

The Benefits And The Risks Of Investment In Vietnam

Investment in Vietnam involves a number of benefits and risks that foreign investors should take into consideration. Each investment project has its pros and cons but in general, they have some common characteristics.

Vietnam is widely recognised as an attractive investment destination. Among many benefits, government's pro-investor policies and laws are considered to be the most important. In recent years, new law on enterprise and new law on investment have been introduced, which reduces administrative bureaucracy and promotes **foreign investment in Vietnam**.

Depending on the nature of the investment project, certain incentives may be granted. For example, reduction of enterprise income tax, exemption from import duty on some goods, or exemption from land use fees and tax.

It could also be recognised that Vietnam is a rapidly growing economy. It's chance for foreign investment projects and start-ups in a variety of areas. Foreign investors could at the same time conduct their **business in Vietnam** in different areas, which create simultaneous support.

What's more, Vietnam is a potential market. This country has a large population, which also constitutes low-cost labour. Besides, Vietnam owns an ideal location to keep contact with other countries. The nature of Vietnam is well-known for its diversity, which is a valuable resource for **investment in Vietnam**.

On the other hand, there exists certain risks that foreign investor should pay attention. Firstly, Vietnamese law is made up of thousands of legal instruments, which are amended and supplemented frequently by different bodies within the Vietnamese legal system. It's quite difficult for foreign investors to get to know all the provisions prescribed by laws.

Moreover, Vietnam is a small and developing economy. Therefore, it is fragile and could be influenced easily. Investing in Vietnam therefore could not be as stable as in developed countries.

Foreign investors wishing to do investment in Vietnam should also pay attention to the labour matters. For example, the responsibilities of their foreign employees, especially managers. Under Vietnamese laws, there are certain activities that managers of an enterprise are not able to do or they would be under legal responsibilities.

Risks may also occur in the area of foreign invested capital. Vietnam is in an effort to restructure its banking system. However, as Vietnam is not a stable economy, it could easily be influenced by global financial crisis.

*If you are in need of assistance with matters regarding **investment in Vietnam**, please contact us: P & Associates is a **professional law firm established in Vietnam** and currently has nearly 100 members working at three offices in Ho Chi Minh City, Hanoi and Da Nang. P & Associates are also considered to be one of **the leading law firms specialising in law on business in Vietnam**, which has a number of notable practice fields in the legal market such as **Labour and Employment, Banking Law, Taxes, Purchases, Selling and Merging, Litigation, IPO advisory services and Intellectual Property**. We are confident to provide effective **outbound investment lawyer services** to clients in the above areas.*