



Vietnam Legal Update

January 2004

Hanoi Branch Office
Suite 401, Hanoi Tower
49 Hai Ba Trung
Hanoi
Vietnam
Tel +84 4 936 0990
Fax +84 4 936 0984
bill.magennis@phillipsfox.com

Ho Chi Minh City Branch Office
Suite 605, Saigon Tower
29 Le Duan Boulevard
District 1, Ho Chi Minh City
Vietnam
Tel +84 8 822 1717
Fax +84 8 822 1818
nigel.russell@phillipsfox.com

Melbourne Office
Level 44, 120 Collins Street
Melbourne
Australia
Tel +61 3 9274 5000
Fax +61 3 9274 5111
maureen.mclaughlin@phillipsfox.com

www.phillipsfox.com

Adelaide
Brisbane
Canberra
Melbourne
Perth
Sydney
Auckland
Wellington
Hanoi
Ho Chi Minh City

Part 1 Selected New Legal Instruments

1.1	Foreign Invested Shareholding Companies	2
1.2	Pricing	5
1.3	Foreign Investment in Securities Market	7
1.4	Protection Against Excessive Imports	8
1.5	Tax	9

Part 2 Feature

2.1	2003 Year-End Review of Legal Developments	11
-----	--	----

Part 3 Did You Know?

3.1	National Assembly Program for 2004	19
3.2	New Draft of Competition Law	20
3.3	Ministry of Trade	20

Part 4 [Vietnam Laws Publications](#)

Chúc mừng năm mới
to all our readers

This publication is copyright. Except as permitted under relevant laws, no part of this publication may be reproduced by any process, electronic or otherwise, without the specific written permission of the copyright owner. ©Phillips Fox

The material contained in Vietnam Legal Update is intended to inform you of recent legal developments in Vietnam. It is not intended, and should not be relied upon, as legal advice. Should you wish further information in relation to any legal instrument or matter mentioned in this issue, please do not hesitate to contact one of our offices.

For the most recent issues of Vietnam Legal Update, go to www.phillipsfox.com

For all past issues of Vietnam Legal Update (since September 1997), go to www.mekongsources.com
(a search function will assist you in looking for articles on particular subjects)
or www.saigontoday.net

Part 1 Selected New Legal Instruments

1.1 Foreign Invested Shareholding Companies

Circular 08-2003-TTLT-BKH-BTC of the Ministry of Planning and Investment ("MPI") and the Ministry of Finance dated 29 December 2003 Providing Guidelines on Implementation of a Number of Provisions of Decree 38-2003-ND-CP of the Government dated 15 April 2003 on Conversion of a Number of Foreign Invested Enterprises ("FIEs") into the Form of Shareholding Companies

Circular 08 provides important guidelines on the types of FIEs (which includes joint venture companies ("JVCs") and 100% foreign owned enterprises ("100%FOEs")) which are eligible for selection by the MPI to participate in the first pilot conversions to foreign invested shareholding companies ("FISCs").

Decree 38 limits eligibility to FIEs in the industrial, agricultural and services sectors. Clarifying this, Circular 08 expressly excludes the following types of FIEs from eligibility:

- JVCs in which the foreign party(ies) or both joint venture parties, and 100%FOEs in which the foreign investor(s), have committed to transfer all of their assets to the State or Vietnamese party(ies) without compensation upon expiry of the FIE's licensed duration;
- FIEs with pre-earned revenue, such as those operating in the following sectors: operation of infrastructure for industrial zones, export processing zones, or new urban areas; construction of housing for sale or lease with receipt of monies in advance; construction of offices and apartments for pre-paid lease; golf courses; services involving sale of membership cards; and pre-paid sub-lease of land; and others;
- FIEs investing in the form of BOT, BT or BTO;
- FIEs with total investment capital over USD70 million or below USD1 million;
- FIEs with accumulated losses as at the date of application for conversion (after applying profits from immediately preceding financial year against losses) being equal to or higher than legal capital; and
- FIEs with unrecoverable debts receivable as at the date of application for conversion being higher than legal capital.

Those FIEs not excluded by Circular 08 must still satisfy the conditions prescribed in Decree 38 to qualify for selection:

- Fully paid-up legal capital; and
- At least 3 years in operation, of which the year immediately preceding conversion was profitable.

Following the review of the first pilot conversions (scheduled to commence in May 2005), it is expected that more permanent legislation enabling FIEs to convert to FISCs will be issued in replacement of Decree 38 and Circular 08. Whether this future legislation will broaden the types of FIEs eligible for conversion will depend on the success of the first pilot conversions and the prevailing economic and political climate.

Of particular note, a Law on Real Estate Business is scheduled to be prepared in 2004 and is expected to be considered by the National Assembly in May 2005, but is unlikely to be passed until November 2005 at the earliest. Whether the types of FIEs eligible for conversion will be broadened to include real estate projects (currently excluded under Circular 08) will largely depend on the provisions of this Law.

Circular 08 sets the deadline for applications to participate in the first pilot conversions as 25 March 2004. The selection of FIEs is scheduled to be completed by 25 May 2004.

Circular 08 details the time-limits for evaluation of applications. The MPI must forward applications (if valid) to the relevant ministries and branches for their opinions within 3 working days of receipt. The relevant

ministries and branches must submit their written opinions to the MPI within 15 working days, failing which they will be deemed to have agreed to the application. The MPI must submit its evaluation opinion to the Prime Minister within 30 working days. As under Decree 38, Circular 08 fails to set any time-limit for the Prime Minister to make his decision on approval or refusal of an application. However, the MPI must notify applicants in writing of the Prime Minister's decision within 5 working days of receipt of that decision.

A significant restriction introduced by Circular 08 is the requirement for *any* assignment of shares of foreign founding shareholders *whether to foreign or Vietnamese purchasers* to be passed by the board of management and approved by the MPI. Decree 38 only expressly required the MPI's approval for share assignments to Vietnamese purchasers. However, this Circular 08 approval requirement is not entirely inconsistent with Decree 38. Just as assignments of foreign founding shares to foreign purchasers are subject to the overriding requirement of at least one foreign founding shareholder holding at least 30% of charter capital during the life of the FISC (which is not expressly stated in the Decree 38 provision enabling assignments to foreign purchasers), so now such assignments are also subject to the Circular 08 requirement of board of management approval and the MPI's approval.

Further, this Circular 08 approval requirement is consistent with the aim of this legislation being (amongst other things) to encourage foreign investment by making the Law on Enterprises (a more sophisticated company law than the Law on Foreign Investment) available to foreign investors and *not being* to encourage divestment by foreign investors.

The restriction on share assignments is also consistent with the foreign investment regime. Whereas the Law on Foreign Investment entitles a foreign investor to assign (on the face of the Law, freely) its capital in a FIE, the foreign investment regulations expressly require any assignment of capital to be registered at (really still approved by) the MPI.

Interestingly, Circular 08 does not expressly require the proceeds of assignments of shares by a foreign founding shareholder to a foreign purchaser to be re-invested in Vietnam (as Decree 38 does in the case of a sale to a domestic purchaser, unless overseas remittance is approved by the appropriate body).

Circular 08 does not provide any further details with respect to participation by foreign shareholders in the management of a FISC. Nor does it provide any further details on listing of shares in FISCs on the Vietnamese or overseas securities markets, other than to prescribe the currency for recording par value of shares (VND if issued and listed in Vietnam and in foreign currency if issued or traded overseas) and to require FISCs to report six-monthly and annually on participation in securities markets.

Circular 08 does provide details on valuation for the purpose of conversion to FISCs:

- The value of a FIE is the total value of current assets recorded in its accounting books as audited independently within 6 months prior to submission of the conversion application.
- The value of an investor's capital contribution prior to conversion is the total value of current assets recorded in the FIE's accounting books as audited independently within 6 months prior to submission of a conversion application after deduction of debts payable.
- The date of valuation of a FIE is the date of auditing of its financial statements.
- The value of any assets which are missing, lost, damaged or unusable must be deducted from the value of a FIE after subtracting damages/compensation.
- The value of any excess assets must be included in the value of a FIE.
- Debts receivable which are unrecoverable at the date of valuation of a FIE will be treated as expenses. Debts payable to which creditors have surrendered their rights at the date of valuation of a FIE will be treated as revenue.
- In the period between the date of auditing of financial statements and the date of effectiveness of the amended investment license issued for a FISC, if any profits or losses arise which impact on the value of the FIE, the value of the FIE may be amended by the relevant amount of such profits or losses as audited.

With respect to the actual application to be submitted by FIEs wishing to convert to a FISC, Circular 08 requires a specific explanatory paper as an item in the conversion plan in the following cases

- FIEs adding new founding shareholders;
- FIEs having an investment license which provides for a ratio of profit sharing which is different from the ratio of legal capital contribution of the parties;
- FIEs selling shares to employees (in particular, where employees will be given preferential treatment in purchasing shares);
- FIEs issuing additional shares to raise additional charter capital.

In other cases, under Decree 38, the conversion plan must only contain: details of the objectives and requirements for conversion; the proposed scale and method of conversion; the estimated time period for conversion, issuing shares and, if relevant, the place for sale of shares; an employment plan; any proposal to issue shares on the Vietnamese or an overseas securities market; and the valuation of the FIE.

In all cases, under Decree 38, in addition to the conversion plan, an application must contain: a report on the operational status of the FIE; the draft charter of the FISC; and the resolution of the FIE's board of management approving the conversion plan.

Circular 08 became effective as of 23 January 2004.

1.2 Pricing

Decree 170-2003-ND-CP of the Government dated 25 December 2003 Making Detailed Provisions for Implementation of a Number of Articles of the Ordinance on Prices dated 26 April 2002

Eighteen months after the Ordinance on Prices became effective on 1 July 2002, Decree 170 provides detailed implementing regulations on prices ("pricing regulations").

Applicable to all foreign and domestic organizations and individuals engaged in production or business activities in Vietnam, the Ordinance on Prices provides for:

- (a) Management by the State of stability of market prices of important and essential goods and services, such as petrol, oil, liquefied gas, cement, iron, steel, rice, coffee, cotton, sugar cane, salt and some medications;
- (b) Determination by the State of prices of land, water surfaces and important natural resources, State owned assets to be sold or leased out, goods or services subject to monopoly, and goods and services important for national welfare and people's livelihood;
- (c) Evaluation of price of State owned assets;
- (d) Control of monopoly prices;
- (e) Control of price monopoly co-operation (more commonly known as price-fixing agreements);
- (f) Prohibition of dumping of goods or services at a price much lower than the normal price in the Vietnamese market;
- (g) Other prohibitions with respect to pricing.

Effective as of 14 January 2004, the new pricing regulations provide in detail for (a), (b), (c) and (e).

The measures to control (e) price-fixing are considered a stop-gap pending the Law on Competition, which is now scheduled for promulgation by the National Assembly in November 2004.

Of particular interest, the new pricing regulations refine the definition of "price monopoly co-operation" to price-fixing agreements between businesses aimed at dominating the market *exceeding the market share stipulated by law*. But the new pricing regulations do not stipulate the relevant market share. (Of note, the price-fixing provisions of the current draft of the Law on Competition prescribe a market share threshold of 30%.)

The new pricing regulations expressly prohibit the following conduct deemed to be price monopoly co-operation:

- agreement between businesses to fix prices, control prices, change prices for sale of goods and services aimed at restraining competition, infringing the legal interests of other businesses or of consumers;
- sudden sale of one (identical or similar) type of goods or services at one uniform price by several businesses at one particular point of time;
- agreement between businesses to create scarcity of goods by way of limiting production, distribution, transportation, sale of goods or supply of services; destructing or damaging goods; or taking advantage to speculate and increase prices;
- agreement between businesses to apply conditions of sale or purchase of goods and supply of after-sale services which affect prices of goods and services;
- agreement between businesses to change prices of sale and purchase of goods and services in order to eliminate or force other enterprises to co-operate with them or become their affiliates.

The Ministry of Finance has informally advised that a price monopoly co-operation agreement may be in writing or inferred from parallel behaviour (this is not clarified in the pricing regulations).

The Ministry of Finance is the authorized body responsible for State administration of pricing. At the municipal and provincial level, the Department of Finance exercises the role of the State pricing body.

An investigation into alleged price monopoly co-operation may be conducted by the State pricing body in the following cases:

- When the State pricing body identifies indications of price monopoly co-operation;
- Upon receipt by the State pricing body of a written complaint from an industry association or consumers;
- When a State body identifies indications of taking advantage of price monopoly co-operation.

Upon request by the State pricing body, any business(es) under investigation must provide prescribed relevant documentation within 7 days. The time-limit for an investigation is 30 days, extendable in (unspecified) necessary cases for up to an additional 15 days. Within 10 days of completion of an investigation, the State pricing body must issue a written notice on the conclusions of the investigation and serve it on the business(es) under investigation and other concerned parties.

Based on the results of an investigation, and depending on the seriousness of any breach of the pricing laws, the State pricing body is empowered to take the following measures:

- To suspend the implementation of a price of goods or services determined by businesses engaging in price monopoly co-operation;
- To request businesses engaging in price monopoly co-operation to carry out purchases or sales at the sale or selling price applicable prior to their price monopoly co-operation;
- To apply administrative penalties and require compensation to be paid for any loss caused by the breach in accordance with law.

Under the 2002 Ordinance on Dealing with Administrative Offences, a fine of up to VND30 million may be imposed for an administrative offence in the pricing sector. Where a breach of the pricing laws indicates a criminal offence, the State pricing body must refer the matter to the competent body for criminal prosecution.

It is believed that a circular providing detailed guidelines for implementation of the pricing regulations has been drafted by the Ministry of Finance and submitted to the Government for approval but the timing of its issuance is not yet known.

To date, there have been no publicized cases of enforcement of the pricing laws.

1.3 Foreign Investment in Securities Market

Circular 121-2003-TT-BTC of the Ministry of Finance ("MoF") dated 12 December 2003 Providing Guidelines on Decision 146-2003-QD-TTg of the Government dated 17 July 2003 on Percentage of Participation by Foreign Parties in the Securities Market of Vietnam

Circular 121 provides a number of useful guidelines clarifying the significant reforms introduced under Decision 146.

- Decision 146 raised the cap on the total aggregate shareholdings of *foreign organizations and individuals* in domestic shareholding companies listed on the Vietnamese securities market to 30% (from 20%) of the total shares of any one listed company. This reform aligned the caps on foreign investment in listed and unlisted domestic shareholding companies. Decision 146 also abolished the specific caps on total shareholdings of any one foreign organization or individual (formerly 7% and 3% respectively) in any one listed company.

Circular 121 now clarifies that *foreign organizations and individuals* includes foreign organizations investing in foreign invested enterprises ("FIEs") in Vietnam. FIEs remain excluded from purchasing shares in listed domestic shareholding companies (and also unlisted Vietnamese enterprises). However, FIEs are permitted to purchase shares in foreign invested shareholding companies (the first pilot conversions of FIEs to foreign invested shareholding companies are now scheduled to be approved by 25 May 2004, see [1.1 above](#)).

- Decision 146 abolished the former 40% cap on the total aggregate holdings by foreign organizations and individuals of bonds of any one listed company. Circular 121 clarifies that, upon conversion of convertible bonds into shares, a foreign investor must ensure that its holding does not exceed the 30% cap on total aggregate foreign shareholdings in any one listed company.
- Decision 146 increased the maximum foreign capital contribution in a joint venture securities company to 49% (from 30%). In addition, it provided for joint venture funds management companies in Vietnam, with up to 49% foreign capital contribution.

Circular 121 clarifies that a joint venture securities company and a joint venture funds management company are established as a joint venture between a foreign securities business organization and a Vietnamese party in accordance with a license for establishment and operation issued by the State Securities Commission ("SSC"). In the case of a joint venture funds management company, the foreign securities business organization must be permitted to conduct funds management in its home jurisdiction.

Circular 121 also clarifies that the legal capital of a joint venture securities company or funds management company may not be reduced during the period of operation. Any change in the percentage of capital contribution or any assignment of capital contribution by the joint venture parties must be approved by resolution of the board of management of the joint venture company and must be reported to the State Securities Commission.

- Circular 121 requires foreign securities investors to be registered with the Securities Trading Centre ("STC") (and issued with a code number for management of foreign investors). Maximum percentage foreign shareholdings and the trading and holding of convertible bonds by foreign securities investors will be supervised by the STC. Every quarter, the STC must report to the SSC and the MoF on the status of foreign shareholdings in listed companies.
- Circular 121 re-iterates that the remittance of foreign currency into or out of Vietnam by foreign securities investors must be conducted in accordance with Vietnamese laws on foreign exchange control.
- The SSC is responsible for management and supervision of issuance of convertible bonds and compliance with the regulations on maximum capital contribution by foreign securities business

organizations in joint venture securities companies and joint venture funds management companies.

Circular 121 became effective as of 30 December 2003 and replaces Circular 01-1999-TT-UBCK of the SSC dated 30 December 1999 on percentage of participation of foreign parties in the securities market of Vietnam.

1.4 **Protection Against Excessive Imports**

Decree 150-2003-ND-CP of the Government dated 8 December 2003 Making Detailed Provisions for Implementation of the Ordinance on Self-Protection in Import of Foreign Goods into Vietnam dated 25 May 2002

Decree 150 provides detailed regulations on protection against excessive imports, only 15 months after the Ordinance on Self-Protection in Import of Foreign Goods into Vietnam became effective on 1 September 2002 (*only* being relative to the 18 months it took for the pricing regulations to be issued, see [1.2 above](#)).

The Ordinance and Decree 150 provide for Vietnam to take protective measures (such as imposing higher import duties, imposing import quotas, plus the catch-all "other measures decided by the Government") in order to safeguard its own domestic manufacturing industries against serious losses (defined as occurring when the domestic quantities, or consumption levels, or profits from manufacturing, or rate of production development of a manufacturing industry diminish in a noteworthy way; or there is an increase in the levels of stockpiled goods; adversely impacting on work, salary levels, investment and other indicators of the domestic manufacturing industry which produces such goods) in circumstances where there is a sudden increase in import of goods "beyond the levels" (defined as "the import of goods in a volume, quantity or at a value which increases in an absolute or relative way in comparison to the volume, quantity or cost of equivalent goods or of directly competitive goods which are manufactured domestically").

The Ministry of Trade ("MoT") may investigate the need for application of self-protective measures on its own initiative or upon request by any domestic manufacturer which manufactures at least 25% of the volume of similar or directly competing domestic goods. Wide consultation is required prior to any decision by the MoT on application of self-protective measures. Pending any such decision, the MoT may impose the requirement for import permits for goods under investigation (purely for statistical purposes, not to limit volumes of goods) for a maximum 200 days. The matters to be investigated include: changes in market sales, changes in volumes being manufactured, employees' productivity, coefficients of utilization of production capacity, profit and loss figures, employment figures for the industry which manufactures the goods the same as the import goods, and ratio of import goods over similar or directly competing goods being sold on the domestic market. The time-limit for investigations is 6 months, extendable for an additional 2 months in cases of necessity. Any decision must be publicized. The duration of application of self-protective measures is limited to 4 years, except in specified cases where application may be extended for another 6 months. Re-application of self-protective measures is subject to conditions. A complaints procedure is provided for.

Decree 150 includes detailed provisions on the application of interim self-protective measures prior to completion of an investigation and for compensation for any loss resulting from application of unnecessary interim self-protective measures.

Decree 150 became effective as of 26 December 2003.

1.5 Tax

Just in time for the 1 January 2004 entry into effect of the tax reforms passed by the National Assembly in June 2003, the following implementing legislation has been passed:

Special sales tax (SST)	
<p>Decree 149-2003-ND-CP of the Government dated 4 December 2003 Making Detailed Provisions for Implementation of the Law on SST dated 20 May 1998 and the Law on Amendment of and Addition to a Number of Articles of the Law on SST dated 17 June 2003</p> <p>Circular 119-2003-TT-BTC of the Ministry of Finance dated 12 December 2003 Providing Guidelines on Implementation of Decree 149</p>	<p>New SST tariff</p> <p>New provisions on calculation of taxable price of goods for SST purposes</p> <p>Now, tax office will also determine amount of SST payable where the taxpayer has declared a SST taxable price being 10% less than the market selling price of goods or services</p> <p>SST reductions for automotive manufacturers and assemblers</p> <p>Decree 149 repeals Decree 84-1998-ND-CP dated 12 October 1998</p> <p>Circular 119 repeals Circular 168-1998-TT-BTC dated 21 December 1998</p>
Corporate income tax (CIT)	
<p>Decree 164-2003-ND-CP of the Government dated 22 December 2003 Making Detailed Provisions for Implementation of the Law on CIT dated 17 June 2003</p> <p>Circular 128-2003-TT-BTC of the Ministry of Finance dated 22 December 2003 Providing Guidelines for Implementation of Decree 164</p>	<p>Standard CIT rate of 28% now applicable to all types of Vietnamese businesses, domestic and foreign invested alike</p> <p>For domestic businesses, this is a 4% drop from the former 32% standard rate</p> <p>For foreign invested businesses, this is a 3% increase from 25% standard rate.</p> <p>Exception remains enterprises operating in the fields of prospecting, exploration and exploitation of oil and other rare and precious natural resources, to which CIT rate between 28% and 50% applies (as determined by the Prime Minister on basis of the production and business situations of each enterprise)</p> <p>New provisions on deductible expenses with respect to depreciation; legal expenses; trademarks; employment of female workers</p> <p>Income from assignment of land use rights and land leasing rights subject to 28% CIT and additional CIT</p> <p>Guidelines on preferential CIT treatment, replacing relevant provisions of the Law on Foreign Investment, Law on Domestic Investment and Law on Science and Technology:</p> <ul style="list-style-type: none"> - existing foreign invested businesses remain entitled to preferential CIT treatment as prescribed in investment license until expiry of prescribed duration of such treatment, thereafter entitled to former 25% CIT rate until expiry of investment license - domestic enterprises currently entitled to preferential CIT treatment (less than 28%) remain so entitled until expiry of prescribed duration of such treatment, thereafter subject to 28%

	<p>New domestic and foreign invested businesses subject to new 28% rate</p> <p>Decree 164 repeals Decree 30-1998-ND-CP dated 13 May 1998 and Decree 26-ND-CP dated 4 June 2001.</p> <p>Circular 128 repeals Circular 13-2001-TT-BTC dated 8 March 2001 (foreign investment) and Circular 18-2002-TT-BTC dated 20 February 2002</p>
Value added tax (VAT)	
<p>Decree 158-2003-ND-CP of the Government dated 10 December 2003 Making Detailed Provisions for Implementation of the Law on VAT dated 10 May 1997 (as amended 3 September 1999 and 27 October 2000) and the Law on Amendment of and Addition to a Number of Articles of the Law on VAT dated 17 June 2003</p> <p>Circular 120-2003-TT-BTC of the Ministry of Finance dated 12 December 2003 Providing Guidelines for Implementation of Decree 158</p>	<p>Three VAT rates of 0%, 5% and 10% now applicable</p> <p>Decree 158 repeals Decree 79-2000-ND-CP dated 29 December 2000, Decree 76-2002-ND-CP dated 13 September 2002, Decree 95-2002-ND-CP dated 11 November 2002 and Decree 108-2002-ND-CP dated 25 December 2002</p> <p>Circular 120 repeals Circular 12-2000-TT-BTC dated 29 December 2000, Circular 82-2002-TT-BTC dated 18 September 2002, Circular 116-2002-TT-BTC dated 25 December 2002, Circular 84-2003-TT-BTC dated 28 August 2003 and Circular 164-1998-TT-BTC dated 17 December 1998 (posts & telecoms services)</p>
CIT and VAT	
<p>Circular 127-2003-TT-BTC of the Ministry of Finance dated 22 December 2003 Providing Guidelines for Implementation of Decision 197-2003-QD-TTg of the Government dated 23 September 2003 on Pilot Implementation of Self-Declaration and Payment of Taxes by Production and Business Establishments</p>	<p>Pilot test of self-declaration and payment of taxes by selected production and business establishments to commence 1 January 2004.</p>

All of the above legislation became effective as of 1 January 2004.

Part 2 Feature

2003 Year-End Review of Legal Developments

A wide range of reforms were introduced in 2003, reflecting Vietnam's continuing efforts to restructure its administrative, legal and commercial systems in order to compete as a destination for foreign investment in the region, to promote development of the domestic private sector, to streamline the State sector, to fulfill its commitments under the US-Vietnam Bilateral Trade Agreement, and to prepare for accession to the WTO by 1 January 2005.

Foreign Investment Regulations

All foreign direct investment ("FDI") in Vietnam is subject to licensing under the Law on Foreign Investment in Vietnam ("LFI") and its implementing regulations. A raft of amendments to the LFI regulations was passed in March and became effective as of May.

Of the numerous amendments, the most significant reforms include:

- Prime Ministerial approval is now required for licensing of FDI projects in the following sectors: printing (with prescribed exceptions); advertising; cinematography; artistic performance; electronic prize games. FDI projects in the sectors of education and training, culture and supermarkets are now expressly excluded from the licensing authority of provincial people's committees and may only be licensed by the Ministry of Planning and Investment ("MPI").
- Investment in establishment of public telecommunications networks, provision of telecommunications services, domestic or international courier services, and press, radio and television activities will now only be licensed in the form of a business co-operation contract ("BCC") with a specialized Vietnamese party licensed to conduct business in the sector. Maritime and aviation projects will now only be licensed in the form of a joint venture enterprise ("JVE") or BCC.
- The conditions for registration for licensing have been relaxed. (However, the majority of FDI projects remain subject to evaluation prior to licensing.) Importantly, licensing bodies are now expressly required to issue licenses to projects qualifying for registration without obtaining recommendations from any other body.
- Provincial people's committees now have authority over land leasing for all FDI projects. The Prime Minister will no longer decide on land leasing for FDI projects requiring 5 or more hectares of urban land/50 or more hectares of other land, however the licensing of such projects remains subject to Prime Ministerial approval.
- The value of technology to be contributed as capital is now subject only to agreement by investors (no longer subject to the value limit of 20% of legal capital).
- Foreign invested enterprises ("FIEs", which includes JVEs and 100% foreign owned enterprises ("100%FOEs")) and foreign BCC parties may now purchase foreign currency from any banks permitted to trade in foreign currency (subject to compliance with foreign exchange laws).
- Upon amendment of an investment license to reflect any more favourable treatment provided by law, such treatment may be enjoyed as from the date of effectiveness of the law providing for it (not just from the date of license amendment).

Foreign Investment Restructuring

In an effort to expand the FDI opportunities in Vietnam, the amended LFI regulations now permit the following:

- Existing FIEs may co-operate with other foreign investors to perform a BCC.
- JVEs may be established between an existing 100%FOE and a Vietnamese enterprise or between an existing 100%FOE and an existing JVE.
- An existing 100%FOE may co-operate with another existing 100%FOE and/or foreign investor(s) to establish a new 100%FOE.

The amended LFI regulations also provide more detailed guidelines on restructuring of FIEs by way of merger, consolidation, division and demerger and by way of conversion of the form of investment. The most favoured restructure of FIEs is the conversion of JVEs into 100%FOEs. All restructures must be approved by the relevant investment licensing body. Importantly, the amended LFI regulations now allow the parties to the restructure of FIEs to determine how to deal with the rights and obligations of the FIEs undergoing restructure, subject to approval by the investment licensing body. Failing agreement, it is mandatory for the new FIE to assume the rights and obligations of the former FIE(s). The preferential treatment to which the new FIE will be entitled will depend on the sector, region, scale and conditions of investment.

Foreign Invested Shareholding Companies("FISCs")

Much-anticipated regulations on conversion of FIEs to FISCs were passed in April, with guidelines issued in late December (see [1.1 above](#)). The types of FIEs eligible to participate in the first pilot conversions have been limited. The deadline for FIEs to apply for conversion has been set as 25 March 2004. The MPI will select FIEs for conversion by 25 May 2004, after approval by the Prime Minister. Foreign investors, as well as existing FIEs and domestic Vietnamese investors, will be permitted to purchase shares in FISCs.

There are some interesting rules, some of them disincentives, applicable to conversions from FIEs to FISCs. First, the capital of the company for purposes of conversion may not be lower than, but may be higher than, the audited book value of the company. The lower limit applies even if book value is higher than market value. Audited book value under Vietnamese accounting standards may not result in book value reflecting market value. Second, foreign founding shareholders must hold 30% of the shares for the life of the FISC as prescribed in the investment license (usually 15 to 50 years). Third, domestic listings will be problematic because under current securities laws foreign investment in listed companies is capped at 30%, making it difficult for an investor to create an exit strategy from an investment via the securities market. Fourth, sales by foreign founding shareholders must be approved by the MPI. Finally, shares in FISCs have a life limited to the licensed period of investment, after which the FISC must be liquidated.

A review of the pilot conversions and the FISC legislation is scheduled for May 2005. Hopefully the review will see the introduction of a more liberal and comprehensive scheme for foreign investment in shareholding companies.

Tax

A revised Law on Corporate Income Tax ("CIT") was passed by the National Assembly in June, along with amendments to the laws on VAT and special sales tax. As of 1 January 2004, a uniform standard CIT rate of 28% will apply to domestic businesses and FIEs alike. This represents a 4% reduction for domestic businesses but a 3% increase for FIEs. The new rate will only apply to newly established businesses. Preferential CIT rates of 20%, 15% and 10% and periods of CIT exemption and reduction will be available to co-operatives, domestic businesses and FIEs which establish new manufacturing, trading and services establishments in "encouraged" industries, sectors or locations (prescribed by the Government). Before 1 January 2004, such preferential CIT treatment was available to FIEs but not to domestic businesses. Existing FIEs will remain subject to the CIT rate and preferential treatment stipulated in their investment licenses. Also, the cap on CIT deductibility of advertising and marketing expenses will be increased to 10% (from 7%). Another significant tax reform is the abolition of profits remittance tax for foreign investors as of 1 January 2004.

Litigation & Dispute Resolution

The attractiveness of arbitration in Vietnam as an option for resolution of commercial disputes was significantly improved by the Ordinance on Commercial Arbitration which was passed in February and became effective as of 1 July.

The Ordinance introduces new conditions and procedures for licensing arbitration centres in Vietnam and more detailed guidelines on form and validity of arbitration agreements, arbitration procedural rules, and validity, cancellation and enforcement of arbitration awards, as well as clearer and broader grounds for injunctive relief.

The most notable features of the Ordinance include:

- The Ordinance governs arbitration of disputes relating to all commercial acts by business organizations or individuals, including the purchase or sale of goods or the provision of services; commercial distribution, representation or agency; bailment; leasing out or leasing; hire-purchase; construction; consultancy; technical activities; licensing; investment; finance and banking; insurance; exploration and exploitation; transportation of goods and passengers. Previously, Vietnamese arbitration law was limited to resolution of disputes relating to economic contracts, disputes between a company and its members or between members of a company, and disputes relating to the sale and purchase of shares and debentures.
- For the first time, foreign citizens are permitted to act as arbitrators in Vietnam (either alongside or in place of Vietnamese arbitrators) for the resolution of any dispute with a foreign element, defined as "a dispute arising from commercial activities in which a participating party is a foreign individual or legal entity; or where the grounds for establishing, altering or terminating the relationship being the subject of a dispute arise abroad; or where assets relating to the dispute are located abroad". Foreign citizens must be qualified to act as arbitrators under the law of their home country. Further, in a dispute with a foreign element, the disputing parties are entitled to agree that (i) a foreign law will be the substantive law to resolve the dispute; (ii) procedural rules other than those provided for in the Ordinance will be applied; (iii) arbitration proceedings will be conducted in a foreign country; and (iv) arbitration proceedings will be conducted in a foreign language.
- Arbitration awards are now enforceable by the judgment execution body in the area where the award debtor has its office or residence or assets. Previously, Vietnamese law did not provide for enforcement of domestic arbitration awards.

Labour

The 1994 Labour Code of Vietnam (as amended in 2002) became effective as of 1 January. Of particular note amongst the extensive amendments:

- FIEs are now free to recruit employees directly if they so wish (or may use labour supply agencies, which was previously mandatory). The amended LFI regulations now also provide for this reform.
- Definite term labour contracts now automatically become indefinite term labour contracts if no new contract is signed upon expiry of the definite term labour contract.
- An employer may now sign only 2 definite term labour contracts with an employee; the third must be for an indefinite term.
- Overtime wages have been raised.
- Social insurance contributions are now mandatory for all employees employed under labour contracts with a term of 3 months or more (previously, only mandatory for employers of more than 10 employees).
- A national unemployment insurance system has been provided for. Enabling legislation has not yet been passed.

Throughout 2003, a raft of decrees and circulars was passed to implement the amended provisions of the Labour Code with respect to collective labour agreements, labour contracts, working hours and rest breaks, occupational

safety and hygiene, wages, social insurance, and other labour matters.

Of particular note, indefinite term labour contracts (for jobs with no fixed completion date or a duration of over 36 months) and definite term labour contracts (for jobs with a duration from 12 to 36 months) are now required to be prepared in accordance with a new prescribed form labour contract issued with Circular 21, effective as of October.

Circular 21 also sets out the steps required to be taken if an employee or employer wishes to amend the labour contract. The requesting party must notify the other party in writing of its request. The notified party has 3 days from the date of notification to discuss the proposed amendment. If the parties agree to the proposed amendment, the parties must sign an addendum to the labour contract in accordance with a new prescribed form issued with Circular 21. If the parties fail to agree on any amendment of the labour contract, the parties must decide whether to continue to perform the labour contract or terminate the labour contract by agreement in accordance with the Labour Code.

Also of note, a maximum limit on the number of foreign employees who may be employed by Vietnamese enterprises operating under the Law on Enterprises, by State owned enterprises and by foreign invested enterprises was imposed by Decree 105 in September. No more than 3% of the total number of employees may be foreign employees - up to a maximum of 50 foreign employees.

This cap on foreign employees has been widely criticized as draconian and counter-productive to Vietnam's efforts to encourage foreign investment and improve the management experience of Vietnamese employees. Whether employers actually comply with this cap and whether labour authorities enforce it remains to be seen.

Other employers in Vietnam (including foreign representative and branch offices) are not subject to this maximum limit but the approval of the chairman of the relevant people's committee is required for the employment of foreigners.

Decree 105 also deals with work permits for foreigners. Any foreign employee who does not have a work permit after 7 March 2004 may be deported.

Capital Markets & Securities

The cap on foreign shareholdings in listed Vietnamese companies was raised under Decision 146 to 30% (from 20%) of the shares in any one listed company, effective as of August. This cap applies to the total aggregate shareholdings of all foreign shareholders in any one company. Notably, the specific caps on total shareholdings of any one foreign organization or individual (previously 7% and 3% respectively) in any one company have been abolished. Decision 146 and its implementing guidelines issued in mid-December (see [1.3 above](#)) also provide for the following reforms:

- The percentage holding of foreign organizations and individuals of bonds circulating on the securities market of Vietnam is now unrestricted (abolishing the former 40% cap on total foreign holdings of bonds of any one listed company).
- The maximum foreign capital contribution in a joint venture securities company was increased from 30% to 49%.
- Joint venture investment funds management company are now permitted, with up to 49% foreign capital contribution.

Revised regulations governing capital contribution and purchase of shares by foreign investors in unlisted Vietnamese enterprises were issued under Decision 36, effective as of April. Foreign investors are now permitted to contribute capital to or purchase shares in the following unlisted Vietnamese enterprises: State owned enterprises conducting equitization, shareholding companies, limited liability companies, partnerships, co-operative unions and co-operatives conducting business in prescribed industries and trades. The range of prescribed industries and trades was expanded in mid-2002 and includes, amongst others, limited areas of the agriculture, forestry and fishery industries, various areas of the manufacturing and processing industry, construction industry, hotel and restaurant industry, road transportation, manufacture of telecommunications equipment, computer software and hardware industry, hospitals and clinics.

A major reform is that Prime Ministerial approval is no longer required for the sale of shares in unlisted Vietnamese companies to foreign investors. However, the maximum capital contribution or shareholding of any one or more foreign investors in an unlisted Vietnamese enterprise remains capped at 30% of the charter capital of that enterprise.

Foreign investors must contribute capital and purchase shares in unlisted Vietnamese enterprises in Vietnamese dong (as previously) or, now also, by way of contribution of assets, including but not limited to machinery and equipment, raw materials, goods, technology transfer, industrial property rights, valuable securities.

The rights of foreign investors in unlisted Vietnamese enterprises remain largely as previously provided by law. The most notable reforms are:

- The prohibition on transfer of shares for 1 year from the date of ownership of shares (or 3 years where the foreign investor participated in management of the shareholding company) has been abolished.
- Only foreign individuals residing in Vietnam or overseas Vietnamese may now participate in management. This effectively prohibits an offshore executive representing a foreign investor from participating in management.
- Foreign investors may now mortgage or pledge shares as security for the discharge of civil obligations (as well as security in credit relations, as previously).
- Foreign investors being individuals are now entitled to exemption from personal income tax on income earned from capital contribution or purchase of shares in an unlisted Vietnamese enterprise. Previously, this exemption was available only to foreign investors in listed companies.

Foreign investors, as well as existing FIEs and domestic Vietnamese investors, will be permitted to purchase shares in FISCs (the first pilot conversions of FIEs to FISCs is scheduled to commence from May 2005, see [1.1 above](#)). Foreign shareholdings will be freely assignable, subject to (i) the requirement for a minimum total foreign founding shareholding of 30% of charter capital at all times and (ii) approval by the MPI of any assignment of foreign founding shareholdings. FISCs will be permitted to list on the Vietnamese securities market, and also on overseas securities markets with approval.

Banking & Finance

Significantly reforming Vietnam's foreign currency control regime, the percentage of foreign currency revenue which FIEs, foreign BCC parties, foreign company branches, foreign contractors and other resident organizations are required by law to sell to Vietnamese banks was reduced to 0%, effective as of May. (Originally introduced in September 1998 at 80%, the percentage of foreign currency revenue subject to compulsory conversion was gradually decreased in 1999, 2001 and 2002 to 50%, 40% and 30% respectively.)

Implementing this reform, new guidelines were issued in May entitling FIEs, foreign BCC parties, foreign company branches, foreign contractors and other resident organizations to use any legitimate foreign currency revenue for necessary requirements or to sell it to banks. They are also entitled to purchase foreign currency at banks when they require foreign currency to conduct current transactions and other permitted transactions provided that they present proper papers and source documents as prescribed.

Implementing significant reforms introduced in late 2002, new guidelines on security for loans from Vietnamese credit institutions (including joint venture banks and foreign bank branches) were issued in May and became effective in June, including:

- Clarification of the range of property which Vietnamese credit institutions may accept as loan security. Moveable and immovable property to be formed in the future, such as a harvest yield, revenue, property funded by a loan, project works, etc, are now expressly included. Security contract and registration requirements relating to property to be formed in the future are now also prescribed.
- Express provision that the contract and procedures for taking security over property which is located in Vietnam but which belongs to a foreign legal entity or individual must be implemented in accordance with the

law of Vietnam. However, if the property is located abroad, the parties may agree on a foreign law to govern the contract and procedures, but subject to the troublesome proviso that such law must not be contrary to the law of Vietnam.

- Detailed provisions on the use of a single item of property as security for performance of multiple obligations to repay loans, one of the major reforms introduced in late 2002 (along with the ability to mortgage assets attached to land separately from the associated land use rights).
- Guidelines on the conditions for accepting property to be funded by a loan as security for that loan, which were relaxed in late 2002.

Greater discretion with respect to provision of guarantees by Vietnamese credit institutions (including joint venture banks and foreign bank branches) was introduced under amendments to the guarantee regulations in February.

The range of resident borrowers to which Vietnamese credit institutions (including foreign bank branches and joint venture banks) are permitted to make foreign currency loans was expanded in August.

Amendments to the Law on the State Bank of Vietnam ("SBV") were passed by the National Assembly in June and became effective as of 1 August. The amendments provide for long-term valuable papers, as well as short-term valuable papers (as previously), to be discounted or re-discounted or to be pledged as security for loans in re-financing by the SBV to other banks. Open-market transactions by the SBV may also extend to long-term valuable papers. The National Assembly is now the competent State body to decide on cases of exemption from the principle that any advances from the SBV to the State Budget in order to balance temporary budget deficits must be repaid within the budget year. The Prime Minister is still the competent body to decide on whether such advances may be made, but is no longer competent to decide when repayment may be delayed beyond the budget year.

Other recent legislation relating to the banking sector includes revised regulations on establishment and operation of foreign exchange bureaus in Vietnam and new regulations on opening and terminating of operation of transaction departments, branches and transaction bureaus of joint venture banks in Vietnam.

Of particular interest, only prescribed foreign exchange bureaus may sell foreign currency cash, and only to individuals holding a valid foreign passport upon their exit from Vietnam and only in circumstances where such individual has exchanged foreign currency for VND at exchange bureaus during his or her stay in Vietnam but has not spent it all. Individuals wishing to purchase less than USD500 (or equivalent in another foreign currency) must present their passport. Individuals wishing to purchase USD500 or more (or equivalent in another foreign currency) must present their passport and the invoice for the original exchange of foreign currency for VND. The foreign exchange bureau may only sell foreign currency to the individual named on the invoice and the maximum amount of foreign currency sold to such individual may not exceed the amount specified on the invoice. An invoice for exchange of foreign currency for VND will be valid for 3 months from the date of the transaction.

Government

Revised working regulations for the Government were issued in March and became effective in April. Of particular note, the powers of the Prime Minister have been significantly narrowed. Under the former regulations, only some matters within the authority of the Government were required to be discussed collectively by the Government and decided by majority; other matters could be decided by the Prime Minister alone on behalf of the Government. The revised regulations now expressly stipulate that all matters within the authority of the Government must be collectively discussed by the Government and decided by majority. The Prime Minister now only has the power to decide Government matters which have been expressly assigned by the Government for Prime Ministerial decision.

Following the 2002 Government restructure, revised decrees on the functions, duties, powers and organizational structure of most ministries and government bodies were issued throughout 2003.

Food Safety & Hygiene

An Ordinance on Food Hygiene and Safety was passed in July. Effective as of 1 November, the Ordinance imposes strict food hygiene and safety requirements during manufacture and trading (which includes raising of crops and livestock, processing, packing, preserving, transportation, sale, import and export) of fresh, raw, processed or

preserved foodstuffs which people eat or drink. All Vietnamese and foreign organizations and individuals manufacturing or trading foodstuffs within the territory of Vietnam must comply with the Ordinance.

Locally Produced Equipment and Materials

Revised lists of locally produced equipment, machinery, specialized means of transportation; construction materials; and materials serving prospecting, exploration and development of petroleum fields were issued under Decision 704 in September and became effective as of 5 October. These lists are relied on to determine the tax exemption entitlements of FIEs. Under the foreign investment regulations, FIEs are entitled to VAT exemption for equipment, machinery, means of transportation and construction materials (for use as fixed assets) which must be imported because they are not produced in Vietnam; import duty exemption for construction materials which must be imported because they are not produced in Vietnam; and VAT and import duty exemption for materials serving prospecting, exploration and development of petroleum fields which must be imported because they are not produced in Vietnam.

FIEs importing any of the locally produced items on the revised lists will not be entitled to VAT and import duty exemption (as applicable).

Foreign Law Firms and Foreign Lawyers

The regulatory framework for the operations of foreign law firms and foreign lawyers in Vietnam was substantially reformed as of September. The conditions for offshore foreign law firms to be licensed to operate in Vietnam have been relaxed and the forms of operation have been expanded. Offshore foreign law firms may establish branch offices or now also an onshore foreign law firm or a foreign-Vietnamese law partnership. All types of foreign law practices in Vietnam may now employ Vietnamese lawyers.

Significantly, foreign law practices in Vietnam are no longer restricted to advising on foreign and international law but may now also advise on Vietnamese law where the foreign law practice employs a Vietnamese lawyer or employs a foreign lawyer with a Vietnamese law degree and satisfying all requirements applicable to a Vietnamese lawyer. The prohibition on foreign law practices representing clients in court proceedings in Vietnam has been extended to cover Vietnamese as well as foreign lawyers employed by a foreign law practice.

In late October, the Ministry of Justice provided a number of guidelines on practice of foreign law firms and foreign lawyers in Vietnam. Of note, these guidelines clarified that an offshore foreign law firm may establish any number of branch offices in Vietnam provided that (1) approval application procedures are carried out separately for each branch office, and (2) only one branch office may be opened in each province or city under central authority.

However, these guidelines fail to clarify how Vietnamese law advice is actually issued by a foreign law practice in Vietnam which employs a Vietnamese lawyer or a foreign lawyer certified as permitted to advise on Vietnamese law.

The law is unclear on this issue but implies that only the Vietnamese lawyer or the certified individual foreign lawyer may sign a letter of advice on Vietnamese law. This is contrary to standard international practice, whereby the law firm, not the individual lawyer, renders the advice. This presents undetermined liability concerns for such lawyers in these firms.

Tendering

Vietnam's tendering regulations were revised again in June - the 4th update since 1996. A range of amendments was introduced, primarily aimed at eliminating corruption and modernizing State administration. With respect to foreign invested projects, the revised tendering regulations do not reduce the current obligations to conduct tendering, but do adjust the level of State intervention. Also, the revised tendering regulations now expressly provide for preferential treatment for prescribed foreign invested tenderers.

Advertising

Almost one year after the Ordinance on Advertising governing all advertising activities in Vietnam became effective in May 2002, an Advertising Decree providing detailed implementing regulations was passed and became effective as of 18 April. Of particular interest, the Advertising Decree includes detailed provisions on licensing of branch offices of foreign advertising businesses (permitted for the first time under the Ordinance on Advertising). By virtue of the licensing conditions prescribed in the Advertising Decree, the first foreign advertising branches cannot be licensed until December 2008 at the earliest. The Advertising Decree also includes more detailed guidelines on the licensing

of BCCs and JVEs in the advertising sector. Guidelines implementing the Advertising Decree were passed in July.

Part 3 Did You Know?

3.1 National Assembly Legislative Program for 2004

At its 4th Session in October-November 2003, Legislature XI of the National Assembly passed Resolution 21-2003-QH11 setting an ambitious legislative program for 2004, in support of Vietnam's aim for WTO accession by 1 January 2005:

- Laws scheduled for promulgation include: in May 2004, amendments to the Law on Credit Institutions (expected to allow for establishment of 100% foreign owned banks in Vietnam); and a revised Law on Business Bankruptcy; in November 2004, a generally applicable Law on Competition; a Law on Electricity; amendments to the Law on Publications, the Law on Education and the Law on Forest Protection and Development.
- Ordinances on tendering and anti-dumping are also scheduled to be promulgated.
- Laws to be considered by the National Assembly in 2004 include: a consolidated civil procedure code; a revised Commercial Law (expected to open the commercial services sector to foreign participation); a Law on Conclusion and Implementation of International Treaties; and a revised Maritime Code.
- Laws scheduled to be drafted in 2004 include: a Law on Enforcement of Judgements; a Law on Electronic Transactions; a Law on Real Estate Business; a Law on Investment (applying commonly to both domestic and foreign investment, currently subject to separate investment regimes); a Law on Social Insurance (expected to introduce a national unemployment insurance scheme); a revised Law on Civil Aviation; a Law on Associations; a Law on Tourism; and amendments to the Law on Protection of the Environment.

3.2 New Draft of Competition Law

On 9 January 2004, the Ministry of Trade finalized Draft 9 of the Competition Law (scheduled for promulgation in November 2004 and expected to become effective in mid-2005).

The Competition Law will regulate the following practices in the territory of Vietnam:

- (a) Agreements in restraint of competition;
- (b) Abuse of dominant market position or monopoly position;
- (c) Economic concentration;
- (d) Unhealthy competitive acts.

Significant changes from earlier drafts (for a review of Draft 8.2, see the August 2003 Issue of Vietnam Legal Update) include:

- (a) Rather than defining "agreements in restraint of competition", Draft 9 lists a number of types of agreements which will be deemed to be in restraint of competition. The list now includes resale-price fixing agreements.

Tender collusion and now also resale price-fixing agreements are strictly prohibited. Other agreements in restraint of competition are prohibited if the parties have a combined market share of 30% or more. The grounds for exemptions are unchanged.

- (b) Abuse by a single enterprise in a dominant market position and now also abuse by a group of enterprises in dominant market position is strictly prohibited. New provisions on abuse of dominant market position by a group of enterprises are a significant addition.

New provisions on control of enterprises operating in State monopoly sectors are also now included.

- (c) The economic concentration provisions have been expanded to also now regulate joint ventures as well

as mergers, acquisitions and consolidations.

Economic concentrations are prohibited if the participating parties have a combined market share above 50%, except where: the economic concentration results in a medium or small sized enterprise; or an exemption is granted. The grounds for exemptions are unchanged.

- (d) The range of unhealthy competitive practices remains unchanged. However, the provisions on illegal multi-level selling (pyramid selling) have been adjusted.

Draft 9 now prescribes a 5 year time-limit for lodging a complaint about competitive practices.

3.3 Ministry of Trade

The Government has revised the functions, duties, powers and organizational structure of the Ministry of Trade under Decree 29-2004-ND-CP dated 16 January 2004. The Ministry of Trade's State administrative duties now extend across the fields of import and export, domestic goods circulation and trade services; consumer protection; competition, anti-monopoly, anti dumping; electronic commerce; market management; and trade promotion.

Important changes to the organizational structure of the Ministry of Trade include:

- The Department of Goods Quality and Measurement Management under the Ministry of Trade will now be moved to the General Department of Standards, Measurements and Quality under the Ministry of Science and Technology.
- Two new sections will be established, namely the Electronic Commerce Department and the Competition Management Department (which will be responsible for competition issues under the Competition Law, see [3.2 above](#)).

As a result of the restructure, the Ministry will have 14 departments and 3 functional services.

Part 4 Vietnam Laws Publications

If you would like to purchase or subscribe to one of the following Vietnam Laws publications, please contact one of our offices in Hanoi, Ho Chi Minh City or Melbourne.

Foreign Investment Laws of Vietnam Loose-Leaf Subscription Service

16 volumes of English translations of over 800 Vietnamese laws relating to foreign investment, taxation, banking, finance & foreign exchange, land & premises, labour, customs & immigration, accounting & auditing, contracts, industrial property & technology transfer, natural resources & environment, business organizations, and many other subjects of interest. Includes Labour Code, Civil Code and Commercial Law.
Updated twice yearly.

New 16 volume loose-leaf set	US\$1200.00
<i>(Plus US\$110 postage and handling fee for destinations other than Australia and Vietnam)</i>	

Loose-leaf subscription service for 2004	US\$500.00
<i>(Postage and handling fee included for all destinations)</i>	

Vietnam Laws On-line Database

We are pleased to announce the upcoming launch of Vietnam Laws On-line Database on www.vietnamlaws.com
(currently planned for launch in April 2004).

Searchable database of our English translations of over 2,500 Vietnamese laws relating to foreign & domestic investment & business, taxation, banking, finance & foreign exchange, securities market, land & premises, labour, contracts & commerce, import & export, immigration, accounting & auditing, construction, industrial property, technology transfer & internet, environment, dispute resolution, State & Government and a wide range of specific industries and sectors (advertising, agriculture, aid, automotive, aviation, cement, cinema, food & beverages, insurance, legal, natural resources, media, telecoms, electricity, petroleum, shipping, steel, textiles & garments, tobacco and tourism).

Includes all laws published in our Foreign Investment Laws of Vietnam Loose-leaf Subscription Service (and many more).

Updated regularly with the latest Vietnamese legislation.

Look out for more details in coming issues of Vietnam Legal Update.

Other Vietnam Laws Publications

Labour Code of Vietnam 1994 (<i>Unamended Version</i>) (English)	US\$20.00
Labour Code of Vietnam 1994 (<i>Unamended Version</i>) (Japanese)	US\$50.00
Civil Code of Vietnam 1996 (English)	US\$60.00
Commercial Law of Vietnam 1997 (English)	US\$20.00