

## Viet Nam's Bogor Goals Progress Report (as at 8 August 2014)\*

### Highlights of Achievements and Areas for Improvement

- Average MFN tariffs have declined substantially in recent years, but high MFN tariffs still remain for some agricultural and industrial products.
- Many non-tariff measures have been eliminated after Viet Nam's accession to WTO. Import prohibitions and licensing still are applicable for certain products. Same occurs for export duties.
- Tariff-rate quotas are applied to a limited number of products.
- Progress in services liberalization. Sectors such as telecommunications, postal and express delivery services have experience an increase in foreign competition.
- Restrictions or prohibitions remain in some sectors for foreign investors.
- Higher percentage of technical standards are aligned to international standards now in comparison to 2012.
- Introduction of electronic systems such as in customs procedures and government procurement.
- A new Bidding Law has been issued. It allows foreign contractors to participate, but only in international bid processes in association with local firms.

### Summary of Topics

#### Tariffs

Since Viet Nam's accession to WTO, its average MFN tariffs have declined substantially from 18.5 per cent in 2007 to 10.4 per cent in 2013. About one-third of the tariff lines are duty-free. However, high MFN tariff rates remain for some goods. For example, among the agricultural products, tobacco, beverages and prepared food of vegetables or fruits are experiencing average MFN tariffs above 30 per cent. As for industrial products, transport equipment are facing average MFN tariffs above 20 per cent.

Viet Nam has been reducing tariffs through the implementation of liberalization schedules agreed in its RTAs/FTAs in force.

#### Non-Tariff Measures

Viet Nam applies import restrictions to a list of products for public health, safety and security reasons; or for compliance with international commitments. Import licenses are required for certain goods. The purpose of the licenses is to ensure minimum quality standards, local network compatibility, monetary security or cultural sensitivities.

The list of products subject to import licenses has been modified several times in recent years. Some steel products were added to the list of imports that required automatic import licenses in August 2012. Meat and fish products, apparel, footwear, sugar confectionary, cocoa and chocolate, among others, had the requirement of the automatic import license suspended in September 2012.

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\*This brief report was prepared with information from Viet Nam's submission of 2014 APEC Individual Action Plan (IAP) template; the 2014 WTO Trade Policy Review – Report by the Secretariat – Viet Nam; and information from the Ministry of Industry and Trade and the Ministry of Construction websites.

Tariff rate quotas are applicable for imports of eggs, sugar, unmanufactured tobacco and tobacco refuse, and salt.

Export duties are applied to some products such as metals, raw hides and skins and some wood products. On May 2013, export duties for briquette coal and pit-coal increased from 10 to 13 per cent.

### Services

Services liberalization took a big push after Viet Nam's accession to WTO in 2007. Several measures in a number of sectors have increased competition in the domestic market. In the telecommunications sector, the government has gradually opened the mobile phone sector. As at 2012, six mobile phone operators had commercial presence in Viet Nam.

In the postal and express delivery services, by the end of 2012, there were 74 postal operators, eight of them were either foreign-invested enterprises or foreign postal enterprises hiring domestic companies as agents.

In the banking sector, fully owned foreign banks are given MFN and national treatment with regards to commercial presence. Foreign banks can receive deposits in Vietnamese Dong and can issue credit cards. However, restrictions remain in the number of branches that foreign banks can operate. In the insurance sector, there is a significant participation of foreign companies. Indeed, by the end of 2011, 10 non-life foreign-invested insurance companies were operating in Viet Nam. In the same way, 32 representative offices of foreign insurance companies were located there in 2012.

Restrictions remain in a number of sectors. For example, in the broadcasting sector, local content requirements apply, since the TV programs (with the exception of international news channels and live sports events) need to be translated into Vietnamese by a licensed local agent. In addition, all commercials running on foreign channels must be made in Viet Nam.

### Investment

The Enterprise Law in Viet Nam stipulates in which sectors investments are prohibited and conditional. Foreign investors need to apply for an investment certificate, which can be used as a business registration certificate. All domestic and foreign investment projects above VND 300 billion and those in conditional sectors are subject to an investment evaluation.

Private ownership of land is not allowed, but land can be leased for an initial duration for up to 70 years. Leases can be extended upon expiry.

### Standards and Conformance

From January 2012 to November 2013, Viet Nam published 1,312 technical standards. 80 per cent of them were developed taking into account the standards by the International Standardization Organization, the International Electrotechnical Commission, the Codex Alimentarius, among others. Viet Nam also published 104 technical regulations during that time.

Viet Nam is participating actively in international organizations for standards, metrology and quality.

By the end of 2013, one specific trade concern raised against Viet Nam at the WTO SPS Committee had not reported a resolution (i.e. ban on offals). Similarly, four specific trade concerns against Viet Nam raised at the WTO TBT Committee had not reported a resolution. Some of the most recent concerns raised in 2013 were related to the implementation of a food safety law and restrictions on liquor production and trading.

### **Customs Procedures**

There has been an increasing use of e-customs procedures. Viet Nam reported that around 47,000 of the exporting and importing firms are using this system (95 per cent of these firms). In addition, the number of sub-departments that are participating is equivalent to 146 (86 per cent of the sub-departments). Around 4.2 million electronic customs declarations have been processed since the implementation of this system.

### **Intellectual Property Rights**

Between 2012 and 2013, Viet Nam has issued a number of laws and regulations to strengthen its IPR regime such as the Decree 72/2013/ND-CP on managing, supplying and using internet services and website information; the Circular 07/2012/TTLT-BTTTT-BVHTTDL on protection of copyrights by regulating on responsibilities of businesses supplying intermediate services; and the Circular 16/2013/TT-BNNPTNT on the protection of plants variety.

From the administrative side, Viet Nam is working on the simplification of procedures to apply for industrial property rights. In addition, Viet Nam has been tightening punishments for infringements to IPR. The Law on Punishment of Administrative Violations on IPR was issued in June 2012.

### **Competition Policy**

There have not been major changes in competition policy laws. However, with the support of international cooperation agencies, Viet Nam is reviewing its existing Competition Law. The intention is to assess the current provisions and identify problems with the implementation and enforcement of the law.

### **Government Procurement**

The revised Bidding Law was issued in November 2013 and will enter into force on July 2014. This law allows foreigner firms to participate in international bids as long as they associate with a local company in tenders, unless no domestic contractor is capable to participate in the bidding package. A chapter on online procurement is also part of the new law. It seeks to simplify procedures and make the processes more transparent.

### **Deregulation/Regulatory Review**

Efforts to promote deregulation continue. The general policy framework has been improved with more predictability and transparency.

### **Mobility of Business People**

A draft Law on Immigration and Residence of Foreigners in Viet Nam has been submitted to the National Assembly for consideration.

### **RTA/FTAs**

Viet Nam has reported eight FTA/RTAs in force<sup>1</sup> and five agreements under negotiation, including the Trans Pacific Partnership Agreement and the Regional Comprehensive Economic Partnership.

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<sup>1</sup> Viet Nam's RTA/FTAs in force are the following ones: ASEAN (1992), ASEAN-China (2005), ASEAN-Korea (2007), Viet Nam- Japan (2009), ASEAN-Japan (2009), ASEAN-Australia-New Zealand (2010), ASEAN-India (2010), and Viet Nam-Chile (2012).