

GUIDE-BOOK for FOREIGN INVESTORS in VIETNAM



Including an Introduction to the State Committee
for Co-operation and Investment



SCCI
with the collaboration of UNDP and UNIDO
Hanoi, May 1995

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for
Foreign Investors
in
Vietnam**

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the State Committee for Co-operation and Investment)**

SCCI

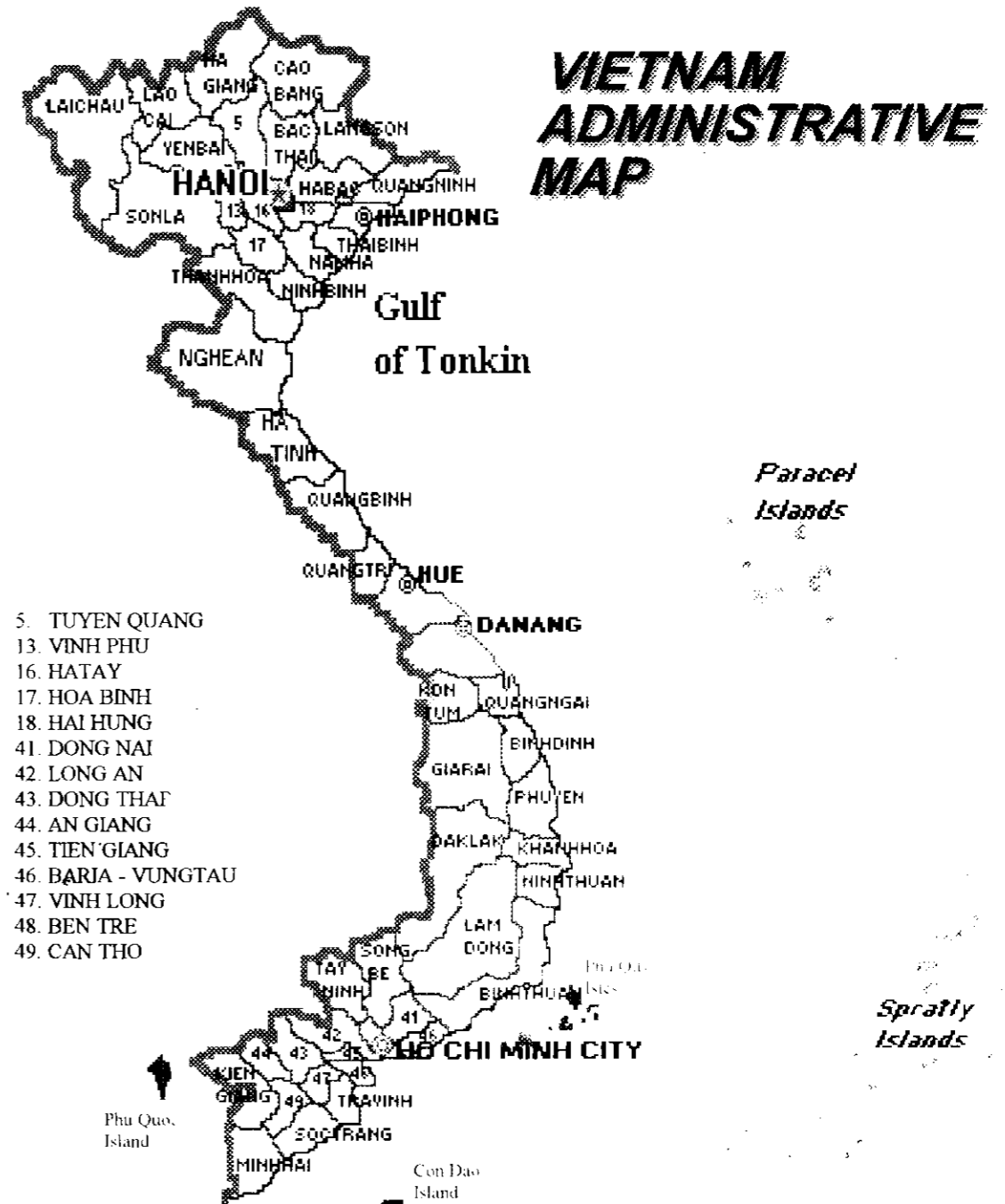
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INTRODUCTION



Chairman Dau Ngoc Xuan

No one among the foreigners who has come to invest in Vietnam does not want to learn about the economic, political, social and cultural situation of Vietnam.

In recent years, with "*doi moi*" or the policy of renewal, economic and social activities have been blooming in life, making profound and comprehensive changes in a country that is advancing on its way to industrialization and modernization and is integrating itself to the economy of the region and the world.

Many foreign investors wish to seek the unique characteristics from the depth and effervescence of a nation with such a long history.

This "*Guide-Book for Foreign Investors in Vietnam*" will help keep readers informed of the land and people of Vietnam, the organizational apparatus of the State, of the State Committee for Cooperation and Investment, the social and economic conditions, especially all that has something to do with foreign investment activities in Vietnam.

I would like to wish you, foreign investors, good luck and success.

DAU NGOC XUAN
Minister-Chairman
STATE COMMITTEE FOR
COOPERATION AND INVESTMENT

PART I

VIETNAM - LAND AND PEOPLE

Geography

The territory of Vietnam has a shape of an elongated S with the length of 1,650 kilometers from the Northern most point (Lung Cu Commune, Dong Van District, Ha Giang Province) to the Southern most point (Rach Tau Commune, Ca Mau District, Minh Hai Province), and the width from 50 kilometers (in the Central part) to 600 kilometers (in the Northern part). The inland territory of Vietnam has a land area of 331,041 square kilometers; immense sea surface including the continental shelf, archipelagoes and islands stretching from the Gulf of Tonkin to the Gulf of Thailand. The total length of inland borders is 3,730 kilometers, of which 1,150 kilometers border on China to the North, 1,650 kilometers on Laos to the West and 930 kilometers on Cambodia to the West and Southwest.

Vietnam has a fairly diverse topography of plains, midlands, mountains and forests. Mountains and forests account for three-fourth of the total area of Vietnam which can be divided into four main regions: the north-east mountainous area or Viet Bac; the north-west area, the North Truong Son Range and the Central Highlands.

The largest and most fertile plains are the Red River delta in the North and the Cuu Long (Mekong) River delta in the South.

Vietnam is administratively divided into 53 provinces and cities under the central government. Large cities are Hanoi, the capital, Ho Chi Minh City (formerly Saigon), the port cities of Hai Phong and Da Nang, the ancient imperial city of Hue, Nha Trang, Vinh, Can Tho, Vung Tau etc.

Climate

Vietnam lies in the tropical monsoon region. The characteristics of this region is hot, humid, with much rain. In the North, the climatic conditions vary in four seasons: Spring (from February to April), with drizzles and high humidity; Summer (from May to July), with showers and heat; Autumn (from August to October), the weather is milder but there are usually tropical storms; Winter (from October to January), the weather is dry and has the lowest temperature of the year. In the center and in the South (from Quang Nam - Da Nang downward) the weather is hot all the year round and there are only two seasons in a year, the rainy season lasts from May to October, and the dry season from October to April.

Table 1: Annual average temperature in Vietnam (°C)

Locations	Average temperature of the hottest season	Average temperature of the coldest season	Annual average temperature
Hanoi	29.2	17.2	23.2
Hue	29.3	20.5	24.9
Ho Chi Minh City	29.7	24.0	27.8
Sapa (Lao Cai)	20.1	8.3	14.3
Da Lat (Lam Dong)	20.5	17.2	18.9

Table 2: Annual average rainfall in Vietnam (mm)

Locations	Average rain in the raining season	Average rain in the dry season	Annual average rainfall
Hanoi	1,530	270	1,800
Hue	2,320	580	2,900
Ho Chi Minh City	1,800	200	2,000

Population, Languages and Education

The population of Vietnam as of the end of 1994 is estimated at 72.5 million (excluding 2 million Vietnamese residing overseas), with the population density in the whole country of 211 people per one square kilometer. The present population growth rate is about 2.1 per cent per year. Most of the population (78 per cent) live in rural areas in the whole country. The striking characteristic of the Vietnam's population structure is that the age group of "under 35" accounts for a large proportion (70 per cent).

Vietnam has 54 nationalities. Besides the Kinh (the Viet) which accounts for 85 per cent of the population are the Tay, the Thai, the Hoa, the Khmer, the Muong, the Nung and other ethnic minority groups. While the Kinh mainly settle down in river deltas, coastal areas, large basin of major rivers and towns etc. other ethnic minorities are living in mountainous areas in the North, on the central high lands and border regions.

Since its foundation, Vietnam has been a national community of many nationalities. Each nationality has its own language and culture. However, the

Vietnamese culture is unified in its own diversification. The Vietnamese language is used as the standard means of communications among the peoples.

The Vietnamese people have used Latin alphabets, the basis of the modern Vietnamese alphabets, a very favorable and advantageous condition for the scientific and technological development in Vietnam.

The Government of Vietnam encourages the nationalities to conserve and develop their own languages. The main foreign languages used in Vietnam are English, French, Russian and Chinese. In addition to those foreign languages, in several large cities of Vietnam, there are a growing number of centers where Japanese, German and Spanish etc. are being taught.

The important resource of Vietnam is the Vietnamese people. The Vietnamese people are well educated as the rate of literacy is around 90 per cent of the population.

History and Culture

Vietnam is in the interjection of the two large cultural trends of the world: the Chinese and the Indian. Researches and documents on archaeology have shown that thousands of years ago, the men of the primitive time set their feet on the land which is presently Vietnam. Remains of the stone age people and their instruments have been found in various parts of the country. It is worth noticing that from three to four thousand years ago, bronze instruments, weapons and works of art were cast. The ancient civilization of Vietnam reached its peak during the Dong Son Age, with a series of typical bronze drums which are now exhibited in many museums.

The ancient Vietnamese people founded their first nation under the name "Van Lang nation" in 2879 BC. Not any written history was left in the Van Lang period, but many cultural relics have been kept in various locations from Viet Bac to Bien Hoa. After that about more than 1,000 years, between 207 BC to 938 AD, the Vietnamese people were under the invasions and domination of the Northern feudal dynasties. For the whole period under the Northern domination, the Vietnamese people unceasingly stood up to fight for national independence, of which the peak was the successful resistance war waged by Ngo Quyen. From 939 to the early 19th century was the period of the Vietnamese feudal dynasties from the Dinh, Le, Ly, Tran, Tay Son and Nguyen who in turns dominated the country.

From 1868, Vietnam was dominated by the French. With the triumph of the 1945 August Revolution, the people's democratic regime replaced the feudal state. On September 2nd, 1945, at the historic Ba Dinh Square in Hanoi, President Ho Chi Minh on behalf of the whole people of Vietnam read the

Independence Proclamation, declaring the foundation of the Democratic Republic of Vietnam. However, it took Vietnam 30 years more to gain its complete independence, sovereignty and national unification on April 30th, 1975. On July 2nd, 1976, the Socialist Republic of Vietnam was born.

Having undergone the process of existing and struggling for independence and development, Vietnam still remains its own typical characteristics of the ancient culture.

The achievements of many consecutive Vietnamese generations have affirmed, strengthened and unceasingly developed their remarkable cultural heritage.



Lim Festival

The culture of Vietnam also shares in common characteristics of the culture of the South East Asian region and at the same time has other cultural factors of the world, primarily the cultural impacts of Buddhism and Hindu.

Organizational Apparatus of the State

The Constitution of Vietnam affirms that the State of Vietnam is the State of the people, by the people and for the people. The National Assembly is the supreme State authoritative body. Deputies to the National Assembly are equally and directly elected by general vote.

The National Assembly elects and dismisses the President of the State, the Vice President of the State, the Chairman of the National Assembly, Vice Chairmen of the National Assembly, the Prime Minister, the Presiding Judge of the People's Supreme Court, the Chief Representative of the People's Supreme

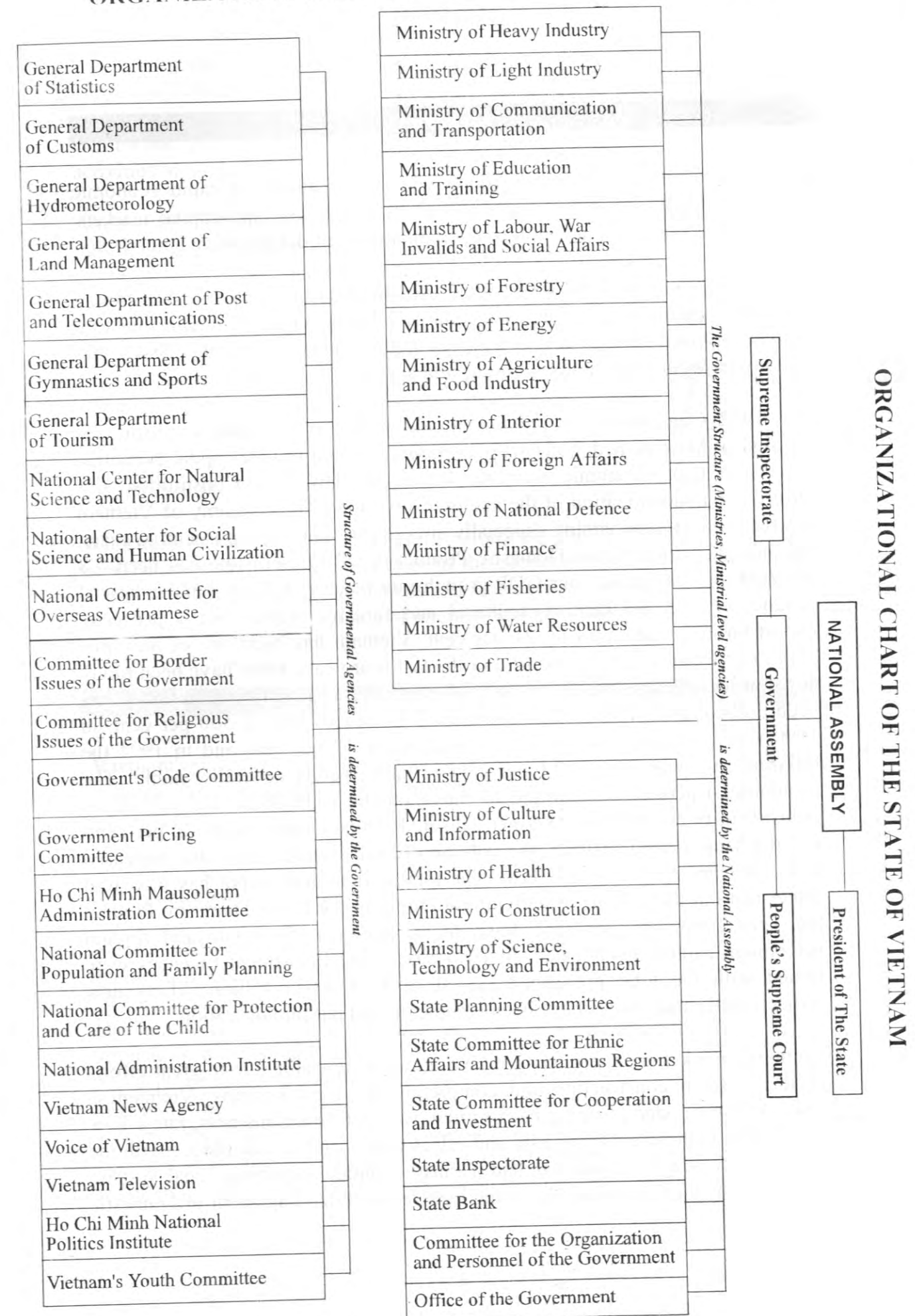
Inspectorate, approves the proposals of the Prime Minister on the nomination and dismissal of Vice Chairmen of the Government, Ministers and other members of the Government. The National Assembly prepares the Constitution and makes amendments to the Constitution, designs and amends laws, decides the plan for economic and social development of the country, approves the State Budget.

The term of each legislature of the National Assembly is five years. The National Assembly's sessions are held twice annually by the middle and end of a year. The Standing Committee of the National Assembly is the standing office of the National Assembly.

The Government is the executive body of the National Assembly, the highest State administrative body; The Government directs the work of Ministries, ministerial level agencies, governmental agencies and people's committees of all levels. The Government manages in an uniform manner the implementation of political, economic, social issues, national defence, security and external relations of the State; guarantees the efficiency of the State organizational apparatus from central to local level, ensures the respect of and compliance with the Constitution and the laws. The Government is responsible to the National Assembly and reports to the National Assembly, the Standing Committee of the National Assembly, the President of the State, People's Committees of all levels (provinces, cities, districts, towns), is responsible for the State administration management at the local levels, is responsible to comply with the Constitution, the laws and documents of senior State agencies, Ministries, State Committees, People's Committees of provinces and cities.
(Organizational Chart of the State of Vietnam. See on Page 7)



Figure 2
ORGANIZATIONAL CHART OF THE STATE OF VIETNAM



PART II

VIETNAM - ECONOMY

Overview

Vietnam is now at the turning point where it is aiming at rapid economic growth and full participation in world trade, investment and capital markets. Vietnam has reached a new milestone in its history of development since 1986.

"DOI MOI", quite a short word widely used to describe Vietnam's shift from a centrally - planned economic system largely based on public ownership to a market oriented and multi-sectoral economy managed by the State, has triggered a vigorous response at home and abroad.

The 1992 Constitution of the Socialist Republic of Vietnam confirms the equality of State owned, collective and individual and private capital economic sectors in their economic activities before the law. The Constitution also ensures no nationalization of the assets of investors. The economy of Vietnam has really taken new vitality especially since 1990. For four consecutive years, the annual average Gross Domestic Product (GDP) growth rate has been 7.8 per cent. In 1994 alone, our GDP growth rate reached 8.5 per cent, industrial production 13.5 per cent, agricultural and forestry production: 4 per cent, export turnover increased by 21 per cent. Vietnam has been one of the three major rice exporters of the world. For the last four years, there have been rarely any considerable ups and downs in exchange rates and gold price. Inflation has been curbed. If in 1986, inflation reached the record rate of 500 per cent, in 1990 it was 68 per cent, in 1992 it was about 17 per cent and in 1994 the inflation rate was around 14 per cent. The market is generally stable. The economic structure is beginning to move on the right track: the volume of industry in the GDP from 18.8 per cent in 1990 has increased to 22 per cent. For the same period of time, the volume of other services has also increased from 36.3 per cent to 39 per cent. The total agricultural output has increased rather fast but the volume of agricultural output in the Gross Domestic Product has been from 40.3 per cent down to 35 per cent. Domestic and foreign investment capital has boosted. In 1994 alone, 362 Investment Licences were issued with the total prescribed capital of US\$ 4.071 billion. Many new projects, Industrial Zones have been completed and put into operation.

Vietnam's market economy has been more and more stable due to great efforts of the State in constructing and completing the legal systems. Vietnamese businesses have started to get used to new ways of doing business, know how to compete with others by quality and effectiveness and in accordance with the laws. Up to now, Vietnam has had a fairly complete economic legal system. Such laws as the Companies Law, the Law on the Encouragement of Domestic

Investment, the Law on Foreign Investment in Vietnam, the Labour Code, the Law on Land, the Law on Oil and Gas, the Law on Bankruptcy, the Ordinance on Banking and Financial Institutions, Credit Co-operatives, Ordinance on the Rights and Obligations of Foreign Organizations and Individuals who rent land in Vietnam etc. have been promulgated to be served as a legal basis and framework, enabling the smooth implementation of business and investment activities in Vietnam.

Along with the progress achieved in the field of laws, there have been important changes in the organizational apparatus of the State of Vietnam. The organization of the State has been streamlined, whose staff are recruited carefully according to high standards on the professional ability and conduct. The Government of Vietnam is now proceeding with the reform of national administration, determined to renovate administrative procedures, abolish any cumbersome administrative procedures, publish administrative procedures. The State will set up an administrative jurisdiction agency which is considered a democratic institution to fight against bureaucracy, power usurpation and bumbledom to ensure a streamlined, effective and clean administrative apparatus of the State.

With tremendous potentials and their own efforts, the Government and people of Vietnam are creating a new image of the economy of Vietnam: an economy with active and healthy development which is now in the process of integrating into the economy of the region and international community.

Potentials, Real Situation

Vietnam's potentials of development in future is great. It lies in the people of Vietnam, its geographic position, minerals, resources and international relations.

1. Agriculture

Agriculture is a main sector of the economy attracting nearly three fourths of the labour force.

The length and climate of Vietnam is very suitable for the cultivation of tropical as well as sub-tropical trees. Food production accounts for nearly 50 per cent of the total agricultural product while other industrial trees and husbandry account for 24 and 26 per cent respectively. Rice production accounts for a large proportion in agricultural products and rice is the main agricultural product for export (for the past three years, Vietnam has annually exported 2 million tons of rice). Apart from rice, other staple foods such as

maize, potatoes, sweet potatoes and manioc are also cultivated in vast areas nation-wide and play an important part in food production as well as in material supply for industries. Main industrial plants include: coffee and rubber, tea, cotton, jute, sugar-canes, ground nuts, mulberry and tobacco. The cultivation of industrial plants in recent years has boosted and industrial plants are becoming important products for export, especially coffee and rubber. As the demands of the domestic and foreign markets have increased in recent years, land areas under fruit-trees like bananas, longan, litchi and vegetables have considerably increased. A number of areas for specialized cultivation has been formed, creating stable supply sources for the needs of production in food industries as well as for export.

The development of trade, increase of investment for the development of irrigation, expansion and application of advanced technology, construction of agricultural product processing enterprises shall be the ground for high growth of agriculture.



A bumper crop

2. Forestry

Forestry resources are considered extremely important for the future development of Vietnam. Approximately 12 per cent of the population are now living in mountainous areas or formerly mountainous areas.

At present, about 1.7 per cent of Gross Domestic Product comes from forestry products.

Vietnam has about 19 million hectares of land categorized as timber forest land of which nearly 50 per cent are covered by forest trees. The remaining 50 per cent are covered by grass, bushes and canopy trees which are possibly replanted. The variety of climate from sub-equatorial to sub-tropical has added to the richness of species of plants. There are about 12,000 species of plants of which 7000 have been classified and 1,000 have been extinct in Vietnam's forests.

Over 350 species have been considered as timber plants with commercial value, of which 50 species are of high quality timber used in construction, furniture and handicrafts. Timber of these types comprise ironwood, bassia and pine. The most important plants are styrax, eucalyptus, acacia, casuarina.

The existing timber reserve is about 600 million cubic meters including 590 million cubic meters in proteozoic forests. In addition to that, 5 million cubic meters of bamboo, an important item of Vietnam, are largely used in paper mills and furniture making and handicraft and artcraft industries.

The annual growth rate of forestry products is about 10 million cubic meters whereas the exploitation ratio is ranging between 35 and 45 million cubic meters in which slabs of timber exploited from natural forests for commercial purposes is around 4 million cubic meters per year.

Principal non-timber forestry products include bamboo, rattan, herbs, etc. and timber plants used as materials in techniques namely the trees containing aromatic essence, tannin, essential oil and other fat oils.

Vietnam's forests are a rich world of animals with about 270 species of mammals, 770 species of birds, 180 species of reptiles and 80 species of amphibians. A number of species in Vietnam are unique as most of them are extinct the world over.

The Government of Vietnam is now taking practical measures to protect and develop the forestry resources. One of those measures is to encourage domestic and foreign investors to participate in afforestation.

3. Fishery

Water areas under the territorial sovereignty of Vietnam are marked by the gathering of many currents and estuaries sheltering more than 1,200 species of shrimps, crabs and fishes with about 120 species of great commercial value such as carps, hypophthal michthys, major carp in fresh water and other species like tunny, mackerel, sardinella, shrimps, crabs, cuttle fish, abalon, pearl oysters, and other marine agars.

Fishery has become one of the fields of priority of Vietnam, creating employment to about 300,000 fishermen, of which the number involved in fishing is about 260,000, mainly farmers, participating in this job. The four main fishing areas are the Gulf of Tonkin, the central coast of the Eastern Sea and the Gulf of Thailand. In 1993, Vietnam's fishery produced nearly 1,100 million tons of fish for export and domestic sales, of which there were 802,000 tons of sea fish and 190,000 tons of fresh-water fish.

For the past decade, the growth rate of catching has gradually increased at four to seven per cent per annum and for the year 1995, the output is estimated at 1.5 million tons of fish.

The export value of Vietnam's sea products has increased by 12 times for the past ten years and in 1991 it was nearly US\$ 250 million: major products for export are shrimps, lobsters, cuttle fish, sole, mackerel. Shrimp is the most valuable product in fishing industry. Raised shrimps account for nearly 80 percent which include lobsters, etc.

There have been considerable potentials regarding the increase of production as well as output of Vietnam's fishing activities in both fresh and brackish waters.

Areas available for fresh water fishing include the area of the water surface of 2,806 rivers with the average length of more than ten kilometers each and an area of 1,142,000 hectares of which 388,000 hectares of brackish water surface and 1,024,000 hectares of fresh water surface (including 79,400 hectares of small ponds and lakes and 265,500 hectares of large reservoirs) and in excess of one million hectares of annually flooded plains.

Shelters for marine creatures include the coast line of 3,200 kilometers, 580,000 hectares of small bays, about 300,000 hectares under tidal influence and more than 30,000 hectares of brackish water, ponds and lakes.

Only one third of the above area or 530,000 hectares including 192,000 hectares for farming brackish water shrimps and sea shrimps are being exploited by traditional methods, chronically or by crops.

At present, inland water surfaces are being exploited within permitted limits. Therefore, in developing fishing industry, special priority is given to maintaining offshore fishing with the depth of more than 50 meters: Foreign investment is encouraged by establishing joint ventures for farming aquatic and marine products and offshore fishing together with collecting and processing fish caught in Vietnam.

4. Minerals

Vietnam is blessed by nature with various kinds of minerals and has a great potential which could help make Vietnam a considerable supplier of metallic and non-metallic minerals, as well as develop mineral processing industry. Vietnam's considerable mining potential has been certified in many geological surveys but due to the fact that Vietnam has not yet been totally surveyed, so it is possible that new reserves could be found and these reserves will possibly be greater than the reserves previously explored.

Major certified non-metallic minerals are reserves that can be commercially exploited such as coals, oil, gas and apatite. Major metallic minerals included bauxite, iron ore, copper and chromite.

Vietnam is considered to have potentially commercial reserves of zinc, lead, tin, quartz and silicon sand, graphite and kaolin, ilmenite, nickel, manganese, titan, gold, precious-stones and other rare and precious minerals.

Lack of financial sources and dilapidated infrastructure have left mining underdeveloped. Many minerals with considerable reserves have not yet been exploited.

Major minerals currently under commercial exploitation are coal and oil. Coal reserve of Vietnam is fairly rich with about 2,345 million tons of anthracite coal (all in Quang Ninh province), 78 million tons of semi-anthracite coal, 38 million tons of fat coal, 96 million tons of thermal coal and 306 million tons of lignite coal. Coal exploitation activities have still been seriously limited due to outdated and backward equipment and technology which result in low level of export of coal. Only about 50 per cent of capacity of existing coal mines are utilized. The Government of Vietnam takes it seriously to develop coal mining in order to satisfy domestic demands and promote the export of coal in coming years. The orientation of investment in coal mining is to strengthen its technical and material conditions, to ensure the uniform right at the exploitation and selection stage in order to ensure the quality and stability of the coal to be exported as well as the renovation of ports and loading and discharging systems for large ships.

Oil and gas are valuable minerals of Vietnam. A considerable potential of development of more commercial reserves of both oil and gas can be soon exploited. Large projects for gas processing and oil refining are now urgently prepared.



Big Bear Oil Field

A number of oil fields have been discovered offshore Vietnam like Bach Ho (White Tiger), Rong (Dragon) and Dai Hung (Big Bear). The Bach Ho oil field is being exploited at current output of approximately 120,000 to 125,000 barrels a day.

The building of oil refining complexes may form the ground for the future development of Vietnam's petro-chemical industry.

Natural gas is another tremendous potential of Vietnam. Recent discoveries on gas reserves on Vietnam's continental shelf as well as prospects of gas reserves in the Cuu Long River Delta and the Red River Delta have prompted a great plan for the development of gas industry in Vietnam (liquefied gas, PVC, Methanol, nitrogenous fertilizer) supplying gas to develop electricity, metallurgy and industry and improve the people's life.

Another important power source of Vietnam is hydro-electricity. Considerable investment has been made into hydro-electricity projects since the reunification of the country, most notably the Hoa Binh hydro-power plant on the Da River. With eight turbines, the capacity of the Hoa Binh Hydro Power Plant is 1,920 MW. The future Son La Hydro Power Plant project upstream the Da River will add to the capacity of power generation as well as flood-control of the Red river system. Other hydro-power projects in Yaly, Thac Mo, Pleikrong, Ban Mai in the center of Vietnam which will be built in coming years and the completion of the North-South 500 kV power transmission line will help create a power supply network nation wide, create favorable conditions for industries to develop in a balanced way in various regions of the country. Vietnam's power resources will be used in order to best serve the needs of industrial development and create employment all over the country. Besides the above-mentioned minerals, Vietnam also has other mineral resources. Bauxite mines lie along the northern border but they largely concentrate in the Central Highlands. An estimated reserve of bauxite is put at seven billion tons of which 4 billion tons have been identified. Although everything is still in the pre-

feasibility study, the prospective exploitation of bauxite is considered an important opportunity for the development of Vietnam. Other major minerals includes:

Apatite: the largest mine is in Lao Cai with an estimated reserve of 1.7 billion tons.

Kaolin: Large mines are found in various regions of Vietnam and the total reserve is estimated to be in excess of 1 billion tons. Kaolin is exploited for ceramic and paper making industries of the country.

Iron ore: There is a number of iron ore mines scattered in the North; the largest mine is the Thach Khe iron ore mine with an estimated reserve of 700 million tons.

Tin: The identified total reserve is 73,000 tons. Annual output is about 2,500 tons.

Copper and Nickel: Vietnam has an identified reserve of about 600,000 tons of copper and 120,000 tons of Nickel which hopefully will attract foreign investment for exploitation of copper and nickel mines.

Many of the above minerals have not yet been fully explored. However, the identified reserves have shown that there are many opportunities to invest in mineral exploitation and processing.

5. Tourism prospective

Vietnam is blessed by nature with many advantages for the development of tourism with various tourist forms such as ecological tours, sight-seeing tours into a large scale and highly effective industry. Vietnam has many picturesque landscapes such as Ha Long bay, Hue, Da Lat, Vung Tau etc.. This land has still been left with a lot of the ruins of the ancient and modern time, of feudal dynasties and exploits showing a thousand year history of Vietnam. Wonderful beauty and the variety of this country are seen spreading along the Indochinese peninsula. The diversification of topography, climate and land has brought Vietnam a rich zoological and botanical world, scenic seashores and beaches, unpolluted natural resorts and thousands of islands and isles along the length of the country from the Gulf of Tonkin to the Gulf of Thailand.

For the last two decades, around Vietnam, a great market of tourism has developed. The proportion of South East Asia in international tourist market, a quickly developing market, has increased from 1% in the 60's to 11% in the early 90's. Vietnam has in fact been isolated from this tourist boom. By opening its door of economy, Vietnam now has a chance to make tourism a key industry

of the nation. Tourist data has shown that this is becoming a fact in Vietnam. In 1989, the number of tourists visiting Vietnam was 187,000, that is an increase of 50 per cent as compared to that of 1986. In 1992, this figure was up to 550,000 tourists. In 1994, the number reached 1 million turns of tourists. Visits in combination with business purposes have also taken a large share in this figure. At present, there are about two million overseas Vietnamese residing in North America, Europe and Australia most of whom have made frequent visits to Vietnam to see their relatives and friends and a number of whom to Vietnam to look for investment and business opportunities. Another important tourist market is that travellers have come here for the first time to enjoy their holidays, to learn more about newly opened tourists areas. Their ever growing interest shall help create many investment opportunities.



Thuy Khue flower village (formerly Vietnamese Japanese cultural village).

6. Potentials for light industry and consumer goods

Vietnam is relatively advantageous regarding light industry products and consumer goods. Its labour force is well educated and skillful. Labour cost is relatively low. Due to low production cost, many Asian investors have shown their great concern in this country.

Food processing is a branch of greatest potential. Besides husked rice, processed food also include sugar, vegetable oil, noodles and other flour-based products, fish and fish-based products, animals' feed, coffee and tea. The improvement of technology and equipment will strengthen the competitiveness of food and foodstuff processing industries and will be an impetus for the formation and development of materials supplying areas. The difficulties relating to communication, transportation, power supply, scarcity of spare parts and materials, technical materials, packages are to be overcome. Along with the potential of exporting processed food and foodstuff products, domestic demands will increase as the per capital income is improved.

If forecasts about animal husbandry, especially the exportation of husbandry products like meat, milk, eggs etc. become a reality, demands for animal feed will increase to 3.5 million tons by 1995 and 5.5 million tons by the year 2000. At present, about 500,000 tons of animal feed are being produced. Other industries processing vegetable oil, cane sugar, fruits, vegetables, meat, dairy products and coffee also have similar opportunity to develop.

Much investment is still needed, but mainly in small and medium scales, primarily in processing industries in order to increase the products' quality and value.



Garment Factory

Textile, garment and leather tanning industries account for one eighth of the value of total industrial output of Vietnam. About 400,000 people are now working in textile and garment industries. Approximately three fourth of this work force are employed by privately owned enterprises and businesses. Joint ventures with foreign countries are now creating favorable conditions for technology transfer and the manufacture of products with more competitiveness. Nowadays, many garment, footwear and leather products made in Vietnam have appeared in the world and regional markets. Many companies trading in garments, footwear and leather products have been preparing to place large orders with Vietnamese firms.

7. Transportation - Telecommunications

The poor conditions of infrastructure, primarily of transportation, are ones of the major obstacles for investment attraction and economic growth of Vietnam. For the past few years, the Government of Vietnam has taken measures to

mobilize domestic and overseas capital in order to overcome these problems. Development of transportation system and telecommunications network are fields of high priority.

The real conditions of Vietnam's communication and transportation can be basically reflected through the following data:

Road and Highway

Nowadays, Vietnam has about 105,000 kilometers of roads and highways of which 11,000 kilometers are highways and 15,000 kilometers are provincial roads. The most important route is Highway 1 (approximately 2,000 kilometers) from the Vietnam - China border through Hanoi to Ho Chi Minh City. This Highway has been funded by the World Bank, the Asian Development Bank for renovation and upgrading; Highway 5 linking Hanoi and Hai Phong (105 kilometers) is being constructed and expanded with ODA funds from Japan and Taiwan; Highway 51 links Ho Chi Minh City and Vung Tau; Highway 6, Hanoi to Lai Chau.

Railway

Vietnam's railway system dated back from the French rule. The current 6 railway routes are all single routes, with small width and the total length of 3,320 kilometers. Vietnam's railways compose of the following major routes :

Hanoi - Ho Chi Minh City :	1,763 kilometers
Hanoi - Hai Phong :	102 kilometers
Hanoi - Huu Nghi Quan:	176 kilometers
Hanoi - Lao Cai:	295 kilometers
Hanoi - Thai Nguyen:	75 kilometers.

Water ways

Vietnam has a network of river ways with total length of 11,000 kilometers which are deep enough for ships. The Red River and Thai Binh River networks in the North; the Cuu Long River and Dong Nai River network in the South are the biggest in the country. River transportation network is largely based on small branches which at the same time are used for irrigation purposes. Alluvium is a major problem which influence the development of waterways.

Marine transportation plays an important role in Vietnam's economic development. Vietnam has 3,260 kilometers of coastline on international routes. The three major seaports of Vietnam are Hai Phong Port (in the North); Da Nang Port (in the Center) and Saigon Port (in the South). The biggest problems in marine transportation in Vietnam is the lack of deep water

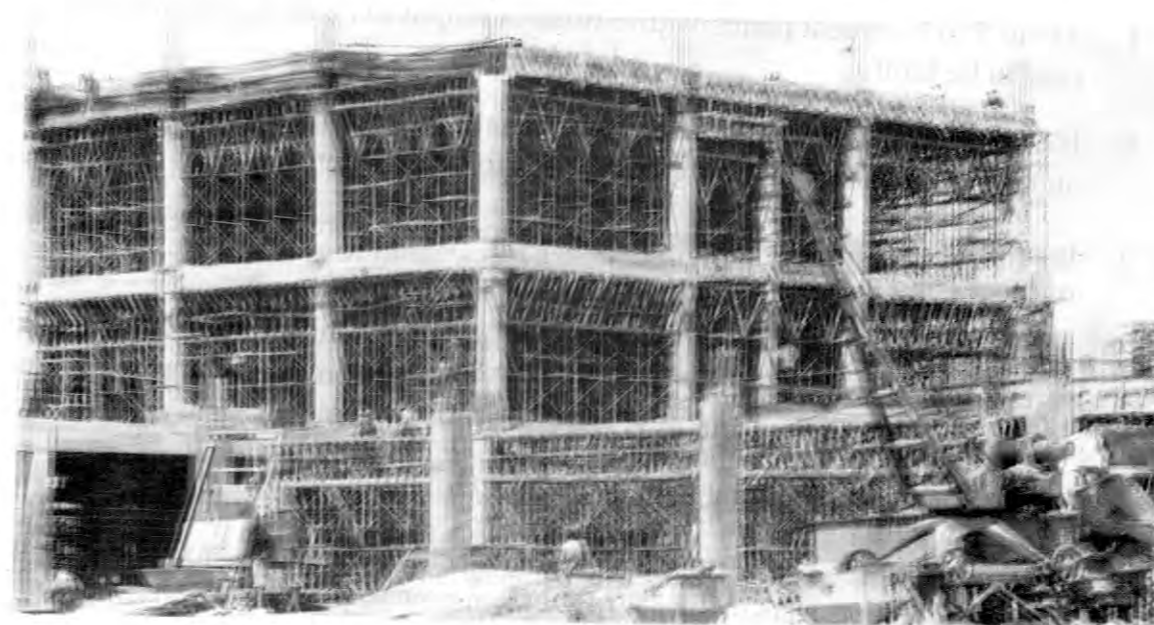
seaports. The capability of loading and unloading goods in bulk is very limited. The Government of Vietnam has arranged considerable credits for the renovation and upgrading of Vietnamese seaports projects for the construction of the economy. A number of projects for the construction of deep seaports and specialized ports in key areas (Hai Phong, Quang Ninh, the Central part, Ba Ria - Vung Tau) have been approved by the Government to call for foreign investment and have received positive responses from foreign investors.

Aviation

Up to now, Vietnam has 16 airports, of which 3 are international airports in Hanoi, Ho Chi Minh City and Da Nang. Vietnam's civil aviation has made big leaps in its development. Air routes from Hanoi and Ho Chi Minh City to key areas of the country have been set up and maintained; air services such as helicopter services, air taxi, rescue services have been provided to domestic and foreign customers. More than 20 international airlines have their regular flight schedules to Hanoi and to Ho Chi Minh City.

Telecommunications

For the past four years, telecommunications is one of the branches with high growth and the greatest effectiveness in Vietnam. To date, apart from major cities, people in towns and districts can use and have access to domestic and international telecommunications services. However, the percentage of the number of telephone per capita is still low. Nowadays, Vietnam is planning to rapidly complete and expand its domestic telecommunications network. Companies such as Alcatel, Telstra, AT&T, Lucky Goldstar have taken part in cooperation projects for the development of telecommunications in Vietnam. With its own effort, Vietnam's telecommunications will make more advances forward in order to meet the demands for the development of scope of activity, lower charges and make the use of telecommunications possible.



PART III

ORIENTATION OF CALLING FOR FOREIGN DIRECT INVESTMENT

In coming years, Vietnam will focus on the building of a multi-sector economy with stable development and high growth rate so as to be more and more integrated with the world economy. That will be a development process aiming at the wealth of the people, the strength of the nation towards modernization in a society mastered by the people, a society of humanity, of discipline that enables the people to have a wealthy and happy life. •

In order to achieve social economic targets towards the year 2000, Vietnam's economy will need about US\$ 50 billion from sources of investment of which foreign direct investment is estimated to make up at about US\$ 18 or 20 billion which could be broken down into key project items as follows:

1. Build up one step ahead the oil and gas industry with the objectives to be achieved by the year 2000:
 - About 20 million tons of crude oil to be exploited;
 - An oil refinery to be built prior to the year 2000 and another one after the year 2000; oil and gas technical services to be set up;
 - Offshore gas to be brought ashore for power generation, urea fertilizer and LPG to be produced.
2. About 10 Industrial Zones, with approximately 900 medium and small enterprises, mainly for the manufacture of consumer goods to be built;
3. In-depth investment to be made into the existing facilities and into a number of new facilities outside the Industrial Zones;
4. About 5 to 6 cement plants with estimated output of 7 or 8 million tons per year to be built;
5. Heavy industry enterprises such as metallurgical engineering, electronic and chemicals manufacturing enterprises to be developed;
6. Investment to be made in the areas of agriculture, forestry, fishery, mainly in processing industry;
7. A number of communication and transportation, telecommunications and infrastructure projects to be invested with foreign direct investment capital including those in the form of B.O.T.;
8. Services and tourism establishments to be built.

In order to help foreign investors with right direction, the SCCI has issued a list of nearly 150 key projects calling for FDI from now to the year 2000.

BASIC CONCEPTS ON FOREIGN INVESTMENT IN VIETNAM

I. INVESTMENT PROTECTION MEASURES

1. The State of Vietnam guarantees that in the course of investing in Vietnam, investment capital and assets of foreign organizations or individuals shall not be nationalized, confiscated or expropriated by administrative measures. Foreign investors are entitled to remit their legitimate capital and profits abroad; Equipment, machinery, and materials for the establishment of the enterprises, materials for the manufacture of export goods shall be exempt from import duties; are entitled to tax incentives and other incentives reserved for foreign investment.
 2. In case where there should be any change in Vietnamese legislation that is detrimental to the interests as stipulated in their investment and business licences of parties to a contractual business cooperation, or in a joint venture enterprise, the State of Vietnam shall take appropriate measures to protect the interests of investors.
 3. Parties to a contractual business cooperation or in a joint venture enterprise shall be entitled to enjoy full autonomy in making their business plans and conducting their operations.
 4. Foreign organizations and individuals investing in Vietnam shall be entitled to remit abroad:
 - a. Profits earned during their operations;
 - b. Royalties or fees paid for the supply of technologies or services;
 - c. Principal and interest on loans obtained during operation;
 - d. Investment capital;
 - e. Other sums of money and assets under their legitimate ownership;
- Expatriates working in Vietnam in enterprises with foreign owned capital or in relation to business cooperation contracts have the right to remit their legitimate incomes abroad, in conformity with Vietnam's foreign exchange control regulations, after fulfilling income tax payment obligations as stipulated by Vietnamese laws.
5. All disputes that arise between parties to a contractual business cooperation or in a joint venture enterprise, as well as disputes between joint venture

enterprises or 100% foreign owned enterprises and Vietnam economic organizations, or between themselves, must first be subject to attempted resolution through amicable negotiation and conciliation between parties concerned.

In case should the parties to a dispute fail to reach an agreement, they may bring it before either a Vietnamese economic arbitration body or an international arbitration body chosen and agreed by themselves.

II. FORMS OF INVESTMENT

Foreign organizations and individuals may invest in Vietnam in any of following forms:

1. A contractual business cooperation;
2. A joint venture enterprise or corporation, generally referred to as a joint venture enterprise;
3. An enterprise with one hundred per cent foreign owned capital;
4. A Build-Operate-Transfer contract.

III. INDUSTRIAL ZONE (IZ)

1. The Industrial Zone described herein is a concentrated Industrial Zone which is established under the decision of the Government, has definite geological demarcation lines, specializes in industrial production and provides services to support industrial production, with no people inhabiting in it.
2. Investors setting up their businesses in the Industrial Zone shall be entitled to a number of separate incentives (see the section on tax incentives)
3. In the Industrial Zone there are following businesses:
 - a. Vietnamese businesses of all economic sectors;
 - b. Foreign invested enterprises;
 - c. In the Industrial Zone, there may be Export Processing Zones, Export Processing Enterprises.

4. In the Industrial Zone, investors are allowed to invest in the following fields:
 - a. Construction and operation of infrastructure projects;
 - b. Manufacturing, processing, and assembling of industrial products for export and sales in domestic markets;
 - c. Services to support industrial production.
5. The Government of Vietnam encourages and creates favorable conditions for domestic and foreign companies to construct and operate infrastructure projects in the Industrial Zone (hereinafter referred to as Infrastructure Development Companies) which are established and operate in accordance with the laws.
 - a. Infrastructure Development Companies shall have the rights to:
 - Participate in the promotion of investment into the Industrial Zone on the basis of the approved development master plan;
 - Re-lease the land to businesses referred to in Article 3 hereto where construction of infrastructure has been completed; lease or sell buildings and workshops constructed by the Companies in the Industrial Zone;
 - Operate services in the Industrial Zone in compliance with the Licence and Charter of the Companies;
 - Define land rents, lease or sell buildings and workshops and service charges with the approval of the Management Board of the Industrial Zone.
 - b. Infrastructure Development Companies shall have the following responsibilities:
 - To build infrastructure projects in the Industrial Zone in line with the approved planning, designs and schedules;
 - To maintain infrastructure projects in the Industrial Zone all through the time of operation of the Companies;
 - To ensure industrial hygiene, protect the environment and ecology which falls under the responsibility of the Companies in the Industrial Zone.



Saidong Industrial Zone

IV. EXPORT PROCESSING ZONE (EPZ)

1. An export processing zone is an industrial estate specializing in export oriented production, and in provision of services to support export activities. Export Processing Zones are to be set up by the Government of Vietnam at locations with favorable geographical positions for production and export of goods. Export Processing Zones have defined geographical boundaries as set out in their respective establishment decisions. The Government of Vietnam guarantees equitable and appropriate treatment for foreigners who invest in Export Processing Zones.
2. Investors who establish operations in Export Processing Zones are entitled to separate preferences (see Tax Incentives Section).
3. In Export Processing Zones, investors may establish operations in the following areas:
 - a. Production, processing and assembly of export products;
 - b. Provision of services relating to exports.
4. Forms of investment in Export Processing Zones
 - a. An enterprise with 100% foreign owned capital;
 - b. A joint venture enterprise between one or several foreign parties and one or several Vietnamese parties;

- c. Contractual business cooperation among EPZ enterprises or between EPZ enterprises and foreign or Vietnamese organizations or individuals having the status of juridical persons, in accordance with the stipulations governing the relations between Vietnamese and foreign enterprises.

V. BUILD - OPERATE - TRANSFER CONTRACT (B.O.T.)

1. A Build-Operate-Transfer contract is a document in writing signed by foreign investors and an authorized State body for the construction and commercial management of infrastructure projects such as bridges, railway, airports and power stations for a fixed duration.
2. B.O.T. contracts may be carried out with 100% foreign capital or with capital which is partially foreign and partially contributed by the Government of Vietnam and/or Vietnamese organizations or individuals.
3. Investor(s) must assume full responsibility for the organization, building and operation of the project for an agreed period upon the expiry of which these are obliged to transfer the project to the State of Vietnam without any compensation.

VI. OPERATIONAL DURATION OF AN ENTERPRISE WITH FOREIGN OWNED CAPITAL

The operational duration of an enterprise with foreign owned capital (starting from the date of issuance of the business or investment licence) is determined by the Government for each project but shall not exceed 50 years unless special permission is obtained from the standing committee of the National Assembly which may approve a period up to 70 years in specific cases.

VII. PROCEDURES FOR THE ESTABLISHMENT OF ENTERPRISES WITH FOREIGN INVESTED CAPITAL

1. The State of Vietnam shall create favorable conditions for foreign organizations and individuals who are investing into Vietnam in the forms as stipulated in the Law on Foreign Investment in Vietnam.
2. Selection of Investment Projects:

Foreign investors may base themselves on the List of Projects Calling for Foreign Investment for a certain period which is published by the State Committee for Cooperation and Investment in order to find a suitable

project or they may contact the State Committee for Cooperation and Investment (Investment Transaction Center under the State Committee for Cooperation and Investment) or agencies responsible for the management of foreign investment of provinces, cities and Ministries to make proposals for the introduction of investment projects and potential Vietnamese partners.

After finding a suitable project, investors should carefully study conditions for the implementation of the project (finance, technology etc.).

Investors should select a place for the implementation of the investment project (inside or outside an Industrial Zone, Export Processing Zone ? in the form of 100 per cent foreign owned capital or joint venture ? etc.)

3. Preparation of project documents

Project documents are prepared in accordance with the forms of project documents issued by the State Committee for Cooperation and Investment (see Documentation of Application for Investment or Business Licences).

Application documents can be prepared by investors themselves or the investors may pay an investment consulting company for the preparation of their project documents.

Upon the completion of the project documentation, the documents shall be submitted at the State Committee for Cooperation and Investment. Depending on the location for the implementation of the project, the project documents shall be submitted at the Office of the State Committee for Cooperation and Investment in Hanoi or the representative office of the State Committee for Cooperation and Investment in Ho Chi Minh City. Investment project documents in Export Processing Zones shall be submitted at the Management Committee of Export Processing Zones where the businesses are supposed to be set up.

4. After the issuance of the Investment Licence, investors should complete work for the deployment of their business activities in accordance with the content as stipulated in the Investment Licence.

VIII. CAPITAL AND CAPITAL CONTRIBUTION

1. *Joint Venture Enterprise:*

- a. The foreign partner to a joint venture enterprise may contribute to the joint venture prescribed capital (also known as legal capital) in:

- foreign currencies;
- plant, buildings, machinery, equipment, tools, components;
- patents, know-how technological process or other technical services.

- b. The Vietnamese partner to a joint venture enterprise may contribute to the joint venture prescribed capital (also known as legal capital) in:

- Vietnamese or foreign currencies;
- Natural resources as per stipulations of the Vietnamese Government;
- Buildings, materials and other kinds of fixtures and furnishings;
- The value of the rights to the use of land, water or sea surfaces as per stipulations of the Government of Vietnam;
- Plants, other construction projects, equipment, machinery, tools components;
- The supervision of construction and commissioning of plants, patents, know-how, technological processes and technical services.

Subject to agreement with the Vietnamese party there is no limit on the proportion of prescribed capital which may be capitalized by the foreign party. Such contribution must, however, be at least 30 per cent of the total prescribed capital.

The prescribed capital of a joint venture enterprise must not be less than 30 per cent of the total investment capital. In special cases, the SCCI may approve less than 30 per cent.

Prescribed capital could be contributed once in full at the time of establishment of the joint venture enterprise or by installments as agreed upon by the parties.

1. *One Hundred Per Cent Foreign Owned Enterprise*

The prescribed capital of a one hundred per cent foreign owned enterprise should be equivalent to at least thirty (30) per cent of the total investment capital of the enterprise. In special cases, this proportion may be less than thirty (30) per cent if approved by the SCCI.

IX. DOCUMENTATION FOR APPLICATION OF INVESTMENT OR BUSINESS LICENCE

1. Contractual Business Cooperation

Documents to be submitted to the SCCI to apply for a business licence for this form of investment shall include:

- a. An application for a business licence;
- b. A business cooperation contract.

The following main matters must be dealt with in a business cooperation contract:

- The nationalities, addresses, and the names of the duly authorized representatives, of the contracting parties;
 - A description of the intended business activities;
 - A list of the major imported equipment and materials, the proportion of products to be sold in the domestic and international markets;
 - The rights and obligations of the contracting parties, the method of determination and distribution of profits or losses of the business, and the conditions for assignment by the parties of their rights and obligations under the contract;
 - The duration of the contract and the responsibilities of the parties in performance, amendment and termination of the contract;
 - The procedure for the resolution of disputes between the contracting parties;
 - The effectiveness of the contract.
- c. Information evidencing the foreign investors' juridical person status and financial position;
 - d. Economic and technical feasibility study of the contract

2. Joint Venture Enterprise

Documents to be submitted to the SCCI for an investment licence for this form shall include:

- a. An application for an Investment Licence;
- b. Joint Venture Contract;

The following main matters must be dealt with in a joint venture contract:

- The nationalities, addresses, and authorized representatives of the joint venture parties;
- The name, address and business activities of the joint venture enterprise;
- The invested capital, the prescribed capital, the proportion of capital contribution to be made by each party, the form and schedule for the capital contributions, the timetable for construction of the enterprise and the conditions and procedure for assignment of the invested capital;
- A description of the major imported equipment and materials required for the establishment of the joint venture enterprise; the proportion of products to be sold in the domestic market or for export;
- The duration of the joint venture enterprise, and events which may give rise to termination and dissolution;
- The resolution of disputes between the joint venture parties: the arbitration procedures and law to be applied in case of a dispute;
- The responsibilities of each party in the performance of the joint venture contract;
- The effectiveness of the contract.

- c. The charter of the proposed joint venture enterprise:

The charter of the joint venture enterprise shall include the following principal contents:

- The nationalities, addresses, and authorized representatives of the joint venture parties;
- The name, address and main business activities of the joint venture enterprise;

- The invested capital, the prescribed capital, the proportion of contribution to the prescribed capital to be made by each party, and the schedule for the contribution of capital;
 - The number of members, rights and obligations and duration of the Board of Management, the Director General and Deputy Directors General of the joint venture enterprise;
 - The representatives of the joint venture enterprise before the law courts, arbitration and State agencies of Vietnam;
 - The principles governing account opening, standards of accounting systems, and the insurance of assets of the joint venture enterprise;
 - The ratio for distribution of profits and losses by the joint venture parties;
 - The duration of the enterprise, and its termination and dissolution;
 - Labour relations in the joint venture enterprise;
 - Training plans for executives, technical and business persons and employees;
 - The procedure for amending the charter of the joint venture enterprise.
- d. Information evidencing the parties' juridical person status, and financial position;
- e. A feasibility study.

3. *One hundred per cent foreign owned enterprise*

Documents in this form of investment shall include:

- a. An application;
- b. The charter of the proposed enterprise;

The charter of an enterprise with one hundred (100) per cent foreign owned capital shall include the following principal matters:

- The nationality, address, and authorized representative of the foreign investor;

- The name of the enterprise, its address and its activities;
 - The invested capital, the prescribed capital, the timetable for capital contribution and any construction project;
 - The representatives of the enterprise before the law courts, arbitration and State agencies of Vietnam;
 - The principles governing financial matters, accounting standards, and the insurance of the assets of the enterprise;
 - The duration of the enterprise, termination and dissolution;
 - Labour relations in the enterprise;
 - The procedure for amending the charter of the enterprise.
- c. Information evidencing the foreign investors' juridical person status and financial position;
- d. A feasibility study.

X. **TRANSFER OF TECHNOLOGY**

1. The Government of the Socialist Republic of Vietnam offers favorable conditions for transfer of foreign technology and protects the legal rights and benefits of all parties that transfer foreign technology into Vietnam. Vietnam encourages and gives preferential treatment to transfers of advanced technology.
2. The transfer of foreign technology into investment projects in Vietnam may be treated as a contribution to prescribed capital or may be the subject of payment of royalties in accordance with a technology transfer contract.

The following activities may be regarded as the transfer of technology:

- a. Transfer of the ownership or licensing of patents, utility solutions, industrial designs, trademarks, or other objects of industrial property;
- b. Transfer of know-how or technical expertise in the form of technological solutions, design documents, formulas, and technical specifications with or without equipment;
- c. Provision of the technical assistance and consultation services, including training and information supply.

3. The transfer of technology into Vietnam shall be subject to the following requirements:
 - a. It shall enhance the technological standards and production efficiency, improve the product quality or enable new products to be manufactured;
 - b. It shall not be detrimental to production safety;
 - c. It shall make rational use of energy, natural resources, and manpower;
 - d. It shall not adversely affect the environment.

VI. EXPORT-IMPORT MANAGEMENT

1. Parties who enter into a contractual business cooperation or who establish enterprises with foreign owned capital are entitled to conduct direct export-import trade, or to contract trading activities to other export-import organizations.
2. Parties to a contractual business cooperation or who establish enterprises with foreign owned capital (including B.O.T. companies and sub-contractors of B.O.T. projects) operating on the basis of the Investment or Business Licence issued by the State Committee for Cooperation and Investment, shall be entitled to import once in full or in partial shipments the following: equipment, machinery, transport vehicles, raw materials and other supplies for the capital construction of the enterprise or project, and to file an application for an import permit of the above mentioned items.

Import procedures for importation of equipment, machinery and spare parts, transport vehicles, raw materials and fuel, and other supplies for the normal operation of the enterprise may be made once for the whole year upon request of a party to a business cooperation or of an enterprise with foreign invested capital.

VII. FOREIGN EXCHANGE CONTROL

1. All capital funds and revenues of an enterprise with foreign owned capital in foreign and Vietnamese currencies must be deposited in its accounts opened at a Vietnamese bank, a joint venture bank or the branch of a foreign bank in Vietnam.

2. In special cases, an enterprise with foreign owned capital may open a loan account overseas at a foreign bank after obtaining approval from the Governor of the State Bank of Vietnam.
3. Enterprises with foreign owned capital must, in principle, generate enough foreign currency revenue to pay for all foreign currency expenditure, including the profits to be repatriated by the foreign investors.

In special cases such as the production of import substitution goods, development or construction of infrastructure projects, foreign currency revenues from export and other legitimate revenues must at least meet the foreign currency expenditure of the enterprise including the profits to be repatriated by the foreign investors. With respect to each special case above, the self balancing requirement in relation to foreign currency revenue and expenditure may be reviewed by the State Committee for Cooperation and Investment, in consultation with the State Bank, the Ministry of Trade and alternative arrangements may be approved as follows:

- Conversion of Vietnamese currency into foreign currencies;
 - Payment in other commodities with equivalent values.
4. Foreign nationals or expatriates working in enterprises with foreign owned capital or for parties to a contractual business cooperation, are entitled to remit abroad their salaries and other legitimate income in foreign currencies after deducting personal income tax payable and other expenses incurred.

VIII. LABOUR AND SOCIAL INSURANCE

1. Recruitment and training of labour

- a. Enterprises with foreign owned capital may recruit Vietnamese nationals aged eighteen (18) years or older in any of the following ways:
 - By recruiting from those who are introduced by the local labour office, and who meet the criteria and qualifications required by the enterprise;
 - By engaging a labour supply company or investment service company to recruit labour in accordance with the criteria and qualifications specified by the enterprise;

- In the event that those who are introduced by the local labour office or through the labour supply company or investment service company do not meet the requirements of the enterprise, the enterprise may resort to advertisements placed by itself for recruitment and may recruit workers from other localities and inform the local labour office of their advertisements.

For the purpose of training, the enterprise may employ workers aged sixteen (16) years or older. If, by the completion of the training those workers are still under the age of eighteen (18) and the enterprise requires them to start work, they must obtain the approval from their parents or sponsors. Where the workers have no parents or sponsors, approval must be obtained from the local labour office.

In employing persons not yet eighteen (18) year old, the enterprise should observe all provisions concerning the working regime and time, annual leave with full salary, labour safety regulations, and other provisions for protection of minors.

2. *Labour contract*

- All employment of workers in an enterprise with foreign owned capital must be effected through the signing of a labour contract in writing between the employee and the director (or a person authorized by him) of the enterprise;
- A labour contract shall be entered into in accordance with the standard form issued by the Ministry of Labour, War Invalids and Social Affairs;
- A labour contract may be signed in any of the following forms:
 - An indefinite term labour contract;
 - A definite term labour contract;
 - A labour contract for a specific or seasonal job.

3. *Collective Labour Agreement*

- The director of each enterprise (or a person authorized by him), shall, on the basis of free and voluntary collective negotiation, together with a representative of the workers, sign a collective labour agreement no later than six (6) months after the date of the commencement of its operation;

- A collective labour agreement must include the following essential items: the salary to be paid in respect of each type of occupation, working conditions, labour protection, social insurance, collective welfare, and other items as agreed upon by both parties.

4. *Working Time*

- The normal working hours of each employee shall not exceed eight (8) hours a day and forty eight (48) hours a week. Upon the requirements of the job and the agreement of the employee, the director of the enterprise may allow the employee to work additional hours but the total additional hours shall not exceed two hundred (200) hours a year;
- The normal working hours shall be reduced by at least one hour per day in respect of those workers who are under eighteen (18) years of age, who perform heavy and hazardous work, and female workers in their seventh month of pregnancy or later or who are nursing babies under twelve (12) months of age;
- Annual leave with fully paid salary. All employees shall be entitled to at least twelve (12) days fully paid leave each year.

5. *Salaries and Wages*

- Wages and salaries (including hourly, weekly or monthly basis wages and salaries and contract wages) must be clearly set forth in labour contract. Wages and salaries must be paid in accordance with the collective labour agreement and must not be lower than the minimum wages and salaries applied to foreign invested enterprises which are annually publicized by the Ministry of Labour, War Invalids and Social Affairs;
- Wages and salaries are to be paid in accordance with productivity, quality of work, the specific trades and industry, occupation, working conditions and living costs from time to time and irrespective of age or sex;
- Employees who work night shifts (or for extra hours) shall be paid extra pay at least by fifty (50) per cent of the rate paid in respect of day shifts. Employees who work extra hours shall be paid extra pay at least by fifty (50) percent of the rate paid in normal working hours; Employees who work on public holidays without taking other days off instead shall be entitled to an allowance of at least one hundred (100) per cent of the standard day wages.

6. *Social Insurance*

- a. Every month, each enterprise must pay a contribution to social insurance in a sum equivalent to fifteen (15) per cent of the amount of total wages and salaries bill paid to its employees. This sum shall be allocated as follows:
- Ten (10) per cent must be deposited at the local labour office for the purpose of employment benefits;
 - Five (5) per cent must be paid into the social insurance fund established at the enterprise and jointly administered by representatives of the enterprise and of the workers for the purpose of covering expenses that may arise as a result of:
 - sickness, labour accidents, occupational diseases (including leave taken and medical expenses);
 - pregnancy, maternity and child care;
 - funeral expenses (for those who die during the term of their employment).
- b. Every month, each employee is liable to pay five (5) per cent of his or her salary to the local social insurance fund for the purpose of the following schemes:
- Old age benefits;
 - Benefits paid to those who become permanently disabled as a result of sickness, occupational diseases, labour accidents or hazards;
 - Burial and funeral expenses (for those who die while receiving old age pensions or permanent disability benefits) and surviving benefits paid to relatives of the deceased.

XIV. TAXATION, TAX EXEMPTION AND REDUCTION

1. *Corporate Income Tax*

- a. Enterprises with foreign owned capital and business cooperation foreign partners pay corporate income tax at twenty five (25) per cent of the profit made except in privileged cases which enjoy lower tax rates in order to encourage investment.

In respect of projects for exploitation of oil and gas and some rare and precious natural resources, the corporate income tax rate may be higher than twenty five (25) per cent of the profit made depending on the nature and characteristics of each project.

Projects liable to the twenty five (25) per cent rate of profits tax may be considered for income tax exemption for the first profit making year and for reduction of fifty (50) per cent for up to two (2) succeeding years.

- b. The rates of corporate income tax for privileged cases for the reason of investment incentives are as follows:
- Twenty (20) per cent for projects having two (2) of the following requirements:
 - employing 500 or more workers;
 - using advanced technology;
 - exporting at least eighty (80) per cent of its products;
 - having prescribed capital or contributed capital in business cooperation of US\$ 10 million or more.

Projects in this category may be considered for income tax exemption for the first two (2) profit making years and for reduction of fifty (50) per cent for up to three (3) succeeding years.

- Fifteen (15) per cent for projects of:
 - infrastructure construction;
 - exploitation of natural resources (except oil and gas and rare, precious resources);
 - heavy industry (metallurgy, basic chemicals, mechanical manufacture, cement etc.);
 - growing of perennial industrial plants;
 - investment in the mountains and region of harsh natural and socio-economic conditions (including hotel projects but not the rare or precious resources exploitation);

- non-compensatory transfer of properties (including hotels) to Vietnam.

Projects of this category may be considered for income tax exemption for the first two (2) profit making years and for reduction of fifty (50) per cent for up to four (4) succeeding years.

- Ten (10) per cent for enterprises with foreign owned capital carrying out projects of:
 - building infrastructures in the mountains and regions of harsh natural and socio-economic conditions;
 - afforestation;
 - special importance.

Projects of this category may be considered for income tax exemption for the first four (4) profit making years and for a reduction of fifty (50) per cent for up to four (4) succeeding years.

Note: *The provision of income tax exemption and reduction as above stated do not apply to hotel projects (except those to be carried out in the mountains and region of harsh natural and socio-economic conditions or those where the property will be transferred to Vietnam upon termination) and do not apply to projects in banking, finance, insurance, accounting and auditing services and trading.*

- c. Foreign organizations and individuals that reinvest their shares of profits for a period of three or more years are entitled to a refund of the tax paid for the profits re-invested.
- d. In Industrial Zones, foreign invested enterprises and foreign partners shall pay profits tax as follows:
 - With respect to manufacturing enterprises, the tax rate shall be eighteen (18) per cent of the profit earned;
 - With respect to enterprises who export at least eighty (80) per cent of their products, the tax rate shall be twelve (12) per cent of the profit earned.

The above enterprises are entitled to an exemption from profit tax for two (2) years from the first profit-making year;

- With respect to enterprises engaged in services, the tax rate shall be twenty two (22) per cent of the profit earned. These

enterprises are entitled to an exemption from profit tax for one (1) year from the first profit making year.

- e. Enterprises established in Export Processing Zones shall be subject to corporate income tax as follows:
 - Manufacturing enterprises: ten (10) per cent of profits made and tax exemption for the first four (4) profit making years;
 - Service enterprises: fifteen (15) per cent of profits made and tax exemption for the first two (2) profit making years;

- f. Corporate income tax rates of fifteen (15) and twenty (20) per cent shall apply within the period from five (5) to seven (7) years from the year that follows the issuing year of the Investment Licence. The tax rate of ten (10) per cent shall apply within the period from eight (8) to ten (10) years from the year that follows the issuing year of the Investment Licence. In special cases, such period may be extended but shall not be more than fifteen years from the years that follows the issuing year of the Investment Licence.

The duration where the above mentioned tax incentives apply shall be specifically stipulated by the State Committee for Cooperation and Investment for each project upon the issuance of the Investment Licence and in accordance with the levels that need investment incentives of each project.

- g. Vietnamese residing overseas who invest in Vietnam shall be entitled to a reduction of twenty (20) per cent of the profits tax payable as normally stipulated. In case where the tax rate of ten (10) per cent has been applied, they shall not enjoy the above tax incentive;
- h. B.O.T. companies shall only bear a profits tax of ten (10) per cent of the profit earned and shall be entitled to an exemption from the profits tax for four (4) years from the first profit making year, and a reduction of the profits tax for the following four years.

2. Withholding Tax

Foreign organizations and individuals shall be subject to an withholding tax on overseas remittances of profits at the following rates:

- a. Five (5) per cent of the remitted profits for foreign organizations and individuals having contributed prescribed capital or business cooperation capital of US\$ 10 million or more;

This tax rate shall apply to all foreign investors in B.O.T. projects.

- b. Seven (7) per cent of the remitted profits for organizations and individuals having contributed prescribed capital or business cooperation capital of US\$ 5 million or more;
- c. Ten (10) per cent of the remitted profits for all other cases.

Vietnamese residing overseas who invest in Vietnam shall pay a tax rate of five (5) per cent of the profits remitted.

3. *Import Tax*

Enterprises with foreign owned capital and parties to a business cooperation (including B.O.T. companies and sub-contractors in B.O.T. projects) shall be entitled to an exemption from import duties in the following cases:

- a. Machinery, equipment, spare parts and production-business facilities (including transport means) and other materials imported into Vietnam for investment in capital construction of the enterprise or to be used as fixed assets of the contractual business cooperation;
- b. Raw materials, spare parts, accessories and other materials imported for the production of export goods. These articles, when imported, are subject to a temporary import duty payment but a tax repayment proportional to the export volume will be made;
- c. Patents, technical know-how, technological processes, technical assistance, etc. contributed by the foreign partners as part of the prescribed capital or to a business cooperation shall be exempt from all taxes in relation to the transfer of technology;
- d. If imported items are referred to in paragraphs a and b above are to be sold or transferred in the Vietnamese market, approval from the Ministry of Trade must be obtained and import duty, sales tax or special sales tax must be paid as specified by the Law of Vietnam.

4. *Personal Income Tax*

- a. Foreign nationals working and having incomes in Vietnam are subject to personal income tax at following rates:

Grade	Monthly average income/person (VND thousand)	Tax rate (%)
1	2	3
01	Up to 5,000	0
02	Over 5,000 to 12,000	10
03	Over 12,000 to 30,000	20
04	Over 30,000 to 50,000	30
05	Over 50,000 to 70,000	40
06	Over 70,000	50

- b. Vietnamese citizens or residents in Vietnam are subject to personal income tax at the following rates:

Grade	Monthly average income/person (VND thousand)	Tax rate (%)
1	2	3
01	Up to 1,200	0
02	Over 1,200 to 2,000	10
03	Over 2,000 to 3,000	20
04	Over 3,000 to 4,000	30
05	Over 4,000 to 6,000	40
06	Over 6,000 to 8,000	50
07	Over 8,000	60

XIV. RENTS FOR LAND, WATER AND SEA SURFACES

1. The State of Vietnam shall lease out land, water and sea surfaces to enterprises with foreign owned capital and to parties to a business cooperation for their use in accordance with the purpose of the project.
2. Foreign organizations and individuals who lease land in Vietnam must comply with the provisions of the laws of Vietnam on the management and use of land; their legitimate rights and interests shall be protected by the State of Vietnam where they are violated. Any act of breaching shall be treated according to the law of Vietnam.
 - a. Foreign organizations, individuals which invest into Vietnam under the *Law on Foreign Investment in Vietnam*, permitted by the Government of Vietnam to lease land shall have the rights to:
 - Enjoy investment results on the leased land;
 - Mortgage the value of the land use right together with their own assets which have been invested, constructed on that land at Vietnamese banks during the land lease is allocated in accordance with the laws of Vietnam;

- Where they are permitted to invest in the construction of infrastructure facilities and re-lease them in Export Processing Zones, Industrial Zones, they are entitled to re-lease the land to investors on which the construction of infrastructure has been completed in accordance with the regulations of the Government of Vietnam;
 - Benefit from public projects on the protection and melioration of land;
 - Enjoy State protection of the right to their legal land use;
 - Make complaints and denounce the behaviours that breach their legal land use;
 - Have priority of being considered for an extension of the period of land lease when this period expires, if required.
- b. Foreign organizations and individuals who lease land in Vietnam shall have the obligations:
- To use land subject to the objectives stipulated in the land lease contract and other related stipulations;
 - To fulfill financial obligations concerning the lease of land in accordance with the laws of Vietnam;
 - To comply with stipulations of the laws of Vietnam on construction and environmental protection, with no harm being done to the benefits of the State of Vietnam, of the land users in surrounding areas; to abide by the inspection on the use of land by an authorized agency of the State of Vietnam;
 - Not to destroy or devalue the land;
 - To return the unused land to the Government of Vietnam in accordance with the laws of Vietnam and the agreement between the Government of Vietnam and the lessee;
 - To abide by the decision of the Government of Vietnam on the recovery of land as stipulated in the *Law on Land* and the Ordinance on Rights and Obligations of Foreign Organizations and Individuals Who Rent Land in Vietnam.

Upon the expiration of the period of land lease, if the lessee wishes to continue to use that piece of land, he/she must send an application for an extension to the Government of Vietnam for consideration and decision.

3. Rentals of urban land are calculated as follows:

Rental rates of land in cities, townships, or urban areas are generally in the range of US\$ 0.375/square meter/year to US\$ 13.6/square meter/year. In particular rental of urban land areas are categorized as follows:

- a. Group I (Hanoi, Ho Chi Minh City): from US\$ 1.70/m²/year to US\$ 13.6/m²/year;
- b. Group II (Vung Tau, Bien Hoa, Hai Phong): from US\$ 1.50/m²/year to US\$ 12.0/m²/year;
- c. Group III (*): from US\$ 1.125m²/year to US\$ 9.0/m²/year;
- d. Group IV (**): from US\$ 0.75/m²/year to US\$ 6.0/m²/year;
- e. Group V (***): from US\$ 0.375/m²/year to US\$ 3.0/m²/year.

(*) Group III comprises of the following cities, townships and districts:

Van Dien, Cau Giay, Ha Dong, Mai Dich, Hue, Da Nang, Nha Trang, Da Lat, Can Tho, Thu Duc, Hoc Mon, Nha Be, An Lac.

(**) Group IV comprises of the following cities, townships and districts:

Dong Anh, Soc Son, Bac Ninh, Hai Duong, Do Son, Ha Long City, Nam Dinh, Ninh Binh, Thanh Hoa, Sam Son, Quy Nhon, Long Xuyen, Buon Me Thuot, Thu Dau Mot, Tay Ninh, Vinh Long, Soc Trang, My Tho.

(***) Group V comprises of the following cities, townships and districts:

Son Tay, Thai Nguyen, Viet Tri, Vinh Yen, Phu Tho, Hoa Binh, Bac Giang, Son La, Tuyen Quang, Lai Chau, Dien Bien, Yen Bai, Ha Giang, Ha Nam, Hung Yen, Kien An, Thai Binh, Uong Bi, Bim Son, Tam Diep, Dong Ha, Vinh, Hoi An, Dong Hoi, Quang Ngai, Quang Tri, Tuy Hoa, Phan Rang, Phan Thiet, Rach Gia, Kon Tum, Chau Doc, Sa Dec, Bac Lieu, Cao Lanh, Tan An, Tra Vinh, Tam Ky, Ben Tre, Vinh An, Vi Thanh, Song Cong, Go Cong, Ha Tinh and all other townships and districts not listed in Group IV and Group V.

4. Land rentals in rural areas:

Land rental rates in rural areas are generally in the range of US\$ 30 to US\$ 750/hectare/year, more particularly:

- Mountainous and bare hill areas: US\$ 30 to 150/hectare/year;

- Other areas: US\$ 150 to 750/hectare/year.

5. Rentals of water and sea surfaces.

- Rentals for water surfaces, rivers, ponds, lake and inland waters: US\$ 75 to 525/hectare/year;
- Rentals for sea surface: US\$ 150 to 600/square kilometer/year.

Except for the case where the area to be leased is not fixed, the rentals shall be from US\$ 1,500 to US\$ 7,500/hectare/year.

6. Readjustment of rentals of land and water and sea surfaces.

After each period of 5 years, the Ministry of Finance shall consider and adjust the rent on land, water and sea surfaces if it deems necessary. If the adjustment of the rentals shows the increase, the increased rate shall not exceed 15% of the previously stipulated rentals.

The rentals on land, water and sea surfaces adjusted every five years shall not apply to cases where the rental is paid once for all the project's life and where the Vietnamese party contributes to the capital of the Joint Venture with the foreign party in the form of land rentals.

7. Exemption from and reduction of land rentals:

- Foreign invested enterprises investing into areas of specially difficult conditions or areas which need the encouragement and attraction of investment capital shall be considered to enjoying a reduction of 50 percent of the rental. Such areas comprise the provinces as follows:

Quang Ninh, Bac Thai, Cao Bang, Lang Son, Lao Cai, Yen Bai, Ha Giang, Tuyen Quang, Son La, Lai Chau, Hoa Binh, Vinh Phu, Ha Bac, Thanh Hoa, Nghe An, Ha Tinh, Quang Tri, Quang Binh, Quang Ngai, Binh Dinh, Kon Tum, Gia Lai, Dak Lac, Lam Dong, Tay Ninh, Phu Yen, Ninh Thuan, Binh Thuan.

- Projects in construction of bridges, roads, airports, seaports, power-plants [that are not under the investment form of Build - Operate - Transfer (B.O.T.) shall not have to pay the land rental during the construction period; other projects (where the construction time shall be calculated for each separate item) shall also pay only 50% of the land rentals during the construction time.
- With respect to projects which prospect and explore minerals, then from the time of prospecting and developing the mines to the time of

the industrial exploitation, only 15% of the stipulated rental shall be paid.

- Projects in the field of agricultural and industrial trees planting shall be entitled to the minimum rate of land rental in the frame of rentals applied to each type of land used.
- With respect to afforestation projects, during the first cycle when the trees have not yet had their products, the project owners shall not have to pay the land rental. With respect to projects of planting long term industrial trees, during the time of capital construction, the project sponsors shall not have to pay the land rentals. Except for afforestation projects where a reduction of the rental up to 90% shall be determined for each type of land by the Ministry of Forestry and Ministry of Finance.
- Foreign invested enterprises shall be entitled to a reduction of 5% of the payable land rental in the case where the investors pay the land rental in one time for the leasing period of 5 years and if the rental is paid once for more than 5 years, then for each increased year, an additional reduction of 1% of the payable land rentals shall be granted but the total of reduction shall not exceed 15% of the total payable land rentals (this regulation shall not apply to cases where the Vietnamese party makes capital contribution to foreign invested enterprises in the form of the value of land rental).

XV. PROCESS OF EVALUATION AND LICENSING AN INVESTMENT PROJECT

1. In evaluation for the issuance of the Investment Licence, investment projects are categorized into two Groups:

Group A includes:

- Infrastructure construction projects in Industrial Zones, Export Processing Zones and Build-Operate-Transfer (B.O.T.) projects;
- Projects with investment capital of forty (40) million US dollars and more in the fields of electricity, mining, oil and gas, metallurgy, cement, chemicals, engineering, electronics, seaports, airports, telecommunications, commercial centers, cultural areas, tourism and real estate business;
- Projects in the culture, press and publication;

- Projects in the field of national defence and security;
- Projects that use 5 hectares and more of urban land and 50 hectares and more of other types of land.

Group B comprises of projects other than those in Group A.

2. The Chairman of the State Committee for Cooperation and Investment shall be responsible to organize the project evaluation and inform the decision on the issuing of the Investment Licence (or Business Licence) as follows:

- With respect to projects in Group A, after the results of the project evaluation have been approved by the Prime Minister;
- With respect to projects in Group B, after the results of the project evaluation have been approved by the Chairman of the State Committee for Cooperation and Investment.

3. The content of the evaluation of investment projects comprises:

- The legal status, financial capacity of foreign and Vietnamese investors;
- The compatibility of the project objectives regarding the planning and orientation for economic and social development;
- The benefits to be obtained by the State of Vietnam and the Vietnamese Party:
 - Ability to create new production capabilities, new industries and products, ability to expand markets;
 - Ability to give employment to labourers;
 - Financial revenues;
 - Expertise and applied technology, reasonable use and protection of resources, the protection of the environment and ecology.
- Compatibility of the use of land, plans to make the compensation for site clearance, evaluation of assets to be contributed to the capital of the Vietnamese party (if any);
- Tax rates, land, water and sea surface rentals and preferences.

4. Time limit for the Evaluation of Investment Projects:

d. With respect to projects in Group A:

Within fifty (50) days from the date of receipt of lawful project documents, the Chairman of the State Committee for Cooperation and Investment shall submit ideas on the evaluation of the projects to the Prime Minister;

Within seven (7) days from the date receiving a decision of the Prime Minister, the Chairman of the State Committee for Cooperation and Investment shall notify the investors of the decision;

b. With respect to projects in Group B:

Within forty-five (45) days from the date of receipt regular project documents, the Chairman of the State Committee for Cooperation and Investment shall notify the investors of the decision.

XVI. IMPLEMENTATION OF INVESTMENT PROJECTS

1. Within thirty (30) days from the date of issuing the Investment Licence, relevant State agencies must assist investors to complete procedures of receiving the decision on land lease, signing of land leasing contracts and issuing of Certificate of Land Use Right.

2. Evaluation of designs and issuance of construction permit in accordance with the investment project.

a. Designs for the projects shall be evaluated on the following contents:

- Legal status of the designing organizations;
- Compatibility of the designs with the planning and architecture of the projects;
- Compliance with technical designing standards as agreed.

b. The organization of evaluating designs and issuing construction permits:

- The Minister of Construction shall evaluate designs of projects in Group A. Chairmen of the provincial People's Committees shall evaluate designs of projects in Group B;
- Investors shall submit their documents of designs at the provincial People's Committees;

- Time limit for the evaluation of designs of projects: 20 days;
- A construction permit shall be granted within ten (10) days from the date when the permit granting agency receives all regular documents.

Upon the termination of the construction of the projects, investors shall report to the construction permit granting agency the completion of the construction of the projects and shall be allowed to put the projects into operation.

Within six (6) months from the date of completion of the construction of the projects, investors shall make their cost accounting of realized investment capital to the State Committee for Cooperation and Investment.

3. Import Licence:

Within thirty (30) days from the date of receipt of the documents applying for an Import Licence, the Ministry of Trade shall grant the Import Licence in which the quantity of goods to be imported duty-free as stipulated by the laws shall be clearly defined.

4. Business autonomy of enterprises and the management and examination of State agencies:

- Enterprises are eligible to autonomy on their production and business;
- State agencies (Ministries, provincial People's Committees) shall perform the State management functions through:
 - Monitoring activities of enterprises and handling in time legitimate proposals of enterprises;
 - Resolving disputes arising from the activities of enterprises;
 - Handling strictly and in time breaches of the laws of enterprises.

Ministries, provincial People's Committees shall coordinate with the State Committee for Cooperation and Investment in inspecting and examining activities of enterprises in order to ensure the strict compliance with the laws:

Any unlawful, thoughtless and trouble-making examinations of operations of enterprises shall be strictly prohibited.

INTRODUCTION TO THE STATE COMMITTEE FOR COOPERATION AND INVESTMENT

I. MANDATE

The State Committee for Cooperation and Investment (SCCI) is a Government body of the Government of the Socialist Republic of Vietnam performing the State administration function over foreign direct investments in Vietnam and Vietnam's investments in foreign countries. The SCCI was founded on 25 March 1989 and is vested with the following powers and responsibilities:

- a. To map out strategies, directions and preferred structures with the objective of attracting foreign direct investment into Vietnam; to prepare and publicize a list of priority projects calling for foreign direct investments in Vietnam;
- b. To formulate and submit to the Government for approval, all drafts of laws, ordinances and policies concerning foreign direct investment in Vietnam and Vietnam's investment in foreign countries; to prepare and submit to the Government all agreements on reciprocal protection and encouragement of investment with the countries concerned;
- c. To provide guidance to all Vietnamese and foreign parties in investing in Vietnam and to Vietnamese parties investing in foreign countries; to propose to the Government the setting up of export processing zones and other forms of investment;
- d. To organize project evaluation for the issuing of licences to direct investment projects under the Law on Foreign Investment in Vietnam and to take part in the consideration and approval of indirect investment projects or projects with foreign loans; to co-ordinate with other relevant bodies the granting of preferences in accordance with the laws to enterprises with foreign owned capital and the foreign parties to business cooperation contracts;
- e. To control foreign direct investment promotion activities in Vietnam and Vietnam's investment activities in foreign countries; investment seminars; and consultancy services. To act in co-ordination with the State Planning Commission, the Ministry of Finance, the Ministry of Trade, the Ministry of Science, Technology and Environment, the State Bank and other concerned organs with respect to resolution of important issues in the field of foreign direct investment. To co-

ordinate with branches and localities concerned so as to supervise and inspect the activities of enterprises operating under the Law on Foreign Investment in Vietnam, and to resolve the problems arising in the process of implementing foreign direct investment projects;

- f. To exercise the State administration function over investment consulting and service organizations in Vietnam;
- g. To make submissions to the Prime Minister of the Government as to decisions on the organizations to be in charge of cooperation and investment within branches, provinces and cities under central authority.

II. ORGANIZATIONAL STRUCTURE

The SCCI is headed by the Minister - Chairman of the Committee, who is responsible to the National Assembly and to the Prime Minister of the Government for work performance of the entire SCCI. He is aided by a number of Vice Chairmen.

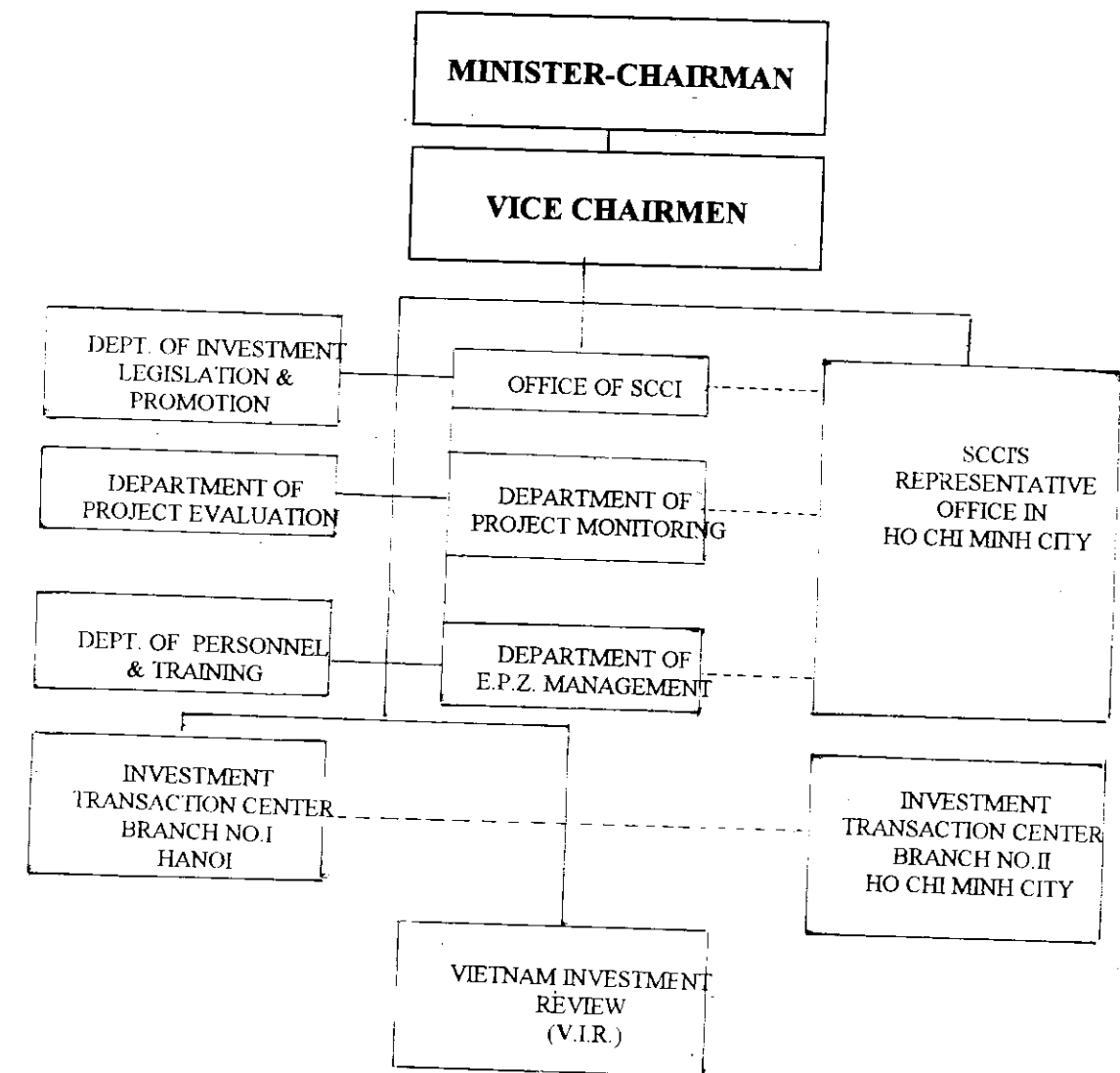
Office of the SCCI

- Assists the leaders of SCCI in handling administrative matters and takes care of financial and physical resources for the efficient operation of the SCCI.

Department of Investment Legislation and Promotion

- Undertakes study for preparing strategies, directions and budgets for attracting foreign investments; compiles a list of priority projects for which foreign investment is sought and conducts research into foreign partners;
- Undertakes study for the drafting of laws and subsidiary laws in relation to foreign direct investment and for the drafting of agreements on reciprocal investments protection and promotion between Vietnam and other countries; study of international laws and treaties in relation to cooperation and investment;
- Organizes the compilation and monitoring of investment promotion materials and documents;
- Proposes the setting up of SCCI's representation abroad and controls the activities of SCCI's representatives in foreign countries;
- Assesses the operations of investment consulting service organizations in Vietnam.

ORGANIZATIONAL CHART OF THE STATE COMMITTEE FOR COOPERATION AND INVESTMENT



Department of Project Evaluation

- Receives application files for investment projects;
- Organizes project evaluation;
- Prepares investment licences;
- Studies and formulates eco-technical criteria;
- Collects eco-technical information to be used for evaluation work; and
- Prepares model forms and provides guidance for project documentation.

Department of Project Monitoring

- Gives guidance on implementation of licensed projects and inspects and monitors operations of enterprises with foreign owned capital;
- Deals with all issues raised by investors: amendment of licences, capital transfers/assignments, contract termination, early termination etc.
- Assesses the socio-economic effects of foreign direct investment.

Department of EPZ Management

- Takes part in preparing legal documents and policies in relation to the formation and development of export processing zones, intensive industrial estates and special economic zones; and
- Provides guidance on development operations of Export Processing Zones and analyses their socio-economic effects.

Department of Personnel and Training

- Monitors the personnel affairs of the SCCI such as recruitment, staff placement, promotion, leave entitlements, retirement and work performance;
- Studies the structure of organizations in branches and localities which manage foreign direct investments;
- Regulates the organization of the machinery of SCCI;
- Studies how to conduct training and organizes training courses to enhance the skills of all personnel engaged in investment with foreign countries.

SCCI's Representative Office in Ho Chi Minh City

- Assumes the work of the office of SCCI in Ho Chi Minh City;
- Receives application files for investment projects;
- Provides guidance for implementation of licensed projects;
- Monitors and inspects project implementation;
- Regulates issues arising in the implementation of projects such as licence amendment, capital transfer and contract termination;

- Assists the EPZ Management Committees in evaluating applications for investment and administers Export Processing Zones in the South where required;
- Analyses socio-economic effects of such projects.

The Investment Transaction Center (ITC)

- Is an administrative unit of the SCCI with two branches: the Investment Transaction Center No. I based in Hanoi and the Investment Transaction Center No. II in Ho Chi Minh City. ITC is mandated to:
 - provide guidance based on its first hand knowledge to foreign and domestic investors of investment procedures of formalities, of investment law and of ways to prepare project documentation to apply for investment licences in accordance with promulgated model forms;
 - provide information in relation to investment.
- Acts as a focal point for contact between foreign and local investors and the SCCI;
- Takes part in organizing seminars on investment in Vietnam; and
- Renders services in relation to foreign investment activities.

Vietnam Investment Review

- Is the Press Office of the SCCI, publishing the English language (Vietnam Investment Review), Vietnamese language (Vietnam Dau tu Nuoc ngoai) and French language (Vietnam Cooperation Investissement).

VIETNAM BASIC DATA

	Unit	1990	1991	1992	1993	1994
1. Area	Square Km	331,041.0	331,041.0	331,041.0	331,041.0	331,041.0
2. Population average	Mil.	66.2	67.7	69.4	71.0	72.5
of which urban inhabitants	-id-	13.3	13.6	13.3	13.6	
3. Population and training						
- Grade school pupils	Thous.	11,710.1	11,862.9	12,371.4	12,773.7	13,568.7
- Primary schooling	-id-	11,048.1	8,766.4	9,081.3	9,469.7	9,778.7
- Elementary schooling	-id-	-na-	2,572.4	2,721.9	2,772.8	3,086.7
- Secondary schooling	-id-	662.0	524.2	568.2	564.2	703.3
- University & colleges	-id-	129.6	107.0	136.8	157.1	-
- Technical workers	-id-	95.4	63.8	63.2	75.8	-
- Grade school teachers	-id-	439.1	434.8	423.7	426.6	446.4
+ Primary schools	-id-	254.1	258.0	259.0	267.8	278.0
+ Elementary schools	-id-	145.3	140.4	129.6	126.3	133.7
- Secondary schools	-id-	39.7	36.4	35.1	32.5	34.7
- Universities & colleges teachers	-id-	21.9	21.8	21.0	21.2	-
- Technical teachers	-id-	6.6	6.1	6.1	6.2	-
5. Gross Domestic Products (actual value)	VND Bil.	41,955	76,707	110,535	136,571	170,258
6. Gross foreign trade turnover	US\$ Mil.	5,156.4	4,425.2	5,121.4	6,909.2	8,042.6
7. Total value of exports	US\$ Mil.	2,404.0	2,087.1	2,580.7	2,985.2	3,600.0
8. Total value of imports	US\$ Mil.	2,752.4	2,338.1	2,540.7	3,924.0	4,442.6
9. Foreign capital investment in Vietnam	US\$ Mil.	596.0	1,288.0	1,939.0	2,777.0	4,071.0

FOREIGN INVESTMENT BY ECONOMIC SECTOR

(As of December 31, 1994)

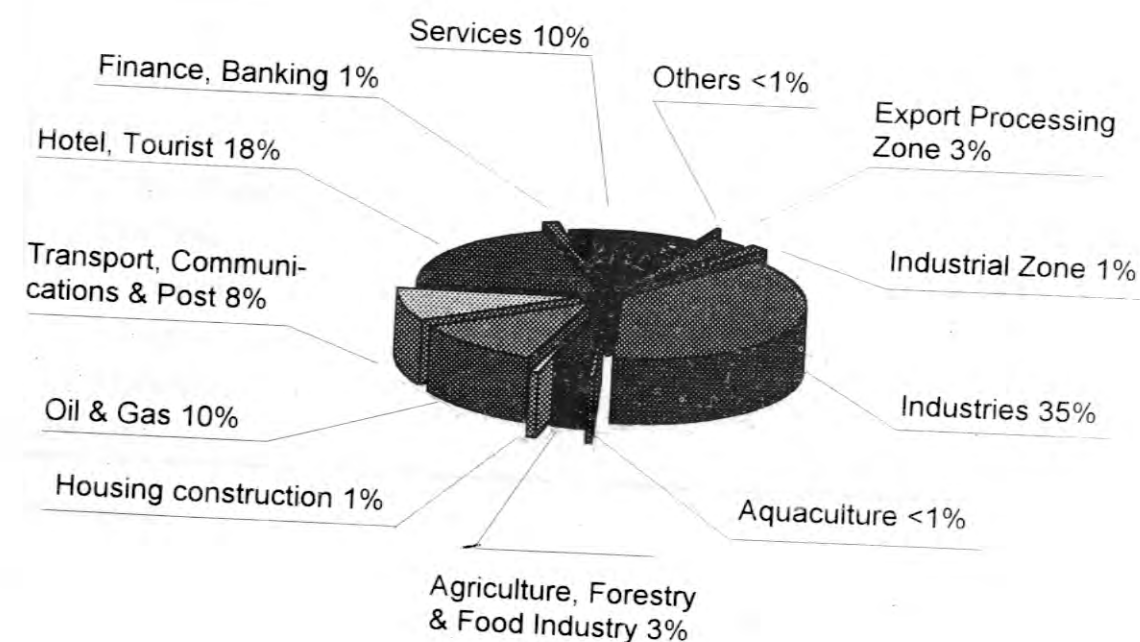
Licensed projects: 1200 US\$ 11,964,448

PROJECTS IN OPERATION

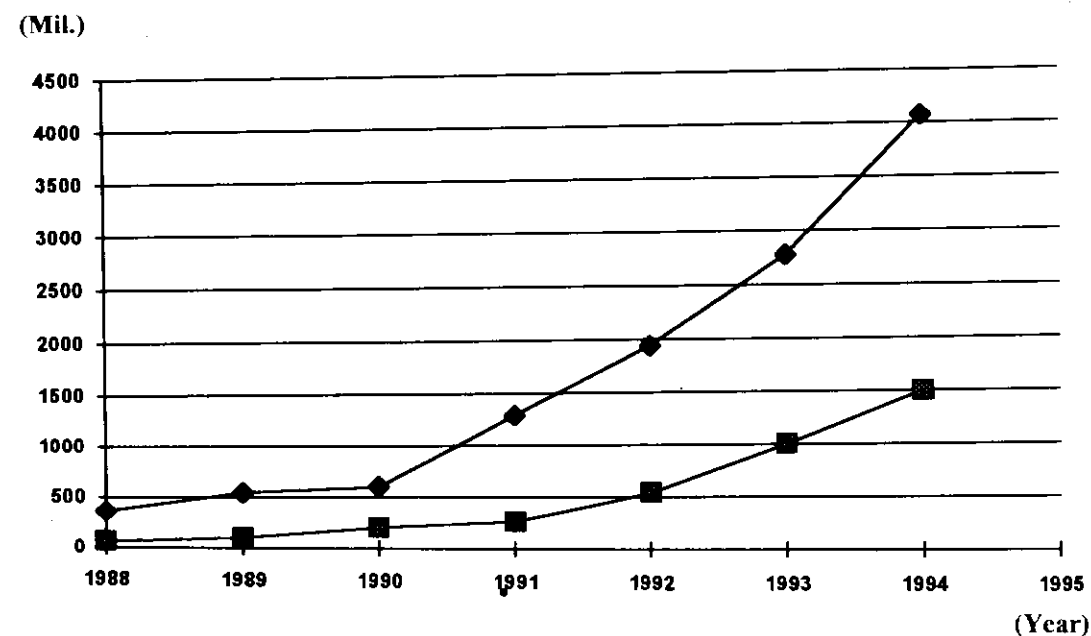
No	Sectors	Projects	Total capital US\$
1	Industries		
2	Oil and Gas	547	4,306,407,976
3	Agriculture, Forestry and Food Industry	26	1,302,450,000
4	Fishery	74	369,208,426
5	Transport, Communication and Post	21	61,650,692
6	Hotel, Tourist	28	950,596,536
7	Services	113	2,234,947,364
8	Finance, Banking	134	1,253,826,675
9	Housing construction	15	176,750,000
10	Others	14	70,369,076
11	Export Processing Zone	8	14,281,673
12	Industrial Zone	28	388,386,202
	Total	1,011	11,015,919,878

Note:

Values of overseas investment projects, projects where the licence has been withdrawn or terminated projects are not included.



**ANNUAL FOREIGN DIRECT INVESTMENT
(1988 - 1994)**



Year	1988	1989	1990	1991	1992	1993	1994
Annual licensed Cap.	366	539	596	1288	1938	2777	4071
Annual deployed Cap.	60	100	200	260	535	1001	1500

**FOREIGN INVESTMENT BY COUNTRY AND TERRITORY
(As of December 31, 1994)**

Licensed projects: 1200 US\$ 11,964,448,355
 Revoked projects: 179 US\$ 814,852,477
 Finished projects: 10 US\$ 133,676,000

PROJECTS IN OPERATION

No	Countries and Territories	Projects	Total Capital (US\$)
1	Taiwan	179	1,968,087,462
2	Hong Kong	170	1,768,704,215
3	Singapore	76	1,028,228,737
4	Republic of Korea	98	888,947,108
5	Japan	73	788,644,398
6	Australia	42	661,004,895
7	Malaysia	32	585,207,677
8	France	58	509,511,160
9	Switzerland	14	462,753,858
10	The UK	15	376,435,248
11	The Netherlands	16	347,916,620
12	Thailand	45	282,064,966
13	The United States	28	270,316,893
14	Indonesia	11	160,467,021
15	Russia	33	129,010,300
16	Germany	8	111,948,168
17	Canada	9	84,939,872
18	Irelands	13	80,697,548
19	Sweden	7	78,447,400
20	The Philippines	11	57,482,500
21	Ukraine	6	45,121,622
22	Denmark	2	44,883,000
23	Austria	1	39,000,000
24	Belorussia	1	37,820,000
25	Italy	4	27,800,100

(Continued)

No	Countries and Territories	Projects	Total Capital (US\$)
26	New Zealand	3	23,397,500
27	Bermuda	1	19,777,491
28	People's Republic of China	21	17,628,330
29	Czech & Slovakia	1	17,500,000
30	Poland	2	15,800,000
31	Democratic Republic of Korea	1	12,580,500
32	Luxembourg	3	12,155,924
33	Panama	4	10,450,000
34	Belgium	6	9,975,000
35	Guernsey	1	9,025,000
36	Liechtenstein	1	8,000,000
37	Cuba	1	6,600,000
38	Laos	2	6,286,000
39	Macao	2	3,096,600
40	Norway	2	1,687,159
41	Hungary	2	1,687,159
42	Cambodia	1	1,600,000
43	Brunei	1	1,500,000
44	Latvia	2	1,473,000
45	Argentina	1	120,000
	Total	1011	11,015,919,878

Note:

Values of overseas investment projects are not included

FOREIGN INVESTMENT BY PROVINCE

(As of December 31, 1994)

PROJECTS IN OPERATION

No	Province	Projects	Total Capital US\$	Legal Capital US\$
1	An Giang	6	6,275,705	3,600,000
2	Bac Thai	4	27,208,500	11,964,000
3	Ba Ria - Vung Tau	35	321,399,937	198,813,671
4	Ben Tre	2	20,480,000	7,250,000
5	Binh Dinh	5	14,602,135	6,184,040
6	Binh Thuan	6	22,626,700	11,904,700
7	Can Tho	9	24,450,025	12,501,025
8	Dak Lak	2	5,128,000	5,128,000
9	Dong Nai	101	975,100,641	393,563,169
10	Dong Thap	3	39,400,000	2,100,000
11	Gia Lai	2	4,300,000	4,300,000
12	Ha Bac	4	14,642,000	11,447,500
13	Hanoi	172	2,364,749,747	964,992,407
14	Ha Tay	12	119,046,835	71,188,369
15	Ha Tinh	7	47,760,000	17,945,000
16	Hai Hung	9	27,771,933	16,462,533
17	Hai Phong	31	815,436,350	308,986,630
18	Hoa Binh	2	4,808,600	1,492,600
19	Khanh Hoa	12	68,795,900	46,142,198
20	Kien Giang	3	261,676,000	126,926,000
21	Lam Dong	17	107,604,651	80,166,605
22	Lang Son	3	1,215,363	1,115,363
23	Lao Cai	1	12,200,000	3,600,000
24	Long An	12	89,052,058	73,244,975
25	Minh Hai	6	15,830,038	13,572,636
26	Nam Ha	2	6,515,600	3,061,800
27	Nghe An	3	8,560,160	8,299,520
28	Ninh Binh	2	11,750,000	9,700,000
29	Ninh Thuan	2	2,730,000	2,530,000
30	Phu Yen	4	5,762,300	1,262,300
31	Quang Binh	2	2,323,580	2,273,580
32	Quang Ngai	2	4,820,000	4,720,000
33	Quang Ninh	11	101,431,548	69,805,348
34	Quang Tri	1	3,222,000	3,222,000
35	Quang Nam - Da Nang	30	226,029,414	89,247,059
36	Soc Trang	1	775,680	650,000
37	Son La	2	20,490,000	6,904,000
38	Song Be	40	300,148,451	147,121,051

(Continued)

No	Province	Projects	Total Capital US\$	Legal Capital US\$
39	Tay Ninh	4	9,657,490	9,107,490
40	Thai Binh	4	4,426,300	2,826,300
41	Thanh Hoa	4	72,310,900	32,030,000
42	Thua Thien Hue	5	78,398,000	61,598,000
43	Tien Giang	3	49,360,038	15,760,038
44	Tra Vinh	3	7,315,057	4,624,517
45	Vinh Long	2	4,351,641	2,725,000
46	Vinh Phu	5	40,288,000	23,268,000
47	Yen Bai	2	4,648,000	4,648,000
48	Ho Chi Minh City	385	3,336,594,601	1,630,909,809
Total		985 (*)	9,713,469,878	4,530,885,233

Note:

- Values of oil and gas projects and overseas investment projects are not included.
- Oil and Gas projects: 26 US\$ 1,302,450,000
- Projects in operation: 1011(**) US\$ 11,015,919,878

of which:

The North: 283 US\$ 3,792,684,336
 In comparison with (*) 39.05%
 In comparison with (**) 34.43%

**LIST OF PROJECTS CALLING
 FOR
 FOREIGN DIRECT INVESTMENT
 IN
 VIETNAM**

No	Name of project	Location	Basic specifications
1	Saigon - Vungtau Highway	Ho Chi Minh City	93 km, first grade, 4 lanes, 2 lanes for parking, a 1100 m bridge, a 200 m bridge; B.O.T. contract.
2	Highway No 14 Ban Me Thuot - Chon Thanh	Ban Me Thuot	Upgrade 283 km, third grade
3	South Thang Long-Ba Dinh Highway	Hanoi	6.8 km; first grade, 8 lanes, 60 meters wide; B.O.T. contract
4	Thu Thiem Bridge	Ho Chi Minh City	1000 m; 6 lanes for motor vehicles; 2 lanes for rudimentary means; tonnage H30-XB80; B.O.T. contract.
5	Can Tho Bridge	Can Tho	2000 m; 4 lanes for motor vehicles; 2 lanes for rudimentary means; B.O.T. contract.
6	Binh Bridge	Hai Phong	2000 m; 4 lanes for motor vehicles, 2 lanes for rudimentary means; 18 meters wide; tonnage H30-XB80; B.O.T. contract
7	Bai Chay Bridge	Quang Ninh	900 m; 4 lanes for motor vehicles, 23 m wide; tonnage H30-XB80; B.O.T. contract
8	Cai Lan Seaport	Quang Ninh	Handling capacity: 10 mil. tons/year
9	Thi Vai Seaport, Vungtau	Ba Ria - Vungtau	Handling capacity: 10 mil. tons/year
10	Ben Dinh - Sao Mai Port	Ba Ria - Vungtau	First phase handling capacity: 10 mil. tons/year. Second phase handling capacity: 30-40 mil. tons/year; B.O.T. contract
11	Gia Lam - Van Dien Electrified Railway	Hanoi	15 km
12	Thap Cham - Da Lat Railway	Ninh Thuan	89 km
13	Hoanh Bo Cement Plant Ha Long Cement Plant	Quang Ninh	Capacity 1.5 mil. tons of PC30 - PC40/year

No	Name of project	Location	Basic specifications
14	Nghi Son Cement Plant	Thanh Hoa	Capacity 2.0 mil. tons of PC30 - PC40/year
15	Lang Bang Cement Plant	Quang Ninh	Capacity 1.5 mil. tons of PC30 - PC40/year
16	Ha Long Cement Plant	Quang Ninh	Capacity 1.4 mil. tons of PC30 - PC40/year
17	Thanh Ha Cement Plant	Quang Binh	Capacity 1.2 mil. tons of PC30 - PC40/year
18	Ta Thiet Cement Plant	Song Be	Capacity 1.2 mil. tons of PC30 - PC40/year
19	Minh Duc Cement Plant	Hai Phong	Capacity 1.4 mil. tons of PC30 - PC40/year
20	Hoang Mai Cement Plant	Nghe An	Capacity 1.2 mil. tons of PC30 - PC40/year
21	Tam Diep Cement Plant	Ninh Binh	Capacity 1.2 mil. tons of PC30 - PC40/year
22	Phuc Son Cement Plant	Hai Hung	Capacity 1.6 mil. tons of PC30 - PC40/year
23	Dai Loc Cement Plant	Quang Nam-Da Nang	Capacity 1.2 mil. tons of PC30 - PC40/year
24	My Duc Cement Plant	Ha Tay	Capacity 1.2 mil. tons of PC30 - PC40/year
25	Luong Son Cement Plant	Hoa Binh	Capacity 1.2 mil. tons of PC30 - PC40/year
26	Float sheet-glass Factory	Dong Nai or Ha Bac Da Nang	On floating method, capacity 500 tons/day or 28 mil. m ² of 2 mm glass/year
27	Heat-proof alkaline bricks factory	Hanoi	Capacity 12,500 tons of Cr-Mg and Spinel bricks
28	Sanitary Ceramic Accessories	Hanoi	Capacity 500,000-1,000,000 product units/year of sanitary and bathtub accessories
29	Sanitary wares factory	Hanoi	300,000-500,000 units/year
		Ho Chi Minh City	300,000-500,000 units/year
		Da Nang	200,000-300,000 units/year
30	Granite and Marble for export	Hanoi and other localities	Mining of granite blocks: 75,000 m ³ /year; marble processing: 2.5 mil. m ² /year

No	Name of project	Location	Basic specifications
31	<i>Metal structures manufacturing Plant</i>	North and South	25,000 tons of pre-fabricated building structures & other structures/year
32	<i>Glass Fiber Factory for construction</i>	Ho Chi Minh City	50,000 tons/year
33	<i>Building equipment leasing and repairing stations</i>	North, South & Center	1,000 units/year
34	<i>Water supply system for industrial areas, cities and towns along Highway No 51</i>	Ba Ria-Vungtau	420,000 m ³ /day. (B.O.T. contract)
35	<i>Da Nang Water Supply Plant</i>	Da Nang	20,000 m ³ /day. (B.O.T. contract)
36	<i>Water Supply Project:</i>	Cities and provinces	Upgrading existing water supply systems, fresh water supply for residential and industrial areas
37	<i>Solid Waste treatment and Fertilizer Manufacture Projects</i>	Ho Chi Minh City, Hanoi, Hai Phong, Da Nang, Hue	Solid waste treatment capacity 400,000 tons/year Fertilizer: 100,000 tons/year (B.O.T. contract)
38	<i>internal city cables network</i>	Focal areas	Digital switchboard; copper wires; optic cables, cable rolls
39	<i>Expanding Switchboard volume</i>		Digital switchboard
40	<i>Coastal and off-shore Islands Telecommunication.</i>	Coastal provinces	Transmitting and receiving equipment for coastal information and rescue operations
41	<i>Transmission links network</i>	Inter-provincial and international links	Digital micro-wave; optic cables, North-South sea optic cable line; SHD transmitting technology.
42	<i>Rural telecommunications</i>	Districts and communes not reached by telephone lines	Digital equipment; terminals

No	Name of project	Location	Basic specifications
43	<i>Mobile telecommunications</i>	Focal Areas	Mobile telecommunication systems
44	<i>Manufacture of single mode optic fiber cable and accessories</i>	Hanoi or Ho Chi Minh City	Manufacture of single mode optic fiber cable, optical electric connectors, cable connectors.
45	<i>Assembling and manufacturing of telecommunications equipment</i>	Hanoi, Ho Chi Minh City	Mobile Switchboard Equipment, stations, GSM terminal equipment
46	<i>Oil refinery No.2</i>	North	5-6 mil. tons/year
47	<i>Associated gas utilization project from South Côn Sơn sea</i>	South	400 km long pipeline conducting 3-4 bil. m ³ of gas per year for supply to gas turbine power plant, urea manufacturing plant, and to industrial estates.
48	<i>Oil and gas services (Ports, Fleet of carrier, other services...)</i>	Vung Tau	Port construction, oil-rig equipment commissioning and repair, building of a tanker fleet
49	<i>Gas fueled petrochemical Plant</i>	South	Synthetic plastic: P.P., P.E.; Methanol, ethylene
50	<i>Pleikrong Hydro-Power Plant</i>	Kontum	120 MW, 2 Turbines, output 523 mil. Kwh/year (B.O.T. contract)
51	<i>Dong Nai Hydro-Power Plant</i>	Dong Nai	252 MW, 3 Turbines, output 1.164 bil. Kwh/year (B.O.T. contract)
52	<i>Urea manufacture from associated gas</i>	Ba Ria - Vungtau	2,000 tons/day of NH ₃ ; 3,500 tons/day of Ammonia
53	<i>T.S.P. Plant</i>	Vinh Phu, Lao Cai	250,000 tons/year
54	<i>PVC Plant</i>	Ba Ria - Vungtau Dong Nai	80,000-100,000 tons/year
55	<i>D.A.P. Plant</i>	Dong Nai	250,000 tons/year
56	<i>D.A.P. Plant</i>	Quang Ninh	250,000 tons/year

No	Name of project	Location	Basic specifications
57	Caustic soude Plant	Dong Nai	70,000 - 100,000 tons/year
58	Hoang Mai Soda Ash Factory	Nghe An	100,000-200,000 tons/year
59	Motor tires Plant	Song Be	300,000 - 600,000 sets/year
60	Motor tires Plant	Da Nang	200,000 - 400,000 sets/year
61	Cam Pha COREX Steel Mill	Quang Ninh	750,000 tons/year
62	Steel-sheet Rolling Mill	Quang Ninh	1,000,000 tons/year
63	Vinh Steel Rolling Mill	Nghe An	150,000 tons/year
64	Da Nang Steel Rolling Mill	Da Nang	250,000 tons/year
65	Steel manufacturing complex	Ha Tinh	1.5 - 3 mil. tons/year
66	Steel Billet Working & Casting Plant	Quang Ninh	500,000 tons/year
67	Steel Billet Working & Casting Plant	Ba Ria - Vungtau	500,000 tons/year
68	Steel Billet Working & Casting Plant	Da Nang	500,000 tons/year
69	Thanh Hoa Steel Rolling Mill	Thanh Hoa	120,000 tons/year
70	Aluminum Electrolyzing Factory	Lam Dong	150,000 tons/year
71	Bauxite Mining	Lam Dong	5 mil. tons/year and Alumine Al ₂ O ₃ (OH) ₃ refining of 600,000 tons/year
72	Thach Khe Iron Ore Mining	Ha Tinh	10 mil. tons/year
73	Sinh Quyen Copper Mining	Lao Cai	2.5 mil. tons/year (ore); 25,000 tons/year (copper)
74	Assembling and Manufacturing of construction machinery	Hanoi, Bac Thai, Hai Phong	2.5 m ³ capacity excavator; 400 H.P. Electric bulldozer (50-100 units/year)
75	Manufacturing coaches and rail-wheel autos	Song Be	10 rail-wheel auto sets, 20 coaches/year

66

67

No	Name of project	Location	Basic specifications
76	Assembling and Manufacturing and Overhauling bogies and locomotives	Hanoi	800 units/year (bogies) 10-20 locomotives (up to 1400 HP); 50 locomotives, 100 engines/year
77	Diesel Engines	Hai Phong	120-250 HP, 270-4000 HP, 500 units/year
78	Electric Engines	Hanoi	1-75 kW, 100-250 KW
79	Manufacturing equipment for Hydro Power Plants/Stations	Hanoi	Turbines from 0.5-10 KW, 10-100 KW, 100-1000 KW, 1000-5000 KW capacity ranges.
80	Electric generators manufacturing	Ho Chi Minh City, Hanoi	Up to 5000 KW generators.
81	Heavy Machinery manufacturing	Hai Phong	Equipment for cement production, power generation and large size lifting equipment. 50,000 tons of non-standardized equipment/year
82	Manufacturing small-size diesel engines and small trucks for rural use	Cau Dien, Hanoi	8-9-15-20-35 HP engines; 30,000 units/year
83	Ship repair and shipbuilding; structure for oil-rigs	Vungtau, Hai Phong, Quang Ninh	10,000 D.W.T.; 15,000 D.W.T.; 35,000 D.W.T.. Ship repair to 200,000 tons/year
84	Fuselage repair	Ho Chi Minh City	Boeing, Airbus, ATR
85	Tractor assembling and manufacturing	Ho Chi Minh City, Dong Nai, Bac Thai	50, 80, 170 HP; output: 500 units/year
86	Electronic Medical Equipment manufacturing	Hanoi	
87	Electronic telecommunications equipment manufacturing	Hanoi,	
88	Manufacturing electronic components	Ho Chi Minh City, Hanoi,	
89	Modernizing Nam Dinh Textile Mill	Ho Chi Minh City, Nam Ha	Replacing 100,000 spindles. equipping 800 weaving machines; Building a knitting workshop with output of 1500 tons/year

No	Name of project	Location	Basic specifications
90	<i>Modernizing " March 8" Textile Mill</i>	Hanoi	Equipping 15,000 spindles, 350 weaving machines, a dyeing line: 15 mil. m ² /year
91	<i>Modernizing Vinh Phu Textile Mill</i>	Vinh Phu	Upgrading 30,000 spindles, installation of 250 weaving machines, a dyeing line: 15 mil. m ² /year
92	<i>Modernizing Nam Dinh Silk Processing Mill</i>	Nam Dinh	Upgrading 20,000 spindles, installing wide-width weaving machines, a complete dyeing line: 10 mil. m ² /year; silk-unwinding and processing
93	<i>Upgrading Hoa Tho Textile Mill</i>	Da Nang	Renovate 10,000 spindles; 100 wide-width weaving machines; a dyeing line: 12 mil. m ² /year
94	<i>Upgrading Thang Loi Textile Mill</i>	Ho Chi Minh City	Installation of 450 wide-width weaving machines, a dyeing line: 25 mil. m ² /year
95	<i>Upgrading Viet Thang Textile Mill</i>	Ho Chi Minh City	Upgrading 30,000 spindles; purchase 500 weaving machines; a dyeing line: 15 mil. m ² /year
96	<i>Synthetic Fiber manufacturing</i>	Dong Nai or Hai Phong	50,000 tons of PE fiber/year
97	<i>Building Integrated Weaving Complex</i>	Hanoi, Nam Dinh, Hai Phong, Hai Hung	Each project 3,000 tons/year, 15 mil. m ² /year of finished cloth, equipping 30,000 spindles
98	<i>Building Integrated Weaving Complex</i>	Dong Nai/ Ho Chi Minh City	Each project 4,000 tons/year (cotton, fabrics, synthetic fiber), 20 mil m ² of finished cloth/year, installation 40,000 spindles
99	<i>Building Integrated Weaving Complex</i>	Vinh, Hue, Nha Trang, Da Nang	Each project 3,000 tons/year of fiber; 15 mil m ² /year of finished cloth, purchase 30,000 spindles
100	<i>Modernizing knitwear and textile Complex</i>	Hanoi	8,000 tons/year of fiber; 2,000 tons of products/year of knitting wear.

No	Name of project	Location	Basic specifications
101	<i>Modernizing enterprises manufacturing garments for export</i>	Localities	
102	<i>Building enterprises manufacturing footwear for export</i>	Localities	
103	<i>Expansion of Bai Bang Paper Mill, investing in afforestation for raw-materials</i>	Vinh Phu	70,000-100,000 tons of writing and photocopy paper/year)
104	<i>Modernizing Tan Mai Paper Mill</i>	Dong Nai	
105	<i>Modernizing Dong Nai Paper Mill</i>	Dong Nai	
106	<i>Manufacture of Pulp and Kraft paper</i>	Thanh Hoa	50,000 tons/year (Kraft Paper)
107	<i>Manufacture of Pulp and Paper from bamboo species</i>	Tay Nguyen	100,000 tons/year (Kraft paper)
108	<i>Manufacture of Pulp and Paper from broad-leaf woods</i>	Nam Bo	100,000 tons/year (paper)
109	<i>Building and modernizing enterprises manufacturing high quality industrial and civil use plastic</i>	Hanoi, Hai Phong Da Nang	
110	<i>Modernizing Hai Phong Glass factory</i>	Hai Phong	
111	<i>Building factories manufacturing high quality packaging glass and civil glass</i>	Southern Central Provinces	
112	<i>Cigarettes manufacture</i>	Ho Chi Minh City	400-500 mil. boxes/year
113	<i>Tobacco Materials Processing in Soc Son</i>	Hanoi	30,000 tons of processed material/year
114	<i>Manufacture of aluminum foil</i>	Ho Chi Minh City	67 mil. m ² /year
115	<i>Manufacture of paper for cigarettes</i>	Hanoi	Capacity: 3,000 tons/year

No	Name of project	Location	Basic specifications
116	<i>Manufacture of essential oils and aromatic essence</i>	Ho Chi Minh City	Essential oil: 5,000 tons/year; aromatic essence of all kinds: 2,000 tons/year.
117	<i>Manufacture of tropical fruits juices and beverages</i>	Ho Chi Minh City, Hanoi, Nha Trang	50 mil. liters / year / factory
118	<i>Blending quality liquor of international brands at Binh tay and Hanoi distilleries</i>	Ho Chi Minh City, Hanoi	
119	<i>Processing mineral water for export</i>	Thuan Hai	100 mil. liters/year
120	<i>Production of cane sugar</i>	Ninh Binh	6,000 TCD
121	<i>Production of cane sugar</i>	Tay Ninh	6,000 TCD
122	<i>Production of cane sugar</i>	Quang Ngai	4,000 TCD
123	<i>Production of cane sugar</i>	Nghe An	2 factories x 2,000 TCD/factory
124	<i>Production of cane sugar</i>	Ninh Thuan	4,000 TCD
125	<i>Production of cane sugar</i>	Binh Thuan	2,000 TCD
126	<i>Production of cane sugar</i>	North of Phu Yen	2,000 TCD
127	<i>Modernizing 4 existing tea factories</i>	Moc Chau, Ha Hoa, Quan Chu, Phu Tho	150 tons of tea buds/day
128	<i>Build 10 tea processing factories</i>	North	
129	<i>Food grain milling and storing</i>	Dong Thap	
130	<i>Processing of corn and related products</i>	Hanoi	10-15,000 tons/year
131	<i>Modernization of fruits and vegetable processing factories for export</i>	Hanoi, Vinh Phu, Hai Hung, Da Nang, Dong Nai	100,000 tons/year

No	Name of project	Location	Basic specifications
132	<i>Plantation of bananas for export</i>	Red river delta	30,000 ha
133	<i>Plantation and primary processing of Arabica coffee</i>	Son La, Lang Son, Tuyen Quang, Yen Bai, Nghe An	2,000 - 5,000 ha/region
134	<i>Instant coffee processing</i>	Nha Trang, Bien Hoa	4,000 tons/year
135	<i>Plantation and primary processing of cotton fibers; cotton oil extracting</i>	South-eastern provinces of Mekong Delta, Tay Nguyen	15-30,000 ha/region; 30,000-40,000 tons of cotton
136	<i>Oil palm plantation and processing</i>	Southeast provinces	planting of 10,000 ha and manufacturing of 10,000 tons of palm oil
137	<i>Coconut plantation and processing of coconut based products.</i>	Mekong Delta	Planting of 25,000 ha; processing of coconut oil, copra and coconut milk
138	<i>Rubber plantation and processing</i>	Quang Binh, Quang Tri, Thanh Hoa, Central Highland	5,000 ha/region out of 100,000 ha, latex extracting and processing units of 10,000 tons/year
139	<i>Manufacture of latex products</i>	Southeast provinces of Mekong Delta	10,000 tons/year
140	<i>Tea plantation and processing</i>	Mountainous and highland areas	10,000 ha/region
141	<i>Mulberry and silk worm development</i>	Moc Chau	5,000-7,000 ha ; output: 300 tons of silk/year
142	<i>Mulberry cultivation and silk unwinding (sericulture)</i>	Dak Lak, Nghe An, Lam Dong	
143	<i>Sipul silk processing</i>	Hanoi, Bao Loc	1,000 tons/year 2,000 tons/year

No	Name of project	Location	Basic specifications
144	<i>Agricultural products processing</i>	Mekong delta and Red river delta	
145	<i>Milk cow raising (Dairy farm)</i>	Ha Tay, Ha Bac	10,000 milk cow heads
146	<i>Milk cow raising (Dairy farm)</i>	Son La	10,000 milk cow heads
147	<i>Milk cow raising; milk processing</i>	Lam Dong	20,000 milk cow heads
148	<i>Pig raising and pork processing</i>	Vinh Phu, Nghe An, Hanoi, Thai Binh, Thanh Hoa	200,000-300,000 heads/year/region
149	<i>Cattle raising and beef processing</i>	Phu Yen, Ninh Thuan, Binh Thuan, Khanh Hoa	100,000-150,000 heads/region
150	<i>Chicken raising and chicken processing</i>	Hanoi, Ninh Binh	200,000 heads/week

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