

MINISTRY OF PLANNING AND INVESTMENT OF VIETNAM
FOREIGN INVESTMENT AGENCY - FIA



VIETNAM

A GUIDE FOR BUSINESS AND INVESTMENT

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FOREWORD

In recent years, Viet Nam's economy has benefited from its Government's open-door policy. With a stable political environment and its economic potential, Viet Nam is an attractive destination for foreign investors. The Vietnamese Government has been endeavouring to create a favorable investment environment by continuing to complete Viet Nam's legal system and introducing important incentives for foreign investors.

To provide an overview of the investment environment in Viet Nam, the Foreign Investment Agency, Ministry of Planning and Investment has cooperated with PricewaterhouseCoopers Viet Nam to compile and issue this guidebook.

The book is divided into five sections to provide foreign investors with an overview of Viet Nam including its social, economic and investment environment. The purpose of this book is not to provide a detailed analysis of Viet Nam's economy or its foreign investment forms in Viet Nam, but to give a general introduction and supply the necessary information to foreign investors who are looking at potential opportunities of investment in the country.

We believe that this will be a helpful guidebook for foreign investors in Viet Nam.



MAP OF THE SOCIALIST REPUBLIC OF VIET NAM

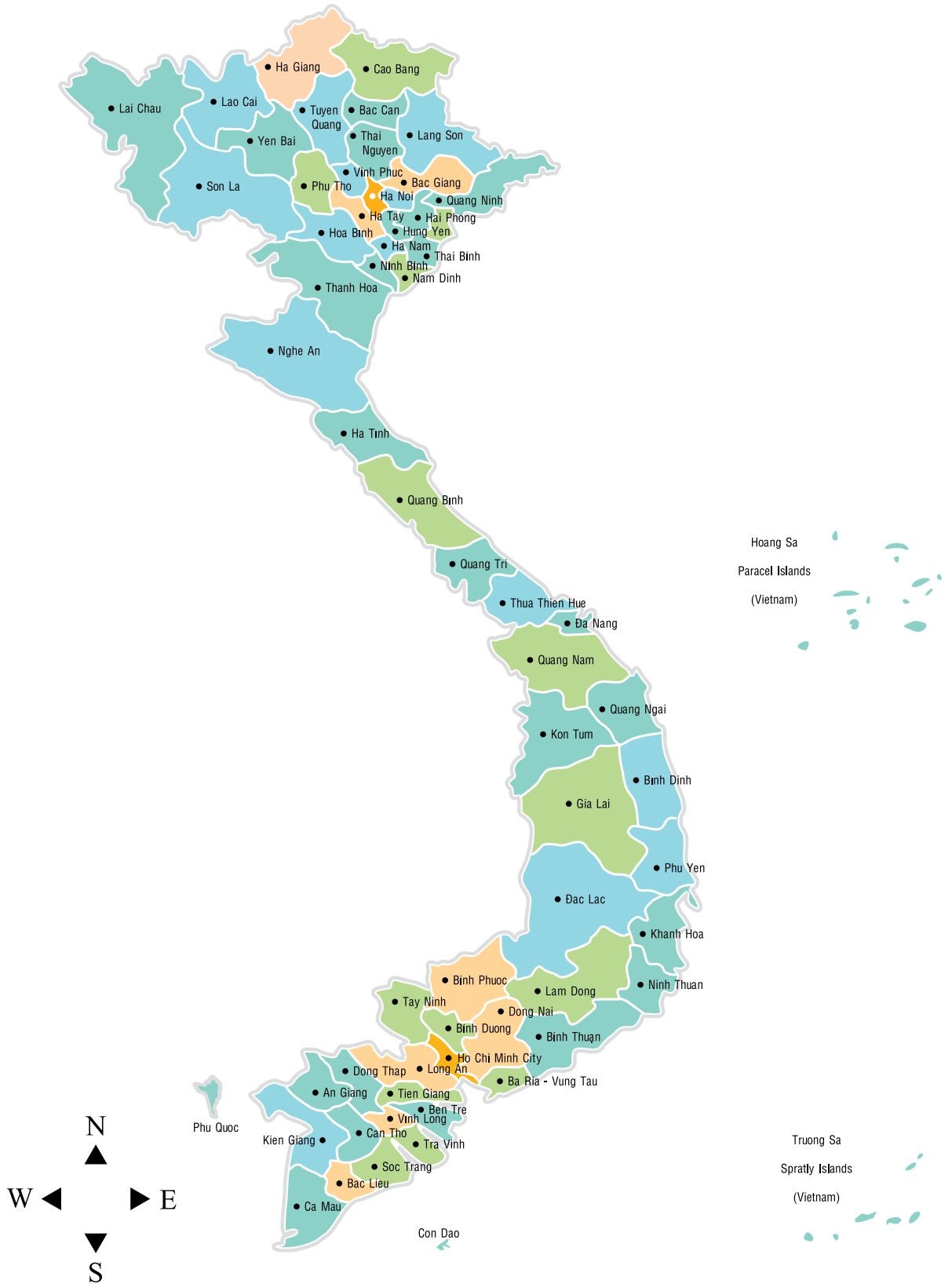
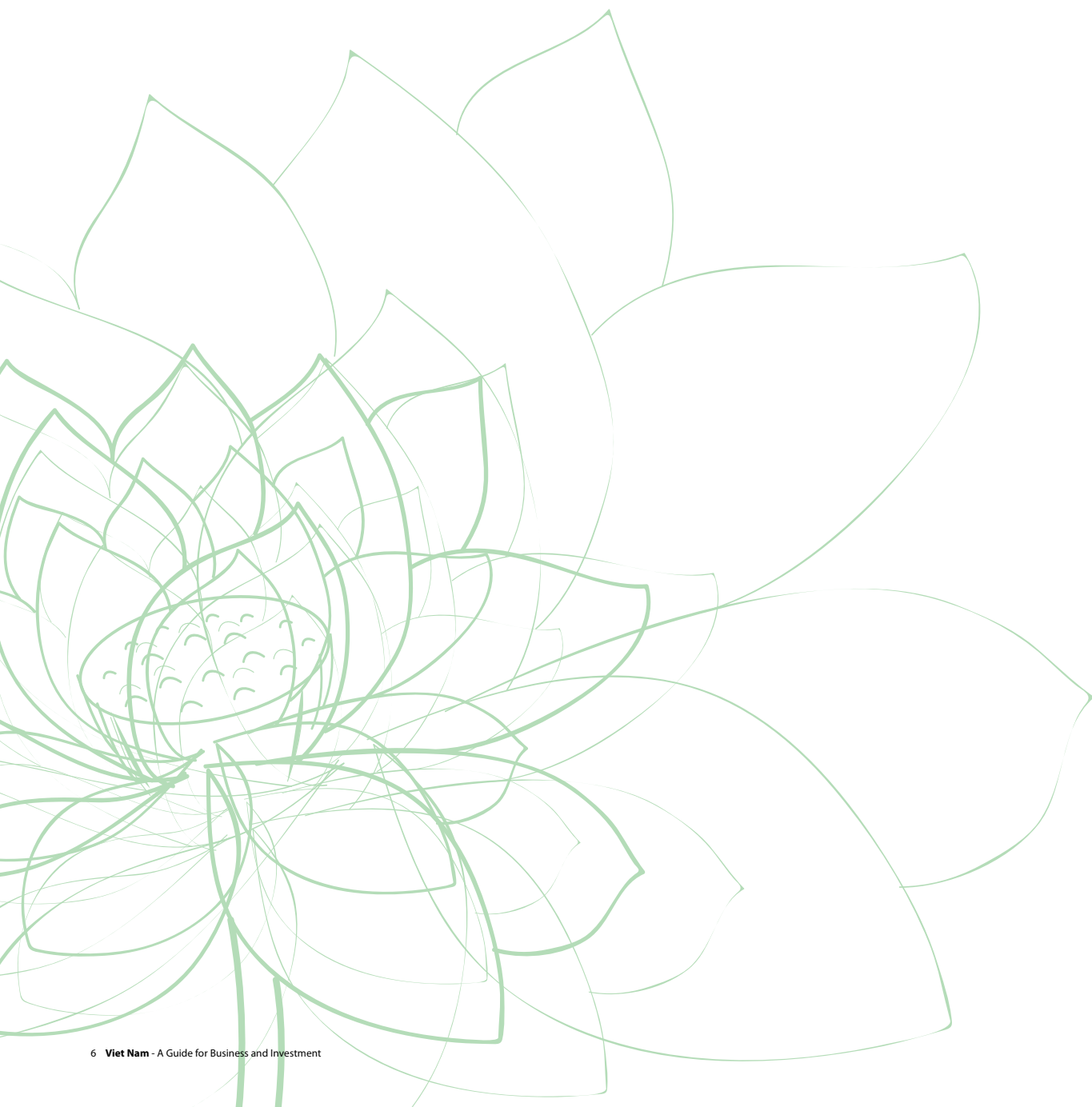


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PART I. VIET NAM: COUNTRY AND PEOPLE



1. Geography

Viet Nam is located in the centre of Southeast Asia with a land area of 331,689 square kilometres. It lies in the eastern part of the Indochina peninsula, bordered by China to the North, Laos and Cambodia to the West, the East Sea and Pacific Ocean to the East and South, and has a beautiful 3,260 km long coastline. It is in an ideal position for the development of the economy in general, and trade and tourism in particular.

Three quarters of the country consists of mountains and tropical forests, but the plains are the most densely populated areas. The two rice-rich areas are the Red River Delta in the north (15,000 km²) and the Mekong River Delta in the south (40,000 km²).

Hanoi in the North is the capital of the country, and Ho Chi Minh City in the South is the largest commercial city. Da Nang, in central Viet Nam, is the third largest city and an important seaport.

Viet Nam is located in both tropical and temperate zones. The climate is tropical in Southern and Central Viet Nam, with a wet and a dry season, and warm and humid weather all year round. In the north, there are four seasons with a distinct winter. The average annual rainfall is around 223cm. The whole country is affected by a strong monsoon influence, with a considerable amount of sunshine and a high rate of rainfall and humidity.

2. Population

Viet Nam's population was estimated at approximately 83.5 million in July 2005, and is expected to grow to 90 million in 2010 with an annual growth rate of 1.6%. The mean population density is 253.7 people per square kilometre. The most populous areas are in the South.

There are 54 ethnic groups, of which the largest are Kinh (or ethnic Vietnamese) (population), Tay, Thai, Muong, Chinese and Khmer. Viet Nam's literacy rate is over 90%. Close to 73% of the population live in rural areas, and over 60% of the population are under 25 years of age.



Hai Phong TD Plaza



The Bach Ho's center oil rig

3. Natural Resources

Viet Nam has considerable energy resources such as oil, gas and coal and its 41,000 km long waterways provide the basis for hydropower. The country is rich in minerals such as bauxite, iron ore, lead, gold, precious stones, tin, chromate, anthracite, granite, marble, clay, white sand and graphite. In addition, Viet Nam has a considerable fresh and saltwater fauna, dense tropical forestry resources and it possesses great agricultural potential.

4. Political Structure

Viet Nam is a socialist country operating under the leadership of the Communist Party. A nation-wide congress ("National Congress") of Viet Nam's Communist Party is held every five years determining the country's orientation and strategies and adopting its chief policies on solutions for socio-economic development. The National Congress elects the Central Committee which in turn elects the Politburo.

National Assembly

The National Assembly is the highest law-making body in the country. It comprises delegates who are elected for a five-year term from various strata of people and different ethnic groups from all around the country. The National Assembly is both the supreme state authority and the unique legislative body and has the power to promulgate and amend the Constitution and Laws. The National Assembly meets twice yearly.

The Standing Committee of the National Assembly is the permanent executive body of the National Assembly. Its principal functions are the interpretation of the Constitution, Laws and Ordinances, the control of their implementation and the supervision of the activity of the Government, the Supreme People's Court and the Supreme People's Procuracy.

The President of Viet Nam

The President, as the Head of State, is elected by the National Assembly from its members to represent Viet Nam in domestic and foreign affairs for a five-year tenure. The President has the right to proclaim Laws and Ordinances passed by the National Assembly and the Standing Committee. The President is the commander-in-chief of the armed forces and Chairman of the Council of Defence and Security. In foreign affairs, the President has the authority to appoint am-

bassadors and to sign international agreements and treaties.

The President appoints and dismisses the Prime Minister and the members of the Government on the basis of resolutions of the National Assembly or its Standing Committee. Furthermore, the President has the right to nominate key officials such as the Chief Justice of the Supreme Court and the Chief Procurator of the Supreme Procuracy, subject to the National Assembly's approval.



The 9th session of the eleventh National Assembly

The Government

The Government is the highest executive organ of the State. The Prime Minister is the leader of the Government. The Prime Minister is responsible for the day-to-day operations of the Government. The Vietnamese Government currently has 20 ministries and 6 ministerial-level bodies.

The People's Councils and People's Committees

Viet Nam has 59 provinces and 5 cities directly under central authority (including Hanoi, Ho Chi Minh City, Haiphong, Da Nang, and Can Tho). Provinces are subdivided into districts, provincial cities and municipalities. Districts are further divided into communes and townships. Cities directly under the central authorities are made up of districts. Urban districts are divided into precincts, and rural districts are made up of communes.

People's Councils of various administrative levels are elected by the population of the locality. People's Councils are responsible for the supervision of the implementation of the laws, policies and tasks at the local level, and for taking decisions on local socio-economic development programs and budgets.

People's Committees of various levels are the executive arm of the People's Councils. They are also local administrative authorities, and report to the People's Councils of the same level. Chairmen, vice chairmen and members of the People's Committees are elected by People's Councils.

The People's Courts and People's Prosecutors

The Constitution establishes a three-level judicial system comprising District Courts, Provincial Courts and the Supreme People's Court. In addition, there is a system of people's organs of control acting as a procuracy or public prosecutor to oversee the observance of laws by judicial bodies and to exercise the power of public prosecution.



Prime Minister Nguyen Tan Dung meets ADB's President



Prime Minister Nguyen Tan Dung meets Representative of the World Bank

5. International relations

At present, Viet Nam has established diplomatic relations with 168 countries, and it has economic and trading relations with about 165 countries. Viet Nam joined the United Nations in 1977.

Viet Nam became an official member of the Association of South East Asian Nations (ASEAN) in 1995, and has concluded a cooperation agreement with the European Community. Relationships with multi-national financial institutions such as the World Bank (WB), the International Monetary Fund (IMF) and the Asian Development Bank (ADB) are being strengthened. Viet Nam has been participating in the ASEAN Free Trade Area ("AFTA") since 1996 and became a member of the Asia Pacific Economic Cooperation Forum (APEC) in 1998. Viet Nam became an official member of the World Trade Organisation (WTO) on 7 November 2006.

Viet Nam signed the bilateral trade agreement (BTA) with the United States in 2000. Besides aspects of international trade, the BTA covers a variety of other areas, including intellectual property rights, trade in services, development of investment relations, business facilitation and the obligation to ensure transparency of laws and regulations. The BTA essentially constitutes a commitment by both countries to open their markets to each other.

6. Infrastructure

Highway system

The road system consists of a 210,000 km network including 10,732 bridges and 178 ferries. Viet Nam has no expressways, and only 26% of national highways have two lanes or more. In recent years, the Government has mobilised a significantly large amount of capital to upgrade the highway system with financial support from international lending agencies. These include a number of the more important highways such as Highway No. 1, which links Hanoi and Ho Chi Minh City and Highway No. 5, which links Hanoi and Hai Phong.



Goods Train

Inland Waterways

Often overlooked by foreign investors, the inland waterway system offers a cheap and flexible mode of transport.

The two major inland waterway systems serve as major transportation outlets. The first major inland waterway system is in the Red River area in the north which stretches for approximately 2,500 km. Along this system there are five main ports, of which Hanoi is the largest. The second major inland waterway extends 4,500 km along the Mekong River and its tributaries in the South and boasts about 30 ports, including Ho Chi Minh City.

The larger river vessels are tug-drawn barges. Official estimates put the fleet capacity at about 420,000 tons with speeds ranging from 2 to over 20 km an hour. Smaller, wooden barges are mostly privately owned.



My Thuan Bridge

Railway

The rail network consists of about 2,600 km of single-track line covering several routes. There are about 260 stations in the network. The longest and most important route is the Hanoi – Ho Chi Minh City line, which stretches for 1,730 km. This line is now serviced by an express train, which makes the journey in approximately 29.5 hours. The lines connecting Viet Nam to China were re-opened a few years ago.



Loading cargo on Vinashin's ship in Cai Lan port



Container loading in Chua Ve port - Hai Phong

Ports

Viet Nam has eleven major seaports. Ho Chi Minh City serves most of the South and now boasts modern container loading facilities. Just a few hours' drive from Hanoi, Hai Phong serves much of the North. The Government has decided to build Cai Lan port, 80 km away from Hai Phong, which will play a critical role in the development of the North. Da Nang, at the north of Han River, serves the central highlands and much of the transit traffic to and from Laos.

Airports and Civil Aviation

There are three international airports: Ho Chi Minh City, Hanoi and Da Nang. Currently, the Government has significantly upgraded international airports to handle the increase in the volume of traffic associated with Viet Nam's invigorated economy. Particularly, Noi Bai airport in Hanoi was upgraded, enlarged and completed for operation in 2002. Four new international airports are planned to be constructed in Phu Quoc, Dong Nai, Lao Cai and Quang Ninh provinces. Long Thanh International Airport in Dong Nai province shall be constructed in 2007, with an annual transportation capacity of 80 to 100 million passengers, becoming one of the biggest airports in the region. In addition, there are 16 other domestic airports around the country.



Loading packages at the airport

7. Energy

As of November 2004, the electricity output supplied for Vietnam's economy was 44 billion kWh. Electricity output in 2005 reached nearly 53 billion kWh. The Electricity of Vietnam Corporation ("EVN") aims to generate about 70-78 billion kWh in 2010 and as high as 167-201 billion kWh in 2020. Achieving this goal requires the development of approximately 32 to 37 new power generation projects, totaling 12,400 MW in capacity, including up to 20 hydroelectric plants with 4,000 MW capacity; eight gas or oil power plants (5,200 MW), and seven coal-fired plants (3,200 MW). Implementation of these projects also requires the construction of about 15,000 km of 110 – 500kV transmission lines, together with 300,000 km of low medium and low voltage distribution lines. In order to achieve the above targets, the annual power growth during 2000-2020 should achieve 8.8% to 10% to keep pace with the annual GDP growth of 6.6% to 8%. The annual investment required to achieve the set target is estimated to be US\$1.5 to US\$2 billion per year.



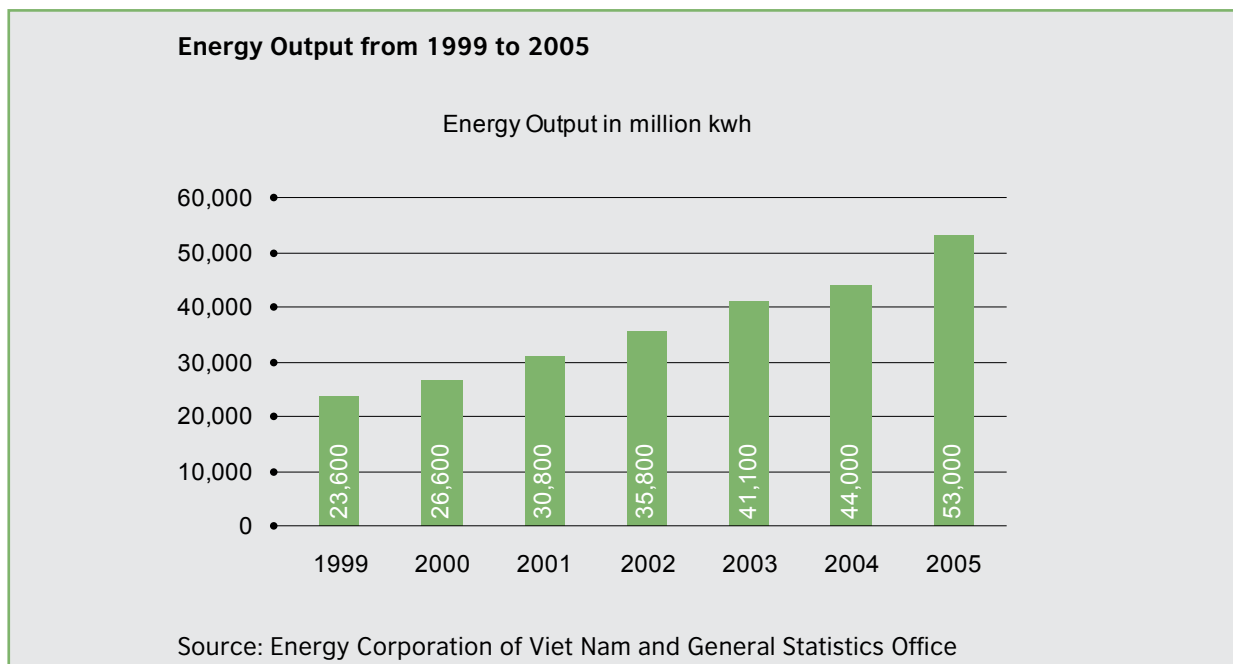
A view from the Phu My Thermo - Power Center

Over the last few years, an array of large capacity power plants were built and put into operation, such as Pha Lai Thermo Power Plant with capacity of 440MW, Tri An Hydroelectric with a capacity of 400MW and Hoa Binh Hydroelectric Power Plant with a capacity of 1,920 MW. Further large power plants are under construction or to be constructed, such as the Phu My Thermo Power Center with a total capacity of 3,000 MW, Yaly Hydroelectric with capacity of 720 MW. In addition, a 3,600 MW hydropower complex at Son La in the North is also under construction. Recently, the Phu My 3 Plant has commenced operations and is expected to provide 10% of Viet Nam's energy requirements. Furthermore, Vietnam plans to complete its first nuclear power plant by 2020 as an alternative means on meeting electricity demand.

More foreign companies are beginning to enter Vietnamese power market in the form of Build-Operate-Transfer (BOT) projects such as the Mekong Delta's 715-MW Phu My 2-2 in January 2003. The plant is fuelled by gas from the Nam Con Son Basin.

Viet Nam has signed up for a US\$165 million loan from the WB and the ADB to finance the rehabilitation of the electricity transmission and distribution systems in Ho Chi Minh City, Hanoi, Nha Trang and Hue. Soft loans and aid from foreign governments are also being spent to improve the system.

Additionally, Vietnam has great potential of renewable energy, and its consumption is on the rise. Under the solar power cooperation program between France and Vietnam, a solar station was installed in Ho Chi Minh City to provide electricity for the provinces Gia Lai, Quang Nam, and Binh Phuoc.



8. Telecommunications

Viet Nam has made great strides in upgrading its tele-communications systems, although much remains to be done. In the last six years, the annual growth of the telecommunication market in Vietnam reached 30%, specifically, in 2005 and 2006, the growth rates were more than 50%. Accounting for the last eight months of 2006 only, the number of new phones was twice those of the whole period from 1975 to 2000. The country has achieved more than 24.42 phones per 100 people. The Government’s relaxation with regard to international calls made over the internet and the spread of mobile phone subscriptions have further improved the telecommunication landscape, especially in rural areas.



Checking a microwave station



PART II. THE ECONOMY



1. Overview

Viet Nam has been carrying out economic reforms since 1986 under the “Doi Moi” (Renovation) policy, focusing on market oriented economic management. This has included: (i) restructuring to build a multi-sector economy; (ii) financial, monetary and administrative reform; and (iii) the development of external economic relations.

One of the most important aspects of economic reform in Viet Nam has been the encouragement of domestic and foreign private investment. For domestic Viet Nameese companies, the Enterprise Law adopted in 2000 (which replaced the Company Law and the Law on Private Enterprises) has had a significant impact on the development of the private sector in Viet Nam. The Law on Foreign Investment was promulgated in 1987 and amended in 1990, 1992, 1996 and 2000. The Law on Foreign Investment and the Enterprise Law (2000) have recently been replaced by the new Law on Enterprises and the Law on Investment which came into effect on 1 July 2006. The Law on Enterprises and the Law on Investment apply to all enterprises irrespective of the source of investment, i.e. whether the enterprise is established by foreign or Viet Nameese investors. These Laws have been drafted following the policy set out in the 1992 Constitution (as amended on 25 December 2001) and to prepare Viet Nam for its intended accession to the WTO in the spirit to treat all economic sectors equally regardless of the various types of ownership.

Since 1986 Viet Nam has recorded important achievements in socio-economic fields and Viet Nam

has become one of the fastest-growing economies in the world, averaging around 8% annual gross domestic product (GDP) growth from 1990-1997, 7% from 2000 to 2004, and 8.4% in 2005.

2. Principal economic sectors

Achievements during the past few years include the following highlights:

- **Agriculture/aquaculture – as one of the bases for Viet Nam’s socio-economic stabilisation, this industry has continued to maintain its relatively good development with an annual growth rate of over 5.4%.** This has helped contribute to the maintenance of socio-economic stability and the provision of improved support to the hunger eradication, poverty alleviation and employment generation programs. The cropping structure has also changed and agricultural productivity has increased in many regions. In 2005, aquaculture has increased rapidly, and now accounts for 21.1% of the total value of agricultural/aqua cultural production. Export income from aquacultural products has also increased considerably.

- **Difficulties and challenges in the industrial sector have been overcome, bringing about positive results.** The industrial growth rate averaged 16.0% over the last five years. In 2005, industrial production value increased by 17.2%, with a growth rate in private businesses of 24.1%. This is attributed to the encouraging policies and positive impacts of the former Enterprise Law. Production capacity has risen in several industries, resulting in increased exports.

GDP Growth Rate by Economic Sectors

	2000	2001	2002	2003	2004	2005
GDP	6.7	6.8	7.0	7.3	7.6	8.4
Agriculture, aquaculture, forestry & fishery	4.0	2.7	4.1	3.6	3.5	4.0
Industry & construction	10.1	10.4	9.4	10.4	10.2	10.6
Services	5.6	6.1	6.5	6.4	7.4	7.5

Source: General Statistics Office

The industrial structure has changed considerably, with the oil and gas industry accounting for 10.4% of the total value of industrial production. A large number of specialised industrial zones utilising modern production technologies have been developed. Manufacturing accounted for 81.2% of industrial production, of which the food processing industry accounted for 19.3%. Power supply and distribution (5.6%) and water supply (0.3%) accounted for 5.9%.

- The services sector has maintained its operations despite various difficulties, and has still improved its quality, meeting the demands of economic growth and the people. Trade has been growing relatively well. Markets are more open and transparent with the participation of all economic sectors. Business methods have become more diversified, and there has been an annual average increase of about 14.8% in total retail sales.

Further progress has been recorded in the tourism industry. Numerous tourist centres have been upgraded and renovated and the types of tourism have diversified, resulting in an increase in tourism revenue in 2005 of 11.5 %.

Transport services have met the basic demands of cargo and passenger transportation. The physical infrastructure of the transport sector has improved considerably, with more achievements expected

over the next 5 years with improved roads and port facilities. The volume of cargo and passengers transported annually has increased by 9.2% and 9.8% in the last two years respectively.

Post and telecommunications services have developed rapidly. The basic telecommunications network has been modernised. Growth in revenue has averaged more than 17.7% per year.

An insurance services market has been established with the participation of domestic and foreign enterprises from all economic sectors. Currently, there are 32 insurance businesses from all economic sectors operating in the Viet Nam insurance business, of which 8 cover life insurance, 1 composite, 16 non-life and 7 in brokerage. They include 3 state-owned, 11 joint-stock, 6 joint-venture and 12 wholly foreign-owned companies. In addition, there are approximately 30 representative offices of foreign insurance companies operating in Viet Nam.

In 2005, the total value of services increased by 8.2%. The total revenue from the retail sale of domestic goods and services increased by 20.5% compare to 2004, with State Owned Enterprises accounting for 12.9% and foreign invested enterprises accounting for 3.8% of turnover and private domestic business for 83.3%.



Bai Chay Bridge (supported by Japanese ODA)

Industrial growth (% increase on 1994 price)

Year	Total	By ownership		
		State	Non-state	FDI
1996	14.2	11.6	11.5	21.7
1997	13.8	10.8	9.5	23.2
1998	12.5	7.7	7.5	24.4
1999	11.6	5.4	10.9	21.0
2000	17.5	13.2	19.2	21.8
2001	14.6	12.7	21.5	12.6
2002	14.8	12.5	18.3	15.2
2003	16.8	11.9	23.3	18.0
2004	16.6	11.9	22.3	17.4
2005	17.2	8.7	24.1	20.9

Source: General Statistics Office

3. External Trade

During the period of 2001-2005, total export revenue increased by 17.5% per year. Both the composition and quality of exports have improved significantly. The proportion of industrial products has risen considerably. Total imports have increased by 18.8% per year. Export revenue reached US\$390 per capital.

Exports reached US\$32.4 billion in 2005, an increase of 22.5% compared to 2004. However, due to considerable imports of plant, equipment and materials used for the industrialisation and modernisation process and for foreign investment projects, the trade deficit has increased over the past three years. Trading relations with foreign countries, especially other countries in the region, have expanded.

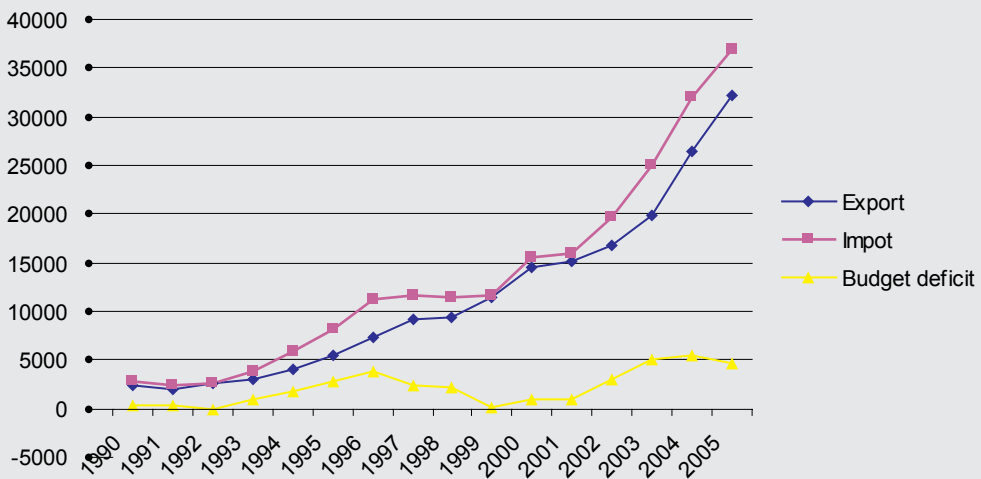


Song Than Industrial Zone in Binh Duong province

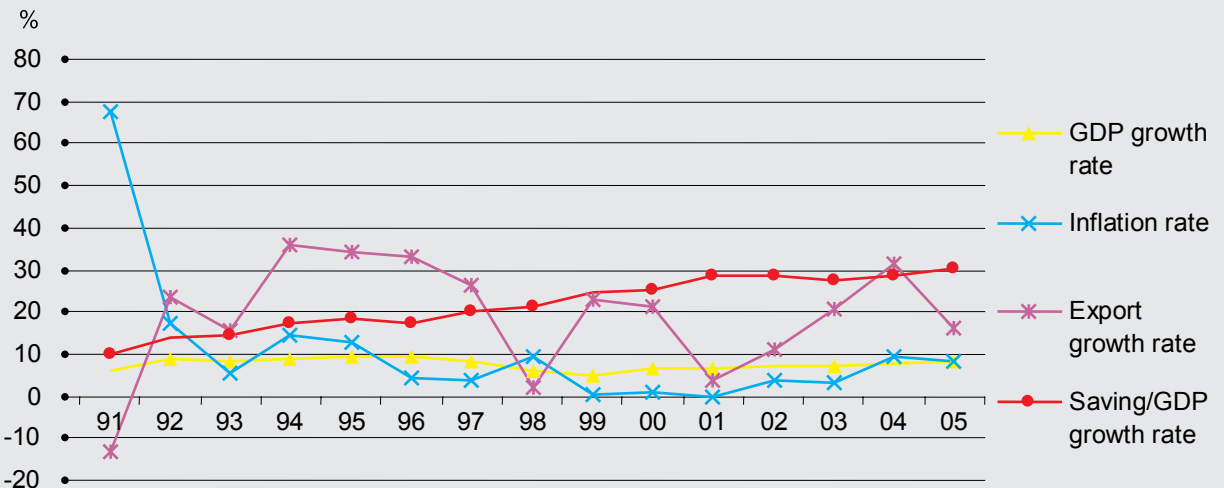


Cargo loading at sea port

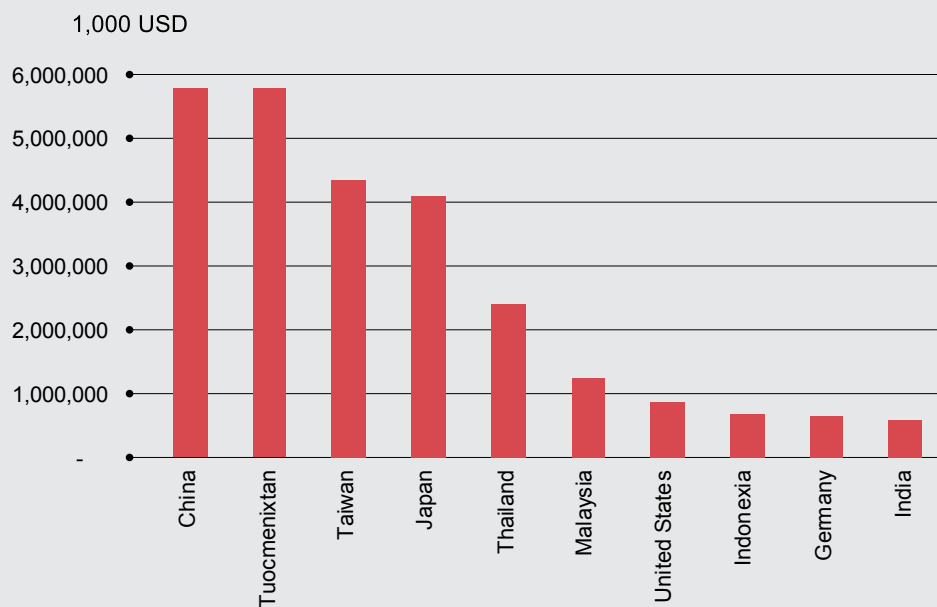
Export, Import and Trade deficit



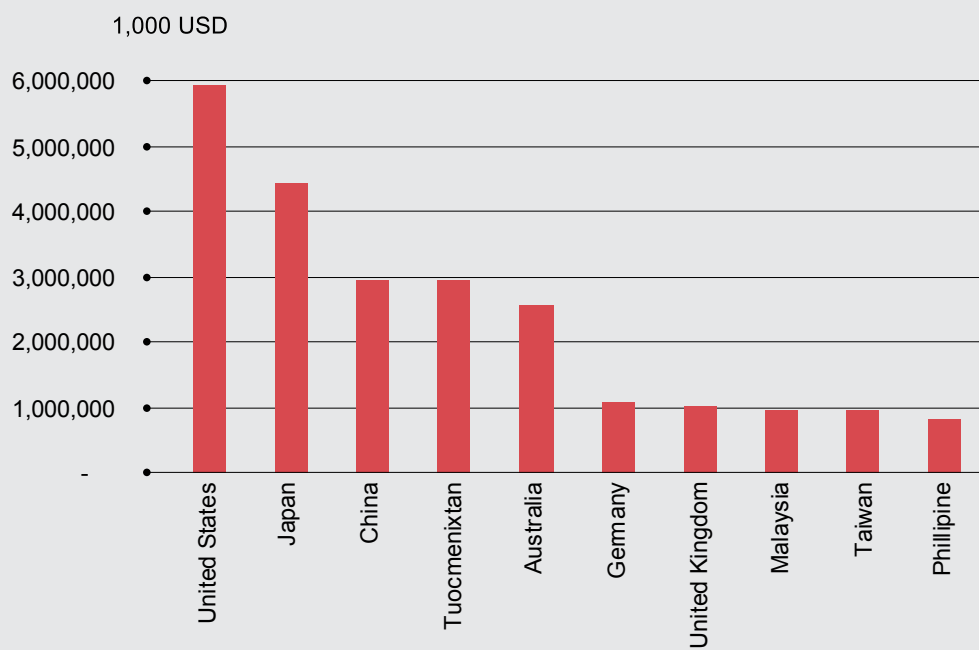
Main economic indicators



Top 10 importing countries of Viet Nam in 2005



Top 10 exporting countries of Viet Nam in 2005



4. Official Development Assistance (ODA)

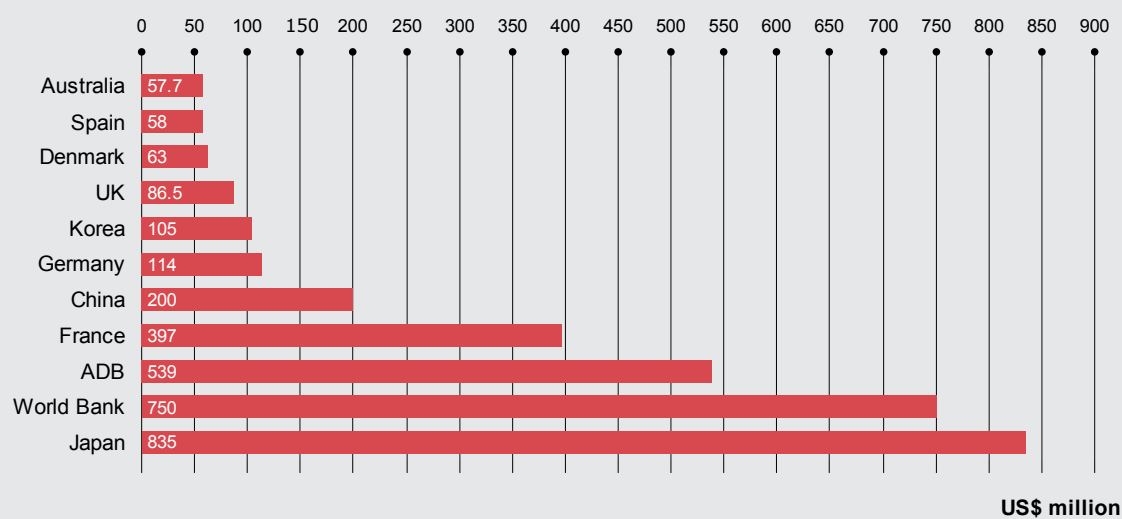
Since 1993, Viet Nam has received increasing assistance from the international community for socio-economic development. ODA has supported infrastructure development, contributed to the economic growth, and improved the living standard of Viet Nam.

By 2006, Viet Nam has established development cooperation relations with more than 50 bilateral and

multilateral donors and around 600 international non-government organisations (INGOs). Large donors include Japan, World Bank, ADB, France, UN agencies, Germany etc.

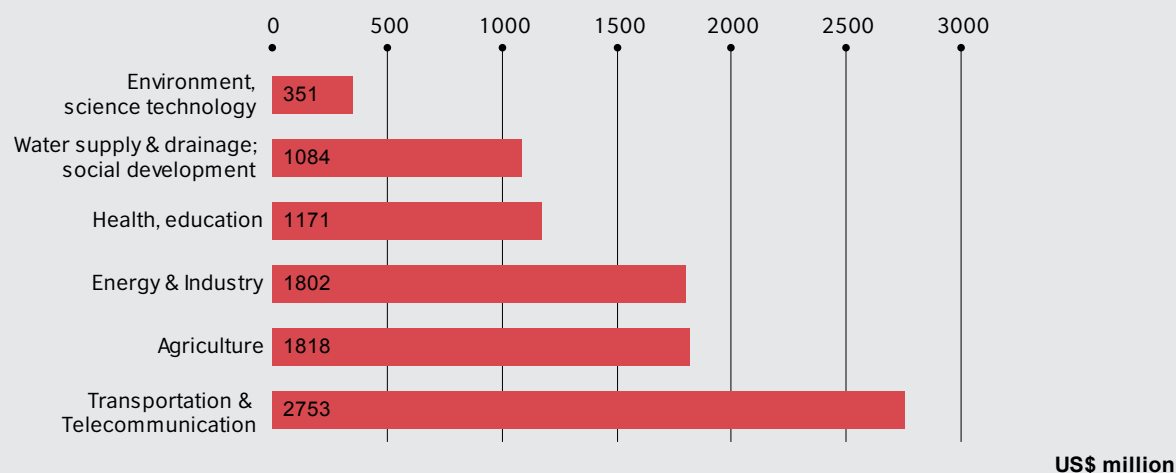
ODA's pledges have increased year by year. In 1992-2005, total pledged ODA funds were USD32.5 billion. During 2001-2005, a total of USD14.9 billion of ODA was pledged to Viet Nam by international donors. Out of these, USD11.2 billion was translated into formal agreements. Eighty percent of commitments took the form of loans at preferential rates. Total pledged ODA for 2006 alone were USD3.7 billion..

Top 10 Donors by pledged ODA at Consultative Group meeting in 2005



The structure of assistance has shifted in recent years with a significant rise in investment projects, largely for infrastructure, rural development and human development.

ODA by Sectors in 2001-2005



5. Foreign Direct Investment (FDI) in Viet Nam

Current status

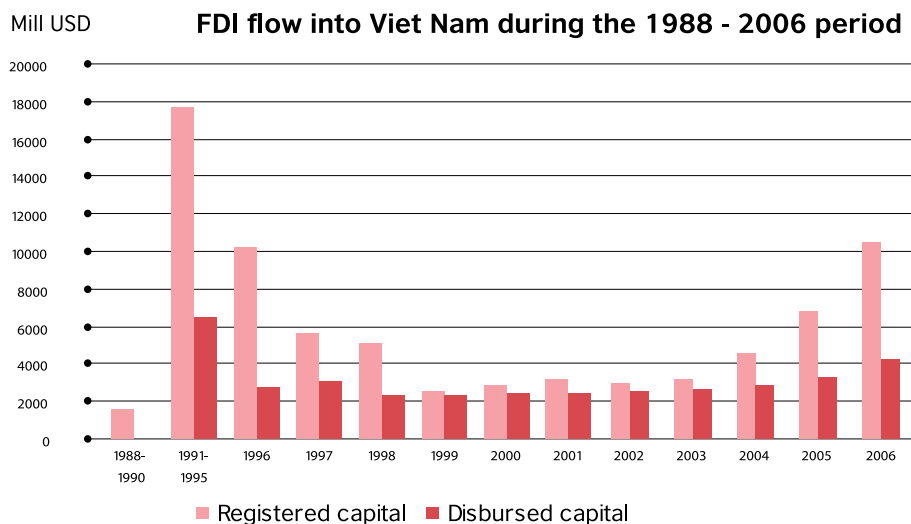
Since the introduction of the Law on Foreign Investment in 1987, leaving aside projects which have expired or been withdrawn, to date, there have been 6,813 active licensed projects with a total registered capital of US\$ 60.4 billion.

By the end of 2006 investors from more than 77 countries and territories have invested in Viet Nam. Asia accounts for 67%, Europe 29%, and America 4% of the total FDI and other sectors is 7.5%. Top five countries and territories having invested in Viet Nam are Taiwan, Singapore, Japan, Korea and Hongkong. These five countries and territories account

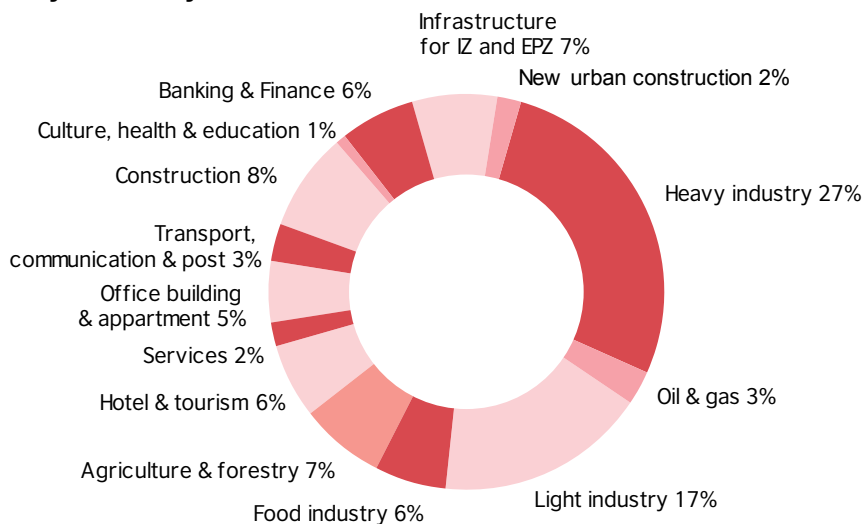
for 58,3% of the licensed projects with a total investment capital account for 60,6% of the total foreign investment capital of Viet Nam. The next five countries and territories are British Virgin Islands, France, Netherlands, Malaysia and the USA. These “top ten” countries and territories account for over three quarters of the total licensed projects and foreign registered capital in Viet Nam.

FDI Flow into Viet Nam in the period 1988 - 2006

From 1996 to 2006 there has been a tendency towards investment in producing goods for export, infrastructure construction, producing import substitutes and in labour-intensive industries. There are more than 4,566 projects in the manufacturing and construction industries with a total capital of about US\$35,4 billion, accounting for 61,89% of the registered capital.



FDI Distribution by Sectors by 2006



FDI Distribution by Sectors by 2006

While there are foreign invested projects in most provinces and cities in Viet Nam, most investment has been in the key economic areas in the South including Ho Chi Minh City, Dong Nai, Binh Duong, Ba Ria, Vung Tau, and in the North including Hanoi, Hai Duong, Hai Phong and Quang Ninh. Particular focus has been in Hanoi and Ho Chi Minh City which have more developed infrastructure, higher purchasing power and a more skilled labour force.

In recent years there has also been an increase in projects in the 100% foreign owned form. These projects now account for 76.1% of the total licensed projects and 58.1% of the registered capital, while

joint venture enterprises make up 20.6% and 33.3% respectively. There are also 6 licensed foreign invested BOT projects in Viet Nam (water supply and electricity plants) with a total registered capital of US\$1.37 billion.

The foreign invested sector has seen rapid growth, gradually asserting itself as a dynamic component of the economy, and has made an important contribution to enhancing the competitiveness and efficiency of the economy. In recent years, the foreign invested sector has accounted for a quarter of the country's total investment, 43.6% (2004) of industrial output, 57.2% (2005) of the national export, and 15.9% of the GDP of Viet Nam.

FDI Contribution to GDP (%)

	2000	2001	2002	2003	2004	2005
GDP	100.0	100.0	100.0	100.0	100.0	100.0
State	39.0	39.0	38.4	39.1	39.2	38.4
Non State	47.7	48.0	48.7	46.4	45.6	45.7
FDI	13.3	13.0	13.8	14.5	15.2	15.9

Source: General Statistics Office

6. State-owned enterprises equitization process

The Government of Viet Nam is very keen to promote the SOEs reform program, i.e. the reorganisation and restructuring and development of SOEs and State Owned Commercial Banks to improve their productivity and efficiency.

Since 1986, the Government has pursued the reform of State Owned Enterprises (SOEs) in three phases (restructure, renovation and development) through the implementation of 4 key measures:

- (i) reform of SOE management;
- (ii) reorganisation and reinforcement of state owned general corporations;
- (iii) SOEs equitisation;
- (iv) transferring, contracting, leasing and selling SOEs.

Since 1998, the Government has formulated a detailed reform program focusing on equitisation of state companies. By the end of 2005, about 2,203 enterprises and businesses had been equitised and 127 enterprises were transferred or 76 enterprises were sold, 390 enterprises were merged. Small and medium-sized enterprises account for 77% of equitised SOEs and there are 54% SOEs with a total capital of less than 5 billion VND and 23% SOEs with a total capital from 5 billion VND to 10 billion VND. According to certain surveys, the financial performance and productivity of most equitised enterprises has increased which constitutes a positive sign.

The process of equitizing SOEs in Viet Nam

Year	Number of equitised state owned enterprises	Total
1992	Started	0
1992-1995	3	3
1996	5	8
1997	7	15
1998	100	115
1999	250	365
2000	212	577
2001	149	726
2002	164	890
2003	532	1,422
2004	753	2,175
2005	754	2,929

In addition to the equitisation of SOEs, the Government also issued Decree 103/1999/ND-CP on regulations on selling, transferring, contracting and leasing of small-scale SOEs (i.e. SOEs with state capital of less than VND 5 billion) to accelerate the reorganisation of the SOE sector.

Major economic objectives of 2006-2010

The 10th Party Congress held in 2005 formulated the following key economic targets for the 2006-2010 Five Year Socio-Economic Development Plan

GDP growth rate: from 7.5% to 8% p.a

Of which:

- agriculture, forestry & fishery: 3% to 3.2% p.a.
- industry & construction 9.5% to 10.2% p.a.
- services 7.7% to 8.2% p.a.

Industrial output growth rate:

- agriculture, forestry & fishery 4.5% p.a.
- industry & construction 15.2% to 15.5% p.a.
- services 11% to 11.5% p.a.

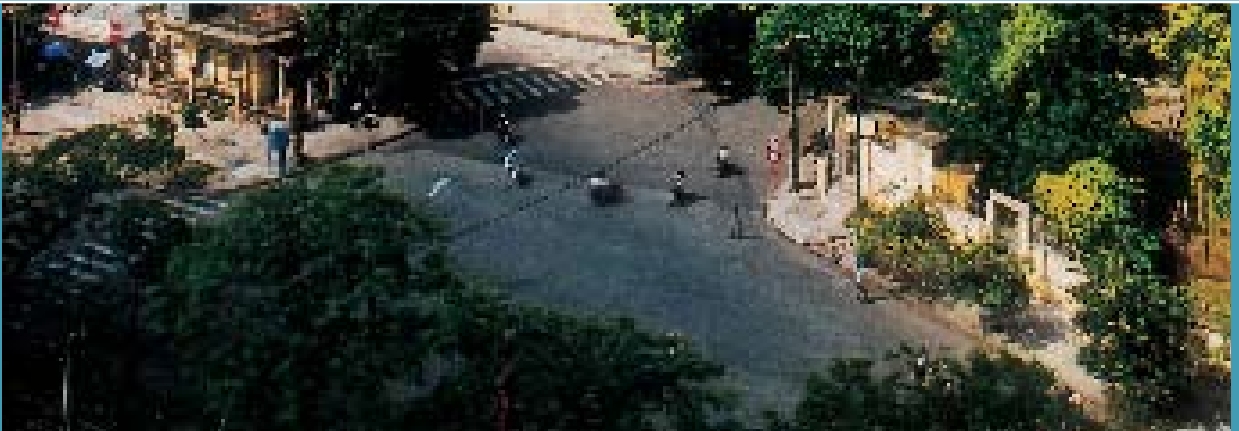
Export turnover growth rate: 16% p.a.

Economic structure by 2010:

- agriculture, forestry & fishery 15% to 16% GDP
- industry & construction 43% to 44% GDP
- services 40% to 41% GDP



PART III. BUSINESS AND FOREIGN INVESTMENT ENVIRONMENT



1. An overview of the legal framework

Background

Viet Nam's common law system has been largely influenced by Chinese, French and Soviet rule. Following the open-door policy of 1986, Viet Nam has enacted the Constitution of 1992 (as amended in 2001) to strengthen legal institutions and to pave the way for its party-led economic reform.

To create a favourable environment for the development of a multi-sector market economy as well as more open and stable investment environment, Viet Nam is making efforts to improve its legal system. During recent years, many laws and regulations have been enacted to establish the legal framework for the open-door policy and to comply with the integration requirements of international agreements, especially to prepare for Vietnam's WTO membership, of which the most important laws include:

- the Civil Code (2005);
- the Labor Code (1994, as amended in 2002);
- the Commercial Law (2005)
- the Law on Enterprises (2005)
- the Law on Investment (2005)
- the Law on Credit Institutions (1997, as amended in 2004)
- the Land Law (2004)
- the Law on Business Income Tax (2004)
- the Law on Accounting (2004)

* A list of major legal document relating to the business activities of foreign investors in Vietnam is attached at the end of this book.

Main legislation for FDI

The main legislation governing foreign direct investment (FDI) activities is the Law on Investment and the Law on Enterprises in Viet Nam, both having been adopted by the National Assembly on 29 November 2005 and having entered into force on 1 July 2006.

With a view to creating a comprehensive legal framework for FDI activities in accordance with international

standards, Viet Nam has signed and acceded to various bilateral and multilateral arrangements on investment, such as agreements for the promotion and protection of investment with 46 countries and territories, the ASEAN Framework Agreement on Investment ("AIA"), the BTA with the United States of America containing an investment charter, the Convention on the Establishment of the Multilateral Investment Guarantee Agency ("MIGA"), and other related international investment agreements.

Where the international agreements contain provisions inconsistent with the provisions of the legal instruments on FDI, the provisions of those international agreements shall be applied.

List of countries and territories agreements signing the Agreement on promotion and protection of investment with Vietnam: Italy; Australia; Thailand; Belgium; Luxembourg; Malaysia; Philippines; Germany; France; Switzerland; Belarus; Indonesia; Singapore; People's Republic of China; Armenia; Chinese Taipei; Republic of Korea; Denmark; Sweden; Finland ; Netherlands; Ukraine; Russia; Hungary; Poland; Rumania; Austria; Latvia; Cuba; Lithuania; Laos; Uzbekistan; Argentina; Bulgaria; Algeria; India; Egypt; The Czech Republic; Tajikistan; Chile; Mongolia; Myanmar; Cambodia; P.D.R Korea; United Kingdom; Iceland; Japan

2. Vietnam's WTO accession

Vietnam official joined WTO on 7 November 2006 and officially put the commitment into effect from 11 January 2007. A summary of the WTO commitment is attached at the end of this book.

The two main positive impacts of Vietnam's WTO membership on FDI are:

Firstly, considerable import duties reduction on the imports used as the inputs for domestic production as well as for private and government consumption (in many cases, import tariff rates on inputs for producing exports and other goods such as machinery and equipment used to produce exports have been remarkably reduced during the negotiation process. Moreover, the exporters are also refunded with import duties imposed on input materials used for producing exports. Secondly, liberalization of services market of Vietnam.

Under the WTO's classification, provision of services will be divided into four modes: (i) cross-border (e.g. electronic money transfer services between countries); (ii) abroad consumption (e.g. tourist service); (iii) commercial presence (e.g. FDI in services in Vietnam); and (iv) movement of natural person (e.g. foreigners come and provide services in Vietnam). Liberalization of services sector, especially in modes (i) and (iv), will affect FDI flows in Vietnam. Firstly, the services sub-sectors used to be closed or restricted from foreign investment (such as distribution, transport, telecommunication, finance etc.) will be largely liberalized (despite some limited conditions and transitional period of 3 or 5 years).

3. Investment guarantees

The Government of Viet Nam guarantees fair treatment for investors. Capital and other legal assets of investors will not be expropriated or confiscated by law or administrative measures and businesses with foreign invested capital will not be nationalised. Foreign investors are allowed to remit abroad investment capital and profits, loan principal and interest, and other legal proceeds and assets.

Expatriates working for businesses with foreign invested capital or for a business cooperation contract (BCC) are allowed to remit their income abroad. The Government of Viet Nam respects intellectual and industrial property rights and the interests of foreign investors relating to technology transfer into Viet Nam.

Interests of foreign investors are satisfactorily guaranteed in the event of adverse effects caused by a change in law through the application of a number of measures. The Law on Investment warrants that such changes will be disregarded or that disadvantages to the investor stemming from a change in law will be compensated by permission to amend its operations, to be granted compensatory tax exemptions or by other means of compensation for its damages. Moreover, where more favourable provisions are enacted, existing investors will be able to take the benefit of these. Disputes of foreign investors can be brought before Vietnamese arbitration centres or a court, or foreign arbitration can be agreed to in a contract by the parties. By April 2006, the Vietnamese Government had entered into bilateral agreements on the "Most Favoured Nation" status (now

known as "Normal Trade Relations") in trade relations with 87 countries and double taxation agreements with over 43 countries.

Upon the completion of company liquidation procedures, foreign investors may transfer abroad any remaining capital. If the amount of capital to be transferred exceeds the amount of capital contributed or reinvested, the transfer has to be authorised by the Ministry of Planning and Investment. Investors should be aware however that there have been very few liquidation cases carried out in Viet Nam.

4. Investment sectors and regions entitled to incentives

The Government of Viet Nam encourages foreign investors to invest in the following sectors and regions:

(1) Sectors in which investment is entitled to incentives:

- Manufacture of new materials and production of new energy, manufacture of high-tech products, bio-technology, information technology and mechanical manufacturing;
- Breeding, rearing, growing and processing of agricultural, forestry and aquaculture products, production of salt, creation of new plant and animal varieties;
- Utilisation of high technology and advanced techniques, protection of the ecological environment and research, development and creation of high-technology;
- Labour intensive industries;
- Construction and development of infrastructure facilities and important industrial large-scale projects;
- Professional development of education, training, health, sports, physical education and Vietnamese culture;
- Development of traditional crafts and industries; and

- Other manufacturing and service sectors which require encouragement.

(2) Regions in which investment is entitled to incentives:

- Regions with difficult or especially difficult socio-economic conditions, such as mountainous regions, remote or underdeveloped regions; and
- Industrial zones, exporting zones, high-tech zones and economic zones.

From time to time, the Government issues detailed lists of sectors and regions in which investment is entitled to incentives, thus setting out the prerequisite requirements investors need to adhere to be entitled to investment incentives and certain benefits. The new Law on Investment only sets out generally which sectoral and/or geographic areas are entitled to investment incentives. The types of incentives and their extent (e.g. tax holidays or reductions, exemption from land fees) are governed by the specific tax, land and other specific regulations.

5. Investment sectors subject to conditions

In other fields, also as published by the Government, foreign investment will not be licensed or only licensed under special conditions. For sectors in the List of Conditional Investment Sectors, the investment is subject to certain conditions, which include: television, production and publishing cultural products, telecommunication, and transportation by all means, cigarette production, exploring and processing natural resources, real-estate business, education, medical services, distribution.

These conditions may take the form of certain requirements for the establishment of a company, the scope of operations available for the project, the foreign and domestic ownership structure of the project, the applicable form and type of legal entity available for the investment project, certain business conditions and largely depend on Vietnam's international concessions and policy to open its market to foreign investors in a number of sensitive sectors.

6. Basic forms of enterprises and forms of direct investment

According to the Law on Enterprises, a foreign-invested enterprise may be established as either a sole member limited liability or a limited liability with more than one member, or a joint stock company, or a partnership. The Law on Investment provides for three basic forms of direct investment: joint ventures, 100% foreign owned enterprises ("100% FOEs") and business cooperation contracts ("BCC"). During the process of investment in Viet Nam, businesses with foreign invested capital and BCCs are allowed to restructure their investment by way of division, separation, merger or consolidation or foreign investors may convert their investment into a different legal form. Foreign investors can also transfer their interest to other entities. Furthermore, foreign companies with on-going business relations with Viet Nam may open representative offices or branches in Viet Nam.

Forms of Enterprises

Limited Liability Company

A limited liability company is a legal entity established by its members by way of capital contribution to the limited liability company. The capital contribution of each member is treated as equity. The members of a limited liability company are liable for the financial obligations of the limited liability company to the extent of their capital contributed – or undertaken to be contributed - to the limited liability company. The management structure of a limited liability company comprises the members' council, the chairman of the member's council, the (general) director and a board of supervision (where the limited liability company has more than 10 members).

A limited liability company established by one or more foreign investors may take the form of either a 100%-FOE (where all members are foreign investors) or of a foreign-invested joint-venture enterprise between one or more foreign investors and one or more domestic investors.



New blocks in Vung Tau city

Joint Stock Company

A joint stock company is a legal entity established by its founding shareholders on the basis of their subscription of shares of the joint stock company. The charter capital of a joint stock company is divided into shares and each founding shareholder holds a number of shares corresponding to their subscribed and paid-up shares in the joint stock company.

A joint stock company is required to have at least three shareholders (with no maximum number of shareholders). The management structure of a joint stock company comprises of the general meeting of shareholders, the board of management, the chairman of the board of management, (general) director and a board of supervision (where the joint stock company has more than 10 individual shareholders or if a corporate shareholder holds more than 50% of the shares of the joint stock company).

A joint stock company may take the form of a joint venture between foreign investors and domestic investors.

Partnership

A partnership may be established between an individual or a legal entity and the general partner who is

required to be an individual. The general partner has unlimited liability for the operations of the partnership.

Forms of direct investment

Joint ventures

A joint venture may be established as a limited liability company with more than one member, or as a joint stock company or as a partnership company and is a legal entity with limited liability established on the basis of a joint venture contract between:

- (1) A Vietnamese and a foreign party;
- (2) A Vietnamese party and a 100%FOE;
- (3) A joint venture enterprise and a foreign party;
- (4) A joint venture enterprise and a 100%FOE; or
- (5) Two joint venture enterprises.

Profits and risks are distributed among the parties in proportion to their legal capital contribution/shares in the JV unless the parties have agreed otherwise in the joint venture contract.

100%FOE

Under Vietnamese law, a 100% FOE is a legal entity set up by one or more foreign investors under a form of enterprise as set out above.

BCCs

A BCC is an agreement between one or more foreign investors and one or more Vietnamese partners with the objective of cooperating to operate one or more specific business activities. This form of investment does not constitute a new legal entity and the investors have unlimited liability for the debts of the BCC. This form of investment is generally only chosen by foreign investors with respect to projects where investment is restricted to a BCC, such as certain telecommunications projects or projects in relation to airline, railway or sea transportation. A BCC provides, however, more flexibility than a joint venture or a 100%FOE. Within the framework of Vietnamese law, the parties involved are free to decide on the subject, contents, interests, obligations and responsibilities of and relations among the parties, and to specify these in the contract.

7. Other facilities for business and investment in Viet Nam

Branches

This is not a common form of foreign direct investment but banks, tobacco companies, airlines, law firms, and foreign companies operating in fields of culture, education, tourism are allowed to establish branches in Viet Nam. Foreign companies may also establish branches in Viet Nam to conduct trading activities and activities directly related to trading of goods. The establishment of such trading branches and the scope of commercial activities of such trading branches, however, will only be available as scheduled in Vietnam's international commitments. In terms of law, the establishment of a foreign company branch is simpler than the establishment of a 100%FOE with the difference that a 100% FOE is a Vietnamese legal entity separate from its parent company while a branch still holds foreign legal entity status and is dependent on its parent company. Branches of foreign companies in Viet Nam are also different from representative offices in the way that a branch is allowed to conduct commercial activities in Viet Nam.

Representative offices

Foreign companies having business relations with Viet Nam, or investment projects in Viet Nam, can apply to

open representative offices in Viet Nam. A representative office is not an independent legal entity and is not allowed to conduct direct commercial activities (such as execution of contracts, direct payment or receipt of moneys, sale or purchase of goods or provision of services). However, a representative office can:

- act as a liaison office to study the business environment;
- search for trade and/or investment opportunities and partners;
- act on behalf of its head office to negotiate and sign contracts for the supply or purchase of goods and services at the authorisation of the parent company (care needs to be taken for tax purposes);
- supervise and accelerate the implementation of contracts;
- act on behalf of the parent company to supervise and direct the implementation of investment projects in Viet Nam;
- Publicise and promote its company's goods and/or services.

A representative office may, however, not engage in any profit generating activities.

Build - operate - transfer (BOT), Build - transfer (BT) and Build - transfer - operate (BTO) Contracts

Foreign investors may sign a BOT, BT and BTO contract with a competent State body to implement infrastructure construction projects in Vietnam often in the fields of traffic, electricity production and trade, water supply or drainage, waste treatment. Rights and obligations of foreign investor will be regulated by the signed BOT, BT and BTO contract.

Under the BOT form, the investor is fully in charge of construction and management of a project over a specific duration after which the project is to be transferred to the State without any compensation.

Under the BTO form, title has to be transferred to the State immediately upon completion of construction but the State allows the investor to operate the project over a period of time agreed by both parties in the

contract so that the investor can recover capital and reasonable profits.

Under the BT form, the project is transferred to the State on completion of construction and the State pays the investor by way of the right to implement another project or making payment as agreed in the BT contract.

According to the most recent draft of the new BOT Decree (“Draft BOT Decree”), the Government of Vietnam will encourage investors of both public and private sectors to participate in BOT, BTO and BT projects (i) for construction, operation of brand new, renovated or expanded infrastructure facilities, and (ii) for modernisation, operation and management of existing project works listed below:

- Roads, bridges, tunnels, and other associated utilities;
- Railway and tramp-way;
- Airports, sea-ports, river-ports, and ferries;
- Water supply plants, waste sewerage and treatment systems;
- Power plants, power transmission lines; and
- Other projects as may be decided by the Prime Minister.

Preferential treatments for BOT, BTO, BT projects

- Corporate Income Tax (CIT): Under the laws currently in force in Vietnam, BOT, BT and BT Enterprises are (i) entitled to an applicable CIT rate of 10% for the whole term of their projects, (ii) a CIT exemption for 4 years as from the first profit-making year; and (iii) a 50% CIT reduction for subsequent 9 years. Questionably, under the Draft BOT Decree, these incentives are not made available to BT Enterprises.
- Import Duties: BOT, BTO and BT Enterprises and their sub-contractors may be entitled to import duty exemptions for the purpose of project implementation in accordance with the laws on import duties.
- Industrial property objects which are under protection duration, know-how, technological process and technical assistance for the project implementation may be exempted from all types of tax applicable to technology transfer and revenue earned from royalties.
- Land Use:
 - o BOT, BTO and BT Enterprises are exempted from payment of land use fees for the land area allocated to them by the State (in the case of land allocation), or



The North Thang Long Industrial Zone - Hanoi

exempted from payment of land rental (in the case of leasing land) for the whole span of their projects.

o During the term of the projects, the BOT, BTO and BT enterprises are, subject to approval of the competent State bodies, permitted to pledge or mortgage assets and land use rights (“LURs”) in accordance with the laws on land of Vietnam.

Government Guarantee Undertaking: The Government of Vietnam will, depending on the nature of each of BOT, BTO and BT projects, appoint an authorised body to issue, on behalf of the Government, guarantees for loans, provision of raw materials, consumption of products, and any other contractual obligations in favour of the investors, the BOT, BTO and BT Enterprises, and other enterprise participating in these projects if a Government guarantee undertaking is required under the relevant BOT, BTO or BT contract.

Industrial Zones/ Export Processing Zones/High Tech Zones (“Industrial Zones”) /Economic Zones

In 1991 the Vietnamese Government introduced a policy to develop these special administrative zones in an effort to geographically diversify investment locations, to accelerate export, and to create more jobs.

Industrial Zone & Export Processing Zone

Industrial Zone (“IZ”) is a zone in which enterprises specialising in the production of industrial goods and the provision of services for industrial production are concentrated.

Export Processing Zone (“EPZ”) is an industrial zone specialising in the production of goods for exports and the provision of services for such production and export activities.

Investment in IZs and EPZs is generally regulated by Decree No. 108/2006/ND-CP of the Government dated 22 September 2006 implementing the Law on Investment (“Decree 108”).

Developers of IZs and EPZs and investors operating and doing business in these zones (collectively referred to herein as “IZs Developers” and “IZ Enterprises” and

“EPZ Enterprises”, respectively) are granted with the following preferential treatments:

- Corporate Income Tax (“CIT”):

Depending on certain criteria, investment in IZ/EPZ will be entitled to 10%, 15%, or 20% CIT rate, and up to 4 years of CIT exemption from the first profit-making year, and 9 years of 50% reduction of the CIT rate from the subsequent year;

- Import Duties and Value Added Tax: IZ Developers, IZ Enterprises and EPZs Enterprises may be exempted from payment of import duties and value added tax on goods imported for the purposes of establishment and implementation of their investment projects.
- Land Use: Incentives include preferential land rental rate, exemption from payment of land use fees for the land area allocated to the investor by the State, or exempted from payment of land rental (in the case of leasing land) for the whole span of their projects.

o Where IZ Developers, IZ Enterprises and EPZ Enterprises pay their land rental on an annual basis, they have the rights to (i) mortgage or use as guarantee assets attached to land, (ii) sell or contribute as capital assets attached to land, (iii) sell or lease out factories, offices and warehouse built in the IZ; and (iv) sub-lease the land area on which infrastructure facilities have been completed (please note that the right mentioned in (iv) is only applicable to IZ Developers). Those IZ Developers, IZ Enterprises and EPZ Enterprises who pay the land rental for the entire term of their lease one-off, are entitled to additional rights. In particular, during the term of their land lease or sub-lease, they are permitted to (i) assign the value of their LURs



Production line of a motor part in Tan Thuan Export Processing Zone - Ho Chi Minh city

and assets attached to the land leased out to them; (ii) sub-lease LURs and assets attached to land; (iii) contribute the value of LURs and assets attached to land as capital to joint ventures; (iv) mortgage or use as guarantee LURs and assets to credit institutions operating in Vietnam.

⁽¹⁾During the past few years, the IZ system has been developed all over the country, playing an important role in attracting foreign investment to Viet Nam. 136 IZs have been licensed; with 3 Industrial Zones being a 100% foreign owned project, 14 by joint venture enterprises, and 119 by Vietnamese enterprises. The total area of IZs is more than 28,919 hectares, 51% of which has been leased out. In addition, eight economic zones have also been licensed with total area of over 270,000 hectares.

To date there have been 2,318 foreign investment projects with a registered capital of US\$19.9 billion operating in IZs, accounting for 34.7% of the total foreign investment in Viet Nam. Most of these projects are textiles, garments, shoes, electronic assembly, mechanical manufacturing, plastics, and food processing enterprises.

High-Tech Zone

A **High-Tech Zone** is multi-function economic-technical zone with a defined boundary which is established in accordance with a decision of the Prime Minister to conduct high-tech in research, development and application, to nurture high-tech enterprises, to train high-tech human resources and to manufacture and trade high-tech products.⁽²⁾

Investment in high-tech zones is subject to the Regulations on High-Tech Zones (“HTZs”) which are issued in accordance with Decree No. 99/2003/ND/CP of the Government on 28 August 2003 (“Decree 99”) and Decision 53/2004/QD/TTg of the Government dated 5 April 2004.

The Government of Vietnam strongly encourages investment in the following high-tech sectors:

- Information technology, communications and computer software technology;
- Bio-technology serving agricultural, aquaculture and medical sectors;
- Microelectronic, fine mechanical, mechanical-electronic, optical-electronic and automatic technologies;
- New material technology and new energy technology; and
- Some other special technologies.

Under the applicable laws of Vietnam, foreign and domestic investors operating and doing business in HTZs, and foreign and Vietnamese individuals working for investment projects in HTZs are entitled to the following preferential treatments:

- CIT: investors are entitled to (i) a 10% CIT rate for the entire duration of their projects; (ii) a 4 year-CIT exemption as from their taxable income is incurred, and (iii) a 50%-CIT reduction for the subsequent 9 years.
- PIT: Those Vietnamese individuals (including overseas Vietnamese) whose PIT obligations and income level are equal to those of foreign individuals are entitled to the same PIT exemption or reduction as that applies to foreign individuals.
- Land Use: An uniform land lease pricing applies to both foreign and domestic investors in HTZs. Exemptions of land rent may be granted to those investors in the projects on research and development of technology or on high-level skills training in science and technology. During the term of leasing or sub-leasing land, investors are allowed to sub-lease, assign and mortgage land use rights and assets attached to their leased land plots to credit institutions operating in Vietnam.
- Housing: Favourable conditions may be made available to the investors and workers in HTZs in terms of their housing and residence.
- Visas: Multiple entry visas with a term compatible with the term of employment are issued to foreign individuals and overseas Vietnamese who invest or work in HTZs.

⁽¹⁾ Data used in this section is mainly from the IZ website at www.khucongnghep.com.vn.

⁽²⁾ High-tech products are defined as “products created on the basis of application of high technology”. “High technology” is defined as “the technology integrated from achievement of advanced technology and science which has the ability to create a sudden increase in labour productivity, features, quality and added value of products, to form new production or service industries with high socio-economic effectiveness, a great effect on socio-economic development and national defence and security.”

- **Credit Assistance:** The Development Assistance Fund of Vietnam is ready to extend medium or long-term credits with soft interest rates, and issue loan guarantees to Vietnamese manufacturers in HTZs. In addition, all investors directly exporting their products may be entitled to an export credit assistance and export award.
- Additional incentives may be granted to the investors in “especially important projects”.
- **PIT:** A 50% PIT reduction may be granted to both Vietnamese and foreigner working in the EZ.
- **Import Duties and Value Added Tax:** EZ Developers and EZ Enterprises are entitled, for a term of 55 years as from their commencement of operation, to (i) an exemption from payment of import duties on materials, equipment, components and semi-products which have not yet been produced domestically and which are required to be imported for the purpose of production within the EZ.

Economic Zone

An Economic Zone is a zone which has an economic area separated from the general investment and business environment and with especially favourable conditions for investors.

An Economic Zone (“EZ”) is an identified geographical zone with privileges on investment environment, preferential stable policies, flexible management, giving best condition to business activities of the domestic and foreign investor.

Investment in EZs is currently regulated by Decree 108.

Developers of EZs and investors operating and doing business in these zones (collectively referred to herein as “EZs Developers” and “EZ Enterprises”) are granted with the following preferential treatments:

- **CIT:**
 - EZ Developers and EZ Enterprises are entitled to (i) an applicable CIT rate of 10% of their annual taxable profits for a term of 15 years as from the first profit-making year, (ii) an exemption from CIT for 4 years from the first profit-making year, and a reduction of 50% of the CIT rate for a further 9 years from the 5th profit-making year.
 - A preferential CIT rate of 10% is applicable for the whole term of a high-tech project, where:
 - (i) the high- tech project satisfies the requirements set out in Article 5.2 of Decree 99; and
 - (ii) it is the large- scale project playing a significant role in the commercial development and the socio-economic development of the location.

Import and export duties are not levied upon the following imports and exports:

- (i) Goods imported from overseas to a non-tariff area;
- (ii) Goods exported from a non- tariff area to overseas;
- (iii) Goods transferred from or sold by a non- tariff area to an EPZ or any enterprise; and
- (iv) Goods not subject to export duty, with Vietnam origin, and transported into a non- tariff area.
- **VAT:** Goods produced and services provided in non- tariff areas, and goods imported and services provided from overseas to non- tariff areas are exempted from VAT.
- **Special Sales Tax (“SST”):** Goods produced and services provided in non- tariff areas, and goods imported and services provided from overseas to non- tariff areas are exempted from SST (except for certain types goods or services).
- **Land Use:**

EZ Developers and EZ Enterprises are permitted to

 - Assign LURs, lease, sub- lease land on which infrastructure facilities have been constructed;
 - Lease -or buy factories, offices and warehouses in the EZ;
 - Lease land or to be allocated with land with or without payment of land use fee in order to construct and trade all or part of the infrastructure facilities in the EZ;

- Build factories, offices and warehouses in the EZ for sale or rent;

- Determine the rental applicable to the leased or sub-leased land on which infrastructure facilities have been constructed.

- Build houses for sale or rent, construct infrastructure system for lease or sub-lease, or transfer LURs of the land on which infrastructure facilities have been constructed;

Overseas Vietnamese are allowed to buy a house attached with LUR;

Foreign individuals investing or working in the EZ are permitted to rent houses attached with LURs;

EZ Developers and EZ Enterprises have the same rights as IZ Developers and IZ Enterprises in relation to sale of assets attached to LURs, mortgage, lease, sublease and assignment of LURs as mentioned above.

There are currently nine EZs operating in Vietnam. The first key EZs should be named is Chu Lai in Quang Nam Province with 116 registered projects with the total investment capital of US\$1.4 billion, of which 33 are foreign-invested projects. Other big EZs include Dung Quat in Quang Ngai Province, Chan May in Hue City and Nhon Hoi in Binh Dinh Province.

8. Tax and tax incentives applicable to foreign direct investment

The tax system in Viet Nam consists of the following main taxes:

- Business Income Tax
- Capital Assignment Profits Tax
- Value Added Tax
- Special Sales Tax (Excise tax)
- Foreign Contractor Withholding Tax (withholding tax)
- Import-export tariffs
- Natural Resources Tax

- Land Rentals
- Personal Income Tax
- Social insurance and health insurance
- Other Taxes

Corporate Income Tax (“CIT”)

Effective from 1 January 2004, Viet Nam has one CIT regime applicable to both domestic and foreign invested enterprises, with a standard CIT rate of 28%.

Preferential rates of 10% for a period of 15 years, 15% for a period of 12 years and 20% for a period of 10 years are available where certain criteria are met (e.g. investment in industries or locations whereby investment is encouraged, high number of employees, business expansion, etc). When the period for preferential rates expires, the rate generally reverts to the standard rate. There are also tax relief whereby an entity is entitled to CIT exemption for up to 4 years after the first profit making year and 50% CIT reduction up to 9 years subsequently.

In particular, tax rates applicable to exploitation of oil and gas and other precious resources companies range from 28% to 50% depending on each project.

Taxpayers may carry forward their losses for five years whilst carrying back is not permitted. Tax loss carry forward plan must be registered with the tax authorities in the tax finalisation declaration for the year the loss incurred. Loss from transfer of land use rights/land lease rights is only allowed to set-off with income from transfer of land use rights/land lease rights.

There are 45 Double Tax Agreements (DTAs), of which 44 are in effect and 1 is not effective yet. DTAs can be used to protect a foreign entity from being subject to CIT in Vietnam if certain criteria are met.

Capital Assignment Profits Tax

CIT of 28% applies on the gains derived from capital transfer. The taxable income is the difference between the transfer value and the original value of the transferred capital less any reasonable transfer expenses.

A tax reduction of 50% is available when a foreign investor's capital is transferred to an enterprise which is established under Vietnamese laws.

Value Added Tax ("VAT")

VAT applies to goods and services consumed in Viet Nam (including goods and services purchased from abroad) and are collected during production, trading, provision of services and import stages. When supplying goods and/or services subject to VAT, the business must charge VAT on the value of goods or services supplied. The importer must pay import VAT to the customs office at the same time they pay import duties.

The Viet Nam VAT system has three rate categories: 0%, 5%, and 10% (the standard rate). The 0% rate applies to exported goods and exported services (with some exceptions). Exported goods are goods sold to overseas or to export processing zones/export processing enterprises. Exported services are services provided to and being consumed overseas. The 5% rate applies to areas of the economy concerned with the provision of essential goods and services. The standard common 10% rate applies to other activities and goods not specified as subject to the 5% rate. Additionally, there are 29 categories of goods and services that are VAT exempt.

The Vietnamese VAT system is also characterised by two types of VAT payers: deduction method VAT payers and direct method VAT payers. All companies and business organisations are deduction method VAT payers. They will issue VAT invoices, charge output VAT to customers and claim input VAT through conventional VAT returns.

The direct method generally applies to small business households which do not keep proper accounting records and foreign contractors (foreign companies performing business in Vietnam/having contracts with Vietnamese customers without establishing a legal entity in Viet Nam) who do not want to maintain Vietnamese accounting records. For these businesses, VAT is calculated at a deemed rate on gross turnover.

VAT refund is eligible. Some of the examples for VAT

refund are: input VAT is larger than output VAT in 3 consecutive months; exporters; input VAT on fixed assets acquired, etc.

Import Duty

Generally, all goods crossing Vietnamese borders are subject to import/export duties. Import duty rates are classified into three categories: ordinary rates, preferential rates and special preferential rates.

Preferential rates are applicable to imported goods from countries that enjoy most-favoured-nation status ("MFN") with Viet Nam. Currently, 89 countries enjoy MFN with Viet Nam. Special preferential rates are applicable to imported goods from countries that have special agreement with Viet Nam (such as ASEAN countries). Viet Nam joined ASEAN Free Trade Area (AFTA) in 1996. Under the AFTA Common Effective Preferential Tariff (CEPT) Scheme, Viet Nam has committed to gradually eliminate all import tariffs in its Inclusion List. The ordinary rates are generally imposed at 150% of the preferential rates.

Export Duty

The export of goods is encouraged by the Government of Viet Nam. Thus, export duties are only charged on a few items, basically natural resources such as minerals and forest products but also on rice, seafood and scrap metal. Export rates range from 0% - 45%.



Customs Post



Loading packages at the Hai Phong Port

Special Sales Tax (Excise Tax) (“SST”)

SST applies to the production or import of certain luxury goods (i.e. cigarettes, liquor, beer, petrol, automobiles carrying less than 24 people, air-conditioners up to 90,000 BTU, playing cards, votive paper) and the provision of certain services (i.e. discotheques, massage parlours, karaoke bars, casinos, golf clubs, entertainment with betting and lotteries). SST rates range from 10% to 80%. Goods and services subject to SST are also subject to VAT.

Withholding Tax

Foreign companies performing business in Vietnam/having contracts with Vietnamese customers without establishing a legal entity in Viet Nam are subject to “Foreign Contractor Withholding Tax” (FCWT), which includes a VAT and a CIT element. Withholding tax also applies to payments of interest, royalties, licence fees, and cross border lease charges. Withholding tax applies on the income derived from Viet Nam, regardless of where the services are performed, inside or outside Viet Nam.

FCWT can be calculated in three ways.

Method 1: Deduction Method (“VAT registration”)

The FC maintains full Vietnamese Accounting System (“VAS”). The FC registers for VAT, issues Vietnamese VAT invoices to its Vietnamese customers and files conventional VAT returns (i.e. VAT payable equals output VAT less input VAT) with the Vietnamese tax authorities. The FC also pays CIT on the actual net profits derived from the contract, based on their accounting records.

Method 2: Withholding Method (“no VAT registration”)

According to this method, VAT and CIT will be withheld by the Vietnamese customer at a deemed percentage of the taxable turnover. Various rates are specified for different business activities. The FC’s responsibility to file for and pay taxes is thus passed to the Vietnamese party. The VAT and CIT rates are summarised below:

Industry	Effective VAT rate	Deemed CIT rate
Trading: distribution, supply of goods, materials, machinery and equipment in Vietnam	1%	1%
Services	5%	5%
Construction, installation without supply of materials or machinery, equipment.	5%	2%
Construction, installation with supply of materials or machinery, equipment.	3%	2%
Transportation	1.25%	2%
Manufacturing, other business activities	2.5% or 1.25%	2%
Interest	Exempt	10%
Royalties	Exempt	10%

Method 3: Hybrid method

This is a combination of method 1 and 2, whereby the FC would maintain a simplified VAS for VAT convention filing purpose and pay CIT on a deemed basis like under Method 2.

Natural Resource Tax

Under Vietnamese Law, the State manages natural resources and royalties need to be paid to the State for the utilization of natural resources. Royalties range from 0% to 40% and are levied for companies exploiting precious stones and coal, and companies utilizing forest products, marine products or natural water.

Land Rentals

Where the land is rented from the State, the tariff frame for land rental is determined by the Government. Based on such tariff frame the People’s Committee of the relevant province will determine the specific land rental tariff. The land rental is kept stable for a period of at least five years from the investment licence date. Where land rentals have been paid for the whole dura-

tion of the lease contract, the land rental shall be kept stable until the expiration of the lease and shall not be subject to any adjustment.

Personal Income Tax (“PIT”)

Currently, the following individuals are liable to pay personal income tax (PIT):

- Vietnamese citizens residing in Viet Nam;
- Vietnamese citizens residing overseas and expatriates working in Viet Nam;
- Other individuals residing in Viet Nam indefinitely; and
- Foreigners working in Vietnam and in receipt of income including employees of business, cultural or social organisations, representative offices and branches of foreign companies, foreign contractors and individuals working independently.

A foreigner residing in Viet Nam for more than 183 days within a tax year will be considered a tax resident, unless DTAs between Viet Nam and other countries provide otherwise. A tax resident is subject to progressive tax rates with the highest marginal rate of 40%. A foreigner who stays in Viet Nam less than 183 days in

a consecutive 12 month period is considered as non-resident in Vietnam. Non-residents are subject to a 25% tax rate on Viet Nam-sourced income. However, this will need to be also considered in light of the provisions of any DTAs that may apply.

Vietnamese nationals working in Viet Nam are subject to PIT rate up to 40%.

There is 5% on the income from technological transfer of more than VND15 million for each contract and 10% on the income from lottery winnings of more than VND15 million for each winning.

From the strict reading of the PIT regulations all fringe benefits are taxable. However, there is an exception for staff training fees, airfare for expatriate employees to home country, school fee for expatriates' children paid directly to school in Vietnam.

Expatriates or foreign individuals working in Vietnam are allowed to transfer their income abroad after income tax and other payroll withholdings have been paid.

There are certain tax exempt categories, such as attraction allowance for working in remote areas/areas with difficult conditions, hardship allowance for toxic, hard, dangerous jobs, etc.

There is a general requirement to withhold 10% PIT from payments to individuals who are not employees.

Social security and health insurance

The employer must contribute 15% of the salary and certain allowances stated in the labour contracts for Vietnamese employees for social security purposes. The employee has to contribute 5%.

Additionally, health insurance contribution in respect of Vietnamese employees is also required at 1% for the employee's contribution and 2% for the employer's contribution.

9. Accounting and Auditing

In December 1994, a new accounting system for business entities was introduced based on the International

Accounting Standards and tailored specifically for the Vietnamese situation. The new Vietnamese Accounting System (VAS) comprises 4 components: (i) a chart of accounts with detailed accounting guidelines, (ii) financial reports system, (iii) accounting voucher system, and (iv) accounting books system. Application of VAS is compulsory for all businesses operating in Viet Nam, with certain exceptions in specialised areas.

In March 2002, the first four accounting standards were introduced as a step towards the move to a more transparent financial management system. The Ministry of Finance intends to implement all accounting standards by the end of 2003.

The measurement units used for statistical and accounting purposes should be the units applicable in Viet Nam. Accounts should be described in the Vietnamese language using Vietnamese Dong. However, other languages and foreign currencies may be used with the agreement of the parties and subject to the approval of the Ministry of Finance.

According to Vietnamese law, the Chief Accountant, not the Board of Directors of a business entity is responsible for the accuracy of the financial statements of the entity. A statutory audit is only compulsory for foreign invested enterprises and commercial banks. Large state-owned enterprises are encouraged to have their accounts audited.

Quarterly financial statements should be submitted within 15 days of the end of the quarter, and annual financial statements should be audited and submitted within three months of the end of the year.

There are 16 accounting firms operating in Viet Nam including foreign invested, state-owned and private domestic companies. Viet Nam is in the process of developing auditing standards. As of 30 November 2004, Vietnam has issued 16 accounting standards and 27 auditing standards which are modelled after the international standards with some changes to suit the domestic situation.

10. Banking and Finance

Vietnam's credit institutions comprise State-owned banks, joint-stock banks, joint venture banks, 100% for-

eign-owned banks, branches of foreign banks, credit cooperatives, finance leasing companies and finance companies. Currently, there are 6 state-owned banks (5 commercial banks and 1 policy bank - the Bank for Social Policy), 37 joint-stock banks, 5 joint-venture banks, 31 licensed foreign banks operating 38 foreign bank branches, 6 finance companies and 10 finance leasing companies. Under the WTO commitments, Vietnam committed to permit the establishment of 100% foreign owned banks from 1 April 2007. The scope of operations of foreign bank branches, joint venture banks and 100% foreign-owned banks are also gradually expanded to comply with Vietnam's commitments under WTO and other bilateral/multilateral international agreements. After 5 years from the date of accession to WTO, Vietnam has to lift all restrictions to the right of a foreign bank branch to accept deposits in Vietnamese Dong from Vietnamese natural persons with which the bank does not have a credit relationship.

Currently, foreign credit institutions are allowed to hold up to 30% of the charter capital of a joint stock bank, in which the maximum shares held by one foreign institution is 10%. The Government is drafting a new regulation to expand the limit of shares held by a foreign credit institution being a strategic shareholder of a joint stock bank to 20% of the charter capital of such joint stock bank.

The Law on Credit Institutions, which came into force on 1 October 1998, as amended in 2004, provides

a wide range of products and services which a bank may offer, from traditional financial products to funds management and insurance services. The regulations on the securities market also permit domestic banks to establish securities companies to participate in the securities market. This is the legal basis for the convergence of the financial industry sectors (banking, capital markets, insurance and funds management) in the future with the development of the stock market.

Since 1998, with support from multilateral donor institutions, the Government has outlined a comprehensive reform and restructuring program to improve the efficiency of the commercial banking system. The program includes four components: (i) restructuring joint-stock banks through mergers and closure to reduce the number of joint stock banks by half; (ii) transforming state-owned commercial banks into independent businesses; (iii) improving and strengthening the supervision and inspection of commercial banks and creating a "level playing field"; and (iv) establishing assets management corporations as a tool for resolving non-performing loans. As part of the restructuring program, since 2005, two State-owned commercial banks (Bank for Foreign Trade of Vietnam - Vietcombank and Mekong Housing Bank) have been in the process of equitisation on a pilot basis. It is planned that after the pilot implementation, all other State-owned commercial banks will be equitised in the coming years.

New monetary instruments have been introduced, such as repurchasing agreements ("Repos"), discount-



Transaction coner of Viet Nam bank for Foreign Trade

ing and swaps, etc., narrowing the gap to international financial markets.

11. Foreign Exchange Management

All buying, selling, lending and transfer of foreign currency need to be made through credit institutions and other financial institutions authorised by the State Bank of Vietnam (“SBV”).

Outflow of foreign currency by transfer is authorised for certain transactions such as payment for imports and services abroad, refund of loans contracted abroad and payment of interest accrued thereon, transfers of profits and dividends, and revenues from transfer of technology.

As a general rule, all monetary transactions in Vietnam must be undertaken in Vietnamese Dong. Exceptions are applicable to payments for exports made between principals and their agents, and payments for goods and services purchased from institutions authorised to receive foreign currency payments such as payments for air tickets, shipping and air freight, insurance and international communications.

The obligation of residents to sell a part of their foreign currency revenues from current transactions to a local authorised bank has been abolished in 2003 and foreign invested enterprises may, subject to certain conditions, buy foreign currency from the banks to fulfil certain foreign currency obligations from their transactions.

Foreign invested enterprises may open an offshore bank account only with the prior approval of the SBV. Furthermore, where the foreign party to a BOT, BTO or BT requires an offshore account to successfully implement the project, such an account may be opened.

Foreign investors and foreigner working in Vietnam are permitted to transfer abroad capital investment profits and income legally earned in Vietnam and – as mentioned above – remaining invested capital at the liquidation of an investment project.

12. Capital Market

The Securities Trading Centres were opened in Ho Chi Minh City in 2000 (“HCMC STC”) and in Hanoi in 2005

(“HN STC”). HA STC only acts as an OTC market for unlisted shares that meet certain conditions. It is planned that the HCMC STC will be upgraded to an official Stock Exchange in 2007.

Until the end of September 2006, 51 companies are listed in the HCMC STC and there are 15 companies whose shares are tradable in the HN STC. These securities centres create a new channel for long-term capital mobilisation, which will boost the equitisation of Vietnamese and foreign invested enterprises and thus the economic reform process.

Currently, foreign investors may acquire up to 49% of a listed company. and 30% of a non-listed company. Bonds may be freely held. The Government is drafting a new regulation to stipulate the limits of shares held by foreign investors in listed and non-listed companies based on Vietnam’s commitments under bilateral and multilateral international treaties. Under Vietnam’s WTO commitments, after one year from the date of accession to the WTO, the 30% foreign equity limitation for acquisition of Vietnamese enterprises shall be eliminated (except for the acquisition of shares of joint stock banks and a number of certain sectors).

In the territory of Vietnam, the purchase and sale of securities by foreign investors must be implemented in Vietnamese Dong.

In order to purchase shares in an unlisted company, the foreign investor has to open a special Vietnamese Dong account at a bank permitted to operate in Vietnam, and register such account with the State Bank of Vietnam. All transactions in relation to the purchase and sale of shares, receipt of dividends and remittance of profits must be carried out through such special account.

With respect to foreign investors investing in listed company, they must obtain a transaction code from a securities company, and open a specialised Vietnamese dong securities trading account at such securities company in order to service the activities of purchase and sale of securities at Securities Trading Centres.

The country’s securities market environment has been further improved in recent years by the speeding-up of the process of equitisation of State-owned enterprises and foreign invested enterprises. The first regulation on equitisation of foreign invested enterprises on a pi-

lot basis was issued in 2003. To date, 12 foreign invested enterprises have been equitised. With the issuance of the new Law on Enterprises and Law on Investment, that came into force from 1 July 2006, foreign invested enterprises now may be established in the form of a joint stock company.

13. Land

In Vietnam, land is considered to be the property of the people, and subject to the exclusive administration of the State. The latter, represented by the central and local land departments, is responsible for the management of land use rights and leases to individuals, households and domestic and foreign invested economic, political and social organisations. There is no private ownership of land.

Subject to certain conditions, domestic land users have the right to use, transfer, lease, inherit (for individuals only), or mortgage their land use rights ("LUR"), or use the LUR as capital contribution to a joint venture.

Foreign land users are entitled to lease land from the State in general or from Vietnamese or foreign invested enterprises authorised to sub-lease land in industrial and export-processing zones. For foreign land users, the maximum lease period is generally 50 years, although in special cases this term may be extended to 70 years. Foreign invested enterprises may only use the land for the permitted purpose. Where the entire land rent under the lease for the LUR has been paid for the whole land lease duration, foreign invested enterprises may mortgage their LUR with banks licensed to operate in Viet Nam (including foreign bank branches, joint venture banks and 100% foreign owned banks), sub-lease, transfer LUR, or use the LUR as capital contribution to a joint venture.

14. Domestic and Foreign Trade

Vietnamese enterprises are free to carry out trading activities in Viet Nam and are allowed to directly export and import all goods, except for certain restricted goods where a special business licence must be obtained from the relevant State authority.

Foreign invested enterprises in Viet Nam may directly distribute or set up a distribution network to sell the

products they manufacture in Vietnam, and can export their products directly. However, the establishment of pure trading businesses not associated with manufacturing activities with foreign invested capital is still restricted, subject to Vietnamese's commitments under bilateral and multilateral international agreements to which Vietnam is a party.

Under Vietnam's WTO commitments, for commission agents' services/ wholesale and retailing services, upon accession, Vietnam will allow the establishment of joint venture companies in which the foreign capital contribution shall not exceed 49%. As of 1 January 2008, the 49% capital limitation shall be abolished. 100% foreign owned companies licence will be permitted from 1 January 2009.

Upon accession, foreign invested companies engaging in distribution services will be permitted to engage in the commission agents', wholesale and retail business of legally imported and local produced products, except for cement, tyres (excluding tyres of airplanes), papers, tractors, motor vehicles, cars and motorcycles, iron/steel, audiovisual devices, wine and spirits, and fertilizers. From 1 January 2009, commission agent, wholesale and retail business of tractors, motor vehicles, cars and motorcycles are allowed. These limitations will be removed after 3 years from the accession date. The establishment of outlets for retail services (beyond the first one) shall be allowed on the basis of an Economic Needs Test.

15. Labour

A large, skilled and inexpensive labour force is one of the main attractions for foreign investors in Vietnam. Vietnam's population was estimated approximately 83.1 million in July 2005, and it is expected to grow to 90 million in 2010 with an annual growth rate of 1.6%. Over 61.6% of the population are under 25 years of age. Approximately 15.5% of the population are considered to be trained or skilled workers (with elementary qualifications or higher). This situation is improving as a result of updated training programs in training and education centres. There are currently substantial interest and new investments in quality training and education, a priority concern for the Government. The Labour Code issued in July 1994 (as amended in 2002) has created a legal framework which sets out the

rights and obligations of employers and employees, in relation to working hours, labour agreements, payment of social insurance, overtime work, strikes, and termination of employment contracts, among other things. In addition, there are several specific implementing decrees and circulars related to the provisions of the Labour Code.

The law provides for an eight hour working day and 48 hour working week. An employer and an employee may agree that an employee work overtime, but this must not exceed 200 hours a year (in special cases, such limit may be extended to 300 hours subject to the approval of the relevant State competent authority). With effect from 2 October 1999, a number of organisations such as Government offices, administrative agencies and socio-political organisations have implemented a 40 hour working week. Businesses in other economic sectors, including businesses with foreign invested capital, are also encouraged to adopt a 40 hour week.

In any employment contract wages and salaries should be defined clearly in Vietnamese Dong (except for employees working for foreign representative offices and branches: their salaries are still quoted in US dollars and paid in Vietnamese Dong). The wages of employees working in foreign invested enterprises are subject to minimum rates determined by the Ministry of Labour, War Invalid and Social Affairs from time to time. The current weekly minimum wage is as follows:

- VND870,000 (approximately US\$54) for unskilled workers in urban districts of Hanoi and Ho Chi Minh City;
- VND790,000 (approximately US\$49) in rural districts of Hanoi and Ho Chi Minh City; urban districts of Hai Phong; Ha Long City in Quang Ninh province; Bien Hoa City in Dong Nai province; Vung Tau City in

Ba Ria - Vung Tau province; Thu Dau Mot Town and Thuan An, Di An, Ben Cat and Tan Uyen districts in Binh Duong province;

- VND710,000 (approximately US\$44) for other provinces.

Currently, an employer is also required to contribute 15% of total wages to a social insurance fund administered by the State, and 2% for health insurance purposes. The contribution by the employees is 5% and 1%, respectively. Expatriates are not required to contribute to the health and social insurance funds.

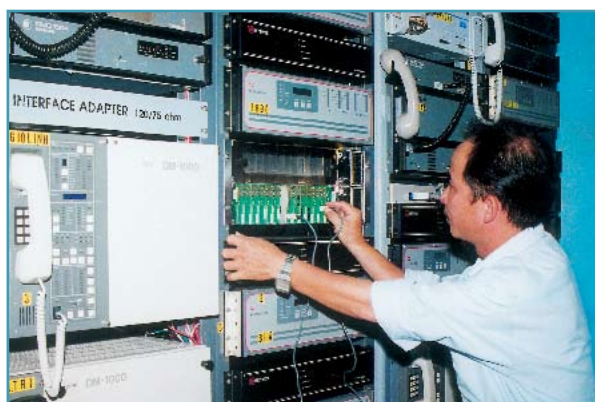
As of 1 January 2007, the new Law on Social Insurance will come into force. The salary subject to social insurance contribution requirement will be capped at 20 times of the minimum salary applicable to domestic enterprises (currently, VND450,000/month). Before 2010, the rates of contribution to the social insurance fund by the employers and the employees remain unchanged (i.e. 15% and 5%, respectively). From 2010, such rates will increase 1% in every two years, until they reach 8% for employees and 18% for employers. In addition, from 1 January 2009, the employer and the employee are required to contribute 1% of the salary (subject to the above cap) to the unemployment insurance fund.

16. Intellectual Property

In recent years the Government has taken various measures to increase the legal protection of intellectual property, and created an environment of respect of intellectual property compared with other neighbouring countries. Intellectual property rights are protected by the Civil Code (1995 and 2005), the Law on Intellectual Property (2005) and a host of subordinate legislation.



Production of Electronic parts of Hanel computer - Sai Dong B - Hanoi



Telecommunication center

Vietnam is a long time signatory to the Paris Convention, the Madrid Agreement on International Trademark Registration, and the Patent Cooperation Treaty (“PCT”) and became a member of the World Intellectual Property Organisation in 1976. On 27 June 1997, Vietnam entered into an Agreement on Copy Rights with the US. According to the Vietnam - US Bilateral Trade Agreement, Vietnam is further under the obligation to adhere to the Berne Convention.

The National Office of Industrial Property (“NOIP”) is the authority responsible for the registration of industrial property and the resolution of disputes with regard to industrial property in the first instance. Foreign organisations and individuals who seek to register their industrial ownership should file their applications through an authorised agent, who will transfer their application to the NOIP. Also, trademark licence agreements must be registered with NOIP. The Office of Copyright Protection under the Ministry of Culture and Information has also been established and is responsible for the protection of copyright. Works may be registered with the Ministry of Culture and Information; registration is, however, not a prerequisite for copyright protection.

Currently, patents are protected for a period of 20 years. A certificate of utility solutions may be granted for 10 years. A certificate of industrial design is granted for 5 years and may be renewed every 5 years however the total effective period of a certificate cannot exceed 15 years. Certificates of trademarks are granted for 10 years with no restrictions of the number of renewals. Some moral rights of copyrighted works are protected indefinitely and other rights up to 50 years post mortem auctoris.

17. Technology Transfer

Vietnam encourages the transfer of advanced technology into the country. Foreign investors contributing capital in the form of technology transfer are exempt from all Vietnamese taxes relating to the transfer of technology. For projects using private capital, there is no cap on the royalty.

Contracts for the transfer of technology from foreign country to Vietnam and vice versa, and technology transfer contracts with value of at least 500 million VND (approximately US\$31,250) must be registered

with the Ministry of Science and Technology or its authorised body. Franchise contracts must be registered with the Ministry of Trade or its authorised body.

18. Dispute Settlement

In Vietnam, legal disputes may be settled by negotiation, in court or by domestic or foreign arbitration.

The judiciary

The hierarchy of Vietnamese courts include: (i) Supreme People’s Court; (ii) Provincial People’s Courts; and (iii) District People’s Courts. The courts operate in five divisions such as: (i) Criminal division; (ii) Civil division; (iii) Administrative division; (iv) Economic division; and (v) Labour division.

Unlike common law countries, Vietnam does not follow the doctrine of precedent under which cases decided by judges in the past are used as authority for later cases. Judgements are based only on legislation, and principles of interpretation of the law.

Running parallel to the court systems is the People’s Procuracy which is responsible for supervising the operation of judicial authorities and exercising the power of public prosecution. The People’s Procuracy can lodge protest against a judgement and asked for its review.

Arbitration and Dispute Resolution

To supplement the court system, Vietnam has a system of independent arbitration centres, established under the new Commercial Arbitration Ordinance (2003). An arbitral award given by an arbitration centre or an arbitration panel established by the parties in accordance with the provisions of the Ordinance will be enforceable in Vietnam without prior needing to be recognized.

Disputes with the involvement of foreign investors may be also settled by a foreign arbitration. In 1995, Vietnam became a member of the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. An arbitral award given by a foreign arbitration will be enforceable in Vietnam after it is recognised by a Vietnamese court.



PART IV. INVESTMENT PROCEDURE



1. Selection of an Investment Project

Based on the socio-economic development planning and orientation for each five year period, the Ministry of Planning and Investment issues a list of: (i) specially encouraged investment projects; (ii) encouraged investment projects; (iii) geographical regions in which investment is encouraged; (iv) sectors in which the licensing of investment is conditional; and (v) sectors in which investment will not be licensed.

Leaving aside sectors in which the licensing of investment is conditional or in which investment will not be licensed, an investor may on its own initiative select investment projects, investment partners, the locality, the duration of investment, the markets for the sale of products and its charter capital contribution proportion in accordance with the provisions of the Law on Investment and other related legal instruments. Also, the investor may generally decide on the form of investment.

However, a number of investment sectors that are unconditional for Vietnamese enterprises but conditional for FIEs (e.g. exploitation and processing of mineral resources, and investment in the fields of import, export, trading and distribution etc.). The Law on Investment and Decree 108, provide for such list of investment sectors, however, relevant sectorial legislation shall provide for what form of “conditions” that an FIE is required to meet. In certain industries, this may mean that the FIE may only operate in the form of a foreign-invested JVE with a majority or minority participation of a Vietnamese enterprise. In other sectors, FIEs operating in conditional investment sectors may nevertheless operate as 100% FOEs but meet certain conditions such as their capital structure, project-specific experience and so forth...

Annually, the Ministry of Planning and Investment publishes a list of national projects calling for foreign investment capital. Ministries, branches and provincial People’s Committees also publish such lists of projects for their respective industries and localities. In principle, the projects included in those lists are regarded as complying with current planning.

2. Project Classification and Licensing Bodies

The authority to approve investment projects is currently divided amongst (i) the Prime Minister of the Government (“PM”) with the scope of approval is limited to the “investment policy”, (ii) the People’s Committees in the provinces and cities under the central State administration (“PCs”), and (iii) the management boards of industrial zones, export processing zones, high-tech zones and economic zones in the provinces and cities under the central State administration (“MBs”).

The hierarchy of the investment approval and licensing authority is as follows:

- PM:
 - Projects regardless of capital source or capital amount within specific sectors (airports, sea-ports, mining, oil & gas, TV broadcasting, casinos, cigarette manufacturing, universities, development of IZs, EPZs, HTZs and ECs (“Zones”))
 - Projects regardless of capital source with capital amount over VND1,500 billion within specific sectors (electricity, metallurgy, alcohol & beer production, trading etc.)
 - FDI projects regardless of capital amount within specific sectors (sea transportation, post, telecom & internet networks, printing etc)
- PCs:
 - Projects outside Zones and not within PM approval authority
 - Projects for development of infrastructure in Zones in localities with no MA
- MBs:
 - Projects in Zones and not within PM approval authority
 - Projects for development of infrastructure in Zones

All investment certificates (previously called “investment licences”) are now issued by either the relevant PCs or MBs. However, in specialised sectors such as banking or insurance, the relevant line ministries are still empowered with the approval and licensing authority as previously were.

3. Licensing Procedure

Depending on the size and the sector of investment, different licensing and registration procedures will be applied:

- Business Registration;
- Investment Registration; or
- Investment Evaluation

Investors must follow different licensing and registration steps depending on the size and the sector of investment.

Business Registration:

Small domestic enterprises, whose investment is less than VND15 billion (approx. US\$945,000) not falling within conditional investment sectors (as described below) are subject to business registration.

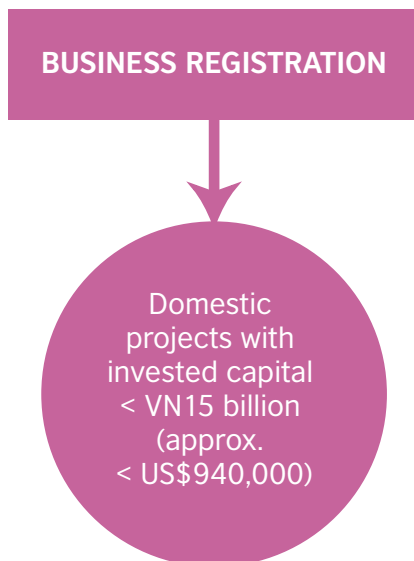
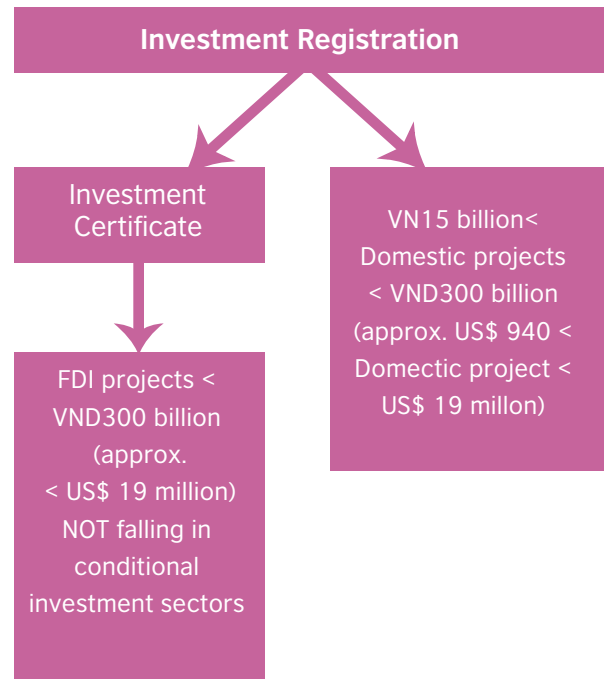
However, they are subject to the Investment Registration in the event (i) they fall within a conditional sector, or (ii) if they wish to apply for investment incentives recorded in their license.

Investment Registration

FDI projects with the total invested capital of less than VND300 million (approx. US\$19 million) which do not fall within conditional sectors, require registration of investment and issuance of an investment certificate. The investment certificate also serves as the

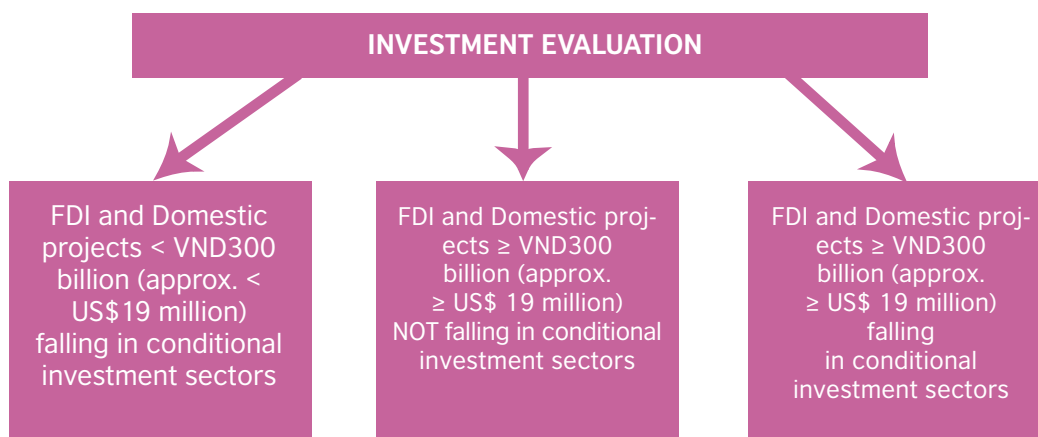
business registration of a corporate entity.

Domestic invested projects with the total invested capital of between VND15-300 billion (approx. US\$19 million) are also subject to this registration procedure. Local investors tend to set up their corporate entity separately and then file for registration of any project without receiving an investment certificate. Enterprises can register additional investment projects without the need to create a legal entity



Investment Evaluation

Foreign and domestic invested projects with a total invested capital of VND300 billion or more (US\$19 million) or below VND300 billion but falling within conditional sectors must undergo an investment evaluation. There are 3 different types of evaluation as shown below:



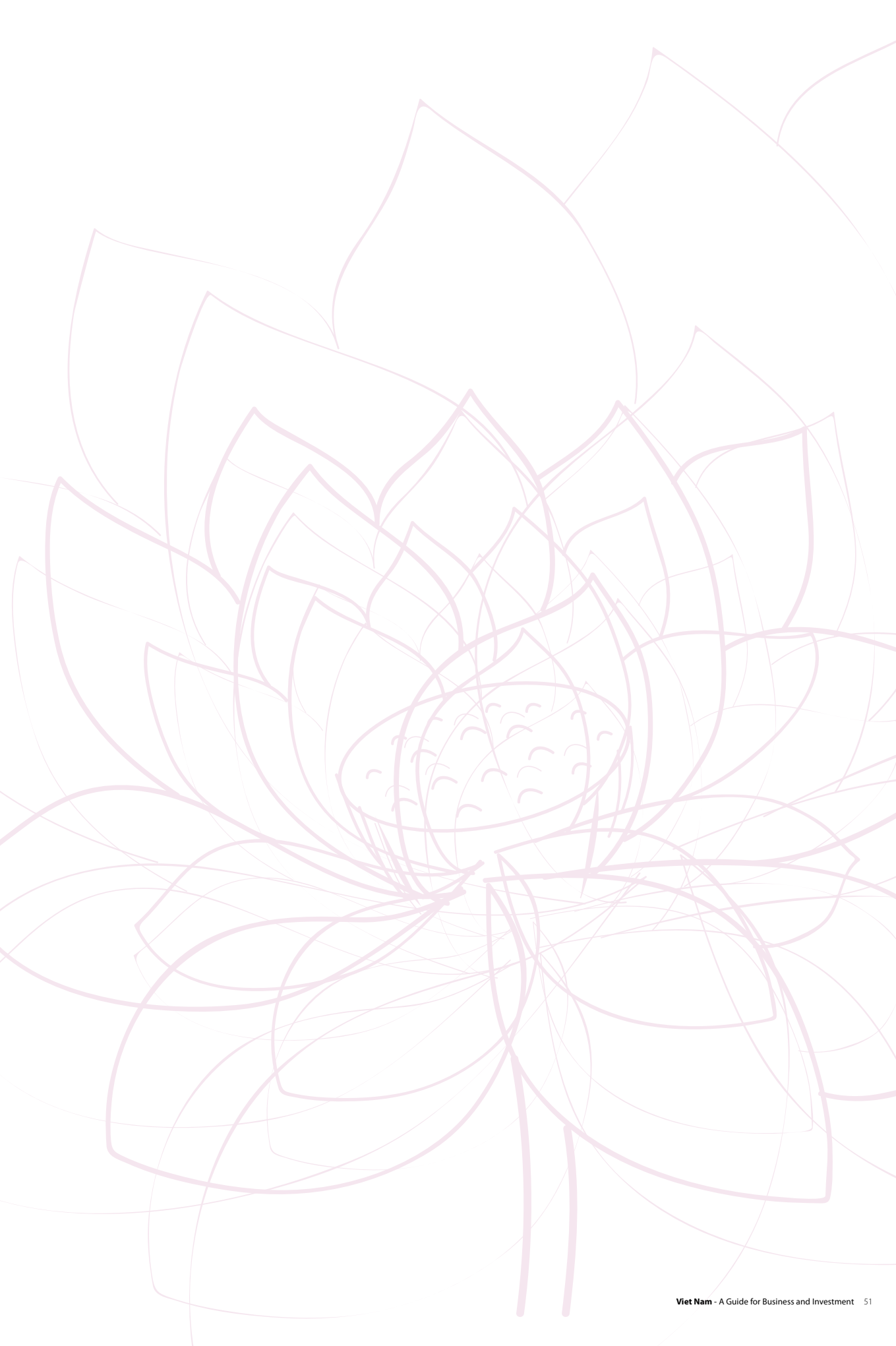
Application Dossier

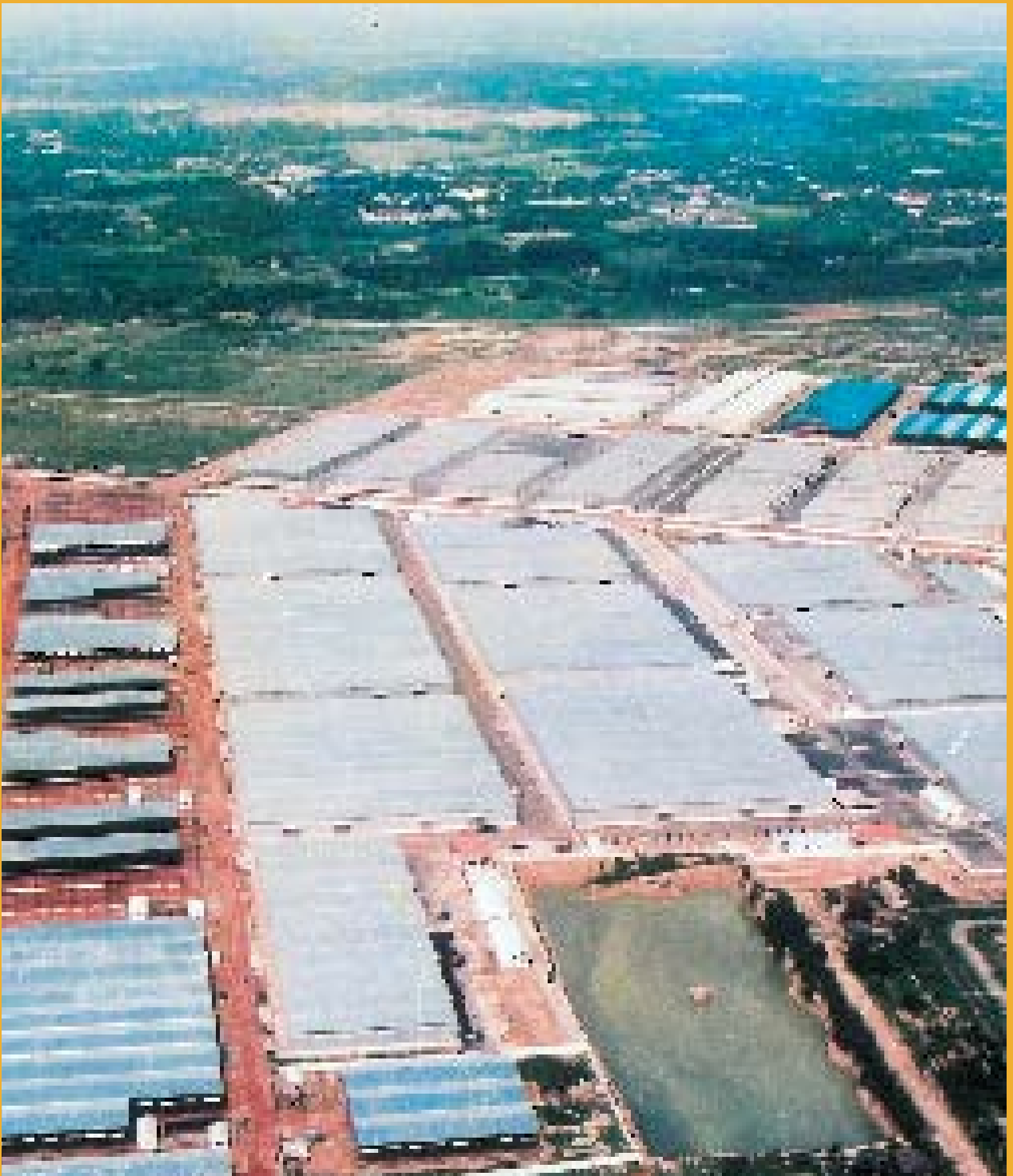
Application dossier must be prepared in the Vietnamese language (previously Vietnamese and another prevailing foreign language) in accordance with a standard form published by the MPI, and be submitted to the relevant licensing agency for issuing the investment certificate. Depending on the investment scale and sector, an application dossier may include the following:

Scale and Sector of Investment	Registration for Issue of an Investment Certificate	Evaluation for Issue of an Investment Certificate
Domestic-invested projects < VND300 billion (approx. < US\$19 million) NOT falling in conditional sectors	Application for the registration of the investment (prepared in accordance with a sample form), which include the following items: <ul style="list-style-type: none"> ● Legal status of the investor; ● Objectives, sale and location for implementation of the investment project; ● Invested capital and project implementation schedule; ● Land use requirements and undertakings on environmental protection; ● Petitions for investment incentives (if any) 	

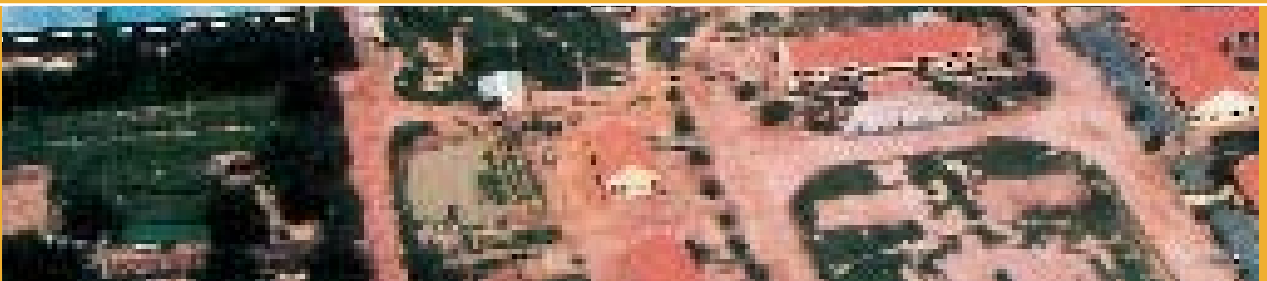
<p>FDI projects < VND300 billion (approx. < US\$19 million) NOT falling in conditional sectors</p>	<p>Application for the registration of the investment (prepared in accordance with a sample form), which is accompanied with documents concerning the following items:</p> <ul style="list-style-type: none"> ● Legal status of the investor; ● Objectives, sale and location for implementation of the investment project; ● Invested capital and project implementation schedule; ● Land use requirements and undertakings on environmental protection; ● Petitions for investment incentives (if any) <ul style="list-style-type: none"> - Report on the financial standing of the investor (self prepared by the investor); - Joint venture contract and joint venture charter in the case of a JVE; or Charter (in the case of an 100% FOE); or a business co-operation contract (in the case of a BCC) (if any) 	
<p>FDI and Domestic projects ≥ VND300 billion (approx. ≥ US\$19 million) NOT falling in conditional investment sectors</p>		<ul style="list-style-type: none"> - Application for the issuance of an investment certificate; - Documents verifying the legal status of the investor; - Report on the financial standing of the investor (self prepared by the investor); - Eco-technical explanatory statement (feasibility study); and - Joint venture contract and joint venture charter in the case of a JVE; or Charter (in the case of an 100% FOE) (if any)
<p>FDI and Domestic projects ≥ VND300 billion (approx. ≥ US\$19 million) falling in conditional investment sectors</p>		<ul style="list-style-type: none"> - Application for the issuance of an investment certificate; - Documents verifying the legal status of the investor; - Report on the financial standing of the investor (self prepared by the investor); - Eco-technical explanatory statement (feasibility study); - Joint venture contract and joint venture charter in the case of a JVE; or Charter (in the case of an 100% FOE) (if any); and - Explanatory statement of satisfaction of the conditions prescribed for the investment project.

On a case-by-case basis, and consistent with the nature of each FDI project for which the application dossier is made, the investment licensing body may request the investor to provide a number of supplementary and related documents.





PART V. INVESTMENT COSTS IN VIETNAM



Land rental applied to FDI Projects

Urban land

US\$0.32 – US\$13.4 m²/year

Non-urban land

Unit: US\$/m²/year

Type of commune	Minimum rate	Maximum rate
1. Commune with boundary adjoining the inner areas of HCMC and Hanoi	0.16	1.13
2. Commune with boundary adjoining the inner areas of Vung Tau, Bien Hoa and Hai Phong Cities	0.09	1.25
3. Other regions	0.062	0.46
- In deltas	0.038	0.35
- In midlands		
- In mountainous regions	0.025	0.26

Source: Ministry of Natural Resources and Environment

Land rental applicable to projects locating in IZ and EPZ:

The rent is subject to the agreement between investors and IZ infrastructure development companies depending on location, facilities, duration of rent and other terms. The following is the typical cost prevailing in 2006 and reflects a number of examples only:

Unit: US\$/m²/year

Location	Minimum rate	Maximum rate
Surrounding area of Hanoi	Negotiable	1.3
Surrounding area of HCM		
- Land only	Negotiable	0.8
- Built in factory		22.5
Other provinces (Da Nang, Hai Phong, etc.)	Negotiable	1.18

Office Space Rental

International class office buildings cost from US\$15-34/m²/month, while local standard office costs from US\$3-16/m²/month in the central business areas in Hanoi and Ho Chi Minh City.

Telephone Costs

Domestic Calls

Installation Fee: From VND600,000 to 800,000 (including VAT)

(Equivalent to approximately US\$37.5 to 50)

Subscription Fee: VND27,000/month (equivalent to approximately US\$1.7)

Communication Fee (intra-city, to landline telephone):

- + To 200 mins: VND120 (equivalent to US\$0.0075min)
- + From 201 to 1000 mins: VND80/min (equivalent to US\$0.005)
- + Over 1000 mins: VND40/min (equivalent to US\$0.0025/min)

International Calls (IDD)

Prices for international call rates have been reduced significantly in recent years. Applied from June 2006, the official rates include the following two types:

- + US\$0.054 for the first six seconds + US\$0.009 for each additional second; or
- + US\$0.06 for the first six seconds + US\$0.01 for each additional second.

Internet calling is also available and has improved in quality thanks to more reliable and increased band-availability in Vietnam.

Utilities Costs

Electricity Cost (per kWh, inclusive of VAT)

Residential:

	VND	USD
For the first 100 kWh	550	0.03
For kWh from 101 to 150	900	0.06
For kWh from 151 to 200	1,210	0.08
For kWh from 201 to 300	1,340	0.08
For kWh from 301	1,400	0.09

Industrial: Peak and off-peak hours

Water costs (VND per cum) depends on each province

	VND	USD
From 110kV		
a) Normal hours	785	0.05
b) Off-peak hours	425	0.03
c) Peak hours	1,325	0.08
From 22kV to under 110kV		
a) Normal hours	815	0.05
b) Off-peak hours	445	0.03
c) Peak hours	1,370	0.09
From 6kV to under 22kV		
a) Normal hours	860	0.05
b) Off-peak hours	480	0.03
c) Peak hours	1,430	0.09
Under 6kV		
a) Normal hours	895	0.06
b) Off-peak hours	505	0.03
c) Peak hours	1,480	0.09

Expatriate facilities & cost of living

Visa

Business Visa: The process takes officially five days. The cost varies depending on the validity of the visa, ranging from US\$15 to US\$50. This type of visa also requires an authorisation letter.

Tourist Visa: The process takes officially five days. The cost is US\$6.00 for single entry, application to be made at the embassy or consulate. The easiest method is to obtain a single entry 30 days tourist visa.

Transportation Costs

Taxi fare: (Airport Taxi)

Noi Bai Airport to Centre of Hanoi: VND150,000 (USD10)/taxi (one stop)

Ho Chi Minh Airport to Centre of HCMC: VND50,000/taxi or VND5,000/km

Toll fees: (North Thang Long – Noi Bai Airport and Chuong Duong Bridge) VND per vehicle:

Car and van < 12 seats:	12,000
Bus >12 seats and truck < 4T	20,000
Truck 4-10T	24,000
Lorry > 10T	36,000

Rates of Major Hotels

In Hanoi (approximate minimum rates):

Sofitel Metropole	US\$ 186
Sedona	US\$ 140
Hilton Opera	US\$ 122
Daewoo	US\$ 117
Sheraton	US\$ 109
Horison	US\$ 97
Sofitel Plaza	US\$ 90
Nikko	US\$ 96
Melia	US\$ 87

In Ho Chi Minh City:

Park Hyatt	US\$ 180
Sheraton	US\$ 167
Sedona	US\$ 163
Caravelle	US\$ 158
Sofitel Plaza	US\$ 122
Renaissance	US\$ 102
Legend	US\$ 101
New World	US\$ 90
Majestic	US\$ 86

APPENDIX I

Summary of WTO commitments

The package of Vietnam's accession documents consists of:

- Vietnam's commitments on goods – the 560-page list for “schedule of tariffs, quotas and ceilings on agricultural subsidies, and in some cases the timetable for phasing in the cuts
- Vietnam's commitments on services – the 60-page document (also a “schedule”) describing in which services it is giving access to foreign service providers and any additional conditions, including limits on foreign ownership
- The working party's 260-page report – describing Vietnam's legal and institutional set up for trade, along with commitments it has made in many of these areas.

These are some highlights:

GOODS: Schedule of Concessions and Commitments on Goods

For the majority of agricultural and non-agricultural goods, Vietnam is promising ceilings (or “bound” rates) on duties ranging between zero and 35%. Some of these invoice reductions phased over periods up to 2014, the precise end date varying from product to product.

Among products with higher ceilings are: alcoholic drinks, tobacco products, instant coffee and some related products, new and used motor vehicles and components, and roof tiles. Used vehicles less

than five years old can be charged additional flat-rate duties up to specified limits.

These “bound” rates are legal ceilings. The actual duties that Vietnam can charge (the “applied” rates) can be lower than the committed rates. Among the details of Vietnam's commitments is a promise not to charge higher applied rates on rapeseed (also known as cotza or canola) and derived meal, oil and other products than the duties actually charged on soy products – allowing the oilseed products to compete with soy.

In the separate working party report, Vietnam has also reserved the right to charge applied duties in the form of specific duties (e.g. dollars per ton) instead of percentages of the price (“ad valorem”) so long as the result stays below the committed ceilings.

A handful of products are going to be protected with tariff quotas (higher duties for quantities outside the quotas, and lower duties for quantities within the quotas): eggs, tobacco, sugar, and salt (which Vietnam says is the main income source for 100,000 poor farmers in coastal areas). But Vietnam will expand the quotas until they disappear according to agreed timetables.

Vietnam has also signed the “plurilateral” Information Technology Agreement (“plurilateral” meaning

only some WTO members have signed). For these products, Vietnam has agreed to allow imports in duty-free. In some cases, the zero duty will apply immediately; in others it will be achieved gradually over periods ending in 2010 to 2014.

In agriculture, Vietnam has promised not to subsidize exports. It will be allowed to support its farmers domestically with trade-distorting supports (“Amber Box” or “Aggregate Measurement of Support”, i.e. supports that have a direct impact on prices or quantities produced) of up to 3,961.5 billion Vietnamese dong (currently about US\$246 million) in addition to the usual allowance for developing countries (known as “deminimis”) of up to 10% of the value of domestic agricultural production. As with all WTO members, Vietnam can also spend unlimited amounts on supports that do not distort trade (“Green Box” supports).

SERVICES: Schedule of Specific Commitments on Trade in Services

Vietnam has made commitments on a range of services. In some cases Vietnam reserves the right to limit foreign ownership of service companies operating in Vietnam – for example in some telecommunications services the eventual limits can be 49% or 65%, depending on the service. In a few cases, permitted foreign ownership is im-

mediately 100% (for example accountancy). In many cases, the permitted foreign ownership is phased in to reach 100% after a few years (for example express delivery courier services after five years).

As is normal in this sector, the effect of the commitments depends also on complex relationships with domestic regulations – for example in the first two years, 100%-foreign-owned architectural firms can only serve foreign companies. The commitments and some of the regulations are in the “schedule” (lists) of commitments; other information on the regulations is in the working party report.

THE WORKING PARTY REPORT: *Report of the Working Party on the Accession of Vietnam*

The working party report outlines the economic context, and the institutional and legal framework. It includes Vietnam’s commitments to undertake reforms or to preserve reforms that have been introduced in order to secure membership. Among the commitments are:

Foreign exchange: Vietnam will abide by IMF and WTO rules

State enterprises: commercial business (i.e. except for supplying the government) will be conducted on commercial terms without interference from the government. A number of products are listed as subject to state trading enterprises because of consumption restrictions, for cultural and moral reasons, or because they are “natural monopolies”: tobacco products, petroleum, cultural products such as newspapers, journals and audiovisual materials, and aircraft.

Privatization and equitization of state enterprises: this will be handled transparently, with Vietnam supplying annual reports while the program lasts

Pricing and price controls: Vietnam will comply with WTO agreements and notify the WTO of actions it takes to control prices.

Policy-making and enforcing framework: a number of administrative and legal structures have been introduced or strengthened so that WTO provisions are applied, including the possibility of investigation and judicial view to deal with complaints about this.

Trading rights (the right to import and export): this was a subject of tough negotiations partly because of different registration procedures for foreign and domestic traders. A new law has now harmonized the procedure for both. Among the many additional details are a commitment that all foreign firms and individuals will be able to engage in importing and exporting as importers/exporters “of record” so long as they register, and importers will be able to choose their domestic distributors.

Exercise duties: the different duties charged on alcoholic drinks attracted particular attention in the negotiations. Vietnam has agreed to simplify the structure within 3 years by applying a single rate for all forms of beer and a single rate for all spirits containing 20% alcohol or more. This has allayed concerns from some countries that the previous structure might discriminate against imported beers that have different packaging, or against imported spirits with higher alcohol content.

Quantitative and other restrictions: quotas, bans and other restrictions will be abolished, including import bans on cigarettes, cigars and used vehicles, or only applied according to WTO rules.

WTO agreements dealing with rules: Vietnam will comply with the Customs Valuation, Rules of Origin, Pre-shipment inspection, Anti-dumping, Safeguards, Subsidies, and Trade-Related Investment Measures agreements, with some provisions phased in over a period.

Export restrictions: Vietnam maintains export controls on some products such as rice, and some wood products and minerals (to prevent illegal exploitation). It is pledging to apply controls on these products in a way that conforms to WTO agreements.

Standards: Vietnam will apply the Technical Barriers to Trade, and Sanitary and Phytosanitary Measures agreements without a transition period.

Government procurement: Vietnam will consider signing the Government Procurement Agreement after it has become a WTO member.

Intellectual property: almost 33 pages of the report describe in detail the administrative and legal set up in the country. Vietnam will comply with the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement immediately, without any transition period.

(Source: Saigon Times)

APPENDIX II

List of major legal document relating to the business activities of foreign investors in Viet Nam

No.		Issued by Authorities	Content of legal document
Foreign Investment			
1	Law No. 59/2005/QH11 dated 29/11/2005	National Assembly	Law on Investment providing investment procedure, investment incentives, right and obligations of the investors.
2	Law No. 60/2005/QH11 dated 29/11/2005	National Assembly	Law on Enterprises providing type of enterprise, establishment procedures, organisation and operation of enterprises
3	Decree 88/2006/ND-CP dated 29/8/2006	Government	Decree on business registration
4	Decree 108/2006/ND-CP dated 22/9/2006	Government	Decree providing guidelines for implementation of a number of articles of Law on investment
5	Decree 101/2006/ND-CP dated 21/9/2006	Government	Providing regulations on re-registration or conversion by enterprises with foreign invested capital, and registration for change [of investment licences] for investment certificates by enterprises with foreign invested capital in accordance with the Law on Enterprises and the Law on Investment
6	Decision 1088/2006/QD-BKH dated 19/10/2006	Ministry of Planning and Investment	Decision on promulgating sample form of documents for carrying out investment procedures in Vietnam
7	Circular 03/2006/TT-BTC dated 19/10/2006	Ministry of Finance	Providing guidelines for implementation Decree 88
Foreign Exchange Control			
8	Ordinance No. 28/2005/PL-UBTVQH 11 dated 13/12/2005	The Standing Committee of National Assembly	Ordinance on foreign exchange control
9	Decree 160/2006/ND-CP dated 28/12/2006	Government	Providing guidance for implementing Ordinance on foreign exchange control
10	Decree 134/2005/ND-CP on 1/11/2005	Government	Regulation on Foreign Borrowing and Repayment of Enterprises

Labour

11	Labour Code dated 23/6/1994	National Assembly	Law on Labour
12	Law No. 35/2002/QH10 dated 2/4/2002 Law No. 74/2006/QH11 dated 29/11/2006	National Assembly	Law on amendments and supplements to a number of articles of the Labour Code dated 23/6/1994

Land

13	Law No.13/2003/QH11 dated 26/11/2003	National Assembly	Law on land
14	Decree 181/ND-CP dated 29/10/2004	Government	Providing guidance for the implementation of a number of article of the Law on land
15	Decree 182/ND-CP dated 29/10/2004	Government	Sanctioning administration violation in the area of land

Intellectual Property

16	Law No. 50/2005/ QH11 dated 29/11/2005	National Assembly	Law on Intellectual Property
17	Law No. 80/2006/QH11 dated 29/11/2006	Government	Law on Technology Transfer

Import - Export

18	Law No. 45/2005/QH11 dated 14/6/2005	National Assembly	Law on Import – Export
19	Law No.29/2001/QH10 dated 29 June 2001, and the Law No.42/2005/QH11 dated 14 June 2005	National Assembly	Customs Law
20	Decree 149/2005/ND-CP dated 8/12/2005	Government	Making detailed provisions for the implementation of the Law on Export and Import Duties

Various Taxes

21	Law No. 78/2006/QH11 dated 29/11/2006	National Assembly	Law on tax management
22	Law No. 09/2003/QH11 dated 17 June 2003	National Assembly	Law on Business Income Tax
23	Decree 164/2003/ND-CP dated 22/12/2003 as amended by Decree 152/2004/ND-CP dated 6/8/2004	Government	Providing guidance on the implementation of Business Income Tax Law

24	Circular 128/2003/TT-BTC dated 22/2/2003 as amended by Circular 88/2004/TT-BTC dated 7/9/2004	Ministry of Finance	Regulating in detail the implementation of the Decree 164
25	Law No. 07/2003/QH11 dated 17 June 2003 and Law No. 02/1997/QH9 dated 10 May 1997	National Assembly	Law on Value Added Tax
26	Decree No.158/2003/ND-CP dated 10 December 2003 and Decree 156/2005/ND-CP dated 15/12/2005	Government	Regulating in detail the implementation of the Law on VAT and the Law on Amendment and Supplement to a number of articles of the Law on VAT
27	Circular 120/2003/TT-BTC dated 12 December 2003 and Circular 115/2005/TT-BTC dated 16/12/2005	Ministry of Finance	Providing guidance on the implementation of Decree No. 158/2003/ND-CP dated 10 December 2003 of the Government, regulating in detail the implementation of the Law on Value Added Tax (VAT)
28	Law No. 05/1998/QH10 on Special Sales Tax, dated 20 May 1998, Law No. 08/2003/QH11 dated 17 June 2003 and Law No. 57/2005/QH11 dated 29/11/2005	National Assembly	Special Sales Tax
29	Decree 149/2003/ND-CP dated 4/12/2003 and Decree 156/2005/ND-CP dated 15/12/2005	Government	Providing guidance on the implementation of Special Sales Tax Law
30	Circular 119/2003/TT-BTC dated 12/12/2003, Circular 18/2005/TT-BTC dated 8/3/2005 and Circular 115/2005/TT-BTC dated 16/12/2005	Ministry of Finance	Providing guidance on the implementation of Decree 149 and Decree 156
31	Ordinance No.35/2001/PL-UBTVQH10 dated 19 May 2001; the Ordinance No.14/2004/PL-UBTVQH10 dated 24 March 2004	The Standing Committee of the National Assembly	Ordinance on income tax of high income earners
32	Decree No 147/2004/ND-CP dated 23 July 2004	Government	Stipulating in detail the implementation of the Ordinance on income tax of high income earners
33	Circular 12/2005/TT-BTC dated 4/2/2005 and Circular No.81/2004/TT-BTC dated 13 August 2004	Ministry of Finance	Providing guidelines for implementation of Government Decree 147

Real Estate Business			
34	Law No. 63/2006/QH11 dated 29/6/2006	National Assembly	Law on real estate business
35	Law No. 56/2005/QH11 dated 29/11/2005	National Assembly	Law on Resident Housing
Education			
36	Law No. 38/2005/QH11 dated 14/6/2005	National Assembly	Education Law
37	Decree 06/2000/ND-CP dated 6/3/2000	Government	Cooperation and investment with foreign countries in the areas of examination and treatment of diseases, training and education, scientific research
38	Circular 14/2005/TTLT-BGD&DT – BKH&DT dated 14/4/2005	Ministry of Education & Training – Ministry of Planning & Investment	Providing guidance to implement of Decree 06
Post & Telecommunication			
39	Ordinance dated 25/5/2002	National Assembly	Post & Telecommunication
Transportation			
40	Law No. 35/2005/QH11 dated 14/6/2005	National Assembly	Law on Rail Way
41	Law No. 66/2006/QH11 dated 29/6/2006	National Assembly	Law on Civil Aviation
42	Law No. 40/2005/QH11 dated 14/6/2005	National Assembly	Maritime Law
43	Decree 10/2001/ND-CP dated 19/3/2001	Government	Conditions for operating business maritime services

APPENDIX III

List of sectors entitled to investment incentive

(Issued together with Government Decree No.108 /2006/ND-CP dated 22 September 2006. making detailed regulations and providing guidelines for implementation of the Law on Investment)

A. LIST OF SECTORS TO WHICH SPECIAL INVESTMENT INCENTIVES SHALL BE GIVEN:

I. Production of new materials, new energy; production of high-tech products, bio-technology products, info-technology products; production of manufactured mechanical products

1. Production of composite materials, light construction materials, rare and precious materials.
2. Production of high quality steel, alloy, special metals, sponge iron; steel billets.
3. Production of new energy: Construction of plants using solar energy, wind energy, bio-gas, geothermal energy, tides.
4. Production of medical equipment for analytical and extractive technologies in medical sector; orthopaedic instruments, wheelchairs, specialised instruments for the disabled;
5. Projects applying advanced technology, biotechnology to produce medicines meeting international GMP standards; production of drug materials for antibiotics.
6. Production of computers; in-

formation, telecommunications and Internet equipment; pivotal info-technology products.

7. Production of semiconductors and high-tech electronic components; production of software products, website applications; provision of software services; research on information technology; training human resources in the field of info-technology.

8. Production and manufacture of precision mechanical equipment; equipment and machinery for examination and control of safety during the process of industrial production; industrial robots.

II. Cultivation and processing of agricultural, forestry and aquatic products; making salt; production of man-made strains, new seeds and breeds of animals.

9. Afforestation and taking care of forests;
10. Cultivation of agricultural, forestry and aquatic products in uncultivated land, unexploited waters;
11. Catching of marine products at offshore sea.
12. Production of new strains;

propagation and hybridization of seeds and breeds of animals with high economic efficiency.

13. Production, exploitation and refining of salt.

III. Use of high-technology; modern technology; protection of ecological environment; research on, development and fostering of high-technology.

14. Application of high-technology; application of new technologies which have not been applied in Vietnam; application of biotechnology.

15. Pollution treatment and environmental protection; manufacture of equipment for treatment of environmental pollution, equipment for observation and analysis of environment.

16. Collection and treatment of liquid waste, gaseous waste, solid waste; recycling and reuse of waste;

17. Research on, development and fostering of high-technology

IV. Employment of large number of employees

18. Projects regularly employing 5,000 or more employees.

V. Construction and development of infrastructures and important projects

19. Construction and operation of infrastructure facilities in industrial zones, export processing zones, high-tech zones and economic zones, and of important projects established under a decision of the Prime Minister.

VI. Development of facilities in educational, training, medical, gymnastic and sports sectors

20. Construction of drug detoxification centres or tobacco detoxification centres.

21. Setting up establishments providing sanitation services to prevent and fight against epidemics;

22. Establishment of geriatric centres, and relief centres concentrating on care for the disabled and orphans;

23. Construction of sports centres for training and coaching athletes with high performance; sports centres for the disabled; sports centres with equipment and facilities for exercises and contests, meeting requirements of international sporting events;

VII. Other sectors of production and service

24. Investment in research and development (R&D) accounting for 25% or more of turnover;

25. Services of salvage in the sea.

26. Construction of tenements for employees working in industrial zones, export processing zones, high-tech zones, economic zones; construction of dormitories for college students and construction of housing for people entitled to social benefits.

B. LIST OF SECTORS TO WHICH INVESTMENT INCENTIVES SHALL BE GIVEN:

I. Production of new materials, new energy; production of high-tech products, bio-technology products, info-technology products, manufactured mechanical products

1. Production of sonic, electric and thermal highly-insulating materials; wood-substitute synthetic materials; fire-proof materials, construction plastics, fibreglass, special cement,...

2. Production of non-ferrous metals; cast-iron refining.

3. Production of moulds for metal and non-metal products.

4. Construction of new power plants, electricity transmission and distribution networks.

5. Production of medical equipment; building storage for preservation of pharmaceutical products and for storing human medicaments for prevention of and fighting against natural disasters, calamities, dangerous epidemics;

6. Production of equipment for testing toxic substances in foodstuffs;

7. Development of petrochemical industry;

8. Production of coke, activated carbon.

9. Production of crops protection drugs, insecticides, preventive and curative drugs for animals and aquatic creatures, veterinary drugs.

10. Materials for production of drugs, preventive and curative drugs for social diseases; vaccines, medical bio-products, medicines from pharmaceutical materials, oriental medicines;

11. Construction of establishments for biological testing, and for evaluating effects of drugs; construction of establishments meeting criteria for production, preservation and testing of drugs; cultivation, reaping and processing of pharmaceutical materials.

12. Development of resources of pharmaceutical materials and production of drugs from pharmaceutical materials; projects for researching on and proving the scientific basis of oriental medicine prescriptions, and formulating testing criteria in respect of oriental medicine prescriptions; conducting a survey of and compiling statistics on various types of pharmaceutical materials used for production of drugs; collection, inheritance and application of oriental medicine prescriptions; search for,

exploitation and utilisation of new pharmaceutical materials.

13. Production of electronic products.

14. Production of machinery, equipment and components packs in the fields of exploitation of petroleum, mining, and energy; manufacture of large-size lifting and lowering equipment; manufacture of machine tools for metal processing; metallurgy equipment;

15. Production of high and medium voltage electric devices; large-size generators.

16. Production of diesel engines; production and building of, and repair to ships; production of equipment and spare parts for cargo ships, fishing boats; manufacture of dynamic and hydraulic machinery and parts, and compressing machines;

17. Production of equipment, vehicles and machinery for construction; production of technical equipment for the transportation industry; production of locomotives and carriages;

18. Production of machine tools, machinery, equipment, spare parts serving agricultural and forestry production; food processors; equipment used in irrigation;

19. Production of equipment and machinery for the textile and garment industry; production of machinery for the leather industry.

II. Cultivation and processing of agricultural, forestry and aquatic products, making salt; production of man-made strains, seeds and breeds of animals

20. Cultivation of medicinal plants;

21. Preservation of post-harvest agricultural products; preservation of agricultural and aquatic products and foodstuffs;

22. Production of bottled or canned juice from fruits;

23. Production and refining of feed for cattle, poultry, aquatic creatures;

24. Technical services in support of cultivation of industrial plants and forestry plants, animal husbandry, aquaculture, protection of plants and domestic animals.

25. Production, propagation and hybridization of seeds and breeds of animal.

III. Use of high technology, modern technologies; protection of ecological environment; research on, development and fostering of high technology

26. Production of equipment for dealing with oil-overflow.

27. Production of equipment for waste treatment.

28. Construction of technical establishments and facilities: laboratories, experimental stations for application of new technologies to production; establish-

ment of research institutes.

IV. Employment of lots of employees:

29. Projects regularly employing 500 to 5,000 employees.

V. Construction and development of infrastructure facilities

30. Construction of infrastructure facilities in service of production and operation of cooperatives and community life in rural areas;

31. Projects for operation of infrastructure facilities and production in complexes of industries and trades in rural areas.

32. Construction of water plants or water supply systems in service of living needs or industries; construction of drainage systems;

33. Construction and improvement of bridges, roads, airports, ports, railroad stations, bus stations, parking lots; opening of more railroad routes;

34. Construction of technical infrastructures for densely-populated areas in localities provided in Appendix B issued together with this Decree.

VI. Development of facilities in educational, training, medical, gymnastic, sports and national cultural sectors

35. Construction of infrastructure facilities of educational and training establishments. Con-

struction of private and people-founded schools and educational and training establishments at all levels: pre-schools; popular schools; secondary vocational schools; colleges and universities.

36. Establishment of people-founded hospitals and private hospitals.

37. Construction of gymnastic and sports centres, exercising clubs, gymnastic and sports clubs; establishments for production and manufacture of or for repair to equipment and devices used for gymnastic and sports exercises.

38. Establishment of national cultural houses, groups of singers and dancers performing national music and dance; theatres, film studios, film printing and developing establishments, cinemas; production and manufacture of, and repair to national musical instruments; renovation and conservation of museums, national cultural houses and cultural and artistic schools.

39. Construction of national tourism areas, eco-tourism areas; construction of cultural parks including sports areas and entertainment areas.

VII. Development of traditional trades

40. Formulation and development of traditional trades in relation to production of fine-art and handicraft products; processing of agricultural products and food; production of cultural products.

VIII. Other production or service sectors

41. Provision of the Internet connection, access and application services, and establishment of telephone booths in regions included in Appendix B issued together with this Decree.

42. Development of means of public transportation including: development of ships and airplanes, means of railroad transportation, automobiles of 24 seats or more for transportation of passengers by land; modern and high-speed boats for transportation of passengers by river; container ships, ocean-going vessels.

43. Projects for relocation of production establishments out of inner cities.

44. Construction of type-I markets and exhibition areas.

45. Production of children's toys.

46. Projects for raising capital and lending capital by People's credit funds.

47. Legal consultancy; consultancy on intellectual property and technology transfer.

48. Production of various types of materials for pesticides.

49. Production of basic chemicals, purified chemicals, specialised chemicals and dyes.

50. Production of materials for cleansers, and additives for the chemical industry.

51. Production of paper, cardboard, artificial planks directly from sources of agricultural and forestry materials at home; production of paper-pulp.

52. Weaving fabric, completing textile products; producing silk and fibres of various kinds; tanning and semi-processing of hides.

53. Investment projects in industrial zones, established under a decision of the Prime Minister.

APPENDIX IV

List of geographical regions of investment incentives

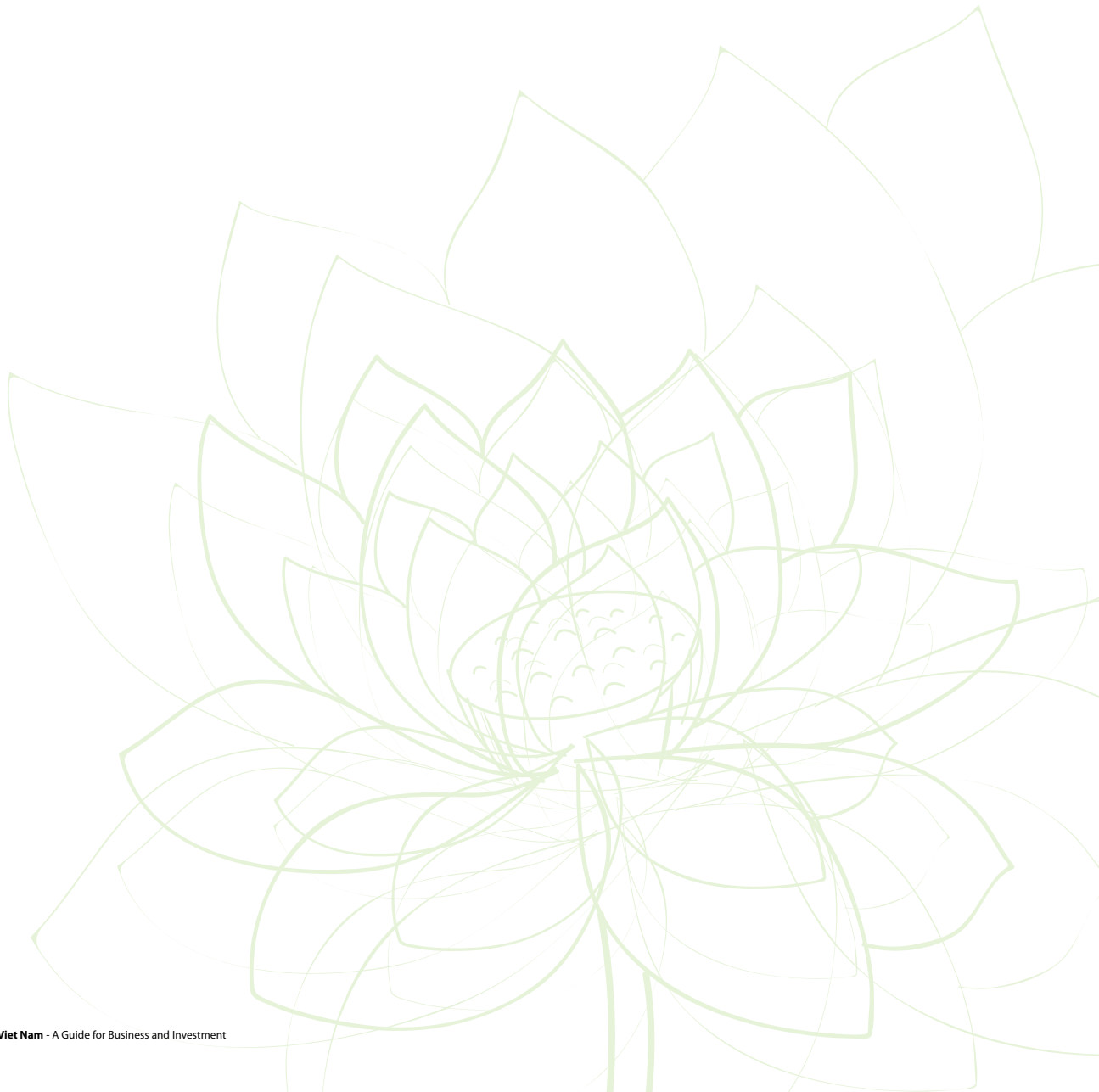
(Issued together with Decree No 108/2006/ND-CP dated 22 September 2006, making detailed regulations and providing guidelines for implementation of the Law on Investment)

No	Province	Regions with specially difficult socio-economic conditions	Regions with difficult socio-economic conditions
1	Bac Kan	All districts and towns	
2	Cao Bang	All districts and towns	
3	Ha Giang	All districts and towns	
4	Lai Chau	All districts and towns	
5	Son La	All districts and towns	
6	Dien Bien	All districts and Dien Bien city	
7	Lao Cai	All districts	Lao Cai city
8	Tuyen Quang	Na Hang and Chiem Hoa districts	Ham Yen, Son Duong and Yen Son districts, and Tuyen Quang town
9	Bac Giang	Son Dong district	Luc Ngan, Luc Nam, Yen The and Hiep Hoa districts
10	Hoa Binh	Da Bac and Mai Chau districts	Kim Boi, Ky Son, Luong Son, Lac Thuy, Tan Lac, Cao Phong, Lac Son and Yen Thuy districts
11	Lang Son	Binh Gia, Dinh Lap, Cao Loc, Loc Binh, Trang Dinh, Van Lang and Van Quan districts	Bac Son, Chi Lang and Huu Lung districts
12	Phu Tho	Thanh Son and Yen Lap districts	Doan Hung, Ha Hoa, Phu Ninh, Song Thao, Thanh Ba, Tam Nong and Thanh Thuy districts
13	Thai Nguyen	Vo Nhai and Dinh Hoa districts	Dai Tu, Pho Yen, Phu Luong, Phu Binh and Dong Hy districts

14	Yen Bai	Luc Yen, Mu Cang Chai and Tram Tau districts	Tran Yen, Van Chan, Van Yen and Yen Binh districts, and Nghia Lo town
15	Quang Ninh	Ba Che and Binh Lieu districts, Co To island district, and other islands and isles of the province	Cam Pha district
16	Hai Phong	Island districts of Bach Long Vy and Cat Hai	
17	Ha Nam		Ly Nhan and Thanh Liem districts
18	Nam Dinh		Giao Thuy, Xuan Truong, Hai Hau and Nghia Hung districts
19	Thai Binh		Thai Thuy and Tien Hai districts
20	Ninh Binh		Nho Quan, Gia Vien, Kim Son, Tam Diep and Yen Mo districts
21	Thanh Hoa	Muong Lat, Quan Hoa, Ba Thuoc, Lang Chanh, Thuong Xuan, Cam Thuy, Ngoc Lac, Nhu Thanh and Nhu Xuan districts	Thach Thanh and Nong Cong districts
22	Nghe An	Ky Son, Tuong Duong, Con Cuong, Que Phong, Quy Hop, Quy Chau and Anh Son districts	Tan Ky, Nghia Dan and Thanh Chuong districts
23	Ha Tinh	Huong Khe, Huong Son and Vu Quang districts	Duc Tho, Ky Anh, Nghi Xuan, Thach Ha, Cam Xuyen and Can Loc districts
24	Quang Binh	Tuyen Hoa, Minh Hoa and Bo Trach districts	The remaining districts except Tuyen Hoa, Minh Hoa and Bo Trach districts
25	Quang Tri	Huong Hoa and Dac Krong districts	The remaining districts except Huong Hoa and Dac Krong districts
26	Thua Thien – Hue	A Luoi district	Phong Dien, Nam Dong, Quang Dien, Huong Tra, Phu Loc and Phu Vang districts
27	Da Nang	Hoang Sa island district	
28	Quang Nam	Dong Giang, Tay Giang, Nam Giang, Phuoc Son, Bac Tra My, Nam Tra My, Hiep Duc, Tien Phuoc, Nui Thanh districts, and Cu Lao Cham island	Dai Loc and Duy Xuyen districts
29	Quang Ngai	Ba To, Tra Bong, Son Tay, Son Ha, Minh Long, Binh Son and Tay Tra districts, and Ly Son island district	Nghia Hanh and Son Tinh districts
30	Binh Dinh	An Lao, Vinh Thanh, Van Canh, Phu Cat and Tay Son districts	Hoai An and Phu My districts

31	Phu Yen	Song Hinh, Dong Xuan, Son Hoa and Phu Hoa districts	Song Cau, Tuy Hoa and Tuy An districts
32	Khanh Hoa	Khanh Vinh and Khanh Son districts, Truong Son island district, and other islands of the province	Van Ninh, Dien Khanh and Ninh Hoa districts, Cam Ranh town
33	Ninh Thuan	All districts	
34	Binh Thuan	Phu Quy island district	Bac Binh, Tuy Phong, Duc Linh, Tanh Linh, Ham Thuan Bac and Ham Thuan Nam districts
35	Dac Lac	All districts	
36	Gia Lai	All districts and town	
37	Kon Tum	All districts and town	
38	Dak Nong	All districts	
39	Lam Dong	All districts	Bao Loc town
40	Ba Ria – Vung Tau	Con Dao island district	Tan thanh district
41	Tay Ninh	Tan Bien, Tan Chau, Chau Thanh and Ben Cau districts	The remaining districts except Tan Bien, Tan Chau, Chau Thanh and Ben Cau districts
42	Binh Phuoc	Loc Ninh, Bu Dang and Bu Dop districts	Dong Phu, Binh Long, Phuoc Long and Chon Thanh districts
43	Long An		Duc Hue, Moc Hoa, Tan Thanh, Duc Hoa, Vinh Hung and Tan Hung districts
44	Tien Giang	Tan Phuoc district	Go Cong Dong and Go Cong Tay districts
45	Ben Tre	Thanh Phu, Ba Tri and Binh Dai districts	The remaining districts except Thanh Phu, Ba Tri and Binh Dai districts
46	Tra Vinh	Chau Thanh and Tra Cu districts	Cau Ngang, Cau Ke and Tieu Can districts
47	Dong Thap	Hong Ngu, Tan Hong, Tam Nong and Thap Muoi districts	The remaining districts except Hong Ngu, Tan Hong, Tam Nong and Thap Muoi districts
48	Vinh Long		Tra On district
49	Soc Trang	All districts	Soc Trang town
50	Hau Giang	All districts	Vi Thanh town
51	An Giang	An Phu, Tri Ton, Thoai Son, Tan Chau and Tinh Bien districts	The remaining districts except An Phu, Tri Ton, Thoai Son, Tan Chau and Tinh Bien districts

52	Bac Lieu	All districts	Bac Lieu town
53	Ca Mau	All districts	Ca Mau city
54	Kien Giang	All districts, and islands and isles of the province	Ha Tien town, Rach Gia town
55	Other regions	High-tech zones and economic zones entitled to incentives, established under a decision of the Prime Minister	Industrial zones and export processing zones established under a decision of the Prime Minister



APPENDIX V

List of conditional investment sectors applicable to foreign investors

(Issued together with Decree No. 108/2006/ND-CP dated 22 September 2006, making detailed regulations and providing guidelines for implementation of the Law on Investment)

1. Radio-broadcasting, televising
 2. Production, publication and distribution of cultural products.
 3. Exploitation and processing of minerals.
 4. Establishment of infrastructure facilities of telecommunications networks, broadcasting and transmission networks, provision of telecommunications and Internet services.
 5. Construction of public postal networks, provision of postal and express services.
 6. Construction and operation of river ports, sea ports, airports.
 7. Transportation of cargoes and passengers by railroad, by air, by land, by sea, by inland waterway.
 8. Catching of marine products.
 9. Production of cigarettes.
 10. Trade in properties.
 11. Doing business in export-import and distribution sectors.
 12. Investment in education and training sector.
 13. Hospitals, clinics;
 14. Other investment sectors in international treaties of which Vietnam is a member and which require Vietnam to commit to restricting the opening of the market to foreign investors.
- Investment conditions applicable to foreign investors with investment projects included in investment sectors that are stipulated in this Appendix must conform to provisions of international treaties of which Vietnam is a member.

APPENDIX VI

Useful contacts and addresses in Viet Nam

GOVERNMENT AGENCIES

Ministry of Foreign Affairs

1 Ton That Dam, Hanoi
Tel.: (84-4) 8458201
Fax: (84-4)8436488

Ministry of Planning and Investment

2 Hoang Van Thu, Hanoi
Tel.: (84-4) 8455298
Fax: (84-4)8234453

Ministry of Finance

28 Tran Hung Dao, Hanoi
Tel.: (84-4)2202828
Fax: (84-4)2208020/2208021

Ministry of Trade

21 Ngo Quyen, Hanoi
Tel.: (84-4)8253915
Fax: (84-4)9342136

Ministry of Agriculture and Rural Development

2 Ngoc Ha, Hanoi
Tel.: (84-4)8459670
Fax: (84-4)7330752

Ministry of Transport

80 Tran Hung Dao, Hanoi
Tel.: (84-4) 9422079
Fax: (84-4)9422386

Ministry of Construction

37 Le Dai Hanh, Hanoi
Tel.: (84-4)9760271
Fax: (84-4)9762153

Ministry of Industry

54 Hai Ba Trung, Hanoi
Tel.: (84-4) 8258311
Fax: (84-4)8265303

Ministry of Aquaculture

10 Nguyen Cong Hoan, Hanoi
Tel.: (84-4)8326714
Fax: (84-4)7716702

Ministry of Science and Technology

39 Tran Hung Dao, Hanoi
Tel. : (84-4)8252731
Fax: (84-4)8252733

Ministry of Environment and Resource

83 Nguyen Chi Thanh, Hanoi
Tel: (84-4)8343914
Fax: (84-4)8352131

Ministry of Post & Telecommunication

18 Nguyen Du, Hanoi
Tel: (84-4)9435602
Fax: (84-4)8263477

Ministry of Justice

58-60 Tran Phu, Hanoi
Tel: (84-4)7336213
Fax: (84-4)8431431

Office of Government

1A Hoang Hoa Tham , Hanoi
Tel. : (84)8043579

Viet Nam Chamber of Commerce & Industry

9 Dao Duy Anh, Hanoi
Tel: (84-4)5742022/5742143/5742031
Fax: (84-4)5742030/5742020

PROVINCIAL DEPARTMENTS OF PLANNING AND INVESTMENT (DPI)

Hanoi DPI

17 Tran Nguyen Han - Hoan Kiem - Hanoi

Tel: 04.8256637/ 04.8260257

Fax: 04.8251733

Quang Ninh DPI

Hong Ha ward, Ha Long city,

Quang Ninh province

Tel: 033.835687/033.835693

Fax: 033.838072

Hai Phong DPI

No. 1 Dinh Tien Hoang, Hong Bang, Hai Phong

Tel: 031.842614/031. 842119

Fax: 031.842021

Cao Bang DPI

Xuan Truong str. Hop Giang, Cao Bang town,

Cao Bang province

Tel: 026.858743 /026.852535

Fax: 026.853335

Bac Kan DPI

Group 4, Duc Xuan ward, Bac Kan town,

Bac Kan province

Tel: 0281.871287

Fax: 0281.871287

Lang Son DPI

No 2 Hoang Van Thu, Chi Lang, Lang Son town, Lang Son province

Tel: 025.812122/ 025.812561

Fax: 025.813067

Ha Giang DPI

156 Tran Hung Dao, Ha Giang town,

Ha Giang province

Tel: 019.866256/ 019.867051

Fax: 019.867623

Tuyen Quang DPI

Tran Hung Dao str, Minh Xuan, Tuyen Quang town,

Tuyen Quang province

Tel: 027.822814/027.821366

Fax: 027.823160

Thai Nguyen DPI

No. 17 Doi Can, Thai Nguyen city,

Thai Nguyen province

Tel: 0280.855688/0280.854211/ 0280.759605

Fax: 0280.851363

Dien Bien DPI

Muong Thanh ward, Dien Bien city,

Dien Bien province

Tel: 023.825409/ 023.825896

Fax: 023.825944

Lai Chau DPI

Phong Chau 1, Phong Tho town,

Tam Duong district, Lai Chau province

Tel: 023.876501/ 023.876735

Fax: 023.876437

Son La DPI

Khau Ca str, Son La town, Son La province

Tel : 022.859866/

Fax: 022.852032

Lao Cai DPI

266 Hoang Lien str, Kim Tan, Lao Cai town, Lao Cai province

Tel: 020.840810

Fax: 020.842411

Yen Bai DPI

Yen Ninh str, Dong Tam, Yen Bai city,

Yen Bai province

Tel: 029.852409/029.853052

Fax: 029.851626

Hoa Binh DPI

No. 3 Tran Hung Dao str, Hoa Binh town,
Hoa Binh province
Tel: 018.851457
Fax: 018.853152

Phu Tho DPI

Tran Phu str, Tan Dan, Viet Tri city,
Phu Tho province
Tel: 0210.847778
Fax: 0210.840955/ 0210.84741

Vinh Phuc DPI

No 40, Nguyen Trai str, Vinh Yen town,
Vinh Phuc province
Tel: 0211.862480 /0211.842743
Fax: 0211.862480

Bac Giang DPI

Nguyen Gia Thieu str, Bac Giang town,
Bac Giang province
Tel: 0240.854317/0240.859606
Fax: 0240.854923

Bac Ninh DPI

No 6 Ly Thai To str, Suoi Hoa ward, Bac Ninh town,
Bac Ninh province
Tel: 0241.822569/0241.824902
Fax: 0241.825777

Ha Tay DPI

No 2 Phung Hung - Ha _ong city, Ha Tay province
Tel: 034.824184/ 034.828064
Fax: 034.824608

Hung Yen DPI

No 8 Chua Chuong, Hien Nam, Hung Yen, Hung Yen
province
Tel: 0321.865127
Fax:

Ha Nam DPI

15 Tran Phu, Phu Ly, Ha Nam province.
Tel: 0351.852701/ 0351.854317
Fax: 0351.852701

Hai Duong DPI

58 Quang Trung, Hai Duong city,
Hai Duong province
Tel: 0320.853574/0320.855762
Fax: 0320.850814

Thai Binh DPI

233 duong Hai Ba Trung, Thai Binh city,
Thai Binh province
Tel: 036.831774/ 036.830437
Fax: 036.830326

Nam Dinh DPI

172 Han Thuyen, Nam Dinh city,
Nam Dinh province.
Tel: 0350.648482/0350.645227
Fax: 0350.647120

Ninh Binh DPI

15 Le Hong Phong, Ninh Binh town,
Ninh Binh province
Tel: 030.871156/ 030.874913
Fax: 030.873381

Thanh Hoa DPI

45B Le Loi str, Lam Son ward, Thanh Hoa city, Thanh
Hoa province
Tel: 037.852366/037.756149
Fax: 037.851451

Nghe An DPI

Truong Thi ward, Vinh city, Nghe An province
Tel: 038.844636/ 038.843102
Fax: 038.592246

Ha Tinh DPI

Phan Dinh Phung, Ha Tinh town, Ha Tinh province

Tel: 039.856750 /039.881267

Fax: 039.855576

Quang Binh DPI

No 9 Quang Trung, Dong Hoi, Quang Binh.

Tel: 052.824611/052.824635

Fax: 052.821520

Quang Tri DPI

34 Hung Vuong, Dong Ha town, Quang Tri province

Tel: 053.550167

Fax: 053.851760

Da Nang DPI

No 47 Ngo Gia Tu, Hai Chau 1 ward, Hai Chau, Da Nang city

Tel: 0511.822759

Fax:

Thua Thien Hue DPI

Ton Duc Thang str, Hue city

Tel: 054.822538 /054.824680

Fax: 054.821264

Quang Nam DPI

No 02 Tran Phu, Tam Ky town, Quang Nam province

Tel: 0510.810394 /0510.810866

Fax: 0510.810396

Quang Ngai DPI

No. 96 Nguyen Nghiem, Quang Ngai city,

Quang Ngai province

Tel: 055.822868/055.826266

Fax:

Binh Dinh DPI

No 35 Le Loi str, Quy Nhon city, Binh Dinh province

Tel: 056.818888/056.818889

Fax: 056.824509/056.818887

Phu Yen DPI

No 2A Dien Bien Phu, Tuy Hoa town,

Phu Yen province

Tel: 057.841112

Fax:

Khanh Hoa DPI

No 01 Tran Phu str, Nha Trang city, Khanh Hoa province.

Tel:058.824243

Fax: 058.812943/058.824243

Ninh Thuan DPI

The 16th April str, Phan Rang town,

Thap Cham, Ninh Thuan province

Tel: 068.822694/068.825880

Fax: 068.825488

Binh Thuan DPI

No 290 Tran Hung Dao, Binh Hung ward,

Phan Thiet city, Binh Thuan province

Tel: 062.821128/062.827170/062.831890

Fax: 062.828656

Gia Lai DPI

No 02 Hoang Hoa Tham str, Pleiku city,

Gia Lai province

Tel: 059.822204/059.823717

Fax: 059.823808

Kon Tum DPI

123B Tran Phu str, KonTum town,

Kon Tum province

Tel: 060.862710/060.862546

Fax: 060.864253

Dak Nong DPI

Gia Nghia town, Dac Nong province

Tel: 050.543689/050.544676

Fax:

Dak Lak DPI

No. 17 Le Duan str, Buon Ma Thuot city,
Dak Lak province
Tel: 050.852702
Fax: 050.812187

Lam Dong DPI

No 04 Tran Hung Dao str, Da Lat city,
Lam Dong province
Tel: 063.822311/063.830306
Fax: 063.834806

Ho Chi Minh City DPI

No. 32 Le Thanh Ton, District 1, Ho Chi Minh city
Tel: 08.8297834/08.8272192/08.8293174
Fax: 08.8295008

Can Tho DPI

61/21 Ly Tu Trong, An Phu ward, Can Tho city, Can
Tho province
Tel: 071.830235/071.730259/071.830630
Fax: 071.830570

Ba Ria - Vung Tau DPI

No. 01 Nguyen Chi Thanh, ward 2, Vung Tau city.
Tel: (064)852401/852320/858286/851381/85250
2 (ext. 0 or 25)

Dong Nai DPI

No 2 Nguyen Van Tri, Thanh Binh, Bien Hoa city,
Dong Nai province
Tel: 061.824283/061.827116
Fax: 061.941718

Tay Ninh DPI

300 Cach Mang Thang tam, ward 2, Tay Ninh town,
Tay Ninh province
Tel: 066.822166/066.827638
Fax: 066.827947

Binh Duong DPI

No 188, Binh Duong str, Phu Hoa ward,
Thu Dau Mot town, Binh Duong province
Tel: 0650.822926/0650.827954
Fax: 0650.825194

Binh Phuoc DPI

The 14th National Highway, Dong Xoi town,
Binh Phuoc province
Tel: 0651.879253/0651.870772
Fax: 0651.887088

Long An DPI

No. 61 Truong Cong Dinh, ward 1, Tan An town,
Long An province
Tel: 072.823461/072.286199
Fax: 072.825044

Tien Giang DPI

No.38 Nam Ky Khoi Nghia str, My Tho city, Tien
Giang province.
Tel: 073.873381/073.871961
Fax: 073.875487

Vinh Long DPI

No. 1 Trung Nu Vuong, ward 1, Vinh Long town,
Vinh Long province
Tel: 070.823319/070.834031
Fax: 070.828033

Tra Vinh DPI

No.19A Nam Ky Khoi Nghia, Tra Vinh town
Tel: 074.862289/074.866300
Fax: 074.864348

Ben Tre DPI

No. 6 Cach Mang Thang Tam str, ward 3, Ben Tre
town, Ben Tre province
Tel: 075.821280/075.817358
Fax: 075.825543

Hau Giang DPI

No. 2 Hoa Binh, Vi Thanh town, Hau Giang province

Tel: 071.870214/071.870210

Fax: 071.878871

Dong Thap DPI

No. 11, Vo Truong Toan, ward 1, Cao Lanh town,

Dong Thap province

Tel: 067.851101/067.851101/067.851960

Fax: 067.852955

An Giang DPI

No. 8/18 Ly Thuong Kiet, Long Xuyen town, An
Giang province.

Tel: 076.852913

Fax: 076.853380

Kien Giang DPI

No. 29 Bach Dang, Rach gia town,
Kien Giang province

Tel: 077.862037

Fax: 077.862037

Soc Trang DPI

No.21B Tran Hung Dao, Soc Trang town, Soc Trang
province

Tel: 079.822333

Fax: 079.822333

Bac Lieu DPI

No.23 Hai Ba Trung, ward 3, Bac Lieu town, Bac
Lieu province

Tel: 0781.827616

Fax: 0781.823874

Ca Mau DPI

No. 93 Ly Thuong Kiet, ward 5, Ca Mau city

Tel: 0780.831332/0780.825972

Fax: 0780.830773

MANAGEMENT BOARDS (MB) OF INDUSTRIAL ZONES/EXPORT PROCESSING ZONES/ECONOMIC ZONES/HI-TECH ZONES (IZ/EPZ/EZ/HTZ)

Hanoi IZs/EPZs MB

D8A, D8B Giang Vo, Ba Dinh, Ha Noi

Tel: 04.7721156

Fax: 04.7721152

Hoa Lac HTZ MB

First floor, Building 17T7, Trung Hoa - Nhan Chinh
New City Town, Hoang Dao Thuy str, Thanh Xuan,
Hanoi

Tel: 04.2511478

Fax: 04.2511529

Hai Phong IZs MB

No. 24 Cu Chinh Lan, Hong Bang, Hai Phong city

Tel: 031.823206

Fax: 031.842426

Quang Ninh IZs MB

Nguyen Van Cu, Ha Long city, Quang Ninh province

Tel: 033.836573

Fax: 033.838022

Thai Nguyen IZs MB

Tan Quang commune, Song Cong town, Thai Nguyen

Tel: 0280.845435

Fax: 0280.845434

Phu Tho IZs MB

Tan Dan ward, Viet Tri city, Phu Tho province

Tel: 0210.843021

Fax: 0210.844997

Vinh Phuc IZs MB

Third floor, Vinh Phuc Provincial People's Committee,
Nguyen Trai str, Vinh Yen town, Vinh Phuc province

Tel: 0211.843403

Fax: 0211.843407

Bac Giang IZs MB

No 48 Ngo Gia Tu str, Bac Giang city, Bac Giang province

Tel: 0240.554133

Fax: 0240.554133

Bac Ninh IZs MB

No. 10 Phu Dong Thien Vuong str, Bac Ninh town, Bac Ninh province

Tel: 0241.825232

Fax: 0241.825236

Ha Tay IZs MB

No. 2 Phung Hung - Ha Dong town -

Ha Tay province

Tel: 034.501388

Fax:

Hung Yen IZs MB

Pho Noi, My Hao district, Hung Yen province

Tel: 0321.942862

Fax: 0321.942927

Ha Nam IZs MB

Ho Chau Giang, Quang Trung ward, Phu Ly town,

Ha Nam province

Tel: 0351.850569

Fax: 0351.850569

Hai Duong IZs MB

No. 57 Quang Trung str, Hai Duong city

Tel: 0320.844723

Fax: 0320.844723

Thai Binh IZs MB

No. 81, Bo Xuyen str, Thai Binh city,

Thai Binh province

Tel: 036.740872

Fax: 036.740872

Nam Dinh IZs MB

Km 105, National Highway No. 10,

Loc Vuong ward, Nam Dinh city

Tel: 0350.680806

Fax: 0350.680335

Ninh Binh IZs MB

No. 2 Vo Thi Sau str, Dong Thanh ward,

Ninh Binh town, Ninh Binh province

Tel: 030.876129

Fax: 030.873302

Thanh Hoa IZs MB

No. 15A Hac Thanh str, Lam Son ward,

Thanh Hoa city

Tel: 037.850107

Fax: 037.850105

Nghe An IZs MB

Highway 3/2 Hung Phuc ward, Vinh city,

Nghe An province

Tel: 038.835146/038.520354

Fax: 038.832657

Ha Tinh IZs MB

No. 75 Nguyen Chi Thanh str, Ha Tinh town,

Ha Tinh province

Tel: 039.881237

Fax: 039.881237/ 039.882992

Thua Thien Hue IZs MB

Unit 8 Phu Bai town, Huong Thuy district,

Thua Thien Hue province

Tel: 054.861765

Fax: 054.861805

Da Nang IZs/EPZs MB

No. 58 Nguyen Chi Thanh, Da Nang city

Tel: 0511.810653

Fax: 0511.830015

Quang Nam IZs MB

No. 30 Hung Vuong str, Tam Ky town,
Quang Nam province
Tel: 0510.811589
Fax: 0510.859869

Quang Ngai IZs MB

25 Hung Vuong Highway, Quang Ngai city,
Quang Ngai province
Tel: 055.828514
Fax: 055.828514

Dung Quat IZs MB

No. 39 Hai Ba Trung str, Quang Ngai city, Hai Ba
Trung str, Quang Ngai city, Quang Ngai province
Tel: 055.711788
Fax: 055.825828

Binh Dinh IZs MB

No. 65 Tay Son, Quy Nhon city, Binh Dinh province
Tel: 056.646257
Fax: 056.846616

Phu Yen IZs MB

No. 353 Tran Hung Dao, Tuy Hoa town,
Phu Yen province
Tel: 057.828250
Fax: 057.828949

Khanh Hoa IZs MB

No. 13B Hoang Hoa Tham, Nha Trang city,
Khanh Hoa province
Tel: 058.527872
Fax: 058.527873

Binh Thuan IZs MB

No. 119 Tran Hung Dao str, Phan Thiet city,
Binh Thuan province
Tel: 062.821243
Fax: 062.821243

Dak Nong IZs MB

No. 1 Le Lai, Gia Nghia town, Dak Nong province
Tel: 050.544592
Fax: 050.544591

Ho Chi Minh City IZs/EPZs MB

No. 35 Nguyen Binh Khiem, Dakao ward, Distric 1,
Ho Chi Minh city
Tel: 08.8290405/08.8290414
Fax: 08.8294271

Ba Ria - Vung Tau IZs MB

No.124 Vo Thi Sau str, Thang Tam ward,
Vung Tau city, Ba Ria - Vung Tau province
Tel: 064.816640
Fax: 064.858531

Can Tho IZs/EPZs MB

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