

VIETNAM

Star of Southeast Asia

in economic growth

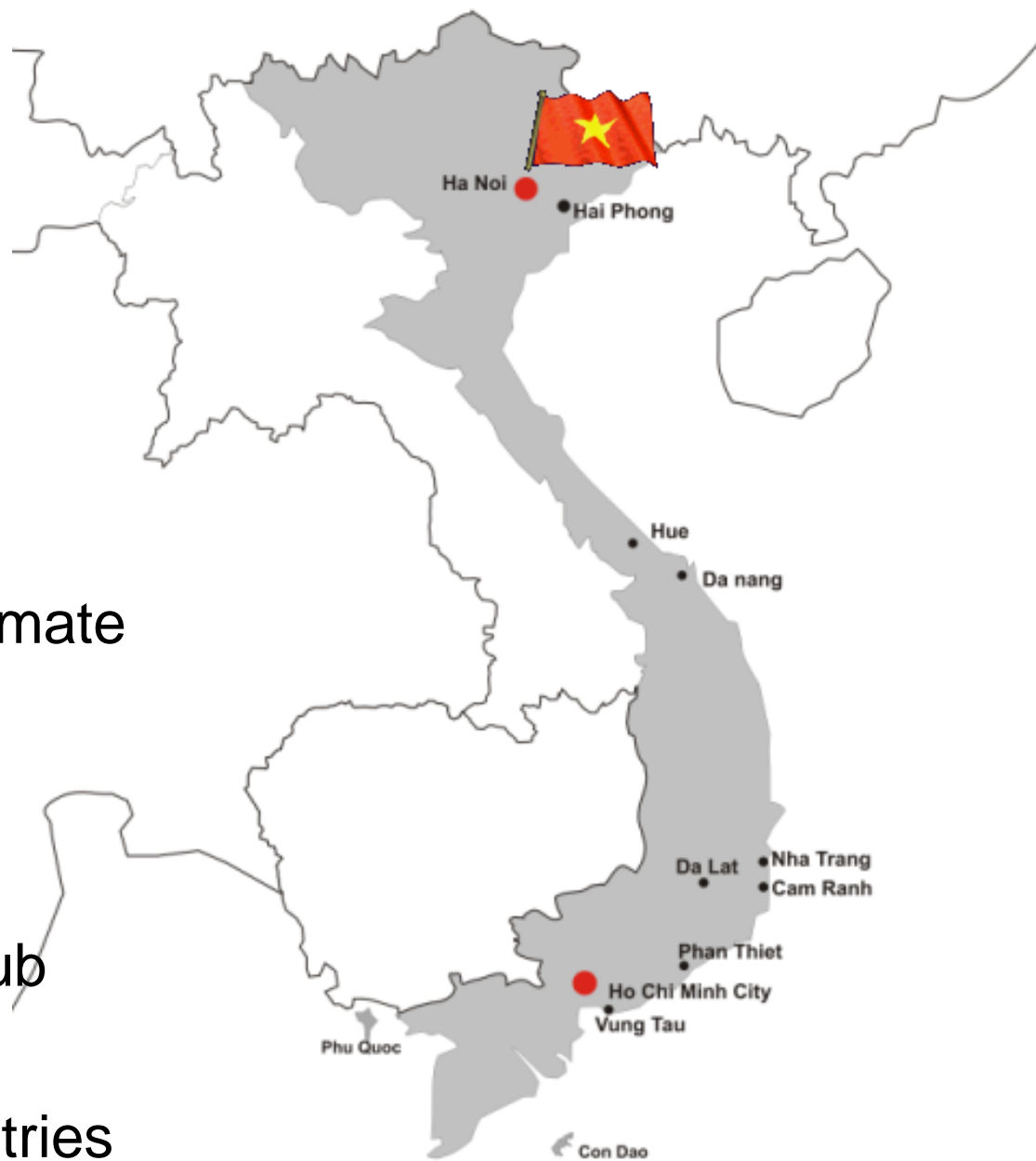
presented by Viet Huy Nguyen

Vice chairman / Indochina International Consulting (**IICo**)
Managing Director / Vietnam Industrial Park Investment Promotion



Agenda

- Vietnam at a glance
- Economic Overview
- Vietnam Business Climate
- Why Vietnam
- HCMC – economic hub
- Highly potential Industries



Vietnam at a glance



- ❑ Lying on the eastern part of the Indochinese peninsula,
- ❑ Vietnam is a strip of land shaped like the letter “S”.
- ❑ Length: North to South: 1,650km.
- ❑ The coastline is 3,260km long and the inland border is 4,510km.
- ❑ China borders it to the North, Laos and Cambodia to the West, the East Sea to the East and the Pacific Ocean to the East and south.
- ❑ 4000 year-old but still a young nation (70 % of population under 40)

Area: **331.041** km²,
Population >**88** millions,
63 administrative divisions
(**Hanoi** – covered HATAY since Aug
2008 - and **HCMC** as **2** metropolis
with special status)

Ethnicities: 54 ethnic groups /
Kinh (ethnic Vietnamese) 86.2%

Literacy rate ~ **94%**

Life expectancy **71.3**

255 universities & **1.4** mli students,



Vietnam at a glance



Diplomatic ties with **170** countries

Trade relations with **221** countries and territories

Member of UN, NAM, ASEAN, APEC, ASEM...

Asia's Non-standing Member of UN Security Council

150th WTO member since January 2007

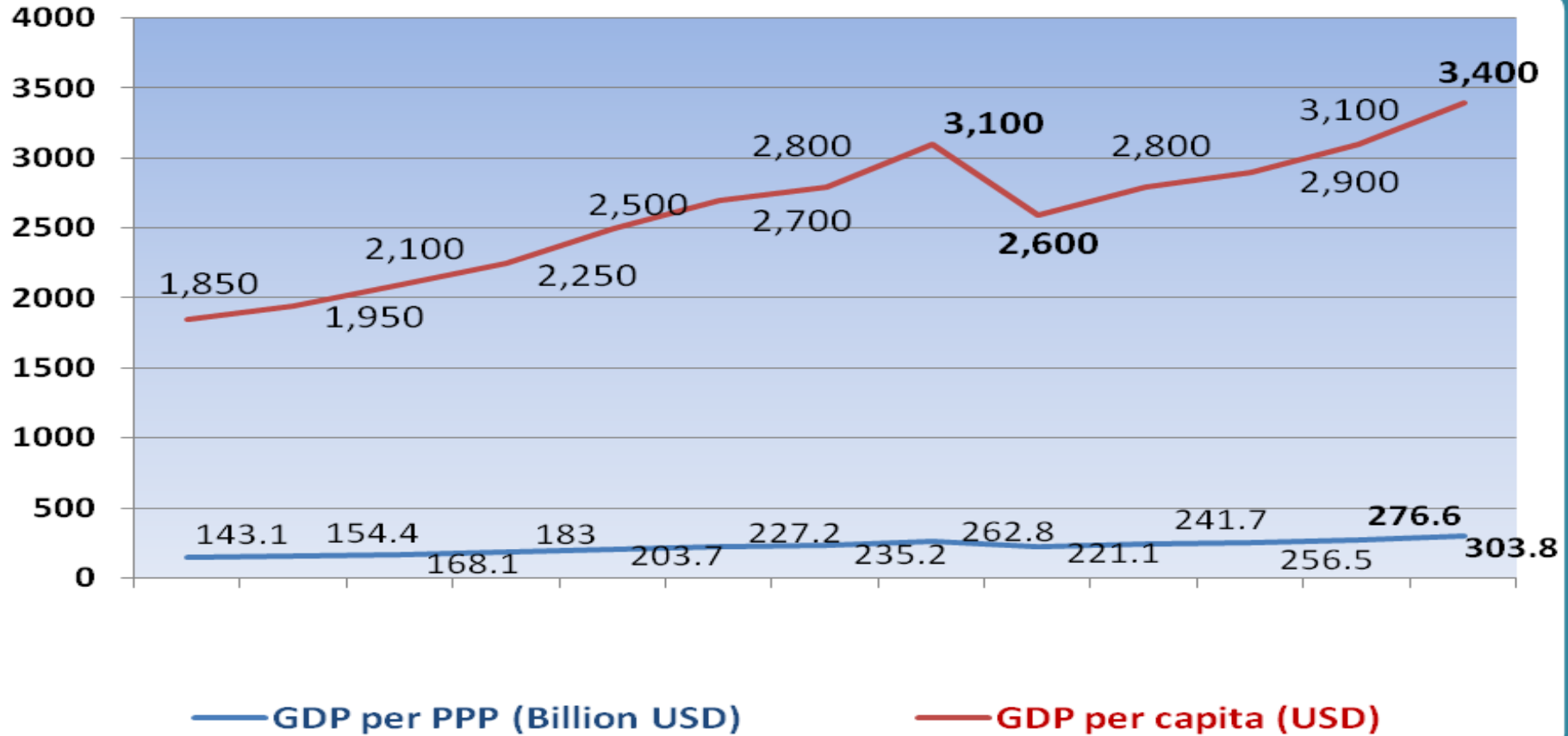
Vietnam Economic Review

- GDP
- Consumer Index
- VN Index
- Int'l Trade
- Labor force
- FDI



Vietnam - An Economic Snapshot

GDP GROWTH

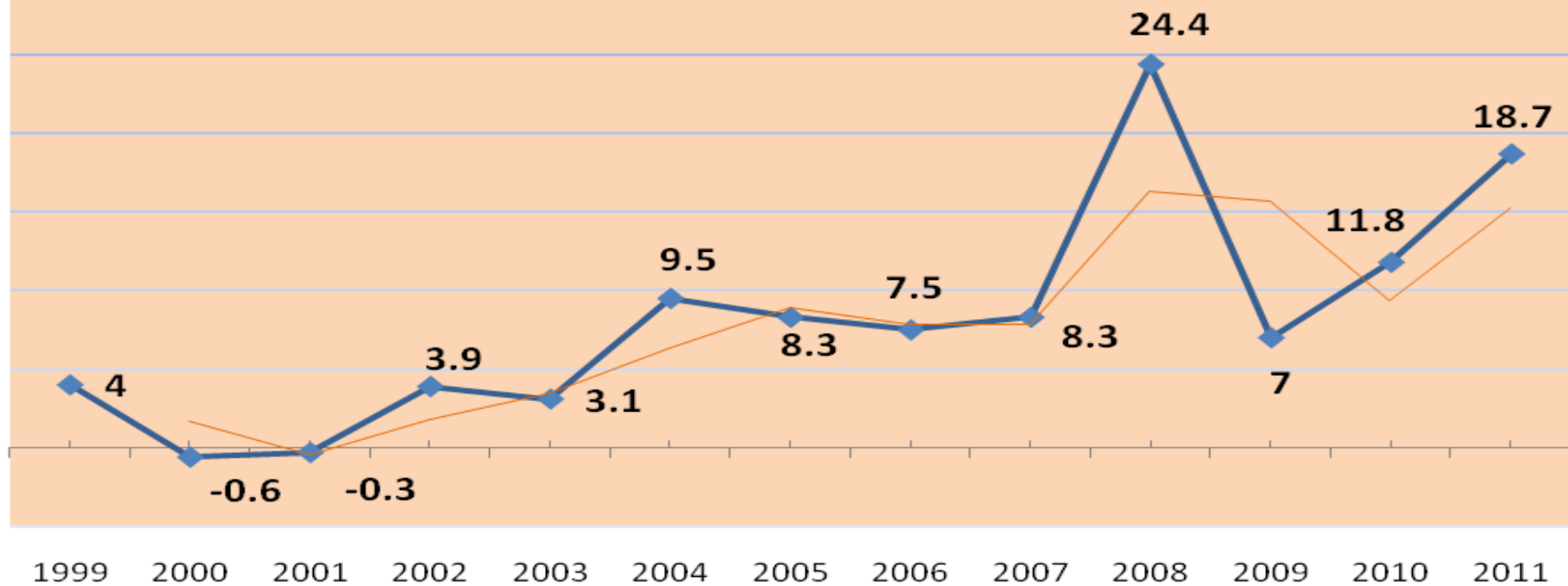


Source: Vietnam GSO - MPI and Viipip.com

“Vietnam has experienced an impressive growth over the last two decades” and “The next several years will determine whether Vietnam will follow the experience of Korea, or the Philippines” said Michael Porter.

VIETNAM CONSUMER PRICE

- Started increasing in the first half of 2007
- What is driving Inflation in Vietnam: Transportation & Communication / Housing & Housing Maintenance / Food & Foodstuff / Others
- Resulted from higher food prices
- Higher food prices in international markets were transmitted to domestic prices
- Severe winter weather and disease also contributed to make food scarcer, hence more expensive

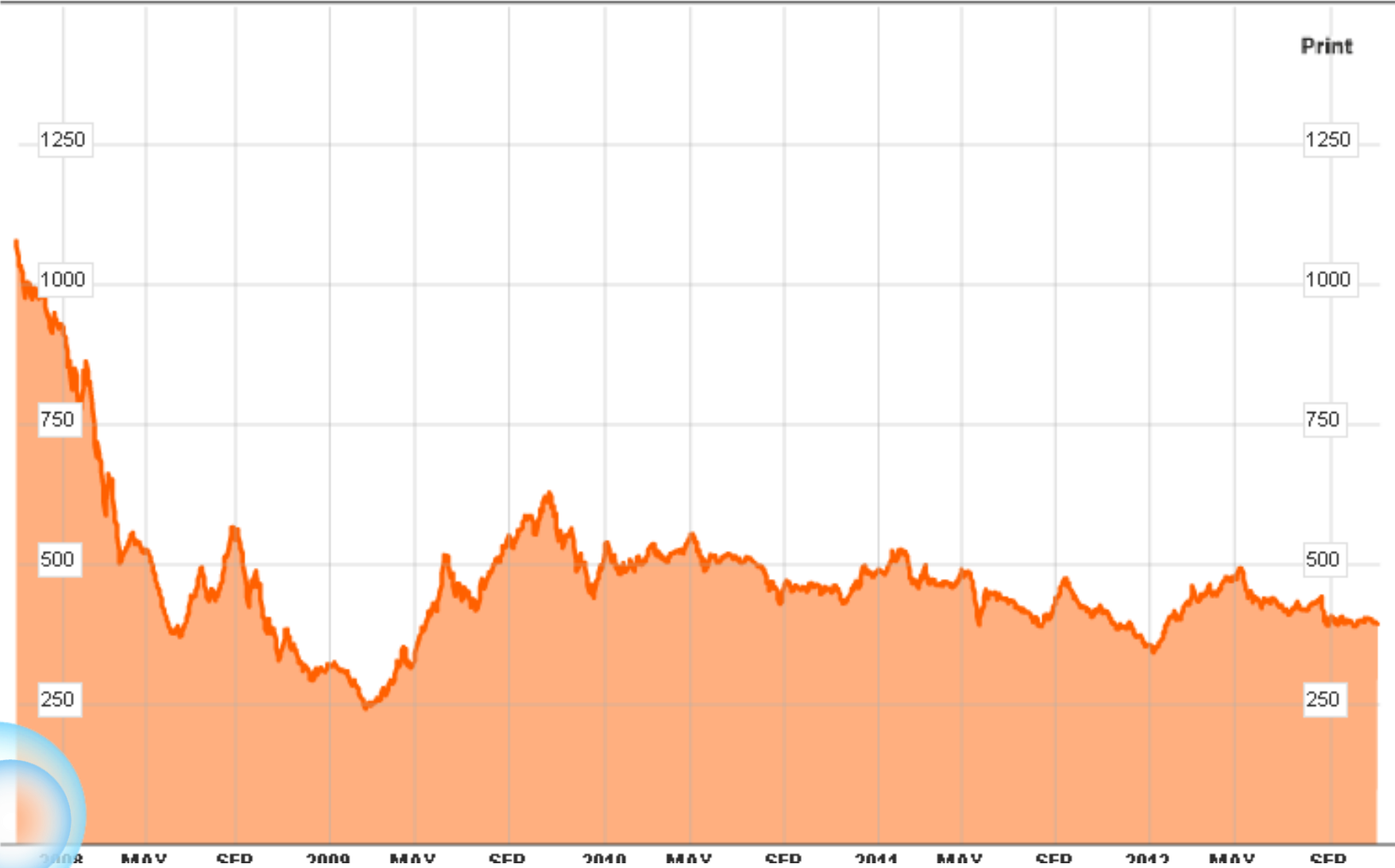


Source: Vietnam GSO

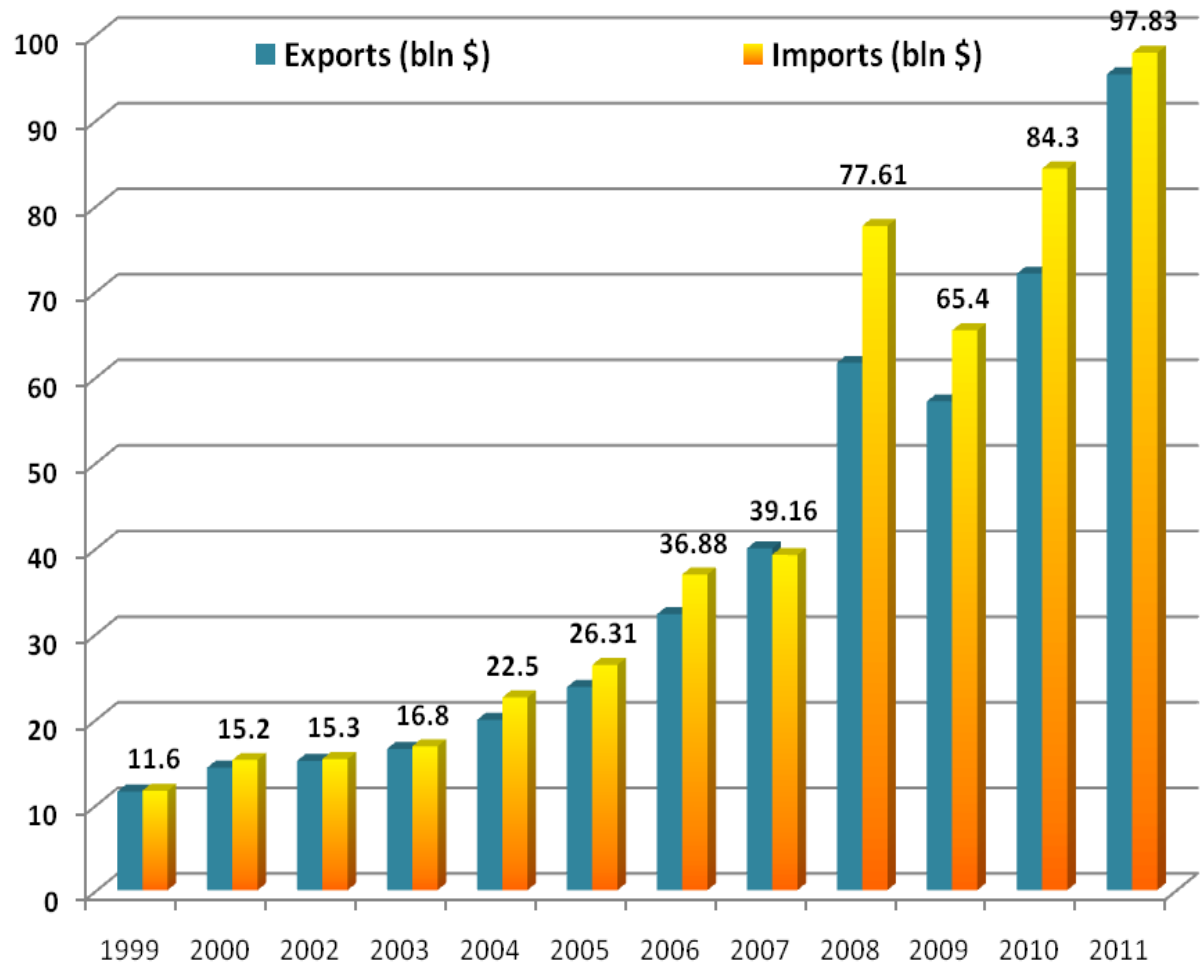
Interactive Chart for Vietnam Ho Chi Minh Stock Index / VN-Index (VNINDEX)

OVERLAY ▾ INDICATORS ▾ ANNOTATIONS ▾ SETTINGS ▾ 1D 1W 1M 3M 6M 1Y 3Y 5Y YTD

[?] Add a Comparison Add VNINDEX:IND Open 470.75 High 479.13 Low 464.39 Close 479.13



Vietnam – International Trade



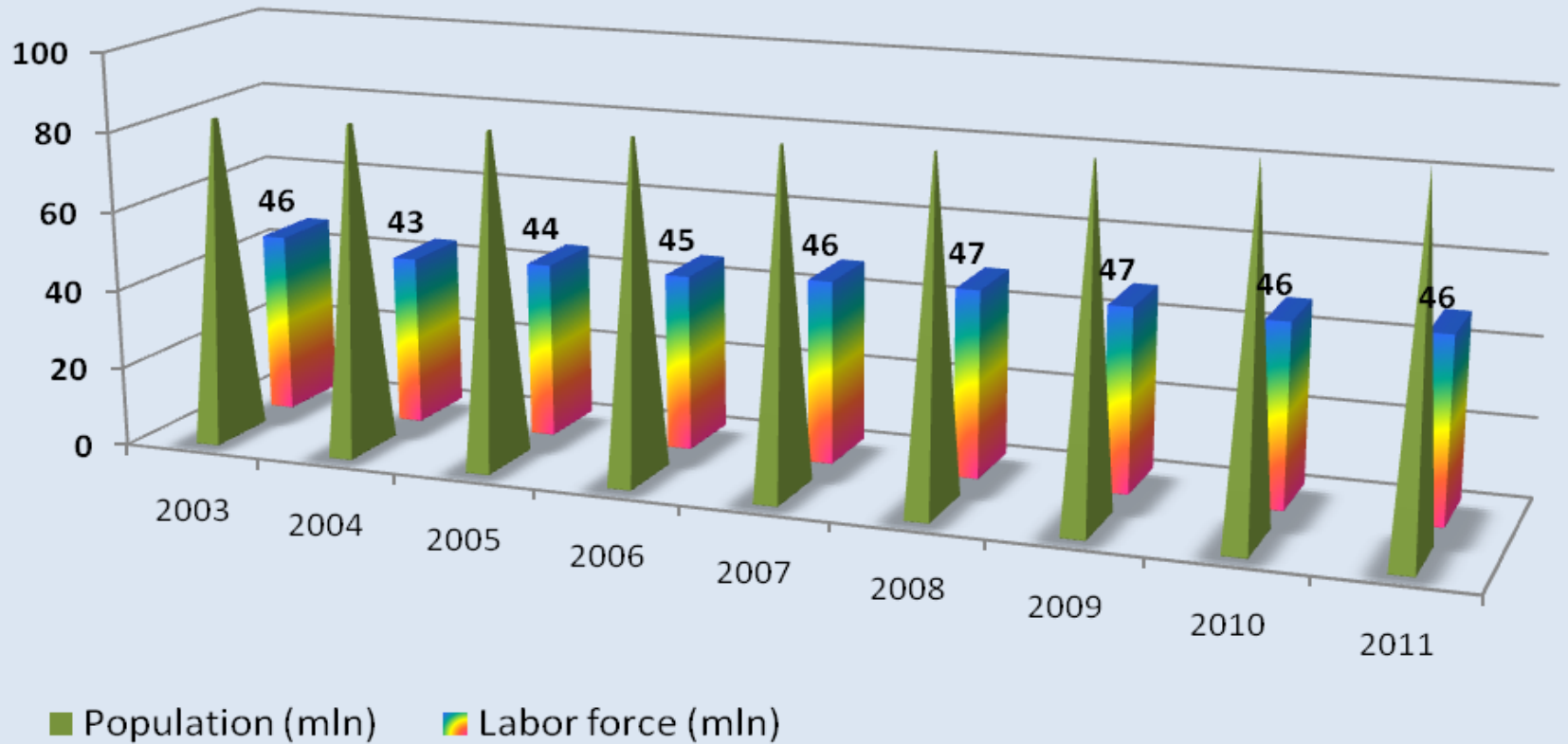
VIETNAM MAJOR LIST (2006 - present)

| EXPORTS | IMPORTS |
|----------------------------------|------------------------------------|
| Crude oil | Machine, spare parts |
| Garments, textiles | Fuel |
| Footwear | Cloth |
| Aqua products | Iron & steel |
| Wood products | Electronics, computer, spare parts |
| Electronics & computer materials | Garments, leather materials |
| Rice | Plastic materials |
| Rubber | Chemicals |
| Coffee | Chemical products |
| Coal | Wood |

| Y | 1999 | 2000 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|----|------|------|------|------|------|------|------|------|------|------|------|------|
| Ex | 11.5 | 14.3 | 15.1 | 16.5 | 19.9 | 23.7 | 32.2 | 39.9 | 61.6 | 57.1 | 72 | 95.3 |
| Im | 11.6 | 15.2 | 15.3 | 16.8 | 22.5 | 26.3 | 36.9 | 39.2 | 77.6 | 65.4 | 84.3 | 97.8 |

Source: MOIT & GSO

Vietnam's large, well-educated and low-cost labor force remains one of the country's chief attractions to investors overseas.



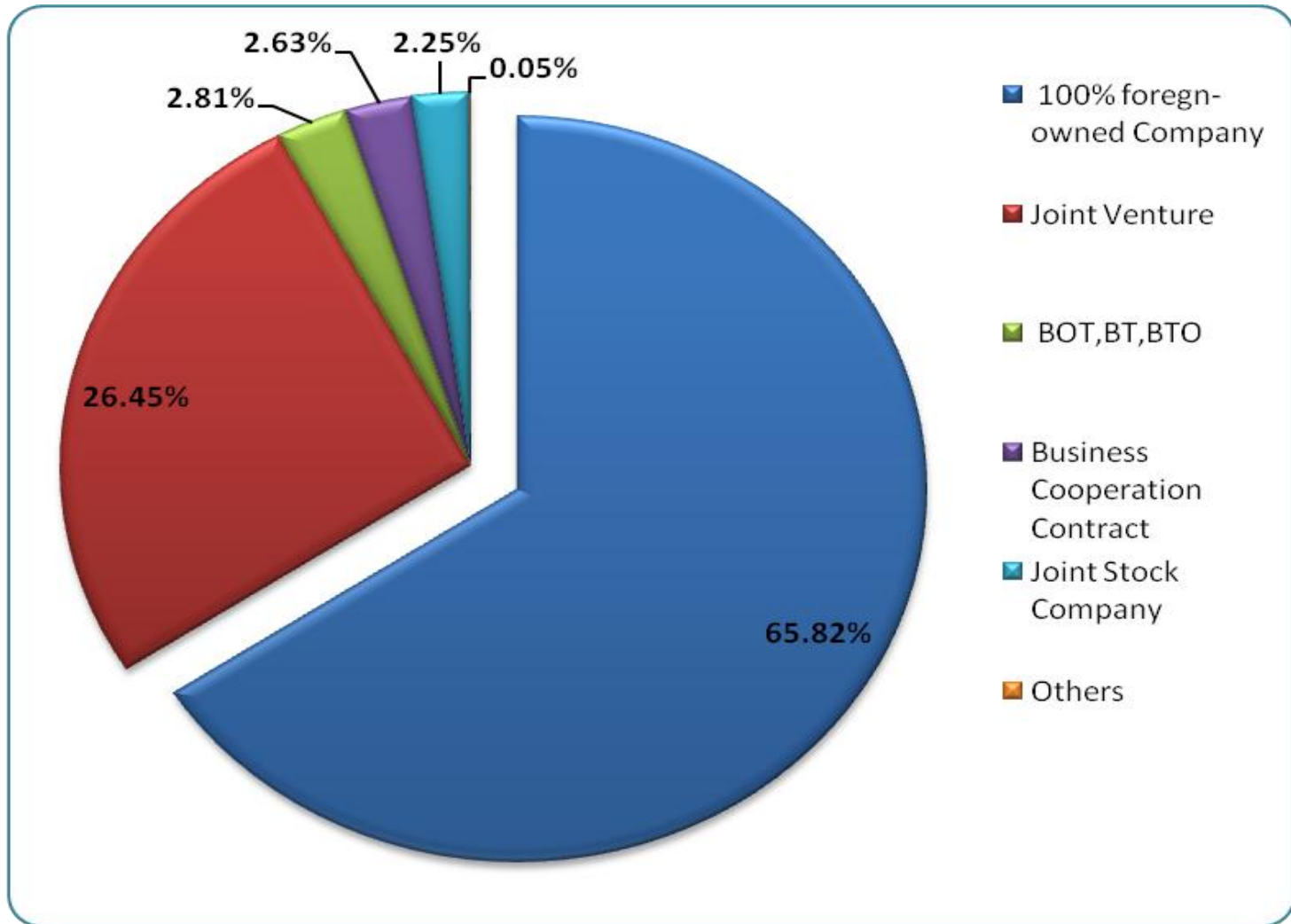
TOP 10 FDI INVESTORS by country
(projects remain valid until 20th Sept 2012)

| No. | Country | No. of project | Registered Investment Capital (USD) | Charter Capital (USD) |
|-----|----------------------|----------------|-------------------------------------|-----------------------|
| 1 | Japan | 1,758 | 28,604,901,407 | 8,298,151,387 |
| 2 | RoK | 3,111 | 24,378,044,503 | 8,321,061,072 |
| 3 | Taiwan | 2,259 | 23,816,849,308 | 10,172,361,640 |
| 4 | Singapore | 1,076 | 23,649,903,854 | 6,984,797,124 |
| 5 | BritishVirginIslands | 517 | 15,775,145,336 | 4,866,114,245 |
| 6 | Hongkong | 690 | 12,168,870,164 | 3,848,903,944 |
| 7 | Malaysia | 427 | 11,240,537,226 | 3,808,960,763 |
| 8 | The U.S | 634 | 10,472,658,060 | 2,493,824,969 |
| 9 | Cayman Islands | 53 | 7,501,825,912 | 1,547,430,422 |
| 10 | Thailand | 292 | 5,985,427,790 | 2,682,659,419 |

TOP 15 PROVINCES (MOST ATTRACTIVE) FOR FDI
(projects remain valid until 20th Sept 2012)

| No. | Province | No. of project | Registered Investment Capital (USD) | Charter Capital (USD) |
|-----|------------------|----------------|-------------------------------------|-----------------------|
| 1 | Ho Chi Minh City | 4,216 | 32,647,913,442 | 11,392,258,785 |
| 2 | Baria – Vung Tau | 282 | 26,032,923,433 | 7,160,268,149 |
| 3 | Hanoi | 2,420 | 24,672,521,426 | 8,913,390,857 |
| 4 | Dongnai | 1,112 | 19,191,737,906 | 7,995,777,098 |
| 5 | Binh Duong | 2,212 | 17,369,170,776 | 6,312,138,292 |
| 6 | Ha Tinh | 47 | 8,535,113,000 | 2,845,717,630 |
| 7 | Hai Phong | 359 | 7,170,371,821 | 2,431,278,968 |
| 8 | Thanh Hoa | 44 | 7,150,235,144 | 518,958,987 |
| 9 | Phu Yen | 55 | 6,488,854,438 | 1,457,836,655 |
| 10 | Hai Duong | 265 | 5,313,404,494 | 1,591,476,190 |
| 11 | Quang Nam | 78 | 4,983,543,719 | 1,228,619,806 |
| 12 | Quang Ninh | 100 | 4,503,839,554 | 1,159,257,220 |
| 13 | Quang Ngai | 23 | 3,813,647,051 | 637,571,741 |
| 14 | Da Nang | 224 | 3,554,864,127 | 1,656,903,888 |
| 15 | Long An | 439 | 3,502,414,356 | 1,463,957,451 |

FDI in Vietnam by Investment form (projects remain valid until 20th Sept 2012)



Source: MPI

DAEWOO

HONDA

Panasonic

SONY

PRUDENTIAL

YAMAHA

Coca-Cola

HSBC

PRICEWATERHOUSECOOPERS

SAATCHI & SAATCHI
VIETNAM

TOYOTA

Nestlé



Nidec

... and more !

Neither paradise nor hell

VIETNAM

just good enough for every
body to dwell
and make money !

(Star of Southeast Asia in economic growth)



bp



P&G



Canon

all economies are benchmarked to June 2012

| Ease of Doing Business (out of 183 economies) | Doing Business 2011 rank | Doing Business 2012 rank |
|--|-------------------------------------|-------------------------------------|
| Doing Business | 99 | 99 |
| Starting a Business | 109 | 108 |
| Dealing with Construction Permits | 27 | 28 |
| Employing Workers | 157 | 155 |
| Registering Property | 48 | 48 |
| Getting Credit | 38 | 40 |
| Protecting Investors | 167 | 169 |
| Paying Taxes | 153 | 138 |
| Trading Across Borders | 74 | 74 |
| Enforcing Contracts | 41 | 44 |
| Closing a Business | 145 | 149 |

Source: *Doingbusiness.org*

❑ Vietnam Risk Analysis (by Economist Intelligence Unit) (March 2011)

- ❑ Sovereign risk: 62/100 (rate 100: most risky)
- ❑ Currency risk: 61/100
- ❑ Banking sector risk: 69/100
- ❑ Political risk: 67/100
- ❑ Economic structure risk: 63/100
- ❑ Country risk: 64/100



- **Environmental Performance Index 2012**, ranked 79 / 132 (by Knowledge Center on Climate Change @ Philippines)
- **Global Competitiveness 2012-13**, ranked 75 / 144 (by World Economic Forum)
- **Global Peace Index 2012**, ranked 34 / 158 (by Institute for Economics & Peace)
- **Destination for The Republic of Korea's investors**: ranked 3rd



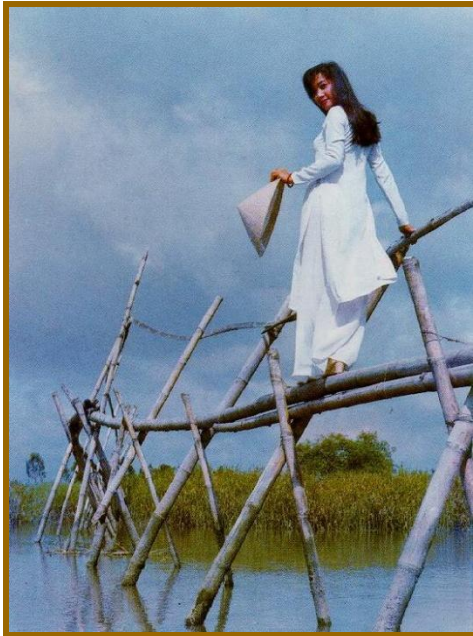
Why do invest in Vietnam?

- Political and socio-economic stability
- Steady economic growth – Efforts to recover in recession
- Transportation hub of Southeast Asia
- Abundant young, educated labor force at low price
- Member of WTO, APEC, ASEAN, ASEM
- Favorable FDI promotion policies



Vietnam is one of the most dynamic markets in the world. Consistently strong economic growth combined with a more open, market-oriented trade policy is fueling major trade and investment opportunities for companies all over the world.

Key Competitive Advantages



- ❑ Populous country with young population
- ❑ High literacy rate
- ❑ Hard working and skillful workforce
- ❑ Competitive labor cost
- ❑ Reasonable industrial land cost
- ❑ Plenty of natural resources
- ❑ Weak local currency
- ❑ Political stability
- ❑ Strategic location

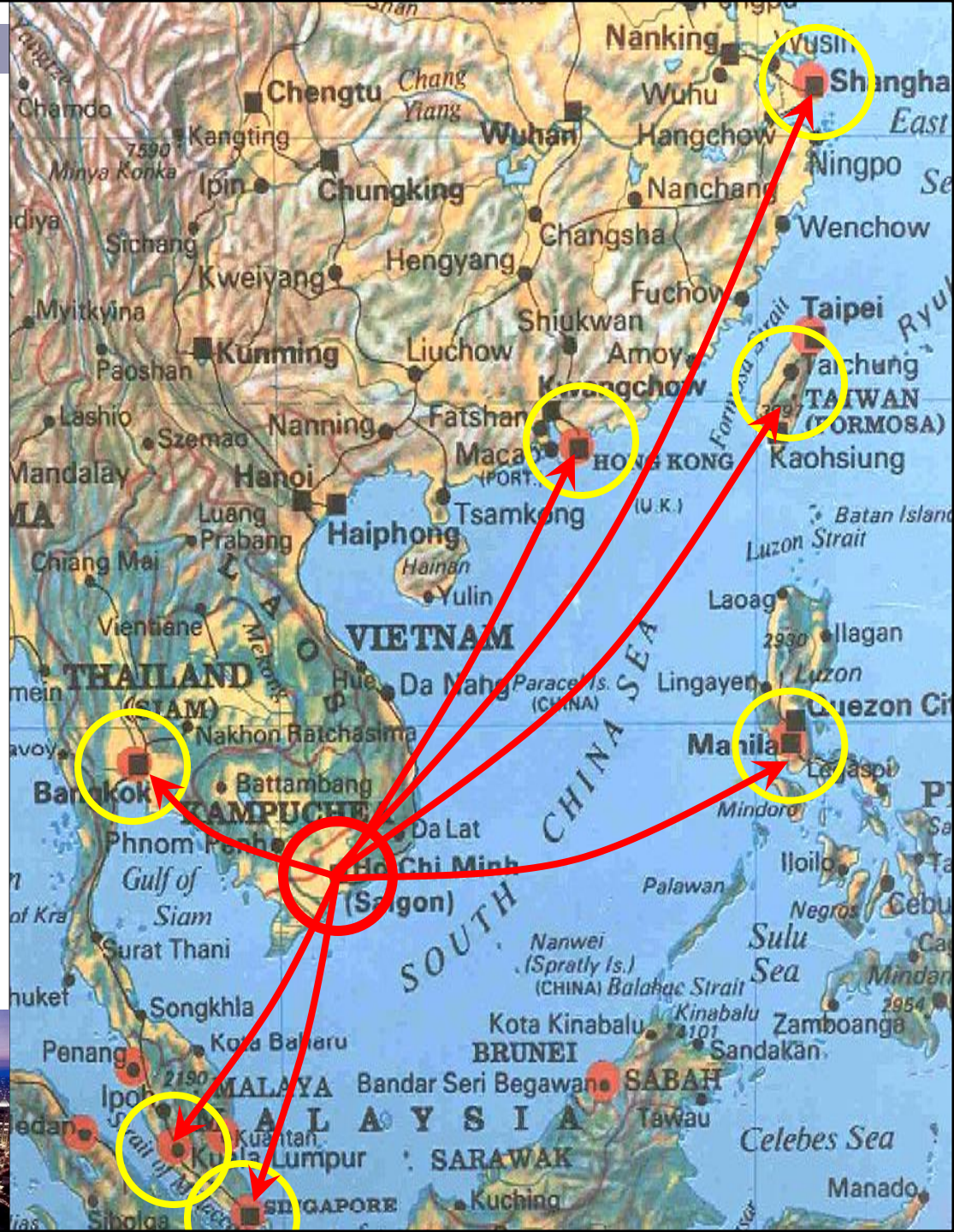
DRIVERS OF ECONOMIC GROWTH

- ❑ Political stability
- ❑ Commitment to Economic reform
- ❑ Consistent monetary policies
- ❑ Private Enterprise Law in 2000
- ❑ Strong export growth & High domestic consumption
- ❑ International integration and WTO Membership
- ❑ Foreign Direct Investment





HCM City
is at Central
Location
among the
major
ASEANS
Cities



Industry with High Potential

- Consumer Good
- Retail
- Real Estate
- Technology & Telecommunication
- Import Substitutes
- Tourism

- (1) Micro-electronics, Information Technology, Telecommunications;
- (2) Precision Mechanics and Automation, Robotics;
- (3) Biotechnology applied in agriculture, pharmaceuticals and environment;
- (4) New advanced materials, Nano Technology, New Energy.

TECHNOLOGY
GROUPS
IN
PRIORITY
IN HCMC



Favorable taxation policy

Comparatively lower tax rate than experienced in other countries
25% business income tax is payable by foreign investors
Incentives as to tax rate: 10 – 20% applicable for 10 – 15 years from operation commencement
Incentives as to taxable period: exemption for 2 – 4 years and 50% reduction for 4 – 9 years

Loss remittance timing

Enterprises may transfer losses during 5 years.

Land rental rates

Land rental is exempted for 7 years on projects in areas of encouraged investment and 11 years on projects in areas with difficult socio-economic conditions.

Highest financial incentives by the law to high tech projects

0 - 10% tax incentive lasts for 15 years

- ✓ 0% for the first four years
- ✓ 5% for the following 9 years
- ✓ and 10% for the remaining 2 years

The tax incentive starts when the projects begin to have taxable income.

Additionally, entitled import duty exemption when they import

- ✓ Equipment & machinery imported for the formation of the fixed assets of the project and spare parts and components attached
- ✓ Construction materials imported to build the fixed assets for the projects that are not produced locally
- ✓ Materials and supplies, specialized means of transport over 24 seats included in the technological process of the project
- ✓ Semi finished parts, components imported to assemble the finished products for exports



One stop service: the registration process in HCMC is divided into 3 key steps:

- (1) The technical evaluation;
- (2) The registration for investment certificate
- (3) and The construction guidance.

All projects must go through the technical evaluation to prove the projects' high tech nature.

Other Gov. supports:

Flexible support in terms of HR consulting
Recruitment services,
Training courses to tenants' employees,
Transportation services,
Seeking fund,
Legal consulting services,
Facilities sharing with some labs ...
Tax & Customs Support



Contact us

Vietnam Industrial Parks Investment Promotion

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Our services:

- Investment Consultancy
- Feasibility Study
- Industry / Market Survey
- Site selection
- Investor Representative
- Legal support for setting up Rep Office & Distribution Company (for foreign entrepreneurs)

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Thank You very much



Welcome to Emerging Country



Viet Nam

