

1. The Inventory

1.1 Law on Foreign Investment

Name: Law on Foreign Investment in Vietnam.
Agency: National Assembly.
Date: Original Law passed on December 29, 1987. Amendments to the Law introduced on June 30, 1990, and on January 2, 1993.
Details: See below under Decree 18.

Name: Decree No. 18: Regulations Governing in Detail the Implementation of the Law on Foreign Investment in Vietnam
Agency: Government.
Date: April 16, 1993.
Details:

The Law on Foreign Investment and Decree 18 should be viewed as a package. The Law is essentially a policy statement that expresses Vietnam's post-1987 desire to promote FDI. The Decree provides substantial detail to give real meaning to the statements in the Law. Together the Law and Decree serve as the legal foundation to regulate foreign investment in Vietnam.

The Decree is especially important for its range of provisions. In total there are 14 Chapters and 105 Articles that apply to several aspects of FDI. Aspects addressed include: the range of economic sectors open to investors; the establishment, operation and liquidation of the various forms of investment; dispute resolution; tax; foreign exchange; and guarantees to investors. In addition, the Decree in places refers readers to complementary legislation. A case in point is Article 68 on Labour Relations, which directs readers to the regulations in a separate decree.

Due to the wide range and importance of the provisions in Decree 18, several of the individual articles are identified throughout this inventory in the relevant categories.

1.2 Forms of Investment

Name: Chapters 2,3,4, and 5 of Decree No. 18: Regulations Governing in Detail the Implementation of the Law on Foreign Investment in Vietnam.
Agency: Government.
Date: April 16, 1993.
Details:

Decree No. 18 gives details on the forms of investment that, according to the Law on Foreign Investment, are acceptable in Vietnam. There are four acceptable forms.

1. Business Cooperation Contracts (BCCs) - Chapter 2 of the Decree.
2. Joint Ventures (JVs) - Chapter 3 of the Decree.
3. 100% Foreign Owned Companies (FOCs). Prior to the 1993 amendments to the Law on Foreign Investment, FOCs were not encouraged by the Vietnamese Government. They are outlined in Chapter 4 of the Decree.
4. Build-Own-Transfer (BOT). BOTs are agreements between Vietnamese Government agencies and foreign investors to construct infrastructure. BOTs are introduced in the 1993 amendments to the Law, and are addressed very briefly in Chapter 5 of Decree 18. Article 56 of Decree 18, however, advises readers that an upcoming "special statute" will address BOTs in more detail (release date unknown).