

**DECREE No. 134/2004/ND-CP OF JUNE 9,
2004 ENCOURAGING THE DEVELOPMENT
OF RURAL INDUSTRY**

THE GOVERNMENT

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

At the proposal of the Minister of Industry,

DECREES:

Chapter I

GENERAL PROVISIONS

Article 1.- Objectives of industrial promotion activities

The State shall organize activities of encouraging, guiding, supporting and creating conditions for, organizations and individuals to participate in the development of rural industrial production (hereinafter called industrial promotion activities for short), aiming:

1. To encourage and mobilize domestic and foreign resources to participate in, or support organizations and individuals to invest in, rural industrial production and industrial promotion services under the industrial development plans of the whole country and each locality.

2. To contribute to economic restructure along the direction of industrialization and modernization, first of all agricultural and rural industrialization, create jobs, increase incomes, and re-distribute social labor.

3. To support, and create conditions for, organizations and individuals of all economic sectors to invest in the development of rural industrial production in a sustainable manner, raise the competitiveness and efficiently implement international economic integration roadmap.

Article 2.- Scope and subjects of application

1. Organizations and individuals directly engaged in industrial investment and production in rural districts, provincial towns, district townships and communes (hereinafter referred to as rural industrial production establishments), including:

a/ Small- and medium-sized enterprises set up and operating under the Law on State Enterprises;

b/ Small- and medium-sized enterprises set up and operating under the Enterprise Law;

c/ Cooperatives set up and operating under the Cooperative Law;

d/ Individual business households defined by the Government's Decree No. 02/2000/ND-CP of February 3, 2000 on business registration.

2. Organizations and individuals of all economic sectors engaged in industrial promotion services.

Article 3.- Industrial promotion activities' contents

1. To guide and support enterprise-founding organizations and individuals to formulate investment projects on rural industrial

development, seek production grounds, recruit and train labor, mobilize capital, apply for investment preferences and other administrative procedures strictly according to law provisions, which are in line with regional, territorial and local industrial development plannings.

2. To guide and support rural industrial production establishments in raising the management capability, rationalizing production and reducing production costs.

3. To guide and advise rural industrial production establishments to invest in the building of new production chains, expand production, renew and apply scientific and technological advances, raise the production capability, manage product quality and protect the environment.

4. To organize occupational training, handing-down and development.

5. To support information provision, marketing, seeking of markets and business partners, and organize exhibitions, fairs and product displays.

6. To organize activities of exchanging experiences, study visits and surveys; to support, and create conditions for, rural industrial production establishments to enter into joint ventures and economic cooperation, and participate in production/business associations.

7. To build models of technical demonstrations, transfer technologies and provide scientific-technological consultancy services in order to support organizations and individuals to invest in rural industrial production.

*Chapter II***INDUSTRIAL PROMOTION POLICIES**

Article 4.- Support for industrial promotion activities

The State shall adopt appropriate policies and measures to support organizations and individuals directly engaged in industrial promotion activities according to the contents prescribed in Article 3 of this Decree as well as organizations and individuals directly making production investment in production/business lines in the domains on the list prescribed in Article 6 of this Decree.

Article 5.- Encouraging the development of industrial promotion services

1. Industrial promotion services mean service activities in consultancy, training, technology transfer, information provision, trade promotion, and other activities related to rural industrial production investment.

The State encourages organizations and individuals to provide industrial promotion services for realization of contents of the industrial promotion activities, prescribed in Article 3 of this Decree.

2. Voluntary industrial promotion organizations mean organizations set up by mass organizations, socio-economic organizations, agencies or individuals under law provisions for non-profit purposes to carry out industrial promotion activities.

3. Industrial promotion service organizations shall be professionally trained and entitled to participate in industrial promotion programs,

plans and projects organized by agencies in charge of State management over industrial promotion activities.

Article 6.- List of production/business lines entitled to industrial promotion policies

1. Organizations and individuals investing in rural industrial production in the following production/business lines shall be entitled to the industrial promotion policies prescribed in Chapter II of this Decree:

a/ Agricultural, forestry, aquatic product-processing industries;

b/ Production of products with the use of on-spot raw materials and intensive labor;

c/ Production of new products, imports-substitute goods, export goods using mainly domestic raw materials;

d/ Production of products and accessories, assembly and repair of agricultural mechanical machines;

e/ Small hydro-electric power, electricity generation stations using new energies or recycled energies with installation output of under 10,000 kW to supply electricity for rural, deep-lying and remote areas;

f/ Production and processing of details and semi-finished products, and provision of services to establishments producing finished products;

g/ Investment of capital in building infrastructures of industrial, small- and cottage-industry clusters and locations as well as craft villages.

2. Basing itself on the socio-economic development situation and the requirements of

industrial promotion work in each period, the Ministry of Industry shall submit to the Prime Minister for decision the amendment and/or supplementation of production/business lines entitled to the policies prescribed in Clause 1 of this Article.

Article 7.- Funding for industrial promotion activities

Funding for industrial promotion activities includes national industrial promotion funding and local industrial promotion fundings:

1. The national industrial promotion funding means funding used for industrial promotion activities and national target programs on industrial promotion, which are managed and organized for implementation by the Ministry of Industry.

2. Local industrial promotion fundings shall be managed by the People's Committees of the provinces and centrally-run cities (hereinafter referred to as the provincial-level People's Committees) for use for industrial promotion activities carried out by localities.

Article 8.- National industrial promotion funding

1. National industrial promotion funding is formed from the following sources:

a/ The annual State budget allocations under plans;

b/ Donations and contributions of domestic and foreign organizations and individuals;

c/ Other lawful capital sources prescribed by law.

2. National industrial promotion funding is used for the following purposes:

a/ To cover national industrial promotion activities according to the contents prescribed in Article 3 of this Decree;

b/ To support industrial promotion activities of the provincial-level People's Committees under the approved programs, plans and schemes;

c/ To cover other expenditures in service of industrial promotion activities.

Article 9.- Local industrial promotion fundings

1. Local industrial promotion fundings are formed from the following sources:

a/ The annual allocations from budgets of the provincial-level People's Committees;

b/ Aids and contributions of domestic and foreign organizations and individuals;

c/ Support from national industrial promotion funding for industrial promotion activities of the provincial-level People's Committees under the approved programs, plans and schemes;

c/ Other lawful capital sources prescribed by law.

2. Local industrial promotion fundings are used for the following purposes:

a/ To cover industrial promotion activities organized for implementation by localities according to the contents prescribed in Article 3 of this Decree;

b/ To cover other expenditures in service of industrial promotion activities.

Article 10.- Management of national industrial promotion funding and local industrial promotion fundings

1. National industrial promotion funding plans and estimates shall be elaborated by the Ministry of Industry and included into its annual budget estimates for submission to competent State agencies according to law provisions.

2. Local industrial promotion funding plans and estimates shall be elaborated by the provincial-level People's Committees and included into the annual budget estimates of their respective localities for submission for approval according to the current regulations.

3. Annually, the finance bodies of all levels shall base themselves on the approved budget plans and estimates as well as implementation tempo to allocate them to agencies in charge of State management over industrial promotion activities at the central and local levels.

4. National industrial promotion funding and local industrial promotion fundings allocated from the budget, which have not been used up in the plan year, shall be retained for use in the subsequent year.

5. The Ministry of Finance shall coordinate with the Ministry of Industry in guiding in detail the order for elaborating, managing and using national industrial promotion funding and local industrial promotion fundings.

Article 11.- Land

1. Rural industrial production establishments shall be entitled to preferential policies in land rent as well as land-use right transfer and

mortgage according to law provisions on land.

2. Rural industrial production establishments which wish to use land for relocating old, narrow or polluting production establishments, or for building new production establishments shall be prioritized by competent People's Committees in leasing land with the lowest rentals.

3. The provincial-level People's Committees shall have to elaborate land planning, set aside land fund and use land rentals according to law provisions for investment in the construction of technical infrastructures of industrial and small- and cottage-industry clusters and locations as well as craft villages, and create favorable conditions for rural industrial production establishments to invest in production.

Article 12.- Investment preferences

1. Rural industrial production establishments shall be entitled to the preferential policies according to the State's current regulations and the provisions of this Decree.

Agencies receiving and handling dossiers of registration for investment preferences shall have to clearly determine investment preference entitlements of rural industrial production establishments in the investment preference certificates but must not request any additional procedures.

2. Rural industrial production establishments with efficient investment projects proposed by the provincial- or district-level People's Committees shall be appraised and given investment loans by the Development Assistance Fund according to regulations.

Article 13.- Information, market

1. The ministries, branches and People's Committees of all levels shall create all conditions for rural industrial production establishments to have prompt access to information on prices, products and technologies of domestic and foreign markets.

2. Rural industrial production establishments shall enjoy 50%-plus reduction of expenses for rent of ground spaces at trade fairs or exhibitions for domestic products.

Article 14.- Scientific and technological policies

1. Rural industrial production establishments, which use new technological equipment or new raw materials, or invest in automation equipment and technologies, pollution source-treating and -controlling equipment and technologies, use clean energies, reduce greenhouse effect, save energies and raise use efficiency thereof, or regenerate industrial water sources, shall be entitled to the support policies under such economic-technical programs as information technology, automation technology, bio-technology, materials technology and energy saving.

2. The Ministry of Industry shall assume the prime responsibility for, and coordinate with the program-managing ministries in guiding the implementation of this stipulation.

Chapter III**STATE MANAGEMENT OVER INDUSTRIAL PROMOTION ACTIVITIES****Article 15.-** Agencies in charge of State

management over industrial promotion activities

1. The Ministry of Industry shall assist the Government in performing the function of State management over industrial promotion activities according to the following contents:

a/ To elaborate and promulgate, or propose competent agencies to promulgate, strategies, plans and legal documents on regional, branch and territorial rural industrial development;

b/ To elaborate national industrial promotion programs and plans in each period and submit them to the Prime Minister for approval;

c/ To organize the implementation of, and guide localities in deploying, industrial promotion activities according to the approved programs and plans;

d/ To manage the national industrial promotion funding;

e/ To act as the main body in coordinating with ministries, branches and localities in handling relevant contents on investment, finance-credit, science-technology, market, land, labor and environment in rural industrial production development;

f/ To organize activities of disseminating experiences in production, management, scientific and technological advances, investment consultancy, training, information supply, exhibitions, fairs and advertising products of rural industrial production establishments;

g/ To cooperate with domestic and foreign organizations and individuals in attracting capital and other resources in service of industrial

promotion activities;

h/ To monitor, evaluate and report annually to the Prime Minister on implementation of industrial promotion programs, plans and schemes;

i/ To organize emulation activities and commend and/or reward organizations and individuals that record splendid achievements in rural industrial production/business activities;

j/ To examine industrial promotion activities as well as management and use of the national industrial promotion funding and local industrial promotion fundings.

2. The apparatus and payroll for performance of the function of State management over industrial promotion activities prescribed in Clause 1 of this Article shall be decided by the Minister of Industry according to his competence.

3. The ministries, the ministerial-level agencies and the Government-attached agencies shall, within the ambit of their respective tasks and powers, have to coordinate with the Ministry of Industry in performing the function of State management over industrial promotion activities under the Government's regulations.

4. The provincial-level People's Committees performing the function of State management over industrial promotion activities in their respective localities have the following tasks and powers:

a/ To promulgate, or propose competent agencies to promulgate, local industrial development strategies, plannings and plans as well as legal documents on encouraging and

prioritizing local industrial development in accordance with law provisions;

b/ To approve, and organize the implementation of, industrial promotion programs and plans in their respective localities;

c/ To decide on forms of support from local industrial promotion fundings for industrial promotion activities according to the provisions of Article 3 of this Decree;

d/ To ensure capital sources of local industrial promotion fundings in support of organizations and individuals engaged in industrial promotion activities;

e/ To elaborate, and submit to the Ministry of Industry for synthesis, industrial promotion programs and plans using national industrial promotion funding;

f/ To direct local functional agencies in settling matters related to investment, finance-credit, science-technology, market, land, labor and environment in service of rural industrial development in their respective localities;

g/ To establish relations with domestic and foreign organizations and individuals in order to attract capital sources for local industrial promotion activities;

h/ To report monthly and quarterly to the Ministry of Industry on the situation of local industrial development and industrial promotion activities in their respective localities.

5. The provincial/municipal Services of Industry shall assist the provincial-level People's Committees in performing the function of State management over industrial promotion activities in their respective localities.

Article 16.- Commendation

1. Organizations and individuals that record achievements in supporting and encouraging the development of rural industry shall be commended and/or rewarded according to the State's regulations.

2. Annually, the Ministry of Industry and the People's Committees of the provinces and centrally-run cities shall organize reviews, drawing experiences, commending and/or rewarding organizations and individuals that record splendid achievements in rural industrial production development investment activities.

Chapter IV**IMPLEMENTATION PROVISIONS****Article 17.- Implementation effect**

This Decree takes effect 15 days after its publication in the Official Gazette.

Article 18.- Implementation organization and responsibility

1. The Ministry of Industry shall coordinate with the concerned ministries and branches in guiding the implementation of this Decree.

2. The ministers, the heads of the ministerial-level agencies, the heads of the Government-attached agencies and the presidents of the provincial/municipal People's Committees shall have to implement this Decree.

On behalf of the Government

Prime Minister

PHAN VAN KHAI