



---

**EuroCham Position Paper  
Vietnam Business Forum: May 30, 2007**

*Presented by Alain Cany  
Chairman, EuroCham*

Honorable Ministers and Ambassadors, Your Excellencies, Ladies and Gentlemen,

On behalf of EuroCham and its affiliated European Business Groups, I would like to thank the Ministry of Planning and Investment and all the Vietnamese authorities represented here today for facilitating the constructive dialogue with the private sector through the VBF over the past decade.

The success of the reforms brought about by the Government of Vietnam over the past ten years is illustrated, among other things, by the current macro-economic situation of the country, the rapid development of the private sector and the country's accession to the WTO earlier this year. EuroCham congratulates the Government on its successes, and pledges its continued support of the Government as it pursues much-needed reforms over the months and years ahead.

As regards EuroCham's role in assisting such reforms, already this year, through the Vietnam-EU Business Forum, EuroCham has advised the State Bank of Vietnam and the Ministry of Finance on the application of an advanced system of corporate governance to Vietnam's banking and finance sector. We will be offering further expert assistance in this and other areas in the future, including the process of equitisation of Vietnam's State-owned enterprises, where EuroCham and its members will be seeking to provide legal and technical expertise. EuroCham will also continue its advocacy for a wider use of the EURO in commercial transactions in Vietnam

So much for EuroCham's overall appreciation of and co-operation with Vietnam. Let me now say a word on the ongoing development of this forum. With the recent growth of the domestic private sector, it is vitally important that Vietnamese enterprises fully participate in the VBF. Those local business groups that have participated in the Forum thus far have provided a useful contribution, and it is our view that it is only through an increased contribution from domestic enterprises that the VBF will be able to be truly representative of a unified private sector in the years to come.

While the Government's efforts to enhance the business environment have been laudable, there are a number of areas of concern that we would like to draw to the Government's attention:

**Equitisation:** Foreign investors are keen to understand the timetable for foreign participation in the equitisation process of certain essential sectors, such as telecommunications. In order

---

HO CHI MINH CITY      [info-hcm@eurochamvn.org](mailto:info-hcm@eurochamvn.org)

EuroVilla, 257 Hoang Van Thu Street,  
Tan Binh District, Ho Chi Minh City.  
Tel: ++ 84-8-8455528      Fax: ++ 84-8-8455527

HA NOI      [info-hn@eurochamvn.org](mailto:info-hn@eurochamvn.org)

1/F, Sofitel Plaza Hanoi, 1 Thanh Nien Road,  
Ba Dinh District, Hanoi  
Tel: ++ 84-4-7152228      Fax: ++ 84-4-7152218



for foreign investors to best prepare themselves to enter telecommunications and other sectors, it would be much appreciated by EuroCham and its members if the Government could release the roadmap for foreign entry as soon as possible.

**Human Resources, Education and Training:**

An area of increasing importance for Vietnam's continued economic growth is human resources, education and training. Companies are already experiencing difficulty in obtaining and retaining skilled professional Vietnamese staff. The rapid increase in local wage expectations in many sectors and a lack of trained local staff is resulting in companies looking to hire staff from other ASEAN countries, and could result in the stifling of business in Vietnam. In order to overcome this problem, we recommend the lifting of restrictions on the establishment of foreign-invested educational establishments, and the positive encouragement of reputable training providers to establish a presence in Vietnam. EuroCham would be very happy to take the lead in establishing a committee formed with the backing of the Government, and including major players in the market and the IFC, to focus on human resources, education and training issues.

**WTO commitments:** Foreign investors are concerned that Vietnam fulfills its WTO commitments. One particular area of concern is the timetable within which companies will be able to undertake import and distribution, which appears to be subject to delay. While a decree was issued in February this year in relation to import and distribution, licensing authorities have been told not to grant any import licenses until further implementing regulations are issued.

**Legal reform:** With speedy legal reform comes the risk of weak or opaque legislation. An example is the Notarisation Law, which forms the basis for real estate and securities transactions, being the pillars of an expanding economy and vital for secure growth. Although the law has been in effect since late 2006, the relevant implementation guidelines are yet to be issued, resulting in the role of public notaries being left unclear, leading in delays to transactions and uncertainty in some cases as to the enforceability of transactions that are entered into.

**Investment Law and Enterprise Law:**

Many of the approximately 6,000 foreign-invested companies which have already been established in Vietnam will probably wish to re-register under the Investment Law, while a number will wish to convert into shareholding companies. In practice, while it should be straightforward to convert a 100% foreign-owned company into a shareholding company, it is often extremely difficult to re-register a joint venture company as a limited liability company or to convert it into a shareholding company. Investors are experiencing delays in re-registration and conversion partly as a result of difficulties with joint venture partners and partly as a result of delays with the licensing authorities which are coming under an increasing administrative burden as applications increase. EuroCham would much appreciate the Ministry of Planning and Investment considering (a) the possibility of extending the existing

---

HO CHI MINH CITY      [info-hcm@eurochamvn.org](mailto:info-hcm@eurochamvn.org)

EuroVilla, 257 Hoang Van Thu Street,  
Tan Binh District, Ho Chi Minh City.  
Tel: ++ 84-8-8455528      Fax: ++ 84-8-8455527

HA NOI      [info-hn@eurochamvn.org](mailto:info-hn@eurochamvn.org)

1/F, Sofitel Plaza Hanoi, 1 Thanh Nien Road,  
Ba Dinh District, Hanoi  
Tel: ++ 84-4-7152228      Fax: ++ 84-4-7152218



---

deadline of June 2008 for re-registration, and (b) the implementation of an automatic conversion procedure within a certain time limit.

**Freight Tax:** EuroCham flagged this issue at the last VBF in December. Although several meetings have been held to discuss this issue, we have not yet been advised of any outcome and would very much appreciate if the relevant authorities could make their revised position on this public as soon as possible.

With economic co-operation between Vietnam and the 27 nations of the European Union increasing, we look forward to working with all our members and partners to maximize their success as Vietnam continues its path to full integration into the international business community.

Thank you for your time.

---

HO CHI MINH CITY      [info-hcm@eurochamvn.org](mailto:info-hcm@eurochamvn.org)

EuroVilla, 257 Hoang Van Thu Street,  
Tan Binh District, Ho Chi Minh City.  
Tel: ++ 84-8-8455528      Fax: ++ 84-8-8455527

HA NOI      [info-hn@eurochamvn.org](mailto:info-hn@eurochamvn.org)

1/F, Sofitel Plaza Hanoi, 1 Thanh Nien Road,  
Ba Dinh District, Hanoi  
Tel: ++ 84-4-7152228      Fax: ++ 84-4-7152218