

Saigon Trading Corporation 10 Years After Its Establishment

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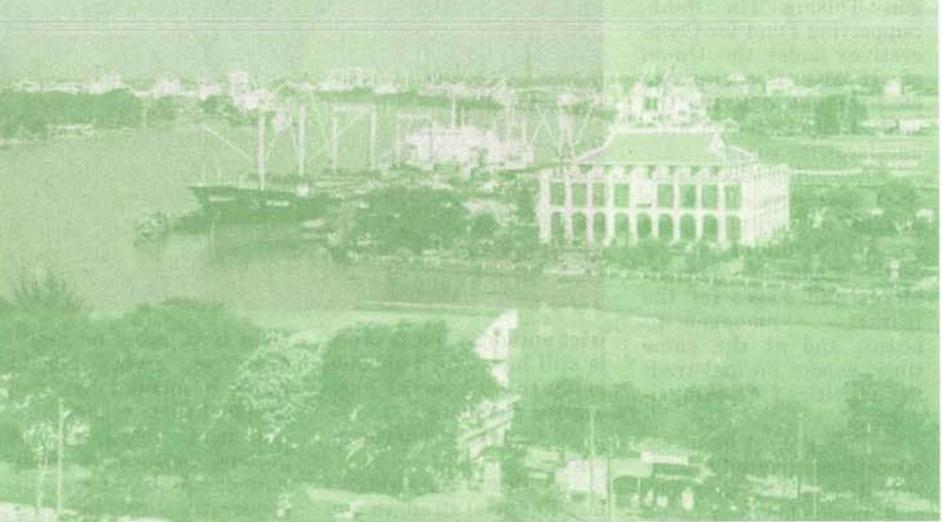
1. Establishment of the Saigon Trading Corporation

When the state-owned trading network in HCMC became busier, the HCMC trading authorities needed a new organization specialized in controlling the trading sector an independent from public services. This need led to the establishment of the STC on Feb. 21, 1995 according to the pattern introduced by the Decree 90 by the PM. It included 27 subsidiary companies that enjoyed independent accounting and autonomy in their business. In the past 10 years, some of them decided to quit and some others were acquired. Up to now, the STC includes 19 affiliates under its direct management, five dependent subsidiaries, six affiliates that had developed into joint stock companies and five trading partners.

Its total capital increased from VND893,559 million after the establishment to VND1,306,837 million. Being free from the administrative role, the STC could concentrated all of its efforts on business and control over the trading sector, developed into a strong group, enhanced the role of the state-owned trading business and made the best use of the public funds thereby restructuring the system of state-owned trading companies.

2. STC business performance

The STC was established by a decision of the HCMC government. After its establishment, the relation between member companies wasn't close



enough; most of them were badly in need of capital and didn't know how to make use of warehouses and stores under their control.

The STC is responsible for channelling funds from the HCMC government to its affiliates, so it had no financial strength to carry out plans to achieve general development targets.

After its establishment, most of its personnel were officials from the HCMC Service of Commerce and most of them had limited knowledge of business management.

At present, the STC has established its position in the market, its members of the same function have been merged with a view to reducing the middle management and avoiding unnecessary competition. The STC also form concerns whose books of account were held by the STC, such as Tax Trading Center and Saigon Supermarket. Although their books are controlled by the STC, their businesses have become larger, their performance is improved,

and their role on the trading sector is enhanced remarkably.

The STC also engaged in cooperation with partners in other provinces:

- Cooperating with Tây Ninh commercial authorities to build the Trảng Bàng Industrial Park.

- Cooperating with Tiền Giang government to build the National Fruit Exchange in Cái Bè District.

- Cooperating with An Giang government to build the Long Xuyên Trading and Service Center.

- Engaging in the building of apartment houses in Districts 1, 11, and 6 in HCMC.

The organization of the STC has been stabilized. Its members have developed good relations and cooperation. The STC does well its role as a coordinator and leader. Its improved performance shows in the following data gathered in 2003:

- + Total sales reached VND8,103,000 billion, or 108.36% of the planned target.

- + Export value was US\$4151.51 million, or 102.55% of the planned target.

- + Import value was US\$102.89 million, or 144.93% of the planned target.

- + Average pay was VND1,653,101 a month rising by 17.24% compared with 2002.

Ten years after its establishment, the STC has made good progress, made more payment to the HCMC budget income and ensured employment for some 20,000 laborers in HCMC and neighboring provinces. It has really become a leading company in the trading sector that provides the public a wide range of goods and services and beef up its public image on both domestic and foreign markets.

In the coming years, however, the STC must reform its organization, recruit more well-trained employees and restructure its affiliates in order to achieve targets set for the next five-year plan when the competition become keener. ■