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DOOR OPEN WIDE TO EU MARKET

“This is a golden opportunity to accelerate the shift of global value chains, but competition is also intense. In theory, competition in EVFTA will be more complicated in the areas where Vietnamese and EU businesses confront each other,”

Dr. **Vu Tien Loc**, President of the Vietnam Chamber of Commerce and Industry (VCCI), said in an interview on advantages and hardships for the business community on the occasion of the EU - Vietnam Free Trade Agreement (EVFTA) and the Investment Protection Agreement (EVIPA) being adopted by the European Parliament (EP) on February 12, 2020.



As a new generation free trade agreement (FTA), the EVFTA is considered a “highway to the West” that leads Vietnam to a broader market space which ranks top in the world by finance, technology and market. What do you think about the EVFTA adopted by the European Parliament?

While the COVID-19 epidemic is exerting a strong impact and the EVFTA is approved, Vietnam will surely step up efforts to restructure the economy and expand market space to enhance autonomy, reduce dependence on neighboring markets and open up a golden opportunity to accelerate the shift of global value chains.

The EP's adoption of EVFTA and the EVIPA, expected to be ratified by the National Assembly of Vietnam in the upcoming gathering, is a new milestone on the reform and integration course of the Vietnamese economy.

With this ratification, the European Union (EU), a market where the highest standards in the world are applied, officially acknowledges Vietnam's efforts to reform, build and develop a sustainable market economy and expresses its increased cooperation with Vietnam.

The EVFTA is an important agreement because the EU is a high potential market. Could you please tell us about its practical benefits?

Its benefits are weighable, measurable and countable. For example, the EU will immediately remove 85.6% of tariff lines, which will add competitiveness for 70.3% of Vietnam's exports to this market, while Vietnam will exempt 48.5% of tariff lines, equivalent to 64.5% of imports from the EU, which will help reduce input costs for manufacturing industries, lower prices of goods and services, and open a new flow of trade between Vietnam and the second largest consumer market in the world.

With a deep and comprehensive level of commitment and the high complementarity of the two economies, the EVFTA will generate huge benefits to both sides. The adoption of the agreement is an opportunity for Vietnam to expand its market share and increase its export value. Within seven years, 99% of tariff lines will be exempted. It is clear that Vietnam's price competitiveness will be very good. Furthermore, Vietnam will have access to source technology and develop supporting industries.

By taking advantage of opportunities, Vietnamese businesses will have more competitive advantages in the EU market to significantly increase exports, especially in areas where Vietnam has strengths, and get tariff preferences such as garment and textile, leather and footwear, agricultural and



The ratio of export duties imposed on Vietnamese goods in the EU will be 73.2% and 100% after three years and seven years since the EVFTA Agreement comes into effect, respectively. The EU will eliminate tariffs on 86.5% of Vietnam's seafood within three years, 90.3% within five years and 100% within seven years. The EU will give tariff rate quotas of 11,500 tons of canned tuna and 80,000 tons of rice to Vietnam (including 30,000 tons of milled rice, 20,000 tons of unmilled rice and 30,000 tons of fragrant rice). In particular, the EU will completely liberalize broken rice, in which some rice products will be levied zero tax after a given time.

After seven years from the effective date of the agreement, the EU will eliminate import duties on 99.2% of tariff lines, equivalent to 99.7% of Vietnam's exports to this block. For the remaining 0.3% of exports, the EU is committed to giving Vietnam a tariff rate quota (TRQ) in which the import duty will be zero.

☞ seafood products.

In addition, in the context of extremely complicated trade tensions between countries, the EVFTA will help Vietnamese businesses to diversify markets and partnerships, and build a stronger foothold in the very large EU market. Vietnamese people will also gain access to goods and equipment that Vietnam does not have.

In addition to trade flows, investment flows and technology transfers will help upgrade “made in Vietnam” or “made by Vietnam” stages in global value chains that Vietnam is currently striving to join.

With the participation of European partners, Vietnam expects that the added value and technological content of production stages in Vietnam will increase.

Furthermore, its efforts to reach international standards on national governance and corporate governance, labor and environment will also create new energy sources for Vietnam's sustainable development strategy.

Of course, Vietnam will have to make efforts to increase production capacity, effectively restructure industries, and particularly carry out a series of measures in line with EVFTA commitments like legal



VIETNAM'S COMMITMENTS TO OPEN THE MARKET

Vietnam is committed to eradicating 48.5% of tariff lines on EU goods, equivalent to 64.5% of the latter's exports to the country, right after the EVFTA takes effect.

Within seven years after the effective date of the EVFTA, Vietnam will exempt 91.8% of tariff lines, equivalent to 97.1% of EU exports to Vietnam.

Within 10 years, Vietnam pledges to remove 98.3% of tariff lines, equivalent to 99.8% of EU exports to Vietnam.

As for 1.7% of remaining tariff lines, Vietnam vows to spend tariff rate quotas such as WTO commitments, or apply a special exemption roadmap (such as cigarettes, gasoline, beer, and automobile/motorbike components).



reforms to meet environment, sustainability and employment obligations.

In general, the economic structures of Vietnam and EU countries are complementary and mutually supportive. So, there is little direct competition. However, competition will still be huge. For you, what sectors will be highly competitive?

Intense competition will only be in some areas where Vietnam is still weak and the EU is very strong such as livestock, food processing, pharmaceutical, transport means, chemical and logistics. Nonetheless, this is not too worrying because market opening commitments in EVFTA are moderate, together with a long enough roadmap and residence of domestic businesses.

Fair competition must be upheld by local companies in the integration period. They should not continue to rely on protectionism. In practice, our highly competitive industries and fields are saying “no” to protectionism and are bravely opening and integrating.

With tariff preferences and EU



AMCHAM, VCCI STRENGTHEN MULTIFACETED COOPERATION

Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI) recently hosted a working meeting with Madam Virginia Foote, Vice Chair of the American Chamber of Commerce in Vietnam (AmCham) in Hanoi.

HUONG LY

At the meeting, Madam Virginia Foote said that AmCham has cooperated closely with VCCI to work out many policy recommendations for a better investment environment and facilitate the business community to boost business operations. 2020 is a special year with many major events. AmCham hopes to advance cooperation with VCCI in upcoming important events, especially the Asia Pacific Business Summit 2020 in March.

“These events provide opportunities for U.S. and Vietnamese businesses to seek investment cooperation and boost trade. Besides, this is also a chance for Vietnam to improve its institutions to make the business environment better,” she said.

She added that Vietnam’s market remains attractive to foreigners because of geopolitical factors, market size and

market connectivity. This appeal can be also stronger if the market entry policy is more enabling. As U.S. investment flows are being shifted from China to other nations, Vietnam will have vast room to catch investment waves if it actively carries out long-term solutions for better investment and business environment.

According to Madam Virginia Foote, global integration, facilitated by trade agreements, creates the opportunity for Vietnam to draw foreign investment, but this process may pose risks to monetary stability and employment. Therefore, Vietnam should focus on the following solutions: Giving priority to building an open business environment, introducing simple administrative procedures, focusing on policy forecasts, developing sustainable infrastructure, expanding FDI capital, and connecting the FDI sector with the private sector.

Affirming close cooperation with AmCham for the Vietnam-U.S. special relationship, Dr. Vu Tien Loc said that VCCI will work closely with AmCham in many areas and facilitate companies of both nations to seek business opportunities. He suggested solutions to institutional reform, with emphasis placed on customs and tax fields, procedural bottlenecks in business procedures and administrative expenses, planning, land and environment, anticorruption and business transparency. In addition, he emphasized that VCCI will recommend measures to build up supply chains, startup support and sustainable development, to enable companies to seize long-term opportunities in the context of global economic integration.■

competitiveness, Vietnamese companies will certainly face high pressure.

It is important to restructure operations of Vietnamese businesses, and ensure the effective competition of Vietnamese businesses, even in areas where there is direct competition with the EU.

How do businesses need to prepare to effectively tap the EVFTA?

First of all, businesses must learn about commitments, challenges and opportunities related to their industries and fields to reposition themselves and restructure markets, customers and supply sources to take advantage of EVFTA opportunities.

Then, they must accelerate efforts and upgrade the competitiveness of their business models, strategies, management, human resources, product and service quality according to European standards. Without a sustainable competitiveness foundation, successful integration would be impossible.

To reach out to the world market, they must stand firm on their own land. While making inroads into the EU and the vast world market, they should not forget the domestic market. Nearly 100 million people in an emerging economy will be a platform for Vietnamese

businesses to move to the world market.

In particular, the business community needs to work closely with Government agencies in EVFTA implementation efforts. While coordinating with business associations to inform and guide companies about the EVFTA, the institutional preparation is the most important for the government.

To improve the institutional capacity for integration, the country necessarily conducts legal reforms to ensure compliance with commitments to grab opportunities. Deeper institutional reforms than commitment will open up development space for Vietnam’s economy.

Institutional reforms must help strengthen fair, transparent competition platforms and sustainable development to ensure harmonization of economic, social and environmental objectives; support micro, small and medium enterprises; promote the development of supporting industries and create a mutually beneficial ecosystem for FDI and domestic enterprises. There are a lot of things to be done to promote integration.

The key to successful EVFTA integration in particular, and international economic integration in general, must be the government’s efforts to reform institutions, upgrade corporate governance and improve corporate competitiveness.

Thank you very much!

Flexible Approach in Regulating Agriculture Exports amid Epidemic Outbreak



Covid-19, a novel coronavirus-caused acute respiratory disease, is exerting a substantial impact on many domestic manufacturing and exporting industries because of their high dependence on Chinese input sources and output markets. In a press conference, Mr. **Do Thang Hai**, Deputy Minister of Industry and Trade, said that the ministry will focus on product consumption and minimize damage to businesses and farmers to get through this tough time. **Huong Ly** reports.

China is a major input supplier of Vietnam. In the current context of Covid-19 epidemic, restrictions on exports to this market are causing significant losses to domestic businesses. What solutions have you adopted to deal with this pressure?

Some border gates have been closed to prevent novel coronavirus infections, resulting in a sharp sale drop of agricultural products such as dragon fruit and watermelon. Some other products such as mango and litchi will face a similar destiny if the Covid-19 epidemic continues. Facing this reality, in response to the Government's consistent direction that it is important to effectively prevent and control the epidemic and ensure manufacturing, importing and exporting activities at the same time, we have closely cooperated with relevant ministries and agencies to keep track of situations and worked with localities and sector associations to help companies to deal with difficulties and boost their business operations.

We've sent a preliminary report on solutions to citizen and business support to the Government. Particularly, solutions focus on removing difficulties in input and fuel supply for domestic consumption and production and, at the same time, reducing backlog pressures on Vietnam's exports.

We've requested the ministry's lead agencies to closely monitor supply and demand movements and commodity market prices, especially items that may run out due to the sudden decline in demand from the epidemic to promptly take executive measures or have recommendations to stabilize the market. First of all, the Ministry of Industry and Trade will focus on further strengthening domestic supply and demand connection and promoting domestic trade to facilitate commodity consumption.

Besides, we've requested the ministry's subordinate units (Import and Export Department, Foreign Market Departments and Trade Offices), industry trade groups, localities and related units to review potential markets where we can export

more fruits and vegetables, agricultural products and aquatic products, prioritize resources from the National Trade Promotion Program to launch trade promotion activities for these markets to diversify export destinations amid declining exports to China. Besides, we will recommend policies to support agricultural exporters during this tough period.

We will also work more closely to make better judgements and forecasts. For example, when the litchi season is about to be harvested, appropriate measures need to be taken to boost consumption if the Covid-19 contagion still exists.

Paradoxically, many distributors are worried about their unavailable agricultural stocks while unexportable goods are congested at northern border gates. What are measures to deal with the above situation?

That's true. Many localities cannot sell their products while supermarkets do not have such products to sell. In many cases, consumers are able to buy good quality products at affordable prices but they have to pay higher prices because there are so many intermediary stages that lead to a rise in costs and prices.

With nearly 100 million people now, Vietnam is not a small market. We've requested the ministry's lead agencies such as the Domestic Market Department and the Import and Export Department to strengthen local and business connectivity to match selling and buying demands to ensure consumer and public interests in the future. We've also given detailed information on production, time and specific requirements to businesses and to Industry and Trade Departments to bring goods to domestic consumers as soon as possible. It is most important to urgently connect commodity agricultural production areas with supermarket chains and giant traders to boost sale of unexportable agricultural products and especially work with distributors in Vietnam to bring more food and agricultural products to foreign distribution systems in Vietnam.

Thank you very much!

Promising Year for German - Vietnamese Business Relations

2019 was a great year for German-Vietnamese business relations. According to the Vietnamese Ministry of Planning and Investment (MPI), as of November 2019, Germany has nearly US\$2.1 billion and 349 FDI projects, nevertheless statistics do not show the real situation in Vietnam as they are based on the original countries where the capital flows out. Many long-term investors such as Bosch or Siemens poured investment capital into Vietnam from subsidiaries in Singapore or Malaysia. German FDI's at the moment enjoy a great reputation in Vietnam and are really welcomed by the government, as well as by local businesses. There are some huge projects in manufacturing and in green and clean energy sectors using German technologies and know-how in Vietnam.

According to the Delegate of German Industry and Commerce in Vietnam (AHK), German FDI's expanded their investments in Vietnam, not only in production but also in R&D centers, training and technical centers in many provinces in Vietnam, showing their commitment to long-term investment in Vietnam, creating a win-win situation as well as adding value to local businesses.

2020 is expected to be a promising year for German Vietnamese business relations. This year will celebrate the 45th anniversary of bilateral diplomatic ties, the two countries will be non-permanent members of the United Nations Security Council, Vietnam will assume the role of ASEAN Chair 2020 and Germany will hold the European Union presidency in the second half of 2020. Together with other German organisations and Vietnamese authorities, AHK Vietnam will organize a variety of



Since Vietnam and Germany established their strategic partnership, the two countries have reinforced their friendship and seen growing development in both political and economic ties. 2020 marks the 45th anniversary of the establishment of diplomatic relations between two countries. This year also is a promising year for German-Vietnamese business relations.

HA THU

events to celebrate, and to promote Vietnam as an investment destination for German businesses.

"We continue to engage many fields in order to accompany Vietnam on the way toward sustainable development, such as dual vocational training, healthcare sector, green and clean sector and in improving economic policies to attract more German investors in Vietnam," said Mr. Marko Walde, Chief Representative, Delegation of German Industry and Commerce Vietnam.

The EU-Vietnam Free Trade Agreement (EVFTA) and Investment Protection Agreement (EVIPA) recently ratified by the European Parliament will improve the economic policy in Vietnam in the long run. European and German companies can enjoy protection of investments with trade facilitation and increase investments in Vietnam.

Besides, the elimination of bilateral tariffs and export taxes, together with the reduction of non-tariff barriers affecting the cross-border exchanges of goods and services, are expected to boost bilateral trade considerably and to create new opportunities to access markets across a range of sectors, covering goods, services for German companies in Vietnam. ■



Many Japanese Businesses Want to Leave China for Vietnam

According to the Japan External Trade Organization (JETRO), Japanese businesses want to relocate from China for many reasons and one of the most important reasons is rising input costs. For Vietnam, it has certain advantages to grab Japanese businesses like its investment environment, including market size and growth, stable sociopolitical background and ideal living environment for foreigners.

According to the JETRO survey, more than 63% of respondents said that they intend to expand their business in Vietnam, slightly lower than that in the survey in 2018 but still higher than most ASEAN nations. A majority of Japanese businesses choose to expand their operations in Vietnam as their revenue is expected to go up in the next 1-2 years, especially in local markets and from export markets.

One major concern of Japanese businesses is the localization rate of production inputs. According to the survey, the localization rate of Japanese companies in Vietnam is about 36%, not much changed from 2018. However, only 13.6% was purchased directly from Vietnamese vendors. Meanwhile, the localization rate of Japanese firms in Thailand is 60-70%.

To catch the investment flows redirected from China, Mr. Takeo Nakajima advised Vietnamese businesses to increase their localization rate, which is 36% now, much lower than Thailand with 70%. He added that, controlling and managing supply chains will be difficult if the

Mr. Takeo Nakajima, Chief Representative of JETRO Hanoi Office, said, that 42.3% of Japanese businesses in a recent survey decided to relocate their production in China and their top-favored new location is Vietnam.

HUONG LY

localization rate in Vietnam is still as low as now. Although the rate of Japanese companies purchasing inputs from China is not high, Covid-19 epidemic impacts may disrupt the supply source. Therefore, in the coming time, Vietnam needs to support local companies to improve their technological capabilities to build up their reliability and reduce costs for Japanese enterprises.

He noted that quite many Japanese companies were established in Vietnam in the last 10 years, with a majority being small and medium enterprises.

JETRO data showed that Japanese companies in Vietnam are among best performers in Asia - Oceania. This result is partly because Vietnam is a steadily growing economy while the world economy and many Asian economies slowed down in 2019, Mr. Takeo Nakajima said.

By sector, manufacturing companies dominate profit-makers. Notably, about half of Japanese businesses surveyed believe their business profits in Vietnam will increase in 2020.

Nevertheless, many Japanese firms are also concerned about rising labor costs, difficult worker recruitment, frequent job quitting, legal risks and complicated tax procedures.

Japanese concerns expect that Vietnam will complete policies and procedures, especially complicated licensing procedures such as investment certificate, tax procedures, customs, and fire prevention certificates. ■



37th High Level Task Force on ASEAN Economic Integration

The High-Level Task Force on ASEAN Economic Integration (HLTF-EI 37) was held from February 12 to 13, 2020, in Hanoi, as part of activities of ASEAN Year 2020 chaired by Vietnam.

The gathering discussed and proposed important and strategic recommendations on the vision and cooperation of ASEAN internal and external economic integration.

HUONG GIANG

The conference was attended by Deputy Economic Ministers of ASEAN countries and Deputy Secretary General of ASEAN. As the coordinator of ASEAN economic pillar cooperation in Vietnam, Deputy Minister of Industry and Trade and Head of the Governmental Delegation for Economic and International Trade Tran Quoc Khanh led the Vietnamese delegation to this conference.

For intra-regional economic integration, HLTF-EI 37 focused on discussing key issues such as a mid-term review of the ASEAN Economic Community Blueprint 2025 in the context of complicated, unpredictable developments of global and regional economy, based on discussion results to propose recommendations to the Ministers and Leaders to accomplish the Blueprint goals; ASEAN strategy in the advent of the Fourth Industrial Revolution; ASEAN legal document management system; and economic cooperation priorities for 2020 proposed by Vietnam.

In addition, in order to strengthen and enhance economic, trade and investment with external partners, the meeting also discussed some related contents such as (i) how to access new FTA partners, and (ii) progress and future of Regional

Comprehensive Economic Partnership Agreement (RCEP).

At the conference, Vietnam's contributions, especially related to priorities in ASEAN's economic pillar in 2020 proposed by Vietnam, were highly appreciated by the countries and regarded as the basis to promote comprehensive economic cooperation among ASEAN countries. Furthermore, ASEAN countries also considered Vietnam's proposal for a new harmonized approach to ASEAN FTA negotiations, especially the RCEP Agreement, in the context of a volatile, complicated world and emerging protectionism in some places. On that basis, the meeting reaffirmed ASEAN's commitment to maintaining incentives for increasing regional trade and investment by promoting ASEAN's free trade agreement negotiations, of which the highest priority is advancing RCEP negotiations to achieve practical results for all participating countries.

Recommendations on ASEAN's upcoming cooperation strategy at HLTF-EI 37 will be submitted to the 26th ASEAN Economic Ministers Meeting in March 2020 in Da Nang City for consideration and approval. The final outcome will be reported to ASEAN Leaders in April 2020. ■

EVFTA

A Major Push for Vietnam's Exports to European Market

On February 12, 2020, the European Parliament (EP) officially ratified the EU - Vietnam Free Trade Agreement (EVFTA) with 63.33% of votes.

HUONG LY

At a press conference hosted by the Ministry of Industry and Trade right after the EP's adoption of the EVFTA, Minister Tran Tuan Anh said that the official EVFTA ratification is a good, very meaningful result for Vietnam and the European Union (EU). The fruit comes from the two sides' endless efforts in the past eight years.

"The high consent reflects the support and positive views of EU congressmen on Vietnam's economy," said Minister Tuan Anh.

The EP's EVFTA adoption marks an important milestone in the 30 years of the Vietnam-EU comprehensive partnership and cooperation. The negotiation, signing and ratification of the EVFTA in the context of complicated international developments demonstrates the strong resolve of both parties to promote bilateral relations and upgrade more extensive and substantive relations. Vietnam will soon complete its legal procedures and submit the pact to the National Assembly for approval in the coming time.

With the EVFTA, Vietnam is the first developing country in the Asia-Pacific region to have a free trade deal with the EU, confirming its important role and geopolitical position in the region, he said. For the first time, Vietnam, from a latecomer in international economic integration, has become a leading country.

The EVFTA opens a great opportunity for Vietnamese companies to make inroads into a potential market of US\$18 trillion. This pact eliminates nearly all tariff lines, up to 99%. The level of EVFTA commitments can be considered the highest that Vietnam has ever achieved in the FTAs that it has signed. This means that just over 42% of Vietnam's exports to the EU currently enjoy zero tax under the Generalized System of Preferences (GSP).



The EVFTA will help increase Vietnam's export value to the EU by 20% by 2020, 42.7% in 2025 and 44.37% in 2030 as compared to those without the agreement, according to a study by the Ministry of Planning and Investment.

Currently, the EU is one of Vietnam's largest export markets. Vietnam earned over US\$41.4 billion from this market in 2019 and spent nearly US\$15 billion on imports from this region.

Therefore, the deal will help Vietnam facilitate export, diversify markets and gain higher added value by establishing new supply chains. In particular, in the context of rapidly changing regional and international political landscapes and security situations, the EVFTA will help Vietnam improve its internal resources to cope with them and help it strengthen its position to realize its foreign policy of independence, self-reliance, multilateralization and diversification, along with consolidating and strengthening national defense and security.

Under EU regulations, the EVFTA will need to be approved by the European Council in order to come into force. The agreement shall come into effect on the first day of the second month after the two sides notify each other of the completion of domestic procedures, or at another time agreed by the two parties.

In addition to completing ratification procedures, Vietnam will also prepare for the enforcement of the pact. The Ministry of Industry and Trade has drafted and submitted the Action Plan for implementation of the EVFTA to the Government. This action plan clearly defines objectives, tasks and relevant bodies engaged in carrying out detailed roadmaps. In particular, main tasks include five main groups: Information on EVFTA and EU member markets; law and institutional

building; competitiveness improvement and human resource development; trade union and employee association policies in companies; and social security, environmental protection and sustainable development policies.

Furthermore, to help people and businesses better understand the EVFTA so as to make the most of opportunities from it, the Ministry of Industry and Trade has published the whole text of the pact, its summary and explanations of commitments in important areas on its website evfta.moit.gov.vn to update information about EVFTA ratification, EU market, action plans of authorities and legal documents to be issued to enforce the agreement. ■



In 2019, Vietnam-EU trade value reached over US\$56.4 billion, up 1.11% year on year, of which Vietnam's exports were valued over US\$41.54 billion and its imports were worth US\$14.9 billion.

On investment, 27 out of 28 EU member countries invested US\$25.49 billion in 2,375 projects in Vietnam, accounting for 7.7% of projects in the Southeast Asian country.



Two Opposite Directions of Trade and Investment



Exports to CPTPP member countries have increased significantly but investment flows from these countries have not come up to expectations, even reduced sharply. The Ministry of Industry and Trade recently released a report on the implementation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2019.

New signal

In 2019, the trade value between Vietnam and CPTPP countries reached US\$77.4 billion, 3.9% higher than that in 2018. Vietnam's exports to CPTPP countries valued US\$39.5 billion, up 7.2% year on year.

"Thus, in 2019, Vietnam had a trade surplus of US\$1.6 billion with CPTPP countries while it ran a deficit of US\$900 million in 2018," said the ministry.

Vietnam's export shipments to CPTPP countries grew from a year earlier (except for shipments to Australia, which fell 11.4% on a sharp drop of crude oil export).

Key exports included telephones, machines, equipment, seafood and apparel. Some markets, which do not have bilateral free trade agreements (FTA) with Vietnam like Canada and Mexico, recorded strong growth right after the CPTPP came into effect. Specifically, exports to Canada and Mexico increased 29.9% and 27.6%, respectively.

In the opposite direction, Vietnam's imports from CPTPP countries dipped or increased slightly. Therefore, Vietnam took a trade surplus of US\$3.9 billion in 2019, up 135% year on year.

"If the trade value with Canada and Mexico, which do not have FTAs with Vietnam, was taken into account, Vietnam enjoyed a trade surplus of more than US\$5 billion in 2019, accounting for more than 50% of Vietnam's total trade surplus," said the ministry.

Up to 27 out of 63 provinces and cities had trade ties with CPTPP countries, led by Ho Chi Minh City, followed by Hanoi, Ba Ria - Vung Tau, Bac Ninh and Khanh Hoa. Their

exports were various, ranging from agricultural products, aquatic products and handicrafts to textiles, machinery, equipment and electronic components.

In some localities, the share of exports to CPTPP countries was quite high, such as Hanoi (20.8%) and Da Nang (nearly 40%).

Sharp drop in FDI value

In spite of forecasts, investment from CPTPP countries in Vietnam sank steeply in 2019.

Specifically, Vietnam attracted nearly US\$5.9 billion of investment capital from CPTPP countries in the year, down 38.8% over 2018. Of the sum, US\$4.1 billion was invested in green-field projects, down 52%, and over US\$1 billion was added to existing projects, down 69%.

Japan's investment fell most, from nearly US\$9 billion in 2018 to more than US\$4 billion in 2019, or down 53%.

Investment flows from Australia and Malaysia reduced 62% and 51% in the year, respectively.

However, investment flows from Canada and Mexico increased sharply. Specifically, Canada's investment in Vietnam rose over 95% to more than US\$178 million, while the fund from Mexico soared nearly 1,100% to US\$120,000. In fact, their investment value was modest.

The Ministry of Industry and Trade said Vietnam's exports to CPTPP countries can be increased substantially if some existing shortcomings are addressed.

Specifically, only about 40% of Vietnamese localities had trade ties with CPTPP countries. In addition, many of them reported a modest number of companies exporting their products to CPTPP countries. Vietnam's key exports like garments, agricultural products and seafood are not exported much to Canada and Mexico.

A survey released by the Vietnam Chamber of Commerce and Industry (VCCI) showed that about 86% of businesses already knew or learnt about the CPTPP. However, only 1.86% studied the pact carefully. This very modest figure reveals the difficulty in realizing CPTPP opportunities.

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Strengthening Freight Inspection, Control and Supervision

In an effort to conduct customs inspection and supervision of shipped goods subject to customs supervision, the General Department of Vietnam Customs asked its subordinate units not to allow loading and unloading goods onto vehicles disqualified or uncertified to operate in customs supervision areas; deploy the sealing of electronic route positioning on container carriers; and raise the awareness and sense of responsibility of public servants in the sector.

In order to step up freight inspection, supervision and control and prevent fraudulence in the course of transporting goods subject to customs supervision, on February 11, 2020, the General Department issued a document to request provincial/municipal customs departments to direct their attached units to perform some specific contents.

For transport means carrying imported and exported goods subject to customs supervision: Identifying abnormal signs that may result from external interference to replace and withdraw goods in the course of transportation. Accordingly, transport means carrying goods subject to customs supervision must meet sealing and customs supervision requirements. Specifically, containers carrying goods subject to customs supervision must meet sealing and customs supervision conditions as certified by competent authorities.

Trucks carrying goods subject to customs supervision must meet customs sealing and supervision requirements: Containers of goods are not punctured or torn; and locks, handles and pins work with seals of customs authorities.

Besides, customs agencies are applying Decision 138/QĐ-TCHQ dated January 21, 2020 of the General Director of the General Department of Customs on professional process of managing and using electronic positioning seal in supervision of goods subject to customs supervision transported by containers and are working with relevant units to handle fraud committed by enterprises in the course of transporting goods.

In addition, customs units have informed and warned of fraudulent swaps

and withdrawals discovered by customs authorities, raised the sense of responsibility of customs officers in the fight against smuggling and trade fraudulence; implemented guiding documents of the General Department on smuggling prevention and control.

The Legal Department under the General Department of Customs will work with the units of and under the General Department of Customs to study and propose additional administrative sanctions in the customs field, namely raising the level of penalties against the current framework for violations in the process of transporting goods.

L.H



Tax Exempted for Products for Fighting Coronavirus Epidemic

In order to prevent and control severe acute respiratory symptoms caused by novel coronavirus (Covid-19), the Ministry of Finance recently signed a decision to issue a list of goods exempted from import duty.

In furtherance of the direction on the exemption of import duty on goods to serve the fight against Covid-19 as per the Prime Minister's Official Letter 197/TTg-KTTH dated February 7, 2020, the Ministry of Finance worked with the Ministry of Health and the Ministry of Industry and Trade to make a list of goods eligible for import tax exemption to serve the fight against Covid-19.

The Ministry of Finance signed Decision 155/QD-BTC to promulgate a list of goods exempted from import tax for this purpose. Accordingly, duty-exempted items include:

Medical masks with circulation numbers issued by competent health agencies;

Hand sanitizers (hand gel or liquid hand sanitizers, HS code 3808.94.90 and disinfectant liquid, HS codes 3808.94.20 and 3808.94.90), with circulation registration

numbers issued by the Health Environment Management Agency under the Ministry of Health;

Input materials for making medical masks, including nonwoven fabrics for manufacturing medical masks, antibacterial filters for making medical masks, elastic bands for making medical masks, nasal splint for manufacturing medical masks (bars/rolls);

Other necessary materials and equipment, including anti-epidemic uniforms such as pants, shirts, glasses, medical masks, helmets, gloves and shoes (HS code 6210.10.90) with mandatory circulation numbers issued by competent health authorities. The management of these goods, tax exemption procedures and dossiers shall comply with current laws.

The Ministry of Finance requested the General Director of the General Department of Customs to direct customs units to uniformly grant duty-free imports for timely prevention and control of epidemics. This decision took effect from February 7, 2020 until the date announced by competent authorities at the end of the epidemic.

H.H

Which Goods Are Prioritized for Customs Clearance in Lao Cai during Covid-19 Epidemic Outbreak?

Backlogged agricultural exports and fresh agricultural and seafood products are given first priority to get through Lao Cai border gates. Accordingly, exports prioritized for clearance include agricultural and seafood products queuing at border gates, fresh agricultural and aquatic products and other goods.

By order of priority, officially licensed exports and imports will take precedence in customs clearance.

The order of customs clearance for imported goods is machinery and equipment for construction and installation of domestic factories; chemicals, coke, inputs, fuels and materials for domestic manufacturing factories; backlogged fresh agricultural and aquatic products with completed customs clearance at Ha Khau Border Gate; and goods that can be directly disinfected and sterilized.

Imported goods must meet epidemic prevention criteria; be strictly managed and supervised by health authorities; ensure the complete elimination of disease transmission risks.

The Lao Cai Provincial People's Committee assigned the Economic Zones Authority to coordinate with the Plant Quarantine Office Region 8 and relevant agencies to flow transport means carrying exports of Vietnam (mainly agricultural products) that the Chinese side imports in the form of official quota and border trade.

In particular, there is no quantity limit on transport means carrying goods of Vietnam

formally imported to China. Means of transport carrying Vietnam's goods, which the Chinese side imports in the form of border trade (cross-border trade by inhabitants) will be rationally regulated according to China's notices and exchanges.

Facing the complicated development of Covid - 19 epidemic, Lao Cai province is actively and creatively seeking solutions to control imports and exports flexibly but strictly to ensure complete epidemic prevention at international border gates.

From February 8, authorities of Lao Cai have conducted customs clearance for nearly 1,000 vehicles carrying exports, mostly dragon fruit. Import and export activities are mainly performed at the Kim Thanh International Border Gate.

Hien Le



What Does Banking Industry Do to Ease Covid-19 Epidemic Impact?



The Government recently issued Resolution 11/NQ-CP on the Government's regular meeting in January 2020. The Resolution stated that the Government agreed on the point of view of drastically implementing measures to prevent and contain the disease caused by coronavirus, continuing to be consistent in the goal of macroeconomic stability, and making best efforts to achieve the growth and socio-economic targets.

According to the Resolution, the Government unanimously assessed that in January 2020, the macro-economy continued to be maintained stably; exchange rates, interest rates, financial and monetary markets were proactively managed; interbank market interest rates tended to decrease. State budget revenues increased by 4.8%, investment capital from the State budget increased by 8.4%, total investment capital with foreign elements increased by 179.5%, total retail sales of goods and consumer service revenue increased by 10.2%, business environment continued to improve.

However, right from the beginning of 2020, Vietnam faced many difficulties and challenges. Therefore, the Government agreed on the direction that was to both drastically implement measures to prevent and contain Covid-19, and at the same time continuing to maintain the objectives of macroeconomic stability and ensuring large balances of the economy, making best efforts to achieve the growth and socio-economic targets; requesting ministries, branches and localities to show their political determination, to urgently and drastically, synchronously and effectively deploy tasks and solutions to socio-economic development with a more active and strenuous spirit, more dynamic, creative, more sensitive, to have appropriate and timely

The Vietnamese Government requests ministries, sectors and localities to regard the prevention and containment of Covid-19 outbreak as a particularly important task; we should be neither subjective nor confused, wavering, and to have active and strenuous response in all aspects.

policies in order to prevent and control the epidemic and to minimize and compensate for damage caused by the epidemic in all fields.

The Government requested ministries, sectors and localities to consider the prevention and control of covid-19 a particularly important task, neither subjective nor confused, wavering, active and strenuous in responding in all respects, willing to accept partial economic losses to protect the health and lives of the people.

In response to the impact of Covid-19 epidemic on socio-economic development, the Government requested each ministry, ministerial-level agency, government-attached agency, and provincial/municipal People's Committees under the Central Government to continue to closely monitor the situation, evaluating and quantifying the impact of the

epidemic on production, business and growth activities of each industry, each field and each area, especially import and export, agriculture, industry, tourism, transportation and services to update the growth scenario in accordance with the Prime Minister's direction in Document 733/VPCP-KTTH on February 3, 2020; strongly promoting production and business, making efforts to achieve the objectives and tasks of socio-economic development; proposing appropriate solutions and measures to limit the impacts caused by Covid-19.

All levels, sectors and State administrative agencies from the central to local levels should strengthen administrative discipline and order, highly concentrating on well performing the assigned tasks, not letting the work stagnate; strictly implementing the

Official Telegraph 122a/CD-TTg on January 30, 2020 of the Prime Minister on urging the implementation of the tasks after the Lunar New Year holiday in 2020.

As for the banking sector, the State Bank of Vietnam is assigned by the Government to continue to closely monitor developments, to proactively, flexibly and carefully manage monetary policy in close coordination with fiscal policies and other macroeconomic policies to control inflation, to maintain macroeconomic stability, to stabilize money and foreign exchange markets; and to continue focusing on credit for priority areas, production and business.

The State Bank must also instruct credit institutions to restructure loan repayment terms, exempt and reduce interest rates, maintain debt groups, provide new loans to stabilize production and business, support and solve difficulties for enterprises and people to borrow money after damaged by the impact of Covid-19; continuing to promote non-cash payment methods. ■

Stock Market in Early 2020 and Supporting Factors

Just two months into the year 2020, the Vietnamese stock market has already undergone two different phases, according to SSI Securities Corporation. Phase 1, starting before the Lunar New Year or Tet holiday, witnessed the growth of key stock indices. Phase 2, starting after the Tet holiday, tanked as the Covid-18 epidemic broke out, erasing all gains from the start of the year.

VN-Index soars before the Tet holiday

According to SSI Securities Corporation, prior to the Lunar New Year holiday, the stock market had three key supporting factors: Good business performances of local banks, net foreign capital inflows, and fourth-quarter earnings reports.

The VN-Index jumped high, led by banks like BID, CTG and VPB. The market capitalization of the banking sector totaled more than VND1,000 trillion (US\$43.5 billion) on January 22, an increase of 8.6% over the end of 2019.

Foreign investors turned to be net buyers, after five straight months of net selling on the Hochiminh Stock Exchange (HOSE). They bought net up to VND2,100 billion (US\$91 million) from January 1, 2020 to January 22, 2020. Notably, as for ETF flows, VFMVN30 was the most active fund to raise money in the first period of the year. Strong fluctuations after Tet did not affect its net buying purchases. VFMVN30's net buying value in January was nearly VND264 billion.

Fourth-quarter profit of HOSE-listed companies increased by 20.66% over a year earlier and brought their full-year profit growth to 12.1%. Profit after tax of the two largest sectors by market capitalization, banking and real estate, rose by 29.8% and 32.6%, respectively.

Covid-19 overturns every forecast

According to SSI, after the Lunar New Year holiday, the VN-Index plummeted due to a single cause, the outbreak of Covid-19 in China and some countries.

The Ministry of Planning and Investment proposed two growth scenarios for Vietnam amid epidemic impacts. Accordingly, if Covid-19 is quickly controlled in the first quarter, the country's GDP is expected to climb 6.27% from a year ago in 2020. If Covid-19 is curbed in the second quarter, this year's GDP growth will go up only 6.09%. Both scenarios show a much lower estimate than the annual growth of above 7% in the last two years.

Three days after the Tet holiday, the VN-Index dived sharply. Although global markets rebounded relatively quickly, the VN-Index was still under rising pressure of retreat. The gauge dropped 5.4% from January 22, 2020, to February 12, 2020, while the MSCI EM-Index dipped 3% and the S&P 500 looked up 1%.

Covid-19 overcast the stock market in the first quarter and hurt

the whole year of 2020.

Supposedly, if there were no Covid-19 epidemic, the stock market would thrive thanks to the United States - China trade agreement and foreign capital flows. Until mid-January 2020, fund managers around the globe remained optimistic with the highest stock portfolio in 17 months. Capital flows into emerging markets continued to increase and foreign investors kept buying in Vietnam's stock market.

Global fund flows started to reverse their course since the end of January. Covid-19 resulted in substantial revision of growth forecast for East Asian countries and forced fund managers to change their strategies. Emerging markets in Asia witnessed strong foreign outflows due to their high interconnectivity of production and consumption with China. The outflow value from equity funds in the region rose to a 19-week high in the first week of February. The prospect of attracting foreign funds for the stock market in February and even the following months in Vietnam was therefore revised down.

Two scenarios for Vietnam's stock market

According to the negative scenario, a complex epidemic may cause a prolonged blockade in China that will directly affect production chains of Vietnamese enterprises. This will be the second negative blow after the first one that comes from the decline in tourism and consumption. The market sentiment will certainly be worsened. Fundamental factors, capital flows and weak market sentiment will eliminate rebound momentums on Vietnam's stock market in the first quarter.

In previous years, the early rally was always a favorable start for Vietnam's stock market, leaving a positive force on the following months. In 2020, if there was no early rally, the heat of the market will need more time to fuel up. With a revised economic growth outlook and an incomplete calculation of negative epidemic impacts, the lackluster in the first quarter may extend to the second quarter, even to the second half of the year, if there are no new evolutions that help to change economic performance and the stock market.

In the positive scenario, the successful control of the plague in February plus less affected consumer demands and production chains will spur the stock market. Gladly, the information disclosure and the government's resolve to control the disease is an advantage. Information transparency may put exert a negative impact on the market sentiment in an early stage but when the contagion is controlled, it will also recover quickly.

There are currently two directions that investors can expect. The wave of economic stimulus and rate cut will take place in some countries. In Vietnam, public investment will be boosted and lending rates will be lowered. The epidemic will be a great motivation to heighten the determination to restructure to generate a strong resilience to the Vietnamese economy both in the short term and in the long term. The second lift is the upgrade of market ranking by FTSE. Although the second likelihood is not big enough for Vietnam, it will be certainly acknowledged and improve the market sentiments as a result. ■

Solving Problems for Property Firms

In the context of negative impacts of coronavirus outbreak on the economy, legal problems and credit tightening, real estate businesses gathered to discuss their hardships in business operations before sending recommendations to the Prime Minister in March 2020.

HUONG GIANG

Mr. Nguyen Tran Nam, Chairman of the Vietnam Real Estate Association (VNREA), said that, impacts of credit tightening in real estate business plus legal and procedural difficulties from project establishment to project completion stagnated the market. VNREA is integrating the overall landscape of property transactions in 2019 and project licenses and collecting recommendations for submission to the Prime Minister.

He said that targets and plans may not be achieved in the first quarter because property supply, demand and transactions decreased. Coronavirus disease (Covid-19) adversely impacted the property market. The slowdown of the real estate market also dragged many other sectors such as construction and building materials. Therefore, without a timely solution, the market may fall further in 2020-2021.

Mr. Pham Thieu Hoa, General Director of Vinhomes, said that Vinhomes collected opinions from its subsidiaries about hardships that afflicted the group's business operations. Accordingly, the first is about policies on condotel, officetel and resort villa. Other setbacks lay in property ownership certificate, bidding shortcomings in investor selection, property deal transfer and BT project payment.

Ms. Nguyen Thuy Duong, Communications Manager of Novaland

Group, said, central and local authorities made great efforts to help businesses to deal with difficulties, especially in the last months of 2019. For example, Novaland Group's project, Grand Manhattan, at 100 Co Giang, District 1, Ho Chi Minh City, was supported in a timely manner and was granted a construction permit by the HCM City People's Committee and the Department of Construction.

Currently, the Department of Natural Resources and Environment is considering certificates of land-use rights and assets on land to people buying these projects. This demonstrates the support of all tiers of government and branches in solving problems for businesses, she said.

Before this market context, she hoped that Novaland would quickly carry out this project in order to increase supplies to the market and meet people's housing needs.

Mr. Nguyen Van Phuc, Former Deputy Chairman of the National Assembly's Economic Committee, Member of the Executive Board of the Vietnam Real Estate Association, said, there are two issues of current concerns: (1) solving legal shortcomings and (2) capital shortages. Regarding legal issues, real estate businesses joined forces with the VNREA to bring to the law-making National Assembly issues that need to be addressed. What can be done immediately should be done immediately, accurately. With respect to capital issues, businesses need to explain, research and make specific



recommendations to convince the Prime Minister.

According to Mr. Nguyen Trong Ninh, Director of the Housing and Real Estate Market Management Department under the Ministry of Construction, legal issues are being solved by ministries and central agencies, with a focus on amending the Land Law. The Ministry of Construction collected opinions from businesses and the ministry planned to propose solutions to facilitate the sustainable property market development at the upcoming meeting with the Prime Minister.

Mr. Nguyen Tran Nam appreciated opinions from businesses, saying that four major issues that will be summarized in writing and sent to the Prime Minister: (1) solutions to deal with obstacles in Decree 20; legal framework for real estate projects; administrative procedures; and funding and interest rate cuts. The proposal will include market information, recommendations on laws, regulations, documents and detailed solutions for each proposal to be submitted to the Government.

Despite a lot of difficulties, the real estate market also witnessed some good news. Mr. Nguyen Tran Nam said, the



Vietnam Real Estate Association repeatedly pointed at shortcomings in Decree 20/2017/ND-CP on tax management for companies with affiliated transactions and got feedback from the Ministry of Finance. Besides, after VNREA sent a series of petitions and proposals on certification of condotel ownership, the Ministry of Construction also grasped and announced solutions. Recently, the Ministry of Natural Resources and Environment issued documents on property ownership certificates. This is one of positive signals for the real estate market in general and condotel in particular. ■

Mr. NGUYEN QUOC HIEP

PRESIDENT OF GP.INVEST

In the business community, real estate companies are the toughest because they are governed by about 10 laws. And, Vietnam's real estate market is caught by a matrix of laws.

For example, more than 200 projects in Ho Chi Minh City are not approved owing to overlapping laws, particularly the Land Law. Therefore, the first recommendation is to amend the Land Law because of its existing shortcomings.

One of our projects was granted an investment certificate in April 2018. When all procedures were completed, the project was stuck in the Land Allocation Decision because it was conflicted with the Land Law. We had two choices: Quit it or start it over. We had to go back another year and work with five localities and departments. This is an arduous period for a company like us that hardly anyone can understand.

Ms. HUONG TRAN KIEU DUNG

GENERAL DIRECTOR OF FLC

There are three major issues in the real estate market that need to be considered: Law, capital and administrative procedure.

Legally, major concerns lie in four laws: Law on Investment, Law on Housing, Law on Land and Law on Bidding. The first glitch is the conflict between the Law on Land and the Law on Bidding in land allocation, bidding and auction. Accordingly, provinces and cities do not allocate much land to businesses. If this reality is not addressed, very few projects will be approved for construction next year, thus reducing opportunities for local economic investment. Perhaps, it takes two years to complete all formal procedures for a construction project. This upsets companies. The second drawback is interrupted public land. According to Decree 67, this public land must be auctioned. At present, there are no

instructions if the investor carries out a project where there is a public land plot. How will this be handled? The third is annual rent payment and one-time rent. The fourth is design evaluation. Some projects have hundreds of small works. It will be very problematic if they follow current regulations.

Particularly, for condotel, Vietnam currently has not allowed foreigners to buy this product. Therefore, we should allow foreigners to buy this to better develop this market.

Companies need good policies to unlock investment fund flows. It has already been three years since the Government has had another stimulus package for the real estate market. Meanwhile, the VND30-trillion package has long been terminated. Therefore, businesses expect the Government to pay more attention to funding sources to spur the market.

Regarding administrative procedures, the government is currently advocating streamlining administrative procedures but internal procedures are not as smooth because they are conducted through many time-consuming stages from central to local levels.

Ms. NGUYEN THI QUYNH CHI

CEO OF EUROWINDOW HOLDING

It is no coincidence that the Prime Minister requested relevant bodies to listen to what businesses are saying, especially in the context of the Covid-19 epidemic which is badly hurting the vacation property sector. Eurowindow Holding recommends that the Prime Minister have policies to support condotel businesses such as tax cut, interest rate cut and specific support policies for businesses, and build a safe destination for doing business. To date, plans are hard to carry out because we do not have many customers as expected. Besides, property supplies and property deals may go down this year due to legal procedures.

I think one of the main policies is funding source for real estate businesses. Secondly, we are caring much about Decree 20. We hope that VNREA will continue to make recommendations to amend this rule.

Two Scenarios for Vietnam Economy in 2020

According to the Ministry of Planning and Investment of Vietnam, if the Covid-19 epidemic ends at the end of the first quarter of 2020, the country's export value in the quarter will shrink by 21% and its import value will decline by 13%, with the export and import value with the Chinese market dropping 25% and 12%, respectively. If the epidemic comes to an end in the second quarter, the country's export value and import value in the first six months will fall by 20.5% and 14.6%, respectively and its export and import activity with China will decrease by 44.5% and 12.5%, correspondingly.

QUYNH CHI



The assessment report on coronavirus outbreak impact on Vietnam's socioeconomic development released by the Ministry of Planning and Investment showed that Covid-19 pneumonia epidemic will affect all economic and social sectors of Vietnam. The adoption of tough measures to prevent the disease outbreak and spread like restricting entry and exit, suspending cross-border resident exchanges, carrying out medical isolations in cities, restricting circulations in most localities in China and lacking customs forces and forwarders at border gates is likely to hurt Vietnam's exports to China, specially seasonal agricultural products like dragon fruit and watermelon. Impacts on production and export activities depend on how the epidemic develops. Imports from China are also tending to contract owing to stalling production.

Direct impacts

According to the Ministry of Planning and Investment, import, export, tourism and transportation are negatively affected by the epidemic. According to

Scenario 1, Covid-19 epidemic ends at the end of the first quarter of 2020, the quarter exports were estimated to reach US\$53.9 billion, down 8.3% year on year, of which shipments to China reached US\$6.8 billion, down 9.5%, caused by agricultural products (down 10.4%) and seafood (11.4%). Imports were forecast to cost Vietnam US\$55.5 billion in the quarter, down 3.2%, of which imports from China valued US\$14 billion, down 13.6%, weighed by machinery, equipment and spare parts (down 11%), inputs, fuel and materials (down 16%) and consumer goods (down 17%).

Scenario 2, the Covid-19 epidemic ends in the second quarter of 2020. Accordingly, Vietnam's second quarter export value was estimated at US\$58.5 billion, down 8.1% year on year, with shipments to China down 17.3% to US\$7.5 billion, caused by agricultural products (down 19.1%) and seafood (down 21.9%). Meanwhile, its imports were forecast to slip 3.1% year on year to US\$61 billion, with the value spent on imports from China sliding 17.6% to US\$16 billion, due to falling purchases of machinery, equipment and spare parts (down 10%), inputs, fuels and materials

(down 24%) and consumer goods (down 27%).

Notably, the Chinese market always ranks first in international tourist arrivals in Vietnam, accounting for about 30% of total international visitors to Vietnam and standing far ahead of other major markets such as Japan, the United States and Taiwan. The Civil Aviation Administration of Vietnam (CAAV) ordered a temporary cancellation of all routes between Vietnam and China from the afternoon of February 1, 2020. Quang Ninh province closed all open roads and border lines with China and the Government halted issuing visas for Chinese tourists from January 30, 2020 so the number of Chinese visitors to Vietnam during the epidemic period was zero.

Based on surveys of international visitors' spending, a Chinese visitor spends an average of US\$743.6 and a traveler from other countries spends an average of US\$1,141.5 in Vietnam. Thus, according to calculations, if the epidemic lasts through the first quarter, the revenue loss from international tourists in 2020 will be some US\$2.3 billion. If the plague is still through the second quarter, the loss will be about US\$5 billion.

For the transport sector, air transport is quite certainly undergoing severe impacts of the Covid-19 epidemic. Currently, 11 Chinese airlines are operating 32 routes from 14 airports in China to five airports in Vietnam, including Hanoi, Ho Chi Minh City, Da Nang, Cam Ranh and Phu Quoc, with a total of 240 trips a week. Also from these five cities, Vietnam Airlines, Jetstar Pacific Airlines and Vietjet Air are running 72 regular and irregular (chartering) routes to 48 destinations in China with a total of 401 trips a week. Thus, before the order to suspend all flights between Vietnam and China from the afternoon of February 1, there were over 80 flights between Vietnam and China a day on average.

Road and rail transport are also weakening due to the decline in travelers and festivals. Transportation support services will also decrease as a result, especially aviation support services such as flight management and airport services.

If the Covid-19 epidemic comes to an end in the first quarter, the added value of the transport industry will only increase by 5.1% in the first quarter and by 6.12% in the second quarter. In case the epidemic ends in the second quarter, the added value of the transport and warehousing industry will rise by only 5.1% in the first quarter and 6% in the second quarter.

Indirect impact

The complicated and widespread Covid-19 epidemic in China is wrecking Vietnam's agricultural, forestry and fishery production owing to export shrinkages to this market. The degree of effect depends on the time and the course of the contagion.

If the Covid-19 epidemic ends at the end of the first quarter of 2020, then, the export value of agricultural products to China will decrease by US\$250-300 million. If it continues till the end of the second quarter, the value will fall by US\$600-800 million in the first six months because fruits, vegetables and cassava depend heavily on the Chinese market. In addition, rubber, coffee, tea, seafood, woodchip and other sectors will also suffer a tumble.

The biggest traded items between Vietnam and China

are electric and electronic products (In 2019, computers, Vietnam earned US\$17.8 billion from exporting electronic products and components, and telephones and components to China, and spend US\$19.7 billion on importing these items from the neighboring country). In particular, Vietnam's electronics industry primarily imports components from China. Therefore, quarantine measures will affect the input supply for production as well as the consumer market for the electronics industry of Vietnam.

For the leather and footwear industry, if the complicated development lasts into the second quarter, it will affect input sources of Vietnam. Remarkably, small-scale enterprises have to import input materials across land borders (via road). As a result, this context will hurt their production and export activities.

Strengths and weaknesses revealed

Based on expected direct and indirect impacts of the Covid-19 epidemic on economic sectors and fields, the Ministry of Planning and Investment forecasted that if the Covid-19 epidemic is promptly controlled in the first quarter of 2020, Vietnam's GDP will go up 6.25% in 2020 (0.55 percentage points lower than the target set in Resolution 01), with the growth anticipated at 4.52%, 6.08%, 6.92% and 6.81% in the first, second, third and fourth quarters, respectively. If Covid-19 epidemic is completely tackled in the second quarter of 2020, the GDP will expand by 5.96% in the year (0.84 percentage points lower than the target set in Resolution 01), with the growth anticipated at 4.52%, 5.1%, 6.7% and 6.81% in the first, second, third and fourth quarters, respectively.

After going through the Covid-19 epidemic, the economy is showing its strengths and weaknesses more clearly, especially in economic structure and resilience to external impacts. Therefore, according to the Ministry of Planning and Investment, it is necessary to accelerate measures to restructure the economy both in the short term and the long term. Accordingly, central and local agencies will necessarily review social and economic losses caused by the disease outbreak; and propose supportive measures to restore production and business, stabilize the people's life and promote economic growth.

Vietnam will continue to launch consistent, flexible macro policies; and manage monetary policies proactively, flexibly, prudently and appropriately with fiscal and other macroeconomic policies to control inflation, maintain macroeconomic stability and stabilize monetary and foreign exchange markets. It will quickly and drastically implement solutions to reform and improve the business environment, enhance national competitiveness, provide more favorable conditions, deliver support and encourage stronger private economic development.

The country will develop the domestic market, improve domestic consumption and promote Vietnamese brands; arouse domestic internal forces, encourage Vietnamese enterprises to develop, encourage goods produced by Vietnamese people; urgently complete procedures for large, important and multipurpose public investment projects, promptly overcome negative impacts from climate change and sea level rise in order to support production and stabilize people's livelihoods and spread effects on local and regional socioeconomic development and sectoral development. ■

Businesses Shaken by Covid-19 Epidemic

LG Group said that if Covid-19 epidemic is not contained in the next two weeks, it will run out of input materials for production. With hundreds of containers of imported input materials congested at Lang Son Border Gate, Samsung Group will face a 50% sales drop in 2020 if these commodities are not cleared in time.

ANH MAI



Covid-19 epidemic immediately sent a lot of companies to hardship. According to the Ministry of Planning and Investment, the epidemic is directly wrecking agriculture, industry, construction, trade and services.

When the manufacturing sector is afflicted, investment will be immediately cut in the short and long terms, especially foreign and private investment.

As for foreign direct investment (FDI), the worst affected is Chinese people working for FDI projects in Vietnam and importers and exporters doing business with China. Consumer demand, especially for non-essential goods, will sharply decline to slow manufacturing and increase inventories. New investors will be hesitant to make investment decisions at this time. For already invested projects, investors will likely postpone investment expansion.

The closure of border gates is disrupting manufacturing activity of many FDI projects, particularly big imported items

like computers, electrical products, components, machinery and equipment. This again affects the progress, preparation and implementation of projects in Vietnam. Enterprises are currently not working at their full capacity on lack of inputs as their imported inputs are not cleared at border gates.

The labor force of many Chinese FDI projects in Vietnam decreased as many Chinese workers cannot enter Vietnam as a result of travel restrictions. Some companies are currently unable to resume production or working in moderation as their management isolated at home or Chinese technical experts cannot return from China. Badly affected Chinese projects include Duyen Hai 2 Power Plant, Vinh Tan 1 Power Plant and Hai Duong Power Plant. New investors will hesitate to make investment decisions at this time. For already invested projects, they will likely postpone their investment expansion.

In case the Covid-19 epidemic lasts 4-5 months or longer, Chinese input-reliant industries (e.g. garment and textile, footwear, electronics and consumer goods), including multinational corporations (like Apple, Samsung and LG) will face difficulties. The slowing progress of investment projects that use funds, labor and inputs from China will affect the growth of related industries and fields. At the same time, export shipments to China will also be delayed due to travel restrictions and demand shrinkage. This will, in turn, weaken domestic manufacturing momentums.

Remarkably, although domestic steelmakers are basically not impacted, the steel production project of Viet Trung Mineral and Metallurgical Company Limited (VTM) will be seriously distressed because its inputs (e.g. coke, refractory materials) and spare parts are mainly imported through border gates in Lao Cai. If commodity import and export through land border gates with China is stopped, its project will encounter enormous difficulties. Waterway import will incur many expenses for already troubled projects. A copper smelting project in Lao Cai (invested by Vietnam National Coal, Mineral Industries Holding Corporation Limited - Vinacomin) will also be in trouble if commodity import via road border gates is stopped because its equipment is being imported from China through land border gates in Lao Cai province.

Not only giant firms, small and medium enterprises and cooperatives with limited financial and production capacity are prone to direct and indirect impacts from the epidemic in all stages like sales, revenue, reinvestment, liquidity, financial obligations, recruitment and input costs.

Many Vietnamese companies that employ Chinese managers and technical experts are also running into hardship after the Lunar New Year.

The number of newly established enterprises is forecast to decline in most sectors as compared to the same period of 2019 (15 out of 17 sectors), with the worst performers including arts and entertainment (down 23%), wholesale, retail and vehicle repairing (down 11.8%), accommodation and food services (down 14.5%), and transportation and warehousing (down 37.9%).

2020 will be a very tough year for Vietnamese businesses and economy. Achieving the growth target of 6.8% is a huge challenge in the context of drought, saline intrusion, and epidemics. Covid-19 and other diseases on cattle and poultry (H5N1, H5N6) are happening now.■



Efforts to Improve Business Environment

The issuance of Resolution 02/NQ-CP on continuing to perform key tasks and solutions to improve the business environment and enhance national competitiveness in 2020 is considered a new push to facilitate business.

THU HA

Improving the ranking of business environment indicators

For six consecutive years from 2014 to 2019, the Government has continuously issued five resolutions on improving the business environment and improving national competitiveness. The implementation of these resolutions has helped to improve the business environment of Vietnam.

In 2019, most of Vietnam's general indexes improved. National competitiveness increased by 3.5 points and 10 grades with 8/12 pillars rising and increasing by many steps. The innovation index increased by three places with 6/7 pillar groups gaining points. Business environment improved by 1.2 points. Tourism competitiveness improved by four levels. However, the quality of business environment and competitiveness of Vietnam is still low, ranking 5th or 6th in ASEAN, which requires continued strong reform efforts to achieve the goal of the top 4 ASEAN countries.

In order to create a drastic change in the business environment, improve competitiveness and labor productivity, contribute to the successful achievement of objectives and tasks of the socio-economic development plan in 2020 according to the Resolution of the National Assembly, the Government issued Resolution 02/NQ-CP following Resolution 02 (2019) and Resolutions 19 (from 2014 to 2018) on improving the business environment and improving national competitiveness.

According to the Resolution, in 2020 Vietnam strives for improving the ease of doing business index (EoDB of the World Bank) up to 10 levels; competitiveness under GCI (of the World Economic Forum - WEF) to five levels; innovation under the Global Innovation Index - GII rating (of the World Intellectual Property Organization - WIPO) - up to 3-4 levels; and E-government (of the United Nations - UN) up 10-15 levels.

Regarding specific targets, the Resolution stated: Raising the ranking of Tax payment and Social insurance index (A2) up to 7-10 ranks; Improving the score and maintaining the construction permit index (A3); shortening the actual construction license time to 120 days; Improving scores and maintaining credit rating index (A4); Upgrading the rating of Investor Protection (A5) to 7-10 ranks; Upgrading the Index of cross-border trade transactions (A8) to 5-10 levels.

Many new points

This year's resolution highlights seven key tasks and

solutions to improve the business environment and enhance national competitiveness. It added solutions focusing on areas that have hardly been improved for many years, with the goal of reducing costs and time for businesses, especially substantially reducing business expenses and time, especially expenses in inspection activities.

In addition, for the first time, the Resolution requires ministries and ministerial-level agencies to update and publicize administrative procedures related to the granting of business eligibility certificates that have been simplified in 2018 and 2019; publish the comparison table of business conditions before and after the abolition, and completion in the first quarter of 2020; studying and proposing amendments to relevant laws to abolish and simplify business conditions prescribed in specialized laws according to the approved plan. The Resolution also assigned the Chairman of the provincial People's Committee to direct the implementation of the regulations to simplify business conditions, without setting additional business conditions in any form; strictly handle officials and public employees who fail to fully and strictly comply with the new regulations on business conditions.

As an organization representing the business community, VCCI will continue to investigate and publish the PCI, assessing the satisfaction of businesses in areas such as tax, customs, social insurance, access to electricity; combine, integrate the evaluation of results and impacts of the Government's Resolutions on improving business environment, improving national competitiveness; summarizing the obstacles that businesses propose; presiding over the implementation of the enterprise support program for sustainable development, scaling up the application of the set of sustainable business index (CSI) in the business community; promoting private participation in public-private partnerships and capacity building programs for business associations; directly reporting to the Prime Minister.

With these new features, the business community is put in center and benefiting more. Experts expect that in the second consecutive year of promulgating Resolution 02 and the seventh year of reform, the Government will create a new measure of improving the business environment and improving national competitiveness, making an important contribution to the successful achievement of socio-economic development goals in the last year of the term. ■

Vietnam's Growth Prospects Remain Positive amid Pessimism in Global Economy



There is optimism among CEOs in Asia Pacific, with 35% expecting improvement and 15% looking forward to “great improvement” in the next 12 months, the highest proportion among global regions. This is consistent with results from the latest APEC CEO survey in 2019, where 34% of business leaders in the region (and 49% Vietnam CEOs) share a positive outlook for business growth in the year ahead, despite the declining trend overall.

DUY ANH

As we have entered a new decade, CEOs are showing record levels of pessimism in the global economy, with 53% predicting a decline in the rate of economic growth in 2020. This is up from 29% in 2019 and just 5% in 2018 – the highest level of pessimism since we started asking this question in 2012. By contrast, the number of CEOs projecting a rise in the rate of economic growth dropped from 42% in 2019 to only 22% in 2020.

These are some of the key findings of PwC’s 23rd survey of almost 1,600 CEOs from 83 countries across the world, recently launched at the World Economic Forum Annual Meeting in Davos, Switzerland.

CEO pessimism over global economic growth is particularly significant in North America, Western Europe and the Middle East, with 63%, 59% and 57% of CEOs from those regions predicting lower global growth in the year ahead.

Meanwhile, there is optimism among CEOs in Asia Pacific, with 35% expecting improvement and 15% looking forward to “great improvement” in the next 12 months, the highest proportion among global regions. This is consistent with results from the latest APEC CEO survey in 2019, where 34% of business leaders in the region (and 49% Vietnam CEOs) share a positive outlook for business growth in the year ahead, despite the declining trend overall.

“There is mutual optimism among Vietnam and APEC CEOs for the year ahead, with Asia – Pacific remaining a significant destination and source of FDI fostered by resilient domestic growth in most of the region. However, taking into account the global landscape of uncertainties, it’s important for businesses to stay agile and cognizant of evolving factors to readily navigate and adapt to any challenges ahead,” said Ms. Dinh Thi Quynh Van, PwC Vietnam General Director.

“On a brighter note, while there is record pessimism amongst business leaders, there are still real opportunities out there. With an agile strategy, a sharp focus on the changing expectations of stakeholders, and the experience many have built up over the last ten years in a challenging environment, business leaders can weather an economic downturn and continue to thrive,” commented Mr. Bob Moritz, Chairman of the PwC Network.

CEOs are also not so positive about their own companies’ prospects for the year ahead, with only 27% of CEOs saying they are “very confident” in their own organization’s growth over the next 12 months – the lowest level we have seen since 2009 and down from 35% last year.

When asked about their own revenue growth prospects, the change in CEO sentiment has proven to be an excellent predictor of global economic growth. Analyzing CEO forecasts since 2008, the correlation between CEO confidence in their 12-month revenue growth and the actual growth achieved by the global economy has been very close. If the analysis continues to hold, global growth could slow to 2.4% in 2020 below many estimates including the 3.4% October growth prediction from the IMF.

In 2019 when asked about the top threats to their organization’s growth prospects, uncertain economic growth ranked outside the top ten concerns for CEOs at number twelve. This year it has leapt to third place, just behind trade conflicts – another risk that has risen up the CEOs agenda – and the perennial over-regulation, which has again topped the table as the number one threat for CEOs.

CEOs are also increasingly concerned

about cyber threats and climate change and environmental damage, however despite the increasing number of extreme weather events and the intensity of debate on the issue, the magnitude of other threats continues to overshadow climate change which still does not make it into the CEOs' top ten threats to growth.

While CEOs around the world express clear concerns about the threat of over-regulation, they are also predicting significant regulatory changes in the technology sector. Globally over two-thirds of CEOs believe that governments will introduce new legislation to regulate the content on both the internet and social media, and to break up dominant tech companies. A majority of CEOs (51%) also predict that governments will increasingly compel the private sector to financially compensate individuals for the personal data that they collect.

However, CEOs are of two minds as to whether governments are striking the right balance in designing privacy regulation between increasing consumer trust and maintaining business competitiveness, with 41% saying it does strike the right balance and 43% saying it doesn't.

"Vietnam witnessed an increase in the number of cyber attacks and data leakages in 2019 and the country has been among the top targets for cyber attacks in recent years. The causes may be due to inadequate data protection or non-compliance of relevant best practice standards. To mitigate cyber and privacy risks, the Vietnamese government has released a few cybersecurity laws and circulars" said Mr. Pho Duc Giang, Director at PwC Vietnam Cybersecurity Services Company. "To leverage growing business opportunities in the digital economy's booming period, Vietnam enterprises need to actively prepare for new challenges by adapting and complying with up-to-date domestic as well as international standards on cybersecurity and privacy in a resilient manner," he suggested.

While the shortage of key skills remains a top threat to growth for CEOs and they agree that retraining/upskilling is the best way to close the skills gap, they are not making much headway in tackling the problem with only 18% of CEOs saying they have made "significant progress" in establishing an upskilling program. This sentiment is echoed by workers. In a separate survey by PwC, 77% of 22,000 workers around the world say they would like to learn new skills or retrain but only 33% feel they have been given the opportunity to develop digital skills outside their normal duties.

Although climate change does not appear in the top ten threats to CEOs' growth prospects, CEOs are expressing a growing appreciation of the upside of taking action to reduce their carbon footprint. Compared to a decade ago, when we last asked this question, CEOs are now twice as likely to "strongly agree" that investing in climate change initiatives will boost reputational advantage (30% in 2020 compared with 16% in 2010) and 25% of CEOs today compared with 13% in 2010 see climate change initiatives leading to new product and service opportunities for their organization. ■

National Committee on Marine Economy Development Strategy Established

The Prime Minister recently signed Decision 203/QĐ-TTg on establishment of the National Steering Committee for Implementation of Vietnam Sustainable Marine Economy Development Strategy to 2030 and further to 2045.

The establishment comes from the merger of the State Steering Committee on Basic Surveys of Marine Resources and Environment and the Coordination Committee for Implementation of Vietnam Integrated Coastal Management Strategy to 2020, with a vision to 2030, to direct and focus on the sustainable development of Vietnam's marine economy.

The interagency body will assist the Prime Minister in studying, directing and coordinating in solving important multi-sector tasks concerning the sustainable development of Vietnam's marine economy.

The committee is assigned the following tasks and powers: Researching and proposing to the Prime Minister directions and solutions to deal with important and inter-sector issues relating to the sustainable development of Vietnam's marine economy; assisting the Prime Minister to direct, regulate and coordinate among ministries, ministerial-level agencies, government-attached agencies and local administrations to settle important and inter-branch matters concerning sustainable development of Vietnam's marine economy; carrying out the Government's master plan and 5-year plan to execute Resolution 36-NQ/TW dated October 22, 2018 of the 8th Plenary Meeting of the 12th Party Central Committee on sustainable development of Vietnam's marine economy to 2030, with a vision to 2045, and the Central Program on basic surveys of maritime resources and environment to 2030; and aiding the Prime Minister to press ministries, ministerial-level agencies, government-attached agencies and local administrations to realize important inter-sector matters concerning the sustainable development of Vietnam's marine economy.

Ha Thu

Solutions to Raise National Labor Productivity

The Prime Minister recently issued Directive 07/CT-TTg on solutions to promote national labor productivity.

Vietnam's labor productivity has significantly improved in recent years but it has not come up to expectations. The country's purchasing power parity is still modest relative to some ASEAN countries.

To address this weakness, the Prime Minister asked relevant bodies from central to local levels, within their jurisdiction, to effectively direct and carry out major reform orientations to increase labor productivity in Vietnam.

The Vietnam Chamber of Commerce and Industry (VCCI) is responsible for launching and implementing national productivity movements in the business community to encourage them to upgrade productivity by improving governance, digital transformation, business adaptation, technology innovation and value chains.

Business associations are supposed to actively respond to national productivity movements for businesses, and continue to better support businesses to enhance labor productivity.

Thu Ha

TH GROUP

Forming Complete Ecosystem

TH Group is operating many beverage and food projects involved in making fresh milk and nut milk, growing vegetables and medicinal herbs, and producing pure water.

HIEN LE

Creating a clean and organic food ecosystem

The first and most outstandingly successful project of TH Group is the “centralized high-tech dairy farming and dairy processing” project that makes organic fresh milk branded TH true MILK. The US\$1.2 billion project was launched in October 2009. By this time, the herd size reached 45,000 cows in Nghe An (setting a record of the largest dairy farm in Asia in 2015). The dairy project is currently being extended to many provinces and cities, including Ha Giang, Cao Bang, Quang Ninh, Thanh Hoa, Phu Yen, Lam Dong, An Giang and Soc Trang.

The project enabled the group to build a self-contained production chain, “from green grass to organic milk” from dairy farming, milk processing and product distribution to consumers; built the TH true MILK brand for more than 80 fresh milk products and for future products. TH true MILK products already won the ASEAN Best Food Award; Gold, Silver and Bronze Food Prize, Best New Product Award at the World Food Moscow (Russia) for five consecutive years (from 2015 to 2019; three

major awards at the Gulfood Dubai Fair (2016); Stevie Awards in 2018 and 2019 (UK); and creative awards in South Korea.

On October 22, 2019, TH Group also became the first Vietnamese dairy company to be granted license by the General Administration of Customs of China to export pure sterilized fresh milk and pasteurized flavored fresh milk to China, a market of more than 1.4 billion consumers according to the Protocol on official milk export signed in April 2019. Before that, TH Group had a representative office in China. In early 2019, TH Group and its partner Wuxi Jinqiao International Food City - the owner of China's largest cargo hub, signed a memorandum of understanding on strategic cooperation in market development in China where the demand for milk is very high.

In addition, TH Group's dairy products are available in many countries in ASEAN region (Cambodia and the Philippines).

Not only producing fresh milk, on the roadmap to create a clean, organic food ecosystem, TH Group continues to lead in investing in agricultural and pharmaceutical projects in the delta region in Northern,

Northwest and Central Highlands regions. In Nghe An, TH Group has developed the FVF organic vegetable project and the TH true Herbal medicine production project. The herbal farm model under the forest canopy has helped preserve precious local genetic resources in Son La, Ha Giang and other provinces.

In early 2018, TH Group launched premium nut milk products made from



macadamia nuts, walnuts, nut milk and gourds (cochinchinensis) combined with fresh milk and the sweetness of dates branded TH true NUT. The group's malt barley fermented beverage branded from TH true MALT was also launched. In early 2019, TH Group inaugurated the Nui Tien pure water, medicinal herb, fruit and vegetable factory and introduced purified water branded TH true Water. In late 2019 and early 2020, TH Group launched fruit juices, fruit milk and rice milk with all-natural ingredients.

TH Group is also surveying for the production of essential necessities such as rice, soybeans (in Thai Binh), fish sauce, salt, soy sauce, fish processing (Phu Yen) to bring organic fresh food for Vietnamese kitchen.

Besides fresh milk and fruit juice production projects, TH Group has also made a strong impression with education and health projects. The group is currently building and operating the TH school system, a 5-star international hospital system and an electronic medical center in Hanoi (TH Medical).

Expanding and conquering international markets

Speaking during the visit to TH Group's dairy farm in Russia by Vietnamese National Assembly Chairwoman Nguyen Thi Kim Ngan on December 10, 2019, Mr. Khromov Vadim Valerianovich, Deputy Governor of Moscow Oblast, Russia, said Vietnam and the Russian Federation have a long-standing relationship and friendship, and the two countries need to further promote this relationship. In the long history, we have realized that the two countries are always ready to share with each other difficult moments and share new joys together. Therefore, TH Group's project will bring pride to both countries. This project has been also supported by top leaders of both countries. Consequently, TH Group and Moscow are responsible for implementing this project as soon as possible.

By August 2020, the project will have 60,000 dairy cows. By April 2020, 70,000 hectares of residential land in Volokolamsk district, Moscow, Russia will be put into operation. Moscow leaders will provide the best conditions for the project to be completed on schedule, believing that Vietnamese investors will carry out this project on schedule and make an important contribution to strengthening the bilateral relationship between Vietnam and Russia.

Madam Thai Huong, Chairwoman and Founder of TH Group, touchingly said that, despite having the support of Russian President Vladimir Putin, leaders of the Government, central and local authorities of the Russian Federation (including Moscow leaders), there are still many barriers in languages, habits, customs and especially in construction. Difficulties and barriers are so many that TH Group sometimes want to abandon. But she and TH Group would not give up, but do their best to have this farm with more than 2,000 high-yield dairy cows today that are producing the best milk in Russia.

She said, Russia has clean water, a vast land and good policies. TH Group will fulfill its commitments to complete the first phase of this project in Moscow by August 2020. ■

CIRCULAR ECONOMY

Foundation of Sustainable Development

HA VAN THANG

CHAIRMAN OF THE BOARD OF DIRECTORS,
HOA BINH T&T 159 COMPANY

Agricultural production has only focused on linear productivity rather than sustainable, environmentally friendly development, or excessive residues in production process, or organic fertilizer to increase soil structure and protect biodiversity. Consequently, agricultural residues and animal waste are thrown away and even straw burning causes environmental pollution.

Recently, the concept and practice of circular economy model has drawn more attention. The circular economy in agricultural production is a closed-cycle production process where most wastes and by-products are turned into inputs for other production processes by applying biotechnology, physicochemical technology, scientific and technical advances along with very flexible applications in manufacturing and business processes.

In the context of global climate change, food security and sustainable development becomes a common issue for all humankind. Thus, the circular economy, especially the circular agricultural economy, has become a hot topic of much concern and discussion in many countries.

1. The concept of circular economy and linear economy

The circular economy is an accurate, intelligent economic system that recycles, processes, and utilizes resources in an economical, efficient manner, minimizes and gradually leaves environment-pollutant wastes.

The circular economy is also known as a non-waste economy where all wastes, by-products, equipment, tools, materials and chemicals used in one manufacturing process will become inputs for other manufacturing processes. This cycle is repeated until no waste is left.

The linear economy is only involved in resource utilization. Applying scientific advances to the manufacturing process is aimed for only one core goal: productivity. Waste is thrown away after a product is consumed, resulting in a huge amount of



☞ waste that pollutes the environment and imbalances the ecosystem.

The linear economy works as a flow of stream, uses natural resources as basic materials and products which are then sold through a series of steps. The added value is generated by selling as much as possible, resulting in the waste of using resources in saturated markets.

2. Basic principles in circular economy

2.1. Design for reuse

Waste will not exist if biological and chemical components of a product are designed to be reusable in a new cycle. In other words, this component can be separated and reused.

2.2. Flexibility from diversity

Systems that have diverse internal connections are often highly resilient and flexible against unexpected external shocks. In the economy, this flexibility comes from diversity of enterprise types, business models and production systems. At the same time, business networks must also be interactive and have mutual relationships with different suppliers and customers. Natural ecosystems are the most vivid examples of such flexible production systems.

2.3. Energy from endless sources

To reduce the load on product losses (by advanced recycling), more energy is needed. There are two main sources of available energy: renewable energy and labor force. Using renewable energy is the only way to meet conditions of a circular economy.

2.4. Systems thinking

Systems thinking focus on nonlinear systems, especially feedback loop (each system structure in which the output at each link in this structure will have an effect on the input at that link itself). In these systems, the combination of uncertain environmental factors with feedback loops to those factors often results in unpredictable results. However, to learn how to optimize these systems, we need to consider the relationships between them and the flows of materials in the production cycle.

Doing this requires a long-term approach, at various levels and scales of the circular economy. Systems, interacting with each other, lead to interdependent relations and create loops that underpin the flexibility of a circular economy.

2.5 Biological foundation

More and more consumer goods are created from biological materials and the utilization process is based on the “stratification” principle. These biological components are used for many different purposes before returning to the biosphere cycle.

In the past time, Hoa Binh T&T 159 Joint Stock Company has creatively applied the basic principles of the circular economy to collect waste and by-products in agricultural production to make animal feeds in its complexes. The company organizes concentrated

husbandry and associated husbandry and produces biological cushions for breeding facilities to treat waste in husbandry. Completely treating environmental impacts in the whole production and business process plays a very important role in balancing the natural ecosystem.

With 5,000 buffaloes and cows in each farm, the company uses 30,000 tons of agricultural by-products to produce animal feeds and produces 25,000 tons of micro organic fertilizers.

To achieve these results, we have applied many flexible and appropriate solutions to problems that arise from the process of implementation, especially best benefit-sharing for actors and stakeholders. Relevant actors and stakeholders in the chain easily identify their rights and responsibilities when they take part.

3. Solutions recommended to promote circular economy

In order to promote the circular economy, we see the need for a clear legal corridor for growing the circular economy. Enterprises are the central driving force, the State plays a constructive role, and the masses implement it. The constructive role of the State is reflected in its creation of a good environment for circular economy to grow.

In addition, we suggest that a clear legal framework for innovation is needed to support developing the circular economy. Innovation plays a very important role in changing rigid and outdated institutions. If there is a lack of legal framework, outdated institutions will be a barrier to innovations.

Vietnam may consider incorporating both international approaches of developing the circular economy into its agenda: Approach to sectors, products and inputs and approach to economic scales and geographical spaces.

Besides, Vietnam must also carry out other contents of the circular economy, such as encouraging renewable energy, enriching soil, preventing rice straw burning, promoting the use of environmentally friendly products, and improving and developing the circular economy in Vietnam.

We recommend that the policy on circular economy development should be added into the Party's Resolution and that the National Assembly should adopt laws to promote the circular economy development. The National Assembly and the Government advocate and encourage the development of circular economy models in the community and in businesses. In developing the circular economy, businesses will play a core role.

Vietnam is facing many serious challenges of resource depletion, environmental pollution and climate change. So, promoting circular economy development is an appropriate transformation that Vietnam is seeking to realize its sustainable development goals. ■



Uniting Southeast Business Community

For the past year, the Vietnam Chamber of Commerce and Industry - Vung Tau Branch (VCCI Vung Tau) has worked tirelessly to support companies and businesspeople in Ba Ria - Vung Tau province in particular and the Southeast region in general to overcome hardships, thus positively spurring local socioeconomic development and uniting the local businesses community.

VAN LUONG

Carrying out the working agenda in 2019, VCCI Vung Tau defined its top goals: Assisting businesses, supporting the development of a highly competitive, active, confident and integrating business community, and improving corporate social responsibility. Based on these strategic goals and devoted to its ongoing efforts, VCCI Vung Tau posted a year of excellent operations. Not only successfully fulfilling its duties, the branch performed well its political tasks; acted as a representative protecting legitimate rights and interests of the business community; and implemented extensive trade and investment promotion activities to support business development.

Advising the Party and the Government on policies and laws on business climate is one of major activities of VCCI Vung Tau, aiming to make more active contributions to local community development. In 2019, the branch aggressively spread Resolution 02/NQ-CP to the entire community in order to raise the awareness of Party committees, authorities, public servants, Party members and people; and carried out the program on building and disseminating business laws and policies. In the year, VCCI Vung Tau hosted 15 seminars and training courses to introduce new business policies to about 1,350 enterprises in the province, including the dissemination and update of import and export tariff search instructions; training necessary knowledge of import and export flow inspections; update on the Law on Social Insurance

2019, training on new C/O software; update on employment contracts and dispute resolution.

Informing and disseminating Party and State views and policies was also focused by VCCI Vung Tau, conducted in various forms such as conferences, seminars, presentations and training courses, thus helping businesses capture and properly implement Party and State guidelines and policies.

At the same time, VCCI Vung Tau also paid attention to training and developing enterprises and entrepreneurs, seeing this as an essential work to execute its mission of developing, protecting and supporting the business community; and built a strong, prestigious, capable entrepreneur force in the global business environment. Accordingly, in the past year, the branch organized 69 short-term training courses for 6,580 business representatives, focusing on such topics as cash flow management, document archives, middle managers, soft skills in management, KPI, and electronic invoices.

In addition to stimulating entrepreneurship, building and developing the business community, VCCI Vung Tau worked with the Provincial People's Committee to select, reward and honor businesses and entrepreneurs with prestigious awards like Lighthouse Award; and respect businesses on the occasion of October 13 - the Vietnam Entrepreneurs Day. Through these programs, the voice and the role of enterprises and entrepreneurs are increasingly affirmed, and spread a stronger impact on the public, local government and social community.





As regards support for businesses in trade and investment promotion and international integration, VCCI Vung Tau actively increased support for enterprises in international integration, including boosting communications and introduction on integration, and assisting local enterprises to deal with trade barriers to foster exports. The branch also invited external business delegations to the province to seek cooperation opportunities with local businesses which in turn had the opportunity to reach out to the world. In the year, the branch led local business delegations to Switzerland, South Korea, Japan, the United States, United Kingdom, Turkey and other countries, while welcoming delegations from Japan, the U.K., the Tom and Kaliningrad regions of Russia, India, South Korea and other nations.

Performing its role of representing employers, in 2019, VCCI Vung Tau continued to carry out action plans to execute instructions of the Secretariat of the Party Central Committee on strengthening leadership and shaping harmonious, stable and progressive labor relations in enterprises by taking part in labor legislation and suggesting practical policies for the Labor Code. The branch also launched many training, consulting, support and capacity-building programs for employers; informed and disseminated laws on labor relations in settlement of labor complaints and disputes for businesses, thus helping build a harmonious and stable labor relations in enterprises.

Director Vu Thi Thu Ha said that in 2020, VCCI Vung Tau will closely adhere to Party and State policies on economic development, business development, and entrepreneur development as stated in the Resolution of the National Party Congress and other important resolutions of the Party and the Government; follow resolutions on economic development, business development and entrepreneur development for the southern key economic region, and especially resolutions of the Provincial Party Committee and the Provincial People's Council of Ba Ria - Vung Tau in 2020. Furthermore, the branch will persistently support the business community and businesspeople, and make VCCI Vung Tau a reliable representative of the business community, employers and business associations in the Southeast region. ■

PM Requests VSS to Establish Inclusive Multilayered Social Security System

The Vietnam Social Security (VSS) has constantly reformed its policies, played a key pillar in the social security system towards universal insurance and expressed the good nature of our regime. That message was expressed by the Prime Minister Nguyen Xuan Phuc at the Conference on the 25th VSS founding anniversary (February 16, 1995 - 2020).

HUONG THOM

Delivering a speech to the conference, the Government's Chief highly appreciated achievements that the social security sector has made for 25 years. First of all, policies and laws on social insurance and health insurance have been increasingly completed and synchronized to match the country's development process and international practices. The organizational model of the social insurance and health insurance system has been increasingly improved in line with Party policies on organizational reform and streamlining, e.g. reducing three quarters of administrative procedures (from 263 to 27 procedures). VSS has built a database and granted social insurance codes to 97 million people. Especially, the electronic health insurance assessment system has been connected with 100% of medical facilities and automatically assessed medical expenses covered by health insurance for public, transparent and effective management and use of the medical expenses covered by health insurance. The coverage of social insurance and health insurance has been further expanded. By the end of 2019, social insurance policyholders reached nearly 16 million (accounting for about 32.3% of the labor force) and health insurance policyholders totaled nearly 86 million (accounting for 90% of the population). At this rate, Vietnam has basically realized the goal of universal health insurance and reached the target ahead of schedule set in Resolution No. 21, a status that even developed countries need 40-80 years to achieve.

The Prime Minister also praised VSS for its achievements in administrative reform and information technology application with many outstanding results: Reducing three quarters of administrative procedures (from 263 to 27 procedures), building database and granting social insurance codes for 97 million people, connecting electronic health insurance assessment system with 100% of medical facilities and automatically assessing medical expenses covered by health insurance for public, transparent and effective management and use of the medical



expenses covered by health insurance.

On behalf of the Government, the Prime Minister praised VSS employees' efforts for the social security sector during the past 25 years.

He emphasized, "Taking care of the people's health and prosperity is the responsibility of our Party and State. Our ultimate goal is having a universal social security system that meets international standards and establishes a multilayered safety net to protect all." To achieve that goal, the coverage of social insurance must be broader. All workers and dependents must have a safety net. With less than a third of workers holding social insurance, the target is still very distant. So, it is necessary to make more efforts to achieve the target set by the Resolution of the Government: The coverage rate of 35% at the end by 2021 and 45% by 2025.

The Prime Minister stated, "We need more specific, more creative solutions to overcome shortcomings. We need to promote digital application to have unified management, effective performance and more economical personnel apparatus, reduce the time to pay social insurance in the coming time, deal with the abuse of health insurance fund and evasion of social insurance payment."

Importantly, social insurance reform is being implemented amid many difficult socioeconomic challenges, limited resources and low income of people. Meanwhile, the laborer rate in informal sectors is high; changes made to social insurance regimes over time expose certain irrationalities; the pressure of aging population on the social insurance system is enormous; and the impact of the Fourth Industrial Revolution is rapidly changing in the labor structure and labor relations.

The Prime Minister also cited the health insurance policy to prove its important humanistic role in dealing with Covid 19 epidemic that is developing extremely complicatedly.

However, even though all people have health insurance, the service coverage rate is low and the coverage payment is still limited. Getting vaccinated against flu every year, people will have stronger resistance/immunity and face less risk of getting flu, thus reducing the burden on society. This will be a concern and adjustment in the near future.

To make the social insurance a truly main pillar of the country's social security system, the Prime Minister suggested that VSS and relevant agencies grasp the overall view of Resolution 28 of the Central Party on social insurance policy to achieve the goals.

In the next phase, the Prime Minister requested VSS to work out a development strategy to become a modern and effective institution powered by information technology application and uninterrupted connectivity in policy enforcement. VSS must be a prime example of ensuring public satisfaction and worker confidence; continue to improve the social security system in an integrated manner for centralized, unified and shareable management between the State, society and people, between people in one generation and among generations; ensure equity, sustainability and adherence to the country's socioeconomic development objectives and tasks; continue to expand health insurance coverage; step up administrative procedure reform and information technology application; complete the national insurance database; connect and share information with ministries and branches; and seamlessly deal with administrative procedures on the National Data Axis to play a significant part in building a successful e-government.

On this occasion, the Prime Minister awarded the Government's Emulation Flag to the Vietnam Social Security and presented the third-class Independence Order to VSS General Director Nguyen Thi Minh. ■

Vietnam Can Expand and Manage Solar Energy Effectively



Vietnam could increase its solar power capacity from the current 4.5 gigawatts to dozens of gigawatts in the next ten years, and create thousands of new jobs if it adopts a new approach to bidding to select and implement solar power projects.

QUYNH CHI

This approach is outlined in a new report by the World Bank entitled "Strategic and competitive bidding framework for solar power projects in Vietnam". The report is funded by the Global Infrastructure Fund (GIF) and the World Bank's Energy Sector Management Assistance Program (WB-ESMAP).

The report is the result of technical cooperation between the World Bank and the Government of Vietnam in the past two years to effectively expand and effectively manage the abundant solar energy resources in Vietnam. The development of new solar power projects is an important element that helps the Government of Vietnam achieve climate change goals on reducing emissions in the nation-decided contribution (NDC) and reducing the need for developing new coal power projects.

The report comes as Vietnam is considering shifting from a fixed feed-in-tariffs (FIT) of solar power to competitive bidding for solar power projects to reduce electricity production costs. In recent years, FIT has successfully promoted rapid implementation of projects in the context that Vietnam has also become the world's leading country in producing solar modules. However, this success also raises new problems, including the risk of "deflation" - the phenomenon that solar power projects must operate under installed generation capacity.

The World Bank has proposed two new options to implement the project: competitive bidding for solar park and

"competitive bidding by substation" - competitive bidding based on available capacity at power substations/Highway line. These approaches will address deflation and improve risk sharing between the state and private investors.

The first phase of a competitive pilot bidding of 500-megawatt substations and 500 megawatts of solar power park - is expected to begin in the second half of 2020 with technical and financial support from the World Bank.

Mr. Ousmane Dione, Country Director of the World Bank in Vietnam, affirmed that the World Bank is committed to supporting Vietnam in achieving its sustainable energy ambition. "We hope this strategy will open a new chapter on solar power development that has been very successful in Vietnam," said Mr. Ousmane Dione.

In addition to the new approaches to competitive bidding, the report also recommends setting annual and medium-term solar power deployment goals, and revising the legal framework related to selection regulations of independent power production units.

Accordingly, the estimated increase in solar power capacity in Vietnam can create about 25,000 new jobs per year in the field of project development, services, operation and maintenance until 2030, and 20,000 other jobs in the manufacturing sector if Vietnam maintains its current market share in the global market of solar power equipment.

According to Mr. Hoang Tien Dung, Director of the Department of Electricity and Renewable Energy, Ministry of Industry and Trade, the World Bank has provided support to the Government of Vietnam in changing from fixed price policy of solar power to the policy of competitive bidding for solar power projects and beyond to apply for the development of other renewable energy projects, helping Vietnam's renewable energy sector to develop in a sustainable, transparent, competitive and ensure harmonization of interests of investors - the state - the people.

It is known that for many years, the World Bank has assisted the Government of Vietnam in making solar power development planning. Since 2017, the World Bank, funded by ESMAP and GIF, has been providing Vietnam with a range of major technical assistance activities from solar mapping to strategic advice on mobilization of private investment in large-scale solar power projects. ■

Renewable Energy in Focus

Mr. John Rockhold, Head of Power & Energy Working Group made this comment in the Vietnam Business Forum - VBF.

According to VBF, the energy production plan in Vietnam (Edition 2.0) provides an energy development strategy based on energy sources in Vietnam with a focus on renewable energy.

The Made in Vietnam Energy Plan (MVEP edition 2.0) updated the previous report and was built during a period of rapid transition of global and Vietnam energy markets. Sustainable energy production technologies for the future, such as solar, wind and li-ion batteries, once thought to be economically viable only in the late 2020s or 2030s, are witnessing a sharp drop in their costs, as it has become popular.

Today in the world, these energy technologies often overwhelm other technologies that produce electricity using fossil fuels without subsidies. Coal-fired power plants, that were once considered the lowest-cost solution and to have the potential to borrow from banks in fast-growing economies, now have difficulty finding funding because investors have realized concerns about environmental degradation, the impact on human health, the trend of reducing the load factors and the premature shutdown of these plants. As the financing sources for coal in Vietnam have decreased, more reliable, renewable and highly efficient sources of energy have continued to increase. The accurate evaluation of costs, selling prices, taxes and prices can create a legal environment to mobilize the private sector to meet Vietnam's energy goals in order to reduce energy intensity and increase production of clean energy.

According to data from the Ministry of Industry and Trade, Vietnam has more than 330 solar projects with a total registered capacity of 26,000 MW that are undergoing many steps in the approval process to supplement the Power Development Plan. Among them, 121 projects with a total generating capacity of 6,100 MW have been approved and added to national and local power development plans. A large private investment project in Ninh Thuan province with a cluster of three plants with a capacity of 330 MW has joined the national grid since April 2019. This is the largest solar power plant in Southeast Asia with a total of more than one million panels, and a total investment of more than VND7 trillion, equivalent to US\$300 million at present. This project contributes to reducing CO2 emissions into the environment by nearly 304,400 tons each year.

The level of interest in the renewable energy sector shows

“After the fixed feed-in-tariffs (FIT) for power was adopted in September 2016, the private sector has installed approximately 5.2 GW of solar energy and this number will continue to increase when switching to use gas as a base load to support dozens of proposed renewable energy projects.”

QUYNH ANH

that Vietnam has the potential to rapidly develop this sector under current market conditions if there are effective policies. However, the ambition to further expand renewable energy production will still be constrained by the barriers that consumers are interested in buying clean energy and production units accessing to funding are facing.

The first edition of the "Made in Vietnam Energy Plan (MVEP) 1.0" was completed in 2016-2017. However, in the context of rapidly growing renewable energy in Vietnam and the possibility of increasing gas use in electricity production, the VBF's Power & Energy Working Group updated and revised its report with six key recommendations. Accordingly, Vietnam needs to encourage energy

experts in the private sector to participate in supporting the establishment of the Power Development Plan VIII, with a particular priority given to the development of renewable energy, gas, storage batteries and efficient use of energy. Except for the storage batteries, which have recently become an affordable solution, this recommendation reflects the goals stated in the previous report - Edition 1.0.

At the same time, laws and incentives should be implemented to encourage private investors to develop large and small renewable energy projects, such as rooftop solar PV, storage batteries, solar farm, floating solar power, offshore and onshore wind power, biomass power; it is necessary to simplify the project approval process while maintaining safe electrical systems. Besides, direct power purchase agreement (DPPA) and power purchase agreement (PPA) should be standardized into contracts which are capable of being accepted for international funding, used globally as well as in ASEAN countries.

In particular, it is essential to publish the roadmap of electricity retail price until 2025, which should reflect the shift in the direction of market price, adjust the number of hours for applying peak electricity prices and consider applying other retail price tables for different areas and poor households.

In addition, it is important to assess the urgent need for the development of transmission grid systems and how to develop grid infrastructure with the lowest costs to support the increase of renewable energy and transmission power sources; evaluate the causes and solutions for very high and increasing energy intensity compared to regional neighbors with equivalent/higher GDP per capita and prepare public awareness campaign about avoiding energy waste at residential, office and factory level. ■

Tourism Rocked by Covid-19

Statistics show that Covid-19 infections, originated from China, reached more than 75,000 confirmed cases as of February 21. Vietnam had 16 infections, with 14 recovered cases.

According to economic experts, tourism is hit hardest by this epidemic.

High impact

According to data released by the General Statistics Office (GSO), Chinese tourists accounted for up to 32% of 18 million international visitors to Vietnam in 2019. The sharp drop of Chinese tourists will result in a strong slump of tourism revenue.

A lot of tour bookings and hotel room reservations were cancelled, especially in Chinese-favored destinations like Da Lat, Da Nang and Nha Trang. Current room occupancy is only 30-40%. This rate in small hotels is even only 10-15%.

The Covid-19 epidemic has had substantial impact on tourism of Da Nang City. According to a report by the Da Nang Tourism Association, tourists from Japan, South Korea and Southeast Asia fell by 20-30% and hotel room occupancy decreased by 30-40%, even by only 10-20% from a year earlier. Tourist destinations also witnessed a sharp drop of 30-40%. Tourist transport capacity shrank to 40-50%. Tourism companies faced enormous difficulties because most of them used bank loans. Under these circumstances, tourism and service companies had to take temporary measures like downsizing the staff, reducing working hours, and minimize marketing, advertising, electricity and water costs.

In the first two months of 2020, Covid-19 also pushed Nghe An tourism into a serious crisis as revenue declined on falling tourist arrivals. According to statistics, in the first week of February, Nghe An province saw nearly 100 delegations with nearly 7,000 visitors cancel their arrivals. In February, the province was expected to welcome only 128,000 tourists, and fetched accommodation revenue of VND36.8 billion, down 60% year on year. Tourist arrivals to local destinations were forecast to fall by 60% and travel revenue was estimated to slump 70% as compared to the plan.

Mr. Pham Ha, founder of Lux Group, said that, as a domino effect, international tourists were also afraid to come to Vietnam and Asian countries at this time.

Lux Group's traditional customer segment is high-class customers from Europe and the United States. Given the Covid-19 outbreak and domino effects from China, a lot of tourists cancelled tours to Asian countries, including Vietnam. Lux Group's February sales dropped by about 70% from a year-ago period. Many tours in March and April were canceled or delayed.

"The epidemic impact is considerable to Vietnam's tourism. If the contagion cannot be controlled well and there

Novel coronavirus (Covid-19) is causing enormous damage to the tourism industry. This is the time for this industry to restructure its customer segments, take measures to recover and accelerate short-term growth and formulate long-term development strategies.

is no urgent solution in the first quarter, we cannot make light of a worse scenario which will hurt businesses in the second quarter of 2020," he said.

Struggling to overcome challenges

Fearing a worsening plague that threatens human safety and wrecks the tourism industry, central and local tourism authorities and businesses urgently gathered to discuss solutions and quickly deal with damage.

Ms. Nguyen Thi Anh Hoa, Deputy Director of the HCM City Tourism Department, said that the department timely released information about the disease to

residents and visitors; issued documents on good disease prevention and fighting; listened and recorded information about disease response measures by tourism businesses. In particular, the tourism industry sent a message about a safe and friendly destination to domestic and international tourists by keeping information up-to-date, supporting and offering free medical masks for people and visitors at many attractions such as Notre Dame Cathedral, Post Office, City Theater, Reunification Hall and War Remnants Museum.

Mr. Nguyen Manh Cuong, Director of the Nghe An Tourism Department, Nghe An province established three inspection teams and recommended disease prevention measures at 15 accommodation, travel, and tourism facilities. At the same time, in order to help Nghe An tourism to escape this crisis and revive growth, the Nghe An Tourism Department further promoted information and affirmed Nghe An as a very safe destination where there has been no Covid-19 infection so far. The department also hosted training courses to improve human resources for tourism units in the time of epidemic and coordinated well with the health sector to meet disease prevention and control requirements.

In order to stimulate tourism right after the nCoV or Covid-19 epidemic ends, tourism companies also planned human resource training, marketing and product development to attract tourists.

Mr. Pham Tien Dung, Director of Goldentour Company, said, "We see that this is a tough period for the tourism industry in general and for businesses in particular. This is a good time for us to restructure our operations, boost core competencies, strengthen employee training, tighten business partnerships, and research new in-depth products, especially markets that are likely to recover from this incident quickly."

Mr. Nguyen Van Quang, Director of Viet Orient Hotel Consulting & Management Company (VOH), added that this is a "break" time for VOH to review its health to align its business operations and structure to promote its strengths.

"On one hand, we have to optimize our business operations, enhance training, improve customer service,

Mr. NGUYEN NGOC THIEN

MINISTER OF CULTURE, SPORTS AND TOURISM

Businesses need to pay attention to developing the domestic market, endorse to form five connections “localities - aviation businesses - restaurants - hotels - travel agencies” into a tight chain, offer discount packages and stimulus for domestic and international tourists. In addition, the

Provincial/Municipal People’s Committees also need to consider reducing and exempting tickets and entrance fees for 1-2 months after the epidemic to stimulate tourism.



Mr. TRUONG QUANG NGHIA

SECRETARY OF DA NANG CITY PARTY COMMITTEE

Along with intensifying hotel management, the tourism industry and the Da Nang Tourism Association needs a campaign to promote tourism and introduce the image of Da Nang safety.

On one hand, tourism companies need to be calm, continue their operations, develop promotion plans, take care of customers and find new customer markets. In seeking new markets, finding a customer segment with higher income is also a solution that can meet the needs and seize new opportunities to restructure their high-income customer base, and capture good practices in other countries to develop a more transparent, sustainable tourism model.



Mr. BUI DINH LONG

VICE CHAIRMAN OF THE NGHE AN PROVINCIAL PEOPLE'S COMMITTEE, HEAD OF NGHE AN TOURISM DEVELOPMENT STEERING COMMITTEE:

In addition to following instructions of the Provincial Party Committee, the Provincial People’s Committee and

the Department of Tourism on Covid-19 infection prevention and control, tourism units need to stabilize their operations, train human resources, improve service quality, and develop tourism products to readily welcome tourists when the epidemic is over. The matter is how Nghe An province and tourism units can get ready to welcome visitors with the best service quality when the epidemic ends.

Nghe An Tourism Association needs to focus on informing and promoting tours, routes and destinations in Nghe An province. The main content of centralized communications is the image of a friendly, civilized province which has done well with tourist safety and disease prevention. Nghe An Tourism Department summarizes opinions of enterprises to submit to the Provincial People's Committee for study and settlement; and develop tourism programs, plans and events to attract tourists right after the epidemic is over.



Mr. PHAM HA

FOUNDER OF LUX GROUP

In order to effectively support businesses to overcome this tough time, the Government needs to take practical measures to control and prevent the Covid-19 epidemic in the community to ensure tourist safety in Vietnam. Communications should be focused on Vietnam’s safe destinations to make tourists feel secure when they come to Vietnam. Policies should be consistent from central to local levels to encourage tourism, especially after the epidemic ends.

In addition, the Government needs urgent measures such as tax cuts and exemptions, credit packages, reduced interest rates for tourism businesses, and extended visa exemption for some other nationalities such as Australia, New Zealand to facilitate tourists from other countries to Vietnam.



cut down office expenses, and reduce unnecessary workers. On the other hand, it is necessary to systematize business and marketing, and enhance business capabilities to catch up with market development trends as soon as the epidemic is over,” he emphasized.

In addition, most travel businesses believe that it is necessary to have supportive measures to cope with the plague like training sale and marketing employees, propose tax exemption and reduction for tourism companies to the government, and seek quicker soft bank loans.

According to the Vietnam National Administration of Tourism (VNAT), from now until the end of February 2020, VNAT will send four working groups to some key tourism attractions to work and capture Covid-19 epidemic impacts with local tourism businesses. Then, they will propose solutions, ask the government for support to tackle hardships faced by localities and enterprises, and suggest healing solutions to spur tourism development as soon as the disease comes to an end.■



Stimulus Program Expected to Heat up Tourism Market

The Ho Chi Minh City Tourism Department recently held a meeting to collect opinions on solutions to cope with Covid-19 epidemic impacts on tourism from travel businesses and hotels.

According to the department's preliminary statistics, after the Lunar New Year holiday, hotel customers fell by about 50% from the same period of 2019. Particularly, hotels and accommodation facilities for Chinese-speaking tourists reported a 70% drop.

Ms. Huynh Phan Phuong Hoang, Deputy General Director of Vietravel Company, said that reserved tours are still departing as planned but the company has hardly seen bookings for the next 2-3 months.

According to some 4-5-star hotels in Ho Chi Minh City, the sharp decline in room reservations forced them to reduce capacity and consider staff cut and salary cut.

A representative from Park Hyatt Saigon Hotel said, after Vietnam announced Covid-19 infections, more customers canceled their bookings. Some are hesitant about their visits to Vietnam when a commune in Vinh Phuc province has been isolated to disinfect the novel coronavirus or Covid-19. Almost all customers decided to cancel their room reservations.

Many companies asked the government to introduce support policies like exempting and reducing corporate income tax, discounting some public services and supporting marketing and promotion.

In particular, tourism businesses believe that one

Travel businesses in Ho Chi Minh City are offering strong promotions and sharp discounts to court domestic and foreign tourists in order to revive the market that has been adversely affected by the Covid-19 epidemic.

important action to woo tourists is informing tourists far and wide that Vietnam, including Ho Chi Minh City, is a safe disease-free destination to assure international visitors.

With respect to the plan to launch a tourism stimulus program to draw domestic and foreign tourists to Ho Chi Minh City right after the Covid-19 epidemic is over, Ms. Nguyen Thi Anh Hoa, Deputy Director of the HCM City Tourism Department, said that the city will boost tourism stimulus to court international visitors to Vietnam and Ho Chi Minh City.

Specifically, tourism companies, transport firms (by air, rail, waterway and road), hotels, restaurants, shopping malls, sightseeing attractions and travel businesses among others will join forces to

launch promotional policies, strong discounts or special offers for visitors to Ho Chi Minh City.

"Discount and stimulus programs, with a discount of 30% or more, can exert a pull on tourists and boost the lackluster market," said Ms. Huynh Phan Phuong Hoang.

Ms. Nguyen Thi Anh Hoa said that HCM City tourism will step up foreign tourism promotion and tap potential markets such as Australia, especially India, where tourists tend to spend a lot, to compensate for the decline caused by the temporary closure to Chinese visitors. The city will continue to expand key markets such as South Korea, Japan, Taiwan and ASEAN; draw more visitors from distant markets like North America where direct flights from Vietnam are pending to be launched. ■

NLD

Master for Grand Festivals

Having worked as a stage director for nearly 20 years, in charge of many large and grand stages such as Hanoi City Food Festival, Program of Miss Culture of Ethnic Groups, Thai Nguyen Tea Festival, Lang Son Peach Blossom Festival, Street Festival of Northern Provinces, etc, few people know that Director Tran Trung was formerly a student at University of Copenhagen (UCPH) in Denmark, specializing in Information Science and Cultural Communication. That Director Tran Trung came to the limelight was not only predestined, but also a burning passion, a love for art and Vietnamese folklore.

In recent years, the event planning industry in Vietnam has been developing rapidly and catching up with the world trend. As a director professionally trained abroad, what do you think is important to create success for each event?

I feel sorry that in Vietnam, there are very few schools offering professional and formal training in Event Planning, while this has become a hot industry in recent years. However, in my opinion, the professional training is only a stepping stone, the key is still experience accumulated from the success or failure of each program. To create success for an event, it is essential to have a team with many sub-teams in charge of each work; any weak sub-team will cause errors that affect the quality of the program. I am very lucky when I have worked with Viettimes Media, a team of energetic and enthusiastic co-workers who are especially extremely thorough and elaborate in every phase from brainstorming and idea generation, to scripting, implementation, logistics and management. I always ask the sub-teams to have mutual connection, to complete the task in their charge, and at the same time, each individual must be equipped with the skills to solve any situation which can come up.

How do you feel when many people say that many of Vietnam's events are simulating or even copying foreign ideas?

Having more than 20 years of experience in this field, Viettimes Media and I have implemented a series of major cultural programs and festivals throughout the country. I don't know how other event companies are, but for me, constantly learning and updating the latest technology in the world to apply to my programs are an important element to create difference and success for each of my events. However, learning, but not "copying", constantly



After the brilliant success of "Vinh Phuc Street Festival 2020" taking place in Vinh Yen City, Vinh Phuc Province on January 31, 2020, Director **Tran Trung** increasingly confirmed his fame as a talented planner who has created cultural events imbued with national characteristics and modern elements very cleverly and uniquely.

changing and creating, is also my concern and challenge through each show. The more difficult it is, the more challenging I want to be. Even though many people have said that I was "crazy", Viettimes Media and I are extremely proud to bring the most spectacular and unique parties to my spectators.

What do you consider the most memorable part of your career?

All events have left me unforgettable memories, but I will probably never forget the most recent program which I and the team of Viettimes Media have done, "Vinh Phuc Street Festival 2020" held on the 7th day of the Lunar New Year. The time to implement this program was very short, only 14 days including Tet Holiday, especially this was the event with the presence of more than 1,000 folk artists and street performers. This was a big challenge for the whole team to meet the deadline.

The whole team worked non-stop, during the Tet Holiday, even when the program was about to take place, we stayed awake for three nights to complete the stage and the remaining work items. And in response to the effort of Viettimes Media team, the program was successful beyond expectations, bringing a folk-filled festival which re-created a "holy land with talented people" and also a booming and vibrant land that brings vitality and enthusiasm to the next generation.

Thank you very much!



Time Stands Still at Huynh Thuy Le Mansion

Built more than a century ago and witnessing twists and turns of history, Huynh Thuy Le Mansion has still kept intact its East-West blended architecture combined with Chinese-style interior decoration adapted by Vietnamese southerners. That unique feature has given off an extraordinary attraction that has drawn hundreds of thousands of visitors each year, especially people from the Francophone community.

Huynh Thuy Le Mansion is located at 255A, Nguyen Hue Street, Ward 2, Sa Dec City, Dong Thap Province. In addition to two unique architectural styles, this place is famous for a borderless love story between a French girl (Marguerite Duras, a writer) and a wealthy Vietnamese-Chinese man (Huynh Thuy Le, son of the host) in the early 20th century. The then "Love Story" was later recounted by the author in L'Amant novel (The Lover).

In 1984, the novel was published and became a blockbuster, which was translated into 43 languages around the world and won the Prix Goncourt (the most prestigious literary award of France). In 1986, Director Jean-Jacques Annaud made the film of the same name and the Huynh Thuy Le Mansion was set as the main setting of the film.

The Huynh genealogy says that Mr. Huynh Cam Thuan, a famous and wealthy Chinese Fujian merchant in Sa Dec, built the mansion in 1895 in the heart of a bustling town along the Sa Dec River. At that time, this three-part house carried the distinctive residence style in the Southwest region of Vietnam. The 258-square meter dwelling house was built with precious timbers and roofed with yin-yang tiles. In 1917, the host overhauled it with solid bricks surrounding the inside wooden frame. Looking at the exterior, the house seems to be a Roman renaissance architecture in the 17th century, featured with arches, columns, patterns and reliefs. But, the inside still retains the Vietnamese traditional architectural style with three chambers.

In addition to the convenient location, the house also has other notable features: The floor of the middle chamber seems to be sunken. This is a deliberate construction of the host because, according to feng shui elements, wealth flows to the lower place. Another characteristic is the Guang Yu altar is placed in the middle of the main chamber as in Chinese beliefs.

Also according to feng shui

geomancy, the layout of the motifs on the bar is "Dragon, Unicorn, Bat, and Phoenix", not "Dragon, Unicorn, Turtle and Phoenix" as in Chinese cultural traditions. All implies the upper class of the Huynh family in the feudal society of that time. Later, his youngest son, Huynh Thuy Le, inherited the mansion. Since then, the house has been kept almost intact.

In early 2018, Huynh Thuy Le Mansion was assigned to Dong Thap Tourism Joint Stock Company for preservation. Since its takeover, the company has awakened hidden values of the ancient dwelling, created a fresh green space and adopted many solutions to prevent it from being degraded and to preserve this legacy.

The company has focused on training and improving service skills for its employees, from costumes, attentive attitude, thoughtful presentations and foreign language skills, to introduce the "soul" of the monument.

Mr. Le Hoang An, General Director of Dong Thap Tourism Joint Stock Company, said, enjoying the timeless values of the famous old house, the company is responsible for preserving and promoting its values. Introducing these to visitors, especially to cultural researchers, means that future generations can understand the values

of cross interaction of cultures, societies, and economies in the Southern region at the beginning of the 19th century.

Not only being assigned to preserve the unique architecture of Huynh Thuy Le Mansion, Dong Thap Tourism Joint Stock Company is also entrusted with a greater mission of leading tourism companies in Dong Thap province. Its Bong Hong, Sao Mai and Song Tra hotels and convention - wedding centers, all upgraded to a 3-star class, have importantly helped the tourism sector of Dong Thap province to fly higher as springtime comes. ■

Located in the heart of Sa Dec City, less than 2,000 meters from the 3-star Bong Hong Hotel, Huynh Thuy Le Mansion - a national cultural relic - is always full of visitors.



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