

MAIN CHANGES AND DEVELOPMENTS IN INVESTMENT POLICY AND REGULATORY FRAMEWORK IN THE PAST YEAR (2017-2018)

I. FDI – KEY POINTS

1. Accumulation as of 20nd August, 2018

- Up to 20th August 2018, the country has 26,438 valid projects with a total registered capital accumulated by \$ 333.83 billion. Accumulated disbursements of foreign direct investment projects is estimated at USD 183.62 billion, equivalent to 55% of the total registered capital.

- Foreign investors have invested in 19 out of 21 sectors in the national economic classification system, of which the processing and manufacturing sector has the highest proportion with 190.56 billion USD, accounting for 57% of the total, followed by real estate businesses with USD 56.8 billion (17% of total investment), production and distribution of water, electricity and air with US \$ 22.79 billion (6.8% of total investment capital).

- Up to 20th August 2018, 129 countries and territories have invested in Vietnam, of which South Korea is the biggest investor with a total registered capital of USD 61.08 billion (accounting for approximately 18.3% of total investment). Japan ranks second with USD 55.84 billion (16.7% of total investment), followed by Singapore and Taiwan, British Virgin Islands, Hong Kong.

- FDI has spread all 63 provinces and cities in the whole country, of which Ho Chi Minh City remains the leading FDI attraction with USD 45.3 billion (accounting for 13.6% of total investment capital), followed by Hanoi with 33 billion USD (9.9% of total investment capital), Binh Duong with USD 30.76 billion (accounting for 8.9% of total investment capital).

- In the first eight month of 2018, the total registered capital of foreign investors was USD 24.35 billion, an increase of 4.2% over the same period of 2017.

2. FDI statistics in the first 8 months of 2018

- FDI by sectors:

In the first eight months of 2018, foreign investors invested in 17 sectors, of which the processing and manufacturing sector attracted a total capital of USD 10,72 billion, accounting for 44% of total registered capital, followed by real estate businesses with USD 5.9 billion accounting for 24.2% of total investment. The third largest sector was wholesale and retail businesses with total registered capital of USD 1.87 billion, accounting for 7.6% of total registered capital.

- FDI by partners:

In the first eight months of 2018, there are 97 countries and territories that have investment projects in Vietnam. Japan took the lead in total investment capital of USD 7 billion, accounting for 28.8% of total investment; South Korea ranked the second with total registered capital of USD 5.16 billion, accounting for 21.2% of total investment in Vietnam; Singapore ranked the third with a total registered capital of USD 3.47 billion, accounting for 14% of total investment.

- FDI by provinces:

In the first eight months of 2018, foreign investors invested in 59 provinces and cities, of which Hanoi capital was the most attracted foreign investment capital province with total registered capital of USD 5.93 billion, accounting for 24,4% of total investment. Ho Chi Minh City ranked the second with total registered capital of USD 4.42 billion, accounting for 18.2% of total investment. Ba Ria – Vung Tau ranked the third with a total registered capital of USD 2.17 billion, accounting for 8.9% of total investment.

II. MAIN CHANGES AND DEVELOPMENTS IN INVESTMENT POLICY AND REGULATORY FRAMEWORK IN THE PAST YEAR (2017-2018)

As with all countries, Vietnam reserves its sovereign right to restrict investment in sensitive fields by setting conditions for ‘conditional sectors’ that investment projects must satisfy for the purpose of national defence and security, social order and safety, social ethics and community health. The Investment Law includes a comprehensive list of conditional sectors. However, to further create a favorable, transparent, equitable, safe and friendly investment and business environment for all citizens and enterprises, Vietnamese government released Resolution No. 19/NQ-CP on major tasks and solutions to improve the business environment and raise the national competitiveness. Under that Resolution, the Government requests ministries reduce business conditions in fields under their management. In the period of 2017-2018, there are some changes and developments in investment policy and regulatory framework as:

1. Decree No.46/2017/ND-CP prescribing regulatory requirements for educational investment operation.
2. Decree No.63/2018/ND-CP: on investment in the form of Public-Private Partnership (PPP) contract
3. Decree No. 120/2018 / ND-CP: Guiding the implementation of some articles of public investment law – To manage the investment in construction of a number of projects under the national target programs in the 2016-2020 period.
4. Decree No. 108/2018 / ND-CP: Amending and supplementing a number of articles of the Decree No. 78/2015 on business registration
5. Decree No. 100/2018/ND-CP dated July 16, 2018 amending and annulling some regulations on necessary business conditions in fields under the management of the Ministry of Construction.
6. Decree No. 86/2018 / ND-CP: Foreign Cooperation And Investment In The Field Of Education.
7. Decree No. 81/2018 / ND-CP: Detailing Regulations Commercial Law On Trade Promotion Activities
8. Decree No. 08/2018/ND-CP amending and annulling some regulations on regulations on necessary business conditions in fields under the management of the Ministry of Industry and Trade.
9. Decree No. 09/2018/ND-CP detailing Law on Commerce and Law on Foreign Trade Management on activity of sale and purchase of goods and activities

directly related to the sale and purchase of goods of foreign investors, economic organizations with foreign owned capital in Vietnam.

The National Assembly has promulgated or amended many important laws to implement the Resolution of the XIIth National Party Congress to implement the Constitution of 2013, including the Law on Investment and the Enterprise Law. These laws have contributed to removing barriers to investment and business that are not compatible with the market economy and Vietnam's integration commitments, creating a legal basis for improving the investment and business environment towards greater transparency, transparency and equality among investors. Ministry of Planning and Investment have been preparing the Law amending and supplementing a number of articles of the Law on Investment and the Law on Enterprises and will submit it to the National Assembly and the Government in 2019.

Besides that, Ministry of Planning and Investment will host the Conference on 30 years of Foreign Direct Investment Mobilization in Viet Nam with the Topic of “30 years of FDI Mobilization in Viet Nam, New vision and opportunities in new era” on October 4th 2018. The Conference will have the honor to welcome the attendance of Viet Nam Prime Minister, leaders of ministries, provinces, business associations, diplomatic missions and international organizations, and leaders of business groups from various countries and territories. The Conference will review the past 30 years of FDI and propose orientations for future FDI attraction. Alongside with the Conference will be the Exhibition on the FDI’s Achievements in Vietnam, and various investment promotional and business-to-business initiatives.

Before the conference, Vietnamese government will approve the report to further improve institutions and policies to attract and use foreign investment capital in Vietnam by 2030. This project sets out new orientations and solutions that lead to fundamental changes in investment policy framework.

The above-mentioned issues are main changes and developments in the period of 2017-2018. Viet Nam has continuously improved its institutional framework and transparency to gradually align with international commitments and standards. The Government of Viet Nam has committed to creating favourable conditions for all investors and businesses, as they execute their long-term investment plan and actively participate in the global supply and value chain.