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Selected Government Decisions on Forestry during 1992, 1993 and 1994

Compiled by the Project 'Renovation of strategies for forestry development'
Ministry of Forestry

Unofficial translation by Pham Minh Nguyet and Hans Warfvinge, July 1993.

Council of Ministers SOCIALIST REPUBLIC OF VIETNAM
No. 264/CT
Independence--Freedom--Happiness

Hanoi, 22 July 1992

DECISION BY THE CHAIRMAN OF THE COUNCIL OF MINISTERS

on policies encouraging investment for forestry development.

THE CHAIRMAN OF THE COUNCIL OF MINISTERS,

Based on - the Law on Organisation of the Council of Ministers, dated 4 July 1981;

- the Forest Protection and Development Act, dated 29 August 1991;

- the Government Regulation No 385 - HDBT dated 7 November 1990 on the Council of Ministers and accompanying regulations on the management of basic construction works.

- according to a proposal by the Minister of Forestry and recommendation by the State Planning Committee, the State Bank of Vietnam, and the Ministry of Finance.

DECISION

Article 1.

The State encourages all economic sectors to mobilise labour, land, material, capital, etc. for protection and development of forests.

The competent level of the State allocates land to forest owners for afforestation, supplies grants or loans, facilitates for the forest owners to get funds from the outside or establish a joint venture with foreign companies.
The level of support from the State will depend on the land available for afforestation, targets and plans for afforestation, characteristics of species to be planted, and the capability of the forest owner (organisations, individuals).

Article 2.

For the first cycle of production and depending on species and ecological characteristics of the zone, the forest owner may get credits at preferential terms, with interest rates of 30 to 50% of the ordinary rates for species which have a rotation of under 20 years and supply raw material for paper and pulp, wood-based panels, produce mine timber, yield pine resin, etc. After the first production rotation, the forest owner is to repay the loan to the bank, including simple interest. For investments needed for the second and subsequent rotations, the forest owner is to use a part of the income from the first rotation.

If that sum is not sufficient, he or she may get additional credits from a bank at ordinary interest rates; in this case preferential treatment is only applied for highlands and islands.

State enterprises which have got state grants for the establishment of plantations producing paper raw material and mine timber may get credits at the interest rates applied for the first rotation as mentioned above if it is needed for further operations such as tending and protection. They have to repay the credit and interest immediately after harvesting.

Article 3.

Based on duly approved economic and technical plans, the State provides grants (including assistance funds from foreign countries and international organisations), for projects under management of a state enterprise within the fields of protection and development of special-use forests (except for tourist purposes), protection forests in critical watersheds, national seed stands, and forests producing large logs of valuable species with a rotation of more than 20 years.

Grants from foreign countries and international organisations are to be used in the same way as funds of the State budget. They are made available in accordance with agreements between the Vietnamese Government and foreign countries or international organisations.

In cases where the State made the investment for establishing forests producing large logs of valuable species, the forest owner has to reimburse the State for its investment immediately upon harvest and pay taxes according to the law.

The State provides seedlings to the forest owners who establish forests or plants trees yielding non-wood forest products in difficult areas (mountains, degraded hills), and to individual households in watershed areas who wish to establish a forest garden.

Forest owners in agroforestry-oriented zones, using forest land for planting industrial crops on sloping land combined with protection against erosion, may get the same preferential rates of interest on loans as those applied in highland areas and on islands.

Besides the present policies of the State as stated in this decision, individual households participating in planting of protection forests and production forests in fixed cultivation and sedentarisation areas may obtain interest-free loans from the State.

Article 4.

The forest owner has the right to the entire production of the forest (flora, fauna) according to the Forest Protection and Development Act. He or she is exempted from paying land use tax in the first rotation if he fulfils the following two conditions:

- the has established the forest with his own funds;

- the has repaid previous loans, including interest payments, obtained within or from outside the country.

Article 5.

The Ministry of Forestry is to establish a list of forest tree species for which the provisions mentioned in Articles 2 and 3 of this decision will apply. That ministry is also to be the leading agency, together with the State Planning Committee, the State Bank of Vietnam, and the Ministry of Finance for issuing guidelines for the implementation of this decision.

Article 6.

This decision is in effect from the day of its issue. All previous regulations contrary to this decision are hereby abrogated.

Article 7.

Ministers, the Chairman of the State Planning Committee, Heads of other organisations of the council of Ministers, Chairmen of provincial and city People's Committees, are responsible for implementation of this decision.

Vice-chairman of the Council of Ministers
Phan Van Khai