

**Policy environment in Vietnam promote enterprise development  
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Since Vietnam started its Renovation Process with the transformation from the centrally planned economy to market mechanism advocating the development of multi-sectorial economy, the enterprise supporting policy environment has gradually come into being and continuously improved. Over the past 20 years, the policy environment has now been fairly completed with important laws and policies on enterprises and business activities. Here are some features of the legal and policy system on enterprise and business operation in Vietnam at present.

- It has been opened to all enterprises to register for operation in all sectors without any legal restriction since the issuance of the Enterprise Laws in 1999. The procedures of enterprise establishment has been simplified by applying for a certificate of business registration instead of a license, thus saving a lot of time, efforts and costs for enterprises. The enterprises are ensured their self-control in internal organization and business management. Consequently, a significant achievement has been made in enterprise development. From 2000 to 2005, more than 180.000 enterprises have been established, and dozens of existing ones have expanded their activities. These enterprises create 1 million new jobs each year and has made dramatic contribution to the achievement of Vietnam's industry, agriculture, services and export. In 2005, the National Assembly approved the New Enterprise Law, expanding the applicable scale of the above regulations on all kinds of enterprises, including foreign investors, as well as to supplement new regulations on business management in order to enhance business management ability in Vietnam according to good practices in the world.

- Investment encouragement policies are issued and implemented comprehensively with formality amendment applied for both foreign and domestic investment. Thanks to favorable investment environment, Vietnam has got more foreign and domestic investment. Only in 2005, the total foreign and domestic investment capital was nearly 10 billion USD. By the issuance of the consistent investment law in 2005 in conformity with fundamental principles of the WTO on Most Favored Nation (MFN) and National Treatment (NT), investment environment in Vietnam has been considered the most attractive in the region.

- Regulations on commerce, import and export has been unseasingly improved. The obstacles to domestic and foreign investment have gradually been removed, especially since 1998. Export is encouraged and supported at most. Control system of imported goods has been loosen and transparent. Tax on imports is gradually being reduced. Therefore, Vietnam import-export volume has continuously increased at the average speed of 16% per year over the past 5 years, reaching 33 billion USD of export and 35 billion USD of import in 2005. Within the agreements with ASEAN countries towards the implementation of ASEAN Free Trade Area (AFTA), since the early 2006, Vietnam has applied the tax of 0 – 5% for 96% lines of imported goods from these countries. while negotiating into WTO, Vietnam has committed to reduce an average of 20% import tax compared with the existing MFN tax, removing free-tax barrier and open market for nearly all kinds of goods and services as in the certain due course.

- Tax system is continuously adjusted towards removing discrimination among economic sectors, local companies and foreign-invested ones. By now, systems of business income, VAT, import-export and other taxes has been applied comprehensively to all enterprises. Tax is reduced. And declaration process, tax payment and collection and other custom procedures have been also simplified and more transparent. More tax priorities have been given to sectors and areas which the State encourages investment in. In the coming years, the tax system will keep improving according to Vietnam's commitments in international integration process.

- Policies on land, credit, monetary, labor, education and technology... has been developed towards creating favorable conditions and equality for enterprises. Price systems of the above services as well as fundamental services are applied consistently. Two-price mechanism has been removed. In the coming years, Vietnam will push forwards the market of land, capital, labor and technology in order to expand supplies and encourage the effective exploitation and using of these resources, thus promoting the development of enterprises and economy.

- Regulations on contracts, dispute resolution, competitiveness and bankruptcy of enterprises have been issued and amended in the recent years, creating favorable conditions for enterprises in dealing with business relations and withdraw from the market when they are unable to operate. This is an important development in creating safe legal framework for enterprise and perfecting business environment in Vietnam.

- Especially, small and medium enterprises, women-owned enterprises are given some special encouraging policies issued in 2001 to develop and enhance their competitiveness. In this regard, they are given prioritized access to resources, education, information and commercial promotion...

One important point in the development and perfection of enterprise supporting policy environment in Vietnam is that during this process, cooperation mechanism between the State and enterprises become better. The State has considered having consultation from enterprise as a compulsory mechanism for law and policy making agencies as well as an important tool to enhance the quality of legal documents and support to the implementation and supervision of the State's regulations. The enterprises have made effective contribution to this process. It's the democratization of economic law and policy-making process that has significantly contributed to the improvement of the policy environment in Vietnam, thus promoting the development of enterprise and national economy during the past years.

Though policy environment in Vietnam has gained great achievements as stated above, it still remains some weaknesses. They are lack of transparency, stability, consistence which is pre-seen in quite many issued legal documents and policies. They are also unproper implementation and untight supervision, lack of cooperation among State policy making and implementing agencies, bureaucracy, corruption and incompetence of state agencies and their officials, thus making many policies less effective in practice. They are limited thinking and awareness of the roles played by different enterprise types, driving to the discrimination, inequality and unfairness among enterprises in some policies, especially in reality.

In the coming time, thanks to lessons learnt through 20 years of renovation, higher-growth economy and stronger enterprises, Vietnam will certainly go on perfecting its policy environment, promoting further development of enterprises and economy, leading the country to move firmly ahead in the process of development and international integration./.