

We devote all our knowledge
to serve people, enabling them
to lead long and healthy lives.

Share and Learn Event - Overcoming Challenges in Export and Import



IMPORT / EXPORT OVERVIEW

Overview of I/E in 2017

Vietnam import / export turnover has hit US\$400 billion in 2017, doubling after 6 years.

Imports 2017

Ranking	Product group	000 USD	% Total
1	Computers, Electronical products & parts	37,706,113	17%
2	Machinery, instrument, accessory	33,673,227	15%
3	Telephones and their parts	16,327,312	7%
4	Textile, sewing products	11,366,187	5%
5	Iron, Steel	9,012,526	4%
18	Pharmaceuticals products	2,819,157	1%

Exports 2017

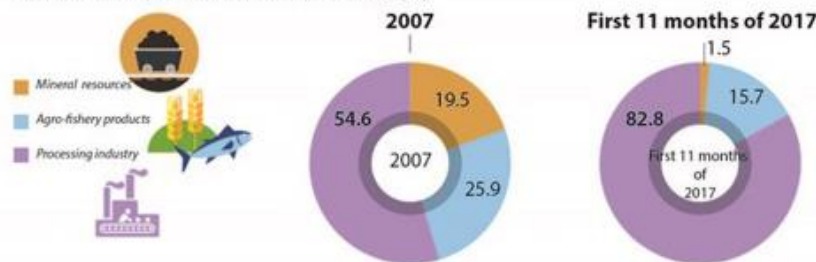
Ranking	Product group	000 USD	% Total
1	Telephones and their parts	45,272,412	21%
2	Textile, sewing products	26,038,447	12%
3	Computers, Electronical products & parts	25,942,093	12%
4	Footwear	14,651,849	7%
5	Machinery, instrument, accessory	12,770,361	6%

Ranking	Country	000 USD	% Total
1	China	58,228,606	28%
2	South Korea	46,734,425	23%
3	Japan	16,592,325	8%
4	Taiwan	12,706,970	6%
5	Thailand	10,495,153	5%

Ranking	Country	000 USD	% Total
1	USA	41,607,546	20%
2	China	35,462,686	17%
3	Japan	16,841,463	8%
4	South Korea	14,822,855	7%
5	Hong Kong	7,582,703	4%



CHANGES OF EXPORT-IMPORT STRUCTURE (%)



Source: General Department of Vietnam Customs, General Statistics Office

<http://infographics.vn>

TTXVN

Source: General Statistics Office of Vietnam

Pharmaceutical Imports in 2017

Vietnam imported over US \$2.82 billion of pharmaceutical products in 2017, 10% higher than total 2016 (US\$ 2.563). Most products are coming from France, Germany and India while 80% APIs come from China and India

Drug Imports 2017

API Imports 2017

Ranking	Country	000 USD	% Total	Ranking	Country	000 USD	% Total
1	France	342,012	12%	1	China	225,807	60%
2	Germany	315,927	11%	2	India	70,181	19%
3	India	283,262	10%	3	Spain	13,171	4%
4	South Korea	188,380	7%	4	Germany	12,241	3%
5	Italy	178,590	6%	5	UK	8,400	2%
6	Switzerland	139,143	5%	6	Switzerland	6,951	2%
7	USA	138,476	5%	7	Italy	6,195	2%
8	UK	119,977	4%	8	Singapore	5,388	1%
9	Thailand	94,566	3%	9	France	4,593	1%
10	Ireland	88,246	3%	10	South Korea	3,532	1%

Source: General Statistics Office of Vietnam

Vietnam & Free Trade Agreements (FTAs)

Vietnam is a member of WTO, ASEAN and is working on opening its border to opportunities

FTAs - effective



FTAs – signed but not yet effective



FTAs – under negotiation

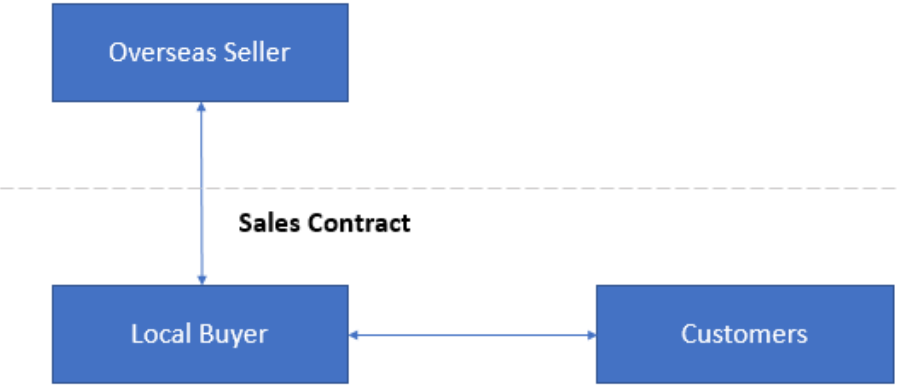
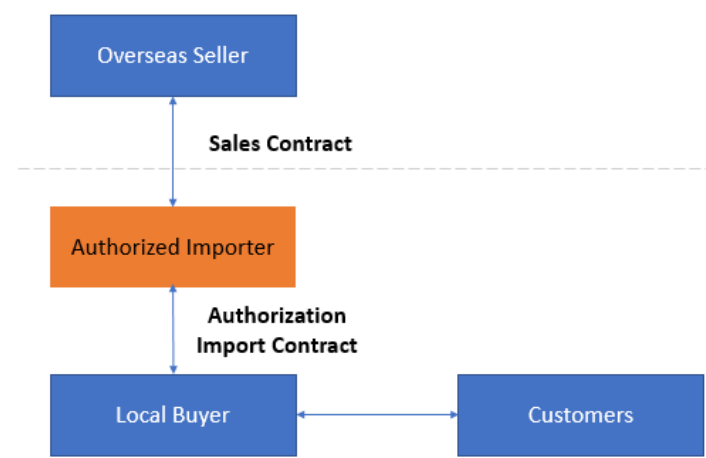


Vietnam & Free Trade Agreements (FTAs)

ASEAN FTAs	ASEAN Free Trade Agreement	<ul style="list-style-type: none"> To support local production within member states. Certain products enjoy 0 – 5% import tax
	ASEAN-Australia and New Zealand Free Trade Agreement (AANZFTA)	<ul style="list-style-type: none"> To facilitate economic and trade between Australia, New Zealand and ASEAN countries By 2018, 86% of the tariff lines will be exempted from tax. By 2022, up to 925 of the tariff lines
	ASEAN-India Free Trade Area (AIFTA)	<ul style="list-style-type: none"> Cut import tax on 80% of the products imported from India by 2024
	ASEAN-Japan Comprehensive Economic Partnership (AJCEP)	<ul style="list-style-type: none"> Vietnam announced the special preferential import tariff schedule 2015-2019 for Japanese exporters in Circular No.24/2015/TT-BTC in February 2015. The schedule immediately cut 30% of the tariff lines. By 2025, cut 88.6% of the whole tariff list
	ASEAN-China Free Trade Area (ACFTA)	<ul style="list-style-type: none"> Import taxes will be cut to zero on 90.3% of the products By 2020, reduce import tax on sensitive products imported from China such as electric appliances and processed agricultural products to 5%
	ASEAN-Korea Free Trade Area (AKFTA)	<ul style="list-style-type: none"> By 2018, Vietnam will eliminate import taxes on 86% of all the products in the list. cuts taxes to 5% on some sensitive products such as electronics and machinery
Vietnam FTAs	Vietnam-Chile Free Trade Agreement (VCFTA)	<ul style="list-style-type: none"> Eliminate around 88% of tariff rates for 15 years starting from 2016
	Vietnam-Japan Economic Partnership Agreement (VJEPA)	<ul style="list-style-type: none"> Ultimately aiming to cut taxes on 90% of the products year over year
	Vietnam-Republic of Korea FTA (VKFTA)	<ul style="list-style-type: none"> Provides more preferences on goods, services, and investments than AKFTA, including tax eliminations on products such as: electronic components and automotive parts, textile and garment, electrical appliances
	Vietnam-Eurasian Economic Union Free Trade Agreement	<ul style="list-style-type: none"> Came into effect in 2016 Aims to reduce import tariffs on 90% of products (agricultural products: immediately; electrical & agricultural machinery: 3-5 years after; pork, chicken: after 5 years; alcoholic beverages and cars: after 10 years)
Upcoming FTA	EU-Vietnam Free Trade Agreement (EVFTA)	<ul style="list-style-type: none"> Scheduled to come into effect end of 2018 Eliminate all tariffs (over 99%) (VN will eliminate 65% of import duties at entry into force, EU – 7 years)

IMPORT - A QUICK GUIDELINE

Types of Import Entry to Vietnam

Mode	Description	Model
Direct Import	<ul style="list-style-type: none"> - Licensed importer/buyer directly signs contract with foreign seller - Buyer is responsible for profit and loss from selling goods 	 <p>The diagram illustrates the Direct Import model. It is divided into two sections by a horizontal dashed line. Above the line is the 'Overseas Seller' (blue box). Below the line is the 'Local Buyer' (blue box). A vertical double-headed arrow labeled 'Sales Contract' connects the Overseas Seller and the Local Buyer. To the right of the Local Buyer is a 'Customers' (blue box), connected to the Local Buyer by a horizontal double-headed arrow.</p>
Authorized Import	<ul style="list-style-type: none"> - Licensed importer imports on behalf of / by request of domestic firm. - Licensed importer is responsible for signing purchase contract, prepare documents for customs clearance, perform customs clearance, and sell back the goods to the firm 	 <p>The diagram illustrates the Authorized Import model. It is divided into two sections by a horizontal dashed line. Above the line is the 'Overseas Seller' (blue box). Below the line is the 'Authorized Importer' (orange box). A vertical double-headed arrow labeled 'Sales Contract' connects the Overseas Seller and the Authorized Importer. Below the Authorized Importer is the 'Local Buyer' (blue box). A vertical double-headed arrow labeled 'Authorization Import Contract' connects the Authorized Importer and the Local Buyer. To the right of the Local Buyer is a 'Customers' (blue box), connected to the Local Buyer by a horizontal double-headed arrow.</p>

Commercial Documents Required in International Payment

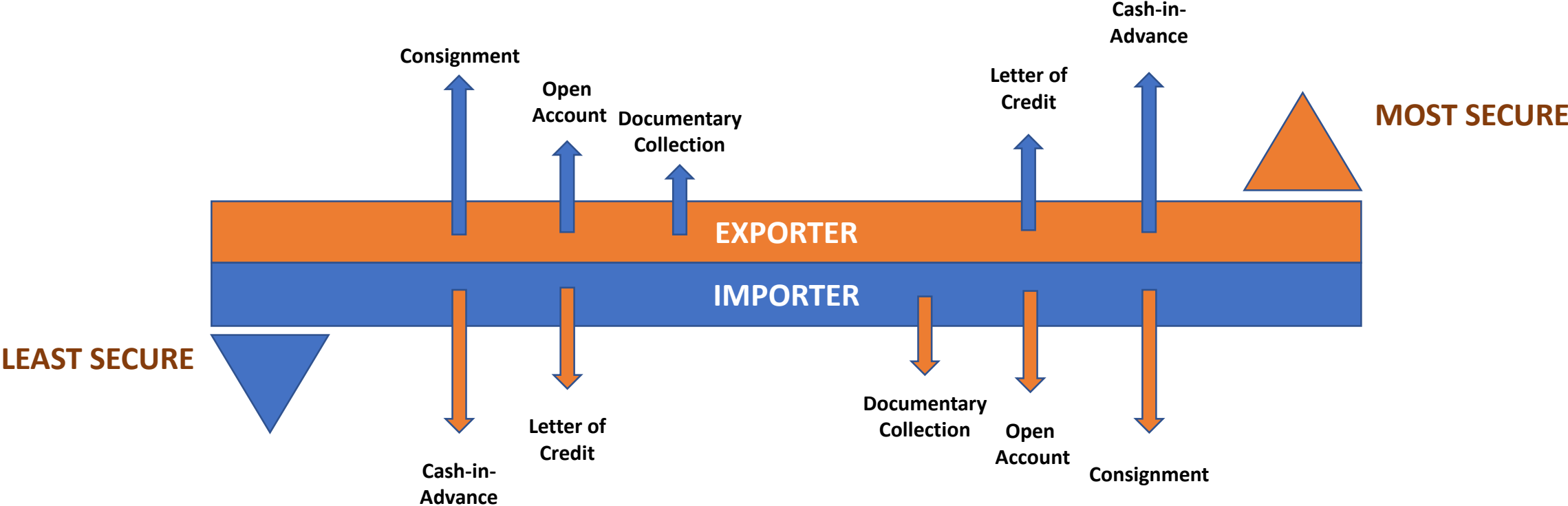
Commercial Invoice	Bill of lading	Packing list	Certificate of Origin	Insurance Policy/Certificate of Insurance	Other certificates (if applicable)
<p>A legal document between the supplier and the customer that clearly describes the sold goods, and the amount due on the customer. The commercial invoice is one of the main documents used by customs in determining customs duties.)</p> <p>Commercial invoice has to show:</p> <ul style="list-style-type: none"> • Date • Name and address information for shipper and consignee • Item description (Code, quantity, contract value, SKU, net weight, etc.) • Shipping date • Reason for export • Incoterm • ... 	<p>A legal document between a shipper and a carrier that details the type, quantity and destination of the goods being carried</p> <p>Types of B/L:</p> <ul style="list-style-type: none"> • Straight B/L • Bearer B/L • Clean B/L • Unclean B/L • Direct B/L • Through B/L, .. <p><u>Others (if applicable):</u> Charter Party B/L, Airway Bill, Combined Transport, etc.</p>	<p>A document used for customs declaration that identifies the quantity, weight, dimensions, and carton count of the shipped products</p>	<p>An important international trade document that certifies that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country</p>	<p>A document indicating the type and amount of insurance coverage in force on a particular shipment</p>	<ul style="list-style-type: none"> • Certificate of Quantity • Certificate of Weight • Certificate of Quality • Inspection Certificate • Certificate of Fumigation, • Sanitary Certificate • Phytosanitary Certificate • Certificate of Health

Financial documents required for International Payment

- Sales contract
- Invoice
- L/C contract
- Bill of exchange
- Cheque
- Bankdraft
- Custom declaration form
- Entrusted import contract
- ...

Note: *Different banks have different requirements for financial documents*

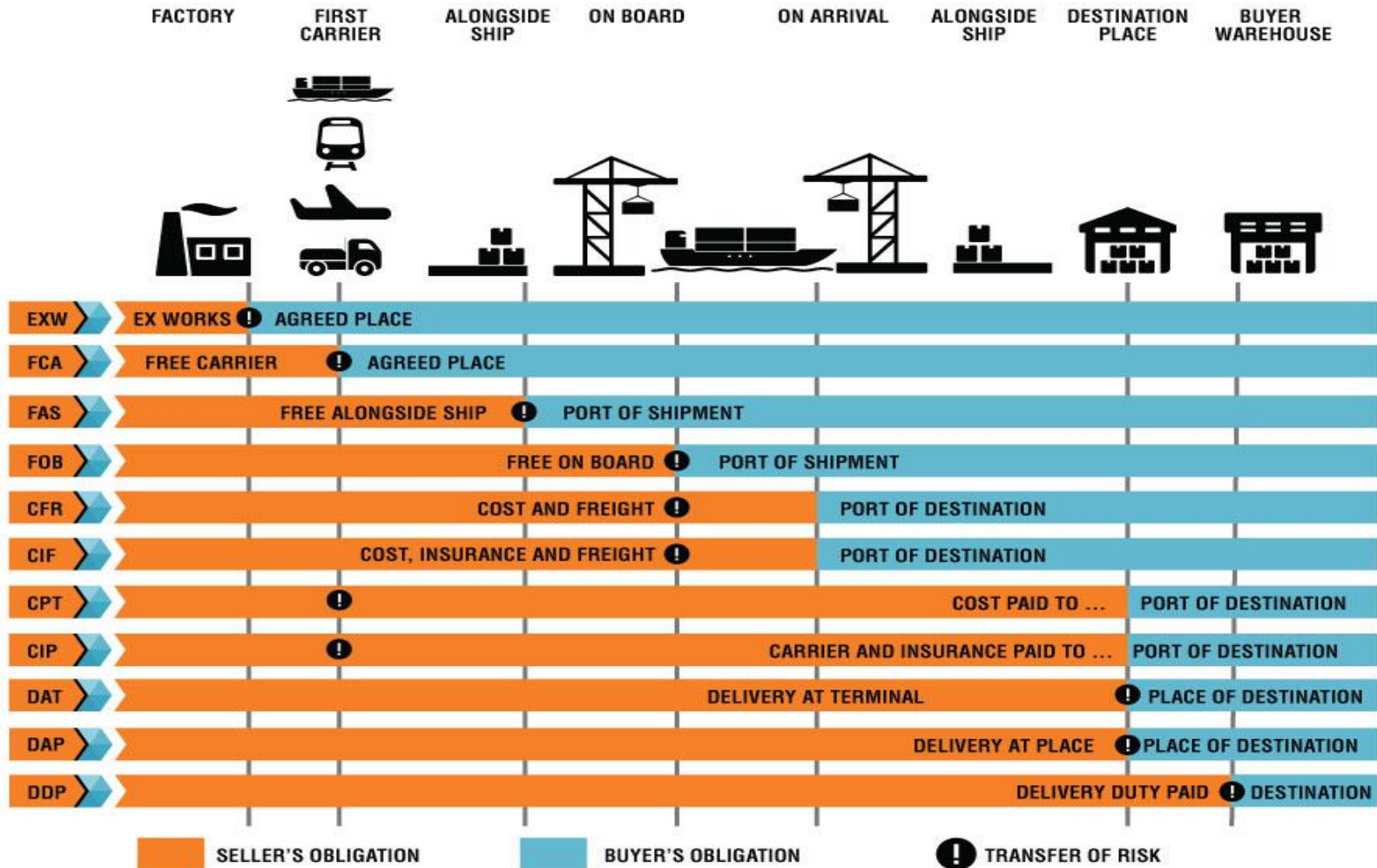
Payment Risk Diagram



Source: www.export.gov

INCOTERMS 2010

INCOTERMS® 2010



The Incoterms® rules have become an essential part of the daily language of trade. They have been incorporated in contracts for the sale of goods worldwide and provide rules and guidance to importers, exporters, lawyers, transporters, insurers and students of international trade.

(ICC website-2010)

Short description of 11 rules in Incoterms 2010 ([click here](#))

Customs Clearance – VNACCS/VCIS system

Procedure:

1

Document Preparation

- ❖ Perform prior to or within 30 days from goods arrival date.
- ❖ Documents required for import include:
 - Customs declaration form for import goods (original);
 - Commercial invoice;
 - Purchase and sale contract or equivalent documents (copy);
 - Import permit for goods requiring import permit (original);
 - Bill of lading (copy);
 - Detailed packing list (original);
 - Certificate of origin (original)
 - Certificate of registration for quality inspection

2

Customs Declaration

- Customs declaration can be done electronically via VNACCS/VCIS. Type of feedback:
- **Green**: print out the declaration form to customs for customs clearance.
 - **Yellow**: print the Lane categorized Notice & send with all Customs dossier to Customs for inspection and amend, submit additional documents accordingly within 5 working days from date of request.
 - **Red**: same with Yellow lane, plus physical checking of goods and documents

3

Customs Clearance & Transportation

- ❖ Pay all applicable taxes (import tax, Value added tax, Special Consumption Tax)
- ❖ When goods arrive, depending on the status of customs declaration, bring necessary documents for clearing.
- ❖ Courier picks up goods at customs & deliver to designated warehouse

EGIS INTRODUCTION

Egis – Mission & Vision

Mission

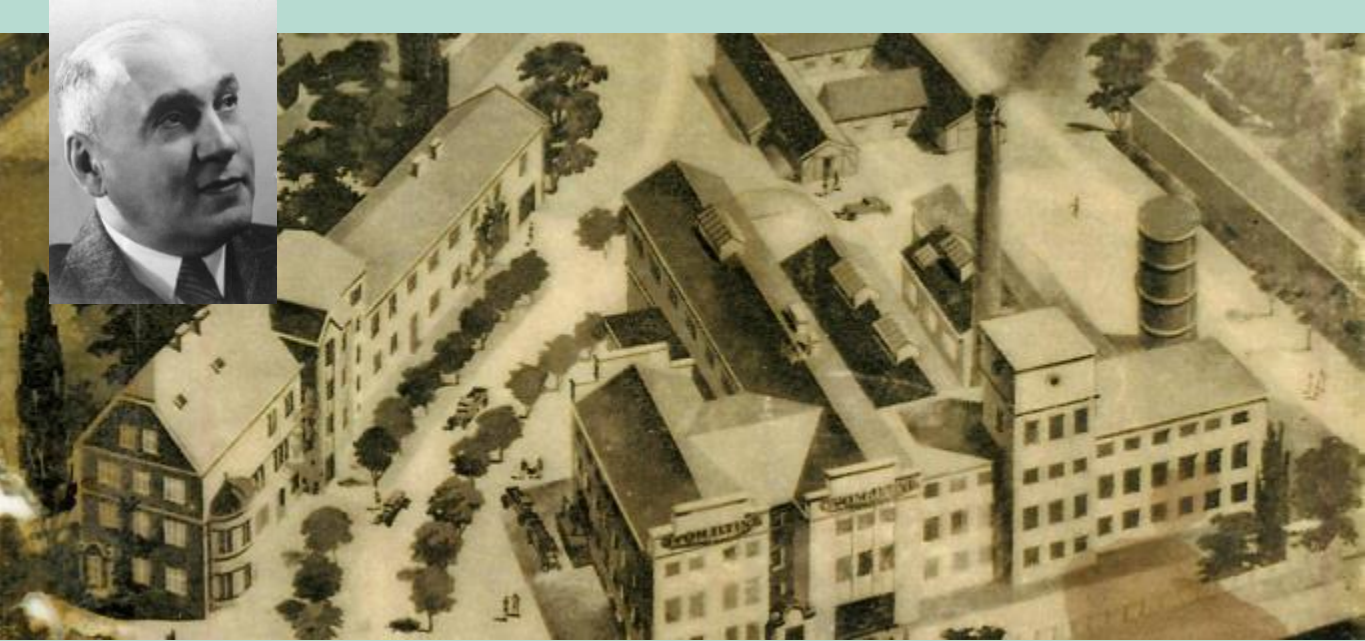
We devote all our knowledge to serve people, enabling them to lead long and healthy lives

Egis is a vertically integrated, leading regional pharmaceutical company with value added generic and biotechnological products

Vision



More than a century of experience



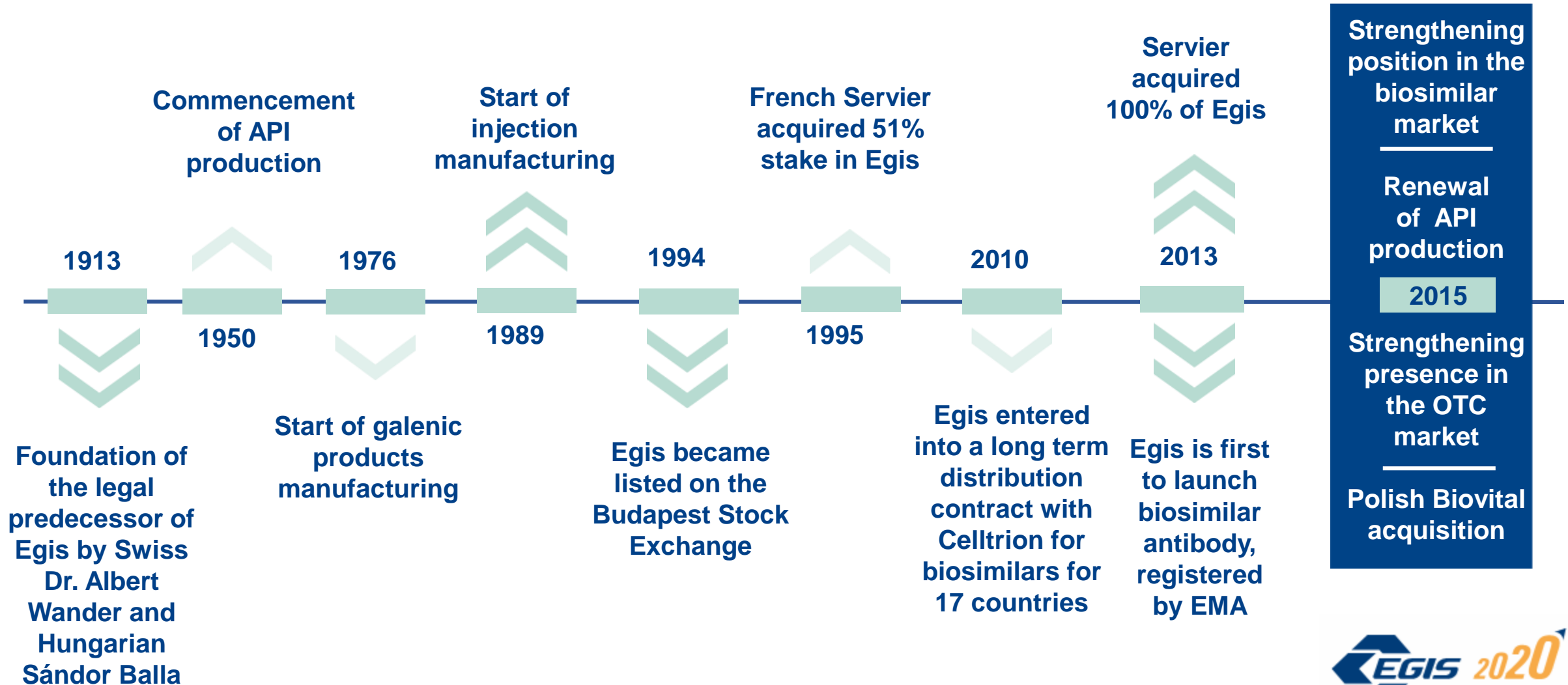
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2017



Tradition, expertise, quality



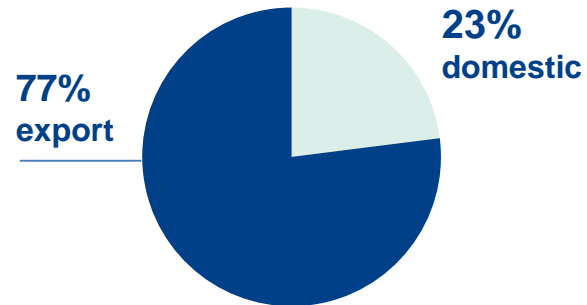
Vertically integrated leading regional pharmaceutical company

Research and development

State of the art development laboratories

Highly Potent APIs
Value added generics, branded generics

Sales



API and Finished Product Production

API synthesis

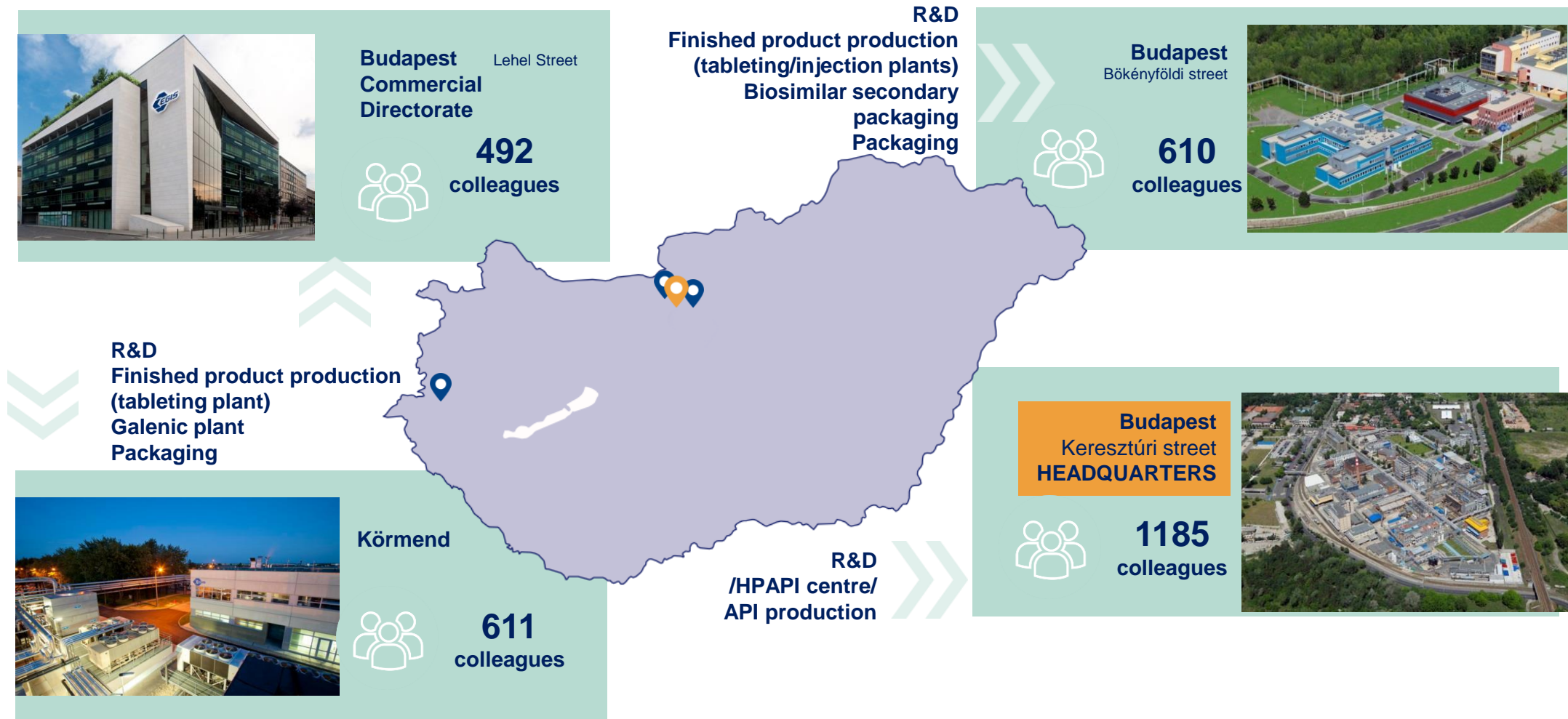
Finished product formulation:
tablets, capsules, injections,
galenic forms



Biosimilar
drug release testing

Packaging

Egis' sites - 428 million EUR investments in 10 years





Thank you for your attention!

