

Policy advances applicable to semiconductor industry

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For years, Vietnam has been globally acknowledged as a nation of great potential for the advancement of the semiconductor chip industry, owing to its advantageous geographical position, political stability, and a reservoir of high-quality human resources.



Pham Duy Khuong, Senior partner, ASL LAW and Nguyen Thi Thuy Chung, Senior partner, ASL LAW

Recognising the pivotal role of the semiconductor industry in the 4.0 era, the Vietnamese government has proactively formulated and implemented a number of policies aiming at global demands on one hand and, on the other hand, optimising its inherent advantages.

To foster the development of the semiconductor chip manufacturing industry, Vietnam has been concentrating on supportive and sustainable policies, advancing IT infrastructure, training a skilled workforce, and implementing a wide range of supportive and suitable policies. Particularly, the Vietnamese government has introduced numerous measures to pull in investment and support the growth of the semiconductor chip industry.

The Law on Investment 2020 stipulates a range of forms of investment incentives, including corporate income tax incentives and exemption or reduction of land use levies. For instance, enterprises investing in this sector doing business in deprived areas shall be exempted from land and water surface rentals for the duration of their lease.

In addition, Vietnamese laws have applied a tax rate of 10 per cent for a period of 15 years on income of enterprises implementing new ventures in technology and allows enterprises to enjoy tax exemptions for up to no more than four years and a 50 per cent reduction in payable taxes for no more than nine subsequent years.

Vietnam's government also set up various funds over the years to support the development of the semiconductor industry.

In addition to existing regulations, Vietnam has issued new policies and targets for the development of the semiconductor industry in general and the semiconductor chip industry in particular.

The Vietnamese government has set out specific targets for relevant ministries and industries to focus on developing the semiconductor industry. Resolution No.105/NQ-CP dated July 2023 removes difficulties for production and business, continues to promote administrative procedure reform, and has set out specific goals for the industry.

In which, the Ministry of Planning and Investment shall coordinate with relevant authorities to select one or several large domestic enterprises capable of becoming top enterprises in the semiconductor industry for receiving support. It will also preside over and coordinate with the Ministry of Information and Communications in working with reputable domestic and international partners to form establishments and projects on innovation, incubation, and development support, and training human resources on chip design and development.

Despite Vietnam's efforts in semiconductor chip development, there are aspects in its current policies that may interrupt the development of businesses compared to the same in other countries.

Notably, Vietnam still lacks specific policies for financial support in research, investment, production, and human resource development. For example, the United States, through the Chips and Science Act, allocates \$52.7 billion to revitalise its semiconductor industry, showcasing the effectiveness of such comprehensive policies. Many other nations have declared a series of strategic initiatives aimed at advancing their position in the semiconductor industry.

Nevertheless, severe labour shortages, insufficient infrastructure for education, limited materials development, and a limited role in the semiconductor value chain are still some barriers that make foreign investors hesitate to invest in this segment in Vietnam.

Other factors include Vietnam needing about 5,000-10,000 engineers per year, the notable deficiency in educational infrastructure, the constrained development of materials, and the current limited role that Vietnam plays in the semiconductor value chain.

There are some measures which address the current shortage and position Vietnam as a competitive hub for semiconductor chip development. The country should establish dedicated research and training centres specialising in Industry 4.0 technologies, with a focus on formulating policies, mechanisms, and projects to cultivate research groups in high-tech domains.

It must also advocate for competitive salary frameworks as a strategic approach to both lure and retain talents.

Meanwhile, Vietnam still has disadvantages in semiconductor chip development policies. It can be generally assessed that the country's present policies have proven effective with regards to drawing substantial investment through its incentive strategies, evidenced by the successful attraction of reputable foreign investors in technology. We believe that, as a result, it will continuously be ranked as one of the top destinations of foreign investment flow in the future.



[Semiconductor industry hoped to attract half of FDI investors in Da Nang](#)

Some potential investors are exploring investment chances in central Da Nang city, and its Hi-Tech Park and Industrial Zones Authority (DHPIZA) hopes that 50 per cent of those FDI businesses will invest in the local semiconductor industry this year.



[Further efforts needed to solve human resources shortage for semiconductor industry: Experts](#)

As Vietnam is calling for investment in the semiconductor industry, experts held that the country should work harder to make a breakthrough in human resources development serving the growth of the industry.



[Siemens to train human resources for Vietnam's chip and semiconductor industry](#)

Saigon High-Tech Park (SHTP) and Siemens Electronic Design Automation (Siemens EDA) signed a cooperation agreement on February 27 to train human resources in the semiconductor chip industry in Vietnam.

Duy Khuong and Thuy Chung

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