

VIETNAM

BUSINESS REVIEW

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popular in Vietnam*



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ECONOMY

VN urged to join more FTAs, improve business environment

Saigon Times - Representatives of foreign business associations yesterday called on the Government to join more free trade agreements (FTA) to gain easier access to major global markets, and speed up business environment improvements to facilitate foreign direct investment (FDI) activity in the country.

Speaking at the mid-term VN Business Forum 2014 in Hanoi yesterday, attended by PM Nguyen Tan Dung, Marc Townsend of the American Chamber of Commerce in Vietnam (AmCham) said the Trans-Pacific Partnership (TPP) agreement would enable VN to change its growth model and meet its socio-economic targets.

Townsend quoted data of the U.S. Department of Commerce as saying that TPP would lead Vietnam to a high-growth path. In 2025, TPP is estimated to help Vietnam raise GDP by 28.4% and exports by 35.7%. Bilateral trade between Vietnam and the U.S. last year soared around 20% YOY to \$29.7b and 14% in the first three months of this year.

"If strong growth is maintained, bilateral trade between the two nations may reach US\$60.2 billion by 2020 or nearly US\$70 billion if the TPP pact is signed," Townsend said. AmCham also believed that TPP and FTAs would support Vietnam's strategies for industrialization, modernization and global integration. These pacts will remove barriers to market access and government procurement, and set new standards in labor, environmental protection and intellectual property.

Tomaso Andreatta, vice chairman of the European Chamber of Commerce (EuroCham), said the FTA between Vietnam and the European Union (EU) was expected to be concluded this year as negotiations are progressing well.

The EU is one of the biggest investors in Vietnam, with 1,810 projects worth over \$34b approved in the country as of January 2013.

The confidence of European businesses in Vietnam has significantly improved. According to the quarterly EuroCham Business Climate Index survey conducted in February, the Business Climate Index (BCI) in Q1 this year rose from

50 to 59 points, which surpassed the midpoint for the first time since 2012.

"This significant improvement shows higher confidence of European companies in the Vietnamese market," Andreatta said. He noted Vietnam's export value could expand by nearly 35% if the Vietnam-EU trade pact was signed. But Andreatta said benefits would not come as expected if Vietnam did not fully implement its commitments to the trade pact.

Meanwhile, Townsend of AmCham voiced concerns over corruption and called for VN to take more efforts to address this issue. Gov't has made specific actions in the past years and now was the time to fight corruption on a wider scale.

Yoshihisa Maruta, chairman of the Japan Business Association in VN, said that last year a majority of Japanese firms here considered VN an important market & would expand operations this year.

However, over 60% of Japanese companies are coping with rising labor costs, complicated administrative procedures, unclear policies, and inconsistent law enforcement and interpretation.

BANKING & FINANCE

BIDV enters partnership with Myanmar bank



VNS - The Bank for Investment and Development of Viet Nam has signed an agreement with a Myanmar bank under which they will swap information, develop product and technical services, and support business and investment activities in both countries.

Under the deal they signed last Saturday in Yangon, BIDV and Myanmar's Small and Medium Industrial Development Bank (SMIDB) will share experiences and information about local regulations, and consider providing financial and banking products for trading and investment by businesses in Viet Nam and Myanmar.

BIDV will also help SMIDB upgrade its IT systems and make greater use of IT applications in its operations.

It will help SMIDB undertake study tours to Viet Nam in 2014-15.

BIDV chairman Tran Bac Ha said, "With our experience and advantages in providing services to SMEs in Viet Nam, we wish to share our experience to facilitate the development of Myanmar's financial market and its SMEs."

SMIDB's chairman U Maung Myint, who is also Myanmar's Minister of Industries, welcomed BIDV into his country's financial market, saying the agreement underlined BIDV's role in strengthening economic ties between the two countries.

HDBank provides loans to FDI businesses



VNS - HCM City Housing Development Bank (HDBank) has given a package of medium loans to businesses with foreign direct investment from June 5 to September 30, 2014.

The businesses will not be required to provide their assets as security for the bank's loan, according to the online news portal Vietnam Business Forum.

The package, worth VND500 billion (US\$23.8 million), will help businesses repair and build facilities and buy materials and equipment. The loan will be 70% of total expenditure.

The loan period will not exceed 18 months, with a grace period from three to six months.

Vietcombank to offload \$52m in bad debt



Vietcombank plans to sell VND1.1 trillion (US\$52.38 million) worth of bad debts this year, the same amount as last year, Bank Deputy General Director Dao Hao said.

The bank aims to achieve credit growth of 13% in 2014. Meanwhile, loans grew only 3.16% in the first five months of this year.

INVESTMENT

Billion dollar projects awaken central region



VOV - Many large FDI projects in the central coastal region are bringing fresh impetus to local socio-economic development, giving the region a facelift.

Phu Yen province recently confirmed that a \$3.2b oil refinery project of UK Technostar Management Ltd in Vung Ro is set to get off the ground this August.

When the Vung Ro project is fully operational, it should contribute about \$111m per annum to the state budget and generate jobs for roughly 1,300 labourers.

Production at the refinery should also buttress the nation's economy which is highly dependent on importing oil from foreign countries. The new refinery will allow Vietnam to greatly reduce its dependency on foreign oil.

In the past week, the Binh Dinh provincial People's Committee also worked with Thailand's Petroleum Corporation seeking for a \$27b Nhon Hoi oil refinery project.

The two projects hold great promise for the future economic landscape in the region, acting as a catalyst for propelling its economy forward and improving its investment environment.

Since the Dung Quat oil refinery was constructed in Quang Ngai province, the central coastal region has been "awakened", and these projects are contributing to reshaping the oil refinery industry in the entire nation.

The US's Exxon Mobil Corporation recently announced it is planning to invest in a gas-power complex project in the region to bring gas ashore and build gas and power plants. With a scheduled investment capital outlay of \$20b, the economic benefits are bound to reverberate.

Other projects such as Guang Lian steel plans to raise their investment capital by \$1.5b to \$4.5b & planned thermoelectric Semcorp bumped up their capital by \$2b.

Additionally, preparations for constructing two nuclear power plants in Ninh Thuan province are underway. Once these projects are put into operation, they will sow enormous benefits local and national economies, helping ensure national energy security.

The provinces of Quang Nam, Danang, Hue, Ninh Thuan and Binh Thuan provinces are increasingly becoming more attractive to domestic and foreign tourists and the tourism industry is starting to blossom. There are a series of tourist resort projects underway along Vietnam's most beautiful coastline.

The largest project in this area is South Hoi An in Quang Nam province, which is still being constructed at a total cost of \$4b.

The tourism sector promises to bring many benefits for localities, especially in job creation, contributing significantly to budget revenue and stimulating local economic growth.

Foreign investors allowed to take higher stake in securities companies

Vietnamnet - Foreign investors may have felt a bit disappointed when Vu Bang, chair of the State Securities Commission (SSC), said it was highly possible that the lifting of the ceiling foreign-ownership rate in all Vietnamese businesses would not occur. For now, it will only be applied to securities companies.

However, this does not mean foreign investors will have fewer opportunities to buy more shares in

INVESTMENT



non-securities companies. Bang said the government has assigned the Ministry of Planning and Investment to classify business fields to decide how much room to offer to every field.

SSC is still awaiting a final decision from the government. Meanwhile, SSC wants to lift the ceiling foreign-ownership ratio in securities companies as soon as possible to be sure that Vietnam is strictly complying with the WTO commitments.

SSC plans to proceed with the lifting of the foreign ownership ratio in securities companies first. A detailed plan on the issue would be submitted to the Ministry of Finance in several days, which says that foreign investors can hold 0-100% of capital in a securities company.

There are now two kinds of foreign invested securities companies licensed in Vietnam – foreign invested enterprises, i.e., ones where foreign

investors hold no more than 49% of stake, and 100% foreign owned companies.

The general director of a securities company has urged competent agencies to set up the regulations allowing foreign partners to hold up to 100% of capital of securities companies.

This would help fix the current problem that foreign institutions cannot obtain 100% of capital of companies if they cannot collect enough stakes from all the shareholders. It is really difficult to do that in a company with thousands of shareholders.

A report from the Ministry of Finance shows that about 90 securities companies are operating in Vietnam, including over 40

foreign-invested securities companies.

Of these, over 10 companies with foreign-ownership ratios comprise 49%. There is only one 100% foreign owned securities company, Maybank Kim Eng.

Thus, only one company has turned into a 100% foreign company since the the government decree No 58 that allowed 100% foreign owned securities companies in Vietnam. The decree took effect in 2012.

The majority of other companies are still awaiting government decisions so they can raise their ownership proportions to over 49% but not 100%.

Foreign investors want to hold the controlling stakes, but they still want to have Vietnamese partners in their companies.

The information about the lifting of the foreign-ownership ratio in securities companies could be why stock prices rose in the last few days.

SSC announced the plan on the ownership ratio increase 18 months ago. However, the draft plan still must be amended many times.

ENTERPRISE

Vietnam rich guy to invest nearly \$10m in transportation

Recently, a Vietnamese company announces to invest in 14 major transportation projects (nearly \$10b) of HCMC, gaining a lot of attention from the public.

At the ceremony to sign an investment cooperation contract between Phu My Corporation (PMC) and Hanoi Commercial Joint Stock Bank (SHB) on June 2nd, this huge plan was made public.

Specifically, PMC investigate to invest in 14 major transportation projects of HCMC in the coming time, including:

- Roads to join Western Ring (Dist.9-Thu Duc Dist.): 3,581 billion VND;
- 2nd Ring road, in the South of the city (go through areas of Dist. 8, Binh Tan Dist., Binh Chanh suburban district): 6,000 billion VND.
- Beginning point of the project borders Rach Chiec Bridge project at Eastern Ring Road (Dist.9), the end point borders Hanoi Highway, 110m across towards Bien Hoa city.
- The bridge across canal of project is designed permanently, made of steel and concrete, 171.3 metres in length; diameter of cast-in-situ concrete pile is 1.2 metres with estimated loading capacity is HL-93.

At Hanoi Highway junction, it will include both overpass and side roads using structure of steel and concrete box girder, designed permanently, box is 50 metres in length; diameter of cast-in-situ concrete pile is 1.2 metres with estimated loading capacity is HL-93. Besides, PMC investigates to invest in 5 elevated road construction projects, expected to go through many districts, suburban districts of city, with total investment capital of about 168,000 billion VND.

- Rach Chiec Bridge (Dist.9), located in 2 Ring Road, HCMC, in the East: 815 billion VND.

Besides, the project has farm road along bridge parts and approach slope, with total length of 993,890 metres to ease traffic.

The representative of PMC said, the above projects will be invested in many forms such as BT (invest, transfer), PPP (cooperate between Government and private) and BOT (invest, trade and transfer)...

According to Mr Nguyen Thanh Thai, General Director of PMC, total investment capital of 14 projects above is about 200,100 billion VND. Another important information related to this huge plan is appearance of SHB

It is stated that, at signing ceremony, SHB will fund PMC to invest in major transport infrastructure projects in HCMC.

Vietcombank makes Forbes Vietnam's top 50

VOV - Forbes Vietnam, the Vietnamese edition of the international Forbes magazine, has announced a June list of the top 50 companies on the country's stock exchange, led by Vietcombank.

Surpassing other large commercial banks, the Bank for Foreign Trade of Vietnam has become the only representative in the Forbes list for two years in a row.

On the list are companies that have outstanding performance, hold key positions in the market, and bring great benefits for investors.

As of April 25, 2014, total market capitalization of these 50 companies reached VND741 trillion, accounting for 65% of the combined capital of HCMC Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX).

Forbes magazine (USA) launched the Vietnamese version in June 2013- its 29th edition published worldwide.

MARKET & PRICES

Vietnam's no.1 e-commerce brand to be dethroned?

VietNamNet – Lazada, the only foreign major player in the e-commerce market, has ambitions to dislodge Vietnamese ChoDienTu from its No 1 position.



In mid-2013, when the high-tech community concentrated its attention on the "OTT wave" (over the top), Lazada.vn quietly launched an e-commerce trading floor named Marketplace.

Marketplace is believed to be Lazada's latest campaign of attack in C2C market segment, and it also plans to develop this platform in the B2C market segment as well.

The move by Lazada is described as a "declaration of war" against ChoDienTu.vn because C2C has been the core business for the Vietnamese e-commerce website.

in direct payment tools.

Lazada reportedly has reached cooperation agreements with 25 domestic banks, while it is

discussing the possibility of more cooperation agreements with units providing card-based online payment services.

Regarding the "power" of Lazada, analysts said no Vietnamese e-commerce group could financially compete with Rocket Internet.

Vietnam's e-commerce market

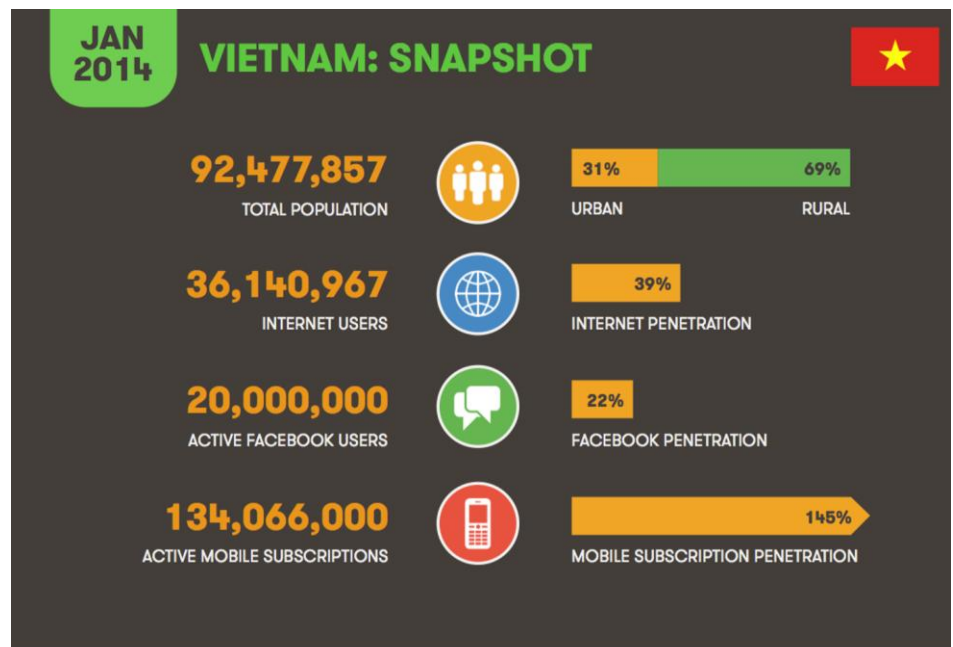
A report from VECITA, the Ministry of Industry and Trade's IT Agency, says the e-commerce trading value in Vietnam hit the \$2.2b threshold in 2013, a sharp growth rate of 300%. It is expected that the market will create revenue of \$4b by 2015.

The figures coincide with the report from EuroMonitor, a market analysis firm, which says that the Vietnamese internet population will

reach 43 million by 2016, or 40-45% of the total population. This is considered to be the "golden proportion" for investors to jump into the e-commerce market.

A report showed that 79 retail of every 100 websites in Vietnam specialize in selling clothes, footwear and cosmetics.

The attractiveness of the e-commerce market is the reason that Pham Nhat Vuong, president of Vingroup, a real estate group, has decided to make investments in this business field. Vuong, the first Vietnamese US dollar billionaire, recognized by Forbes, has set up VinE-com, an e-commerce company, with chartered capital of over VND1 trillion.



LEGAL UPDATES

Decree outlines regulations on local-e-commerce sites

Unregistered e-commerce websites will be fined between VND20-30 million (US\$952-1,428).

This follows the issuing of Decree 185/2013/ND-CP on consumer protection and trading in fake or banned goods. It came into effect in January.

Under the decree, trading in fake products on e-commerce sites is subject to fines of VND40-50 million (\$1,904-2,380).

Fake goods will be confiscated and the website will be forced to suspend operations from six months to a year. The domain name may also be revoked.

According to online.gov.vn from the Ministry of Industry and Trade, about 1,889 online retail services are in their process of providing information.

Another 175 e-commerce providers are undertaking registration with the Viet Nam E-Commerce and Information Technology Agency (Vecita) under the Ministry of Industry and Trade.

This number is quite small compared to the thousands of sites in operation.

Recently, Vecita and the Ha Noi Market Watch Department fined

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namvietn.vn VND30 million (\$1,410).

Managed by Nam Viet Industrial Production Company in Hoang Mai District, the site had not been registered.

Hoa Nam Import-Export JSC was also fined VND30 million for the same offence. Other companies such as TechLand and Ho Guom Development & Investment Ltd Co and watch shop 88 also face administrative fines.

Tran Vinh Nhung, deputy director of the HCMC Department of Industry and Trade said, the city had more than 144,000 e-commerce sites of which 85,996 sites were operational. However, only 2% were registered.

Nguyen Van Minh deputy director of Long An Province's Department of Industry and Trade said the management of e-commerce websites needed close co-

ordination between authorised bodies.

Director of Vecita, Tran Huu Linh, said there was a need to raise awareness of the need for businesses to comply.

Nguyen Ngoc Dung from the Viet Nam E-commerce Association said market-watch and inspection teams would work together to make sure all companies complied with the law.

He added that registration was simple. Businesses only needed to access www.online.gov.vn to get the necessary information.

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LEGAL UPDATES

Enterprises which operate in employment services must deposit VND300 mln

According to The Decree No. 52/2014/ND-CP dated May 23, 2013 of Government to regulate conditions, procedure for issuing operating licenses of employment services of Enterprises, those Enterprises which operate in this field must deposit 300 million VND at commercial banks at which Enterprises have main trading accounts to deal with any risks and compensation during operation.

Besides, Enterprises need to have stable place of head offices, branches, the term is 3 years and over; if offices are owned by the person whose name is in enterprise registration documents, in the documents to apply for licenses, there must be valid papers, if they are rented offices, need to have rental contract with terms of 3 years and above. Simultaneously, enterprises must have specialty department which consists of at least 3 staffs of college degree and over and those people must have complete civil capacity, clear record to carry out employment service activities.

Meet fully three requirements above, Provincial People's

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Committee or Labor, War Invalid will and Social Affairs Department will be authorized by Provincial People's Committee to issue license to Enterprises to operate employment service; this license has a term of 5 years at the most.

The Decree indicates that for Enterprises which operate employment services, besides fulfilling commitments with employees, employers, apprentices, people being mentored, introduced jobs and complying with financial regime, accounts payable and compensating for damages due to breach of contract, they must monitor employment status of employees who are introduced or supplied by Enterprises during the time when they perform casual labor contracts, labor contracts of a specific job of under 12 months; or monitor employment status of employees for 12 months for labor contracts of 12 months and over.

This Decree goes into effect since June 15th, 2014.

Regarding PIT of non-residents

Dispatch No. 4115/CT-TTHT dated June 2, 2014 of the Department of Taxation of HCMC on personal income tax (PIT).

The Dispatch replies to four issues relating to the net income gross-up, PIT on moving allowances, house rentals and how to calculate PIT for a non-resident.

According to provisions provided in Circular No.111/2013/TT-BTC, if the Company pays pre-tax incomes (gross incomes) but after-tax allowances (net incomes), the Company must convert such allowances into the pre-tax incomes, then adding to the pre-tax incomes for the PIT calculation

To lump-sum moving allowances for a foreign expert moving to Vietnam for the first time, if the expense rate is specified in the labor contract or the collective bargaining agreement, the allowances are exempted from PIT. However, such allowances shall be liable to PIT for the case the foreign expert move to Vietnam for the second time onwards.

If the company buy a house for a foreigner during his/her working in Vietnam, the amount of buying the house shall be accounted into taxable incomes of the laborer on the basis of depreciation expense, expenditures for electricity, living water and other services used by the foreigner.

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HIGHLIGHTS

Good times ahead for Vietnam hotel industry

Demand for hotel rooms in Viet Nam has grown at 7-8% a year for the last three years, and occupancy rates in large cities are catching up with those in major cities across the region, a seminar heard in HCM City yesterday.

A report by real estate consultancy CBRE tabled at "Hotel Investment & Management in Viet Nam – Lessons from Across Asia" also said there is greater interest in investing in the country's hotel sector partly due to the improving outlook of the Vietnamese economy.

Genuine buyers are becoming apparent, especially with investor interest in looking for quality hotels growing in Southeast Asia, it said.

Buyers are propelled to look for investment opportunities outside of Hong Kong, Singapore, and Tokyo as prices continue to rise in these countries and investors try to identify good and attractive yields.

International tourism has been growing in Viet Nam, albeit at slowing rates, over the last three years. In the first five months of 2014 it has skyrocketed to over 26%.

One of the reasons for the interest in Viet Nam could be attributed to Thailand's political turmoil as tourists



The Hilton Ha Noi Opera hotel. A report has shown interest from investors in the country's hotel sector has risen, partly due to the improving outlook of the Vietnamese economy.

shift their gaze to other Southeast Asia countries.

Hotel occupancy rates across Viet Nam have generally been strengthening over the last three years. Occupancy rates in HCM City and Ha Noi are now inching closer to that of cities such as Jakarta and Kuala Lumpur. While there is an increase in hotel supply predicted for both Ha Noi and HCM City over the next three years – around 8% in total – this is less than the number of projects proposed for Kuala Lumpur and Jakarta, where supply may grow by 20% and 40% respectively if all the proposed projects proceed.

Resort destination Da Nang has performed particularly well over the last few years but its exposure to

the China market may present challenges in the very short term.

Robert McIntosh, executive director, CBRE Hotels, Asia Pacific, said: "The longer term outlook appears positive at present.

"The quality of the infrastructure and hotels has improved considerably over the last few years and this has led, and will continue to lead, to a more stable and resilient tourism market.

"Hotel performance is expected to improve in the medium term and foreign investors are increasingly attracted to the opportunities and returns Viet Nam offers."

HIGHLIGHTS

Samsung invests over \$1b in HCMC factory



VOV - HCMC has approved the application by the Republic of Korean Samsung Group to construct a US\$1 billion electronics manufacturing facility at the city's Hi-Tech Park.

Vice Chairman of the municipal People's Committee Le Manh Ha said the decision by Samsung to proceed with the project is a strong signal that investor confidence remains unaffected by recent social disorder, which sprung out of the East Sea dispute.

It demonstrates investors' continued faith and trust in the city's effort to accelerate administrative reforms, simplify investment procedures and offer incentives to facilitate foreign businesses operating in the city.

Regarding the social disorder earlier in May, a number of workers and people demonstrated against China's illegal deployment of its oil rig Haiyang Shiyou-981 in Vietnam's

Exclusive Economic Zone (EZZ) and continental shelf.

A handful of extremists took the occasion to violate the law and vandalize some foreign direct investment (FDI) businesses, causing property damage and loss of profits as business had to temporarily shutdown.

The city timely responded to the incidents, directed forces to take control of the situation, restoring law and order enabling the business to resume full-unimpeded operations.

Samsung's investment in the electronic factory is in line with the city's guidelines encouraging investment in high-tech products so the city will soon complete procedures, clearing the pathway for the Samsung to proceed, Ha affirmed.

In 2009, Samsung Group inaugurated a US\$2.5 billion factory in Bac Ninh province manufacturing mobile phones.

In March 2013, it started construction of a second high-tech complex in Thai Nguyen on 100ha at a cost of \$2b. Once completion, the factory will produce and assemble mobile phones and other hi-tech products.

Confusing work permit policy concerns foreigners in VN

In Dec-2012, prominent HCMC attorney Fred Burke told the assembled members of VN Business Forum (VBF) and a raft of government officials that urgent reforms were needed in to the country's increasingly byzantine process of obtaining a work permit.

"Work permits can take many months when the police or other authorities do not perform their role, and it is unreasonable to waste trained professionals' time waiting month after month on the company payroll for these administrative formalities," he said during a presentation of the findings of the Trade and Investment Working Group.

Two years have passed, but little has changed. Despite repeated outcry from the business community, cities and provinces continue to muddle and complicate the already byzantine process of obtaining a work permit for a foreign employee.

Even as the director of the Baker McKenzie law firm and a major player in VBF, a consortium int'l and local business associations and chambers of commerce, Burke

HIGHLIGHTS

continues to have a hard time getting work permits for his foreign paralegals and proofreaders.

Early this week, one such applicant was denied a work permit despite the fact that she had graduated from a top US university, taught English for two years and been trained on the job for three years.

On Thursday, Burke mounted a podium in Hanoi, and announced that under current requirements, Bill Gates and Steve Jobs wouldn't qualify for permits to work in Vietnam--drawing wide applause from the room.

"A radical revisit of the current rules should be initiated, especially in light of the special circumstances we are facing," he said during the midterm meeting, which focused greatly on repairing Vietnam's investment climate, which has been hit hard by extreme riots triggered by China's deployment of a US\$1-billion oil rig in Vietnam's territorial waters since early May.

Many Taiwanese factories are now scrambling to replenish their foreign personnel who fled the country --a situation which prompted Prime Minister Nguyen Tan Dung to specifically call on provinces to momentarily straighten a seemingly crooked process.

Other problems

A report submitted by the VBF's Investment and Trade Working Group noted that Vietnam's work permit process has made it difficult for the country to make the manufacturing upgrades it needs to actually benefit from the impending US-led Trans Pacific Partnership (TPP) Agreement.

Many manufacturers noted that they could not get short-term permits for experts and consultants heading to VN to implement new technology or to conduct trainings.

"Almost every business represented at the two most recent Vietnam Business Forums had complaints about the new work permit rules, and this is something that is reportedly affecting the entire textile and garment industry'.

Much of the problems centered around the "new rule" also known as Decree 102, which took effect last November and required foreign laborers to submit a completed application, two passport photos, a health certificate (issued either in Vietnam or abroad), a copy of one's passport, and a notarized certificate(s) of expertise.

The decree also required five years of professional experience and a four-year university degree--for

everyone from English teachers to corporate executives--to obtain written approval from a municipal or provincial leader.

The decree also required a legalized declaration of no criminal record issued by the applicant's home authorities--in addition to criminal records issued by Vietnamese agencies--six months before the application is submitted.

Open to interpretation

The implementation of the decree "has been extremely complicated and inconsistent between HCMC, Hanoi, Vung Tau and different provinces," wrote Laurent Quistrebert of the HR and Training Committee of the European Chamber of Commerce (EuroCham) in Vietnam in a report submitted during the meeting. "This has confused companies and provincial labor officers, which has delayed the work permit application process."

Labor departments in Hanoi and Bac Ninh Province had required work permit applicants who had only been in the country for a few days to obtain a certificate from the local police attesting to the fact that they'd never been arrested in Vietnam.

HIGHLIGHTS

Government officials present at the meeting seemed to acknowledge this issue and indicate that it had been largely resolved.

"Initially interpretations by some municipalities were not consistent," said Le Quang Trung - deputy director of the Employment Department under the Ministry of Labors, Invalids and Social Affairs -- during the Thursday meeting. "In response, through this business forum and dialogues with investors, we revisited the expectations with local governments and agencies, especially in Hanoi and HCMC, to ensure proper adoption."

Renewal woes

However, this month, HCMC authorities further confused the problem by mistranslating a central government decree, implementing stringent requirements on foreigners looking to simply renew their existing work permits.

The city's labor department incorrectly applied the requirements placed on foreign laborers seeking work permit for the first time to those seeking renewals, news website Thoi Bao Kinh Te Sai Gon (Saigon Times) quoted Nguyen Van Khai, deputy director of the City Labor Federation, as saying.

For all the confusion it did add, Decree 102 did not actually further complicate or alter the perfunctory process of renewing.

Despite misinterpretations of the law, renewals only require the submission of a completed application, two passport photos, a health certificate and a work permit that is (still valid for between 5-15 days) and a labor contract.

Under the decree, foreign laborers renewing their work permit don't have to submit a criminal record issued in their home country.

Incomplete statistics from the occupation department under the labor ministry shows a total of more than 80,000 foreigners are working in Vietnam as of 2013, of which more than half are in HCMC.

These people come from more than 60 countries, of which 58% are from Asia and 28.5 from Europe.

New rules prompt confusion and outcry

The HCMC labor department began befuddling employers and foreign workers on May 16, when it appeared to announce new changes to the renewal process.

Without mentioning the process of renewal, the department stated that foreign laborers with expired work permits must re-apply for a

new permit--a process that entails returning to one's home country to obtain a declaration of no criminal record.

The city's announcement was sent to companies and organizations who require foreign workers as well as the management agencies of industrial parks and export processing zones, prompting widespread concern.

David Watson, general director of Industry Travel Asia, a HCMC-based tourism company, said he interpreted the rule as yet "another layer of bureaucracy to navigate."

"[The changes] will generate a new revenue stream level of 'agents' to manage the process and of course coffee money for the official document stampers,".

Nguyen Van Hau, deputy chairman of the HCMC Jurists' Association, said the city's document hinders company operations and the work of foreign laborers.

Nicola Connolly, chairwoman of EuroCham Vietnam, said the city's notice remains new--so it's too early to tell whether work permit holders in HCMC will be able to renew their permits or they'll have to apply for new ones.

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