

**INDO-VIETNAMESE CHAMBER
OF COMMERCE AND INDUSTRY**

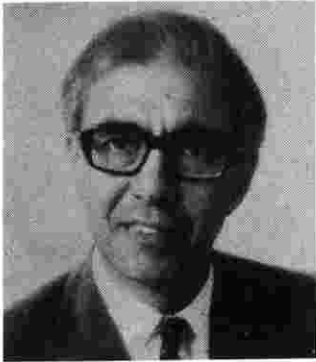
NEWS LETTER
For Members only



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*President
Writes*

Despite the South-east Asian currency turmoil, which is hurting local business in Vietnam, macro-economic indicators for Vietnam put up a reasonably good performance during the first half (January-June) of 1998: overall economic growth rate is estimated to be 6.5%, industrial growth rate 13%, agricultural growth rate 2% and export growth rate 13%. Inflation was placed at 6%. During the first seven months (January-July) of the year, exports amounted to \$ 4.5 billion and imports to \$ 6.9 billion, resulting in a trade deficit of \$ 1.5 billion. In the meantime, the National Assembly standing committee has revised downward Vietnam's prospective growth rate this year from 9% to 7%.

Vietnam licensed 93 foreign investment projects in the first half of 1998. Of these, 14 are in heavy industry worth \$ 112 million. Singapore, Taiwan and Japan remain the largest investors in Vietnam. By the end of May 1998, the Ministry of Planning & Investment had granted licences to 2,186 projects with a total registered capital of \$35.4 billion. During the first five months of 1998, 120 foreign companies have opened representative offices in Vietnam, bringing total number of representative offices to 2,640.

Coming to Indo-Vietnamese trade relations, during the first quarter (April-June) of 1998-99, India's exports to Vietnam increased by 3.7% to \$30.3 million from \$ 29.2 million during the corresponding period last year. During the same period, India's imports from Vietnam recorded a sharp increase of 67% from \$1.1 million --although a low base-- to \$1.8 million. As a result, trade balance, which was in favour of India, increased from \$ 28.1 million to \$28.5 million.

Sachna Exports Pvt. Ltd. has been granted licence by the Ministry of Planning & Investment of Vietnam to establish a joint venture company in the Vinh Phuc Province to produce unscented incense and incense materials.

We have been having discussions with the Indian Embassy in Vietnam with a view to seeing how communications can be improved between India and Vietnam and the opportunities for business in the two countries could be made available to the business community. Arrangements have now been made with the Indian Embassy to provide us with a list of important tenders as and when issued in Vietnam. This information will be circulated to the members. Details of two projects, funded by World Bank and IDA, Viz national health support project and irrigation rehabilitation project, for which Vietnam has floated tenders,

are given elsewhere in this issue.

At the next Annual General Meeting I shall be laying down the office of the President of your Chamber. It has been a great privilege to have presided over the Chamber for the last couple of years. I would like to thank you all for the support that I have received and I would also like to thank the Vietnamese Embassy in Delhi and the Vietnamese Consulate in Mumbai for their guidance and help. It was a great pleasure for me to welcome in mumbai H.E. Pham Sy Tam, Vietnamese Ambassador in India and to hear of his perceptions of the Indo-Vietnamese co-operation. I cannot find adequate words to express my gratitude to the Hon'ble Mr. Hoang Huu Khue, Vietnamese Consul-General in Mumbai for all his support to me personally. He has been of great help and has taken keen interest in the activities of our Chamber.

During the first eight years of our existence--formative stage as such--IVCCI has taken small but firm steps towards the promotion of trade and economic cooperation between India and Vietnam. We have come a long way and indeed have to go still a longer way, as we enter the new millennium in 15 months time.

With all good wishes,



N. K. Nayar
President

VIETNAM IN NEWS

Poised For Banking Reforms

Vietnam has devised seven major programmes to help the nation's banking system to overcome the current regional financial crisis. The new programmes focus on restructuring of the current banking system to make it viable in Vietnam's market-oriented economy; raising project finance through capital reserve in the population; supplementing local documents to enforce in newly promulgated bank laws; personnel training and upgrading of banking technology and improving banking and institutions control. Under these programmes, it is hoped that Vietnam's banking system would be able to integrate into the regional and world banking system.

World Bank Sanctions \$1.9 billion to vietnam

Depending on the speed at which Vietnam is able to carry out reforms, the World Bank would loan the country upto \$810 million a year to stimulate growth and improve the quality and sustainability of the growth rate. According to World Bank's Chief Representative in Vietnam, the recently drafted loans to Vietnam would be \$280 million in 1999, \$580 million in 2000 and \$810 million in 2001 as part of the Bank's strategy to support the country. The amount would depend upon the country's speed in reforms and renovation as well as the progress in the supported development projects. The loans are based on assessment of the country's economic development in the last four years and anticipated trends in the coming years. World Bank experts have said that the country posted a high average growth rate of 9% from 1995 to 1997 while restricting inflation below 7%. They have also said that there are signals that the growth rate would eventually slow down. As per World Bank's assessment, costs in time and money for preparing projects stand relatively high in Vietnam whereas the implementation of loans is relatively good, given the fact that Vietnam is a new borrower. To date, Vietnam has received about \$1.9 billion in preferential loans from the Bank. Till mid-1998, only \$230 million have been disbursed.

ADB Vietnam's 3rd Largest Lender

ADB will grant Vietnam loans for projects of social infrastructure development, poverty alleviation, human resource development and to the private economic sectors involved in economic activities and reforms. ADB loans to Vietnam since resuming its credit relations with Vietnam in 1993 have reached \$1.3 billion in 19 projects and programmes. ADB is Vietnam's 3rd largest lender after Japan and the World Bank. ADB has also assisted Vietnam in 70 technical assisted projects with non-refundable aid of \$47 million for raising the country's institutions and quality of personnel training. ADB has further agreed to give loans to Vietnam worth \$1.3 billion in the period 1998-2001. ADB is also willing to help Vietnam in reforming its banking system.

O.D.A.

The disbursement of ODA resources for Vietnam in 1998 is the highest since 1993. However, disbursement on a number of large projects including construction remained low. ODA resources have also encountered difficulties due to slow disbursement. Donor countries pledged to assist Vietnam with increasing funds each year, from \$1.81 billion in 1993 to \$1.94 billion in 1994, \$2.26 billion in 1995 and \$2.43 billion in 1996. With ODA funds of almost \$8.5 billion in five years, Vietnam has been able to carry out many projects of socio-economic development, including infrastructure construction. Most of these funds have been used for projects of priority development. Power generation, for instance, is one of the areas that attracts maximum development aid. About 25% of ODA funds have gone to build or upgrade 7 large power plants generating over 40% total power for 1996-2000 period. Several road construction projects have also been approved under ODA funding. Vietnam's Railway system is also being upgraded using some of ODA funds.

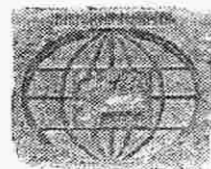
Major projects in agriculture and rural development using ODA funds include sugarcane, coffee, tea, rubber, dairy, cattle, fishing ports and tree planting. For the next period, 1996-2000, Vietnam continues to use ODA funds in infrastructure development with more emphasis on public utilities.

**PROJECTS INVESTING IN AGRICULTURE,
FORESTRY AND FISHERIES IN 1998-2005**

Item	Number of projects	Total capital (\$ mil.)
Cashew nuts and cocoa	4	17.5
Sericulture	4	23.0
Vegetable	15	97.9
Tea	18	129.0
Coffee	13	136.5
Cereal	28	147.3
Fisheries	45	159.5
Other projects	24	185.5
Sugarcane and sugar industry	6	195.0
Rubber	16	246.7
Animal husbandry and feed industry	78	366.4
Fruits and vegetables	79	466.9
Forestry	69	2,404.0

**INDIAN MINISTER
BABA GOWDA PATIL VISITS VIETNAM**

India's Minister- in-charge of Rural Areas and Employment, Shri Babagowda Patil, paid an official visit to Vietnam in June 1998. He had extensive discussions with Vietnam's first Vice-Minister of Agriculture and Rural Development, Dr. Prof. Nguyen Quang Ha. He also visited a commune outside Hanoi to observe developmental activities as regards cooperatives and rural development.



**IndusInd Bank does
an encore of
being the
best in India.**

The 1998 Best Banks survey by
Business Today - KPMG Peat Marwick combine,
(vide BT April 7-21 issue) rates the bank
No. 1 among private sector banks,
No. 2 among all banks in India,
for the second time.

*Renewing our commitment
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Mumbai -4. Tel.: 385 7474 / 9901 Fax: 380 9931

Visit us on the Internet at WWW.indusind.com

FORTHCOMING EVENTS / DELEGATIONS

JBC Delegation to Vietnam **(October 22-28, 1998)**

India-Vietnam Joint Business Council (JBC) delegation, led by Dr. V. L. Dutt, Chairman, India-Vietnam JBC and Chairman, KCP Ltd will visit Vietnam between October 22 and 28, 1998.

The basic objective of this visit is to have first-hand knowledge of the current situation in Vietnam and to look into the possibilities of enhancing bilateral trade and business. Numerous business opportunities exist in areas of drugs and pharmaceuticals, oil meals, machinery and instrument, transport equipment, wood and wood products, organic and inorganic chemicals, jute and coir, coal, project consultancy, etc.

This delegation visit coincides with the Indian Industrial Products Exhibition, the "Pride of India", being held in Hanoi between 23-26, October, 1998.

Members interested in joining the delegation are requested to contact India-Vietnam Joint Business Council, C/o. Federation of Indian Chambers of Commerce & Industry, Federation House, Tansen Marg, New Delhi 110 001 (Tel.: 373 87 60 -70; Fax: 332 07 14 / 372 15 04; E-Mail : jbc.india@ficci.sprintprg.ems.vsnl.net.in; Website : <http://www.bisnetindia.com>).

Quang Trung International Fair **(November 27 to December 3, 1998)**

India Trade Promotion Organisation (ITPO) is organising Quang Trung International Fair in Ho Chi Minh City between November 27 and December 3, 1998.

Vietnam has great potential for marketing of Indian products, technologies and services and ever since it has opened up its economy, it has drawn a lot of international attention as a state of interest and an important market.

The scope of display at this fair covers all types of consumer goods, viz. domestic appliances, cosmetics, garments, toys, music systems, colour TVs, jewellery, food products, knitwears and their machinery, automotive parts, scooters, mopeds, motorcycles and three wheelers, food processing equipment, packaging machinery and materials, pharmaceuticals and chemicals, electrical equipment, kitchen appliances, textiles, madeups and yarn, rubber products, construction equipment, forestry equipment, hand tools, wires and cables etc. There is also considerable scope for export of agricultural machinery and equipment, industrial machinery, equipment and plant and machinery for agro-processing industries to Vietnam.

Members interested in participating at the Fair are requested to contact Foreign Fairs Department, India Trade Promotion Organisation, Pragati Maidan, New Delhi 110 001. (Telex : 031-61311, 031-61022; Fax:- 331 81 42 / 331 78 96).

Asia' Tech '98 **(In Hanoi : December 12-16, 1998)**

Official event of the 6th ASEAN Summit Conference : Supported by the Indian Embassy in Hanoi & Ministry of Trade, Hanoi

Sweden, UK, Belgium, Argentina, Canada, India, Hungary, Czech Republic, Finland, Romania, Poland and Denmark will participate in Asia' Tech '98.

Vinexad invites you to develop market for technology, manufacturing and professional expertise.

Good opportunity for investors, potential joint venture partners

Contact : Philippe Veeckmans
Sales Manager
17, Ton Dan St. Hanoi (Vietnam). Tel.: 84-4-8265489 Fax: 84-4-8265489

VIETNAM
PROJECTS CALLING FOR INVESTMENT CAPITAL IN 1998

1. Packaging production enterprise

Location : Tam Diep Town
 Scale : 20 million packages/year
 Form of investment : Borrowing capital or JV
 Managing body : Ninh Binh Mechanical Co.

2. Export aquaculture

Location : Kim Son coastal area
 Objective : Raising seafood in the coastal area of Kim Son District
 Scale : 1,000 tonnes/year
 Area : 1,450ha of brackish water (1,200ha of ponds)
 Total investment capital : US\$ 5 million
 Form of investment : JV
 Investor : Ninh Binh Seafood Co.

3. Animal food processing

Location : Tam Diep Town
 Total investment capital : \$3 million
 Scale : 30,000 tonnes/year
 Form of investment : 100 per cent foreign-invested or JV

4. Tam Diep Town water drainage system

Total investment capital : VND 7.58 billion
 Objective : Rain and waste water drainage for Tam Diep Town
 Investor : Tam Diep Town People's Committee
 Form of investment : Non-refundable ODA

5. Solid waste treatment in Ninh Binh Town

Location : Tam Diep Town
 Total investment capital : \$ 0.5 million
 Managing body : Ninh Binh Urban Management Co.

6. Tam Diep IZ infrastructure

Initial investment capital : \$1 million
 Location : Tam Diep Town
 Area : 70ha

7. Milk production

Total investment capital : \$1 million
 Managing body : Ninh Binh Stable Farming and Settlement Board
 Location : Nho Quan District
 Scale of investment : 8,000 hybridised cows
 Objective : Supplying fresh milk in the province

Cont. on Page 8

VIETNAM INVITES BIDS FOR FOLLOWING PROJECTS

1. Project : **National Health Support Project, funded by World Bank.**
Products : From primary manufacturers or their authorised representatives for supply of pharmaceutical products.
Last date for submission of bids : 24th October, 1998 (before 9.00 a.m.)
Contact : For bid documents and further information:
Project Management Unit of National Health Support Project
138 A Giang Vo St. Hanoi (Vietnam)
Tel.: 84 - 4 - 8463198
Fax: 84 - 4 - 8460701
2. Project : **Irrigation Rehabilitation Project, funded by IDA.**
Products : Equipment for pumping stations, such as vertical irrigation pumps, electric motors, controlling equipment, etc.
Last date for submission of bids : September 30, 1998
Contact : Ministry of Agriculture & Rural Development
The Central Project Office
23, Hang Tre St. Hanoi (Vietnam)
Tel.: 84 - 4 - 8253921/8242363
Fax: 84 - 4 - 8242372

NOTICE OF CONSUTANT PRE QUALIFICATION

3. Project : **Nhon Trach Water Supply Project, funded by OECF, Japan Capacity of 100,000 m³/day**
Products : To supply water to industrial zones and residence areas along highway No-51.
Information relating to qualification of and experience in design and supervision of water supply & sewage projects be sent to:
Last date for submission of bids : Sept. 30, 1998
Contact : Dong Nai Water Supply Construction Co.
48, Cach Mang Thang Tam - Blen Hoa City - Dong Nai Province
Tel.: 061 822315 - 827149
Fax: 061 827149

VIETNAM PROJECTS CALLING FOR INVESTMENT CAPITAL IN 1998

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8. Ninh Binh Electronics Co. expansion

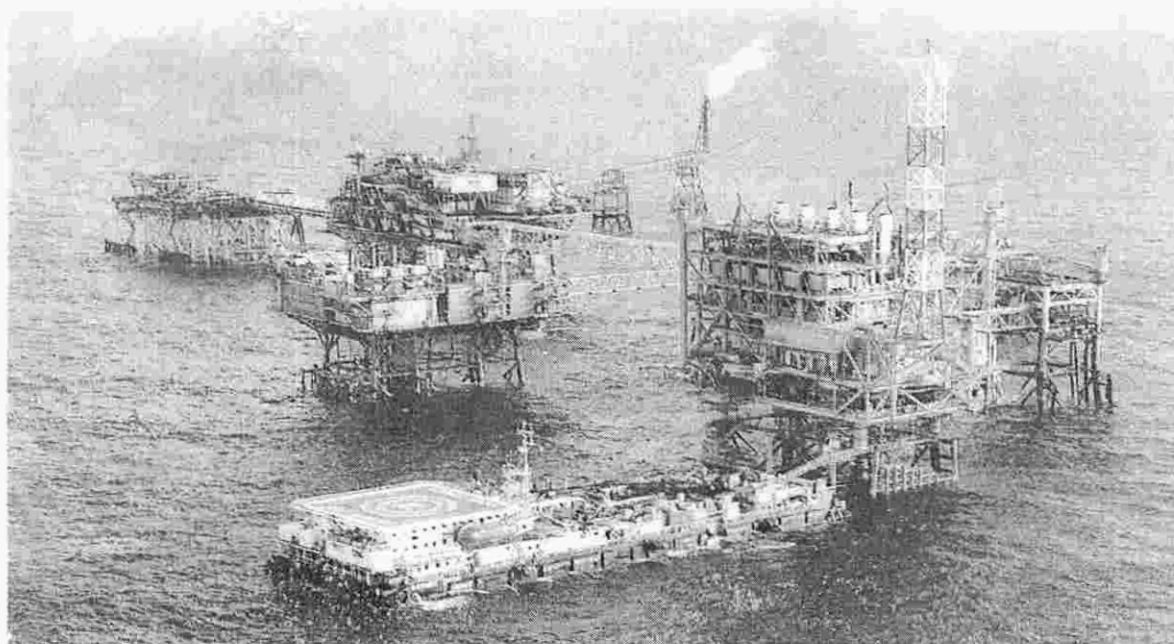
- Total investment capital : \$0.3 million
Location : Ninh Binh Electronics Co. - Ninh Binh Town
Scale : 10,000 products/year
Form of investment : Borrowing capital from the managing business (Ninh Binh Electronics Co.)

9. Tam Coc-Bich Dong

- Investment capital : \$1 million
Managing body : Tam Coc-Bich Dong Co.
Form of investment : BOT

VIETNAM PETROLEUM

Enters the 21st Century



The Biggest Oil and Gas Exploitation Unit in Vietnam

Projections : 1998

Reserves	:	6 billion barrels
Production of Crude Oil	:	12.3 million tonnes
		20 million tonnes (in the year 2000)
Export of Crude Oil	:	12.0 million tonnes
Import of petroleum products	:	7.3 million tonnes

Head office : 95A Le Loi Str. - Vung Tau City

Tel : (84-64) 839871 - 839872

Fax : (84-64) 839857 - 839856 - 839855

Telex : 641.045.VSP.VT.

Commodity Composition of India's Exports to Vietnam : 1991-92 and 1997-98

	Rs. lakhs		% share in total exports	
	1991-92	1997-98	1991-92	1997-98
Oil meals		10666		23.7
Drugs & pharmaceuticals	242	10112	7.6	22.4
Machinery & instruments	402	9891	12.6	21.9
Rubber manufactured products	30	3591	0.9	8.0
Cotton yarn fab. madeups	51	2133	1.6	4.7
Inorg. / org. / agro chemicals	14	1940	0.4	4.3
Transport equipment	11	952	0.3	2.1
Manufactures of metals	-	873	-	1.9
Marine products		595		1.3
Plastic & linoleum products	2	536	0.1	1.2
Primary & semi-finished I & S		355		0.8
Paints / enamels / varnishes		267		0.6
Residual chemicals	2	229	0.1	0.5
Project goods	70	205	2.2	0.5
Electronic goods	295	200	9.3	0.4
Non-ferrous metals		183		0.4
Aluminium excl. products		178		0.4
Cotton raw including waste	1358	156	42.7	0.4
Finished leather		134		0.3
Iron & steel bar / rods		134		
Glass / glassware / ceramics, etc.	3	115		
Dyes & intermediates	25	98		
Spices		98		
Tobacco unmanufactured	155	96		
Paper / wood products	-	47		
Other cereals		47		
Processed minerals		45		
Manmade yarn fab. madeups	378	43		
Machine tools	9	40		
Total	3183	45094	100.0	100.0

Commodity Group-wise

A. Agricultural & allied products	1513	11682	47.5	25.9
B. Ores & minerals		66		0.2
C. Manufactured goods (1 to 6)	1549	32386	48.7	71.8
1. Leather & leather manufactures	1	147	-	0.3
2. Chemicals & related products	283	12679	8.9	28.1
3. Engineering goods	787	12854	24.7	28.5
4. Textiles (excluding readymade garments)	429	2190	13.5	4.9
5. Readymade garments	15	36	0.5	0.1
6. Other manufactured goods	35	4481	1.1	9.9
D. Other commodities	120	960	3.8	2.1
Total (A+B+C+D)	3183	45094	100.0	100.0

Commodity Composition of India's Imports From Vietnam : 1991-92 and 1997-98

	Rs. lakhs		% share in total imports	
	1991-92	1997-98	1991-92	1997-98
Cashew nuts	6223	828	66.0	30.3
Spices		64		2.4
Silk raw	111	62	1.2	2.3
Non-ferrous metals		43		1.6
Organic chemicals		40		1.5
Natural rubber		35		1.3
Wood & wood products	1722	31	18.3	1.1
Medicinal & pharma.		29		1.1
Chemical material & products		24		0.9
Essential oil & cosmetic prepn.	10	24	0.1	0.9
Textile yarn fabrics & madeup		23		0.8
Professional inst.	-	21	-	0.8
Non-electrical machinery		19		0.7
Electronic goods		14		0.5
Artfcl. resins & plastic matrls.		13		0.5
Coal & coke & briquettes		2		0.1
Printed books & newspapers, etc.		1		-
Manufactures of metals		1		-
Metaliferrous ores & scrap	35	1	0.4	-
Paper board & manufactures		-		-
Dyeing tanning & colouring matrls.	1	-		-
Total	9431	2732	100.0	100.0

Commodity Group-wise

Food & related items	8	64	0.1	2.4
Export related items	6223	891	66.0	32.6
Capital goods	-	39	-	1.4
Raw materials & intermediates	412	160	4.4	5.9
Manufactured goods	1722	118	18.3	4.3
Other commodities	65	1459	0.7	53.4
Total	9431	2732	100.0	100.0

Waste recycling--women in Ho Chi Minh City

Over the past six years the amount of garbage generated annually in Ho Chi Minh City has quadrupled, from 198,000 tons to 839,000. Each person produces three-fourths of a kilogram of waste per day. Non-decomposable garbage makes up about a third of the total. Of this, about 62 tons a day enter the recycling chain, mainly through women.

The urban waste recycling chain of Ho Chi Minh City involves several links for the collection of waste products, their transformation into low-priced consumer items and their sale, predominantly to poor people. Women are involved in all these links as buyers, shopkeepers and recyclers.

Women waste buyers ply their trade by walking door to door in

self-designated areas where they know the clientele. Walking approximately 15 kilometres daily, they collect an average of 41 kilograms of waste, such as newspapers, old books, shoes, bottles, tin and aluminium. On average, buyers earn a daily income of VND14,000 (\$1.30); in most cases this represents the largest share in their household income.

Women make up a little more than half of all shopkeepers dealing in waste. On average, a medium-size shop buys about 523 kilograms of waste and 115 bottles daily, while the big shops can buy up to 30 tons a day. Shopkeepers enjoy a fairly high living standard. The average monthly income per shop is VND3-4 million (\$280-370) and can go as high as VND10 million (\$930).

The waste recycling activities by

women in Ho Chi Minh City have brought three distinct benefits. First, they relieve some of the pressure posed by the large amount of solid waste that must be collected by the city's public works department. Second, they transform waste into consumer goods purchased by poor people. Third, they create employment and income. About 10,000 people are employed in these activities, most of them women. More than 5,000 women are engaged in buying waste from households, more than 500 work as shopkeepers and more than 40% of the workers in recycling factories are women. Even though their earnings are not high, they contribute an important share of household incomes.

Source: UNDP, Human Development Report, 1998.

India-Vietnam Trade				(\$ million)
Year	India's Exports to Vietnam	India's Imports from Vietnam	Total Trade	Balance of Trade
1988-89	17.1	8.0	25.1	9.1
1989-90	8.1	141.4	149.5	-133.3
1990-91	17.2	57.7	74.9	-40.5
1991-92	12.9	38.3	51.2	-25.4
1992-93	18.6	66.0	84.6	-47.4
1993-94	27.8	43.8	71.6	-16.0
1994-95	58.0	44.0	102.0	14.0
1995-96	124.4	15.5	139.9	108.9
1996-97	118.2	1.7	119.9	116.5
1997-98	121.5	7.4	128.9	114.1
<u>April-June</u>				
1997	29.2	1.1	30.3	28.1
1998	30.3	1.8	32.1	28.5

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