



LEGAL UPDATE

DECREES 57 AND 98 FACILITATE INVESTMENTS IN AGRICULTURAL SECTOR

Vietnam ranks in the top five of exporting countries for several agricultural commodities such as rice, coffee beans, tea, cashew nuts, black pepper, rubber latex, cassava, and aquatic products. In 2018, agriculture, forestry and fishery contributed 8.7% to the general growth of the economy in Vietnam.

Prime Minister Phuc was quoted stating that “In the next 10 years, Vietnam must become one of the 15 most agriculturally developed countries in the world, with agricultural product processing ranked in the top 10. Vietnam must be an agriculturally intensive processing centre of the world and a logistics centre for global agricultural trading.”

More incentives are introduced to attract and facilitate investment in the agricultural sector by Decree 57/2018/ND-CP (**Decree 57**). Decree 98/2018/ND-CP (**Decree 98**) Decree 98 introduces the concept of linkage and provides for incentives related to linkage projects.

1. Incentives under Decree 57

Decree 57 introduces general and sector specific incentives, such as:

- reduction or exemption of land levy;
- reduction or exemption of land and water surface rental;
- subsidies for land consolidation;
- credit subsidies;
- subsidies on research, transfer and application of hitech to agriculture;
- subsidies on personnel training and market development;
- subsidies on investment in agricultural product processing and storage facilities, slaughterhouses, manufacturing of agricultural machinery, equipment and parts, and production of auxiliary products;

- subsidies on investment in beef and dairy cattle farms;
- subsidies for enterprises providing public services and investing in infrastructure facilities in rural areas.

2. Decree 98

2.1 Concept of linkage

Under Decree 98, the new concept of linkage has been introduced. *Linkage* refers to a joint investment in, production and consumption of agricultural products voluntarily agreed upon between certain persons or companies as defined by Decree 98.

The linkage can be created between for example farmers, farm owners, authorised persons of groups of individuals, or family households, cooperatives and cooperative associations, and enterprises.

The linkage is established with regard to production and consumption of farming, breeding, aquaculture, forestry and salt production products. The linkage should be

2.1 Incentives

To encourage this the government subsidies are given for hiring consultants, for support on infrastructure, as well as on agricultural extension, training, breeds, materials, packaging and labeling if relevant criteria are met.

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