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INFORMATION AND DOCUMENTATION OFFICE

DECLARATION OF THE PRESIDENT OF THE REPUBLIC OF VIET NAM ON THE NATIONAL POLICY OF INVESTMENTS IN VIET NAM.

The following principles will govern Viet Nam's policy for economic development:

Within the country: free enterprise in the framework of a plan in which the role of the State will be essentially to orient, coordinate and assist private enterprise.

In relations with foreign countries: Viet Nam desires to cooperate and increase exchanges with friendly countries.

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Viet Nam appeals to domestic as well as foreign capital. Incentives will be extended to new investments considered by the Government as promoting the modernization of the national economy and the improvement of the living standard of the population:

1. Domestic Capital: investments in piasters
2. Association of Domestic and Foreign Capital: in the form of foreign currency, machinery, equipment, trademarks, etc.
3. Foreign Capital: in the form of foreign currency, etc.

The enterprises created by the above categories of capital may be of a mixed nature.

The Government may, according to circumstances, reserve to itself a participation of more than 51% in enterprises which are of vital importance for its economy and security as, for instance, in the fields of transportation and power, etc.

According to circumstances, the participation of Vietnamese capital in the creation of new enterprises may be required.

Incentives: The incentives which will be granted to new investments are as follows:

1. Guaranty against nationalization and expropriation without due compensation.
2. Exemption for three years from Real Estate Tax on all construction necessary to new investments.
3. Exemption from the Registration Fee for incorporation.

4. Exemption from Land Taxes in respect to lands on which new agricultural investments have been made and this until such year as the new investment will have yielded its first crop.

5. Exemption from land taxes for mining enterprises through the first year of operation.

6. Exemption from tax on industrial, commercial and agricultural income as follows:

- 100% for the first year of effective operation
- 25% for the second and third years of operation
- 25% on reinvested profits

7. Exemption from customs duties for equipment imported directly without request of foreign exchange from Viet Nam.

Should the foreign exchange be granted by Viet Nam, customs duties are to be reduced by 50% of the minimum tariff. There will also be a similar reduction of the "general internal tax of 6%".

8. Reduction in the rate of customs duties for parts to be assembled in Viet Nam, based on ad hoc decisions.

9. Authorization to foreign technicians to repatriate family savings, bonuses, etc., in accordance with prevailing regulations.

10. Where the investment relates to goods which may be exported, there will be an export subsidy. This subsidy may be the equivalent of the tax levied on imported raw materials or parts imported for assembly.

11. Repatriation of industrial and commercial profits are authorized in the framework of the regulations in effect. Specific privileges, however, may be allowed according to the economic importance for Viet Nam of the new investments or the nature of the foreign currency invested.

12. The withdrawal of capital constituted of foreign currency will be authorized five years after the initiation of operation by the enterprise created by the new investment at the annual rate of 20% of the initial investment.

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The policy outlined above will not be rigid. As the case may be, other incentives may be granted.

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