



VIETNAMESE ENTERPRISES IN RUSSIA - A BRIDGE FOR THE TWO COUNTRIES' TRADE RELATIONS

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The Vietnam-Russia trade relations in the "post-USSR" offers significant conditions for Vietnamese private firms operating in Russia. Currently, over 300 wholly Vietnamese-invested or joint venture companies have been established and operated in compliance with Russian law. Most of them entered the Russia-based Association of Vietnamese Enterprises. Their scope of activities are diverse: import and export of consumer goods, materials for production, restaurants, services, tourism, training and so on. There are some firms investing in production of the Commonwealth of Independent States (CIS) and Vietnam. Some Vietnamese businesses have bought shares of foreign banks and insurance firms.

Among 300 companies are those having huge capital and they do business not only in former Soviet Union, but also in East and North European markets. They include Guarton, Crystal, HSE, Sovico, Vinamoscow, Vihaco, Mifa, Vit, London and so on.

Guarton is a limited joint venture company licensed by the Russian Finance Ministry and involving in general import - export. It was set up in the end of 1991 and its founders are the two countries' university professors. The Guarton company sells building steel, water pipes, bulldozers, excavators various kinds of autos, boats, engines... Meanwhile, it also imports essential consumer goods, electric and electronic appliances, technological lines... made in Japan, the U.S., Germany, Singapore, Malaysia, Hong Kong, Vietnam and other countries. The Guarton's main partners in Vietnam include Vinametal, Union of Ship Building Enterprises, Vietsovetropetrol... As the first Vietnamese firm in Russia, it was permitted to open its rep offices in Hà Nội, HCMC and Vũng Tàu.

Crystal is also an outstanding name of Vietnamese enterprises in CIS and Eastern Europe. It is a wholly Vietnamese-invested company and considered as an efficient model of general business: import-export, services, real estate, finance

and banking. At the start of its operations, it regards foreign trade as a key sector. Its traditional exports and imports include equipment and machinery for transportation and construction. In addition, Crystal also engages in food processing and essential commodities. Its first three months' turnover reached US\$2.7 million and after next six months rocketed to US\$12 million and currently over US\$50 million. After setting up its branches in Russian big cities (Peterburg, Vladivostok...), Ukrainian cities (Kiev, Odessa...) and rep offices in Vietnam (Hà Nội, HCMC and Đà Nẵng), the Crystal Company expanded its operation to many other sectors, but still maintains export-import as key business. As one of big partners of many Vietnam's state-run and private firms, Crystal exports to its homeland equipment, machinery for transportation and construction, cars, building materials... worth hundreds of million dollars. In addition to Vietnamese market, Crystal also sells materials and complete equipment to East

Europe and Africa. To date, its business has been extended to Southeast Asian and Japanese markets.

The General Material and Equipment Export Import Company (Sovico) is also a private enterprise making good performance in Russia. This is a wholly Vietnamese-invested joint stock company. It imports into Russia and other CIS countries farm, forest and fishery products (rubber, tea, coffee, cashew, rice and so on), handicraft goods (rattan, bamboo, ceramics, porcelains...), textiles and garments and so on; and export ferrous and non-ferrous metals, specialized equipment for transportation, consumer goods...

Vietnamese bustling businesses in Russia include restaurant services. The expatriates' famous restaurants are Cửu Long, Phương Đông of Kinimex Company, Hồng Hà, Hà Nội.

The banking and insurance sectors also attract Vietnamese firms. The Crystal Company opened its own bank in Moscow mainly serving the Vietnamese community in CIS and East Europe. Moreover, the company also holds shares of the Cristal Bank under the American Russian Cristal Group. The HSE Company carries out financial services, contract payment and money transfer to individuals and customers at their request. HSE has made trade relations with many foreign partners such as Russian Bank Credit Moscow, Barclays, British PLC, American Global Intertrade Ltd... In Vietnam, Cristal, Sovico and HSE are founders of the Joint Stock Bank of Non-state Enterprises.

Crystal has boldly invested in the insurance sector. It has large shares in the insurance firm of Graide, a Russian insurance firm guaranteed by the world's famous British insurance firm - Lloyd. Crystal currently provides 20 kinds of insurance services for goods transportation, life, health, personal properties. The Vietnamese insurance market is also an interest of Crystal.

Some Vietnamese companies bought shares of Russian and other CIS countries' factories. The Sovico Company holds shares of the auto manufacturer, ZIL. Crystal bought 23% of total shares of Iaroslav plant with 60,000 workers. At the moment this plant is implementing great orders from Southeast Asian countries.

Investing in Vietnam is a common trend of Vietnamese private companies in Russia. The Guarton Company focuses its investment on Vietnam's projects to develop private farming with the aim to produce commodities eligible for export to Russia. Currently, Guarton has joint venture projects to process rice exports in Hà Nội; canned tomatoes in Hà Tây; pork in Thái Bình; dry bananas in Hải Dương and tea in Vinh Phú. Crystal is developing projects to build cement plants capitalized at US\$6 million, install a concrete production line with a capacity of 40 cubic meter per hour and an investment capital of US\$1 million, set up a transaction center in joint venture with the Vietnam Bank for Agriculture and Vinaconex, and plan Ngọc Hà flower village in Hà Nội with an investment capital of billion of Vietnamese đồng.

Sovico has actively promoted projects in Vietnam to install a mirror making line, produce bricks, and assemble cars... It is encouraging that many companies have paid attention to the transfer of advanced technologies. Guarton, in coordination with the HCMC Committee of Science and Technique, has set up a technology center in the city.

Vietnamese enterprises' activities in Russia has created a lot of gains for both of the two parties and help make up for the gap between the two countries in the past shift to new mechanisms. For example, in 1991, while the bilateral trade turnover between Vietnam and Russia dropped to US\$70 million, Vietnamese enterprises' turnover reached about US\$50 million, not mentioning illegal import and export. The volume of foreign trade will rise over time, help ease the shortage of goods and create jobs for Vietnamese and Russian workers. However, the Vietnamese enterprises in Russia has faced many troubles, initially mode of payment, competitiveness, assistance from the two governments... But their activities should be obviously encouraged and boosted in the framework of restoring and developing the traditional economic relations between the two countries. The recent official visits of the Russian senior officials, particularly Prime Minister V. Chernomyrdin in November 1997 and agreements on finance and banking in March 1998 have generated and strengthened the legal framework for the two countries' relations as well as favorable conditions for Vietnamese firms in Russia.

