OVERVIEW ON THE ECONOMY AND INVESTMENT POLICY IN VIETNAM

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VIETNAM ECONOMY

- Economic Renovation launched in 1986
- Increasingly liberalized and world integrated economy
- Stable & high GDP growth, >7%/year for past 20 years
- GDP growth rate at: 8.2% in 2006, 8.5% in 2007, 6.23% in 2008
- Trade relation with 220 economies
- Trade growth rate: 15-22%/year for past 22 years
FDI INFLOW

- First Law on FDI in 1987
- Continuously increasing FDI inflows
- 2008 disbursed FDI: US$11.5 billion
- FDI attraction success in 2008, despite global economic downturn, indicates Vietnam being trusted by foreign investors for their long and medium term investment
Further extended investors’ autonomy in their investment and business on the non-discrimination principle.

Diversified forms of investment.

Reformed investment procedures, decentralizing the investment licensing and management power to local authorities.

Abolished investment-related barriers.
Other related laws

- Law on Commercial Activity
- Law on Securities
- Law on the State Bank of Vietnam
- Law on Credit Institutions
- Law on Science & Technology
- Law on Real Estate Business
- Law on Technology Transfer
- Law on Protection of Intellectual property
- Etc,...
Reform of state-owned enterprises (SOEs)

- Eliminate monopoly and privilege given to specific enterprises.
- Ensure fair competition.
- Foreign investors participate in the SOEs equitization process.
- By the end of 2008, more than 5,400 of the total 6,000 SOEs have been reformed.
Vietnam’s WTO commitment

- Vietnam commits to cut off 10,600 categories of goods and reduce the current average import duty rate of 17.4% to 13.4% within 5-7 years from 1st January 2007.
- Vietnam commits to open 11 out of 12 services categories, including 110 sub-categories in conformity with WTO’s regulations.
- Vietnam commits to obey other obligations in WTO’s multilateral agreements and WTO requirement.
GOVERNMENT ACTION PLAN

- Increased investment in infrastructure and human resource development

- Determined Administrative Reform process
PRIORITIZED INVESTMENT SECTORS

- Manufacturing (hi-tech, bio-tech, info-tech, mechanics, environment protection)

- Agricultural, forestry and aquaculture

- Infrastructure development

- Human resource development

- Investment inside special zones and geographic areas with difficult socio-economic conditions.
CHALLENGES

Poor infrastructure,

Considerable proportion of unskilled labor force

Uncompleted and unpredictable legal system

Burdensome administrative procedure in some sectors
**REGULAR POLICY REVIEW MECHANISM**

- Ensure measures are timely taken to solve the arising issues

- Assessment and recommendations from independent international organizations are strongly incorporated

- WB, JBIC, UNCTAD, OECD

- PFI – a co-work of OECD expertise and self-assessment of Vietnam government
Thank you for your attention!

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