

THE POLITICAL ENVIRONMENT

The political environment of Vietnam will ultimately affect a company's profits through the government's introduction of market-oriented policies. During the past five years, the government has introduced some of the most liberal investment policies in Asia, thereby attempting to address uncertainties that an environment is being created in which it is unprofitable to do business.

Factors to Consider

- . Political stability
- . Government attitudes
- . Foreign investment climate
- . Repatriation of profits
- . Taxation
- . Expropriation
- . Labour

The goal of Vietnam's government is to develop an infrastructure of private industry which will permit a high degree of economic self-sufficiency. In the absence of hard currency and free-market management expertise, the government of Vietnam has recognized that they must create a healthy environment to attract foreign investment and expertise to assist in its development.

The government's role in Vietnam's economic transition is as an extensive and active player in the business environment. It is important for a company to recognize that the government is an essential component to include in its Vietnam business strategy.

Government

Vietnam's most recent constitution was adopted by the National Assembly in April 1992 and covers the political system of Vietnam, the basic rights and obligations of citizens, as well as the organizational structures and activities of the state. It also emphasizes the economic system and the promotion of the multi-sector economy within a state-controlled market mechanism. Approximately two-thirds of the 1980 constitution has been revised, amended or rewritten in the new constitution. The constitution also reaffirms the leadership of the Communist Party, but seeks to distinguish the Party from the state. The Party is not to interfere with matters relating more particularly to the state.

On the economic front, private ownership of the means of production is recognized. Actual land ownership is not recognized, but the constitution does provide for the long-term use of land, and the right both to inheritance and transfer of such land use.