



World Eye Reports

Vietnam



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Among Hanoi's winding streets and two dozen lakes, you will find architectural contrast, cultural pride and rich traditions dating back over 1000 years. The modern buildings throughout the city are a sign of the country's development and commitment to international partnership.

www.worldeyereports.com

Japan and Vietnam: walking hand-in-hand toward the future

Today, Sept. 2, on the 69th anniversary of its independence, Vietnam's role in Southeast Asia is becoming increasingly important for peace and prosperity in the region as other countries grapple with political instability or declining growth.

Now, more than ever, Japanese investors look to Vietnam as a strategic partner as it ushers in a new era of investment and productivity. In fact, Vietnam's President Truong Tan Sang visited Japan in March of this year, deepening an already solid relationship between the two countries.

Bilateral trade between the two countries has expanded greatly since 2008, when the Japan-Vietnam Economic Partnership Agreement (JVEPA) was signed. This was meant to boost trade liberalization, economic cooperation and investment. Today, Japan and Vietnam enjoy an equitable trade balance.

As a member of the World Trade Organization and an official negotiating partner in the Trans-Pacific Partnership trade agreement, Vietnam has reaffirmed its commitment to

economic liberalization and modernization in recent years, shifting from policies aimed at achieving a high rate of economic growth to those aimed at stabilizing the economy through tighter monetary and fiscal control.

The country's largest metropolitan area — Ho Chi Minh City (HCMC), formerly Saigon — has enjoyed vibrant and balanced growth in the state-owned, private and foreign-invested sectors. Much of the investment has come from Japan.

"Vietnam's business environment is peaceful and safe," said Hirotaka Yasuzumi, managing director of JETRO in HCMC. "Favorable demographics, high literacy rates and a low cost work force are an equation for success."

The Japanese Ambassador to Vietnam, Hiroshi Fukada, stressed similarities between the two cultures: "Through my daily work, I have realized that Vietnamese people always show their love and respect to the Japanese and place great importance on their country's relationship with Japan. I am very happy to work here. I strongly believe that Vietnam



Isao Obayashi, Secretary General of Japanese Business Association of HCMC; Le Hoang Quan, Chairman of HCMC Peoples Committee; Hirotaka Yasuzumi, Managing Director of JETRO HCMC

will gain success in the foreseeable future because Vietnamese people are intelligent and ambitious," he continued. "Japan wishes to help in the development of this country, and I promise that Japan and Vietnam will walk together towards the future."

One of Southeast Asia's oldest and richest cultures, Vietnam now looks beyond its traditions and its prolonged fight for freedom to getting closer to fulfilling its goal of peace and prosperity for its citizens, its neighbors and the world. ♦

Quality service is key to success

Founded in 1982, SAVICO was built on the principle that quality service has unlimited development possibilities. In the opinion of Nguyen Vinh Tho, SAVICO's chairman, learning from the Japanese business model is a formula for success in many ways and will continue to bring it closer to its target of international integration in the near future.

More than 25 years ago, Tho met with personnel in the office of the prime minister of Vietnam for a business discussion, and expressed his belief that the level of quality of service is a direct indication of the development of a country and its economy. He believed Vietnam should concentrate on improvements in this area.

At that time, the concept of a service economy was still not widespread, but Tho stood by his beliefs. "Salaries are not paid by the company, but by the customers," he said. Using this philosophy, he worked his way up from sales executive to chairman of the company, still living by this concept.

"When I was a student, I realized that Vietnamese companies did not have long histories like those in Japan," recalled Tho. "Some Japanese companies have thrived for over 100 years. Creating such a sustainable corporation in Vietnam was

my dream."

"In 2011, we determined that our core business should be in autos and motorcycles," he recalled. "We focused on enhancing our quality of service to our customers. Even when sales are low, we still improve our services and this is how we have survived during economic ups and downs." With its strong distribution network and valued after sales service, SAVICO is now a major partner for trusted Japanese companies such as Toyota and Yamaha.

The SAVICO system has been developed with close Japanese cooperation. "We admire the Japanese system of training and human resource development," said Tho. "Working with Japanese corporations, we have learned patience, transparency and precision to reach success. In fact, most of the successful people at SAVICO have been trained by Toyota at some point in their career."

Tho is optimistic about the future of SAVICO and Vietnam in general. "The next generation is highly educated and aware of Japanese ways of doing business; the way Vietnam approaches the world will be much easier than before," he said proudly.

He believes that SAVICO's aspirations to develop and integrate internationally



Nguyen Vinh Tho, Chairman of SAVICO

— in both developing and developed countries — will be realized soon. "We expect to be a partner in the business of service around the world. So we would like to confirm to all of our stakeholders that spreading the spirit of customer satisfaction is our target, and the source of our happiness," Tho concluded. ♦ www.savico.com.vn

Maintaining Vietnam's safe, reliable and favorable investment environment

WER recently met with Vo Quoc Thang, chairman of Vietnam's Dongtam Group and Kienlong Bank, in his office in Ben Luc, west of Ho Chi Minh City.

WER: Since 1986, Vietnam has implemented the Doi Moi economic reform policy to promote the country's economic growth. As head of the Dongtam Group, one of the private economic units developed after Doi Moi, how do you think the investment environment in Vietnam has changed since then?

Thang: We trust completely in the leadership of Vietnam's government and the Vietnamese Communist Party (VCP). Since Doi Moi, Dongtam has been revived, rebuilt and developed.

In all this time, Doi Moi has uninterruptedly facilitated the investment and development of local and foreign direct investment enterprises in many fields, including those in which Dongtam is involved such as the production and trade of building materials, decorative materials and the development of industrial zones.

Since the early 1990s, Dongtam has invested in constructing building materials factories in all three regions (the north, center and south) of Vietnam.

Today, our products are widely consumed in the domestic market and exported to many countries around the world.

In addition, following our long-term development strategy, Dongtam has expanded its business to many other areas. Among these are projects for industrial parks in Long An — a province next to Ho Chi Minh City — Vietnam's largest industrial hub. Investors from Vietnam and abroad (the U.S., Japan, Singapore, the U.K., Korea and China among others) have come to our industrial parks.

We are now building an industrial complex in Long An, which includes an international seaport, an industrial zone, an industrial logistics zone and an urban area. The complex, on the Soai Rap River 38 km from Ho Chi Minh City and 16 km from the East Sea wharf, is planned to be a trading gateway to Vietnam's southwest provinces. Designed to handle vessels of up to 70,000 tons, the port will facilitate Vietnam's trade with the world.

Already, construction has begun on the Ben Luc — Long Thanh expressway, which will allow inter-regional traffic to be more convenient. Thus, we believe the industrial complex will attract domestic and foreign investors, and contribute to the development of waterway



Vo Quoc Thang, Chairman of Vietnam's Dongtam Group and Kienlong Bank

transportation with Long An Port.

WER: In 2015, Vietnam will celebrate the 40th anniversary of its reunification. As a businessman living and working in a peaceful, united and developing country, what do you think about Vietnam's development so far, as well as its business and trade with Japan?

Thang: In the past, Vietnam suffered pain and losses due to wars. After reunification, we did our best to reconstruct the country. Due to the efforts of many

generations and social classes, including businesspeople, Doi Moi was implemented to build a strong, wealthy, democratic, equal and civilized Vietnam.

In the recent years, Vietnam has established cooperative relationships with many countries, of which Japan is one of our most important strategic and reliable partners. Japanese enterprises and its government have invested in important socioeconomic projects in Vietnam. In particular, our projects in industrial zones in Long An have made use of Japanese official development assistance coordinated by the Japan International Cooperation Agency.

Together with millions of other businesspeople in Vietnam contributing to the socioeconomic development of the country, I believe Vietnam is experiencing stable development and is always open to welcoming amicable partners and investors to build up the country with us.

WER: Can you tell us about Kienlong Bank's financial operations and the role of banks and credit institutions in Vietnam today?

Thang: The Vietnamese economy has experienced continuous growth in recent years. In this context, the financial sector plays an important role in the development of our national economy. The government and the State Bank of Vietnam in-

duced management guidelines for the market, established active monetary and credit policies in order to promote the stable and sustainable development of enterprises, restructured the systems of credit institutions and encouraged them to implement effective credit expansions.

Many domestic joint-stock commercial banks have attracted foreign investors, and thus brought in more loans to enterprises. Japanese banks, among others, have invested in Vietnam. Therefore, Dongtam and other small and medium-sized enterprises (SMEs) in Vietnam

and continuous growth during the past 19 years. We bring loans closer to our customers, especially farmers, to build and develop agriculture and rural areas.

Kienlong Bank has been ranked "Class A" by the State Bank, and has maintained its position in the top 10 of the best joint-stock commercial banks (voted by customers) for years. Our business motto is, "Safety, wholesomeness, sustainability and reasonable profit." The bank is on a path of steady growth and development mirroring that of our national economy.

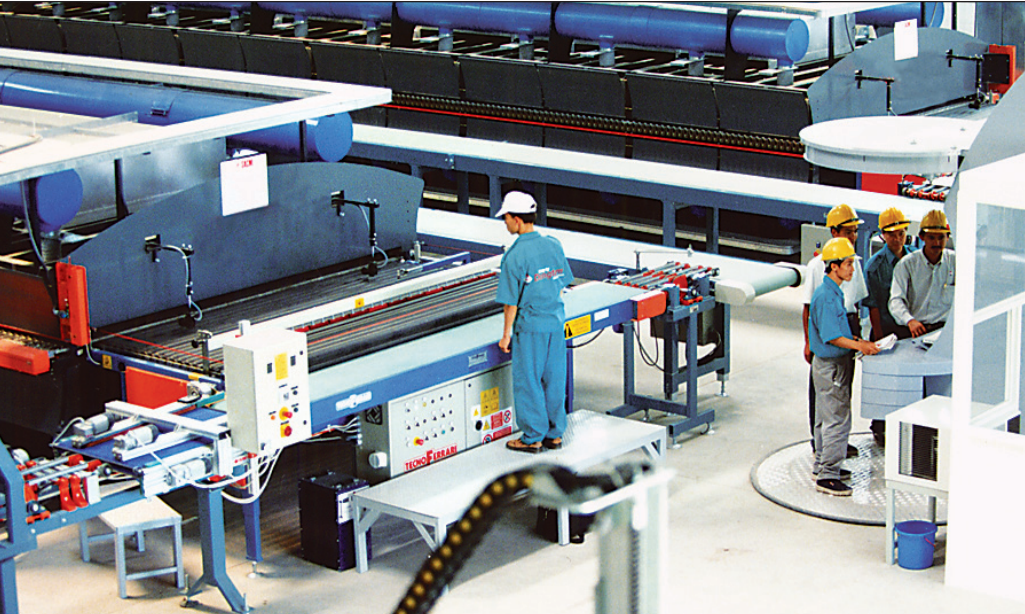


Kienlong Bank head office in Ho Chi Minh City

have received great support from credit institutions to increase production and business activities.

At Kienlong Bank, we focus on the retail sector, especially SMEs and individual customers. This has ensured our strong

Thanks to consistent leadership in the VCP and our government, we will work together to continue to maintain a safe, reliable, and favorable environment that remains attractive to foreign investors. ♦ www.dongtam.com.vn



Production line for ceramic tiles in a Dongtam Group factory

EYE ON VIETNAM

Sheraton Hanoi Hotel is a peaceful oasis featuring picturesque views of West Lake and surrounded by lush gardens, sweeping lawns and tranquil courtyards, providing the perfect balance between tranquility and convenience. Enjoy panoramic views of Hanoi's largest lake and our perfectly designed 299 spacious guest rooms, including Sheraton Club Rooms, Executive Suites, Premium Suites and the Sheraton Club Lounge providing the best in five-star comfort. The hotel's state-of-the-art meeting spaces provide an inviting ambience that will inspire conversation and new ideas in business travel. Whether for business or leisure, Sheraton Hotel Hanoi's dedicated team will assist in making your stay memorable. www.sheraton.com/hanoi

The Japan External Trade Organization (JETRO) has coordinated with Vietnamese government and industrial associations to help realize sustainable economic development in Vietnam. By enhancing Japan — Vietnam economic ties, improving business-related environment, strengthening Vietnam's industries and exports and nurturing human resources, JETRO's assistance has been tailored in line with Japan's Official Development Assistance (ODA) for Vietnam's particular requirements for development. www.jetro.go.jp/vietnam

Dien Quang was established in 1973 with Japanese machinery, technology and investment and is proud of being a leading lighting manufacturer in Vietnam and the only corporation recognized as a National Brand by the government in lighting business. Dien Quang has the largest production scale in Vietnam with five factories with a capacity of 160 million products a year. The company's products are available in all 63 provinces through 150 distributors and 15,000 retailers in Vietnam, and exported to more than 30 countries around the world. The company looks forward to continued cooperation with Japanese partners for the production and distribution of lighting products and electrical equipment in Vietnam and abroad. www.dienquang.com

Thanh Cong is an E.Land invested company and world-renowned textile manufacturer. Offering a fully integrated vertical production system, the company has the vision to achieve mutually successful partnerships that drive business forward, offering the highest levels of quality and value. Partners that share the vision of quality, integrity and a desire to succeed will find that Thanh Cong delivers on every level. www.thanhcong.com.vn

The Hotel Nikko Hanoi offers 257 generously sized and beautifully decorated guest rooms and suites in the heart of Vietnam's capital city. The hotel is hailed as one of the city's premier places to dine featuring three premium restaurants, lobby bar lounge, and cake shop. Benkay Restaurant in particular is known as one of the most authentic Japanese restaurants in Hanoi, offering various types of fresh sushi, sashimi, tempura and other Japanese delicacies. With international flavors from Europe, China and Japan, there is something to please every guest with various culinary tastes throughout the day. www.hotelnikkohanoi.com.vn

Vietnam

Win-win partnership with Japan is built on trust

Since the unification of Vietnam and the liberalization of its economy, many Vietnamese companies have actively sought long-term relationships internationally for greater opportunity. Educated in foreign languages from a very early age, and with a determination achieve international standards in business, Le Van May — managing director and founder of Lotus Group — believes Japan is the partner of choice.

May studied in Russia for many years, and upon returning to Vietnam she took up Japanese and went on to become a top facilitator in the Japan-Vietnam Trade Association. She started her own venture in 1995: a small company that exported handmade Vietnamese products to Japan. That company has grown tremendously, and is now the Lotus Group: comprised of Lotus Food, Le May Distribution, Me Mua Online Sales and V Lotus Holdings. Food processing, food and non-food distribution, and restaurant services are the key businesses of the Lotus Group.

Today, with longstanding partnerships with Japanese companies, Lotus Group has built a strong reputation for quality, and the trade with Japan now goes two ways. “One of our first imports from Japan was baby

diapers from Daio,” recalls May “Our prices were four times that of the local brands. It took time for people to understand the higher quality, but they soon began to prefer our products.” From Daio product volume of just few containers per year in 1995, Lotus has made the Daio’s GOO.N brand familiar to many families in Vietnam, as well as becoming the distributor of Morinaga baby formula, Chuchubaby bottles, Kracie cosmetics, Hakugen oil film and other products.

Its Lotus Food division has also built a reputation for quality in Vietnam and in Japan. With its Vietnamese food processing factory and large distribution network, the company’s value-added foods can be found throughout Japan, and are quickly spreading across Vietnam.

“We have already exported our products to Japanese companies for years, and they require the highest quality standards,” May explains. “It is now time to expand in Vietnam, in cooperation with our partners. We plan to do this first through online sales, and through our new Japanese restaurant chain, and more importantly, through our vast distribution network.”

As one of the top three strategic partners of Japan’s AEON Corp in Vietnam, Lotus supplies



Le Van May, Managing Director and Founder of Lotus Group

several hundred products on the shelves of AEON Mall in Ho Chi Minh City. Its first Japanese udon noodle restaurant, Marukame Udon, in partnership with Toridoll, is in the same mall.

“Keeping a close and comprehensive relationship with our partners is paramount to us,” says May. “We are in the same boat, and a respectful and trusting partnership is a win-win situation for us both.”

With its set goal of increas-

ing business by a high growth rate every year until 2017, Lotus Group has the experience and resources to achieve it. “We will make this target,” May exclaims confidently. “Vietnamese people love Japan, Japanese food and products. Lotus Group is now open to new partners for potential business in Vietnam, as the opportunity for new partnerships is endless.”

www.vietnam-lotus.com

Sharing Japanese technology in Vietnam’s rapidly growing petroleum industry

Vietnam has attracted more than \$5 billion in foreign investment for petroleum exploration and production to date, building on a solid base of nearly 40 years of operation and development for the country that ranks third in Southeast Asia for petroleum resources.

One of the longest-established foreign oil companies currently operating in Vietnam, JX Nippon Oil and Gas Exploration (NOEX) has a long history and close relationship with the country and the increasingly important sector.

In 1992, NOEX acquired a working interest in the area of Block 15-2, off the coast of Vietnam’s largest oil-producing province, Ba Ria-Vung Tau, and established Japan-Vietnam Petroleum Company as the operating company. Shortly after, it discovered the Rang Dong oil field and began production in 1998. In 2008, the company also began production in the Phuong Dong oil field.

Today, Block 15-2 produces 20,000 barrels of oil a day. “This has been one of NOEX’s key operations since the beginning,” said Makoto Masaki, General



Production facility of Rang Dong Oil Field

Director of NOEX’s Ho Chi Minh City office. “We produce a substantial amount of crude oil and natural gas from this area, which is still being explored.”

With the Vietnam government set to permit access to foreign companies in areas that had been previously closed or at high exploration risk, mid-sized oil companies such as NOEX are well-positioned to capitalize on these opportunities and offer their services.

“We are expecting Vietnam’s

government to open up even further to foreign oil companies in the future,” said Masaki. “Our approach is to always create a win-win situation.”

The specialized technology that NOEX has brought to the Rang Dong and Phuong Dong oil fields is highly valued in the industry. The technology is both applied and shared.

“We make suggestions for the use of new technology in our oil fields, and the Vietnamese national oil company strongly sup-

ports us,” Masaki added. “Whatever is successfully applied can be used in other blocks. We can work together through technology transfers.”



www.nex.jx-group.co.jp

Strongly committed to the continuing development of Vietnamese society

After its establishment in 1995, Toyota Motor Vietnam (TMV) has made impressive achievements in Vietnam since becoming Vietnam’s first foreign direct investment automaker in 1995. With its philosophy of true commitment to its customers and employees, TMV is intent on continuing its development and contributing to Vietnamese society in the future, despite significant trials.

Starting operations in 1996 with only two vehicle models and three dealer outlets, TMV now sells 11 models through 35 dealerships across Vietnam. The success has come with its share of challenges. Yoshihisa Maruta, general director of TMV, said, “Fluctuating automobile taxes have been a major issue all manufacturers have faced, most recently with a rise in ownership tax in 2012 which reduced the overall market by nearly 20 percent.”

The tax was subsequently lowered, and the market has recovered — with over 100,000 units produced last year. “Currently the market is very good, and we are happy,” he continued.

Starting in 2018, under the ASEAN Free Trade Agreement (AFTA), Vietnam will gradually eliminate tariffs on imported automobiles. This will give TMV the opportunity to import cars and trucks from Thailand and Indone-

“The most important link between Toyota and Vietnam is our human relationship, Vietnamese people are very ambitious and persevering. If they commit to do something, they commit to doing it perfectly...”

— YOSHIHISA MARUTA
General Director
Toyota Motor Vietnam



sia tax-free, passing on the savings to customers. “If we focus on our clients, then we have a very good opportunity for sales,” said Maruta. “However, in terms of production, this is a fundamental issue.” With imports especially from Thailand and Indonesia becoming much cheaper due to AFTA, it will be difficult for domestic manufacturers to maintain production in Vietnam because of its lower cost competitiveness against import cars from the above-mentioned countries.

Following Toyota’s philosophy, Maruta is most concerned about the development of the industry through its people. “I expect the Vietnamese government will implement policies that will protect production and support the development and skills of the people,” said Maruta. “I think that in 10 or 15 years, Vietnam’s market will grow such that we will be able to produce cars and auto parts similar to Thailand. Vietnam has a very bright future and this is my dream.”

“The most important link between Toyota and Vietnam is our human relationship,” he said. “Vietnamese people are very ambitious and persevering. If they commit to do something, they commit to doing it perfectly, which is a strong similarity between our cultures. Vietnam is Toyota country. We are very hopeful of our continuous contribution to society and to the Japan-Vietnam relationship.”

www.toyotavn.com.vn

Yamaha leads in the land where two-wheelers rule

With relatively low labor costs and a highly educated population, Vietnam has ideal conditions as a regional manufacturing and exporting hub. Motorcycle manufacturer, Yamaha Motor Vietnam, also sees the country’s domestic market as its number one focus area with the greatest potential for the future.

Since 1998, Yamaha Motor Vietnam has been a key contributor to the development of Vietnam’s motorcycle industry. In that time, it has developed a solid reputation for quality, mirroring the development of the country. Today, with the younger generation continuing to surpass previous generations in terms of education and wealth, the company is focusing on a young and fashionable demographic through its product models.

Leading the company for the past two years, its general director — Masaru Ono — is bullish on the business. “The most important thing for Yamaha is the



Masaru Ono, General Director of Yamaha Motor Vietnam

satisfaction of our Vietnamese customers,” he said. “Our goal is to always provide our customers with the best products, giving clients satisfaction and enjoyment when they use Yamaha products.”

In July of this year, Yamaha launched a new scooter model featuring its newly developed Blue core engine — which pro-

vides next generation fuel economy, excellent acceleration and environmental performance. With its elegant European styling, the “Nozza Grande” is expected to exceed customer expectations and stimulate demand, which had flattened in recent years.

Due to the new model’s introduction, this demand is now pre-

dicted to increase steadily over the next three years. “The new platform engine we introduced meets every need of our Vietnamese customers,” explained Ono “Based on this new engine, we can further develop our product lineup and focus globally in the future. Variation is important in the worldwide market.”

Ono believes that the Japan-Vietnam relationship is strong, and will continue to grow in the future. Patience, a hardworking mentality and loyalty are the three qualities that he feels both cultures share, leading to stronger partnerships between Vietnamese and Japanese companies.

“Our bilateral relationship is already strong, and very important to both countries,” he said. “Deepening our cooperation and ties is a win-win situation. Yamaha Motor Vietnam has invested a lot here. We wish to continue to contribute to Vietnam’s economic expansion, and grow with its success.”

www.yamaha-motor.com.vn

From war to prosperity, business success mirrors a country’s history

From dodging U.S. bombs while escaping to the north of Vietnam in 1968, Nguyen Thi Mai Thanh joined the delegation of Vietnamese president Nguyen Minh Triet’s state visit to the U.S. in 2007. In a bit less than 40 years, she had risen to become the chairwoman and chief executive of REE Corp., a major Vietnamese engineering, real estate and infrastructure company, as well as one of the country’s wealthiest people.

Her story is paralleled by the rise of REE Corp. itself, formerly known as Refrigeration and Electrical Engineering Corp. “I joined REE in 1982 after obtaining a degree in electrical engineering in East Germany,” Nguyen recalled. “In those days, Vietnam was just opening the door to trading overseas.”

“REE was still a state-owned enterprise then,” she continued. “We felt that we were a bit con-

strained by that, and applied to be equitized in 1993 through a government pilot program that had just been started. We were only the second company in Vietnam to be given that license — we were given license No. 2.”

REE soon started producing its own air conditioning units under the brand “REE Tech.” It branched out to commercial property rentals as well and then investments in major infrastructure for power and clean water, based on the company’s engineering prowess that had been further enhanced by Nguyen’s entry. In 2000, the company was the first to be publicly listed on Vietnam’s brand new stock exchange.

Throughout its history, REE has also worked hand in hand with Japanese companies, especially on infrastructure projects. “We worked with Japanese contractors for the construction of the new Ho Chi Minh International Airport, the Vietnamese Television Center in Hanoi and now for Terminal 2 at Hanoi’s Noi Bai International Airport,” Nguyen said.

“The arrangement in these projects is usually that we are the subcontractor, while the Japanese company is the main contractor,” she explained. “We work together

“We would like foreign investors, especially Japanese, to consider REE for investment in these areas...”

— NGUYEN THI MAI THANH
Chairwoman and Chief Executive
REE



very well because we understand local circumstances, while the Japanese are familiar with international standards. We provide the engineering knowhow — from the drawing phase to the actual installations — working perfectly together. Previously, Japanese contractors would usually work with subcontractors from Japan as well. After working with REE Corp. and seeing how we’ve been able to meet all requirements, our

Japanese partners are happy to work with us.”

Looking ahead, REE sees its future strategy linked to its projects in power and clean water infrastructure in Vietnam. “We would like foreign investors, especially Japanese, to consider REE for investment in these areas,” Nguyen concluded. “Now is the right time for an ideal partnership with REE in Vietnam.”

www.reecorp.com

Cross-border partnerships foster export of Vietnamese goods to Japan

Thanh Cong Textile Garment Investment Trading JSC is one of the leading textile and garment enterprises in Vietnam. Thanh Cong was a state-owned company which became publicly listed on the Ho Chi Minh City Stock Exchange in 2006. In 2009, Korean E.Land, a group specializing in fashion, retail, hospitality and construction became a strategic partner of Thanh Cong, holding 43 percent of the shares and managing the company. The deal between E.Land and Thanh Cong was a typical M&A deal for 2009 in Vietnam, according to Lee Eun Hong, general director of Thanh Cong.

The company’s main export markets are Korea, Japan, China, Europe and the U.S. The company is illustrative of today’s cross-border dynamism — making use of Vietnam’s investment potential and business-friendly policies to maximize export prowess around the globe.

In 2014, the company expected sales and net profit to reach \$131 million and \$7.6 million, respectively, up from last year’s marks of \$120 million and \$5.5 million. “E.Land invested in Thanh Cong and we’ve since invested in three more companies in Vietnam and now we have about 10,000 employees in total,” Lee said. “From the moment we made our investment, we found that many Japanese companies contacted



Thanh Cong headquarters in Ho Chi Minh City

us to engage in business,” Lee added. “For us, the key factor in gaining Japanese clients has always been maintaining high standards in quality and delivery and we’ve done this.”

“We now have major Japanese clients,” Lee continued. “They are all very important to us. Japanese companies always take a long-term view when entering into any business. Japanese business’ strong point has always been to lay down a strong foundation of trust for maintaining a business partnership over many years and this is shared by Thanh Cong as well.”

There continue to be challenges in the Vietnamese business landscape. “We need more

basic investment from the Vietnamese government in fomenting the development of such

