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**INFORMATION ACTIVITY SERVES VALUATION
IN VIETNAM**

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Ladies and gentlemen,

I- Current situation of valuation in Vietnam

1. Context:

For many countries in the world, valuation is not a new profession. The existence and development of the valuation profession has gone hand in hand with the market economy. The more market economy develops, the more effects the valuation does.

Vietnam is in the transitional period from a central planned economy to the Socialist oriented market one; the valuation is a new profession in Vietnam, and the price task has been being innovated accordingly to the market economy. The State hardly ever set price for specific goods or services, mainly manages the price with macro policies, the financial and monetary tools and policies of the Party and the State are only the orientation. In the transitional period, to avoid economic losses of organizations, enterprises, and individuals when purchasing, selling or investing, the occurrence of valuation in Vietnam is an objective requirement. The Government Pricing Committee has two valuation centers, in ministries and branches there are some departments or cadres working in valuation to a certain extent. In 61 provinces under the central, the valuation profession rapidly developed in recent years. This duty is carried out by divisions or committees of the Finance and Price Departments. For commercial banks, the pre-condition for loans is the clients must have mortgage. To define the value of assets for mortgage, banks have founded asset valuation bodies. It seems that this duty is extremely busy and difficult; it is an important step taking a lot of time of banks.

In addition, the asset value definition and valuation are used in judicial actions, lawsuits, investigations and certifications of assets of wills, abroad studying, etc.

In April 24th, 2002, the President of the Socialist Republic of Vietnam promulgated the Price Ordinance, the valuation has improved into a "profession", and the establishment of valuation enterprises has been coming true.

2. Valuation activities in Vietnam over the past few years:

A/ Valuers:

Because the valuation is a new profession in Vietnam, the valuers have not been professionally trained. Most of the key staffs in the valuation centers are the old personnel acquainted with the pricing work in the central planed mechanism, have just passed short-term training courses (5-10 days), only a few of them attended a month course in Singapore. It is a very short time for a cumbersome profession.

Most of the valuers are very young both in age and profession; they graduated from universities of finance, economics, etc, have been trained the valuation profession very little or even have not been trained.

B/ Information for valuation:

Over the past few years, the Communist Party and the Government of Vietnam have promulgated many policies on informatics development, such as:

+ Resolution No. 49/CP dated August 4, 1993 by the Government on constructions and implementation of some State projects on information technology;

+ The Resolution on "Strategic orientation for promoting science and technology development, modernization and the duty of 2000" – At the 8th Section of the 2nd Party National Congress;

+ Resolution No. 07/2000/NQ-CP dated the 5th of July 2002 on developing the soft technology in 2000 - 2005;

+ Instruction No. 58 -CT/TW dated the 17th of October 2000 of the Ministry of Finance on stimulating information technology application and development for industrialization and modernization. The Instruction says, "Information technology is one of the most important motive for development. Information technology application and development is a priority in the socioeconomic development strategy, a major mean for taking a short cut of the development process, narrowing the development gap between our country and the developed countries. Every sphere, economics,

culture, security, national defense, applies the information technology for development, etc.";

+ Decision No. 81/2001/QD-TTg dated the 24th of May 2001 by the Government on the tend of developing the information technology in our country in the 2001-2010 term;

+ Decision No. 112/2001/QD-TTg dated the 25 of July by the Government on the approval of the computerized scheme in the State administrative management in the term of 2001-2005 aiming at the construction and put into practice of an electronic information network of the Party and the Government by 2005 as an effort to enhance the efficiency in governance of the Government, Prime Minister, ministries and offices as well as local authorities.

To implement the above Resolutions, Instructions and Decisions of the Party, the Vietnam Government together with the objective demands of the economy, the regional and international integration, ministries, branches and localities have expanded the informatics network. Most of offices, units and enterprises have the local network (LAN) and many agencies have expanded the large network (WALL), including the Government Pricing Committee and the Price branch. The current popular situation is that the local network (LAN) has not developed its efficiency thoroughly due to the time is short together with the lack of preparation, even in some offices, it only serves the printing action of documents. The soft system has not been perfected and synchronized. The background and the number of information cadres is lack and poor. That's why the information exploration faces too many difficulties.

C/ The existing information network of the Pricing branch:

The informatics of the State management of the Government Pricing Committee has been implementing for some years:

For the infrastructure:

The local network in the office of the Government Pricing Committee with one mainframe and 22 devices is established. Implementing the policy of the Government Pricing Committee, Market Price Research Institute under GPC also have built its international network with two mainframes and 25 devices; three units have their own websites on the internet, the software used ORACLE database can satisfy application requirements on the internet;

applications are written in JAVA language of SUN MICRO SYSTEM with some other languages. The language of the website is designed logistically, ensure the efficiency and easy use. This website has been put into practice since 2000.

- The large network has been established between the Government Pricing Committee and 22 local Finance and Price Departments; the system includes 2 mainframes (one in Hanoi and the other in Ho Chi Minh City) and 22 devices under the management and investment of localities.

The same to the current information networks, the network of the Government Pricing Committee has not made its best capacity for the professional activities of the Committee. There are not many information activities on the internet, the number of units used the local network for information exploitation is very small, the number of localities used the large network to dispatch market price information to the center and to exploit information are small, too.

The essential reasons for above situation:

+ Shortage of network management cadres; the informatics background of the whole branch is poor.

+ Finance for information activities in the center and localities is very little and inadequate to the maintenance for the network.

+ As a result, the database is too small and far beyond to satisfy the information demand for valuation activities, expense controlling, market price prediction, price policy planning, etc.

The information networks in general and the Government Pricing Committee in particular, the information exploitation on the Internet and valuation computerization face many difficulties. That's why the information exploitation takes a lot of time and the accuracy and efficiency is not high. For example, to define the price of a new production line, single production, it takes time to get the offers from different countries. Even we can not get necessary information due to undesirable reasons; such as, trade secrets, data securities, etc.

Therefore, the connection to the WALL is very necessary and urgent to exploit data resources scattered in agencies and branches (commerce, custom, tax, production and trade units, etc.)

Further more, it is necessary to find methods for thoroughly and efficiently use of the information network of the price branch with localities' connections.

To do the above activities requires the co-ordination among branches, information professional cadres need to be trained, plans on pre-data collection need to be developed, the database software from the central to the locality, data input procedure, data preserve need to be completed.

Here is the diagram of computers network of the Government Pricing Committee.

II. Internet for valuation

The rapid development of the information technology worldwide has made great contributions towards economic efficiency of industrialized nations. Therefore, Resolutions of the 9th National Party Congress mention "the enhancement of market information, the promotion of trade, and the management of quality, etc.". The information factor keeps a decisive role in valuation quality. Exploiting database of price on AVA and worldwide network has an extremely meaningful action, shortening the valuation time for goods, machines, equipment, vehicles, etc. For mechanic products made by famous corporations in the world, they all have websites on the Internet or sale addresses on wellknown websites in the world, such as, Yahoo, Hotmail, etc. Products for sale on the Internet have enough technical parameters, series, production year, origins, etc. in short, the products' curriculum is full and detail.

The Website of AVA opened in 2000. This is an important event for improving the information efficiency of both AVA and the Government Pricing Committee.

* Strong points of information exploitation on websites for valuation

The information is constantly updated, the Internet exploiters working online, thus they can get the information immediately.

For example:

At present, on the Komatsu website, a leading firm on producing construction machines of Japan, there is a new kind of excavator. This machine has capacity three times stronger than machines of the previous generation; however, the price is only one and a half time higher than the price of previous generation with the same functions. Therefore, the definition of the price of the machine is correct. However, the more important thing is that the new technology leading to the decrease of expenses on a product and therefore, economic and technical norms also decrease. If we do not keep abreast of this information, the losses in term of materials of investors will occur. In fact, the practice is often goes ahead the theory; producers always improve their working tools, save input materials for the increase in productivity and the last is the economic efficiency. When the society reaches the same production capacity, new norms, which are more advanced, will replace the old norms, which are out of date. Information on the internet can help valuers in particular and strategists in general keep abreast of the information with a fastest way, shorten the out of date period of old norms.

As above mentioned, information is updated constantly and systemized; and history information is systemized in the database. This helps explorers understand the development process of the goods in details. That's why the exploration for information on the Internet is extremely correct and fast. In the valuation profession, the most cumbersome issue is how to define the price of unmovable assets due to the price of these assets include tangible value and intangible value. If we explore information on the Internet well enough, we could diminish the cumbersome and save expenses and raise our clients' confidence.

* For tangible asset:

To define the asset value of a company, enterprise; the network will provide us detail information of the company or enterprises, in particular asset value of big corporations. Capital expenses, the number of employees, the system of machines and workshops worldwide, etc. are all loaded up to websites; if the company has any trade, they will provide information more detail.

* As to intangible asset:

It goes hand in hand with the profiting capacity of the company. This matter is expressed in many criteria which can be define; such as, the existing

technology, the market of the company's products, the status of the trade mark, annual net income, shareholders' price, etc. Those information for the Internet can help valuers draw a comprehensive picture of the company.

Information on the Internet is explored directly via systems of computers, telephone so the equipment must be always in good conditions to ensure their working capacity.

Both strong and weak points in applying the information technology from the center to localities towards the State management on price in the market economy have been expressed in this paper. In addition, via this paper, the Government Pricing Committee has seen that it should be invest more in the information network of the price branch in coming years in order to satisfy the demand for valuation in this situation:

- + Promote training and fostering cadres' capacity in informatics, using Internet and websites, etc.

- + Invest in machines for the WAN to provide and update information on time, serving the valuation in localities, enterprises; etc.

On the occasion, we do look forward to getting attention and assistance of the AESAN Valuers Association (AVA) in updating information on the Internet for the State management on price, especially for valuation activities.

Thank you very much for your attention. We wish you good health and happiness, wish the Congress great success.

GOVERNMENT PRICING COMMITTEE'S NETWORK OF COMPUTERS

