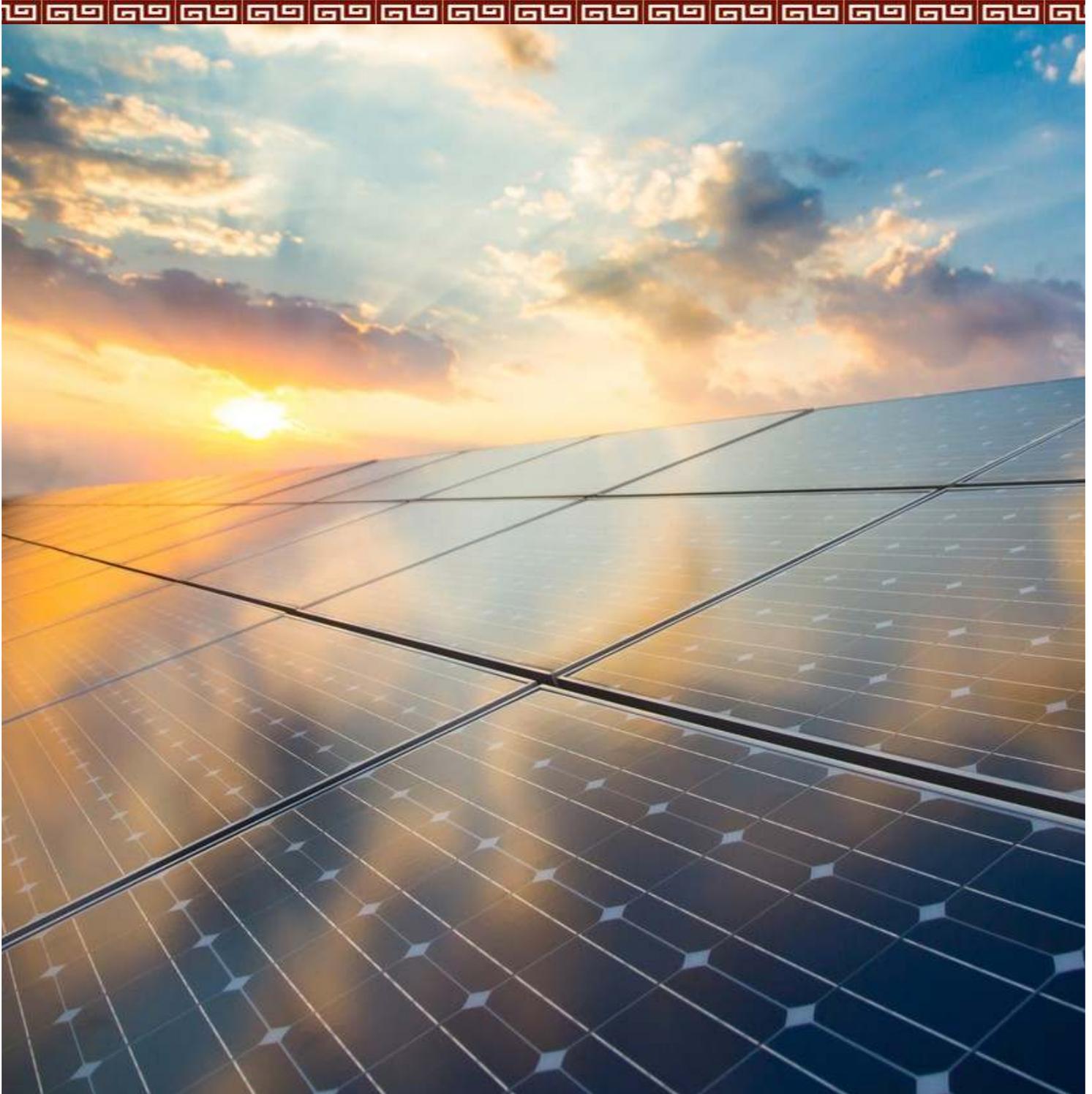


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LEGAL NEWSLETTER

March 2019



1. CIRCULAR NO. 06/2019/TT-BCT: under 16-seat cars may be imported only through some specified entry ports of Vietnam
2. CIRCULAR NO. 08/2019/TT-BCA: narrowing the list of goods and products likely to cause unsafety under the management responsibility of the Ministry of Public Security
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LEGAL UPDATE

March 2019

1. CIRCULAR NO. 06/2019/ TT-BCT: UNDER 16-SEAT CARS MAY BE IMPORTED ONLY THROUGH SOME SPECIFIED ENTRY PORTS OF VIETNAM

- by Loan Tran -

The Ministry of Industry and Trade promulgated Circular No. 06/2019/TT-BCT dated March 25th, 2019, specifying the entry ports of Vietnam that under 16-seat cars may be imported (not distinguishing between new and used ones). Accordingly, these ports include Quang Ninh (Cai Lan Port), Hai Phong, Da Nang, Ho Chi Minh City, Ba Ria - Vung Tau. This regulation does not apply for the following cases:

- Privileged cars for import, temporary import and re-export under decisions of the Prime Minister;
- Cars imported for the purpose of national security and defense under the plans approved by the Prime Minister;
- Cars imported for specific purposes under decisions of the Prime Minister;
- Cars in transit among countries sharing border lines.



This Circular shall become effective on May 8th, 2019 and the following regulations will simultaneously be expired namely, Article 1 of Joint Circular No. 25/2010/TTLT-BCT-BGTVT-BTC, Article 1 Section I and Article 2 Section III of Joint Circular No. 03/2006/TTLT-BTM-BGTVT-BTC-BCA, and Circular No. 19/2009/TT-BCT.

2. CIRCULAR NO. 08/2019/TT-BCA: NARROWING THE LIST OF GOODS AND PRODUCTS LIKELY TO CAUSE UNSAFETY UNDER THE MANAGEMENT RESPONSIBILITY OF THE MINISTRY OF PUBLIC SECURITY

- by Loan Tran -

The Ministry of Public Security (“MPS”) promulgated Circular No. 08/2019/TT-BCA on March 26th, 2019 on the list of goods and products likely to cause unsafety under the MPS’s management responsibility.

Accordingly, comparing with the same list regulated in Circular 14/2012/TT-BCA, MPS removed a lot of equipment and devices likely to cause unsafety controlled by MPS including common fire and fighting equipment (pumps, ladders, hoses, clothing, fire alarm system, rescuedevices) and technical equipment (breathalyzer testers, speed measurement, etc). Prevalingly, MPS only control some products including weapons, explosives, support instruments and types of extinguisher.

This Circular shall become effective on May 10th, 2019 and replace Circular No. 14/2012/TT-BCA.



3. CIRCULAR NO. 03/2019/TT-NHNN: RESTRICTIONS ON THE USE OF FOREIGN CURRENCIES ARE EXTENDED

- by Ly Pham -

The State Bank of Vietnam issued Circular No. 03/2019/TT-NHNN on March 29th, 2019, amending and supplementing some provisions of the Circular No. 32/2013/TT-NHNN regulating restrictions on the use of foreign currencies in Vietnam. The Circular provides that foreign investors are allowed to pay deposit, provide collateral in foreign currencies by transfer.



Specifically, foreign investors are allowed to pay deposit, provide collateral in foreign currencies by transfer when they participate in the auction with the cases below:

- (i) Purchase shares at state - owned enterprises (“SOEs”) which are undergone equitization as approved by the Prime Minister;*
- (ii) Purchase State shares, capital contributions at SOEs, state-capitalized enterprises which divest its state capital as approved by the Prime Minister.*
- (iii) Purchase shares, capital contributions of SOEs investing in other enterprises which divest its state capital as approved by the Prime Minister.*

In case such foreign investors win at the auction, they transfer its investment capital according to the law on foreign exchange management. In case they fail at the auction, they may transfer abroad the amount of deposits or collateral in foreign currencies after deducting the relevant expenses (if any).

This Circular shall become effective on May 13th, 2019.

4. CIRCULAR NO. 05/2019/TT-BCT: AMENDING THE FIXED ELECTRICITY PRICE OF ROOFTOP SOLAR POWER PROJECTS

- by Ha Nguyen -

The Ministry of Industry and Trade (“MOIT”) approved the Circular No. 05/2019/TT-BCT dated March 11th, 2019 on amending, supplementing a number of provisions of Circular No. 16/2017/TT-BCT dated September 12th, 2017 on regulating the development and contracts of electricity selling applied for solar power projects.



Accordingly, the Circular amends the FIT (Feed-In Tariffs) price. The price at the current time is fixed at the price of VND 2,086 per kWh (excluding VAT, equivalent to USD 9.35 cents per kWh) with the exchange rate announced by the State Bank of Vietnam (“SBV”) on April 10th, 2017. However, the new FIT price after January 1st, 2018 shall be changed upon the exchange rate announced by the SBV on the day of the last exchange rate announcement.

This Circular shall be enforced on April 25th, 2019.



VIETNAM MACROECONOMIC PERFORMANCE

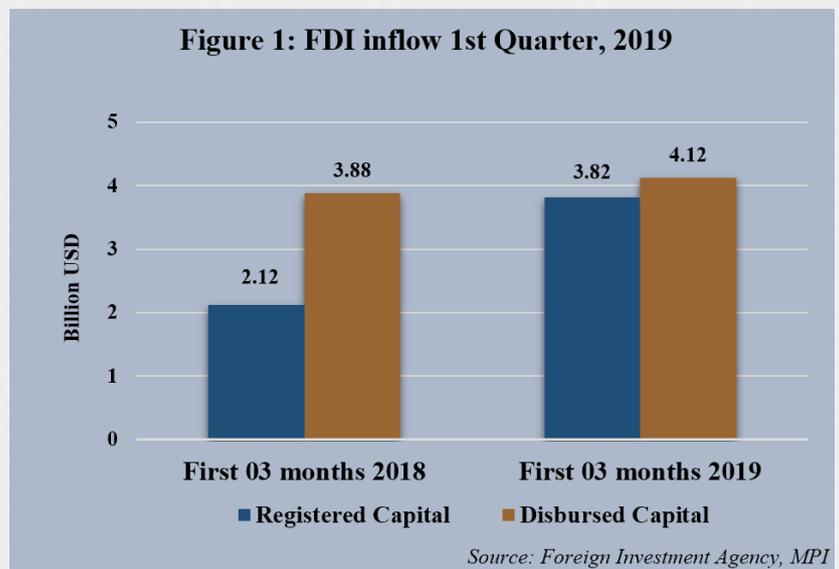
March 2019

By Dzung Dinh

The legal framework updates would influence the investment environment and national economy. Thus, in following section, NDTC & Partners would briefly describe herewith some highlights regarding most significant variations of macroeconomic indicators during March and first Quarter of 2019.

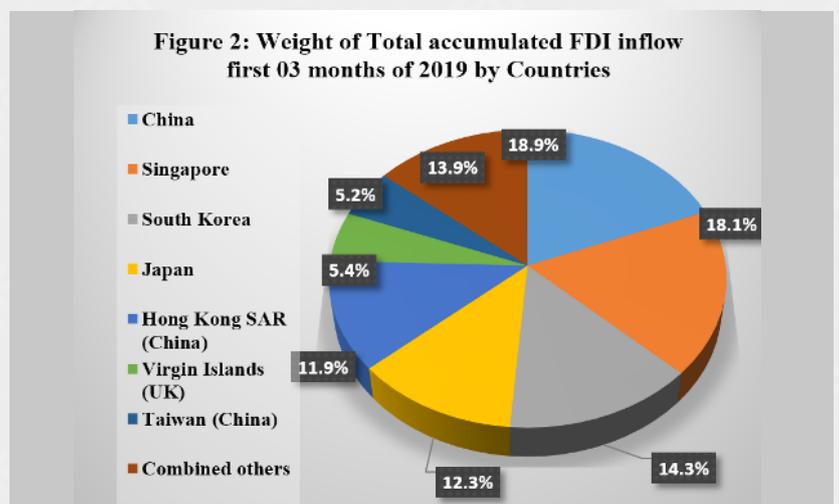
GDP growth for the first Quarter of 2019 is recorded at 6.79% y-o-y, second highest rate since 2008 after only growth rate 2018's first Quarter, contributed the most by industrial and construction sector (growth by 8.63%), followed by service sector (by 6.50%) and agriculture, forestry and fishery (by 2.68%).

Accumulative registered FDI inflow during the first 03 months of this year recorded a considerable plummet of 80.1% y-o-y, whereas accumulated disbursed capital also witnessed an increase but in a slower rate of 6.2% increase y-o-y (Figure 1).



Unlike the previous period, China and Singapore stay at leading positions of accumulated FDI inflow during the first 03 months of this year of combined weight of 37% total accumulated FDI inflow, combining and leveling at an accumulative value of around 1,4 billion USD (Figure 2).

Real estate and manufacturing keeps being the most interested sectors for foreign investors during the first Quarter of the year, accounting for almost 90% of total accumulated FDI inflow, leveling at 0.50 billion USD and 2.88 billion USD, respectively.



Industrial Production Index (IPI) recorded a growth of 9.2 % y-o-y during the first 03 months of 2019, with manufacturing sector in general still being the main growth driver, albeit confronting deceleration trend, following by power generation and distribution sector (Figure 3).

In brief, macroeconomic growth has been still majorly driven by the FDI groups while domestic counterparts remained unenergetic.

Figure 3: Industrial Production Index first 03 months of 2019 (% y-o-y to 2018's)

| | | | |
|------------------------------------|---------|---|--------|
| Coal & lignite | 8.8 % | Rubber & plastic products | 12.8 % |
| Crude oil & natural gas | (6.2) % | Non-metal mineral products | 3.9 % |
| Food products | 8.7 % | Metals | 37.3 % |
| Beverages | 11.4 % | Prefabricated metal products | 3.3 % |
| Tobacco | 0.4 % | Electronic, computing & optical products | 2.9 % |
| Textile | 10.2 % | Electric equipment | 7.2 % |
| Clothes | 10.3 % | Motor vehicles | 20.8 % |
| Leather & related products | 7.1 % | Furniture | 8.2 % |
| Paper & paper products | 9.3 % | Power generation & supply | 9.4 % |
| Chemical & chemical products | 10.4 % | Water extraction, treatment & supply | 8.3 % |
| Medicine, pharmaceutical chemistry | 1.3 % | Waste collection, treatment & destruct; waste cycling | 7.5 % |

Source: Government Statistics Office (GSO, MPI)

Trade balance of each month has been fluctuating since last February, reaching a trough in last May and this February and peak last September and this March (Figure 4).

Aggregate Export turnover for the first 03 months of 2019 is estimated at USD 58.51 billion (+4.7% y-o-y to 2018's) whilst aggregate import turnover leveled at USD 57.98 billion (+8.9% y-o-y to 2018's). The slight trade surplus during the period mainly came from export acceleration of FDI corporates at a lower rate than import acceleration of domestic businesses.

Figure 4: Exports - Imports and Trade Balance, March 2019

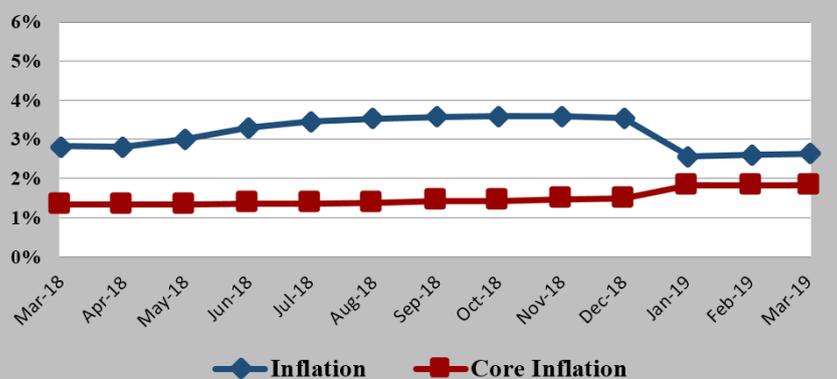


Source: GSO, MPI

Weighted aggregate Inflation rate has continuously decelerated since 2017's June (at 4.15% CPI) until last April (at 2.80% CPI), then slightly accelerated in the past three quarters, then declining again during the first 03 months of 2019, leveling at 2.63% in March this year (Figure 5).

Core inflation has remained under 2% since last June, aggregately reached 1.83% in this March (% y-o-y change to 2018's).

Figure 5: Weighted Aggregate Inflation and Core Inflation by March 2019, % y-o-y change to 2018's



Source: NFSC



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