



December 16, 2009

His Excellency, Mr. Vu Van Ninh
Minister of Finance
Socialist Republic of Vietnam

Re: Draft Circular to Implement Price Control Mechanisms

Your Excellency,

On behalf of the membership of the American Chamber of Commerce in Vietnam (AmCham), we offer our compliments to your Excellency, and request your attention to our concerns over a draft circular to implement price control mechanisms that we understand is being considered by the Ministry of Finance.

The draft circular appears to update Circular TT104-2008-BTC, but in fact, it greatly expands the previous circular and seems to be a significant step in the wrong direction from the market-oriented approach Vietnam has been pursuing.

AmCham has not been able to obtain the final draft of the circular. However, we understand that the circular dramatically expands existing price control mechanisms to all enterprises producing, importing, distributing, or selling the list of goods in Vietnam. Previously, these mechanisms only applied to state-owned-enterprises.

AmCham opposes a return to central planning and government control over normal market-based activity. We do not understand why government officials need the authority to allow or disallow price changes. We also do not understand why the proposed price control system will be imposed on some products in Vietnam, but not others.

In addition to its overall non-market approach to pricing, the circular creates significant new administrative burdens on all enterprises throughout the production and distribution chain for an extensive list of products. The proposed data and information requirements in the draft circular are highly proprietary and business confidential in nature yet would be required from thousands of distribution points throughout Vietnam.

We have cooperated with the Vietnamese Government to persuade the US Government that Vietnam should be treated as a market economy, thereby freeing it from current onerous restrictions under US trade laws. We believe that together we have made progress. However, we are very concerned that the imposition of price controls will undermine the progress and make it very difficult to convince US Government trade officials that Vietnam is becoming more market-oriented.

Finally, this circular raises potential WTO considerations, which require time to review. Vietnam's Working Party Report commits to apply price controls in a WTO-consistent fashion and to take account of the interests of exporting WTO Members. The Working Party Report also commits Vietnam to transparency provisions that would allow affected stakeholders, such as AmCham members, to review and comment on the draft circular – which in this case has not been done.

AmCham puts forward these comments in the hopes of contributing to Vietnam's stable economic and social development. We are sensitive to the dangers of rising inflation and other economic challenges that Vietnam is facing. However, we do not believe the proposed circular will help achieve the government's economic goals. Rather than price controls, consideration should be given to liberalizing the supply chain for distribution to make it more efficient as a more effective means of making products more affordable. We feel our companies, their business partners, and all enterprises and consumers in Vietnam will suffer if this circular goes into effect.

Our membership thanks you in advance for your consideration and we are grateful for the opportunity to have our opinions considered on this important issue. We hope to have the opportunity to meet with you or your designee.

Respectfully yours,

Thomas Siebert
Chairman, AmCham Vietnam
Ho Chi Minh City Chapter

Hank Tomlinson
Chairman, AmCham Vietnam
Hanoi Chapter