

Moreover, Decision 200 allows an additional 30% of capital for foreign bank branches, and 10% for JV banks to be deposited in offshore banks, or in foreign branch banks in Vietnam. 15% of the capital must be deposited with the State Bank where it earns interest.

1.9.2 Finance

Name: Circular No. 533/TC-TCT on Foreign Investment Depreciation Rules.
Agency: Ministry of Finance.
Date: April 26, 1991.
Details:

The Circular stipulates that foreign investment enterprises are not allowed to distribute capital defined as depreciation. Depreciation must be funded in foreign invested enterprises.

Name: Decree No. 137-HDBT Concerning Price Control.
Agency: Government.
Date: April 27, 1992.
Details:

This Decree allows enterprises to determine the pricing of most goods. The State is, however, responsible for stabilizing the market price for food and gold, and the exchange rates of the Dong. Also, the State sets the price for natural resources, rental of real estate, and other important resources such as electricity, fuel and cement.

1.9.3 Forex

Name: Chapter 10 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:

There are three key regulations in these Articles. First, article 80 requires enterprises with foreign invested capital to deposit all capital funds and revenues in foreign and Vietnamese currencies into accounts at a Vietnamese bank, a JV bank, or a foreign branch bank. All revenues and expenditures must be transacted through these accounts. The article continues and says that "in a special case, if the creditor expects the debtor to open accounts for loans at banks in a foreign country, the enterprise is entitled to do so with the approval from the State Bank of Vietnam".

Second, Article 82 states an enterprise's foreign currency revenues from export and other legal sources must be sufficient to meet the enterprise's expenditures in foreign currency, including overseas profit remittances. In essence, this Article says that foreign invested enterprises cannot convert Dong into foreign currency to pay bills or repatriate profits - although there are exceptions.

Finally, all conversions (where allowed) must be done at the official exchange rate announced by the State Bank.

1.10 Representative Offices

Since 1986, many companies have opened representative offices in Vietnam, often to test the investment climate. In 1992, officials estimated that there were 200 such offices in Ho Chi Minh City alone. A recent US Embargo