

THE GOVERNMENT

SOCIALIST REPUBLIC OF VIETNAM

Independence - Freedom - Happiness

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DECREE

SEVERAL POLICIES ON FISHERY DEVELOPMENT

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

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

Pursuant to the Law on Fishery dated November 26, 2003;

Pursuant to the Law on State Budget dated June 16, 2010;

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

Pursuant to the Law on Insurance Business dated December 09, 2000 and the amended Law on Insurance Business dated November 24, 2010;

Pursuant to the Law on Enterprise Income Tax and the amended Law on Enterprise Income Tax in 2013; the Law on Value-added Tax and the amended Law on Value-added Tax in 2013; the Law on Personal Income Tax and the amended Law on Personal Income Tax in 2013; the Law on Tax Administration and the amended Law on Tax Administration in 2013; the Law on Natural Resources Consumption Tax in 2009; the Ordinance on fees and charges in 2001;

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

The Government hereby introduces this Decree on several policies on fishery development.

Chapter I

GENERAL PROVISIONS

Article 1. Governing scope

This Decree provides for the policies on investment, credit and insurance policies; tax incentives and other policies to serve the purpose of the fishery development.

Article 2. Applicable entities

This Decree shall be applicable to:

1. Vietnamese organizations, individuals involved in the fishery operations.
2. Organizations, individuals (hereinafter referred to as boat owner) who place purchase orders to build new boats and upgrade used boats (inclusive of new engine replacement, reinforcement of boats by ironclad and new material hull structure; procurement of nautical equipment; seafood storage, handling and shipment facilities) to serve the fishery purposes.
3. Organizations, individuals who invest in the infrastructural development to serve the fishery purposes.

Chapter II

SEVERAL POLICIES ON THE FISHERY DEVELOPMENT

Article 3. Investment policies

1. With respect to the construction of major infrastructural facilities for fishing ports and asylum harbors or anchorages (including wharfs, embankments, breakwaters and sand control dykes; dredging of the entrance and exit channels and boat anchoring waters; boat moorings; systems of marking buoys, signs and signals; dedicated communicative systems):
 - a) The Central Budget shall allocate 100% of expenditure on the investment projects of Class I fishing ports, regional asylum harbors, anchorages and moorings.
 - b) The Central Budget shall provide investment supports for the construction of Class II fishing ports, provincial asylum harbors, anchorages and moorings such as maximum 90% of investment capital for Quang Ngai and localities incapable of performing the budget self-balance on their own and maximum 50% of investment capital for localities capable of performing the budget self-balance and distribution to the Central Budget.
2. The Central Budget shall provide 100% of investment capital to implement the construction projects (including site clearance, major infrastructural structures and other construction items) for islands such as fishing ports (Class I and II), asylum harbors, anchorages and moorings on these islands.
3. With respect to the investment projects of infrastructural development for the fish cultivation and concentrated breeding production areas such as major water supply and drainage systems (pond, ditch, sewer, canal, water supply and discharge pipeline and pumping station), dykes, embankments, traffic roads, electricity systems, general sewage treatment facilities; renovation to the infrastructural facilities for national, regional and provincial Breeding Center for Marine Aquaculture; centrally-governed and regional Center for Environment Monitoring in Aquaculture and Center for Aquacultural Experiment and Inspection:

- a) The Central Budget shall allocate 100% of investment capital for the construction projects which are managed by Ministries or central agencies.
 - b) The Central Budget shall provide maximum 90% of investment capital for Quang Ngai and localities incapable of performing the budget self-balance on their own and maximum 50% of investment capital for localities capable of the budget self-balance and distribution to the Central Budget in terms of projects controlled by these local authorities.
4. The Central Budget shall allocate 100% of investment capital for the infrastructural development of the concentrated areas for marine aquaculture, including marking buoy, signal lights and fish farming cages.
 5. An amount of compensation paid for site clearance for the investment projects of fish farm development that has been specified at Clause 1, 3, 4 and 5 of this Circular shall be paid by the local budget, including the centrally-governed projects developed in local areas.
 6. The State Budget shall prioritize the annual allocation of investment capital for the plan approved by competent authorities for the period of 2015 – 2020 with a minimum average amount that increases by twice as much as the plan for the period of 2011 – 2014 in order to implement, facilitate and complete all of construction projects according to legal regulations. The construction and modernization of infrastructural facilities on islands such as Ly Son, Phu Quy, Con Dao, Phu Quoc, Bach Long Vi, Co To, Con Co and other provinces in South Central Coast shall be given precedence; the investment capital shall be allocated to develop the large fish farming centers connected with key fish farms in cities like Hai Phong, Da Nang and provinces like Khanh Hoa, Ba Ria – Vung Tau and Kien Giang in conformity with the plan approved by competent authorities.

Article 4. Credit policies

1. Credit policies on the construction of new boats and upgrade of used boats shall be applied to:
 - a) Boat owners who place purchase orders for the construction of new boats with main engine capacity of above 400CV; upgrade their boats with main engine capacity of below 400CV to become those with main engine capacity of above 400CV and boats with main engine capacity of above 400CV for the off-shore fishery and the logistic services for the off-shore fishery.
 - b) Loaning requirements: Fishery-involved entities who have proved their economic efficiency and financial competence as well as submitted detailed plans for seafood production approved by the People's Committee of provinces.
 - c) Credit limit, interest rate and interest compensation rate shall be specified as follows:
 - As for the construction of new logistic service boats for off-shore fishery, including nautical machinery and equipment; seafood and cargo storage, handling and shipment facilities:

+ Iron-hulled boats: Boat owners will be loaned maximum 95% of total investment capital for the construction of new boats by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 1% per year and the State Budget shall make up for 6% per year.

+ Wooden-hulled boats: Boat owners shall be loaned maximum 70% of total investment capital for the construction of new boats by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 3% per year and the State budget shall make up for 4% per year.

- As for the construction of new boats for off-shore fishery, including nautical machinery and equipment; seafood production apparatus; fishing net kit; seafood storage, handling and shipment facilities:

+ Iron-hulled or new-material hulled boats with main engine capacity from 400CV to below 800CV: Boat owners will be loaned maximum 90% of total investment capital for the construction of new boats by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 2% per year and the State budget shall make up for 5% per year.

+ Iron-hulled boats or new-material hulled boats with main engine capacity of above 800CV: Boat owners will be loaned maximum 95% of total investment capital for the construction of new boats by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 1% per year and the State budget shall make up for 6% per year.

+ Wooden-hulled boats: Boat owners will be loaned maximum 70% of total investment capital for the construction of new boats by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 3% per year and the State budget shall make up for 4% per year.

+ New wooden, iron and new-material hulled boats: Boat owners will be loaned maximum 70% of total investment capital for the construction of new boats by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 3% per year and the State budget shall make up for 6% per year.

- As for the upgrade of wooden hulled boats with main engine capacity of below 400CV to become boats with main engine capacity of above 400CV and boats with main engine capacity of above 400CV (supplementary component or replacement machines must be brand new): Boat owners shall be loaned maximum 70% of total investment capital, inclusive of expenses incurred by hull structure reinforcement, procurement of fishing net kit, devices and equipment for the seafood production (if any) by commercial banks at an interest rate of 7% per year, of which boat owners shall pay 3% per year and the State budget shall make up for 4% per year.

d) Loan maturity: 11 years out of which boat owners shall be exempted from paying the principal and interest in the first year and the State budget shall make up for this accrued interest to commercial banks

d) Collateral: Boat owners are entitled to pledge their specific properties acquired with the help of the loan as a collateral to a lender to secure their loan repayment.

e) The interest rate at which boat owners must pay annually shall be fixed in compliance with the provisions of this Decree. The interest rate of 7% per year regulated in this Article shall be applied in the first year of the loan repayment from the date on which borrowers sign the loan agreement with commercial banks. Whenever the level of loan interest rate declines, the State Bank of Vietnam shall submit a factual report to the Prime Minister for his consideration to decide an equivalent adjustment in the interest rate. Whenever the level of loan interest rate increases, any possible adjustment in the interest rate shall adhere to the regulations stated in Point d Clause 4 Article 9 in this Decree.

2. Risk management mechanisms:

If loans paid for the construction of new boats and upgrade of used boats regulated in Clause 1 of this Article are affected by unexpected risks and events, depending on the severity of loss, the following measures shall be taken:

a) In terms of boat owner

- If damaged boats can be repaired and restored, the loan repayment plan shall be rescheduled by commercial banks as creditors during this period. Insurance company shall pay all of the repair expenses.

- If boats are totally wrecked, these risks shall be controlled by commercial banks as creditors in accordance with regulations specified in Point b Clause 2 of this Article.

b) In respect of commercial banks as creditors.

- If damaged boats can be repaired and restored, the loan repayment plan shall be rescheduled by commercial banks during this period.

- If boats are totally wrecked, these risks shall be controlled by commercial banks in the following steps:

+ Dealing with insured properties under the insurance policies.

+ Using financial provisions to make up for outstanding debts incurred by the shipwreck as stipulated by laws.

+ If these above-mentioned solutions have been carried out but an amount of principal has not been fully paid, commercial banks shall send a report to the State Bank of Vietnam for submission to the Prime Minister to seek any further solution.

3. Policies on the working capital loan

a) Loan beneficiaries: boat owners involved in seafood production and logistic service supply.

b) Loaning requirements: Borrowers who are able to prove their economic efficiency, financial competence and detailed business plan.

c) Loan limit:

- Maximum 70% of the total value of logistic service supplied to logistic boats for seafood production activities.

- Maximum 70% of total expenses for a fishing expedition.

d) Loan interest rates is 7% per year, applied to the first-year repayment from the date on which the borrower has signed a loan contract with a commercial bank and, based on the decision made by the Prime Minister on receipt of the factual report from the State Bank of Vietnam, the loan interest rate shall be adjusted to ensure that it must not exceed the base interest rate of loans for agriculture and rural areas.

Article 5. Insurance policies

The State budget shall provide financial supports to purchase insurance policies for off-shore fishing boats and logistic service boats with main engine capacity of above 90CV who work in a fishing team or cooperatives for seafood production activities as follows:

1. Paying 100% of annual premiums to purchase accident insurance policies for the crewmen working on boats.

2. Paying annual premiums to purchase boat body, equipment, fishing net and device insurance policies (for all types of risk) at the rate:

a) 70% of insurance premiums for boats with main engine capacity from 90 CV to below 400CV.

b) 90% of insurance premiums for boats with main engine capacity of above 400CV.

Article 6. Tax incentives

1. Exempt natural resources consumption tax.

2. Exempt first registration fee for fishing boats and vessels.

3. Exempt license tax for organization, household or individual involved in marine aquaculture, fishing and logistic fishery services.

4. Exempt rentals paid for the lease of lands and water surfaces used for marine aquaculture of households and individuals.

5. The exemption of value-added tax shall be applied to the followings:

- a) Aquatic products sold by household and individual who cultivates and catches seafood.
 - b) Insurance for boats, vessels, other necessary equipment and devices to serve for the fishery purposes.
6. Boat owners shall receive the value-added tax refund for any boat used for seafood production if it is newly built or upgraded to become a boat with main engine capacity of above 400CV.
7. Exempt personal income tax for households and individuals who are directly involved in seafood production activities.
8. Exempt enterprise income tax for earnings or revenues from fishery, logistic services that directly serve for the off-shore fishery purposes; from the construction of new boats or upgrade of used fishing boats with main engine capacity of above 400CV to serve for the seafood production purposes.
9. Exempt the duty for imported machines, devices, materials and components which can not be manufactured domestically and are used for the construction of new boats and upgrade of used fishing boats with main engine capacity of above 400CV.

Article 7. Other policies

1. Support 100% of expenses paid for training courses for crewmen to enable them to operate iron or new-material hulled boats; provide instructions for fishing techniques and the application of modern technology in the seafood storage for boats with main engine capacity of above 400CV.
2. Support cargo shipping expenses from the mainland to off-shore fishing boats and in opposite direction for logistic service boats for off-shore fishery with main engine capacity of above 400CV.
 - a) The amount of supports is VND 40 million per each fishing expedition for fishing boats with main engine capacity from 400CV to 800CV; above VND 60 million per each fishing expedition for fishing boats with main engine capacity of above 800CV. This amount shall be granted for a maximum of 10 fishing expeditions per year.
 - b) Support requirements:
 - a) Boats that serve for the off-shore fishery purposes and work as members of fishery teams, cooperatives and seafood production firms;
 - Boats that provide regular logistic services for off-shore fishery and are registered with State management agencies of aquaculture at localities where boat owners register their permanent residence;

- Logistic service boats for off-shore fishery that are certified by an army unit near their fish farms or their fishing waters that are tracked by global positioning system (GPS) of competent agencies;

- Boats for off-shore fishery that are certified by their owners (specify boat code, buyer's name and quantity of each purchased item);

- Boat logbooks that detail every fishing expedition and are submitted to State management agencies for the seafood production at localities where boat owners register their permanent residences.

3. Support 100% of expenses for the model design of iron-hulled fishing boats and logistic service boats for off-shore fishery with main engine capacity of above 400CV.

4. Support 100% of periodic maintenance and repair expenses but less than 1% of total value for the construction of new iron-hulled boats with main engine capacity of above 400CV, which must follow the technical and economic cost base for periodic maintenance and repair specified by the Ministry of Agriculture and Rural development.

Article 8. Capital source and policy implementation

1. The Central budget shall pay interest on a loan granted by for the construction of new boats and upgrade of used fishing boats and logistic service boats for off-shore fishery; pay expenses for the model design of fishing boats; support 100% of expenditures to train crewmen how to operate iron and new-material hulled boats as well as provide the instructions for the application of new technology in seafood production and storage on boats with main engine capacity of above 400CV.

2. As regards the expenses incurred by the periodic repair and maintenance; expenses incurred by cargo shipping from the mainland to off-shore fishing boats and in the opposite direction for logistic service boats for off-shore fishery with the main engine capacity of above 400CV as well as applicable insurance policies, the Central budget shall cover 100% of expenses for localities incapable of self-balanced budget control and Quang Ngai province; 50% of expenses for localities that record the expenditure distribution rate of below 50% to the central budget. All expenses incurred by other localities shall be covered by local budgets.

Chapter III

IMPLEMENTATION

Article 9. Responsibilities of Ministries and regulatory agencies

1. The Ministry of Agriculture and Rural Development:

a) Study and examine aquatic resources, foresee potential fishing farms and plan the development of fishing boats connected with aquatic resources, fishery and fishing farms as well as publicly disperse this planning information for implementation at specific localities.

b) Set out technical standards for the boat design; select eligible boat designers, place purchase orders to design several models of iron-hulled boats, seafood production and logistic services for off-shore fishery; approve and publicize selected boat models; regulate the base cost of periodic repair and maintenance for iron-hulled boats as well as provide instructions on such periodic repair and maintenance.

c) Direct and cooperate with the Ministry of Finance, the Ministry of Planning and Investment, relevant Ministries, regulatory agencies and local authorities to perform the inspection and supervision over the implementation of regulations stated in this Decree, then compile a report for submission to the Prime Minister for any issues beyond their authority.

d) Direct and cooperate with the Ministry of Planning and Investment, the Ministry of Finance in order to determine investment projects in order of priority in the planning year implemented by the Ministry of Agriculture and Rural Development.

d) Direct the implementation of this Decree in connection with the reorganization of aquaculture for the sustainable and effective development.

e) Direct, provide instructions and periodically compile a preliminary summary for the implementation; direct and cooperate with relevant Ministries and provincial People's Committees in order to give a summary report in the implementation of this Decree in the 4th quarter of 2016 for submission to the Government.

2. The Ministry of Planning and Investment:

d) Direct and cooperate with the Ministry of Finance, the Ministry of Agriculture and Rural Development in order to allocate, balance and summarize total demands for the investment capitals in the 5-year and annual plan in order to implement investment programs and projects as well as ensure supreme concentration on the completion of each construction project.

3. The Ministry of Finance:

a) Allocate adequate expenditures to implement policies stipulated in this Decree.

b) Provide instructions on the mechanisms for the interest compensation during the implementation of credit policies as regulated in Article 4 of this Decree.

c) Provide instructions on the implementation of insurance policies according to Article 5 of this Decree.

4. The State Bank of Vietnam:

- a) Direct state-owned commercial banks to allocate capital source and grant loans for the aquacultural development according to regulations stated in this Decree.
 - b) Direct and cooperate with the Ministry of Finance, the Ministry of Agriculture and Rural Development to provide specific guidance on the credit policies as stipulated in Article 4 of this Decree in order to ensure the simple and safe processes and procedures for the State loans.
 - c) Take the leading role in cooperating with Ministries, sectors and localities to carry out the inspection and supervision over the credit policies, propose any possible solutions or approaches to handling and solving any difficulty that arises during the implementation of this Decree.
 - d) In case commercial banks are faced with a deficiency in loans to implement the policies regulated in Clause 1 Article 4 of this Decree or whenever the level of loan interest rates increases, the State Bank shall allocate its budget to commercial banks according to the Prime Minister's decision.
5. Other relevant Ministries, regulatory agencies within the scope of their power shall direct and guide the implementation of aquacultural development policies as stipulated by this Decree.

Article 10. Responsibilities of People's Committee of provinces

1. Implement the policies regulated in this Decree within their power.
2. Assign People's Committees of communes to certify the loan beneficiaries according to regulations specified in Point b Clause 1 and Point b Clause 3 Article 4; insurance support beneficiaries according to regulations specified in Article 5; other support beneficiaries according to regulations specified in Article 7 of this Decree, for submission to district People's Committee to carry out their evaluation to report to provincial People's Committees for approval as a basis for the implementation.
3. Regulate the selling price of fuel, petrol, ice for seafood storage; materials used for minor repair, boats, fish net kits, freshwater, food and other food supplies shipped by logistical boats for off-shore fishery to sell to off-shore fishing boats, which must adhere to the retailing price on the mainland.
4. Allocate the budget to support fishermen and invest in infrastructural development to serve the purpose of aquacultural development as regulated in this Decree.
5. Based on practical demands and conditions at specific local areas, allocate proper amount of budget, grant additional budget or raise the amount of supports to implement the development policies for aquacultural production and trading in these areas other than the policies regulated in this Decree.
6. Based on the reality of these local areas, establish a Steering Board to properly implement the policies on aquacultural development as stipulated in this Decree; choose an experimental entity that implements this Decree and then make widespread use of it throughout these areas.

Article 11. Responsibilities of aquacultural associations

1. Cooperate with local authorities to provide right supports for right fishermen as stipulated in this Decree.
2. Advise and encourage association members to comply with legal regulations during the implementation of policies on aquacultural development.

Article 12. Rights and duties of boat owners

1. Have access to incentives from the Government as stipulated in this Decree.
2. Decide to obtain the loan on their own, choose their favorite boats, fittings, fish net kits and shipbuilders to build their new boats or upgrade their used boats for off-shore fishery and logistic services for off-shore fishery.
3. Repay debts and interests for loans on the construction of new boats for off-shore seafood production and logistic service boats for off-shore fishery according to legal regulations.
4. Define loan amount and maturity date which must be less than those regulated in Article 4 of this Decree and have the right to repay their loans before maturity date.

Chapter IV

EXECUTION PROVISIONS

Article 13. Effect

1. This Decree shall come into effect from August 25, 2014
2. If there are different support policies for the same scope of work, beneficiaries have the right to choose the policies of highest benefits.
3. In case relevant contents stated in previous regulations do not comply with this Decree or the State preferential rate is lower than this Decree, the implementation shall be governed by the regulations of this Decree.
4. The implementation of these policies regulated in Article 4, 5, 7, 8 of this Decree expires by the end of 2016 and carry out the summary review to proceed to the upcoming stage.

Article 14. Responsibility for guidance and execution

Ministers, Heads of ministerial-level agencies, Heads of Governmental agencies, the Presidents of People's Committees of centrally-affiliated cities and provinces, Presidents of aquacultural associations and unions within their power are responsible for the guidance and implementation of this Decree.

**PP. THE GOVERNMENT
PRIME MINISTER**

Nguyen Tan Dung

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