

# What are the challenges?

## Overview

Vietnam is 90th in the World Bank's Ease of Doing Business ranking (out of 189 economies). Visit: [www.doingbusiness.org/data/exploreeconomies/vietnam](http://www.doingbusiness.org/data/exploreeconomies/vietnam)

The main challenges of doing business in Vietnam are:

- inadequate infrastructure
- corruption
- lack of skills
- bureaucracy
- grey areas of Vietnamese law
- lack of Intellectual Property Rights (IPR) enforcement
- language barrier means translators and interpreters often needed

Transparency International rated Vietnam 112th out of 168 in its Corruption Perceptions Index for 2015: [www.transparency.org/cpi2015](http://www.transparency.org/cpi2015)

Although the business climate in Vietnam is improving all the time, obstacles still remain. The challenges faced by overseas companies include:

- corruption and bureaucracy
- shipping and customs tax issues
- tax burden
- an opaque legal framework and the slowness of Vietnam's judicial system
- poor infrastructure

UKTI can offer advice on overcoming these challenges and provide up-to-date information about developments in the marketplace.

You should ensure you take the necessary steps to comply with the requirements of the UK Bribery Act.

Read the Overseas Business Risk report for Vietnam:  
[www.gov.uk/government/publications/overseas-business-risk-vietnam](http://www.gov.uk/government/publications/overseas-business-risk-vietnam)

### Legal considerations

As a result of entering into numerous international free trade agreements, Vietnam has reformed domestic legislation, although there are still inconsistencies.

Contact the UKTI team in Vietnam to help find tax and legal advisers before entering into agreements:  
[www.gov.uk/government/world/organisations/uk-trade-investment-vietnam#contact-us](http://www.gov.uk/government/world/organisations/uk-trade-investment-vietnam#contact-us)

### Intellectual property rights (IPR)

Vietnam has the regulations in place to protect IPR, the enforcement is weak, however. You must take the necessary measures to protect your IP before exporting. If faced with infringement, you must work with the relevant inspectorates in various ministries.

The National Office of Intellectual Property of Vietnam (NoIP) has responsibility for IPR registration: [www.noip.gov.vn/web/noip/home/en](http://www.noip.gov.vn/web/noip/home/en)

Contact the UKTI team in Vietnam for help in working with NoIP. You can also request help from the Asean IPR SME Helpdesk: [www.southeastasia-iprhelphdesk.eu](http://www.southeastasia-iprhelphdesk.eu)

The Intellectual Property Office (IPO) has produced a guide to IP protection in Vietnam. To download the guide visit:  
[www.gov.uk/government/publications/intellectual-property-rights-in-vietnam](http://www.gov.uk/government/publications/intellectual-property-rights-in-vietnam)

IPR abuse remains a problem in Vietnam and can be a deterrent to UK companies wanting to do business in the country. However, Vietnam is taking steps to address the problem by enacting legislation that protects intellectual property rights, including copyright, industrial property and plant varieties. The National Office of Industrial Property of Vietnam (NoIP) is the authority responsible for registering intellectual property. Foreign firms that wish to register their intellectual ownership need to file an application via an authorised agent who can transfer their application to NoIP.

For information about intellectual property rights talk to UKTI in Vietnam, or contact NoIP:

**National Office of Industrial Property of Vietnam (NoIP)** 384-386 Nguyen Trai Street Thanh Xuan Hanoi Vietnam

**Tel:** + 84.4.8583069 **Fax:** + 84.4.8584002 **Email:** [info@noipvietnam.com](mailto:info@noipvietnam.com) **Website:** [www.noipvietnam.com](http://www.noipvietnam.com) (Source – UKTI)

### Bribery and corruption

Bribery is illegal. It is an offence for British nationals or someone who is ordinarily resident in the UK, a body incorporated in the UK or a Scottish partnership, to bribe anywhere in the world.

In addition, a commercial organisation carrying on a business in the UK can be liable for the conduct of a person who is neither a UK national or resident in the UK or a body incorporated or formed in the UK. In this case it does not matter whether the acts or omissions which form part of the offence take place in the UK or elsewhere.

Corrupt practices are widespread in Vietnam, which has ranked consistently low in Transparency International's Corruption Perceptions Index for several years (112th out of 168 countries in 2015). Corruption remains an issue in Vietnam. Anyone doing business in the country is likely to encounter, or hear of corruption in one form or another. Practices such as facilitation payments, bribes and giving and receiving expensive gifts in order to develop business relationships are still a problem in certain places.

The Government has proclaimed its commitment to anti-corruption and taken a range of concrete actions, including adopting and improving anti-corruption laws, developing anti-corruption strategies, strengthening relevant institutions and ratifying the UN Convention Against Corruption (UNCAC), but it has been difficult to translate these policies into effective practice. Prevention and enforcement activity has been weak. Against this, analytical tools such as the UN's Public Administration Performance Index shows significant variations in perceived levels of corruption.

Advice to companies encountering corruption is simple – do not get involved. Not only are there issues of business integrity to bear in mind, but of course it is also illegal. Invariably, corruption is related to lack of professionalism and control, all of which are damaging to long-term business. A range of foreign companies have managed to do business successfully in Vietnam while staying clean – this often involves making clear from the outset that they have zero tolerance for corruption.

Support and advice is available if you need. The business community in Vietnam has started to take initiatives to promote clean business in Vietnam – under which foreign companies share best practice with others and Vietnamese partners in the value chain so that they all operate in line with international standards. The Governance and Integrity Working Group (GIWG) of the Vietnam Business Forum (VBF), a platform for high-level dialogue between the Vietnamese government and the business community, is now leading on business integrity agenda in Vietnam with the UK support. British Business Group Vietnam plays an active role in this process. (*Source – [www.gov.uk/government/publications/overseas-business-risk-vietnam/overseas-business-risk-vietnam](http://www.gov.uk/government/publications/overseas-business-risk-vietnam/overseas-business-risk-vietnam)*)

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