

THE GOVERNMENT

No.35/NQ-CP

THE SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

Hanoi, May 16, 2016

RESOLUTION

ON ENTERPRISE DEVELOPMENT POLICY TO 2020

THE GOVERNMENT

Pursuant to the Law on Government organization dated June 19, 2015;

Pursuant to the Resolution No.142/2016/QH13 on the socio-economic development plan for the period of 05 years from 2016 - 2020 dated April 12, 2016 by the National Assembly;

According to the opinions of Governmental members and decision of the Prime Minister at the Government's regular meeting in April 2016,

HEREBY DECIDES:

To execute the Resolution of the Twelfth National Congress of Communist Party of Vietnam and achieve socio-economic development objectives for the period of 2016-2020, Vietnam shall undergo a considerable economic restructuring, enhance the economic growth index on the basis of innovations, initiatives, information and technology, focus on private enterprises and take them as a driving force for economy competitiveness and autonomy.

The Government hereby requires Ministries, Ministerial-level agencies, Government agencies, People's Committees of provinces and centrally-affiliated cities (hereinafter referred to as "province") to take charge of, coordinate and provide guidance on the execution of the following objectives and missions:

I. OBJECTIVES AND PRINCIPLES

1. Objectives

By the year 2020, it is expected that Vietnamese enterprises shall be able to compete with global companies and reach a sustainable development. It is projected that there will be at least 1 million enterprises including potential large-scale ones . The private sector is expected to contribute to approximately 48 - 49 % of GDP, and about 49% of the total social investment. The total-factor productivity (TFP) is projected to contribute to approximately 30 - 35% of GDP and

the labor productivity is expected to increase by about 5% per annum, and about 30 - 35% of Vietnamese enterprises will launch their initiatives every year.

2. Principles

In order to complete the economic institutions and create favorable economic environment for the development of enterprises, the following rules shall be followed:

- a) The State shall protect people's legal ownership of property and the freedom in business under regulations of laws. Every enterprise has the right to freely participate in business lines that are not prohibited by laws.
- b) The State's policies and regulations on enterprise development shall be executed to facilitate the investment and business development.
- c) The State shall ensure the stability, consistency and the predictability of relevant policies, macroeconomic stabilization and improve the business environment .
- d) The State shall award equal opportunities for enterprises to receive resources and investments such as funding, land, natural resources, regardless of their types of business or ownership.
- dd) The State shall introduce specific policies to assist small and medium enterprises (hereinafter referred to as "SMEs"), start-ups, innovative and potential enterprises.
- e) Regulatory authorities shall clearly define rights and responsibilities of the focal authorities and person taking charge of each missions stipulated in the policies.
- g) Regulations on business shall be clear, transparent and achievable, and the State shall issue reasonable route maps for removal of unreasonable sub-licenses, fees and charges. The State management effectiveness shall be enhanced by simplifying the pre-inspection procedures and intensifying post-inspections under requirements and regulations on inspection and supervision.
- h) The inspection and supervision shall be carried out to discover, prevent and address violations against regulations of laws, and provide enterprises with guidance on the implementation of regulations of laws.
- i) Economic and civil relationships shall not be criminalized; and every violations against regulations of laws shall be strictly tackled.
- k) Every enterprise shall comply with regulations of laws and business ethics, establish internal cultures, uphold the national pride, fulfill corporate social responsibilities, create innovations and initiatives and enhance their competitiveness.

II. RESPONSIBILITIES AND MEASURES FOR ENTERPRISE DEVELOPMENT

1. Administrative reforms:

a) Every Ministry, Ministerial-level agency, Government agency, People's Committee of provinces and relevant agency shall:

- Strictly comply with the Government's Resolution No.19/2016/NQ-CP dated April 28, 2016 on key responsibilities and measures for improving business environment and national competitiveness in the period of 2016 -2017 and the orientation towards 2020, and the Prime Minister's Direction stipulated in the Document No.66/TB-VPCP dated April 27, 2016 on the execution of the Law on Enterprises and Law on Investment.

- Strictly obey the Government's Resolution No.36a/NQ-CP dated October 14, 2015 on E-government; create a business development column on their website, publish procedures and requirements for business operation (if any) and complaint processing results on their website.

- Strictly comply with the Resolution No.225/QD-TTg dated February 04, 2016 on the approval for administrative reform plans in the period 2016-2020 by the Prime Minister.

- Provide training courses to improve officers and officials' qualifications and capacity.

b) Presidents of People's Committees of provinces shall:

- Biannually hold public dialogues with enterprises and reporters to reflect and come to conclusion on enterprises' issues within their province.

- Publish their hotline numbers and launch online inquiry windows on the province's website to respond to enterprises' complaints.

- Effectively execute and provide guidance on the implementation of the Prime Minister's Decision No.09/2015/QD-TTg on single-window systems and local inter-agency single-window systems dated May 23, 2015. Determine the focal agencies in charge of receiving and processing documents (hereinafter referred to as " document processing agency"); provide enterprises with instructions on administrative procedures. In case any adjustment is required, the document processing agency shall notice the enterprise and investor of all required adjustments in writing in which reasons for adjustments shall be specified.

- Awake officers to official business ethics, administrative reforms and anti- bureaucracy . Publish the procedures for document processing and lists of document processing officers , intensively conduct official inspections and impose penalties on officers violating the document processing procedure. Heads of document processing agencies shall be liable for their officers' violations.

c) The Ministry of Justice shall quarterly submit an aggregate status report on administrative procedures carried out by the Ministry , Ministerial-level agency, Government agency and the People’s Committee of provinces , and proposed administrative reforms to the Government.

d) The Ministry of Home Affairs shall take charge of and cooperate with relevant authorities to:

- Request the Government to adjust or define the responsibilities and functions of Ministries, ministerial-level agencies, Government agencies, People’s Committees of provinces to ensure there is no repetition of functions and responsibilities between such authorities. Submit plans for the establishment of representative authorities of State-owned enterprises; and complete the organizational structures, functions and responsibilities of cooperatives and economic cooperation authorities affiliated to the Ministry of Planning and Investment.

- Expedite and instruct Ministries, Ministerial-level agencies, Government agencies and People’s Committees of provinces to execute the administrative reform master plans in the period of 2011 - 2020; establish the standards for evaluation of and sanctions against violations committed by local authority’s officers in communes or higher-level authorities.

dd) The Government office shall take charge of and cooperate with relevant authorities to issue “provisions of administrative reforms and directions, and ensure the cohesion and consistency between the administrative reforms, E-government and administrative management under the administration of the Prime Minister” in the Decree replacing the Government’s Decree No.74/2012/ND-CP dated September 29, 2012 defining functions, responsibilities, rights and organizational structure of the Government Office.

2. Creation of favorable business environment for startups and innovative enterprises

a) The Ministry of Planning and Investment shall take charge of and cooperate with relevant authorities to:

- Examine and evaluate the effectiveness and execution progress of enterprise development policies, especially for start-ups and innovative enterprises; propose plans for raising fund or adjusting the responsibilities and functions of the SME development fund and National technology innovation fund and private sector funds to finance start-ups, innovative and potential enterprises.

- Establish and operate business incubators, business sport centers, PPP innovative programs and PPP projects for start-ups development with the cooperation of domestic and overseas enterprise associations, organizations and individuals.

- Set up mechanisms facilitating the registration and conversion of business households under the Law on Enterprises.

b) The Ministry of Science and Technology shall execute the start-up ecosystem plan approved by the Prime Minister.

c) The Ministry of Education and Training shall take charge of and cooperate with the Ministry of Labor, Invalids and Social Affairs and Communist Youth Union of Ho Chi Minh City to submit student start-up assistance programs to the Prime Minister within the first quarter of 2017; and direct educational institutions to insert start-up subjects into their curriculum.

d) The Ministry of Agriculture and Rural Development shall take charge of and cooperate with relevant authorities to:

- Examine and evaluate the execution of this Resolution and propose adjustments to policies on the development of agriculture and rural-investing enterprises.

- Propose incentive policies or mechanisms for the use of agricultural land.

3. Ensure the freedom in business and award enterprises equal business and resources opportunities

a) The Ministry of Planning and Investment shall take charge of and cooperate with relevant authorities to:

- Request the Government to give opinions of the drafted Law on SME development in July 2016.

- Complete the bankruptcy procedure.

- Completely set up an SME Development Council of which the Prime Minister shall be appointed as the Council President, and other regulatory authorities and representatives of enterprise associations and relevant entities shall be coordinators and supervisors to supervise and submit a report on the execution of nationwide SME development programs to the Prime Minister by 2016.

b) The Ministry of Finance shall take charge of and cooperate with relevant authorities to:

- Submit reports on enterprises' tax issues in 2016; deal with outstanding debts of enterprises that are in difficulties due to objective events; study and propose measures for reducing SME income tax rates; propose to offset the income earned from property transfer against that from business and reduce 30% of personal income tax of workers in the fields of IT, hi-tech or agriculture and agricultural hi-tech processing, etc.

- Examine regulations on tax, tax administration and customs and propose adjustments to such regulations to simplify administrative procedures and save time and business costs; propose route maps for fixed tax removal to apply the cooperate income tax (for enterprises) and personal

income tax (for enterprises) and worker's income paid by the enterprises and large-scale business households under the Law on tax Administration. Large-scale business households eligible for being considered enterprise shall pay taxes under regulations of Law on Enterprises.

- Submit proposals for adjustments to regulations on SME credit guarantee through the Vietnam Development Bank and local SME credit guarantee funds within the third quarter of 2016.

- Effectively re-structure the securities market, diversify and enhance the quality of securities products; submit proposals for foreign indirect investment attraction and incentives for investors that are organizations (such as investment funds, pension funds, etc.), develop derivative securities markets in 2017; consolidate two stock exchanges, expand Government bond markets, and promote the privatization and mutual funds to the Government within the third quarter of 2006.

- Cooperate with regulatory authorities to completely execute the Government's Resolution No.41/NQ-CP on anti-contraband, commercial frauds and counterfeits to create favorable business environment and business equality dated June 09, 2015; and quarterly submit an aggregate report on anti-contraband, commercial frauds and counterfeits to the National Steering Committee on anti-contraband, commercial frauds and counterfeits to the Government.

c) The Ministry of Industry and Trade shall take charge of and cooperate with relevant authorities to:

- Submit proposals for adjustments, amendments and replacement of current regulations on Import-Export Licenses, regulations on market management and supporting industries to facilitate the enterprise's business under international commitments; and plans for restructuring of domestic market and cross-border trade market between neighboring countries to the Government within the third quarter of 2016

- Submit the master plan for domestic market expansion by 2025 and visions towards 2035, and strategies for developing retail distribution channels and promoting Vietnamese consumer goods to the Government within the first quarter of 2017.

- Propagate and provide guidance on the implementation of commitments to the international economic cooperation (ASEAN, WTO, APEC, ASEM...) and economic and trade agreements, especially free-trade agreements, to penetrate into and expand export and investment market, especially in AEC, TPP, RCEP, etc.

- Propose policies and mechanisms for attraction of investment in industrial clutches, encourage the investment in SMEs and promote the industrial development in rural areas.

d) The Ministry of Natural Resources and Environment shall take charge of and cooperate with relevant authorities to:

- Submit proposals for adjustments to current regulations of laws on land that allow infrastructure enterprises and inferior enterprises to mortgage their land use right for long-term loans to the Government within the third quarter of 2016.

- Propose policies for the grant of production land in industrial zones or industrial clutches to enterprises and apply flexible due date for payment of land rents according to the use of SMEs.

- Submit amendments to regulations on land auctions in accordance with the Law on Bidding, and amendments to procedures for approval for Environmental Impact Assessment Reports under the Law on Investment to the Government within the third quarter 2016.

- Submit proposals for amendments to regulations on land to the Prime Minister within 2016 in order to simplify administrative procedures.

dd) The Ministry of Science and Technology shall take charge of and cooperate with relevant authorities to:

- Examine and amend national technical regulations and standards, the procedures for conformity assessment to facilitate the commercialization of enterprises' products. Simplify procedures for intellectual property rights; effectively execute, manage and utilize the enterprises' intellectual property; and facilitate the approach and utilization of national laboratories by enterprises; provide intensive protection of intellectual property rights and deal with violations against laws on intellectual property .

- Propose measures for the mobilization of finance and effective use of funding from the National Technology Innovation Fund and other State-owned Funds to create technology innovations and improve their competitiveness.

e) The Ministry of Construction shall take charge of and cooperate with relevant authorities to:

- Amend procedures for granting construction permits to shorten waiting time for grant of construction permits under the Government's Resolution No. 19/2016/NQ-CP dated April 28, 2016 defining responsibilities and key measures for improving business environment and national competitiveness in the period of 2016 -2017 and the orientation towards 2020.

- Centralize and authorize authorities to assess the construction design and estimates; amend and supplement fundamental construction regulations and standards, estimates and unit prices according to the market.

- Supplement incentive policies on social housing and worker accommodations in industrial zones.

g) The Ministry of Justice shall take charge of and cooperate with relevant authorities to:

- Adjust regulations on secured transactions and facilitate the mortgage of property for loans by enterprises.

- Propose amendments to regulations of laws in consistent with relevant free-trade agreements and International Agreements, and flexibly apply provisions of International Commitments to protect the national and Vietnamese Enterprises' interests.

- Improve the effectiveness of verification, inspection and processing of legislative documents to ensure the necessity, feasibility and transparency of requirements for investment and regulations on administrative procedures, within their competence.

h) The Ministry of Education and Training shall submit proposals for amendments to investment procedures prescribed in the Government's Decree No.73/2012/ND-CP dated September 26, 2013 on cooperation and outward investment in education under the Law on Investment to the Government within the fourth quarter of 2016.

i) The Ministry of Labor, Invalids and Social Affairs shall take charge of and cooperate with relevant authorities to:

- Submit proposals for amendments to investment procedures prescribed in the Government's Decree No.48/2015/ND-CP dated May 15, 2015 detailing a number of articles of the Law on vocational education under the Law on Investment to the Government within the fourth quarter of 2016.

- Examine and amend regulations on foreign workers according the market and enterprises and simplify relevant procedures.

- Provide training courses to improve workers' qualifications and capacity.

k) The Ministry of Culture, Sports and Tourism shall submit regulations on the operation and capacity of copyrights and relevant rights protection agencies in conformity with international practices to the Government within the fourth quarter of 2016.

l) The State bank of Vietnam shall take charge of and cooperate with relevant authorities to:

- Operate the monetary policies and stabilize basic market interest rates and macro-economy, control inflation and create favorable business environment.

- Submit policies for micro-finance institution development to the Government within the third quarter 2016.

- Direct credit institutions to take measures for supporting enterprises and SMEs as follows:

+Reform loan procedures; enhance the assessing capacity to shorten the waiting time and facilitate the capital mobilization.

+Launch loan programs at competitive interest rates, and diversify their products and banking services.

- Direct branches of the State Bank in provinces to tie the connection between enterprises and banks, and stabilize prices within the province.

- Limit foreign currency credits along with developing the foreign exchange market , consider to grant loans in foreign currency to a number of sectors provided that it does not make the enterprise's cost increase.

m) People's Committees of provinces shall expedite their affiliates to strictly abide by laws on land, construction, environment, business registration and investment, and relevant administrative procedures.

n) Every Ministry, Ministerial-level agency, Government agency, People's Committee of provinces and relevant agency shall:

- Adjust the development planning according to the market and enterprises' business lines.

- Develop and execute programs for strengthening connection between enterprises by sector or value chain; promote the international cooperation and cooperation with large-scale enterprises and foreign-invested enterprises .

- Execute the Government's Decree No.118/2014/ND-CP on restructuring, innovation and development of agricultural and forestry enterprises dated December 12, 2014, establish centralized material zones and facilitate the construction of agro-forestry-fishery processing facilities.

- Speed up the restructuring and privatization of State-owned enterprises, sell state's stakes of enterprises that the State's control is not required including market-orientated profitable enterprises , and facilitate the private enterprise development.

- Assist and facilitate the development of social enterprises.

- Speed up SME development programs by providing business development services such as training, consultancy services, market research services, etc.

4. Reduction of business costs

a) The Ministry of Finance shall take charge of and cooperate with relevant authorities to:

- Adjust regulations of laws on land to reduce land rents, charges for land repurposing and other business costs.

- Propose adjusted road tolls to reduce business costs, especially for freight companies.

- Request the Government to amend the Government's Decree No.218/2013/ND-CP dated December 26, 2013 guiding and detailing the implementation of the Law on Corporate Income Tax within the fourth quarter of 2016.

b) The Ministry of Transport shall take charge of and cooperate with the Ministry of Finance to adjust relevant legislative documents to ensure the transparency of ocean freights and its sub-charges., and introduce necessary control measures in accordance with relevant international practices.

c) The Ministry of Labor, Invalids and Social Affairs shall take charge of and cooperate with relevant authorities to:

- Adjust the region- based minimum wages according to the enterprise's productivity, economic growth, competitiveness and the minimum cost of living of workers.

- Propose social insurance policies according to the interests of workers, enterprises and community.

d) The Ministry of Public Security shall take charge of and cooperate with relevant regulatory authorities to examine and propose amendments to regulations, procedures and requirements for fire prevention and firefighting service providers; and eliminate provisions or requirements that limit the competitiveness.

dd) Vietnam Chamber of Commerce and Industry shall carry out the investigation and statistics of the enterprise's official and additional costs, compare it with regional and international enterprises' business costs and propose measures for reducing business costs.

5. Protection of enterprises' lawful rights and interests

a) The Governmental Inspectorate shall take charge of and cooperate with the State audit firms and regulatory authorities to inspect, amend and issue legislative documents or request competent authorities to issue legislative documents on inspection, specialized inspection or auditing; publish the inspection and audit plans; do not carry out inspections without legal basis, especially for inspections on tax administration.

b) The Ministry of Public Security shall examine and adjust regulations on social security, facilitate enterprises' business under regulations of laws; impose strict penalties for violations against regulations of laws such as, smuggling, tax evasion, trading banned products and counterfeits, commercial frauds, violations against laws on environmental protection, etc.; do not

criminalize the economic and civil relationships; and create healthy business environment to facilitate the enterprise's business under regulations of laws.

c) The Ministry of Information and Communications shall take charge of and cooperate with relevant authorities to:

- Provide guidance on the operation of press and telecommunication agencies under regulations of laws; facilitate the accessibility to information, brand development and marketing of enterprises and honor enterprises for their conformity with regulations of laws and contribution to the socio-economic development.

- Submit reports on violations or offenses against relevant regulations of laws to competent authorities and publish such reports on the website of the Ministry of Information and Communications.

d) The People's Committees of provinces shall:

- Carry out the inspection of the conformity with regulations of laws (no more than once every year); inspect various aspects in an inspection or inter-sectoral inspection, except for surprise inspections.

- Request regulatory authorities not to criminalize economic and civil relationships.

III. IMPLEMENTATION ORGANIZATIONS

1. The Deputy Minister - Director of Steering Committee of Enterprise Innovation and Development (hereinafter referred to as "Steering Committee"); other Deputy Ministers, Ministries, Ministerial-level agencies, Government agencies, People's Committees of provinces shall be responsible for the implementation of this Resolution.

The Steering Committee shall quarterly submit a progress report and cooperate with the Ministry of Planning and Investment to annually evaluate the implementation of this Resolution and propose adjustments to this Resolution (where necessary) .

2. Every Minister, Heads of Ministerial-level agency, Government agency, president of People's Committee of provinces, with their competence, shall:

a) Submit the action program for this Resolution execution to the Prime Minister by July 01, 2016.

b) Provide guidance and regularly supervise and inspect the execution of objectives, missions, measures and reporting regime prescribed in this Resolution.

c) Promptly dealt with complaints and issues that enterprises within their administration encounter or submit aggregate reports on such issues and complaints to competent authorities.

d) Impose strict sanctions against violations committed by officers under regulations of laws.

3. The presidents of People's Committees of provinces shall sign a Statement of Commitments to create favorable business environment with the Vietnam Chamber of Commerce and Industry within the third quarter of 2016, in the presence of the Steering Committee .

4. Every enterprise shall:

a) Exercise their rights and fulfill obligations as stipulated in regulations of laws; proactively report encountering issues to State regulatory authorities ; speed up the organizational restructuring, economic cooperation and application of advanced technology to improve the management capacity, labor productivity, product quality and enterprises' competitiveness. .

b) Uphold the national pride and business ethics, comply with regulations of laws and establish internal healthy cultures, fulfill the corporate social responsibilities , participate in poverty alleviation programs and contribute to the environmental protection and social security.

c) Strengthen labor relations within the enterprises.

5. The Vietnam Chamber of Commerce and Industry and enterprise and occupational associates shall:

a) Introduce specific and feasible measures for improving the effectiveness of social and professional organizations, entrepreneurs and employers in Vietnam.

c) Cooperate with the Ministry of Planning and Investment and relevant regulatory authorities to establish and execute programs and projects for enterprise competitiveness development.

c) The Vietnam Chamber of Commerce and Industry shall:

- Submit aggregate reports on enterprises' difficulties to State regulatory authorities, monthly and quarterly submit status reports to the Prime Minister and publish such reports on the website of the Vietnam Chamber of Commerce and Industry.

- Quarterly submit a status report on the implementation of the Statement of Commitments signed between the People's Committee of provinces and Vietnam Chamber of Commerce and Industry and publish such reports on the website of the Vietnam Chamber of Commerce and Industry.

6. Request the National Assembly and People's Councils at all levels to regularly supervise the operation of justice agencies to prevent the criminalization of economic and civil relationships.

7. Request the Vietnamese Fatherland Front to promote and instruct and honor enterprises for their conformity with regulations of laws and contribution to the country's development; participate in supervising, evaluating and proposing measures for Vietnamese enterprise development.

8. Request the Vietnam General Confederation of Labor to gather and train qualified and responsible labors; propose measures for protecting labor's rights and interests; participate in supervising, evaluating and proposing measures for Vietnamese enterprise development.

9. The Ministry of Information and Communications shall intensively propagate this Resolution and enterprise development policies.

10. The Ministry of Planning and Investment shall take charge of and:

- Cooperate with the Vietnam Chamber of Commerce and Industry to compile and publish enterprise development indexes; annually survey, evaluate, rank and publish such development indexes on the website of the Ministry of Planning and Investment.

- Cooperate with the Steering Committee and relevant authorities to expedite, supervise and examine the implementation of this Resolution; and quarterly submit an aggregate progress report on the implementation of this Resolution to the Government./.

**PP. THE GOVERNMENT
PRIME MINISTER**

Nguyen Xuan Phuc

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