

**C**ompared with the Foreign Investment Law which was amended two times, in 1990 and 1992, since its promulgation (Dec.29,1987), the Domestic Investment Law seems more forlorn: it has been left unchanged for a long time and up to 1995, one year and a half after its promulgation, this law seems to produce no effects on the economy.

Explaining this tardiness, specialized managers gave the following reasons:

(1) Guidelines on the Domestic Investment Law were issued from 5 months to one year after the promulgation of the Law. The Article 7 of the Law set forth 7 measures to encourage domestic investment, but up to now, there is no guideline on the realization of the 4th measure (The Government invests in companies through Investment Aid Fund, commercial banks and finance companies) and the 7th measure (to charge preferential fees on technology transfer).

According to Lê Xuân Hồng, Chief of Economy Office of the 5th district, the instruction to move polluting factories to suburbs has forced many companies to spend a lot on the building of infrastructure. In order to make use of the Domestic Investment Law in this case, we must make changes to certain policies such as policies on land granting or land leasing. "Many things referred to by the Decree 29/CP - Lê Xuân Hồng said- aren't made clear. Some concepts or names such as enterprise, investment project, or industrial concern are referred to but not defined".

(2) It's difficult for directors to find out criteria for deciding whether their companies are worthy of preferential treatment or not. Trần Hữu Phước, a pharmacologist, Chief of the Economic, Technological and Scientific Office of the Commission for Vietnamese Expatriates, said that a lot of expatriates

wanted to come back and live as a Vietnamese, not a foreigner, in their motherland by investing in Vietnam according to the Foreign Investment Law, but up to now, the Ministry of Foreign Affairs makes no detailed guidelines on inspection of Vietnamese expatriates curriculum vitae (or life story) in countries where they live.

Besides difficulties in realizing the Domestic Investment Law, however, according to a recent survey conducted by the Central Institute of Economic Management under the Ministry of Planning and Investment, the implementation of the Law has produced some encouraging effects: in HCMC, 10 economic concerns have made applications for preferential treatment set by the Domestic Investment Law along with four Bà Rịa-Vũng Tàu-based companies. In Đồng Nai where the largest amount of industrial estates is located, the Provincial People's Committee, in the first half of this year, has granted 9 certificates of preference for new investment and 7 certificates of preference for enlarged in-

vestment, and is considering 7 applications for certificates of preference. At the same time, the National Investment Fund has supplied VNĐ8 billion to preferential plans of Đồng Nai.

According to experts of the Central Institute of Economic Management, speaking frankly, the realization of the Domestic Investment Law is slow, but as Lê Đăng Doanh-Director of the Central Institute of Economic Management-puts it, it took the Ministry of Planning and Investment 8 months, from January 1995, when the Law came into force, to September 1995, to issue the Circular 06/UB-QLTK providing procedures for granting certificate of preference for domestic investment, and three months more for the Ministry of Finance to issue the Circular 94/TC/TCCT giving guidelines on inspecting and granting tax exemption and reduction. So it's hard to accuse local governments of being slow to carry out the Domestic Investment Law.

In order to enhance the effects of the Domestic Investment Law, there

must be a meeting of governmental bodies in charge of realizing the Law and businesspersons from leading provinces and cities with a view to overcoming obstacles and working out measures to realize the Law more effectively. All government bodies relating to domestic investment must cooperate with one another in order to help local governments carry out the Law. It's hard for local governments to decide, for example, whether the technology used by the investment plan is worthy of preferential treatment or not, because the Ministry of Science, Technology and Environment hasn't issued guidelines on estimating technological matters in the investment projects■

## DOMESTIC INVESTMENT LAW STARTED TO PRODUCE EFFECTS

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