

ODA crucial to business goals



Kenji Oki
President of Blue Chip Consulting Corporation

The impact of resuming ODA grants is not small. Vietnam's economy is not mature enough to brave the influence of the world economic recession and in order not to halt Vietnamese economic growth, resuming of ODA grants is crucial.

In the case of a Japanese manufacturer starting a business in Vietnam, it will be restricted to a location far from cities and with inadequate infrastructure since industrial parks in suburbs are already full. Advantages cannot be found in comparison to other countries.

The ODA grants mean the improvement of infrastructure will lead to the acceleration of manufactures to create large employment.

The economic recession immediately caused foreign investment in Vietnam to contract. If ODA grants were not resumed, Japanese and foreign companies will evacuate.

Considering the amount of grants and its magnitude, even to Vietnamese local companies, resuming ODA grants has a deep meaning and its influence is significant.



Akito Tachibana
President, Toyota Vietnam (TMV)

TMV supports the Japanese government's policy to resume ODA for Vietnam, especially the fact that the two governments have decided to establish an anti-corruption joint committee to deal with cor-

After the Japanese government announced it would resume ODA flows to Vietnam, **VIR** talked to Japanese enterprises about the policy's impact on investment and strategies in Vietnam. Though it is a catalyst for the implementation of investment plans, Japanese investors still want stronger improvements in Vietnam's business environment.

ruption in Japanese ODA projects in order to strengthen coordination in supervising such projects after the discovery of a corruption scandal.

I think that Vietnam's investment environment is still attractive. However, the Vietnamese government should step up anti-corruption activities and administrative reforms, as well as further developing infrastructure and guaranteeing stability in macroeconomic management policies. It is these very moves that will ensure investors have peace of mind doing business in Vietnam and investing further in the Vietnamese market.

Japan in general and TMV in particular always consider Vietnam an important partner in the two countries' economic development strategy. Japanese investors must have seen many development opportunities when they decided to invest in Vietnam.

It is hard to forecast the future of the auto market in Vietnam. We still hope that the Vietnamese government will have effective and stable policies to create conditions to promote the development of the auto industry in the future.



Hirota Nakanishi
Senior Investment Adviser
Japan External Trade Organisation (JETRO)

The global financial crisis will still have negative impacts on Japanese enterprises in Vietnam. Enterprises that export 100 per cent of their products will bear the brunt of the crisis.

Japanese enterprises operating in the north are affected more seriously because most of them invest in the production of

motor vehicles, electrical and electronic products for export. Their downturn in business can reach a 50-70 per cent low.

In the south, mainly in Ho Chi Minh City, the impact of the crisis could be weaker since Japanese enterprises operate in many different areas such as electronics, food and garments.

At present the crisis in Japan is still deep and it is not possible to determine where it stops. Meanwhile, in Vietnam the pace of recession is slower. That is why Japanese enterprises rate the Vietnamese domestic market as a highly potential market, and forecast that there will be many more Japanese investors investing in this market. According to JETRO, the investment trend in the coming time will be investing in developing the domestic market. The plan to develop supporting industries in Vietnam will continue despite the impact of the crisis on Japanese enterprises.



Hideo Hara,
General director, Renesas Vietnam

For Renesas, Vietnam is an attractive investment market. It is a matter of course that, in the long run, the Vietnamese government needs to resolve a number of issues as

soon as possible in order to maintain the attractiveness of Vietnam's investment environment to Japanese high-tech investors. The said issues relate to improvements in infrastructure, specifically transport infrastructure and further opening of the telecommunications market, and tertiary education to international standards.

The current crisis impacts on many groups, including Renesas. But Renesas Vietnam still develops and grows though slower than the initially planned rate. We now still recruit engineers for future business development plans.



Kimihiro Itoki
General director, Sony Vietnam

It is good news that the Japanese government has resumed ODA for Vietnam in the context of the current global economic crisis. This shows that Vietnam's business environment will develop stably though at a slower rate than before. Foreign investors and Sony still have confidence in the stability of the investment environment in Vietnam.

To create a more transparent business environment for foreign investors, including Japanese investors, it is most important to simplify administrative formalities. Besides, in our opinion, the Vietnamese government needs to promote interaction between the government and the community of enterprises.

This is the most effective channel that provides feedback on government policies. In 2009, Sony will still invest in Sony Electronics' software development in Vietnam. Plans for enhancing Sony Vietnam's value-added service quality will also be strongly implemented.