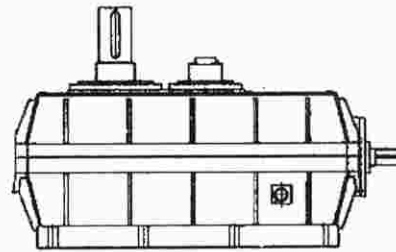
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LIST OF PROJECTS CALLING FOR FOREIGN DIRECT INVESTMENT IN HAI PHONG

Ordinal	Title of Projects	Proposed Annual Capacity	Estimated (US\$)
I.	<u>INFRASTRUCTURE DEVELOPMENT</u>		
1.	Haiphong-Do Son highway No. 14 (expansion and upgrading)	29 km long; 43m wide	25,000,000
2.	Cat Bi Airport upgrading & renovation	Runway 3,200m long; Terminal of 500,000 passengers	50,000,000
3.	Quy Cao Bridge	500m long 12m wide	10,000,000
4.	Dabach Bridge	500m long; 12m wide	18,000,000
5.	Water Treatment plant	100,000 m3/day	40,000,000
6.	Urban drainage system		30,000,000
7.	Industrial Zone along Highway No. 14 (Hai Phong-Doson)	300ha	200,000,000
II.	<u>MACHINERY AND EQUIPMENT MANUFACTURING/ASSEMBLING</u>		
8.	Manufacturing construction machinery (Concrete mixers, vibrators, elevstors, escalators...)	500 sets	5,000,000
9.	Manufacturing Diesel engines	1,000 units	20,000,000
10.	Assembling of construction equipment of medium size	200 units	20,000,000
11.	Electric motors	1-75 KW, 100-200KW	5,000,000
12.	Conveyor, belt, motorcycle and bicycle tube and tyre	20,000m 1,000,000 Pieces	2,000,000
13.	Mechanical Machinery and Spare parts of medium size	5,000 units 2,000 tonnes	5,000,000
14.	Electronic game set	1,000,000sets	8,000,000
15.	Electronic accessories and components		7,000,000
16.	Freezers refrigerators	30,000,000-50,000,000	5,500,000
17.	Plastic accessories for electronic appliances, cars, motorbikes	5,000,000 pieces	10,000,000
18.	Agriculture machinery, tractors	1,000 units	5,000,000
19.	Accessories for vessels	400 tonnes	2,000,000
20.	Railway rolling stocks	300 cargo and 100 passenger cars	100,000,000

	HAI PHONG - POTENTIAL & PROSPECT		
21.	Highway pressured cylinders for industrial gas	10,000 units	5,000,000
22.	Battery manufacturing	100,000 units	2,000,000
23.	Container-box manufacturing	9,600 TEU	22,000,000
24.	10,000 DWT shop-building & 30,000 DWT Ship repairing	5 ships built and 80 ships repaired	88,000,000
25.	Vehicle and car assembling	20,000 units	80,000,000
26.	Motorbike assembling	100,000 units	50,000,000
27.	Enterprises investing into EPZ, IZ to make products for export and for import substitutes and for local consumption		
III	<u>AGRICULTURE</u>		
28.	Clean vegetable plantation	50ha	3,000,000
29.	Fruit juice processing	1,500 tonnes	2,000,000
30.	Minerals and purified water	20,000,000 liters	3,000,000
31.	Pig breeding for export	2,500 tonnes	3,500,000
32.	Milk cows breeding	2,000 tonnes	3,000,000
33.	Poultry	500 tonnes	1,000,000
34.	Production of seeding		2,000,000
35.	Husbandry		3,000,000
36.	Production of sea species		3,000,000
37.	Food stuff processing	20,000 tonnes	1,000,000
38.	Aquatic product farming for export	3,000 tones	3,500,000
39.	Cannery	3,000 tonnes	5,000,000
IV	<u>CONSTRUCTION</u>		
40.	Glass for construction	3,000,000 m2	10,000,000
41.	Bitumen & Additives for construction concrete	5,000 tonnes	2,000,000
42.	Aluminum frame from ingot	10,000 tonnes	3,000,000
43.	Lighting and decorative lamps	200,000 sets	3,000,000
V.	<u>METALLURGY</u>		
44.	Steel sheet	120,000 m2	1,500,000

45.	Steel mill	1,000,000 tonnes	100,000,000
46.	Steel plate mill	500,000 tonnes	100,000,000
47.	Iron casting	20,000 tonnes	5,000,000
48.	Copper casting	10,000 tonnes	5,000,000
VI	<u>CHEMICAL</u>		
49.	Calcium carbonate light		
50.	Solid waste treatment and fertilizer processing plant	Solid waste 50,000 tonnes Fertilizer : 12,500 tonnes	15,000,000
51.	Insecticide production		
52.	Candle for export		4,000,000
VII	<u>PHARMACY</u>		
53.	Production of capsule medicine	300,000,000	5,000,000
54.	Production of Chinese medicine	100,000,000 tablets	3,000,000
VIII	<u>GARMENT AND FOOT WEARS</u>		
55.	Garment for export		
56.	Footwear for export		
57.	Materials for shoe making	3,000 tonnes	5,000,000
58.	Textile complex	3,000,tonnes fabric and 15,000,000 m2	
59.	Artificial flowers	1,000,000	2,000,000
IX	<u>PETROLEUM</u>		
60.	Oil refinery	50,000 barrels/day	400,000,000
61.	Asphalt processing plants	200,000 tonnes	80,000,000
62.	Lubricant blending plant	10,000 tonnes	12,000,000
X	<u>HOTEL AND TOURISM</u>		
63.	Tours by high-speed boats	4 boats of capacity of 50 passengers	3,000,000
64.	Development of Cat Ba Island resort (National Park, hotels, beaches, entertainment centers....)		300,000,000
65.	Nui Voi tourist and entertainment complex		50,000,000

66.	Do Son resort development		250,000,000
67.	Upgrading existing hotels		50,000,000
68.	Business centre: Service apartment & building		20,000,000
XI	HOSPITAL AND SCHOOL		
69.	International hospital		5,000,000
70.	International School		5,000,000

(Source : Hai Phong Planning Investment Department)

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FULL NAME	:	H. E. Pham Sy Tam
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PLACE OF BIRTH	:	Hatinh - Vietnam
EDUCATION	:	Post Graduate
FOREIGN LANGUAGES KNOWN	:	English, Russian, Yugoslavian (Serbo-Croat), French.
MARITAL STATUS	:	Married with two daughters.
<u>EXPERIENCES</u>		
1973-75	:	A staff member, working at the Department for North America, Ministry of Foreign Affairs (MOFA), Vietnam,
1975-81	:	Attache', Embassy of Vietnam in the Socialist Federal Republic of Yugoslavia.
1981-84	:	Assistant to the Director General (Joint Secretary), Department for Organisation and personnel, MOFA.
1984-88	:	Studied at the Ho Chi Minh National Academy of Politics and Assistant to the Director General, Department for General Affairs, MOFA.
1989-90	:	Deputy Director - General, Department for General Affairs, MOFA.
1990-92	:	Counsellor and Charge'd' Affaires ad interim, the Embassy of the Socialist Republic of Vietnam in the Socialist Federal Republic of Yugoslavia
1992-95	:	Deputy-Director General, Department for Organisation And personnel, MOFA.
1996 till MARCH 1998	:	Director General, Department for Organisation and personnel, MOFA,
SINCE APRIL 1998	:	Vietnam's Ambassador to India
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