Approximately 50 percent of the investment projects mentioned above have been implemented. Roughly 25 percent have faced difficulties such as a shortage of capital, low market demand, or shortages of materials. The remaining 25 percent have not been implemented due to changes in the relevant markets, lost business opportunities, inability of the parties to make their capital contributions, and the nonavailability of materials needed for production.

Recent developments that favour Vietnam's investment climate include the resumption of Japanese aid to Vietnam which will be followed by Japanese investment, heavily increased French aid program, and the lifting of the US embargo to the point where American companies can open offices, sign contracts and hire staff in Vietnam.

Investment Policy

The Govemment of Vietnam is encouraging investment in the following areas:

- Export-oriented production and import substitution.
- High technology industries using skilled labour or raising the production capacity of existing Vietnamese companies.
- Investment in labour intensive industries using raw materials and natural resources available in Vietnam.
- Construction of infrastructure and foreign exchange eaming services, such as, tourism, ship repair, airport and port services.

In addition, all authorities at the provincial and city levels are required to outline their priority investment projects in the above areas for the years 2000 to 2005.

Investment Incentives

The govemment designated export-oriented production and import substitution in the manufacturing sector as key economic areas when formulating its long-term development plans. Vietnam's foreign investment legislation has been introduced to attract foreign companies to take advantage of the opportunities.

During the next decade, development will continue to emphasize export-oriented industrialization, renovation of existing Vietnamese enterprises, investment in labour-intensive industries utilizing the country's natural resources, construction of infrastructure, and foreign exchange eaming services such as tourism, ship repair, airport and port services.

The Govemment of Vietnam recognizes the need for foreign investment capital and experience in many fields. The regulations on foreign investment are interpreted with flexibility by the SCCI, depending on the merits of the individual project.

The following incentives are available for business cooperation contracts, joint ventures, and wholly-owned enterprises.

- Exemption from all import and export duties for equipment, machinery, spare parts, production and business facilities, including vehicles that either contribute to the capital of the venture or are bought with the funds of the company and form part of its total investment capital.
- Exemptions from/special rates for corporate profit (income) tax.
- Special rates for profit remittance tax.
- Tax rebate on reinvested profit.
- Exemption from tumover (sales) tax for sales outside Vietnam.