



# VIỆT NAM PROFILE

# CONTENT

## VIETNAM BRIEF OUTLINE

Geography  
People  
Government



## ECONOMY OVERVIEW

Economic growth  
Inflation  
Labour force



## INVESTMENT ENVIRONMENT

Over view  
Encouraged Investment Sectors  
Investment incentives



## SETTING UP REPRESENTATIVE IN VIETNAM

Advantages  
Conditions to Setup RO in Vietnam  
A dossier of application for RO  
Procedure



## VIETNAM BRIEF OUTLINE

The Socialist Republic of Vietnam is a South East Asian country with unique and rich history. After launching political and economic renewal campaign (DOI MOI) in 1986, the country began to open its doors to the world's economy, heralding a new era of transformation and challenges. Today, Vietnam is seen as an emerging market belonging to the most dynamic economies of the world.

### GEOGRAPHY

Vietnam is located in the centre of the Southeast Asian region. It lies in the eastern part of the Indochina peninsular bordering China to the north, Laos and Cambodia to the west and the east Sea and Pacific to the east and south. Vietnam's coastline is 3260 kilometres long and its inland borderline measure is 3730 kilometres. Hanoi is capital of Vietnam, and Ho Chi Minh is the largest commercial centre.

Vietnam has diverse geographical structure together with hills, highlands and coastal areas are suitable for comprehensive economic zones.

### PEOPLE

Vietnam's population stood at around 87.3 million (est.) in 2007. The average population density is about 240 people per sq. km.

Of the 54 ethnic groups, those of Kinh (Vietnamese) descent account for 88% of the total population. The adult literacy rate is 93%. Approximately 57% of the population is employed in agriculture and nearly half is under the age of 25. Literacy rate for the population ages 15 years and over 94% in 2009. Currently, the Government has given priority to developing quality training and education system.

Major religion is Buddhism, Confucianism, Taoism and Christianity. Language Vietnamese is the most popular and national language. English is the most popular foreign language and widely spoken in some urban areas. English study is obligatory in most school. Other foreign languages like French, Chinese, and Japanese are common.

### GOVERNMENT

A socialist country, Vietnam is under the leadership of the Communist Party, which holds a national congress every five years to outline the country's future course, and formalise policies. The 450 member National

Assembly - also open to non-party members - is the supreme organ of state, and the only body with constitutional and legislative power. The National Assembly elects the President of the State and the Prime Minister

The President has the right to nominate candidates for a number of key positions, including the Chief Justice of the Supreme People's Court, and the Procurator-General of the People's Office of Supervision and Control. The National Assembly then approves nominees. The Prime Minister, who is charged with the day-to-day handling of the Government, has the right to nominate and dismiss the members of his cabinet, though only with the approval of the National Assembly. He also has at his disposal the power to cancel or suspend decisions or directives issued by the ministries.

Current policies reflect a flexible, less authoritarian approach. Vietnam is now becoming a freewheeling and dynamic society.

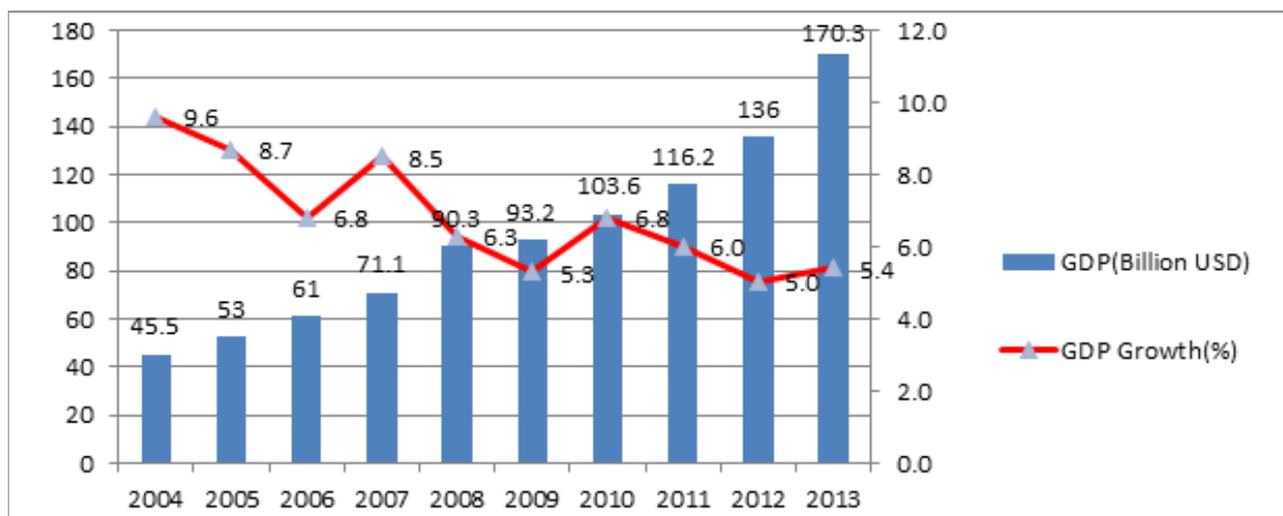
## ECONOMY OVERVIEW

Vietnam is one of the fastest – growing economies in the past year in South-East Asia and weathered the crisis quite well with signs of recovery observed in 2009. Vietnam is a densely-populated developing country that has been transitioning from the rigidities of a centrally-planned economy since 1986.

Vietnamese authorities have reaffirmed their commitment to economic modernization in recent years. Vietnam joined the World Trade Organization in January 2007, which has promoted more competitive, export-driven industries.

Vietnam became an official negotiating partner in the Trans-Pacific Partnership trade agreement in 2010. Furthermore, the positive prospect for economic growth, dynamic and young and low cost labour force and increasing role of private sector will also contribute to the flood Foreign Investment and Presence in Vietnam.

### Economic growth



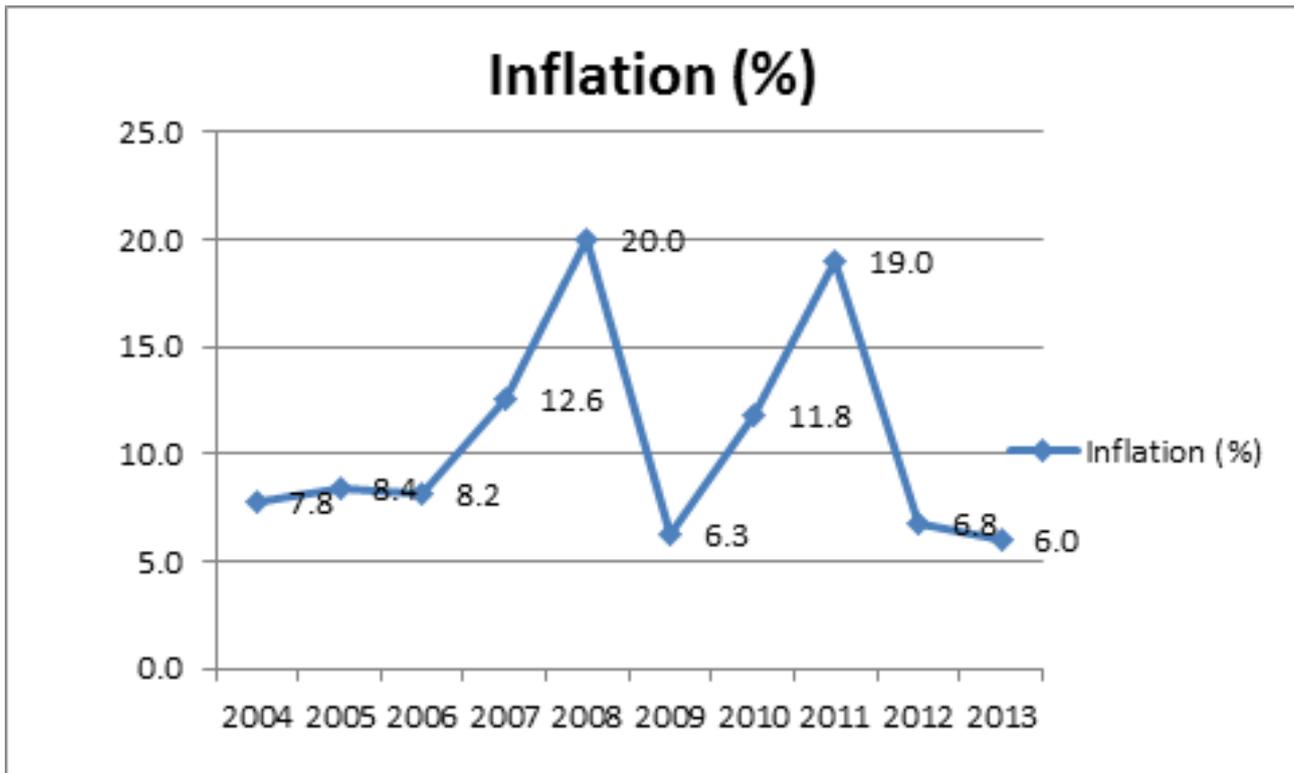
( Source: Economic Intelligence Unit )

Vietnam is one of the highest growths in the South-East Asia, second after China from 1991 to 2007. And at present, its prospect remains positive despite the persisting difficulties.

The average growth is 7.34% in the period of 2005 to 2009 before declined to 5.3% in 2009 due to global crisis. Vietnam long-term economic growth prospect is positive.

And the economy will be underpinned by increasing in consumption, investment and exports.

## Inflation



( Source: Economic Intelligence Unit )

Keeping inflation under control while still boosting economic growth and ensuring macroeconomic stability is the most important mission of Vietnam Government next period. From 2004 to 2006, the CPI was in single digit, but after that it rockets to 12.6% in 2007 and the top is 20% in 2008 due to global financial crash and internal imbalances.

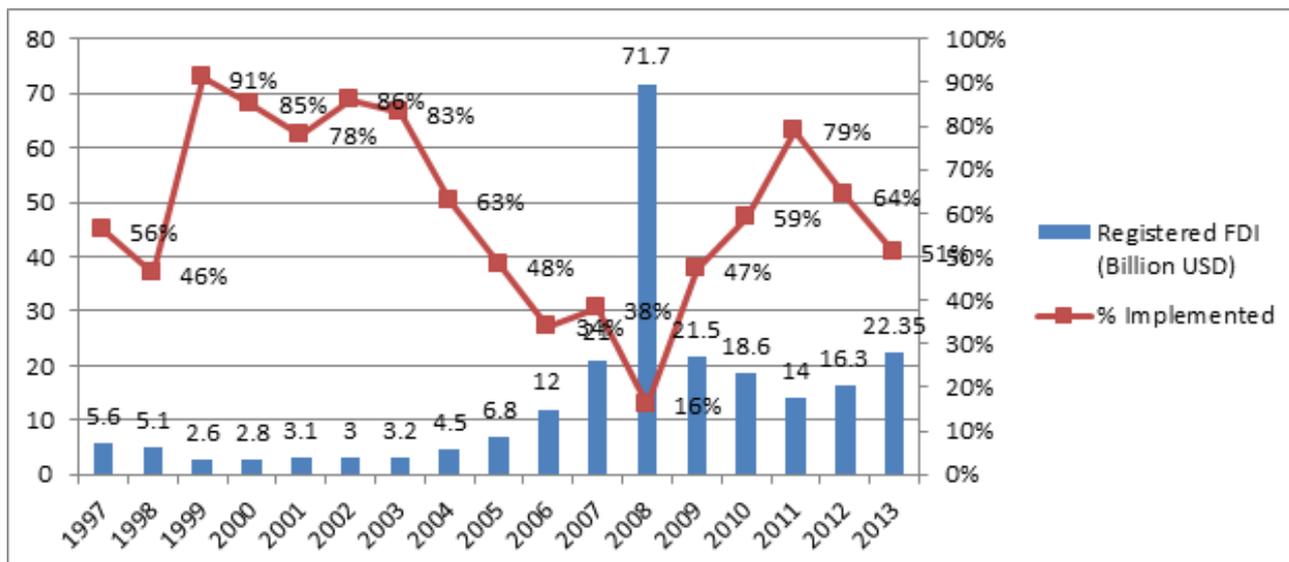
With due monetary and fiscal policy from Government, it downed to 6.3% on 2009. In 2011, the inflation is again out of prediction at 19% despite strict policies from Government. However, from 2012, with better and more efficient policies, Vietnam Government played a good role in keeping inflation under control from 5 % to 7%. In long-term, the inflation in Vietnam is predicted being kept at stable single digit from 6% to 8%.

## Labour force

Labour force is one of the most competitive advantages of Vietnam and accounts for an important part of its sustaining future growth. Vietnamese labour is famous for its young, hardworking, highly literate and easy to train. In 2010, Vietnamese work force is about 46 million and every there around 1.5million added in.

# INVESTMENT ENVIRONMENT

Over view



(Source: General statistic Office of Vietnam, Ministry of planning and Investment)

Look at the chart above, we can see that FDI in Vietnam is boosting so fast for over last decade. The registered FDI increases almost four times for 16 years from 5.6 billion USD to 22.35 billion USD, especially the top is 71.7 in 2008 due to participating WTO in 2007. Vietnam is becoming more and more attractive with incentive tax policy, low-cost labour, and long coastline.

The role of private sectors and foreign investors has been increasingly their voice over the legislative issues. Business forum are frequently held between enterprises and Government to solve any issues obstructing investment and doing business in Vietnam. FDI in Vietnam now is not only at export processing industries, but also diversified and shifted in to highly value-added services, high technology and energy-saving industry sectors.

In coming period, Vietnam still is a safe and attractive investment environment for both foreign and local sectors to develop their business.

## Encouraged Investment Sectors

Vietnamese Government is seeking for investment which focuses on highly value-added services, high technology and energy-saving industry sectors. Those following sectors are encouraged:

### Infrastructure

- Developing the transportation system (airports, seaport, roads...)
- Developing infrastructure of Economic Zones, Industrial Parks...
- High-tech industries
- Bio-technology, production of new materials, automation, information technology (IT), electronics and telecommunications...
- Industries
- Petrochemical and chemical industries, ship building, car assembly; aircraft repair; production of engines and mechanical components, light construction materials, art and handicraft products, textiles - garments and footwear for export...

- Exploring, mining and processing of minerals
- Processing of high-quality agriculture, aquaculture and forestry products
- Producing consumer goods
- Supporting industries
- Services
- Tourism: Developing infrastructure of tourist areas, diversifying types of tourism services (focusing on investment of high-class resorts and entertainment sites).
- High quality education - training and health care services:
  - o Investment of international - standard human resources training centers (universities for graduates and post - graduates, technical and vocational colleges, etc)
  - o Construction of advanced-level international hospitals, production of pharmaceutical materials and drugs (GMP standard)
- Real estate development, logistics (including airport, seaport and warehouse services), finance - banking, insurance...
- Others
- Studying, hybridizing and producing various kinds of new cross -breeders with high value, improving techniques of high-quality aquaculture
- Manufacturing aquaculture feed using modern technology and setting up seafish - breeder farms

### Investment incentives

Under Vietnamese laws and regulations, there are many incentives for foreigner investors who want to process projects in Vietnam in preferential investment sectors as follows:

- Corporate Income Tax (CIT) exemption and reduction for the first year making profit.
- A preferential CIT rate from 10% to 20%
- Import duty exemption for importation of equipment, materials, means of transportation and other goods for implementation projects in Vietnam.
- Land rental exemption or reduction for some first years
- Losses carry forward to the following year.



### Advantages

- There is no company or corporate tax applied to the representative office. Only personal income tax for employees.
- There is no requirement for a minimum amount of capital to run the Rep. office. Either a Vietnamese or a foreigner can be the chief representative. If the chief representative is a foreigner, he/she can obtain a resident card which is valid for 2 or 3 years.
- Every year there is only one report that is MUST be returned to the government. This is quite an easy task.

### Conditions to Setup RO or Branch in Vietnam

A foreign trader shall be granted a permit to establish in Vietnam its RO when fully satisfying the following conditions:

- Being a trader recognized by the law of the country or the territory (hereinafter referred to collectively as the country) where it has been lawfully established or made its business registration;
- Having been operating for at least one year after its lawful establishment or business registration in its country. A foreign trader shall be granted permit to establish in Vietnam its branches when fully satisfying the following conditions:
- Being a trader recognized by the law of the country where it has been lawfully established or made its business registration;
- Having been operating for at least five years after its lawful establishment or business registration.

### A dossier of application for RO

1. An application for representative office establishment permit, made according to a form set by the Trade Ministry and signed by the foreign trader's competent representative;
2. Copies of the foreign trader's business registration or papers of equivalent value certified by the competent authority of the locality where the foreign trader has been established. In case operation duration for the foreign trader is specified in such business registration or papers of equivalent value, such operation duration must remain valid for at least one year;
3. An audited financial statement or other documents of equivalent value proving the actual existence and operation of the foreign trader in the latest fiscal year;
4. A copy of the foreign trader's operation charter, for those being economic organizations. Documents stated in point (2) and (3) must be translated into Vietnamese and certified and consularly legalized by Vietnam's foreign –based diplomatic missions or consular office.

### Procedure

1. 2 sets directly send to Dossier Receiving Unit of Provincial Department of industry & Trade.
2. The time limit for grant of Establishment Permit is 15 working days from the date on which the trader submits the complete dossier as stipulated.
3. The temporary fee of Establishment Permit is 1.000.000 VND.

## COMPANY INTRODUCTION



### Background

Viettonkin is a multidisciplinary-operated company specializing in Consulting Services which provides professional services to both domestic and foreign businesses as well as towards larger companies in all over the world. By facilitating business, investment and trade between Vietnam and the rest of the world through innovative and cost-effective development services, we have helped many individuals and businesses make their business much more active and successful.

We have a dynamic team of professionals offering up decades of experience with focusing fields:

#### focusing fields:

- 1 Setup Representative Office
- 2 Market Research and business plan development
- 3 Translation and Localization Services
- 4 HR Management and recruitment
- 5 Online Marketing
- 6 Event Planning
- 7 Financial Advisor
- 8 Others

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