



Unilever

30th September 2002

Bernard T. Carreau
Acting Assistant Secretary for Import Administration
U.S. Department of Commerce
Pennsylvania Avenue and 14th Street, N.W.
Washington, D.C. 20230
Fax: 202-482-0947

Case No.: A-552-801

Re: Request for Comments on Vietnam's Status as a Market or Non-Market Economy

Dear Mr. Carreau

Unilever N.V. an international consumer products company has had 3 investment projects in Vietnam since 1996.

In home and personal care products, we have the Lever Vietnam Joint Venture (Investment License: 1130/GPDC6 dated 30 December 1999), producing detergents, shampoos, shower gels and other products with the total investment capital of USD 56.3 million.

In dental care products we have Elida P/S with the total investment capital of USD 17.5 million producing toothpaste and other dental care products (Investment License 1783/GP dated 18 December 1996).

In foods we have Unilever Bestfoods Vietnam with the total investment capital of USD 23.5 million producing ice cream and processed foods. (Investment License: 1528/GP dated 29 March 1996 and 31 March 2001).

Our experience concurs with recent reports by the World Bank and the Economist Intelligence Unit that the drive for a market economy is progressing on a genuine and steady pace.

Vietnam has committed to be a full participant in the ASEAN Free Trade Area. The successful signing of the Bi-lateral Trade Agreement with the United States and the country's desire to join the WTO will provide future impetus for improvement.

We found the market conditions in Vietnam favourable. Annual turnover has reached in excess of USD 200 million in seven years. The key factors that helped are:

1. Freedom to decide the form of investment (fully owned equity or joint ventures) and select the economic sectors in which to operate. Although some sectors remain conditional and restricted to foreign investments, this policy practice is not different from other South East Asian economies such as Singapore.
2. Non-interference in the management of our business. This is illustrated in the following areas:
 - Decide on product prices and consumption markets
 - Establish a nationwide distribution network servicing over 150,000 retail outlets
 - Determine production capacity and locations
 - Ability to secure business assets
 - Staff hiring - we directly negotiate working conditions and benefits with employees. Other labour benefits are subject to Unilever's rules and policies and are applied equally to all employees

The high level of personal income tax for senior local employees raises concern. Most foreign companies employ personnel on a net salary basis thereby bearing the tax burden. But of perhaps greater impact is the possibility that it hinders the long-term development of Vietnamese personnel to assume high-level management and professional positions.

3. Convertibility and Repatriation of Funds, Foreign invested companies can convert Vietnamese currency generated from the business in Vietnam into hard currencies for business purposes and for profit remittances.

The national policy and decision-makers are aware of the areas that require improvement as they have actively pursued a policy of regular dialogue and co-operation with industry. An example is the big concern voiced by many consumer-related businesses of the presence of counterfeit products.

The formation of Committee 127 by the Prime Minister to coordinate governmental actions to combat this problem is warmly welcomed. The business community is collaborating with the authorities and is looking to take this co-operation to a higher effective level.

Our enthusiasm for the growth of the Vietnamese market is not diminished at all by the outstanding issues. On the contrary, we remain extremely sanguine of the prospects for the country. Given the evident determination of the young population to succeed and the hunger and quest for improvement of their lives, positive changes to the business environment is inevitable.

Yours sincerely

Michel P. Dallemagne
Chairman, Unilever Vietnam



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