

# VIETNAM BUSINESS REVIEW

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Vietnam seeks to tax e-commerce, Facebook retailers



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## ECONOMY

### Garment export turnover to top \$24b this year

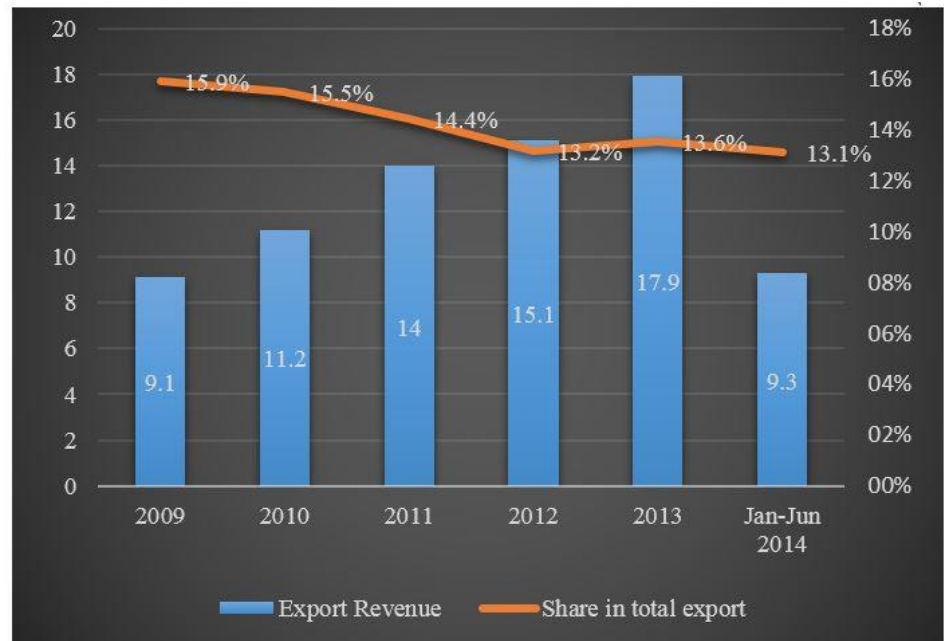
VNS - Vietnam's garment and textile export turnover is likely to reach \$24.5b this year, a 19% rise against 2013 and the largest increase in the past 3 years.

With this result, the garment and textile sector will bring in a trade surplus of \$12b this year, according to the Viet Nam Textile and Apparel Association (VITAS).

The Ministry of Industry and Trade (MoIT) reported that the sector earned \$19.18b from exports in the 11-month period, increasing 18% against the corresponding period last year. Exports of fibre rose 19% to \$2.3b.

The association also mentioned a shift of orders from other countries to Vietnam thanks to bilateral and multilateral free trade agreements the country has signed and will sign with its partners.

In recent years, the sector has focused on diversifying material supply sources to ease the dependence on foreign source and increase competitiveness. To



date, it has raised the localisation rate to more than 50%.

A report from the MoIT showed that in the January-November period, cotton production from natural fibre reached around 300 million sq.m, posting a 15.8% YOY increase. Cotton production from synthetic fibre was estimated at 666 million sq.m, rising 5.6% over the same period last year.

Last month alone, the cotton production from natural fibre was 28.7 million sq.m, representing a 15% month-on-month rise, while that from synthetic fibre rose 12% in comparison with the previous month to 60 million sq.m.

Le Tien Truong, General Director of the Viet Nam National Textile and Garment Group (Vinatex), said the group's subsidiaries have increased investment in material production, adding that their textile fabric output can meet 60% of domestic demand.

He emphasised the need to build a trademark for Viet Nam's garment and textile products. The sector also needs to improve its competitiveness in the global garment supply chain, he added.

Besides, domestic garment and textile businesses have also searched for other material suppliers from ASEAN countries,

## ECONOMY

particularly India, to avoid over-dependence on a single market, said the MoIT.

It said the search for new material suppliers will also help businesses take advantage of the Trans-Pacific Partnership (TPP) agreement.

### Healthcare centres to commercialise



VNS - The government has agreed that public healthcare centres and medical schools can co-operate with individuals or organisations to upgrade or build healthcare facilities, reports *vneconomy.vn*.

Hospitals and healthcare centres can now legally use their capital, infrastructure, capacity and quality or prestige to launch ventures with investors to build new healthcare institutions and operate like businesses.

In case the public healthcare institutions contribute their capacity, quality and prestige to a joint

venture, these intangible assets must be appraised by the relevant agencies before the joint venture is established.

More importantly, the contribution ratios of the parties in a joint venture must be maintained throughout the period of their co-operation, and even when their business is expanded.

These institutions are allowed to decide the operation mechanism and management methods themselves.

The duration of the joint ventures depends on parties' decision.

The public health institutions are also permitted to send their staff to work at private healthcare centres, if a consensus is reached between the employer and the employees.

In addition, the Government has asked the Vietnam Development Bank (VDB) to grant bank loans to public healthcare institutions to help them invest in their joint ventures or projects.

In case the healthcare centres take loans from banks other than VDB, the State will subsidise the difference between the interest

rate of the commercial banks and that of VDB.

The public healthcare institutions are also eligible to use capital contributed by organisations and individuals, including public officers and staff of that institutions. They also can use their funds for career development to develop their operations.

Under the government's decree, the rates of healthcare services in these institutions are calculated to ensure that these healthcare providers can recover their investment and gain profit.

The leaders of public healthcare institutions can legally decide the rates for services within the range regulated by the health and finance ministries.

The healthcare centres that operate like businesses are eligible to decide their rates, but are required to list them publicly as per regulations.

## BANKS & FINANCE

### Moody's ups Vietnam banking system's rating to stable



*Moody's Investors Service raised the outlook on Viet Nam's banking system to stable from a negative assessment, noting a stable business climate, improved macro-economic situation and easing liquidity stress.*

VNS - Moody's Investors Service raised the outlook on Viet Nam's banking system to stable from a negative assessment, noting a stable business climate, improved macro-economic situation and easing liquidity stress.

Improved macro-economic stability helped strengthen the systemic liquidity, with deposits seen growing recently, as the government's policies aimed to reduce the purchase of gold and foreign currencies, according to Moody's Singapore-based vice president Gene Fang.

Fang said that banks were reducing dependence on interbank loans, which led to lower liquidity stress.

Moody's report on Vietnam's banking system – a comprehensive analysis and data on the current

and expected economic conditions and ratings drivers for the banking system in the coming 12 to 18 months – pointed out that the operating environment for lenders began to stabilize after falling into decline since 2012 as a consequence of the rapid credit growths in the previous years.

The country's inflation and interest rates were on a downtrend from double-digit levels during the past two years. The increase in foreign direct investment, the shift of trade from deficit to surplus and efforts to emphasize economic stability over growth also helped to improve the situation.

However, the existing credit problems will make the recovery of the banking system remain slow, the report said, adding that credit loss provisions and capital in banks were insufficient.

Banks' profitability will remain under pressure due to the anticipated fall in borrowing demand and the narrowing-down of the gap between the loan interest rate and the deposit interest rate. The report said that profitability will improve in case the property market and the

retail sector improve, leading to rising borrowing demand.

In July, the rating firm had upgraded Viet Nam's credit rating, given the country's continued macro-economic stability.

### Banking assets reach \$291b

VNS - The total assets of the banking industry reached VND6,174 trillion (\$291.22b) by the end of October, according to statistics by the State Bank of Viet Nam (SBV).

Banking assets rose by 6.3% over the end of last year, reported the central bank.

Only commercial banks and co-operative credit institutions witnessed an increase in assets, while joint ventures and foreign banks posted declines. Finance companies and financial leasing companies revealed a decrease in assets as well.

SBV reported that the total assets of joint-stock commercial banks had reached VND2,624 trillion (\$123.7b) at the end of October, rising by 1% over the end of September and 6.5% over December 2013.

The assets of State-owned banks were valued at VND2,712 trillion

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(\$127.9b), which are up 8.27% over last year's December.

The total assets of co-operative credit institutions reached nearly VND84.8 trillion, rising by 1.18% and 17.51% over the end of last month and last year, respectively.

With VND691.1 trillion in assets, joint ventures and foreign banks posted a decline of 1.96% in assets over December 2013, while those of finance companies and financial leasing companies dropped by 4.45% to VND62.53 trillion.

The central bank also reported that the returns on assets ratio of the banking system was at 0.51% while returns on equity was 5.49%, which were much lower than 0.79% and 10.34% in 2012, respectively.

The capital adequacy ratio of the system was 13.22%, higher than the minimum ratio of 9%.

### Oil, gas stocks lead market rally

VNS - The stock market experienced an emotional trading period yesterday with rapid reversals of prices, shooting up from red to green in just over an hour.

Oil and gas shares, the main drag on the market in previous sessions,

recovered yesterday afternoon, giving the market some essential momentum.

Except for PV Gas (GAS), which fell 4%, stocks increased. PetroVietnam Drilling and Wells Service (PVD) and PetroVietnam Drilling Mud Co (PVC) climbed more than 3.85%, while PetroVietnam Technical Services (PVS) grew 1.81%.

Big intra-day profits attracted risk-appetite investors. PVD closed up more than 11% from its daily low, for example.

However, analysts warned that yesterday's rally could be a sort of sentimental reaction. They said the market uptrend needed to be tested in the coming sessions, as heavyweight shares like GAS still weighed on the market's performance.



On the HCM Stock Exchange, the VN-Index recouped nearly 2 points, jumping from the day's low of

544.78 points in the morning to closing with 557.19.

Four times as many stocks rose as declined – evidence of positive market conditions.

Blue chips also rebounded, as shown by the VN30's 1.15% rise. The VN30 tracks the top 30 shares by market value and liquidity in the HCM City market. The VN30 closed at 610.81 points.

Liquidity fell, however, with the trading value down 40% to 119.4 million shares and the value of trades down 30% to reach VND2.3 trillion (\$108m).

On the Ha Noi Stock Exchange, the HNX-Index also rose 1.63% to finish at 85.22 points, with the gainers tripling the losers.

The trading also declined there, as both trading volume and value decreased 40% from the previous session, totalling 54 million shares worth VND792 billion (\$37.2m).

In contrast to domestic movement, foreign investors continued to unload shares. They were responsible for a combined net sell of VND103.2 billion (\$4.8m).

## INVESTMENT

### Foreign investors get new guidelines

VNS - Foreign investors must be committed to a long-term attachment in terms of interest in domestic credit institutions, if they want to buy stakes and become strategic investors of these organisations.

SBV's Circular No 38/2014/TT-NHNN, which was issued on Monday, and takes effect on February 1, 2015.

The circular requires foreign investors' pledges to own stakes of 10% or more in the credit institutions, as well as their involvement in helping the institutions to apply modern technology, develop products and services, and enhance management capacity.

The regulation related to technology, products and services, as well as management support will also be applied in case foreigners acquire stakes in fragile credit institutions, defined or put under special supervision by SBV.

The circular also stipulates procedures for specific cases where foreigners buy shares to hold at least 5% or 10% of the credit institutions' equity.

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Providing guidelines for Decree 01/2014/ND-CP, issued last March, on foreign investors buying stakes in Vietnamese lending institutions, the new document replaces Circular No 07/2007/TT-NHNN that the central bank issued 7 years ago.

### Vietnam set to license 3 credit rating firms 2025



VNS - Vietnam plans to grant licences to a maximum of 3 credit rating firms by 2025, according to a draft decision.

The draft, which was recently presented for comments, indicates that the credit rating development plans are aimed to be approved by 2020 to achieve the country's 2030 vision. The plan seeks to conduct a credit rating for all corporate bond issuances by 2025. In addition, the draft aims to grant licences to a maximum of five credit rating firms by 2030.

The credit rating development must be in line with the development of

the domestic equity and bond market to enhance transparency and promote capital building through the stock market, as well as to protect the legitimate rights of investors.

The Ministry of Finance (MoF) said that credit rating provided investors with information used to evaluate the financial capacity & payment capacity of issuers of financial instruments on the stock market.

As of October 2014, nearly 700 stocks were listed on the stock market of Vietnam with a total capitalisation of VND1,191 trillion (\$56.18b), which is equivalent to 33.23% of Vietnam's GDP.

Currently, no credit rating firm is licensed in the country.

MoF said the establishment of credit rating will initially aid the development of the corporate bond market as the stock market remains at a small scale.

MoF said that the number of credit rating firms will be limited for each period to avoid unforeseen developments, which might result in poor credit rating quality.

Gov't issued Decree 88/2014/ND-CP in September.

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## ENTERPRISES

### Firms offering e-wallet services to get licences

VNA - Vietnamese businesses will be granted licences to provide e-wallet services from March 2015, after 5 years of a pilot program.

The State Bank of Vietnam (SBV) has issued Circular 39, stipulating the regulations for intermediate payment services. Accordingly, e-wallet will be recognised as one of the payment services, together with other types such as collection and payment services.

Non-banking organisations in the pilot implementation can complete the required procedures and apply for licences.

The licences issued during the pilot scheme will be invalid by the end of next year.

The e-wallet service was first introduced in Vietnam in 2008 in the context of an urgent need for payment methods for e-commerce activities. However, all nine businesses that were issued licences to implement the service were part of the pilot project, as the country did not have a specific legal framework covering the payment service.

A representative from the central bank said that Circular 39 will be the foundation for the development of the service.

However, the SBV asked enterprises providing e-wallet services to open an account to ensure payment, limit risks and refund money to customers in case of emergencies. It has to be ensured that the payment is not more than the total balance of all their e-wallets at the same time.

The businesses are not allowed to issue more than one e-wallet to a payment account at a bank, as well as give credit to customers or pay interest rates. Activities to increase the value of the money in the e-wallet are also prohibited.

E-wallet providers are required to have a tool for the central bank to carry out checks and inspections of the customers' money.

Deposits or withdrawals from e-wallets have to be made through bank accounts.

Statistics from the central bank showed that at the end of 2013, the country had 1.84 million e-wallets, with a total transaction of 23.3 trillion VND (1.1 billion USD).

The figure was said to be modest in comparison with the non-cash payment market in Vietnam.

There were 66 million units in the card market alone, with 52 billion USD worth of local transactions at the end of last year.

E-wallet is virtual money created in mobile phones or other electronics devices, including computers and chips, and used as a non-cash payment method.

Users don't need a real wallet or cards, but only a mobile phone to pay bills or do e-commerce activities.

### GM opens new dealership in Hanoi

VOV - General Motors Vietnam Limited Company on Dec-13 officially inaugurated its new 3S agency-Chevrolet dealership in Hanoi's Ha Dong district.

The facility, spanning more 4,400 square metres, costs \$2m to construct, includes a 500m<sup>2</sup> showroom along with a 2,000m<sup>2</sup> service area.

The opening of the new dealership demonstrates GMs long term commitment to Vietnam and our customers.



## ENTERPRISES

### Retailers get into festive spirit



*Christmas decorations on sale at a shop on Vo Thi Sau Str. in HCMC. Demand for these products in the city has increased significantly compared to last year.*

Many streets in HCM City, including major downtown ones, big and small shopping malls, and stores are beautifully decorated as people prepare to welcome Christmas and New Year.

Stores are also filled with a wide range of goods and have unveiled promotions for the festive season.

Many shops on Hai Ba Trung, Vo Thi Sau, Cach Mang Thang Tam, Nguyen Trai, and Hai Thuong Lan Ong streets are selling Christmas decorations like pine trees, Santa Claus effigies and outfits, stone grottoes, tinsel, lights, lanterns, snowmen, clothes, and gift items.

According to businesses, demand has increased significantly compared to last year, with pine trees, jingle bells, ornamental balls, laurel wreaths, and Santa Claus effigies being the bestsellers.

Phuong, owner of Phuong Hoang shop on Hai Thuong Lan Ong street, said prices of decorative items have gone up by 5-10 per cent from last year.

She too said the number of people coming to her shop has increased significantly.

Artificial pine trees measuring 1.2m-1.5m cost VND400,000-700,000 (US\$18.75-30) depending on the material, design, and size.

Shops offer ready decorated trees and decoration service for the benefit of busy customers.

Roadside stalls are also selling Santa Claus clothes and hats, with prices ranging from VND10,000-30,000 (\$0.47-1.42) for hat and VND100,000-300,000 (\$4.7-14.2) for clothes depending on size and material.

A 2m long tinsel costs around VND30,000 and boxes of five colourful Christmas baubles are priced at VND70,000-VND90,000 (\$3.33-4.28) depending on size.

Many shops have announced gift-delivery services on Christmas.

Supermarkets like Co.opmart, Big C, and Lotte Mart have placed pine trees, Santa Claus statues,

Christmas costumes, balls, and lights in prominent places and announced promotions to attract shoppers.

Big C is offering discounts of 5-49 per cent on 1,500 items from December 2 to 25.

It is offering special deals on decorative items, clothes, and gifts as well as dried and fresh foods, beverages, processed foods, and cosmetics.

Lotte Mart has launched a Christmas promotion with discounts on decorative and fashion items and cakes besides gifts until December 18.

According to shop owners, the proportion of locally made items for Christmas decoration has increased remarkably over previous years.

Their good quality and designs and reasonable prices have won shoppers' hearts, they added.

## MARKET & PRICE

### ASEAN cars reign in Vietnam market even before tax cut

Tuoitrenews - Automobiles imported from ASEAN countries do not need to wait until 2018, when import duties are set to be zeroed, to dominate the Vietnamese market.



The reality is that cars shipped from Thailand or Malaysia are widely available in Vietnam, and some local automakers have switched to importing most of their products in lieu of manufacturing or assembling their own vehicles.

The newly imported Mitsubishi cars on display at the showroom have won over many customers and orders have been flooding in.

The Japanese carmaker currently has six of its brands available in Vietnam via Vinastar, which now has 18 dealerships countrywide.

Vinastar is a joint venture between Mitsubishi, a Vietnamese partner, and a Malaysian firm.

But it is only making and assembling two out of those six brands, while the remainder is imported from Thailand and Japan.

Nguyen Hoang Tuan, hailing from the southern province of Long An, bought a five-seat Attrage sedan for VND548 million (US\$25,793) during the Vietnam Motor Show 2014 in HCMC late last month.

Tuan said the price is VND60 million (\$2,824) lower than similar products two Japanese carmakers make and assemble in Vietnam.

At a ceremony to introduce three new brands Vinastar will import from Thailand and Japan last month, general director Kazuhiro Yamana said the company is not sure if there will be any policy changes toward the automobile industry from now to 2018.

That is why Vinastar switched to importing complete cars instead of parts to assemble in Vietnam.

Vietnam is required to enact zero import duties on 'sensitive commodities' including steel, automobiles and parts by 2018, according to the ASEAN Trade in Goods Agreement (ATIGA).

The ATIGA, signed on February 26, 2009 during the 14th ASEAN Summit in Thailand, is intended to establish a single market and production base with free flow of goods by 2015 for the ASEAN Economic Community, according to the VN finance ministry's website.

The trade pact took effect on May 17, 2010, under which Vietnam has to eliminate import duties in three tranches, by January 1, 2013, 2014 and 2015, according to the ASEAN.org website.

But flexible conditions for steel, automobiles and parts will be in place until 2018, the Vietnamese ministry said.

ASEAN is a ten-member bloc which includes such Southeast Asian countries as Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Cambodia, Laos, Myanmar and Vietnam.

### Rise in car sales to set new Vietnam record

VNS - Viet Nam's auto market stood out in the global car market as the report for November indicated sales growth through 20 consecutive months while its

## MARKET & PRICE

competitors posted slow progress rates.

According to the Viet Nam Automobile Manufacturers Association (VAMA), the country's 18 leading vehicle manufacturers sold a combined total of 15,954 units, indicating a 57% YOY increase. November's figure could boost the total car sales of Viet Nam for 2014 to reach 150,000 units, up 36% YOY, the highest so far in the country's history, VAMA said.

Meanwhile, growth rates in sales of cars in the world's largest car markets, such as China and the US, have been poor.

While China's car sales growth rate fell to its lowest levels in almost two years in November, rising only 4.7% from a year earlier to 1.8 million cars, market watchers forecast that the US car sales for 2014 will be unable to reach the peak of 17 million units. In addition, most car markets in the neighbouring countries like Thailand, Indonesia and Malaysia witnessed plummeting sales in the first 11 months of the year.

Major reasons behind low sales in those countries were slow economy and a weak consumer confidence.

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"Viet Nam car sales growth rate is heading in the opposite direction, compared with other markets," said Do Ngoc Quang, a car analyst at [www.caronline.com.vn](http://www.caronline.com.vn).

"Sales grew in November due to an improvement in the overall public sentiment and a decrease in the general cost of ownership, brought about by lowered fuel prices. However, the car sales rising at 57% came as a big surprise," he disclosed.

However, Luong Dinh Hung, general director of the ASC Group and a prominent car dealer in Viet Nam, said there are other reasons that contributed to the historic rise. He cited a stronger economy, improved consumer confidence, higher wages and lower unemployment as the possible reasons.

According to the General Statistics Office, the gross domestic product rose 6.19% in the third quarter from a year earlier, quickening from a revised 5.42% gain reported in June. Meanwhile, Viet Nam's Consumer Confidence Index jumped three points to 102, the highest level since late 2010, according to the

assessment of Q3, 2014 by Nielsen Global Survey of Consumer Confidence and Spending Intentions.

In addition, the Ministry of Labour, War Invalids and Social Affairs disclosed that the 2014 unemployment rate in Viet Nam was estimated to be 1.84%, one of the lowest in the world.

"This sustained demand for new vehicles has been building for years during the recession, and it should continue unless a major shift in economic stability occurs".

Car imports also shared in the historic figure as the total car import value reached \$1.23b, a 100.7% YOY increase, from January to November this year.

This means Vietnam is estimated to reach \$1.5b worth of auto imports for the entire 2014, which will also be the highest figure to date.

Approximately 2 million cars and 37 million motorcycles are on the roads of Vietnam, which has a population of more than 90 million.

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## LEGAL UPDATES

### The new provisions on safety limits and ratios for banks



VLO - Circular No. 36/2014/TT-NHNN dated November 20, 2014 of the State Bank of Vietnam stipulating minimum safety limits and ratios for transactions performed by credit institutions and branches of foreign banks. This Circular provides for minimum safety limits and ratios for transactions performed by credit institutions and branches of foreign banks that must be constantly maintained, including:

- a) Minimum capital safety ratio;
- b) Credit limit;
- c) Solvency ratio;
- d) Maximum ratio of short-term capital sources used as the medium and long term loans;
- dd) Limit on capital contribution and stock purchase;
- e) Loan-to-deposit ratio.

According to Article 9 of this Circular, each bank must maintain the minimum capital safety ratio of

at least 9% as prescribed currently. If having subsidiary companies, it must concurrently maintain the additional minimum capital safety ratio of at least 9%.

This Circular takes effect from February 1, 2015. The documents, provisions below shall expire

- Decision No. 03/2008/QD-NHNN dated February 01, 2008;
- Circular No. 15/2009/TT-NHNN dated August 10, 2009;
- Circular No. 13/2010/TT-NHNN dated May 20, 2010;
- Circular No. 19/2010/TT-NHNN dated September 27, 2010;
- Circular No. 22/2011/TT-NHNN dated August 30, 2011;
- Article 1 of Circular No. 33/2011/TT-NHNN dated October 08, 2011;
- Clause 2 Article 6 of Circular No. 28/2012/TT-NHNN dated October 03, 2012.

### Import duties on petrol and oil increases from December 2014



VLO - Circular No. 185/2014/TT-BTC dated December 5, 2014 of the

Ministry of Finance adjusting preferential import tax rates applicable to some petrol and oil products of HS 27.10 in the preferential import Tariff.

This Circular is to increase import duty rates applicable to some petrol and oil products below:

- Motor spirit of RON 97, RON 90 and other (HS 2710.12.11 --> 2710.12.16): increased from 18% to 27%
- Tetrapropylene, white spirit, Naphtha,... (HS 2710.12.30 --> 2710.12.90): increased from 18% to 27%
- Diesel fuel (HS 2710.19.71 and HS 2710.19.72): increased from 14% to 23%
- Fuel oils (HS 2710.19.79): increased from 15% to 24%
- Other kerosene (HS 2710.19.83): increased from 16% to 26%

This is the first time in 2014 the import duty rates applicable to petrol and oil products are increased

This Circular takes effect from December 06, 2014.

## HIGHLIGHTS

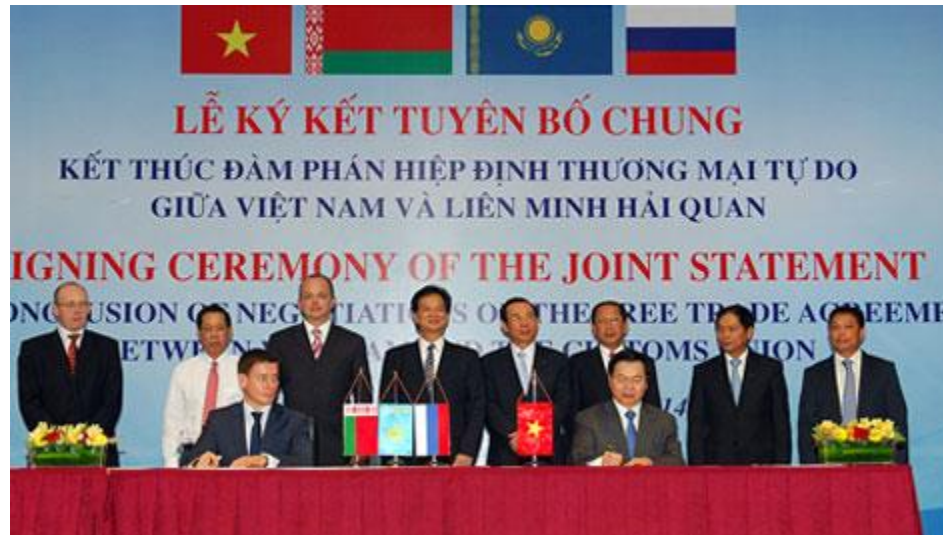
### Vietnam, Customs Union to sign FTA in early 2015

VOV - Vietnam's Minister of Industry and Trade Vu Huy Hoang and Minister in charge for Trade of Asia – Europe Economic Committee Andrei A. Slepnev have signed a joint statement on conclusion of negotiations on the Free Trade Agreement (FTA) between Vietnam and the Customs Union of Russia, Belarus and Kazakhstan.

The signing ceremony took place in Phu Quoc island district, Kien Giang province on December 15 under the witness of Prime Minister Nguyen Tan Dung.

Launched in Hanoi on March 28, 2013, the FTA has undergone 8 official rounds of negotiations and several mid-term technical meetings. The two sides reached consensus on the key content of the agreement with high commitments to ensure mutual benefits while taking into account specific conditions of each side.

The agreement covers trade in goods, rule of origin, trade safeguard, services, investment, intellectual property, sanitary and phytosanitary (SPS) measures, customs facilitation, technical



barriers to trade (TBT), e-technology, competition, and legal and institutional issues.

The Customs Union has offered tariff incentives to Vietnam, opening up new opportunities for local key products like farm produce, seafood, garment, footwear and wooden products to boost exports to the market.

Vietnam agreed to open market under specific roadmaps for some Customs Union's products, such as husbandry products, machinery, equipment and means of transport, which are not competitive with local products but help diversify the domestic consumer market.

Commitments on services, investment, intellectual property, competition, trade safeguard, handling trade disputes, SPS, TBT

were all agreed in line with World Trade Organisation (WTO) regulations and Vietnam law.

The Customs Union is Vietnam's traditional export market with 170 million customers and industrial and scientific and technological potential and strength.

In recent times, Vietnam's investment in the Customs Union has grown significantly. Meanwhile, this is the first FTA that the Customs Union will sign with a foreign country.

The two sides will soon tackle pending technical issues and necessary procedures to prepare for the signing of the agreement in early 2015.

At the signing ceremony, Minister Vu Huy Hoang emphasised that this is a new generation and

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comprehensive FTA, covering from trade in goods, services to investment. The agreement will help Vietnam and the Customs Union to promote bilateral trade cooperation as well as cooperation between the Customs Union with ASEAN and regional countries.

For his part, minister Slepnhav said the signing of the agreement will stimulate two-way trade turnover, reduce barriers, enhance bilateral investment and generate more jobs for workers.

### Vietnam on course to become the largest rice exporter

VOV - In the fiercely competitive rice industry, leading economists at a seminar in Can Tho City on December 11 say Vietnam is right on track to become the world's largest exporter by 2020, providing the Southeast Asian nation can overcome its shortcomings.

They added that at present, some nations – India, Pakistan and the US – have pursued rather aggressive policies to boost rice production and exports and as a result have become tough competitors for Vietnam.

In recent years, the Mekong River Delta region has spared no efforts to attract investment in the field of rice production. Many international organisations and foreign investors have also been upsizing the production model.

However, to date these have just been pilot programs and have had no real world impact on rice production in Vietnam.

Although Vietnam currently ranks second in the world in exporting rice, its export value has remained low and the country has yet to develop a solid supply chain with the major international brands in the industry.

Duong Quoc Xuan, deputy head of the Steering Committee for the Southwest region stressed the need to devise a zoning plan for rice production, organise a purchasing and reserve system and focus on building national brand names.

On a more positive note, the Vietnam Southern Food Corporation and Mekong Delta Rice Research Institute signed a cooperative agreement to research rice varieties, which would lay a solid foundation for producing quality rice in vast quantities.

### Some foreign employees no longer need permits to work in Vietnam

Mai Counsel - The Ministry of Industry and Trade (MOIT) issued Circular No. 41/2014/TT-BCT (5 November 2014) on bases and procedures for determining that a foreign employee internally transferring within an enterprise belonging to one of eleven services in the list of service commitments of Viet Nam on the WTO (Service Commitment List) is not required to obtain a work permit.

#### General provisions

1. The foreign employee is a manager, executive director, expert or technician temporarily transferred within the enterprise to its commercial presence in Viet Nam and recruited by the foreign enterprise at least twelve months prior to the transfer.
2. The Service Commitment List comprises eleven service sectors: business, information, construction, distribution, education, environment, finance, health, tourism, culture and entertainment and transportation services.

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3. The commercial presence in Viet Nam comprises the forms of business co-operation contract, joint venture enterprise or 100 per cent foreign invested enterprise, and foreign enterprise's representative office or branch in Viet Nam.

Bases to determine foreign employees not required to obtain work permit

**The bases to determine that the foreign employee is a manager, executive director, an expert or technician internally to be transferred within enterprise belonging to one of eleven services in the Service Commitment List comprise:**

1. The foreign enterprise has already established a commercial presence in Viet Nam;
2. The foreign enterprise's commercial presence in Viet Nam operates in one of eleven service sectors;
3. The manager, executive director, expert or technician was recruited by the foreign enterprise at least twelve months prior to being appointed to come to Viet Nam to work in the commercial presence.

**Procedures to determine foreign employees not required to obtain work permit**

1. Application dossiers for proving that the foreign employee internally transferred within the enterprise belonging to one of eleven service sectors in the Service Commitment List is not required to obtain a work permit comprise:

- (1) The foreign enterprise's official letter appointing the foreign employee to work in Viet Nam, and specifying the working duration;
- (2) Document certifying that the foreign employee is a manager, executive director, expert or technician;
- (3) Document proving that the foreign employee coming to work in Viet Nam was recruited by the foreign enterprise at least twelve months prior to the appointment.
- (4) Document proving the commercial presence of the foreign enterprise in Viet Nam, such as investment licence, investment certificate, business registration certificate, enterprise registration certificate, or licence for establishment of the representative office or branch issued by the competent authority under the law.

2. The employer must directly submit a written request to the Department of Labour, War Invalid and Social Affairs (DOLISA) to determine that the foreign employee is in the category not required to obtain a work permit.

3. If DOLISA is unable to determine that the foreign employee is internally transferred within an enterprise belonging to one of the eleven service sectors, DOLISA must send a written request to MOIT for an opinion. MOIT must provide a written response confirming whether the operation of the commercial presence in Viet Nam belongs to one of eleven service sectors within three working days after receipt of DOLISA's request.

4. If the foreign employer disagrees with DOLISA's refusal, the foreign employer may submit a request to MOIT for its opinion, accompanied by DOLISA's response received by the foreign employer and the documents mentioned in section 1 above.

This Circular takes effect on December 22.

## CONTACT



## SEIKO IDEAS CORPORATION

Our services

Training (Languages & Soft skills)

Consulting

Marketing

Translation - Interpretation

Address

Floor 5<sup>th</sup> - A Chau Building

No.24 Linh Lang str., Ba Dinh dist., Hanoi, VN

Telephone

+84-4-6275-5246 ; +84-4-6273-6989

Fax

+84-4-6273-6988

Website

[www.seiko-ideas.com](http://www.seiko-ideas.com)

Person in charge

Nguyen Thi Quynh Tram (Ms.)

Telephone

+84-4-6275-5246 ; +84-4-6273-6989 (Ext 805)

Mobile

+84-91-4994-830

Email

[tram.nguyen@seiko-ideas.com](mailto:tram.nguyen@seiko-ideas.com)