



Foreign Banks Increasing Commitment to the Market

Half of the Bank Representative Offices interviewed claim that they have either obtained or plan to obtain full branch licenses in the next one to two years. Two of the three joint venture banks plan to expand their presence through additional branches (top choice - Danang) and upgrade their existing rep offices to branches soon.

The State Bank of Vietnam earlier this year eased up restrictions limiting the cap on loans; previously foreign banks were restricted to extending loans up to 10% of their paid-up reserves, the minimum of which is US\$15 million, making the effective loan cap US\$1.5 million. With these restrictions removed, the foreign financial community is increasingly bullish on Vietnam, and intent upon upgrading office facilities. Nearly 50% of all banks interviewed estimated that their expenditures on equipment and services would fall between US\$20,000 and US\$100,000 next year. Estimated expenditures are of course dependent of the exact timing of office upgrade and licensing awards, but the mood amongst the banking community is definitely upbeat.

Oil Exploration Companies Moving to Vung Tau

Following the lead of Shell and soon BHP, Oil exploration contractors are beginning to shift their Vietnam logistics HQs from Ho Chi Minh to Vung Tau. Increased facilities are doubtless to be needed, in basic services and particularly mobile services. Currently only one paging company provides service to Vung Tau, and neither mobile telephony services has yet to establish base stations in the province. (The public trunked radio service Mobile Net plans service within the next month and Call Link personell estimate that they would follow suit with cellular service to Vung Tau in the next quarter). With the ramping up of the petroleum communities in Vung Tau, increased demand for transmission capacity, switching and mobile services is foreseen.

Petroleum exploration companies also have a much easier time in getting licenses approved for dedicated, primarily radio-based, networks, making Ho Chi Minh and Vung Tau the centers of the small but robust market for private networking equipment. Most exploration outfits interviewed operate some sort of simple radio network: HF or VHF transmission networks for ship to shore links from Vung Tau, or from Vung Tau to the surrounding environs and to Ho Chi Minh. These dedicated links are often supplimented by very expensive, and increasingly hard to obtain, backup service through INMARSAT.