

INVESTMENT IN VIETNAM



Speaker: **Tran Thi Hue**, Deputy Director, Investment Promotion Center of the North
Foreign Investment Agency (FIA), Vietnam Ministry of Planning and Investment (MPI)
Tel.: +84 90 2336868. **Email:** huetranmpi@gmail.com
Thailand, August 1st 2016

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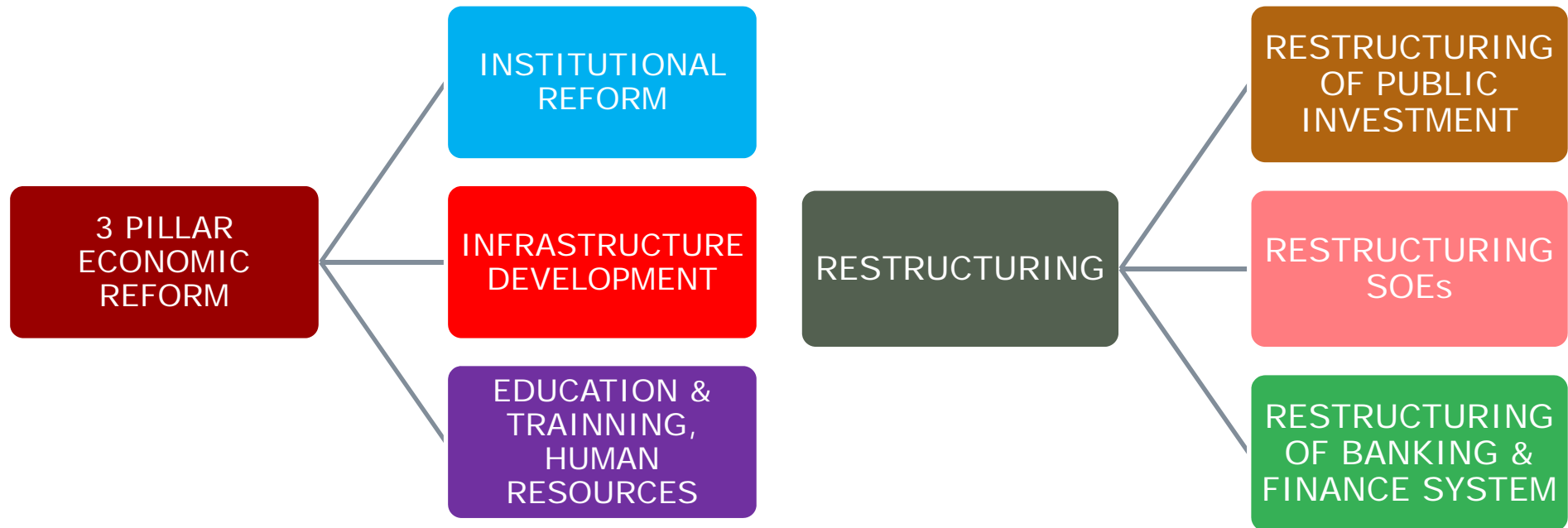
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I. VIETNAM ECONOMY

	2013	2014	2015	2016 Mục tiêu
GDP	5,42% 171 Bil USD	5,98% 184 bil USD	6,68% 210 bil USD	6,7%
CPI	6,6 %	4,09%	0,63%	< 5%
Export	15,4% 132 bil USD	13,6% 150 bil USD	8,1 % 162 bil USD	10%
Import	131 bil USD	12,1% 148 bil USD	12 % 165,6 bil USD	10%

- FDI companies play an important role in export sector (> 65%)
- Economic growth remains stable.

THE STRATEGIC BREAKTHROUGH



HIGHLIGHTS OF VIETNAM'S ECONOMY IN 2015

1. The highest **GDP** growth in 8 years (6.68%)
2. The Lowest **Inflation** in record(0.63%)
3. Flourished **FDI** (*registered and disbursed capital*)
4. Several of **FTAs** was signed and be effective (*TPP, EVFTA, VKFTA ...*)
5. Powerful innovation in **economic institutions**
6. To accelerate the **equitization** of state owned enterprises
7. **Interest rate and exchange rate** changes in a positive direction
8. **Real estate market** recovered
9. Improved **infrastructure**

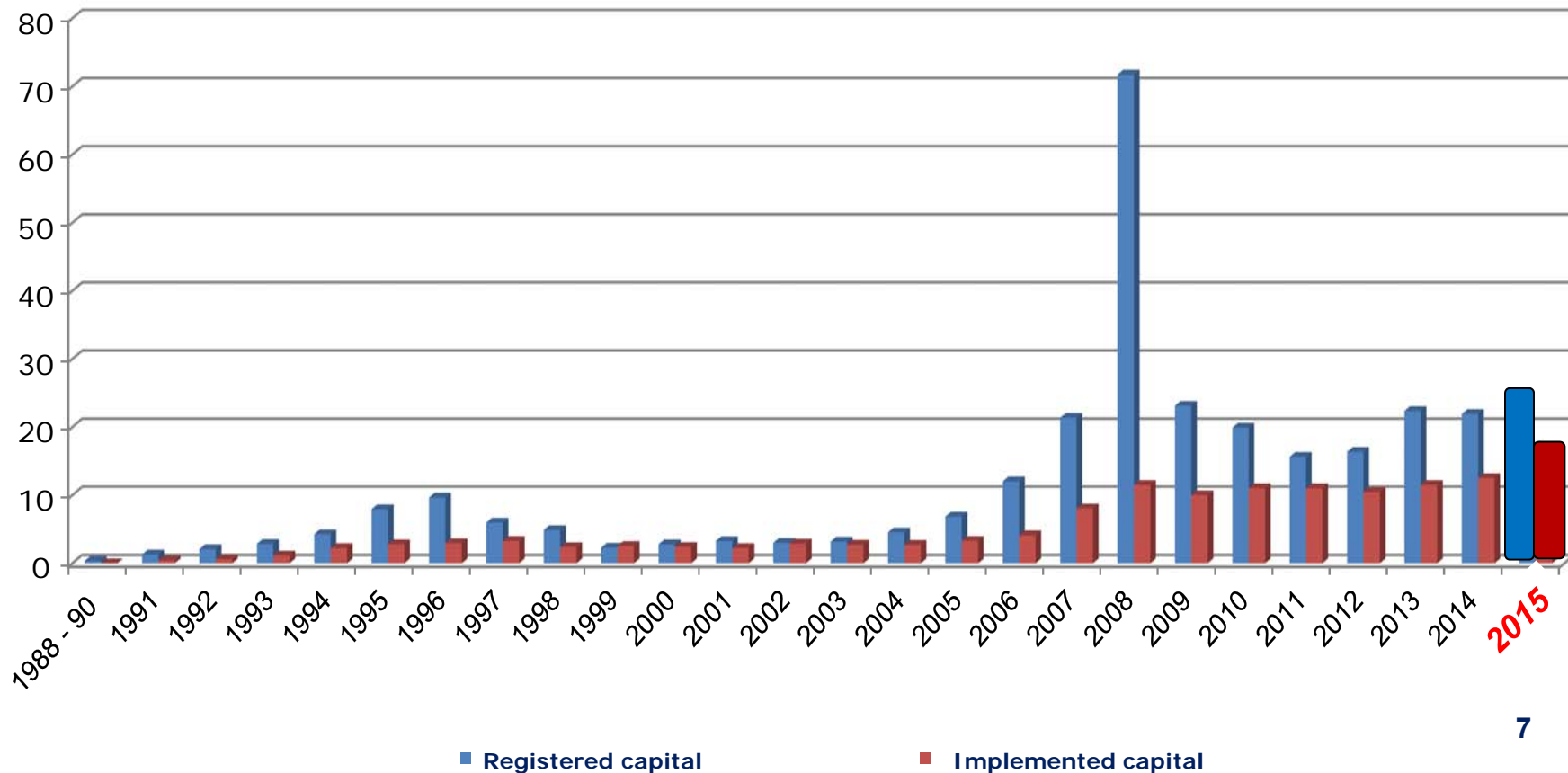
TOP 10 OF EXPORT GOODS *(bil USD)*

NAME	2012	2013	2014	2015
1. Phones and accessories	12.72	21.52	24.0	30.58
2. Textiles	15.09	17.89	20.7	22.81
3. Computers, electronic products	7.84	10.68	11.6	15.61
4. Footwear	7.26	8.37	10.2	12.01
5. Seafood	6.09	6.73	7.87	6.57
6. Crude oil	8.23	7.23	7.18	3.72
7. Machinery, equipment	5.54	6.03	7.16	8.17
8. Wood and wood products	4.67	5.5	6.1	6.9
9. Means of transport, spare parts	4.58	4.98	5.48	n/a
10. Coffee	3.67	2.7	3.55	2.67

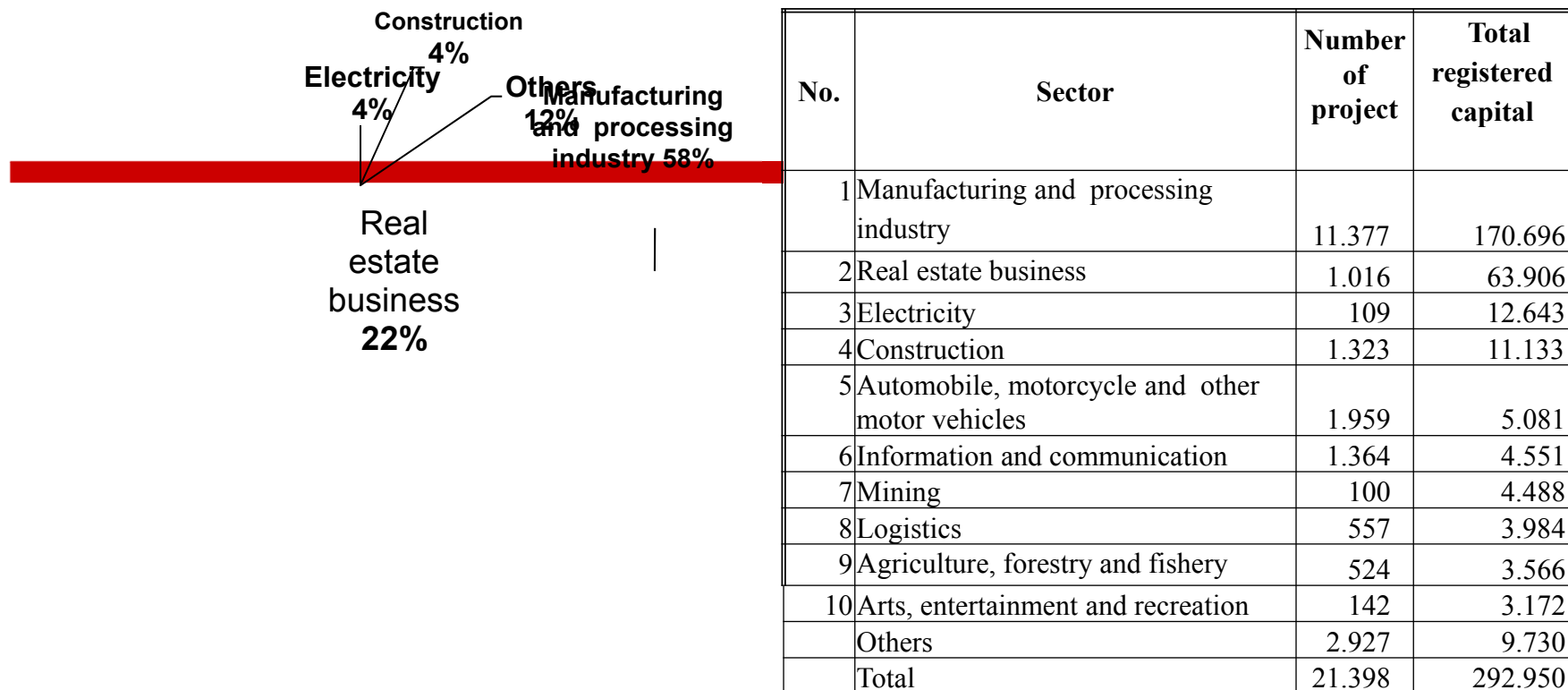
OVERVIEW of FDI IN VIETNAM

	2013	2014	2015
Registered capital	22.3 bil USD	21.9 bil USD	23.52 bil USD
Implemented capital	11.5 bil USD	12.5 bil USD	14.5 bil USD

* Total registered investment capital is accumulated by **292.9** billion USD, accumulative disbursements is about **146.3** billion USD

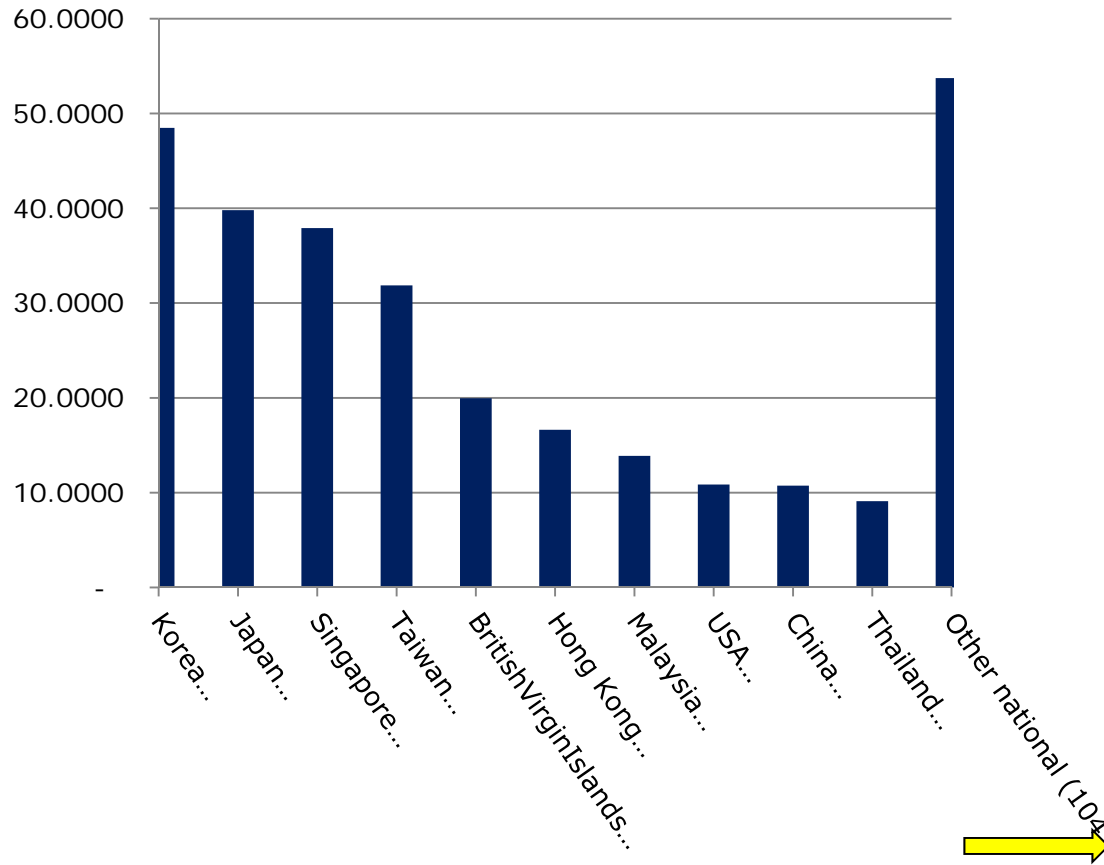


FDI IN VIETNAM BY SECTORS (Accumulated until 20th June 2016)



No.	Sector	Number of project	Total registered capital
1	Manufacturing and processing industry	11.377	170.696
2	Real estate business	1.016	63.906
3	Electricity	109	12.643
4	Construction	1.323	11.133
5	Automobile, motorcycle and other motor vehicles	1.959	5.081
6	Information and communication	1.364	4.551
7	Mining	100	4.488
8	Logistics	557	3.984
9	Agriculture, forestry and fishery	524	3.566
10	Arts, entertainment and recreation	142	3.172
	Others	2.927	9.730
	Total	21.398	292.950

FDI IN VIETNAM BY PARTNER (Accumulated until 20th June 2016)



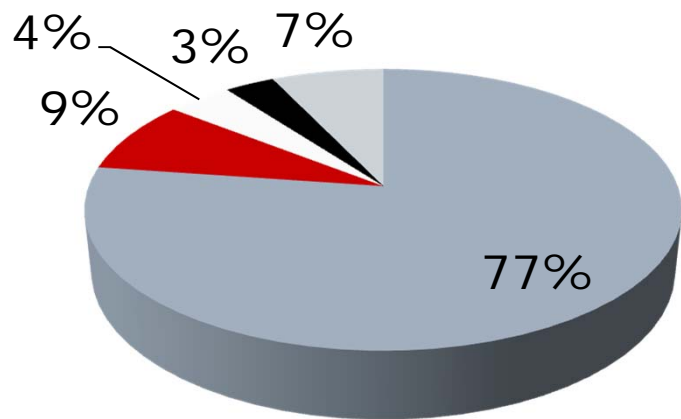
Source: FIA, MPI

No.	Partner	Number of project	Total registered capital (bil USD)
1	Korea	5.363	48,47
2	Japan	3.117	39,8
3	Singapore	1.643	37,9
4	Taiwan	2.525	31,86
5	British Virgin Islands	654	19,95
6	Hongkong	1.045	16,62
7	Malaysia	547	13,88
8	America	816	10,86
9	China	1.445	10,73
10	Thailand	466	9,44
	Other countries(106)	3.785	53,69
	Total (116 countries)	21.398	292,9

FDI FROM THAILAND BY SECTORS

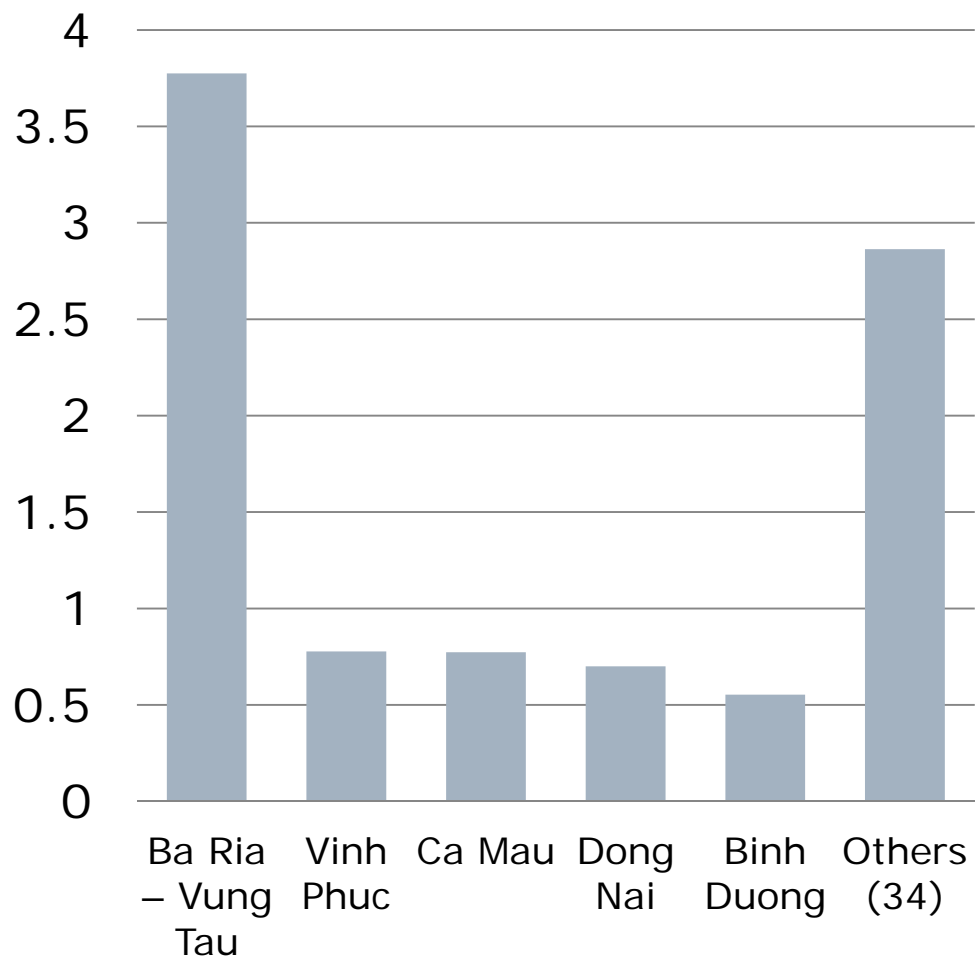
(Accumulated until 20th June 2016)

- Manufacturing and processing industry
- Producing electricity, gas, water, air conditioner
- Real estate
- Automobile, motorcycle and other motor vehicles
- Others



No.	Sectors	No. of projects	Total registered capital (mil USD)
1	Manufacturing and processing industry	217	7294.8
2	Producing electricity, gas, water, air conditioner	02	788.44
3	Real estate	05	388.39
4	Automobile, motorcycle and other motor vehicles	96	298.33
5	Agriculture, forestry and fishery	33	261.54
6	Construction	21	121.58
7	Hotel, food	10	98.48
8	Finance & banking, insurance	03	50
9	Science & technology	31	46.78
10	Mining	01	11.20
11	Others (8 sectors)	47	83.49
	Total	466	9443.02

FDI FROM THAILAND BY PROVINCES (Accumulated until 20th June 2016)



No.	Provinces	Projects	Total registered capital (bil USD)
1	Ba Ria – Vung Tau	2	3.775
2	Vinh Phuc	14	0.777
3	Ca Mau	01	0.773
4	Dong Nai	38	0.700
5	Binh Duong	28	0.553
6	Ho Chi Minh	171	0.544
7	Ha Noi	62	0.418
8	Bac Ninh	05	0.227
9	Long An	23	0.216
10	Hung Yen	06	0.185
	Others (34)	116	1.271
	Total	466	9.443

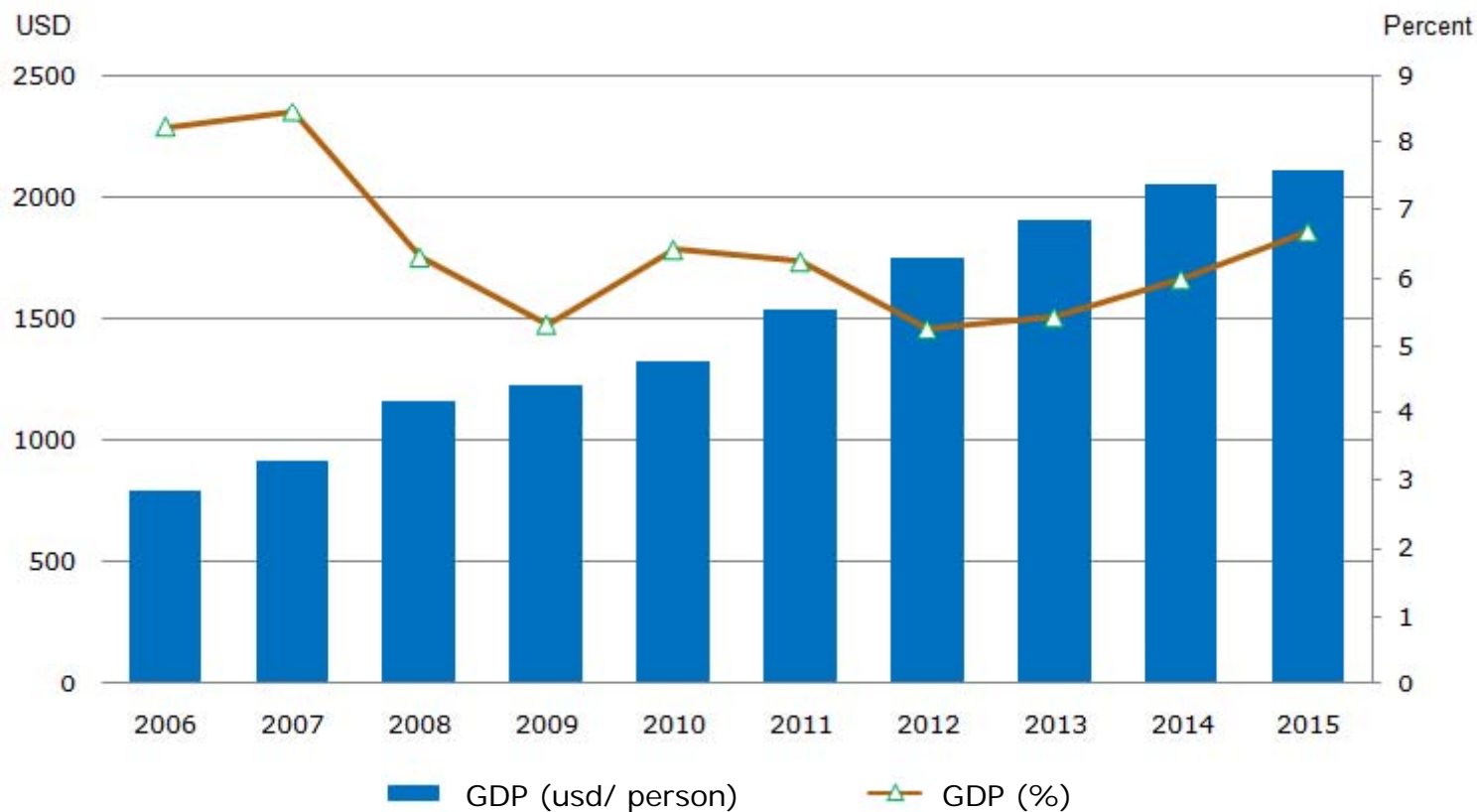
ORIENTATION OF FDI

- Projects with high added value, using modern technology, environmentally friendly;
- Attracting large-scale projects producing highly-competitive products participating in the global value chain;
- Encouraging industrial projects, gradually shifting from production to processing;
- Projects in infrastructure development, training, high-quality human resources, R&D, modern services;
- Project in information technology and biotechnology for agriculture and high-quality agriculture;

IV. WHY INVEST IN VIETNAM



ECONOMIC GROWTH



YEAR	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
GDP (USD/PERSON)	796,7	919,2	1164,6	1232,4	1333,6	1542,7	1754,5	1907,6	2052,3	2109
GDP (%)	8,23	8,46	6,31	5,32	6,42	6,24	5,25	5,42	5,98	6,68

Source: General Statistics Office of Vietnam, Ministry of Planning and Investment

GLOBAL ECONOMIC INTEGRATION

FREE TRADE AGREEMENTS (FTAs)

11 signed FTAs

ASEAN-AEC

ASEAN - India

ASEAN – Australia/New Zealand

ASEAN – Korea

ASEAN – Japan

ASEAN – China

VietNam – Japan

VietNam – EU

VietNam – Kora

VietNam – Eurasian Economic Union

TPP

FTAs under negotiation

- RCEP (ASEAN +6)
- ASEAN - Hồng Kông
- Vietnam - EFTA

(Swiss, Iceland, Norway, Iceland, Norway, Liechtenstein)

By 2020, Vietnam will take an important role of economic connection network of 55 partners in which 15 are members of G-20



TPP (12 nước)

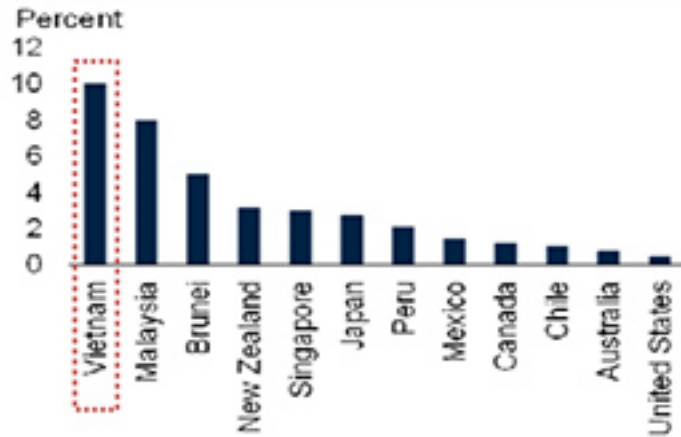


EXPORT AND IMPORT OF VIETNAM FROM 2006 TO 2015

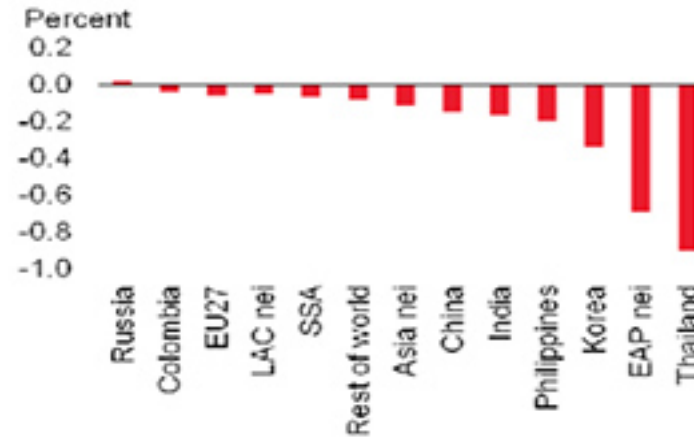


Source: General Statistics Office of Vietnam, Ministry of Planning and Investment

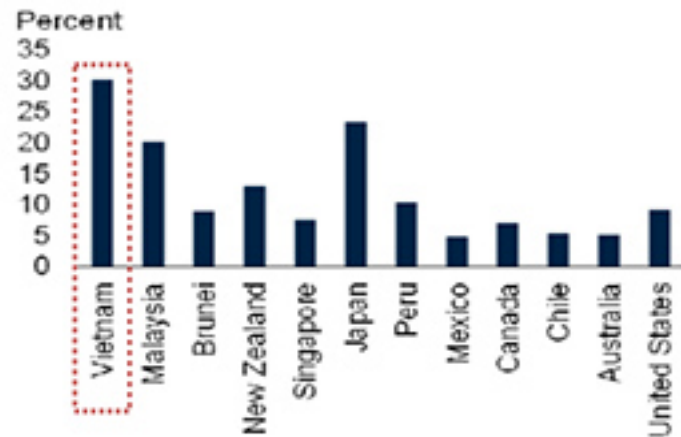
Change in GDP: TPP members



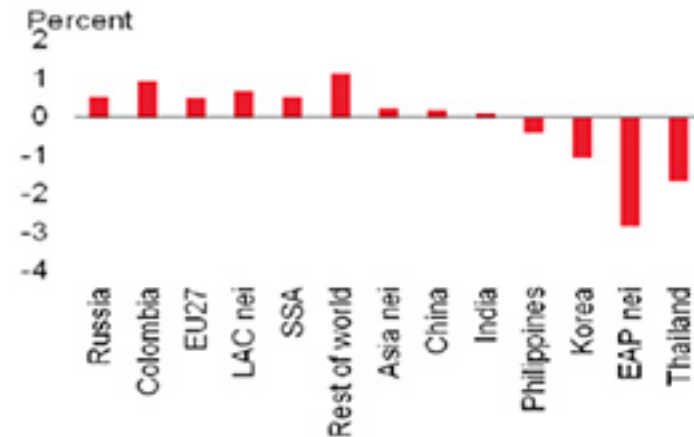
Change in GDP: Non-members



Change in exports: TPP members



Change in exports: Non-members

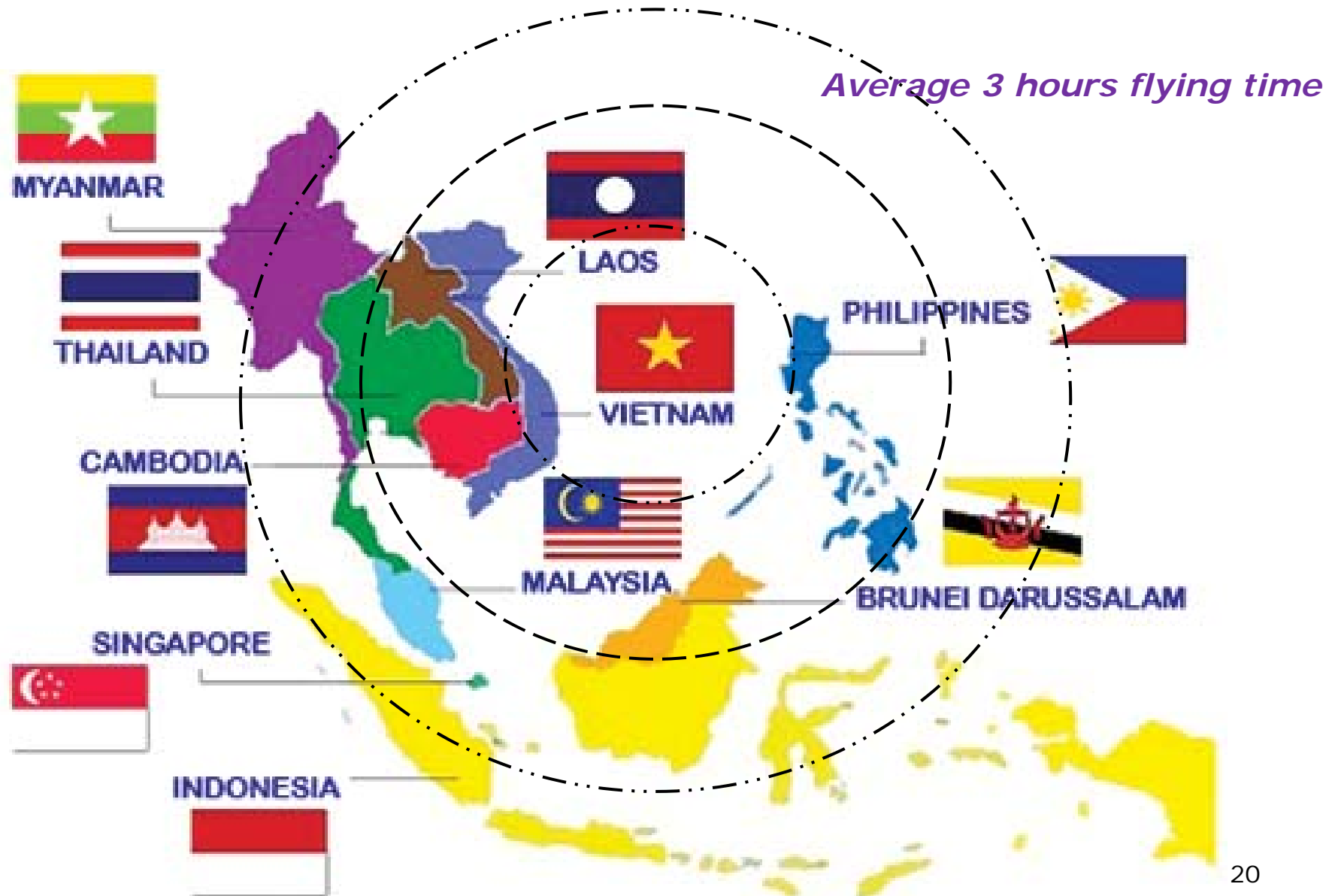


Source: Global Economic Prospects, World Bank Group

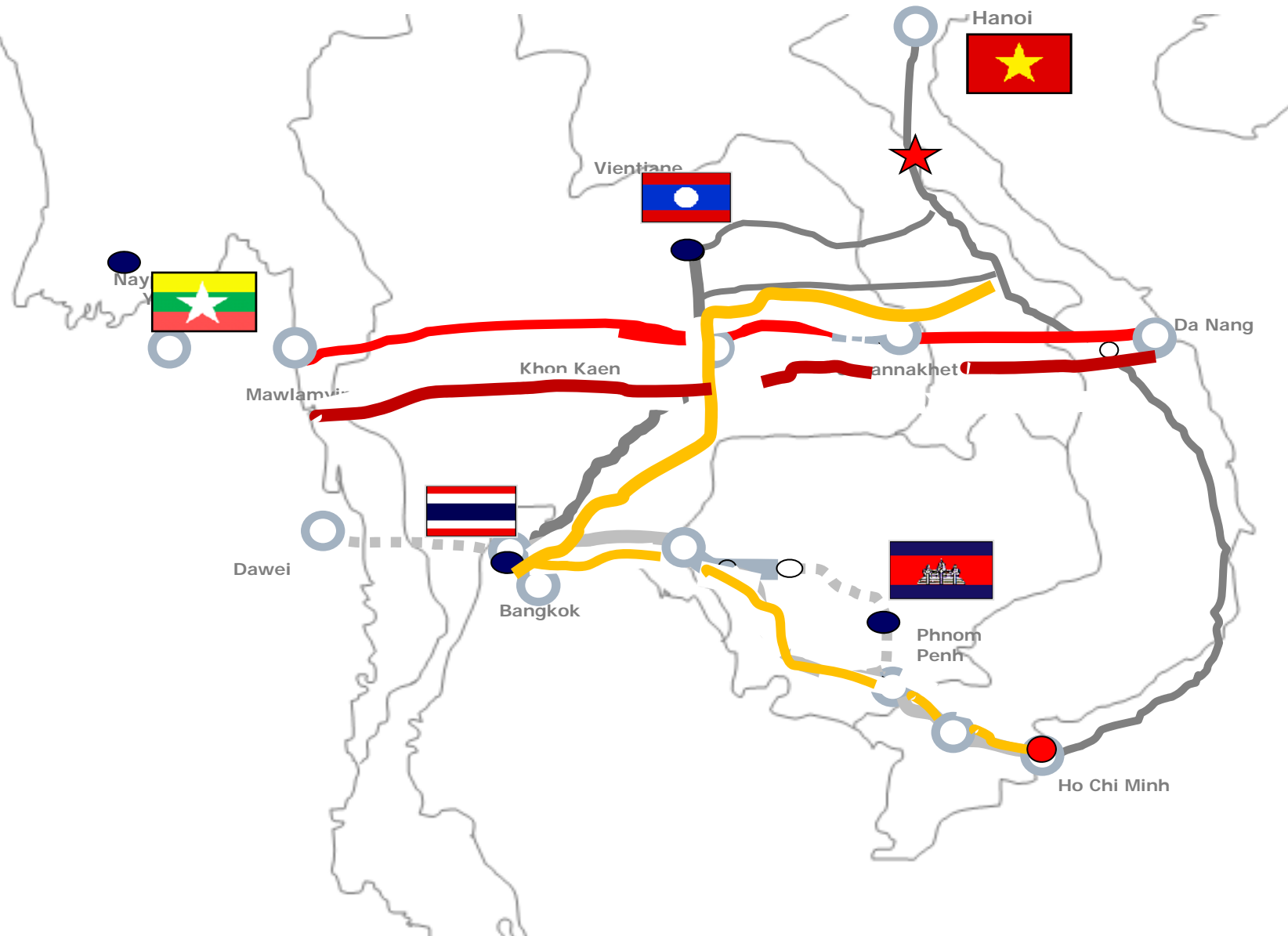
Note: "LAC nei" includes Argentina, Bolivia, Brazil, Costa Rica, Ecuador, Guatemala, Honduras, Rest of the Caribbean, Nicaragua, Panama, Rest of Central America, Paraguay, El Salvador, Uruguay, Venezuela RB, Resto of North America, Resto of South America. "Asia nei" includes Bangladesh, Kazakhstan, Kyrgyz Republic, Mongolia, Nepal, Pakistan, Resto of South Asia, Rest of Former Soviet Union, Rest of Western Asia, Sir Lanka. "EAP nei" covers Cambodia, Lao PDR, and Resto of Southeast Asia. "SSA" indicates Sub-Saharan Africa.

STRATEGIC LOCATION



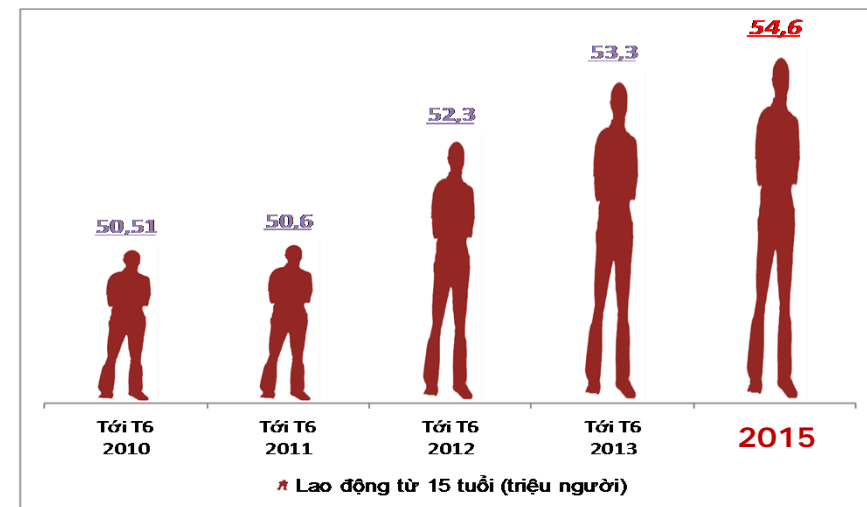
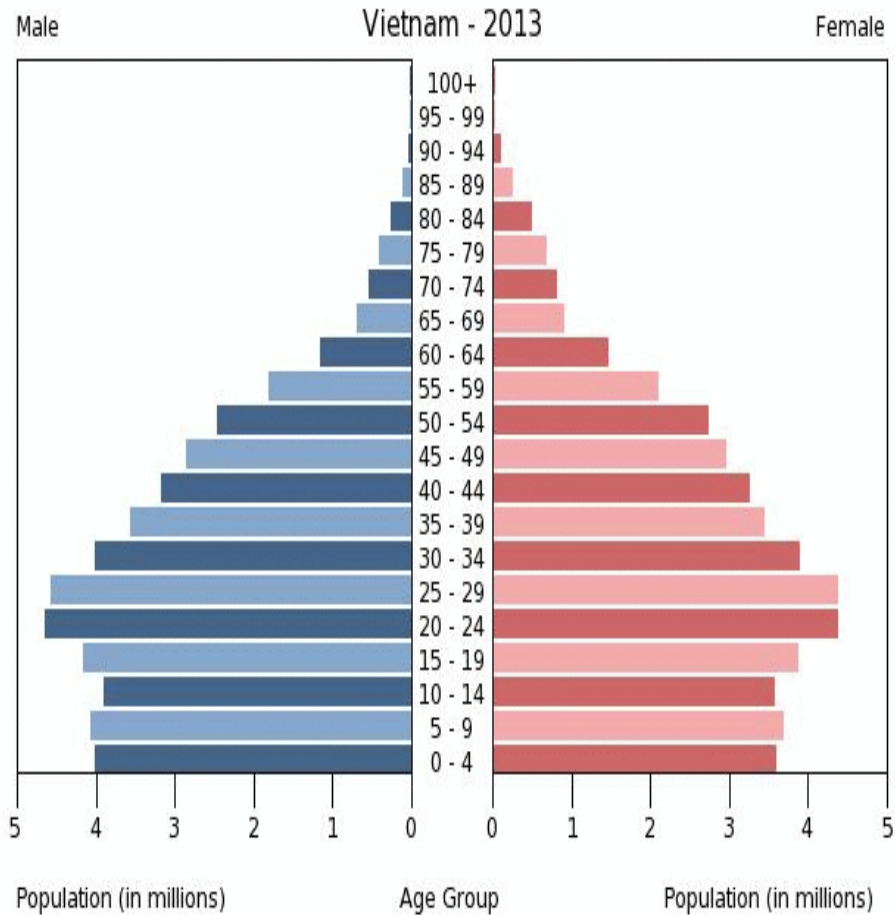


EAST – WEST ECONOMIC CORRIDOR

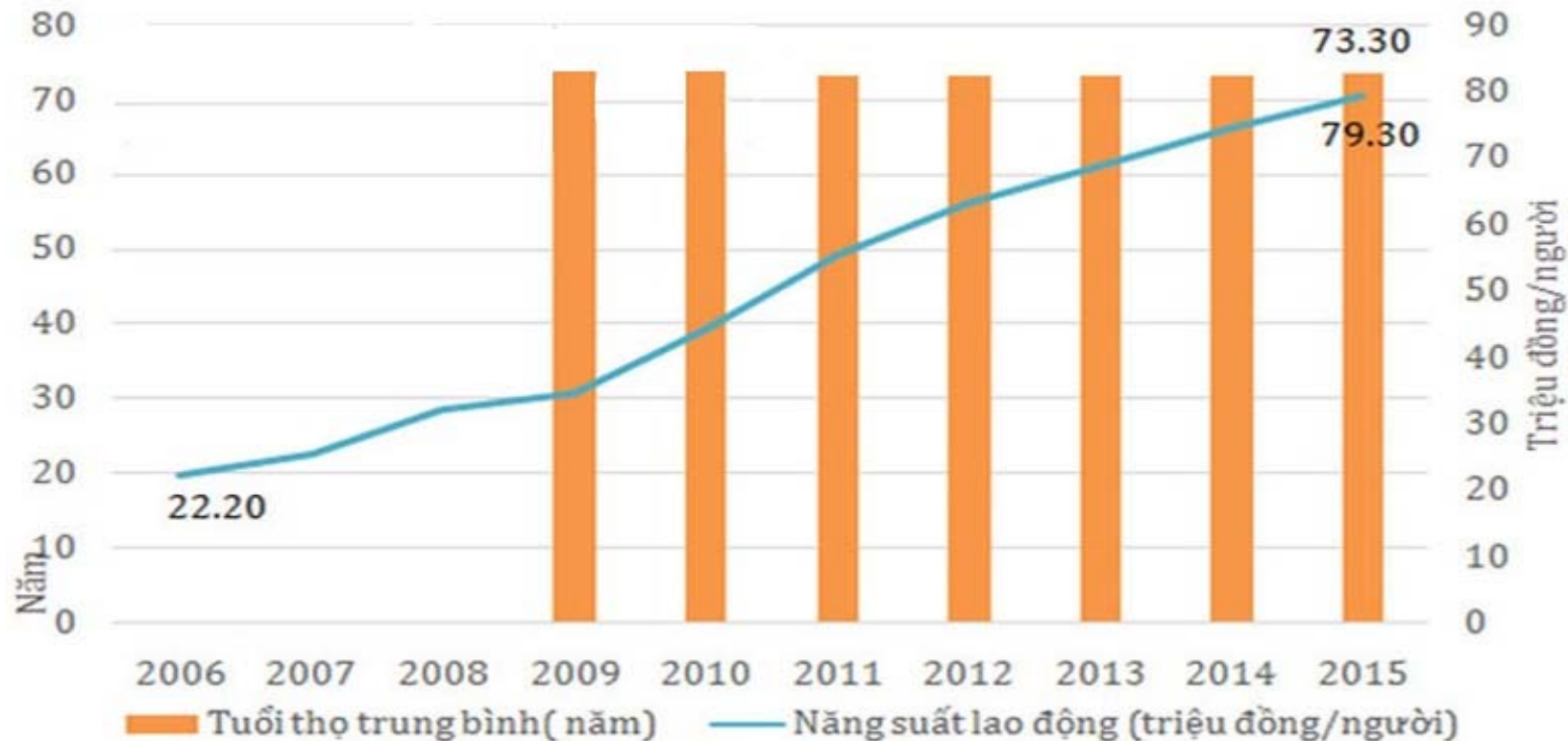


COMPETITIVE HUMAN RESOURCE

POPULATION PYRAMID



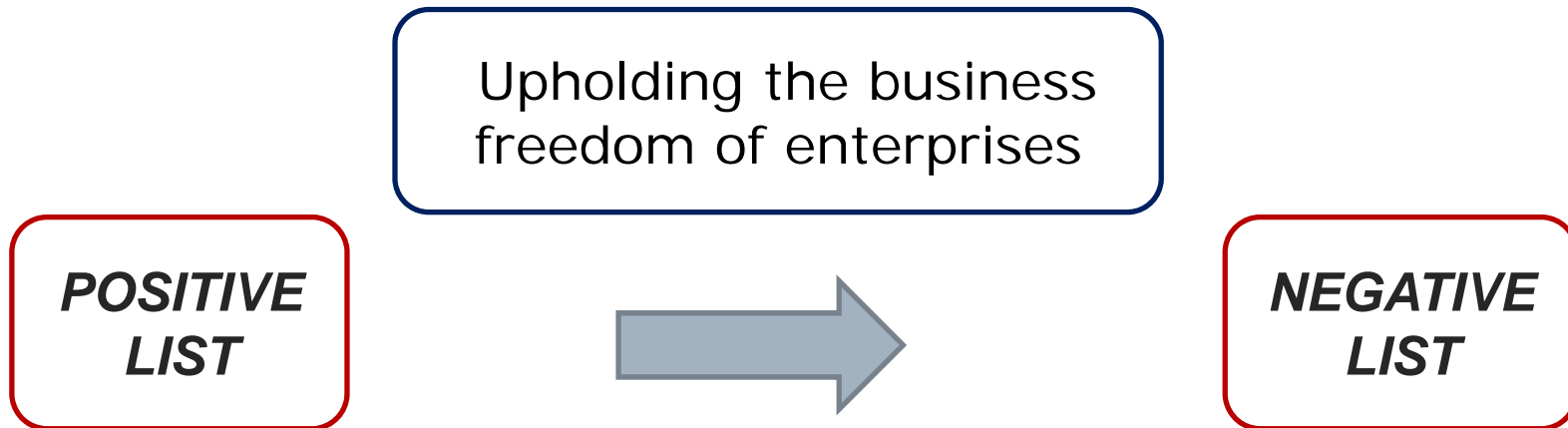
COMPETITIVE HUMAN RESOURCE



Source: General Statistics Office of Vietnam, Ministry of Planning and Investment

- In the past 10 years, labor productivity grew strongly, from over VND22 million/person to nearly VND80 million/person (approximately 3.800USD/person).
- Along with economic development, social labor productivity in Vietnam has also improved but still low compared to other countries in the region. **However, in terms of growth of social labor productivity, Vietnam has labor productivity growth rate much higher than Indonesia, South Korea and Thailand.**

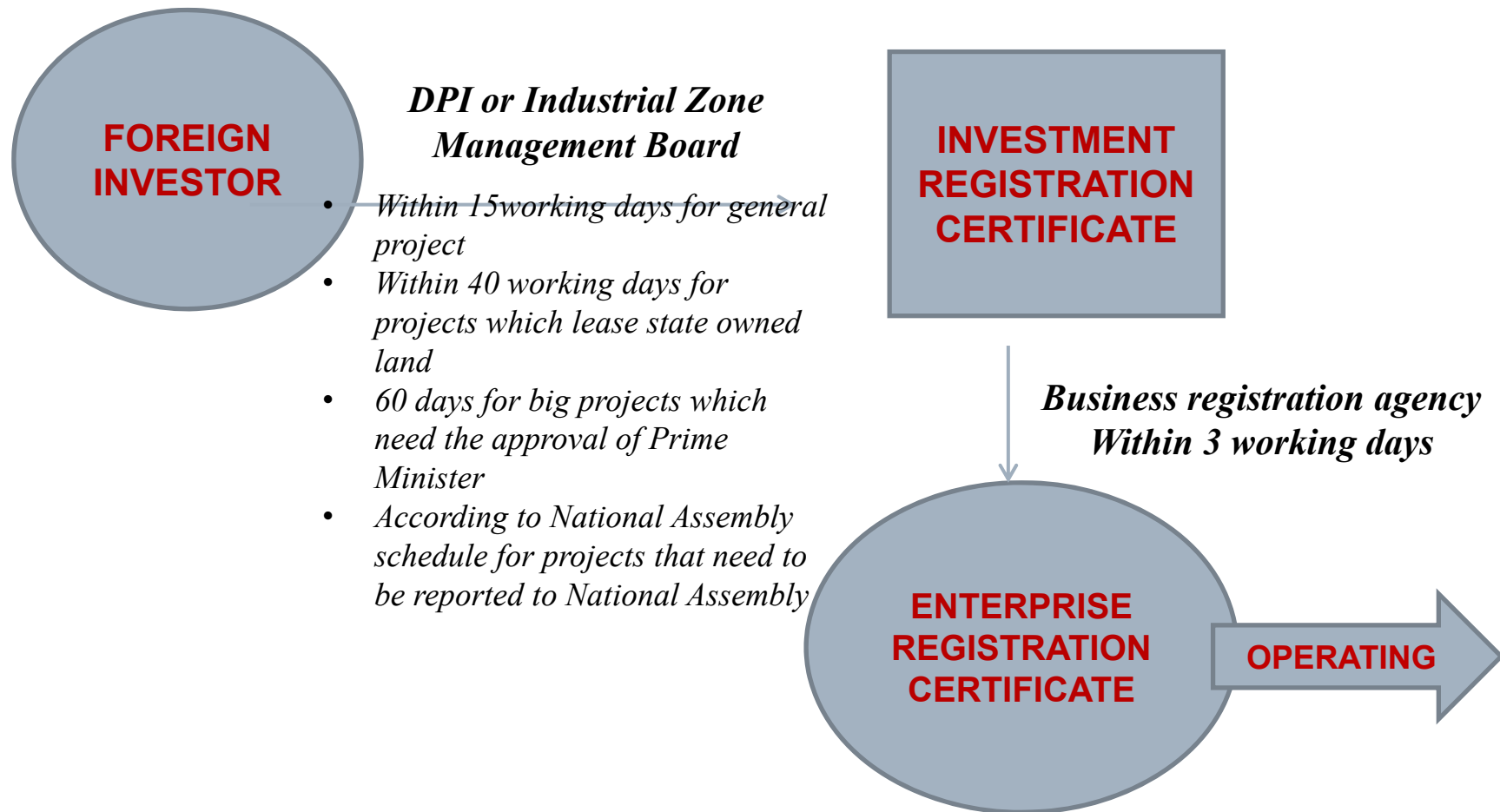
OPEN POLICY WITH HIGH INVESTMENT INCENTIVES



→ Whatever is restricted, then it is recorded in laws; for the rest, corporations and investors are allowed to conduct business and investment activities in accordance with the laws.

Lists of banned business lines and the List of conditional business lines are published through National Investment Information System (website: <https://dautunuocngoai.gov.vn/fdi>)

The process of investment licensing procedures (According to the new amended Investment Law 2014)



The Government has issued **Decree 118** guiding details Investment Law which takes effect from the date of 27/12/2015

BUSINESS ADMINISTRATIVE PROCEDURE REFORMS

	Content	Before Reforms	After Reforms	Results in 2015
1	Tax payment procedures	537 hours/ year	201 hours/ year	171 hours/ year (equivalent to Asean 6)
2	Import and Export Customs Procedures	126 hours	63 hour (reduction of 50%)	Equivalent to Asean 6
3	Social insurance procedures	335 hours/ year	108 hours/year	49,5 hours/ year (equivalent to Asean 6)
4	Time for electricity supply ▪ High voltate ▪ Average high voltage ▪ Low voltage	180 days 132 days 90 days	70 days 35 days 15 days	
5	Business Establishment Procedures and Market Access	32 days (from 2005 until 2008)	5 days (from 2008 until now)	3 days

INVESTMENT INCENTIVES

Corporate income tax(CIT)

Tax rates	Application condition	Term for incentive application
20%	The common CIT rates	
17%	<ul style="list-style-type: none"> - Regions with difficult socio-economic conditions; - Feed production for poultry, cattle and aquiculture; - Agriculture machinery, energy saving products, high-grade steel; - Traditional trade 	10 years
	<ul style="list-style-type: none"> - These enterprises which has total sales of less than 20 billion Dong (<i>900 thousand USD</i>); - Income from small credit institutions and small finance funds 	Whole investment period
15%	Enterprises are in not difficult socio- economic conditions area which are doing planting, breeding, processing of agricultural and fisheries	Whole investment period
10%	<ul style="list-style-type: none"> - Regions with particularly difficult socio-economic condition; - Economic zones and high-tech zones, areas of research and development, software, particularly important infrastructure, environmental protection, large-scale plants 	15 years
	<ul style="list-style-type: none"> - Social sector (education, training, medical, culture, sport, environment, etc); - Agriculture, social housing development, etc. 	Whole investment period
***	These projects are eligible for the preferential tax exemption in several years, tax- free in maximum 4 years, 50% tax rate for next 9 years.	

CIT AND VAT COMPARISION AMONG ASEAN COUNTRIES

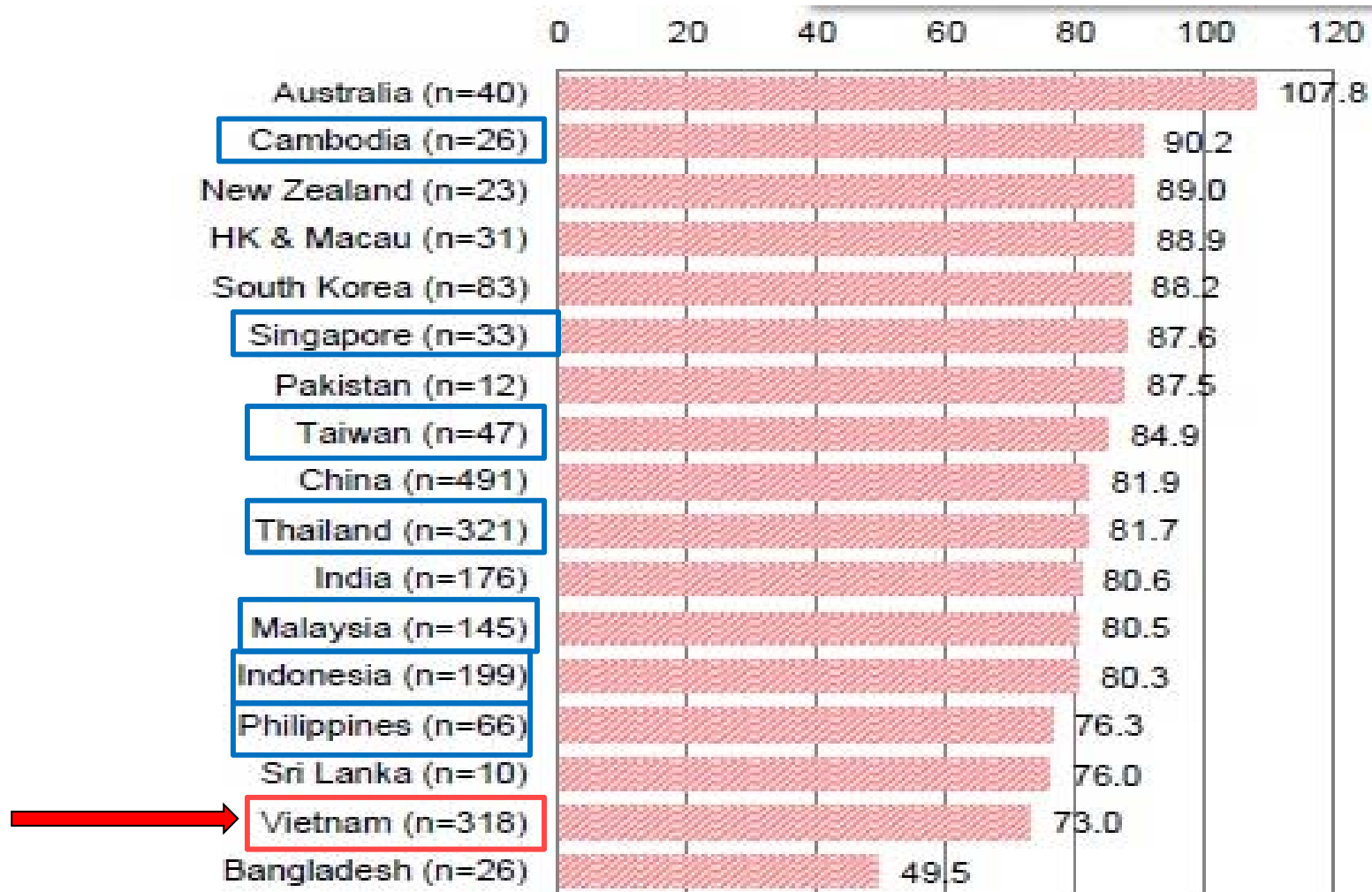
	Corporate Income Tax	Value Added Tax
CAMBODIA	20%	10%
INDONESIA	25%	10%
LAOS	24%	10%
MALAYSIA	24%	Sales tax 10%
MYANMAR	25%	
PHILIPPINES	30%	12%
SINGAPORE	17%	7%
THAILAND	20%	7%
VIETNAM	20%	10%

Source: World Bank and KPMG updated June 2016

BUSINESS ENVIRONMENT REFORMS

- MPI is the focal point of drafting new amended laws on investment and business. They will be submitted to Central Government on August 2016 and National Assembly on October 2016 with aims to modify some regulations that are obstacles to business environment.
- Government completed reviewing all business regulations that were not complying with current laws. New business regulations will be published by issuance of 50 degrees taking effect since 1 July 2016

LOCAL PRODUCTION COST IN COMPARISON WITH PRODUCTION COST IN JAPAN, WHICH IS TAKEN AS 100 (by country/ region)



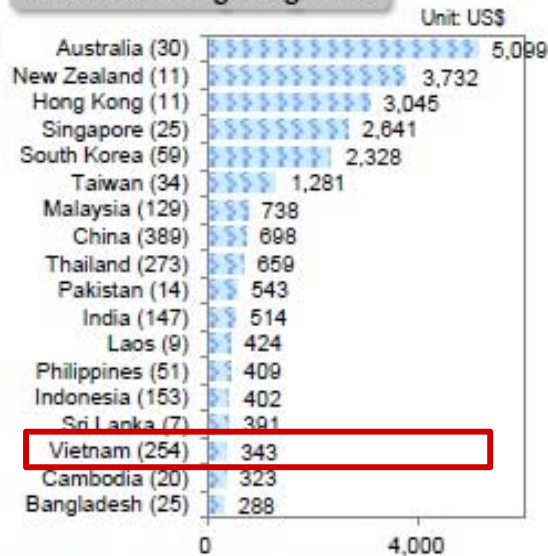
Source: 2015 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania.

WAGE/ BASE SALARY COMPARISON

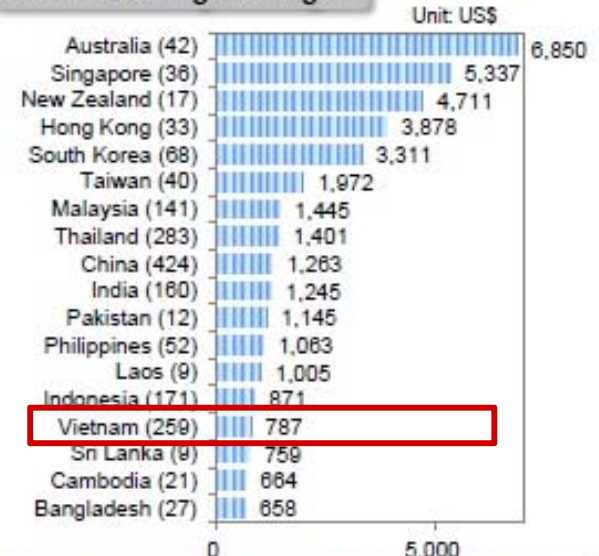
Manufacturing • Worker



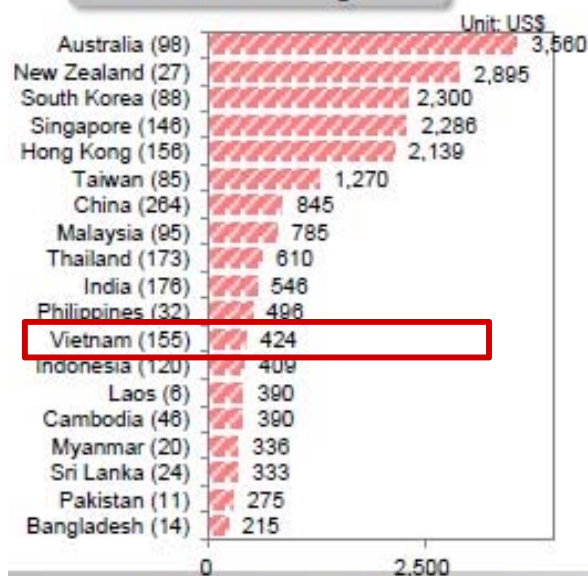
Manufacturing • Engineer



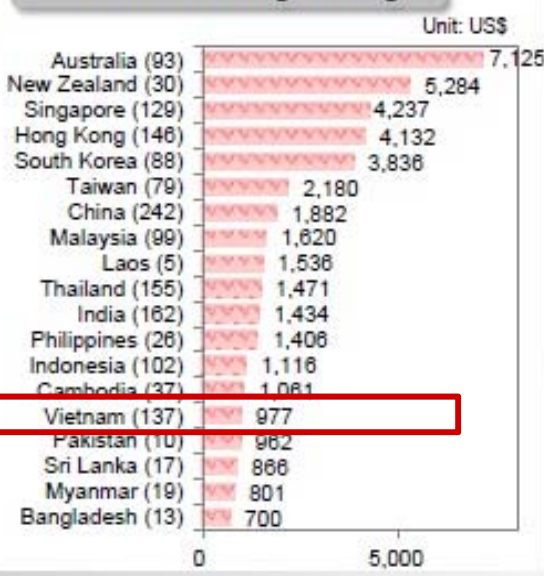
Manufacturing • Manager



Non-Manufacturing • Staff



Non-Manufacturing • Manager



Base salary: Salary excluding benefits, as of October 2015

Worker: Regular general workers with 3 years of work experience, not including contract-based and probationary workers
Engineer: Regular employees who are core technicians, graduates of a vocational college or university, and have 5 years of experience
Manager (Manufacturing): Regular employees who are section managers in charge of sales, university graduates, and who have 10 years of work experience
Staff: Regular general workers with 3 years of work experience, not including dispatched and probationary workers
Manager (Non-manufacturing): Regular employees who are section managers in charge of sales, university graduates, and who have 10 years of work experience

Note: Except for Cambodia, base salaries were reported in local currencies. (For Myanmar, salaries were reported selectively either in the local currency or in U.S. dollars.) The average wage for each job type in the local currency was converted to the U.S. dollar, using the average exchange rate of October 2015 (published by the central bank of each country/region, or by the State Administration of Foreign Exchange, for China). For Myanmar, where firms reported base salaries either in the local currency or in U.S. dollars, base salaries reported in the local currency were converted to U.S. dollars to calculate the average.

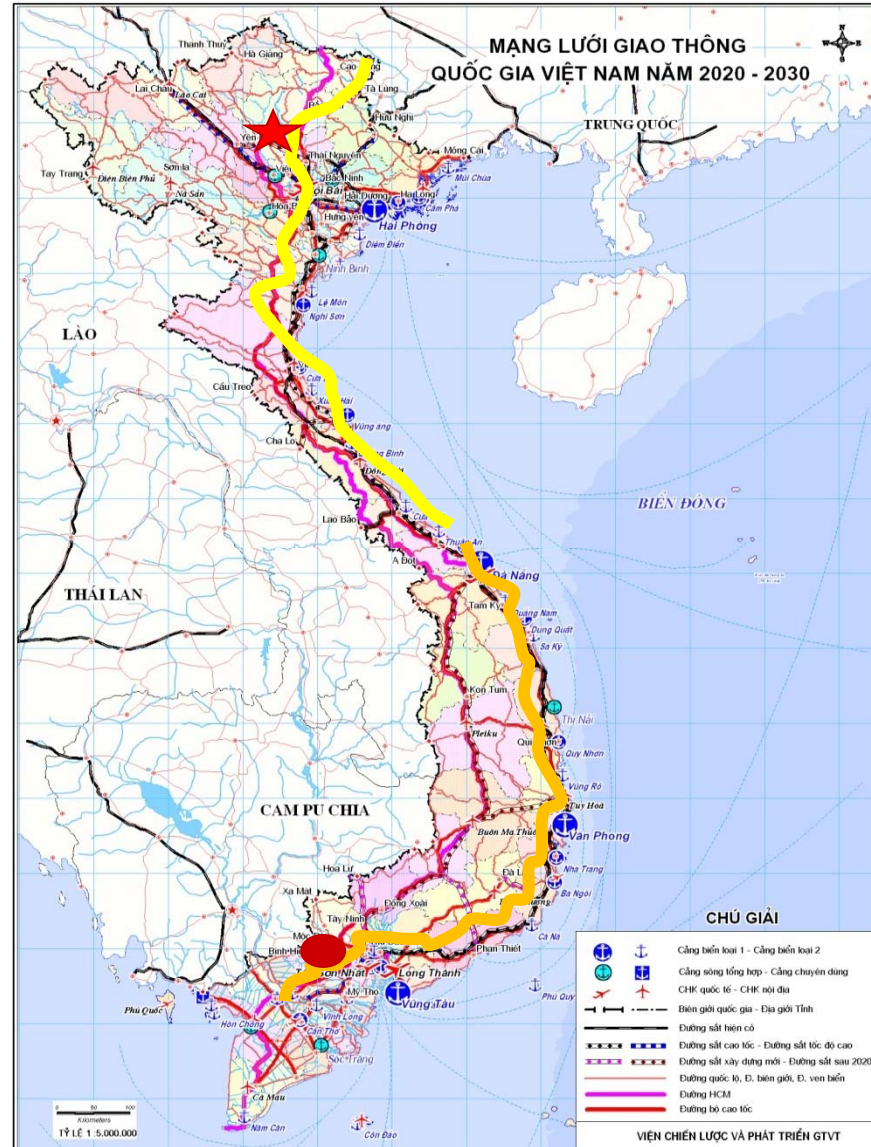
IMPROVED INFRASTRUCTURE

ROAD

❖ By 2020: 2500 km highway road (2015: 720 km). Enhancing to invest in road connectivity with ASEAN countries and China



Hanoi – Hai Phong highway



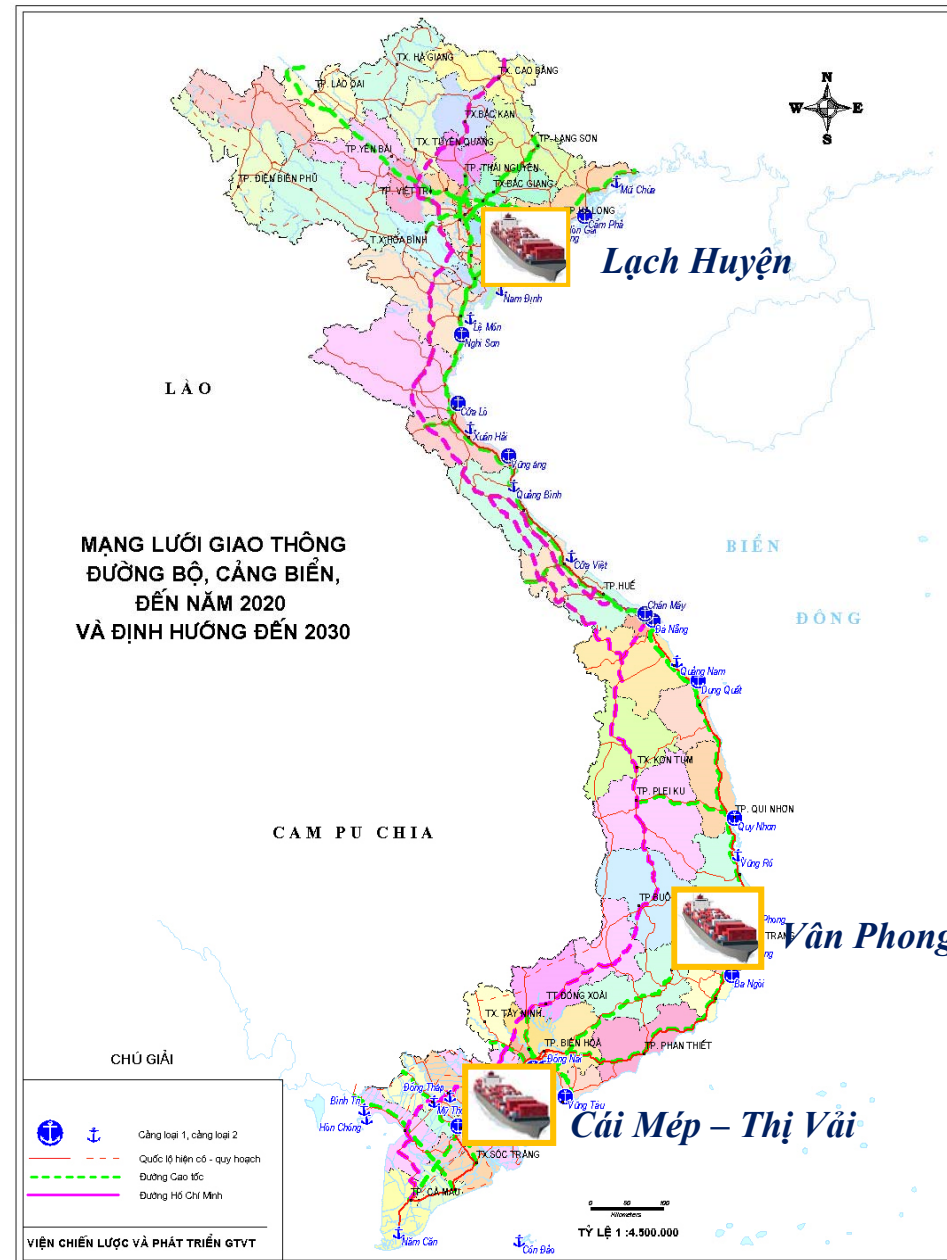
Seaport

39 seaports, 3 Port 1A

International Transshipment (*Lach Huyen - HaiPhong, Van Phong, Cai Mep - Thị Vải*)



Lach Huyen International Transshipment

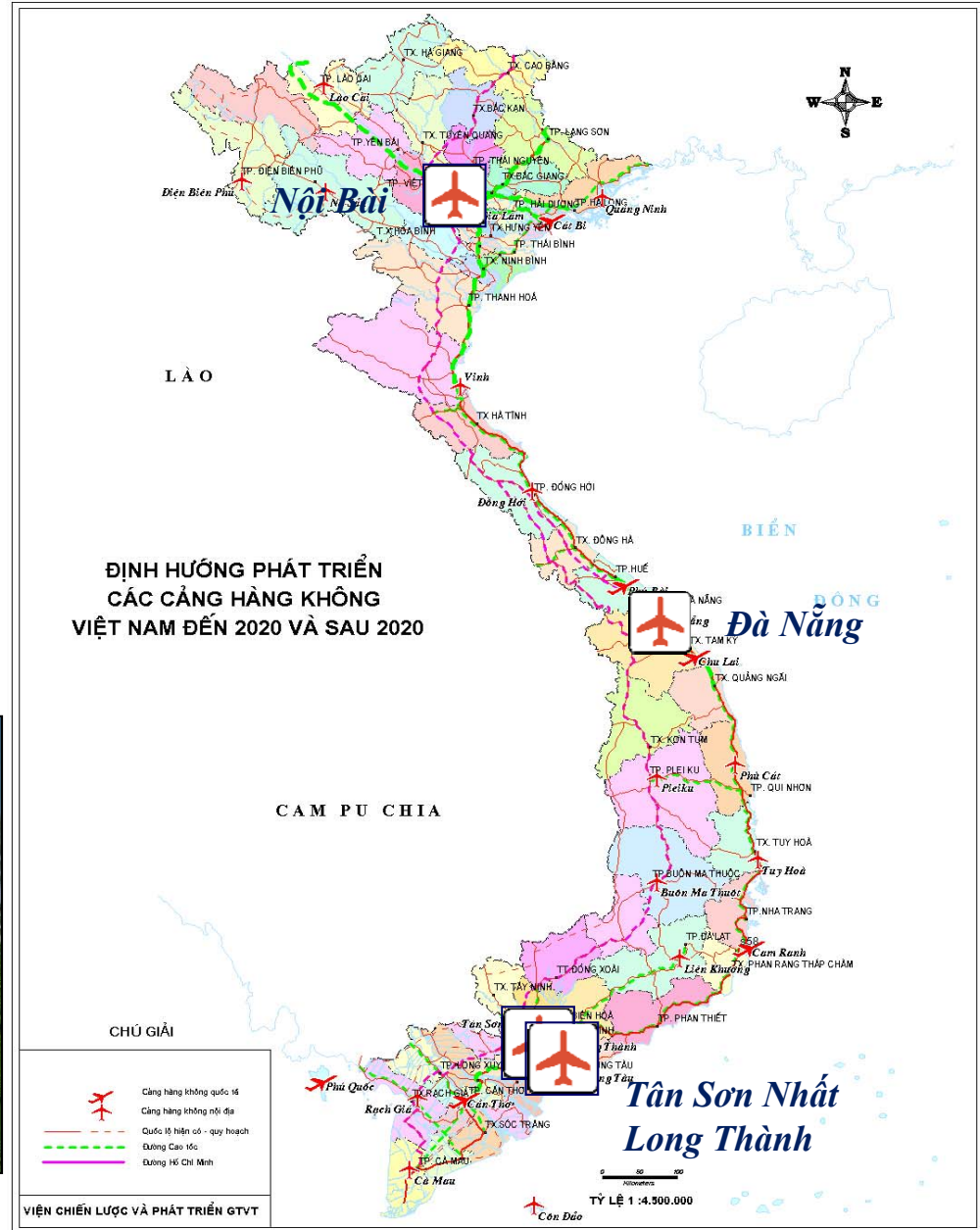


Airports

❖ 21 airports (11 International Airports)

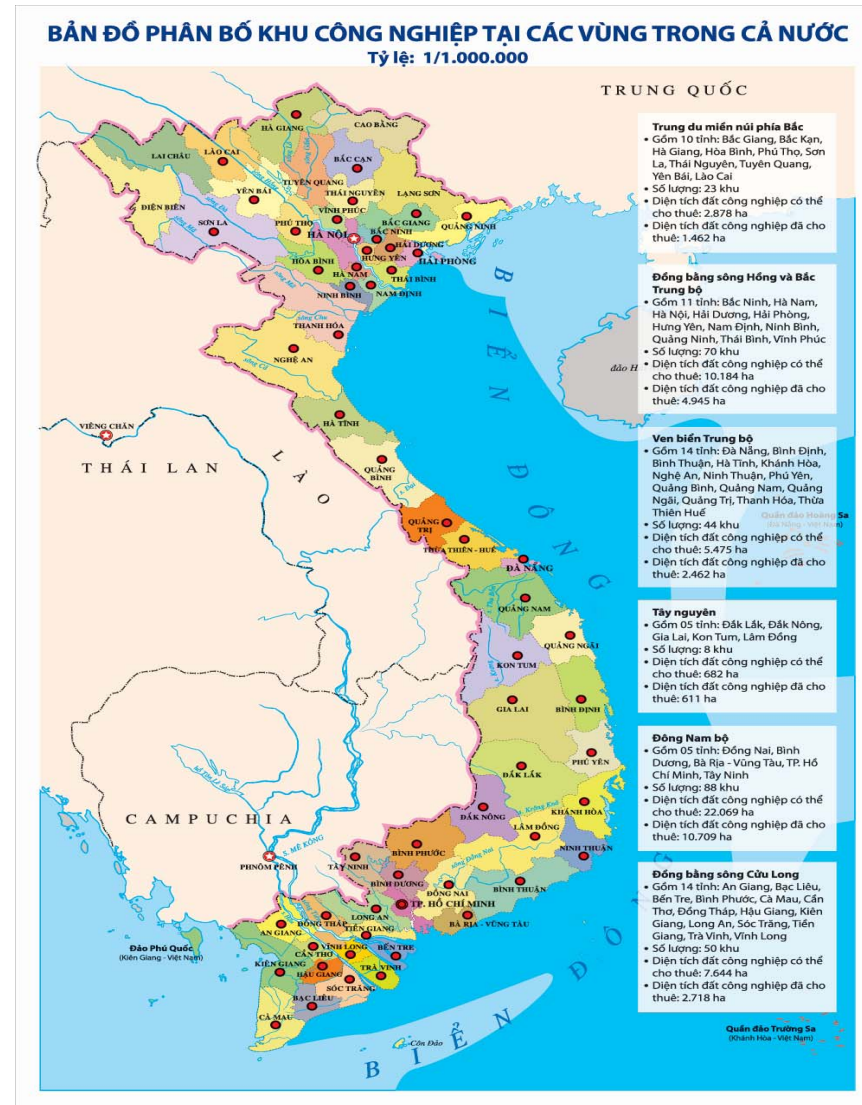


Noi Bai Airport (T2)



INDUSTRIAL PARK AND ECONOMIC ZONES IN VIETNAM

- ❖ 316 Industrial Parks
(inthere, 43 industrial parks are FDI)
- ❖ 15 coastal economic zones
- ❖ 03 high tech zones *(and will be 06 high tech zones in year 2030)*

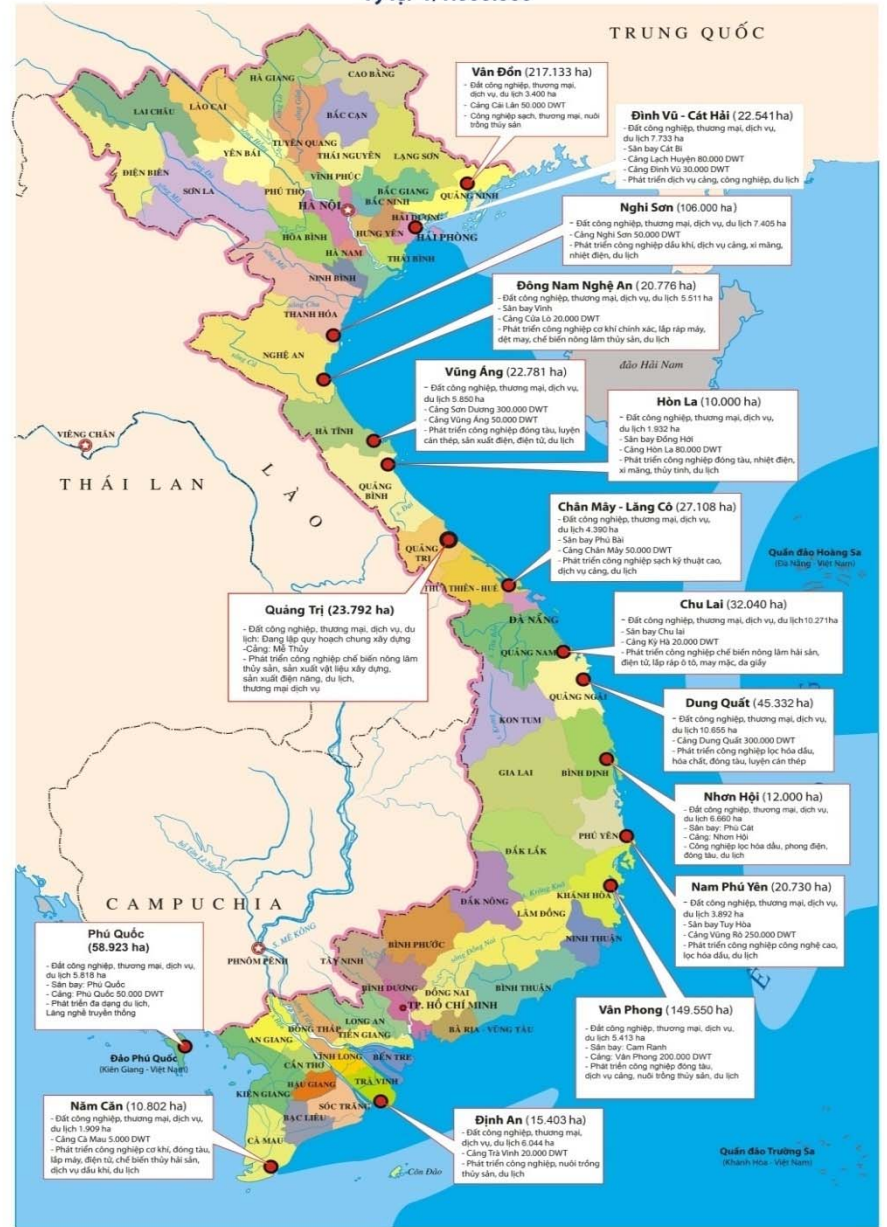




THE DEVELOPMENT OF ECONOMIC ZONES IN VIETNAM

NAME	LOCATION	AREA (ha)
Chu Lai	Quang Nam	27.040
Dung Quat	Quang Ngai	45.332
Nhon Hoi	Binh Dinh	12.000
Chan May – Lang Co	TT- Hue	27.108
Vung Ang	Ha Tinh	22.781
Nghi Son	Thanh Hoa	106.000
Van Phong	Khanh Hoa	150.000
Phu Quoc Island	Kien Giang	58.923
Nam Phu Yen	Phu Yen	20.730
Dinh Vu – Cat Hai	Hai Phong	22.540
Dinh An	Tra Vinh	39.020
Nam Can	Ca Mau	11.000
Van Don	Quang Ninh	217.133
Hon La	Quang Binh	10.000
Dong Nam Nghe An	Nghe An	21.426
Dong Nam Quang Tri	Quang Tri	23.792
Total		814.792

BẢN ĐỒ PHÂN BỐ CÁC KHU KINH TẾ VEN BIỂN ĐÃ ĐƯỢC THÀNH LẬP
Tỷ lệ: 1/1.000.000



5. FIA SUPPORT FOR THAILAND

- Provide information about policies and investment opportunities in Vietnam.
- Arrange the business matching with partners of Vietnam, Industrial zone and Economic zone.
- Arrange to work with state agencies of Vietnam.
- Guide Thai investors to establish enterprises, build factories, choose investment destination in Vietnam.
- Support to solve difficulties and problems while doing business in Vietnam.
- Other necessary assistance as proposed by Thai investors.

CONTACT US

OVERSEAS INVESTMENT REPRESENTATIVES OF MPI

- 1) Tokyo (Japan): lanba75jp@yahoo.co.jp (Mr. Nguyen Van Ba)
- 2) Osaka (Japan): [namdx.mpi@gmail.com](mailto:namdix.mpi@gmail.com) (Mr. Do Xuan Nam)
- 3) Seoul (Korea): tamhienmpi@gmail.com (Ms.Dinh Thi Tam Hien)
- 4) Taipei (Chinese Taiwan): cuongfia@yahoo.com.vn (Mr.Nguyen Ba Cuong)
- 5) Singapore: mpi_minh@yahoo.com.vn (Ms.Nguyen Thi Thu Minh)
- 6) Vientiane (Laos): nguyendinhba39@gmail.com (Mr.Nguyen Dinh Ba)
- 7) Paris (France): honglempi@yahoo.com (Ms.Nguyen Hong Le)
- 8) Berlin (Germany): qtuan629@gmail.com (Mr.Dang Quoc Tuan)
- 9) Washington DC (USA): tranhongky@viettel.vn (Mr. Tran Hong Ky)
- 10) Sanfrancisco (USA): khanghvgms@gmail.com (Mr. Hoang Viet Khang)

CONTACT US:

Foreign Investment Agency

6B Hoang Dieu, Ba Dinh, Ha Noi

Tel: 08048461 Fax: 37343769

Website: <http://fia.mpi.gov.vn/Home/en>

Email: fiavietnam@mpi.gov.vn

Investment Promotion Center of the Northern Vietnam

65 Van Mieu, Ha Noi

Tel: 844.38458149 Fax: 844.38437927

Website: <http://ipcn.mpi.gov.vn/Home/News.aspx?CatId=39>

Email: ipcn@mpi.gov.vn

Investment Promotion Center of the Central Vietnam

103 Le Sat, Hai Chau, Da Nang

Tel: 84511.33889689 Fax: 84511.33889679

Website: <http://centralinvest.gov.vn/Default.aspx?lang=en>

Email: ipcmientrung@gmail.com

Investment Promotion Center of the Southern Vietnam

289 Dien Bien Phu, Ho Chi Minh

Tel: 848.39306671 Fax: 848.39305413

Website: <http://www.ipcs.vn/en/> Email: bbt@ipcs.vn

WEBSITE FOR REFERENCE

No	Website	Cơ quan
1	https://dautunuocngoai.gov.vn/fdi	National portal on foreign investment
2	http://www.chinhphu.vn/portal/page/portal/English	Electronic portal of the Government
3	http://www.mpi.gov.vn/en/Pages/default.aspx	Ministry of Planning and Investment
4	http://fia.mpi.gov.vn/Home/en	Foreign Investment Agency
5	https://dangkykinhdoanh.gov.vn/en-gb/home.aspx	Business Registration Management Agency
6	http://www.gso.gov.vn/Default_en.aspx?tabid=491	General Statistics Office
7	http://www.khucongnghiep.com.vn/en/home.aspx	Vietnam Industrial Zone
8	http://muasamcong.mpi.gov.vn/main/index_en.html	E-Procurement system
9	http://www.moit.gov.vn/en/Pages/default.aspx	Ministry of Industry and Trade
10	http://www.mof.gov.vn/webcenter/portal/mof?_afrLoop=23666829411276277#!%40%40%3F_afrLoop%3D23666829411276277%26_adf.ctrl-state%3Dxjjgulpmf_101	Ministry of Finance



Reaching Above and
Beyond...

THANK YOU !