

3.1.3 Details

Stage 1

Stage 1 is divided into 2 steps. Investors interested in BCCs and JVs must follow both steps, whereas investors interested in FOCs follow only step 2.

1. Find Partner

The first task for the BCC or JV investor is to find a suitable Vietnamese partner. The key consideration in this endeavour is government backing: the investor should find a Vietnamese partner that is closely connected to, and recommended by, an important government agency. Such support gives an implicit guarantee of future assistance.

To locate such a partner, the investor can approach the State Committee for Cooperation and Investment (SCCI) for

Box 1

The following excerpts from a recent article in the *Vietnam Investment Review* illustrate the importance of both choosing a recommended partner, and a suitable partner.

"In order to meet a good partner you have to contact the correct authority", explained Kim (General Director of the Vietnam office for the South Korean corporation Daewoo). Because his needs included developing large-scale manufacturing enterprises, Kim turned to the Ministry of Heavy Industry for suggestions about possible partners. Daewoo rejected several companies which didn't know the electronics field, before choosing the Hanel Company, an experienced firm belonging to the Hanoi People's Committee."

"Kim based his decision to embark on joint ventures with Hanel not only on Hanel's own history of experience in high technology, but also on the fact that the company had the backing of high level officials. 'You have to understand Vietnam', he explained. '(Vietnamese) companies are different from those of Japan or Hong Kong. It's very important which companies the authorities recommend. If they recommend (a company), then we expect they will support us (in working with those partners)'.

In the same article, T. Ohara, the General Manager of the Japanese Tomen Corporation in Vietnam, stresses that

"it is not enough for a potential partner to have the backing or recommendation of a government ministry. If the company is suitable, fine", he said. "But if we're not 100 percent satisfied, we should talk to another company and compare. Don't directly believe in the introduction. Find out for yourself".

Source: "Finding Partners", in *Vietnam Investment Review*, October 4-10, 1993

assistance. The investor can also visit the Vietnam Chamber of Commerce and Industry, which is the body that represents all Vietnamese enterprises, including those owned by the State. Most investors, however, find it better to go directly to the Ministry under whose jurisdiction the future business activity falls (i.e., the sponsoring Ministry). Each Ministry has a list of recommended partners which consists of enterprises that the Ministry owns or effectively controls. The local and provincial People's Committees also have such lists, and should be considered by investors as well¹.

Past investors caution, however, that while it is important to choose a partner recommended by the proper authorities, investors should not simply accept whichever partner is suggested first. Investors should thoroughly review a number of recommended enterprises, and should choose the one with the right experience and compatible interests (see Box 1).

2. Application Package

In this step, the investor works with the Vietnamese partner -- or, in the case of an FOC, works alone -- to complete an application package for the necessary investment or business licence². The contents of the required package differ only slightly for the different forms of investment. The table below summarizes the requirements.