

NEWS-LETTER
VIET NAM AND SOUTH WEST ASIA & AFRICA MARKETS
ECONOMIC COOPERATION
Volume 9, March, 2016

I. MACROECONOMIC UPDATES

- 1. Main economic indicators in February 2016*
- 2. Agriculture and fishery*
- 3. Industry*
- 4. Operation of enterprises*
- 5. Services*
- 6. Investment*
- 7. Exports, Imports*
- 8. Consumer price indexes (CPI)*

II. MARKET NEWS

- 1. Viet Nam hopeful about rice export in 2016*
- 2. Rice exports jump as more of last year's orders filled*

III. POLICY MOVEMENT

IV. TRADE TURNOVER BETWEEN VIET NAM AND THE SOUTH WEST ASIA AND AFRICA REGION

- 1. Export turnover of Viet Nam to major markets in the region in February 2016*
- 2. Import turnover of Viet Nam from major markets in region in February 2016*

V. MONTHLY PRODUCT IN FOCUS: RICE

VI. TRADE EVENTS

- 1. Much room for further Viet Nam – Africa – Middle East cooperation*
- 2. 3rd meeting of Viet Nam – India Joint Trade Sub-commission wraps up successfully*
- 3. International Exhibition on Ecological Technology 2016 (Viet Nam Ecotech 2016)*
- 4. Food Ingredients Viet Nam (Fi Viet Nam 2016)*

VII. PRESTIGIOUS ENTERPRISES

- 1. Viet Nam Northern Food Corporation (Vinafood 1)*
- 2. Viet Nam Southern Food Corporation (Vinafood 2)*
- 3. Kien Giang Import and Export Company Limited (KIGIMEX)*
- 4. Long An Foodstuff Company Ltd.*
- 5. GIA International Corporation (GIA)*

I. MACROECONOMIC UPDATES

1. Main economic indicators in February 2016

Main indicators in February 2016 as compared to the same period 2015 (%)	
Total increased of IIP	+6.6
Total increased retail sales of goods and services	+9.7
Increased rate of total export turnover	+2.9
Increased rate of total import turnover	-6.6
Increased rate of foreign visitors	+16.0
Increased rate realized investment capital from the State budget	+5.4
Increased rate of CPI in January, 2016 compared with same period in 2015	+1.03
Core inflation in January, 2016 compared with same period in 2015	+1.82

Source: General Statistics Office of Viet Nam

2. Agriculture and fishery

As of mid-February, the country cultivated 2393.1 thousand hectares of winter-spring rice, 242.8 thousand hectares of maize, 57.1 thousand hectares of sweet potato, 33.8 thousand hectares of soybean, 77.2 thousand hectares of peanut, 412,1 thousand hectares of vegetables. In the first two months, fishing production was estimated to reach 830.3 thousand tons, up 3.1% over the same period last year, of which production of aquaculture gained 350.8 thousand tons, up 2.2%; fishing 479.5 thousand tons, up 3.8%.

3. Industry

Industrial Production Index (IPI) was increased by 6.6% from the same period last year. Consumption index for the whole manufacturing in January 2016 decreased by 3.8% against the previous month and rose 8.6% from the same period last year. Stock index for the entire manufacturing as of 01 February 2016 went up by 8.9% from the same period in 2015.

4. Operation of enterprises

In the first two months of 2016, the country had 13904 newly established enterprises with the registered capital of 113 trillion dong, increased by 1% in the number of enterprises and by 45.8% in the registered capital from the same period in 2015.

5. Services

In two beginning months of the year, total retail sales of consumer goods and services were estimated to reach 587 trillion dong, increased by 9.7% against the same period last year. International visitors to Viet Nam was estimated to reach 1638.7 thousand arrivals, up 16% from the same period last year.

6. Investment

With regard to FDI, from the beginning of the year to 20 February 2016, the country had 291 newly licensed projects with the total registered capital of US\$ 1905.1 million, up 96.6% in the number of projects and up 167.5% in the capital against the similar period in

2015. At the same time, 137 times of license-granted projects from the previous years were provided with additional capital of US\$ 898.3 million. Thus, the total registered capital of both newly and additionally financed projects reached US\$ 2803.4 million, grew by 135% against the last year's same period. Realized FDI capital in the first two months of the year was estimated to gain US\$ 1.5 billion, rose 15.4% from 2015's similar period.

7. Exports, Imports

Export turnovers was estimated to reach USD 23.7 billion, increased by 2.9% from the same period last year, of which the domestic economic sector achieved USD 7.1 billion, increased by 4.2%; the FDI sector (including crude oil) gained USD 16.6 billion, grew by 2.3%. About the export market in two beginning month of this year, the United States was still the biggest export market of Viet Nam with an export turnover of USD 5.1 billion, a rise of 15.5% compared to the last year's same period. Followings were EU, ASEAN, China, Japan, South Korea.

Import turnovers in two beginning months of the year reached an estimate of USD 22.8 billion, down 6.6% from the similar period last year, of which the domestic economic sector gained USD 9.2 billion, 4.8% decrease; the FDI sector achieved USD 13.6 billion, a decline of 7.7%. Import turnovers in two beginning months of the year from most of major markets went down against the identical period, of which imports from China was estimated to gain USD 7 billion, down 5.6%; the next ones were South Korea, ASEAN, Japan, EU, the United States.

8. Consumer price indexes (CPI)

CPI in February 2016 grew by 0.42% from January and by 1.27% from the same period in 2015. Gold price index in February 2016 increased by 3.02% from the previous month; grew by 2.78% over December 2015 and dropped by 5.42% against the same period in 2015. US dollar price index in February 2016 fell by 0.64% from the previous month; went down by 0.46% from December 2015 and rose 4.82% compared to 2015's similar period.

Core inflation in February 2016 increased by 0.56% compared to the previous month and by 1.93% over the same period last year.

II. MARKET NEWS

1. Viet Nam hopeful about rice export in 2016

Viet Nam will have various advantages in exporting rice in 2016 though it may have to compete with Thai rice in the global export market.

According to Viet Nam Food Association (VFA), Vietnamese rice still can compete with Thai rice in traditional markets such as China, Indonesia and the Philippines because Thailand has a low volume of white rice while the demand from those markets is for imported white rice, Nang said.

This year, the association will focus on boosting exports to near and traditional markets in Asia, including mainland China and Southeast Asia, and increasing exports of fragrant rice to Hong Kong and Singapore. It would strive to expand its fragrant rice market share in Africa and gradually retrieve the market for white rice.

Asian market has demand for rice but Viet Nam will have to face intense competition from Thailand and Pakistan while export of fragrant and high grade rice is expected to increase strongly this year due to high demand from China and Africa.

Viet Nam 's rice exports in 2016, excluding border trade, are expected to remain at about 6.5 million tonnes.

2. Rice exports jump as more of last year's orders filled

Rice exports have surged in the first two months of 2016 as many of last year's contracts are being executed this year, according to the Viet Nam Food Association.

The country exported more than 856,219 tonnes for USD 347.8 million, a year-on-year increase of 101.89 per cent and 81.73 per cent, and Huynh Minh Hue, VFA general secretary, indicated there had been too many orders to handle in 2015, including some large government contracts with Indonesia and the Philippines.

Exports of common white rice accounted for 32.68 per cent of exports, up almost five times from the same period of 2015, and exports of glutinous rice also surged due to high demand from China. Exports of fragrant rice continued to grow steadily thanks to increased exports to China and Africa. VFA anticipates exports to reach 1.3 million tonnes in the first quarter of 2016, up 56 per cent up from the same period of 2015.

Prices are currently high in the domestic market despite this being the peak harvest season and the association announcing no plans to stockpile the grain. High demand from exporters coupled with a forecast of falling output in the Cuu Long (Mekong) Delta due to drought and saltwater intrusion has pushed up the prices.

III. POLICY MOVEMENT

No.	Number	Date issued	Extract / abstract
1	Decision No.862/QD-BCT	07/3/2016	Temporary safeguard duties of 23.3% on steel ingots and 14.2% on long steel products for a maximum of 200 days. The safeguard measures will not be applied to a product originating from a developing country, if that country's share of total imports of the product is less than 3%, provided that the developing countries with less than 3% share, collectively account for not more than 9% of total imports
2	Decision No.920/QD-BCT	10/3/2016 (to be coming into effect on 22/3/2016)	For a period of 12 months, one ton of imported monosodium glutamate (MSG) will be imposed a duty of 4.39 million VND (197 USD), which will then gradually fall by 10% every three years until 25 March, 2020. The safeguard duty will not be imposed on MSG imported from a less-developed country that has been investigated and whose total quantity of MSG imported into Viet Nam does not exceed 3 per cent and the total MSG imported from less-developed countries that have been investigated should not exceed 9 per cent of the total.

IV. TRADE TURNOVER BETWEEN VIET NAM AND THE SOUTH WEST ASIA AND AFRICA REGION

1. Export turnover of Viet Nam to major markets in the region in February 2016

Unit: million USD

Country	Export turnover	Country	Export turnover
<i>Africa</i>		<i>West Asia (Middle East)</i>	
South Africa	155.88	UAE	795.52

Egypt	41.56	Turkey	149.69
Algeria	39.53	Israel	70.56
Ghana	32.38	Saudi Arabia	57.53
Cote D'voire	23.50	Iraq	45.05
Nigeria	17.33	Kuwait	13.01
Mozambique	15.36	<i>South Asia</i>	
Kenya	9.97	India	343.70
Tanzania	6.33	Bangladesh	74.03
Senegal	4.38	Pakistan	58.97
Angola	4.19	Sri Lanka	30.09

Source: General Department of Viet Nam Customs

2. Import turnover of Viet Nam from major markets in region in 2015

Unit: million USD

Country	Import volume	Country	Import volume
<i>Africa</i>		<i>West Asia (Middle East)</i>	
Cameroon	29.69	Israel	178.16
South Africa	11.81	Saudi Arabia	120.11
Cote D'voire	5.53	UAE	64.94
<i>South Asia</i>		Qatar	46.91
India	443.68	Turkey	22.17
Pakistan	18.58	Kuwait	4.38

Source: General Department of Viet Nam Customs

V. MONTHLY PRODUCT IN FOCUS: RICE

Viet Nam is known as the second largest rice exporter in the world. Back from 1987, Viet Nam began to export rice to foreign markets, and transformed itself from a rice importer to a rice exporter in 1989. According to Viet Nam Food Association (VFA), Viet Nam currently exports rice to 120 countries and territories, of which Asia and Africa are the two main rice importers of Viet Nam.

Among Africa countries, Ghana, Cote D'Ivoire, South Africa and Cameroon are Viet Nam's main and traditional rice importers. In West Asia region, UAE is Viet Nam's largest rice importer, followed by Saudi Arabia, Israel, Qatar. UAE is considered as an important gateway for exported rice because the UAE is the largest rice re-exporter in the world. In South Asia markets, only Pakistan and Sri Lanka import rice from Viet Nam, however, the import value remains modest.

Viet Nam Export of Rice to South West Asia and Africa countries

Unit: USD million

Countries	2015	2014	(+/-%)
Ghana	185.43	177.86	+4.3
Cote D'Ivoire	115.57	104.92	+10.2
United Arab Emirates	19.60	17.02	+15.2
South Africa	17.06	17.33	-1.6
Cameroon	16.18	9.19	+76.1
Algeria	13.03	15.81	-17.6

Saudi Arabia	11.44	7.96	+43.7
Mozambique	11.41	20.04	-43.1
Tanzania	8.89	9.56	-7.0
Angola	6.40	7.14	-10.4
Gabon	5.39	6.69	-19.4
Qatar	4.64	3.46	+34.1
Benin	3.69	13.21	-41.0
Kenya	3.06	1.39	+120.1
Israel	1.89	4.87	-61.2
Togo	1.84	2.12	-13.2
Jordan	1.54	3.01	-48.8
Turkey	1.31	1.97	-33.5

Source: General Department of Viet Nam Customs

In the future, Africa, with total population of over 1 billion, is still considered as the key market for Viet Nam's rice export. Therefore, the implementation of MOU on rice trade with a number of African countries should be noted with high importance.

VI. TRADE EVENTS

1. President Truong Tan Sang visited Tanzania, Mozambique and Iran in March 2016

State President Truong Tan Sang's freshly concluded tour of Tanzania, Mozambique and Iran from 9-15 March and is expected to create a new impulse to step up economic and trade ties between Viet Nam and these countries.

Bilateral trade between Viet Nam and those nations has remained modest, with 204 million USD recorded with Tanzania in 2015, 66 million USD with Mozambique and 107 million USD with Iran. However, there are substantial potential for increased cooperation in the future. Viet Nam mainly exports rice, farm produce, seafood, clothing and footwear to Tanzania, Mozambique and Iran, while importing cashews, animal feed, cotton, waste iron, steel, timber products, fertilisers, plastic materials and machinery from these countries.

President Truong Tan Sang and foreign leaders reached consensus on priority areas of cooperation and fundamental measures to boost bilateral trade ties.

The Viet Nam-Mozambique Inter-governmental Committee is expected to have its fourth meeting in Maputo in 2016. The 9th Viet Nam-Iran Inter-governmental Committee will be held in Tehran. The second Viet Nam-Tanzania Inter-governmental Committee will be held in Dar Es Salaam. Three business forums were held as part of President Truong Tan Sang's trip, attracting the participation of local businesses. The forums created opportunities for the two sides' enterprises to exchange information and explore business opportunities.

2. The 3rd meeting of Viet Nam – India Joint Trade Sub-commission

The 3rd meeting of Viet Nam – India Joint Trade Sub-commission from 15-18 March 2016 in New Delhi, India was concluded successfully.

Head of Vietnamese delegation, H.E. Deputy Minister Do Thang Hai praised the fine outcomes in trade relations as well as in other sectors between Viet Nam and India since last year. In 2015, bilateral trade turnover reached 5.13 billion USD, of which Viet

Nam's export value stood at 2.47 billion USD and import value at US\$2.66 billion. DM Do Thang Hai also reiterated that Viet Nam and India made significant progress in the textile and garment trade in 2015.

India's Secretary of Commerce from the Ministry of Commerce and Industry, Rita Teatota, hailed the strong ties between Viet Nam and India. She also spoke highly of the multifaceted partnership between the two countries and stressed that the two sides should enhance information exchange, particularly in trade and commerce, as well as strengthen connections in air and sea transportation.

Also in the framework of the Sub-Commission, Ministry of Industry and Trade of Viet Nam and Federation of India Chambers of Commerce and Industry (FICCI) jointly organized Viet Nam – India Business Forum with broader participation of bilateral enterprises in various fields such as renewable energy, construction materials, agriculture, frozen meat.

3. International Exhibition on Ecological Technology 2016 (Viet Nam Ecotech 2016)

International Exhibition on Ecological Technology 2016 is expected to be a rendezvous for attendants to discuss about environmental-friendly technologies for the development of industry and consumption goods production.

The exhibition will showcase various technological products in fields of environment protection, agriculture, food processing, construction, traffic and transport equipments, energy, etc.

Date: 5th – 7th May 2016

Venue: Sai Gon Exhibition & Convention Center (SECC) – 799 Nguyen Van Linh, Tan Phu quarter, District 7, Ho Chi Minh City

Organizer: VINEXAD

Address: No. 9 Dinh Le Str., Hoan Kiem dist., Ha Noi

Tel: +84 4 38255546 (ext. 430)

Fax: +84 8 39363085

Email: yenpth@vinexad.com.vn

Website: www.ecotechvietnam.com

4. Food Ingredients Viet Nam (FI Viet Nam 2016)

FI Viet Nam unites domestic and international leaders of the food and beverage industry. Over 4,500 visitors and 100 exhibitors are expected in 2016, making the show Viet Nam 's premier ingredients event. With current growth in processed food demand set to continue, local demand is particularly high for products including chilled, dried and frozen processed foods.

FI Viet Nam , the only dedicated food and beverage ingredients exhibition in the country, will take place in Ho Chi Minh City and acts as a gateway for organisations wishing to capitalise on this unique market.

The focus of FI Viet Nam is to provide a platform for attendees to do business, network and learn. Unlike other events, FI Viet Nam is dedicated exclusively to food and beverage ingredients, rather than finished foods. This focus ensures that visitors' food and beverage ingredients needs are met at all levels of the supply chain.

Date: 18 – 20 May, 2016

Venue: Sai Gon Exhibition & Convention Center (SECC) – 799 Nguyen Van Linh, Tan Phu quarter, District 7, Ho Chi Minh City
Organizer: Office of UBM Asia in Ho Chi Minh City
Tel: +84 8 5401 2718
Fax: +84 8 5401 2717
Email: Thao.Nguyen@ubm.com
Website: www.figlobal.com

VII. PRESTIGIOUS ENTERPRISES

1. Viet Nam Northern Food Corporation (Vinafood 1)

Address: No. 6 Ngo Quyen Str., Hoan Kiem District, Ha Noi
Tel: +84 4 3926 4466
Fax: +84 4 3926 4477
Email: vinafood1@vinafood1.com.vn
Website: www.vinafood1.com.vn

Fields of business: Rice, food, agricultural products.

2. Viet Nam Southern Food Corporation (Vinafood 2)

Address: No.42 Chu Manh Trinh Str., District 1, Ho Chi Minh City
Tel: +84 8 3823 0243/ 3829 2342
Fax: +84 8 3829 8001/ 3829 2344
Email: vanphong@vsfc.com.vn
Website: www.vinafood2.com.vn

Fields of business: the largest rice exporter in Viet Nam, food, agricultural products.

3. Kien Giang Import and Export Company Limited (KIGIMEX)

Address: No. 85-87 Lac Hong Str., Vinh Lac Ward, Rach Gia City, Kien Giang Province
Tel: +84 77 3870 116
Fax: +84 77 3923 406
Mr. Bach Ngoc Van, Vice Director (+84 908 303 075)
Email: van@kigimex.com.vn
Web: www.kigimex.com.vn

Fields of business: Export of rice, anchovies

4. Long An Foodstuff Company Ltd.

Address: No. 237 Nguyen An Ninh Str., Ward 3, Tan An City, Long An Province
Tel: +84 723 821 839
Fax: +84 723 525 663
Email: lafoodstuff@gmail.com
Website: www.longanfoodstuff.com

Fields of business: Rice export (KDM rice, Jasmine rice,. VD20 Rice, etc.)

5. GIA International Corporation (GIA)

Address: No. 177/24 3-2 Str., Ward 11, District 10, Ho Chi Minh City
Tel: +84 8 3830 4984
Fax: +84 8 38304983
Email: info@giaic.com
Web: www.giaic.com

Fields of business: Rice export (Jasmine white rice, Grain white rice, etc.)