



# VIETNAM GOLD MARKET 2019 UPDATE

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# VIETNAM MARKET UPDATES



- Vietnam physical gold demand was stronger in 2018 , marking an increase of + 9.3 % year-on-year, with a total off-take of 59 tonnes ( In which Retail Investment was at 40.7 tonnes and Jewellery Consumption at 18.3 tonnes ) and ranking among the top 3 ASEAN gold markets.
- Total demand of gold in Q1 2019 have reached 19 tonnes, or an increase of + 5.5 % year-on-year, in spite of the recent gold price hike, and forecasting another good year of business for the Vietnamese gold traders.

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- On Gold Management Policy, the State Bank of Vietnam ( SBV ) will promulgate a new Decree on gold trading activities management in Q3 2019 with the following key changes :
  - The production and sales of gold jewellery will be completely liberalized and become an unconditional trading activity ( i.e. no need for licensing by the SBV )
  - The production and sales of gold investment bars is still conditional and need to be licensed by the SBV but the conditions for licensing will be much more simplified and relaxed.

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- Other gold trading activities such as margin trading account, gold trading platform and gold derivatives will be licensed under authorization by the Prime Minister.
- Imports of gold raw material will be authorized by the SBV Forex Department subject to the required conditions such as :
  - Jewellery manufacturer with minimum 2 years of operations
  - Tax revenue remittance of VND 200 Mns minimum p.a. in the past consecutive 2 years.

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- The total amount of gold raw material to be imported must match the manufacturer's annual production plan and verified output capacity.
- The manufacturer must also be cleared of any infraction of the regulations on gold activities management within a period of 12 months prior to the gold import's application.
- Exports of gold raw material will also be authorized by the SBV Forex Department subject to the following conditions :

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- Either jewellery manufacturer or gold bar trader ( gold enterprise and credit institution licensed by SBV to trade in gold bars ) with more than 2 years of experience, will be eligible for gold raw material exports.
- For jewellery manufacturers, the tax revenue remittance must be above VND 200 Mns p.a. in the past 2 consecutive years.
- For gold enterprise and credit institution, the total turnover in gold trading must be above 200,000 tael bars p.a. in the past 2 years.
- Lastly, no gold regulation infraction in the previous 12 months.

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## CONCLUSION :

Currently, we are at the stage of discussion between the SBV , Vietnam Gold Traders Association and the Ministry of Finance on the gold import and export tax rates before submitting the New Decree on Gold Management Policy to the Prime Minister for final ratification in Q3 2019.

# FUTURE MARKET EVOLUTION



- The New Gold Management Policy will also be the base for a future Gold Monetisation Scheme ( GMS ) and its derivatives Gold Metal Loan ( GML ) and Gold Sovereign Bond ( GSB ).
- The GMS will aim to mobilize the hoarded physical gold in order to provide a source of gold supply for the local gold industry under the Gold Metal Loan scheme.
- Through the GMS , the SBV try to boost gold recycling and therefore reduce Vietnam's reliance on foreign gold imports.



# GOLD STANDARDIZATION



- In the past 10 years ( 2008 -2018 ) , the cumulative gold demand of the Vietnam market has reached 900 tonnes, of which 750 tonnes are for Retail Investment and under form of SJC Golden Dragon 999.9 tael bars ( officially recognized by the SBV as national gold bar )
- By official estimates, 500 tonnes of those SJC bars are still in circulation or being kept “ under the mattress” by the Vietnamese public, therefore they can be used as good delivery bars for the above mentioned GMS and GML schemes.