

**THE GOVERNMENT****THE SOCIALIST REPUBLIC OF VIETNAM**  
**Independence - Freedom - Happiness**

No. 67/2014/ND-CP

Hanoi, July 7, 2014

**DECREE****On a number of fisheries development policies<sup>(\*)</sup>**

*Pursuant to the December 25, 2001 Law on Organization of the Government;*

*Pursuant to the December 16, 2002 Law on the State Budget;*

*Pursuant to the November 26, 2003 Law on Fisheries;*

*Pursuant to the June 16, 2010 Law on the State Bank;*

*Pursuant to the June 16, 2010 Law on Credit Institutions;*

*Pursuant to the December 9, 2000 Law on Insurance Business and the November 24, 2010 Law Amending and Supplementing a Number of Articles of the Law on Insurance Business;*

*Pursuant to the Enterprise Income Tax Law and the 2013 Law Amending and Supplementing a Number of Articles of the Law on Enterprise Income Tax; the Law on Value Added Tax and the 2013 Law Amending a Number of Articles of the Law on Value Added Tax; the Personal Income Tax Law and the 2013 Law Amending and Supplementing a Number of Articles of the Personal Income Tax Law; the Law on Tax Administration and the 2013 Law Amending and Supplementing a Number of Articles of the Law on Tax Administration; the 2009 Law on Royalties; and the 2001 Ordinance on Charges and Fees;*

*At the proposal of the Minister of Finance, the Minister of Agriculture and Rural Development and the Governor of the State Bank of Vietnam,*

*The Government promulgates the Decree on a number of fisheries development policies.*

**Chapter I****GENERAL PROVISIONS****Article 1.** Scope of regulation

This Decree prescribes investment, credit and insurance policies; tax incentives and a number of other policies for fisheries development.

**Article 2.** Subjects of application

This Decree applies to:

1. Vietnamese organizations and individuals conducting fisheries activities.
2. Organizations and individuals (below referred to as shipowners) that order the building of new ships, upgrading of ships (engine replacement; steel cladding of ships' hulls,

<sup>(\*)</sup> Công Báo Nos 707-708 (24/7/2014)

new-material cladding of ships' hulls; purchase of fishing gears, maritime equipment; marine product preservation and loading and unloading equipment) for fishing activities.

3. Organizations and individuals implementing investment projects on infrastructure serving fisheries activities.

## Chapter II

### A NUMBER OF FISHERIES DEVELOPMENT POLICIES

#### **Article 3.** Investment policy

1. For essential infrastructure items of fishing ports, anchorage and storm shelter zones (including piers; embankments, coastal breakwater and embankments; dredging of port channels and anchorage waters; ship moorage facilities; systems of pilot buoys, signals and lights; specialized communications systems):

a/ The central budget shall invest 100% of funds for the construction of grade-I fishing ports, regional-level anchorage and storm shelter zones.

b/ The central budget shall support no more than 90% of investments in grade-II fishing ports and provincial-level anchorage and storm shelter zones for localities which are unable to balance their budgets and Quang Ngai province, and no more than 50% of investments for localities that remit part of their revenues to the central budget.

2. The central budget shall provide 100% of total investment (including also funds for ground clearance and construction of essential infrastructure and other items) for islands, including projects on fishing ports (of grade I and grade II) and anchorage and storm shelter zones of islands.

3. For infrastructure items in aquaculture zones; concentrated breeding zones, including: key water supply and drainage systems (ponds, water tanks, sluices, canals, water supply and drainage pipelines and pump stations), surrounding dykes, embankments, roads, power systems, common wastewater treatment facilities; upgrading of infrastructure facilities for national aquatic breeding centers, regional and provincial aquatic breeding centers; aquaculture environment warning and observation centers; central and regional aquatic breed assay and examination centers:

a/ The central budget shall invest 100% of construction funds for projects managed by ministries or ministerial-level agencies.

b/ The central budget shall support no more than 90% of investments for localities which are unable to balance their budgets and Quang Ngai province, and of no more than 50% of investments for localities that remit part of their revenues to the central budget, for locally managed projects.

4. The central budget shall provide 100% of funds for the construction of infrastructure for concentrated aquaculture zones at sea, including systems of pilot buoys, aquaculture zone boundary signal lights, and rearing cage and raft moorage systems.

5. Compensation funds for ground clearance for fisheries investment projects mentioned in Clauses 1, 3, 4 and 5 of this Article shall be assured by the local budgets, even for centrally run projects in localities.

6. The state budget shall prioritize annual allocations under approved plans from 2015 to 2020, with the minimum average annual investment amount doubling the annual capital amount allocated in the 2011-2014 period, so as to speed up the implementation and completion of works and projects on schedule. Efforts shall be concentrated on the construction and upgrading of works on the islands of Ly Son, Phu Quy, Con Dao, Phu Quoc, Bach Long Vi, Co To, Con Co and several coastal provinces in the central region. Funds shall be allocated for the construction of big fisheries centers associated with key fishing grounds in the cities of Hai Phong and Da Nang and the provinces of Khanh Hoa, Ba Ria - Vung Tau and Kien Giang according to the approved master plans.

**Article 4. Credit policy**

1. Credit policy for ship building or upgrading, including:

a/ Shipowners' orders for the building of new ships with a total main engine capacity of 400 HP or over each; the upgrading of ships with a total main engine capacity of under 400 HP each into ships with a total main engine capacity of 400 HP or over each for offshore fishing and provision of offshore fishing logistics services.

b/ Loan conditions: Subjects conducting fishing activities with efficiency, having financial capability and specific production plans, with approval of provincial-level People's Committees.

c/ The specific loan terms, interest rates and interest rate subsidies are as follows:

- For building new offshore fishing logistics ships, including engines, maritime equipment, marine product preservation equipment and machinery; product preservation; loading and unloading equipment;

+ In case of building steel ships: Shipowners may borrow loans from commercial banks not exceeding 95% of the total investment in the shipbuilding, with the interest rate of 7%/year, of which shipowners shall pay 1%/year and the state budget shall subsidize 6%/year.

+ In case of building wooden ships: Shipowners may borrow loans from commercial banks not exceeding 70% of the total investment in the shipbuilding, with the interest rate of 7%/year, of which shipowners shall pay 3%/year and the state budget shall subsidize 4%/year.

- For building offshore fishing ships, including machinery, maritime equipment; equipment serving fishing; fishing gears; and marine product preservation equipment:

+ In case of building steel or new-material ships with a total main engine capacity of between 400 HP and under 800 HP each: Shipowners may borrow loans from commercial banks not exceeding 90% of the total investment in the shipbuilding, with the interest rate of 7%/year, of which shipowners shall pay 2%/year and the state budget shall subsidize 5%/year.

+ In case of building new steel or new-material ships with a total main engine capacity of 800 HP or over: Shipowners may borrow loans from commercial banks not exceeding 95% of the total investment in the shipbuilding, with the interest rate of 7%/year, of which shipowners shall pay 1%/year and the state budget shall subsidize 6%/year.

+ In case of building wooden ships: Shipowners may borrow loans from commercial banks not exceeding 70% of the total investment in the shipbuilding, with the interest rate of 7%/year, of which shipowners shall pay 3%/year and the state budget shall subsidize 4%/year.

+ In case of building steel- or new material-clad wooden ships: Shipowners may borrow loans from commercial banks not exceeding 70% of the total investment in the shipbuilding,

with the interest rate of 7%/year, of which shipowners shall pay 3%/year and the state budget shall subsidize 4%/year.

- For the upgrading of wooden ships with a total main engine capacity of under 400 HP each into ships with a total main engine capacity of 400 HP or over each or for the upgrading of capacity for ships with a total main engine capacity of 400 HP or over each (the additional or substitute engines must be brandnew): Shipowners may borrow loans from commercial banks not exceeding 70% of the total upgrading value, including expenses for ship hull reinforcement, purchase of new equipment and fishing gears (if any), with the interest rate of 7%/year, of which shipowners shall pay 3%/year and the state budget shall subsidize 4%/year.

d/ The lending term: 11 years. In the first year shipowners will be exempted from interest payment and not be required to pay the principal yet. The state budget shall pay to commercial banks the loan interests for shipowners eligible for exemption.

dd/ Mortgaged property: Shipowners may mortgage the value of the property formed from loans to secure their loans.

e/ Stability of the interest rates paid annually by shipowners under this Decree. The interest rate of 7%/year stated in this Article will apply in the first year counting from the date they sign loan contracts with commercial banks. When the lending interest floor drops, the State Bank of Vietnam shall base on the practical situation to report it to the Prime Minister for corresponding reduction. If the lending interest floor rises, the provisions of Point d, Clause 4, Article 9 of this Decree shall apply.

## 2. Risk handling mechanism:

If risks occur to loans for ship building or upgrading prescribed in Clause 1 of this Article due to objective or *force majeure* events, depending on the extent of damage, these loans shall be handled as follows:

### a/ For shipowners

- If the damaged ships can be repaired for operation, shipowners are entitled to debt payment re-scheduling by commercial banks during the repair. The insurance companies shall pay the entire repair costs.

- If the damaged ships cannot operate, the risks shall be handled by the lending commercial banks in accordance with Point b, Clause 2 of this Article.

### b/ For lending commercial banks

- If the damaged ships can be repaired for operation, commercial banks shall restructure the debt payment schedule for customers during the ship repair.

- If the damaged ships cannot operate, commercial banks shall handle the debts in the following order:

+ The insured assets shall be handled under the insurance contracts.

+ Using the provisions set up for loans borrowed for those very ships to offset the debts in accordance with law.

+ If the principal debts cannot be fully recovered after the above-said measures have been applied, commercial banks shall report it to the State Bank of Vietnam for submission to the Prime Minister for direction on a case-by-case basis.

### 3. Working capital lending policy

a/ Eligible borrowers: Owners of fishing ships or fishing logistics ships.

b/ Borrowing conditions: Subjects conducting fisheries activities with efficiency, having financial capability and specific production and business plans.

c/ Loan amounts:

- Not exceeding 70% of the logistics service value, for fishing logistics ships.

- Not exceeding 70% of expenses for a fishing voyage, for fishing ships.

d/ The lending interest rate is 7%/year in the first year counting from the date the subjects sign loan contracts with commercial banks, which shall be reported by the State Bank of Vietnam to the Prime Minister for adjustment based on the practical situation, to ensure that the lending interest rate must not exceed the lowest lending interest applicable to agriculture and rural development.

### **Article 5.** Insurance policy

The state budget shall provide insurance premium supports for offshore fishing ships and offshore fishing logistics ships, which are members of fishing teams or cooperatives and have a total main engine capacity of 90 HP or over each:

1. Annual support of 100% of ship crew insurance premiums for every ship crew member working on board.

2. Annual support for insurance premiums of ship hulls, equipment and fishing gears on board each ship (against all risks) at the following levels:

a/ 70% of the insurance premium for ships with a total main engine capacity of between 90 HP and under 400 HP each.

b/ 90% of the insurance premium for ships with a total main engine capacity of 400 HP or over each.

### **Article 6.** Tax incentives

1. Exemption from royalties for fished natural marine resources.

2. Non-collection of registration fee for fishing vessels.

3. Exemption from license tax for organizations, households or individuals engaged in aquaculture, fishing or fishing logistics services.

4. Exemption from aquaculture land or water surface rental.

5. The following cases are not liable to value-added tax:

a/ Aquatic products sold by aquaculture or fishing organizations and individuals.

b/ Insurance of ships, boats, equipment and other necessary instruments directly used for marine fishing.

6. Fishing shipowners are entitled to value added tax refund for fishing ships which are newly built or upgraded with a total main-engine capacity of 400 HP or over.

7. Exemption from personal income tax for households and individuals directly fishing marine resources.

8. Exemption from enterprise income tax for incomes from marine resource fishing, incomes from logistics services provided directly for offshore fishing; incomes from building and upgrading of fishing ships with a total main engine capacity of 400 HP or over each for marine resource fishing.

9. Exemption from import duty on imported machinery, equipment, raw materials and components, which cannot be manufactured at home yet, for building or upgrading ships with a total main-engine capacity of 400 HP or over each.

**Article 7.** Other policies

1. 100% support of expenses for training ship crew members in operating steel or new-material-hull ships; instructions in fishing and product preservation techniques under new technologies for ships with a total main engine capacity of 400 HP or over each.

2. Support of expenses for transport of goods from the mainland to offshore fishing ships and transport of offshore-fished products to the mainland for offshore fishing logistics ships with a total main-engine capacity of 400 HP or over each.

a/ Support of VND 40 million/voyage for ships with a total main engine capacity of between 400 HP and 800 HP each; VND 60 million/voyage for ships with a total main engine capacity of 800 HP or over each; for a maximum 10 voyages/year.

b/ Conditions for support receipt:

- Offshore fishing logistics ships are members of fishing teams, cooperatives or enterprises;

- Registration of ships regularly providing offshore fishing logistics services with the fisheries state management agencies in localities of registration or residence;

- Certification of ships' offshore fishing logistics service activities by the army unit stationed on an island near the fishing ground or certification of the position of operation of the fishing service ship via the global positioning system (GPS) by a functional agency;

- Certification by the offshore fishing ship owner (of the ship's serial number, name of purchaser, quantity of purchased goods of every kind);

- Recording and submission of the logbook of the service ship on every voyage to the marine resource exploitation state management agency in the locality of registration or residence.

3. 100% support of expenses for designs of models of offshore fishing steel ships and logistics ships, with regard to ships with a total main-engine capacity of 400 HP or over each.

4. 100% support of expenditures for periodical maintenance or repair, which, however, must not exceed 1% of the value of building a new steel ship with a total main engine capacity of 400 HP or over each under the techno-economic norms on periodical maintenance and repair, guided by the Ministry of Agriculture and Rural Development.

**Article 8.** Funding sources and mechanisms for implementation of policies

1. The central budget shall provide interest rate subsidies for lending commercial banks for the building and upgrading of offshore fishing or logistics service ships; provide funds for

the designing of ship models; provide 100% support of funds for training and instructing ship crew members in operating steel or new-material ships, instructing on fishing and preservation techniques under new technologies for localities, with regard to ship with a total main engine capacity of 400 HP or over each.

2. For expenses for periodical maintenance and repair; cost of transportation of goods from the mainland to offshore fishing ships and transportation of fished marine products to the mainland for offshore fishing logistics service ships each with a total main engine capacity of 400 HP or over each and the insurance policies: The central budget shall provide 100% support of funds for localities which are unable to balance their budgets yet and Quang Ngai province, and 50% support of funds for localities that remit under 50% of their revenues to the central budget. The remaining localities shall use their local budgets for implementation.

### Chapter III

#### ORGANIZATION OF IMPLEMENTATION

##### **Article 9.** Responsibilities of ministries and sectors

1. The Ministry of Agriculture and Rural Development shall:

a/ Study and investigate aquatic resources, forecast fishing grounds and plan the development of fishing ships in association with aquatic resources, groups of fishing trades and fishing grounds and notify the plan to localities for implementation.

b/ Set the technical requirements on ship model design; select capable designing units, order the designing of offshore fishing and logistics service steel ship models; approve and publicize the selected ship model designs; set techno-economic norms of periodical maintenance and repair of steel ships and guide the periodical maintenance and repair.

c/ Assume the prime responsibility for, and coordinate with the Ministry of Finance, the Ministry of Planning and Investment and concerned ministries, sectors and localities in, inspecting and supervising the implementation of this Decree, propose measures to remove difficulties and problems arising in the course of implementation, and report on matters falling beyond its jurisdiction to the Prime Minister.

d/ Assume the prime responsibility for, and coordinate with the Ministry of Planning and Investment and the Ministry of Finance in, defining priority investment projects in the plan year, which fall under the tasks of the Ministry of Agriculture and Rural Development.

dd/ Assume the prime responsibility for organizing the implementation of this Decree in association with the production restructuring of the fisheries sector for sustainable and efficient development.

e/ Direct and guide localities in implementing this Decree and conducting periodical reviews; assume the prime responsibility for, and coordinate with the concerned ministries and provincial-level People's Committees in, holding the final review of the implementation of this Decree in quarter IV of 2016 for reporting to the Government.

2. The Ministry of Planning and Investment shall assume the prime responsibility for, and coordinate with the Ministries of Finance and Agriculture and Rural Development

in, summarizing the demands for, balancing and allocating development investment capital according to five-year and annual plans for materialization of programs and investment projects, concentrating efforts on the completion of every work.

3. The Ministry of Finance shall:

a/ Allocate budget for implementation of the policies prescribed in this Decree.

b/ Guide the interest rate subsidization mechanism for implementation of the credit policy prescribed in Article 4 of this Decree.

c/ Guide the implementation of the insurance policy prescribed in Article 5 of this Decree.

4. The State Bank of Vietnam shall:

a/ Direct the commercial banks where the State holds dominant shares to arrange capital and provide loans for fisheries development as prescribed in this Decree.

b/ Assume the prime responsibility for, and coordinate with the Ministry of Finance and Ministry of Agriculture and Rural Development in, guiding in detail the implementation of the credit policy prescribed in Article 4 of this Decree according to simplified and quick procedures while ensuring safety for the State's loans.

c/ Act as the focal point for coordination with ministries, sectors and localities in inspecting and supervising the implementation of the credit policy, propose measures to remove difficulties and problems arising in the course of implementing this Decree.

d/ If commercial banks meet with difficulties in loan capital sources for implementation of the policies defined in Clause 1, Article 4 of this Decree or when the lending interests rise, the State Bank shall reallocate capital for the commercial banks under decisions of the Prime Minister.

5. Other related ministries and sectors shall, within the ambit of their functions and tasks, direct and guide the implementation of fisheries development policies prescribed in this Decree.

**Article 10.** Responsibilities of provincial-level People's Committees

1. To organize the implementation of the policies prescribed in this Decree in their localities.

2. To assign commune-level People's Committees to certify subjects eligible for loans under Point b, Clause 1 and Point b, Clause 3 of Article 4; subjects eligible for insurance supports under Article 5; subjects eligible for support under Article 7 of this Decree and report them to district-level People's Committees for appraisal and reporting to provincial-level People's Committees for approval as the basis for implementation.

3. To guide sale prices (fuel; petroleum; marine product preservation ice; supplies for minor repair, vessels and fishing gears, freshwater, food and essential foodstuffs) of offshore fishing logistics ships for offshore fishing ships based on mainland retail prices.

4. To arrange local budget supports for fishermen and investment in infrastructure for fisheries development as prescribed in this Decree.

5. Based on the local requirements and practical capabilities, to allocate funds and regulate the addition and raising of support levels for development of fish production and business in

localities in addition to the policies prescribed in this Decree.

6. Based on their local conditions, to possibly form a steering committee for proper implementation of the fisheries development policies prescribed in this Decree; to select subjects for pilot implementation of the policies before widely applying them in localities.

**Article 11.** Responsibilities of fisheries associations and unions

1. To coordinate with local administrations in organizing the implementation of the support policies for eligible fishermen defined in this Decree.

2. To guide and mobilize their members to observe the law on implementation of fisheries development policies.

**Article 12.** Rights and responsibilities of shipowners

1. To enjoy the preferential policies of the State as prescribed in this Decree.

2. To decide on their own the borrowing of loans, the selection of ship models, machinery and equipment, fishing gears and shipyards for the building or upgrading of their fishing ships or offshore fishing logistics service ships.

3. To repay loan principals and interests for the building of offshore fishing ships or logistics service ships in accordance with law.

4. To decide on loan amounts smaller and terms lower than those prescribed in Article 4 of this Decree and pay their debts ahead of time.

Chapter IV

IMPLEMENTATION PROVISIONS

**Article 13.** Effect

1. This Decree takes effect on August 25, 2014.

2. If being eligible for various support policies, beneficiary organizations or individuals may select to enjoy the highest support policy.

3. In case current relevant regulations are contrary to this Decree or prescribe preference levels lower than those prescribed by this Decree, this Decree shall apply.

4. The implementation of the policies prescribed in Articles 4, 5, 7 and 8 of this Decree lasts to the end of 2016, and will be reviewed for continuation in the subsequent period.

**Article 14.** Guidance and implementation responsibility

Ministers, heads of ministerial-level agencies, heads of government-attached agencies, chairpersons of provincial-level People's Committees and presidents of fisheries associations or unions shall, within the ambit of their functions and tasks, guide and implement this Decree.-

*On behalf of the Government*

Prime Minister

NGUYEN TAN DUNG