

The Vietnamese partner's capital contributions may consist of any of the following: Vietnamese currency; natural resources; building materials; land-use rights, or the right to use water or sea surface; building structures; existing equipment and machinery; construction services; technical services; and labour.

Management of the joint venture company is the responsibility of the board of management, whose members are appointed by the parties in proportion to their capital contribution presumably up to 99 percent. Each party must be represented. Either the general director or the deputy general director must be a Vietnamese residing in Vietnam. The profits and risks of the joint venture company must be shared by the parties in proportion to their share of capital. The normal duration of a joint venture is 20 years, but a duration of up to 50 years can also be permitted.

The joint venture will be established after the SCCI has issued an investment license and a certificate of registration.

Wholly-Owned Company

The wholly-owned company must be established in the form of a limited liability company and is a Vietnamese legal entity subject to the laws of Vietnam. The 100 percent investment is regarded as the same as an investment in a joint venture, except for the extent of the capital contribution from the foreign investor.

Representative Office

Representative offices are not established under the FIL but come under the jurisdiction of the MOT.

The main function of a representative office in the country is to liaise with companies, government, and clients. There is no profit tax on the operations of a representative office since it is only able to engage in liaison activities and not transact any business. A company that would like to undertake business that requires an ongoing long-term presence in Vietnam should consider opening a representative office. The office is allowed to rent office space and living facilities, to employ Vietnamese citizens, and to open bank accounts in Vietnamese currency and convertible currencies. It may also import any equipment and articles required for its operation and its staff.

A foreign company that has established relations with a Vietnamese economic and trading organization, and has programs for developing economic and scientific-technical cooperation may be allowed to establish a representative office.

ESTABLISHING A BUSINESS IN VIETNAM

State Committee for Cooperation and Investment (SCCI)

The SCCI was established under the Council of Ministers to manage and administer Vietnam's foreign investment legislation. Its prime function is to examine and approve business applications for foreign investments and contracts for the formation of joint ventures, cooperative businesses, and wholly-owned investment companies.

A state organ comprising representatives from the Council of Ministers, Ministry of Finance, State Planning Committee, MOT, Central Bank and the Scientific and Technical Commission, the SCCI is structured to draw upon the expertise of government departments in evaluating and approving