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## Vietnam's Global Economic Integration Strategy - Opportunities For Intra-Regional Trade and Investment

Frederick Burke
Managing Partner - Vietnam

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### Vietnam: Domestic Economic Lift Off



- Macroeconomy stable
- Spending on Infrastructure Up
- FDI Doing Well
- World Bank: Historic Reduction in Poverty
- But: High Sovereign Debt, Corruption, Capacity Constraints...





### Vietnam: a Poster Child for Global Trade



#### "Big Emerging Economy"

- Economic Reforms, "Integration"
- Sustained GDP growth
- 92,000,000+ young population



#### **Keen to integrate:**

- ASEAN/AFTA Member 1990's
- US Bilateral Trade Agreement 2001
- Japan, EU Bilateral Investment Agts., etc.
- WTO Accession 2007, AEC 2015, TFA...



#### **Key Exports:**

- Garments / Footwear
- Seaproducts (shrimp, lobster)
- Agriculture (rice, coffee, spices)
- Furniture
- Crude Oil
- Software & Electronics



## Vietnam economic trends

Vietnam's economy grew 6.79% in the first quarter of 2019

Fuelling the industry and construction segment of the economy (8.85% growth in 2018)

The manufacturing and processing sector witnessed the highest growth for 2018 at 12.98 percent

**Export of goods and services** grew by 14.27 percent, while imports went up by 12.81 percent in 2018.

The **Agri-forestry-fishery** sector and **Services** sectors recorded healthy growth rates of 3.76% and 7.03% respectively for 2018.

Source: Trading Economics

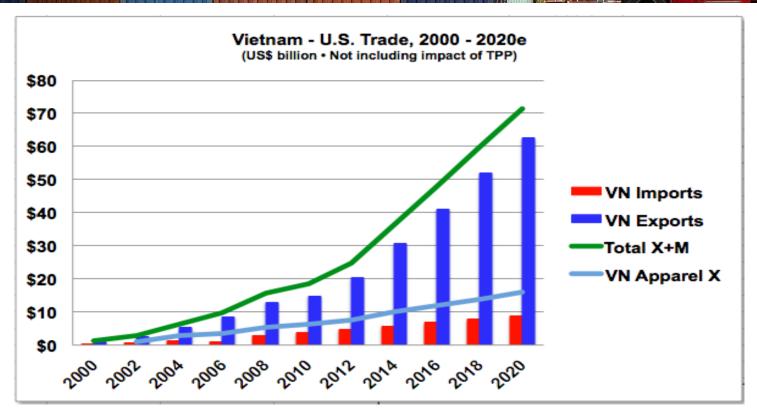
#### Vietnam and Trade



- CPTPP
- WTO Trade Facilitation Agreement
- Regional Comprehensive Economic Partnership (RCEP)
- EU-Vietnam FTA
- Hong Kong FTA, Korea-Vietnam FTA, ASEAN-China FTA
- AEC 2020 and ASEAN Economic Integration
- Domestic Economic & Administrative Reforms

But: US-Vietnam - Tax Treaty (delayed), Bilateral FTA?

#### Vietnam



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2. Forms of Doing Business



## Context: Domestic Administrative Reform



Advisory Council on Administrative Procedure Reform



4,700+ Administrative Procedures subject to Abolition or Revision



Mundane but important reforms: Elimination of Double Registration Requirement for Insurance Contract Forms.



PM strongly committed.



## Forms of Doing Business in Vietnam

Forms of Investment

Limited Liability Company ("LLC")

Joint Stock Company ("**JSC**") Partnership Company ("**PC**")

Business Cooperation Contract ("**BC**")

Public – Private Partnership ("**PPP**") Projects

Single Member Limited Liability Company ("SMLLC")



Joint Stock Company ("**JSC**")

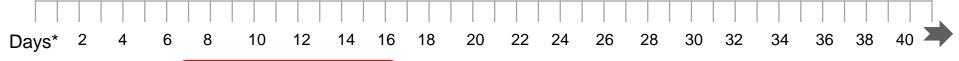


Multiple Member Limited Liability Company ("MMLLC")



Limited Liability Companies and Joint Stock Companies remain the most popular forms of investment

## New Enterprise: Approval Process



1. Investment Registration Certificate ("IRC")

2. Enterprise Registration Certificate ("ERC")

Post-Establishment
Formalities and Specialized
Industry Licenses

Days\* - Required amendments to applications will increase timelines, additionally timelines provided in statute do not always reflect practice.

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### Conditional Investment Sectors



# Limitations on Foreign Ownership

#### **Public Companies**

 49% of shares (unless a separate commitment has been made)

# Specialized Investment Sectors

 Case by case basis – depending on any investment caps applied to the industry

#### Service Sectors

In line with trade agreement commitments

# State Owned Enterprises

 In accordance with equitization plans approved by the relevant authorities

## Key Developments



#### CPTPP and EUVFTA

- Safe haven from China US trade war
- Commitment to multilateralism



## Ambition to specialize in high tech manufacturing

- And high interest in smart cities, smart logistics, e-commerce
- With a future (hopefully) powered by renewable energy



#### High regulator attention to customs and tax

 And some sectors /programs are still facing challenging regulations (ie Foreign Pharmaceutical distribution rights; SAEZ program)



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