VIETNAM INVESTMENT PROMOTION GUIDEBOOK



DECEMBER
2020

BỘ CÔNG THƯƠNG - MINISTRY OF INDUSTRY AND TRADE
CỤC XÚC TIẾN THƯƠNG MẠI
VIETNAM TRADE PROMOTION AGENCY

FOREWORD

Economic reform has been helping Vietnam to accomplish important achievements in socio-economic development. With an economy shifting from a centrally planned to a socialist-oriented market economy, Doi Moi has helped Vietnam eradicate poverty, maintain high economic growth, and improve quality of life for the people. In particular, Vietnam has enjoyed an average GDP growth rate of about 7% a year for the past three decades.

With the motto of multilateralization and diversification of international relations, Vietnam wants to be a friend and a reliable partner of all countries in the world. Up to now, Vietnam has established diplomatic relations with 189/193 United Nations member states; formed a stable and long-term relationship framework with 30 strategic and comprehensive partners and created a solid foundation for Vietnam and other countries to enhance cooperation for the benefit of each country and for peace, cooperation and development in the region and the world. Moreover, Vietnam has become a member of 63 international organizations, of which ASEAN, ASEM, APEC and WTO are typical examples. In addition, Vietnam also has relationships with more than 500 non-governmental organizations.

With its favorable geographic location, political stability, potential and deepening world economic integration, Vietnam is an attractive destination for foreign investors. In order to keep up with the development of foreign investment in Vietnam, the 1987 Foreign Direct Investment Law was the first legal document establishing a legal

framework for this activity. Up to now, the legal corridor to foreign investment activities in Vietnam has basically been completed synchronously with the system of legal documents such as: Investment Law, Public Investment Law, Investment Law according to the Public-private partnerships, Enterprise Law, Land Law, Labor Code, tax laws ... that create a safe and effective legal basis for foreign investment activities in Vietnam, specifying specific regulations and policies of investment incentives and ensuring that foreign investors are treated equally as domestic ones.

To get an overview of the investment environment in Vietnam and to support foreign investors in the industry and trade, the Vietnam Trade Promotion Agency (VIETRADE), under the Ministry of Industry and Trade (MOIT), has published this Vietnam investment promotion guidebook. The contents of this handbook are not only intended to provide analysis on Vietnam's economic potential and foreign investment incentives, but also to deliver essential information for foreign investors looking for potential investment opportunities in Vietnam. We believe this investment guidebook will be a useful source of information for foreign investors. We also would like to extend our best wishes to all of you on your successful investment and business in Vietnam.

Thanks to Korea Trade - Investment Promotion Agency (KOTRA), the law firms and market research companies Vietbid, Gattaca Law and Virac who have collaborated with us to build content and have extremely valuable suggestions for this guidebook.

VIETNAM TRADE PROMOTION AGENCY (VIETRADE)
MINISTRY OF INDUSTRY AND TRADE (MOIT)



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Chapter I
Investment Environment

Part 1. About Vietnam

The Socialist Republic of Vietnam is an S-shaped strip of land, located in the center of Southeast Asia, in the east of the Indochinese peninsula, bordered to the north by China, to the west by Laos, Cambodia, and, in the south-east, by the East Sea and the Pacific Ocean. The Vietnam coastline is 3260 km long and its land borders are 4510 km long. On the mainland from the northernmost point to the southernmost point (as the crow flies), the length of the country is 650km, from the easternmost point to the westernmost point where the widest places, are 600km in the North, 400 km in the South and the narrowest place is 50km (Quang Binh).
Area: 331,211.6 km²
Population: 97.626.925 (Source: https://danso.org/viet-nam/)
The median age in Vietnam is 32.5 years-old
Capital: Hanoi
Longitude: 102º 08 ′ - 109º 28 ′ east
Latitude: 8º 02 ′ - 23º 23 ′ north
Vietnam is a traffic hub from the Indian Ocean to the Pacific Ocean.
Climate: Vietnam is a tropical monsoon country;
Terrain: Three quarters of Vietnam's territory consists of hills and mountains;
Resources: Vietnam is extremely rich in natural resources such as forests, aquatic resources, tourism and a variety of minerals.
Administrative units: Vietnam has 63 provinces/cities.



Part 2. Why Choose Vietnam For Making Investments

1. Why choose Vietnam?

1.1. Strategic location

Vietnam is located in the heart of Southeast Asia, as the center which connects different parts of the region and is the gateway to penetrate the economies in the western area of the Indochinese Peninsula. Vietnam is adjacent to China - the country with the biggest population and economy in the world. Vietnam is also bordered by other countries in Southeast Asia and is an economic corridor for inland countries to access the East Sea. Therefore, Vietnam is a nation with favourable and advantageous conditions for trade and production in the region.

Furthermore, Vietnam has a long East Sea coastline which is close to the world's main shipping routes. This is a perfect location for international trade in Vietnam. The two biggest cities in Vietnam are Hanoi and Ho Chi Minh City. Hanoi is located in the North with very good business opportunities. Ho Chi Minh City in the South is the locality with the biggest population and is considered to be the leading industrial, commercial and servicing center in Vietnam.

Mien Trung - the central region of Vietnam - is the gateway to the sea and the lauchpad for the Tay Nguyen (Central Highlands) provinces, creating the East-West economic corridor connecting with Laos, Cambodia and North-eastern Thailand. The potential and need for opening doors to integrate with international markets is huge. This area also has over 80 recognized historical and cultural monuments, many beautiful beaches and some typical ecosystems such as lagoons, sandy dunes and coral reefs which are good for developing the ocean economy.

The location of Vietnam is also convinient for air and rail transportation. Regarding air transportation, the flying time between Hanoi or Ho Chi Minh City and the major airports in neighboring countries is only 2 to 3 hours, which is very convenient for the transport of import and export goods. Regarding the railway, Vietnam lies on the Trans-Asia railway route running through 26 different countries, which is also ideal for transporting goods.

1.2. Political stability

Political stability in Vietnam is one of the most attractive features of the country to investors. For several decades, Vietnam has not experienced political crises. The politics and society in are always stable, which helps maintain the consistency of its economic development policies and ensuring safety for investors.

1.3. Booming economy and private sector

With an average growth rate of 6.3% over the past 10 years, Vietnam has one of the fastest growing economies in the world. Along with high growth rates, Vietnam is undergoing fundamental changes in economic structure with a greater role for the private sector. In Vietnam, private economic groups are consolidating their roles and contributions to the economy, not only in traditional fields such as real estate, tourism, and food processing but also in newer sectors such as electronics, telecommunications and mechanical engineering. These groups are leading



in investment activities not only inside but also outside the country and successfully developing and launching products and projects of regional and international stature, which helps Vietnam achieve a higher profile in the international arena.

1.4. Potential market

With a population of more than 96.2 million people[1] and per capita income increasing year after year, the Vietnamese market is becoming more and more attractive to enterprises who intend to produce products for and trade in the domestic market. This is reflected by the high proportion of FDI into local market-oriented industries such as consumer goods, heavy industry, real estate, construction materials and distribution.

1.5. Abundant labor resource with technical skills, competitive labor costs

The labor force aged 15 and over in Vietnam in the second quarter of 2019 was 55.46 million people, of which, those who were at working age totaled 48.8 million people[2]. The proportion of trained workers with degrees and certificates was 22.37% (those who had university and post-graduation degrees accounted for 10.82%; college degrees: 3.82%; intermediate education degrees were 4.65% and pre-intermediate education degrees: 3.08%). Labor costs in Vietnam are considered to be very competitive in the region. Most Vietnamese workers have good working skills and high capacity to adapt to the working environment while the cost for them is equal to only 10% or 5% of that of industrialized countries and

1 Source: Results of the Vietnam Census 2019
2 Source: General Statistics Office

lower than that of the countries with similar per capita income to that of Vietnam.

1.6. Natural resources

Land resource: Vietnam's land is very diversified, fertile and favorable for agricultural and forestry development. Furthermore, Vietnam has a strong horticultural sector, building on the 15,000 plant species that grow in the country.

Diverse mineral resources: Vietnam has significant reserves of energy such as oil, gas and coal. Vietnam is also rich in minerals such as bauxite, iron ore, lead, gold, gemstones, tin, chromate, coal, granite, marble, clay, white sand and graphite. The total oil reserves proven in 2019 was 4.4 billion barrels, which is equal to 0.3% of the world's discovered oil reserves and is the 2nd biggest in East Asia, the 3rd biggest in Asia and the 28th biggest in the world[3]. Along with 871 billion cubic meters of gas and an estimated 48,878 million tons of coal reserves, Vietnam's energy resources are the major sources of revenues from exports and a major support to domestic industries. The estimated bauxite reserve of 8 billion tons is the 3rd biggest one in the world and largely untouched. Additionally, Vietnam also has an estimated iron ore reserve of 520 million tons.

Remarkable water resource: Vietnam has a dense river network (2,360 rivers). The two biggest rivers, the Red and Mekong Rivers, form two vast, populous and rich deltas. The river and stream system annually transmits up to 310 billion m3 of water.

3 Source: pvn.vn





1.7. Open-door policy and investment incentives

Vietnam always welcomes foreign investors by regularly updating and adjusting regulations on investment. Vietnam participates in bilateral and multilateral free trade agreements with many countries and regions to expand markets and attract foreign investment capital into Vietnam such as Bilateral Trade Agreements (BTAs) with the United States, South Korea, Japan and the European Union and the agreements signed within the framework of the ASEAN Community such as the ASEAN Trade in Goods Agreement and ASEAN Trade in Services Agreement, etc. and is continuing to negotiate on many other trade agreements. Promoting the integration with the world will bring many benefits for investors who come from those countries and regions when they invest in Vietnam.

Vietnam is continuing to implement preferential policies to attract foreign investors through measures such as corporate income tax exemption and reduction, import tax exemption for some categories of goods and land rent and land use fee exemption, etc. The Government of Vietnam commits to continue with administrative procedure reform to create all possible favorable conditions for investors. The capital and other legal assets of investors will not be confiscated or seized by any legal or administrative measures and foreign invested enterprises cannot be nationalized. Foreign investors are entitled to remit overseas their capital, profits, loan principal and interest, proceeds and other lawful assets.

2. Comparative studies on investment environment between Vietnam and China and ASEAN countries



2.1. General assessment

In recent years, Vietnam has become an important link in the global supply chain. Regarding the total implemented foreign direct investment (FDI) capital in the last 7 years (2013-2019), Vietnam (USD 92.48 billion) surpassed Thailand (USD 60.21 billion), Malaysia (USD 61.51 billion), Philippines (USD 51.45 billion) and Myanmar (USD 17.47 billion) both in terms of absolute value and proportion of FDI value on the size of the economy. Although Vietnam was ranked lower than India (USD 218.74 billion) and Indonesia (USD 126.93 billion) in absolute value, its proportion of FDI value to size of the economy was 3.7 times and 5.7 times greater than that of India and Indonesia, respectively[4].

The COVID-19 pandemic has created a new turning point for international investment. With the aim of minimizing supply chain disruption and diversifying production portfolios to avoid over dependence on one country, the acceleration of moving production activities from China to other countries will take place more quickly. Many large enterprises such as Pegatron, Amazon and Home Depot have started to recruit labor and develop supply chains in Vietnam, which shows that Vietnam is one of the leading destinations in this move besides other potential regional countries such as Indonesia, Thailand and Malaysia. These countries are the very direct competitors of Vietnam in attracting foreign investments in the region.

4 Nguồn: Statista



Regarding business costs, a comparison of land rents in industrial zones in Southeast Asian countries in the first quarter of 2020 shows that Vietnam is attractive with the average rent is only equivalent to 40-45% of those in some ASEAN countries such as Indonesia, Thailand and Malaysia and 33-47% lower than those for industrial land in some major cities in China[5]. At the time of 2019, the average wage in the manufacturing sector in Vietnam was also lower than those of the above three ASEAN countries and equal to only one third of that of China[6]. Regarding electricity prices for businesses, research as of March 1, 2020, showed that Vietnam imposed a lower rate than China and most of Southeast Asian countries.

In terms of domestic public investment, with the 2020 public investment plan of USD20 billion and with the remaining undisbursed value of USD9.5 billion in 2019, the total expected disbursement of Vietnam in 2020 will value about USD30 billion. This will help push the implementation of the ongoing and upcoming infrastructure development projects in Vietnam, connect the infrastructure and logistics services in industrial zones in satellite provinces with urban and international logistics centers in Vietnam, and from that base, improve the competitive advantage of Vietnam over other regional countries in attracting FDI[7].

Besides, Vietnam has greater advantages in terms of political safety and economic security after the Covid-19 pandemic. The early successful control of this epidemic helped Vietnam to gain an advantage over other countries in attracting foreign investments.

5 Source: SSI Research
6 Source: Jetro Report 2019
7 Source: SSI Research

2.2. Some comparisons in details

Vietnam – China

China is the most populous country in the world with a population of over 1.4 billion people with an area of about 9.6 million km^2.

Since the commencement of the economic reform in 1978, China has become one of the large fastest growing economies. In 2019, the size of the economy of China was USD27.8 trillion - ranked the first in the world by purchasing power parity (PPP), the nominal GDP was USD14.1 trillion - ranked second below the United States (US), the per capita income was USD 10,098/person - ranked 65th in the world by nominal value (2019) or USD 20,984/person - ranked 67th in the world by purchasing power (as estimated for 2019-2020)[8].

However, China is facing controversial challenges both inside and outside the country such as environmental pollution, income inequality, the gap between urban and rural living standards, corruption, secessionist movements in Xinjiang, Tibet and Hong Kong and commercial, diplomatic and technological sanctions and embargoes imposed by the US. The data of the US Census Bureau shows that the volume of goods imported to the US from Vietnam in 2019 increased by 35.6% in comparison with that of the same period of 2018, which was in contrast to the 16.2% decrease in the volume of goods imported from China to the US. Additionally, the COVID-19 epidemic is pushing the trend to relocate production capacity away from China, which has been further spurred by the earlier US-China trade tensions.

8 Source: Wikipedia

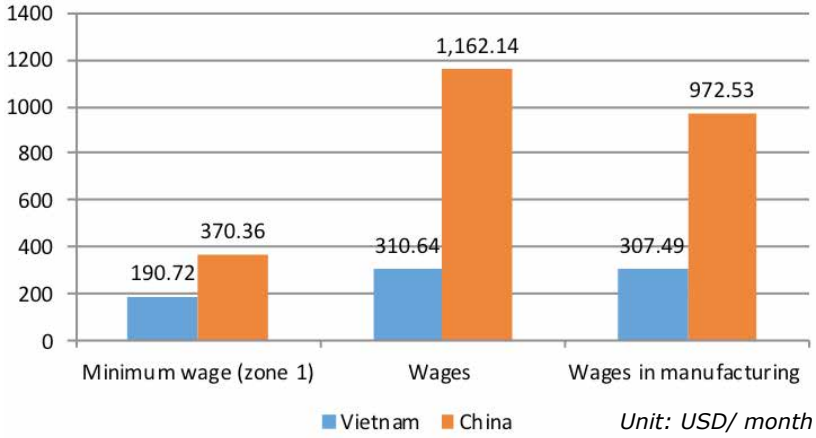


The economic reforms in Vietnam started 10 years later than the reforms in China, however, Vietnam has a number of outstanding advantages over China. Especially:

- Labor costs: The chart below shows that the minimum wage set by the Chinese Government for 2020 is 1.94 times higher than that of Vietnam, the average wage in general and the average wage in the manufacturing sector in China are even higher at 3.74 and 3.16 times, respectively, compared to Vietnam[9].

The costs of compulsory insurance (including social insurance, health insurance, unemployment insurance) according to current regulations (in 2020) in China are also much higher than in Vietnam.

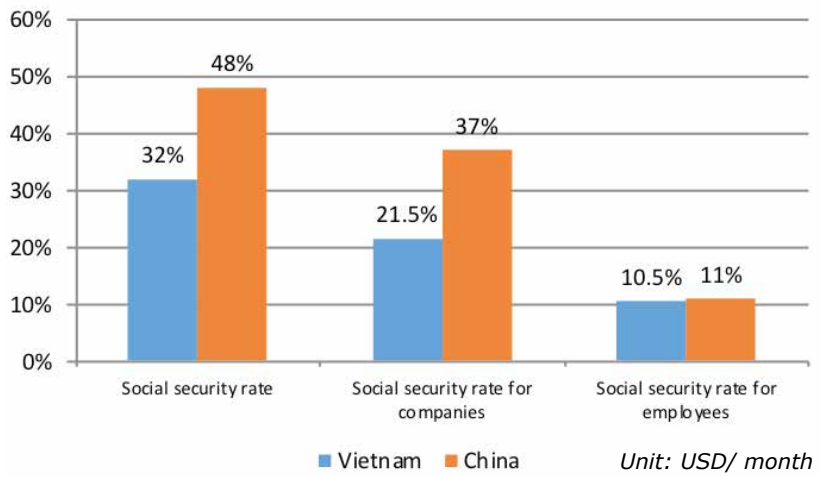
Figure 1. Wages in Vietnam vs China



Source: tradingeconomics.com; (Exchange rate: USD1 = CNY6.6962; USD1 = VND23,175)

9 Time of statistics: Vietnam: quarter 1/2020, China: 2019

Figure 2. Compulsory insurance rates in Vietnam vs China



Source: tradingeconomics.com

- Land rental: In 2019, the rent for industrial land in some major cities in China was USD180/ m2 while, in Vietnam, it was about USD100-140/ m2. The average land rent in industrial parks in Vietnam in 2019 was even lower at about USD91.5 / m2/ lease cycle[10]. This is clearly a very attractive factor of Vietnam for potential manufacturers.

- Electricity prices: As of March 1, 2020, the electricity price for households in both countries were the same at USD0.081/ kwh but the electricity price for business in China (USD0.099/ kwh) was higher than that of Vietnam (USD0.076/ kwh) by USD0.023/ kwh[11].

- Tax: Vietnam also has an advantage over China in applying a sales tax rate (Value Added Tax or VAT) of 10% compared to 13% in China and a corporate income tax of 20% compared to 25% in China.

10 Source: CBRE, Savills, Colliers, JLL
11 Source: Globalpetrolprices.com

- Economic growth: For 2 years now, Vietnam has achieved higher GDP growth rates than China. Vietnam's GDP growth rates in 2018 and 2019 were 7.08% and 7.02%, respectively while those of China were 6.6% and 6.1%[12]

Vietnam – Indonesia

Indonesia is a member of the G20 group and is the biggest economy in Southeast Asia, classified as a newly industrialized country. As of 2019, its was the world's 16th largest economy by nominal GDP and the 7th in terms of GDP at PPP, estimated to be USD1.122 billion and USD3,470 billion, respectively. However, because of its high population (over 274 million people), its GDP per capita is still below the average.

Indonesia has some disadvantages compared to Vietnam in attracting foreign direct investments:

- Politics: Indonesia regularly faces problems of religious tensions and secessionism which lead to violence threatening the economic and political stability of the country. The different ethnic groups on thousands of islands create rifts and difficulty for the management of the central government. On the contrary, as mentioned above, the political situation in Vietnam is stable and is one of its strengths in attracting foreign investment.

- Geographical location and natural disasters: Indonesia is located on the edges of the Pacific, Eurasian and Australia tectonic plates, making the country home for many volcanoes and regular earthquakes and tsunamis. Indonesia is one of the countries most affected by climate change. In 2017, Indonesia suffered from 2,341 natural disasters. The Java Sea level is rising fast and Jakarta is in danger of sinking faster than other major cities in the world. In addition, as an archipelagic country with certain distances from area to area, the transport and communication connections meet many difficulties and, in many areas, it is even bad.

Unlike Indonesia, Vietnam has less danger from earthquakes and tsunamis. Most of Vietnam's area is an S-shaped mainland strip with roads and railways connecting the provinces from North to South, creating favorable conditions for commodity transportation. Vietnam also has the advantage of being close to China, so transportation is more convenient, especially for benefiting from the movement of factories away from China and expanding investments outside the current base in China.

- The high proportion of the poor, the rich-poor disparity and increasing income inequality are big challenges for modern Indonesian society. After many efforts of the Government, in September 2019, the proportion of poor people in Indonesia decreased to 9.22% of the population. However, in 2020, its poverty rate will go back to the 12.49% milestone of 2011, which means that around 37 million Indonesians may face poverty due to the Covid-19 epidemic[13]. Meanwhile, in Vietnam, by the end of 2019, the average poverty rate of the whole country was 3.75%. It is expected that by the end of 2020, this rate will decrease to below 3%[14].

- Wages: In Indonesia, the minimum wage is announced monthly by provincial councils. Jakarta is the locality

12 Source: General Statistics Office of Vietnam, National Bureau of Statistics of China

13 Nguồn: Cơ quan thống kê Trung ương Indonesia, dự báo của Bộ trưởng Tài chính Indonesia
14 Nguồn: Báo cáo của Bộ Lao động, Thương binh và Xã hội Việt Nam



with the highest minimum wage of IDR 4,200,000/month, equivalent to USD 287.16/month, the Central Java province applies the lowest minimum wage of USD 119/ month. According to tradingeconomics.com, the average wage in general in Indonesia was USD 192.59/month in Quarter 1/2020, which is much lower than Vietnam. However, according to a report by JETRO in 2019, the average wage in the manufacturing sector in Indonesia was USD 348/month which was 1.47 times higher than the rate of USD 236/month in Vietnam.

- Productivity: The productivity of Indonesia is still quite low. According to JETRO's survey results, the Productivity Index in Indonesian factories is 74.4 points on the 100-point scale while those of the Philippines, Singapore, Thailand and Vietnam respectively are 86.3; 82.7; 80.1 and 80 points.

- Tax: The corporate income tax rate being applied in Indonesia is 22% which is 2% higher than in Vietnam.

- Land rent: The rent for industrial park land in 2019 in Indonesia was USD201/ m2/ lease cycle which was 2.19 times higher than the rate of USD91.5/ m2/ lease cycle in Vietnam[15].

- Electricity price: Electricity price for businesses in Vietnam is about 8.5% higher than the rate of USD 0.07/kwh in Indonesia. However, the tariff for households in Vietnam is only 81.8% of the USD 0.099/kwh level in Indonesia[16].

Macroeconomics: Indonesia's GDP growth rates in the last 2 years were lower than those of Vietnam with 5.2%

15 Source: Savills, Colliers, JLL
16 Source: globalpetrolprices.com

in 2018 and 5.0% in 2019. Similar to Thailand, Malaysia and some other Southeast Asian countries, Indonesia is also forecasted by ADB to have a negative GDP growth rate (-1%) for the whole year of 2020.

Furthermore, the Vietnamese Dong has recently been very stable compared to the fluctuation of the Indonesian IDR. Vietnam has participated in many free trade agreements (FTAs) such as EVFTA and CPTPP which Indonesia does not join.

Vietnam – Thailand

Thailand is the second largest economy in Southeast Asia, just below Indonesia. Thailand is now a newly industrialized country where manufacturing, assembling, manufacturing industrial goods, exporting agricultural products, tourism and services take key roles in its economy. Thailand is an attractive destination for foreign direct investment and a competitor to Vietnam in this field. However, Vietnam has many advantages over Thailand:

- Politics: While Vietnam is highly appreciated by investors for its stable political and macroeconomic environment, political instability can be seen regularly in Thailand, causing significant impacts on its economy. Recently, in September and October 2020, thousands of Thai people went out to the streets to call for withdrawal of deposits from the Siam Commercial Bank where the Royal family was a major shareholder. The enterprises being advertised on TV channels, which were considered sympathetic to the government, were also boycotted. Shopping malls had to be closed. The Thai tourism industry which contributes about 15% of its GDP and which has seriously been affected by the Covid-19 epidemic continues to be affected



by such prolonged unrest. Foreign investors have to think thoroughly when investing in this country. The Securities Index (SET) of Thailand has been steadily decreasing since the large scale demonstration occurred here.

- Geographical location: Thailand is located in the middle of Southeast Asia, controlling the only route from the Asian mainland to Malaysia and Singapore. However, Vietnam's location is more advantageous as it is the connection center of the region, a gateway to penetrate the economies in the Western part of the Indochinese peninsula. Vietnam is bordered by China - a big economy and the most populous country in the world. Vietnam has a long coastline, is adjacent to the East Sea and close to the world's main transportation routes. Geologically, Vietnam suffers from much lesser tsunamis and earthquakes than Thailand.

- Labor costs: The chart below shows that Thailand is inferior to Vietnam in terms of low labor costs. The average wage in Vietnam is only two-thirds of that in Thailand. The average wage in the manufacturing sector in Thailand is about 140% of that in Vietnam or about 40% higher than that in Vietnam. (Time of statistics: Quarter 1 of 2020)

Figure 3. Wages in Vietnam vs Thailand



Source: tradingeconomics.com
Exchange rate: USD1 = THB31.1903 *Unit: USD/ month*

- Land rent: The average land rent in industrial zones in Thailand is USD217/ m2/ lease cycle which is 2.37 times higher than the rate of USD91.5/ m2/ lease cycle in Vietnam[17].

- Electricity prices: Figures as of March 1, 2020 shows that the average electricity prices for households and for businesses in Thailand are both 1.5 times higher than those in Vietnam. The average electricity prices for households and for businesses in Thailand are USD0.122 and USD0.12/kwh, respectively, while these figures in Vietnam are USD0.081 and USD0.076/kwh[18].

- Market size: In 2019, Vietnam's population was over 96.2 million people while Thailand's are 66.6 million people.

17 Source: Savills, Colliers, JLL
18 Source: globalpetrolprices.com

That means Vietnam has 1.4 times more consumers than Thailand.

- Economic growth: While Vietnam's GDP growth rate has been increasing over the past two years, Thailand's not only went down but also stayed at a much lower level in comparison with Vietnam. In 2018, Thailand's GDP growth rate was 4.2% and, in 2019, it decreased to 2.4%. As forecasted, Thailand's GDP may drop to -8% in the whole year of 2020 while Vietnam may be one of a few countries with positive growth rate (about + 1.8%) this year[19].

Vietnam – Malaysia

Malaysia is the third biggest economy in Southeast Asia after Thailand and Indonesia and is ranked the 11th in Asia and the 33rd in the world. Its GDP has grown at an average of 6.5% per annum for nearly 50 years, the Human Development Index (HDI) stands firmly at a very high level. Malaysia's population in 2019 was about 32 million people. Although it is a crowded territory with various religions and races, people here live peacefully and in harmony. Malaysia is a safe country with a low crime rate. The laws and atmosphere are favorable for businesses. Malaysia is always open to foreigners who can even buy real estate in their own name while the ownership of real estate is still impossible in most Southeast Asian countries. Malaysia also has good relations with all countries in the world and is not hostile to any of its neighbors. However, a chain of short-term political crises occurred in Malaysia in 2019 and 2020 that may result in a profound long term impact on its political and economic stability.

19 Nguồn: Ngân hàng Phát triển Châu Á (ADB)

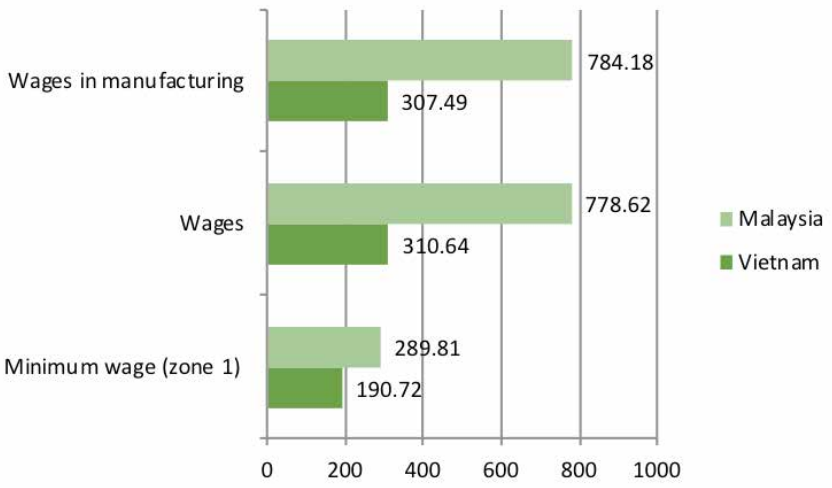
Although Malaysia is considered an attractive destination and a successful country in attracting FDI, Vietnam has some advantages over Malaysia in this respect:

- Investment procedures: Malaysian investment procedures are different from those in Vietnam. The Malaysian Investment Development Authority (MIDA) issues a separate investment incentive certificate to an investor. It does not combine the investment incentives (if any) and the business registration in an investment certificate as specified in the investment law of Vietnam. In addition to the business registration, a foreign investor in Malaysia is also required to obtain a production license from MIDA. In Vietnam, only a few conditional businesses are required to have certificates of business eligibility before starting the businesses. Thus, in this regard, Vietnamese regulations are more open than Malaysia.

- Population: Vietnam's population is 3 times bigger than Malaysia's. Vietnam also has an advantage of a younger population while 70% of its population (about 67 million people) is aged from 15 to 64. In Malaysia, the number of people at this age is about 21 million, accounting for 65.4%.

- Wages: The minimum wage stipulated in Malaysian regulations for 2020 is USD289.81/ month which is 1.5 times higher than that stipulated for the same year in Vietnam. The average wage in general in 2019 and the average wage of the manufacturing sector as of August 2020 in Malaysia were both 2.5 times higher than those in Vietnam.

Figure 4. Wages in Vietnam vs Malaysia



Source: tradingeconomics.com
Exchange rate: USD1=MYR4.1423

Unit: USD/ month

- Tax: Malaysia applies a corporate income tax rate of 24% which is higher than the rate of 20% in Vietnam.

- Land rent: The average land rent in industrial zones in Malaysia is USD224/m2/lease cycle which is 2.44 times higher than the rate of USD91.5/m2/lease cycle in Vietnam[20].

- Electricity price: The electricity price for businesses in Malaysia is USD0.103/kwh which is 1.35 times higher than the price of USD0.076/kwh in Vietnam, but the electricity tariff for households in Malaysia is only USD0.059/kwh - the lowest rate in Southeast Asia and equal to only 72.8% of the level of USD0.081/kwh in Vietnam[21].

20 Source: Savills, Colliers, JLL
21 Source: globalpetrolprices.com

- Macroeconomics: Since 2013, Vietnam's GDP growth rate has generally been on the increase while Malaysia's has been fluctuating up and down. In the past two years, Malaysian GDP grew at quite low rates and tended to decrease (4.8% in 2018, 4.3% in 2019). ADB even forecasts that its GDP would be negative at -5% in 2020.

Furthermore, Vietnam is considered an environment with more economic freedom. In Malaysia, there are restrictions and some products are highly taxed.

3. Success stories of FDI

3.1. Samsung (South Korea)

Having invested in Vietnam since 2008, so far, Samsung has operated 4 factories here (in Thai Nguyen, Bac Ninh, Ho Chi Minh City). Currently, the total investment capital of Samsung Group in Vietnam is over USD17 billion, of which Samsung Electronics alone contributes USD9.5 billion. The total revenue of the 4 factories of this Korean electronics giant in Vietnam amounted to VND 1,580 trillion last year which increased by 3.9% compared to the preceding year. Such level of revenue is equivalent to 26% of Vietnam's GDP. The export value of Samsung in 2019 was USD59 billion, equivalent to 22% of the total export turnover of Vietnam.

According to the ranking of the top 500 largest enterprises in Vietnam (VNR500) by the Vietnam Report Joint Stock Company (Vietnam Report), since 2017, the companies linked to Samsung Electronics have been dominating the highest positions in the ranking. As evaluated by the



Vietnam Report, the size of these companies is even larger than that of the trio of leading economic groups in Vietnam, namely PVN, EVN, and Viettel.

Most recently, Samsung announced the official start of investment in a project of building a Research and Development (R&D) Centre in Tay Ho, Hanoi, the scale of which is considered the largest in Southeast Asia.

The R&D Center of Samsung Vietnam has a total investment capital of about USD220 million, the construction area of 11,603 m2 and the floor area of 79,511 m2, expected to be completed by the end of 2022. When going into operation, the Center will recruit a workforce of between 2,200 and 3,000 people[22].

Samsung is one of the typical success stories for FDI in Vietnam and is also at the forefront of a wave of investments from Korean investors in Vietnam.

3.2. Intel (United States)

In early 2006, Intel launched a USD300 million investment project to build new facilities including a chip assembly and testing plant in Saigon Hi-Tech Park. In November 2006, Intel Products Vietnam officially announced plans to expand the factory size from 14,000 m2 to 46,000 m2 and, at the same time, increase the total investment to USD1 billion. The factory officially started operations in June 2010.

Intel's investment in Vietnam is considered as a testament to the success of the FDI policies as well as an affirmation of the attractiveness of Vietnam.

22 Source: vietnambiz.vn

3.3. Foxconn

The investment in Vietnam by Hon Hai Technology Group (Foxconn) which is ranked the 24th in the world's Top 500 Largest Companies continues to be a testament to the success of Vietnamese policies of attracting and calling for foreign investments.

Starting in 2007, Foxconn invested on a small scale in Bac Ninh, Bac Giang and Vinh Phuc provinces in Vietnam. By 2019, Foxconn expanded its investment to Quang Ninh province and decided to invest on a large scale in Bac Giang province. The export value of "Eagle" Foxconn factories in Vietnam in 2019 was about USD3 billion which is expected to increase to USD6 billion in 2020. The Group is employing about 50,000 Vietnamese workers with the average salary of VND10 million - VND12 million per month[23].

23 Source: tuoitre.vn



Part 3. Investment Policies

1. Investment sectors

1.1. Sectors opening for investment

The Vietnamese State has opened most production, business, and service activities to investors. The investment environment makes no distinction between domestic and foreign investors. Investors are free to invest and decide on investment formality, investment capital, production, and business plans (there is no requirement on minimum investment capital, on the number of employees, etc.), except for following cases:

Business activities banned from investment[24] such as trading in the narcotic substances, toxic chemicals, wild fauna, firecrackers, provision of debt collection services, prostitution v.v;

(i) Sectors with market access conditions applied to foreign investors: Under current Vietnam's WTO accession commitments, market access restrictions apply to some areas such as distribution (tobacco, rice, pharmaceuticals ...); transport; telecommunication; film production, distribution, and screening; entertainment service; travel and tour operations, etc. According to that, foreign investors may not be entitled to access the market; or only be permitted to access the market with conditions, be limited in terms of investment forms, ownership ratios, the scope of operations, or have to meet capability requirements when investing in Vietnam.

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(ii) Conditional business lines: Investors are required to meet conditions in accordance with applicable laws.

1.2. Conditional business lines

Conditional business lines are the business lines in which the business investment must satisfy certain conditions for reasons of national defense and security, social order and security, social ethics, or public health.

Investment projects in conditional business lines normally are required to meet conditions such as investor's experience, financial capacity and qualification, investment capital amount, staffs' qualification, etc. These projects are required to meet conditions regulated by laws or required to obtain an operation license, certificate, acceptance, or approval granted by competent authorities.

Law on Investment 2020 stipulates 227 conditional business lines[25]. Below are some examples:

- Finance sector: Banks, securities, insurance, price valuation services, credit rating services

- Transport: Road transport, manufacture and import of automobiles, motor vehicle inspection, automobile driver training, maritime safety; seaport operation, air transport.

- Real estate: Real estate business, brokerage, management and consultation

- Construction: Construction survey, construction design, construction design assessment

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- Communication: Telecommunications network services, internet-based games, pay radio and television services, data centers, network information security services.

1.3. Business lines and areas entitled to investment incentives[26]

The Government of Vietnam encourages investment in priority fields and business lines depending on each stage of economic development. The following are business lines that are entitled to investment incentives under Law on Investment 2020:

(i) Hi-tech activities, hi-tech ancillary products, research, manufacturing and development of from science and technology products in accordance with regulations of law on science and technology;

(ii) Manufacturing of new materials, new energy, clean energy, renewable energy; manufacturing of products with an added value of 30% or more; energy-saving products;

(iii) Manufacturing of key electronics, mechanical products, agricultural machinery, automobiles, automobile parts; shipbuilding;

(iv) Manufacturing of products on the list of prioritized supporting products;

(v) Manufacturing of IT products, software products, digital contents;

26 Clause 1 Article 16 Law on Investment 2020

(vi) Breeding, growing and processing of agriculture products, forestry products, aquaculture products; afforestation and forest protection; salt production; fishing and fishing logistics services; production of plant varieties, animal breeds and biotechnology products;

(vii) Collection, treatment, recycling or re-use of waste;

(viii) Investment in development, operation, management of infrastructural works; development of public transportation in urban areas;

(ix) Pre-school education, general education, vocational education, higher education;

(x) Medical examination and treatment; manufacturing of medicinal products and medicinal materials, storage of medicinal products; scientific research into preparation technology and biotechnology serving creation of new medicinal products; manufacturing of medical equipment;

(xi) Investment in sports facilities for the disabled or professional athletes; protection and promotion of value of cultural heritage;

(xii) Investment in geriatric centers, mental health centers, treatment for agent orange patients; care centers for the elderly, the disabled, orphans, street children;

(xiii) People's credit funds, microfinance institutions;

(xiv) Manufacturing of goods and provision of services for the purposes of creating or participating in value chains and industrial clusters.





1.4. Areas eligible for investment incentives[27]

Vietnam encourages project investing in the following regions:

(xv) Disadvantaged areas and extremely disadvantaged areas, such as mountainous regions, remote or island regions).

(xvi) Industrial zones, export-processing zones, hi-tech zones and economic zones ("industrial zones" or "IZ", "industrial parks" or "IP").

1.5. Projects eligible for special investment incentives[28]

In addition to investment incentives by sectors and geographical areas, the State of Vietnam also applies special investment incentives and support to encourage the development of a number of investment projects which have a great impact on social-economic development, including:

(i) Projects on the establishment (including the expansion of such establishment project) of innovation centers and research and development centers with a total investment capital of at least VND 3,000 billion and disbursing at least VND 1,000 billion within 03 years from the issuance date of the investment registration certificate or the investment pre-approval; the National Innovation Center established under the Prime Minister's decision;

27 Clause 2 Article 16 Law on Investment 2020
28 Clause 2 Article 16 Law on Investment 2020

(ii) Investment projects in the business line eligible special investment incentives with an investment capital of at least VND 30,000 billion and disbursing at least VND 10,000 billion within 03 years from the issuance date of the investment registration certificate or the investment pre-approval

2. Forms of investment incentives[29]

Depending on sectors, geographical areas, scale of the project, the investor may enjoy the following forms of investment incentives:

(i) Corporate income tax incentives, including the application of a lower rate of corporate income tax for a certain period of time or throughout the investment project execution; exemption from and reduction of tax and other incentives prescribed by the Law on Corporate Income Tax;

(ii) Exemption from import tax on goods imported to form fixed assets; raw materials, supplies, and components for manufacturing purposes in accordance with regulations of law on import and export tax;

(iii) Exemption from and reduction of land levy and land rental fee;

(iv) Accelerated depreciation, increasing the deductible expenses upon calculation of taxable income.

29 Clause 2 Article 20 Law on Investment 2020



3. Taxation incentives

Depending on sectors, geographical areas, scale of the project, the investor may enjoy the taxation incentives as follows:

3.1. Exemption and recution of corporate income tax in a certain period[30]:

(i) Applicability of incentive corporate income tax rates (compare with normal tax rate of 20%):

- Incentive tax rate of 10% within 15 years will apply to enterprises referred to in point (ii) section 3.1 below;

- Incentive tax rate of 10% for the whole operation period will apply to the income of enterprise operating in socialization in the field of education – training, vocation, health, culture, sports and environment in publication, printed newspaper areas, social housing projects.

(ii) Tax exemption for 04 years, reduction of 50% of tax payable for the next 9 years for income of enterprise from performing new investment projects in the regions with special difficult socio-economic conditions, in economic zones, high-tech zones, investment and development of water plants, power plants, water drainage and supply system, bridges, roadway, railway, airports, seaports, river ports, railway stations, production of renewable energy, clean energy; new investment projects in the field of environmental protection and some other projects.

30 Article 15, 16 Decree No: 218/2013/ND-CP

(iii) Tax exemption for 02 years, reduction of 50% of tax payable for the next 4 years for income from performing new investment projects in the regions with difficult socio-economic conditions; production of high-quality steel, energy-saving products, machinery and equipment for agriculture, new projects in industrial zones, except the industrial zone located in the region with advantageous socio-economic conditions.

3.2. Land rental fees[31] *(in the case of land leased from the Government)*

(i) The land rent shall be exempted for the whole lease term in the following cases:

- The investment projects entitled to special investment incentives to be carried out in the regions with special socio-economic difficulties;

- The projects using land to build residential houses for the workers in the industrial zones which are approved by the competent authorities;

- Land used for building infrastructure in the industrial zones, industrial complexes, processing and exporting zones;

- Land used for building the establishments serving airline services, excepting the land used for building establishments doing airline service business.

- Land used for building water supply construction, including water extraction and water treatment construction, water pipelines system, constructions for the

31 Article 19 Decree 46/2014/ND-CP dated 15/5/2014; Decree 135/2016/ND-CP dated 9/9/2016.



management and operation of the water supply system (administrative offices, executive offices, factories, equipment, and sheds).

(ii) The land rent exemption within a certain period:

The land rent shall be exempted during the fundamental construction period according to the project approved by the competent authorities for most 3 years from the effective date of the land lease contracts. After the capital construction period, depending on the specific project, the investor may enjoy further land rental fee exemption as follows:

- Three (3) years with regard to the projects entitled to investment incentives; new business establishment of economic organizations which is moved due to planning or environment pollution.

- Seven (7) years with regard to the investment projects in the regions with difficult socio-economic conditions;

- Eleven (11) years with regard to the investment projects in the regions with special difficult socio-economic conditions; investment projects entitled to special investment incentives; projects entitled to investment incentives which are invested in the region with difficult socio-economic conditions;

- Fifteen (15) years with regard to the projects on the List of Domains entitled to investment incentives which are invested in the regions with extreme socio-economic difficulties; projects the List of Domains entitled to special investment incentives which are invested in the regions facing socio-economic difficulties. Investors who have land leased out by the state for the construction and trading in infrastructure of industrial zones, industrial complexes, export processing zones, economic zones, high-tech zones shall be entitled to exemption of land rents after the period of fundamental construction as prescribed in Clause 2 of this Article, particularly as follows:

o 11 years if investments are made in administrative divisions of rural districts outside the list of administrative divisions of investment incentives according to the Law on Investment.

o 15 years if investments are made in administrative divisions of rural districts belonging to the list of administrative divisions facing difficult socio-economic conditions according to the Law on Investment.

o Entire lease term if investments are made in administrative divisions of rural districts belonging to the list of administrative divisions facing extremely difficult socio-economic conditions according to the Law on Investment.



Part 4. Statistics

1. Basic socio-economic indicators of Vietnam

Vietnam's development over the past 30 years has been remarkable. The economic and political reforms, launched in 1986, have spurred rapid economic growth, transforming what was then one of the world's poorest nations into a lower middle-income country. Between 2010 and 2019, its GDP per capita increased by more than 2.5 times, reaching nearly US$2,700 in 2019.

In 2019, Vietnam's economy continued to show fundamental strength and resilience, supported by the high levels of robust domestic demand and export-oriented manufacturing. Statistics shows that Vietnam's GDP growth has been kept at a high level of stability and on a growth trajectory over the past 3 years with a rate of around 7% in 2019, and Vietnam is one of the countries with the highest growth rates in Southeast Asia.

Some basic socio-economic indicators of Vietnam

Year	GDP growth rate (%)	Yearly per capita income (USD)	Inflation rate (%)	Export value (USD bil.)	Import value (USD bil.)
2010	6.42	1,065	11.75	72.24	84.84
2011	6.24	1,358	18.13	96.91	106.75
2012	5.25	1,569	6.81	114.63	114.35
2013	5.42	1,714	6.04	132.18	131.31
2014	5.98	1,863	1.84	150.04	148.06
2015	6.68	1,963	0.60	162.40	165.60
2016	6.21	2,085	4.50	175.90	173.30
2017	6.81	2,294	3.53	213.77	211.10
2018	7.08	2,512	2.98	244.00	238.00
2019	7.02	2,686	5.32	263.45	253.51

Figure 5. GDP growth rates %

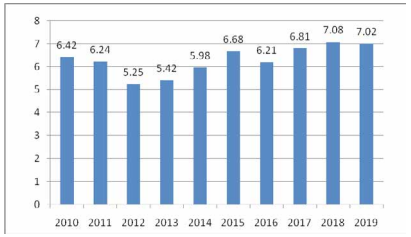
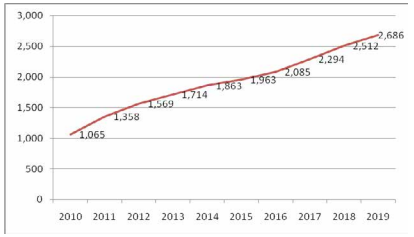


Figure 6. Per capita income (USD/person/year)



Source: Ministry of Planning and Investment of Vietnam

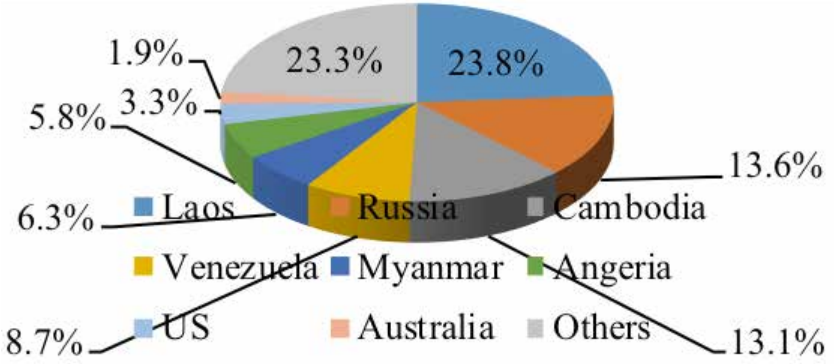
2. Foreign direct investment outflow of Vietnam

After over 30 years of integration and development, today, Vietnam is not only a leading country in receiving foreign investments in the region but also emerges as a country with many enterprises investing abroad. Vietnam's overseas investment activities are more and more diverse, which is clearly shown through the invested markets, the invested industries, the scale and form of investment, the economic sectors of the investing enterprises.

By the end of 2019, Vietnamese enterprises had invested in 1,321 projects in 78 countries and territories with the total registered investment capital of about USD20.6 billion. The country which Vietnamese enterprises chose to invest most was Laos with 208 projects and registered investment capital of about USD4.9 billion, equivalent to about 23.8% of the total value of their investment outflow. Ranking below Laos are Russia with the total registered investment capital of about USD2.8 billion, Cambodia with USD2.7 billion, Venezuela with USD1.8 billion, Myanmar with USD1.3 billion, Algeria with about USD1.2 billion, the United States of America with

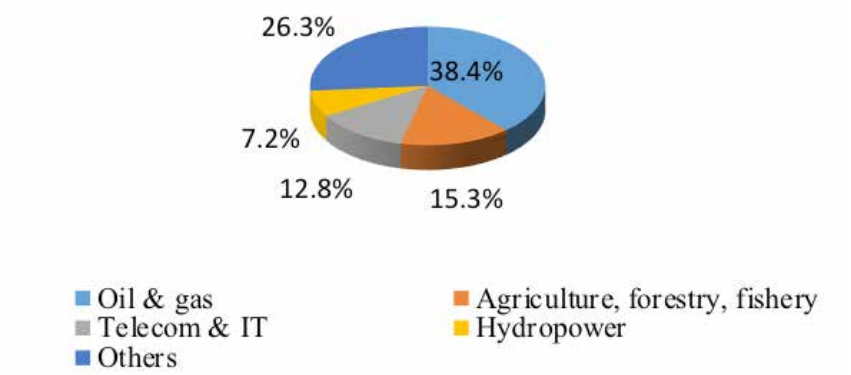
about USD690 million, and Australia with about USD400 million. Vietnamese investors have mainly invested in 18 industries and fields. The largest concentration of capital was put on the oil and gas industry at 38.4%; agriculture, forestry and fishery at 15.3%; telecommunications and information technology at 12.8%; and hydropower at 7.2%,

Figure 7. FDI outflow of Vietnam by country
(By the end of 2019)



Source: Ministry of Planning and Investment of Vietnam

Figure 8. FDI outflow of Vietnam by sector
(By the end of 2019)



Source: Ministry of Planning and Investment of Vietnam

3. Foreign direct investment inflow of Vietnam

After more than 30 years of door-opening, integrating and business environment reforming, Vietnam has become an attractive destination for foreign investors. The foreign direct investment (FDI) capital in Vietnam has increased sharply, both registered investment capital and implemented capital have been getting higher year after year (Figure 5).

The year of 2017 marked an important milestone by which time Vietnam had implemented the policy of attracting foreign direct investments for 30 years and was also the year with many impressive signs of progress whereby the FDI reached a record in volume and had a "leap" in quality. The registered FDI capital was over USD37 billion, the implemented capital was USD17.5 billion, the biggest amounts in the FDI history as of that time with 2,714 newly registered projects.

In 2018, the disbursed FDI capital reached a record of USD19.1 billion which went up by 9.1% compared to that of the same period in 2017 with 3,046 newly registered projects.

The year of 2019 continued to set new records in attracting foreign direct investment. As of December 20th 2019, the realized FDI capital was USD20.38 billion, an increase of 6.7% year on year with 3,833 newly registered projects. The total newly registered, adjusted and contributed capital for purchasing equities by foreign investors was USD38.02 billion, a rise by 17.2% compared to that of the same period in 2018.

2020 has been a difficult year for most of the economies

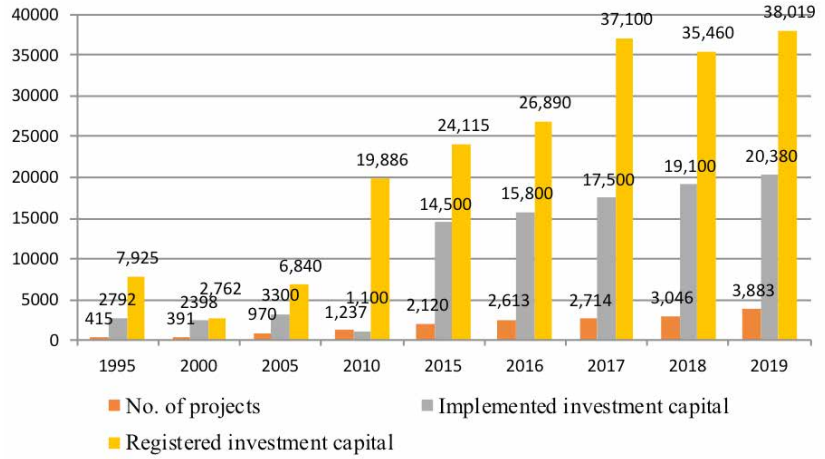
in the world. However, Vietnam continues receiving new inflows of foreign direct investment. In the first 9 months of 2020, more than 1,900 new projects were granted Certificates of Investment with a total registered capital of over USD21.2 billion, equaling to 81.1% of that of the same period in 2019. The foreign investors came from 111 countries, led by Singapore with the total investment capital of USD6.77 billion, accounting for 32% of the total investment in Vietnam in the period. As usual, the processing and manufacturing sector was still the leading industry sector in attracting FDI in the first three quarters of 2020 with the total investment of nearly USD9.9 billion, accounting for 46.6% of the total registered investment capital; the power production and distribution was ranked the second with the total investment capital of over USD4.3 billion, accounting for 20.6% of the total registered investment capital.

The Covid-19 epidemic occurred at the beginning of 2020 and has affected of the capacity to travel by investors. Although they have been supported to enter Vietnam to work, there is still a large number of experts who have not been able to come to Vietnam, causing difficulties for production and business activities as well as new investment decisions and project expansion. The number of new projects, capital adjustments and capital contributions for purchasing equities by foreign investors are all lower than those of the same period last year. The above results, although showing a decrease, are still much better than those of many other countries if they are considered in the context of the sharp decline of the global investment due to the Covid-19 pandemic, proving the attractiveness of Vietnam in the eyes of international investors.

Vietnam is emerging as a successful country in preventing and quelling the Covid-19 pandemic and becoming a safe investment destination for foreign investors.

According to experts, Vietnam is one of the most attractive investment destinations with certain advantages for getting ready to catch the movement of the foreign capital flows. Vietnam has a stable macro economy, low inflation, strong growth, stable currency, abundant human resources, radically reformed investment environment; stronger position in the international arena; and positive and effective measures of preventing and fighting against the Covid-19 pandemic.

Figure 9. Increase of Vietnam's FDI inflow over years



Unit: USD/ month

Source: Ministry of Planning and Investment of Vietnam

Accumulated as of September 20, 2020, Vietnam had 32,658 valid FDI projects with a total registered capital of nearly USD381.5 billion. The accumulated realized capital of FDI projects was estimated at USD225.8 billion, equaling 59.1% of the total valid registered capital.

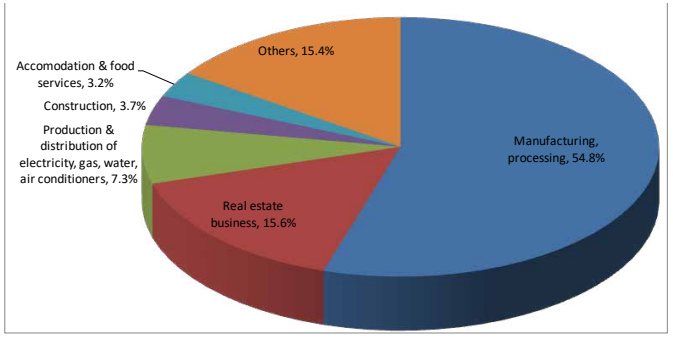
By sector, foreign investors had invested in 19 of the 21 sectors in the national economic classification system, of which the processing and manufacturing sector accounted for the highest proportion with USD222.92 billion or 58.4% of the total investment capital, followed by real estate business with USD59.6 billion (15.6%)); electricity production and distribution with USD27.6 billion (7.3%).

Top 5 FDI attraction sectors in Vietnam
(Valid projects as of September 20th, 2020)

No.	Sector	No. of projects	Total registered investment capital (USD mil.)
1	Manufacturing, processing	15,015	222,929.49
2	Real estate business	927	59,600.97
3	Production and distribution of electricity, gas, water and air conditioners	142	27,906.19
4	Construction	1,748	13,975.22
5	Accommodation and food services	884	12,329.70

Source: Ministry of Planning and Investment of Vietnam

Figure 10. FDI structure by sectors in Vietnam
(Valid projects as of September 20th, 2020)

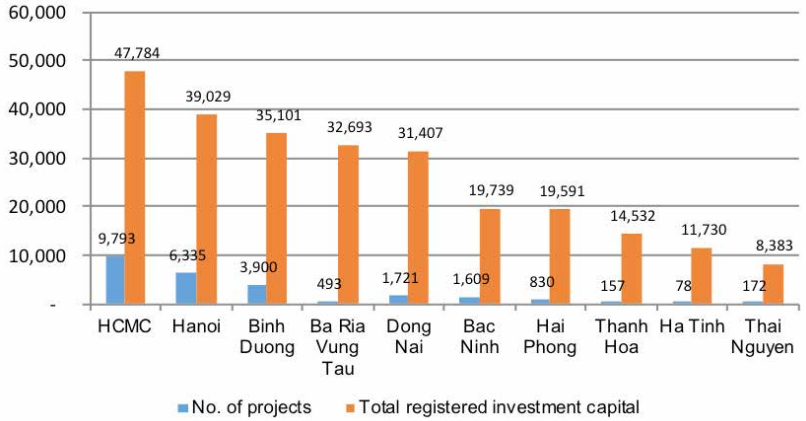


Source: Ministry of Planning and Investment of Vietnam

By localities, foreign investment had been present in all 63 provinces/cities nationwide, of which Ho Chi Minh City was still the leading province in attracting foreign investment with USD47.8 billion (accounting for 12.5% of the total investment); followed by Hanoi with USD39 billion (10.2%); Binh Duong Province with over USD35 billion (9.2%).

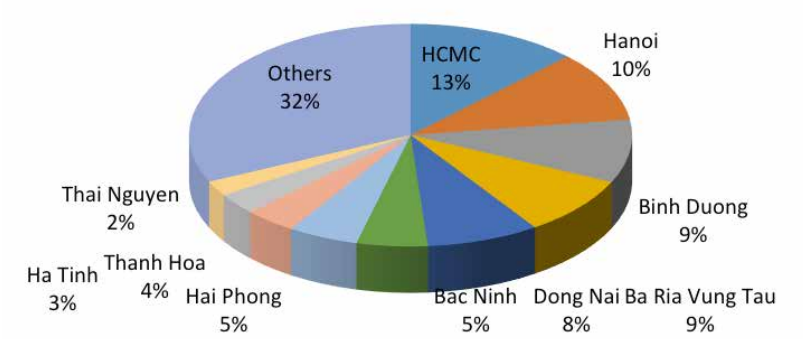
Figure 11. Top 10 FDI attraction localities in Vietnam
(Valid projects as of September 20th, 2020)

Unit: USD million



Source: Ministry of Planning and Investment of Vietnam

Figure 12. FDI structure by localities in Vietnam
(Valid projects as of September 20th, 2020)

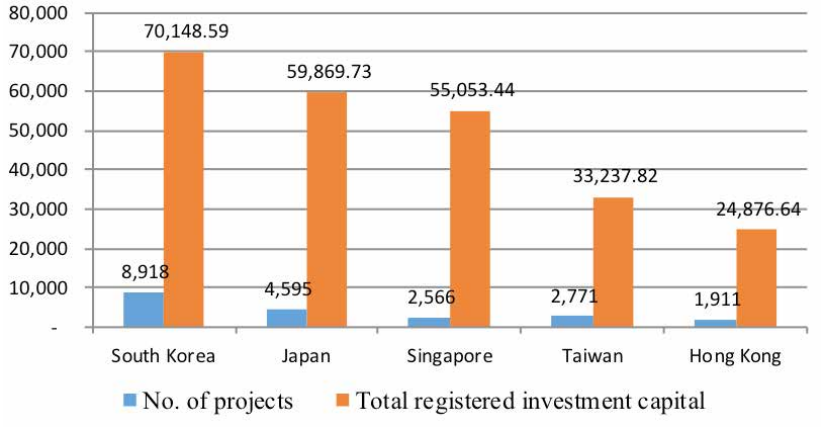


Source: Ministry of Planning and Investment of Vietnam

By investing countries, as of September 20th, 2020, there were 138 countries and territories having valid investment projects in Vietnam. South Korea ranked the first with the total registered capital of nearly USD70.14 billion (accounting for 18.4% of the total investment capital). Japan ranked the second with nearly USD59.9 billion (accounting for 15.7% of the total investment capital), followed by Singapore, Taiwan and Hong Kong.

Figure13. Top 5 investing countries in Vietnam
(as of September 20th, 2020)

Unit: USD million



Source: Ministry of Planning and Investment of Vietnam



Chapter II

Investment Opportunities

Part 1. Industry

1. Mechanics and metallurgy

On September 04th, 2007, the Prime Minister issued decision No. 145/2007/QD-TTg for the Development Plan of Vietnam Steel Industry in the period 2007-2015, considering 2025. According to the plan, the demand for steel products in Vietnam by 2025 will be about 24-25 million tons.

* *Construction steel*

Most of the steel requirement in Vietnam comes from the construction sector (accounting for over 90% of total steel consumption in the country). In 2019, the growth rate of the industry decreased gradually compared to previous years, mainly due to the weakening of the real estate market and public investment projects are decelerating.

Hoa Phat Group is currently the leading company in the market, accounting for 26% of the market share of construction steel supply, possess significant advantages and domestic iron ore materials source as well as a large scale of modern basic oxygen furnace (BOF) production line.

Production and consumption of construction steel 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	6,482	8,403	9,130	9,996	10,470
Consumption	6,482	8,403	9,130	9,996	7,782

(Source: Vietnam Steel Association) *(Unit: Thousand tons)*

* *Steel pipes*

Production and consumption of steel pipes increased rapidly from 2015 to 2019. Specifically, the compound annual growth rate (CAGR) of production is 17% while the CAGR of consumption is 18.9%. It is estimated that in 2019, the output of steel pipes produced reached 2,526 thousand tons, consumption reached 2,313 thousand tons. However, in 2019, steel pipe consumption decreased slightly. This is mainly due to the negative impact of the export market, namely the protection policies of U.S for domestic goods.

Production and consumption of steel pipes 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	1,548	1,750	2,200	2,374	2,526
Consumption	1,540	1,705	2,200	2,575	2,313

(Source: Vietnam Steel Association) *(Unit: Thousand tons)*

* *Galvanized*

Vietnam's galvanized / galvalume and color coated steel market have annual consumption of about 3~3.5 million tons. In 2019, the consumption of galvanized steel reached 3,469 thousand tons, down 22% over the same period. Causes:



• As well as steel pipes, galvanized steel pipes are negatively affected by the trade protection policies of importing countries;

• Domestic demand does not offset the planned shortage of exports;

• Galvanized production capacity is quite redundant, competitive pressure will continue to increase soon.

Production and consumption of galvanized steel 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	3,345	3,700	4,420	3,384	3,789
Consumption	3,340	3,758	3,500	4,432	3,469

(Source: Vietnam Steel Association) *(Unit: Thousand tons)*

* Import and export

Steel imports from 2016 to 2019 decreased, down to 14.55 million tons in 2019 due to enterprises actively expanding production, boosting output. Formosa Ha Tinh produced hot rolled coil (HRC) - the product Vietnam almost could not manufacture previously, partially offset the domestic shortage and reducing import pressure.

China is still the largest steel supply market for Vietnam. Total steel imported from China in 2019 reached 5.143 million tons, accounting for 35% of the total steel imports in the country.

In the period 2015 - 2019, iron and steel exports at the end of the period increased by more than double compared to the beginning of 2015. However, in 2019, they decreased by 7.4% in turnover and 13.2% in price compared to 2018 due to the influence of protection policies in some markets including the US.

Export and import steel output 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	15.7	18.36	14.98	13.53	14.55
Consumption	2.93	2.47	4.7	6.26	6.86

Source: General Department of Vietnam Customs *(Unit: Million Tons)*

* Steel projects

On May 29, 2015, the Ministry of Industry and Trade of Vietnam issued Decision No. 5295/QD-BCT on the addition of the steel production system and distribution system development plan for the period up to 2020, taking into account 2025, accordingly, added "Expanding the capacity of high-quality construction steel production capacity of 600,000 tons/year under the investment project of Hoa Phat Iron and Steel Production Complex phase 1" of Hoa Phat Steel Joint Stock Company in Hiep Son commune, Kinh Mon district, Hai Duong province.

The planning of major investment projects for the period 2016-2025 includes:

Project	Expected location	Start-up time - completion	Investment capital (million USD)	Billet	Rolled steel
Minimill Project (DR-EAF-Embryos) PA1	Ba Ria-Vung Tau	2016 - 2020	800	1,450	1,450
Minimill Project (DR-EAF-Embryos) PA1	Binh Thuan	2016 - 2025	1,000	1,450	1,450
Projects of rolled steel plates, non-welded steel pipes (2-3 projects)	Coastal area in 3 North, Central, South	2016 - 2025	1,000	1,500-2,000	1,500-2,000
Construction steel rolling projects, high quality large shaped steel (2-3 projects)		2016 - 2025	1,000	2,000	1,500





2. Mining

Vietnam has great potential for mineral resources with more than 5000 mine sites of 60 types of minerals, with considerable reserve size, world-class, strategic significance, and resourcefulness for socio-economic development of the country.

However, Vietnamese enterprises are focusing on exploiting for export ore and fined ore of low value and inefficiency. Mainly due to the poor mechanization and the outdated exploitation technology, which could not make optimal use of resources.

Mining is still a potential industry for Vietnam as many mineral deposits are being probed by the Government using modern technologies, opening up many mining opportunities in the future. The tendency of integration and shifting modern advanced technology promises to improve the capacity as well as the quality of the industry output.

On December 22, 2011, the Prime Minister issued Decision No. 2427/QD-TTg on "Approval of mineral strategy to 2020, vision to 2030" with several development goals:

• Complete geological mapping and mineral surveys at a rate of 1/50,000 on the territory; complete geological and marine mineral surveys at a rate of 1/500,000; assess to clarify the potential of mineral resources for national mining and reserves;

• Exploration to meet the demand for exploiting and processing in 2050 for these minerals: Coal, uranium, titanium - zircon, rare earth, apatite, iron, lead - zinc, copper, tin, manganese, chromite, bauxite, glass sand, and some other minerals;

• Mining must be associated with processing and creating products of high economic value; by 2020, eliminate fragmented mineral processing facilities, outdated technology, low economic efficiency, environmental pollution; establish concentrated mineral processing industrial parks with advanced technology and scale that commensurate with each type of mineral;

• Export only high-value post-processing products for large-scale minerals. The remaining minerals are processed to serve domestic demand to strengthen national mineral reserves as the basis for socio-economic sustainable development;

• Encourage cooperation in investigating, exploring, exploiting, and processing certain types of minerals abroad, prioritizing useful Vietnam minerals.

Vietnam coal exploiting output 2015-2019

Year	2015	2016	2017	2018	2019
Coal exploiting	40.9	39.6	38	41.8	46.2

(Source: Vietnam General Statistics Office) *(Unit: million tons)*

3. Chemical industry

Due to the advantage of rich mineral and plant resources, Vietnam has strength in the fields of fertilizers, pharmaceutical chemicals, rubber, anthological chemicals, and oil chemicals. For the chemical industry, the ability to supply input materials is inadequate and these have to be imported mostly from foreign markets. The technical

2



machinery system of chemical industry is average compared to some countries in the region, productivity is not great and the growth value is flat. Therefore, domestic production in some product groups such as fundamental chemicals, artificial fibers, original resin particles, and synthetic rubber can not satisfy domestic demand.

However, some industries have reached saturation levels such as fertilizers, plant protection drugs, paints, detergents but there are still many sectors with high growth residues such as all-birth plastics and synthetic rubber, artificial fibers, basic chemicals.

On September 18, 2013, the Prime Minister approved the "Vietnam Chemical Industry Development Plan to 2020, taking into account 2030", specific objectives are:

• Develop new large-scale chemical projects by efficiently using advantaged raw materials (apatite, sulfur, and raw materials from oil refining, natural gas), encouraging profound processing projects of raw materials, limiting the export of products such as yellow phosphorus, industrial-class phosphoric acid.

• Develop the production of high-tech chemical products, pure chemicals, technical-level chemicals, food supply to serve the needs of other technical-economic sectors such as pharmaceuticals, food.

• Striving to 2025, meeting 80-90% of the demand for some common inorganic basic chemical products (soda, sulfide acid, phosphoric acid, hydrochloric acid, nitric acid, ammonia, ...), 17-20% of the total demand for some organic chemical products (MEG, PTA, DOP, VCM, LAB, LAS, Methanol).

Value of chemical industry consumption 2015-2019

Year	2015	2016	2017	2018	2019
Consumption value	227.8	254.9	169.4	183.8	196.48

(Source: Vietnam General Statistics Office) *(Unit: Trillions VND)*

4. Electricity and electronics

Vietnam has many strengths in the electrical and electronics industry development: (1) Low labor costs: relatively low labor costs in Vietnam generate a competitive advantage in the region for businesses that manufacture ancillary products and assemble electrical goods. (2) Essential mineral resources to develop the electronic materials industry such as iron ore, rare earth, titanium, rutin, barite, ilmenite, ...

However, at present, domestic enterprises are only assembling and processing with moderate competitiveness and growth value, estimated at only 5-10%. The competitiveness of the product is not high, the product categories are poor, the quality of the product is low, the production cost is less competitive due to the higher cost of raw materials and components in Vietnam than that of other countries in the region. Finally, there is also a lack of strong electronic product brands.

A series of trade agreements have created various opportunities for Vietnam: there are chances to expand export markets, attract foreign direct investment and help contribute economic development, Vietnam is becoming an ideal investment location for large corporations in the technology sector of the world.

Furthermore, opening up is also a burden for the currently limited competitiveness of Vietnamese businesses that have small-scale capital, weak experience in business management, technology, staff level, and low labor productivity. Companies do not have powerful human resource teams that can adapt to the requirements for being ahead of technology: to meet trends in electronic products integrated with smart software and services. Protection policies, especially abolition of tax, makes it difficult for domestic manufacturers to compete on prices with imports when the import tax on equipment is equal to or lower than imported components.

On December 19, 2008, the Government approved a development plan for the electrical equipment industry in the period 2006-2015, with the vision to 2025, with goals to develop:

• Export turnover of the industry expected to reach 15% per year from 2016 to 2025;

• By 2025, Vietnam can produce and supply a full set of electrical equipment in power lines and substations.

Development orientation:

• New investment, in-depth investment with advanced technology to develop the production of products with strengths, improve manufacturing capacity, improve the competitiveness of products of enterprises; Encouraging investment in the production of economically efficient imported substitutes and boosting exports to the region and the world;

• Encourage all economic sectors to participate in the development of the industry. Diversifying investment methods in research cooperation in technology implementation and transfer; Joint venture, associate production, promotion and sale of products;

• Focusing on researching, designing, and manufacturing new products and high-quality products;

• Strengthening the coordination between sectors and related fields, maximizing the capacity of supporting industries in researching, designing, and producing equipment systems for the electricity sector.

Part 2. Energy Industry

1. Oil and Gas

Vietnam has a coastline of more than 3,400km, which is considered an advantage for oil and gas resource exploitation, moreover, the East Sea (or South China Sea) is located on the Pacific - Indian Ocean arterial trade route and makes it easier to import additional gas resources. Vietnam's oil and gas consumption market has grown positively over the past few years; in favor of many incentives as this is a strategic sector for economic development and national security. Activities in the oil and gas industry have been synchronized from exploration and exploitation, distribution, to oil and gas-related services.

However, for a developing economy, it is challenging to mobilize investment capital when in need of mining development funding. The cost of Vietnam's goods also depends heavily on the global price of crude oil. Besides, the industry's distinctive infrastructure network is still under construction, making it difficult for distribution activities to customers nationwide. The human resources and technology in the country have yet to meet the needs of the industry.

Since becoming an official member of the WTO and participating in trade agreements, Vietnam has had the opportunity to expand bilateral cooperation with developed countries in the investment and import and export of petroleum and natural products.

• Status of oil and gas exploitation 2015 -2019

Currently, the country has 20 oil and gas extraction enterprises, including nine crude oil extraction enterprises and 11 natural gas extraction enterprises. The Southeast and the Red River Delta are the two regions that these operations are mainly concentrated in due to the concentration of numerous oil and gas fields in the country.

Vietnam's crude oil and gas extraction situation in the period 2015 -2019 is relatively stable. Some positive signals in extraction such as:

• The Wild Orchid Mine has been in operation since January 2019;

• 26/10/2019, PVN also put into operation BK-20 rig;

• New oil and gas discovery in Lot 06-1 and good oil and gas expression in Lot 114.

Crude oil and gas production 2015 - 2019

Year	2015	2016	2017	2018	2019
Crude oil (million tons)	17.4	17.2	13.6	12.03	11.07
Gas (billion m^3)	10.7	10.6	9.8	9.9	10.2

(Source: Vietnam General Statistics Office)

2. Electricity and renewable energy

Vietnam's energy consumption increased significantly, where the energy consumption structure shifted towards industrialization. Currently many coal mine projects with large capacity are construction invested; commercial coal mining output has increased; hydroelectricity developed rapidly, wind power and solar power started to grow at high speed. The electricity industry actively converts to the market mechanism; mobilizing great resources for development investment with the participation of many economic sectors, the core of which is state-owned enterprises.



Currently, Vietnam still has energy shortages due to resource limitations, the amount of coal imported for electricity production in 2020 is expected to be 12 million tons and will more than double in 2025 with 30 million tons and, by 2030, will be 50 million tons. Meanwhile, coal is almost exhausted and renewable energy sources such as wind and solar are heavily dependent on price mechanisms as well as large investments.

Risks such as environmental impacts, can heavily affect the development of hydropower, which have influenced the national green development strategy.

Vietnam's renewable energy sources are considered to have great potential, but still depend on weather conditions, climate and terrain. Electricity projects require large investment capital, loan structure up to 70% of total capital needs, prolonged repayment period leading to risks of fluctuating interest rate, exchange rates, investment mechanisms due to strict control of Vietnam Electricity corporation (EVN).

The power grid system has not met the requirements of power transmission leading to many wind power / sun power projects that have invested in the grid system being overloaded, making it impossible to sell off the electricity produced. Some wind power projects operating before the new preferential price issued are also subject to the inability to distribute all the electricity produced on the grid.

• Status of electricity production and consumption in 2015 - 2019

CAGR of the total supply in the period 2015 - 2019 reached 10.4%, which the domestic production source accounts for about 99% of the total output. Vietnam still imports electricity mainly from two sources, China and Laos. From 2013 to 2019, electricity output EVN purchased from China reached nearly 14 billion kWh and 1.1 billion kWh from Laos.

Renewable energy has not been widely applied for electricity development, 88.6% of electricity produced from renewable energy in Vietnam is from small hydropower plants (capacity less than 30 MW). Wind power and other renewable power sources contributed very little (0.4%) to the nationwide electricity production structure. By the end of 2019, there are 87 solar power plants, with a total capacity of about 4,464 MW connected to the national grid to increase the solar power capacity of solar power, accounting for 8.28% of the installed capacity of Vietnam's power system.



Currently, EVN exclusively holds segments from electricity wholesale, transmission, distribution to retail. The electricity trading company (EPTC) under EVN is the only unit that is allowed to buy electricity wholesale from all generators in the market and wholesale it to power distribution companies. The Northern and Southern Power Corporations are the two units with the greatest commercial electricity output in the country in 2019 because these are in the prime industrial zones.

Total supply and commercial electricity 2015 - 2019

Year	2015	2016	2017	2018	2019
Total supply	160.06	177.01	192.45	212.9	231.1
Commercial electricity	143.7	159.79	174.6	192.4	209.4

(Source: Ministry of Industry and Trade of Vietnam) *(Units: billion kWh)*

Vietnam's energy demand increased rapidly in the period from 2002 to 2019 with an average growth of 10.7% per year and is forecast to continue to grow significantly in the next 10 years. Electricity consumption in Vietnam in 2019 is estimated at 2,176.9 kWh/person/year, while the world average is about 3,500 kWh/person/year.

In 2019, electricity supply for the industrial and construction sectors accounted for the highest proportion with 53.8%, being an increase of 6.5 compared to the same period in the previous year. This is followed by electricity supply for the management and consumption sector, accounting for 32.9% of the total commercial electricity output nationwide. Ranked 3rd is the commercial area are hotels and restaurants with 5.6%. The agricultural, forestry, and fisheries sectors account for- 3.1%. Although accounting for a very small proportion of the total electricity consumption structure, the agriculture, forestry and fisheries sectors have shown good signs of growth in recent years.

Ongoing projects

STT	Factory name	Set power (MW)	Total investment (Billions)	Investor
1	Pac Ma Hydropower	140	4,994	Pac Ma Hydropower Corporation
2	Kon Tum Hydropower #1, 2	2x110	5,744	EVN
3	Thang Long Thermal Power	2x300	19,000	Thang Long Thermal Power JSC
4	Na Duong II Thermal Power	110	4,194	Vinacomin
5	Long Phu I Thermal Power	1,200	41,200	PVN
6	Song Hau I Thermal Power	2x600	43,000	PVN
7	Coastal III Thermal Power Expansion	660	22,774	EVN
8	Vinh Tan IV Thermal Power Expansion	600	23,000	EVN
9	Nam Cum small hydropower clusters 1, 4, 5	65.5	N/A	IPP
10	Trung Nam Wind Power	151.95	3,965	Trung Nam Wind Power Corporation
11	Cong Ly - Soc Trang Wind Power	98	5,392	Super Wind Energy Cong Ly Soc Trang Corporation
12	Thien Tan Solar Power 1	90	N/A	IPP (Ninh Thuan)

Part 3. Consumer Goods

1. Textile and garment industry

Vietnam has many advantages in textile and garment manufacturing such as:

• Abundant human resources, low cost of human resources;

• Many large-scale garment companies, well organized and experienced in the field of manufacturing and import and export, have good relationships with importers and retailers in the world;

• Having a geographical location close to the major fabric and accessories producing countries in the world (China and India), favorable for the import of input materials for the garment industry;

• Vietnamese textile and garment products have been accepted by most demanding markets such as the USA, EU, and Japan.

However, with 70% of input materials imported, has transferred Vietnam's garment industry into a passive position facing many risks, such as exchange rate risks. Industry productivity is low, lack of skilled labor. Most are small and medium-sized enterprises (SMEs) with little investment capital, make it more difficult to expand production and upgrade machinery. Also, ignoring the market demand, significant vacant sections, offer chances for many foreign products to enter profoundly into the domestic market.



The textile and garment industry is assessed to have a great contribution to Vietnam's economy when: (1) The trend of shifting garment production from developed countries and territories such as Taiwan, Korea to developing Southeast Asian countries, including Vietnam, opens up opportunities to attract investment capital, acquiring new experience and import high-quality machinery to develop the textile industry; (2) FTAs such as VKFTA, EVFTA, or CPTPP will eliminate restrictions to Vietnamese textile, garment products, and attract FDIs investment.

Vietnam produces 02 main fabrics, woven fabrics from natural fibers and artificial ones. Production volume of these 02 fabrics increased in the period 2015-2019, namely, the average growth of the output of textiles from natural fibers and textiles from artificial fibers in the period 2015-2019 was 18.5% and 17.5% individually.

Fabric production volume of Vietnam 2015 - 2019

Year	2015	2016	2017	2018	2019
Fabrics woven from natural fibers	325.5	357.3	402.4	572.9	625.9
Fabrics woven from artificial fibers	661.9	643.1	681.3	1079.1	1173.2

(Source: Ministry of Industry and Trade of Vietnam) (Single: million m2)

Vietnam's fabric export turnover increased gradually in the period 2015-2019, peaked in 2018 with an impressive increase of 32.96% compared to 2017. In 2019, the turnover reached USD 2.127 million, up 20.92% compared to 2018.

Export turnover of textiles and garments in Vietnam from 2015 to 2019

Year	2015	2016	2017	2018	2019
Textiles	22,801	23,824	26,038	30,489	32,850
Fabrics	987	1,078	1,323	1,759	2,127

(Source: Ministry of Industry and Trade of Vietnam) (Single: million USD)

On April 11, 2014, the Ministry of Industry and Trade of Vietnam issued Decision No. 3128/QD-BCT on approving the development plan of Vietnam's textile and garment industry to 2020, with a vision to 2030.

Development goals

• Building the textile industry to become one of the key industries, heading towards export and be able to meet the increasing demand for domestic consumption;

• Ensuring the sustainable and effective development of the textile and garment industry based on modern technology, quality management system, labor management, environmental management following international standards;

• Distribution of textiles in suitable areas: favorable in terms of labor supply, transportation, seaports;

Development orientation

• Strengthening the garment export industry to take advantage of opportunities coming from the market;

• Develop a fabric production program for export and development of technical textile products and textile products for medical use;



• Develop sources of fibers, plants with fibers, artificial fibers, and accessories.

2. Leather and Footwear

Thanks to its large population, Vietnam possesses abundant human resources and cheaper labor costs than some countries in the region. The textile and garment industry is also a key industry of Vietnam with many textile and yarn factories that can expand and supply raw materials for the footwear industry.

Vietnam also has a reputation on the world footwear industry map, which is a familiar place for many famous brands.

Like the textile and garment industry, Vietnam is also in short supply of skilled workers and low management capacity and productivity. Strike issues in the industry occur more often. Besides, domestic raw materials and accessories are not enough to meet the demand, and the localization rate is low. In terms of production, the supply chain is incomplete, so the most only process for export.

The ability to manufacture and supply raw materials is low, along with underdevelopment distribution, marketing, and logistics systems are obstacles for the industry in both domestic and export markets.

The Vietnam leather and footwear industry has a scale of 1,271 enterprises, which FDI enterprises account for more than 40% of that number but decided about more than 75% of the export value.

The compound annual growth rate in the period 2015 - 2019 reached 19.2%, in 2019 the output of leather (excluding synthetic leather) reached 144.9 million m², up 23.5% over the same period in 2018. The output of leather produced in the country is still low, only meeting 40% of the demand for leather for export production, forcing businesses to import leather from abroad.

Output of some leather and footwear items 2015 - 2019

Year	Units	2015	2016	2017	2018	2019
Leather products, preliminary treating skin and dyed leather	*Million m^2*	70	80	96.5	119.2	144.9
Shoes, leather sandals	*Million pairs*	265	272.4	259.9	276	293.3
Canvas shoes	*Million pairs*	56.9	64.5	71	95.4	125.1
Sneakers	*Million pairs*	665.4	703	745.9	785.9	743.5

(Source: General Statistics Office)

Footwear export turnover in the period 2015-2019 continuously increased, reaching $18,321 million in 2019, which is an increase of 12.82% compared to 2018.

Vietnam footwear export turnover 2015 - 2019

Year	2015	2016	2017	2018	2019
Shoes and Slippers	12,011	13,001	14,652	16,233	18,321
Footwear accessories	1,433.97	1,495.32	1,709.35	1,902.59	2,014.7

(Source: General Department of Vietnam Customs) *(Single: million USD)*

The decision "Vietnam Leather and Footwear Industry Development Plan for the period up to 2020, vision to 2025" was approved and issued by the Ministry of Industry

and Trade of Vietnam under Decision No. 6209/QD-BCT on November 25, 2010.

Strategic product planning

• Footwear is a key product of the industry in which sports shoes and footwear are the top priority in production and export;

• Producing fashionable leather footwear and high-quality purse bags for new markets, high-end markets, and domestic markets;

• Focus on produce leather with advanced technology, environmentally friendly to serve the strategy of producing fashionable leather footwear, pairs of high-quality purse bags for export and domestic market. Investment in leather production is associated with the development of herds contributing to imports reduction and hold proactive in production.

Investment planning

• Invest in expanding more than 3000 production lines of sewing shoes and wallet bag manufacturing projects. These investment projects are carried out in rural areas;

• New investment and expansion of over 400 footwear assembly and completing lines. These investment projects are carried out in provinces with advantages in seaports and raw materials;

• New investment and development of fashion research centers in major cities, analysis centers assessing the quality of raw materials, products, investment projects in waste treatment and environmental protection zones;

• Leather - Footwear raw material production projects, investment projects in Leather - Footwear raw material industrial complex are entitled to all incentives such as industry supporting, and preferential investment credit and export credit of the State.

3. Paper industry

Vietnam has favorable natural conditions for the development of pulp material areas; the ability to take advantage of paper type thanks to the network of buyers, as well as abundant and cheap working forces are also an advantage for the development of the industry.

However, infrastructure is still weak, production lines are still outdated, equipment is still deficient, leading to inefficient production and environmental pollution. Paper enterprises have mostly not been proactive in the sourcing of raw materials for production and the proportion of pulp imports is quite high affects the stability as well as production costs. In addition, businesses have not actively built their distribution system.

Production volume of some paper items, 2015 - 2019

Year	Units	2015	2016	2017	2018	2019
Printed and written paper	*Tons*	242,800	270,000	296,761	319,000	328,000
Cardboard, wrapping paper	*Tons*	1,939,820	2,146,060	2,218,514	3,047,000	3,716,000
Tissue paper	*Tons*	160,000	178,420	186,792	198,000	220,000
Joss paper	*Tons*	93,500	94,400	99,026	110,000	131,000
Newspapers	*Tons*	22,753	64,991			

(Source: Vietnam Paper Association)

Consumption of some paper items, 2015 - 2019

Year	Units	2015	2016	2017	2018	2019
Printed and written paper	*Tons*	649,96	707,549	775,000	795,000	719,000
Packaging paper	*Tons*	2,648,585	2,836,817	3,179,000	3,810,000	4,175,000
Tissue paper	*Tons*	153,127.2	162,108.94	151,296.76	164,453	181,000

(Source: Vietnam Paper Association)

Currently, the demand for paper has increased as the economy continues to grow and Vietnam's population keeps rising. While the Vietnamese government is accelerating the process of restructuring state-owned companies, rousing M&A activities of enterprises are opening up many investment and development opportunities. Joining CPTPP decreases the import tariff of paper from Japan from 10-15% to 0%, creating favorable conditions for paper packaging enterprises due to an abundant supply of raw materials and better selling prices.

Being a member of commercial organizations will increase competitive pressure and strict requirements on production standards and product quality, especially in the high-end paper segment, which we cannot produce yet, and the toilet paper segment is almost saturated. The paper industry is in the process of strong equalization. Paper enterprises have to switch from subsidy to a business serving the market mechanisms, initiating many difficulties and challenges.

* *Actual production-consumption 2015 - 2019*

The average annual consumption of paper per person in Vietnam in 2019 reached 53.29 kg of paper per person, higher than the previous year's consumption of 2.1%. However, Vietnam's paper consumption is still quite low, not commensurate with the population size, because domestically produced paper only meets 64% of the demand for paper, while the imported paper is better quality but higher priced.

Cardboard and packaging paper are reckoned to be the largest proportion of Vietnam's total paper production, accounting for 83.86%, second place is printed and written paper with a proportion of 6.86%. Finally, tissue paper and joss paper with a proportion of 5.9% and 3.38% respectively.

Paper packaging is currently the main consumer product due to the increasing demand for consumer goods, packaged foods, bottled beverages, and pharmaceuticals for on-site consumption and exports.

* *Industry planning of the paper industry*

Specific development goals of the paper industry to 2025:

• Achieving a domestic paper recall rate of 65%;

• Meet about 75-80% of domestic consumer demand, reduce the import rate of paper and pulp products;

• Unlicensed and gradual removal of outdated pulp and paper factories with a scale of fewer than 10,000 tons per year;

• Basically, the Vietnam paper industry becomes a modern industry.

Development orientation:

• In terms of technology: Applying the most advanced technology in the pulp and paper production industry for new investment projects and renovation upgrades, including biotechnology, biomass, and nanotechnology, applying cleaner production technology to operating plants, applying advanced technologies in wastewater treatment, wastewater and solid waste treatment, water reuse, production line closing, environmental pollution reduction; Research application put into the production of high-tech cardboard used in industry and civil to dominate the domestic market is being ignored by the paper industry, restricting imports; Save energy materials, improve the efficiency of collecting and recycling paper type (OCC and DIP) to save forest resources, water resources and protect the environment.

• In terms of scale and capacity of investment projects: Capacity of paper factories at least 50,000 tons/year; priority and encouragement factories with a capacity of over 100,000 tons/year. The capacity of pulp factories from 100,000 tons/year to 200,000 tons/year or more, to ensure modernization conditions and economic efficiency.

• In terms of investment capital: Taking advantage of foreign investment capital reasonably, ensuring the leading role of domestic enterprises, especially Vietnam Paper Corporation. The implementation of this motto depends on the characteristics of each project, each locality, each specific stage to decide the appropriate investment method (domestic investment, the joint venture with foreign countries, or 100% foreign investment).

• Regarding the planning layout: Only investment and construction of pulp production plants or pulp and paper joint production plants in regions and areas that have been planned to produce pulp.

4. Plastics and plastic products

The growth rate of plastics and plastic products from 2010 through 2020 in Vietnam is quite high, estimated at 17.5% and widely applied in all industries such as consumption, food, telecommunications and construction.

Vietnam has a wide range of industry development advantages:

• Low labor costs are an advantage for Vietnam compared to Thailand and China when exporting to Japan, USA, and EU;

• Not imposing anti-dumping duties in some major markets: Vietnam plastic products have not been imposed anti-dumping duties when exporting products to markets such as EU, Japan, ... (average tax from 8 - 30%) thereby creating advantages for Vietnamese plastic products compared to plastic products from China, Thailand, ...

However, Vietnam's model type is still monotonous, not meeting the needs of importers as well as consumers in the country. Vietnam has not been proactive in input materials: importing 85% - 90% of input materials, this reduces the activeness in production and competitiveness of Vietnamese plastic products. Moreover, Vietnam has outdated technology compared to the common ground in the world: Technology, equipment, production line of Vietnam plastics industry is still relatively outdated, mainly the equipment originating from Taiwan, China ...

Free trade agreements (FTA) offer many opportunities: opportunities to export plastic products to worldwide markets, besides the shift of production orders from China to Vietnam to take advantage of tax incentives. Increasing demand: the rising standard of living and income of people makes more use of convenient plastic products, especially raising plastic packaging needs.

* Actual production-consumption 2015 -2019

The plastics industry has a large number of enterprises, with 5,562 enterprises in the country. The number of domestic enterprises is still dominant with 85%, but foreign enterprises account for 40% of the total investment in the whole industry with machinery and technology in the most modern form.

Plastic production by type 2015 - 2019

Year	2015	2016	2017	2018	2019
Plastic packaging	2,542	2,784	2,923	3,162	3,537
Household plastics	1,923	2,121	2,397	2,525	2,607
Plastic construction	871.5	961.2	1,036.2	1,278.5	1,315.9

(Source: General Department of Vietnam Customs) *(Units: thousand tons)*

Although sales witnessed growth in the period 2015 - 2019, the direction of reducing plastic consumption of consumer goods and beverage manufacturers in the world and Vietnam will be detrimental to businesses in the industry.

* Industry planning

According to decision No. 2992/QD-BCT issued by the Ministry of Industry and Trade of Vietnam on June 17, 2011 on the approval of the development plan of Vietnam plastics industry to 2020, the vision to 2025, the specific objectives of the planning include:

• The value of plastic industry production at comparable prices from 1994 to 2020 reached VND 181,577 billion and by 2025 reached VND 390,000 billion, the growth rate of industrial production value in the period of 2021-2025 reached 16.52%.

• The value of plastics increased by comparable prices from 1994 to 2020 to VND 19,319 billion and VND 32,274 billion by 2025. The growth rate in the period 2021 - 2025 reached 10.81%.

• Striving for the proportion of plastic industry compared to the whole industry to 2015 reached 5%, by 2020 reached 5.5% and by 2025 reached 6%.

• Restructuring plastic product groups towards reducing the proportion of plastic packaging and household plastic product groups, gradually increasing the proportion of the group of construction materials and engineering plastics. The target of 2025 by the proportion of corresponding product groups is 31.0%; 17.0%; 27.0% and 25.0%.

Part 4. Food And Beverages

1. Seafood processing

Between 2016 and 2019, the output of processed seafood products increased from 2,786 thousand tons to 3,138 thousand tons, achieving an average growth rate of about 9.63% per year. The rapid increase in value compared to output is due to the increasing variety of domestic processed aquatic products in terms of type, quality, and price trend of seafood products.

Frozen seafood production 2015 - 2019

Year	2015	2016	2017	2018	2019
Frozen fish	1,453.2	1,695.5	955.5	1,096	1,289.7
Frozen shrimp	490	425	325.8	366.7	429.8
Other fisheries	268	207	83.2	81.3	91.5

(Source: Vietnam General Statistics Office) *(Units: thousand tons)*

According to the Department of Agriculture and Rural Development of the provinces, in 2017, there were 140 enterprises and 3,838 establishments/households participating in processing domestic consumption fisheries. In general, frozen seafood is the most important product group, followed by fish sauce, dried squid, dried fish, dried shrimp, fish sauce of all kinds, other products, and finally canned food. However, the output and value of the product groups are in a downward or downward trend; except for frozen seafood, dried shrimp, and other products are three product groups that tend to grow well throughout the period due to the increase in raw materials from aquacultures such as shrimp and trade.

In the period 2001 - 2019, Vietnam's seafood exports increased rapidly in both value and volume. By 2019, the export value reached USD 8.54 billion, seafood products were exported to more than 170 countries and territories. The three main markets are the EU, USA, and Japan accounting for over 54% of the proportion. Previously only exported eastern products, but now the proportion of value-added products is increasing, so far estimated at about 35%. Sushi, sashimi, surimi products have been present in most seafood processing factories for export. The factories create many attractive and valuable new products while exploiting new aquatic objects for processing.

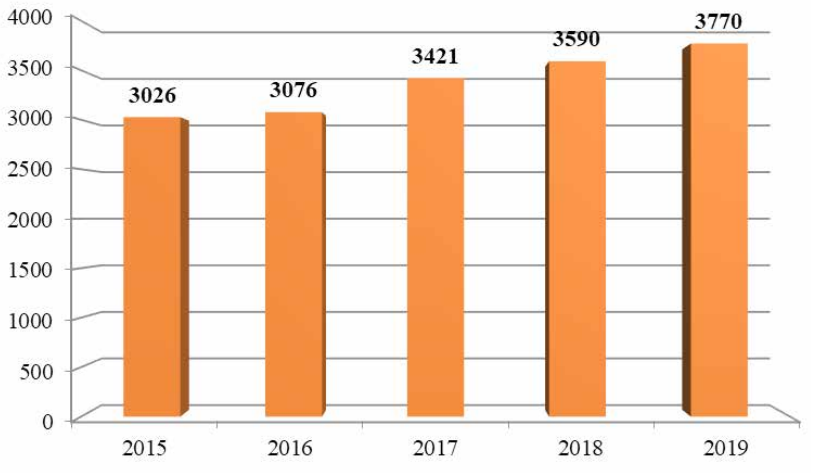
Value of seafood exports 2015 - 2019

2015	2016	2017	2018	2019
6,572.6	7,053.1	8,316	8,794	8,544

(Source: Vietnam General Statistics Office) *(Units: million USD)*

Vietnam's fisheries industry has an important role in the national economy, being identified as one of the five key marine sectors in the Vietnam Sea Strategy to 2020. The value of seafood export ranks 3rd in the economic sector of the country. The number of fishermen and fishery workers is estimated at nearly 3 million workers, operating directly or indirectly in marine fisheries, exploiting, cultivating, and protecting fisheries resources near and offshore.

Fisheries production in Vietnam 2015 - 2019



(Source: Vietnam General Statistics Office) *(Units: thousand tons)*

2. Beer and beverage industry

Beer production and consumption, 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	4.05	4.3	4.06	4.63	5.08
Consumption	4.01	4.3	4.02	4.58	4.6

(Source: Vietnam General Statistics Office) *(Units: BILLIONS)*

Vietnam has always been one of the largest beer markets in the world. The average annual growth rate of beer consumption in Vietnam in the period of 2015 - 2019 was 3.77%, in 2019 the total production of beer reached 5.08 billion liters; consumption reached 4.60 billion liters.

Factors contributing to the development of the beer industry:

• Young population: This is the main beer consumer in Vietnam.

• Reasonable pricing compared to people's other forms of consumption.

• Businesses promote advertising programs, promotions.

Vietnam's wine industry is struggling in production and product consumption. Like brandy, Vietnam's wine market is growing, but small-scale because the majority of businesses in the industry do not promote products. In addition, the relatively high average price of the product compared to the average income of the people also affects the consumer decision of the customer.

Production and consumption of the wine industry 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	79.39	57.72	73.14	79.68	86.49
Consumption	77.47	56.4	64.8	70.6	76.8

(Source: Vietnam General Statistics Office) *(Unit: million liters)*

In 2019, beverage production in Vietnam reached 11.81 billion liters (up 31% compared to 2018), consumption reached 11.72 billion liters (up 30% compared to 2018) worth VND 38.36 trillion (up 39.2%) compared to the same period last year).

Production and consumption of beverage industry 2015 - 2019

Year	2015	2016	2017	2018	2019
Production	10.65	11.03	9.72	9.01	11.81
Consumption	9.96	11	9.68	8.99	11.72

(Source: Vietnam General Statistics Office) *(Units: billions of liters)*

Vietnam is the 14th most populated country in the world, 8th in Asia and 3rd in Southeast Asia. Retail networks, supermarkets are presented all over the country making it easier for all consumers to find products.

However, the large income gap between urban and rural areas makes a significant difference in shopping and consumption habits. Incomplete infrastructure could not catch up with the development and integration pace of the world economy. It is noteworthy that the production line is still outdated as well as the weak equipment. Most input materials still have to be imported (barley, flavoring ...) so enterprises have not been proactive in inputs, leading to dependence on the import output of raw materials of foreign suppliers. Activities for marketing, advertising have not been invested in and as professional as foreign enterprises.

3. Dairy industry

Dairy products produced and consumed domestically are mainly milk, yogurt, powdered milk, and condensed milk. In particular, the two main segments leading the growth of the whole domestic dairy industry and also the two most important items are milk and powdered milk. Specifically, the total value of these two segments has accounted for nearly 3/4 of the market value.

Demand for milk in Vietnam increased with CAGR reaching 18.1% in the period 2013 - 2019 through the program "School milk"; encouraging children in all regions to use dairy products. It is forecasted that milk production in Vietnam will continue to increase in the next few years due to the increasing investment in dairy farms to reduce dependence on imported milk.

The powdered milk market in Vietnam is still dependent on imports, in three forms: (1) Imported finished milk (Abbott, Mead Johnson Nutrition, Nestle); (2) Imported, mixed, and packaged milk powder (Vinamilk, Friesland Campina); (3) Imported portable milk. Therefore, despite being a highly profitable industry, dairy producers are still at risk from fluctuations in world raw material prices and exchange rates.

Production of some dairy products in Vietnam 2015 - 2019

Year	Units	2015	2016	2017	2018	2019
Milk	*Million liters*	1,045	1,251	1,488	1,519	1,643
Powdered milk	*Thousand tons*	81.2	115.4	123.4	138	126.6
Yogurt	*Thousand tons*	270.1	276	249.3	211.4	240.2
Condensed milk	*Thousand tons*	205	205.2	167.1	121.4	109

(Source: Vietnam General Statistics Office)

Vietnam's milk market had a compound annual growth rate of 14% in the period 2014 - 2019. The main impact on the growth of the dairy market in Vietnam comes from the increase in average income, the growth of the retail market in Vietnam as well as the change in consumption habits that focus on quality and nutritionally better for health products. Although there have been numerous imported milk brands in the market, domestic enterprises still dominate the milk products segment, whereas Vinamilk continues to lead and accounts for 55% of the market share.

Milk industry sales by type 2015 - 2019

Year	2015	2016	2017	2018	2019
Milk	27	34.72	37.3	40.9	42.61
Powdered milk	18.93	12.22	17.08	14.47	16.7
Yogurt	9.21	9.17	9.27	7.57	9.99
Condensed milk	6.61	5.58	6.3	3.9	4.6

(Source: Vietnam General Statistics Office) *(Unit: Trillions)*



Chapter III

Investment Guide

Part 1. Investment Forms[32]

Investors can choose the following form to invest in Vietnam:

(i) Investment by establishing a business entity (enterprise), foreign individual investors also can participate in setting up a cooperative;

(ii) Investment in the form of capital contribution or purchase of shares or stakes;

(iii) Execution of an investment project;

(iv) Investment in the form of a business cooperation contract. (BCC);

(v) New forms of investment and types of business entities prescribed by the Government's regulations.

1. Investment by establishing a business entity (enterprise)[33]

Before establishing a business entity, the foreign investor must have an investment project and follow the procedures for issuance or adjustment of an investment registration certificate, except for the establishment of a small and

32 Article 21 Law on Investment 2020
33 Article 22, 23 Law on Investment 2020

medium-sized start-up enterprise and a startup investment fund in accordance with regulations of the Law on Small and Medium-sized Enterprises.

Foreign investors can choose the establishment of a 100% foreign-owned company or cooperate with other investors (foreign or domestic) to set up enterprise under the following forms:

(i) Joint stock company (having at least three shareholders);

(ii) Limited liability company (with one member or two member or more);

(iii) Private enterprise (having one individual owner);

(iv) Partnership (having at least two partners being joint owners of the company).

When a foreign-invested business entity established in Vietnam has a new investment project, they can carry out procedures for executing such investment projects (get an investment registration certificate for a new project) without having to establish a new business entity.

2. Investment by contributing capital, purchasing shares, or purchasing capital contributions (Mergers and Acquisitions)[34]

Foreign investors can invest in enterprises operating in Vietnam by purchasing a part of or all contribution capital or shares of such enterprises.

34 Article 24 Law on Investment 2020

Upon contributing capital, purchasing shares, or purchasing stakes of a business entity, the investor shall follow procedures for changing shareholders/members at the business registration authority as prescribed by law.

A foreign investor shall follow procedures for the registration of capital contribution or purchase of shares or stakes of a business entity prior to a change of members or shareholders in one of the following cases:

(i) The capital contribution or purchase of shares or stakes increases the ownership ratio by foreign investors in a business entity conducting business in the business lines allowed in the market with conditions applied to foreign investors;

(ii) The capital contribution or purchase of shares or stakes results in a foreign investor or business entity holding over 50% of the charter capital of the economic organization;

(iii) The foreign investor that contributes capital, purchases shares or stakes of a business entity has a certificate of rights to use land on an island or in a border or coastal commune; in a coastal commune; in another area that affects national defense and security.

3. Investment under business cooperation contracts (BCC)[35]

When doing investment under the form of BBC, investors enter into a contract to execute investment activities without setting up a business entity.

35 Article 27, 28 and 49 Law on Investment 2020

In case there is a foreign investor participating in a BCC, investors are required to get an investment registration certificate, a certificate for registration of operating office (if any) at the investment registration authority. Investors are not required to do procedures regarding business registration.

A BCC shall include the following main contents:

(i) Names, addresses and authorized representatives of parties to the contract; business address or project address;

(ii) Objectives and scope of business;

(iii) Contributions by the parties to the contract, and distribution of business investment results between the parties;

(iv) Schedule and duration of the contract;

(v) Rights and obligations of parties to the contract;

(vi) Adjustment, transfer and termination of the contract;

(vii) Responsibilities for breaches of the contract; method of dispute settlement.

Parties to a business cooperation contract shall establish a coordinating board to execute the BBC. Functions, tasks and powers of the coordinating board shall be agreed upon by the parties.

During the execution of a business cooperation contract, parties may reach an agreement on using assets derived from the business cooperation to establish an enterprise in accordance with regulations of law on enterprises.

A foreign investor to a business cooperation contract may establish an operating office in Vietnam to execute the contract. The operating office of a foreign investor to a business cooperation contract has its own seal; the foreign investor may open an account, hire employees, sign contracts and carry out business activities under the business cooperation contract and Certificate of registration of operating office.

Part 2. Investment Procedures

To execute an investment project, depending on the nature, scale and sector of the project, the investor is required to do all or some steps as follows:

Step 1: Finding location for the project;

Step 2: Getting a pre-approval for investment (apply to project required investment pre-approval) and participating in the process of investor selection to implement the project.

Step 3: Getting investment registration certificate;

Step 4: Getting enterprise registration certificate;

Step 5: Getting other license, approvals, and acceptances such as:

- Certificate of land use right;

- Design approval, construction permit (for project having construction works);

- Approval for fire safety plan;

- Certificate of environment protection;

- Operating licenses for some conditional business sectors.

1. Finding a location for the project

Investors can find and select the location for investment projects inside or outside of industrial zones.

(i) In case of location of the project/factory is in an industrial zone: This is the area having completed infrastructure with different sizes of area for investor's selection. Investors can sign a lease agreement with the developer of the industrial zone or buy/lease a factory of existing enterprises operating in the industrial zone. The investment registration certificate of the project shall be issued by the provincial Board of Management of industrial zones.

(ii) In case the project is outside the industrial zone, the investment registration certificate of the project shall be issued by the provincial Department of Planning and Investment.

2. Getting investment guidelines approval, selection of investor

2.1. Power to approve investment guidelines:

2.1.1. Projects to be approved by the National Assembly[36]:

(i) Investment projects that exert great effects or potentially serious effects on the environment, including nuclear power plants; Projects that require repurposing of special-use forests, headwater protection forests or border protection forests of at least 50 hectares; of sand-fixing and windbreak coastal forests or protection forests for wave prevention of at least 500 hectares; or production forests of at least 1,000 hectares;

36 Article 30 Law on Investment on Investment 2020

(ii) Investment projects that require repurposing of land meant for wet rice cultivation during with 02 or more crops of at least 500 hectares;

(iii) Investment projects that require relocation of 20,000 people or more in mountainous areas or 50,000 people or more in other areas;

(iv) Investment projects that require application of a special mechanism or policy that needs to be decided by the National Assembly.

2.1.2. Projects to be approved by the Prime Minister[37]:

(i) Investment projects that require relocation of 10,000 people or more in mountainous areas or 20,000 people or more in other areas;

(ii) Investment projects on construction of: airports and aerodromes; runways of airports and aerodromes; international passenger terminals; cargo terminals of airports and aerodromes with a capacity of at least 1 million tonnes per year;

(iii) New investment projects on passenger air transport business;

(iv) Investment projects on construction of ports and wharves of special seaports; ports and wharves in which investment is at least VND 2,300 billion within the category of Class I seaports;

(v) Investment projects on petroleum processing;

37 Article 31 Law on Investment 2020

(vi) Investment projects which involve betting and casino services, excluding business in prize-winning electronic games for foreigners;

(vii) Projects on construction of residential housing (for sale, lease or lease purchase) and urban areas that use at least 50 hectares of land or less than 50 hectares of land but with a population of at least 15,000 people in an urban area; or that use at least 100 hectares of land or less than 100 hectares of land but with a population of at least 10,000 people in a non-urban area; or investment projects regardless of the area of land used or population within the safety perimeter of relics recognized by the competent authority as the national and special national relics;

(viii) Investment projects on construction and operation of infrastructure in industrial zones and export processing zones.

(ix) Investment projects of foreign investors in the following fields: provision of telecommunications services with network infrastructure; afforestation; publication, press

(x) Investment projects which at the same time fall within the power of at least two provincial People's Committees to grant approval for investment guidelines;

(xi) Other projects.

2.1.3 Except for the investment projects set out in point 2.2.1. and 2.1.2, projects to be approved by the provincial People's Committees including[38]:

38 Article 32 Law on Investment 2020

(i) Investment projects that request the State to allocate or lease out land without auction or bidding for or receipt of land use rights, and investment projects that request permission to repurpose land, except for cases of land allocation, land lease or permission for land repurposing by family households or individuals not subject to the written approval by the provincial People's Committee as prescribed in the law on land;

(ii) Projects on construction of residential housing (for sale, lease or lease purchase) and urban areas that use at least 50 hectares of land or less than 50 hectares of land but with a population of at least 15,000 people in an urban area; or that use at least 100 hectares of land or less than 100 hectares of land but with a population of at least 10,000 people in a non-urban area; or investment projects regardless of the area of land used or population within a restricted development area or within an historic inner area (determined in accordance with urban area planning projects) of a special urban area;

(iii) Investment projects on construction and operation of golf courses;

(iv) Investment projects of foreign investors and foreign-invested business entities executed on islands or in border or coastal communes; in other areas affecting national defense and security.

The investment guidelines of the investment projects in the above points (i) (i), (ii) and (iii) executed in industrial zones, export-processing zones, hi-tech zones and economic zones in conformity with planning approved by competent authorities shall be approved by management boards of such industrial zones, export-processing zones, hi-tech zones and economic zones.

2.2. Selection of investor: the following methods will be adopted to the process of selecting of investor the approval for investment guidelines is granted[39]:

(i) holding land use right auction in accordance with regulations of law on land; or

(ii) bidding to select an investor in accordance with regulations of law on bidding

3. Getting investment registration certificate[40]

In case the project is not subject to investment pre-approval (as in the above point 2), after having a location for the project, foreign investors shall prepare and submit an application dossier to get an investment registration certificate for the project.

The competent authority will issue an investment registration certificate if the project meets the following conditions:

(i) The investment project does not involve any banned business line;

(ii) There is a location for execution of the investment project;

(iii) The investment project is conformable with the national planning, regional planning, provincial planning, urban planning and others;

39 Clause 1, Article 29 Law on Investment 2020
40 Clause 1, Article 38 Law on Investment 2020

(iv) Satisfying the condition of investment capital per land area, number of employees used.

(v) Satisfying market access conditions applied to foreign investors.

In case the project is implemented in an IZ, the investor shall submit the application to the Provincial Management Board of IZs. In case the project is implemented outside the IZ, the investor shall submit the application to the Department of Planning and Investment of the province where the project is located.

Documents required: Depending on specific projects, in the period of getting an investment pre-approval/ investment registration certificate, the investor is required to prepare the following legal documents and information:

(i) Investor's legal status documents: Certificate of incorporation or business license for investor being an organization; Copy of passport or ID card for investor being an individual.

(ii) Document(s) proving the financial capacity of the investor including at least one of the following documents: the investor's financial statements for the last two years; commitment of a parent company to provide financial support; commitment of a financial institution to provide financial support; guarantee for the investor's financial capacity; other document proving the investor's financial capacity;

(iii) Proposal for the investment project including the following main contents: investor or method of investor selection, investment objectives, investment scale, investment capital and plan for raising capital, location, duration and schedule of the investment project, information about the current use of land in the location of the project and proposed demand for land use (if any), demand for labor, proposal for investment incentives, impact and socio – economic efficiency of the project and preliminary assessment of environmental impact (if any) in accordance with the law on environment protection;

(iv) Legal document regarding the location of the project;

(v) Contents of the explanation for the technology to be used in the investment project if the project requires appraisal and collection of opinions on the technology in accordance with the law on Technology Transfer;

(vi) The business cooperation contract if the investment project is executed under the form of business cooperation contract;

(vii) Other documents relating to the investment project, and requirements on the eligibility and capacity of the investor in accordance with law (if any).

4.Establishment of enterprise

After getting the investment registration certificate, the investor shall get a business registration certificate at the provincial Business Registration Office.

With the business registration certificate, the enterprise will open a capital account to transfer investment capital, register and pay license fee to complete the establishment of the company, and can start the operation of the project.

5. Other licenses and approval after having enterprise established

Depending on each specific case, the enterprise may have to get one or several licenses or approvals such as:

(i) Certificate of land use right if the enterprise uses land in an industrial zone (including the case of buying a factory from an existing enterprise) or lease land outside of the industrial zone from the Government;

(ii) Approval for fire safety plan;

(iii) Construction permit (in case the project having construction works);

(iv) Operation certificate or certificate of eligibility for operation (in case of doing business in some conditional sectors stipulated in Appendix 4, Investment Law). Some relatively common licenses are business license (for some activities of buying and selling goods and activities directly related to the buying/selling of goods), transport business license (goods and passengers), certificate of capability for construction activities; license for goods lease; operation certificate in education area....

6. Guarantee for the execution of the project[41]

The investor shall pay a deposit or have a bank guarantee for assurance of investment project execution if the project uses land allocated or leased out by the State or is permitted to repurpose land by the State, except for the following cases:

(i) The investor is the successful bidder for the right to use a land area that is allocated by the State for land use levy or leased out by the State for a lump-sum rental fee for the entire lease term;

41 Article 43 Law on Investment 2020

(ii) The investor is a successful bidder for an investment project using land;

(iii) The State allocates or leases out land to the investor on the basis of receiving an existing investment project which its deposit has already been paid or for which the capital has been fully contributed or raised following the schedule specified in the written approval for investment guidelines or the investment registration certificate;

(iv) The State allocates or leases out land to the investor for execution of an investment project on the basis the investor receiving the land use right and assets attached to the land from another land user.

Based on the scale, nature, and execution schedule of each investment project, the deposit for the guarantee of project execution is from 1% to 3% of the investment capital of the project. If a project comprises multiple investment phases, the amount of deposit shall be paid and returned in each phase of execution of the investment project.

Currently, in accordance with Article 27 of Decree 118/2015/ND-CP, for a project receiving land, leasing land, or permitted to repurpose land by the State to execute the investment project, the deposit shall be paid under a written agreement between the investment registration authority and the investor after an investment pre-approval is issued and before the time of land transfer, land lease, or land repurposing. If the investment project is not required to have an investment pre-approval, the time for paying the deposit is the time of land transfer, land lease, or land repurposing.

Part 3. Suspension, Termination Of Investment Project And Enterprise

1. Suspension, termination of investment project

1.1. Suspension of investment project[42]

A project may be suspended according to a decision by the investor or by the competent authority.

The investor must notify the investment registration authority in writing when suspending their project. In case of suspension of the project due to force majeure, the investor shall be exempted from paying land rents or reduce land levies during the suspension period with a view to remedy consequences caused by the force majeure event.

The competent authority shall decide to suspend a part or whole project operation in the following cases:

(i) To protect sites/monuments, relics, antiques or national treasures;

(ii) To repair violations of law on environment protection at the request of the environment State management authority;

(iii) To take measures to ensure the occupational safety at the request of the labor authority;

(iv) Pursuant to a judgment or decision of a court or an arbitral award;

42 Article 47, Investment Law 2020

(v) The investor fails to follow the contents of the investment pre-approval for investment guidelines or the investment registration certificate and recommit their violations after having administrative penalty.

(vi) The Prime Minister shall decide to suspend a project in part or in full if the execution of the project is detrimental or potentially detrimental to national defense and security at the request of the Ministry of Planning and Investment.

1.2. Termination of investment projects[43]

1.2.1. By a decision of the Investor

Investor shall terminate a project in the following cases:

(i) The investor decides to terminate the project;

(ii) The project has to be terminated according to the conditions set out in the contract or charter of the enterprise;

(iii) Upon expiration of the project.

1.2.2. By a decision of the competent authority

The investment registration authority shall terminate a part or the whole project in the following cases:

(i) The investor fails to overcome the difficulties that lead to project suspension by competent authorities;

(ii) The investor is no longer permitted to keep using the location of the project and fails to complete the procedures

43 Article 48, Investment Law 2020

for change of the location within 06 months from the date on which the investor is no longer permitted to use that location; except for the case in Point (iv) of this Clause.

(iii) After 12 months from the date of suspension of the project, the investment registration authority cannot contact the investor or the legal representative of the investor;

(iv) The land reserved for the project is withdrawn by the State due to not put the land into use or the delay in using the land in accordance with the land law;

(v) The investor fails to pay the deposit or obtain a bank guarantee as prescribed by law if project execution security is required;

(vi) The investor conducted the investment activities on the basis of a fraudulent civil transaction;

(viii) Pursuant to a judgment or decision of a court or an arbitral award.

1.3. Upon the termination of the investment project, the investor shall do procedures for termination of the project at the investment registration authority and liquidate the project in accordance with the law on liquidation of assets, except for the case of handling of the land use rights and assets on the land upon termination of the investment project, this case must comply with the law on land and other relevant regulations of law

In case of the project is terminated by a decision of the authority, the investment registration authority shall decide to revoke the investment registration certificate.

2. Suspension, termination and dissolution of enterprises

2.1. Business suspension and termination[44]

An enterprise may be suspended, terminated by its owner or a decision of the competent authority.

Competent authorities are entitled to request an enterprise to suspend or terminate its business operation in the following cases:

(i) The enterprise does not fully satisfy the conditions for doing business in restricted business lines must suspend or terminate business operation in the corresponding business lines;

(ii) Relevant competent authorities request the suspension in accordance with regulations of law on tax administration, environment and relevant laws;

(iii) Operation in one or some business lines have to be suspended or terminated under a court decision.

During the suspension period, the enterprise shall fully pay the unpaid taxes, social insurance, health insurance, unemployment insurance premiums and fulfill contracts with its clients and employees, unless otherwise agreed by the enterprise, creditors, clients and employees.

2.2. Dissolution of enterprises[45]

An enterprise shall be dissolved in the following cases :

(i) The operating period specified in the enterprise's charter expires without an extension decision;

44 Article 206 Enterprise Law 2020
45 Article 207 Enterprise Law 2020

(ii) The enterprise is dissolved under a resolution or decision of the owner (for sole proprietorships), the Board of Partners (for partnerships), the Board of Members and the owner (for limited liability companies) or the GMS (for joint stock companies);

(iii) The enterprise fails to maintain the adequate number of members prescribed in this Law for 06 consecutive months without converting into another type of business;

(iv) The Enterprise Registration certificate is revoked, in the following cases[46] (unless otherwise prescribed by the Law on Tax administration):

a) The enterprise registration application contains fraudulent information;

b) The enterprise is established by persons banned from establishing enterprises due to not having the rights to establish enterprises;

c) The enterprise is suspended for 01 year without notifying the business registration authority and the tax authority;

d) The enterprise fails to send reports on compliance to the business registration authority within 06 months from the deadline or from the receipt of a written request;

e) Other cases under decision of the court or request of competent authorities.

An enterprise may only be dissolved after all of its debts and liabilities are fully paid and it is not involved in any dispute at the court or arbitration.

46 Article 212 Enterprise Law 2020

Part 4. Investment Under The Form of Public Private Partnership (PPP)[47]

Public-private partnership investment (PPP) refers to a form of investment carried out by the fixed-term cooperation between the State of Vietnam and a private-sector investor through the conclusion and execution of a PPP project agreement. PPP projects are usually projects which require big capital investment, serving the purpose of constructing, renovating, operating, managing infrastructure works, and system and providing public services. This form of investment is governed by a separate law with its own implementation mechanism. PPP projects may be proposed by competent state authorities or by investors.

1. PPP investment sectors, including[48]:

(i) Transportation;

(ii) Power grids, power plants, except hydropower plants and those subject to the state monopoly requirement as provided in the Law on Electricity;

(iii) Water resources and irrigation; clean water supply; water drainage and wastewater treatment; waste management and disposal;

(iv) Healthcare; education – training;

(v) Information technology infrastructure

47 Law No 64/2020/QH14 dated 18/6/2019 on Public-Private Partnership Investment
48 Article 4, Law on Public-Private Partnership Investment

The scale of PPP projects depends on each project, but the investment capital is usually not less than 100 billion VND (equivalent to about 4.3 million USD), except for some projects (business-management contracts - O&M).

2. PPP project process[49]

The PPP project process shall be prescribed as follows:

(i) Making and assessing pre-feasibility study reports, decisions on investment policies and project announcement;

(ii) Making, evaluating feasibility study reports, and approving projects;

(iii) Selecting investors;

(iv) Establishing PPP project enterprises and concluding PPP contracts;

(v) Implementing PPP contracts.

For PPP projects using high technologies on the list of high technologies prioritized for investment in development thereof under the provisions of the law regarding high technologies and using new technologies according to the provisions of technology transfer law, the selection of investor shall be carried out after having project announcement. The selected investor shall prepare a feasibility study report, get approval for the project, and do other works for the execution of the project.

3. Forms of PPP contract[50]

(i) Build - Operate - Transfer contract (hereinafter referred to as BOT contract);

(ii) Build - Transfer - Operate contract (hereinafter referred to as BTO contract);

(iii) Build - Own - Operate contract (hereinafter referred to as BOO contract);

(iv) Operate - Manage contract (hereinafter referred to as O&M contract);

(v) Build - Transfer - Lease contract (hereinafter referred to as BTL contract);

(vi) Build - Lease - Transfer contract (hereinafter referred to as BLT contract);

(vii) Mixed contract

4. Main contents of a PPP contract[51]

A PPP contract shall contain the following information:

(i) Objectives, scale, location and schedule of implementation of a project; time and duration of an infrastructure work or system; the effective date of the contract; contract term;

(ii) Scope of and requirements concerning engineering, technology and quality of the infrastructure work or system, supplied public products or services;

49 Article 11, Law on Public-Private Partnership Investment
50 Clause 16, Article 3, Law on Public-Private Partnership Investment.
51 Clause 1, Article 47, Law on Public-Private Partnership Investment.

(iii) Total investment; capital structure; financial plan, including the financial arrangement plan; public product and service prices and charges, including methods and formulas for setting or adjusting them; state capital invested in a PPP project and the corresponding form of management and use (if any);

(iv) Conditions for use of land and other natural resources; plans to organize the construction of auxiliary works; requirements for compensation, support and resettlement; assurance of safety and environmental protection; force majeure cases and plans for response to force majeure events;

(v) Responsibilities for carrying out licensing procedures according to regulations of relevant laws; design; organization of construction; quality inspection, supervision and management at the construction phase; acceptance testing, settlement of investment capital and confirmation of the completion of infrastructure works and systems; provision of main input materials used for production and business activities of the project;

(vi) Responsibilities for the operation and commercial use of infrastructure works and systems so that public products and services are provided in a continuous and stable manner; conditions, order and procedures for transfer of infrastructure works and systems;

(vii) Performance security; rights of ownership, management, and exploitation of assets related to the project; rights and obligations of the PPP project investor or enterprise; the agreement on use of a third-party guarantee service with respect to the obligations of the contract signatory;

(viii) Plans for response to the circumstances substantially changing in accordance with civil law to continue to perform the contract; response, compensation and punitive measures in case one of the contracting parties breaches the contract;

(ix) Responsibilities of parties related to information security; reporting regime; provision of information, related documents and explanation about the contract performance at the request of competent authorities, inspection, examination, auditing, and supervising authorities;

(x) Principles and conditions for amendment, supplementation and termination of the contract before its expiry; assignment of rights and obligations of the parties; the lender's rights; procedures, rights and obligations of the parties upon contract discharge;

(xi) Investment incentives, guarantees, plans to share the revenue increase and decrease, assurance of balancing of foreign currencies, types of insurance (if any);

(xii) Laws governing the contract and dispute resolution mechanism.

Part 5. Establishment of Branch, Representative Office In Vietnam[52]

Foreign traders may establish their representative offices or branches in Vietnam according to Vietnam's commitments in international treaties to which Vietnam is a party. Currently, according to Vietnam's WTO commitments, foreign businesses are allowed to establish representative offices in 12 service sectors and are allowed to establish branches in 7 service sectors.

1. Conditions for establishment of branch, representative office

- The foreign trader has come into operation for at least one year in case of setting up a representative office; at least five years in case of setting up a branch;

- The scope of operation of the representative office is consistent with that in Vietnam's Commitments to treaties to which Vietnam is a signatory; , otherwise, it is required to have approval from a specialized management ministry.

2. Issuance of establishment license for branch, representative office

Provincial Department of Industry and Trade where the representative office is expected to be located outside industrial zones, export-processing zones, economic zones, or hi-tech zones shall grant, re-grant, adjust, extend or revoke the license for establishment of the representative office and terminate operation of such representative office in case the establishment of the representative office has not been prescribed by specialized legislative documents.

Management boards of industrial zones, export-processing zones, economic zones, or hi-tech zones shall grant, re-grant, adjust, extend or revoke the License for Establishment of the representative office and shall terminate the operation of such representative offices located in industrial zones, export-processing zones, economic zones or hi-tech zones in case the establishment of such representative offices has not been prescribed in specialized legislative documents.

The Ministry of Industry and Trade of Vietnam shall have the power to grant, adjust, extend or revoke the license for the establishment of branches in case the establishment of such branches has not been prescribed by specialized legislative documents.

52 Decree 07/2016/ND-CP dated 25/01/2016 of the Government

Chapter IV

Doing Business In Vietnam

Part 1. Foreign Labour And Residence

1. Visa and temporary residence card

1.1. Visas

Vietnam currently issues 21 types of visas for different entry purposes. A visa can be a multiple times use visa or one time use visa and the change of visa purpose is not allowed. Investors should note the following types of visas[53]:

(i) Working visa and enterprise visa: for foreigners working in Vietnam (having work permit or enjoying exemption of work permit) or foreigners come to work with enterprises in Vietnam;

(ii) Investment visas: for individual investors and representatives of investors being organizations investing in Vietnam. There are four types of investment visas, depending on the level of contribution capital of the project and the investment incentives of the project.

(iii) Family visa: for foreigners who are spouses, children under 18 years old of foreigners having working visas, investment visas (except for investment visas granted to foreign investors with contributions of less than VND 03 billion and the project is not entitled to investment incentives).

53 Article 8 Law 47/2014/QH13 of the National Assembly and Law no 51/2019/QH14 on the amendment of Law 47/2014/QH13

1.2. Conditions for visa issuance[54]

Foreigners who are not on the list prohibited from entry will be issued visas if they meet the following conditions:

(i) Having a passport or laissez-passer;

(ii) Being invited or sponsored by an organization or individual in Vietnam. Foreigners entering Vietnam to do market surveys, travel, visit relatives or receive medical treatment can obtain a max 30 day-visa provided that he/she has to work with Vietnamese embassies and consulates abroad.

(iii) Having proof of entry purposes when applying for a visa in the following cases:

a) Any foreigner who comes to make an investment must have papers proving the investment in Vietnam in accordance with the Law on Investment;

b) Any foreigner who works as a lawyer in Vietnam must have a practice license in accordance with the Law of Lawyers;

c) Any foreigner who comes to work in Vietnam must have work permits in accordance with the Labor Code;

d) Any foreigner who comes to study in Vietnam must have written acceptance of a school or an educational institution in Vietnam.

1.3. How to get a Visa[55]

(i) Enterprises, organizations who invite foreigners into Vietnam send an application to Immigration authority for

54 Article 10 Law No 47/2014/QH13
55 Articles 15, 16, 17, 18, 19 Law 47/2014/QH13

approval of the foreigners' entry to Vietnam;

(ii) After having approval from the immigration authority, the enterprise informs the foreigner to contact the Vietnamese embassies and consular office abroad to obtain a visa or get a visa upon arrival.

1.4. Temporary residence card

After entering Vietnam with a visa, investors, foreign employees and their relatives can apply for a temporary residence card to replace the visa. The symbol of the temporary residence card is similar to that of the visa. The maximum duration of a temporary residence card for foreign employees is two years, for investors, it can be up to 5 years. Relatives of these people can be issued with a temporary residence card with duration not exceeding 3 years.

2. Foreign labor

2.1. Requirements for foreigners working in Vietnam[56]

Enterprises and organizations in Vietnam are only allowed to recruit foreigners for the position of managers, executive directors, specialists, and technical workers that the professional requirements for which cannot be met by Vietnamese workers.

In order to work and be granted a work permit in Vietnam, a foreign worker must satisfy the conditions of legal age and civil act capacity, professional qualifications, techniques, skills, work experience, adequate health, and good record (not serving a sentence; no unspent conviction; is not undergoing criminal prosecution under his/her home country's laws or Vietnamese laws).

Max duration of a work permit is 02 years and can be extended one time.

2.2. Work permit exemption for foreign employees in Vietnam[57]

In an enterprise, the following foreigner shall not be required to have a work permit:

(i) The owner or capital contributor to a limited liability company with a capital contribution value conformable with regulations of the Government.

(ii) The Chairperson or a member of the Board of Directors of a joint-stock company a capital contribution value conformable with regulations of the Government.

(iii) Entering to Vietnam for a period of fewer than 03 months to solve the complicated technical or technological issue which (i) affects or threatens to affect the business operation and (ii) cannot be resolved by Vietnamese experts or any other foreign experts currently in Vietnam.

2.3. How to get a work permit[58]

Step 1: Determining of demand for foreign employees: Before recruiting foreigners to work in Vietnam, enterprises must explain the demand for foreign employees and obtain written approval from the competent authority.

Step 2: Obtaining work permit: After obtaining approval for the recruitment of foreign employees, enterprises submit

56 Article 151 Labour Code 2019

57 Article 154 Labour Code 2019
58 Decree 11/2016/NĐ-CP dated 3/2/2016

the application dossier to the authority to get a work permit for the foreigner. Main documents required including:

(i) Qualification degree;

(ii) Health certificate;

(iii) Certificate of criminal record;

(iv) Experience certifying letter (normally required 3-year experience)

Documents of foreign employees regarding professional qualifications, experience must be consistent with the job position which the enterprise needs to recruit foreign employees. Documents made in foreign countries must be legalized.

3. The homeownership of foreign entities in Vietnam[59]

3.1. Foreign entities eligible for can homeownership in Vietnam?[60]

(i) Foreign organizations and individuals who invest in project-based housing projects in Vietnam;

(ii) Foreign-invested enterprises, branches, representative offices of foreign enterprises, foreign-invested funds, and branches of foreign banks operating in Vietnam (for purpose of living of staffs working in these entities, not allowed to use their house for lease, for office or other purposes);

(iii) Individuals who are allowed to enter Vietnam.

59 Chapter IX (Article 159~162) Housing Law No 65/2014/QH13
60 Clause 1, Article 159 Housing Law No 65/2014/QH13

3.2. Duration of house ownership of foreigners

(i) For foreign individuals: 50 years and can be extended one time not exceeding 50years

(ii) For foreign organizations: According to the duration of the project invested by the foreign organizations, including extension but not exceed the duration of the investment registration certificate granted to such foreign organizations. In case there is no duration term in their investment registration certificate, there is also no term of duration in the certificate of house ownership.

In case a foreign individual gets married to a Vietnamese citizen or an oversea Vietnamese, he/she is entitled to stable and long-term homeownership of the house in Vietnam and has all rights of homeowner similarly to Vietnamese citizens.

3.3. Rights and obligations of foreigners who have house ownership in Vietnam

(i) Not allowed to own more than 30% of apartments in an apartment building; or more than 250 houses regarding separate houses (in a housing project);

(ii) Owner being a foreign individual when leases their house must notify the housing management authority at the district level. The owner being foreign organizations only allowed to use the house for their employees' living purpose, not to use for lease, for office or other purposes;

(iii) Before the expiry date of the homeownership, the foreign owner is entitled to gift or sell their house(s) to other entities that are entitled to own houses in Vietnam, otherwise their house(s) shall be under the ownership of the State.

Part 2. Taxation, Costs, Customs And Finance Management

1. Taxation

Vietnam has Law on Value Added Tax, Law on Corporate Income Tax, Law on Personal Income Tax, Law on Import and Export Duties; Law on Special Consumption Tax, Law on Natural Resources Tax, Law on Environmental Protection Tax, and Law on Non Agricultural Land Use Tax together with a system of guiding documents.

1.1. Value Added Tax (VAT)

(VAT) applies to most of the supply of goods and services for use in production, business, or consumption in Vietnam, including imported goods.

The applicable VAT rates are 0%, 5%, and 10%, of which the normal rate of 10% is applicable to most goods and services; 5% for a number of encouraged goods and services; and 0% for exported and international transportation ones. Certain goods and services are exempt from VAT, for example, unprocessed agricultural products sold by the producer, some certain insurance, education services, and certain imported equipment. The difference between being subject to VAT at 0% and being exempt from VAT is that, in the former case, the input VAT can be declared and refunded from the tax authority.

VAT exemptions: Foreign-invested enterprise shall be exempt from VAT with respect to the machinery, equipment, and materials which are not able to produce domestically and which are required to be imported for direct use in scientific research and technological development activities; material imported for production, processing of goods for export under production, processing contract signed with foreign partners; credit services; securities trading, capital transfer, derivatives financial services, including interest swaps, forward contracts, futures contracts and others derivatives financial services in accordance with laws.

1.2. Corporate income tax (CIT)

The normal tax rate is 20%[61]. Preferential tax rate and tax reduction apply to incentive regions and incentive business sectors.

CIT at 10% for 15 years applies to projects invested in special difficult socio-economic conditions, economic zone, high tech zone, and projects invested in areas with special incentives such as using high technology, infrastructure, the environment, software production, renewable energy, biological technology development. These projects also are exempted from CIT for a period of four years and are entitled to a 50% reduction of the amount of CIT payable for a period of nine subsequent years.

Projects in the sectors of agricultural and aquatic product processing in the region with difficult socio-economic conditions, projects in the sector of preserving agricultural, aquatic, and food products enjoy CIT at 10% for the whole operation period.

In addition, CIT at 17% applies to incentive projects and projects invested in difficult socio-economic conditions, and these project also are exempted from CIT for a period from 2- to four years and are entitled to a 50% reduction of the amount of CIT payable for a period of four subsequent years.

61 Circular 78/2014/TT-BTC

Carried-forward losses: During the operation, losses incurred by foreign-invested enterprises may be carried over to the following years and such losses are deductible from taxable income. Losses may be carried forward for a maximum period of five consecutive years from the year following the year in which the loss arose.

1.3. Personal Income Tax (PIT)

PIT applies to two subjects: tax residents (who stay in Vietnam for 183 days or more per calendar year or have a regular residence in Vietnam) and non-tax residents.

Personal income includes income from salary/wage and other incomes (from doing business, capital investment, real-estate transfer, inherit …).

For residents, compulsory insurance contributions and family deductions (personal deduction of VND11 million/ month, dependent deduction of VND4,4 million/month)[62] may be deducted from taxable income from salaries, wages prior to the assessment of tax according to a progressive tax rates, with the lowest rate is 5% and the highest is 35% as follow[63]:

Tax bracket	Taxed income per year (VND million)	Taxed income per month (VND million)	Tax rate (%)
1	Up to 60	Up to 5	5
2	Between over 60 and 120	Between over 5 and 10	10
3	Between over 120 and 216	Between over 10 and 18	15
4	Between over 216 and 384	Between over 18 and 32	20
5	Between over 384 and 624	Between over 32 and 52	25
6	Between over 624 and 960	Between over 52 and 80	30
7	Over 960	Over 80	35

62 Resolution 954/2020/UBTVQH14
63 Article 22, Law 04/2007/QH12 dated 21/11/2007 on Personal Income Tax

For non-tax residents, the tax rate of 20% will apply to income from salary and wage.

For other incomes, the different tax rates, from 0.1% to 20% will apply to each type of income.

1.4. Import/Export duties

Import duties: rates apply to imported goods including preferential tax, special preferential tax, and ordinary tax as follows:

a) Preferential duty rates apply to imported goods originated from any country, group of contries or territories which have most favoured nation (MFN) status in trade relations with Vietnam; goods from the free trade zone imported into the domestic market originating in a country, group of countries or territories that that accord Vietnam most-favored nation treatment;

b) Special preferential rates apply to imported goods originated in any country, group of countries or territories having special preferential agreements on import duties with Vietnam (under the free trade agreements - FTAs); goods from a free trade zone imported into the domestic market and originating in a country or group of countries or territories that have an agreement on special preferential import duties with Vietnamc) Ordinary rates apply to goods imported from countries other than those mentioned in the above point a and point b. The ordinary rate is 150% of the preferential rate applicable to the corresponding goods. In case preferential rate is 0%, the Prime Minister shall decide the application of ordinary rate[64].

Import duty exemption: Goods of foreign invested

64 Article 5 Law on import/export duties 2016

enterprises may be exempted from import duties in the following cases:

- Imported raw materials, supplies, components serving processing of exports;

- Goods imported to form the fixed assets of the enterprise enjoying investment incentives under investment law, including: machinery, equipment and spare parts; specialized means of transport in a technology line that directly serving for the production of the project; raw materials and materials, spare parts which have not been manufactured domestically.

1.5. Other taxes

1.5.1. Special consumption tax: Special consumption tax applies to goods and services with restricted consumption or luxury goods such as alcohol, cars with less than 24 seats, dancing club business, lottery... with tax rates ranging from 5% to 150%.

1.5.2. Natural resources tax: Natural resource tax applies to organizations and individuals exploiting and using natural resources such as water, minerals, crude oil, natural gas.... The tax rates for natural water exploitation are from 1% to 10%, for minerals from 3% up to 30%, crude oil from 6% to 40%.

1.5.3. Contractor tax: Contractor tax applies to organization and individuals which do not having presence in Vietnam but have income from the provision of services or services associated with goods in Vietnam. Contractor tax includes VAT, CIT, PIT and the tax rate depending on type of services provided. Enterprises entering into contracts with foreign contractors should pay attention to the tax payment by foreign contractors according to applicable laws.

1.5.4. Environmental protection tax: Environmental protection tax applies to manufacturers or importer of products in the list of 8 commodity groups such as petroleum, coal, HCFC, plastic bags...

1.5.5. Non-agricultural land use tax: The user needs to pay non-agricultural land use tax for using non-agricultural production and business land, including land for the construction of industrial parks; land for the construction of production and business establishments; land for mineral exploitation and processing; and land for the production of construction materials and pottery and other non-agricultural land used for commercial purposes.

2. Customs

For the production and business activities specified in the investment registration certificate, foreign-invested enterprises are allowed to import raw materials, goods, machinery and equipment to serve their production and business.

However, some specific goods are required to have import licenses or to meet the conditions set by specialized management agencies such as chemicals, scrap, used machinery and equipment ... Requirements on import licenses or conditions for these types of goods apply generally to both foreign-invested enterprises and local Vietnamese enterprises[65].

Vietnam has signed and implemented free trade agreements (FTAs) with many countries and regions such as AKFTA; AANZFTA; CPTPP, EVFTA ... Enterprises

65 Decree 09/2018/ND-CP dated 15/1/2018 of the Government.

producing goods in Vietnam meet requirements of the origin of goods made in Vietnam according to the principles of the signed FTAs and obtain C/O for their goods shall enjoy the preferential import tax rates or special preferential rates under the FTA when export their goods/products to members of such FTAs.

With regard to international trade activities of foreign invested enterprises: such as import right, export right, distribution activities (whole sale or retail sale), the foreign invested enterprises must comply with Vietnam's commitments on market opening, list of goods and roadmap announced by Ministry of Industry and Trade of Vietnam of Vietnam .

3. Finance and accounting

The initial charter capital of an enterprise must be contributed in full within 90 days from the date of business registration certificate. The investor is entitled to contribute capital to the project in several times, and they can increase charter capital of the enterprise after having more capital contributed.

The accounting regime of foreign invested enterprises shall comply with Vietnamese accounting system. Enterprises submit monthly or quarterly reports to tax authorities according to law on tax management. Reports to tax authorities now are done online.

Financial statement of foreign invested enterprises must be audited by an independent auditing firm and the audited financial statement must be sent to state management bodies within 90 days from the end of fiscal year.

Foreign-invested enterprises are required to prepare statistical reports and report on project implementation progress and submit to the competent authorities.

Part 3. Other Issues

1. Land use right and Industrial Zone

Depending on characteristics and size of investment project, the investor may consider and select the following options:

1.1. Locating the project in an industrial zone (or export processing zone)

An industrial zone is an area of demarcated boundary devoted to manufacturing activities and/or services for manufacturing[66]. Industrial zones are often developed by international or domestic investors who constructed the infrastructure like road, water supply and sewage system, etc. to serve the needs of enterprises operating in the zone.

Enterprises wishing to locate in an industrial zone may choose either: (i) sub-lease the land (and related infrastructure) directly from the developer of the zone to build the facility itself, or (ii) rent or buy the ready-built facility from the developer of the zone or from another enterprise that has already built it.

Enterprise sublease the land in an industrial zone has following rights[67]:

(i) Transfer, assign, sublease, mortgage or capitalize the land and assets in the land, if the rental fee is paid once for the whole lease period;

(ii) Mortgage, sell, capitalize the assets legally owned

66 Article 2 of Decree 82/2018/ND-CP of the Government about industrial zone
67 Articles 174, 175, 185 of the Land Law

by the enterprise in the land; sublease the right to use land in the form of annual payment of land rental fee for the land for which the construction of infrastructure has been completed (if the rental fee is paid annually).

1.2. Locating the project outside industrial zone

In case an investor prefers to locate outside an industrial zone, it can choose to either: (i) lease the land directly from the State (either in the form of one-time payment of rental fee for the whole lease period or annual payment), or (ii) sublease the land or buildings from enterprises licensed to do industrial property business.

This option of leasing the land directly from the State has several drawbacks, i.e. it takes long time, requires completion of many procedures and documentation (e.g. application for lease, clearance of people and assets in the land, procedures for obtaining land use rights certificate, etc.). Hence, most of investors do not choose this option, except in special cases, e.g. the need to have very large area of land.

When leasing land with this option, the investor has the same rights and obligations applied for in the form of one-time or annual payment of rental fee, similar to lease of land in industrial zone.

2. Intellectual property rights

In recent years, the Government of Vietnam has implemented many measures to enhance the level of protection of legitimate intellectual property rights, and has created an environment better complying with intellectual property rights than in some other countries. The intellectual property rights are protected by the Civil Code no. 91/2015/QH13 dated 24/11/2015, the Intellectual Property Law (issued in 2005, and subsequently amended in 2009 and 2019), and a number of guidance for implementation.

Vietnam has for a long time been a member of Paris Agreement and Madrid Agreement on Registration of Trade Marks, a member of Patent Cooperation Treaty (PCT), and became a member of the World Intellectual Property Organization (WIPO) in 1976.

On the 27th June 1997, Vietnam entered into an Agreement on Copyrights with the United States. Vietnam also has a Bilateral Trade Agreement with the United States, which stipulates that Vietnam must abide with the Bern Convention on Copyrights.

National Organization for Intellectual Property ("NOIP") under Ministry of Science and Technology is the agency in charge of administration of protection of intellectual property rights, including the registration of intellectual property. Foreign entities wishing to register their intellectual property rights must file its application for registration via an authorized intellectual property agent which will submit its application to NOIP.

National Organization for Copyrights under Ministry of Culture, Sports and Tourism is in charge of protection of copyrights. Application for protection may be filed with Copyright Protection Agency. However, such application of registration is not a prerequisite for protection of copyrights.

3. Expenditure for business activities

According to current regulations[68], following expenditures shall be considered as legitimate expenses of enterprises:

68 Artilce 4 of Circular 96/2015/TT-BTC of Ministry of Finance

a. Actual expenses incurred is related to the enterprise's business operation activities (e.g. or materials, land, buildings, labor, depreciation of fixed assets, outsourcing, etc.);

b. Expenses that have sufficient receipts and valid invoices and proof for the expense under the regulations of laws;

c. Expenses that have receipt for each transaction amounting to more than 20 million VND (inclusive of VAT) when payment is not in cash.

4. Labor issues

Vietnam Labor Code[69] regulates labor relations in enterprises. In addition, Vietnam also has Law on Employment 2013, Law on Occupational Safety and Hygiene2015, Law on Social Insurance 2014, and relevant documents guiding the implementation of such laws regarding labor relations in enterprises.

4.1. Labor contract

There are two types of labor contracts, i.e. (i) labor contract with indefinite term, and (ii) labor contract with duration not exceeding 36 months. With foreign laborers, the maximum duration for a labor contract is 24 months.

A labor contract shall have main contents such as scope of work, duration of employment contract, salary, labor protection regime, required insurance terms, training and upgrading support, etc. In addition to such main contents, when an employee's work relates to business, trade or technology know-how and secrets, the employer has the right to sign a written agreement with the employee on the content of the scope, duration and measures for protection of such secrets, and compensation if there is violation.

The probationary period is dependent on the nature and complexity of the job, and range from 6 days to 180 days. Salary for the probationary period can be negotiated, but shall be amount at least to 85% of the salary for that particular job. At the end of probationary period, employer and employee may enter into an official labor contract or terminate the signed contract.

4.2. Statutory minimum wages

The Government periodically stipulates and announces the minimum wage levels for different labors. The Statutory minimum wages are minimum wages of workers who do the simplest jobs in normal working conditions. The minimum salary is decided for different geographical regions, and it is normally lower in rural areas than in urban areas, and lowest in remoted areas with social and economic difficulties.

At this moment, the minimum salary is stipulated for four regions, ranging from 130USD/month to 190USD/month[70].

4.3. Overtime work

The normal working time is 8 hours per day, and not exceeding 48 hours a week. The total extra working hours shall not exceed 200 hours in one year. For some specific fields, works, jobs and cases, such as (i) manufacturing of goods for export, of textile, garment, electronics, agro and forestry processing, salt making; (ii) production and supply of electricity, telecom, oil refinery, water supply and sewage, etc., the maximum extra working hours may go up to 300 hours per year.

70 Decree 90/2019/NĐ-CP stipulating about minimum salaries for different regions.

Payment for overtime shall be at least 1.5 times the payment for normal days, and 2 times for weekly holiday/ weekend, and 3 times for national holiday and public holidays.

4.4. Compulsory social insurance; Trade union fee

Employee and employer shall participate in compulsory social insurance, medical insurance, and unemployment insurance. In addition, the employer also must pay for insurance for work injury and occupational disease.

The total payment of such insurances from July 2020 is equivalent to 32% of the salary, of which the employee pays 10%, and employer pays 21.5%.

Trade union fee: Monthly, any enterprises, with or without a trade union, has to pay an amount of trade union fee, which is equivalent to 2% of the total salary subject to social insurance[71].

4.5. Internal labor regulations; Collective bargaining agreement

Internal labor rule shall be issued by employers who have more than 10 employees. The Internal labor rule is an important legal document of the enterprise, stipulating rules about working time and duration, off time and break time, working disciplines, occupational safety and hygienic, remedy for non-compliance with labor laws and regulations, etc. specific for the enterprise.

Collective labor agreement is the agreement between the employer and the employees of the enterprise about major labor issues. It can be accepted and passed when over 50% of the employees in the enterprise voted for acceptance.

71 Decree 191/2013/NĐ-CP stipulating about financial issues of trade union.

Collective labor agreement and internal labor rule shall not be allowed to be contradictory to labor laws. The State of Vietnam encourages enterprises to apply labor regimes which are more favorable than what are stipulated in the laws.

Collective labor agreement and internal labor rule should be registered with the labor administration authorities, and are the basis for settlement of labor disputes in the enterprise.

4.6. Occupational safety and health

Enterprise has the responsibility to organize training about occupational safety and hygiene, and provide sufficient personal protection devices for the employees, to organize periodical medical health check for the labor, to employ medical professional staff in the enterprise, especially in sectors which have strict requirements about occupational safety and hygiene.

Enterprise must ensure that the workplace meets standards about working space, transparency, dust, radiation, etc., and other dangerous factors, and to ensure the safety for machinery, equipment, buildings, warehouse, as well as anti-fire measures.

5. Other related issues

5.1. Technology transfer

Regulations on the transfer of technology is stipulated in the Law on Transfer Technology no. 07/2017/QH13 dated 19/6/2017, which sets up protection for legitimate rights of transferors, provide conductive conditions for technology transactions, and promote the transfer of advanced, high technologies from overseas to Vietnam.

For (i) transfer of technology from Vietnam to foreign countries, (ii) transfer of technology from foreign countries to Vietnam, (iii) domestic technology transfer but involving State budget, and (iv) technologies restricted from transferring, the parties to the transfer transaction must apply for approval or register to relevant authorities (either Ministry of Science and Technology, or provincial Department of Science and Technology).

5.2. Foreign exchange and monetary management

- In the territory of Vietnam, transactions using foreign currency are prohibited, except for those allowed for credit institutions. The Government, however, will try to meet foreign exchange requirements of enterprises, and manage to assist them in cases of foreign exchange shortage. Investors are required to transmit their investment capital to a foreign capital account at a bank licensed to operate in Vietnam (including foreign banks). Foreign currency of the foreign investor must be exchanged to Vietnamese currency, Dong, or to be deposited at a foreign currency account at a bank.

- Enterprises may be permitted to make payment in foreign currency in, some cases as regulated by the State Bank of Vietnam (Central bank), such as payment of imported goods and services, transmission of capital for permitted overseas investment, transmission of profit, principal and interest of foreign loans, payment for overseas trip of employees, salary and legitimate income of expatriate employees, etc[72].

- When individuals bringing foreign and Vietnamese currency on entry to or exit from Vietnam at an amount in excess of the limits stipulated by the State Bank of Vietnam, a declaration and registration must be made at the border. In case the amount exceeding the level permitted by the State, the exceeding amount shall be taxed as if it is a foreign exchange transaction[73].

- Foreign investors in need of foreign currency to pay for transactions permitted by the laws can buy it from banks permitted to provide foreign currency transactions. Loans to foreign entities are allowed, but must comply with some requirements of the State Bank of Vietnam. Loans with medium and long term tenure must be registered with the State Bank of Vietnam.

5.3. Environment issues

Subject to the size and nature of investment, a project shall have to undertake either an environment impact assessment report or prepare an environment protection plan before implementing the project.

Environment impact assessment[74]

Environment impact assessment is required for following projects: (i) Projects subject to the decision on investment intentions made by the National Assembly, Government and the Prime Minister; (ii) Projects that use land parcels situated in wildlife sanctuaries, national parks, historical - cultural monuments, world heritage sites, biosphere reserves, scenic beauty areas that have been ranked, and (iii) Projects that can cause bad effects on the environment. Investor may conduct environment impact assessment by itself or hire a professional entity to do so.

72 Article 6, Ordinance on Foreign Exchange no. 28/2005/PL-UBTVQH and Amended Ordinance on Foreign Exchange no. 06/2013/UBTVQH

73 Article 9, Ordinance on Foreign Exchange no. 28/2005/PL-UBTVQH and Amended Ordinance on Foreign Exchange no. 06/2013/UBTVQH

74 Article 18, 19 of Environment Protection Law no. 55/2014/QH13

An environment impact assessment must be done in the project preparation period, and must be approved before obtaining investment policy decision or an Investment registration certificate. The investor must prepare a new Environment impact assessment if the investment project is not implemented within 24 months since the original Environment impact assessment report was approved by the authority, or if the project has changed the site, capacity or technology which increases the risk of negative environment impacts.

Environment impact assessment shall have main contents such as: assessment of selected technology, assessment and prediction of waste and discharge water, planned measures to manage and mitigate the risks on environment and public health, measure to treat the waste, plan for environment monitoring, etc.

Environment protection plan[75]

Projects which do not need an environment impact assessment shall have to prepare an environment protection plan and submit to the environment protection authority for consideration and registration before implementing the project.

An environment protection plan shall have main contents such as: (i) type of technology, and size of production, (ii) materials to be used, (iii) waste to be emitted, and (iv) Waste disposal measures

5.4. Import used machinery and equipment

It is prohibited to import any used machinery, equipment and technological lines that have been discarded by exporting countries because of their obsolescence, low quality, causing environmental pollution or failure to satisfy safety, energy saving, and environmental protection requirements prescribed by applicable law of Vietnam. It is permitted to import the used equipment, machinery and technology lines for purpose of directly serving manufacturing companies only.

Specific requirements[76]:

A used technological line may be imported if it satisfies the following criteria:

(i) It is manufactured in accordance with National Technical Regulations (QCVN) or in conformity with technical indicators of Vietnam's Standards (TCVN) or Standards of G7 countries or Korea with regard to safety, energy saving, and environment protection.

(ii) Remaining capacity or performance must achieve at least 85% of its design capacity or performance.

(iii) The amount of raw materials or energy consumed by the technological line shall not exceed 15% of its design consumption level.

(iv) Technologies of the technological line to be imported must not be on the List of technologies prohibited or restricted from transferring promulgated under the Government's Decree No. 76/2018/ND-CP dated May 15, 2018; and,

(v) A technology comprised in the technological line to be imported is being applied by at least 03 manufacturers of member countries of OECD.

75 Article 29, 30 of Environment Protection Law

76 Decision No 18/2019/QD-TTg of the Prime Minister dated 19/4/2019 on import used machinery and equipment

When importing a used technological line, it is required to have the inspection certificate issued by an inspecting body within 18 months before its arrival.

A piece of used machinery or equipment may be imported if it satisfies the following criteria:

(i) Its age does not exceed 10 years; and

(ii) It is manufactured in accordance with National Technical Regulations (QCVN) or in conformity with technical indicators of Vietnam's Standards (TCVN) or Standards of G7 countries or Korea with regard to safety, energy saving, and environment protection.

However, ages of machinery and equipment in certain specific fields may be extended to 15 or 20 years.

When importing of a piece of used equipment or machinery, it is required that the inspection certificate be issued within 6 months or the original of manufacturer's certification on the manufacturing year and manufacturing standards applied to the used machinery or equipment.

5.5. Disputes settlement

Disputes over business investment activities shall be settled via negotiation and conciliation. If the negotiation or conciliation fails to resolve dispute, the parties can choose the form of settlement of the dispute by an arbitration body (arbitration of Vietnam, arbitration of a foreign country or international arbitration) or by a court of Vietnam[77].

Every dispute between a foreign investor and a competent authority of Vietnam over business investment activities within Vietnam's territory shall be settled by an arbitration body of Vietnam or a court of Vietnam, unless otherwise agreed under a contract or in accordance with an international treaty to which Vietnam is a signatory.

In case there is an agreement for settlement of a dispute at a foreign arbitration body, then the foreign arbitral award must be recognized and enforced by a competent authority in Vietnam as prescribed in Vietnam Civil Procedure Code 2015.



4



77 Article 14 Law on Investment 2020



Chapter V

Support And Consultation For Investment

I. Agencies In Charge Of Supports And Consultancy On Investment

1.Supports by government agencies

In Vietnam, agencies in charge of supporting and promoting investments are available at both central and local governments.

At the central level, there are two ministries having set up dedicated agencies on investment promotion, i.e. the Ministry of Industry and Trade of Vietnam (MOIT) and the Ministry of Planning and Investment (MPI).

At MOIT, the Vietnam Trade Promotion Agency (VIETRADE) has the function of promoting trade and investment, both at home and abroad. VIETRADE has the function of developing a national trade promotion strategy, a supporting mechanism for trade promotion activities, and working out and promulgating a national trade promotion program, trade and investment promotion strategy and policy to facilitate the development of industrial and commercial sectors; coordinating with economic and commercial departments at Vietnamese representative bodies in foreign countries in trade and investment promotion activities, organizing and implementing trade and investment promotion activities for the development of industrial and commercial sectors. VIETRADE has

various departments that can assist investors in finding markets and investment opportunities, as well as in getting an overview of related policies and legal stipulations. At the same time, VIETRADE has an Investment Promotion Center specializing in investment promotion.

In addition, MOIT has a network of commercial units at Vietnamese embassies in many countries. These units have the function of supporting investors to learn about policies and legal frameworks on trading and investment and the Vietnamese market.

At MPI, there is a Foreign Investment Agency (FIA). FIA acts as a focal body who synthesizes and develops investment promotion programs and plans at MPI, provides opinions and comments to the establishment of the National Investment Promotion Program, organize the implementation of investment promotion activities; presides over the preparation for and organization of meetings with investors, acts as the main contact to support investors in seeking opportunities and establishing investment projects, induces and promotes investments according to the key programs and projects, etc. Beside the functional departments at the headquarters, FIA has 3 Investment Promotion Centers responsible for the activities in the Northern, Central and Southern areas to directly support investors when necessary.

Other ministries do not have agencies specializing in trade and investment promotion. However, when investors want to understand or get information about specific issues under their management, their International Cooperation Departments (or External Economic Relation Department) can help answer the questions on general issues, or refer to other functional departments within their organizations to answer the questions of the investors.

2. Supports by localities

Many local governments have set up investment promotion agencies as centers under the provincial People's Committees to support investors to explore the market and seek for investment opportunities in their localities. Basically, there are two types of such centers:

- Centers for investment promotion only such as the Quang Ninh Investment Promotion Agency;

- Centers for investment promotion in combination with trade and tourism promotion such as the Hanoi Promotion Agency.

3. Supports by business associations

Normally, business associations also provide support in investment promotion in the fields and industries that they are in charge of. The scope of their support may include: providing information about potential partners being their members; introducing foreign investors to their members; helping investors understand the policies, legal stipulations and markets relating to their industrial sectors.

4. Investment consultancy by professional consulting firms

Professional consulting firms are usually private law firms and investment consultancy companies which have been established in a large number in Vietnam over the past 30 years. These firms and companies can help investors throughout the process from forming concepts, making plans, understanding markets, identifying potential partners, and understanding policies and legal framework to drafting and preparing dossiers to obtain necessary permits and approvals for investment projects.

II. Useful Information

1. Investment and trade promotion agencies

Foreign Investment Agency (Ministry of Planning and Investment) 2 Hoang Van Thu Street, Hanoi, Vietnam Tel: 84-24-3734 3758 / 759 / 766 Fax: 84-24-3734 3769 Email: fiavietnam@mpi.gov.vn Website: dautunuocngoai.gov.vn	**Vietnam Trade Promotion Agency (Ministry of Industry and Trade of Vietnam)** 20 Ly Thuong Kiet Street, Hanoi, Vietnam Tel: 84-24-39347628/ 39364792 Fax: 84-24-39348142/ 39344260 Email: vietrade@vietrade.gov.vn Website: www.vietrade.gov.vn

2. Ministries

Ministry of Foreign Affairs 1 Ton That Dam Street, Hanoi, Vietnam Tel: 84-24-38458201 Fax: 84-24-38436488 Website: www.mofa.gov.vn	**Ministry of Planning and Investment** 2 Hoang Van Thu Street, Hanoi, Vietnam Tel: 84-24-38455298 Fax: 84-24-38234453 Website: www.mpi.gov.vn
Ministry of Finance 28 Tran Hung Dao, Hanoi, Vietnam Tel: 84-24- 2220.2828 Fax: 84-24- 2220.8091 Website: www.mof.gov.vn	**Ministry of Industry and Trade of Vietnam** 54 Hai Ba Trung Street, Hanoi, Vietnam Tel: 84-24-38253915 Fax: 84-24-39342136 Website: www.moit.gov.vn
Ministry of Agriculture and Rural Development 2 Ngoc Ha Street, Hanoi, Vietnam Tel: 84-24-38459670 Fax: 84-24-37330752 Website: www.mard.gov.vn	**Ministry of Transport** 80 Tran Hung Dao Street, Hanoi, Vietnam Tel: 84-24-39422079 Fax: 84-24-39422386 Website: www.mt.gov.vn
Ministry of Construction 37 Le Dai Hanh Street, Hanoi, Vietnam Tel: 84-24-39760271 Fax: 84-24-39762153 Website: www.moc.gov.vn	**Ministry of Justice** 58-60 Tran Phu Street, Hanoi, Vietnam Tel: 84-24-37336213 Fax: 84-24-38431431 Website: www.moj.gov.vn
Ministry of Labor, War Invalids and Social Affairs 12 Ngo Quyen Street, Hanoi, Vietnam Tel: 84-24-62703645 Fax:(024) 62703609 Website: www. molisa.gov.vn	**Ministry of Science and Technology** 39 Tran Hung Dao Street, Hanoi, Vietnam Tel: 84-24-38252731 Fax: 84-24-38252733 Website: www.most.gov.vn
Ministry of Natural Resource and Environment 83 Nguyen Chi Thanh Street, Hanoi, Vietnam Tel: 84-24-38343914 Fax: 84-24-38352131 Website: www.monre.gov.vn	**Ministry of Information and Communication** 18 Nguyen Du Street, Hanoi, Vietnam Tel: 84-24-39435602 Fax: 84-24-38263477 Website: www.mic.gov.vn

3. Some investment promotion centers in big provinces/ cities

Hanoi Promotion Agency 10 Trinh Hoai Duc Street, Hanoi, Vietnam Tel: 84-24-3775 7979/ 3831 9666 Email: hpa@hanoi.gov.vn Website: http://hpa.hanoi.gov.vn	**Investment and Trade Promotion Center of Ho Chi Minh City** 51 Dinh Tien Hoang Street, District 1, Ho Chi Minh City, Vietnam Tel: 84-28-38236738/ 39101304 Fax: 84-24- 38242391 Website: http://itpc.hochiminhcity.gov.vn
Danang Investment Promotion Agency 18th Floor, Administration Center Tower, 24 Tran Phu Street, Danang, Vietnam Tel: 84-905 211 755 (Director) Website: http://www.ipc.danang.gov.vn	**Hai Phong Economic Zone Authority** 24 Cu Chinh Lan Street, Minh Khai Ward, Hong Bang District, Hai Phong, Vietnam Tel: 84-225-3569170 Website: http://heza.gov.vn
Quang Ninh Investment Promotion Agency 2nd Floor, Office Complex 2, Nguyen Van Cu Street, Hong Ha Ward, Ha Long City, Quang Ninh province, Vietnam Tel: 84-203-533686 Fax: 84-203-533586 Website: http://investinquangninh.vn	**Can Tho Promotion Agency** 108A Le Loi Street, Ninh Kieu District, Can Tho City, Vietnam Tel: 84-292-3830487 Fax: 84-292-3830354 Website: www.canthopromotion.vn

4. Other useful addresses

Vietnam Chamber of Commerce and Industry 9 Dao Duy Anh Street, Hanoi, Vietnam Tel: 84-24-35742022 Fax: 84-24-35742030 Website: www.vcci.com.vn	**Vietnam Association of Small and Medium Enterprises (VINASME)** 10th Floor, Building D, 15 Le Van Thiem Street, Hanoi, Vietnam Tel: 84-24-355 64499 Fax: 84-24-355 64488 Website: http://vinasme.vn
Vietnam's Association of Foreign Invested Enterprises (VAFIE) 65 Van Mieu Street, Hanoi, Vietnam Tel: 84-24-3843 7925 Fax: 84-24-3823 2786 Website: http://vafie.org.vn	**Vietnam Association of Mechanical Industry (VAMI)** 4th Floor, 20 An Trach Street, Hanoi, Vietnam Tel: 84-24-3936 8503 Fax: 84-24-3936 8504 Website: www.vami.com.vn

5. Contributors to the guidebook

VIETBID Law Firm 15 Alley 68/37 Cau Giay Street, Cau Giay District, Hanoi, Vietnam Tel: 84-24-39344226/7/8 Fax: 84-24-39344225 Email: info@vietbid.vn Website: http://vietbid.vn	**Vietnam Consulting and Industry Research Joint Stock Company (VIRAC)** Floor 05, Anh Minh Building, 36 Hoang Cau, Hanoi, Vietnam Phone: +84 24 6328 9520 Email: viracresearch@virac.com.vn Website: www.viracresearch.com
Gattaca Law Firm 32 Nguyen Dinh Hoan Street, Cau Giay District, Hanoi, Vietnam Tel: 84-24-3204 1777 Email: lawyer@gattacalaw.vn Website: http://www.gattacalaw.vn	**Dolphin Sea Air Services Corp** 10th Floor, Hanoi Group Building, 442 Doi Can, Ba Dinh, Hanoi, Vietnam Phone: +84 24 6273 0558 (ext: 280) Email: info@dolphinseaair.com Website: www.dolphinseaair.com

APPENDIX: LIST OF INDUSTRIAL PARKS IN VIETNAM

Province	List of Local Industrial Parks (IP)
I. WEST NORTHERN REGION	
Lào Cai	Bắc Duyên Hải IP, Đông Phố Mới IP, Tằng Loỏng IP
Sơn La	Mai Sơn IP, Lương Sơn IP, Yên Quang IP, Mông Hoá IP
Yên Bái	phía Nam IP, Âu Lâu IP, Minh Quân IP
Hòa Bình	Sông Đà Left Bank IP
II. EAST NORTHERN REGION	
Hà Giang	Bình Vàng IP
Cao Bằng	Chu Trinh IP
Bắc Kạn	Thanh Bình IP
Tuyên Quang	Long Bình An IP
Thái Nguyên	Sông Công 1 IP, Sông Công 2 IP, Nam Phổ Yên - Zone B IP, Nam Phổ Yên - Khu C IP, Điềm Thụy - Zone A IP, Điềm Thụy - Zone B IP, Yên Bình IP
Lạng Sơn	Đồng Bành IP
Quảng Ninh	Cái Lân IP, Việt Hưng IP, Hoành Bồ IP, Sông Khoai IP, Hải Yên IP, Hải Hà IP, Đông Mai IP, Nam Tiền Phong IP, Bắc Tiền Phong IP
Bắc Giang	Song Khê - Nội Hoàng IP, Đình Trám IP, Quang Châu IP, Vân Trung IP, Hòa Phú IP
Phú Thọ	Thuy Vân IP, Phú Hà IP, Cẩm Khê IP, Trung Hà IP
III. RED RIVER REGION	
Hà Nội	Sài Đồng B IP, Hà Nội - Đài Tư IP, Nội Bài IP, (North) Thăng Long IP, Nam Thăng Long IP, Nam Hà Nội Supporting IP, Phú Nghĩa IP, Quang Minh II IP, Quang Minh II IP, Thạch Thất - Quốc Oai IP, Bắc Thường Tín IP, Phụng Hiệp IP
Vĩnh Phúc	Khai Quang IP, Kim Hoa IP, Tam Dương II - Zone A IP, Bá Thiện II IP, Thăng Long Vĩnh Phúc IP, Bá Thiện IP, Bình Xuyên IP, Bình Xuyên II IP, Sơn Lôi IP
Bắc Ninh	Yên Phong IP, Yên Phong II - C IP, Yên Phong II - VSIP II IP, Quế Võ I IP, Quế Võ II IP, Quế Võ III IP, Tiên Sơn IP, VSIP IP, Đại Đồng - Hoàn Sơn IP, Nam Sơn - Hạp Lĩnh IP, Hanaka IP, Thuận Thành III - Khai Sơn IP, Thuận Thành III IP, Thuận Thành II IP

Hải Dương	Nam Sách IP, Đại An IP, An Phát IP, Cộng Hòa IP, Lai Vu IP, Phú Thái IP, Cẩm Điền - Lương Điền IP, Đại An IP, Tân Trường IP, Phúc Điền IP, Lai Cách IP
Hải Phòng	Đồ Sơn IP, Nam Cầu Kiền IP, Nomura IP, An Dương IP
Hưng Yên	Phố Nối A IP, Phố Nối B IP, Yên Mỹ II IP, Yên Mỹ IP, Thăng Long II IP, Minh Đức IP, Minh Quang IP, Kim Động IP
Thái Bình	Phúc Khánh IP, Nguyễn Đức Cảnh IP, Sông Trà IP, Cầu Nghìn IP, Gia Lễ IP, Tiền Hải IP
Hà Nam	Châu Sơn IP, Đồng Văn I IP, Đồng Văn II IP, Đồng Văn III IP, Hòa Mạc IP, Đồng Văn IV IP, Thanh Liêm IP, Thái Hà IP
Nam Định	Hòa Xá IP, Bảo Minh IP, Rạng Đông IP
Ninh Bình	Phúc Sơn IP, Tam Điệp 1 IP, Gián Khẩu IP, Khánh Phú IP, Khánh Cư IP
IV. NORTH CENTRAL REGION	
Thanh Hóa	Lễ Môn IP, Đình Hương - Tây Bắc Ga IP, Hoàng Long IP, Bỉm Sơn IP, Lam Sơn - Sao Vàng IP
Nghệ An	Bắc Vinh IP, WHA IP, Vsip - Nghệ An
Hà Tĩnh	Gia Lách IP
Quảng Bình	Tây Bắc Đồng Hới IP, Bắc Đồng Hới IP, Tây Bắc Quán Hàu
Quảng Trị	Nam Đông Hà IP, Quán Ngang IP
Thừa Thiên Huế	Phong Điền IP, Phong Điền- Viglacera IP, Phú Bài IP, Tứ Hạ IP, La Sơn IP
V. SOUTH CENTRAL REGION	
Đà Nẵng	Hòa Khánh IP, Liên Chiểu IP, Hòa Cầm IP
Quảng Nam	Điện Nam - Điện Ngọc IP, Đông Quế Sơn IP
Quảng Ngãi	Quảng Phú IP, Tịnh Phong IP
Bình Định	Phú Tài IP, Long Mỹ IP, Hoà Hội IP, Nhơn Hoà IP
Phú Yên	An Phú IP, Đông Bắc Sông Cầu IP
Khánh Hòa	Suối Dầu IP, Ninh Thủy IP
Ninh Thuận	Thành Hải IP, Du Long IP, Phước Nam IP
Bình Thuận	Phan Thiết 1 IP, Phan Thiết 2 IP, Tuy Phong IP, Sông Bình IP, Hàm Kiệm 1 IP, Hàm Kiệm 2 IP, Sơn Mỹ I IP

VI. HIGHLANDS REGION	
Kon Tum	Hòa Bình IP, Sao Mai IP
Gia Lai	Trà Đa IP, Nam Pleiku IP
Đắk Lắk	Hòa Phú IP
Đắk Nông	Tâm Thắng IP, Nhân Cơ IP
Lâm Đồng	Lộc Sơn IP, Phú Hội IP
VII. EAST SOUTHERN REGION	
Bình Phước	Đồng Xoài II IP, Đồng Xoài III IP, Đồng Xoài I IP, Tân Khai II IP, Việt Kiều IP, Bắc Đồng Phú IP, Nam Đồng Phú IP, Becamex - Bình Phước IP, Minh Hưng III IP, Minh Hưng - Hàn Quốc IP, Chơn Thành I IP, Chơn Thành II IP, Minh Hưng - Sikico IP
Tây Ninh	Chà Là IP, Phước Đông, KCX & CN Linh Trung III IP, Thành Thành Công IP, Trảng Bàng IP
Bình Dương	Sóng Thần 3 IP, Đồng An 2 IP, Phú Tân IP, Bàu Bàng IP, Bàu Bàng IP, Kim Huy IP, Đại Đăng IP, Cây Trường IP, VSIP II IP, Mapletree IP, Mỹ Phước IP, Mỹ Phước 2 IP, Mỹ Phước 3 IP, Thới Hòa IP, Việt Hương 2 IP, Mai Trung IP, Rạch Bắp IP, Quốc tế Protrade IP, Nam Tân Uyên IP, VSIP II A IP, Bình An IP, Sóng Thần 1 IP, Sóng Thần 2 IP, Tân Đông Hiệp B IP, Tân Đông Hiệp A IP, Bình Đường IP, Đồng An IP, Việt Hương IP, VSIP IP, Tân Bình IP, Đất Cuốc IP, VSIP III IP
Đồng Nai	Biên Hoà I IP, Biên Hoà II, IP, Long Bình (LOTECO), CN Amata IP, Tam Phước IP, Agtex Long Bình IP, Long Đức IP, Long Khánh IP, Suối Tre IP, Tân Phú IP, Thạnh Phú, ,CN Định Quán IP, Hố Nai IP, Sông Mây IP, Bàu Xéo IP, Giang Điền IP, Dầu Giây IP, Gò Dầu IP, Long Thành IP, An Phước IP, Lộc An - Bình Sơn IP, Long Thành IP, Xuân Lộc IP, Nhơn Trạch I IP, Nhơn Trạch II IP, Nhơn Trạch III IP, Nhơn Trạch V IP, Nhơn Trạch VI IP, Nhơn Trạch IP, Ông Kèo IP
Bà Rịa - Vũng Tàu	Dầu khí Long Sơn IP, Đông Xuyên IP, Châu Đức IP, Đá Bạc IP, Đất Đỏ IP, Mỹ Xuân B1 IP, Mỹ Xuân A2 IP, Phú Mỹ III IP, Phú Mỹ I IP, Phú Mỹ II IP, Mỹ Xuân A IP, Cái Mép IP
Hồ Chí Minh	Tân Thới Hiệp, KCX Linh Trung, KCX Linh Trung II IP, Bình Chiểu IP, Tân Bình IP, Cát Lái IP, Tân Tạo, KCX Tân Thuận IP, Đông Nam IP, Tân Phú Trung IP, Tây Bắc Củ Chi IP, Mechanical Automobile IP, Vĩnh Lộc IP, Lê Minh Xuân IP, Lê Minh Xuân 3 IP, An Hạ IP, Lê Minh Xuân 2 IP, Vĩnh Lộc IP, Phong Phú IP, Hiệp Phước IP

VIII. CUU LONG RIVER DELTA REGION	
Long An	Xuyên Á IP, Hải Sơn IP, Đức Hòa III IP, Đức Hoà 1 IP, Tân Đô IP, DNN - Tân Phú IP, Hải Sơn mở rộng IP, Nam Thuận IP, Hựu Thạnh, CN Long Hậu 3 IP, Tân Đức IP, Vĩnh Lộc 2 IP, Phú An Thạnh IP, Thịnh Phát, CN Nhựt Chánh IP, Phúc Long IP, Thuận Đạo IP, Hòa Bình IP, Việt Phát IP, Thủ Thừa IP, An Nhựt Tân IP, Cầu Tràm IP, Phước Đông Wharf IP, Long Hậu IP, Tân Kim IP, Đông Nam Á IP
Tiền Giang	Mỹ Tho IP, Tân Hương IP, Long Giang IP
Bến Tre	Giao Long IP, An Hiệp IP
Trà Vinh	Long Đức IP
Vĩnh Long	Hòa Phú IP, Bình Minh IP
Đồng Tháp	Trần Quốc Toản IP, Sa Đéc IP, Sông Hậu IP
An Giang	Bình Long IP, Bình Hòa IP
Kiên Giang	Thuận Yên IP, Thạnh Lộc IP
Cần Thơ	Trà Nóc II IP, Trà Nóc I IP, Hưng Phú 1 IP, Hưng Phú 2 IP, Thốt Nốt IP
Hậu Giang	Tân Phú Thạnh IP, Sông Hậu IP
Sóc Trăng	An Nghiệp IP
Bạc Liêu	Trà Kha IP
Cà Mau	Khánh An IP, Hòa Trung IP

Số XNĐKXB: 667-2020/CXBIPH/25-12/HĐ
Số QĐXB của NXB:308/QĐ-NXBHĐ
In xong và nộp lưu chiểu năm 2020



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CỤC XÚC TIẾN THƯƠNG MẠI
VIETNAM TRADE PROMOTION AGENCY

MINISTRY OF INDUSTRY AND TRADE
VIETNAM TRADE PROMOTION AGENCY (VIETRADE)
INVESTMENT PROMOTION CENTER FOR INDUSTRY AND TRADE (INVESTPROCEN)

Headquarter: 20 Ly Thuong Kiet, Hanoi, Vietnam
Telephone: (84 24) 3826 2288/66 - Fax: (84 24) 3826 2255
Email:investprocen@vietrade.gov.vn
Website: investvietnam.gov.vn