



A GUIDE
TO THE
MINISTRY OF INDUSTRY

Hanoi - 1998

FOREWORD

A GUIDE TO

THE MINISTRY OF INDUSTRY

FOREWORD

The Ministry of Industry has been established in accordance with Decree 74/CP dated November 1st, 1995 of the Government by merging the Ministry of Heavy Industry, the Ministry of Light Industry and the Ministry of Energy.

The Ministry of Industry is responsible to the Government for the administration of the industries as follows:

Mechanical Engineering, Metallurgy, Electronics - Informatics, Chemicals, Geology, Mineral Resources, Mines (including Coal, Oil & Gas and Gemstones), Electricity and Consumer-good's industry throughout the country.

Complying with the Open-door Policy of the Vietnamese Government, since 1990 Vietnam Industry has been dynamically developed. In the 1991-1995 period, the annual growth rate of Vietnamese Industry was 13.3%, in which that of heavy industry - 15.4%, of light industry 13.6%, of electricity 16.5% and of fuel industry 22.6%.

In the Five - year's Plan 1996-2000 and early years of XXI century, the estimated annual growth rate of industry will be 14-15%, equivalent to about 30% of GDP by the year 2000 and about 40% of it by the year 2010. Priorities will be given to the following industries:

- Industries acting as infrastructure for the national economy (i.e. power generation and electricity utilization, oil and gas, steel-making, mechanical engineering, chemicals, fertilizers etc.).*
- Industry processing agroproducts.*
- Industry producing commodities for export and import substitution.*

- Industry developing and processing minerals and under the given guidelines as follows :

- To change intensively from the processing industry to the production one.
- To catch up the state-of-art technologies.
- To save and effectively use the mineral resources and to observe environment protection rules.

In order to achieve the above-mentioned strategic targets, parallel with reorganizing state-owned enterprises to be economically powerful corporations, it is necessary to encourage small and medium scale enterprises of all economic sectors, mobilize domestic and foreign capitals, expand the equitization of state-owned enterprises, promote international cooperation under such forms as research and production cooperation, joint venture establishment, enterprises with 100% of foreign owned capital, including BOT as well.

This booklet has been edited to introduce to readers the current status and development trends of Vietnam Industry and help foreign investors in orienting to various industries under administration of the Ministry of Industry.

The Editor

CONTENT

Foreword	3
I. Organization of the Ministry of Industry	5
I.1. Functions, duties, power and organization of the Ministry of Industry	9
I.2. Organization chart of the Ministry of Industry	13
I.3. Departments, ministerial office and Inspectorate of the Ministry	15
I.4. Specialized state management directorates	27
II. Development of Vietnam Industry	33
II.1. Looking back at the last 2 years (1966-1967)	35
II.2. The development orientation of some industries	37
II.3. Mineral Resources of Vietnam	44
III. Legal documents	53
III.1. Legal documents concerning foreign investment into Vietnam	55
III.2. Legal documents concerning promulgated mineral resources, management exploration and exploitation	62
IV. Incentive industrial projects calling for foreign investment	67
V. Corporations under the control of the Ministry of Industry	85

I. ORGANIZATION OF MINISTRY OF INDUSTRY

Minister of Industry

Mr. DANG VU CHU

ORGANISATION OF MINISTRY OF INDUSTRY

DECRETE N° 14/CP DATED 1ST NOVEMBER 1995
OF THE GOVERNMENT

ON THE FUNCTIONS, DUTIES, POWER AND ORGANISATION



1. The Ministry of Industry is a member of the Government and responsible to the Government for the implementation of the Government's policies in the field of industry, including coal, oil and gas, and the whole of the economy.

Minister of industry

Dr. DANG VU CHU

2. The Ministry of Industry has specific functions and responsibilities of duties and power provided by the Chapter 9 of the Law on organisational structure of the Government and by the Chapter 8 of the Law on the organisation of the Government. The Ministry shall be the following general and other:

To manage the management of the state of major enterprises from the central to local levels under its jurisdiction.

To promote the development of the economy, promote major industrial development projects, plan for the whole economy and state the National Economic Plan, the National Economic and Social Development Plan, the National Economic and Social Development Plan.

1.1 DECREE N° 74/CP DATED 1ST NOVEMBER 1995

OF THE GOVERNMENT

**ON THE FUNCTIONS, DUTIES, POWER AND ORGANIZATION
OF THE MINISTRY OF INDUSTRY**

THE GOVERNMENT

In accordance with the Law in the Organization of the Government dated 30 September 1992;

On the basis of the Resolution issued by the 8th Conference of the National Assembly of the 9th Session of 21st October 1995;

Having consulted with the Minister of Industry and the Minister - Chief of the Government Personnel Organization.

DECREES

Article 1. - The Ministry of Industry is established by the Government and responsible to the Government for the administration of Mechanical engineering; Metallurgy; Electronics and Informatics; Chemicals; Geology; Mineral Resources; Mining (including Coal, Oil and Gas and Gemstone); Power and Consumer - goods industry in the whole of the country.

Article 2. - The Ministry of Industry is responsible to the Government for implementation of duties and power stated in the Chapter 4 of the Law on organization of the Government and in the Decree N° 15/CP dated 2nd March 1993 of the Government. The Ministry shall have the following powers and duties:

1. To submit to the Government the drafts of laws, ordinances, legal documents for industrial sectors under control of the Ministry.
2. To submit to the Government the strategies, perspective master plans, industrial development master plan in the whole country and after the Government approves them, the Ministry will guide and arrange their implementation.

3. To issue in accordance with its functions and power the procedures, regulations, standards, technical - economic nomenclatures for industrial sectors under its control.
4. To licence the permissions for mineral resources exploration and exploitation, explosive industrial materials supply and usage as well as other permissions belonging to its competences specified by the law. To consult with the Ministry of Trade on the export - import plans and licences for all kinds of products, raw materials and materials, equipment and technology relating to the industrial sectors under its control.
5. To arrange and administrate the product quality assurance and industrial labour safety (safety for boilers, mining, explosive materials, electricity etc.) for the whole of the country in accordance with the laws.
6. To organize the scientific and technological research and development, to use the scientific and technological progress in the industrial sectors under its control.
7. To approve or take part in approving process of investment projects, feasibility studies, designs, financing proposals, joint venture project proposals with foreign partners relating to the industrial sectors under control of the Ministry and in accordance with the government regulations.
8. To undertake the government management functions for enterprises belonging to the industrial sectors under control of the Ministry in accordance with the Laws for Government enterprises and regulations issued by the Government on the functions graded and authorized to the Ministry.
9. To organize the management of international cooperation in the fields that the Ministry is responsible for.
10. To manage the organizations and officials in accordance with the law and regulations graded by the Government.
11. To undertake the specialized inspections and supervision.

Article 3. - Organizational structure of the Ministry of Industry consists of :

1. The organizations assisting the Minister in undertaking the government management functions:
 - a) Departments:

- Planning and Investment Department
- Finance and Accounting Department
- Technology and Product Quality Management Department
- Organization and Personnel Department
- International Cooperation Department

- b) Ministerial Inspection Board.
- c) Office of the Ministry
- d) Specialized Government Management Directorates:
 - Geology and Mineral Resources Directorate of Vietnam
 - Industrial Safety engineering Supervision and Inspection Directorate.

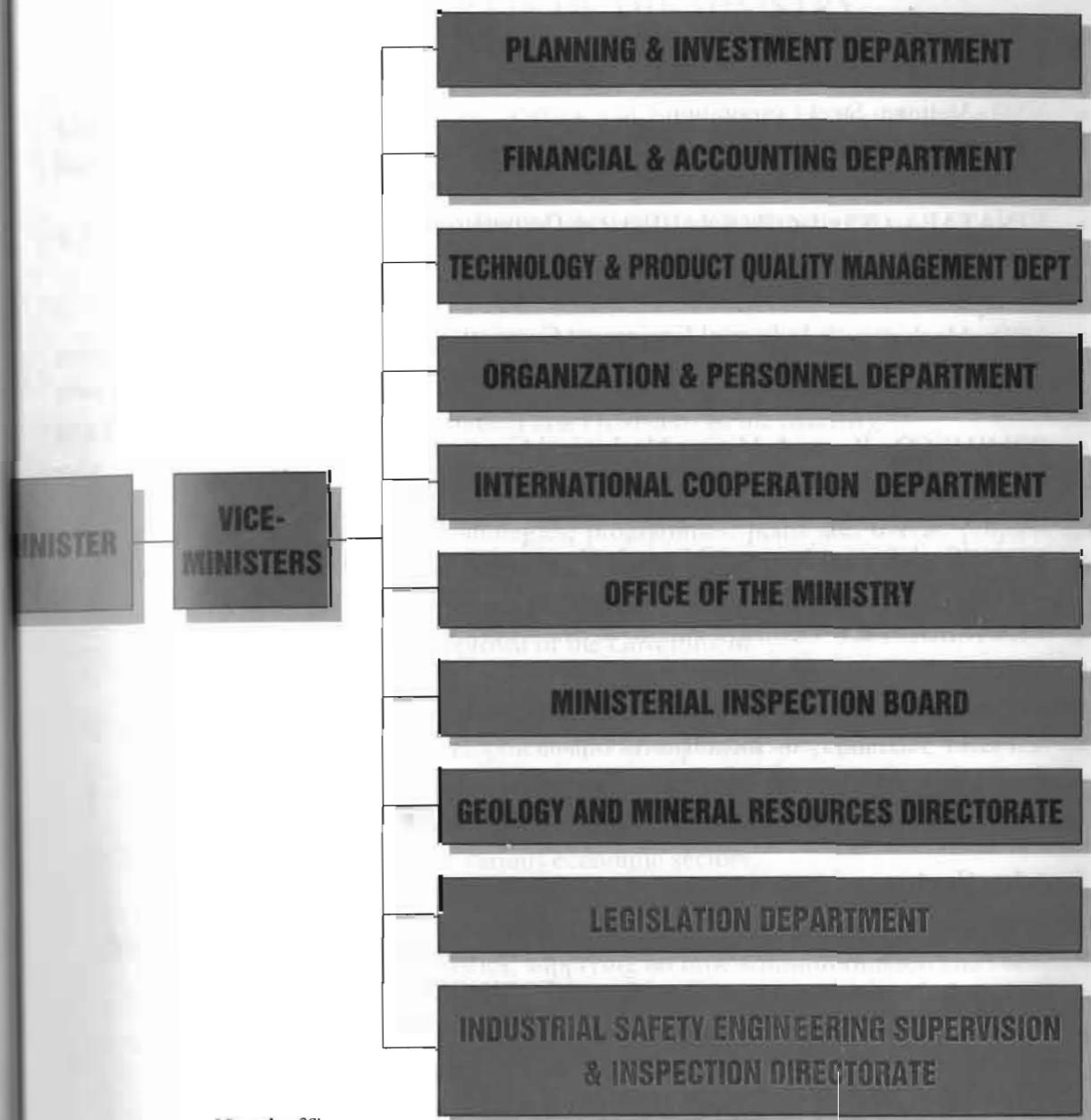
The Minister of Industry shall determine the functions, duties of Departments and Administrative Office of the Ministry, and submit to the Prime Minister to approve the functions, duties of the Specialized Government Management Directorates.

2. The related organizations directly belonging to the Ministry.

The Minister of Industry together with Minister - Chief of the Government Personnel Organization shall arrange the scientific research institutions, the training schools, the health - care facilities belonging to the former Ministries of Heavy Industry, Light Industry and Ministry of Energy and submit to the Prime Minister to make specific decisions.

Article 4. - This Decree shall be of full force and effect of the date of its promulgation. All previous provisions inconsistent with this Decree are hereby repealed.

1.2. ORGANIZATION CHART OF THE MINISTRY OF INDUSTRY



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Business - Production Sector

- EVN - Vietnam Electricity Corporation
- VINACOAL - Vietnam National Coal Corporation
- VSC - Vietnam Steel Corporation
- VINACHEM - Vietnam National Chemical Corporation
- VINATEX - Vietnam National Textile & Garment Corporation
- VINATABA - Vietnam National Tabacco Corporation
- VINAPIMEX - Vietnam Paper Corporation
- Vietnam National Gold & Gem Corporation
- MIE - Machinery & Industrial Equipment Corporation
- VEAM - Vietnam Engine & Agricultural Machines Corporation
- VEC - Vietnam Electrical Equipment Corporation
- POMIMECO - Power & Mining Mechanical Corporation
- VEIC - Vietnam Electronic & Information Corporation
- LEAPRODEXIM - Vietnam National Leather & Footwear Corporation
- VIMICO - Vietnam National Minerals Corporation
- VINAPLAST - Vietnam Plastic Corporation
- VINACEGLASS - Vietnam Ceramic & Glass Corporation
- VINABICO - Vietnam National Beer & Beverage Corporation
- VINAMILK - Vietnam Diary Corporation
- VIFON - Vietnam Food Industries Company
- HAIHA - Confectionery Company
- VOCARIMEX - Vietnam Vegetable Oil & Flavouring & Cosmetic Company

Service Sector

- Investment consultancy for Development and construction Corporation (THIKECO)
- Foreign Industrial Investment Consultants (FORINCON)
- Industry Foreign Investment Service Consultants (INFISCO)

Professional Sector

- 6 Research & Development Institutes
- 41 Vocational Training Schools
- "Vietnam Industrial Time" magazine

1.3. DEPARTMENTS, MINISTERIAL OFFICE AND INSPECTORATE OF THE MINISTRY

Pursuant to the Decision № 401/QD-TCCB of the Minister of Industry on December 20, 1995, the Departments, Office and Inspectorate of the Ministry have the following functions and tasks:

1.3.1. THE PLANNING AND INVESTMENT DEPARTMENT (PID)

The PLANNING AND INVESTMENT DEPARTMENT is a specialized institution which assists the Minister in implementing the State management functions over the planning and investment in the industries in accordance with Laws, Ordinances and Legal Documents of the Government and Provisions of the Ministry.

Main duties of the Department are as follows:

1. Studying, working out the strategies, programmes, plans and overall projects for the industries under control of the Ministry in the whole country for the Ministry submitting them to the Government for approval and directing, guiding their implementation after the approval of the Government.
2. Concretizing the strategies, programmes and overall projects of the industries into master plans for their development and arrangement of productive forces in the whole country, as well as in every region, every locality with regard to production/business structure, investment, import/ export, international cooperation, intersectorial integration of various economic sectors.
3. Organizing the implementation of statistical work pursuant to provisions of the General Directorate of Statistics; supplying on time with information and statistical reports in service of the leadership of the Ministry.
4. Submitting to the Ministry for approval or taking part into the evaluation of investment projects, economic- technical feasibility studies, designs, cost estimates and joint venture and cooperation projects with foreign countries, related to industries under control of the Ministry in accordance with stipulations of the Government.

5. Working out the development policies, planning investment projects of regions, supplying raw materials for industries; policies for geological survey and for mineral resources and environment protection; policies for industrial protection; policies for investment; funds for protection and fight against floods, storms and natural catastrophes etc... in order to create favorable environment for the production and business operation in industries as well as in geographical regions.
6. Summarizing, balancing the 5-year and annual plan (including mobilization plan in war-time) of industries for the Ministry submitting them to the Government. Monitoring, guiding and reconciling the implementation of plan and making macro scale balances on energy, quotas, investment capital, raw materials,etc... according to the allocation nomenclature by the Government (if any).
7. Coordinating with its related functional Departments to solve problems concerned renovation of enterprises, equitization, combination of branch management and local management; rearranging the production in accordance with provisions of the Government.
8. Submitting applications of enterprises to the Ministry for granting permits of operation in the industries under control of the Ministry.
9. Being a coordinator on behalf of the Ministry of Industry to monitor and manage the enterprises with foreign invested capital and to cooperate with functional Departments to solve the arising relevant matters in accordance with proposals of these enterprises.

Director of the Department: Eng. HOANG VAN LOAN
 Tel : 8267996
 8253831/333

1.3.2 THE FINANCING AND ACCOUNTING DEPARTMENT (FAD)

The FINANCING AND ACCOUNTING DEPARTMENT is a specialized organ which assists the Minister in implementing the State management functions over Financing - Accounting - Pricing of the industries in accordance with Laws, Ordinances, legal documents of the Government and provisions of the Ministry.

Main duties of the Department are as follows:

1. Studying, elaborating and submitting to the Ministry for promulgation of regulations, guidance circulars concerning the management of Financing, Accounting, Pricing within jurisdiction of the Ministry; taking part in making suggestions to the Ministry of Finance and related Ministries of the Government in the new promulgation or the amendment of provisions, policies on finance - tax - price and accounting related to the industries under control of the Ministry.
2. Guiding the elaboration and integration annual budget plan on ministerial balance sheets for the Ministry submitting them to the Government for ratification as well as guiding and controlling the implementation of accounting principles of enterprises.
3. Coordinating with the related functional Departments to set up plans on salaries and operational funds allocated by State budget for the State management organs and non-business institutions under control of the Ministry for the Ministry submitting them to the Government for approval. Receiving and allocating funds to the administrative and non-business units as well as controlling, and approving the final financial statement.
4. Taking part in the council for the evaluation of economic-technical feasibility studies, guiding the balance of accounts and its finance approval for capital construction investment projects under control and approval of the Ministry.
5. Collecting data on the capital variation, production - business results, implementation of budget deposit plan, situation of input - output fluctuation ... and then summing up, analyzing, suggesting macroscopic management measures and making periodical reports to the Ministry leadership for delivery of handling opinions to dispose.

Director of the Department: DO VAN HY
 Tel: 8267994
 8253831/327

1.3.3. THE TECHNOLOGY AND PRODUCT QUALITY MANAGEMENT DEPARTMENT

The TECHNOLOGY AND PRODUCT QUALITY MANAGEMENT DEPARTMENT is a specialized organ which assists the Minister in implementing the State management functions over Technology and Product quality control in accordance with Laws, Ordinances and Legal documents of the Government.

Main duties of the Department are as follows:

1. Studying, working out strategies, plans, policies on the development of science and technology; environment protection and product quality assurance for the Ministry submitting to the Government for approval or deciding itself within its jurisdiction; and organizing, directing, guiding their implementation after the approval of the Government.
2. Elaborating, submitting to the Ministry for promulgation within its jurisdiction the processes, rules, standards, economic - technical norms towards industries under control of the Ministry.
3. Managing the industrial product qualities, technologies and application of scientific - technological advances into the industries under control of the Ministry.
4. Organizing and guiding the implementation of provisions and legal stipulations of the Government, technical solutions, technological solutions to supervise and protect environment from impacts of production and industrial development.
5. Organizing the unified management of standardization, measurement, industrial property, invention and patent of the industries under control of the Ministry and Coordinating with the Ministry of Science, Technology and Environment and related governmental agencies in the execution of State management over good quality control.
6. Working out, managing and guiding the realization of subjects, projects and programmes at state and ministerial level on scientific and technological research

and application, new material uses, on the improvement of product quality and on the environment protection in the industries.

7. Taking part in the evaluation and approval of investment of projects on industrial works; presiding at the assessment of technology and product quality, evaluating environmental impacts of investment projects and industrial reforms.
8. Organizing the information network on science, technology, product quality, environment. Instructing the collection and utilization of economic - technical data in service of the forecasting, programming, planning of the development of science, technology, product quality, environment protection in the industries under control of the Ministry.

Director of Department: Dr. DANG NGOC TUNG

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1.3.4. THE INTERNATIONAL COOPERATION DEPARTMENT (ICD)

The INTERNATIONAL COOPERATION DEPARTMENT is a specialized organ which assists the Minister in implementing the State management functions over the international cooperation in the industries on the whole country in accordance with Laws, Ordinances and legal documents of the Government as well as provisions of the Ministry.

Main duties of the Department are as follows:

1. Studying, forecasting the trends and elaborating development strategies of economic cooperation with foreign countries in the industries under the Ministry for the Ministry submitting to the Government for approval; directing, guiding, controlling their realization.
2. Surveying foreign markets, regions, private organizations acting as partners of economic organizations of the industries under control of the Ministry on aspects of juridical person status, economic potential, investment capability, joint-venture

setting up, economic contract, import - export, quotas ..., in order to provide information and guide the units under control of Ministry to establish relations on economic cooperation, negotiate and sign the economic contracts with foreign organizations and persons.

3. Coordinating the functional organs under control of the Ministry for guiding the foreign organizations and persons, Vietnamese investors to observe state laws and provisions on the foreign investment into Vietnam, on signing joint and business cooperation contracts, on the realization of investment licences, operational certificates and other commitments in accordance with Vietnamese and international general rules.
4. Studying, elaborating to submit to the Ministry programmes in joining international organizations, establishing the bilateral and multilateral economic relations, working groups of ASEAN for the Ministry making contacts, negotiating, signing bilateral or multilateral agreements on economic, commercial, scientific - technical, training, labour cooperation... at intergovernment level or with non-government organizations.
5. Preparing contents and programmes of overseas mission trips of the Ministry's leadership to submit to the Government; submitting to the Ministry's leadership working programmes and schedule of entry and exit delegations according to the assignment of the Ministry.
6. Acting as secretariat of the Minister in the bilateral economic cooperation sub-committee at government level, that is entrusted by the Prime Minister as Chairman of Vietnamese side.
7. Executing the procedure and protocol affairs in the international activities of the Ministry.
8. To elaborating the projects funded by international organizations and foreign Governments such as UNDP, UNIDO, UNESCO, ESCAP, ODA, EU, WB, ADB ...
9. To be a permanent Agency for multilateral co-operations with ASEAN, APEC, WTO, UNDP, UNIDO, EU, WB, ADB, OECD ...

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Tel. 8259887
Eng. LE HUU KHANH
Tel. 8260418
Mr. PHAN TRONG TIEM
Tel. 8252852

1.3.5. THE ORGANIZATION AND PERSONNEL DEPARTMENT (OPD)

The ORGANIZATION AND PERSONNEL DEPARTMENT is a specialized organ which assists the Minister in implementing the State management functions over organization, personnel, training, labour, salaries and wages of the industries in the whole country in accordance with Laws, Ordinances of the State, regulation on assignment of the Government and provisions of the Ministry.

Main duties of the Department are as follows:

1. Studying, elaborating decrees on functions, duties, rights and organization charts of specialized State management Directorates for the Ministry submitting to the Government for their promulgation, guiding their realization, supervision after their approval of the Government.

- Studying the improvement, in renewal guideline suggested by the Party and the Government, of administrative reform, renovation of State-owned enterprises, equitization to perfect constantly the organization/ management system of the branch from the Ministry to localities and units.

2. Studying, elaborating the criteria, qualification, skill of staff and government officials to submit to the Ministry for their promulgation. Monitoring individuals and staff in the industries according to the management assignment of the Ministry.

- Guiding units under the Ministry to carry out seriously the policies, regulations of the Party and the Government towards staff.

3. Studying, elaborating the policies, regulation towards workers in the industries to submit to the Ministry for their issuance within its jurisdiction or to petition to the Ministry of Labour, Invalids and Society for their promulgation; urging and supervising their implementation.

4. Studying, elaborating programmes and plans for training, upgrading qualification of employees, managerial and administrative officials, technicians, skillful workers to submit to the Ministry for approval; guiding, supervising their implementation.

- Coordinating with the functional Departments for developing activities concerning training works such as planning, allocating limited and invested capital, dispatching workers to be trained abroad in accordance with stipulations of the Government and the Ministry.

5. Studying, elaborating and guiding the units of industries to implement regulations on employees' file, personal history preservation according to the assignment of the Ministry. Guiding to make procedure of retire on a pension, provisions on dispatching specialists for the mission abroad according to the assignment of the Ministry.

6. Taking responsibility on internal political protection of the Ministry.

7. Performing the statistics of labours and their income.

Director of the Department: Eng. TRAN TRUNG NGHIA

Tel. 8267998

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1.3.6. THE INSPECTORATE OF THE MINISTRY.

The INSPECTORATE OF THE MINISTRY is an organ under the Ministry of Industry, simultaneously an organ in State Inspection system; taking the direct leadership of the Minister of Industry and the professional guidance of the State Inspectorate

The Inspectorate of the Ministry is a specialized organ which assists the Minister in implementing the inspection functions in the State management sphere of the Ministry, in accordance with Laws, Ordinances on Inspection and Stipulations of the Ministry and the State Inspectorate.

Main duties of the Inspectorate of the Ministry are as follows:

1. Inspecting the implementation of policies, laws by State bodies, socio- economical and citizen organization; as well as by organs, units and individuals under the direct management of the Ministry of Industry.
2. Presenting resolution to the Minister for settlement of complaints, denunciations on problems within the Minister's competence: setting complaints and denunciations, already solved by Heads of units but the applicants still make petition for a retrial finding out the violations of law in the resolution. Guiding, supervising the execution of Government's Decision on the inspection, consideration and settlement of complaints and denunciation by Heads of units under the Ministry.
3. Guiding the inspection skill to People's Inspectorate, inspectors at units under the Ministry, specialized inspectors at Provincial Industry Offices and specialized management Departments.
4. Coordinating with the functional Departments, Ministerial Office to work out the inspection plan for submission to the Ministry for approval; instructing the implementation of approved plans; making periodically reports to the Minister on inspection results and informing the concerned functional Departments on the conclusion of inspection team and the Minister's conclusion about inspected problems; monitoring, supervising the execution of the units in conformity with the Minister's conclusion and decision.

5. The power of the Inspectorate of the Ministry is defined in Article 4 of Inspection Ordinance, promulgated on March 29, 1990.

Chief Inspector : BUI DAC THONG

Tel. 8261938
8253831-124

1.3.7. THE OFFICE OF THE MINISTRY.

The OFFICE OF THE MINISTRY is an organ which assists the Minister in monitoring, and summarizing all activities of the Ministry in service of the direction and administration of the Ministry over the industries in the whole country; taking responsibilities on the ensure of working conditions, making contribution to the improvement of living standards of ministerial officials and employees.

Main duties of the Office of the Ministry are as follows

1. Monitoring, summarizing the situation, making irregular, periodically half-annual and annual reports on activities of the Ministry; suggesting the Ministry with problems necessary to be solved and helping the Ministry to urge and supervise the implementation of the instructions, decisions of the Ministry towards the whole industries.

Coordinating with other units to organize the conference, seminar, mission trip, guest reception presided by the leadership of the Ministry.

2. Acting as a coordinator for linking the functional Departments on legal affairs elaborating law drafts, ordinances on the management of the industries for submission to the Government; giving comments on law drafts which are sent by National Assembly, Government or project responsible agencies for collecting remarks.

Checking regulation documents promulgated by the Ministry, guiding and controlling the implementation of legal documents.

3. Well carrying out the office affairs and archives of ministerial organs; guiding, controlling the office affairs and archives in all industries in due form, set by state and preserving state and ministerial secracies.
4. Creating material conditions and working facilities for functional organs of the Ministry; improving material and spiritual lives for all employees and officials of the ministerial organs.
5. Managing material bases, assets, administrative and non-business expenditures, contingency, foreign currency of the ministerial organs.
6. Doing protocol, celebration (internal and external), acting as a coordinator for bringing about duties towards localities and ministerial organs.
7. Assisting the Ministry in management of activities and personnel affairs of Representative Office of the Ministry in Ho Chi Minh City.

Chief of Office: Mr. DO TRONG CAN

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Mr. NGUYEN TAT THANG
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Representative Office in Ho Chi Minh City

Deputy Chief of Office : Mr. NGUYEN NGOC TUAN

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1.3.8. LEGISLATION DEPARTMENT (LD)

The **LEGISLATION DEPARTMENT (LD)** is the specialized organ under direct control of the Ministry of Industry, assisting the Minister in performing the State management functions by legislation means over laws' elaboration, laws' documentations and procedures inspection, checking and systematization, legislation promulgation, education and control of laws' documentations and procedures' realization.

Main duties and powers of the Legislation Department are as follows:

1. Proposing the long-term or yearly legislation elaborating plans; submitting them to the Ministry of Industry for approval; guiding, impelling to and checking implementation of legislation elaborating plans.
2. Legal evaluating the legal documentations and procedures prepared by organs, organizations belonging to the Ministry of Industry before submitting to the Minister to sign or to competent organizations to promulgate.
3. Assisting the Minister to elaborate or take part in elaborating assigned legal documentations and procedures.
4. Being a coordinator for the Minister to review the drafts of legal documentations procedures prepared by state organs, Ministries, sectors, province and city Authorities.
5. Regularly to organize the checking and systematizing legal documentations and procedures relating to all activities of industries; to propose the solutions to the Minister after checking legal documentations and procedures and to recommend Government to withdraw the implementation of regulations made by other Ministries and Sectors or the resolutions made by the people Committees of all levels contrary to laws documentations of Government and legal documentations issued by the Ministry of Industry.
6. Regularly to promulgate educate, legislation in industries.
7. Monitoring, looking after, checking the legal implementation, preventing and liquidating the violations of legislation in industries.

8. Monitoring, controlling, guiding and checking legal system of the organizations, enterprises of industries as well as province and city Industrial Bureaus belonging to the central Government.

9. Implementing other legislation matters assigned by the Minister.

Director of The LD

Mr. TRAN GIA HO

Tel. 8242 666

8258 311/105

1.4. SPECIALIZED STATE MANAGEMENT DIRECTORATES:

1.4.1. GEOLOGY AND MINERAL RESOURCES DIRECTORATE OF VIETNAM (GMRD)

The **GEOLOGY AND MINERAL RESOURCES DIRECTORATE OF VIETNAM (GMRD)** is an organ under direct control of the Ministry of Industry assisting the Minister in performing the State specialized management functions over Geology and Mineral Resources, which consist of geology study and basic survey, activities in Mineral Resources field (i.e. prospection, exploration, exploitation, minerals processing), mineral resources protection; organizing basic geology study, survey and mines' prospection exploration in the whole country.

The GMRD has juridical status, its seal, the budget allocated by the Government an account at National Treasury.

The GMRD has its Head Office in Hanoi and its branches in several localities.

The GMRD has the following duties and powers:

1. Working out and taking part in elaborating juridical documentations on geology and mineral resources management, protection and basic exploration as well as other activities relating to mineral resources to be submitted by the Minister of Industry to the Government for enacting or to be promulgated by the Ministry of Industry in accordance with its authorization.
2. Working out and taking part in working out the perspective master plan, plans policies on geology study, basic geology survey, activities relating to mineral resources, development of mineral exploitation and mineral processing industry to be submitted to the Government by the Minister for approval.
3. Submitting to the Minister or GMRD in accordance with its authorization for enacting all procedures, processes, rules, standards, economic - technical norms of Geology and Mineral Resources sectors. Guiding specialized, technical knowledge

State management profession on Geology and Mineral Resources for the province Industrial Administrations.

4. Submitting to the Minister of Industry to decide on granting, expiring, drawing off and returning the licences on mineral exploration, exploitation and processing as well as in permitting transfer of the right of implementing mineral activities.
5. Submitting to the Minister the prohibited or temporarily prohibited areas with mineral activities and the areas with poisonous minerals to decide in accordance with its authorization after having the written reports made by state bodies authorized in management of such areas and by the Province People Committees under control of Central Government.
6. Determining legal status of geology and mineral samples, documentation, including the expatriated minerals for the purpose of elaboration of projects' feasibility studies.
7. Based on the assigned tasks, the GMRD organizes and instructs all its institutions and enterprises to implement the duties, plans on geological and mineral study, basic exploration, geological environment, hydro-geology, project geology, city geology, countryside geology, damage - geology, and mines' prospection.
8. Organizing application of science and technology progresses in basic geological survey activities relating to mineral resources.
9. Registering, monitoring, summarizing situations on mineral exploration and exploitation in the whole country.
10. Evaluating or taking part in evaluating projects, reports on basic mineral exploration to the Minister of Industry or the Director of GMRD for approval in accordance with assignment made by the Minister of Industry.
11. Taking part in evaluating the investment projects, technical and design in all activities relating to mineral resources.
12. Achieving, managing, using all samples, data and information on mineral resources in accordance with legal Regulations.

8. Performing international cooperation activities in geology and Mineral Resources Sector. Representing Vietnamese Geology and Mineral Resources Sector to participate in international activities relating to science and technology cooperation on Geology and Mineral Resources.
9. Performing specialized checking and inspection on basic geological survey and mineral exploration and exploitation.

Taking part in settling or settling within its jurisdiction the disputes, claims denounces on basic geological survey and mineral exploration and exploitation right.

10. Notifying, guiding other sectors, localities, enterprises and citizens to observe the Law on Mineral Resources. Coordinating with the laws protection organs and local authorities for mineral resources preservation.
11. Managing and effectively using financial resources, assets allocated by Government as well as investment and capital construction projects in accordance with the Laws and Ministerial assignment.
12. Managing organs, structures and organizing professional, skill training and upgrading for staff and workers of the sector.

Director of GMRD : Prof. Dr. DO HAI DUNG
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1.4.2. THE INDUSTRIAL SAFETY ENGINEERING AND SUPERVISION INSPECTION DIRECTORATE (ISESI)

The INDUSTRIAL SAFETY ENGINEERING INSPECTION AND SUPERVISION DIRECTORATE is an organ under direct control of the Ministry of Industry assisting the Minister in performing the State management functions over specialized checking, supervising the industrial safety technique in all industrial production branches consisting of: Mechanical Engineering, Metallurgy, Electronics - Informatics, Chemicals, Geology, Mineral Resources, Deposits (including coal, oil, natural gas and gemstone) power and consumer goods Industry.

The ISESI has juridical status, its seal and an account, the budget allocated by the Government as well as its Head Office in Hanoi and its branches in various localities.

Main duties and powers of the Industrial Safety Engineering Inspection and Supervision Directorate are as follows:

1. Working out the industrial safety rules and standards to be promulgated by Minister and the jurisdiction Government Institutions.
2. Organizing the examination, supervision and registration for the equipment, materials having strict requirements of safety technique used in industry to be bases for granting technical safety and industrial hygience certificates made by State Inspection Institutions.
3. Supervising of implementation of safety techniques in the power generation, transmission and distribution of electricity in production and consumption.
4. Examining, supervising safety technique in production, reservation, transportation, using industrial explosive in accordance with government regulations for the entities under control of the Ministry of Industry, having the right to produce consumer explosive.
5. Taking part in evaluation of safety technique solutions for the projects with foreign invested capital, technical designs in production enterprises of Ministry of Industry.

6. Presiding and participating in investigation and finding out the reasons of damages and labour accidents relating to safety techniques in industry as well as proposing the solutions ensuring industrial safety technique.
7. Guiding the performance of regulations, special regime, knowledge on checking and supervising industrial safety technique for province Industrial Administrations.
8. Performing the international cooperation in the field of examination and supervision of industrial safety technique assigned by Ministry.
9. Organizing the training, skill and knowledge improvement for staff and workers on checking, supervising industrial safety technique in each sector assigned by the Ministry of Industry.
10. Managing the organs, officials, staff and assets of the Directorate in accordance with Laws and assignments made by Minister of Industry.

Head of the ISEI Directorate

: Dr. NGO DUC LAM

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II. DEVELOPMENT OF VIETNAM INDUSTRY

2.1- LOOKING BACK AT THE LAST 2 YEARS (1996-1997).

Building on the achievements realized during the 5 years from 1991 to 1995, targets for socio-economic development up to the year 2000 are being implemented step - by - step. The socio-economic situation of our country continues to develop, with the economy maintaining a rather high growth rate:

During the last two years, from 1996 to 1997, Gross Domestic Product (GDP) has increased at an average annual rate in excess of 9 percent (This is higher than the growth rate of the previous 5 years). Many sectors and fields of business and production continue to realize considerable achievements. Industrial production has increased at an average rate of 13.8 percent per year. Industrial output from state - owned enterprises has increased by an average 11 percent per year, non-state enterprise industrial output has increased by 12 percent per year, and output from enterprises with foreign investment has increased by 20 percent per year.

Intensive investments have recently been made in many fields in the industrial sector. Equipment has been renewed, there have been initial improvements in replacing weak and backward technologies and several industrial branches are developing well, including agricultural and fishery processing, as well as garment - textile and shoes production.

All the important products that have a potentially strong impact on national economic balances are also developing rather well. Electricity output has increased at an average 14 percent per year; coal by 9.8 percent; crude oil by 10 percent; cement by 25 percent; rolled steel by 17 percent; and all other processed industrial products have increased satisfactorily.

The estimated level of development investment in the national economy during the last two years has been about USD 14-15 billion, accounting for 34-35 percent of the five year plan, 1996-2000. The annual rate growth of investment has doubled compared with the previous five years. The allocation of implemented capital is now generally more in line with plan projectives.

Mobilization of domestic capital has accounted for 51 percent of total social investment during the last two years, with the remaining capital raised from foreign

sources, including official Development Assistance (ODA), Foreign Direct Investment (FDI), and capital borrowed by state enterprises from foreign sources for investment. Investment from the state budget has accounted for 20 percent of total investment, state credit for 6.5 percent, investment by state enterprises for 23.3 percent, investment by the people for 24 percent, and FDI for about 26 percent.

During the last two years many projects have been completed. The capacity of several production sectors including electricity, oil and gas, cement and steel, and the processing of agricultural, forest and fish products have been increased. Programmes to bring electricity to rural areas, to develop rural transport, to supply clean water and to protect ecology have been implemented smoothly.

Concerning FDI since 1988 to the end of 1997 in heavy industry, light industry, food-stuff industry, oil and gas sector, construction of Export - Processing and Industrial zones 1,012 projects had been licenced with USD 13 billion of total investment capital. Industrial projects covered 53% of total number of projects and 41% of total FDI capital in Vietnam. In heavy Industry there were 408 projects with USD 5,555 million of total FDI capital, in light industry - 440 projects with USD 3,331 million and in food-stuff industry - 121 projects with USD 1,995 million USD.

2.2- THE DEVELOPMENT ORIENTATION OF SOME INDUSTRIES:

Having the target to make all efforts to turn Vietnam to an Industrial Country by the year 2020, the Vietnam Industry is intending to be developed by effective exploitation of domestic potentials on mineral resources, intelligence and labour forces in combination with making use of foreign sources for the purpose of satisfying the demands of economy on industrial products and services as well as being an industrial products exporting country. Based on the above - stated target the Vietnam Industry for the forthcoming years shall be developed by the following directions:

- To develop infrastructure industry and services for infrastructure industry such as Energy, Mechanical Engineering serving in transport, geology survey and mineral resources prospection, industry serving in construction etc.
- To develop Industrial Sectors serving in Agriculture and rural development, first of all in agro-products processing, agricultural mechanization, electrification in rural areas, fertilizer production and production of plant protection stuff.
- To develop the export - oriented industry, especially the sectors that have international market, for example oil and gas, textile and garment, leather-shoes industries.
- To continue in reinforcing and intensifying production capacity of important industries whose products are sensitive such as steel making, paper, fertilizer industries.
- To rehabilitate and develop some sectors for example bicycles' production, electrical fans, devices and instrument, used for teaching, toys, some other consumer goods production, diesel engine production etc.
- To form up petro-refinery and petro-chemical industries, non-metal metallurgy
- To rush the process changing the processing - assemblying technologies to manufacturing, producing ones in some sectors such as in garment, footwear, automotive and motorcycle, electronics and informatics industries.

- To diversify the convention consumer goods.
- To prepare actively and fulfil joining AFTA (including Asean Industrial Co-operation scheme- AICO), APEC and WTO.

In the coming years, the priority should be given to the following fields:

- + Industries, acting as infrastructure of the national economy (energy, oil and gas, chemicals, fertilizers and petrochemicals, metallurgy, mechanical engineering, internal combustion engines, electronics, informatics).
- + Processing industries, especially processing agroproducts.
- + Industries producing goods for export, substituting imported goods and attracting a great deal of manpower.
- + Industries exploiting and processing mineral resources.

There is a need of the exploitation of natural resources potential, making use of opportunities to mobilize both domestic and foreign capital resources so as to build up the new project, to undertake intensification investment, production expansion and renewal of technology in existing facilities in order to assure speeding up the production capacity to meet requirements of economic growth. The estimated annual growth rate of industry with be between 14 - 15%. The share of industry and construction will be 34 - 35% of total GDP

2.2.1. ELECTRICITY.

To raise rapidly electricity generation up to total capacity of 30 billion kWh by the year 2000 and 87.8 billion kWh by the year 2010. From now to 2010, to build and put into operation some big capacity power plants such as Phu My complex (2,400 MW), Yaly hydropower plant (720 MW) and thermopower plants PhaLai N°2 (600MW), Nhon Trach (1,200 MW), Mien Tay (1,200 MW), Son la hydropower plant (3,600 MW). From now to 2000, to build and put into operation six BOT thermal power plants: Wartsila (120 MW) BaRia, Phu My 3 (680 MW), Quang Ninh (300 MW), Phu My 2-2 (600 - 900 MW), Na Duong (100 MW), Soc Trang (470MW). To prepare the development of projects for a nuclear power plant.

To set up 654 kms of 500 kV line and 500/220 kV substations with capacity of 1,350 MVA, 3,136 kms of 110 kV line, and 110 kV substation with capacity 23,240 MVA, 1,1980 kms of 220 kV line and 220 kV substation with capacity of 8,489 MVA, 500 kV sub-station with capacity of 1,200 MVA , 50,000 kms of middle voltage transmission line, 110, 000 kV kms of low voltage, distribution sub-station with capacity of 9,000 MVA.

2.2.2. OIL AND GAS BRANCH.

By the year 2000, 16 million tons of crude oil and 3.7 billion m³ of gas will be produced. To diversify the Joint venture forms, and to raise the capabilities of the National Oil and Gas Industry in exploration, exploitation, refining and services. To work out the Master plan on using natural and associated gas. To build the first oil refinery with capacity of 6.5 million tons/year. To make plans to build up the second one and other petrochemicals complexes producing plastics, synthetic fibers and rubbers.

To strive for exploiting 35 - 40 million tons of crude oil and 20 - 25 billion m³ of gas by the year 2012.

2.2.3. STEEL MAKING INDUSTRY.

From now to 2010, to invest into the steelmaking industry to complete and expand the existing factories, start the construction of some billet plants, build up a steel complex with capacity of 2 million tons of cold and hot - rolled steel strip and then expand it up to 4 - million tons of cold and hot - rolled steel sheets, galvanized steel, welded pipe; and other plants, operated by technology of direct reduction of iron ores by natural gas with capacity of 10 million tons/year, a special steel plant, producing alloyed steel, high quality steel for mechanical engineering sector with capacity of 100,000 tons/year. To mine iron ore at Thach Khe, Quy Xa deposits.

2.2.4. MECHANICAL ENGINEERING AND INTERNAL COMBUSTION ENGINE INDUSTRY.

In the coming years, equipment and technology of existing mechanical engineering factories should be renovated. To combine the domestically manufactured and

imported machineries to equip the national economy and products for export. Firstly, the attention must be paid to the production of complete equipment for agricultural product processing, transportation, machinery for production of cement (by vertical kiln process), brick and tile; processing of mineral resources, manufacture of spare parts. To develop the shipbuilding and shiprepairing industry, production of gasoline and diesel engines, assembling and manufacturing automobiles and motorcycles. To promote the localization programmes in the manufacturing automobiles, motocycles, middle and low voltage electrotechnical equipment. To start the manufacture of high - voltage electrotechnical equipment, engines of high capacity, engines for ocean ship and fishing boats.

2.2.5. ELECTRONICS AND INFORMATICS.

For meeting the electronics and informatics requirements in the early years of the 21st century, it is necessary to set up an electronic industry and information technology which firstly produce several materials, components, sets of components as well as assembles the consumer and industrial electronic appliances, medical electronic equipment, informatic and telecommunication equipment.

The road map would be from CKD to IKD assembling, in which local contents are up to 30 - 40% of total value. To develop informatic services especially the use of up-to - date software in scientific research, production, management and daily life. To widen the telecommunication service. To strive for producing 15 -19 million of TV sets, 15-16 million telephone sets and 5 -7 million computers by the year 2010.

2.2.6. CHEMICAL INDUSTRY.

From now to the year 2010, the chemical industry should cover the developing demands of agriculture, other industries and consumer goods production, by means of modernization of existing units, construction of new ones with updated technology and ecological safety; on the basis of using up available mineral resources and imported intermediates in order to manufacture at first stage some products of large demands as PVC, PS ... Together with the construction of the first oil refinery, to prepare the set up of projects for PE, PP, VCM, MBTE, surfactants and synthetic fibers. To strive for production of 2.0 million tons of nitrogen fertilizer, 2.7 million tons of phosphate

fertilizer, 2 - 2.5 million of automobile tyres and tubes; 250,000 tons of detergents by the year 2010.

2.2.7. THE DEVELOPMENT ORIENTATION OF LIGHT INDUSTRY.

The light industry plays an important role in ensuring consumer goods for people's need, making great benefits from export and especially creating many jobs. The light industry will be rapidly developed by intensification, expansion of production capacity, renewal of technology at the existing enterprises, and simultaneously construction of new ones operated by updated technology.

- a) *Textile, garment and leatherware*: To invest in and modernize the technologies in order to improve the product quality and competitiveness; to change gradually the form of processing contracts of textile, garment and leather to the form of purchasing raw materials as well as to raise the capability of domestic production of raw material for making goods for export. By the year 2010 the production is expected to be 3,000 million square meters of fabrics and 380 million pairs of shoes.
- b) *Paper*: To invest intensively in upgrading the existing papermills and in construction of new ones, adhered with broadening of raw material plantations at Thanh hoa, Nghe an, Tay nguyen provinces etc ... in order to raise the paper production to 1.2 million tons by the year 2010.
- c) *Foodstuff processing*: To intensify and expand the existing sugar refineries and build up about 20-25 new ones with processing capacities from 500 up to 8,000 tons of sugar-cane per day, operated by modern technology and equipment. To make effort to reach 2 million tons of sugar by the year 2010.

To widely develop beverage production plants of small and medium scale using local fruits and sugar cane in order to increase the share of rural industry. To develop further some breweries of large scale in order to meet people's requirements, to diversify products, to expand the production of liquor of premium quality from domestic refined spirit. To develop industrial mineral water. The production is expected to be 2,5 billion liters of beer and 1 billion liters of soft drink by the year 2010.

To increase the milk production and development of dairy products such as butter, cheese, yaourt and ice-cream to meet domestic need.

d) *Tobacco*: To develop the tobacco leaf specialized plantation with new high yield breeds in order to partly reduce and gradually replace the imported raw materials. To promote primary processing of tobacco leaf. To identify the market for exporting tobacco leaf and low grade tobacco. To look for the opportunities of cooperation with foreign partners to produce cigarettes of famous overseas trade marks in Vietnam. It is expected to produce 2,500 million cigarette packets, to grow on 70,000 ha and to process 100,000 tons of tobacco leaf of export quality by the year 2010.

2.2.8. MINERAL EXPLOITATION INDUSTRY.

The mineral exploitation industry plays an important role in supplying agriculture, industry and consumer goods with materials and fuels, as well as in exporting to earn foreign currencies. From now to the year 2010, attention should be paid mainly to the exploitation of washed coal, ferrous ore, bauxite, construction materials, apatite, gemstone, gold, tin, copper and rare earths.

At the same time, it is necessary to build up the processing and refining plants to obtain products of high quality and great economic value. To strive for exploiting 12 -15 million tons of beneficiated coal, 10 million tons of ferrous ore, 1.8 million tons of apatite ore...by the year 2010.

Objectives for industry in term of major products, achieved in 1995 and estimation for the year 2000 and 2010

Nº	Item	Unit	Achieved in 1997	Plan	
				2000	2010
(1)	(2)	(3)	(4)	(5)	(6)
1	Electricity	mil. Kwh	19,000	33,000	87,800
2	Washed Coal	mil. tons	10,000	10,000 ÷ 13,000	13 ÷ 15
3	Steel and steel products	1,000 tons	980	3,000	8,000
4	Urea fertilizer	1,000 tons	130	910	2,000

(1)	(2)	(3)	(4)	(5)	(6)
5	Phosphate fertilizer of all kinds	1,000 tons	834	1,180	2,700
6	Diesel engine	unit	6,300	44,000	55,000
7	Electric motor	-	39,000	46,000	55,000
8	Transformer	-	6,000	7,700	15,000
9	Machine - tools	-	1,030	600	1,500
10	Industrial pump	1,000 units	650	1,730	4,000
11	Automobile tyre and tube	-	24	700	2,300
12	Fabrics	mil. Meters	280	1,000	2,000
13	Paper	1,000 tons	243	500	1,200
14	Cigarette	mil. packets	2.1	2,000	2,460
15	Beer	mil. liters	565	800	1,500
16	Milk condensed	mil. cans	144	200	800
17	Vegetable Oil	1,000 tons	60	100	300
18	Shoes	mil. pairs	33	220	380
19	Detergent	1,000 tons	202	140	250
20	Television	1,000 sets	114	950	2,000
21	Apatite ore	1,000 tons	573	1,000	1,800
22	Soda ash	-	-	-	150
23	Caustic soda	-	7.5	45	150
24	Polyvinyl chloride (PVC)	-		180	300
25	Dioctyl phtalate (DOP)	-		60	120
26	Methanol	-		660	1,300
27	Synthetic fiber	-			100
28	Polyethylen + Polypropylene (PE + PP)	-			500

2.3. MINERAL RESOURCES OF VIETNAM

It can be said that mineral resources of Vietnam are abundant and diverse, but the exploitation and use of these reserves are still limited. Vietnamese Government opens widely the door to receive Vietnamese and foreign organizations and individuals investing into the geological research, prospecting and exploring and exploiting the mineral after the Mineral Laws have been approved by the National Assembly in March 1996.

2.3.1 METALLIC MINERALS.

Iron ores.

Iron ores in Vietnam have been found in three main regions:

+ Tay Bac region, consisting of deposits lying along the Red River, such as Quy Xa, Lang My, Ba Hon, Lang Lech ... with total proven reserve more than 200 million tons (among them, the Quy Xa deposits over 100 million ton). The ore nature of this region is mainly of limonite, with Fe content of 43 - 45%, Mn content of 2.5 - 5%.

Most of prospected deposits are in condition to design and exploit.

+ Dong Bac region, consisting of deposits lying in Bac Thai Province (Trai Cau, Tien Bo, Quang Trung) with total reserves of about 50 million tons (among them, Trai Cau - 9 million ton, Tien Bo - over 28 million tons). Iron ores in Bac Thai includes two kinds: magnetite (mainly at Trai Cau) with iron content more than 60% (harmful impurities are in a permissible range) and predominantly of limonite with iron content of 50 - 55%, manganese content of 3 - 4%. Bac Thai ores are being exploited and supplied to Thai Nguyen Iron and Steel Company. In Cao Bang province there are Na Lung, Na Rua mines with total proven reserve of 50 million tons, mainly of magnetite with iron content more than 60%. They have full conditions for mining.

In Dong Bac region there are also deposits, lying in Ha Giang province, i.e. Tong Ba, where are situated several scattered mines on an extensive area with total reserves of about 200 million tons, mainly of quartzite magnetite, partly magnetite, with iron content of 42 - 46%.

+ In North Trung Bo region, there are a lot of small iron ore deposits of deluvial form in Thanh Hoa province and Thach Khe deposit in Ha Tinh province (7 km far from Ha Tinh town). Proven reserve is more than 500 million tons. Ore quality is high, with iron content in the range of 60 - 65%, harmful impurities such as S, P, Pb, Zn... below permissible contents. The deposits were prospected in details and of full conditions for mining.

Total newly discovered reserves of iron ores in Vietnam are approximately one billion tons in which high quality magnetite ore attains 70%, the rest is mainly limonite.

Manganese ores.

Manganese deposits and occurrences were found in Cao Bang, Ha Giang, Tuyen Quang, Nghe An, Ha Tinh ... Some small deposits in Tuyen Quang have been exploited to use in metallurgy and chemical industry. Total estimated reserves are more than 3 million tons with manganese content in the range of 15 - 35%.

Chromite ores.

A chromite deposit of economic value is in Thanh Hoa province. It is a placer ore, lying around Nui Nua mountain, 20 km far from Thanh Hoa town. Its reserve, based on prospecting in details, is about 20 million tons of Cr_2O_3 . The ore is situated in shallow layer covered by thin soil bed. After gravimetric beneficiation, concentrate with Cr_2O_3 content more than 46%, Cr/Fe ratio of 1.8 is obtained. It can be used in metallurgy (manufacture of Fe/Cr steel), chemical and refractory industries.

Beside, in this region primary ore occurrences were also found.

Titanium ores.

Titanium deposits were found in many places along the coast, such as Binh Ngoc (Quang Ninh province), Thuan An (Thua Thien - Hue province), Song Cau (Phu Yen province), Ham Tan (Thuan Hai province), and Vung Tau with total reserves more than 11 million tons. In above-mentioned deposits, beside ilmenite, there are also syngenetic minerals such as rutile, zircon, monazite. At present, some provinces are exploiting titanium ores under suitable conditions: open deposit, easy for beneficiation and transportation along the seashore.

Beside placer ilmenite, primary and deluvial ilmenite was discovered at Cay Cham (Bac Thai province) with a reserve more than 4.5 million tons.

Bauxite ore

- * Bauxite is found in two regions:
- * In the Northern region: The main mineral is diaspor, discovered in Cao Bang, Lang Son, Ha Giang, with total reserve estimated to be 200 million tons, Al content in the range of 39-65.4%, silica module of 6-8.
- * In the South Trung Bo region: Bauxite ore of lateritic type was discovered on Tay Nguyen plateaus, distributed in a wide area of Bao Loc, Tan rai district (Lam Dong province). Total proven reserve is 4 billion tons; estimated reserve 5-6 billion tons. This bauxite belongs to gibbsite form after beneficiation, the concentrate has Al content of 47 - 50%, silica module of 10-12.
- * Bauxite reserve of Vietnam ranks among the greatest one in the world.

Copper -nickel ore

Several copper-nickel deposits were discovered in Cao Bang, Lang Son, Son La, Quang Ninh, Ha Bac, Quang Nam - Da Nang, Lam Dong,...The most significant one is Sinh Quyen mine with reserve of 551,000 tons of copper; other valuable syngenetic elements such as gold - 35 tons, silver - 25 tons.

At Ban Phuc, nickel-copper deposit reserve is about 200,000 tons. The ore contains also sulfur, cobalt, selenium, tellurium, platine...

Zinc - lead ore

Several zinc-lead occurrences were discovered. In the North only, there are about 50 sites, such as Cho Don, Lang Hit, Tu Le, Ngan Son mines (Cho Dien has been mined since 19th century). In 1964, this mine was re-prospected and its re-evaluated reserve is 495,000 tons of lead and zinc (of which 300,000 tons of oxides and 195,000 tons of sulphides). Lang Hit mine has reserve of 126,000 tons and Tule - 127,000 tons. Lead and

zinc reserve have been assessed at old mines at the depth of 30- 40m. Certainly, potential reserves will be larger with further prospecting.

Tin and tungsten ores

Vietnam has exploited tin for centuries. Under the French domination, tin was intensively extracted. Especially after the resistance against French colonists, the tin exploiting and refining industry was intensified: the tin and tungsten ores concentrate into 4 regions:

- Piaoac region (in Cao Bang province) with reserve of 23,000 tons of SnO_2 .
- Tam Dao region with reserve of 14,000 tons of placer SnO_2 and 15,000 tons of primary Sn, 43,000 tons of WO_3 .
- Quy Hop region with reserve of 36,000 tons of placer SnO_2 and some 50,000 primary Sn.
- Lam Dong region (under exploration).
- In some mainland and shelf region, tin occurrences were discovered but not explored yet. That is why tin and tungsten potential is perspective.

Gold

Extraction of placer gold has been made by Vietnamese for centuries. However, the exploration of industrial scale is starting now.

Placer gold has been discovered in several sites, each of them had frequently a reserve of 50-1,000 kg. Certain geologists estimate placer gold in Vietnam reaching thousands tons.

The primary gold has been industrially exploited by French since the beginning of the century. Recently several primary gold ores have been found with total estimated reserves of thousands tons.

It can be listed some regions of important gold reserves such as Ngan Son (Cao Bang), NaRi, Bo Cu (Bac Can), Binh Gia (Lang Son), Kim Boi (Hoa Binh), Mai Son (Son La), Ta Soi (Nghe An), Cam Thuy, Ba Thuoc (Thanh Hoa), Bong Mieu, Punep, Tra Duong (Quang Nam - Da Nang), Tra Nang (Lam Dong).

Rare earth elements

Vietnam has a significant reserve of rare earth. In 1956, rare earth ores at Phong Tho (Lai Chau) were found and since then, Nam Xe, Dong Pao ores have been prospected and evaluated.

In this region, total estimated reserves are more than 9 million tons, with average rare earth content of 4 - 5 % and in rich ore bodies 10 - 30 %.

Rare earth deposits were also discovered in such regions as Yen Phu (Yen Bai), Muong Hum (Lao Cai), Quy Hop (Nghe An)

2.3.2 NON-METALLIC MINERALS

Apatite ores.

Vietnam has one of the world's biggest phosphate resources, located mainly in Lao Cai.

Reserve of Lao Cai apatite mine (to 1.1.1987)

	Reserve, classified by grade (1,000 tons)		
	A+B+C ₁	C ₂	A+B+C ₁ +C ₂
In balance	317,713	183,344	500,117
1 st grade (32 - 34 % P ₂ O ₅)	26,266	7,872	34,159
2 nd grade (20 - 25 % P ₂ O ₅)	124,916	123,714	251,631
3 rd grade (15.5 % P ₂ O ₅)	166,579	47,747	218,326
Out of balance			
4 th grade (8 - 12 % P ₂ O ₅)	170,322	214,873	385,161
Total	448,107	397,171	885,276

Note: including 17,684,000 tons of 3rd grade

Prognostic reserve of LAO CAI apatite mine, to the depth of 900 m (1000 tons, calculated to 1.1.1987):

	Horizons of ore body	Lung Po, Bat Sat ore body	Bat sat, Ngoi Bo ore body	Ngoi Bo, Bao Ha ore body	TOTAL
1 st grade	KS ₅	4,800		710	5,510
2 nd grade	KS ₆	35,400	535,300	191,872	762,555
3 rd grade	KS _{4,6,7}	67,200	1,095,799	166,500	1,329,499
Total		114,200	1,631,099	381,431	2,106,730

Pyrite ore.

Ba Trai pyrite mine (Son Tay), at 50 km northeast Hanoi, has (B+C₁+C₂) reserve of 12,072,600 tons with sulfur content of 10 %. At 50 km far from the mine is situated Lam Thao Superphosphate Plant and 110 kV high voltage power transmission line. The mine is being investigated to upgrade the reserve.

Serpentine ore

Serpentine deposit is situated at Te Loi, Nong Cong district, Thanh Hoa at 170 km South of Ha Noi. Exploitable reserve is 8 million tons, with SiO₂ - 44,56 %; MgO - 32,04%, CaO - 0,46, baking loss - 12,2.

Graphite

A lot of graphite deposits were discovered in the North and the Central Vietnam, among them, Tien An Graphite mine (35 km East of Tam Ky town, Quang Nam - Da Nang province) has a reserve of 506,000 tons according to preliminary evaluation (equivalent to 90,000 tons of graphite). Average carbon content is 18 - 20%, volatile matter 5 - 6%, humidity 5 - 6%, ash content 60 - 70%, average U₃O₈ 0.0115%. Exploiting conditions are suitable. The ore is easy to enrich, overburden coefficient is low (2.5 - 3.3 m³/t.m).

Kaolin.

Some kaolin deposits were discovered in the North and the Central Vietnam. They are as follows:

Thach Khoan kaolin mine (Phu Tho province), at 35 km far from Phu Tho town, 5 km far from Black River. The mine, prospected in detail, includes 4 areas, among them, Huu Khanh area is of industrial value, with chemical composition: Al_2O_3 - 22.9 - 35.8 % (average 29.5 %), Fe_2O_3 - 0.11- 2.9 % (average 0.91 %), SiO_2 -47.5-76.3 % (average 54.8 %), baking loss - 9.81 %. Reserve - 3.2 million tons.

Trai Mat kaolin mine (Lam Dong province), at 9 km Northeast of Dalat, by the Nha Trang - Dalat highway. The mine was preliminarily prospected. It contains 4 ore bodies, with average thickness of 20m (covering layer thickness 1-3m). Chemical composition is:

Al_2O_3 - 18.8 - 49 %, average 33 %

Fe_2O_3 - 0.5 - 7.9 %, average 2.2 %

SiO_2 - 22.8 - 65 %, average 48 %

Baking loss: 0.16-22.5 %, average 12 %

Total reserve is about 11 million tons, of which 3 million has full conditions for exploitation.

Bentonite.

A bentonite deposit was discovered in Tam Bo, Di Linh district, Lam Dong province, lying near the highway № 20 at 59 km far from Da Lat and 247 km far from Ho Chi Minh City. The mine was prospected in detail. The ore body is of isometric lens form with a length of 200 - 800 m, width of 200 - 400m, thickness of 1.5-6m, covering layer thickness - 4-5m. Chemical composition is:

SiO_2	57.73 %	TiO_2	0.87 %	Al_2O_3	1.11 %
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Fe_2O_3	8.86 %	FeO	0.08 %	MgO	1.77 %
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CaO	0.36 %	Baking loss	7.2 %
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Reserve in balance is 542,000 tons, out of balance 3,339,000 tons

Barite.

By the preliminary search and prospecting, some barite deposit regions have been found, that are:

- Lang Cao area (Ha Giang province), with average $BaSO_4$ content of 80 - 85 %, industrial reserve of 601,000 tons.

Previously, this deposit was mined by French and Japanese

- Tam Dao area (Tuyen Quang province) with 4 perspective ore bodies, has been locally mined at small scale.

Mineral water.

In Vietnam some 350 mineral water and thermal water occurrences were discovered, notably:

- Quang Hanh deposits, situated at 8 km West of Tam Hop limestone range (Cam Pha district, Quang Ninh province). Natural temperature of water is 42°C, mineralization degree - 5.1 g/l CaO , i.e., the highest one among mineral water resources in North Vietnam. Bromine and iodine content is enough to be classified in "Bromide - Iodide mineral water".

- Binh Ca deposit (Tuyen Quang province) with CO_2 content of 750 -1,500 mg/l (water springs up to a height of 15m in drilling), mineralization degree: 0.75 - 1.5 g/l.

- Suoi Nghe deposit, situated at 120 km Southeast of Ho Chi Minh City and 40 km Northeast of Vung Tau. Cobalt content more than 1200 mg/l, with iron taste, mineralization degree 4 g/l, sodium bicarbonate composition, water - flow: 2.4 - 4.75 g/l. The water is odourless and good taste.

Thanh Son deposit (Phu Tho province) water - flow: 12 l/s, natural temperature 41°C. Water belongs to calcium, magnesium, sodium sulphate, chloride and suitable for medical use.

III . LEGAL DOCUMENTS

3.1. LEGAL DOCUMENTS CONCERNING FOREIGN INVESTMENT INTO VIETNAM (Abstract)

3.1.1. THE LAW ON FOREIGN INVESTMENT IN VIETNAM

The STATE OF THE SOCIALIST REPUBLIC OF VIETNAM (SRVN) has promulgated the Law on Foreign Investment in Vietnam with the view to expand its foreign economic cooperation, develop the national economy, promote export on the basis of efficient exploitation of natural resources, labour force and other potentials of the country and implement its open- door policy with respect to the world community. The Law stipulates all regulations on the investment of foreign and individuals in Vietnam.

The State of the SRVN welcomes and advocates all foreign organizations and individuals to invest capital and technology in Vietnam on the principles of respecting its sovereignty and law, equality and mutual benefits. The State of the SRVN shall guarantee their ownership of investment capital and other rights, create favourable conditions and simplify formalities for foreign investors in Vietnam.

The State of Vietnam encourages foreign investors to invest in the following sectors and regions:

1. Sector:

- (a) Production for exports,
- (b) Husbandry, farming and processing of agricultural produce, forestry, and aquaculture,
- (c) Utilization of high technology and modern techniques, protection of ecological environment and investment in research and development,
- (d) Labour intensive activities, processing of raw materials and efficient utilization of natural resources in Vietnam,

(e) Construction of infrastructure facilities and important industrial production establishments.

2. Regions:

- (a) Mountainous and remote regions,
- (b) Regions with difficult economic and social conditions.

The profits tax rates applicable to cases where investment is encouraged shall be as follows:

1- A rate of 20% shall apply to investment projects which satisfy one of the following criteria:

- Export of at least 50% of products,
- Having 500 or more employees,
- Cultivation or processing of agricultural, forestry or aquatic products,
- Utilization of advanced technology or investment in research and development,
- Intensive use of materials and supplies available in Vietnam, efficient processing and exploitation of natural resources in Vietnam, obtaining a high localization rate in production as required by the regulations in respect of each particular field.

This rate (20%) shall be applied for a period of 10 years from the time when the project commences its production or business activities.

2- A rate of 15% shall apply to investment projects which satisfy one of the following criteria:

- Export of at least 80% of products,
- Investment in the fields of metallurgy, basic chemicals, machine manufacturing, petrochemicals, fertilizers and manufacture of electronic components, automobiles and motorcycle spare parts.

- Construction and operation of infrastructure projects (bridges, roads, water supply and drainage systems, electricity, construction of seaports and so forth),

- Cultivation of perennial industrial crops,
- Investment in regions with difficult natural, economic and social conditions (including hotel projects),

Private Vietnamese economic organization shall be permitted to cooperate with foreign investors in sectors, subject to conditions stipulated by the Government.

Foreign organizations and individuals may invest in the following form:

1. Business cooperation on the basis of a business cooperation contract.
2. Joint Venture enterprise.
3. Enterprises with one hundred (100) percent foreign owned capital.

Foreign investors investing in the construction of infrastructure facilities may enter Build - Operate - Transfer (BOT) contracts, Build - Transfer - Operate (BTO) contracts, or Build - Transfer (BT) contracts with an authorized state body of Vietnam. Foreign investors shall be entitled to the right and be subject to the obligations stipulated in such contract.

The enterprise with 100 percent of foreign invested capital can transfer its capital to other one that priority is given to Vietnamese enterprises.

Enterprises with foreign owned capital and foreign parties to business cooperation contracts shall be subject to profits tax at a rate of twenty five (25) per cent on the profits earned; where investment is encouraged, the rate of profits tax shall be twenty (20) per cent on the profits earned. Where the investment satisfies many investment promotion criteria, the rate of profits tax shall be fifteen (15) per cent on the profits earned. Where the investment is especially encouraged, the rate of profits tax shall be ten (10) per cent on the profits earned.

Depending on the investment sector and region, enterprises with foreign owned capital and foreign parties to business cooperation contracts may be exempted from profits

tax for a maximum period of two (2) years commencing from the first profit - making year and may be entitled to a fifty (50) per cent reduction of profits tax for a maximum period of two (2) successive years.

Above mentioned enterprises implementing projects which satisfied many investment promotion criteria shall be exempted from profits tax for maximum period of four (4) years commencing from the first profit - making year and may be entitled to a fifty (50) per cent reduction of profits tax for a further maximum period of four (4) years. For cases where investment is especially encouraged, exemption from profits tax may be allowed for a maximum period of eight (8) years.

- Assignment of assets to the State of Vietnam after the expiration of the duration of operation without any compensation (including hotel projects),
- Projects satisfying two of the conditions stipulated in point 1.

This rate (15) shall be applied for a period of 12 years from the time when the project commences its production or business activities.

3- A rate of 10% shall be applied to the following projects:

- Construction of infrastructure in regions with difficult natural, economic, and social conditions,
- Investment in mountainous regions and remote or distant regions,
- Afforestation,
- Those in the list of projects in which investment is especially encouraged.

This rate (10%) shall be applied for a period of 15 years from the time when the project commences its production or business activities.

With respect to investment projects under BOT, BTO and BT contracts, projects for infrastructure construction of industrial zones and export processing zones, and investment projects in industrial zones and export processing zones, the incentive profits tax rates stipulated in this article shall be applied for the duration of implementation of the investment project.

The foreign partner in a JV enterprise may contribute his share of legal capital in the forms of:

1. Foreign currencies or Vietnamese currency originating from investment in Vietnam,
2. Plants, equipment, machinery, tools and other construction works,
3. The value of industrial property rights, technical know-how, technological processes and technical services.

The Vietnamese partner's contribution to the legal capital may be:

1. Vietnamese currency or foreign currency,
2. The value of the right to use land in accordance with the law on land,
3. Resources, the value of the right to use water and sea surfaces in accordance with the law,
4. Equipment, machinery, plant and other construction works,
5. The value of industrial property rights, technical know-how, technological processes and technical services.

The partners may agree upon other forms of contribution as well.

There shall be no ceiling on the maximum contribution by the foreign partner/partners to the legal capital according to the agreement between the parties concerned, but it shall not be less than 30 percent of the legal capital.

The minimum capital contribution of each partner, foreign and Vietnamese alike, in a multi-party JV enterprise shall be determined by the Government.

The profits and risks of JV enterprise shall be shared by the partners in proportion to their respective capital contribution. The leading body of a JV enterprise is its Board of directors in proportion to their respective capital contribution. The chairman of the Board of directors shall be elected by the parties concerned.

The General Director or First Deputy General Director designated by the Board of directors shall be Vietnamese citizens.

Foreign organizations and individuals are permitted to establish enterprises with 100 per cent foreign capital, of which they shall assume full management and enjoy all tax incentives.

The duration of a foreign-invested enterprises shall not exceed fifty (50) years. This duration may be longer if necessary, but it shall not exceed seventy (70) years.

Vietnamese citizens shall be given priority in the recruitment of personnel for a foreign - invested enterprise. Where high technical qualifications are required for which Vietnamese personnel are not available, the enterprise may recruit foreigners.

Enterprises with foreign invested capital shall open their accounts in Vietnamese currency and in foreign currencies at the Bank for Foreign Trade of Vietnam, branches of foreign bank in Vietnam or banks in foreign countries which are specially approved by the State Bank of Vietnam.

The Government of the SRVN shall guarantee fair and equitable treatment to foreign organizations and individuals investing in Vietnam. Throughout the duration of their investment in Vietnam, the invested capital and assets of foreign organizations and individuals shall not be expropriated or requisitioned by administrative measures and the enterprise shall not be nationalized by administrative measures and the enterprise shall not be nationalized. The rights of the investors shall be guaranteed even when there is change in the provisions of the Vietnam law.

Foreign investors shall have the right to transfer abroad:

- + Their profits derived from business operation;
- + Payments received from the provision of technology and services;
- + The principal and interest on any foreign loan obtained during the course of operation.
- + Their invested capital;
- + Other sums of money and assets lawfully owned.

Any dispute between the contracted partners shall be amicably settled through negotiation or brought before a Vietnamese economic arbitration organization decided by the parties concerned.

3.1.2. EXPORT PROCESSING ZONES.

Conditions to establishing an export processing zone (EPZ): a good location favouring production and export such as proximity to an airport and seaport; having adequate capital in both foreign and Vietnamese currencies to develop the infrastructures in the zone, ample supply of labour force, potential to attract foreign investment. All organizations and individuals, including Vietnamese economic institutions and overseas Vietnamese having the status of juridical persons to all economic elements, shall have the right to invest in the EPZ.

Equipment and parts, materials and imported goods into the EPZ of all companies and enterprises operating in the EPZ shall be exempted from import duties.

Export taxes are also exempted for properties and products exported from the EPZ , comprising all import/export items exchanged with a foreign country and other localities within Vietnam.

In the EPZ, production enterprises shall pay 10 per cent income tax and service enterprises -15 percent.

Production enterprises may be exempted from income tax for four (4) year, and service enterprises for two (2) years since they are likely to make profits during the first year. If the foreign investor uses his profits to re-invest in Vietnam for at least three (3) year, his income tax shall be refunded to him.

Foreign and Vietnamese personnel working in the EPZ shall pay income tax as stipulated by the State in the tariffs of income taxes.

3.2. LEGAL DOCUMENTS CONCERNING PROMULGATED MINERAL RESOURCES MANAGEMENT, EXPLORATION AND EXPLOITATION

3.2.1. THE STATE COMMITTEE (FORMELY), PRESIDENT OF STATE, NATIONAL ASSEMBLY

Ordinance of mineral resources N° 22-LCT_HDNN8 signed by the Chairman of State Committee of R.S.V.N, dated 7 August 1989.

Law on Mineral Resources ratified March 20th, 1996.

3.2.2. THE COUNCIL OF MINISTERS (FORMELY), GOVERNMENT

Decision N° 186-HDBT of the Council of Ministers dated 31 May 1990 on compensating of any damage by the use of agricultural, forestial land into other purposes.

Decree N° 06-HDBT of the Council of Ministers dated 1 January 1991 concerning in details the implementation of Ordinance of Mineral Resources Tax Rates of State Committee dated 30 March 1990.

Decree N° 95-HDBT of the Council of Ministers on implementing Ordinance of Mineral Resources.

Decree N° 356-HDBT of the Council of Ministers dated 26 September 1992 concerning organization system, functions, tasks and rights of State Department of Mineral Resources Management.

Decree N° 65/CP dated 13 January, 1995 of Government on Regulations managing the activities relating to Gemstone field.

Decree N° 79/CP dated 4 Dec, 1996 of the Government on Establishment of the Geology and Mineral Resources Directorate of Vietnam.

3.2.3. MINISTRY OF FINANCE

Circular N° 07-TC-TCT of Ministry of Finance dated 7 February 1991 on detailed guidance of the implementation of Ordinance of State Committee and Decree N°-06-HDBT of the Council of Ministers dated 7 January 1991 on Natural Resources Tax Rates.

Interministerial Circular No 16-TT-LB of Ministry of Finance and Ministry of Heavy Industry, dated 13 March 1993 concerning license fee from permission of geological investigation and mining.

3.2.4. FORMER MINISTRY OF HEAVY INDUSTRY:

Decision N° 588-CNNg-QLTN by Minister of Heavy Industry dated 1 August 1992 on regulation of principle, granting procedures and state registration of the mining areas for hard minerals.

Regulations of principle, granting procedures and state registration of the mining areas for hard minerals (attached to Decision N° 588-CNNg-QLTN dated 1 August, 1992).

Decision N° 604-CNNg-QLTN by Minister of Heavy Industry dated 1 August 1992 on regulations of principle, granting procedures and state registration of the mining work for ground water.

Regulation of principle, granting procedures and state registration of the mining work for ground water (attached to Decision N° 604-CNNg-QLTN dated 13 August 1992).

Regulation N° 605-CNNg-QLTN of Ministry of Heavy Industry, dated 13 August 1992 on the protection of underground water resources.

Decision N° 828-CNNg-QLTN of Ministry of Heavy Industry dated 16 December 1992 on regulation on closing hard minerals mine.

Regulation on closing hard minerals mine (attached to Decision N° 828Ng-QLTN dated 16 December 1992).

Decision N° 237-CNNg-KHKT of Ministry of Heavy Industry dated 26 June 1992 on regulations on bringing geological documents and samples abroad.

Decision N° 397-QD-KHKT of Ministry of Heavy Industry on regulations of Principle, granting procedures and state registration of geological investigation activities.

Decision N° 71-QD-QLTN of Ministry of Heavy Industry dated 24 June 1994 on regulations of the protection of precious stone resources and environment.

Decision N° 72-QD-QLTN of Ministry of Heavy Industry dated 24 June 1994 of regulations of granting procedures for precious stone exploitation.

Decision N° 73-QD-QLTN of Ministry of Heavy Industry dated 24 February 1994 on regulations of necessary conditions for precious stone exploitation by Vietnamese and foreign individuals.

Decision N° 442-QD-QLTN of Ministry of Heavy Industry dated 24 February 1994 on the document approval and permission granting for mineral resources examination, prospection and exploitation.

Decision N° 789-QD-VP of Ministry of Industry dated 19 March 1996 on the approval of "Regulation on procedure of bid exploitation and share of gemstone products"

3.2.5. MINISTRY OF INDUSTRY:

Decision N° 325/QD-DCKS dated 26 February, 1997 made by Minister for Industry on enactment of "Regulation on Administrative Procedure of licences relating to Mineral Resources Activities".

Regulation on Administrative Procedure of Licences relating to Mineral Resources Activities (enacted as adhesive version to Decision N°325/QD-DCKS dated 26 February, 1997 made by Minister for Industry).

Decision N°154/QD-DCKS dated 23 January, 1997 made by Minister for Industry on classification of minerals to be used as conventional construction material.

Decision N°127/QD-DCKS dated 16 January, 1997 made by Minister for Industry on enacting the Regulation on submission, archiving and usage of geology, mineral samples.

Decision N°329/QD-DCKS dated 26 February, 1997 made by Minister for Industry on Mineral State Management Right of Industrial Administration of Cities and Provinces under control of Central Government.

Decision N°1121/QD-QLTN dated 23 April, 1996 made by Minister for Industry on determining principles, procedures granting licences for Gemstone Grade N°1's prospection, exploration and exploitation.

3.3.0. OTHER LEGAL DOCUMENTS:

Decision N° 07/ 1998 /QD-BCN dated 2 January , 1998 made by Minister for Industry on promulgation of "Regulation on procedure of evaluation, approval and implementation of Asean Industrial Co-operation Arrangements - AICO".

IV. INCENTIVE INDUSTRIAL PROJECTS, CALLING FOR FOREIGN INVESTMENT

**INCENTIVE INDUSTRIAL PROJECTS, CALLING FOR
FOREIGN INVESTMENT**

Nº	Project	Location	Investment period		Notes
			1998 - 2000	2000 - 2010	
1	2	3	4	5	6
CHEMICAL INDUSTRY:					
1.	DAP	Quang Ninh	-	+	330,000 TPY
2.	Urea Project 2	Phu My	-	+	With incentive price of natural gas. NH ₃ 1,000-1,500 TPD 600-800,000 TPY
3.	Urea Project 3	North of Vietnam	-	+	With incentive price of natural gas. NH ₃ 1,350T TPD 6000,000 TPY
4.	Production of caustic soda; chlorine/ EDC	Center of Vietnam	-	+	With incentive price. Soda: 200,000 TPY Choloring: 180,000 TPY
5.	Production of caustic soda	Center of Vietnam	-	+	100,000 TPY in a soda - glass-silicate complex.
6.	Phosphorus production	Lao Cai	-	+	With incentive price of power, 30,000 TPY
7.	Welding electrode	Son Tay	+	-	20,000 TPY
8.	Battery production	North of Vietnam	+	-	300,000 Kwh/year for Automotive Industry.
9.	Phosphoric Acid	Lao Cai	-	+	With incentive price of power, 450,000 TPY
10.	Production Automotive tyre and tube	In the North	+	-	3-5 million units P.Y.