

Enterprise Development

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Group 4

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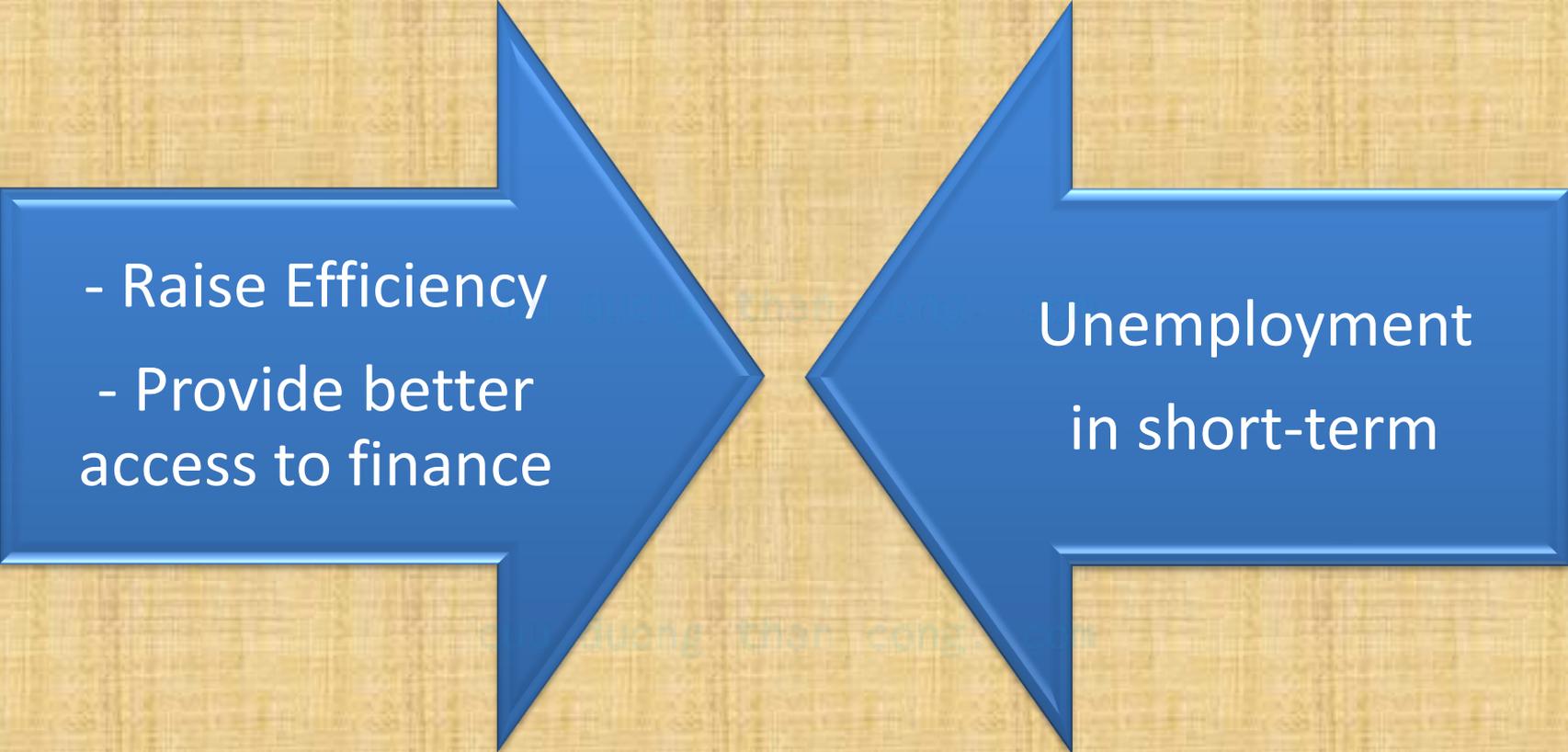
1. Takeover upgrades of corporate governance

- Case for Viet Nam: Unilever of Vietnam

➔ Efficiency operating system



2. Foreign participation in privatizations

- 
- Raise Efficiency
 - Provide better access to finance

Unemployment
in short-term

3. The privatization of utilities

- Introduce competition in hitherto closed markets, thus lowering prices and increasing the quality of infrastructure products and services

4. Authority use of FDI

Authorities have incentive to use FDI as a tool in their strategies toward enterprise development and restructuring

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Table 1: Governmental objectives and tax incentives use offered

Objectives	Rationale	Incentives offered
Performance enhancement: Export promotion	Economies of scale in exporting, country image building, differences between the actual exchange rate and the equilibrium exchange rate	Exemption from import duties on capital goods, equipment or raw materials, parts and inputs related to the production process exemption from export duties; preferential treatment of income from exports, income tax reduction for foreign exchange earnings tax credits for domestic sales in return for export performance duty drawbacks, tax credits for duties paid on imported materials income tax credits on net local content in exports; deduction of overseas expenditure and capital allowance for export industries income tax reduction or credits for net value added,.
Technology transfer	Spillover effects, risk aversion	Accelerated depreciation on machinery; income tax reduction/tax holiday; investment and reinvestment allowances; allowances for skills training; reduction in tax for royalties/dividends.
Performance enhancement: Employment/training	Imperfections in the labour market, such as a high minimum wage; spillover effects.	Tax holidays; allowances for job training expenses; deductions based on total number of employees; reduction in social security payments.
Performance enhancement: Domestic value addition	Problems of supplier development, spillover effects to downstream industries	Tax holidays; reduction from standard rate of income tax; loss carry forward and carry back for income tax purpose; deductions in income tax based on marketing and promotion; reductions in income tax based on total sales.
Sectoral investment	Spillover effects, industrial strategy and policy, national security	Exemption from import duties on capital goods, equipment or raw materials, parts and inputs related to the production process; accelerated depreciation on machinery; income tax reduction/tax holiday; investment and reinvestment allowances; allowances for skills training; loss carry forward and carry back for income tax purpose; preferential treatment of capital gains.
Regional incentives	Shared infrastructure; equity considerations	Same as above.

Source: UNCTAD