

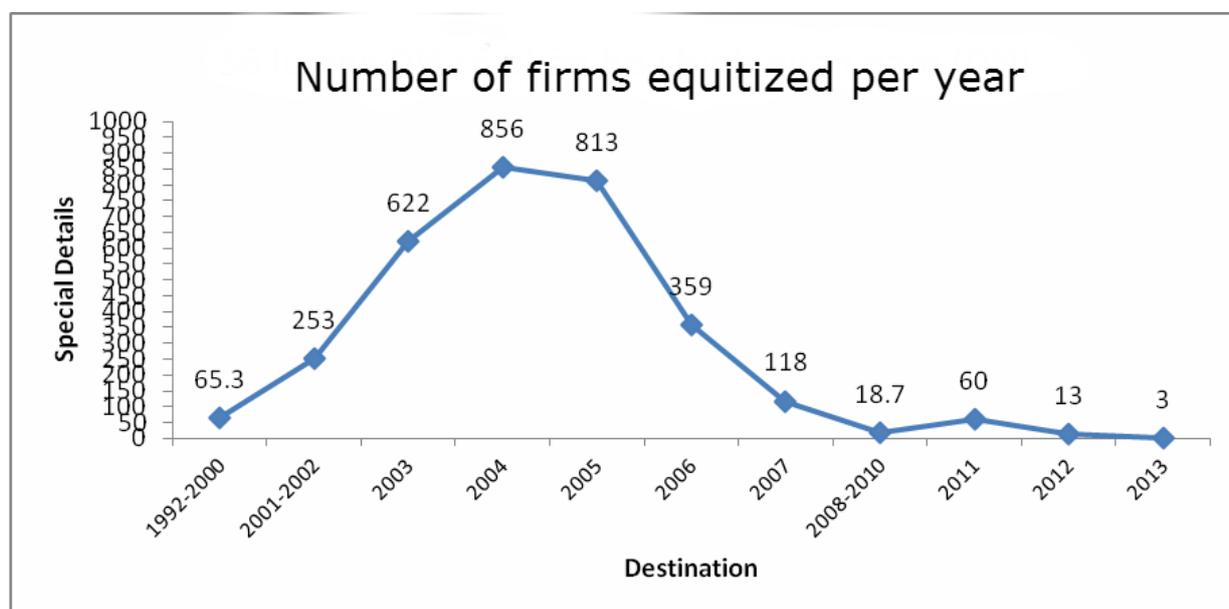
REPORT OF INVESTMENT AND TRADE GROUP

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As state-owned enterprises account significantly in the national economy, the Vietnam Business Forum (VBF) has expressed its major concern over the reform of state-owned enterprises (SOEs).

SLOW EQUITIZATION PROGRESS

Equitization speed has been reduced over the past years: there were more than 800 enterprises equitized in 2004-2005 compared to 13 equitized enterprises in 2012. This fact has raised a big question about the speed of equitization progress in the coming years.



LACK OF CORPORATE GOVERNANCE REGULATIONS

Several SOEs have been converted into one member limited liability companies or joint stock companies with the state holding the majority of shares. Yet, there is still lack of particular regulations on supervision and governance in such converted enterprises in order for them to determine powers of the state in operating the enterprises.

SUPERVISION AND TRANSPARENCY

Many SOEs have not made profitable business and suffered big loss, hence the need for more efficient supervision mechanism to be applied to them.

The Government may invite the participation of the public in the supervision of SOEs by way of requesting SOEs to publish their information. Particularly, it is imperative to make available regulations on disclosure of information about activities of state-owned one member limited liability companies, parent companies of economic groups, and state-owned corporations.

COMPREHENSIVE RESTRUCTURING

The VBF has highly appreciated the Government's effort in restructuring Vinashin's loans and business operations. Re-constructing trust is the first necessary step in the process of restructuring Vinashin. Vinashin and other SOEs should attend to key business lines as guided by the Government.



EQUALITY

SOEs are enjoying favourable conditions, i.e capital sources with preferential interest rates and convenient locations for doing business. Private enterprises are competing inequitably with SOEs. Therefore, the Government is requested to review and apply equality mechanism among economic sectors to investment and business projects.

RESOURCES ALLOCATION

Plenty of infrastructure projects have been planned and developed by SOEs whereas such projects may be financed and developed by private or foreign capital sources. While a state-owned corporation may be promptly licensed to proceed the construction of a power generating plant with a Government-guaranteed loan, it takes foreign investors years to complete all licencing procedures to be permitted to construct a Vietnam-based power generating plant. The Government may need to study why there has been very few foreign invested BOT projects licensed over the last 10 years.

Reforming SOEs is a prolonged and complicated process, yet we believe that the Government has been fully aware of the issue and will take appropriate actions in an effort to speed up the process.