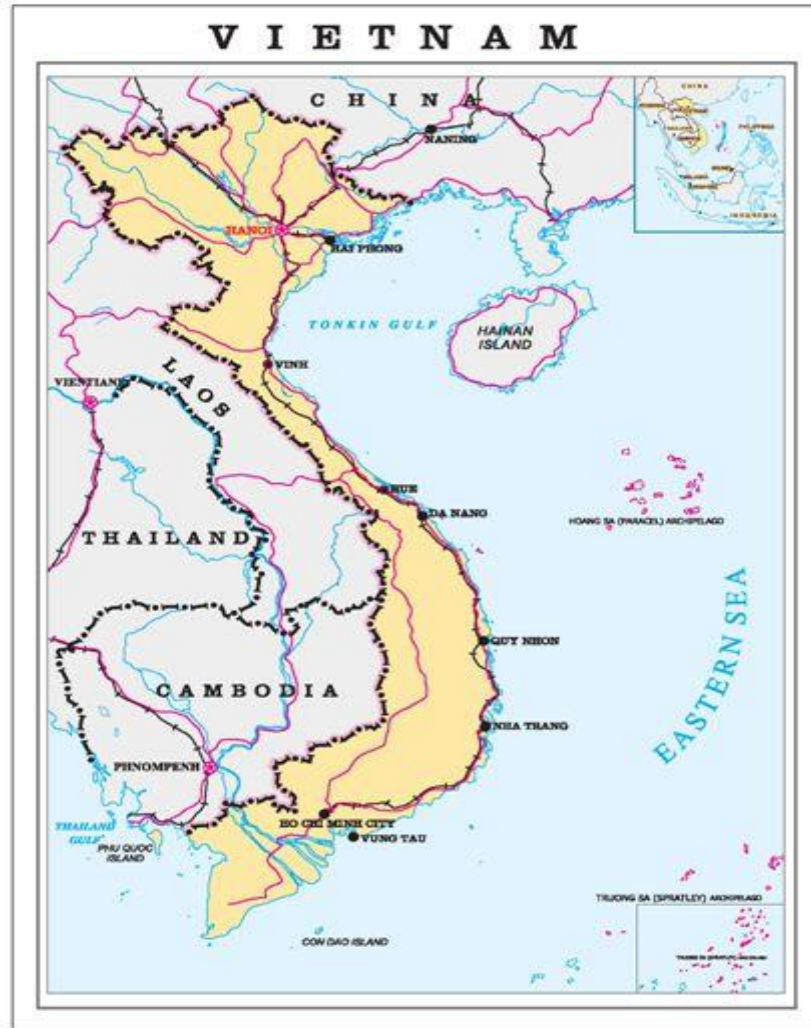

VIETNAM PROFILE

December 2007

COUNTRY PROFILE



Conventional long form : Socialist Republic of Vietnam – SRV

Conventional short form: Vietnam

Capital : Hanoi

Area : 331,689 square kilometres

Population : 84,155,800 (as of 2006)

I. GENERAL INFORMATION

1. Background

In 1986, the "Doi Moi" (renovation) policy was launched with the focus on economic reform. This marked an important milestone in the new stage of development of the Vietnamese nation. The "Doi Moi" policy was consistently reaffirmed throughout the later periods. With the implementation of four five-year socio-economic development plans, Viet Nam, from a food importing country, has become the second largest rice exporter in the world. Viet Nam also exports a lot of other commodities with well-known brands. The economy attained high growth rate from 7% - 8% annually in the late 20th century and the early years of the 21st century, people's lives have been significantly improved; social policy received greater attention, the legal system has become increasingly complete and social management based on the rule of law put into place.

Vietnam joined WTO on November 11th 2006 and served as non-permanent member of United Nations Security Council from October 16th 2007.

2. Location

Viet Nam is located in the Eastern part of the Indochina peninsula, bordering China to the North, Laos and Cambodia to the West with a long land border of 4,550 km, and facing the Eastern Sea (South China Sea) and the Pacific to the East and the South. On the map, Viet Nam is an S-shaped long strip of land, stretching from 23°23' to 8°27' North latitude. The country's total length is 1,650 km from the northernmost point to the southernmost point. Its width, stretching from the Eastern coast to the Western border, is 500 km at the widest part and 50 km at the narrowest part.

II. SOCIETY

1. Culture

It can be said that there were three layers of culture overlapping each other during the history of Vietnam: local culture, the culture that mixed with those of China and other countries in the region, and the culture that interacted with Western culture. The most prominent feature of the Vietnamese culture is that it was not assimilated by foreign cultures thanks to the strong local cultural foundations. On the contrary, it was able to utilize and localize those from abroad to enrich the national culture.

The Vietnamese national culture emerged from a concrete living environment: a tropical country with many rivers and the confluence of great cultures. The natural conditions (temperature, humidity, monsoon, water-flows, water-rice agriculture ...) exert a remarkable impact on the material

and spiritual life of the nation, the characteristics and psychology of the Vietnamese. However, social and historical conditions exert an extremely great influence on culture and national psychology. Thus, there are still cultural differences between Vietnam and other water-rice cultures like Thailand, Laos, Indonesia, India and so on. Though sharing the same Southeast Asian cultural origin, the Vietnamese culture was transformed and bore East Asian cultural characteristics because of the imposition of China's culture.

Vietnam has 54 ethnicities living across the country. Each ethnicity has its own cultural colour, thus, the Vietnamese culture is a diversified unification. Apart from the typical Viet-Muong culture, there are other cultural groups like Tay-Nung, Thai, Cham, Hao-Ngai, Mon-Khmer, HMong- Dao, and especially Tay Nguyen groups that still maintain fairly diverse and comprehensive traditions of a purely agricultural society that is closely attached to forests and mountains.

2. Religion

Viet Nam has a diverse mix of major religions with a large number of followers, religious figures, and monks such as Buddhism, Christianity and Muslim and some indigenous religions such as Caodaism and Hoa Hao, etc.

Buddhism: There are two sects of Buddhism: Mahayana and Theravada (Hinayana). Mahayana Buddhism was introduced in Viet Nam in the 2nd century B.C, and Theravada was introduced in Viet Nam in the 2nd century A.D. After the 10th century, Buddhism developed very quickly in Viet Nam and became the national religion under the Ly-Tran dynasty. At present, there are 10 million Buddhist followers, 20,000 pagodas and 38,000 Buddhist monks and many schools offer Buddhist training in Viet Nam.

Catholicism: Catholicism was introduced in Viet Nam in the 15th century by European missionaries. Catholicism was first popular in coastal provinces such as Thai Binh, Nam Dinh, Ninh Binh, Thanh Hoa and Nghe An, etc., then spread throughout the Red River delta and cities. At present, there are six million Catholics, 6,000 churches and 15,000 Catholic priests in Viet Nam.

Protestantism: Protestantism was introduced in Viet Nam in the late 19th and early 20th centuries. However, it was not until 1920 that Protestantism became popular all over the country. At present, there are one million Protestants and 500 Protestant churches in Viet Nam.

Muslim: Muslim religion was introduced in Viet Nam by the Cham people in the 10th and 11th centuries. At present, there are 100 mosques, 70,000 Muslim followers and 700 dignitaries in Binh Thuan, Ninh Thuan, An Giang, Tay Ninh, Dong Nai provinces and Ho Chi Minh city. There are two schools of Muslim in Viet Nam: orthodox Muslim with followers who are Cham people from Chau Doc, Ho Chi Minh city, Tay Ninh and Dong Nai provinces; and non-orthodox Muslim (or Cham Ba Ni) with followers who are Cham people from Binh Thuan and Ninh Thuan provinces.

The right to freedom of religion of all Vietnamese citizens is provided for by the law and ensured by the State.

III. ECONOMY

1. Overview

Viet Nam embarked on the “Doi Moi” (renovation) policy in 1986. Since then, the country has seen dramatic changes, first and foremost in the economic thinking. The centrally-planned economy was replaced by the socialist-oriented market economy; national industrialization and modernization were initiated together with the policy of multilateralization and diversification of external economic relations, openness and international integration. The “Doi Moi” process helped Vietnam rapidly escape hunger and poverty and lay the initial foundation for an industrialized economy, as well as maintaining a high growth rate and a relatively equal society.

The 1987 Foreign Investment Law was the first legal document that helped form the legal framework for the Vietnamese market economy. In 1991, the Private Enterprise Law and Corporate Law were introduced. The amended 1992 Constitution affirmed the existence and development of a multi-sector economy under a market mechanism, including the foreign-invested sector. This was followed by the promulgation of a number of laws essential for the formation of the market economy, including Land Law, Tax Law, Bankruptcy Law, Environment Law, and Labour Code etc. Hundreds of ordinances and decrees were enacted by the Government to guide the implementation of these laws, which help ensure national socio-economic development.

Along with the law-making process, market economy institutions have also been established. It is Government policy to eliminate the central planning mechanism, emphasize monetary - market relations, focus on economic management measures and establish an array of financial institutions, banks and basic markets for money, labour, goods and land, etc. The administrative reform was promoted so as to improve economic competitiveness and to help create a more favourable business environment and mobilize all resources for economic growth. The political will of the Vietnamese Government is also reflected in the strategy for administrative reform in 2001-2010, which emphasizes the simplification of administrative procedures, amendment of laws and improvement of economic management. These changes will help establish a dynamic institution to meet the development requirements of the country in the new context.

Overall, tremendous economic reforms taking place over more than two decades of “Doi Moi” have yielded encouraging results. Vietnam has created an ever more competitive and dynamic economic environment. The multi-sector economy has been encouraged to develop, thus mobilizing effectively all social resources for economic growth. External economic relations have been expanded and the flow of foreign direct investment increased. Export of goods and labour, tourism industry and remittances from overseas Vietnamese have been strongly promoted to generate increasing foreign earnings for Vietnam.

During more than 20 years of Doi Moi, GDP of Vietnam saw a sustained growth, which stood at 8.2% in 1991-1995 as compared to 3.9% in 1986-1990. This rate dropped to 7.5% in 1996-2000 due to the impacts of the Asian financial crisis. Since 2001, GDP growth recovered on a year-on-year basis, reaching 6.9%, 7%, 7.3% and 7.7% for 2001, 2002, 2003 and 2004 respectively. The figure for 2005 was 8.4%, for 2006 was 8.2% and for 2007 is expectedly 8.5%. Vietnam has now succeeded in gradually replacing the centrally-planned economy, bureaucracy and a subsidy mechanism by a socialist-oriented market economy with growing dynamism. The GDP growth rate of 7 to 8% has been sustained, along with stronger industrialization and expanded integration with the world and regional economy. Vietnam has enjoyed a sharp rise in trade volume, especially exports, and an increase of foreign investment and income.

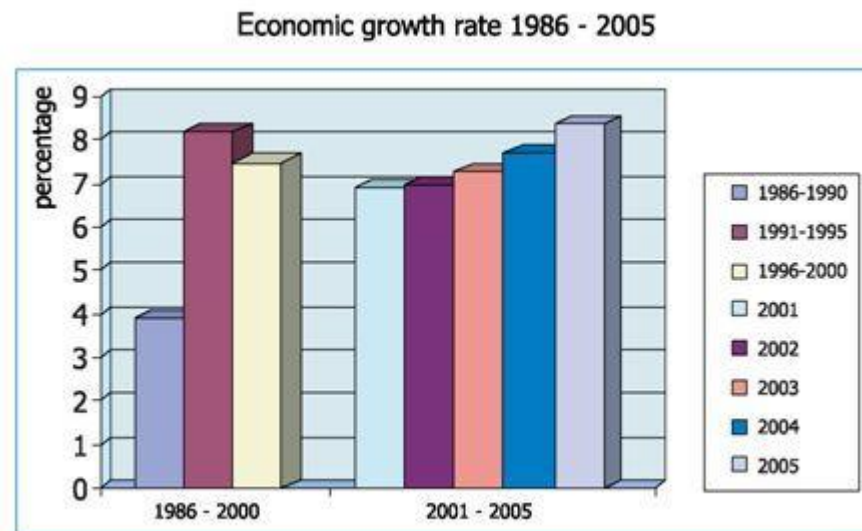


Figure 1 – Economic growth rate of Vietnam from 1986 to 2005

As Vietnam's GDP continuously increases, the economic structure has also witnessed notable changes. From 1990 to 2006, the contribution of agriculture sector dropped from 38.7% to 20.10%, whilst that of the industry and construction was up from 22.7% to 41.80%. The service sector stayed relatively constant, 38.6% in 1990 and 38.1% in 2006. In each sector, the structure has also positively shifted. The agriculture sector has seen a decline in the role of agriculture and forestry, while fishery gained a higher share. In the industrial sector, the proportion of the processing industry was up with improved product quality. In the service sector, the share of high-quality services such as finance, banking, insurance and

tourism, etc. is increasing rapidly. The economy is well on the road to a multi-sector model operating according to market mechanism and state regulations. This means that the private sector enjoys freedom to develop in all areas not specifically forbidden by law. The legal framework has been revised to facilitate gradual shift from the former centrally-planned economy to a market one, which unleashes production capacity, mobilizing resources effectively and creating a momentum for economic growth and development.

Upon the amendment of the Enterprise Law in 2000, private businesses have enjoyed strong encouragement for development. This Law institutionalized the freedom of all individuals to do business in areas not prohibited by law. It also removed administrative obstacles that hampered enterprises such as complex licensing procedures or fees, etc. In the first four years after amendment, 73,000 private enterprises were registered, up by 3.75 times against the period 1991-1999. Especially, the foreign-invested sector increased from 6.4% to 17% from 1991 to 2006. With a view to raising the productivity of the state-owned sector, policies were formulated with concrete measures to adjust and reorganize SOEs. The management of SOEs' finance and state equity in SOEs was strengthened and the process of SOEs' equitization well monitored. As the multi-sector economy has further developed, the proportion of SOEs in GDP decreased from 40.1% in 1991 to 37.3% in 2006.

Vietnam has succeeded in translating economic achievements into social progress. Benefits of the "Doi Moi" process, for instance, are delivered to the majority of the population on a relatively equal basis. Economic growth is combined with the improvement of life quality and development of health care and education. The Human Development Index of Vietnam increased from 0.583 in 1994 with a rank of 120/174 to 109/177 in 2006. The average life expectancy was raised from around 50 in the 1960s to 70.5 at present. The poor household ratio dropped from 70% in 1980 to below 7% in 2006.

Foreign trade and international economic integration: The policy of openness and industrialization has opened up new opportunities for Vietnam to make full use of its inherent comparative advantages, i.e. vast natural resources, and an abundant and inexpensive workforce. These advantages are being exploited to raise Vietnam's exports, which generate an increasing flow of foreign income for economic growth and industrialization. Over the years of the "Doi Moi" process, Vietnam's export growth has averaged 20%. From around US\$500,000 before the introduction of the "Doi Moi" policy, the total export volume of Vietnam reached US\$26 billion in 2004, US\$32.23 billion in 2005 and US\$39.61 billion in 2006. This foreign earning is a significant resource for the national industrialization and modernization.

The structure of exports has also seen a positive change. During the 1991-1995 period, major exports of Vietnam were crude oil, fishery products, rice, textiles, coffee, forestry products, rubber, peanut and cashew nuts. By 2006, apart from crude oil, textiles, rice and coffee, Vietnam was mainly exporting namely crude oil, garment and textile, footwear, seafood, woodwork, electronics appliances, and rice. This structure reflects the rise in processing and manufactured products and decline in unprocessed products, including agricultural, fishery, forestry products and minerals. Despite this shift, unprocessed export products still make up a large proportion. Therefore, greater efforts are needed to rapidly raise the proportion of industrial exports.

The policy of "multilateralization and diversification" of international relations has helped Vietnam integrate more deeply into the world and regional economy. Before 1990, Vietnam had trade relations with only 40 partners. Now with the foreign policy of openness, which is to befriend and cooperate with all countries in the world on the basis of equality and mutual benefit, Vietnam has established diplomatic relations with 167 countries, and has signed multilateral and bilateral trade agreements with over 80 nations. The country has been granted MFN status by more than 70 countries and territories, including countries and regions with large capital resources, high technologies and vast markets, such as the United States, Japan, the EU and newly industrialized countries in East Asia. Following the introduction of Doi Moi, Vietnam signed an economic and trade cooperation agreement with the EU in 1992, joined ASEAN in 1995, AFTA in 1996 and APEC in 1998. The July 13th, 2000 signing of the Bilateral Trade Agreement (BTA) between the U.S. and Vietnam was a significant milestone for Vietnam's economy. In November 7, 2006 Vietnam became WTO's 150th member, after 11 years of preparation, including 8 years of negotiation. Vietnam's access to WTO should provide an important boost to Vietnam's economy and should help to ensure the continuation of liberalizing reforms and create options for trade expansion.

2. Foreign Direct Investment (FDI)

In December 1987, the Foreign Direct Investment Law of Vietnam was introduced to help form the basic legal framework for foreign investment activities in Vietnam. To better respond to business requirements and feedback from foreign investors, this Law was amended and supplemented several times, notably in 1996 and 2002, which created a more open and attractive environment to draw foreign investors into crucial industries such as export-oriented processing and manufacturing, and key economic zones of the country.

In recent years and especially in 2005 and 2006, the Vietnamese Government made a number of adjustments and conducted reforms to create more incentives for foreign investors. They are now supported in tackling business obstacles. The Law on Personal Income Tax has been amended in favour of the tax payers. The one-stop-shop policy has been promoted, telecommunication tariffs lowered to gain competitiveness over other countries in the region. Infrastructure has been improved. More areas, including those previously closed to foreign investors, such as telecommunication, insurance and supermarkets, etc. are now open to investment. As such, Vietnam has become an attractive venue for foreign investment.

The aforesaid measures were conducive to recovery and rapid increase of the FDI inflows in 2006. The sharp rise of FDI is also attributed to political, economic and security stability, high economic growth rate, continuation of economic reform in accordance with market economy principles, improved living standards leading to higher domestic demand, greater international integration and the emergence in the international market of Vietnamese trademarks and Vietnam's growing reputation.

Over the past years, Vietnam has drawn increasing inflows of FDI. From a negligible figure of 1986, FDI into Vietnam reached US\$3.2 billion in 1997. Due to the negative impacts of the 1997 Asian financial crisis, the FDI flow then saw a drop during 1998-2000 period, with only US\$1.58 billion in 1999. In the past few years, Vietnam has enjoyed a recovery of FDI, from US\$ 2.6 billion in 2001 to US\$ 4.1 billion in 2004 and US\$9.6

billion in 2006. FDI not only generates profits for foreign investors but also represents a significant capital source which comes along with technology transfer and advanced managerial skills. FDI helps better tap national potential, creates tens of thousands of jobs and raises professional skills for Vietnamese workers.

IV. POLITICS

The current political system of Vietnam is composed of the following: the CPV, political organizations, socio-political organizations, socio-professional organizations, and mass associations.

1. The Communist Party of Vietnam

The CPV is the Party in power in Vietnam. It respects and promotes the mastery of the people over the country, and is under the people's supervision. The Party relies on the people to strengthen its organization, unites and lead the people in the revolutionary cause. The Party leads the political system and is a member of that system. The Party leads, respects and promotes the role of the State, the Vietnam Fatherland Front and other socio-political organizations.

The Party organizational system is established in line with the State administrative apparatus from Central level to provincial, city, district, and communal levels as well as in administrative bodies, schools, enterprises, political/social/professional organizations, army units and police forces. The Party cells are the Party's grassroots foundations.

Being the party in power whose mission is to lead the country in all fields, the Party directs State and socio-political organizations through:

- Deciding on political programs, strategies, and guidelines for national construction and defense; carrying out the leadership through ideological work, personnel management, and supervision over the implementation of its political programs, guidelines, and strategies;
- Consistently directing the personnel work and managing the contingent of cadres, at the same time promoting the responsibilities of organizations in the political system and their leaders in charge of personnel work;
- Introducing competent cadres for posts in State agencies and in socio-political organizations;
- All Party cells and members working in the State agencies as well as socio-political organizations must strictly observe the Party's resolutions and directions; the Party cells direct the concretization of these documents into the State's laws and organizations' regulations as well as their implementation.

To consolidate its full leadership, the Party does not directly cover all activities but works through its affiliates, in line with the Constitution and laws:

- In the State leading agencies (National Assembly, People's Councils) and socio-political organizations at the central level and in provinces/centrally-administered cities which are formed through elections, Party committees set up Party bodies at the same level, composed of some Party members who work for the related organizations and some members appointed by the same-level Party committees. The role of the Party bodies is to lead and make other members of the organizations implement the guidelines and policies of the Party, increase the influence of the Party, improve the close relationship between the Party and the people, realize the Party's resolutions on organization and personnel management and decide matters of organization and personnel management in line with the duties assigned by the Politburo.
- In judicial and executive bodies (the government, ministries, courts, the inspection agency, etc.) at the central level and in provinces/centrally-administered cities, Party committees set up the Party boards at the same level, which are composed of some Party members who work for the related bodies and some appointed by the same-level Party committees, including the secretaries. The role of the Party boards is to make other members of the bodies understand and implement the Party's guidelines and policies; give advice to the Party committees on operation, duties, organization, and personnel management; make decision within their competence; and to observe the implementation of the Party's guidelines and policies.
- As for the security and armed forces, there are the central military committees and the security Party committees.

With those bodies, the Communist Party of Vietnam has a nationwide organizational system, from the Central to grassroots levels, and in political-social organizations and economic entities.

2. State system

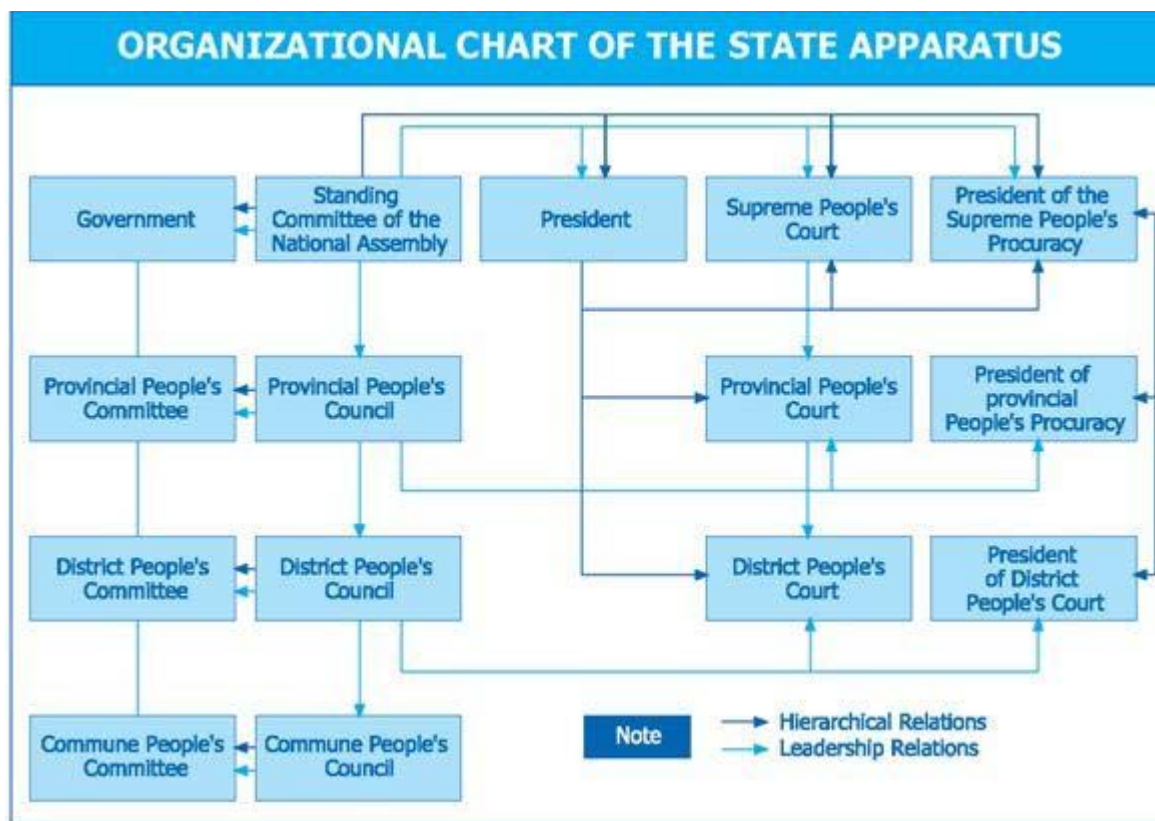


Figure 2 – Organizational chart of the State apparatus

The National Assembly

The National Assembly is the highest representative organ of the people; the highest organ of state power of the Socialist Republic of Vietnam, the sole organ that has the constitutional and legislative rights. The term of each National Assembly is five years.

The Chairman and Vice Chairmen of the National Assembly are elected by the National Assembly among the National Assembly deputies in the first session of every tenure.

The National Assembly decides the fundamental domestic and foreign policies, the socio-economic tasks, national defense and security issues, the major principles governing the State machinery, the social relations and activities of citizens. The National Assembly has three main functions: legislative, deciding the important issues of the country and carrying out the supreme supervision power of all activities of the State.

The President of State, the Standing Committee of the National Assembly, the Ethnic Council, the Committees of the National Assembly, the Government, the Supreme People's Court, the Supreme People's Procuracy, the Vietnam Fatherland Front and its members, as well as the individual Deputies to the National Assembly have right to present bills to the National Assembly. Before being presented to the National Assembly, bills are first examined and commented on by the Ethnic Council or the relevant Committee of the National Assembly. The bills are then sent to all Deputies to the National Assembly not later than 20 days before the opening date of the National Assembly session.

The bills which require public discussion are published and aired by the mass-media, so that the people and the state organs at all levels are able to have comment before presentation of those bills to the National Assembly. All bills are discussed at the National Assembly session, first by groups of members, and then by all the members at a plenary session. A bill becomes duly-adopted law when a single majority of the Deputies to the National Assembly vote in favor of its adoption.

After being adopted by the National Assembly, the bill must be signed by the Chairman of the National Assembly. The President of State promulgates the law, which becomes effective no later than 15 days from the date of its adoption.

As the highest state authority, the National Assembly make decision on the socio-economic development plans of the country; on the national financial and monetary policies and on the estimates of the national revenue and expenditure plans. It also decides the State budget, approves the national revenue and expenditure balance of account, and levies, amends and abolishes taxes.

The National Assembly elects the President of State, the Chairman of the National Assembly and the Prime Minister. It approves all appointments of Ministers upon the recommendation of the Government.

The National Assembly has the authority to establish and dissolve ministries and ministerial level agencies of the Government, as well as to establish, merge, divide and adjust the boundaries of the provinces and cities directly under the central authority. It can also establish or dissolve special administrative economic establishments.

The National Assembly decides issues of war and peace. It also has the power to declare an emergency situation and may take other special measures to ensure national defense and security.

With respect to foreign affairs, the National Assembly decides on fundamental external policies. At the request of the President of State, it ratifies or revokes those international treaties that Vietnam has signed or adhered to.

The National Assembly exercises the supreme power of supervision over all activities of the State. This function is carried out through the activities of the National Assembly, the Standing Committee of the National Assembly, the Ethnic Council, the Committees of the National Assembly and individual deputies to the National Assembly.



Figure 3 – Organizational chart of the National Assembly

The President of State

The President of State (the President) is elected by the National Assembly from among its deputies to represent the Socialist Republic of Vietnam internally and externally.

The President has major executive and legislative power as follows:

- Promulgates legal documents adopted by the National Assembly, such as the Constitution, laws and ordinances;
- Has overall command of the armed forces and holds the office of Chairman of the National Defense and Security Council;
- Appoints or proposes the appointment of, releases from duty, dismisses the Vice-Presidents, Prime Minister, Chief Judge of the Supreme People's Court, Head of the Supreme People's Procuracy;

The President is assisted by the Vice President, the President's Office, and the National Defense and Security Council. Vice President is proposed by the President and elected by the National Assembly from among NA deputies; The Vice President assists the President and may be authorized by the President to do some tasks or functions as the acting President.

The National Defense and Security Council can mobilize the country's forces and potentialities to protect the fatherland. It is chaired by the President; its members are introduced by the President and voted by the National Assembly.

The Government

The Government is the executive organ of the National Assembly, and the supreme state administrative agency of the Socialist Republic of Vietnam. The Government is in charge of tasks assigned by the State in the fields of politics, socio-economy, national defense, security and external relations; maintains effective operation of the State apparatus from the central to grassroots levels; ensures the respect for, and implementation of the Constitution and laws; promotes the people's sense of mastery in national defense and construction; ensures stability and improves the people's material and spiritual life.

The Government is accountable to the National Assembly, the National Assembly's Standing Committee and the President of State. Components of the Government are: Prime Minister, Deputy Prime Ministers, and Ministers and Heads of ministerial-level agencies.

The Prime Minister is elected, released from office or dismissed by the National Assembly at request of the President of State. The Deputy Prime Ministers are approved by the National Assembly at the Prime Minister's request. They function as the assistants to the Prime Minister and may be authorized by the Prime Minister in the case of the latter's absence. Ministers and heads of the ministerial-level agencies are approved by the National Assembly at the Prime Minister's proposal. They are in charge of State management over their assigned branches or affairs.

Local authorities

People's Councils:

- People's Councils of the centrally-administered cities and provinces
- People's Councils of districts
- People's Councils of the provincial-level cities/towns
- People's Councils of communes, wards and towns.

People's Committee:

- Provincial level: consisting of services, subcommittees, other organs administered by the People's Committees and the People's Committee offices
- District level: consisting of departments, sections, other organs administered by the People's Committees and the People's Committee offices
- Communal level: sections and the offices.

V. COMMUNICATIONS

Vietnam is putting considerable effort into modernization and expansion of its telecommunication system, but its performance continues to lag behind that of its more modern neighbours. Domestically, all provincial exchanges are digitalized and connected to Hanoi, Da Nang and Ho Chi Minh City by fiber optic cable or microwave radio relay networks. Main lines have been substantially increased, and the use of mobile telephones is growing rapidly.

As of 2006, there were 15.845 million main lines and 15.505 million mobile phones in use. Two satellite earth stations are in use: Intersputnik (Indian Ocean region). Mobile phone numbers in Vietnam are shared by many mobile operators, including MobiFone, VinaPhone, Viettel, S-Fone, EVN-telecom.

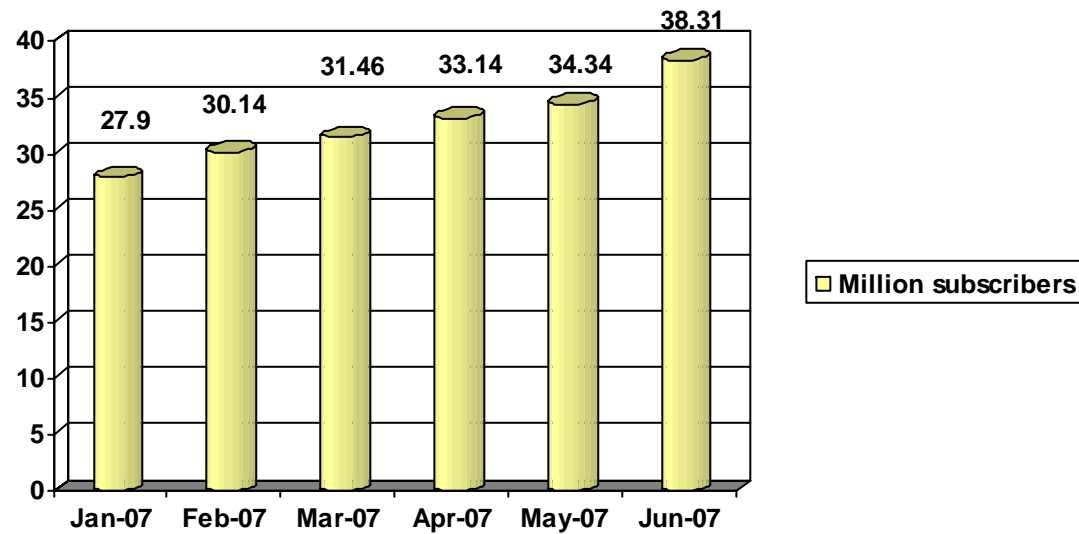


Figure 4 – Number of telephone and mobile phone subscribers from Jan – June 2007

Internet subscription is growing rapidly. Up to September 2007 Vietnam had 17,546,488 people accessing the Internet with 4,914,466 subscribers nationwide. The percentage of Internet users among population is 20.85%.

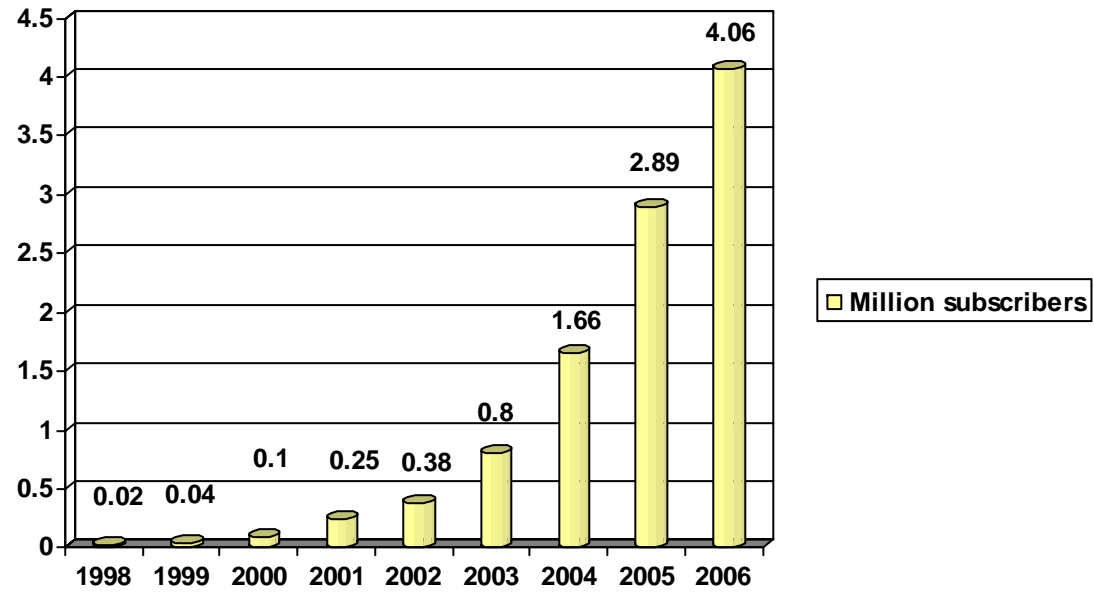


Figure 5 – Internet subscribers in Vietnam from 1998 to 2006

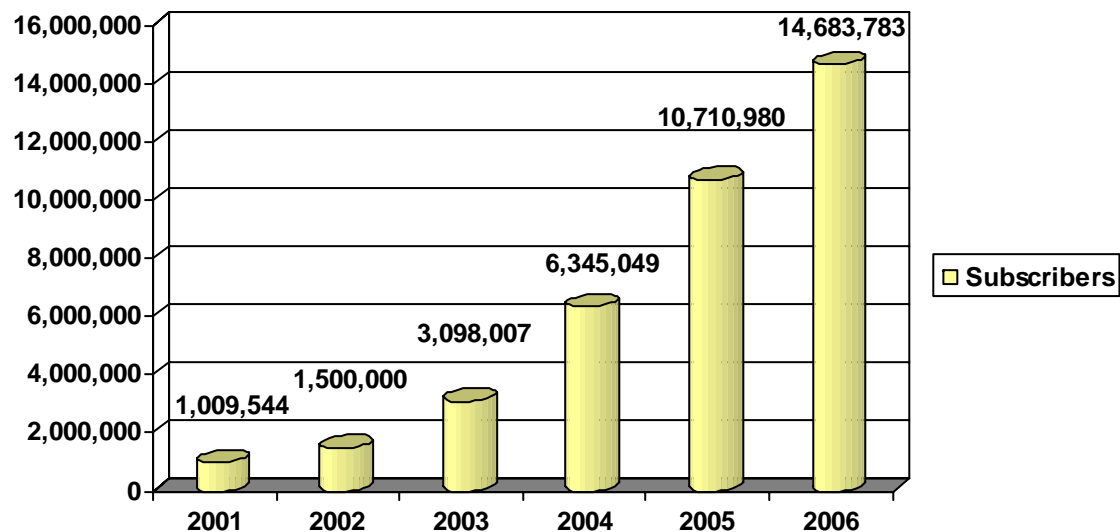


Figure 6 – Internet users in Vietnam from 2001 to 2006

Telecommunication is increasingly expanding to rural areas with an estimated 92.75% of communes now connected to the telecom network. However, some areas remain outside the telecommunication network due to their remoteness.

Since 1997 Vietnam has been connected by two gateways: one in Hanoi which connects with Hong Kong and Australia, and the other in Ho Chi Minh City, which connects with the United States by Sprint. Internet usage remains low in comparison with that of other Asian nations, yet connectivity has increased rapidly over the past few years, thanks to an initiative by the Ministry of Post and Telecommunications.

There are five ISPs operating: Vietnam Data Communication Company (VDC), Corporation for Finance and Promoting Technology (FPT), Netnam Company, Saigon Post and Telecommunications Services Corporation (Saigon Postel Corporation, SPT) and Viettel Company.

VI. CITIES DIRECTLY UNDER CENTRAL GOVERNMENT

1. Hanoi

Hanoi, the capital of Vietnam, is located in the Red River Delta and in the centre of Northern Vietnam. Hanoi means "the hinterland between the rivers" (Ha: river, Noi: interior). Hanoi's territory is washed by the Red River (the portion of the Red River embracing Hanoi is approximately 40km long) and its tributaries. It covers an area of 921.8km² with a population of about 3,216,700 people. It is the major metropolitan area of Northern Vietnam as well as the nation's political centre.

Although accounting for only 3.8% of total population, Hanoi makes up 8.4% of total GDP, 9.2% of total retail and services, 14.1% of registered foreign investment and 14.9% of total State budget. In 2006, GDP of Hanoi raised by 11.5%, in which agriculture, forestry, aquaculture increased by 1.1%, industry and construction by 13% and trade and services by 11%. GDP per capita in 2006 was US\$1,499. Hanoi also attracted US\$541 million of FDI in the sole year 2006, ranking the 6th of the nation. GDP in 2007 is expected to increase by 12%. Last year, Hanoi contributed US\$1,908 million to State budget, of which US\$2.73 million, equal to 0.14% of that came from lottery. Total lottery revenue of Capital Construction Lottery Company in 2006 was US\$12.29 million, which was the highest among Northern provinces.

Industrial production in the city has experienced a rapid boom since the 1990s, with average annual growth reaching over 20% in the last few years. In addition to eight existing industrial parks, Hanoi is building five new large-scale industrial parks and 16 small- and medium-sized industrial clusters. The non-state economic sector is expanding fast, with more than 48,000 businesses currently operating under the Enterprise Law (as of 3/2007).

Trade is another strong sector of the city with an increase of 20.1% (2006) in comparison with the same period last year. Total retail trade increased by 21.3% while revenue from wholesale trade and service for production increased by over 20% in the past years. Total exports reached US\$3,576 million last year, equal to 125% compared with in 2005. Total imports reached US\$12,334 million, increasing by 17.3%.

The economic structure also underwent important shifts, with tourism, finance and banking now playing an increasingly important role. The annual growth rate of tourism in the last several years is maintained at 20 – 22% while that of finance last year reached 18.3%.

Together with economic growth, Hanoi's appearance has also changed significantly, especially in recent years. Infrastructure is constantly being upgraded, with new roads and an improved public transportation system. Social services have been developed in both scale and quality. The public healthcare network has been strengthened, ensuring at least one doctor for each commune and ward.

In the future, Hanoi will watch a strong swift in economic mechanism towards service-industry-agriculture and concentrate on high-technology fields. Besides, Hanoi will give priority to automation, biotechnology and new materials.

2. Hai Phong

Hai Phong, approximately 100km away from Hanoi, serves as the main port in the Northern region of the country. With the advantage of the primary port, Hai Phong concentrates on maritime economy. Hai Phong's maritime transport is important motivation of the North. It is the main gateway to the sea for northern Vietnam as well as a vast coastal area of southern China. The city has long been known as a key industrial hub with the largest seaport in northern Vietnam, easily accessible to huge markets in southern China and Southern East Asian countries. It covers an area of 1,520.7km² with population of approximately 1,803,400 people as of 2006.

Last year, Hai Phong contributed US\$825.73 million to State Budget, ranking the 4th after Hanoi, Ho Chi Minh city and Ba Ria – Vung Tau. Its annual growth reached 8.17% and GDP per capita was US\$1,079 in 2006. It also attracted many FDI projects with total registered capital in the sole year 2006 was US\$200 million.

In the period up to 2010, the GDP of Haiphong city is expected to comprise 4.0-4.5% of GDP of the whole country, with an average annual GDP growth rate of 12-13%, 1.2-1.3% higher than the northern area as a whole and 1.5% p.a. higher than the national average. The average annual GDP/person will reach US\$1,800. Export turnover will reach US\$1.8-2.0 billion with an average growth rate of 18-20% per year. It also has a plan of undergoing swift in economic structure in which proportion of service and industry will be increased while agriculture will be decreased gradually.

3. Danang

Danang is recognized as the capital of Central part of Vietnam. It is a Southern Central coastal city, which is one of the most developed one in this region. It covers an area of 1,257.3km² with population of about 788,500 people as of 2006. Its location bring itself an advantage: it is one important gate for Lao, Cambodia, Myanmar and Thailand to Northern East Asia via East-West Economic corridor.

Currently, there are 6 industrial zones in Danang. With open policies, Danang attracted US\$203 million of FDI last year. In 2006, the growth rate of Danang reached 12.2% and GDP per capita was US\$1,050. Last year, Danang contributed US\$338.79 million to State budget revenue. The city's economic output includes: seafood exports, clothing, household goods, and furniture. Besides, tourism is also an advantage of this port city. In 2007, industrial product value is expected to increase by 13.8%, exports 17.1%, imports 5.3%.

It has a plan of undergoing swift in economic structure in which proportion of service and industry will be increased while agriculture will be decreased gradually. It strives to reach GDP per capita of US\$2000, export – import turnover of US\$1,720 million in 2010.

4. Ho Chi Minh City

Ho Chi Minh City, formerly known as Saigon, is located by the banks of Saigon River in Eastern South of Vietnam. It is the largest economical, cultural, tourism and educational centre of the nation. It covers an area of 2,098.7km² with population density of 2,909/km². Its population was 6,105,800 people as of 2006. However, that is only the number on paper. The real number must be much higher. That is also a reason why Ho Chi Minh City is called "the city of motorbikes" with streets full of motorbikes. Last year, Ho Chi Minh city contributed US\$4,174 million to State Budget. GDP of 2006 increased by 12.2% and that of 2007 is estimated to reach 12.6%. GDP per capita last year was US\$1,850.

Some 300,000 businesses, including many large enterprises, are involved in high-tech, electronic, processing and light industries, also in construction, building materials and agro-products. Investors are still pouring in money into the city. Currently, the city has 15 industrial parks (IP) and export-processing zones (EPZ). In 2006, Ho Chi Minh City is one of the leading cities in attracting FDI with 327 projects and total registered capital of about US\$2 billion. By the end of October 2007, total FDI capital of Ho Chi Minh city reached US\$16.6 billion, equal to 20% of that of the whole nation. It is expected to attract US\$2.5 billion of FDI in 2007. In the next time, Ho Chi Minh city will focus on the four key industrial sectors: electricity – electronics – information technology; mechanics; chemical and fine food-processing with total capital of US\$3.5 billion for the period from 2006 – 2010. By 2007, there are more than 38,000 industrial establishments in the city. The city's industrial product value is expected to reach US\$6.4 billion in this year. Export – import turnover is estimated at US\$36 billion, equal to 40% of national total.

There are 171 medium and large scale markets, tens of supermarket chains, dozens of luxury shopping malls and many modern fashion or beauty centers. There are many malls and shopping plazas developing in the city. Ho Chi Minh city is a big consumption centre with total goods and service consumption 1.5 times of that of Hanoi. Over 50 banks with hundreds of branches and about 20 insurance companies are situated inside the city. The city is also one of stock markets with highest growth rate (144%). Every year, Ho Chi Minh city receives about 60% of total remittance of the whole nation.

5. Can Tho

Can Tho is located on the south bank of Hau River, the bigger branch of Mekong River in the Southern region. It is 169km away from Ho Chi Minh city. It covers an area of 1,401.6km² with population of 1,139,900 people. Can Tho has become administrative unit under the Central since January 2004. It is located in Mekong Delta, which is considered to be the "rice basket" of Vietnam, contributing more than 50% of the nation's rice production. The city now is the delta's most important centre of economics, culture, science and technology. It has a large freshwater port and two industrial parks.

Last year, Can Tho contributed US\$174.64 million to State budget. Its growth rate in five years of 2001 – 2005 stood at 13.5%. In 2006, that reached 16%. In 2006, Can Tho attracted US\$2.4 million of FDI. Its economy shows promising results such as stable development, increasing quality, and individual sector targeting to product diversification in the line with the municipal advantages.

Economic structure reforms towards industrialization and urbanization. In which, agriculture projects to raising breeding and aquaculture; industry - construction aim at heightening farm produce and aquatic product processing, chemicals, building materials, garment, consuming good. Commerce - service tend to push up percentage of commerce, transportation service, finance - credit, tourist, etc., In 2005, its economic structure included 44.08% of commerce - service; 38.16% industry - construction; and 17.76% agriculture. The plan of the city is to reach the growth rate of GDP at 16% per year for 2006 – 2010 period and 17.1% fo 2011 – 2015. GDP per capita will reach US\$1,210 by 2010 and US\$2,318 by 2015.