

**TRADE OFFICE  
VIET NAM EMBASSY  
IN NEW ZEALAND  
(VTO)**



Pongour Waterfall

**NEWSLETTER, ISSUE 56-JANUARY 2020**

**HIGHLIGHTS OF OPPORTUNITIES**

**DOING BUSINESS  
WITH VIET NAM**

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**VIET NAM'S ECONOMIC SUCCESS IN 2019 AND OUTLOOK FOR 2020**

In 2019, the global economy witnessed a steady deceleration. According to estimates made by the International Monetary Organization (IMF) in October 2019, growth reached only 3.0 per cent compared to 3.6 per cent in 2018, lower than forecasts made in July and April respectively by 0.2 and 0.1 percentage points. Trade flow and foreign direct investment also decreased. Uncertainty and high risks impeded growth momentum as a consequence of geo-political confrontations and a conflict between investment liberalisation and protectionism, not to mention climate change.

According to a survey conducted by the Pacific Economic Cooperation Council (PECC), the top risks to the growth of Asia-Pacific economies included global trade growth decelerating mostly due to rising protectionism and trade wars and slowing Chinese and US economies.

However, 2019 was a remarkable year for Viet Nam's economic growth amid a global slowdown. GDP in 2019 increased by more than 7.0 per cent. Exports of goods reached more than US\$263 billion, up 8.1 per cent compared to the previous year, and the domestic sector's exports recorded an increase of 17.7 per cent, much higher than the growth rate of the FDI sector (4.2 per cent). The trade surplus reached \$9.9 billion, the highest in four years.

High GDP growth was accompanied by macro-economic stability. Inflation only increased by 2.79 per cent, foreign exchange reserves continued to rise to nearly \$80 billion, and the public debt ratio fell sharply to 55 per cent of GDP.

**An appealing investment destination**

Viet Nam is one of the best growing economies in the region. The country also climbed in the ranking of best countries in which to invest this year issued by the US News and World Report, up from 23rd last year to eighth out of 29 economies.

Viet Nam has so far signed 12 free trade agreements with foreign partners around the globe, including the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). In June, Viet Nam inked an FTA and an Investment Protection Agreement with the European Union (EU).

**Jumps in competitive rankings**

The World Economic Forum (WEF)'s 2019 Global Competitiveness Index (GCI) report revealed that Viet Nam rose 10 spots from last year to land at 67th out of 141 economies, making it the most improved country this year.

Viet Nam jumped three ranks on the 2019 Global Innovation Index (GII) to place 42nd out of 129 economies.

**Promising economic outlook**

The World Bank forecasts that Viet Nam's economic growth would become moderate at 6.5 percent in 2020 and 2021.

Citigroup Inc. revised its full-year forecast of Viet Nam's GDP to 6.9% from 6.7%, on the basis of another solid performance in the fourth quarter.

HSBC predicted that inflation in Viet Nam will be kept below 2.7%, while GDP growth is expected to ease to 6.7% in the whole year.

Edward Lee, chief economist for ASEAN and South Asia at Standard Chartered Bank Global Research, said he believes that Viet Nam will be the fastest growing economy in ASEAN this year with a projected growth reaching 6.9%, and this is expected to continue until 2021.

Viet Nam's open trade network makes it an attractive destination for FDI. However, this also makes Viet Nam vulnerable to slowing global demand, which may affect Viet Nam's exporting industry. Nevertheless, with the implementation of structural and fiscal reforms in recent years, Viet Nam would still be able to meet growth expectations in key sectors.

The WB emphasised the resilience of the Vietnamese economy, saying GDP growth has continued to be driven by a strong external sector with exports expanding by about 8 percent this year, nearly four times faster than the world average. Banking, tourism and retail sales would continue to be the growth drivers.

Viet Nam sets a GDP growth target of 6.8 percent and inflation of no more than 4 percent for 2020.

## **VIET NAM'S FDI CAPITAL HITS 10-YEAR RECORD IN 2019**

2019 marks 10 consecutive years of increase in Foreign Direct Investment (FDI) inflow into Viet Nam. There is a significant rise in both the volume and the value of FDI projects. FDI surpassed US\$38 billion in 2019, marking a 10-year high and representing a year-on-year increase of 7.2 per cent. These were encouraging figures in the context of the general downturn of global FDI inflows.

A surge of 56.4 per cent was seen in capital contributions and share purchases by foreign investors, raising the amount to \$15.47 billion and accounting for nearly 41 per cent of the nation's total FDI. 65 per cent of this capital, or \$24.56 billion, was directed into the processing and manufacturing sector, while 10 per cent, or \$3.88 billion, went into the real estate sector and the remainder into wholesale and retail and science and technology.

Among the 125 countries and territories investing in Viet Nam during the year, South Korea remained Viet Nam's leading source of FDI with \$7.92 billion, accounting for 21 per cent of the total. Hong Kong came next with \$7.87 billion, mainly contributed by \$3.85 billion spent on shares in the Viet Nam Beverage Ltd Co in Hanoi. Singapore ranked third with \$4.5 billion, followed by Japan and China. Notably, investment from Hong Kong and mainland China had been on an uptrend, mainly thanks to the impacts of US-China trade war. FDI from China increased 1.65-fold and from Hong Kong 2.4-fold year-on-year.

Viet Nam is being chosen by investors among other ASEAN countries because of its cultural proximity to China, low labour cost and pro-investment policies. The processing and manufacturing sector attracted the highest amount of investment, accounting for 68 percent of Viet Nam's total FDI.

The transition of multi-national corporations' factories from China to Viet Nam is the most important external factor. In June 2019, Apple announced its plan to start trial production of the wireless earphones Airpod in Viet Nam to avoid tariff expenses imposed on China by the Trump Administration. Intrinsically, the Vietnamese government has also adopted more flexible land rental policies with ready-built and built-to-suit factories to welcome manufacturing projects.

In 2019, the foreign-invested sector earned \$181.35 billion from exports, including crude oil, a year-on-year rise of 4.2 per cent. Excluding crude oil, the sector's export revenue stood at \$179.33 billion, a yearly hike of 4.4 per cent and accounting for 68 per cent of the country's total export earnings. During the year, the sector spent nearly \$145.5 billion on imports, up 2.5 per cent from 2018 and making up 57.4 per cent of the country's total spending on imports. As a result, the sector enjoyed a trade surplus of more than \$35.8 billion, compensating for a deficit of \$25.9 billion recorded in the domestic sector.

The International Finance Corporation (a member of the World Bank) expects FDI to continue to rise in 2020. Manufacturers are showing interest in the Central Region where land for industrial use is vast.

Viet Nam expects multiple multi-billion dollar projects will arrive in Viet Nam in the near future, with many of them under South Korean and Taiwanese firms, who view Viet Nam as a strategic and crucial investment destination. Viet Nam is trying its best to better integrate into the global supply chain and upskill the labour force.

## **VIET NAM OVERSEAS INVESTMENT**

According to Viet Nam Foreign Investment Agency, Vietnamese enterprises pumped nearly \$510 million into overseas markets in 2019. Of the investments, more than \$400 million was poured into 164 new projects while the remaining \$105 million was pledged to 29 existing projects.

Their outbound investment mainly focused on the wholesale and retail sector at \$111 million, accounting for 24 per cent of the total. The agro-forestry-fisheries sector took second place with total investment of \$86 million, making up 17 per cent, followed by science and technology at \$70 million, accounting for 14 per cent.

Vietnamese firms invested into 32 countries and territories during the year. Australia lured the biggest amount of investment with \$155 million, or 31 per cent of the total. The US came next with \$93 million, or 18 per cent, followed by Spain, Cambodia, Singapore and Canada.

## **NEW MEASURES FOR BUSINESS ENVIRONMENT**

### **Labor code 2021**

This year, the Labor Code has two major changes in retirement age and overtime hours limit.

The retirement age for men has been increased from 60 to 62, and from 50 to 55 for women. Companies can introduce a more flexible retirement scheme whereby senior workers can choose to be freelancers, independent contractors or part-time workers.

The new code also limits overtime to 40 hours a month (300 hours a year). The cap is higher than that of other Asian countries, such as China's 36 hours a month. However, some policymakers are advocating for an increase in the cap to 400 hours in five special sectors: garments, textiles, seafood, leather shoes, and electronics because of the seasonality in their orders. Employers and workers still need to enter a voluntary agreement before working the overtime limit.

These changes are still under review and will officially come into effect in 2021.

### **Visa friendly policies**

The amended Law on Entry, Exit, Transit, which will come into effect in July 2020, allows foreigners to enter coastal economic zones for 30 days without a visa. The zones need to have international airports, geographical boundaries and must be separate from the mainland. The exemption is hailed as a good policy for FDI firms to visit and gather information about potential economic zones.

In November, the government also announced that it would extend visa exemption for citizens of Japan, South Korea, Denmark, Norway, Sweden, Finland, and Belarus until December 31, 2022, if their stay does not exceed 15 days. Japan, South Korea, and Russia are key markets for Viet Nam's tourism sector. The number of tourists from these countries has an annual increase of about 30 percent in the past decade.

A flexible visa policy will entice more foreigners to come to Viet Nam, thus boosting the tourism sector's growth, bringing in foreign investments and fostering the cultural exchange between nations.

### **Amended Securities Law**

In November 2019, the Securities Law was amended to suit the actual development in the scale of Viet Nam's stock market. Procedures and conditions related to Initial Public Offering (IPO) have been the main focus of the amended law.

To be able to file for an IPO, VND30 billion (US\$2 million) charter capital of a company is required, a rise from the former requirement of VND10 billion (US\$500,000). Major shareholders must retain their ownership of 20 percent of the charter capital one year after the IPO. Public companies are also subject to stricter requirements in auditing, information disclosure, and management.

The law is considered by many financial experts to be now close to the standards of the International Organization of Securities Commission (IOSCO) and Organization for Economic Cooperation and Development (OECD).

With new regulations to enhance transparency in the investing environment, especially for foreign investors, Viet Nam hopes to make the stock market's size equal to the country's GDP in 2020. Larger market capitalization would help Viet Nam move from a frontier

market to an emerging market according to the Financial Times Stock Exchange (FTSE)'s ranking.

### **The Government's Resolution No. 02/NQ-CP2020 on improving the business environment and enhancing national competitiveness**

The resolution has many new provisions, demonstrating the Government's determination to improve Viet Nam's business environment.

Specifically, this year's Resolution specifies seven main tasks and solutions to improve the business environment and national competitiveness. The Government added solutions in the areas that have seen the least improvement over many years, towards reducing costs and time for enterprises, particularly cutting business conditions and expenses for specialised inspection of goods.

For the first time, the Resolution requires ministries and ministerial-level agencies to update and publish administrative procedures related to the issuance of certificates of business conditions that have been simplified in 2018 and 2019.

Ministries are also asked to publicize the comparison table of business conditions before and after being simplified in the first quarter of 2020 and continue to study and propose amendments to relevant laws on the abolishment and simplification of business conditions.

Resolution 02 has created pressure for ministries and sectors to carry out reforms so that the business community will reap the full benefits from reforms.

### **VIET NAM ACTS TO IMPROVE LABOUR PRODUCTIVITY**

Viet Nam will launch a national programme to improve labour productivity, a critical factor for the middle-income country to enhance its competitiveness and develop. Labour productivity is a decisive factor for the economy's and every enterprise's competitiveness and Viet Nam's is modest compared to other countries in ASEAN.

Ministry of Planning and Investment shall be responsible for the development of a plan to implement a national labour productivity campaign to boost national competitiveness and a strategy to encourage private firms to extend their reach to regional and global markets.

A national strategy for developing technology enterprises would also be developed and proposed to the Government this year, with a focus on developing digital, hi-tech and innovation enterprises

A pilot programme of accelerating productivity will be held in several selected sectors and localities before being implemented nationwide.

### **JAPANESE FIRMS KEEN ON VIET NAM**

About 64 percent of Japanese enterprises plan to continue expansion of their business in Viet Nam due to its favourable investment environment, according to Japan External Trade Organisation (Jetro)'s survey on Japanese investment in Asia and Oceania 2019.

According to this survey, 65.8 percent of Japanese enterprises doing business in Viet Nam have been profitable, especially the manufacturing sector, which accounts for 80 percent of profitable firms.

The Japanese enterprises will continue to expand their businesses in Viet Nam based on revenue growth, development ability, stable production and consumption network, low cost, labour resources, regulations and business procedures.

The number of newly established Japanese businesses has also increased in Viet Nam.

## **JANUARY'S TOTAL RETAIL SALES RISE 10.2% YEAR-ON-YEAR**

Viet Nam's total retail sales of goods and services were estimated to have reached over VND448 trillion (US\$19.3 billion) in January, a year-on-year increase of 10.2%, according to the General Statistics Office (GSO).

The retail sales of goods were reported at VND346.2 trillion, an increase of 6.3% compared the previous month and up 10.7% year-on-year.

During the five-month period, retail sales of food and foodstuff went up by 13.3%, household appliances and equipment rose by 12.8%, apparel increased by 11.4%, transportation soared by 11.2%, and cultural and education products advanced by 10.6%.

Several localities saw significant increases in retail sales in the January period, including Nghe An (up 18.7%), Hai Phong (up 14.3%), and Hanoi (up 14.7%).

Meanwhile, sales of accommodation and restaurant services reached VND50.6 trillion, a year-on-year increase of 6.8%, and sales of travel and tourism services were posted at VND4.2 trillion, a year-on-year increase of 7.4%.

The GSO said that the increase in retail sales of goods and services in the first month of this year were attributed to an abundance of goods supply in addition to the traditional Lunar New Year (Tet) holiday, associated with increasing demand for entertainment and catering activities.

## **VIET NAM'S GARMENT-TEXTILE EXPECTS BOOM IN 2020**

Viet Nam's garment-textile sector is expected to make breakthroughs in 2020 thanks to the Fourth Industrial Revolution.

Other factors, including free trade agreements (FTA) that will take effect in 2020 and the penetration of international brands like Zara, H&M and Mango will also favour the industry's growth.

The sector has made significant progress, especially in yarn and dyeing, through IT applications, as reflected in improved productivity, accelerated production and reduced labour force.

According to the Viet Nam Textile and Apparel Association, more than 2.5 million tonnes of yarn were churned out in 2019, of which over 1.5 million tonnes valued at about US\$4 billion were exported. Fabric output also increased six times and export value clocked up \$2.1 billion.

## **VIETNAMESE BANK NAMED IN GLOBAL 300 MOST VALUABLE BANKING BRANDS**

The Viet Nam Prosperity Joint Stock Commercial Bank (VPBank) jumped 81 spots to rank 280th in the Brand Finance Banking 500 announced early this month which featured the most valuable and strongest banking brands in the world.

VPBank became the first private bank in Viet Nam to be in the Brand Finance's top 300.

VPBank reported a record pre-tax profit of more than 10.3 trillion VND (448 million USD) in 2019, 9 percent higher than its plan and 12.3 percent higher than in 2018.

In total, nine banks in Viet Nam were named in the Brand Finance Banking 500, five more than last year's ranking. Those were Vietcombank (207th from 325th), BIDV (276th from 307th), VietinBank (277th from 242nd), VPBank (280th from 361st) and five newcomers Agribank (190th), Techcombank (327th), MBBank (386th), ACB (420th) and Sacombank (422nd).

## **ADVERSE IMPACT OF THE NOVEL CORONAVIRUS OUTBREAK**

Viet Nam's key industries such as textiles, rubber and plastic must take measures to prepare for a shortage of raw materials as a result of the outbreak of the novel coronavirus in China, warned industry leaders and economic experts. Some 80 per cent of raw materials used in Viet Nam rubber and plastic industry were imported from China.

If China's industries could not resume operations by the end of February, firms must start looking to alternative sources, possibly S Korea and the EU. Longer transport distances and higher prices, however, would likely result in higher costs and massive disruption to operations.

The outbreak had already started hurting a number of Vietnamese firms such as automakers Hyundai and Kia.

Similarly, textile firms might start experiencing a shortage of raw materials by the second quarter. Chinese firms had already said there would be no outgoing shipments before the end of February. As Vietnamese firms rely on China for 30 to 40 per cent of input materials, production would likely be hampered.

The epidemic is greatly impacting China, one of Việt Nam's main seafood export markets, and causing a strong reduction in seafood exports from Việt Nam to China. Viet Nam's total seafood export value in January dropped by 12.5 per cent to US\$644 million year-on-year. However, Trương Đình Hòe, VASEP General Secretary, said the demand for imported seafood from Việt Nam to China increases in March and April, if the epidemic is to be controlled by the time, it would not be likely to have further impact on Viet Nam seafood exports this year.

Tokyo 2020 Olympics and Euro 2020 football tournament would boost seafood consumption, especially of shrimp. The scale of the outbreak in China would cause many markets to reduce seafood imports from China. Those are opportunities for Vietnamese seafood to take up to increase exports to the US, Japan, South Korea and Europe.



## MADE IN VIET NAM

### GRASS STRAWS – GREEN LIVING

In an effort to keep our environment clean by getting rid of plastic straws, many businesses in Viet Nam have started producing green, organic straws made from grass, bamboo, rice etc. In this issue, we would like to introduce grass straws made by Viet Kira.

Grass (Lepironia) is familiar with Vietnamese people living in the Mekong Delta, which can be easily found in acidic saline wetland such as Long An, Kien Giang provinces, etc. This is a useful plant in protecting the eco-system, maintaining diverse flora and fauna and is the material for handicraft products.

#### Grass straw advantages:

- ✚ Made from natural leperonia grass
- ✚ 100% natural and organic
- ✚ Bio-degradable
- ✚ Tasteless with no impacts on the drinks
- ✚ Used in both hot and cold drink for the whole day
- ✚ Hygiene and safe



**Quality Standards:** Product achieves food safety and hygiene certification with Standard test results for soil samples, water samples and microorganisms.

**Production process:** First, grass is hand-picked from the field, cleaned with water and cut to length of 18-21cm. Then, the inner part is brushed, thoroughly cleaned with water again and kept naturally drying before cold-dried. After being dried, the straws are checked before being packed.

#### Cold-Drying Technology:

- ✚ Grass straws last long for 12 months
- ✚ Straws do not get musty during preservation
- ✚ Still keep green color after drying
- ✚ Straws are enduring, not crunchy, not easily broken or shrink at the two

## VIET NAM – TIMELESS CHARM

### DA LAT – AN ALTERNATIVE VIET NAM

Dalat is an alternative Viet Nam: the weather is spring-like instead of tropical hot, the town is dotted with elegant French-colonial villas, and the surrounding farms cultivate strawberries, coffee and flowers in place of rice, said Lonely Planet.

The French came first, fleeing the heat of Saigon for average daily temperatures that hover between 15°C and 24°C. They left behind their holiday homes and a European resort vibe, which the Vietnamese have added to with their own unique, sometimes kitsch touches. Whether it's the Eiffel Tower-shaped radio tower, the horse-drawn carriages or the colourful heart-shaped cut-outs at the Valley of Love, this is a town that takes romance seriously. Dalat is Viet Nam's honeymoon capital and extremely popular with domestic tourists.

For foreign visitors, the moderate climate has made Dalat the adventure-sports capital of southern Viet Nam, with canyoning, mountain biking, white-water rafting and treks into the surrounding hills all available.



Pongour Waterfall

## TRADE FAIRS & EXHIBITIONS

### VIFA-EXPO 2020 - FURNITURE AND HOME ACCESSORIES

**Date:** 11 - 14 March 2020

**Venue:** Saigon Exhibition & Convention Center, Ho Chi Minh City, Viet Nam

Started from 2008 with the first name VIFA, the fair's target is to become the best specialized fair for promoting and exporting furniture, home décor products and handicraft from Viet Nam, which is annually held in March by HAWA & HAWA Corp.

In 2014, in cooperation with Expo fair, the two fair combined into one fair named VIFA-EXPO. With this combination, the strength and image of the Viet Nam's furniture fair is united for the steady growth.

Having gone through 12 editions, VIFA-EXPO reached the scale of 36,500m<sup>2</sup> with over 2,400 booths in the Hall and outdoor Tents, and participation of over 500 exhibitors. VIFA-EXPO became the largest furniture fair in Viet Nam and one of the leading furniture fair in ASEAN.

With the stable growth of Viet Nam's Furniture Industry, the industry's target is to become "The factory that produces furniture for the World". Therefore, VIFA-EXPO will be the meeting points for all international furniture manufacturers and buyers, as well as the launcher for Vietnamese furniture manufacturers to promote products into the World.

## **CONTACTS: HAWA CORPORATION**

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E-mail: [info@hawacorp.com.vn](mailto:info@hawacorp.com.vn) - Website: <http://vifafair.com>

## **VIET NAM EXPO 2020**

**Date:** 15-18 April 2020

**Venue:** Hanoi International Exhibition Center, Ha Noi, Viet Nam

Viet Nam International Trade Fair – VIET NAM EXPO has been an annual event since its first show in 1991. The Government of Viet Nam assigned the tasks of organization and direction to the Ministry of Industry and Trade, specifically Viet Nam Trade Promotion Agency – VIETRADE, in cooperation with other Ministries and Vinexad JSC. The past 29 years has witnessed the organization board's great endeavors to make Viet Nam Expo one of the most large-scale trade promotion activities which not only plays a vital role in the national industry and trade sectors but also gain a well-deserved reputation among international friends and local enterprises.

As a result of trade promotion activities before, during and after the Fair, a wide range of economic values, practical opportunities and connections are created for local enterprises to increase their export sales. Viet Nam Expo also contributes to the development of the domestic market and the implementation of the Government's commitments to international economic integration.

### **Viet Nam Expo 2019 Report:**

-  513 enterprises exhibiting at 603 booths.
-  13 out of 24 participating countries and territories: Japan, Cuba, South Korea, Hongkong, Nepal, Taiwan, Singapore and China. This year, the Fair also warmly welcomed many newcomers from Egypt, Russia Federation, Ukraine and the US. Furthermore, the highlight of the show was the presences of National Pavilions, including Russia, Cuba, South Korea, Nepal, China and Viet Nam.
-  21 cities/provinces with 12 trade - investment promotion centers from Hanoi, Hai Phong, etc., which increased by 30% compared to the last year.
-  21,500 visitors from 32 countries attended the Fair as a result of the organizer's prestigious reputation, wide partner/customer network and effective promotion campaigns on media channels.

## **CONTACTS: VINEXAD National Trade Fair and Advertising JSC**

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## LEDTEC ASIA 2020

**Date:** 22-24 April 2020

**Venue:** Saigon Exhibition & Convention Center, Ho Chi Minh City, Viet Nam

LEDTEC ASIA – Viet Nam Int'l LED/OLED Digital Signage

LEDTEC ASIA - Perfect Platform for Your Business in Viet Nam:

- ✚ The Only LED/OLED Lighting & Digital Signage Show in Viet Nam
- ✚ Long time and well-known in LED market from 2012 until now
- ✚ Buyer list vary in many sectors – top 100 buyers in the market
- ✚ Targeted Marketing plan to specialized buyers
- ✚ Continuously Update to Exhibitors / Buyers of previous shows about the events
- ✚ New database updated frequently
- ✚ Follow up new trends, technology of the market

### **CONTACTS: EXPORUM VIET NAM**

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## BUSINESS OPPORTUNITIES

### **SEAH STEEL VINA CORPORATION**

SeAH Steel Vina Corp. (SSV) is a subsidiary of SeAH Steel Corp., a pioneer in steel pipe manufacturing in Korea (<http://www.seahsteel.co.kr/eng/company/intro.jsp>).

SeAH Steel Vina Corp. was established in Viet Nam since 1995 with the name Saigon Steel Pipe Corp. SSV was the first enterprise in Viet Nam to export steel pipes to the difficult market in Japan in 1999. By 2006, SSV was once again the pioneer enterprise to export steel pipes to the US high-end market. Since then, the US market has always accounted for 60 ~ 70% of SSV's sales. In addition, SSV also exports to other markets such as Canada, Japan, Hong Kong, Australia, Singapore, China, Taiwan, Bangladesh, Myanmar, Indonesia etc.

- ✚ Products: Black and hot-dipped Zince-coated tubes and Tubulars for Screwing to BS21Threads. Dessign capacity: 330,000 tonnes/year.
- ✚ Product dimensions: Outside diameters from 21mm to 219.1mm; Pipe wall thickness: 1.5mm to 12.0mm; Length: from 0.5M to 12.8M.
- ✚ Purpose of use: - Steel pipes used in petroleum. - Steel pipes used in fire protection. - Pressure resistant steel pipes. - Steel pipes used in structures, prefabricated steel buildings. - Steel pipes used in water supply and drainage.

 Common product standards: API 5CT, API 5L, JIS, ASTM, BS EN, KS. In addition, the company can produce according to customer requirements.

**CONTACTS: SeAH STEEL VINA CORPORATION**

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**TNG – GARMENT AND TEXTILE**

Established in 1979, TNG investment and trading JSC currently owns 11 textile factories with 233 production lines, employs 12,600 people and had a revenue of USD115m in 2017. TNG is listed in the Top 500 private companies in Viet Nam.

TNG's top customers in 2018 included: Decathlon, TCP, Nike, Hurley, Jordan, Adidas, Tomtailor, ANF, C&A, Mango, Carhatt, Columbia. TNG's products are sold in USA, France and Germany.

**CONTACTS: TNG INVESTMENT AND TRADING JSC**

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**PHUC SINH CORP – PEPPER**

Established in 2001 by founders with deep experience in trading agriculture products, Phuc Sinh Corp, had grown to be a top agriculture products exporter, committed to the belief that quality is its most valuable treasure.

Phuc Sinh Corp's markets include France, Germany, Italy, Switzerland, and the United States, Asia, Europe, Africa, Latin and South America and Australia. Phuc Sinh Corporation has since 2007 grown to the top of the pepper export businesses of Viet Nam, taking 8% of the export share worldwide and holding this position till today.

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**LEGAL UPDATES**

**ISSUES RELATING TO DECLARATION OF VALUE OF IMPORTED MACHINERY, EQUIPMENT**

Official letter No. 7837/TCHQ-TXNK dated December 18th, 2019 of the General Department of Viet Nam Customs regarding determination of imported machinery, equipment

Relating to the determination of customs value upon importing machinery, equipment with control software the General Department of Viet Nam Customs has these opinions:

- About customs declaration forms registered from October 15th, 2019 (the date on which Circular No. Circular No. 60/2019/TT-BTC takes effect) enterprises shall determine and declare customs value in accordance with Clause 5 Article 1 of Circular No. 60/2019/TT-BTC.

- About customs declaration forms registered before October 15th, 2019, enterprises shall determine customs value in accordance with Clause 4 Article 6 of Circular No. 39/2015/TT-BTC. Accordingly, if it is required to add value of software to value of imported machinery, equipment but the enterprises have not yet done, they must make additional declaration. If documents, papers are not enough to determine whether value of the software is added to value of the machinery, equipment, customs authorities shall conduct the post-customs clearance inspection in order to determine tax, late payment interests, fines (if any).

## **REGARDING EXCHANGE RATE USED FOR DETERMINATION OF TAXABLE REVENUE OF FOREIGN CONTRACTORS**

Official letter No. 1969/CT-TTHT dated January 15th, 2020 of the Department of Taxation of Ha Noi city regarding exchange rate used for determination of revenue for calculation of withholding tax

According to this Official letter, from January 1st, 2015, in case a foreign contractor does not open an account in Viet Nam but he/she receives revenue in a foreign currency (other than USD) paid by the Vietnamese party through its account opened at a commercial bank in Viet Nam, the selling exchange rate of the commercial bank where the Vietnamese party's account is opened announced shall be applied in order to convert taxable revenue of the foreign contractor from the foreign currency into VND.

If the exchange rate between a foreign currency used for payment and VND is not available, the cross rate of VND versus other foreign currencies shall be used to determine taxable value according to Article 3 of Decision No. 2730/QD-NHNN.

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