

INTERNATIONAL TRADE-INVESTMENT OF VIETNAM BILATERAL ECONOMIC RELATIONSHIP VIETNAM – BRAZIL 2018

IN FOCUS:

1. GENERAL ECONOMIC INFORMATION, INTERNATIONAL ECONOMIC INTEGRATION AND TRADE OF VIETNAM;
2. BILATERAL TRADE BETWEEN VIETNAM AND BRAZIL
3. INVEST IN VIETNAM

GENERAL ECONOMIC INFORMATION OF VIETNAM IN 2018

- GDP reached billion us\$ 241, ranked number 47th economy in the world.
- GDP per capital us\$ 2.600, it is still at low-middle level of income.
- Last 10 years: 2009-2018, in the context of international financial crisis, Vietnam tried to maintain high GDP growth rates of 5% - 7%
- Stable business environment and a good destination of tourists as well as political talks.

INTERNATIONAL ECONOMIC INTEGRATION

NO	FTA	STATUS	PARTNERS
FTAs IN FORCE			
1	AFTA	FROM 1993	ASEAN
2	ACFTA	FROM 2003	ASEAN - CHINA
3	AKFTA	FROM 2007	ASEAN - KOREA
4	AJCEP	FROM 2008	ASEAN - JAPAN
5	VJEPa	FROM 2009	VIETNAM - JAPAN
6	AIFTA	FROM 2010	ASEAN - INDIA
7	AANZFta	FROM 2010	ASEAN- AUSTRALIA – NEWZELAND
8	VCFTA	FROM 2014	VIETNAM - CHILE
9	VKFTA	FROM 2015	VIETNAM - KOREA
10	VN – EAEU FTA	FROM 2016	VIETNAM – RUSSIA, BELARUS, ARMENIA, KAZAKHSTAN, KYRGYZSTAN
11	CPTPP	FROM DEC 2018	VIETNAM, CANADA, MEXICO, PERU, CHILE, NEW ZEALAND, AUSTRALIA, JAPAN, SINGAPORE, BRUNEI, MALAYSIA

FTA WAITING FOR APPROVAL			
12	AHKFTA	SIGNED IN 11/2017	ASEAN - HONGKONG
FTA <i>FINISH NEGOTIATION, WAITING FOR SIGNATURE</i>			
13	EVFTA		VIETNAM - EU
FTA NEGOTIATING			
14	RCEP		ASEAN – CHINA, KOREA, JAPAN, INDIA, AUSTRALIA, NEW ZEALAND
15	VN – EFTA FTA		VIETNAM – SWITZERLAND, NORWAY, ICELAND, LIECHTENSTEIN
16	VN– ISRAEL FTA		VIETNAM - ISRAEL

Key notes:

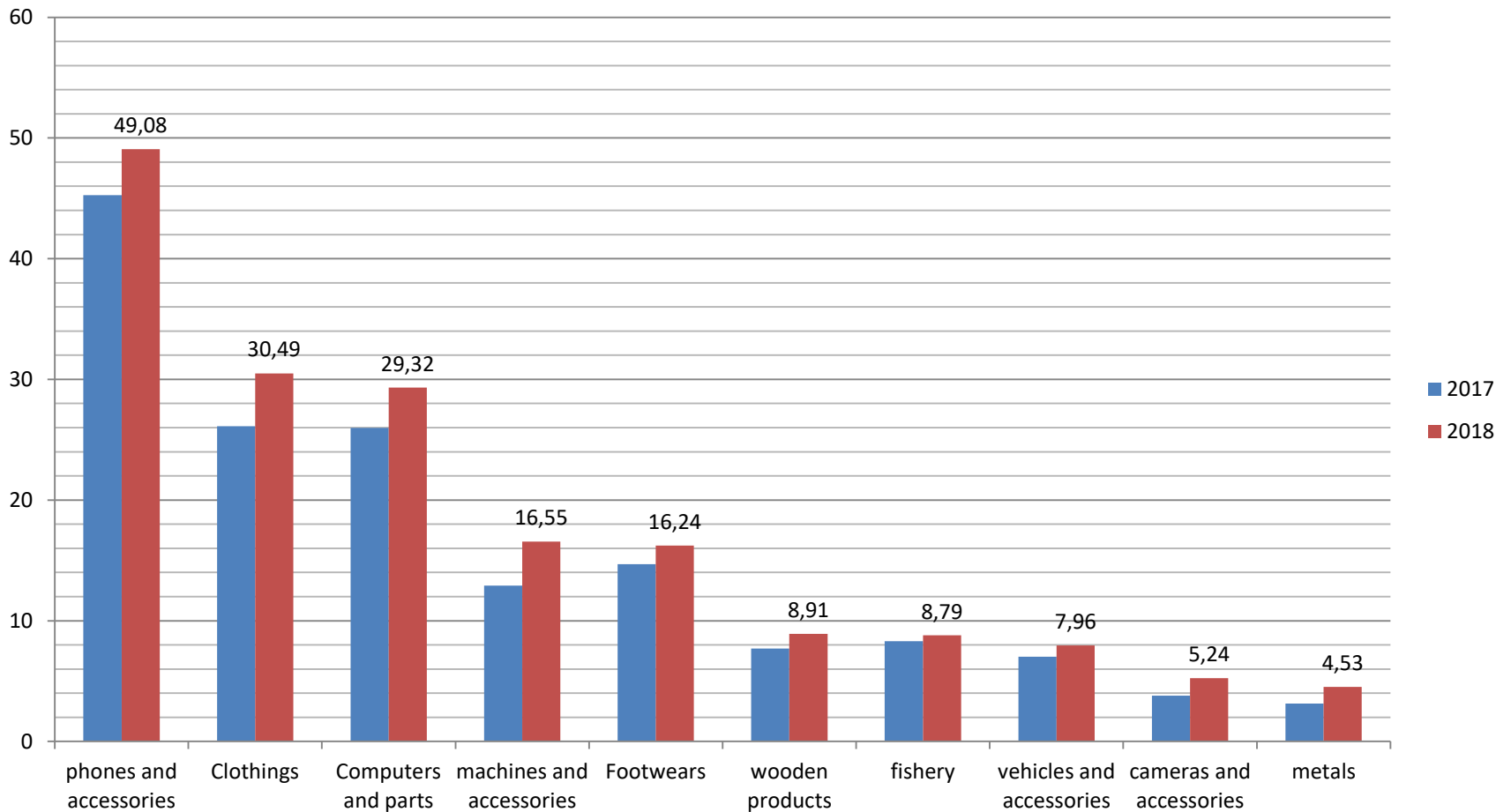
- Vietnam has FTAs with most of its important partners
 - FTAs cover 80% of Vietnam international trade
 - Advantage of FTAs (especially new generation FTA):
- + removal of tariff lines and non-tariff barriers/
in WTO: only reduce tariff on selected lines
and accept trade barriers

INTERNATIONAL TRADE OF VIETNAM 2018

- International trade of Vietnam in 2018 reached us\$ billion 480 = 200% of its GDP
- This proves that Vietnam economy is very open to the world (just after Singapore)
- Growth rate of International trade ranged between 10 – 20%, this shows a very active business environment of Vietnam.
- Vietnam is an important hub of export processing centers in the the world

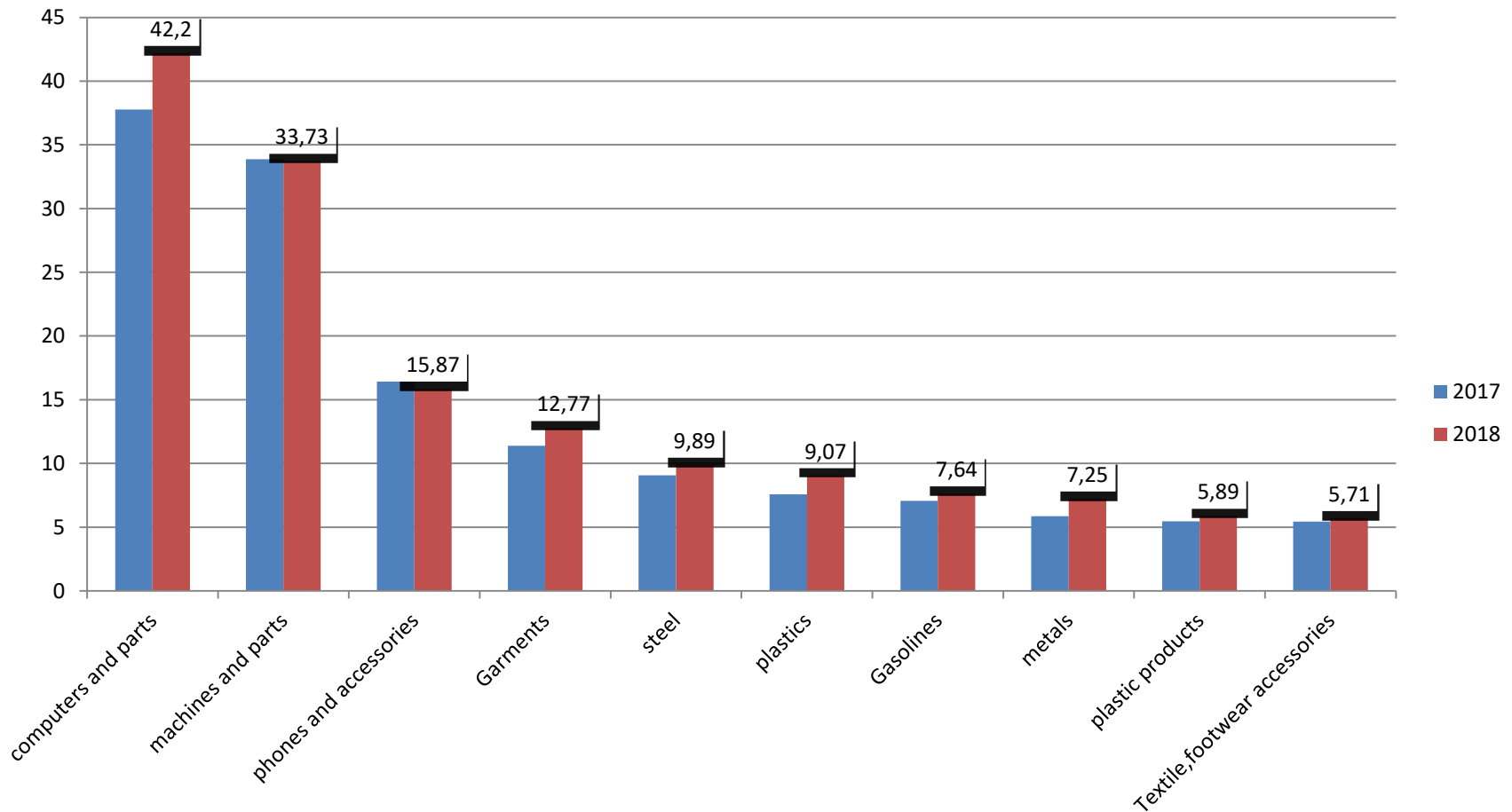
Export of Vietnam in 1018

volume: us\$ bil 243, growth 13%

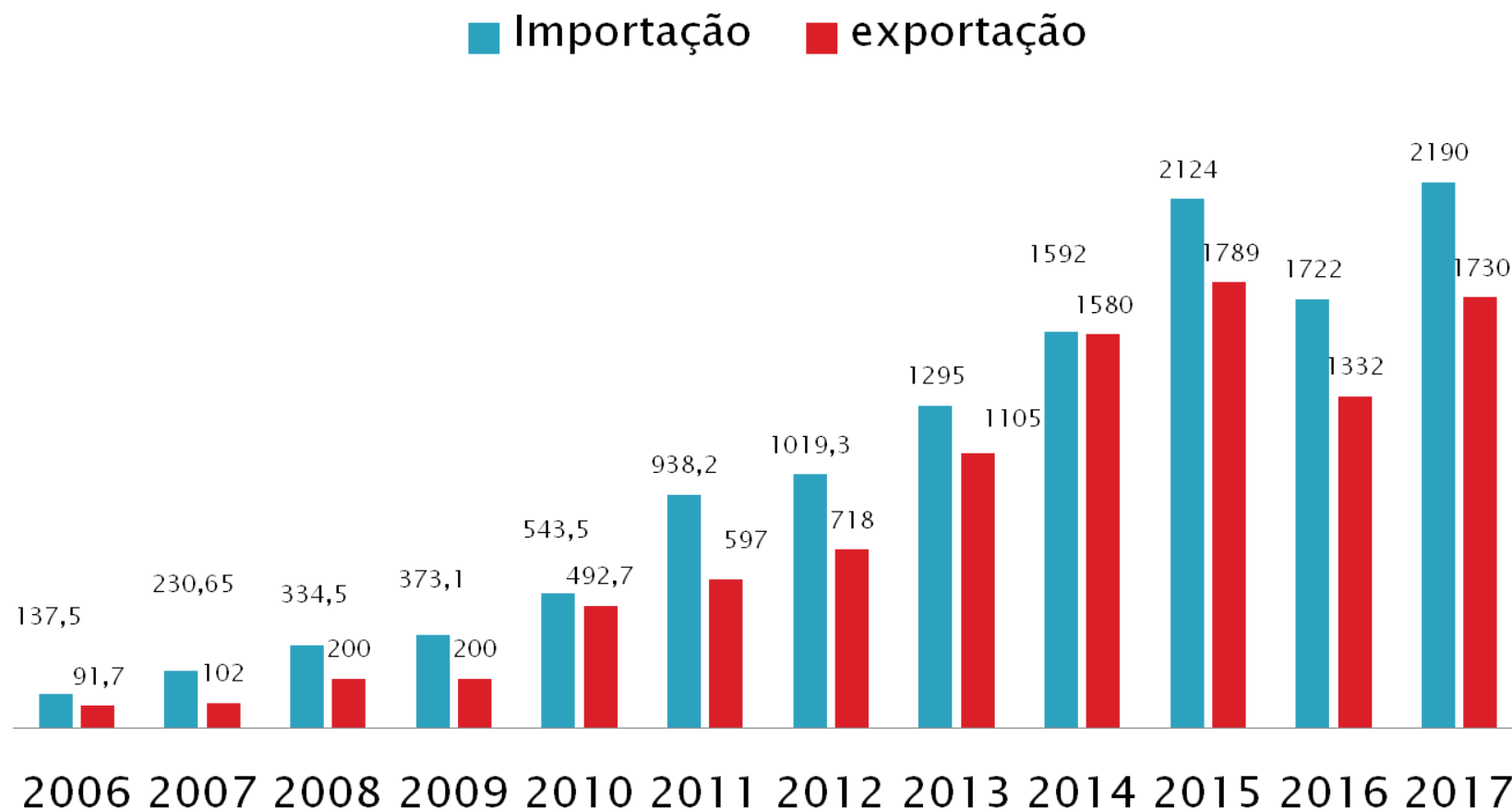


Import of Vietnam 2018

volume: us\$ 237 bil, growth 11 %



VIETNAM – BRAZIL BILATERAL TRADE

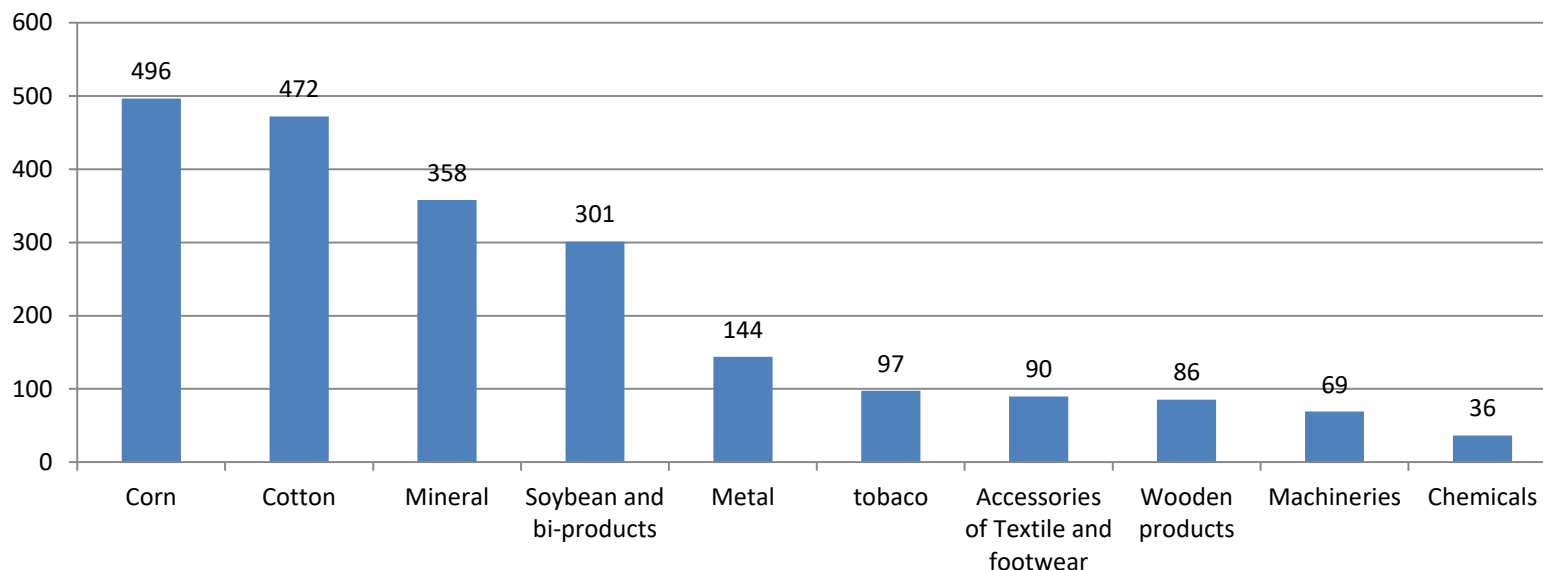


VIETNAM – BRAZIL TRADE 2018

- Within 10 years, from 2009 – 2018, bilateral trade between Vietnam and Brazil increased by nearly 8 times, from just us\$ million 570 to us\$ million 4.450.
- Vietnam is now the biggest trading partner of Brazil in Asean. Brazil is also the biggest trading partner of Vietnam in South America.

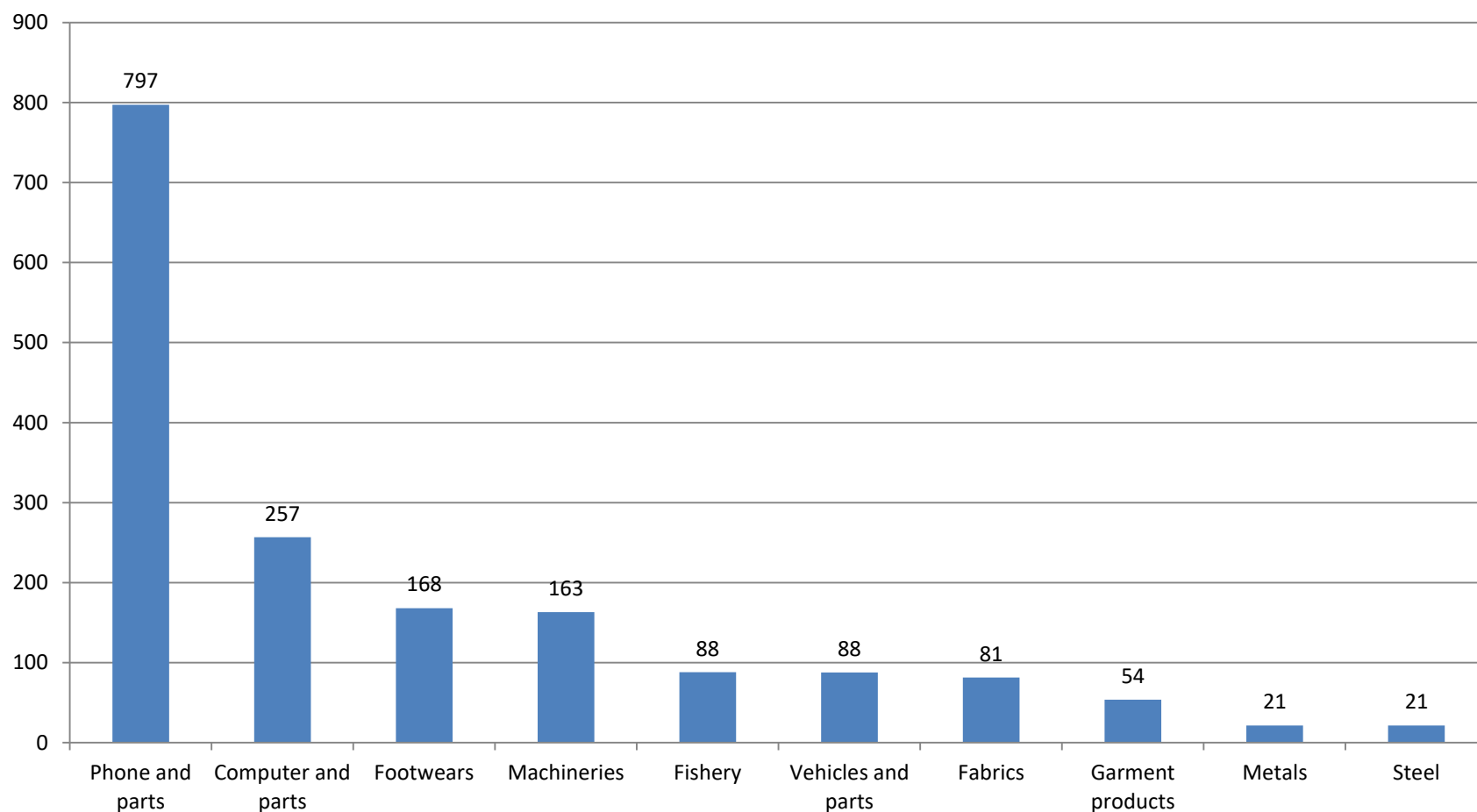
Most traded products

Vietnam imported from Brazil 2018 (us\$ million)



Most traded products

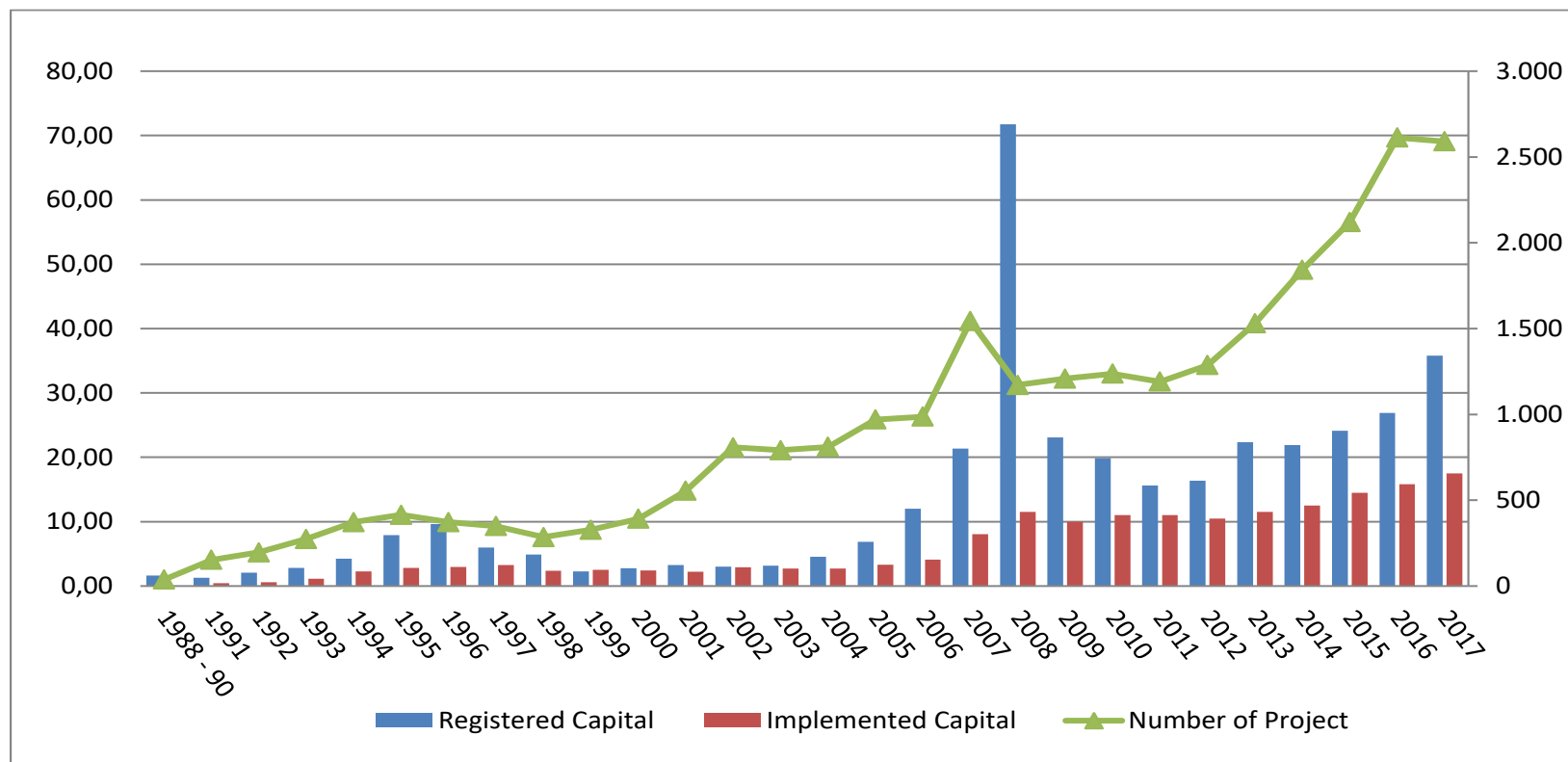
Vietnam exported to Brazil 2018 (us\$ million)



Some remarkable notes:

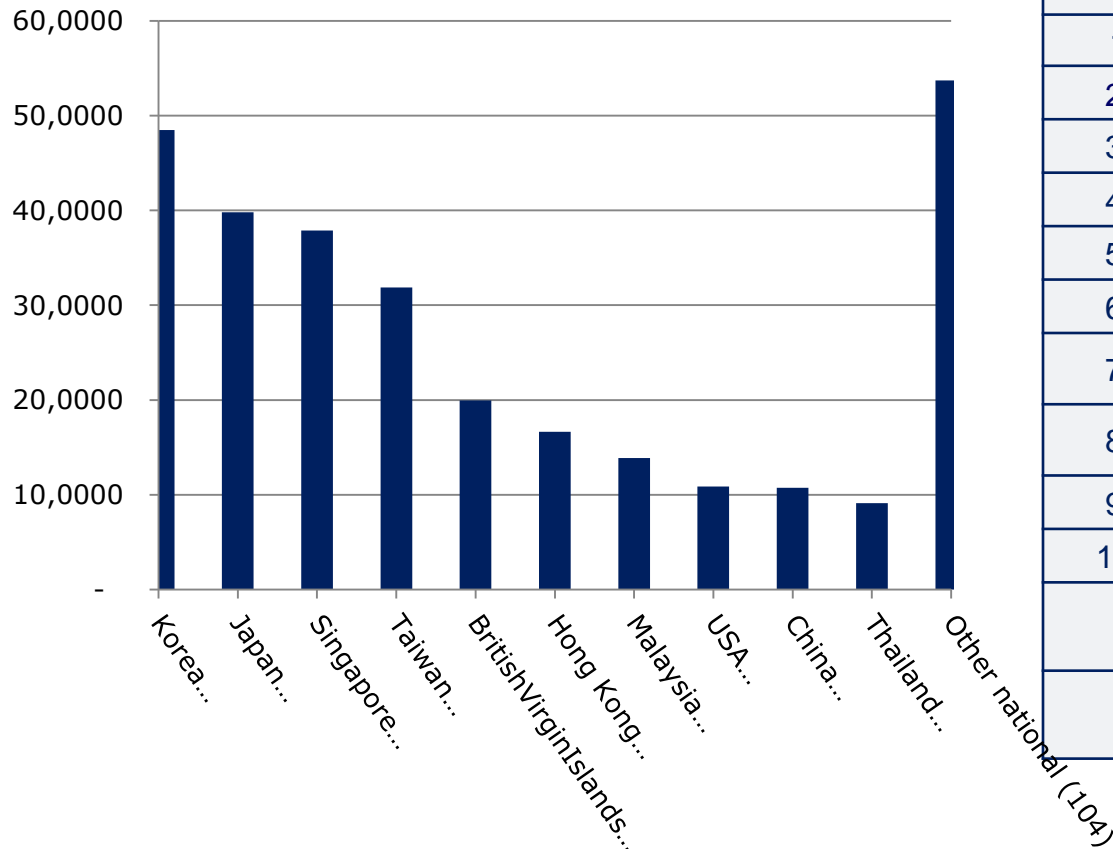
- The two economies are very much supplementary. Vietnam is exporting to Brazil consumer's products to fulfill the market demands, meanwhile, Vietnam is in need of Brazilian agriculture produces such as: corn, soybean, cotton, and also minerals and machineries, chemical to feed its growing demand of materials.
- Bilateral trade still has great potentials and much room to develop, as Vietnam is not open yet for Brazilian beef, in contrast, Brazil is still quite strict on standard of fishery products imported from Vietnam. And it is not willing to open shrimp market.

OVERVIEW of FDI IN VIETNAM



Year	Unit	2011	2012	2013	2014	2015	2016	2017
Registered Capital	Billion USD	15,62	16,35	22,35	21,91	24,11	26,89	35,8
Implemented Capital	Billion USD	11,00	10,46	11,50	12,50	14,50	15,80	17,5
Number of project		1.191	1.287	1.530	1.843	2.120	2.613	2.591

FDI IN VIETNAM BY PARTNERS (Dec 2017)



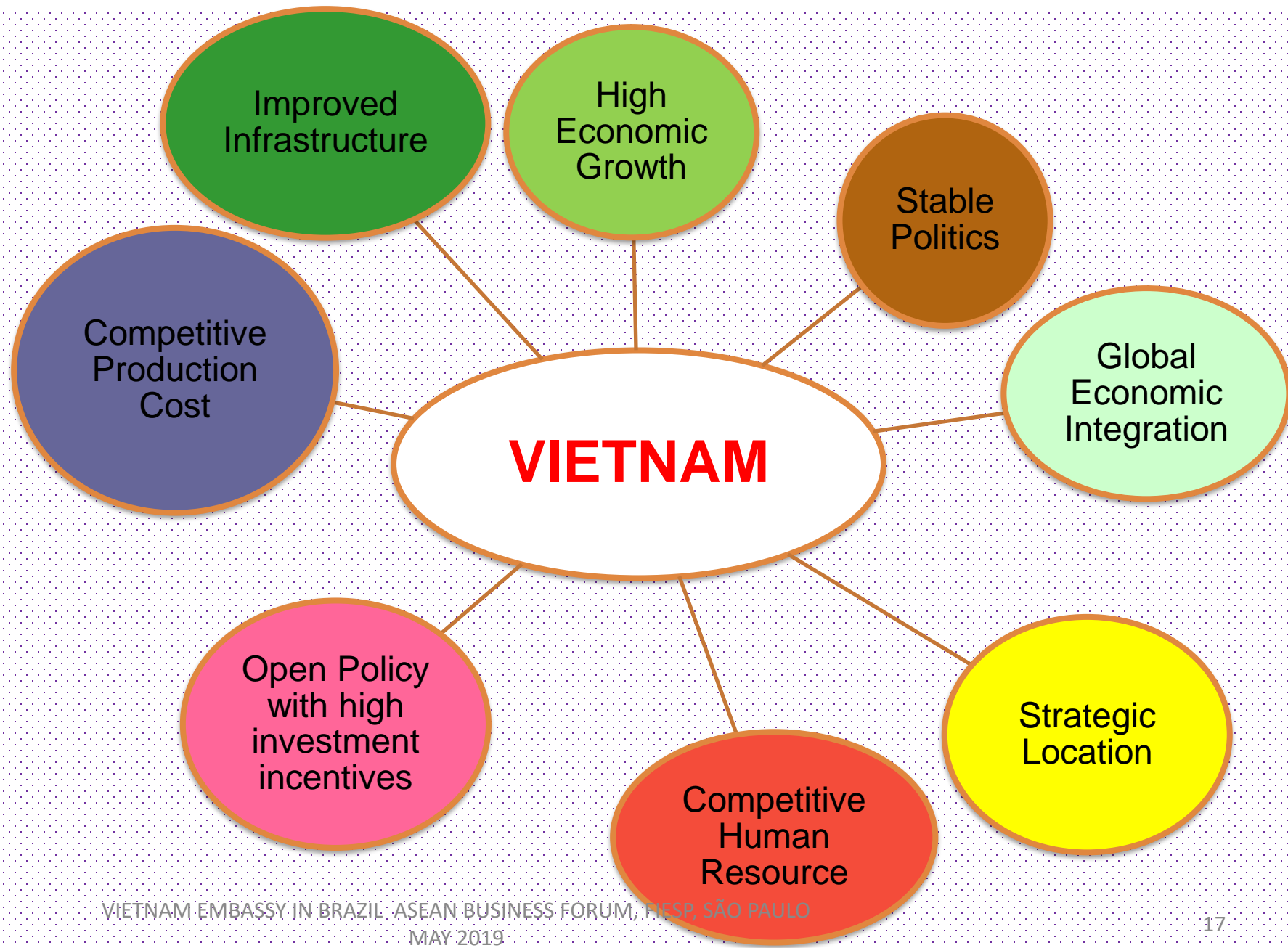
Source: FIA, MPI

No.	Partner	Number of project	Total registered capital (bil USD)
1	Korea	6,532	57.6
2	Japan	3,599	49.4
3	Singapore	1,967	42.2
4	Taiwan	2,535	30.9
5	BVI	748	22.5
6	Hongkong	1,275	17.7
7	Malaysia	568	12.1
8	China	1,812	12.08
9	USA	857	9.8
10	Thailand	486	8.6
	Other (115 Countries)	3.905	51,71
	Total (125 countries)	24,748	318.7

FDI BY SECTOR (December 2017)

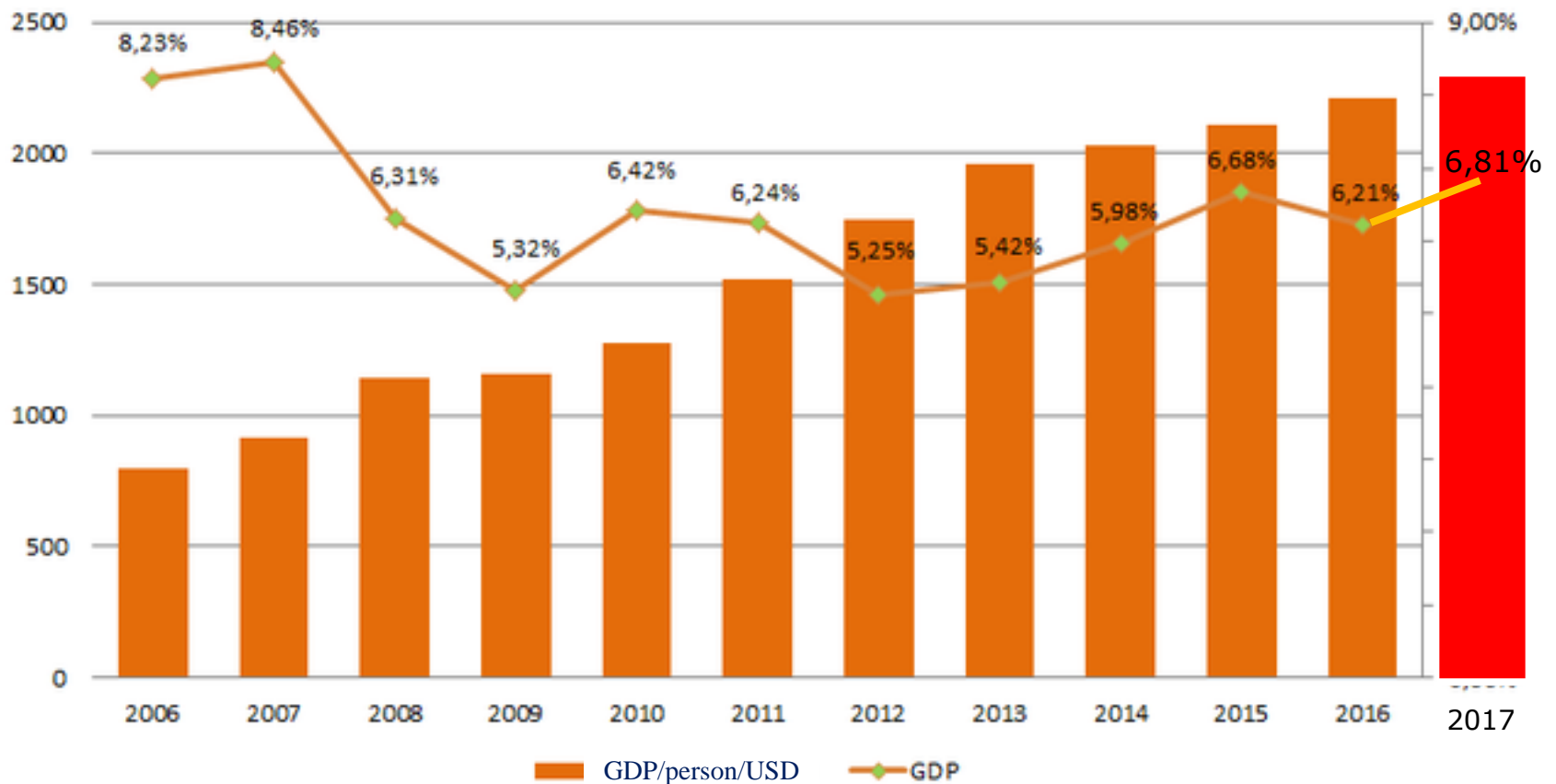
No.	Sectors	Percentage (%)
1	Manufacturing and processing industry	59%
2	Real Estate	17%
3	Production, distribution of electricity, gas	4%
4	Hospitality	4%
5	Construction	4%
6	Other areas	12%

WHY INVEST IN VIETNAM



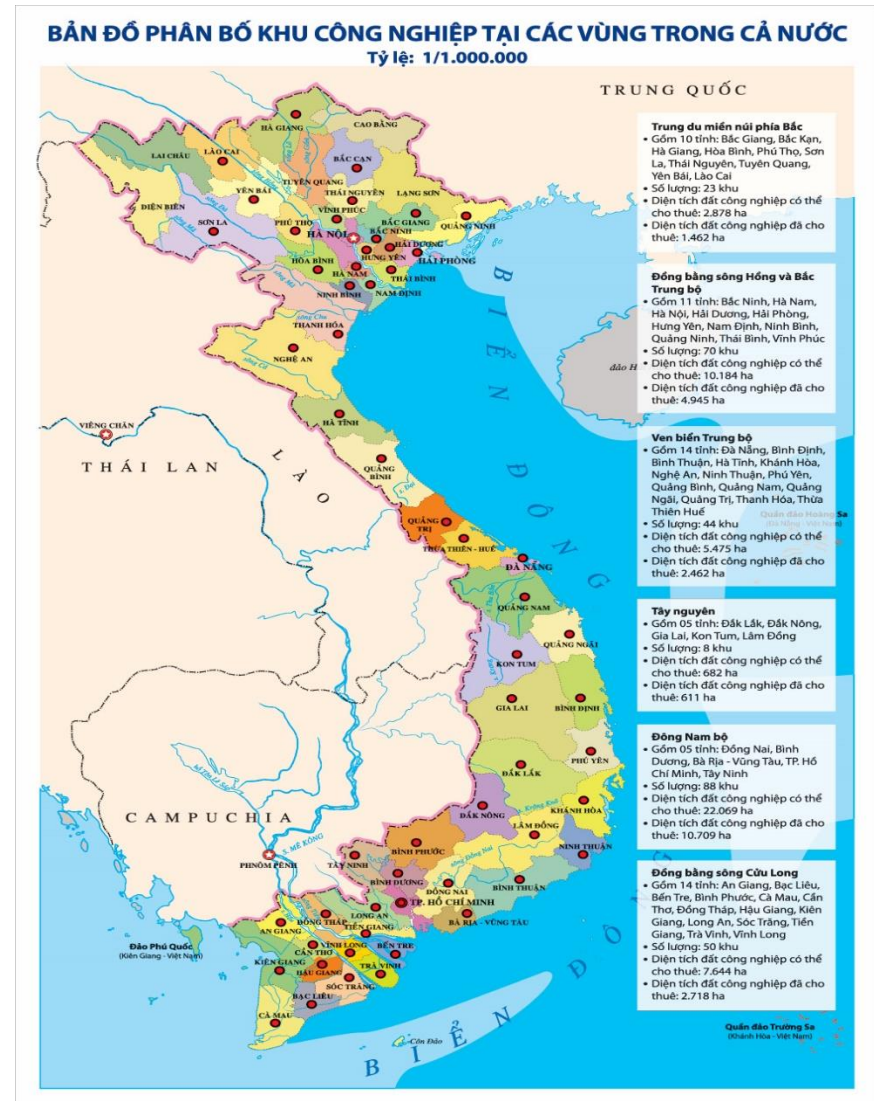
WHY INVEST IN VIETNAM?

HIGH ECONOMIC GROWTH



INDUSTRIAL PARK AND ECONOMIC ZONES IN VIETNAM

- 316 Industrial Parks (IP)
(43 IP are FDI)
- 15 coastal economic zones
- 03 high tech zones (and will be 06 high tech zones in year 2030)



ORIENTATION OF FDI



- Projects with high added value, using modern technology, environmentally friendly
- Attracting large-scale projects producing highly-competitive products participating in the global value chain
- Encouraging industrial projects, gradually shifting from production to processing
- Projects in infrastructure development, training, high-quality human resources, R&D, modern services
- Project in information technology and biotechnology for agriculture and high-quality agriculture

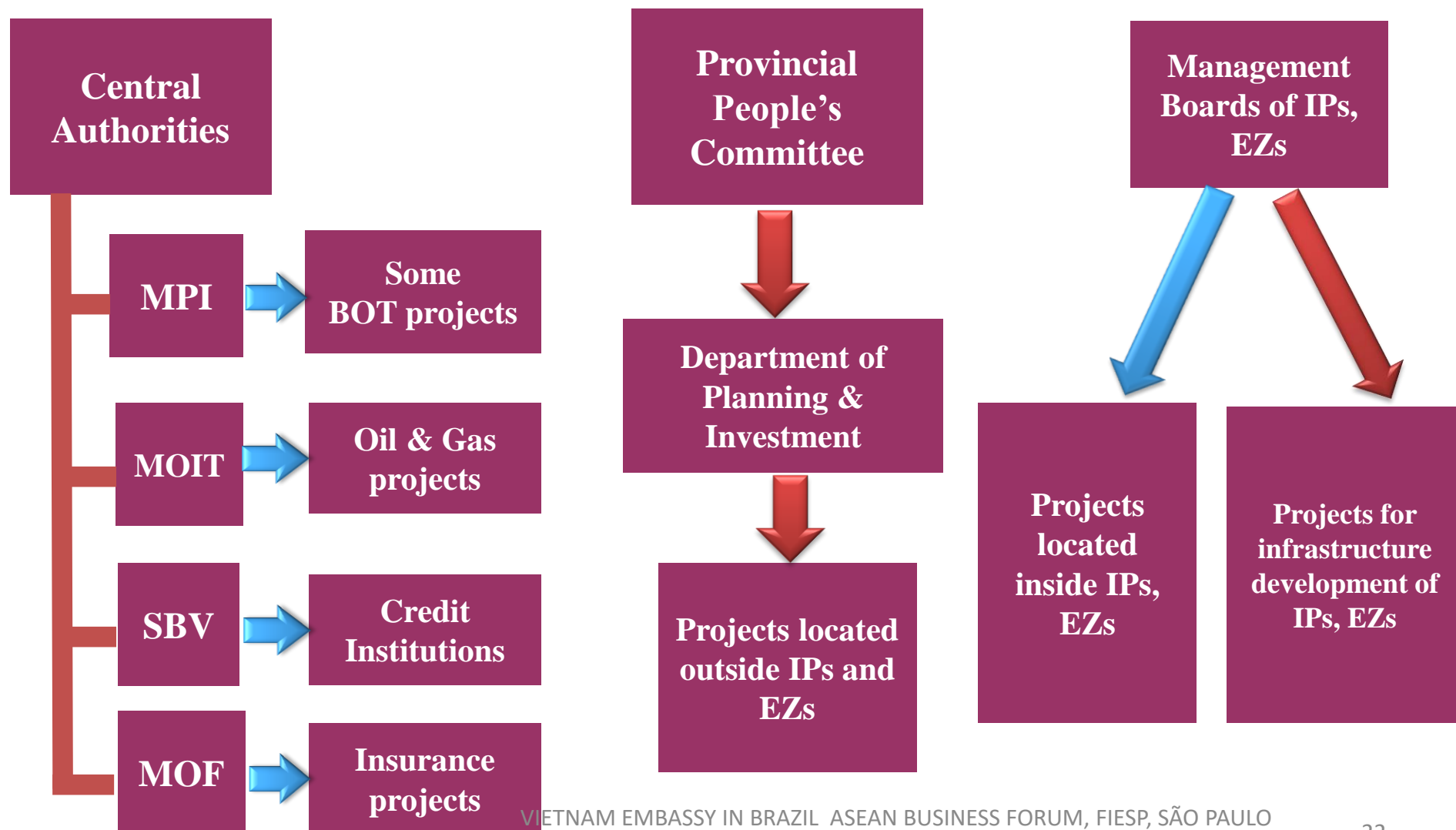
INVESTMENT LICENSING PROCEDURE

DPI or Management Board of the Zones

- Maximum 15 working days for general projects
- Maximum 40 working days for projects which lease state land
- About 60 days for major projects which must got the Investment In-Principle Approval from the Prime Minister
- According to National Assembly session for projects which must be submitted to National Assembly

Business registration agency 03 working days in maximum

INVESTMENT APPROVAL AUTHORITIES



INVESTMENT INCENTIVES



1. Corporate income tax(CIT)

Tax rates	Application condition	Term for incentive application
20%	The common CIT rates	
17%	<ul style="list-style-type: none"> - Regions with difficult socio-economic conditions; - Feed production for poultry, cattle and aquiculture; - Agriculture machinery, energy saving products, high-grade steel; - Traditional trade 	10 years
	<ul style="list-style-type: none"> - These enterprises which has total sales of less than 20 billion Dong (<i>900 thousand USD</i>); - Income from small credit institutions and small finance funds 	Whole investment period
15%	Enterprises are in not difficult socio- economic conditions area which are doing planting, breeding, processing of agricultural and fisheries	Whole investment period
10%	<ul style="list-style-type: none"> - Regions with particularly difficult socio-economic condition; - Economic zones and high-tech zones, areas of research and development, software, particularly important infrastructure, environmental protection, large-scale plants 	15 years
	<ul style="list-style-type: none"> - Social sector (education, training, medical, culture, sport, environment, etc); - Agriculture, social housing development, etc. 	Whole investment period
***	These projects are eligible for the preferential tax exemption in several years, tax- free in maximum 4 years, 50% tax rate for next 9 years.	

INVESTMENT INCENTIVES



2. Import tax exemption:

- Machinery, materials, specialized vehicles which be imported to create fixed assets for encouraged investment projects.
- Materials that are inability of domestic production.
- For the first time imported of goods which listed in government regulations for investment projects in hotels, office buildings, apartments, golf court, resorts, recreation area,etc.
- Materials and components using for investment projects in special investment encouraged sector, or particularly difficult socio-economic conditions area, are exempted from import tax for 5 years from production beginning.



3. Exemption from land rental fee

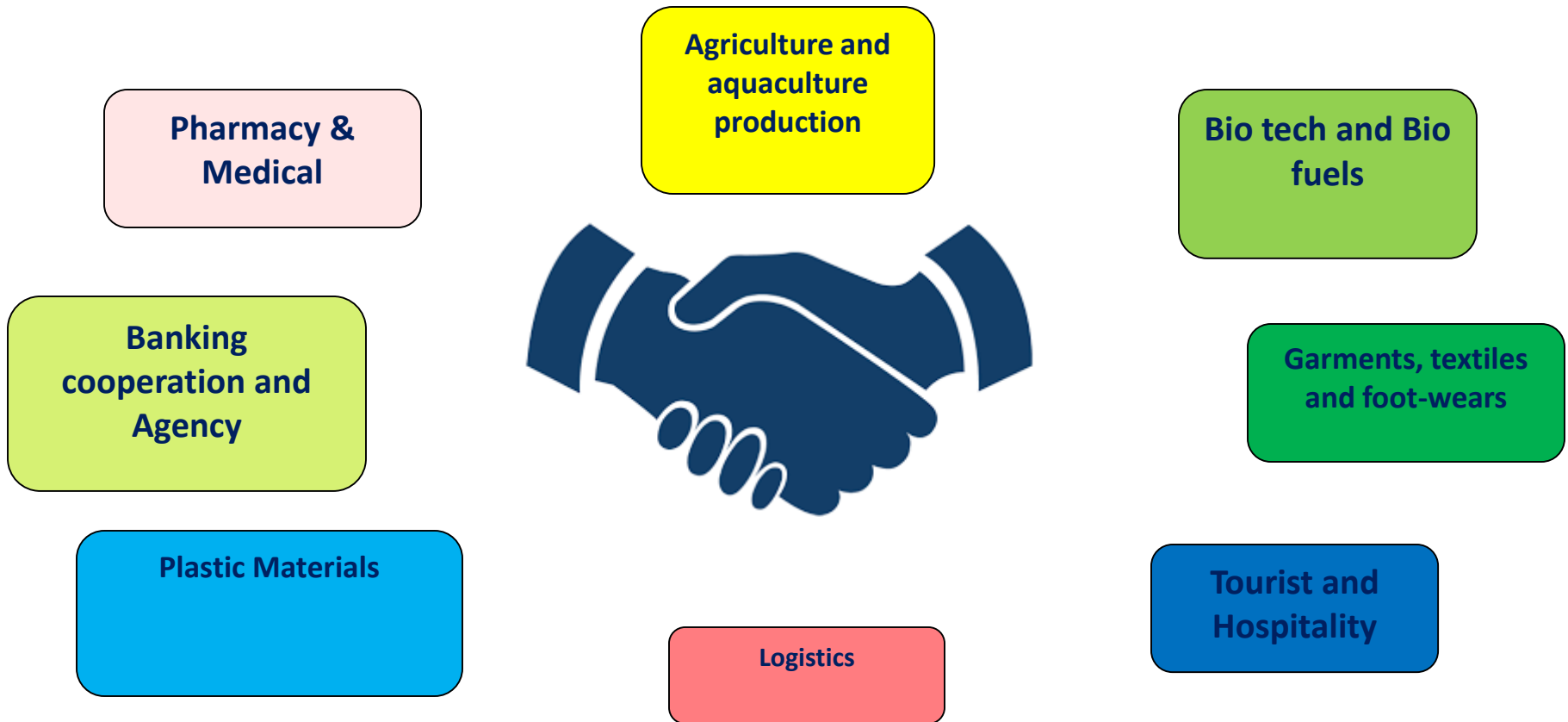
Type of project	Exemption period
Encouraged investment sectors	3 years
Difficult socio-economic areas	7 years
Specially difficult socio-economic conditions areas or, encouraged investment sectors in difficult socio-economic conditions areas	11 years
Encouraged investment sectors in specially difficult socio-economic conditions areas	15 years
Projects in the list of specially investment encouragement sectors investing in areas of specially difficult socio-economic conditions	Whole investment period

CIT AND VAT COMPARISON AMONG ASEAN COUNTRIES

	Corporate Income Tax (CIT)	Value Added Tax
CAMBODIA	20%	10%
INDONESIA	25%	10%
LAOS	24%	10%
MALAYSIA	24%	Sales tax 10%
PHILIPPINES	30%	12%
SINGAPORE	17%	7%
THAILAND	20%	7%
VIETNAM	20%	10%

Source: World Bank and KPMG updated June 2016

POTENTIAL SECTORS FOR COOPERATION



THANK YOU!

VIETNAM EMBASSY IN BRAZIL

SHIS QI 9 Conj.10 Casa 1-Lago Sul. – CEP: 71 625 -100.
Brasilia/DF, Brasil. Tel: (61) 3364 5876; Fax : (61).3364 5836;
Email: embavina@yahoo.com;
Website: www.vietnamembassy-brazil.org

VIETNAM TRADE OFFICE IN SÃO PAULO

Rua Paulo Orozimbo, No 675, Conj. 91 e 92. CEP: 01 535 001.
Sao Paulo - SP. BRASIL ,Tel/Fax : (11) 3276 6776.
Email: ecoviet@terra.com.br