An Investment Guide to Vietnam

December 2011

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Executive summary

Vietnam's economy has grown spectacularly, expanding at an average rate of 7.5% per annum over the past decade. In 2010, foreign investors registered capital of nearly US$18.6 billion, in which the actual disbursed capital came to $11 billion. The World Bank recently ranked Vietnam at 78th in its "Doing Business Ranking 2011" project as of June 2010.

Vietnam offers a welcoming investment climate for Canadian firms that wish to establish a presence here, including solid economic growth, political stability, a competitive workforce, a gradually more open and transparent market, abundant natural resources, and good geographic positioning in the region. Furthermore, Canada and Vietnam are currently negotiating a Foreign Investment Promotion and Protection Agreement (FIPA), which, once concluded, will enhance predictability and transparency for firms investing in Vietnam.

Sectors that offer the greatest investment opportunities include information and communication technologies (ICT), mining, tourism, manufacturing, education, and infrastructure (including energy). These sectors all offer a good combination of high global and domestic demand and a myriad of investment incentives, such as tax breaks.

Canadian firms are increasingly exploring investment opportunities in Vietnam, including some of whom already have operations in China. With China recently increasing their corporate tax rates on foreign firms, reducing their investment incentives, and as costs rise in eastern coastal cities, Vietnam is becoming more attractive with its tax incentives, low-cost labour, and long coastline with increasingly modern and sophisticated port infrastructure. Foreign firms are beginning to regard Vietnam as a key strategic investment location from which to improve the cost-effectiveness of their global supply chains. Already, over half of the US Fortune 100 companies have operations in Vietnam.

As an emerging market, Vietnam naturally faces some challenges, including corruption, low levels of education and skills, poor infrastructure, bureaucratic backlogs, and limited transparency and predictability. Canadian firms have recommended a few keys to success when establishing a presence in Vietnam: take the time to find the right local partner; hire local accounting and legal firms to facilitate your investment (and help you obtain the appropriate certificates and licences); and build strong and positive relationships with senior-level government officials, key business influencers, associations and chambers of commerce.

Contact Information

The Canadian Trade Commissioner Service (TCS) can play a pivotal role by facilitating Canadian clients' investments in foreign markets. The TCS will help you assess your options in our market and provide an honest and informed opinion so that you can evaluate prospects before more resources are committed. This may include advice and insight related to emerging trends, major barriers or regulations, and qualified contacts who have the local expertise to help you refine and implement your investment strategy. Whether you are a small or large company, new or experienced in foreign markets, you need to prepare for the challenges of international business and make informed decisions when investing abroad. Canada's Trade Commissioners can help. Contact a Trade Commissioner to get you started.

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1. Country overview

1. Introduction

The Socialist Republic of Vietnam is the 14th most populous country in the world, with 90.5 million inhabitants (July 2011 est.). There are 54 officially recognized ethnic groups, with the majority Viet (also known as “Kinh”) people comprising around 86% of the total population. Other significant ethnic groups include Tay (2%), Thai (1.75%), Muong (1.5%), Khome (1.4%) and Hoa (ethnic Chinese, 1.1%).

Vietnamese is spoken by the vast majority of the population across various ethnic groups. Vietnamese is written in the Latin alphabet under a system known as Chu Quoc Ngu, or “Script of the National Language”. French, though previously mandatory in school, is spoken on a smaller scale, usually by the older generations, while English is the most commonly-understood second language in large metropolitan areas, particularly in Hanoi and Ho Chi Minh City.

The total area of Vietnam is 331 698 km^2, half of Manitoba. The country is divided into 59 provinces, plus an additional five provincial-level municipalities: Ho Chi Minh City, Hanoi, Haiphong, Da Nang and Can Tho.

On a cultural level there are three Vietnams, which are also associated with three different Vietnamese dialects: the North, centred around Hanoi; the South, centred around Ho Chi Minh City; and the Centre, historically centred around the imperial capital of Hue but now centred around the increasingly important city of Da Nang.

This fragmentation is reflected in the decentralised manner on which the country is managed. Each of the 59 provinces and five municipalities will have its own People's Committee which oversees various other provincial and municipal ministries and departments, each assigned to its own province.

Although once one of the region's poorest states, following a century of imperialism and war, Vietnam is now one of the world's fastest-growing economies. Vietnam's 2010 GDP growth rate was 6.78%, with GDP per capita being estimated at US $1,200. It is one of the world's top exporters of rice, coffee, cashew nuts and black pepper.

In terms of imports, it is important to note that Vietnam's 2010 import value was US$84 billion. Main imports include the following:

Vietnam's Principal Imports

Imports	**2010 US$Billion**	**2009 US$Billion**
Machinery & spare parts	13.49	12.37
Steel	6.16	5.28
Petroleum	5.74	6.16
Fabrics	5.38	4.22
Electronics, Computers & spare parts	5.17	3.93
Plastics (in primary forms)	3.77	2.82

Source: Government Statistics Office (GSO)

In terms of export, Vietnam's total export revenue in 2010 reached US $71.6 billion, a 25.5% increase compared with that of 2009.

Vietnam's Principal Exports

Exports	**2010 (US$Billion)**	**2009 (US$Billion)**
Textiles	11.17	9.08
Footwear	5.08	4.02
Seafood	4.95	4.25
Crude Oil	4.94	6.21
Electronics & Computers	3.56	2.77
Wooden products	3.41	2.55
Rice	3.21	2.74

Source: Government Statistics Office (GSO)

According to Statistics Canada, bilateral trade with Vietnam is expected to exceed US $2 billion and Canada will become one of the leading investors in Vietnam in years to come. There is much reason to believe, however, that this trade volume will significantly increase within the coming years. Over the past ten years, in fact, Canadian exports to Vietnam have grown by over 400%, while imports increased by 300%.

FDI in Vietnam has increased considerably in the past few years, particularly as the Government has sought to attract foreign investors. In 2010, foreign investors registered capital of nearly US$18.6 billion, in which the actual disbursed capital came to $11 billion.

The main priority sectors for Canadian investment include: mining, ICT, oil and gas, education, property development, and services (financial, insurance). Canadian companies have invested $4.7 billion in 99 projects in total in Vietnam so far, ranking 13th among foreign investors in the country. Recent developments such as Asian Coast Development's planned $4.2 billion casino resort project on the Ho Tram Strip along the southern coast of Vietnam has elevated Canada's FDI commitments and profile in Vietnam.

In September 2006, Canada and Vietnam launched negotiations on a bilateral Foreign Investment Protection Agreement (FIPA). The first round was held in February 2008 and the seventh round took place in April 2011, with additional rounds to come. A FIPA is a bilateral treaty designed to protect Canadian investment abroad through legally-binding rights and obligations. Canada's model FIPA incorporates several key principles: treatment that is non-discriminatory and that meets a minimum standard; protection against expropriation without compensation and restraints on transfer of funds; and dispute settlement procedures.

According to local and international observers, under-developed infrastructure is one of the key challenges to Vietnam's continued economic growth. Over the next 10-12 years, the World Bank estimates that US$170 billion will be required for planned infrastructure projects to sustain Vietnam's robust economic development. The capital required to pay for key infrastructure projects is expected to come from international financial institutions, ODA from foreign governments, local state-owned commercial banks, and foreign investors. In addition, PPP models for infrastructure development are attracting more attention as one way to ensure key projects move forward.

Transparency International has named perceived corruption as another challenge that could impede Vietnam's economic growth. In 2010, Vietnam ranked 116/178 on Transparency International's Corruption Perceptions Index (CPI), tied with Ethiopia, Guyana, Mali, Mongolia, Mozambique and Tanzania; all scoring at 2.7/10. The Vietnamese government has acknowledged that corruption is an issue and they are implementing measures to reduce it.

For more information on the business climate, a good regularly-updated resource is the World Bank Group's Ease of Doing Business Report on Vietnam.

2. Government Priorities

The Government of Vietnam is seeking to attract increased investment across a wide array of sectors. It publishes a list of "Encouraged" and "Special Encouraged" Investments, which are subject to tax and accounting incentives under articles 33 to 37 of the new Vietnamese Law on Investment, (No. 59/2005/QH11) which came into effect on July 1st, 2006. Sectors receiving preferential treatment are outlined with every new five-year plan. Examples of sectors included in this list are:

- Rail, road and port infrastructure
- Forestry, agriculture, fishery industries and animal husbandry
- Labour-intensive industries.
- Recycling, water treatment and waste recovery
- Renewable Energies, excluding ethanol
- Information technology
- Manufacturing of pharmacological products
- Biotechnology manufacturing
- Residential real estate construction for workers in industrial, export-processing zones and high-tech zones
- Metallurgy
- Research and development into new technology in the above domains

Another priority is to help ensure more equal economic development across the country. In this regard, foreign investment enterprises (FIEs) are encouraged to invest in specific geographic areas. The list of such areas, like the economic sectors, is divided between a list of "encouraged areas" and "special encouraged areas". Sections 2.3 and 2.5 have further details on the incentives offered for their investments.

3. Corporate Social Responsibility and Past Experiences

There are few mandatory or uniform CSR measures in place in Vietnam. There are mandatory labour regulations that seek to improve the standard of living of those who work for foreign firms and as such help improve the levels of development in regions where FIEs establish a presence. There are also stringent environmental regulations that forbid heavy polluters from doing business. Furthermore, sectors prone to cause environmental degradation are subject to environmental assessment reports. Further details on these types of standards are outlined in Section 2 of this guide. Some larger-scale projects, such as those in mining and extraction or those with substantial investment capital may have certain conditions imposed on their investment license, such as funding the construction of schools or local infrastructure and hiring local workers.

Though the initial investment may be expensive, it is strongly encouraged to apply CSR practices. Many Vietnamese, particularly those from the centre of the country, gauge their success based on the prosperity of the community in which they reside. One way in which Canadian firms have helped enrich the community around them and improve their reputation has been by meeting with local non-governmental leaders and seeking to understand what the people of the community need, what their personal ambitions are, and what they want for their descendants. With this information, Canadian firms have been able to ensure that their company's project contributes to the ambitions of the local community.

Vietnam is a country of connections. As such, keeping strong ties with the local government and community is important. Applying CSR practices and showcasing what measures you are undertaking to enhance social development and minimise environmental degradation will go a long way toward creating and strengthening these ties. These strong standards are thus not simply altruistic goals, but in the long run make good business sense in Vietnam.

Talisman Energy, for example, has funded the construction of schools and hospitals and has even started providing scholarships for Vietnamese nationals in engineering programmes at Canadian schools. This has earned them the respect of the local communities, as well as that of the government. Moreover, this funding will no doubt help raise available human capital in the long run, which will thus increase the work pool from which the company can draw.

4. Market Intelligence

a) Sectors

Agriculture

Vietnam boasts impressive figures in regards to its agricultural production. It is the world's second-largest exporter of rice, and one of the world's largest exporters of coffee and cashews. It is also a major producer of various fruits, sugar, rubber and cotton. Food crop production has more than doubled since the early 1990s, and industrial crop output has increased by more than 300%, according to the Vietnamese General Statistics Office. In 2010, agriculture's share of economic output was 20.6%.

This high output is mainly due to Vietnam's climate and geography: while the two major deltas which receive heavy rainfall all year-round have an ideal climate for fruit and rice, the central highlands are ideal for the production of coffee and cashews. Even outlying districts of Ho Chi Minh City, such as the Cu Chi district, feature major rubber growing operations. Can Tho City, being the main hub of the Mekong Delta, is a transit point for agricultural goods in the region.

State-owned firms are beginning to open up due to WTO commitments, a desire to acquire new technologies, and in an effort to attract increased foreign direct and equity investment. As such, the possibility of working with a Vietnamese partner in agriculture is not only more feasible today than it was a few years ago, it might be a good business move in light of Vietnam's agricultural prowess and its need and desire to expand. In fact, agriculture is an "encouraged" investment sector and, as such, subject to tax incentives.

Education

There are currently 60,000 Vietnamese students pursuing their studies outside of Vietnam, which is an impressive number compared to the 20,000 in 2007. It is expected that this number will grow by about 50% per year over the coming years as Vietnam's economy continues to grow, income levels rise, more multinational firms invest in Vietnam and demand skilled professionals, and affluent Vietnamese families continue seek out high quality education for their children. In addition, 60% of the population is under the age of 30, ensuring a vast pool of prospective students.

Many Canadian education institutions are visiting Vietnam to recruit students and to partner with Vietnamese universities to deliver programmes in Vietnam. There are currently two fully-operated foreign universities in Vietnam: one in Hanoi (British University Vietnam) and one in Ho Chi Minh City (RMIT Vietnam). In addition, there is the cooperative program between Saskatchewan Institute of Applied Science and Technology (SIAST) and Ho Chi Minh City University of Industry (HUI).

The Canadian Consulate in Ho Chi Minh City also offers an Education Market Report, which outlines the opportunities available to Canadians schools.

Energy

In particular, Vietnam has considerable supplies of oil and natural gas and the construction of refineries in Vietnam will mean that oil can now be processed in country. Proven oil reserves in Vietnam (all offshore, thus far) amount to 3.3 billion barrels, the second-most in Southeast Asia, after Indonesia. Revenues from oil and gas represent about 30% of Vietnam's GDP.

A new law that came into effect on June 16, 2008, establishes a 20% tax on all crude oil exports. This law was implemented to encourage companies in Vietnam to refine crude oil in country as the new refineries come online.

Opportunities in this field have attracted some large Canadian investors. Calgary-based Talisman Energy, for example, is investing into the exploration and development of oil deposits off the southern coast of Vietnam (see sections I.4.b and I.5 for further details). Canadian firms in this sector may find Vietnam to be a cost-effective venture.

Exploration and development costs, for example, are low compared with the rest of the world at about $8 per barrel. Operating costs, in turn, are around $4.50 per barrel. As such, not only are Canadians well-placed to invest in this sector because of their expertise and knowledge, but to do so is much cheaper than in other oil-producing countries.

For exploration and production, sea zones in Vietnam are divided into different geographic “blocks” which are set by the government based on the advice of Petro Vietnam. The size and scope of these blocks can vary from one year to the next, depending on the scale of the activities undertaken by the company currently assigned to it. Companies are eligible to undertake activities in these for a maximum of five years (three initial years plus two optional one-year extensions). Should the exploration prove successful, production activities can commence for a 25-year period, after which the plot is relinquished. Deep-sea blocks are given further incentives, being considered areas of “special encouraged” investment. Potential investors in offshore hydrocarbons should keep in mind the political challenges of operating in the South China Sea, an area where China, Vietnam and several other countries have competing territorial claims.

As it stands, Vietnamese soil rests atop potentially rich natural resources in natural gas. A 2010 survey found that there are currently 0.68 trillion cubic metres of natural gas in Vietnam, which is 0.36% of the world total. In addition, with the rise of the Vietnamese middle class demand within Vietnam for this resource is expected to continue growing. It is worth noting that none of this natural gas is exported as all is consumed by the domestic market.

Finally, because of declining coal stocks, Canadian firms may find an opportunity for renewable energy development as the current KwH output may not be enough to sustain Vietnam’s power consumption in the future. In particular, solar or micro-hydro power may help with the electrification of the 10% of the country without power in the more isolated regions where standard land lines are difficult to install.

Information and Communication Technologies (ICT)

Vietnam’s developing ICT market and its rapid modernisation make it one of the best opportunities for IT firms. Total revenue of IT industry in 2009 was USD $6,167 million; while that of telecommunications was USD $6,867.55 million.

In 2008, the International Telecommunications Union (ITU) ranked Vietnam’s telecommunications industry as the world’s second fastest growing market, after China. By December 2009, Vietnam had over 17 million fixed telephone subscribers. Furthermore, Vietnam is one of the world’s fastest growing mobile markets and has over 98 million mobile subscribers as of 2009. As of March 2010, there are eight fixed telephone networks, seven nationwide mobile operators (2G) and five nationwide mobile operators (3G).

Vietnam’s client PC market also grew, with over 4.8 million desktops and laptops as of 2009. According to the Ministry of Information and Communication, Vietnam had over 23.5 million internet users, equivalent to 26% of population, by Mar 2010. Total international Internet bandwidth (bit/s) per Internet user is 4,835 as of March 2010. There are 90 Internet service providers in Vietnam. Vietnam is expected to enter the group of 55 under ITU ranking, which represents 1/3 of leading nations in this field. By 2020, ICT is expected to contribute 8-10% of country's GDP.

Infrastructure

There are growing opportunities in infrastructure development for Canadian firms, especially in providing services and expertise for major projects like power plants, ports, expressways, metro lines, and telecom backbone. The question is whether Canadian firms are able to compete in Vietnam, where many developers have established strong relationships and take advantage of soft financing from their home governments.

According to local and international observers, under-developed infrastructure is one of the key challenges to Vietnam's continued economic growth. Over the next 10-12 years, the World Bank estimates that US$170 billion will be required for planned infrastructure projects to sustain Vietnam's robust economic development.

The capital required to pay for key infrastructure projects is expected to come from international financial institutions, ODA from foreign governments, local state-owned commercial banks, and foreign investors. In addition, PPP models for infrastructure development are attracting more attention as one way to ensure key projects move forward. Recently, the central government announced a US$6 billion economic stimulus package, of which about 50% is expected to go towards infrastructure projects.

Mining

Mining has restarted in Vietnam after decades of obscurity, with total mining output having increased 400% since 1995. Vietnam's national territory flows in abundance in gold, iron, phosphates, and bauxite. With Canada's history and tradition of mining, this sector offers enormous opportunities for Canadian firms, who command a considerable comparative advantage.

As it stands, gold operations are not as large as ferrous or industrial minerals. Nevertheless, there is much reason to believe that this situation may change in the coming years. First, as the price in world markets rises, gold is an increasingly popular investment. Second, it is estimated that there may be around a dozen or more unexplored gold mines in Vietnam. Several copper, manganese and iron deposits also contain gold. In addition, a recent proposed law adds a 20% tax on crude mineral exports. This heavy tax burden effectively forces mining companies to process their mineral goods in-country to avoid this tariff.

Tourism

This sector has attracted some of the largest FDI commitments in Vietnam. The country received a record high of 5 million international visitors in 2010, far exceeding the set target of 4.2 million. This strong growth does not include the 28 million domestic tourists who travelled within Vietnam last year, with total estimated revenue of VND 96 trillion

Last year, the highlight was the tourism stimulus program: "Vietnam – Your destination", which included seven campaigns such as: launching a discount campaign in the low season and on-the-spot campaign with the motto, "Vietnam - warmly welcoming you" and promoting the campaign to vote for Halong Bay. Also, the International Tourism

Exhibition (ITE) 2010 was held in Ho Chi Minh City. The biggest trade and tourism event in Vietnam, Lao and Cambodia was organized from September 30 to October 2 and was attended by 236 units from 16 countries.

According to representatives from the Ministry of Tourism, although the government is promoting all of its tourism assets, there is a particular focus on the development of beach tourism. This focus is reflected in the fact that for the first time ever the government has created a visa-free zone on the resort island of Phu Quoc, where foreigners can visit for 15 days without requiring a tourist visa. The graph below gives a better indicator of the market share of tourist arrivals in 2010, when Vietnam received total international arrivals of 5,049,855, representing a 34.8% growth compared to 2009.

- China: 18%
- Korea: 10%
- Japan: 9%
- USA: 9%
- Taiwan: 7%
- Australia: 6%
- Cambodia: 5%
- Thailand: 4%
- Malaysia: 4%
- France: 4%
- Others: 24%

Source: Ministry of Culture, Sports and Tourism

b) Regions

Vietnam can be divided into six major regions:

The Northern Highlands are mainly tribal areas of various ethnic minorities, characterised by irregular and rugged mountains, including the country's highest peak, the so-called "Roof of Indochina", Fansipan.

The Red River Delta, directly south of the Northern Highlands, is characterised by fertile lands and heavy rainfall which make this one of the breadbaskets of Vietnam. Birthplace of the Viet people, the area is relatively well-developed and densely populated. The capital, Hanoi, and the country's primary northern seaport, Haiphong, are located within this region. On August 1, 2008, Hanoi amalgamated districts of some of its neighbouring provinces into its metro area, doubling its population to 6.4 million people.

The Costal Lowlands, the longest geographical area in Vietnam, extend from the Red River Delta in the North to Khanh Hoa province in the South. The area is fertile and rice is cultivated extensively. Da Nang, a natural port with the fourth largest city in Vietnam, is located here.

The Central Highlands have high concentrations of ethnic minorities. Unlike the Northern Highlands, however, this region is a major agricultural producer. Important cash crops such as coffee and cashew nuts are grown here.

The Southeast is the economic engine of Vietnam, extending from Binh Thuan in the North to Ho Chi Minh City in the South. Major cities include Ho Chi Minh City (formerly Saigon), the country's business centre and most populous city; Vung Tau, an oil-producing and steel-manufacturing port city; Binh Duong and Dong Nai provinces, two major manufacturing engines surrounding Ho Chi Minh City; and Da Lat and Phan Thiet, two resort towns.

The Mekong River Delta is the southernmost part of Vietnam. It is another one of Vietnam's main breadbaskets, producing about 50% of all Vietnamese rice and 90% of all Vietnamese rice exports. Though still underdeveloped, the area is enjoying increased revenue from its agricultural growth, which may lead to further development in the coming years. Its main hub, Can Tho, is in fact building an international airport as well as a large bridge into the city proper so as to increase interprovincial commerce.

Listed below are four areas of particularly promising economic potential and importance: Ho Chi Minh City and its Environs; Central Vietnam centred on Da Nang; Hanoi and the Northeast; and the recent Dung Quat Special Economic Zone.

Ho Chi Minh City is one of the more obvious areas to do business, particularly for first-time investors. The city is the most populous in the country and is the *de facto* economic capital. Along with its peripheral provinces (Binh Duong, Ba Ria - Vung Tau, Dong Nai, Tay Ninh and Long An) it attracts approximately 55% of all FDI flowing into Vietnam. Major Canadian investors such as Asian Coast Development Ltd and Talisman Energy have their offices here despite the fact that the bulk of their operations are in Ba Ria - Vung Tau. Many other foreign firms have their offices here. The extensive business community, the perceived openness, the ease of doing business compared to other regions in Vietnam, and the proximity to manufacturing centres in Binh Duong and Dong Nai are a handful of the many elements enticing firms to set up their Vietnam headquarters here even if their operations are located outside of Ho Chi Minh City. Furthermore, the presence of good international schools, hospitals, supermarkets, hotels and international restaurants create a more welcoming environment for expatriate living.

Ho Chi Minh City and the Southern Economic Zone

- Flight time from Ho Chi Minh City
- Bangkok, 1 h 25 min
- Singapore,1 h 35 min
- Kuala Lumpur, 2 h 05 min
- Hong Kong, 2 h 35 min
- Jakarta, 3 h 00 min
- Taipei, 3 h 15 min

Source: Vietnam-Singapore Industrial Park

Much of the current attraction to Ho Chi Minh City lies in the fact that many companies are already well-established there. The establishment of these corporations has attracted much labour (albeit with limited skills: see section 2.6.b). Many chambers of commerce, including the Canadian Chamber of Commerce, have set up in the city.

There are a total of 16 industrial, export-processing and high-tech zones in Ho Chi Minh City, 15 of which fall under the authority of the Ho Chi Minh City Export-Processing and Industrial Zones Authority, or HEPZA (with the exception of Saigon Hi-Tech Park). HEPZA can help you find the park that best suits your needs. Furthermore, three of these zones are under expansion and a further five are to be built as part of the Master Plan, more than doubling the size of industrial parks from 3,000 hectares today to 7,000 hectares by 2015.

The surrounding provinces' industrial zones do not fall under the authority of HEPZA, though the major ones, such as the Vietnam-Singapore Industrial Park I&II in Binh Duong Province and Amata Industrial Park in Dong Nai have their own management boards to facilitate investments. These two provinces have sometimes been referred to as the "locomotives" of Vietnam's economy due to the heavy concentration of manufacturing.

The neighbouring province of Ba Ria–VungTau has received the vast majority of Canadian investment in Vietnam. In fact, registered investment capital in Ba Ria-Vung-Tau is 15% higher than in Ho Chi Minh City. The province is a magnet not just for tourism and oil and gas, but also for industrial development: the recently-built Phu Mi 1 industrial park, with its 1000 hectares, is the largest industrial park in the Southeast. One of the main attractions of Ba Ria–Vung Tau, especially for manufacturers, is that it is located on the coast and is home to large ports, such as Cai Mep Port, which will begin operating late 2009.

Hanoi and the Red River Delta

Although second to Ho Chi Minh City in terms of economic clout, Hanoi, the Government centre, is of great economic importance to the country. Large Canadian firms such as Scotiabank, SNC Lavalin, Nortel and Bombardier, among others, have all headquartered their Vietnamese offices here. Benefits to investing in Hanoi include: the centralisation of national government ministries, international organisations, and business associations; state-owned enterprises are also all headquartered here; and the relatively high number of educated workers.

As the capital, all federal government ministries are present in the city, which may be important in sectors where government engagement and support are particularly important. Government officials make themselves available to meet with foreign investors, as Vietnam attempts to entice more FDI. Large state-owned firms, such as Petro Vietnam, and state-owned banks are all headquartered here, which may also make it easier when looking to create a joint-venture with a Vietnamese SOE or secure financing. The heavy presence of government bureaucrats may also make it easier for you to establish networks, which can go a long way towards easing your operations in the long run.

In addition, a slightly higher percentage of the population in the Red River Delta has university-level education than in the Southeast and about 60% of all researchers in Vietnam currently reside in Hanoi. The Hanoi Authority for Planning and Investment (HAPI) lists banking, finance, health, education, biomedicine, electronics and telecommunications as its key sectors. A high-tech park and a biomedical research park, industrial parks suited specifically to the needs of these types of industries, were built in 2008.

Da Nang and its environs

Being given the title of "city" and with its rapidly expanding infrastructure and population as well as its recent rapid economic growth, Da Nang has effectively surpassed Hue as the main hub of Central Vietnam. Its industrial parks are expanding, its port is improving, a larger airport is in the works, and more tourists are visiting. As such, multiple economic sectors have potential to grow here.

Tourism is a key growth sector in Vietnam and nowhere is this more evident than around Da Nang (though not in the city proper). There are two main attractions to the area. The first is found in its beaches such as Cua Dai and China Beach, which although experiencing a hotel boom are nevertheless still underdeveloped. The second main attraction is its proximity to some of the most visited cultural sites in Vietnam: the former imperial capital Hue, the Cham archaeological site at My Son, the Marble Mountains, and the old port city of Hoi An.

Da Nang international airport, the only international airport in central Vietnam, is the focal access point for tourists visiting the centre. It has weekly flights to Bangkok, Singapore, Taipei, Siem Reap, Japan, South Korea and Hong Kong. This is of particular importance to those interested in developing high-end resorts along the beaches in the area. The airport will be expanded in the coming years as it is beginning to become a bottle neck for the growing number of tourists.

Da Nang is also served by what an important port complex, composed of the Tien Sa Seaport and Han River port. Though underdeveloped and slightly old by international standards, Da Nang's port is aided by its coastline, a natural deep-sea inlet. As such, it can accommodate ships of up to 35,000 DWT. This port complex and international airport have facilitated the development of industrial zones, which now have access to the infrastructure needed for importing and exporting purposes.

Dung Quat Economic Zone

Dung Quat is a Special Economic Zone located just north of Quang Ngai City, stemming from the old Dung Quat Industrial Park. Due to its remoteness and the attractiveness of Da Nang just to the north, it is often overlooked by investors. Canadian firms are active here mostly providing support and consulting services in local projects.

Growth potential is still based in part on speculation: the refinery, for example, was to have been built by two foreign-owned consortia until they found the area not to be economically viable. However, The *Vietnam Economic Times* has selected Dung Quat as one of the key areas of investment in the coming years. This is indeed an area that could potentially grow in the long term due to the impressiveness of the industrial park and port projects. Furthermore, the incentives in economic zones (available as static jpg image only) are the best in Vietnam.

Other than simple investment opportunities in construction or simple capital investments, the construction of Dung Quat Port 2 and the existence and expansion of Dung Quat Port may make undertaking industrial activities more viable. This port will have 16.7km in total length of wharves, 600 hectares of warehouses and be able to accommodate ships up to 260,000 DWT, almost ten times the DWT capacities of the original Dung Quat Port. Besides, the Dung Quat Economic Zone in the south-central coastal province of Quang

Ngai will be expanded from its 10,000 ha to 45,000 ha by 2025. The nation is looking to manufacture approximately 250,000 tonnes a year of the biofuel, in addition to vegetable oil, in order to comply with 1% of its petroleum requirements by 2015.

5. List of Major Canadian Investors

There are many Canadian firms with a presence in Vietnam: Asian Coast Development Limited (ACDL), Dan-D Foods, Manulife Financial, Scotiabank, SNC Lavalin, and Talisman Energy, among others.

ACDL is poised to be the largest Canadian investor with a pledged $4.2 billion investment in an integrated hotel/casino beach resort in Vung Tau. This project has generated much interest in Vietnam, as no project of its kind has ever been realised in Vietnam. The project, to be developed in phases, will feature over 9,000 luxury rooms and the biggest casino in Vietnam. It is expected to employ several thousand people.

Talisman Energy is another major Canadian investor, having considerable oil and gas interests off the coast of southern Vietnam. Its operations are carried out in a joint-venture with Petro-Vietnam. Before the arrival of ACDL's pledged investment in early 2008, Talisman had been the largest Canadian investor in Vietnam.

Manulife Vietnam - the first 100% foreign-owned life insurance company licensed in Vietnam - provides financial services to more than 300,000 customers through a network of over 3,000 professionally qualified agents. Manulife has been operating in Vietnam since June 1999. On June 14, 2005, Manulife Vietnam Fund Management (MVFM), a wholly owned local subsidiary of Manulife Vietnam, was granted license to operate a fund management and investment-finance consulting business, further expanding Manulife Vietnam's product offerings for its customers.

6. Experiences of Canadian and Foreign Companies

Canadian firms have reported positive experiences in Vietnam: high rates of return on their investment, a disciplined labour pool, attractive investment incentives, a high degree of political stability, abundant natural resources, and high potential for growth in the domestic market. Nevertheless, other firms have reported challenges with respect to government bureaucracy, corruption, and a lack of clarity in investment procedures.

a) The Good

The firms interviewed for this guide invariably list high growth (7.5% average annual growth over the past decade), but a relatively underdeveloped market as the number one factor that attracted them to Vietnam. There are many opportunities to gain a first-mover advantage and thus position oneself into a particular sector of the economy more easily.

Another key asset to the Vietnamese market is its political stability. Business Monitor International ranked Vietnam in 2nd place, tied with Hong Kong, for its level of political stability. Vietnam has not experienced the security issues that have plagued some of its ASEAN neighbours in the past twenty years. In fact, not a single military conflict has arisen since 1979. The prospects of a coup of any kind, or political instability from neighbours spilling into Vietnam, are highly unlikely. Though there are occasional protests by minority ethnic groups, the degree of these protests is minimal.

Another benefit is the average Vietnamese worker. Although often lacking technical and practical skills (see below), the average worker is diligent and eager to learn with a strong desire for great affluence. The population is young, with 60% of all Vietnamese under age 30. Furthermore, wages in Vietnam are comparatively cheap.

The pro-business ideology of the Vietnamese people has also manifested itself in the government. A comparison of Vietnam's almost autarkic government of the 1980s to the one today which has acceded to the WTO and is encouraging foreign investment, is a testament to its commitment to reform.

Finally, Vietnam's geographic position is another of its main assets. It has a long coastline with many ports and shares a border with southern China, and is thus close to large metropolitan and economic hubs such as Hong Kong, Shenzhen and Guangzhou. It's proximity to China and emerging port capacity gives it an ideal location for firms wishing to enhance the cost-competitiveness of their global supply chains. This geographic positioning, along with the strong growth potential and competitive labour costs, has encouraged firms to adopt a "China+1" strategy in Vietnam, where Canadian firms already established in China look to Vietnam to outsource some of their activities.

b) The Bad

Despite Vietnam's high growth potential, the eagerness of the workforce to learn and adapt, and the efforts of the government to integrate itself into the world economy, the fact remains that Vietnam is not the easiest of countries in which to do business. While the positive experiences of Canadian and international firms established in Vietnam lead to the conclusion that it is a good place to invest, nevertheless, there are certain difficulties that can arise.

As with many countries emerging out of a period of tight economic control by the state, Vietnam suffers from a lack of transparency, slow bureaucracy and corruption. The lack of clarity in itself is manifested in the process of investing in Vietnam. Although guides are published by the government, more specific details such as prerequisite conditions for investment and land rights are not entirely evident. One must speak to government representatives directly about these issues.

Government bureaucracy is a big problem, in particular when obtaining an investment certificate. The official wait time for obtaining such a certificate as stated by the Government is two weeks. However, obtaining an investment certificate, particularly one where Prime Ministerial approval is needed (see 2.2.c), is a process that normally takes months, not days as official documents will assert. According to representatives from the Ministry of Planning and Investment, this is due to bureaucratic backlogging combined with a lack of funds, which make it difficult to issue these licenses on time.

Another challenge is corruption, which the government sees as being one of its main obstacles on its path to modernisation. In 2010, Vietnam ranked 116/178 on Transparency International's Corruption Perceptions Index (CPI), tied with Ethiopia, Guyana, Mali, Mongolia, Mozambique and Tanzania; all scoring at 2.7/10.

Inflation is another problem as it leads to wage increases and leaves investors with tough choices. With annual inflation accelerating to 17.5 per cent in April, a number of factory owners said they would have to lift wages by 20-30 per cent to avoid discontent. Given the pressures on living costs for workers and raw material costs for business owners, it is little wonder that 19 per cent of investors are expecting an increase in labor unrest and strikes, up from 10 per cent in the previous quarter.

The poor state of infrastructure, transportation and shipping, is a damper on other sectors in Vietnam. Every province and municipality lists it as one of their top priorities for projects calling for investment.

Although the labour pool is plentiful, eager to learn and young, this advantage is offset by the local education system. Education levels in Vietnam, even in large metropolitan areas, are low, even for the region. Even according to Vietnam's Ministry of Education and Training, the quality of Vietnam's education system remains inferior. Unbalanced in structure, the system is not linked with industry needs or employment opportunities and is therefore impractical and largely ineffective. As well, teaching capacity is limited and infrastructure insufficient; improvements to curricula, teaching manuals, methods of delivery, and management are implemented slowly.

Those who do satisfy the minimum required levels of education, however, are prone to the phenomenon of "job-hopping", whereby skilled workers will simply not show up for work on a given day, having found employment elsewhere. Every Canadian firm and entrepreneur has reported this problem as being specific to Vietnam, with one estimating that its attrition was as high as 40%. One firm considers its 8% attrition rate, high by Canadian standards, to be relatively low by Vietnamese standards. As there is a high demand for skilled workers, those who are well-educated and/or who have the relevant work experience will invariably have a wide choice available and will often seek a job with better working conditions and/or pay. However, the attrition rate has been decreasing in the past few years as part of the global downturn.

The final challenge that has been encountered is sabotage. Sabotage is perpetrated either by competitors or locals who feel excluded from a particular project or who feel that a project in particular is causing undesired environmental degradation. Acts perpetrated have included people reporting false crimes to the authorities and full-scale industrial sabotage such as the damaging of equipment. One in particular was a combination of the two: a firm reported to have had a pipeline sabotaged, which spilled hazardous chemicals into a river. The saboteurs then turned to the local authorities, claiming that the project was ecologically unsound, which compelled the latter to investigate.

c) The Advice

Canadian firms have recommended a few keys to success when establishing a presence in Vietnam: take the time to find the right local partner; hire local accounting and legal firms to facilitate your investment (and help you obtain the appropriate certificates and licences); and build strong and positive relationships with senior-level government officials, key business influencers, associations and chambers of commerce.

2. Regulatory Framework and Operating Environment

Though becoming more open and transparent, the current framework to set up operations in Vietnam is not always clear. Many foreign investors have reported that the investment procedures can be confusing or unclear and that the waiting periods are often much longer than officially stated.

1. Institutional and Legal Framework

a) Institutions

The Vietnamese Ministry of Planning and Investment (MPI) is charged with setting out the recommendations to the government for sectors and regions requiring greater investment, and as such lays out the lists of "encouraged" and "special encouraged" investments. It also provides recommendations to the government on taxation issues and the kinds of incentives it should offer to attract this investment.

While MPI establishes the broad strategic policies, it is the local provincial and municipal-level departments of planning and investment (DPI) that implement these policies, encourage FDI into Vietnam, and grant investment certificates. Certain industrial, export-processing, economic and high-technology zones have Management Boards which will help facilitate all certificates and licenses required when establishing operations within their premises.

Vietnamese Law is based on the same principle as the French *Code Civil* and thus does not allow the principle of precedent as in English Common Law. All laws are based on existing legislation and its interpretation. All three courts (Supreme, Provincial and District, in descending hierarchical order) operate in five key divisions: criminal, civil, administrative, economic and labour. An appellate court, the People's Procuracy, can be called upon to review past judgements.

The Commercial Arbitration Ordinance of 2003 has helped establish a system of independent arbitration centres in Vietnam. Canadian investors can also make use of foreign arbitration, as Vietnam is part of the New York Convention on the Recognition and Enforcement of Foreign Arbitration Awards, which is now enforceable in Vietnam.

b) Environmental Standards

The Ministry of Natural Resources and the Environment (MoNRE) manages environmental standards and incorporates them into the Vietnam Environmental Protection Agency and the Department of the Environment. The MONRE uses two different standards to measure the impact of an investment project on the environment: surrounding environment quality standards and waste water quality standards.

Environmental Standards in Vietnam

- Surrounding environment quality standards
  - Soil Quality
  - Surface and underground freshwater used in business activities.
  - Costal sweater used for aquaculture and entertainment
  - Air quality
  - Noise, light and radiation in residential areas
- Waste Water quality standards
  - Waste Water
  - Industrial gas emissions from equipment used in waste disposal and incineration
  - Gas emissions from transport, machinery and special equipment
  - Hazardous waste

    - Noise and vibrations caused by industrial activities

The government plans to make these standards more stringent in the coming years. These standards are used as the basis for Environmental Impact Assessment Reports (EIAR) and Environmental Protection Undertakings (EPU). According to Decree 80 implementing the Law on the Protection of the Environment, a foreign investor must write one of these reports, depending on the nature and the scale of the project concerned, before investment projects can begin.

EIARs are mandatory in 102 projects, which can be grouped into seven main categories:

- Projects of "national importance"
- Projects with potentially adverse effects on natural conservation areas, natural parks or cultural /natural heritage sites
- Projects with potentially adverse effects on watercourses or protected ecosystems
- Construction of industrial and high-tech parks
- Residential development
- Large-scale exploitation and/or utilisation of groundwater
- Any other project with potentially adverse risks on the environment

EPUs, on the other hand, regroup manufacturing, business or service establishments which do not fit the criteria for a mandatory EIAR. Rather than being a full scientific assessment, these are simple written reports. The differences between these two types of assessment are outlined in the bullets below.

Environmental Reports in Vietnam

- EIAR
    - Sections to be included in the report/undertaking
        - Introduction
        - Summary description of the project
        - Environmental and socio-economic conditions
        - An assessment of the environmental impacts
        - Measures that will be taken to minimise impacts
        - Measures already taken
        - Details on environmental treatment facilities and programmes
        - Estimated budget for the facilities
        - Census of local opinion
        - Methodology
        - Conclusion
    - Approval process
    - Must be approved by a seven-member panel established by the MoNRE. The waiting period for appraisal is 30-45 days, after which it is handed in with an Application Dossier.
- EPU
    - Sections to be included in the report/undertaking
        - Introduction
        - Location of the project
        - Form and scale of the operation (manufacturing or services)
        - Raw materials and fuel used

        - Types of waste produced
        - Undertakings of measures to comply strictly with the Law on the Protection of the Environment
        - Conclusion
    - Approval process
        - Handed to the DPI as part of the Application Dossier.

c) Corruption Laws

The amended anti-Corruption Law was approved by the 12th National Assembly on August 4 at its first session and took effect on the day of publication, August 17, 2007.

d) Prohibited Investment projects

A critical legal document relating to investment in Vietnam is the Vietnamese Law on Investment, or Order No.59/2005/QH11. In addition to outlining investment guarantees, incentives, and general domestic investment rules, it also includes a list of six sectors where one is prohibited from investing:

- Private investigation and security agencies
- Construction within heritage sites
- Asexual reproduction
- Production and importation of toxic materials
- Production of games and toys considered "harmful to the personal development and health of children or to the security, order and safety of society".
- Pornography

2. Foreign Ownership Regulation

a) Investment and business certificates

Before investing in Vietnam, you must first apply for an investment certificate with the local Department of Planning and Investment (DPI). To obtain this certificate, investors must prepare a detailed investment project proposal, known as an Application Dossier. This dossier includes, *inter alia*, the duration of the project, total pledged investment capital, and the location of the investment.

It generally takes a minimum of two weeks for DPI to review an application dossier and grant an investment certificate. The investment certificate, once issued, has a fixed term of up to 50 years, though it can be extended up to 70 years upon approval by the Government. It will detail the scope of the activities that the investor is allowed to undertake, the amount of investment capital permitted, and will also list all applicable incentives. Upon receipt of the investment certificate, the investor can then apply for other permits, such as a Land Use Right Certificate (see section 2.4.a).

Those with a project worth less than VND15 billion (approx. US$880,000) and not on the Conditional List are exempt from obtaining an investment certificate. Rather they must obtain a business registration from the local DPI. Projects on the Conditional List will have more rigorous establishment standards than those that are unconditional.

Foreign investors investing in companies in which Vietnamese investors hold more than 51% of the charter capital will be subject to the same conditions as domestic investors.

Elements of an Application Dossier:

- Petition for applicable incentives
- Investor's legal status
- EIAR or EPU (see 2.1.b)
- Project scale+location
- Report on your financial standing
- Objectives and project schedule

This certificate is to be issued within a timeframe of 15-45 business days, depending on the nature and scale of the project, as some will require further review. The bullets below summarise the various criteria involved with these waiting times.

Corresponding waiting periods for Investment Certificates

- 15 Business Days
  - Not included in list of conditional sectors AND
  - Less than 300 billion VND ($17 650 000) in registered capital
- 30 Business Days
  - Conditional sector AND/OR
  - More than 300 billion VND in registered capital
- 45 Business Days
  - Same as 30 day waiting period AND
  - Needs approval from the Vietnamese PM

Within 10 business days of receipt of the investment license, you must apply for tax code registration with the local Tax Authority. A five business day waiting period is then applied until you receive your tax registration.

b) Forms of Foreign Enterprises

There are further procedures when seeking to establish an FIE. These rules have been recently established and revised by Decree 72/2006/ND-CP together with Circular 11/2006/TT-BTM detailing instructions on the implementation of Decree 72/2206/ND-CP. Joint-ventures can be done either as a limited liability partnership with one or more domestic partner(s), or a joint-stock company. A joint-stock company cannot be 100% foreign-owned. Only a limited liability company may be completely foreign-owned. Firms such as Talisman have entered joint-ventures with large and reputable local partners such as Petro Vietnam. A joint-venture can greatly ease the hassle of the investment process, particularly if a good partner with the right connections can be found.

There are two ways in which FIEs can establish themselves in Vietnam: Representative Offices or Branches. Most firms have chosen to invest in a Representative Office as opposed to a full-scale branch, as it allows for the supervision of the parent company's investment project, and in the case of banks allows for wholesale and correspondent banking, despite its limitations. Moreover, it is much easier and takes less time to establish a representative office compared to a branch office. The differences between the two are outlined in the table on the following page.

As the pace of economic liberalisation may slow as a result the current economic downturn, it's unlikely to expect these narrow margins of ownership (49% in the case of some ICT firms, for example) to substantially increase in the near future. The bullets below provides further information on the differences between branches and representative offices and the application process for each.

Branches and Representative Offices

- Prerequisites
    - Representative Office
        - Registered in Canada as a business
        - Minimum of one year of existence in Canada
    - Branch
        - Registered in Canada as a business
        - Minimum of five years of existence in Canada
- Application package documents
    - Representative Office
        - Application form for a representative office permit, signed by your senior executive
        - Copy of your business registration in Canada
        - Audited financial statement from Revenue Canada proving the existence and operations of your company in the past year
    - Branch
        - Application form for a representative office permit, signed by your senior executive
        - Copy of your business registration in Canada
        - Audited financial statement from Revenue Canada proving the existence and operations of your company in the past five years
        - Copy of the prospective operation charter detailing the scope of operations of the branch's chief
- Scope of operations
    - Representative Office
        - Supervise investment projects on behalf of the parent firm
        - Liaison office to observe business environment
        - Searching for trade and business opportunities
        - Supervising contract implementation
    - Branch
        - Can conduct regular business activities of any kind, including collecting profits and submitting invoices

c) Conditional sectors

Article 29.1 of the Vietnam's new Law on Investment (Investment Law) which came into effect on 1 July 2006 lists the conditional sectors as:

- sectors affecting national defence and security, and social order and safety;
- the banking and finance sector;
- sectors affecting public health;
- culture, information, the press and publishing;
- entertainment services;
- real estate business;

- surveying, prospecting, exploration and mining of natural resources, and the ecological environment;
- development of education and training; and
- ‘other sectors in accordance with law’.

For most of these sectors, the conditions are sometimes unclear. As such, if investing in a conditional sector, it is recommended you contact the ministry responsible for this sector. For example, when investing in real estate, one would contact the Ministry of Natural Resources and the Environment. A second option would be to hire a law firm (see section 3.6) or a consulting agency.

In addition to the Conditional List, under article 29.2, foreign investors may be subject to conditions in further sectors according to international commitments.

Some sectors require the Vietnamese Prime Minister’s personal approval. The PM’s approval is not mandatory in projects already included in a previously-approved economic plan which is consistent with the rules and conditions to a treaty to which Vietnam is a signatory party. In these cases, the applicable People’s Committee or Board of Planning is the appropriate licensing authority. The eight types of projects requiring prime ministerial approval are:

- Construction of air infrastructure
- Construction of port infrastructure
- Exploration, production and processing of petroleum and mining minerals
- Radio and television broadcasting
- Commercial operation of casinos
- Cigarette production
- Establishment on universities and training establishments
- Creation of industrial, export-processing, special economic and high-tech zones

d) Registration under the Investment Law

Domestic investment projects with investment capital less than 15bn dong (approximately US$0.95m) and not on the Conditional List are not required to register their investments at all (article 45.1). Nevertheless, such investment projects still have to register and obtain a Business Registration Certificate under the Enterprise Law.

Domestic investment projects with investment capital from 15bn dong to 300bn dong (approximately US$19m) and not included in the Conditional List are subject to investment registration procedures. Such projects will be granted an Investment Certificate if the investor so requests (article 45.2).

Foreign-invested projects with investment capital below 300bn dong and not included in the Conditional List are also subject to investment registration procedures. The investors should be issued with an Investment Certificate (article 46).

Article 46 (3) requires the registration of foreign-invested projects within 15 days after the registration authority receives the proper registration documents.

e) Evaluation under the Investment Law

Projects subject to the more burdensome evaluation process include (articles 47-49).

- Domestic and foreign-invested projects with investment capital less than 300bn dong but that are on the Conditional List
- Domestic and foreign-invested projects with investment capital of 300bn dong or more and that are included on the Conditional List
- Domestic and foreign-invested projects with investment capital of 300bn dong or more but that are not included on the Conditional List

The contents of the investment file to be submitted and the criteria for evaluation will differ slightly according to which of the above three criteria applies. However, in all cases the time limit for evaluation must not exceed 30 days, or where necessary 45 days, from the date of receipt of a complete and valid investment file (article 47.2). The investor will be granted an Investment Certificate upon completion of a satisfactory evaluation.

f) Term of investment projects

While there are no restrictions applicable to domestic investment projects, the maximum investment duration of foreign-invested projects remains at 50 years or, in special circumstances determined by the government, 70 years (article 52).

g) Restrictions on the level of capital contribution and purchase of shares by foreign investors:

Currently, the level of capital contribution into a Vietnamese enterprise by foreign investors is limited to 30% (article 4 of Decision 36 issuing Regulations on Capital Contribution and Purchase of Shares by Foreign Investors in Vietnamese Enterprises dated 11 March 2003). This limit was expected to be revised upwards under the new Investment Law, but no such provision has been made. The Investment Law merely provides that the government issue regulations on the ratio of capital contribution and purchase of shares by foreign investors (article 25.1).

h) Legal capital

Under article 16 of the Law on Foreign Investment in Vietnam (FIL), the legal capital of an enterprise with foreign-owned capital had to constitute at least 30% of its invested capital. The new Investment Law imposes no required debt to equity ratio. It remains to be seen what, if any, requirements may slip in through future implementing regulations.

Similarly, reduction of the legal capital of a foreign-invested enterprise was prohibited under article 16 of the FIL. The Investment Law contains no such restriction.

i) Requirement for unanimous approval lifted

Under article 14 of the FIL, the most important matters regarding the organisation and operation of a joint venture enterprise, including the appointment and dismissal of the general director and amendments of and additions to the joint venture charter, could be decided only by unanimous vote of the members of the board of management. This requirement, which has been a burden for some foreign investors, does not appear in the Investment Law.

j) Visas

As a Canadian, a work/business visa is required to live and do business in Vietnam. This can be obtained from the Embassy of the Socialist Republic of Vietnam in Ottawa. A five-day waiting period applies. Four documents are required to obtain this visa:

- An application form
- One passport-sized photograph
- A passport valid for at least six months (original copy)
- A letter of invitation from the proper authorities

The letter of invitation can come from the local government authorities upon approval of an investment certificate. It can also come from already-established firms in Vietnam should you invest in that firm, or any other proper contact recognised by the Vietnamese government, such as a Joint-Venture partner.

For a short fact-finding business mission, a tourist visa, valid anywhere from 30 days to 6 months, is recommended. The Vietnamese embassy in Ottawa does not require a letter of invitation for tourist visas.

3. Export-Processing Zones, Industrial Zones and Hi-Tech Parks

There are industrial parks in almost every province in Vietnam, with exceptions in non-manufacturing areas such as the Northern and Central Highlands. There are 159 Industrial Zones (IZ) and Export-Processing Zones (EPZ) in Vietnam, with many more under construction. In Ho Chi Minh City, for example, there are currently around 3000 hectares spread across 12 IZs, 3 EPZs and a hi-tech park. This is expected to increase to 7000 hectares across 21 zones by 2015 with the construction of a new hi-tech park, 5 new IZs and the expansion of 3 existing ones.

Many provinces have an industrial zones authority that acts as a single-window entry to help investors select the industrial or export-processing zone that best suits their needs. For example, in Ho Chi Minh City there is the Ho Chi Minh City Export-Processing and Industrial Zones Authority (HEPZA), which oversees the management of all 15 of its zones. Since the various IZs and EPZs are generally run independently and managed by different companies, it is recommended that you approach the industrial and export-processing zones authority, particularly in large cities such as Ho Chi Minh City and Hanoi.

The various industrial zone authorities of the provinces meet several times a year to strengthen cooperation and streamline their respective policies. Though the quality of the assistance will inevitably vary from one province to the next, these organisations are worthwhile to seek out should you decide to set up operations in an industrial park. The Canadian Embassy in Hanoi and the Consulate General in Ho Chi Minh City can provide contacts with the appropriate associations.

Industrial zone authorities such as HEPZA have their own management board which will help you set up your company within the zone you have chosen, helping you acquire applicable certificates and licenses. Even certain large parks have their own management boards in place, such as the Vietnam-Singapore Industrial Park I and II (VSIP) and the Amata Industrial Park, outside of Ho Chi Minh City. Contrary to a private legal firm or a contractor, however, this assistance is free of charge as long as you invest in one of their industrial zones. Furthermore, ready-made factories can be rented out for short periods of time for firms that are not yet ready to make a long-term contract. These zones make your industrial operations as smooth as possible, especially in a country where the business environment is very different from Canada.

Though some industrial parks are better designed for certain types of companies (some are more apt to take in low-profit light industries such as textiles whilst others are made for high-technology and software development) and their infrastructure will inevitably vary, there are nevertheless certain constant laws regarding industrial parks that are consistent, such as investment incentives, across the country.

Taxation in Vietnamese Industrial Zones

	CIT Rate	**Incentive Duration**	**CIT exemption holiday**	**50% reduction period**
Service projects	20%	10 years	2 years after generating a taxable revenue	3 years following exemption period
Manufacturing projects	15%	12 years	3 years	7 years
"Special encouraged" manufacturing projects	10%	15 years	4 years	9 years

There are effectively no differences between IZs and EPZs in Vietnam. Both receive the same incentives, and both allow the same rights and privileges. Economic Zones, however, such as the aforementioned one in Dung Quat, can provide even greater incentives than in standard industrial and export-processing zones. For further details on these incentives, please consult the graph drafted by Business in Asia (The graph is a jpg image on an outside server and is not Web accessibility compliant).

4. Land issues

One of the drawbacks to the recent financial boom in Vietnam has been the advent of a shortage of prime real estate in large metropolitan areas. While this may present itself as an intriguing opportunity for construction companies, it has also increased prices considerably for apartment and office space rental. It is now common to see queues form for prime office space and residential zones in major cities like Ho Chi Minh City and Hanoi. We can thus expect to see newer office space built within the not so distant future, with 261 949 square meters (2 819 595 square feet) of office space expected to be built in Ho Chi Minh City alone by the end of 2008. This shortage has also pushed new incoming businesses to move into districts outside the Central Business District. Manulife Financial, for example, is located in Ho Chi Minh City's District 7, away from central Districts 1 and 3. Nevertheless, as these apartments and offices are being built, prices have begun to stabilise. There are even occasional slumps in the Hanoi residential and commercial real estate markets, due to a glut of new off-cycle development outside the central area of the capital.

a) Land rights

All land in Vietnam is owned and administered by the State. As such, there is no private ownership of land and all land is thus rented from the state. Before being granted the right to use land for business purposes, all land users must obtain a Land Use Right Certificate. To lease land, prospective investors are obliged to submit four documents to the local Department of Natural Resources and Environment (DoNRE):

- Application for Land Lease
- Investment Certificate + Tax Registration
- Land Cadastral Map
- Land Lease Contract

The cadastral map is provided by the Information and Housing Registration Center of the local DoNRE within a period of two business days. The Land Lease Contract is also negotiated with the DoNRE. The People's Committee will sign and submit the printed Land Use Right Certificate once it has been approved within a 20-day waiting period. See the diagram on the following page for the elements needed to obtain a Land Use Right Certificate.

In recent years the local authorities have amended laws to make it easier for foreigners to lease land. In particular, the Land Law of 2004, recently revised by the government, recognises a variety of rights, including the right to leasing, subleasing, giving, or mortgaging one's land use rights. More recently, the Law on Real Estate Business of January 2007 and the Law on Housing of July 2006 aim to widen these rights, and move away from state-controlled price fixing.

There are still however some restrictions in place: Foreign Investment Enterprises (FIEs) can lease land for a maximum of 50 years, and those with large capital but slower returns are allowed to lease it for 70 years. The lease can be paid on annual rent basis, or the enterprises may choose to pay their rent in one lump sum for the duration of term of the lease. After this 70-year period, the occupier of the land can ask to renew their contract and continue to occupy the land. Those paying an annual rent have more restricted rights, being forbidden from leasing or subleasing their land rights, or mortgaging the land value of their land rights. Only those paying a lump sum are granted these additional rights. Should the State mandate the return of land rights, all FIEs are eligible for full compensation according to Vietnamese law.

- Land Use Right Certificate Application
    - Application Dossier
    - Investment Certificate
        - 15-45 working day waiting period
    - Tax Registration

        - To be submitted 10 working days after receiving investment certificate.
        - 5 working day waiting period applies.
    - Land Use Right Certificate
        - 20 working day waiting period)
            - Application for Land Lease
            - Land Cadastral Map
                - 2 working day waiting period

In Vietnam, each province and municipality has its own land registry system, which is managed at the district/commune level. In 2008, however, a pilot project was started with nine provinces (three in the north, three in the centre and three in the south) running on the same land registry system. The goal of this project is to have a full-scale common national registry system by 2015.

b) Real Estate Investments

Before investing in residential real estate, as in any investment, one must first apply for an investment certificate with the local People's Committee. If more than one investor applies for an investment opportunity in a selected residential project, a bidding process will be used to award the certificate.

As stated in the conditional investment section (2.2.c), foreign investors are subject to more restrictions than local investors when it comes to real estate investments. Foreigners are nevertheless permitted to invest in real estate in three ways. First, they can invest in the creation of a house or building for sale. Second, foreign investors can also invest in upgrading land infrastructure and subsequently lease the upgraded plot. Finally, they can establish real estate services firms, and offer services such as brokerage, evaluation, consultancy, advertising, auctioning services, and others.

There are also restrictions on foreigners buying real estate. Houses *cannot* be bought, even by foreign enterprises. However, a new law that is to take effect on January 1st, 2009 allows foreigners to purchase apartments. This permission does not apply to houses. Five categories of foreigners are allowed to purchase apartments according to this law:

- Foreign investors
- Expatriates who have "contributed to Vietnam" and are granted orders or medals by the President and Prime Minister
- Foreigners with Vietnamese spouses currently residing in Vietnam
- Foreign specialists
- FIEs *not dealing in real estate* that purchase the apartments to sublease to their staff.

Purchasing an apartment amounts to a 50-year contract, which can be extended by as much as 70 years for a grand total of 120 years. Once expired, the lease must be relinquished or sold to another party.

5. Taxation, Profit Repatriation and Exchange Control

Taxes in Vietnam are relatively high, particularly when one factors in Import and Export Duties. A Foreign Invested Enterprise (FIE) in Vietnam is subject to five main taxes:

Corporate Income Tax (CIT), Import-Export Duties, Value-Added Tax (VAT), Special Sales Tax (Excise Tax), and Personal Income Tax (PIT). Each of these are discussed in turn below. The various tax holidays and other incentives offered mean that taxes paid in the end are comparatively minimal in Vietnam, as such giving the country extremely attractive tax incentives. Profits can be repatriated without any problem, so long as all applicable taxes (see below) are paid to the government beforehand.

There has also been much discussion of lowering taxes, particularly trade tariffs, in order for Vietnam to meet its WTO commitments. While these liberalisation reforms are progressing, some believe that they could slow down as we enter a period of economic uncertainty.

a) Vietnamese Accounting System

To determine tax payments, all FIEs must undergo an audit using the Vietnamese Accounting System, or VAS. The VAS must use the Vietnamese Dong as currency and *must* be written in Vietnamese. As such, foreign firms must hire local chief accountants or subcontract the accounting department to a local firm that is most familiar with the country's accounting practices. The VAS has four main components:

- System of accounting vouchers
- System of accounting ledgers
- System of financial reports
- Chart of accounts

All audits must be done on an annual basis and copies of the audited annual statements must be sent out to the local tax authority, the local licensing authority, or the local statistics authority.

b) Corporate Income Tax (CIT)

The standard CIT rate, effective January 2009, is 25%. This tax can go as low as 10% (see table below) for firms investing in "encouraged" geographic areas or in "encouraged" sectors. When a sector is no longer considered "preferential", such as after the revision of priorities after the next five-year plan, the CIT will revert back to its standard rate.

Furthermore, there are even complete CIT exemptions given in the following circumstances:

- Performance of R&D contracts or information services regarding science and technology
- Performance of technical service contracts involved in agriculture
- Sale of products during their period of test production in accordance with the correct production process, with a maximum of six months
- Sale of products whose technology is applied for the first time in Vietnam, with a maximum of twelve months
- Vocational training for disabled people, children living in difficult conditions and people involved in "social evils" (prostitution, drug addiction, etc.)
- Vocational training for ethnic minorities
- Production and trading of goods and services by establishments specifically reserved for the disabled

Investment incentives in Vietnam

	CIT Rate	Incentive Duration	CIT exemption holiday	50% reduction period
New projects included in the list of Encouraged Investments	20%	10 years	2 years from generating taxable revenue	3 years following exemption period
New projects included in the list of Encouraged Areas	20%	10 years	2 years from generating taxable revenue	6 years
New projects included in the list of Encouraged Investment *and* Encouraged Areas	15%	12 years	3 years from generating taxable revenue	7 years
New projects included in the list of Special Encouraged Investment and/or Special Encouraged Areas	10%	15 years	4 years from generating taxable revenue	9 years

The CIT Exemption holiday begins once a company starts generating taxable revenue. Furthermore, there are greater tax incentives for those investing in an industrial zone. In particular, industrial parks in Ho Chi Minh City will allow for a complete tax holiday starting from the moment you start generating revenue for a four-year period, with a subsequent nine-year 50% CIT reduction. These kinds of incentives can greatly improve in “special encouraged” geographic areas. As such, you can receive significant tax holidays in Vietnam should you invest in certain regions. Those eligible for “encouraged” or “special encouraged” incentives are also subject to a grandfather clause that nevertheless allows you to enjoy your tax incentives for the rest of their duration, even if the sector you are operating in is removed from the list of “encouraged” and “special encouraged” investments. This law is found in Article 11.1 of the Law on Investment of 2005.

Certain investment sectors and geographical areas give rise to tax, accounting and land incentives, under articles 33-37.

Encouraged investment sectors include: (i) the manufacture of new materials and production of new energy, manufacture of high-tech products, bio-technology, IT and mechanical manufacturing; (ii) the breeding, rearing, growing and processing of agricultural, forestry and aquaculture products, production of salt, and creation of new plant and animal varieties; (iii) the use of high technology and advanced techniques, protection of the ecological environment, and investment in research, development and creation of high-technology; (iv) labour intensive industries; (v) the construction and development of infrastructure facilities and important industrial projects on a large scale; (vi) the professional development of education, training, health, sports, physical education and Vietnamese culture; (vii) the development of traditional crafts and industries; and (viii) other manufacturing and service sectors that require encouragement (article 27).

Encouraged geographical areas include: (i) those where socioeconomic conditions are either difficult or especially difficult (such areas will presumably be stipulated in future implementing regulations for the Investment Law); and (ii) industrial zones, export-processing zones, high technology zones and economic zones (article 28).

Investment incentives will be recorded in the Investment Certificate of all foreign projects and domestic investment projects that require investment certification (article 38).

On 22 April 2011, the Ministry of Finance issued Circular 52/2011/TT-BTC providing further guidance on CIT payment deferral for small and medium size enterprises ("SME").

c) Import-Export Laws

Exports are encouraged by the Vietnamese government, and as such the vast majority of goods are exempt from export duties. The only export duties are applied to natural resources, such as minerals, forestry products, and scrap metal. These duties can go as high as 45%. Unprocessed mineral exports are subject to a 20% tariff while crude oil and coal are subject to tariffs of 8% to 15%. There is a further Value-Added Tax applicable to these paid duties (see below). In particular, export licenses are difficult to obtain for staple goods such as rice, particularly in light of rising food prices. According to Vietnam+, the Ministry of Finance has cut import tax on gas from 5 percent to 2 percent to stabilise the domestic gas market.

On January 1, 2011, the Ministry of Finance released Circular No.184 imposing a 10% export tax on gold material of purity under 99.99% and gold jewellery of above 99%. Other types of gold are exempt from the new tax.

Import duties, by contrast, are applied to almost every product. The rates of import duties can go as high as 100% in some cases. Generally speaking, the higher rates will normally apply to consumer goods, particularly luxury items. However, since Vietnam's accession to the WTO, the country has already cut its import tariffs on about 1,800 different tariff lines, mostly related to apparel and agricultural products. Duties on vehicles and milk were reduced before WTO deadlines. Furthermore, since Vietnam became a WTO member in January 2007, its government has committed itself to reducing import tariffs on 10,689 tax lines by an average of about 4% through 2013. Duties on agricultural products must be reduced on average from 21 to 25.2% and those on other products from an average of 12.6 up to 16.1%. Three categories of rates apply to imported goods, going from the highest to the lowest rates:

- Standard Duty Rates, which apply to imports originating from countries that are not World Trade Organisation (WTO) members attaining "Most-Favoured Nation" (MFN) status in international trade relations. This rate is generally 50% higher than MFN states.
- Preferential Duty Rates, which apply to WTO members, giving them Most Favoured Nation Status. This duty rate applies to good imported from Canada.

- Special Preferential Duty Rates, which apply to countries that have signed trade agreements with Vietnam.

As a foreign investor, however, you will be able to import products without paying duties if investing in an Encouraged or Special Encouraged Investment. This exemption applies only to imports of raw materials and component parts needed in the production process of products on these lists. Any imports used for export activities (such as the raw materials needed in the production of a given good) are normally not subject to an import tax or duty so long as the FIE is located within an economic zone.

Furthermore, goods imported for direct use in scientific research and development of new technologies previously unavailable in Vietnam are also subject to an exemption of import duties. Finally, an FIE can set up a "bonded warehouse", which can stock imported goods destined for export processing.

d) Value-Added Tax (VAT)

The Vietnamese VAT works on the same principle as the Canadian GST. The 10% tax applies to all goods and services circulated and consumed in Vietnam. It also applies to the duty-paid value of any imported good, and must be paid at the same time as the import duty. VAT is not applied on the exports of goods and certain services, including exports to EPZs and IZs.

e) Special Sales Tax (Excise Tax)

The Excise Tax, which can range anywhere from a 10% to 75%, is applicable to a specific group of products:

- Tobacco products: 65%
- Beer: 40-75%
- Spirits: 20-65%
- Automobiles that have less than 24 seats: 15-50%
- Petroleum derivatives such as gas and naphtha: 10%
- Air conditioners with a 90 000 BTU capacity or less: 15%
- Playing Cards: 40%
- Entertainment centres such as massage parlours, clubs, casinos, golf clubs, and karaoke parlours: 10-30%
- Votive Paper: 70%

f) Personal Income Tax (PIT)

Foreigners working in Vietnam are also subject to PIT. The General Department of Taxation ("GDT") recently issued Official Letter 991/TCT-TNCN clarifying the guidance with respect to PIT compliance for expatriate employees for the year of arrival and departure. Where an expatriate employee commences their Vietnam assignment during the year and stays more than 183 days in such calendar year, he/she shall be taxed in Vietnam from 1 January (instead of from the first arrival date) to 31 December. If an individual was to spend less than 183 days in Vietnam in the calendar year of arrival, the guidance suggests that they will not be subject to the requirement (i.e. they will be subject to Vietnam PIT from the first day of arrival). The taxable income for the month of arrival and departure is the full month's income. No apportionment of income based on the number of days working in Vietnam is allowed.

On 28 February 2011, the Ministry of Finance issued Circular 28/2011/TT-BTC ("Circular 28") to provide guidance on Law on Tax Management, and superseded Circular 60/2007/TT-BTC ("Circular 60").

6. Human Resources

a) Labour Regulation

The minimum working age for Vietnamese nationals is 15 years of age, while apprentices at a job training centre must be at least 13 years of age. These workers must also be sufficiently healthy to carry out their required tasks. A work week is considered to be 48 hours. Businesses are however encouraged to adopt a 40-hour-work-week. While overtime is accepted, it cannot exceed 4 hours per day or 200 hours per year, though in some special cases this can increase to 300 hours per year.

Foreign investors are obliged by law to pay a higher minimum salary than a local company. Minimum wage varies from one province to the next, and in the cases of Ho Chi Minh City and Hanoi from one district to the next. On 4 April 2011, the Government issued Decree 22/2011/ND-CP increasing the common minimum salary from VND 730,000 to VND 830,000. The Decree is effective from 19 May 2011. However, the new common minimum salary is applied from 1 May 2011.

b) State of labour

There are vast reserves of human capital available in the country in almost every province and the labour costs are comparatively cheap. Vietnam's literacy rate as of February 2010 is 96%.

Despite these positive statistics, however, there is still the question of just how much semi-skilled and skilled labour can be found when compared to China, India and Thailand. Canadian firms on the ground have reported that finding the right workers with the right skills can be difficult. This problem is further compounded when seeking skilled workers outside of major metropolitan areas such as Ho Chi Minh City and Hanoi, where a disproportionate amount of the skilled workforce is located.

As it stands, even these regions have scarce amounts of skilled labour. An estimated 6% of workers have a university education in the Southeast while 6.5% have a university education in the Red River Delta. On a national scale, less than 20% of people aged 15 and over have completed high school. This figure may be influenced by the young population, however: because the population is so young, a large part of the 15 and over demographic will inevitably fall into the age 15-18 bracket, i.e. in the middle of high school, thus deflating the latter figure. This 20% may increase within the coming years as the population gets older and begins to graduate.

Enrolment in secondary and particularly in tertiary education has reached record levels in recent years, which should substantially raise the quality of human capital in the coming years. In addition, the Vietnamese government's key priority within education is the expansion and improvement of vocational and technical training to help train the 1.5 million people that enter the workforce every year. The Government is encouraging foreign schools to partner with local schools to deliver programs in Vietnam and help upgrade existing curricula.

Certain industrial parks, such as the Vietnam-Singapore Industrial Park I& II in Binh Duong and the Saigon Hi-Tech Park are equipped with their own vocational schools to help train hired workers free of charge to finish their training and give them the skills they need to work for firms established in industrial parks The education is paid for by the park, which funds it through the management fees that the industries located within the park pay on a monthly basis.

One of the major challenges that Canadian firms have almost unanimously highlighted is *job-hopping*, whereby Vietnamese employees will simply "hop" from one job to the next to secure higher salaries. This is problematic as it involves an employee simply and unexpectedly not showing up for work one day, regardless of the existence of a contract. It is worth noting, however, that this trend has been reportedly declining. This decreasing rate is symptomatic of a certain increasing stability in the job market, especially given the current challenges facing the economy, such as high inflation and slowing economic growth.

c) Recruitment

For smaller-scale firms, simple internet advertisements have proven to be very effective, according to Canadian businesspeople in Vietnam. Thus far, most have named VietnamWorks as an excellent on-line source of skilled workers best suited to their tasks. With over 50 000 hits per day, responses to advertisements are to be expected almost immediately.

Other than the internet, traditional newspaper advertisements are reported to have worked. In particular, some Canadian human resource managers in Vietnam note that ads placed in the *Tuổi Trẻ*, a national newspaper for the Vietnamese youth, have received a flurry of responses from sometimes over-qualified applicants. Others still have recommended using the national English language dailies such as *Vietnam News* and *Saigon Times* in order to find candidates with acceptable levels of English. Furthermore, there is also the possibility of going to universities or institutes of higher education and seeking out prospective skilled workers directly after they graduate. The local business community, particularly the Chamber of Commerce and the business associations may also be good sources to tap.

Another popular option is to engage a recruitment agency, of which there are many currently active in Vietnam. There are three key issues to consider when selecting a recruitment agency.

First, different agencies cater to different types of labour. When doing your research, be sure to seek out the agency that best suits your human resource needs, be it massive low-skilled cheap labour or small-scale skilled workers needed for specific tasks.

Second, recruitment agencies in Vietnam generally charge a one-time flat fee for their services: generally the rate is equivalent to two months salary for permanent positions.

Third, it is highly recommended that you clarify your contract as much as possible with the agency. Be sure to specify how long you want the contract to be, include the possibility of an extension *without a second service fee having to be paid*, and other such provisions.

For firms hiring large numbers of lower-skilled labour for factory work, it is often suggested to simply put a notice on the front entrance of your factory. The news will quickly spread that work is available and a line-up will soon form.

Another possibility is a virtual office. If you are looking to establish only a small base of operations, or simply scouting around, this may be an interesting option. GOffice is a firm that specialises in virtual offices to give you a main point of contact in Vietnam, even if you have no representation on the ground. This can thus be a useful tool to help you scout around for opportunities as well as help you establish contacts before commencing major operations. They can set you up with a receptionist, a phone number, mailing address, email address, fax number, web hosting, and other amenities included in a typical office. This is all done at a relatively affordable price at $55 to $164 USD per month, including VAT, with 3 package options of Economy Class, Business Class and First Class. They also offer the Office Space Service with cubes and part-time office options, ranging from 55USD/moth/desk to 176USD/month/desk, including VAT. Small Canadian firms and businessmen who have used this service have reported that their experience with GOffice has been a positive one. Besides, the Investment and Trade Promotion Center of Ho Chi Minh City also offers the Virtual Office service at $70/month; together with the services of domain hosting and web design.

d) Termination of Employment

A labour contract can be terminated in the following circumstances:

- Repeated failures to perform one's required tasks in accordance with the contract signed by the worker.
- When an employee is ill or is suffering from a medical disability for a year in the case of an indefinite contract, or six months in the case of a definite contract. In the case of a seasonal job, you must wait for a period equal to half of the contract term before dismissing the employee.
- If your company suffers from a natural disaster, a fire or any other random event forcing you to cut back on production and employment.
- When you cease operations. This occurrence can permit you to terminate the contract of all employees regardless of the exceptions listed in the paragraph below.

A 45-day notice must be given to the dismissed employee of an indefinite contract, a 30-day notice given for contract jobs lasting from one to three years, and a 3-day notice is to be given for all seasonal jobs or contracts less than one year. During this probationary period, the local government authorities must review this case before declaring whether or not this termination of employment is permissible.

The labour contract cannot be terminated for employees:

- who suffer a work-related accident or are stricken by disease and undergoing consequential medical care
- who are an annual leave, personal leave of absence or any other kind of leave that his employer has permitted
- who are getting married, are pregnant, taking maternity leave or raising a child under the age of twelve months

If an employee has been judged by the local authorities to have his/her contract terminated illegally, he/she must be re-employed and all wages lost by the illegal termination must be repaid. In cases where the employee whose contract was illegally annulled refuses to go back to work, he/she must nevertheless be paid all lost wages plus a compensation equal to a half month's salary for each year they have been employed.

e) Compensation & Benefits

Other than the minimum wages listed earlier in this guide, workers in Vietnam are entitled to insurance benefits and are also permitted to take annual paid vacation. Any employee with a full year of service is entitled to a compensated annual vacation leave. There are three set minimums of vacation leave:

- 12 days for all employees working in normal conditions and are 18 years of age or older
- 14 days for employees working with heavy and/or noxious materials or is working in harsh living conditions. Those under the age of 18 are also entitled to this vacation time.
- 16 days for employees working with especially heavy and/or noxious materials or is working in especially hard living conditions
- Vacation time increases proportionately to the period of employment and years of service. Local employees are entitled to a one-day increase every five years.

An employee is entitled to three types of insurance (health insurance, social insurance and unemployment insurance) these after working for a three-month period. All of these insurances are to come out of the employee's and employer's total salary fund, with the employer paying as much as three times more to the fund than the employee.

For health insurance, the employer pays 2% of his/her total wage to the fund whereas an employee will be required to pay 1%. Unemployment insurance applies to employees working either for an indefinite term or one lasting between 12 and 36 months. It also applies to employers having recruited 10 employees or more. Each is expected to pay 1% of their respective monthly salary to this insurance fund.

Foreign employees are not entitled to social insurance, but are also exempt from contributing to the company's social insurance fund. Social insurance contributions are expected to increase in the coming years. Until December 2009, employees are expected to contribute 5% of their total wage to the social insurance fund while employers are expected to pay 15%. Starting in January 2010, this will respectively increase to 6% and 16% until December 2011. Other increases are expected to follow:

- From January 2012 to December 2013, it will be 7% and 17%, respectively.
- From January 2014 onwards, it will be 8% and 18%, respectively.

f) Hiring Foreign Nationals

Before working in Vietnam, a foreigner must obtain a work permit from the local Department of Labour, War Invalids and Social Affairs. The employer must obtain such a permit on behalf of the employee *before* signing a contract. Since only 3% of the total workforce of an employer can be foreign, it is recommended that foreigners be reserved for the most complex and technical tasks. It is possible to hire an excess of 3% of foreigners as part of the total workforce, but this must first be approved by the local

Department of Labour, War Invalids and Social Affairs. The duration of the work permit is only as long as the duration of the labour contract. This contract, moreover, must be longer than 36 months and cannot be renewed.

There are exceptions, however. Foreigners are dispensed from obtaining labour permits in five situations:

- Someone working for a period less than three months' time
- Someone coming to Vietnam to handle an urgent mission
- A member of the Board of Management
- The head of a representative office or a foreign branch
- A foreign lawyer with a Law Practice Permit issued by the Ministry of Justice

In these cases, the employer must submit a list of foreign workers that includes their age, name, nationality, passport numbers, and the starting and ending date of their job. This must be submitted a week before the incoming employee is to assume his new tasks. A formal letter of invitation must be drafted and provided to the employee in order for him/her to obtain a valid Vietnamese visa.

7. Financing

a) Access to Local Capital Markets

Few Canadian firms have stated that they have gone to local sources for capital financing, preferring to access capital either out of their own pockets or through Canadian and international sources. The reason for this, according to them, is because of the volatility of the local capital markets, high local interest rates and difficulty in borrowing US dollars. Nevertheless, there are many banks in Vietnam that are engaged in project financing. Section 3.8 has a list of some of these.

b) Export Development Canada (EDC)

EDC's mandate is to support and develop, directly or indirectly, Canada's export trade and Canada's capacity to engage in that trade and to respond to international business opportunities.

EDC can provide:

- Direct financing to Canadian companies in support of their investments
- Project financing to a foreign affiliate/subsidiary
- Working capital financing to a foreign affiliate/subsidiary
- *Accounts Receivable Insurance* to cover an affiliate's foreign receivables
- Guarantees to a bank so that it can issue a bond without tying up a company's working capital

EDC's Canadian Direct Investment Abroad (CDIA) solutions vary based on the size and nature of the investment, the market, the industry sector and the business strategy. EDC can consider a wide range of financing structures to suit the requirements of the investment transaction and provide a number of solutions to address the ongoing working capital needs of foreign affiliates. Canadian companies considering new investments or foreign expansion should contact EDC early in their planning process to discuss financing and insurance options.

EDC also has a useful step-by-step guide which helps firms understand what type of financing is needed, and how to get access to it.

c) DFAIT-INC

The objective of the Investment Cooperation Program (INC) is to support responsible, developmentally beneficial, private sector engagement in developing countries, leading to sustained economic growth and poverty reduction.

How does INC work?

INC pursues the objectives stated above by sharing some of the costs involved in studying the viability of an investment, demonstrating and adapting appropriate technologies and undertaking activities aimed at enhancing the economic, environmental and social benefits of those investments.

What criteria must a firm fulfill in order to be eligible for INC funding?

Successful applicants must be for-profit, Canadian registered private-sector firms which have been in operation for at least three years, are financially sound and sufficiently liquid in relation to the size of the investment, and have at least $2 million in annual revenues in both the previous two years.

How much funding does INC provide?

Dollar figures depend on the type of support applied for. A specific project may be eligible for support at a single or multiple phases through the life cycle of an investment. Maximum contributions depend upon which type of project they are defined as, but typically would not exceed $500,000.

What kinds of projects does INC supply funding assistance for?

Projects must fall into one of four distinct types: productive (most manufacturing and service industries); extractive; professional services or public/private infrastructure projects. Each type has a specific definition. For these, please see the *Applicant's Guide* on INC's homepage.

Do projects need to be located in specific countries to qualify for INC?

Projects located in most countries eligible to receive Official Developmental Assistance are also eligible for INC funding. This list is subject to change. To view the current list, please view Annex A of the *Applicant's Guide*.

How do I apply for INC funding assistance?

Companies applying for INC support must be registered on the Virtual Trade Commissioner (tradecommissioner. gc.ca) and complete a pre-qualification assessment hosted there. Contacting the INC officer responsible for the selected country is also recommended. A detailed application and peer review process follows, after which an applicant will receive a response within 40 working days.

When does INC distribute payments?

Funds will be transferred only after the recipient deposits agreed milestone reports and submits their eligible expense forms. Payments will be made 30 days after INC receives these documents. The recipient firm will also be required to submit a results report within 3 years of receiving funds from the program. Recipient firms will be reimbursed up to $5,000 for producing this report.

Where can I go for more information?

Please visit the Investment Cooperation Program (INC) or email inc-pci@international.gc.ca

d) Commercial Banks

Foreign banks are subject to strict conditions, as they are listed as a sector whose investment is conditional. The Law on Credit Institutions (the new Law) is one of ten new laws approved by the Vietnam National Assembly on 16 June 2010. Setting out a number of amendments and new articles relating to the operation and administration of credits institutions, the new Law aims especially to raise the safety of credit institution systems in comparison with the obsolete Law on Credit Institution of 1997 (the Law of 1997). Effective from 1 January 2011, the new Law includes ten chapters and 163 articles.

Canadian banks

As it stands, only two Canadian financial institutions have a representative office in the country: the Bank of Nova Scotia, which is in the process of acquiring 15% of local VietinBank, and Desjardins, under the auspices of its Développement International Desjardins wing. Other banks actively engaged in the Vietnamese market through correspondent banking but based outside of the country include CIBC, TD Waterhouse, and Royal Bank of Canada. For the time being, there are no Canadian banks with retail banking operations.

HSBC is also in Vietnam. Though not Canadian, it nevertheless has a considerable Canadian client base. It is a member of the Canadian Chamber of Commerce in Vietnam and currently has branch operations in Ho Chi Minh City and Hanoi.

Foreign banks

Australia New-Zealand Bank (ANZ)
Hanoi – Head Office
7th floor, Suncity Building
13 Hai Ba Trung Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3938 6901
Fax: (84-4) 3938 6930

Ho Chi Minh City Branch
39 Le Duan Street
District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3827 2926
Fax: (84-8) 3822 3449

Citibank
Hanoi Branch
International Center, 1st Floor
17 Ngo Quyen Street
Ha Noi, Vietnam
Tel: (84-4) 3825 1950
Fax: (84-4) 3521 1510

Ho Chi Minh City Branch
Sun Wah Tower
115 Nguyen Hue Boulevard
District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3824 2118
Fax: (84-8) 3521 1510

HSBC
Hanoi Branch
83B Ly Thuong Kiet Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3933 3189
Fax: (84-4) 3946 0207

Ho Chi Minh City Head Office
235 Dong Khoi Street
The Metropolitan, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3829 2288
Fax: (84-8) 3823 0530

Standard Chartered Bank
Hanoi Transaction Center
49 Hai Ba Trung Street
Hanoi Towers, Ground Floor
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3936 8000
Fax: (84-4) 3936 8300

Ho Chi Minh City Branch
37 Ton Duc Thang Street
Saigon Trade Centre, 1st Floor
District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3829 8335
Fax: (84-8) 3910 3912

Commonwealth Bank
Hanoi Rep. Office

Suite 202-203A, Central Building
31 Hai Ba Trung
Hanoi, Vietnam
Tel: (84-4) 3824 3213
Fax: (84-4) 3824 3961

Ho Chi Minh City Branch
Han Nam Office
65 Nguyen Du Street, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3824 1525
Fax: (84-8) 3824 2703

Shinhan Vietnam Bank Limited
Hanoi Branch
19th Fl.
Charmvit Grand Plaza
117 Tran Duy Hung Street
Cau Giay Dist., Hanoi, Vietnam
Tel: (84-4) 3555 0505
Fax: (84-4) 3555 0505

Ho Chi Minh City Head Office
11th Fl., Centec Tower
72-74, Nguyen Thi Minh Khai Street
District 3, Ho Chi Minh City, Vietnam
Tel: (84-8) 3823-0012
Fax: (84-8) 3823-0009

Hong Leong Vietnam Bank Ltd
Ground Floor, Centec Tower
72-74 Nguyen Thi Minh Khai Street
District 3
Ho Chi Minh City, Vietnam
Tel: (84-8) 6299 8100

Many other foreign banks, which include Chase Manhattan, Bank of China, BNP Paribas and Crédit Suisse, are also present albeit in other forms such as correspondent and wholesale banking and do not have branches like those listed above. There are currently 5 wholly foreign-owned banks in Vietnam including: HSBC, Standard Chartered, ANZ, Shinhan Vietnam Bank Ltd (the Republic of Korea) and Hong Leong Vietnam Bank Ltd (Malaysia)

8. Infrastructure

According to the World Economic Forum, one of the major problematic factors for doing business in Vietnam is underdeveloped infrastructure. Over the next 10-12 years, the World Bank estimates that US$140 billion will be required for planned infrastructure projects to sustain Vietnam's robust economic development.

At the same time, Vietnam will not be able to rely as much on Official Development Assistance (ODA) as the economy continues to grow and GDP per capita rates increase. New sources of long-term finance will have to be sought out. To help bridge the gap between the high cost of infrastructure development and limited government resources, Public Private Partnerships (PPPs) are gaining greater attention in Vietnam.

a) Roads and Highways

Though Vietnam has an extensive road network, with streets in Ho Chi Minh City and the surrounding provinces, the vast majority of roads in Vietnam remain unpaved. 2011 looks like its going to be a very happy new for Vietnam's construction industry with a proposed 20 road projects set to start. Majority of the projects involve upgrading the road quality in the country, while a couple of completely new highways are expected to be built this year as well if significant financial investment does pour into the country. And given that 2010 was such a good year for Vietnam in terms of attracting foreign capital because of cheap labour cost, a sizable domestic market, and favourable economic policies. One speculates that getting the required foreign direct as well as indirect capital to flow into the country shouldn't be a problem for the construction sector which contributed 7% to the country's GDP in 2010.

- Agriculture, forestry & fishery, 20.6%
- Mining and quarrying, 10.9%
- Manufacturing, 19.7%
- Electricity & water supply, 2.5%
- Construction, 7.0%
- Trade, 14.6%
- Hotels & restaurants, 4.1%
- Transport, communication and tourism, 4.3%
- Real estate, 1.9%
- others, 13.5%

Source: GSO

In Ho Chi Minh City many bridges and roads date back to the 1960s and are in a constant state of repair. The fact that the number of automobiles and motorcycles on thee road increases on a daily basis only hinders the reconstruction and maintenance efforts. Furthermore, with the increasing number of trucks, delivering goods from manufacturing factories to ports, the road network continues to suffer from congestion in large areas.

b) Railways and Metros

As it stands, Vietnam has a total of 2600-km of railways along single-track route. The most important train on these lines is the Reunification Express, which goes from Ho Chi Minh City to Hanoi in 30 hours or more, while making a stop in Da Nang. These railways for the most part date back from as early as the French colonial administration.

In addition to railway networks, both Ho Chi Minh City and Hanoi have several metro projects in the pipeline, including six lines in Ho Chi Minh City. Construction on the first line commenced in 2008.

c) Airports

There are three main international airports in Vietnam: Tan Son Nhat International Airport (SGN) in Ho Chi Minh City; Noi Bai International Airport (HAN) in Hanoi and Da Nang International Airport (DAD) in Da Nang. The master plan for the new Long Thanh International airport has been approved in principle by Prime Minister. This 5,000 ha airport will be built in three phases and completed by 2035.

In addition, Duong Dong Airport on Phu Quoc Island and Can Tho International Airport will begin international operations in the coming years and will bring the total number of international airports to six. There are a further 16 domestic airports across Vietnam.

There are three major Vietnamese airlines: Vietnam Airlines, the country's flag carrier, Jetstar Pacific (formerly *Pacific Airlines* until its final acquisition by Jetstar, a subsidiary of Quantas, on May 23rd 2008), Vietnam's only low-cost carrier and the private-owned Air Mekong **(using Canadair Regional Jet aircraft)**, which was recently established in 2009 and flight operations were launched on 9 October 2010.

d) Waterways

A particularly important method of transport in Vietnam is waterway transport, which is vital to the economic activities of the Red River and Mekong deltas. There are approximately 17,000 km of waterways in Vietnam, of which around 5,000 km are navigable by crafts with a draft of 1.8 metres or less, according to the CIA World Factbook. As it stands, there are around 30 commercial ports in and around the Mekong River Delta alone.

The Vietnam government recently acknowledged that waterways needed investment and upgrading given their importance in Vietnam. For example, the Mekong Delta produces about 50% of the rice and 50% of aquatic produce of the entire country's output, 90% of which is exported via these waterways. In addition, the region also imports about 2 million tons of fertilizer a year, which also comes in via the waterways.

In addition, waterways are used by tourists and travelers to avoid roads and highways, which can sometimes have heavy traffic congestion. From Ho Chi Minh City to Vung Tau, it takes about two hours by car; however, taking the hydrofoil from Nha Rong port in Ho Chi Minh City to Vung Tau takes half that time. There are similar reductions in time (five hours versus three and a half hours) for commuting between Ho Chi Minh City and Can Tho.

e) Energy

Energy is a sector of growing concern for most international investors. Electricity Vietnam (EVN) will invest a total capital investment of US $1.8 billion in the Lai Chau hydropower project to ensure more stable electricity supplies. According to EVN, the new plant will supply some 4.7 billion kWh of electricity a year to the national grid, a significant amount for the country where demand is growing fast, at 13-15 per cent annually. The 1,200 megawatt Lai Chau plant is located in northern mountainous Lai Chau province's Muong Te district and in the highest step of the Da River's escalading hydropower system. The first Lai Chau plant's generation unit is scheduled to be commissioned in 2016 while the whole project will fully operate a year later. Over the past 5 years, EVN has put into operation 21 power plants and 445,000 transmission lines with voltages from 110 to 500kV.

Prime Minister Nguyen Tan Dung has approved a 15.28 per cent increase in electricity prices. The new electricity tariff will be applied from the beginning of March. Prices will rise to VND1,220 per kWh, VND160 higher than the current VND1,058 per kWhDeputy minister of Industry and Trade (MOIT) Hoang Quoc Vuong said the increase took into account escalating input costs, the need to constrain inflation and the effect the rise would have on people's living standards.

Mr. Pham Manh Thang, head of the MoIT's Electrical Distribution and Control Department said Vietnam's electricity prices were the lowest in the Southeast Asian region. If the country continues to maintain current prices, it would not be able to attract investors into the sector, and Vietnam could also face an electricity shortfall in the next five years.

f) Ports

In a bid to raise Vietnam's seaport capabilities, Prime Minister approved a master plan which calls for as much as VND $440 trillion to be pumped into building ports capable of accommodating the world's largest container ships. The 10-year port investment scheme encourages all economic sectors to invest in developing a seaport system nationwide and upgrade existing ones by 2020, with a vision till 2030. The primary goal is to increase deep-water port capacity for larger vessels, including container ships and oil tankers, and to handle the targeted rise in exports and imports to between 900 million and 1.1 billion metric tons by 2020, from 172.1 million in 2009.

Vietnam's ports saw a surge in cargo volume more than four times from 1999 to 2009, while the number of calls by vessels increased by more than twofold, according to the Vietnam Seaports Association. The government aims to boost shipping volume by more than 400 per cent this decade under the Prime Minister's overarching plan to boost Vietnam's economic growth. The new ports will allow much larger ships to get access.

The plan may push the port complex near Ho Chi Minh City into the ranks of the world's top 15 ports within a decade, said Malcolm Gregory, chief commercial officer at Cai Mep International Terminal Co.

3. Useful Contacts

1. Government

Canada-Vietnam FIPA negotiations

Canadian Trade Commissioner Service

Can Tho City

Danang Export-Processing and Industrial Zones Authority

Embassy of the Socialist Republic of Vietnam in Canada
470 Wilbrod Street
Ottawa, ON, K1N 6M8

Tel: (613) 236-0772
Fax: (613) 236-2704

Haiphong government Website

Hanoi government Website

Ho Chi Minh City Export-Processing and Industrial Zones Authority (HEPZA) (available in Vietnamese only)

In particular, Ms. Pham Thi Hai, the Deputy Manager of the import-export department, is a competent and extremely knowledgeable contact, with over 15 years of experience with HEPZA under her belt.

2. Investment Promotion Agencies

Investment and Trade Promotion Center (ITPC) of Ho Chi Minh City

Ministry of Planning and Investment E-Regulations

One of this Guide's flaws is that some regulations may change unexpectedly over the coming years. This website, which is administered, hosted and edited by the Vietnamese government, details exactly what regulations to follow when investing in Vietnam.

3. Business & Trade

Canadian Chamber of Commerce in Vietnam is one of the more well-connected organisations for Canadians in Vietnam. Everyone from SMEs to large companies to the Consulate of Canada have an active membership. The Chamber of Commerce can help keep you connected to Canadian, Vietnamese and International firms from lawyers to relocation services that have previously worked with Canadians.

Vietnam International Industrial Directory publishes a list of all companies and industries currently present in Vietnam with their coordinates. Should you require a particular good local partner, or perhaps a supplier of an industrial/mineral good that you plan on using in your production operations here, this is an excellent place to start.

Business in Asia's page on Vietnam contains many useful links and resources regarding infrastructure, investment opportunities and economic news coming out of Vietnam. It is constantly updated

Vietnam Chamber of Commerce & Industry-VCCI - Ho Chi Minh City Branch (available in Vietnamese only).

4. News & Media

a) Newspapers

The number of newspapers in circulation in Vietnam has nearly doubled in the past ten years, with existing newspapers having branched out into foreign languages to increase readership.

Vietnam News is the country's largest English-language daily, available to expatriates from Hanoi to Ho Chi Minh City. It features large sections on world politics, business news, and a smaller section devoted to sports.

Thanh Nien Daily is run out of Ho Chi Minh City. The premise of this newspaper was originally to give a voice to the youth of Vietnam. Today it is published in both English and Vietnamese as a daily newspaper, pushing the limits of censorship and famously exposing a major government corruption ring in 2007.

Together with Thanh Nien, Tuoi Tre News is also among the most popular publications in Vietnam.

Le Courrier du Vietnam is Vietnam's largest French-language newspaper, based in Hanoi. Its contents are very similar to other typical Vietnamese newspapers. (Website in French only)

Other major international newspapers, such as the International Herald Tribune, Time, The Economist, Le Monde, and others are available in foreign-language bookstores and on street corners in areas frequented by tourists and expatriates.

b) Television

Like all media in Vietnam, the content played on television follows strict guidelines and is monitored and controlled by the government. The two main television stations in Vietnam are Vietnam's national television network - Vietnam Television (VTV) and Ho Chi Minh City Television (HTV). Besides, there are also television networks of other provinces and cities.

There are also a surprising number of foreign networks present in Vietnam, including HBO, ESPN, MTV and Star, the vast majority of which are broadcast from Singapore. Major news channels such as the BBC World News, CNN, CCTV9, TV5 Monde and others are available on Vietnamese television screens. While dissent is generally not tolerated in Vietnamese television stations, the regime nevertheless permits these international stations to broadcast their material into the country uncensored.

5. Legal Counsel

Included below is a list of lawyers and law firms. Some of these lawyers can actually help you set up your company for a flat fee, which can be incredibly useful as the process can take longer than expected. To use someone who knows the lay of the land in Vietnam can speed this process up considerably. The firms below have all worked with Canadians in Vietnam:

Allens Arthur Robinson
Hanoi Office
Suite 401, Hanoi Towers
49 Hai Ba Trung Street
Hanoi, Vietnam
Tel: (84-4) 3936 0990
Fax: (84-4) 3936 0984

Ho Chi Minh City Office
Suite 605, Saigon Tower
29 Le Duan Boulevard
District 1,
Ho Chi Minh City, Vietnam
Tel: (84-8) 3822 1717
Fax: (84-8) 3822 1818

Baker & McKenzie
Hanoi Office 13th Floor,
Vietcombank Tower
198 Tran Quang Khai Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3825 1428
Fax: (84-4) 3825 1432

Ho Chi Minh City Office
12th Floor, Saigon Tower
29 Le Duan Boulevard
District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3829 5585
Fax: (84-8) 3829 5618

Bizlaw Vietnam
Central Plaza - Room 1403
17 Le Duan Boulevard
District 1,
Ho Chi Minh City, Vietnam
Tel: (84-8) 3827 9318
Fax: (84-8) 3827 9319
Email: info@bizlaw.vn

DC Law
11A-11C Phan Ke Binh Street,
Da Kao Ward,
District 1 Ho Chi Minh City,
Vietnam
Tel: (84-8) 3821 9928
Fax: (84-8) 3821 9929
Email: info@dclaw.com.vn

DFDL Mekong Vietnam
Hanoi Office 9th floor,
Melia Hanoi Office Building
44B Ly Thuong Kiet Street
Hanoi, Vietnam

Tel: (84-4) 3936 6411
Fax: (84-4) 3936 6413

Ho Chi Minh City Office
3rd Floor, PetroVietnam Tower
1-5 Le Duan St., District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3910 0072
Fax: (84-8) 3910 0073
Email: Vietnam@dfdlmekong.com

Frasers Law Company
Hanoi Office
12th Floor Pacific Place
83B Ly Thuong Kiet Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3946 1203
Fax: (84-4) 3946 1214

Ho Chi Minh City Office
Unit 1501, 15th Floor The Metropolitan
235 Dong Khoi Street, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3824 2733 Fax: (84-8) 3824 2736
Email: info@frasersvn.com

Freshfields Bruckhaus Deringer
Hanoi office
#05-01 International Centre
17 Ngo Quyen Street
Hanoi, Vietnam
Tel: (84-4) 3824 7422
Fax: (84-4) 3826 8300

Ho Chi Minh City Office
#1108 Saigon Tower 29
Le Duan Boulevard, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3822 6680
Fax: (84-8) 3822 6690

Harvey Law Group
28E Mai Thi Luu Street
DaKao Ward, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3910 7055 / 3910 7056
Fax: (84-8) 3829 2610

Investconsult Group
15 -17 Nguyen Thi Dieu Street
District 3,
Ho Chi Minh City, Vietnam
Tel: (84-8) 3930 4868 / 69
Fax: (84-8) 3930 4871 / 72
Email: inco@investconsultgroup.net

PriceWaterhouseCoopers
Hanoi Office
#701, 7th Floor, Pacific Place
83B Ly Thuong Kiet Street
Hoan Kiem District, Hanoi, Vietnam
Tel: (84-4) 3946 2246
Fax: (84-4) 3946 0705

Ho Chi Minh City Office
Saigon Tower, 3rd Floor
29 Le Duan Boulevard, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3823 0796
Fax: (84-8) 3825 1947

Tri & Associates Law Office (available in Vietnamese only)
50 Cao Trieu Phat, Tan Phong Ward
District 7, Ho Chi Minh City, Vietnam
Tel: (84-8) 5411 2220
Fax: (84-8) 5411 2221
Email: info@trilawoffice.com.vn

Indochina Legal
Hanoi Office
29 Han Thuyen Building – Unit 204
29 Han Thuyen, Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3933 2421
Fax: (84-4) 3933 2425
Email: il.hanoi@indochinalegal.com

Ho Chi Minh City Office
115 Nguyen Hue Street, Unit 1108
Sun Wah Tower, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3821 9525
Fax: (84-8) 3821 9520
Email: il.hcmc@indochinalegal.com

Bong Tran Tel: (84-90) 794-6015
Email: nguyentranlbf@yahoo.com.vn

Ms. Bong Tran has worked with small Canadian firms before. If your budget is too tight to spend on a law firm and only wish to run a smaller-scale operation, she may be of good help. She can take care of all of the steps of setting up your company for as low as a one-time fee of $200 USD.

6. Resourcing

Because of import laws and other factors, some companies have simply gone to sourcing firms to help foreign investors find the materials that they need in their operations. These firms can also help you get a lay of the land before you decide to invest here, organising tours of the country to see what opportunities are available to you and giving you vital information about the economic and business climate in Vietnam.

Dragon Sourcing Vietnam
145/2 D3 Street
Van Thanh Bac, Binh Thanh District
Ho Chi Minh City, Vietnam
Tel:(84-8) 3512 9390
Fax: (84-8) 3512 9391
Email: contact.asia@dragonsourcing.com

First Alliances
Suite 1211, Saigon Trade Center
37 Ton Duc Thang Street
District 1, Ho Chi Minh City, Vietnam
Tel: (84-8) 3910 2080
Fax: (84-8) 3910 2079

HR2B
Hanoi Office
Suite A6, 3rd Floor, Horison Office Center
40 Cat Linh Street, Dong Da District
Hanoi, VietNam
Tel: (84-4) 3736 6843
Fax: (84-4) 3736 6853

Ho Chi Minh City Office
1st floor, Thien Son Building
5 Nguyen Gia Thieu Street, District 3
Ho Chi Minh City, Vietnam
Tel: (84-8) 3930 8800
Fax: (84-8) 3930 8565

Manpower Group
Hanoi Office
12th Floor, Vincom City Tower B
191 Ba Trieu Street, Hai Ba Trung District
Hanoi, Vietnam
Tel: (84-4) 3974 4574

Fax: (84-4) 3974 4575
Email: info_HN@manpower.com.vn

Ho Chi Minh City Office
6th Floor, VFC Tower
29 Ton Duc Thang Street
District 1, Ho Chi Minh City, Vietnam
Tel: (84-8) 3911 0950
Fax: (84-8) 3911 0955
Email: info_HCM@manpower.com.vn

Navigos Group and VietnamWorks
Hanoi Office
Vincom City Tower B, 14th Floor
191 Ba Trieu Street Hai Ba Trung District
Ha Noi, Vietnam
Tel: (84-4) 3974 3033
Fax: (84-4) 3974 3032
Email: contact@navigossearch.com

Ho Chi Minh City Office
130 Suong Nguyet Anh Street, Ben Thanh Ward
District 1 Ho Chi Minh City, Vietnam
Tel: (84-8) 3925 5000 / 5404 1373
Fax: (84-8) 3925 5111 / 5404 1372
Email: contact@navigossearch.com

Vietnam Supply Chain Community
R202, 2nd Floor - BDT Building
49 Bui Dinh Tuy Street
Ward 24, Binh Thanh District
Ho Chi Minh City, Vietnam
Tel: (84-8) 2242 7762
Fax: (84-8) 2242 7762
Email: info@vietnamsupplychain.com

7. Audit/Tax Firms

KPMG Ltd
Hanoi Office
83B Ly Thuong Kiet Street, 16th Floor
Pacific Place, Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3946 1600
Fax: (84-4) 3946 1601
Email: kpmghanoi@kpmg.com.vn

Ho Chi Minh City Office
115 Nguyen Hue, 10th Floor

Sun Wah Tower, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3821 9266
Fax: (84-8) 3821 9267
Email: kpmghcm@kpmg.com.vn

Ernst & Young
Hanoi Office
360 Kim Ma, 14th Floor
Daeha Business Center
Ba Dinh District
Hanoi, Vietnam
Tel: (84-4) 3831-5100
Fax: (84-4) 3831-5090
Email: eyhanoi@vn.ey.com

Ho Chi Minh City Office
2A-4A Ton Duc Thang, 8th Floor
Saigon Riverside Office Center
District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3824-5252
Fax: (84-8) 3824-5250
Email: eyhcmc@vn.ey.com

PricewaterhouseCoopers
Hanoi Office
Room 701, 7th Floor, Pacific Place
83B Ly Thuong Kiet Street
Hoan Kiem District, Hanoi, Vietnam
Tel: (84-4) 3946 2246
Fax: (84-4) 3946 0705

Ho Chi Minh City Office
Saigon Tower, 4th Floor
29 Le Duan Boulevard, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3823 0796
Fax: (84-8) 3825 1947

Deloitte
Hanoi Office
12A Floor, Vinaconex Tower
34 Lang Ha Street, Dong Da District
Hanoi, Vietnam
Tel: (84-4) 6288 3568
Fax: (84-4) 6288 5678

Ho Chi Minh City Office
11th Floor, Suite 1101

Saigon Trade Center
37 Ton Duc Thang Street, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3910 0751
Fax: (84-8) 3910 0750

8. Sources of local financing

Vietcombank
Head Office
198 Tran Quang Khai Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3934 3137
Fax: (84-4) 3826 9067

Ho Chi Minh City Office
29 Ben Chuong Duong Street
Nguyen Thai Binh Ward, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3829 7245
Fax: (84-8) 3829 7228

Haiphong Office
11 Hoang Dieu Street
Hong Bang District
Haiphong, Vietnam
Tel: (84-31) 3842658
Fax: (84-31) 3841117

Da Nang Office
140-142 Le Loi Street
Hai Chau District
Da Nang, Vietnam
Tel: (84-511) 3822110
Fax: (84-511) 3826062

Can Tho Office
3-5-7 Hoa Binh Street
Tan An Ward, Ninh Kieu District
Can Tho, Vietnam
Tel: (84-710) 3820445
Fax: (84-710) 3817299

Dung Quat Office
Eastern Dung Quat Industrial Zone
Dung Quat Economic Zone
Binh Son, Quang Ngai, Vietnam
Tel: (84-55) 3610807
Fax: (84-55) 3610806

Binh Duong Office
314 Binh Duong Boulevard
Phu Hoa Ward, Thu Dau Mot
Binh Duong, Vietnam
Tel: (84-650) 3822685
Fax: (64-650) 3831220

Bac Ninh Office
353 Tran Hung Dao Street
Dai Phuc Ward, Bac Ninh City
Bac Ninh, Vietnam
Tel: (84-241) 3811848
Fax: (84-241) 3811848

Indovina Capital
Head Office
46-48-50 Pham Hong Thai Street
District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3822 4995
Fax: (84-8) 3823 0131

Hanoi Office
88 Hai Ba Trung Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3826 6321
Fax: (84-4) 3826 6320

Haiphong Office
A1/9 Lot 8A, Le Hong Phong Street
Ngo Quyen District
Haiphong, Vietnam
Tel: (84-31) 3921330
Fax: (84-31) 3921640

Da Nang Office
No.2 Bach Dang Street
Hai Chau District
Da Nang, Vietnam
Tel: (84-511) 3651575
Fax: (84-511) 3651567

Binh Duong Office
22 Doc Lap Street
Song Than Industrial Zone
Binh Duong, Vietnam
Tel: (84-650) 3732591
Fax: (84-650) 3732597

Dong Nai Office
No. 1 National Road
51 Long Binh Tan
Bien Hoa, Dong Nai, Vietnam
Tel: (84-61) 3832955
Fax: (84-61) 3931920

Can Tho Office
59A Phan Dinh Phung Street
Can Tho City, Vietnam
Tel:(84-710) 3827368
Fax: (84-710) 3827361

Grant Thornton
Ho Chi Minh City Office
37 Ton Duc Thang Street, 28th Floor
Saigon Trade Center, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3910 9100
Fax: (84-8) 3914 3748

Hanoi Office
39A Ngo Quyen Street, 8th Floor
Hang Bai Ward, Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 2220 2600
Fax: (84-4) 2220 6449

Asia Commercial Bank
Head Office
442 Nguyen Thi Minh Khai Street
District 3
Ho Chi Minh City, Vietnam
Tel: (84-8) 3929 0999
Fax: (84-8) 3839 9885

Hanoi Office
184-186 Ba Trieu Street
Hai Ba Trung District
Hanoi, Vietnam
Tel: (84-4) 3943 3509
Fax: (84-4) 3943 9283

PetroVietnam Finance Investment and Consultancy Company (PVFCI)
No.5, Lot 14A, Trung Yen Urban Area
Trung Hoa, Cau Giay
Hanoi, Vietnam
Tel: (84-4) 3972 6126
Fax: (84-4) 3972 6127

VietinBank (available in Vietnamese only)
Head Office
108 Tran Hung Dao Street
Hoan Kiem District
Hanoi, Vietnam
Tel: (84-4) 3942 1030/3942 1158
Fax: (84-4) 3942 1032

Ho Chi Minh City Office
79A Ham Nghi Street
Nguyen Thai Binh Ward, District 1
Ho Chi Minh City, Vietnam
Tel: (84-8) 3829 0491/ 3821 0502

9. Further reading

This guide is by no means comprehensive. It is rather meant as a good introduction to Vietnam, the opportunities available, the investment climate and the procedures to develop here, along with a few pointers and recommendations. Montreal-based Secor has published a guide to doing business in Vietnam, which comprehensively details all opportunities available and provides vital intelligence into investment in the country. A copy of this guide can be ordered from Chantal Latour

Another useful resource, albeit not specifically targeted for Canadian investors, is PriceWaterhouse Coopers' guide to doing business and investing in Vietnam. In particular, its massive annex featuring the various laws that apply in Vietnam is a useful resource.

Prepared by Consulate General of Canada in Ho Chi Minh City
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