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## MALAYSIAN INVESTMENT IN VIETNAM

(TWO UNITS)

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**TERMS USED IN THE RESEARCH PAPER.**

According to the Law on Foreign investment in Vietnam (Article 2) and other related Regulations , the terms used in this paper are read as follows :

1. **Contributed capital:** The capital contributed by Foreign or Vietnam's parties which forms part of the capital of a Joint Venture Enterprise (JVE) but does not include any loans or other credits provided to the JVE.
2. **Prescribed capital:** The initial capital of a JVE as stated in its charter. In some lawful documents this capital is also called the legal capital.
3. **A business co-operation Contract:** contract in writing for business co-operation signed by Foreign and Vietnam's parties.
4. **A joint Venture Contract:** contract in writing for the establishment of a joint enterprise signed by Foreign and Vietnam's parties.
5. **National Assembly (NA):** the supreme representative body of the people of Vietnam and its highest State authority. The NA is responsible for major legislation called Laws.
6. **State Council (SC):** the standing body of the NA. The member of the SC are elected by the NA and meet

regularly. The SC has the power delegated by the NA to pass legislation called Ordinances which have the same status as laws.

7. ***Council of Ministers (CM)***: the executive body of the NA. It is comprised of Chairman and a number of Vice Chairmen and government ministers. The CM exercises legislative power delegated by the NA. Legislation passed by the CM is usually referred to as a Decree although at times it may be referred to as a Decision.

8. ***The State Committee for Co-operation and Investment (SCCI)*** : was established pursuant to a Decree of the CM dated 25/3/1989. It consists of a Chairman and eight (8) Vice Chairmen. SCCI is responsible for the administration of all forms of investment by foreigners in Vietnam and by Vietnamese organizations overseas.

## **MALAYSIAN INVESTMENT IN VIETNAM**

### **INTRODUCTION.**

Vietnam is situated on an economically strategic position in South-East Asia. It is the economic area that is projected to be the most dynamic in the World with average rate of annual growth of about 7-8 % in the 1990's (meanwhile the industrial nation's annual growth is of 2-3 % average).

Vietnam is a poor country that has been exhausted by long and continuous wars though it has its own potential of natural resources, especially of natural oil, gas and some other precious minerals and abundance of labour.

In the 1980s, Vietnam's economy was in a serious crisis. Inflation was continuously sped up. Production was really decreased and people's living standard was in very difficult situation. Besides, the United State's embargo on Vietnam prevented different organizations and international financial institutions from aiding to Vietnam. That is why Vietnam must renovate and its renewal as the only way to help run out of economic crisis and to help Vietnam to develop.

Vietnam started attracting FDI of about two decades later than its neighbour countries with its own competitive disadvantages. This made Vietnam find out its own way on one hand and study its neighbours' experiences on the other hand in order to gain what Vietnam needs and lacks: capital, technology, management experience, and a stable position in the world market

Vietnam and Malaysia have many similar socioeconomic conditions for co-operation and development of both countries. For last ten years , relationship between Vietnam and Malaysia, especially economic one, becomes closer and closer. To November of 1994, Malaysia is one of the top ten investing in Vietnam countries. Until now, however, there is only a bit of works researching the issues of Malaysian investment in Vietnam.

In this paper the main issues of Malaysian investment in Vietnam from 1988 to 1994, such as policy and viewpoints of Vietnam's State about foreign investment in Vietnam, summarizing and analysing Malaysian investment in Vietnam, the problems facing foreign investors and ways for solving them etc are considered.

For this purpose, the paper is organized in 5 main chapters. In the first chapter , an overview of restructuring in Vietnam, its main achievements and challenges are researched. Foreign investment and economic growth are analysed in the chapter 2. The policy and viewpoints of Vietnam State about foreign investment are stated in the chapter 3. In the chapter 4- main chapter of the paper, the Malaysian investment in Vietnam is analyzed. In the chapter 5, some conclusions are suggested.

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