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**LARGEST WAVE OF GLOBAL SUPPLY CHAINS
IS TARGETING VIETNAM AS SAFE DESTINATION**

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“Working together, overcoming challenges, seizing opportunities and recovering the economy”

This was the theme of the conference chaired by Prime Minister Nguyen Xuan Phuc on May 9. The economy is now like a “compressed spring” and is expecting a strong bounce-back as Vietnam has basically contained the pandemic.

HUONG LY



This meeting was broadcast online with the largest access ever, with 63 local points, 30 ministerial points and aired live on Vietnam Television. Therefore, about 800,000 businesses nationwide, over 5 million business households and people nationwide could watch the event.

Aggressively adopting the V-shaped economic recovery

According to Prime Minister Nguyen Xuan Phuc, the crisis caused by the Covid-19 pandemic has influenced all economic aspects, e.g supply - demand, production - consumption, internal trade - foreign trade, aviation - tourism, technology intensive manufacturing, labor intensive manufacturing, developed countries - developing countries, small-scale enterprises - large-scale enterprises, among other things.

However, he said that Vietnam has the highest growth prospects in ASEAN. The nation is pursuing a dual-goal strategy: Preventing the epidemic and maintaining economic activity, accompanied by reforms and restructuring, to soon blow up the flame of growth when the epidemic has been well controlled.

He affirmed that the endogenous capacity of Vietnam's economy and Vietnamese enterprises is extremely large. Vietnam has accumulated resources after many years of growth. This means that Vietnam is not too dependent on outsiders.

PM Phuc suggested, “Enterprises also need to work together, share and generate jobs. This spirit must be spread and productive. The conference will not be “words without action” but seek actions and solutions to remove difficulties against businesses.

He wanted businesses to do six basic things: (1), love the country, think of the nation, respect the rule of law, and uphold

the spirit of sharing when doing anything. He appreciated the sharing spirit of many companies with the government amid the epidemic outbreak; (2) be united to get stronger; (3) never be discouraged because discouragement means surrendering; (4), be dynamic and assertive because being passive and hesitant is losing opportunities; (5), be creative because lack of creativity means moving backwards; and (6), have faith.

He also asked central and local authorities and agencies to take action to remove hardships for enterprises. “There must be acceleration policies and leverage policies. We must uphold the spirit of anti-stagnation as in the fight against the epidemic. Stagnant virus lies right in organizations, businesses and localities.

To realize these requirements, the Prime Minister asked businesses to adopt V-shaped development rather than the U shape or the W shape.

Turning risk into opportunity

Minister of Planning and Investment Nguyen Chi Dung said that, according to surveys conducted by the Ministry of Planning and Investment, one of the biggest difficulties of enterprises is capital shortage, especially working capital. Over 45% of enterprises lack capital for production and business. Market, revenue and cash-flow shrinkage forced many businesses to use measures to cut wages and labor.

Business registrations in the first four months of 2020 showed that the complicated evolution of the Covid-19 epidemic greatly affected business development. The number of newly established enterprises plummeted; the scale of enterprises was narrowed; and the number of enterprises registered for temporary operational cessation increased sharply by 33.6% over the same period in 2019.

However, according to Minister Dung, Vietnamese



enterprises have been very active to seek ways out. Many initiatives have been adopted to address adverse impacts of the epidemic, such as applying flexible working hours, cutting production costs, sourcing alternative material supplies, seeking consumer markets, especially focusing on the domestic market, quickly seizing new business opportunities, applying digital technology to production and business operations.

Always standing side by side and supporting businesses, heads of the cabinet, ministries, branches and localities have regularly met, exchanged and timely grasped hardships faced by enterprises to direct the radical execution of many policies and solutions to clear difficulties for them. For example, the Prime Minister's Directive 11/CT-TTg dated March 4, 2020 on urgent tasks and solutions to remove business difficulties and to ensure social security in response to the Covid-19 epidemic is the foundation for orienting subsequent specific policies such as Government Resolution 42/NQ-CP dated April 9, 2020 on measures to support people in difficulty caused by the Covid-19 pandemic, and Government Decree N 41/2020/ND-CP dated April 8, 2020 on extended deadline for payment of taxes and land rents.

Minister Nguyen Chi Dung said recent policies have partly helped companies to ease losses they suffered. 88% of the surveyed enterprises said that solutions issued under the Government's Directive 11/CT-TTg are appropriate and timely. But, the business community still strongly expected that more powerful policies and actions will be introduced by authorities to support enterprises to overcome challenges and seize opportunities.

Among their recommendations, enterprises want the Government to thoroughly simplify administrative procedures, ensure transparency, clarity and consistency of regulations and policies, and uphold the fairness and attitude of service of enforcement staff to enterprises. This is what they want most from governmental agencies rather than financial support, he emphasized.

From an international perspective, the prestige and position of Vietnam is now highly appreciated for the success achieved in the prevention and control of the Covid-19 pandemic, he added. This is an opportunity for the world to know that Vietnam, with a special advantage of 'strategic trust', is safe for investment and ready to receive capital flows. This advantage can give momentum for Vietnam to go one step ahead to revive the economy and establish a new position in the international arena.

In addition, the impact from Covid-19 created new awareness, new consumer trends, new business models, and new market opportunities to form new value chains and links to make breakthroughs. This is really an opportunity for Vietnamese businesses to recognize and test their true capacity, resilience and adaptability to market events, restructure production and change strategies.

Moreover, new free trade agreements like CPTPP and EVFTA will provide great advantages for Vietnamese businesses to engage in global value chains, and innovate equipment and technology with more effective cost to improve capacity and competitiveness.

Minister Nguyen Chi Dung emphasized that, with the above viewpoint, the Ministry of Planning and Investment proposed some important approaches: Restoring disrupted supply chains and value chains, building and developing new value chains, forming and developing Vietnamese supply chains and link chains of goods; launching stimulus solutions in the domestic market; promoting tourism and investment; immediately building and carrying out a communication strategy to promote Vietnam's image to the world; supporting the restoration and renewal of production and business activities in association with employment and increased revenue for the state budget; further carrying out incentive policies and solutions to encourage businesses to accelerate digital transformation and develop digital economy; supporting the development of e-commerce platforms, electronic payment technology applications; consistently and thoroughly reforming administrative procedures, improving the business investment environment, focusing on addressing bottlenecks and inadequacies that hinder business development. ■

Largest Wave of Global Supply Chains Is Targeting Vietnam as Safe Destination



VCCI President Vu Tien Loc addresses the conference between the Prime Minister and businesses

At the meeting between the Prime Minister and businesses, VCCI President **Vu Tien Loc** delivered a speech on the Government's efforts to support businesses in the past time and on the resilience of businesses. He also proposed initiatives for Vietnam to become a "dragon" and a "tiger". Vietnam Business Forum would like to introduce this speech.

The Vietnam Chamber of Commerce and Industry (VCCI) reported over 150 specific initiatives and recommendations of the business community to the Government and the Prime Minister. Here are some general issues.

First of all, I would like to express my sincerest thanks to the Prime Minister for a very difficult decision he made more than three weeks ago: Basically lifting quarantine measures and reopening the domestic market. With this decision, businesses and the economy are changing very quickly and positively.

VCCI conducted a business survey in late April and early May, finding that up to 55% of respondents will maintain their current production scale in the third quarter, 22% planned to expand operations, and only 21% will narrow their scale or suspend operations. This is encouraging and much better than that in the survey VCCI announced a month ago.

Once again, Vietnamese businesses have shown their vitality, elasticity and resilience in tough conditions and in time of crisis.

More respectably, many businesses are striving to take good care of their employees and keep their jobs although they have no profit, even suffering losses and seeing sales drop. This is showing the social responsibility of enterprises and entrepreneurs - job generators in the economy - who dare to trade off their personal peace of mind to enrich the country and take care of people's livelihoods.

I propose that the Party and the State praise and reward enterprises and entrepreneurs who have bravely and steadfastly overcome the epidemic.

The business landscape has become better although there are a lot of tough difficulties ahead. Timely support measures from the Government are extremely important. The business community highly appreciates the Government for the fiscal and credit packages with unprecedented scale and in a tight budget context, to support business. This illustrates the Government's spirit of sharing and siding with business. What the business community wants is: The Government and the National Assembly consider reducing and exempting more taxes and fees, extending repayment deadline for loans/debts, and loosening credit growth caps.

But most importantly, enterprises proposed that relevant agencies and organizations promote the quick, effective, transparent and impartial implementation of support packages launched. A stitch in time saves nine. Many companies will survive if we act one day faster and many will die if we act more slowly. Late support won't work.

As for more radical and longer-term solutions in the coming time, the Prime Minister said, "We can turn challenges into opportunity" and Party General Secretary and President Nguyen Phu Trong emphasized, "We fight the epidemic together but the biggest task is to develop business" and "Our country has never had the opportunity, capability, position and prestige as nowadays." The Provincial Competitiveness Index (PCI), recently released by VCCI, also highlights the highest satisfaction of the business community with all levels of the Party and authorities in the past 15 years. In the country, public and business confidence is rising. In the world, the largest wave of global supply chains in human history, since World War II, is targeting Vietnam as a safe destination. Vietnam is once again facing the opportunity to become a "dragon" or a "tiger".

To take this opportunity, accelerating institutional reform is the most important foundation. The National Assembly and the Government have decided on the goal of bringing Vietnam into the Top 3 or Top 4 ASEAN of competitiveness and business environment. We kindly request the Government to

consistently implement this goal and consider it a measure of political achievements of agency leaders at all levels, across all sectors and in all localities.

We hail the Government for setting up a legal review task force to work out plans, to be submitted to the National Assembly and the Government, to eliminate overlaps and irrationalities and ensure transparency and consistency in the current legal system, especially investment and construction laws, to create favorable conditions for rapid launch of business and infrastructure development projects.

When I asked many well-respected entrepreneurs, even in the most difficult times of the pandemic, what they needed, their frank and heartfelt response was: We do not ask for money, but for mechanisms, as we know the government is in difficulty.

Simply speaking, the transparency and simplicity of administrative procedures to minimize the time and costs to this effect is the ultimate sustainable solution for businesses. We know that more than US\$30 billion for public infrastructure investment projects has already been included in the plans of central and local agencies. If procedures are eased and the money is quickly disbursed this year, we can create an important push for the economy. Promoting institutional roles and mobilizing enough resources in this way, there is no reason that we cannot achieve GDP growth of over 5% this year as determined by the Prime Minister. We support the Government for this.

We are also happy to know that the Politburo is preparing to issue regulations on protection of officials who dare think and dare act for the common good. We do hope that the Party will soon issue this policy to give an "iron armor" to secure officials and Party members, especially brave, courageous, committed, innovative, creative leaders who act for the cause of the Party and of the nation.

In order to actively receive new FDI inflows, I suggest the Government assign ministries and sectors to work with VCCI, localities and the business community to soon deploy a national strategic investment promotion campaign to contact the headquarters of global supply chains, actively facilitate and attract appropriate, higher value-added production and business stages into Vietnam, rather than passively wait for them to come in.

In order to enhance the competitiveness and capacity of Vietnamese enterprises, especially SMEs, seeking to become potential partners of transnational corporations, I propose developing and implementing a supporting industrial development strategy and a national program for higher corporate governance of the business community, helping businesses to invest in improving human resource quality, helping them fulfil digitalization and internationalization requirements and adopt sustainable, innovative and responsible business models. The enabling government and the creative and socially responsible business community will be the two wings for Vietnam's economy to fly high. VCCI is ready to stand by ministries, trade associations and organizations to develop and implement this important program.

For the time being, the biggest difficulty for Vietnamese enterprises is still the consumer market. I suggest launching programs to encourage Vietnamese people to use Vietnamese goods to further support Vietnamese enterprises.

Today, the Government is meeting with the business community to formally open the front to revive the economy. I propose setting up a steering committee and a task force on this front which will be presided over by the Prime Minister. The business community and I propose establishing steering committees to be chaired by the chairpersons of the People's Committees to extend the helpful arm to assist enterprises to successfully restart and recover the economy. ■

BUSINESSES STRUGGLING TO SEEK ACCESS TO SUPPORT

According to the Vietnam Chamber of Commerce and Industry (VCCI), with businesses facing increasingly serious situations, if businesses are not quickly supported, they won't survive until government-backed relief is delivered.

HUONG LY

Difficult to access support

Up to now, VCCI has collected over 200 proposals and recommendations from enterprises. Among them, over 50 petitions were reported to the Prime Minister and reflected in Directive 11/CT-TTg and nearly 150 suggestions were gathered after the Prime Minister issued Directives 11, 15, and 16; Decree 41/2020/ND-CP, Resolution 42/NQ-CP and guiding documents from central authorities.

According to a report on performance and recommendations of the business community submitted to the Government by VCCI, actions taken by central and local authorities are still quite slow, not as requested as in the Prime Minister's guidance "fighting the pandemic like fighting the enemy".

Although Directive 11/CT-TTg (the earliest directive on business support) was issued nearly two



months ago, many enterprises have reportedly been unable to access mechanisms and policies from competent authorities. They still have to pay taxes, fees, charges, land rents and bank loans as before the epidemic outbreak. Requests sent to tax agencies and banks have not been reviewed and resolved because they are waiting for instructions from their superiors. Enterprises understand that the introduction of mechanisms and policies in the context of the pandemic is unprecedented and difficult to fully and promptly meet actual requirements, but they expect more rapid progress with the direct involvement of policy enforcement agencies.

On the other hand, VCCI's report stated that most policies and measures concerning business support are mainly about postponed or rescheduled fulfilment of obligations such as taxes, union dues, social insurance and loans. Measures on payable exemption and reduction

are almost unavailable.

Given adverse effects of the Covid-19 epidemic, many difficulties and obstacles to businesses are aggravating on a wider scale, seen in almost all industries, scales and fields of business. This requires stronger, more comprehensive solutions to support businesses to overcome hardships to develop more stably. VCCI recommends that business support packages need to be expanded in scale, accelerated in speed and targeted to the right recipients.

VCCI recommends that the public and transparent reform of administrative procedures in business support policy making and enforcement also need to be done more thoroughly, openly and conscientiously from responsible competent authorities. The coordination of competent ministries in carrying out

business support policies is still inadequate. Rice export disruption and face mask export delay are typical examples.

The harmonious response of localities to the Government in assisting businesses to tackle their difficulties and obstacles should also be strengthened. In addition to the Government's general mechanisms and policies, some localities have actively made their own mechanisms and policies to quickly help local businesses, like Hanoi and Ho Chi Minh City. However, many are still passive, reliant on common policies. Some even misunderstand the spirit of the Prime Minister's directives and instructions, causing more difficulty in business to companies.

Reasons

Businesses report some main reasons why they do not have access to support policies. For example, the regulation on 50% of layoffs and 50% of property damage caused by the pandemic are hard to be carried out in reality. Administrative procedures require them to show proofs and have ratifications from policy enforcement agencies. In some other cases, there may be undesirable effects. For example, some may force more workers to quit jobs to reach the limit of 50% of layoffs to be entitled to support or some may exercise "give and take" facilitation to get aid. On the other hand, it is inadequate and unreasonable for businesses with layoffs and property damage below 50% because they will not be able to access the relief.

Administrative procedures to get support draw the most complaints from many companies. Although mechanisms and policies are relatively clear, a lot of matters arise at the enforcement level. For example, enterprises must prove the extent of damage and pay old loans to get new preferential loans. To get zero-interest loans from the policy bank, they must pay social insurance in full in the first quarter of 2020. If they want to delay paying social insurance, they must get the consent of both the Departments of Labor, Invalids and Social Affairs and the Vietnam Social Security. They are forced to sign an appendix to labor contracts or unpaid leave forms while their employees already left for their distant hometown.

Many were annoyed because the General Department of Customs "secretly" opened declarations for export of 400,000 tons of rice in the middle of the night. Trung An High-tech Agricultural Joint Stock Company sent four times urgent settlement requests to the Prime Minister, asking to prevent retaliatory action of customs authorities by assigning its rice to red flow which requires more time and costs to get cleared.

VCCI cited an enterprise as saying that the text of State policies is very fine but the action is very bad. High authorities are very open, friendly but enforcement agencies (e.g. insurance, tax and bank) squeezed them tightly. This is really difficult for them to overcome barriers to enjoy support policies.

The guidance on implementation of support mechanisms and policies is slow at competent agencies. Many businesses submitted applications to banking,



☞ taxation and social security agencies but they had to wait because enforcement agencies need specific instructions from their superiors.

Credit mechanisms and policies such as interest rate reduction and debt rescheduling are difficult to be executed because commercial banks are also enterprises and they have to accept to reduce costs and profits to have support for their customers. Not all commercial banks are willing to 'sacrifice' these benefits to share hardships with businesses, especially joint stock commercial banks and small banks. In addition, lenders are also concerned about the liquidity after the epidemic and they thus act with high caution when they consider new loans to corporate customers, especially for micro and small companies without collateral. Some sectors are not yet included on the aid list although almost all businesses in those sectors are affected by the Covid-19 pandemic.

Before many reflections from businesses, VCCI gathered and made a report on more than 150 recommendations to the Prime Minister. These are flexible and important solutions on fiscal and credit policies suitable for businesses in different fields, sizes and localities.

One of the first solutions put forth by VCCI, in addition to extended deadline policy, is VCCI asks the Government to submit to the National Assembly for approval of a 50% exemption of land rent, a 50% of value-added tax (VAT), a 50% reduction of corporate income tax, and personal income tax cut together with the increased value for household dependents in 2020. According to many businesses, this is the most effective, practical and urgent solution for them today. VCCI also asks for the deadline extension of export tax payment till the end of 2020 to help exporters with more funds to boost exports. The agency also asks for refunding VAT to some industries seriously affected by Covid-19 like aviation, tourism and transportation.■

Mr. NICOLAS AUDIER

CHAIRMAN OF THE EUROPEAN CHAMBER OF COMMERCE IN VIETNAM (EUROCHAM)



Vietnam is currently a front-runner of the world in the fight against Covid-19. Strong preventive measures, including timely public health measures, and an effective economic support package, have made Vietnam a successful model of the world in the fight against Covid-19.

These strong measures have helped Vietnam maintain its economic performance (in the first quarter of 2020) and increase foreign direct investment (FDI) value. These actions have also maintained EU business confidence in Vietnam as a safe, attractive and competitive investment destination. Vietnam is now well-positioned to grasp new business opportunities and boost economic growth, thanks to the approach of simultaneously stimulating economic growth and containing the pandemic.

With the ratification of the EU - Vietnam Free Trade Agreement (EVFTA), European businesses look forward to further strengthening EU - Vietnam trade relations. This historic agreement will stimulate Vietnam's trade with a large consumer market in Europe, enhance its role in the international supply chain and attract new sources of investment. In this way, Vietnam will reduce its dependence on traditional major trading partners, as well as minimize impacts of the growing trade war and protectionism in the world.

As a country that has integrated into global supply chains and capital flows, Vietnam essentially not only protects domestic businesses but also supports foreign enterprises - an important growth driver of the

country, particularly exporting activity after the Covid-19 epidemic is contained and global trade is back to normal. Vietnam can take advantage of its ASEAN Chairmanship in 2020 and its non-permanent membership of the United Nations Security Council to call for a conference to discuss economic recovery and stimulus packages and solutions to boost public investment, official development assistance for ODA, and public-private partnership projects, not only in Vietnam but also in ASEAN.

In addition, Vietnam needs to take some other measures to ensure the continuity and flexibility of the economy currently operated in the form of supply chains, maintain manufacturing, especially export-driven production, to ensure revenue and income for businesses and workers.

Mr. HONG SUN

VICE CHAIRMAN OF THE KOREAN CHAMBER OF COMMERCE IN VIETNAM (KOCHAM)



Korean enterprises hold high regard for Vietnam's efforts in improving the business environment. Remarkably, Covid-19 pandemic prevention measures have strengthened the confidence of Korean business community and foreign investors in Vietnam.

To support FDI enterprises, including those from Korea, to effectively resume their business operations after the pandemic, we request the Government to reopen flight routes with countries which have basically controlled the disease like Korea for investors, experts, workers to come to Vietnam to work and return to a new normal. The Korean side will coordinate to fulfil mandatory disease prevention measures.

With a stable business environment and workable anti-epidemic solutions adopted by the Government, we will continue to introduce well-reputed businesses to invest in Vietnam as per Resolution 50 of the Politburo on selective FDI attraction.

Mr. TRAN BA DUONG

CHAIRMAN OF TRUONG HAI AUTO CORPORATION (THACO)



In crisis times like the current Covid-19 pandemic, the Government must focus on taking care of the poor and supporting businesses, with first priority given to vulnerable business sectors such as business individuals, smallholding businesses and startups.

In economic development, good times, bad times and crisis times, big or small, are inevitable. A company may sometimes make a profit, make a loss, make a success and tolerate a failure. Therefore, with this perspective, I propose economic recovery management solutions and any market intervention of the Government at this time must rationally solve hardships with the market-based principle, to not only help businesses to overcome current problems, but also encourage them to make innovative changes for the common goal of creating a fair and transparent business environment.

With the recent successful experience in epidemic prevention, the Government continues to cooperate with relevant bodies to loosen and reopen the door to countries with low-risk exposure to the epidemic like Cambodia and Laos. Road transport may be resumed sooner to facilitate trade and business activity of companies.

In addition, it is necessary to prepare for the arrival of global production chains in the central region and Quang Nam province by improving capacity and reducing international logistics costs in Chu Lai, Quang Nam in particular, and the central region in general.

Mr. NGUYEN VAN THAN

CHAIRMAN OF THE VIETNAM ASSOCIATION OF SMALL AND MEDIUM ENTERPRISES

Vietnam now has 28 credit guarantee funds affiliated to provincial/municipal government with a total budget of more than VND1,450 billion. This value is too small to the business community, especially during the Covid-19 pandemic. Therefore, reforming credit guarantee funds is extremely urgent. The Government needs to consider how to get more financial resources and simplify loan guarantee procedures.

All banks consistently agreed on the 'austerity' policy

to lower interest rates, restructure debt groups, extend repayment periods, or even delay dividend distributions to support businesses. They planned to lend up to VND600 trillion. To date, the banking industry provided new loans of VND165 trillion to more than 354,000 customers.

Currently, although the demand for borrowing money to pay wages to employees and recover business operations is still huge, companies cannot rely on banks. Therefore, we recommend unlocking and developing other resources and capital for businesses, such as increasing resources for SME support funds, especially credit guarantee funds; issuing bonds for public investment projects to mobilize foreign currencies and short-term and long-term unemployed money from the people; extending VAT payment to the end of 2020, exempting corporate income tax for SMEs and license tax for business households until the end of 2020.

Mr. LE TIEN TRUONG

GENERAL DIRECTOR OF VIETNAM NATIONAL TEXTILE AND GARMENT GROUP (VINATEX)



The labor-intensive garment and textile industry requires simple skills of workers who live from hand to mouth with their salary. If they are laid off, they have to seek other jobs to make a living even although they get a monthly aid of VND1.8 million from the Government. It is clear that garment and textile companies will lose more than 50% of their workforce.

And, so when the market recovers, they will no longer be able to have enough personnel to recover production quickly.

For that reason, garment and textile companies do not choose the layoff plan but make all possible products on existing technology equipment, although salary is worse than when they make garment and textile products.

For Vinatex, priority is to pay more of the minimum wage to employees and Vinatex accepts incomplete depreciation and sacrifices administrative costs. We also quickly make what the market needs like medical protection equipment and face masks. We ensure employment for approximately 20% of its workforce.

We propose, firstly, to be exempted from social insurance and union dues from May to the end of December 2020 because this is a huge cost we have to pay while struggling with mountains of hardships.

Secondly, we ask for quick approval and preparation of guidelines for EVFTA enforcement to bring quick benefits to exporters. After the National Assembly adopts it, ministries need to issue directives and circulars to fulfil origin requirements to get tax cuts. ■

More Reforms Needed for Vietnam to Compete Globally

“Strong reform efforts at all government levels in Vietnam deserve to be recognized. The results of these efforts are explicit and tangible. In the future, provincial governments should consider focusing on promoting stronger, more substantive and deeper regulatory reforms to facilitate business operation and growth of domestic and local investment by foreign firms,” said Mr.

Michael Greene,
USAID/Vietnam
Mission Director in an
interview with Vietnam
Business Forum.
Lan Anh reports.



In Vietnam, the PCI is considered a voice of the private sector on the Vietnamese business landscape, which has brought about remarkable changes over time. Can you share your thoughts on the impact of the PCI index?

PCI is one of USAID’s most effective initiatives in Vietnam. I highly appreciate the effective cooperation and implementation by VCCI. They have made very good use of their status as the connector between provincial governments and firms to bring about transformation and benefits to domestic and foreign firms operating in Vietnam, especially domestic private firms. To date, more than 140,000 domestic and foreign invested firms have participated in the PCI surveys. The fact that provincial authorities wait for the PCI results and findings to diagnose local governance to make adjustments has significantly contributed to promoting the role and voice of the private sector in Vietnam. Annual PCI reports have become instrumental in conveying the collective voice of firms, big and small, to governments at all levels on areas that are important to business development, even sensitive areas such as informal charges and transparency.

We know that the PCI has been exported to more than 10 countries. Could you share your thoughts on

seeing the adoption of the PCI approach outside of Vietnam?

In Vietnam, VCCI and USAID cooperated to develop PCI and released the first PCI report in 2005. In 2006, a similar initiative was introduced in Cambodia, and in the following years, several other countries implemented projects modeled after PCI with support from international donors like UNDP, AusAid, and the World Bank. USAID provided assistance to five projects outside Vietnam: Indonesia (2007), El Salvador (2009),

Kosovo (2011) the Philippines (2013) and most recently, Burma (2018). To date, 16 countries have implemented a model similar to PCI to measure economic governance based on firm perceptions. The adoption of PCI-like programming outside of Vietnam is inspiring. It really shows that this initiative has impact and inspires change.

As Vietnam continues to integrate itself into the global economy and further its development, what do you think provincial governments should do to meet the new requirements of this process?

Strong reform efforts at all government levels in Vietnam deserve to be recognized. The results of these efforts are explicit and tangible. In the future, provincial governments should consider focusing on promoting stronger, more substantive and deeper regulatory reforms to facilitate business operation and growth of domestic and local investment by foreign firms. Regulatory, judicial, legal and labor reforms are necessary for Vietnam to effectively compete globally. Vietnam should continue to encourage participation of businesses and citizens in the policy making process to ensure that the reforms are sustainable and transformative.

Thank you very much!



LOCAL GOVERNANCE QUALITY KEEPS IMPROVING

Quang Ninh province took the lead in the Provincial Competitiveness Index (PCI) rankings for a third consecutive year, scoring 73.40 points, followed by Dong Thap (72.10 points), Vinh Long (71.30 points) and Bac Ninh (70.79 points). Other localities in the Top 10 group include Da Nang, Quang Nam, Ben Tre, Long An, Hanoi and Hai Phong. Other high-ranked provinces and cities are Can Tho, Thai Nguyen, Binh Duong, Ho Chi Minh City, Tay Ninh and Ba Ria-Vung Tau.

ANH MAI

At the online launching ceremony of the Annual Report on PCI 2019 organized by the Vietnam Chamber of Commerce and Industry (VCCI) in collaboration with the U.S. Agency for International Development (USAID) in Hanoi, Dr. Vu Tien Loc, President of VCCI, said that, in the past 15 years, PCI has been persistent in conveying the message of improving the quality of economic management and creating a more favorable business environment. This will generate employment, increase budgetary revenue, sharpen competitiveness and enhance national prosperity.

U.S. Ambassador to Vietnam Daniel J. Kritenbrink said, "Over the past 15 years, PCI has played an important role in promoting transparency and accountability in local economic governance and facilitating private sector development in Vietnam, thus enhancing Vietnam's competitiveness in the international arena. The United States supports PCI as well as other programs that are designed to raise the livelihoods of Vietnamese people across the country."

Developed and first released in 2005, PCI is a set of indicators including many component indicators such as market entry costs, access to land and stability of land use, transparency, time costs, informal charges, local government action, fair competition, business support services, labor training, legal institutions and security and order.

The 2019 PCI survey shows that the quality of local economic governance has improved over the time. It records positive changes in the dynamism and creativity of the provincial governments, and how they handle difficulties and problems faced by enterprises. The business environment is getting more equal, enterprises have more favorable access to information and legal institutions, while informal cost burdens continue to ease and administrative reforms produce positive results.

Notably, PCI 2019 has the highest average score ever. In 2005, the province at the bottom scored only 36 points, while in the last year, the lowest score was approximately 60 points on the 100-point scale. The average score of PCI reached over 65 points last year, the highest ever, showing a narrow gap



Mr. NGUYEN VAN THANG

CHAIRMAN OF QUANG NINH PROVINCIAL PEOPLE'S COMMITTEE



With the systematic and scientific deployment of PCI initiatives in the past 15 years, provincial leaders have figured out bottlenecks in economic governance and adopted appropriate solutions to carry out the most effective economic administration reforms. PCI has helped us clearly identify areas for improvement. Quang Ninh has always determined that

raising PCI is a key task.

To follow and support businesses effectively, we have been constantly reforming administrative procedures and proactively setting up many dialogues, creating an open friendly space for authorities at all levels with investors and businesses. We have many practical solutions to take care of and serve investors and businesses, from the smallest things, to strengthen their confidence.

To engage enterprises in sustainable socioeconomic development, Quang Ninh has adopted consistent solutions: restructuring public spending, saving recurrent expenditures, increasing development investment spending; carrying out three strategic breakthroughs, especially prioritizing investment resources for synchronous technical and social infrastructure systems to help businesses reduce production costs; diversifying investment forms toward the public-private partnership (PPP) form to ensure harmonized benefits of all stakeholders, namely the government, the public and the business, to encourage their cooperation. In practice, the creativity, flexibility and initiative of the government will be a solid foundation for the private sector to develop production and business activities, and effectively use their capital fund. This will bring value to businesses and investors and thus create and maintain a healthy business environment, a safe, friendly and attractive investment environment in Quang Ninh province.

Mr. DAU ANH TUAN

DIRECTOR OF VCCI LEGAL DEPARTMENT



The transparency of local business environments has shown signs of improvement. The PCI 2019 report records more comfortable access to information but room is still available for improving some important information access indicators. For example, enterprises need to have 'relationships' to obtain provincial documents, negotiate tax rates and predict local government enforcement of central laws.

The PCI 2019 survey continued to receive positive feedback from the business community about the government's efforts to prevent corruption and cut informal costs in localities, showing the effective fight against corruption and effective information technology application to reforms. However, despite having fallen to its lowest level in the past six years, the rate of enterprises reporting informal payments in the PCI 2019 survey is still over 50%.

The PCI 2019 survey also showed positive changes in administrative reforms through perception about the quality of administrative procedure settlement in provinces and cities. However, companies still complain about some troublesome administrative procedures like land, tax, fee, social insurance, construction and transportation.

Business feedback shows that companies have a lot of problems with administrative procedures when carrying out their projects. In particular, procedures related to land, ground clearance, construction planning, urban planning and investment licensing are among the toughest for them.

in reform quality. The trend of a narrowing gap in governance quality among provinces and cities is becoming clearer.

In the middle of 2019 when VCCI conducted a business survey, more than 50% of respondents, both domestic and foreign, said they would expand business in the next two years. In 2019 alone, an average of nearly 380 new businesses were established a day. The registered capital per business entity increased.

The PCI 2019 survey also showed that the five biggest problems faced by private businesses are finding customers (63%), accessing capital (35%), recruiting suitable personnel (34%), seeking business partners (28%) and market volatility (27%).

Besides, according to VCCI, there is still significant room for improvement in local governance, especially in transparency of public procurement information and administrative procedure reform in some fields, especially

land and ground clearance procedures, construction planning and urban planning.

Micro, small and medium-sized businesses have more difficulties than larger ones. Business difficulties will certainly be more serious in 2020 and beyond due to negative impacts of the Covid-19 epidemic. Many companies are at risk of operational suspension or even bankruptcy. Therefore, more than ever, they are in urgent need of timely and effective support from the government.

FDI firms continue to appreciate Vietnam's business environment. The most impressive improvements are seen in business registration, access to land, and lower informal costs and compliance costs. They also said that Vietnam needs to further promote administrative procedures related to operational lifespan, import and export procedures, social insurance and taxes, and expect Vietnam to have effective strategies and policies to improve labor quality, especially skilled labor. ■

Vietnam's Businesses Increasingly Interested in Automation and Digital Technologies



Dr. Edmund J. Malesky, Head of Research - Duke University, said, according to the PCI 2019 survey, the extent of current and planned automation in Vietnam is higher than expected. Within the past three years, 67% of both foreign and domestic investors have automated some operations, while 75% plan to automate new tasks during the next three years over the next three years. Domestic firms claim to have already automated about 10% of their operational tasks over the past three years and plan to automate over 25% of their work in the near future. Automation among foreign firms is only slightly more advanced (10.6% and 28% of current and planned tasks respectively).

Notably, labor cost reductions and global integration efforts are the official drivers of automation. The PCI 2019 survey has found two main factors that motivate enterprises to carry out automation: First, firms seek automation to reduce the costs of recruiting and training new employees, especially when qualified technical workers in a business sector are hard to find. Second, both foreign and domestic firms see automation as a way to better connect with global supply chains. For domestic firms, the highest levels of current automation are found among firms whose primary customers are FIEs based in Vietnam. However, those selling to third-party buyers have the

The PCI 2019 Report gives a significant analysis to the behavior and interest of foreign and domestic investors in automation and digital technologies, and the potential impact that these investments will have on employment size and composition.

QUYNH CHI

greatest plans for automating technologies.

Foreign firms that are part of multinational corporations (MNCs) or sell to third-party buyers have been the most ambitious automators. For foreign firms, we identify an important third correlate of investment in automation - labor unrest. Firms that have observed labor strikes among competitors in similarly situated provinces and industries are significantly more likely to adopt automation than those where strikes have been less prominent.

Automation is surprisingly influencing their personnel decisions. According to Dr. Edmund J. Malesky, automation impacts on personnel decisions of companies in the present and long term are diverse and dual-edged. Only 12.6% of domestic businesses have increased employment as a result of automation, compared to 35% who plan to maintain employment at current levels and 27% of domestic businesses who intend to reduce employment. Of this latter group, over half (15%) plan to do the same activities but with a smaller number of people. By sharp contrast, 17.8% of FIEs expressed their intention to increase employment. This is positive news. Although 33% do still plan to reduce employment, in contrast to domestic investors, a significant share (8.5%) intend to increase the sophistication of their smaller labor forces.

Automation is quite diverse across sectors, revealing the dual-edged nature of automated technologies. In some cases, they will lead to redundancies and decreased employment.

However, automation impacts are two-sided: Some occupations will need to recruit more workers, especially more skilled workers, while career opportunities will decrease in unskilled or low-skilled occupations. In some cases, automation will lead to labor redundancy and downsizing. In other cases, automation will result in improved employment quality and increase career opportunities for next generation workers.

According to the Vietnam Chamber of Commerce and Industry (VCCI), to minimize adverse impacts of automation and digitalization, Vietnamese policymakers should make more efforts to improve education quality and raise labor relations. Education Law 43/2019/QH14 and related national education program reforms are aimed at enhancing the quality of general education and vocational training to develop skills of Vietnamese workers to act successfully in an ever-growing economy.

Labor Code 2021 (No. 45/2019/QH14) has breakthrough regulations on working conditions and labor relations. These are milestones of Vietnam's institutional achievements. However, the full enforcement of these two laws still needs some guiding documents which are currently being drafted.

The successful enforcement of the two laws will be a long step towards minimizing negative impacts of automation in enterprises by improving skills of Vietnamese workers and enhancing mutual understanding between employees and employers. ■

VCCI, MoIT Join Hands to Support Businesses

This cooperation program will be an important premise for practical and effective activities

for national socioeconomic development in general and for the growth of the business community and businesspeople in particular.

The program is comprehensive and inclusive with three main pillars of action: Building, perfecting, propagating and disseminating institutions, laws and international treaties on industry and trade; ensuring the rights of businesses and equal access to resources and business opportunities for businesses; and creating a favorable environment to support startups and business innovations.

In the coming time, MoIT and VCCI will work together with domestic and foreign trade promotion agencies to organize many conferences, seminars and online trade events to support Vietnamese businesses to have more opportunities to connect markets, increase market share, and overcome difficulties caused by the Covid-19 pandemic. Driven by the Fourth Industrial Revolution, online trade promotion is indispensable for each business. Applying information technology to trade promotion will help minimize difficulties for businesses such as direct contacts, remote geographic distance, inconvenient traffic, natural disasters and epidemics, to effectively connect with the market.

The two sides will continue to diversify and modernize traditional trade promotion activities such as training, and coordination in organizing trade fairs and exhibitions to help Vietnamese businesses in general and VCCI

members in particular to increase opportunity for effective connectivity with export markets.

The cooperation will enable the establishment of a

secured connection mechanism for smooth information exchange between Vietnamese businesses that are members of VCCI, industry associations, local trade promotion centers, Vietnam trade offices/centers in foreign countries with relevant contact points of

On May 7, 2020, the Ministry of Industry and Trade (MoIT) and the Vietnam Chamber of Commerce and Industry (VCCI) officially signed the Joint Action Program.

HUONG LY

MoIT and VCCI throughout the country. This is the basis for Vietnamese enterprises to gain more favorable access and connectivity to the market, reduce costs and improve the competitiveness of exported products.

The Ministry of Industry and Trade will work together with relevant agencies to take full advantage of opportunities from signed and effective FTAs, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), already enforced, and the EU - Vietnam Free Trade Agreement (EVFTA), expected to be ratified and brought into force in 2020, to promote exports. Impacted by the Covid-19 epidemic, MoIT and VCCI have strengthened many new forms of communications, especially online communications, on FTAs that Vietnam participates in, particularly to small and medium enterprises. The two agencies are ready to guide and support enterprises to tackle difficulties and obstacles arising in the process of implementing commitments.

MoIT will continue to coordinate with VCCI, trade associations and localities to develop a number of urgent projects that can be implemented immediately and feasibly in order to support businesses to reach consumer markets and supplement those projects to the National Program on Trade Promotion 2020.■

Vietnam Stays Resilient to External Shocks

Fitch Ratings revised Vietnam's outlook from "positive" to "stable" and affirmed the sovereignty rating at BB.

QUYNH ANH

The outlook revision reflects the impact of the escalating Covid-19 pandemic on Vietnam's economy through its tourism and export sectors, and weakening domestic demand. The affirmation reflects Vietnam's strong medium-term growth prospects based on its record of macroeconomic stability, low government debt levels and resilient external sector, including relatively large foreign exchange reserves.

According to the World Bank (WB), after showing some resilience with a GDP growth rate estimated at 3.8% in the first quarter of 2020, the economy was hit by restrictive measures introduced in April to keep the coronavirus disease in check. The index of industrial production (IPP) in April fell 13.3% compared to March or 10.5% year on year, which is the biggest decline ever recorded. Retail sales also declined 9.6% year-on-year due to rising uncertainty and travel restrictions faced by consumers (even when there was a shift to e-commerce). Passenger and freight carriage decreased by 27.5% and 7.2%, respectively.

According to the General Statistics Office (GSO), employment in processing and manufacturing industries were most heavily impacted with 1.2 million jobs affected during the first quarter, followed by wholesale and retail, 1.1 million, plus accommodation and catering services, 740,000. Among affected people, 59% were temporarily unemployed, 28% had to work in rotational shifts, and 13% lost their jobs. Unemployment among workers aged 15 years and above also reached a 5-year high, reaching 2.22% at end of March, up 0.07% against the previous quarter. As many as 18,600 companies temporarily suspended business in the first quarter, up 26% year-on-year. The International Labor Organization (ILO) estimated the pandemic could affect 4.6-10.3 million workers by the end of the second quarter.

Notably, the consumer price index (CPI) dropped sharply by 1.6% in April, causing the gauge to rise by only 2.9% year-on-year and 4.9% month-on-month. Prices fell mainly because domestic demand for foods and foodstuffs weakened and crude oil prices fell to record lows on the international market.

On the external front, Vietnam's merchandise exports continued to grow in the first months of 2020, but at a slower pace than during the pre-COVID period, indicating weaker external demand and some disruption of global supply chains as well as the temporary ban on rice exports (already lifted). The value of merchandise exports is estimated to have increased 4.7% year on year in the January-April period compared to the 6.5% growth in the same period of 2019. The export value of the foreign-invested sector - the engine of Vietnam's exports - grew by only 1.5% compared to 4.4% in the same period last year. While there are not yet official estimates, the trade service and income balance have significantly deteriorated due to the near total halt in foreign tourist arrivals, which saw a 98% decline in April 2020 compared to a year earlier, and the expected large decline in remittances.

In the first four months of 2020, committed foreign direct investment (FDI) amounted to US\$12.3 billion, a year-on-year decrease of 15.5%. Surprisingly, the value of FDI commitment rebounded in April, up by 81% over March 2020 and 62% over April 2019.

According to the WB, Vietnam's credit growth reversed to increase in March after slowing down in the first two months of 2020. The State Bank of Vietnam (SBV) reported that credit rose 1.3% by the end of March or 11% year-on-year. The SBV provided support through a package of measures introduced in early March to allow banks to restructure loans and lower interest rates on borrowers. It also considered liquidity support through credit growth for certain commercial banks that would contribute to more lending to businesses facing liquidity shortages.

Fiscal outturns in the first quarter of 2020 started to reflect the trends that are expected to materialize over the remainder of the year: declining revenue and higher spending. According to the Ministry of Finance, estimated budget revenue in the first quarter 2020 increased by only 1.8% compared to the same period last year. The result reflects better collection performance in the first two months before the slowdown in economic activity and the implementation of various tax deferrals that came into full effect in April. During the first quarter, total expenditure rose 8.7% year on year, which is about 5% higher than the GDP growth rate during this period. This increase is explained by the Government's willingness to accelerate the implementation of key infrastructure projects.

According to the World Bank, Vietnam's economy may prosper again in the coming time. Fitch Ratings also affirms Vietnam's strong medium-term growth outlook, based on a stable macroeconomic background, low levels of government debt and a well resilient external economic sector.■



Don't Passively Wait for Investors to Come



Despite causing negative socio-economic impacts, the Covid-19 pandemic is also considered an opportunity for Vietnam to receive flows of foreign investment, especially those shifted from China. However, whether Vietnam can take advantage of this opportunity or not depends very much on its actions.

HA THU

Golden opportunity to receive shifted FDI inflows

According to a report by Foreign Investment Agency, Ministry of Planning and Investment, as of April 20, the country received US\$12.33 billion in the first four months of 2020, equaling 84.5% compared to the same period in 2019.

Newly registered and adjusted capital increased over the same period, while foreign investors' share purchase capital decreased sharply, reducing the total investment inflows by 15.5% compared to the same period last year. However, in terms of value, the registered FDI capital in the first four months of 2020 still increased in comparison with the same period of 2016 – 2018, up 52.3% against 2018, 16.4% against 2017 and 79% compared to 2016.

Experts believe that Vietnam has great prospects to attract FDI in 2020. Favorable factors include the international community's strong appreciation for Vietnam's effective pandemic containment efforts, the country's stable political situation and especially the Government's determination to aggressively improve the business and investment environment. In addition, Vietnam has been participating in a series of new-generation free trade agreements (FTAs), including the Vietnam-EU FTA (EVFTA), which have been creating foundations and platforms for foreign investment inflows into Vietnam.

In addition, the trend of shifting FDI out of China to Southeast Asian countries, including Vietnam, due to the dual effects of the U.S.-China trade war and the Covid-19 pandemic outbreak, has been increasingly evident, and is

accelerating. Vietnam is considered a promising destination since the wave of factory relocations from China began. The recent JETRO survey results show that 63.9% of Japanese enterprises plan to expand production and business in Vietnam in the next 1-2 years. A survey by the German Chamber of Commerce in Vietnam also shows that 72% of German businesses in Vietnam will continue their investment plan in the country and 27% of them will recruit more personnel.

Most recently, speaking at the Conference of the Prime Minister with businesses, Minister of Planning and Investment Nguyen Chi Dung also confirmed that currently, Vietnam's reputation and position are being highly appreciated by the international community thanks to the success achieved from the prevention and control of the recent Covid-19 pandemic. This is a "golden opportunity" for the world to know about Vietnam as a safe investment destination, ready to welcome capital flows. Also at this conference, representatives of European, Japanese, Korean, American businesses in Vietnam confirmed their interest in Vietnam as an investment destination.

The Ministry of Planning and Investment forecasts that FDI into Vietnam will increase again by the end of 2020, creating momentum for 2021. Vietnam can make good use of the trend of shifting global production chains to attract FDI to some new fields in Vietnam, such as medical equipment, biology, pharmaceutical chemistry, biochemistry, pharmaceuticals.

No passive waiting for investors

According to Prof., Dr. Nguyen Mai, Chairman of Vietnam Association of Foreign Investment Enterprises (VAFIE), the opportunity to welcome the shift in FDI inflows is real. However, the implementation of this depends heavily on Vietnam's plans and actions.

Accordingly, Vietnam needs to take stronger measures and promote supporting industry development. Economic zones and industrial parks must have land, infrastructure and information available. We have to ensure technology, environment and labor safety requirements; along with publicity, transparency, simplification of administrative procedures to support investors.

In addition, this is also the time not to wait for the movement of capital flows, but to take the initiative in finding high quality investors. Investment promotion agencies should proactively work with foreign investors who have plans to invest in Vietnam to discuss, orient and unify the preliminary investment procedures.

According to Dr. Vu Tien Loc, President of Vietnam Chamber of Commerce and Industry (VCCI), in order to stand ready for flows of investment capital from China, Vietnam must come to the "headquarters" of foreign investors to promote investment. "Don't passively wait for them to come to you. At the same time, we should develop supporting industries and small and medium-sized enterprises to connect into supply chains with foreign businesses," said VCCI President Loc.

Besides, Vietnam also needs to focus on attracting high quality sources of capital, especially capital from developed countries in the world. In particular, it is necessary to improve the localization rate of FDI enterprises, so that FDI enterprises' investment activities will bring higher added value to the country.

Recently, at the Government's regular meeting in April 2020 and the regular Government press conference in early May, Prime Minister Nguyen Xuan Phuc also requested to focus on promoting FDI attraction as major partners are changing their business investment strategies. The Prime Minister also mentioned boosting FDI attraction, especially high-quality FDI, as also one of the five measures to help the economic recovery at the Government at the Prime Minister's Conference with businesses as the disease has been basically contained in Vietnam. ■

Vietnam PFA 2020 to Be Held in HCM City



Vietnam International Exhibition on Processing, Packaging and Preserving Food & Agricultural Products (Vietnam PFA 2020) will be held November 5-7, 2020, at Saigon Exhibition & Convention Center, Ho Chi Minh City.

The event is co-organized by Agro Processing and Market Development Authority, Vietnam Industry Agency and C.I.S Vietnam Advertising & Exhibition JSC, with the support of the Ministry of Agriculture and Rural Development, and the Ministry of Industry and Trade.

The Vietnam PFA debuted in July 2019, receiving the strong support and active participation of specialized associations, domestic and international enterprises. The event had an exhibition area of more than 3,000 sqm at Saigon Exhibition & Convention Center, with the participation of nearly 120 exhibitors, more than 200 booths showcasing leading large-scale domestic brands.

Vietnam PFA 2020 is an opportunity for domestic and international enterprises to introduce and demonstrate new models of machinery, equipment and technologies for processing, packaging and preserving agricultural products and foodstuffs; suppliers, raw material areas, typical agricultural products of localities, deep-processed products, etc., contributing to enhancing added value for Vietnamese agricultural products.

Vietnam PFA 2020 is expected to attract 25,000 visitors, affirming its role as the most prestigious and professional specialized exhibition in the fields of processing, packaging and preserving food & agricultural products. For more information about the exhibition and sideline activities, please visit <http://vietnampfa.com> or <https://www.facebook.com/vietnampfa>

H.Ly

Hopes Pinned on Export Growth in H2, 2020

Shrinking merchandise demand

In the first quarter of 2020, the epidemic only affected Vietnam-China trade, especially agricultural and aquatic products. But, entering the second quarter, Vietnam's trade is facing more challenges, especially as the opening economy is vulnerable to mixed effects because the world is in an increasingly complicated and unpredictable position due to the Covid-19 epidemic development. In the first four months of 2020, Vietnam's merchandise export value was estimated to rise 4.7% year on year to US\$82.94 billion.

According to the Ministry of Industry and Trade, Vietnam's import partners announced postponing orders in April and May and temporarily not negotiating orders from June onwards (in previous years, this was the time for settling year-end orders.) They largely applied the force majeure clause when many countries exercised entire or partial lockdowns and required people to stay at home. For this reason, items such as apparels, footwear and woodwork are suffering from the double impact of the Covid-19 epidemic because its export path was very rough, especially to the European Union (EU) and the United States - two key export markets of Vietnam, although input supplies have improved since early March.

Trading activity has also been restricted in the past time. Vietnam, like many other countries, reduced incoming and outgoing international flights while applying social distancing. In addition, the recommended guidance on avoiding face-to-face contact also seriously affected transactions and exchanges of Vietnamese businesses and partners. Commodity clearance was harder, more time-consuming and more expensive. Many countries still allow merchandise clearance, but customs processes are slow due to enhanced epidemic inspection and control at both export and import ends.

According to the Ministry of Industry and Trade, prolonged order cancellations and delays will put many companies in a dilemma. When Covid-19 is controlled and orders return, many companies will not be able to restore production immediately, thus affecting supplies for export.

The decline in commodity prices also affected Vietnam's merchandise exports. In the first four months of 2020, the export price of cashew nuts declined by 12.9% against the same period in 2019; coffee, down 2.2%; tea, down 13.1%; and pepper, down 19%. On the world

market, as of April 27, 2020, WTI crude price dropped sharply by 77.3% or US\$53.46 per barrel from early 2020, to US\$15.72.

Notably, WTI oil price plunged to minus US\$37.63 per barrel for the first time April 20.

After achieving positive growth in the first quarter of 2020, Vietnam's exports began to be adversely affected by the Covid-19 pandemic in April.

HUONG LY



Supporting factors

According to a report by the Ministry of Industry and Trade, if the pandemic is controlled in the second quarter of 2020, exports are expected to rebound in the second half of the year and continue to be the main growth driver of Vietnam's economy in 2020, because global demand increases and a competitive advantage gets sharpened when the EU - Vietnam Free Trade Agreement (EVFTA) comes into effect.

Globally, many economies launched large-scale stimulus packages, increased fiscal spending to cope with the disease, sustained essential economic activities, and supported workers. In Vietnam, the Government, ministries and agencies have also endeavored to carry out

many solutions to help businesses deal with problems arising from the Covid-19 epidemic.

Many countries gradually reopened their economy amid the ongoing fight against the Covid-19 epidemic, such as Italy, Belgium, India, Iran, Israel, Australia and New Zealand. To date, the Covid-19 epidemic has been well controlled in China and South Korea. Other countries are also trying to contain the contagion. So, the demand is expected to gradually pick up in the near term.

On April 24, the United States Department of Commerce (DOC) announced the official results of the 15th period of review (POR15) on anti-dumping duty on Vietnamese catfish, from August 1, 2017 to July 31, 2018. Accordingly, the final tariff applied to companies that answered the questionnaire and cooperated with the DOC

is 15 cent per kilo (equivalent to about 3.8% of the export price), a significant reduction compared to the last review.

While the Covid-19 epidemic forced countries to take measures to restrict travel and trade promotion, online connectivity is an effective approach for Vietnamese firms to boost trade with foreign firms and expand export markets. The Ministry of Industry and Trade connected with the market of Guangxi Zhuang Autonomous Region of China and India through this form.

The EVFTA, scheduled to come into force in the second half of 2020, is expected to open an opportunity to boost Vietnam's commodity exports to the European Union (EU) in the last months of this year and the coming years. Under EVFTA commitments, up to 70% of goods are eligible for tariff reduction and the EU will eliminate import duties on 99.7% of tariff lines on Vietnam's goods. This is a great advantage for Vietnam's exports.

With such positive information, Vietnam's merchandise export will thrive in the second half of 2020. ■



One-Time Consultations Produce High Efficiency

According to a representative of the Import-Export Tax Department (General Department of Vietnam Customs), a one-time consultation is the application of the consultation results of the previous import-export to the next import-export activities within one customs sub-department or several sub-departments belonging to different customs departments, according to the process of issuing and applying notices using the results of the consultation many times.

According to the representative of the Import and Export Tax Department, the current regulations and guidelines have basically met the requirements for consultation in general; however, the regulations and guidance on one-time consultations still has unclear points, which makes it difficult to apply consistently.

Specifically, Clause 6 Article 25 of Circular 38/2015/TT-BTC amended and supplemented in Clause 14 Article 1 of Circular 39/2018/TT-BTC, prescribed the basis of one-time consultation that has mentioned the conditions of application, the responsibility of the customs declarer, the responsibility of the customs office in applying the one-time consultation. Accordingly, a one-time consultation is applied when information and data for checking and determining the customs value of import and export goods proposed for one-time consultation compared to identical goods having similar consultation. The General Department of Customs also issued Decision 1810/QĐ-TCHQ dated June 15, 2018 (Clause 6, Article 5) providing guidance on procedures for one-time consultations, updating data about the one-time consultation.

However, due to the fact that the one-time consultation in Clause 4, Article 25 of Circular 38/2015/TT-BTC is still incomplete, details about how to do it in different customs departments cannot be implemented in practice; or there are some units finding it difficult to apply the guidance.

Ho Chi Minh City Customs Department has actively implemented the regulation in accordance with the provisions of Circular 38/2015/TT-BTC. Accordingly, the Department established a list of 100 enterprises with good legal compliance records, large turnover, and a large number of customs declarations to allow application of one-time consultations. The results showed that Ho Chi Minh City Customs received 48 documents from 5 sub-departments, of which 38 were accepted and issued notices. For 38 notices issued, 26/38

The scheme of piloting one-time consultations and using results many times (referred to as the one-time consultation scheme) will contribute to reducing time and costs, creating favorable conditions for both enterprises and customs authorities.

LE HIEN

(about 69%) of one-time consultation notices were applied up to 153 times, giving 718 consultations declarations in subsequent consultations, mainly for 2-wheel motorbikes, functional foods, industrial processed foods; 12/38 (about 31%) notices have not been applied yet.

The representative of the Import and Export Tax Department said that, according to the above-mentioned statistics, one-time consultations have not been applied effectively. The reason is that the proposal, approval and issuance of the notice must go through two levels (from the sub-department to the department), depending on whether the sub-department level considers and transfers the dossier to the

department or not, so businesses cannot anticipate whether their proposal will be accepted or not. The list of enterprises subject to review is not publicly available, so not all enterprises know about this mechanism or after the notice is issued, the application or non-application depends on the sub-department receiving the declaration form agreeing, or not, without a clear and transparent standard, leading to enterprises not really trusting in their performance. In particular, the obstacles in the conditions of application of the provisions of Circular 38/2015/TT-BTC and Circular 39/2018/TT-BTC have not been handled, affecting the approval of the Customs sub-department.

From the results of reviewing the application of regulations, the Import and Export Department of Taxation emphasized that in order to improve transparency and clarity, to make the application easy and really effective, it is necessary to have a one-time consultation scheme.

The one-time consultation scheme has been approved by the General Department of Customs, aiming to simplify procedures, shorten customs clearance and release time, reduce workload for Customs authorities and business community in the public customs declaration, inspection and valuation; improve the responsibility of customs officers in checking, consulting, determining customs value; encourage the compliance of enterprises in customs value declaration and cooperation with customs authorities.

The one-time consultation scheme is also aimed at strengthening the management of value in the whole sector, preventing goods moving from places of high customs valuation to places of low customs valuation to do customs procedures, causing revenue losses to the budget. ■



RE-BIDDING RESERVE RICE

Tightened Supervision and Heightened Sanctions



At 10:00 am on May 12, 2020, 22 regional State reserve departments affiliated with the General Department of State Reserves opened the second tender round to buy 182,300 tons of rice for the national reserve. The selection of contractors is universal to domestic suppliers. Tender invitations were publicly announced on April 16. The rice purchases are funded by the State budget. Our reporter has an exclusive interview with Mr. **Le Van Thoi**, Deputy General Director of the General Department of State Reserves, on this issue.

Could you please tell us the basis for the bidding price?

Under Article 19 of the Law on Pricing, national reserve goods are priced by the Government. Article 20 of the Law on Pricing provides for pricing principles:

Ensuring the coverage of actually reasonable production and business costs, having rational profits as compared with the market price and complied with State policies on socioeconomic development in each period. Promptly adjusting prices when price constituents change. Article 21 stipulates that the ground for pricing includes total product price, product and service quality at the time of pricing, expected profit level. The supply-demand relationship of goods, services and the purchasing power of money; solvency of consumers; domestic and world market prices and the competitiveness of goods and services at the time of pricing. Article 49 of the Law on National Reserves provides for buying prices and selling prices of national reserve goods: When buying and selling national reserve goods, if the market price fluctuations are higher than the maximum buying price, lower than the minimum selling price, the Minister of Finance shall consider and adjust the maximum buying price and the minimum selling price based on the proposal of the person in charge of national reserve goods.

Therefore, according to the current Law on Pricing and the Law on National Reserves, when determining the price for bidding to buy rice for national reserve, it must be based on the time of pricing. At the time of price determination, it must be based on the supply and demand of goods on the market, the quality of goods and the market price at the time of valuation that results in price determination.

How is the regulation on the bidding package launched on May 12, 2020?

In order to buy a sufficient amount of rice for the national reserve as assigned by the Government, the Ministry of Finance directed the General Department of State



In the rice bidding for national reserve in 2020, for the first time, bid solicitors are obliged to apply the national technical regulations on reserve rice issued together with Circular 78/2019/TT-BTC dated November 12, 2019 of the Minister of Finance. Accordingly, the standard of reserve rice is higher than that of exported rice in terms of grain and food safety. But, bidding documents must be reasonable enough for many bidders to take part.



Reserves to open bidding on May 12, 2020.

At the present time, due to the outbreak of the Covid-19 pandemic, the demand for rice export is increasing. The Prime Minister allowed resumption of rice export from May 1, 2020. Therefore, businesses increased buying the grain for export while the supply from the winter-spring rice season has almost run out. The 15% broken rice is sold at VND10,300 - 10,500 per kilogram (without packaging, quality assurance, loading and unloading, loss, loan interest, corporate profit and freight to each national reserve warehouse).

Under the Law on Pricing, the Law on State Reserves, and enforcement instructions for purchase of rice for stockpiling, as a reasonable commodity, rice prices are highly dependent on market



supply-demand and the harvest time. Therefore, in order to ensure the closest price to the market price and base on the valuation result of the Price Management Department on the pricing plan submitted by the General Department of State Reserves, on May 11, 2020, the Ministry of Finance decided the maximum purchasing price and also on May 11, 2020, based on market prices at a given time in a given area surveyed by regional departments of State reserves, consultative remarks on purchasing price for national reserves of provincial/municipal finance departments and the price level proposed by regional departments of state reserves, the General Director of the General Department of State Reserves decided on the price for each bidding package for each regional department of State reserves equal to the maximum purchasing price, fixed by the Ministry of Finance and concurrently sent to regional department of State reserves to open the bidding package on May 12 under the law. According to market movements, the pricing is lawful.

Could you please tell us how to prevent winning contractors from quitting their bids?

The transaction and supply of reserve rice is implemented in accordance with the Civil Code 2015, the Law on State Reserve 2012 and the Law on Bidding 2013. In case a winning bidder does not come to sign the contract, it shall have its guarantee withdrawn. If it signs the contract but does not deliver enough or fails to fulfil it, it shall face the foreclosure of its bid guarantee or be imposed a fine of 8% of the contract value. It shall also be banned from joining bidding in 3-5 years.

At the second round of reserve rice bidding held on May 12, 2020, in the bidding invitation, the General Department of State Reserves directed regional departments of State reserves to increase bonds to bidders when they join the bidding, the bid guarantee value was raised from 1.5% to 3% of the bid value. In the long term, we proposed amending the Law on Bidding to add more sanctions to contractors who violate the tender.

What were the bidding results on May 12?

According to quick reports by regional departments of State reserves, by 10:00 am on May 12, 2020, 22 regional departments of State reserves opened bids under the law. Many businesses that refused to sign rice supply contracts for the first phase also took part in this bidding because, according to the current law, they are not prohibited from participating in the bidding.

At present, regional departments of State reserves are urgently evaluating technical profiles, capacity and experience of bidders. Qualified bidders will be entitled to open financial profiles for selecting winners who must meet technical profiles, capability and experience requirements to supply the rice. The General Department of State Reserves sent an official letter to regional departments of State reserves to urgently assess bids and approve the bidder selection results before May 19 for the contracts signed before May 22 and contract fulfilment before June 30, 2020.

Thank you very much!

State Budget Revenue Reaches 32.5% of Estimates in Jan-Apr

The State budget revenue was estimated at VND89 trillion (US\$3.8 billion) in April, totaling VND491.38 trillion (US\$21 billion) from January to April, equal to 32.5% of the full-year estimate, down 5.9% from a year ago.

Of the sum, domestic revenue was VND408.76 trillion, equal to 32.3% of the estimate, down 3.7% from the same period in 2019.

The General Department of Taxation instructed local authorities to urgently execute Government's Decree 41/2020/ND-CP dated April 8, 2020 on extended deadline for payment of taxes and land rents for businesses, organizations, households and individuals affected by the Covid-19 pandemic; to inform and disseminate policies and guidance; facilitate tax payers to declare and send requests for extended payment deadline electronically (via the electronic portal of tax authorities, the electronic portal of the national public service centers), by post or in person at tax offices; and solve the deadline extension for taxpayers under the law.

Forty-seven out of 63 provinces and cities fulfilled over 30% of the estimate, with 32 fetching more than 34% of the estimate. 28 localities collected more than a year ago, and 35 localities collected less than that of the same period.

Tax revenue from crude oil was projected at VND18.3 trillion in the first four months, equaling 52.1% of the estimate, up 0.9% year on year.

The average crude oil price was US\$58 per barrel from January to April, US\$2 lower than the estimated price, equal to 82% of the price in the same period in 2019. The crude output was 3.2 million tons, equal to 35.4% of the plan.

Import and export activity brought VND63.9 billion to the State coffers in the four months, equaling 30.8% of the estimate, down 19% year on year. Total tax revenue was forecast at VND101 trillion, equal to 29.9% of the estimate, down 12.3% year on year. VAT refund was about VND37 trillion, equal to 28.5% of the estimate.

In the first four months, the import and export value was forecast to rise 3.4% year on year to US\$162.8 billion. The import value of some major commodities dipped, with petroleum products falling by 40.5%, automobiles by 36.6%, and iron and steel by 6.4%. Customs authorities actively enhanced post-clearance inspection; closely coordinated with authorities to fight against smuggling, trade fraud and counterfeiting; and actively handled and recovered tax debts.

National Rice Stockpiling Inspection Result Announced

The Inspectorate of the Ministry of Finance set up an inspection panel to probe into the tendered purchase of national reserve rice in 2020 at the General Department of State Reserve and 22 local State reserve departments.

Carrying out the Prime Minister's decision on assigning national reserve plans in 2020, the Ministry of Finance (specifically the General Department of State Reserve) was assigned to buy 190,000 tons of rice. According to the bidding result on March 12, 2020, a total of 28 enterprises won contracts to supply 178,000 tons for national reserves in the first phase in 2020. After the deadline of contract signing, 24 companies refused to sign the contract to supply 170,300 tons and two companies clinched a contract to supply 1,800 tons of rice, a part of their winning volume. Only two winning bidders signed contracts to supply 5,900 tons of rice in full.

For contractors who refused to sign the contract, local departments of state reserve returned nearly VND28 billion to the State coffers as per the Law on Tender.

Conducting a probe into 22 local departments of State reserve, inspectors found out that seven agencies inappropriately allowed

organizations and individuals to deposit their rice in State reserve facilities. The seven State reserve agencies included Ha Bac, Dong Bac, Bac Thai, Hanoi and Ha Nam Ninh, Binh Tri Thien and Thanh Hoa.

Based on inspection results, the Ministry of Finance drastically directed its affiliated units to immediately review the responsibility of collectives and individuals who allowed the occurrence of violations, and temporarily suspend the official work of agency leaders to clarify their acts concerning the wrong deposit of rice in state reserve facilities.

The ministry will review processes and regulations on State reserve facility management to make amendments and supplements to ensure centralized and modernized supervision and management work; develop a plan to equip and install cameras at all state reserve facilities for surveillance and management to ensure the security and safety of State reserve stores.

The inspection panel shall be responsible to immediately transfer case files to the Investigation Agency - the Ministry of Public Security for investigation and handling according to law.

Import-export Value in Lao Cai Customs Rebounds Sharply

The export and import value at Lao Cai customs offices soared in April, resulting in higher trade value in the year to date, according to the General Department of Vietnam Customs.

A representative from the Lao Cai Customs Department said that the department settled import and export procedures for 216 enterprises in April.

Notably, customs authorities handled 3,253 declarations, an increase of 788 forms. The export and import value climbed 86.3% to US\$184.2 million.

In April, both exports and imports at customs offices in Lao Cai province advanced sharply. The export value roared 97% over March to US\$109.3 million and the import value leaped 72.6% to US\$74.9 million.

In the first four months of the year, the Lao Cai Customs Department handled procedures for 328 businesses.

Despite the strong growth in April, the import-export value still slumped 15.6% to US\$508.7 million in the first four months because of a steep decline in the first quarter. In particular, exports plummeted 26.6% to US\$293.4 million, while imports slightly rose 6% to US\$215.3 million.

The Lao Cai Customs Department reported to collect VND120.47 billion for the state budget in April and VND475.5 billion in January-April period, equivalent to 29.68% of the yearly estimate (VND1,600 billion) and equal to only 73.3% collected in the same period of 2019.

Taxable Goods Decline by US\$265 Million at Hai Phong Customs

The Hai Phong Customs Department said the total import and export value slipped 8% year on year to US\$5.711 billion in April.

Of the sum, exports reached US\$2.55 billion, down 3.5%, with taxable goods worth US\$8.75 million, down 36.3%.

The import value sank 11.3% to US\$3.15 billion. However, the taxed value was only US\$1.33 billion, sharply down 16.3% (US\$265 million) from the same period in 2019.

Among imports, the biggest tax contributors were automobiles and components; motorcycles and components; petroleum products; alcohol; iron and steel; and machinery and equipment.

Specifically, the value of automobiles dived 41.8% to US\$55.4 million; automobile components fell 62.2% to US\$9.47



million; and motorcycle parts declined 24.7% to US\$1.06 million. A few imports had higher value than a year earlier, including motorbikes (rising 118.1% to US\$890,000 and cosmetics surged 140.7% to US\$430,000).

The Hai Phong Customs Department collected VND18,410 billion in the year to end-April, fulfilling 27.48% of the target set by the Ministry of Finance (VND67,000 billion), 25.93% of the target set by the General Department of Customs, and down 18.3% from the same period in 2019.

Three Solutions to Manage E-commerce of Imports, Exports

Three important solutions will be launched on management of e-commerce activities for imports and exports in the coming time according to the Prime Minister's Decision 431/QĐ-TTg approving the project on management of export and import e-commerce.

The first solution is to perfect the legal framework for export and import e-commerce.

The second is to build a database for export and import e-commerce.

The third is to build policies on e-commerce transaction management and build electronic payment and guarantee mechanisms for e-commerce transactions in cross-border trading.

To carry out the above solutions, the Prime Minister has assigned the Ministry of Finance to elaborate a decree, to be submitted to the Government for promulgation in the fourth quarter of 2020, on customs management of imports and exports traded via e-commerce platforms to carry out solutions to complete the legal foundation.

The ministry has been assigned to build and complete a customs management system for imports and exports traded via e-commerce from 2020 to 2022.

At the same time, the ministry will integrate and assess the effectiveness of the management of export and import e-commerce from 2020 to 2025, and propose management of export and import e-commerce in the following period. The ministry is responsible for sending a report on this to the Government in the first quarter of 2026.

Ministries and branches assigned to manage licensing, conditions and specialized inspection relating to exports and imports will review the list of exports and imports subject to their work to include them into the list of goods exempted from licensing, conditions and specialized inspection when traded via e-commerce platforms. The Ministry of Finance will send this content to the Government in the second quarter of 2020 to add into the new decree to this effect.

Huong Huu



The crisis caused by the Covid-19 pandemic has greatly changed companies' operations. Every business needs to have response plans, more or less, to cope with constant economic volatility.

THU HA

WHICH SOLUTIONS FOR BUSINESSES IN CRISIS TIME?

Serious adversity

The Covid-19 pandemic showed each nation's dependence on the manufacturing of others. Every country must accelerate and respond to the fallout of this pandemic. More than ever, the health of the global economy depends on the creation of vaccines.

According to a recent study by CEL Consulting, a supply chain consulting and training firm, the Covid-19 pandemic has produced an impact on almost every economy or every type of business. The annualized growth rate is forecast to decline to 1.5%, down from 2.4% projected earlier by the Organization for Economic Cooperation and Development (OECD). From the policy perspective, response timing, approach to solutions and bailout money adopted by governments and the capacity of each country's health system will determine economic opening time.

Vietnam's real estate, logistics, consumer goods, construction, industrial manufacturing and agriculture have been entailed to rolling impacts of the Covid-19 pandemic. The survey conducted in late March and the first two weeks of April by CEL shows that nearly 60% of businesses have serious supply and demand problems. The pandemic weakens the supply chain when inventories run out quickly while a drop in demand disrupts cash flows of businesses.

According to the Vietnam Logistics Business Association (VLA), since the epidemic outbreak, manufacturing activity in China has been stagnant, resulting in low export output. As a result, many international shipping lines had to cancel dockings at some of China's ports due to serious cargo shortages. Some Vietnamese products imported from China are affected by this, for example, fabric, fiber, yarn, iron and steel, which witnessed a sharp decline in value in the first two months of 2020. This meant that the performance of

each link on the value chain could produce a strong impact on the rest.

However, according to CEL experts, epidemic evolution has also brought many opportunities to Vietnamese firms. Manufacturers of respirators, medical supplies and foods received orders from places struggling to cope with the epidemic, such as Europe and the United States. The contagion motivated future investors to join the wave of relocating production lines from China to Southeast Asian countries. In addition, the adoption of the EU - Vietnam Free Trade Agreement (EVFTA) has also added potential to Vietnam's economy compared to other countries in the region.

What solutions?

According to CEL experts, only companies that adapt well to flexible supply chains or spend much will survive. For example, Biti's has quickly changed its product portfolio to keep up with new market trends, launched new product lines with a message that echoed support for the fight against the pandemic where "no one was left behind." Other businesses also shifted to online sales channels to serve the domestic economy as online demands arise, ranging from education, gaming and movies to remote healthcare applications and purchasing for others. In addition, the surging demand for home delivery at the time of social distancing entailed a certain growth of recruitment in last mile delivery.

In addition, the pandemic crisis has caused a serious decline in demand, followed by cash flow disruptions and high risk of bankruptcy. Therefore, ensuring liquidity should be a top priority and companies need to set up divisions to handle urgent matters to carry out financial solutions to resist the crisis.

To assess demand and plan supply sources, businesses need to take measures to minimize negative impacts on

demand and supply. Market fluctuations need to be updated quickly and accurately for them to apply to operational strategies. Particularly, they necessarily base on updated disease information, actions of the government and economic actors and situations of customers and suppliers to work out countermeasures. They should also consider different scenarios to come up with appropriate counter plans for each scenario and act quickly. Working out many scenarios will help them take preventive measures and avoid being trapped in passive situations.

In addition to the above solutions, they need to take advantage of this time to promote outstanding or undelivered tasks such as designing websites, standardizing processes, researching new products and services, training and restructuring the workforce by streamlining and raising core values to stand ready for future uncertainties learned from the Covid-19 pandemic.

The crisis time requires simplification and concentration of resources to act quickly and properly for the most important values in the business. Besides financial and technical solutions, it is very important to work together to share information and support each other to solve difficulties. Their resistance and prosperity, not only built from assets but also from prestige and good relationship with partners and reciprocal support with others, is key to defeating the epidemic and bringing useful benefits for businesses and society. ■

More Rate Cuts to Stimulate Demand

According to the State Bank of Vietnam (SBV), banks are actively offering new soft loan packages to customers. The combined value of this credit package has to date reached VND650 trillion, more than doubling the initial value, with lending rates 1-2% lower than those before the Covid-19 epidemic outbreak. 147,637 customers have borrowed VND553 trillion since January 23, 2020.

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Banks rescheduled repayment terms, reduced interest rates for customers adversely affected by Covid-19, and rearranged repayment terms for 170,746 customers who borrowed VND128.21 trillion; exempted and lowered interest rates and preserved indebtedness categories for 14,372 customers which borrowed VND28,441 billion; and slashed existing interest rates for 318,528 customers with a loan balance of VND980,163 billion. The new interest rates are 0.5-2% lower than the previous rates. Even some credit institutions lowered their lending rates by 2.5-4% lower than those before the outbreak.

Lower rates with more flexible terms

Lending rates offered by commercial banks extended the downward trend in May 2020.

Four state-owned banks (Agribank, Vietcombank, VietinBank and BIDV) have cut their lending rates by 1.5-2% per annum on trillions of Vietnamese dong. Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank) has accepted a profit decrease by VND2,240

billion to share hardships with corporate borrowers. The lender has simultaneously slashed lending rates from now till September 30, 2020. Outstanding loans worth nearly VND113 trillion lent to industries/sectors affected by Covid-19 are granted preferential interest rates, 0.5-1.5% lower than common commercial rates. At the same time, Vietcombank will further expand its rate cut by 1-1.5% for existing loans (from April 30 to September 30). This move will cause the lender's profit to decline by VND300 billion.

Bank for Investment and Development of Vietnam (BIDV) has restructured debts for more than 3,300 customers and exempted and reduced interest rates on existing loans by 0.5-1.2% per annum. BIDV has recently announced a personal credit package of up to VND50 trillion, designed for business operations, effective from May 6, 2020, to September 30, 2020, to replace the previous credit package of VND30 trillion. With this new loan package, customers can enjoy more attractive interest rates with flexible terms, suitable to each business production loan demand. Specifically, customers are entitled to an interest rate of only 6% per annum for loans carrying a maturity term of less than six months and only from 6.5% for loans of 6-12 months.

Vietnam Bank for Agriculture and Rural Development (Agribank) has reduced interest rates for 27,500 customers borrowing VND45,165 billion. Specifically, the lender has exempted interest rates for 500 customers borrowing VND5,165 billion and lowered the interest rate pm VND40 trillion for 27,000 customers.

Vietnam Joint Stock Commercial Bank for Industry and Trade (VietinBank) has also cut interest rates by 2-2.5% for essential fields as compared to commercial rates. Other cases are enjoying a reduction by 0.5-1.5%, depending on the extent of damage they suffered from the epidemic.

Like the four State-owned banks, private lenders also offered soft loans to businesses to expand business operations.

Ho Chi Minh City Development Bank (HDBank) has launched an additional package of VND10,000 billion, with the annualized interest rate 2-4% lower, for individuals and small businesses. Nam A



Bank has further reduced the interest rate by 2-2.5% per annum for customers affected by the epidemic. Orient Commercial Joint Stock Bank (OCB) and Construction Bank (CB) has also cut the lending rate by 2% compared to normal commercial rates. Besides, CB provides free property evaluation and refunds prepaid fees when the loan term reaches three years.

Negative credit growth

Banks also face hardships when companies are in trouble.

According to statistics, credit growth inched up only 1.3% in the first quarter and slipped 0.5% in the first half of April 2020. As of mid-April 2020, the growth of outstanding loans nationwide was only 0.8%.

The sharp decline in credit was attributed to weakened credit demand of companies, not only in Vietnam but in many countries in the world where social distancing measures were exercised, consumption and export dropped, input supplies and output markets shrank. Companies focused on taking loans, repaying debts and had no need to borrow money.

Many banks have offered soft loans to support corporate customers to sustain business operations. However, banks can hardly boost credit growth in the current tough context.

According to statistics, VietinBank's total assets reached VND1,220 trillion as of the end of March, down 1.46%

from the beginning of the year. In particular, outstanding loans declined by 1.25% to VND923.623 trillion. Deposits grew slightly by VND2.9 trillion to VND 895.750 trillion.

In the first three months, Saigonbank's deposits slipped by 0.8% to VND15,543 billion, while its credit growth dipped 2.3% to VND14,215 billion. The lender's total assets dropped by nearly 11% to VND20,308 billion.

Military Bank (MB) reported that its total assets declined more than 1% to VND406,802 billion in the year to March 2020. Its loans fell by 1.3% to VND244,072 billion, while its deposits slumped 12% to VND240,737 billion.

By the end of March 2020, the total assets of the National Bank (NCB) plummeted more than 12% to VND70,458 billion. Its loans to customers shrank by 0.27% to VND37,806.6 billion, while its customer deposits rose by 2.4% to VND60,547 billion.

Notably, despite slow credit growth, nonperforming loans (NPL) did not pick up. The State Bank of Vietnam admitted that the NPL ratio certainly increased in any case. The best scenario will occur if the epidemic is controlled at the beginning of the second quarter of 2020, the bad debt ratio will be at 2.9-3.2% by the end of the second quarter and 2.6-3% by the end of 2020.

Therefore, slowing credit growth seriously affects banks' profitability but they will not increase credit at all costs because there are so many lessons from the past. If they accept unconditional or substandard loans in the current risky context, their system will be placed at risk. ■



Vietnam's Position Increasingly Elevated

More credibility

Vietnam has always expressed its persistent attitude to consistently implement foreign policy of independence, self-reliance, diversification and multilateralism; being active in international integration; and being a reliable friend and partner, a responsible member of the international community. At the same time, in all multilateral foreign affairs, Vietnam shifted from “active participation” to “active contribution and shaping of multilateral institutions”. Therefore, Vietnam has been trusted and elected to important positions in many important United Nations agencies such as the Security Council (2008-2009), the Economic and Social Council (1998-2000 and 2016-2018), the Human Rights Council (2016-2018), the Executive Council (2015-2019), the International Law Commission (2017-2021), and the Commission on International Trade Law (2019-2025).

After counting votes at the 73rd meeting of the United Nations General Assembly on June 7, 2019, Vietnam got 192 out of 193 votes in favor, an almost absolute result. This meant that Vietnam received far more support than the minimum winning requirement of 129 votes and was officially elected a non-permanent member of the UN Security Council for the term 2020-2021.

Mr. Pham Binh Minh, Deputy Prime Minister and Foreign Minister, said: “We see very clearly that Vietnam is elected and becomes a non-permanent member of the United Nations Security Council with the highest votes in favor in UN history. This evidences Vietnam's role and position to other countries.”

Vietnam assumed this position from January 1, 2020 and held the chairmanship of the Security Council in January 2020 with a lot of work to be done. With its best efforts, Vietnam has successfully accomplished all goals. The Security Council worked smoothly and effectively, especially with Vietnam's two initiatives on organizing an open discussion on compliance with the UN Charter to maintain international peace and security until the opening month of the 75th UN anniversary (1945-2020) and a meeting on enhanced UN-ASEAN cooperation. With concrete actions, the month of Vietnam's successful chairmanship at the UN Security Council left a strong impression and message about Vietnam, a responsible and active member in the international community.

Besides, in 2020, Vietnam takes the rotational chairmanship of ASEAN with five main priorities

Vietnam's foreign policies have gradually raised Vietnam's position and prestige in the international arena, enabling the country to play a considerable part in preserving world stability and peace.

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including: Enhancing ASEAN's performance of its role and contribution to the maintenance of regional peace, security and stability on the basis of strengthening solidarity and unity of ASEAN; strengthening ASEAN's common stance on cooperation in regional and international issues; promoting the formation and compliance with common rules and codes of conduct in relations among nations; reinforcing partnerships for peace and sustainable development with countries around the world. This raises the voice of Vietnam and is considered an important and influential factor in this developing region.

High international appreciation

Not only coping effectively with the Covid-19 pandemic, despite limited resources, Vietnam has shown generosity towards the international community. Accordingly, in order to support countries in the region and around the world to overcome difficulties in the fight against the Covid-19 pandemic, Vietnam has actively donated many medical devices and supplies. In the spirit of solidarity and support, Vietnam gave Laos and Cambodia medical devices, including protective clothing, medical masks, antibacterial masks, testing systems and SARS-CoV-2 virus test kits, worth more than VND7 billion for each country; offered 500 test kits to Indonesia; gave Myanmar US\$50,000 to prevent and combat Covid-19; donated 5,000 tons of rice to Cuba and supported 550,000 antibacterial medical masks for France, Germany, Italy, Spain and the United Kingdom.

For these practical actions, Vietnam has received various compliments from around the world.

Mr. Derek Grossman, senior defense analyst at RAND Corporation, a Washington-based research agency, said that Vietnam's success in dealing with the pandemic and its high-profile gestures in the context of the crisis is an opportunity for Vietnam to prove its increasing value to the world.

Needless to say, Vietnam's recent meaningful activities have demonstrated the goodwill of cooperation for a developed economy, a stable, peaceful society, and at the same time preserving its stature and stance on national sovereignty protection. In addition, despite numerous difficulties, Vietnam does stand ready to share difficulties with other countries, especially during the pressing Covid-19 pandemic. It has really helped Vietnam secure a more valuable position in the eyes of international friends. ■

SOCIAL SECURITY SECTOR

Towards Service Administration Dedicated to People and Businesses

Driven by the tremendous progress of the Fourth Industrial Revolution and rapid international integration of social security in the region and in the world, the Vietnamese social security sector has always tried to focus all resources, carry out many strong solutions, reduce administrative procedures, time and costs for people and businesses when they conduct social insurance and health insurance transactions with social security agencies. Its efforts and performance have been recognized by the Government, the business community and the people.

Streamlining administrative procedures to facilitate businesses

Enterprises do not have to keep and manage social insurance books for employees: According to the amended Law on Social Insurance 2014, employees have the right to possess and manage social insurance books. Therefore, enterprises do not have to keep, manage social insurance books for employees. From January 2019 to now, 100% of enterprises have reduced the time and manpower updating and storing social insurance books. In particular, the handover of social insurance books brings a lot of practical meaning. For example, employees will have sufficient information about their social insurance, health insurance and unemployment insurance history, and will be annually informed of premiums and insurance periods by social security agencies. In addition, they can look up information about their social insurance, health insurance and unemployment insurance history on the Vietnam Social Security (VSS) Information Portal.

Eradicating the regulation that enterprises must request to change health insurance cards for employees every year: Not only spending less time and manpower for managing social insurance books for employees, from 2018, enterprises do not have to review and make an annual list of requests for replacement of health insurance cards for employees. These changes are greatly beneficial to businesses and holders of health insurance cards. Especially, they have significantly reduced the time to carry out procedures to extend and

receive health insurance cards and transfer them to each employee.

Streamlining criteria needed to be declared in administrative procedures: "Registering and adjusting compulsory social insurance, health insurance, unemployment insurance, occupational accident insurance and occupational disease; issuing social insurance books and health insurance cards: Specifically, enterprises only need to declare 5 out of 12 criteria in the Personal Information Declaration Form of the insured when they update their information; only need to review and confirm 5 out of 14 criteria in the Participation Declaration Form of employees when they update employee information. This change helps enterprises reduce the time to declare other criteria in the declaration forms when they need to update new information.

Simplifying records, redesigning declaration forms to help businesses reduce the time to update the information requesting settlement of social insurance regimes for employees: Enterprises' written request form on settlement of claims for labor accident or occupational disease of employees remove the requirement for writing down the declaration content and this is replaced by ticking in multiple choices, abolishing the certification of tabulators and trade unions. Only one signature of enterprises is required in the claims for settlement of sickness, maternity, convalescence and rehabilitation benefits.

These changes and the abolition of record components: a copy of the occupational accident investigation record, the scene examination



record, and toxic measurement record in Articles 57 and 58 of the Law on Occupational Safety and Health.

Breakthroughs in IT applications to better serve people and businesses

Strengthening business support in social insurance declaration submitted to social security agencies for employees, assisting individuals to declare claims for social security electronically: From 2017, the social security sector has adopted electronic social insurance declaration and payment, with the ratification-waiting time reduced to two working days from the date of receipt of electronic application forms. Currently, the time required to inform the reception and settlement of administrative procedures filed by enterprises and people has increasingly shortened and the service has also been made available by emailing and text messaging.

The Vietnam Social Security (VSS) has officially upgraded and provided free social insurance declaration and payment software (K-BHXH software) to the web version to support employers and individuals to perform electronic transactions with social security authorities from August 12, 2019. Accordingly, businesses and individuals only need to use internet-connected electronic means to declare "Social Insurance" online at the address: <https://dichvucong.baohiemxahoi.gov.vn>. This also allows individuals to apply eight administrative procedures related to settlement of social insurance regimes online. In case individuals who conduct electronic transactions about social insurance have not been granted digital certificates, they will be allowed to

use electronic authentication code issued by the Vietnam Social Security and upgrade the K-BHXH Software to the web version. This has helped enterprises with more options to make social insurance declaration and payment.

Reducing the reception time, settling benefits for people with social insurance and health insurance: In recent years, the Vietnam Social Security has strongly deployed IT applications like building software for specific work across the system. In 2019, the VSS took another step in integrating professional

software programs to check and collate collected and issued data on social insurance books and health insurance cards with the software created to approve benefits and pay social insurance benefits for employees, thus reducing much time for workers. At the same time, paying benefits to workers' personal accounts also helped reduce the time for both enterprises and workers when they receive and directly pay the social insurance benefits for sickness, maternity, labor accident, occupational diseases for their employees.

Performing the task of building the e-government, the VSS has integrated the function to replace displaced, torn health insurance cards on the National Public Service Portal: From December 9, 2019, every individual can file an application form for reissue of health insurance cards identical to the old ones, they only need to have an electronic device (a computer or a mobile phone) connected to the Internet, access the address <https://www.dichvucong.gov.vn> to submit the form.

Thus, in the past time, with the efforts of the social security sector in reforming administrative procedures, applying information technology, a lot of barriers to the settlement of administrative procedures have been removed to save much time, costs and effort for enterprises and people when they work with social security agencies. Its performance has been highly appreciated by the Government and people. In the coming time, the VSS will further reform administrative procedures, integrate public services (Level 3 and Level 4) within its jurisdiction on the National Public Service Portal to increase the satisfaction of people and enterprises with the service of the social security sector. ■

Flexible PPP Project Funding Needed

At the online workshop on “PPP Project Funding and Monitoring Mechanisms” co-hosted by the Institute for Policy Studies and Media Development (IPS) and the United States Agency for International Development (USAID), Mr. Tran Chung, Chairman of the Vietnam Association of Road Traffic Investors (VARSI), said, in PPP projects, the owner’s equity is 20%, the governmental fund is 20%, and bank loans make up the remainder. Funding is always a challenge for PPP investment, not only during but also after construction.

Funding PPP projects is a core content across many provisions of the draft PPP Law and clearly demonstrates the equality for all PPP stakeholders. This content was also actively debated by experts when they raised their opinions to the latest drafting.

appraisal and funding arrangement. In particular, banks often require to arrange sufficient capital to sign a credit contract or disburse the fund, thus slowing down projects. VARSI proposed that the State budget should be supplemented at the beginning to ensure project feasibility and accelerate fund arrangement.

In addition, BOT projects often lack money for interest in early years of operation (due to low operating revenues and high interest expenses). Therefore, VARSI thinks that the government fund should offset the short cash flows in the early stage of operation to ensure project feasibility and attract investors and credit granting banks.

Balancing ratio of funding

Dr. Doan The Loi, Former Director of the Institute of Economic and Irrigation Management, said, it is not advisable to place an upper limit of state funding in PPP projects. The government should fund PPP projects in two phases: Site clearance preparation and construction. If it focuses on only site clearance, it may lead to project suspension. For example, it is very difficult to carry out an irrigation project and rural clean water supply project if the fund is capped at VND200 billion.

Mr. Tran Duy Hung, Director of Monitor Consulting Company, said, a separate budget line or a separate fund should be established to finance PPP projects. The government fund in PPP project is seed money, which is very important to promote projects. Accordingly, in Article 75, if a PPP project is not included in the list of medium-term public investment projects, competent authorities shall formulate those medium-term plans, used back-fund for medium-term investment plans.

Given more than 300 PPP projects launched, the government fund is only spent on site clearance. None of the projects use construction funds, except for Phan Thiet - Dau Giay project. Capping public investment funds in projects integrated into medium-term public investment planning will lack flexibility, hardly manage fiscal risks.

According to VARSI, arranging the credit fund for PPP projects is also very difficult and time-consuming due to huge value and long maturity (over 15 years on average). According to current regulations, the owner’s equity is at least 15% in a project, but banks usually require a higher rate to ensure debt repayment when they appraise and grant credit. In case the owner’s equity falls short, the project must have additional funding sources such as loans from investors and additional government fund, resulting in long project

HUONG LY

Additional benefits to lenders

Mr. Doan Giang, an international expert on PPP, said that 80% of PPP funding is from banks; therefore, banks pay high heed to their interests. In the latest draft of the PPP Law, we are concerned about the rights of lending parties when problems arise. When investors fail to pay debt, banks only inform the investor via competent authorities to recommend other investors in place, rather than appoint new ones. This is thus contrary to international practice.

“If banks are allowed to appoint investors in the event of an emerging problem, this is a way to ensure that the service is still provided if there is a problem between investors and lenders. Therefore, the law should be revised to endow lenders with the right to propose an alternative investor in case their loan contracts have problems,” he added.

Mr. Dao Viet Dung, a senior expert on state management and PPP, said, project finance must be prepared right from the beginning - this stage determines the success or failure of the project. However, the draft PPP Law stipulates that project preparation must be within the 5-year budget review. “Based on ADB’s experience in project preparation, we face a lot of difficulties on this,” he said.

Mr. Dung noted, to ensure project feasibility, there should be a separate budget line for the project. PPP is not entirely a public investment. If it is tied to a medium-term public investment plan, it will be difficult to manage it. When there is a separate budget line, investors will see that the Government has a clear, flexible commitment and they will feel secure. When banks provide loans with low risks, investors find it easier to borrow cheaper money. In addition, it is necessary to improve the governance role of the Ministry of Finance in this process. ■



Environment Quality Improvement in Focus for Rural Development

Having successfully improved environment quality in new rural development, many rural communes now have picturesque villages and roads, garbage-free rivers, flower roads and green trees. These typical models have given a totally new facelift to many communes, hamlets and villages and raised people's livelihoods. Nevertheless, environmental pollution is still growing and there is a need for solutions for the next phase to maintain results and avoid wasting investment resources.

DUY ANH



Many changes

According to a recent report by the Vietnam Environment Administration, localities have invested in the environment improvement and issued specific mechanisms and policies on environmental protection, based on actual conditions, to unlock local advantages to accelerate the process of completing environmental criteria in building new rural areas. Regulations on management of cottage industry villages made decisive changes. The Ministry of Agriculture and Rural Development advised the government to clearly define rural crafts for focused management. Regulations on environmental protection of craft villages and non-craft villages are also gradually being separated and clarified.

In the 2011-2015 period and the period from 2016, with large-scale concentrated solid waste treatment approach, many localities have invested in methodical and large-scale treatment systems at district and inter-district levels, such as Nghia Dan (Nghe An), Cam Xuyen (Ha Tinh), Uong Bi (Quang Ninh), Tam Diep (Ninh Binh) and Thanh Liem (Ha Nam). Many communes and towns in Bac Giang, Vinh Phuc, Phu Tho, Quang Ninh, Nam Dinh, Thai Binh, Hai Duong, Thanh Hoa, Bac Lieu and Can Tho City have invested in domestic and foreign waste incinerators. In fact, some localities have well treated domestic solid waste, such as Ha Tinh, reducing the total amount of waste released into the environment by 60%. In Dong Nai, the amount of domestic solid waste collected and treated is about 1,838 tons a day, reaching 98.1%. The rate of solid waste disposal is only about 43%.

To date, the country has more than 5,800 communes meeting environmental criteria. In order to ensure environmental criteria, localities have applied creatively and issued many mechanisms and policies suitable to practical conditions to accelerate the achievement of this criterion. Typically, Bac Giang, Thanh Hoa and Phu Yen provinces have introduced mechanisms and policies to support collecting and treating solid waste and invested in incinerators to build green, clean models. Many landscaping models have been adopted by villages and hamlets, including roads,

garbage-free rivers, landfills turned into flower gardens. In Dong Nai, Hau Giang, Tra Vinh, Ha Tinh and Nam Dinh provinces, more than 50% of districts have flower roads.

Limitations need to be addressed

According to the Ministry of Natural Resources and Environment, the application of environmental criteria in the new rural development still reveals many limitations of awareness and responsibility, deployment, management and operation, technology and funding source for environmental protection infrastructure. The application method is still confusing because it is necessary to identify who constructs and protects the rural environment and landscape. The government only creates motivation, shows ways of doing and supports people to implement. The confusing selection of domestic waste treatment technology in residential areas and craft villages led to resources investment wasting.

In fact, State-funded and operated environmental protection works have revealed many weaknesses, resulting in low investment efficiency. The mechanism that the State invests and enterprises operate still poses a lot of problems and shortcomings that restrict investment efficiency in new rural construction resources. The application of the principle that "polluters are obliged to treat pollution" to rural environmental protection is very limited. Residents, manufacturers and business households still mainly rely on the State budget to deal with pollution.

The environmental criteria include many targets and implementing units, resulting in difficulty for integration. This is one difficult criteria in practice because of its instability, constant changes, restrictive impacts from other infrastructure criteria. Localization is taken into account but it is inappropriate. Meanwhile, public communications on local environmental protection are still limited and public awareness has not changed much.

(continued on P.35)

Export Opportunity for OCOP Products

According to the Central Coordinating Office for New Rural Development, a great number of distributors, retailers and e-commerce sellers have signed major sales contracts for many products qualified for standards of One Commune One Product (OCOP) Program. The sales of certified OCOP products have increased significantly year after year.

MINH NGOC

Strengthening connectivity

With the potential and advantages of agricultural products, along with government-backed support mechanisms and policies, the OCOP Program has effectively tapped the strengths of each locality. Mr. Ngo Tat Thang, Deputy Chief of the Central Coordinating Office for New Rural Development, said that in order to promote the OCOP product marketing chain, the Government issued many pressing documents but the progress of OCOP Program in some provinces and cities is still slow, typically Lang Son, Lai Chau, Tay Ninh, An Giang, Bac Lieu, Ca Mau, Cao Bang, Thai Binh, Binh Duong, Binh Phuoc and Kien Giang, because of insufficient knowledge and unresolved direction of local leadership and shortage of qualified consultants.

Ms. Pham Thi Thuy Linh, Business Development Director of Central Retail Vietnam, pointed out limitations that make OCOP products out of reach of consumers and exporters. Many businesses and cooperatives with OCOP certification do not really care about bringing products to supermarkets to reach more customers, she explained. Therefore, Big C has been trying to support businesses, cooperatives and



producers to bring their OCOP products to modern distribution systems, develop markets and boost brand names. At the same time, they are advised to complete final documents and procedures to bring 50 more OCOP products to Big C and GO systems!

Export opportunity

The OCOP Program has encouraged many businesses and producers to actively tap the potential of rural specialties. This is a startup opportunity for farmers, cooperatives and many smallholding businesses in Dong Nai to invest in agriculture.

Although according to evaluation results, Dong Nai has only two 4-star products but it has many 3-star products, some of which even satisfy 4-star class in some criteria. Participating businesses and producers are also very keen on upgrading certified OCOP products. Seeking export markets is also one of the important criteria to improve OCOP products.

Ms. Hoang Thi Kim Anh, Director of An Hoa Hung Agricultural Cooperative (based in An Hoa Ward, Bien Hoa City), said that the OCOP Program of Dong Nai has successfully promoted the so-called OCOP spirit - a spirit of community, encouraged and marketed



local products and specialties. Therefore, although the cooperative has many product lines, it only chooses a specific product drawing interest from consumers; that is Cao An essence, as an OCOP product. Since it was registered to become an OCOP product, the cooperatives has been supported by the province to join many product marketing and promotion programs. Consumers everywhere know this is a unique product of Dong Nai.

According to Mr. Tran Quang Tinh, Director of Viet Farm Trading Co., Ltd., the company's products fully meet 4-star or 5-star OCOP standards because they have GlobalGAP certification. In 2020, the company will export the products to Japan and Europe because importers have already discussed cooperation plans with the company to export products. "In the coming time, the company will focus on adding more requirements and perfecting the profile to further raise the product quality. And, the most important requirement is export market development," he said.

Sharing the same view, Mr. Dang Tuong Khanh, Director of Trong Duc Cacao Co., Ltd (based in Phu Hoa commune, Dinh Quan district), which has one of two 4-star OCOP products in Dong Nai province, said, "In the coming time, we will continue to adjust OCOP criteria to upgrade the certified product." To have an OCOP product, the company has to meet a lot of criteria like using 70% local inputs, ensuring safe production and meeting export requirements, he said. The company's product is rated 4-star because it is made from organic products in Dak Nong province and qualified for export.

However, according to some companies participating in the OCOP Program, to scale up the program, the government should have more consistent policies, from management to sanctions, to select right companies to invest in the agricultural sector. Production must be directed toward sustainability rather than hit-and-run interests. Investing to build processing facilities right on input locations is an advantage to scale up the sustainable OCOP Program.

In addition, the OCOP Program should have more support policies for suppliers rather than mass support for farmers in general. Here, suppliers can be qualified farmers, farms and cooperatives and especially must be engaged in the supply chain. Therefore, this will encourage farmers and cooperatives to become professional and sustainable suppliers, helping address difficult problems: Fragile connectivity of enterprises and farmers lack of mutual confidence in building a production chain. ■

Motivation for Rural Economic Development

In recent times, the One Commune One Product (OCOP) Program has obtained many impressive achievements, creating a broad effect and affirming Vietnam's agricultural brand. Many of Vietnam's quality agricultural products have reached the world market, including OCOP products of ethnic minorities.

MINH NGOC

The OCOP program has been involved in solving a number of rural issues, such as contributing to accelerating restructuring in agriculture, as well as promoting the application and transfer of technology in production, through agricultural and industrial promotion programs to create products with high productivity and good quality. At the same time, OCOP has promoted the formation and restructuring of cooperatives and businesses in rural areas, thereby making people become the owners of the development process through contributing capital to cooperatives and businesses; developing OCOP to create jobs in the countryside, limiting rural labor migration to urban areas, increasing incomes and reducing poverty. OCOP has attached great importance to the training of human resources so that young rural workers have conditions to start their own business. Therefore, the implementation of this program is considered appropriate in the current context.

Mr. Do Tan Son, Deputy Director of Ha Giang Department of Agriculture and Rural Development, said that in 2019, Council for OCOP Evaluation and Grading of Ha Giang province had received dossiers and products of 11 districts in the province; of which, 86 sets of documents of 6 industries were eligible for product classification. Through classification assessment, 69 products of 43 entities were granted OCOP product certificates in 2019 with a score of 50 points or more, including 21 products with 4-star grades and 48 products with 3-star grades.

Typically, Tuan Dung Cooperative, a famous mint honey processing facility in Meo Vac district, Ha Giang province, has actively linked production with local residents. The cooperative has focused on investing in production lines with technology of reducing water content with a capacity of separating 30 liters of honey an hour. The introduction of advanced machinery to replace traditional manual equipment has created quality mint honey products. Its mint honey products have just been recognized to meet an OCOP 4-star standard; registered for geographical indications, and received registration certificates of typical rural industrial goods and products; and the cooperative has been certified for food safety.

Mr. Then Van Hai, Director of Tuan Dung Cooperative, said the cooperative had 2,500 colonies of bees and collected over 10,000 liters of honey each year. Its products are sold at BigGreen supermarket system and many



As many as 900 products have been recognized as OCOP products including 16 five-star products; 275 four-star products 585 three-star products.

(continued on P.35)

Ha Giang: Every Village and Family Engaged in Rural Development

Clearly defining that the new rural development program is designed to improve all aspects of material and spiritual life for people, in the past years, the Party and the governments at all levels have focused resources for new rural development, mobilized resources from the people and improved the roles and responsibility of each person in economic development, and complete new rural development criteria in the locality.

DINH BAO

As a typical economic performer of Ho Thau commune (Hoang Su Phi district), over the past time, the life of the Dao people in Tan Phong village has been significantly improved. With the climate and soil suitable for growing and developing Shan Tuyet tea trees, local authorities mobilized people to better care for existing tea areas, and apply science and technology to intensive farming to increase productivity.

Then, the economic value of tea plants has been significantly increased. The average income of tea-growing households reached VND50-80 million a year. Besides, people are raising commercial buffaloes, cows and fowls on a larger scale. With its intensive approach, by the end of 2019, Ho Thau commune fulfilled 15 out of 19 new countryside criteria. The average income of a villager was VND28 million a year. Currently, local authorities are focusing all resources to achieve all remaining targets to be certified a new countryside commune in 2020.

At the end of 2017, the Party, the government and the people of Phu Linh commune (Vi Xuyen district) happily received the certificate of new countryside standards. The current success comes from ongoing efforts of each family and

each village to build the new countryside, together with the dynamic and firm leadership and direction of the Party Committee and the government of the commune. Mr. Nguyen Quoc Cuong, Secretary of the Phu Linh Party Committee, said, it is certain that this is an achievement of the Party Committee and the people of the commune. Villages fiercely mobilized the people to promote economic development, donate land, and contribute workdays to build transport infrastructure, cultural facilities, schools, public works, and other welfare programs. Muong Nam is one of the typical villages of the commune.

According to the report, by the end of 2019, Ha Giang province had 38 out of 177 communes meet new rural standards and no communes had fewer than seven criteria. On average, a commune fulfilled 12 criteria. In the 2010-2019 period, local people donated more than 3 million square meters of land, contributed nearly 2.9 million working days and relocated over 38,500 animal rearing facilities, upgraded and restored 5,900 km of rural roads, built asphalt roads to administrative centers of all communes. More than 35,000 families upgraded their house floors. These substantive results affirmed proper policies of the Party and the authorities at all levels on new rural development. ■

Ha Tinh Completes Pilot Project to Reach New Rural Standards before 2025

It is over nine months since Deputy Prime Minister Vuong Dinh Hue chose Ha Tinh to pilot the “new rural standard” project in 2021 - 2025, and the Ha Tinh Steering Committee for New Rural Development has coordinated closely with central authorities to draft the plan.

DINH BAO

According to the central taskforce, despite numerous difficulties, Ha Tinh has managed to promote the strength of the entire political system, especially the community to promote new rural development. “It is no coincidence that the central government has chosen Ha Tinh province to pilot the project. Its successful lessons in the 2010-2020 period were clear. However, the new project has not highlighted the community role in carrying out the new phase, so Ha Tinh province needs to improve this content to ensure sustainable rural development,” said Mr. Phuong Dinh Anh, Head of Operation Department, Central Coordinating Office for New Rural Development.

Mr. Nguyen Minh Tien, Chief of the Central Coordinating Office for New Rural Development, said that the project must figure out the role of a new countryside to

introduce solutions to direct inclusive rural development.

Ha Tinh province’s new countryside project aims to have all communes certified to meet the standard by the end of 2023. By the end of 2025, at least 50% of communes will reach advanced standards and 10% of communes will reach model standards. By the end of 2024, all districts will meet new rural standards and all towns and cities will complete the task of new rural development. At least four districts meet advanced new rural standards. 72% of rural residents will have access to clean water; 95% will be covered by health insurance; poverty rate will be under 2.5%; per capita income will reach over VND60 million; over 80% of residential areas will reach model standards and over 12,000 gardens will meet the standard.

At least 300 products and services will be certified with OCOP standard, of which 35 products meet 5-star standards.

Based on actual evaluations, targets and criteria are built into general tasks and detailed tasks. Spiritual and material life of rural residents will be improved by building typical models like rice value chain, crop and livestock restructuring, GAP-standard fruit production, and deer and antler products.

In addition, the province will develop at least seven community tours linked to the new countryside like experiencing agricultural production, experiencing gardens and trade villages, experiencing traditional cottage industry villages, visiting and purchasing OCOP-standard products and typical local products; experiencing medicinal tours, community tours and homestay tours. ■

(from P.31)

Green rural areas

Mr. Vo Tuan Nhan, Deputy Minister of Natural Resources and Environment, said, landscaping, sanitation and environmental protection should be carried out drastically, continuously and persistently. Innovative thinking and effective ways of doing are needed to make the countryside green and ensure environmental friendliness. Central and local authorities and agencies should focus on key issues to achieve and sustainably maintain environmental criteria in building new rural landscapes in 2020 and beyond. Provinces and cities consider and approve specific plans for rural solid waste management, and approach the circular economy principles in waste collection, recycling and reuse.

Provinces and cities will soon formulate and carry out centralized and decentralized management plans on rural wastewater; upgrade canals, ditches, ponds and lakes; promote ecological values, microclimate and landscaping; speed up communications and awareness raising for officials and rural residents; and scale up new models of rural residential areas.

More tasks need to be further implemented, like perfecting institutional frameworks, regulatory policies and guidelines, supporting the deployment of localized environmental criteria, issuing mechanisms and policies to attract private enterprises to invest in and operate environmental protection infrastructure by promulgating and applying price mechanisms on environmental protection services publicly and transparently. ■

(from P.33)

other places. Ha Giang province has supported the development of models applying food safety management systems based on Hazard Analysis and Critical Control Point (HACCP) standards for honey processing facilities; applying Vietnamese Good Animal Husbandry Practices (VietGAHP) to bee farming. As a result, 243 mint honey production and trading households have been trained to implement HACCP and VietGAHP procedures. The province has completed the construction of a food safety management system, certifying HACCP standards for seven honey processing facilities and VietGAHP for nine beekeeping facilities. Like Ha Giang's mint honey, the ginger essential oil product in Bac Kan has also been recognized to meet a 4-star standard, becoming a commodity exported to many countries around the world. Currently, Bac Kan ginger essential oil products are also present in most provinces and cities across the country and are exported to Japan.

With the goal of having stable honey production of over 25,000 liters/year by 2021; receiving ISO 22000 certification for food safety management; and having 30% of its products exported to the international market, the cooperative will continue to promote communications and branding; improve packaging designs; expand markets; establish product distribution systems at major supermarkets; and participate in fairs and exhibitions; thereby promoting production and consumption of products and creating jobs for workers. ■

Tra Vinh Promotes OCOP Program to Facilitate Rural Economic Restructuring



Currently, the OCOP Program 2020 of Tra Vinh province is being considered but the province has developed many products qualified for 1-3 star class for the domestic market and 4-5 star class for export. In 2019, the Provincial People's Committee decided to recognize 30 products qualified for standards of One Commune One Product (OCOP) Program.

NGOC DAN

To execute the Prime Minister's Decision 490/QĐ-TTg dated May 9, 2018 ratification of OCOP Program in 2018-2020, the province took consistent solutions and mobilized social resources to carry out OCOP Program in 2018-2020, with a vision to 2030 to achieve the progress and outcome as directed by the Prime Minister to fulfil the criteria of the National Criteria for New Rural Development, facilitate rural economic restructuring, and raise incomes and living standards for people. At the same time, the province targeted that each district, town and city must have at least three products standardized to carry 3-star rankings by the end of 2020. Each commune, ward or township forms

regional connectivity to have at least one product made along the value chain, develop one product made by regional efforts, and build value chains for two OCOP products. The province will encourage businesses, cooperatives and economic entities to participate in the OCOP Program.

According to Tra Vinh Coordinating Office for New Rural Development, the OCOP Program 2020 will enhance production management and business management; develop production and business forms, increase benefits to the community, and develop the rural economy. The province will build brands, proprietary brands and business development strategies for flagship products and OCOP products; develop key product value chains, and create many products of high quality, locally strong comparativeness to meet domestic market and export demands.

Developing OCOP products will create jobs and increase incomes for local people, especially rural workers. Therefore, Tra Vinh province has promoted effective and sustainable agricultural development with appropriate approaches. To date, nine districts, towns and cities all have their own distinctive OCOP products. Many localities have taken concrete and flexible steps to build brands and promote connectivity in agricultural consumption. Many businesses and cooperatives have striven to bring their products to supermarkets to reach more customers to boost sales and consolidate and develop the collective economy. ■

Hung Yen Focuses on Development of Craft Villages

Traditional craft villages in Hung Yen province are undergoing strong changes to catch up with economic integration trends, thus significantly helping raise people's incomes and effectively spread the New Rural Development movement.

NGOC DAN

Hung Yen province is home to 55 certified craft villages. Currently, the average monthly income of a worker in traditional handicraft villages is VND4-5 million. High-income villages include Trai Trang food and food processing village in Yen My Town and Long Thuong bronze casting village in Dai Dong commune in Van Lam district.

The province has, however, faced certain difficulty in developing trade villages. The investment, improvement and application of science and technology to production is quite difficult. In some villages, transport infrastructure systems, power grid, water supply and drainage systems and production spaces are still poor and unsynchronized. Many

products are unregistered, resulting in low competitiveness. Workers in trade villages are largely untrained and the adoption of new technology, production discipline and career perception are limited.

Mr. Le Van Thang, Director of the Rural Development Division under the Department of Agriculture and Rural Development, said, in the coming time, cottage industry villages should focus on upgrading technical infrastructure systems, especially transport, electricity, water supply and sewage systems; and boosting innovation, replacing obsolete equipment and outdated technology to enhance production capacity and product quality. Workers in craft villages should be trained, either by employers or by vocational schools. ■

Nam Dan Developing Community-Based Tourism together with Rural Development



Nam Dan district of Nghe An province was recognized to reach new rural standards at the end of 2017. The district has registered to carry out a model new countryside and been selected by the central government to be one of three districts nationwide to pilot a new rural model.

Aiming for higher new rural standards

A report released by Nam Dan District People's Committee said that, after more than one year of carrying out the pilot project on "Building Nam Dan into a model countryside based on cultural development and tourism in 2018-2025" according to Decision 17/QĐ-TTg, Nam Dan district has focused on improving the quality of new countryside criteria.

The district has upgraded new countryside criteria synchronously. The district has strived to reach 8-10 advanced commune-level criteria. Resources have been further invested and public awareness has been raised dramatically. The sense of responsibility of Party committees and governments at all levels has been improved. Ministries and branches have supported the district to carry out the project.

In 2019, Nam Dan raised over VND374 billion to carry out the program, including more than VND179 billion from the state budget (accounting for 47.86%), VND44.1 billion from the masses (11.78%) and VND151 billion from other sources. In addition, people voluntarily donated 30,431 square meters of land, dismantled 10,111 square meters of fence walls and contributed 21,240 working days to the project.

At the working meeting on project progress with a

delegation led by Deputy Minister of Agriculture and Rural Development Tran Thanh Nam on May 7, Nam Dan district proposed to the delegation some contents: To successfully carry out the project, ministries and central agencies support and provide financial sources for key projects, especially national highways and provincial roads running across the district, and some spiritual tourist sites. In 2021 - 2025, Nam Dan will rebuild and upgrade 160 hamlet culture houses and propose the Government, ministries and branches support funding for construction of cultural institutions.

Developing community-based tourism

Tourism development has created a driving force for the new rural development at a fast and sustainable pace. The direct participation of farmers in tourism activity has created a rich and attractive product for local specialties, thus helping increase incomes for local people. Building rural destinations, developing community-based tourism products and engaging the community in tourism activity is considered a highlight for sustainable socioeconomic development and an important contributor to the National Target Program on New rural development.

In order to build a sustainable new countryside, Nam Dan district has attached great importance to rural tourism development, mainly agricultural and cultural tourism. From this approach, some agricultural and rural products for tourism have been formed and developed in recent years.

Mr. Nguyen Lam Son, Deputy Secretary of Nam Dan District Party Committee, emphasized, "In the current period, we are determined to successfully carry out the task of building Nam Dan into an exemplary district that bases on cultural development and tourism. That is both the responsibility and the burning desire of the Party, the government and the people. To achieve that goal, the Party and the government of the district are carrying out resolutions, directives and plans, devised for specific periods; promoting internal strengths and synergized forces to successfully realize the goal of building Nam Dan into a new model district based on cultural development and tourism".

Speaking to the visiting delegation, Mr. Bui Dinh Long, Vice Chairman of the Nghe An Provincial People's Committee, expected ministries and central agencies will further assist Nghe An province in general and Nam Dan district in particular, especially to carry out contents proposed by the district.

According to Deputy Minister Tran Thanh Nam, Nghe An province needs to proactively coordinate with relevant bodies and propose investment projects to the Central Coordinating Office for New rural development to have specific solutions to create its own fund for the cause. The district needs to pay attention to environmental landscape and community-based tourism development to attract tourists. ■

Tourism Firms Join Forces to Overcome Difficulties

Domestic tourism stimulus

According to experts, the world tourism industry, including Vietnam, will need a lot of time to recover after the Covid-19 pandemic. Dr. Tran Trong Kien, Chairman of the Tourism Advisory Council, said, "The best scenario is Vietnam's tourism industry can make a V-shaped recovery or a U-shaped upturn. Thus, the market will be first opened to domestic tourists, then to Chinese tourists, Asians and finally Europeans and Americans. It will take 12-18 months to have a full recovery.

However, according to Mr. Nguyen Tuan Anh, Director of the Vietnam Tourism Information Center, tourism may make an L-shaped development, meaning it will take more time. With travel restrictions in many countries, international visitors to Vietnam from April to June will be almost zero. When the pandemic ends, Asian visitors are likely to come first, but Vietnam's tourism may witness a 70% drop in tourist arrivals in 2020.

In a worse scenario where Covid-19 does not end before December, Vietnam's tourism industry will have almost no international visitors and international visitor arrivals will slump by about 80% in 2020. Therefore, when the world is still busy with Covid-19 prevention and international flight routes have not been reopened, domestic tourism stimulus is extremely necessary.

Mr. Tran Hung Viet, Chairman of the Ho Chi Minh City Tourism Association, said, "It is essential that Vietnamese people use Vietnamese goods and Vietnamese people travel within Vietnam."

Most tour operators have a fairly positive view on domestic tourism. A representative of a large travel company based in Ho Chi Minh City said, "As soon as the pandemic is controlled, domestic tourism will boom because most people are now very crazy about travelling after the long period of social distancing."

How to be productive?

When the Covid-19 pandemic is over, domestic tourism will gradually recover to the fullest. However, approaches and choices will change. Therefore, to stimulate domestic tourism, it is necessary to build a suitable product system with a quick and convenient approach. Travelers tend to choose destinations with all-in-one products at discounted prices. Therefore, to stimulate demand, tourism businesses have launched many preferential product packages with sharp discounts.

After a three-month closure due to the Covid-19 pandemic, more than 140 directors of inbound, outbound and domestic tourism companies have joined together to seek solutions to this tough time.

GIANG TU

Sa Pa (Lao Cai) is one of the first localities to launch a large-scale tourism stimulus program in the north with local hotels, homestays and tourist transporters offer discounts of 30-50%. Meanwhile, in Da Nang, Sun World Ba Na Hills Resort, which has officially reopened to welcome visitors back after the social distancing period since April 30, applied stimulus policies and reduced prices by up to 60% for people in 19 central provinces of Vietnam.

The Ho Chi Minh City Tourism Department has also cooperated with tour operators to launch a series of "Following the Saigon Ranger Footprint" tours. Hue City is offering free entry to Royal Court and Hue monuments from April 30 to May 7.

Besides, according to Mr. Pham Tien Dung, Deputy Director of Hanoi Unesco Travel Club, tourism businesses need to strengthen and promote marketing and promotion. After a long break, people have now started to get acquainted with online shopping and search information via social networks and the internet. Therefore, besides promoting images and products online, travel companies need to build effective, swift and convenient online payment channels.

On the other hand, instead of operating independently as a travel agency, it is common to share hardships, experience and practical solutions such as human resource management, marketing strategy and joint market research to create many new attractive destinations to court tourists.

Besides, according to experts, right from now, destinations, travel operators, airlines and hotels must closely join together to create stimulant tours and products at attractive prices to revive tourism.

Mr. Vu The Binh, Vice Chairman of the Vietnam Tourism Association, affirmed that relevant associations need to join hands to promote tourism. Specifically, travel associations and hotels can combine with airlines to offer discounted tourism products. Local authorities need to organize meetings and agree with tourist sites and attractions to reduce fares.

With effective stimulus strategies, the cooperation of travel, hotel and aviation businesses, Vietnam's tourism industry will hopefully overcome difficult times and recover soon. ■





Ms. NGUYEN THU THUY

LECTURER AT TOURISM DEPARTMENT, HANOI
UNIVERSITY OF SCIENCE AND TECHNOLOGY,
DIRECTOR OF TASS TRAVEL

Traveler behaviors are changing. Domestic tourism will recover first, then outbound and inbound. Tourists in Europe and the United States usually plan their travelling from six months to one year before they start. Smart tourism has been developed by Technology 4.0 and will be developed further. Domestic tourists will travel or book a hotel on their own because of social distancing effects. Travel needs to be digitized or create specially distinctive products.

Ms. DUONG MAI LAN

DIRECTOR OF ASCEND TRAVEL COMPANY

The sharing lesson is “Staying closely connected” with employees (to continue working and keep the office efficiently operating), with suppliers (to keep best prices and products in the COVID-19 era), and with PR & marketing programs (to bring products to customers)

Mr. VU VAN TUYEN

DIRECTOR OF TRAVELOGI COMPANY

Our solutions are to split the company into a compact company model with more than 10 employees. The work is efficiently divided, with adaptations from time to time for appropriate customer segments. Working times of employees are adjusted to match customers’ time frame.





Vietnam Value
THƯƠNG HIỆU QUỐC GIA

YẾN SÀO KHÁNH HÒA YẾN ĐẢO THIÊN NHIÊN



NGUỒN BỒ DƯỠNG THIÊN NHIÊN DIỆU KỲ

Yến sào Khánh Hòa là đặc sản nổi tiếng của xứ sở trăm hương yến sào, được giới khoa học và người tiêu dùng trong nước cũng như thế giới đánh giá cao về chất lượng nhờ 3 yếu tố:

Một là, chim yến cho tổ ăn được tại các đảo yến thiên nhiên Khánh Hòa thuộc phân loài *Aerodramus Fuciphagus Germani*. Đây là phân loài quý hiếm và đặc hữu tại các vùng duyên hải Việt Nam, cho tổ yến có giá trị bổ dưỡng cao nhất, tập trung nhiều nhất tại tỉnh Khánh Hòa, khác biệt với chim yến *Aerodramus Fuciphagus Anechmanus* chỉ làm tổ trong nhà.

Hai là, nhờ vào nguồn gốc địa hóa, thành phần hóa học và khoáng vật phong phú tại những vách đá cheo leo hiểm trở, hang động dưới chân sóng vỗ quanh năm là nền tảng làm phong phú nguyên tố đa vi lượng trong tổ yến tạo nên giá trị dinh dưỡng đặc biệt cao và mùi vị đặc trưng của tổ yến đảo thiên nhiên Khánh Hòa. Đặc biệt, chỉ có một số hang đảo thiên nhiên tại các đảo yến Khánh Hòa mới có tổ yến huyết, tổ yến hồng với hàm lượng dinh dưỡng rất cao. Chính từ sự kết tinh của biển trời và non nước tạo nên hương vị đặc trưng của yến sào đảo thiên nhiên Khánh Hòa.

Ba là, Công ty Yến sào Khánh Hòa là đơn vị quản lý nguồn tài nguyên yến sào với quy trình bảo tồn, nuôi dưỡng, phát triển và khai thác khép kín có lịch sử ngành nghề lâu đời và bí quyết kỹ thuật công nghệ sản xuất tiên tiến.



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