Table: Application Packages

Form of Investment	Contents of Application Package
1. Business Cooperation Contract	• a project feasibility study • the signed business co-operation contract • relevant information on the parties involved, such as the charters and financial standing of each party • any other information that may be requested by various government agencies
2. Joint Venture	• a project feasibility study • the joint venture contract • the charter (articles of association) of the proposed enterprise • any other information required, such as information on the financial standing of the foreign investor, or proof of land-use rights
3. Foreign Owned Company	• a project feasibility study • the charter of the proposed enterprise • the corporate constitutional documents of the investor and other necessary information about the investor, such as its financial standing • any other information that may be requested by authorities

The most important documents required in the different application packages are described briefly here, and are outlined in detail in *Appendix 3.*

(a) **Feasibility Study**

All forms of investment must complete and submit a project feasibility study. This document is a detailed examination of a proposed project. The study must attempt to foresee all aspects of the business venture, from the source and cost of production materials, to land and labour requirements, to plans for marketing goods or services in foreign markets and in Vietnam. It is very important that the study addresses all potential business aspects. As the excerpt from a recent article in the *Vietnam Investment Review* illustrates (Box 2), sloppy feasibility studies ground many investment projects later in the approval process.

The sponsoring Ministry and the local People's Committee are responsible for approving the feasibility studies before they are included in an application package. In these reviews, the agencies will evaluate the strengths and weaknesses of the projects. Investors should expect to negotiate the figures used in the feasibility study, and the overall value of the project to Vietnam. During these negotiations, investors should prepare to not only defend their projects, but also to explain many of the business aspects that persons trained in Western-style commerce may treat as common knowledge. Box 3 is an excerpt from an article in *Asia Money & Finance* in which an executive of *Cathay Pacific Airways* reviews his experience in negotiating during this and other steps of the approval process.

Box 2
Excerpts from a recent article in VIR show that poor feasibility studies come back to haunt investors.

"Fourteen per cent of projects approved since the introduction five years ago of the Law on Foreign Investment in Vietnam - 104 projects - have had their licences withdrawn, revoked or expired."

"The failure of most of the 104 projects can be attributed to inaccurate and hastily prepared feasibility studies."

"The feasibility study of the Huong Xuan Restaurant Project, licensed in September 1990 to a French concern, failed to anticipate that the company itself might go bankrupt. Saigon Island Resort, a 100 per cent foreign owned project capitalized at US $2.3 million, licensed to the Malaysian-based TT Hotel Enterprises at the end of 1991, did not take local land lease issues into consideration in its feasibility study, and was consequently unable to find a proper location to launch its project."

Source: "One Licensed project in seven is a failure", *Vietnam Investment Review*, Aug 30-Sept 5, 1993.