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CSI

**Powerful
Instrument
for Businesses
after Covid 19**

*Tapping Tourism Potential
through OCOP Products*

The ancient sights **HUYNH THUY LE**

Add: 255A Nguyen Hue Street, Ward 2, Sa Dec City, Dong Thap Province

Tel: +84 277 3773 937 - Website: www.dongthaptourist.com



DONG THAP TOURIST JOINT STOCK COMPANY
DONG THAP TOURIST



The house was Huynh Thuan (father of Mr. Huynh Thuy Le) built of wood in 1895 and until 1917, the house was repaired, the entire wooden walls around is replaced by lime and habitable and physique as The current.

Huynh Thuy Le old house is a combination of architectural harmony between East and West. The whole house is built on an area of 258 square meters is shaped according to the type of traditional Vietnamese, tiled roof of yin and yang, the two gable curved shape of a boat styled temples Northern to create a soft focus to roof. However, the architecture inside the tall airy walls made of brick thick from 30 - 40 cm characteristics cover the timber frame structure increases the bearing capacity of traditional architectural style of France.

The home has three spaces, decorated inside the Chinese style. The Balcony, the prospect gilded, carved like Pagoda Chinese, frame the balcony in the middle is touching double Loan Phung expressed "Taiwan Fenghua proving identity impressive compromise" meant happy longevity . The framework which both sides carved flowers birds show of family affluence. Specifically, between the main church space Guan Gong, a traditional belief of the Chinese; also demonstrate the strength and prosperity in life. The wooden doors, all kinds of cabinets, beds, altar are carved meticulously, crafted.

Huynh Thuy Le old house has been recognized historic provincial cultural relics and is proposing a national level; is a tourist attraction for visitors to Dong Thap.

DONG THAP TOURIST JOINT STOCK COMPANY IS A MEMBER OF SAO MAI GROUP

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PHAM NGOC TUAN
EDITOR-IN-CHIEF

PHAM THE NAM
DEPUTY EDITOR-IN-CHIEF
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Designer: HOANG ANH
Sub-editor: STEVEN GROFF

HEAD OFFICE

4th Floor, 9 Dao Duy Anh St., Hanoi
Tel: (84-24) 35743985/35743063
Fax: (84-24) 35743985
Email: vbfhanoi@gmail.com; vbf@vcci.com.vn
Website: www.vccinews.com

SOUTHERN REP. OFFICE

171 Vo Thi Sau St., Dist.3, HCM City
Tel: (84-28) 39321099/39321700
Fax: (84-28) 39321701

NORTHERN REP. OFFICE

4th Floor, 208 De La Thanh St.,
Dong Da Dist., Hanoi
Tel: (84-24) 6275 4809
Fax: (84-24) 6275 4835

Chief Representative
NGO DOAN KHUYEN

JAPAN

2nd Floor, Hirkawacho-Koizumi Bldg.,
1-9-5, Hirakawacho, Chiyoda - ku,
Tokyo 102-0093
Tel: 81-3-5215-7040
Fax: 81-3-5215-1716
Chief Representative
AKI KOJIMA



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Innovative Highlights at 9th Session of 14th National Assembly

The 14th National Assembly of the Socialist Republic of Vietnam officially opened its 9th Session on May 20, 2020, at the National Assembly Building, Hanoi.

QUYNH CHI

At this session, the National Assembly adopted both online meeting and physical meeting, divided into two phases. The first phase is conducted via online meetings from May 20 to 29 with the participation of NA deputies nationwide. In the second session, the National Assembly will gather at the National Assembly Building, Hanoi from June 8 to 18, 2020.

Many important laws and resolutions to be debated and adopted

According to NA Chairwoman Nguyen Thi Kim Ngan, this was a special meeting that marked innovation, solidarity, resolution and motivation for the country and the people to overcome hardships and move forward.

The meeting agenda consists of many important contents, in which the National Assembly will focus on reviewing and

discussing additional reports on socioeconomic and State budget in 2019 and socioeconomic and budget plans for 2020. The National Assembly will also consider and decide the national target programs on socioeconomic development in ethnic minority and mountainous areas in the 2021-2030 period, solutions to promote potential for socioeconomic development of ethnic minority and mountainous areas.

In addition, the National Assembly will review and approve 10 draft laws and many resolutions and opine six other bills to promptly institutionalize Party guidelines and constitutional provisions to renovate, arrange and strengthen the apparatus of the National Assembly; improve policy-making and enforcement efficiency; create a legal basis for bettering the investment and business environment by enhancing convenience, transparency and equality for investors and businesses, mobilizing social resources to further raise economic and corporate competitiveness; and ensure national defense and security to meet requirements of socioeconomic development and international integration.

The National Assembly will also consider and ratify three international treaties, including the EU - Vietnam Free Trade Agreement (EVFTA), the EU - Vietnam Investment Protection Agreement (EVIPA), and the entry to the Convention 105 of International Labor Organization (ILO) on the elimination of forced labor. This marks an important milestone in international economic integration, an important





prerequisite to create great opportunities for Vietnam's exports and diversify markets and export categories; to build a transparent legal and investment environment to attract more investors from the EU and the rest of the world; and to affirm Vietnam's determination to fulfil labor-related commitments in trade agreements and fulfil its ILO membership obligations. The ratification of these international treaties is consistent with Party and State policy on international economic, labor and social integration.

Defining new drivers for growth

Reporting on the prevention of the Covid-19 pandemic and its key tasks and solutions for socioeconomic recovery and development, Prime Minister Nguyen Xuan Phuc said that the Government has adopted the leading principle of “fighting the pandemic like fighting the enemy” with the leading guidance for epidemic prevention: Ensuring absolute safety for people is the first priority and important task. Besides, many measures have been taken to remove difficulties, to support entities affected by the pandemic to maintain production and business activities, ensure social security and strive to achieve socioeconomic development objectives and tasks in 2020.

He said, the Covid-19 pandemic has been controlled well in the country. No death has been recorded. Vietnam's responses to the pandemic in the past time have been highly regarded by the world for promptness, quickness, seriousness and effectiveness.

On socioeconomic development in 2019 and the first months of 2020 and economic recovery solutions, according to the Prime Minister, all 12 major indicators assigned by the National Assembly were fulfilled, with five exceeding the targets and seven reaching the targets. However, by early 2020, when the contagion of the Covid-19 pandemic caused a comprehensive impact on all aspects of life, economy and society. Given Vietnam's economic opening, its socioeconomic development was seriously affected in the first four months of 2020. In the first quarter of 2020, GDP growth was low, caused by the decline in agriculture, industry and services. Many workers were laid off or fired, the new employment rate was lowest in 10 years, the underemployment rate was highest in five years, and the unemployment rate tended to increase. In April, some sectors suffered negative growth. The number of newly established enterprises decreased for the first time in the 2015-2020 period and the number of companies registering for short-term operational suspensions increased sharply. Most manufacturing and service sectors shrank, with some stagnated or frozen. Some business activity was almost closed, for example trade, service, tourism, transport (especially air transport), restaurant, accommodation, and entertainment.

The Prime Minister also pointed out that, although the Covid-19 epidemic caused numerous difficulties and damages to economies around the world, it presented an opportunity for economies to get benefits from global economic and trade changes caused by the epidemic. In addition to closely monitoring, analyzing, synthesizing and assessing epidemic evolution and its impacts on the economy, industry, field, locality, business sector, cooperative and workers to introduce effective and timely response solutions, we need to research and forecast trends, opportunities and identify new drivers of growth to lay the foundation for accelerating economic restructuring to match with new shifts and structures like digital transformation demands, employment needs, investment trends and consumption trends. On that basis, we necessarily work out economic recovery scenarios to make sure that the economy is ready to move into a new normal state of operation and plans for immediate recovery, rapid and sustainable socioeconomic development in the short, medium and long terms. ■



At the 9th meeting session, the National Assembly of Vietnam will discuss 10 draft bills and four draft resolutions.

The bills include Law amending and supplementing a number of articles of the Law on Organization of the National Assembly; Law amending and supplementing a number of articles of the Law on Promulgation of Legal Documents; Youth Law (amended); Law on Public-Private Partnership (PPP); Law on Mediation and Dialogue in Court; Law amending and supplementing a number of articles of the Law on Judicial Assessment; Law amending and supplementing a number of articles of the Law on Natural Disaster Prevention and Control and the Dyke Law; Law amending and supplementing a number of articles of the Construction Law; Investment Law (amended); and Enterprise Law (amended).

The draft resolutions consist of Resolution on lawmaking agenda in 2021 and amendment to lawmaking program in 2020; Resolution on the Supervisory Program of the National Assembly in 2021; Resolution on pilot organization of municipal government model in Da Nang City; and Resolution on exemption of agricultural land use tax.



Clearing Hurdles for Stronger Trade Ties



India is considered Vietnam's largest trading partner in Central South Asia. Could you please tell us about the bilateral trade ties in recent years?

Trade is one of the five important pillars of Vietnam and India's strategic partnership, which has made tremendous progress in recent times. From 2016 to 2019, the total import-export turnover between Vietnam and India increased by 2.06 times, from US\$5.43 billion to US\$11.21 billion; exports increased by 2.5 times, from US\$2.69 billion to US\$6.67 billion; imports increased by 1.65 times, from US\$2.75 billion to US\$4.54 billion. In the first four months of 2020, the bilateral trade reached US\$2.7 billion and Vietnam had a trade surplus with India of US\$321 million.

However, these growth figures are not commensurate with the expectations of Vietnamese authorities and businesses.

According to data of the General Department of Vietnam Customs, the proportion of Vietnam-India trade accounted for about 4.5% of Vietnam's total import and export turnover of US\$517.26 billion (in 2019), while China accounted for 22.6%; Russia less than 1% (0.9%); the United States 15%; Asean 11%; EU 11%; the UK 1.3%.

“Vietnam and India have complementary cooperation, but trade and investment cooperation between the two countries is still modest. The two countries need to remove bottlenecks, strengthen and promote cooperation more strongly in the coming time,” said Vietnamese Ambassador to India Pham Sanh Chau at the Workshop “India-Vietnam Virtual Business Meet 2020” organized by the Confederation of Indian Industry (CII) and Vietnam Chamber of Commerce and Industry (VCCI). Vietnam Business Forum had an interview with Ambassador **Pham Sanh Chau** in this regard. **Thu Huyen** reports.

During the official visit by Vice President Dang Thi Ngoc Thinh to India in mid-February 2020 at the invitation of Indian Vice President Venkaiah Naidu, the two sides exchanged views on opening trade for some agricultural products, considering this an important key to boost bilateral trade ties in the coming time. Vietnam will consider opening trade for three Indian fruits including pomegranate, grape and millet; while India will consider opening trade for four Vietnamese fruits including litchi, longan, grapefruit and durian/rambutan.

Vietnam and India have complementary relationships, hoping that bilateral trade will reach US\$20 billion by 2025 and Vietnam will become a top 10 trade partner of India.

Investment is also a field of development in cooperation between the two countries. However, the current results are still not up to the potential, are they?

India and Vietnam have the potential to promote investment cooperation in food processing, pharmaceuticals, sugarcane, energy, minerals, sugarcane. Many leading Indian enterprises have invested in Vietnam and achieved positive results.

In particular, new energy and renewable energy have the presence of large multidisciplinary corporations of India such as Adani Group (its revenue in 2018 reached US\$13 billion), the world's top 10 Wind power and solar energy manufacturing company Suzlon (its revenue of more than US\$3 billion). Essar, a multi-industry corporation



operating in many fields including energy, oil and gas, industry, fertilizer production, infrastructure development, finance, information technology, etc., is seeking to invest in building an integrated area worth about US\$8 billion. This integrated area includes gas-fired power plants, transformer stations and transmission facilities.

In particular, HCL Technologies Group – ranking 6th in the Top 10 global information technology service companies – has also approved the long-term investment plan of 15-20 years in Vietnam with a vision to develop human resources for the chain of technical - information technology centers by the end of 2030 with the scale of 20,000 engineers, including 90% trained and recruited in Vietnam in the next 6-10 years to serve global customers.

In the field of agriculture and processed food, there are also many Indian businesses investing in Vietnam such as Tata Group, CCL Coffee and KCB sugarcane.

In the field of manufacturing automobile and motorbike spare parts, there is Minda Group (nearly US\$1 billion revenue in 2018), SRF chemical group (over US\$1 billion in 2018).

In addition, a number of large Indian medicine and pharmaceutical companies have also been present in Vietnam such as Sun Pharma, Glenmark Pharmaceuticals, Cipla and Napco.

Although there are many large Indian companies doing business in Vietnam, the total Indian investment in Vietnam has yet to reach US\$1 billion. India is Vietnam's most important investment partner and relations between the two countries have never been as good as they are now. Investment is an important activity to promote cooperation in the coming time, which was agreed by Vietnamese Minister of Planning and Investment Nguyen Chi Dung and Indian Minister of State for Commerce and Industry Som Parkash, in the meeting in early February. The two sides also agreed to set up a focal point to exchange and connect bilateral investment towards

establishing a joint working group on investment between Vietnam and India.

while not competing against and weakening each other.

For each specific key economic region In order to facilitate commodity trade, promote trade cooperation in the context of Covid-19, the Ministry of Industry and Trade of India recently submitted a proposal to Vietnam as ASEAN chair in 2020 on accepting electronic Certificate of Origin. What is your opinion on the proposal?

Adopting the electronic Certificate of Origin is an important condition to promote trade between Vietnam and India towards the goal of US\$15 billion as set by leaders of the two countries.

As ASEAN Chair in 2020, right after receiving the proposal of the Government of India on April 17 for accepting the certificate of origin issued through the web portal of India (E-CO), Vietnam has actively discussed with ASEAN countries on the proposal to use E-CO of India due to the complicated development and lockdown of the Covid-19 pandemic, travel restrictions in many countries around the world, including India and ASEAN, in the interest of tariff preferences under the ASEAN-India Free Trade Agreement (AIFTA).

The Embassy has also sent a report to the Government Office and related ministries such as the Ministry of Industry and Trade, the Ministry of Finance, and the Ministry of Foreign Affairs to consider and approve the recommendations from India. By the way, we also ask the Vietnam Chamber of Commerce and Industry to act as a bridge linking the Government and Vietnamese businesses to continue working with ministries and agencies on this issue to remove difficulties for businesses that have been hard hit by the Covid-19 pandemic.

Thank you very much!

Vietnam to Grant E-visas for Citizens from 80 Countries

Citizens from 80 countries worldwide will be allowed to enter Vietnam using e-visas from July, according to Resolution 79/NQ-CP recently issued by the Government.

The Resolution states that the list of countries whose citizens are granted electronic visas is specified in Clause 10, Article 1 of the Law amending and supplementing a number of articles of the Law on Entry, Exit, Transit, and Residence of Foreigners in Vietnam. Among the countries in the list are Austria, Poland, Belgium, Portugal, the United Arab Emirates, Germany, India, South Korea, the United States, Italy, Finland, France, China, the United Kingdom, Mexico, Chile, Canada, the Czech Republic, Cuba and Denmark.

Besides, the Government published a list of international border gates that allow foreigners to enter and exit with electronic visas. Accordingly, 37 listed international border gates include eight airports, 16 road border gates and 13 sea border gates.

Specifically, the eight airports listed in the new decision include Noi Bai, Tan Son Nhat, Cam Ranh, Da Nang, Cat Bi, Can Tho, Phu Quoc and Phu Bai.

Sixteen road border gates are Tay Trang in Dien Bien province, Mong Cai in Quang Ninh province, Huu Nghi in Lang Son province, Lao Cai in Lao Cai province, Na Meo in Thanh Hoa

province, Nam Can in Nghe An province, Cau Treo in Ha Tinh province, Cha Lo in Quang Binh province, La Lay, Lao Bao in Quang Tri province, Bo Y in Kon Tum province, Moc Bai, Xa Mat in Tay Ninh province, Tinh Bien, Song Tien in An Giang province, and Ha Tien in Kien Giang province.

Thirteen seaports are Hon Gai, Cam Pha in Quang Ninh province, Hai Phong in Hai Phong City, Nghi Son in Thanh Hoa province, Vung Ang in Ha Tinh province, Chan May in Thua Thien-Hue province, Da Nang in Da Nang City, Nha Trang in Khanh Hoa province, Quy Nhon in Binh Dinh province, Dung Quat in Quang Ngai province, Vung Tau in Ba Ria-Vung Tau province, Ho Chi Minh City and Duong Dong in Kien Giang province.

Foreigners are not required to be present at representative agencies of Vietnam in their countries, get interviewed or scan their fingers to apply for e-visas. They can go directly to the website <https://immigration.gov.vn> and apply for e-visas themselves.

Previously, to stimulate the tourism industry so seriously affected by the Covid-19 pandemic, the Ministry of Culture, Sports and Tourism proposed some solutions such as unilateral visa exemption for major tourist markets and potential tourist markets of Vietnam; and continue to grant electronic visas at border gates. Due to Covid-19, transportation firms and hotels reported suffering a 50-70% decline of tourists, both Vietnamese and foreigners.

Q.C

CSI - Powerful Instrument for Businesses after Covid 19



The Covid-19 pandemic exposed gaps in economic governance and operation and showed the importance and urgency of sustainable development. In this context, the CSI Program and Index has shown its importance and significance of helping businesses improve their competitiveness and enhance their resilience in all scenarios.

HA THU

This was the affirmation by Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI) and Chairman of the Vietnam Business Council for Sustainable Development (VBCSD), at the Kick-off Ceremony for the Program on Benchmarking and Announcing Sustainable Companies in Vietnam in 2020, recently held in Hanoi.

Dr. Loc said, although Vietnam is among rare economies that have initially controlled the pandemic, businesses are still facing a lot of difficulties due to cash flow shortage and output market disruptions. Businesses still need support to survive and grow. In this context, sustainable development is the only solution to overcome the pandemic. And, to a certain extent, pandemic is the price to be paid for not pursuing sustainable development". Sustainability values will prevail in the post-epidemic era.

Sustainable development is key to economic development, for both the world and Vietnam, he said. Sustainable development and





Mr. NGUYEN VAN DUC

VICE CHAIRMAN OF TNG
INVESTMENT AND TRADING JSC

Adversities such as epidemics, social changes, population growth, urbanization speed and inequality in development opportunity cause systematic and direct effects on

sustainable growth opportunity of any company in the long term. The

garment and textile industry in general, and TNG in particular, have faced many challenges.

Since its establishment, especially after it went public and floated its shares on the HNX, TNG has always pursued sustainable development, considering it a crosscutting principle for operation of the company. We understand that, to survive, we must align our interests with the prosperity of the nation and the rights of the community and move towards sustainable development in the long term.

TNG integrated all sustainable factors into the company's production and business activities. Specifically, TNG used CSI to self-assess regulatory compliance and measure economic, environmental and social sustainability; integrated CSI information with the company's risk management system; constructed environment-friendly, energy-efficient green factories according to LEED international standards and LOTUS Vietnam standards.

Without doubt, adopting CSI is a commitment to pursue sustainable and transparent development of the company's business operations.



Mr. TA BAO LONG

COMMUNICATIONS DIRECTOR,
TETRA PAK VIETNAM JSC

Since its presence in Vietnam, Tetra Pak has set its own responsibility of promoting the entire industry towards the highest environmental standards and paving the way for many sustainability initiatives. Tetra Pak has

implemented these activities since 2007.

Having studied CSI, Tetra Pak found it perfectly suited to the company's criteria. Applying it does not change the company's development objectives, but makes corporate governance better. Besides, due to the extensive coverage of environmental, human and other factors, when it is applied, we feel very confident because these indicators are completely similar to what Tetra Pak is pursuing. This index fits well not only FDI enterprises but also others because, as Dr. Vu Tien Loc, VCCI President, said, this index is close to international standards and useful for businesses to integrate better into the world economy.

Tetra Pak pledges to accompany VBCSD in the coming years to contribute further to the common goal of Vietnam's sustainable development.

☞ sustainability institutions are the foundation to re-open the economy. This is not only confined to messages and declarations but must be specified with models and importantly gauges for measuring. The Corporate Sustainability Index (CSI) is not just a set of 127 indicators but a very scientific and effective business management tool specifically designed for Vietnamese businesses. CSI helps them specify the action roadmap for sustainable development and answer the questions by many other businesses in Vietnam: What is sustainable development? What do businesses need to have sustainable development?

Besides, according to the VCCI President, sustainable development must be a common concern, not only for large-scale and multinational corporations but also for micro, small and

medium-sized enterprises. Thus, he hoped that there will be a system with three sets of indicators applicable to different sizes and adaptability of enterprises: Large, medium, small and micro as the way we categorize our education system: Tertiary, secondary and primary.

In 2020, the program will receive applications from businesses of all sizes and fields across the country in the form of hard or electronic copy, all free of charge. Candidate companies will fill in the CSI form with 127 indicators categorized in four areas: Sustainability Performance Index, Governance Index, Environment Index, and Social - Labor Index.

Remarking on new points, a representative of the VBCSD Secretariat said that CSI 2020 was updated with many new contents



VIETNAM BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (VBCSD)

**Sustainable Business,
Prosperous Societies**

Address: 4th floor, VCCI Building, 9 Dao Duy Anh, Hanoi. Tel: 04 3577 2700 ; Fax: 04 3577 2699 ; Website: www.vbcsvn.vn

by VBCSD-VCCI and leading experts in social and economic fields to comply with requirements from important free trade agreements (FTAs) that Vietnam recently signed (e.g. CPTPP - Comprehensive and Progressive Agreement for Trans-Pacific Partnership, EVFTA - EU-Vietnam Free Trade Agreement), as well as important changes in labor and environmental policies that produce significant impacts on business operations. In particular, the issues related to the 17 Sustainable Development Goals (SDGs) and the National Action Plan for Implementation of the 2030 Agenda for Sustainable Development were streamlined and integrated into the CSI 2020.

On the business side, VCCI President Loc encouraged each company to integrate CSI into the heart of its management strategy, apply CSI for sustainability reporting, regularly refer to the index to promptly detect weaknesses and shortcomings in business for improvement, and at the same time, grasp opportunities for development investment. The more businesses apply CSI, the more professional and methodical their corporate governance will be. This will help them improve their competitiveness, and enhance their resilience and recovery in all scenarios.

The Program on Benchmarking and Announcing Sustainable Companies in Vietnam in 2020 was jointly launched by VCCI-VBCSD in coordination with the Ministry of Labor, Invalids and Social Affairs, the Ministry of Natural Resources and Environment, and the Vietnam General Confederation of Labor. The deadline for receiving applications is August 15, 2020. The Announcement Ceremony of Sustainable Businesses is slated for November 2020 in Hanoi. ■

For more information about the Program on Benchmarking and Announcing Sustainable Companies 2020, please visit <http://vbcsd.vn>

“After four years of implementation, the Program on Benchmarking and Announcing Sustainable Companies in Vietnam has obtained significant achievements. Specifically:

► *More than 1,500 enterprises have joined the program, with more than 300 recognized to be sustainable companies*

► *Raising awareness and encouraging the business community to pursue sustainable development in general and stronger corporate governance in particular.*

► *According to a report on corporate sustainability of enterprises participating in the program in 2016-2018, released by VBCSD-VCCI in 2019, after joining the program, companies witnessed significant improvement in business performance and productivity and excelled above their peers that did not take part in the program. Typically, when taking into account the average labor productivity in 2018, participating companies reported that an employee made more than VND7.5 billion a year while an employee of non-participating enterprises was only VND830 million.*”

ASEAN 2020 National Committee Convenes Fifth Meeting

At the fifth meeting of the National Committee for ASEAN 2020 held in Hanoi recently, Deputy Prime Minister and Foreign Minister Pham Binh Minh, Chairman of the National Committee for ASEAN 2020, said, “The ASEAN Summit 2020 is an opportunity for Vietnam to promote its role as chair of ASEAN 2020.”

Deputy Prime Minister Pham Binh Minh said, the Covid-19 pandemic has an adverse impact on ASEAN in general and Vietnam’s ASEAN 2020 chairmanship in particular. These challenges present an opportunity for Vietnam to further promote its chairmanship of ASEAN 2020, illustrated by its active and prompt organization of many online conferences for ASEAN and with partners on Covid-19 prevention. Vietnam has proposed many valuable initiatives in line with the ASEAN 2020 theme: Cohesive and Responsive.

The two main contents of the meeting included fostering the implementation of outcomes and initiatives of ASEAN and ASEAN+3 Summits on Covid-19 prevention and reviewing and assessing difficulties and problems in carrying out contents and initiatives of ASEAN 2020 Chairmanship. In particular, the meeting also focused on reviewing and guiding preparations for the upcoming 36th ASEAN Summit.

Deputy Foreign Minister Nguyen Quoc Dung, General Secretary of the National Committee for ASEAN 2020, said that the work has been carried out since the beginning of the year, including the

successful organization of the ASEAN Joint Consultative Meeting (March 6) and the ASEAN Economic Ministers Meeting (March 8). Inspection delegations surveyed event centers, conference centers, hotels, press centers and airports in Da Nang City. Press and media agencies also actively reported on preparations of high-level conferences, especially adjustments and supplements of activities and initiatives of Vietnam within the framework of its ASEAN 2020 chairmanship under the impact of Covid-19.

Deputy Foreign Minister Dung highly appreciated sub-committees under the National Committee on ASEAN 2020, ministries and branches for actively adjusting activities and organizing online meetings at different levels to ensure progress of work.

In particular, the initiative of establishing regional medical supplies warehouses, developing the ASEAN standard process for responding to public health emergency situations and the ASEAN Post-Covid-19 Recovery Plan have been documented and consulted with ASEAN countries before submitting to the ASEAN Coordinating Council (ACC).

At the meeting, heads of sub-committees of the National Committee for ASEAN 2020 and ministerial and agency officials reported on their work in the past time and proposed measures to adjust working plans in their fields to match with new situations and specific roadmaps to carry out contents to ensure the successful implementation of initiatives during the year Vietnam holds the ASEAN chairmanship.

Giang Tu

Catalyst for Digital Banking and Electronic Payment to Develop



Legal obstacles

Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), said, there will be a lot to be done to restructure the post-pandemic economy and one of very important things is to digitize the economy, digitize enterprises and promote e-commerce. Digitalization and internationalization are becoming important requirements to foster business development. Digitization and internationalization ensure more efficient, more sustainable economic and business development.

Among Southeast Asian economies, Vietnam has advantages to develop the digital economy. Vietnam has a relatively strong digital infrastructure relative to other economies in the region. It can transform the digital economy into digital space and promote business digitization.

Statistics show that Vietnam currently has 70 credit institutions, excluding payment intermediaries such as e-wallets that have provided payment services via the internet and payment services through mobile phones. The value of financial transactions over the internet has reached over VND7,000 trillion (over US\$300 billion) and via mobile phone, VND300 trillion (US\$13 billion). These numbers are very meaningful, although they are small compared to the size of the economy.

Digital banks and e-wallets have many differences and have competitive advantages over traditional banking models. All customer communication channels are carried out online via mobile devices with a rich, intuitive and cohesive

From a positive perspective, the impact of the Covid-19 pandemic is accelerating the race of banks and fintech companies to digitalize services and electronic payment.

ANH MAI

interface, thus enhancing customer engagement.

Although Vietnam has made certain progress in building a legal corridor for digital payment services, there are still legal obstacles and paper procedures in the current document system, making it impossible for digital payment to expand quickly and easily to customers who are keen on payment convenience. Typical issues include lack of conformity of current regulations on electronic documents and specific properties of electronic documents resulting from digital transactions; a narrow regulatory system for digital signature authentication, and unguaranteed user data privacy protection. Especially, while traditional financial institutions are bound to many legal constraints, legal regulations for Fintech companies in Vietnam are still incomplete to ensure system security.

"Compared to the hard infrastructure of the digital economy, digital technology has risen above the soft infrastructure, the legal system and the institutional system relating to the digital economy. There is a gap between the digital technology foundation and the digital economy driven platform. Therefore, these two platforms (hard and soft) for the digital economy must be implemented at the same time with boosting the digital economy and promoting digital banking and electronic payment systems in Vietnam's economy," Dr. Loc said.

A boost to change consumer habits

Mr. Pham Tien Dung, Director of Payment Department, the State Bank of Vietnam (SBV), said, it takes a few years to issue a decree while technology keeps evolving, while new technologies can appear after only 2-3 months. Therefore, it is necessary to change and allow innovative models for things that do not have a legal basis (for example, mobile money in the past).

He said that the current growth rate of mobile banking is 200%, showing that Vietnam is growing very well. Statistics show that about 30 million people use the banking payment system every day.

However, the highest barrier is the user's habit, and, according to Mr. Dung, there is still a need for a strong catalyst to change the habit. To do so, better service quality, simple installation and easy use of mobile banking services are needed to change user habits.

To boost the digital economy, there are two points that banks need to pay attention to: How to bring ordinary users to become banks' customers in a quickest manner; and more importantly how to satisfy

Dr. NGUYEN TRI HIEU

EXPERT IN FINANCE AND BANKING

In the global digital banking development trend, it is said that Vietnam is slow and it needs to move faster. In my opinion, it is slow but firm. We should not be impatient. Vietnam's technology infrastructure is weak, while scams and frauds are still rampant. We should not be in a hurry.

As many as 40% of Vietnamese people do not have a bank account. To invite them to use the national payment system, they should be stimulated to use e-wallets. For e-wallets, there is no guarantee for users because their money can be used for investment purposes when there are now overnight investment and intraday investment. This can also be a risk to users. Therefore, if Vietnam can control this with strict sanctions and advanced technology, it will develop strong e-wallets.

For mobile money, the risk comes from telecom operators, not banks. So, money laundering may occur. Besides, the money creation function will be allowed by network operators, which is a risk to the monetary system.

Mr. DANG VAN THANH

CHAIRMAN OF THE VIETNAM ASSOCIATION OF ACCOUNTANTS AND AUDITORS

If digital technology, computer software and accounting is introduced soon, it will quickly accelerate this trend.

The Ministry of Finance has started to apply a wide range of electronic records and digital signatures - The first step to apply digital technology.

On the bank side, the digital revolution has now enabled cashless transaction development. This trend in Vietnam is slow but firm.

In addition to money and credit business, banks circulate money flows in the economy. This is also a very important issue.

There are four things we need to do right away: Quickly improve the legal framework for non-cash payment; identify organizations and individuals authorized to provide intermediary payment services; create technical infrastructure

systems; and ensure information security for users.

Mr. NGUYEN XUAN HOANG

VICE CHAIRMAN OF MISA JOINT STOCK COMPANY

We provide support services for businesses to use banking services through our accounting applications. This system is time-saving, cost-effective and accurate. Banks will no longer need receptionists but they can still attract corporate customers to use their services.

In addition, MISA has built a secure connection system to make sure that all transactions are absolutely secure. MISA is also building a software system to assess the credit support index for enterprises to borrow money from banks, including debt payment data. This is a helpful intermediary vehicle for banks to assess the health of borrowing businesses and get customer information quickly.

We suggest early introduction of a decree in place of Decree 101/2012/ND-CP on non-cash payment. If this decree is issued soon, it will be favorable for many payment intermediaries.

As for the provision of credit information, it is necessary to soon build a corridor for credit information, establish credit intelligence service providers and ease requirements to support enterprises to access loans.

Mr. HUYNH NGOC HUY

CHAIRMAN OF LIEN VIET POST BANK

The government needs to quickly build a national database, especially a personal identifier for the sustainable development of digital banking and electronic payment.

When building a digital bank, it is important to have cryptocurrencies and a national resident database because we cannot verify personal identity if we can't connect to the national population database. Therefore, the Government should immediately deploy this because this is the root of the matter.

Habits can be changed. If businesses provide good services, people will use their services. Regulatory sanctions may be also changed over time.

customers with banking products and services. Banks need to build an intelligent ecosystem to, for example, connect with customers as power companies are doing.

Besides, the cooperation between banks and Fintech companies is a must in digital banking and digital payment. Currently, 81% of credit institutions choose a bank-Fintech cooperation model for mutual development.

Basically, Vietnam has a legal framework for digital payment and the matter of concern is developing new models. Therefore, in the coming time, the SBV will issue an action program for the banking industry to execute Government Resolution 50/NQ-CP while building a legal framework for digital banking and digital payment, he said.

The SBV is expected to submit to the Government for promulgation of a decree replacing Decree 101/2012/ND-CP on non-cash payment in June, Mr. Dung added. Accordingly, Vietnam will first have the concept of electronic money and agent banks. This is the basis for banks to develop comprehensive digital banking. While

traditional banks need a week to process credit records for businesses, digital banks can disburse loans for businesses after only two hours by digitizing all data using credit authentication technology.

Besides, Vietnam needs to perfect the digital infrastructure system, with a focus placed on building and completing the technology infrastructure of the banking industry; strengthening infrastructure integration and connection and applications of the banking industry with other industries and service sectors to expand the digital ecosystem.

In addition, digital transformation and digital banking development must be aligned with inclusive financial development, digital banking development, bank - Fintech cooperation and information technology application within the framework of the national strategy for inclusive finance, while offering secure and convenient banking services at reasonable prices for people without bank accounts, especially those in remote areas, and improving financial knowledge and skills.■

Flexible Stability Needed to Attract Funding for PPP Projects

The draft law on public-private partnership (PPP) is scheduled to be submitted to the National Assembly for approval at the 9th meeting in May 2020. The drafting agency and the appraising agency have hosted many meetings and discussions with investors and experts with the aim of perfecting the law to attract private participation in PPP projects.

HUONG LY

Breakthrough, equality and flexibility

According to Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), the draft law on PPP is being compiled with a strong commitment of the Government to building an effective, stable and convenient legal and institutional environment for the implementation of PPP projects. Vietnam defined that infrastructure is one of three strategic breakthroughs in national development and PPP is considered an important instrument to promote infrastructure development.

Other than being limited to traditional fields such as traffic, energy and water supply, PPP projects are expected to be extended to the fields that make major breakthroughs in improving national competitiveness, labor productivity and people's livelihoods such as information technology, railway, aviation, logistics, healthcare, environmental sanitation and education, he said.

Without breakthroughs in infrastructure development, human resources, and institutions, Vietnam could not keep up with the wave of trade and investment of the modern world. "We are in a competitive market for investment capital. If other countries have better laws and environment, they will attract more investors. Therefore, in order to compete for investment funds, the Construction Law must meet advanced standards and we must have breakthrough efforts," said Dr. Loc.

Vietnam has experience in public investment management, but it is bogged down in this area. US\$30 billion is locked to ministries, branches and localities and it cannot be disbursed because of procedural matters. "We should not let PPP confront procedural problems as well. Then, we will not be able to mobilize resources for development. In the current context - the world is reshaped, Vietnam has the opportunity to receive foreign investment flows and the Law on PPP must also be formulated with an

innovative spirit," he added.

Besides, Dr. Vu Tien Loc emphasized that the PPP legal system and contracts must ensure legal equality to all partners no matter who they are - the State or the private sector. Both benefits and risks must be shared.

The Law on Public Investment refers to the legal framework for long-term investment. We need stability, but flexible stability because rigidity is not suitable in the current changing world.

Investor support policy in focus

According to a representative from the American Chamber of Commerce in Vietnam (AmCham), the lack of clarity of current regulations and some contradictions in the draft PPP law with other regulations limit incentives for PPP investors. The drafting agency also needs to develop current regulations toward international standards to increase the magnetism of Vietnamese PPP projects to foreign investors. For example, providing a clear and consistent framework for PPP projects will help these projects benefit from the Viability Gap Fund (VGF), a financial assistance program for PPP projects, and ensure minimum revenue and risk-sharing measures.

Experts recommend supplementing regulations on bidding preferences for PPP project investors. Detailed incentives should be specified in decrees that instruct the implementation of the PPP Law. In particular, the draft law should not mandate the employment of domestic contractors or domestic subcontractors, but should allow the employment of both domestic and foreign suppliers at the wish of the investor. In addition, it is necessary to further streamline policies and guidelines concerning PPP projects, including regulations that will be issued after the enactment of the PPP Law to attract foreign investors seeking investment opportunities in infrastructure in Vietnam, focus on key factors such as availability and disbursement of VGF and credit support measures.



Mr. Oliver Massmann, General Director of Duane Morris Vietnam Law Firm, said that some outstanding issues are cumbersome administrative procedures and foreign currency balancing plans. According to the bill, the foreign currency balance plan is applied to only projects adopted by the National Assembly and the Prime Minister at a rate of 30%. As such, only large-scale energy projects are eligible. The government should expand the scope of projects eligible for foreign currency balancing to attract private investors.

Mr. Antoine Logeay from Audier & Partners Vietnam Law Firm said that the two thresholds of funding end-time in projects approved by the National Assembly or the Prime Minister - 12 months and 18 months - are too tight and rigid. Moreover, the bill has not specified how investors will be treated if they do not comply with the funding time frame. This must be clarified.

According to Mr. Dao Viet Dung, representative of the Asian Development Bank (ADB) in Vietnam, development funds must be set up to create a foundation for the implementation of PPP projects. The establishment of these funds must be conducted in a transparent process with monitoring tools. This fund is a financial source and also a guarantee for the funding diversification policy for PPP projects as the Government committed to investors. ■

Hai Duong Exports First Batch of Lychee to Singapore, U.S., Australia

A ceremony was held in the northern province of Hai Duong on May 25 for the shipment of the first batches of Hai Duong lychee in the 2020 season to Singapore, Australia and the U.S.

Ameii Vietnam JSC exported the first container of litchi to Singapore while Rong Do production, trade and services Co. Ltd also shipped the first batch to Australia and the U.S.

Aside from the export of the fruit, many domestic enterprises have registered to purchase approximately 4,000 tons of lychee to serve domestic consumption.

The lychee farming hub of Hai Duong has 9,700 ha of lychee focused in Thanh Ha District and Chi Linh City.

It is estimated that the province will harvest 45,000 tons in this season, including 1,500 tons meeting GlobalGAP standards for export and 4,000 tons meeting VietGAP standards.

Currently, Hai Duong is home to 9,700 ha of litchi cultivation, mostly in Thanh Ha district with about 3,600 ha and Chi Linh city with 3,900 ha.

The total litchi output is estimated at 45,000 tons in this season, including 1,500 tons meeting GlobalGAP standards for export and 4,000 tons meeting VietGAP standards.

As many as 19 farming areas with a total production volume of 1,300 tons have been granted with area codes to be eligible for exporting lychee to the U.S., Australia and the EU while four farming areas with a total volume of 200 tons have been granted with area codes for exporting the fruit to China.

VGP



S&P Affirms Vietnam's Sovereign Rating at BB with Stable Outlook



S&P Global Ratings announced it maintained Vietnam's sovereign credit rating at BB, with a stable outlook on May 21, 2020.

HUONG HAU

The affirmation by S&P showed that the agency forecast that Vietnam's economy will continue to expand rapidly after a period of deceleration due to the effect of the Covid-19 pandemic in 2020. The agency recognizes that Vietnam's solid growth over the past years will continue to support its stable sovereign credit rating. S&P considered potential challenges of the fiscal and banking sectors in case the global economic recession lasts long. The stable outlook reflects S&P's expectation that Vietnam's economy will rapidly recover and rebalance when the global pandemic is contained, with

exports and aggregate domestic demand being the main growth drivers, keeping Vietnam's ratings well above the average of its peers. In the scenario that the pandemic is largely contained by the end of 2020 or the beginning of 2021, S&P expects the real GDP growth to rebound in 2021 and from 2022 onward to settle closer to Vietnam's long-term growth rate between 6.0%-7.0%.

During the working session between the Vietnamese Ministry of Finance and relevant agencies with S&P to assess the sovereign rating in late April, Vietnam exchanged and provided convincing evidence to demonstrate the resilience of the economy in this challenging global environment. In addition to successfully containing the Covid-19 pandemic, the country proactively carried out practical activities in assisting, collaborating and sharing experience with nations and international organizations which has been highly praised by the international community. This result shows the deepened linkage between the people and the Government and fostered a favorable foundation for the economy to recover and develop strongly after the epidemic is under control and affirms a strong external position of Vietnam.

Since early April 2020, S&P negatively adjusted the ratings and outlooks to 32 nations in which 10 nations are downgraded and 22 nations' outlooks are negatively revised. While the epidemic is well controlled in Vietnam but developing complicatedly in the world, the maintenance of rating and outlook in Vietnam is a remarkable result, manifesting S&P's trust in Vietnam's institutional settings which consistently promote development achievements in the medium term and support broad-based improvements in income levels and quality of life.

The Ministry of Finance and relevant agencies will continue to coordinate closely with and update information on socioeconomic situation in Vietnam for S&P. ■

MoF Issues Circular 46/2020/TT-BTC on Support to Covid-affected Entities

On May 27, 2020, the Ministry of Finance (MoF) issued Circular 46/2020/TT-BTC on continued implementation of urgent measures to support entities affected by the Covid-19 pandemic. The ministry reduced fees and charges for some aviation services.

As of May 27, 2020, operators of airport and aerodrome infrastructure that provide flight guarantee services and airport business specified in Article 3 of Circular 247/2016/TT-BTC dated November 11, 2016 will pay a fee equal to 90% of the fee specified in Article 4 of Circular 247/2016/TT-BTC. Foreign flights landing on Vietnamese airports will pay a fee equal to 90% of the fee prescribed in Article 4 of the Circular. 194/2016/TT-BTC.

As of May 27, 2020, organizations and individuals authorized to provide secured transaction registration services for aircraft; issue certificates, licenses and permits in civil aviation; issue entry and exit permits to restricted areas at airports and aerodromes will be charged 80% of the corresponding fees stipulated in Sections VI and VIII (except for the contents specified in 4.1, 4.2, 4.3, 4.4, 4.5.1, 5, 6 of Section VI and 4 of Section VIII), Part A - Tariff in aviation industry issued together with Circular 193/2016/TT-BTC dated November 8, 2016.

The above circular took effect from May 27, 2020 and will last through December 31, 2020. From January 1, 2021, the service tariff will be restored to the status quo before May 27, 2020.

H.H

Noi Bai Int'l Airport Ready to Deploy Automatic Supervision

Noi Bai International Airport has been selected by the General Department of Vietnam Customs to pilot the National Single Window (NSW) mechanism and deploy the automatic management and supervision system, and Hanoi Customs Department has been chosen to be the first unit to deploy it.

THANH NAM

Hanoi Customs Department is completing final preparations to be ready to officially deploy the National Single Window system and the automatic management and supervision system at Noi Bai International Airport under Decree 59/2018/ND-CP and Circular 39/2018/TT-BTC.

The leader of Hanoi Customs Department said that after a process of piloting and gradually perfecting the system, Hanoi Customs Department is now coordinating with agencies of the General Department of Vietnam Customs and relevant units in preparation to officially deploy the National Airway Single Window system and the automatic management and supervision system for exported, imported and transited goods at Noi Bai International Airport.

The rate of automatic setting of cargo information expected to be unloaded through the supervision area is stable and reaches over 95%. The rate of goods managed and supervised through the system reaches 99.9%. The rest is manually monitored when the system breaks down. As such, the system has met the requirements set out for official deployment at Noi Bai International Airport. The process of implementing the National Single Window system and the Customs automatic management and supervision system at Noi Bai airport is fundamentally changing the management method from manual to electronic, based on the strong application of information technology (IT) and international standards.

Specifically, with the pilot implementation of the National Airway Single Window system and the automatic management and supervision system, it meets the goal of changing management methods from manual to management mode on electric data, ensuring information connection between the three stages including before customs clearance, during clearance, and the delivery of goods through the supervision area. A synchronous IT system creates an electronic working environment, businesses can interact with the system anytime and anywhere. Controlling, tracking goods taken in, taken out and backlog of aviation warehouses are ensured. In



particular, the risk management mechanism will be applied throughout the process of goods management and supervision to thereby control and monitor the declaration of information indicators of airlines.

With this goal, the leader of Hanoi Customs Department said that the completion and application of the National Airway Single Window system and the automatic management and supervision system into official deployment in Noi Bai had great significance, affirming the determination of the Customs sector to continue promoting the reform, modernization and strong application of IT in the working fields of Hanoi Customs Department. This will also be a premise for the Customs sector to deploy synchronous expansion at various airports across the country.

The implementation of the system will bring many benefits to Customs agencies. In particular, the most important one is to improve the efficiency of State management of Customs at international airports, especially the management, monitoring, supervision of goods brought in, taken out and backlog of aviation warehouses which are automatically performed on the system. Hence, it will reduce the time and workload for customs officials. During this time, customs officers can do more and more efficiently. Moreover, the synchronous IT system creates an electronic working environment, businesses can interact with the system anytime and anywhere. ■

Clearing Obstacles to C/O Submission



Based on proposals from competent agencies and organizations of partner countries that signed free trade agreements with Vietnam and opinions from enterprises, the Ministry of Finance drafted the circular on C/O submission applied to imported commodities during the Covid-19 time in accordance with commercial and management practices.

The draft introduces a number of important regulations such as submission time, application forms and validity duration.

As for the time of C/O submission, customs declarants shall submit C/O at the time of conducting customs procedures to apply for imposition of special preferential tariff.

In case there is no C/O at the time of carrying out customs procedures for this purpose, declarants shall make an additional declaration and submit the C/O within a given time limit. Customs declarants shall declare at the most favored nation (MFN) preferential rates or ordinary rates. When declaring and submitting documents proving their origin within the regulatory time limit, declarants shall make additional declarations with corresponding special preferential tax rates and they will be refunded the differential value of paid tax.

The draft has specific regulations on C/O forms. To submit for goods entitled to special preferential tariff, customs offices may accept C/O using electronic signatures and seals provided that competent agencies of exporting countries have notices on C/O issuance using electronic signatures and seals and provide available

The draft circular on submission of certificate of origin (C/O) for imported goods applied in the time of the coronavirus is necessary to provide an urgent solution to clear difficulties for production and business operations amid the global outbreak of Covid-19.

LE HIEN

websites for C/O for lookup.

Customs offices check the validity of C/O on their websites to apply special preferential tariff and print a copy of C/O on the system issued by C/O issuers for archiving.

In addition, customs authorities also accept a photographic copy/scan of C/O provided that competent authorities of exporting countries have notices on the use of photographic copy/scan of C/O and provide C/O copy/scan or other forms for inspection/examination to determine the validity of C/O.

Customs declarants submit copied/scanned C/O to customs authorities who will base on copies/scans or other forms of inspection available to check the validity of C/O to determine the imposition of special preferential tariff.

Regarding C/O to be submitted to customs authorities as specified in Clause 2, Article 4 of Circular 38/2018/TT-BTC, customs declarants must submit the original C/O for customs authorities. If customs declarants do not have the original C/O at the time of carrying out customs procedures, they necessarily submit a C/O copy.

Customs authorities shall base on copied/scanned C/O, dossiers, goods, shipment itinerary and other relevant information to verify the origin of goods as prescribed.

The validity term is expected from the outbreak of Covid-19 epidemic, January 23, 2020, until the Prime Minister of the Socialist Republic of Vietnam or the World Health Organization (WHO) announced the end of the Covid-19 epidemic.

Based on opinions from relevant ministries and agencies, the Ministry of Finance will complete to promulgate a circular to remove obstacles for enterprises. The circular was submitted to the Ministry of Finance for signing to enact. ■

Instruction for Shipments with Electronic and Written C/O Form D

In case a shipment has both electronic and written C/O Form D, issued under the law but carrying information disparity, how will customs agencies handle this? This is the guidance of the General Department of Customs for local customs authorities.

Specifically, differences are clearly stated as follows: Electronic C/O uses electronic unit codes (e.g. H87 and B34) while written C/O uses normal unit codes (e.g. piece and ton).

The declared information on the electronic C/O is different in fields to be filled on the paper C/O due to technical requirements. But the contents are the same.

The electronic C/O carries more information than that on the paper C/O as the guidance on electronic C/O requires detailed declaration (e.g. excess information on quantity, description of additional declaration filed in Box 7 on the electronic C/O while the information on quantity and weight is filled in Box 9).

For C/O with commercial invoices issued by a third party, the third party invoice in Box 10 on the electronic C/O shows both invoices (manufacturer's invoice and third party's invoice) while only the third party is required to be declared on the written C/O.

In these cases, customs offices are not required to verify with C/O issuers. Customs offices shall base on electronic C/O Form D to check the validity of C/O and origin of goods.

Lang Son to Reopen More Border Gates

Lang Son province continues to exchange and hold talks with China to quickly open more secondary border gates in order to boost merchandise import and export, especially fruits from Vietnam.

According to the Lang Son Provincial People's Committee, only two secondary border gates in Lang Son are open for exporting and importing activity, namely Tan Thanh and Coc Nam.

Currently, Vietnam has basically controlled the Covid-19 pandemic and restored manufacturing and business activities. Thus, the Prime Minister agreed to reopen secondary border gates: Binh Nghi, Na Hinh, Na Nua and Po Ngung. At the same time, the Lang Son Provincial People's Committee was allowed to base on actual local situations to consider the reopening of secondary border gates and entrances in the province.

Therefore, in order to quickly stabilize and promote clearance capacity at all border gates and provide maximum support for Vietnam's agricultural products and fruits to be exported to China during the harvest season, Lang Son province asked the Management Board of Dong Dang Border Gate Economic Zone, border districts, border and customs forces to further exchange and talk with China to quickly reopen more secondary border gates and dissolve specialized driver forces established during the epidemic contagion time.

The Lang Son Provincial People's Committee also required relevant forces to proactively flow and regulate vehicles at border gates to facilitate export clearance, particularly agricultural products; strengthen inspection and control, and combat smuggling and trade fraud. They were urged to facilitate the clearance of temporary imports for export, fruits and frozen goods at border gates when Vietnam and China agree on customs clearance.

L.H

Thanh Hoa Customs: Imported Crude Oil Accounts for 75% of Total Revenue

The frequency of crude oil and petrochemical imports is stable, an average of 2.5 ship calls a month, according to the Thanh Hoa Customs Department. This was the most important factor to the sharp growth of revenue of the unit in 2019.

Currently, taxable commodities are mainly crude oil, chemicals, petrochemical materials, machinery and equipment, white stone, wood chips, clinker, plaster, tobacco inputs and medicinal materials.

According to the Thanh Hoa Customs Department, it collected more than VND5,061 billion for the State Budget by the end of April 2020, up 52.48% year on year and equal to 53.85% of the full-year target.

The key drive of revenue growth at the Thanh Hoa Customs Department is imported crude oil for Nghi Son Petrochemical Company Limited. In the first four months of 2020, the company imported 14 shipments of crude oil and paid nearly VND3,800 billion of taxes to the State budget, accounting for 75% of the department's total revenue.

In addition, equipment and machinery import also increased sharply. Major importers included Nghi Son 2 Power Co., Ltd and Nghi Son Iron and Steel Joint Stock Company. This item contributed 17% to the budget revenue or over VND861 billion.

However, due to crude price volatility, the Thanh Hoa Customs Department estimated that VAT collected from this item will be just over VND2,300 billion in the last seven months of 2020. This change will greatly impact its budget revenue result in 2020.

Tax, Customs Officers Involved in Bribery of Tenma Vietnam Suspended from Work

On May 26, 2020, the Ministry of Finance of Vietnam issued two official letters suspending the work of officials for suspicions of involving Tenma Vietnam's bribery case in Bac Ninh province.

In Official Letter 6170/BTC-TCCB, the Minister of Finance requested the General Director of the General Department of Taxation to suspend tax inspectors involved in the case from work for 15 days.

Similarly, in Official Letter 6169/BTC-TCCB, the Minister of Finance requested the Director of the General Department of Customs to suspend customs inspectors involved in the case from work for 15 days.

The official letters also stated that if a unit leader is suspended from work for inspection, the General Director of the General Department of Vietnam Customs shall assign a unit leader in place of him.

Previously, local press and social media reported on a bribery case in connection with Tenma Vietnam Company (a subsidiary of Japanese Tenma Company located in Bac Ninh Province).

Upon receipt of this information, the Ministry of Finance set up an inspection panel on May 25, 2020 to inspect the Bac Ninh Tax Department, the Bac Ninh Customs Department and related organizations and individuals in connection with this case.

L.H

Exports to China Grow Well Again

After months of poor growth due to the effect of the Covid-19 pandemic, Vietnam's exports to China showed signs of strong growth. Customs clearance of goods is performed normally but strict quarantine against pandemic contagion is still imposed.

HUONG LY



Exporting processed agricultural products

According to Mr. Hu Suo Jin, Economic and Commercial Counselor at the Chinese Embassy in Vietnam, China annually imports about US\$150 billion of agricultural products. In 2019, the country spent US\$1.6 billion on Vietnamese agricultural products. Thus, there is vast room for Vietnamese businesses to tap.

Representatives of some Vietnamese agricultural exporters said many partners in China's border provinces started placing orders to import fruits, especially mangoes and lychee. However, many businesses remained hesitant to boost exports amid concerns of complicated pandemic development. Before this reality, the Import-Export Department noted that businesses should step up technological research and application to diversify processed fruits and extend the shelf life for agricultural products.

According to the Ministry of Agriculture and Rural Development, after the Covid-19 outbreak, China reduced tariffs on 80 out of 800 food items to boost imports to meet domestic demand in each segment and market area. This is an opportunity for Vietnamese agricultural products to regain their export status after facing a severe decline due to the pandemic.

Expanding shipments on official channel

The trade value between Vietnam and China reached more than US\$35 billion in the first four months of 2020, according to the General Department of Vietnam Customs. Of the sum, Vietnam's exports valued US\$12.7 billion, up 22.1% from the corresponding period of 2019, while its imports from China dipped 1.6% year on year to US\$22.38 billion. China was still the largest merchandise supplier for Vietnam with 28.7% of the market share.

Vietnam ran a trade deficit of US\$9.68 billion with China from January to April, down from more than US\$12 billion in the same period of 2019.

The robust export growth came from Vietnam's early reopening of some border gates and pathways on the Vietnam-China land border, which boosted the two-way trade. Commodities were cleared quickly and smoothly at many border gates and openings like Binh Nghi, Na Hinh, Na Nua and Po Nhung (Lang Son), Bac Phong Sinh and Ka Long (Quang Ninh).

To avoid risks and ensure successful commodity export to China, the Import-Export Department (Ministry of Industry and Trade) recommended exporters shift to official export and transport by rail.

*In 2019,
Vietnam-
China's trade
value totaled
US\$116.9 billion, up
9.3% more than in 2018.
Particularly, Vietnam's
export value to China
edged up 0.1% year on
year to US\$41.4 billion,
accounting for 15.7% of
Vietnam's total exports.
Vietnam's trade deficit
with China was
worth US\$34
billion, up 40.9%
over 2018.*



Key Economic Regions Must Take Lead in Economic Recovery

Boosting online trade

To overcome the aftermath of the Covid-19 pandemic, the Ministry of Industry and Trade strengthened online trade links with China's authorities and localities in order to support Vietnamese enterprises to meet domestic and export market demands. Right in the second quarter of 2020, many online trade deals with Sichuan, Guangdong and Zhuang Autonomous Region were effectively enforced.

For example, at a recent trade conference with Sichuan province organized by the Vietnam Trade Promotion Agency (Ministry of Industry and Trade), more than 20 Vietnamese enterprises successfully reached about 40 transactions with Chinese firms. Vietnamese businesses searched and connected with reputable manufacturers, suppliers of raw materials and products from China.

According to participating businesses, the conference helped them study manufacturing and supply capacity of Chinese partners from their working offices or from home rather than going to China. Moreover, online trading enables them to quickly start business cooperation with Chinese partners and companies from many other countries.

Mr. Vu Ba Phu, General Director of the Vietnam Trade Promotion Agency (Vietrade), affirmed that online conferences will serve as a springboard for businesses of both sides to grasp opportunities after the pandemic is controlled, and quickly build B2B e-commerce platforms to enhance trade and reduce product costs. ■

Provinces and cities in key economic regions must take the lead in recovering economic development as the Covid-19 pandemic has been basically controlled, especially in attracting investment from large corporations and transnational companies with leading technological capabilities.

HA LINH

This is the affirmation of the Prime Minister Nguyen Xuan Phuc at the meeting of permanent cabinet members on the development of key economic regions. Therefore, the leaders of localities in the region need to uphold responsibility for regional economic development, be truly devoted to the development of the whole country, the whole region and each locality.



Growth drivers of the country

According to a report by the Ministry of Planning and Investment, in the 2011-2019 period, the GRDP of the four key economic regions increased by 7.25% on average per year. GRDP scale of all 24 localities in four key economic regions as compared to the national GDP is over 70%. Hanoi and Ho Chi Minh City are the two important growth poles of the country, contributing to the average national growth of the year in the period of 2011-2019, respectively 13.08% and 19.9%.

In addition, the study shows that for every 1% of growth in the four key economic regions, the GDP of the entire economy will increase by 0.61%, of which the key economic regions of the North and the South will be the two greatest contributors. Specifically, an increase of 1% GRDP in the Northern key economic region makes GDP of the whole economy increase by 0.49%; an increase of 1% in GRDP of the Southern key economic region makes the GDP of the whole economy increase by 0.55%.

Currently, the key economic regions are the largest hubs for sea and air transportation, with 6 out of 8 national seaports, accounting for 93% of the ports' loading capacity and 100% of the international airports, with an average capacity of about 25 million passengers per year. Besides, connecting projects in the region create spillover effects, such as transportation projects, tourism and logistics development chains, developing high-tech and price-intensive industries with great added value, and projects to prevent drought, saline intrusion and adapt to climate change.

Therefore, Prime Minister Nguyen Xuan Phuc requested the Ministry of Planning and Investment to coordinate with other ministries and localities to urgently elaborate and finalize the regional and provincial planning within the national master plan. The requirement is to carefully and thoroughly review all fields to address current problems.

Representatives of four key economic regions (Hanoi, Ho Chi Minh City, Quang Nam and Kien Giang) reported on the implementation of the Prime Minister's conclusions on economic development in key economic regions. Accordingly, some suggest that in the long term, there should be a law on development of key economic regions, in order to remove difficulties, clarify the role of the regional council, as well as the mechanism for mobilizing and allocating resources. Provinces and cities also affirmed that this year's growth target and budget revenue can be achieved, a good sign in leading the regional economic development.

Maximizing the role of regional council

Regarding the institutional development of the key economic region, according to the Prime

Minister, there are many bottlenecks to be removed. However, it is necessary to have appropriate measures and roadmap. The immediate action is to maximize the role of the regional council. The Prime Minister asked the Ministry of Planning and Investment to review and propose to the Government suitable mechanisms so that localities in the key economic region can take advantage of their potential strengths, while not competing against and weakening each other.

For each specific key economic region, Prime Minister Nguyen Xuan Phuc stated that the Northern key economic region with the focus on the "development triangle" including Hanoi, Hai Phong and Quang Ninh, has good conditions to attract investment in high-tech and processing industry, manufacturing, electronics, services, banking and finance, logistics and high-tech agriculture. It also has strengths in human resources, forming research centers to apply high technology.

The central key economic region focuses on strong development of the marine economy, the development of automobile ecosystems and transportation services, especially tourism. There should be a project to develop tourism in the Central region in combination with the Central Highlands to create a key region.

The Southern key economic region must focus on attracting large-scale and high-tech investment; promote the leading role of Ho Chi Minh City to make this region a growth driver in 2020 and the coming time.

In addition, the Key Economic Region of the Mekong Delta has many potential and advantages but the development level is not high. It is necessary to strongly develop hi-tech agricultural industries, especially key agricultural products such as shrimp, catfish, fruit and processing industry. The region must implement Resolution 120/NQ-CP on sustainable development of the Mekong Delta, coping with climate change.

In addition, in promoting investment attraction, Prime Minister Nguyen Xuan Phuc suggested that regional and local councils take advantage of the opportunity of successfully controlling and fighting the Covid-19 epidemic, to promote production and business activities. Key economic regions, especially economic centers, must be investment attraction destinations, taking the lead in the movement of regional and global investment flows.

"We must turn challenges into opportunities, resolutely not cause difficulties for investors and businesses. We must implement preferential policies to support credit, electricity, water, transport infrastructure, logistics services, especially manpower, to serve the needs of large-scale and high-tech projects," the head of the Government emphasized. ■

Critical Reforms Needed to Fully Tap EVFTA



This statement was recently released by the World Bank (WB) in the report, “Deepening International Integration and Implementing the EVFTA”.

The report argues that Vietnam could benefit even more from next-generation trade deals such as EVFTA and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) if they stimulate a comprehensive agenda of economic and institutional reforms to facilitate compliance with non-tariff agreements. The report estimates that such reforms would improve productivity, increase GDP by 6.8%, relative to the baseline scenario, by 2030. The report highlights the need for Vietnam to increase capacity to handle certain key issues, including rules of origin, animal and plant sanitary standards, and investor-State dispute settlement.

If Vietnam can act in a decisive manner to fill in legal and implementation capacity gaps, it can capitalize on a trade deal whose direct benefits are estimated to be largest in the country’s history, said Mr. Ousmane Dione, World Bank Country Director for Vietnam.

“With Covid-19 acting as a reset button and EVFTA as an accelerator, now is the perfect time to embrace deeper domestic reforms,” he said.

The report cites the rules of origin requirement as one of the key challenges for

The EU-Vietnam
Free Trade
Agreement (EVFTA)
could boost
Vietnam’s GDP by
2.4% and exports by
12% by 2030, and lift
an additional
100,000-800,000
people out of poverty
by 2030. Such
benefits should be
capitalized on as the
country is
aggressively
responding to the
Covid-19 pandemic.

QUYNH ANH

Vietnam to overcome. Even if an item is produced in Vietnam, EU importers might not determine it as such, due to the high dependence on imported materials. The report finds that in key export manufacturing industries, a majority of inputs are sourced from foreign countries (for instance, 62% in electronics and 53% in the automotive sector).

The report calls for greater efforts to improve linkage between domestic suppliers and foreign enterprises as lead firms in major global value chains.

At the same time, rigorous European food safety standards make it imperative for Vietnam to improve the clarity and consistency of its sanitary measures. By one estimate, the cost of full compliance with existing non-tariff measures in Vietnam will be equivalent to a 16.6% tariff (higher than a regional average of 5.4%).

Vietnam needs to fill major legal gaps and address key implementation issues to reap the full benefits of EVFTA, which is expected to be ratified by Vietnam’s National Assembly in its May meeting.

The introduction of EVFTA is expected to bring more investors into Vietnam both from Europe and from the rest of the world. As the flows of foreign investment increase, so does the number of commercial grievances. The report calls for accelerated development of a Systemic Investment Response Mechanism to settle disputes between investors and the State.

The report also makes the case for prioritizing key sectors that make up the bulk of Vietnamese exports to the European market for Covid-19 economic recovery efforts, to maximize the benefits of the trade deal. ■

Further Accelerating Administrative Reform, Business Support



According to economists, this move is to aggressively reduce and immediately simplify unnecessary, unreasonable and unlawful regulations that hamper business operations to enhance public services for business development.

In 2020-2025, Vietnam will reduce and simplify at least 20% of regulations and cut at least 20% of compliance expenses relating to business specified in regulatory documents, effective as of May 31, 2020, counted and announced by relevant agencies prior to October 31, 2020. At the same time, the country will minimize current business regulations under the jurisdiction of ministers, heads of ministerial agencies, the Prime Minister and the Government.

Besides, the Government required that relevant agencies must quantify the reduction and simplification of business regulations as benefits for enterprises, citizens and society, must not adversely affect operations, legitimate rights and interests of enterprises and people; must ensure the goal of state administration and cannot form a loophole in the law. The resolution also stipulates that, by the beginning of June 2020, ministries and branches must complete plans to cut down and simplify business-related regulations within their jurisdiction.

Resolution 68/NQ-CP also states many important solutions. Authorities at all levels direct reduction and simplification of business-related regulations to improve the business investment environment, create all favorable conditions and a fair environment for business operations of enterprises and people.

Other solutions include enhancing communications and dialogues between state agencies

Placing businesses and people as the center and the driving force for socioeconomic development of the country and facilitating businesses and people to do business, the Government has issued Resolution 68/NQ-CP on reduction and simplification of business regulations for 2020 – 2025 period.

THU HA

with enterprises and people; mobilizing the active participation of the Advisory Council on Administrative Procedure Reform and trade associations to actively reflect, recommend and comment on draft documents and existing documents on the Public Service Portal to increase critics of businesses and people on legal regulations to improve the quality of reviewing, reducing and streamlining business-related regulations.

Additionally, ministries, ministerial agencies and governmental agencies must be directed, inspected and urged to perform assigned tasks to ensure the progress, quality, objectives and requirements of the program. The quality of coordination among ministries, branches and agencies in appraising and verifying legal documents and solving problems and shortcomings must be enhanced.

Moreover, information technology will be applied to review and calculate compliance costs for business-related regulations, integrate reports on reduction and simplification of business-related regulations. It is important to effectively consult enterprises and citizens on legal documents.

Furthermore, it is necessary to promote the effective communication and enforcement of the Government's Decree 61/2018/ND-CP dated April 23, 2018 on the deployment of single-window mechanism in administrative procedure settlement and Government Decree 45/2020/ND-CP dated April 8, 2020, on implementation of administrative procedures in the electronic environment, connection, integration and provision of online public services and online payment on the National Public Service Portal to serve people and businesses.

The resolution requires heightening the responsibility and competence of authorities, organizations and individuals participating in the program; intensifying monitoring and supervision of media agencies, the press, businesses and people over results of reforming, reducing and simplifying business-related regulations that are no longer appropriate for business activity.

In fact, in recent years, the Government issued resolutions for major tasks and solutions to improve the business environment and enhance national competitiveness (Resolution 19/NQ-CP and Resolution 02/NQ-CP from 2019). In all these resolutions, cutting down on

DOMESTIC MARKET

Major Contributor to Business Development

An Tien Industries Joint Stock Company, Quang Ninh Port Joint Stock Company, and Khai Anh - Binh Dinh Import Export Trading Co., Ltd secure top places in the Top 10 fastest-growing companies in Vietnam.

ANH MAI

The next in the list consist of 577 Investment Corporation (NBB), Thuan Duc Joint Stock Company, Hawee Mechanical and Electrical Joint Stock Company, ANI Joint Stock Company, Digital NOVAON Group, Transimex Corporation, and ECOBA Vietnam Joint Stock Company. These are outstandingly growing companies in the FAST500 Ranking - the ranking list of 500 fastest-growing companies in Vietnam in 2020 released by Vietnam Report Joint Stock Company in collaboration with the VietNamNet Newspaper.

Five growth contributors

Among growth factors of enterprises in the last five years (2015-2019), “domestic and regional market growth” is the top factor (52.1%), followed by “new product line development” (47.9%), “existing market expansion” (45.8%), “new market segment development” (35.4%) and “availability of skilled labor with competitive costs” (25%). For three consecutive years, many FAST500 businesses said that the domestic and regional market was the main growth engine in addition to their efforts to expand their market and develop new product lines.

Besides the positive factors, market volatility caused by the Covid-19 pandemic, the rise of competitors, rising input costs, complicated administrative procedures, and uncertainty of the business environment are named five biggest challenges and barriers to FAST500 companies in the current context.

In general, FAST500 companies said they will focus on four strategic priorities to overcome the growth challenges during this time: Increasing sales/profits in current markets (79.2%); improving product quality and increasing productivity (66.7%), introducing and developing new products/services (41.7%), and cutting costs (39.6%).

As for human resources, due to the impact from the Covid-19 epidemic, many FAST500 businesses are choosing a strategic solution of automating certain functions and training employees to use data to streamline the adaptive workforce in the new context.

Improving administrative reform, infrastructure and legal environment

In many annual FAST500 business surveys, further improving administrative procedure reform, infrastructure and the legal environment is always “thorny” issues for both businesses and policymakers. In addition to the top three expectations above, effective support for key products, new products and interest rate cut are what companies expect to see in 2020. For businesses, these policy recommendations should be prioritized to support business performances and growth prospects of enterprises in the current period.

In addition, since 2018, improving the legal environment has also become one policy that concerns many businesses. According to many experts, improving the legal environment is the “key” to support businesses to successfully integrate and grasp opportunities generated by RCEP, CPTPP and EVFTA agreements. At the same time, it is important to further stabilize the foundation to achieve the goal of sustainable growth.

In the context of economic volatility, with unpredictable opportunities and challenges in combination, the Government's support measures on loosening monetary and tax policies are expected to help businesses to get through hardships. On the other hand, this is both a challenge and an opportunity for them to renew themselves by restructuring the apparatus, actively seeking new markets and supplies, and reducing dependence on a single market to better shield passive external factors. ■

business conditions, specialized inspections and business licenses is also an extremely important content.

Many authorities at all levels have met this requirement well. For example, the Ministry of Planning and Investment simplified five administrative procedures relating to bidding and publicized them on the electronic portal in the first quarter of 2020. The Ministry of Industry and Trade decentralized the power to localities to streamline 152 out of 444 existing administrative procedures (132 administrative procedures at the provincial level; 18 at the district level, and two at the commune level). By the end of April 2020, the Ministry of Finance

announced to have abolished dozens of cumbersome administrative procedures and advanced modern technology application to tax administration.

Nevertheless, it is undeniable that a lot of frustrating and unnecessary tools are hindering social development in general and business activity in particular. Therefore, the introduction of Resolution 68/NQ-CP is expected to bring more practical benefits to businesses, enable them to boost business operations and revive the economy when the Covid-19 pandemic has been well controlled in Vietnam. ■

Loans for Transport Projects Face Risks of Becoming Bad Debts



BICH ANH

In a report on implementation of the National Assembly's resolutions sent to deputies, the Governor of the State Bank of Vietnam (SBV) expressed his concern about loans to Build-Operate-Transfer (BOT) transport projects, as about VND64,676 billion (US\$2.78 billion) of BOT loans faced the risk of being labelled bad debt.

According to the SBV's report, from 2016 to now, credit growth has been positive since the first months of the year and risen over 16% annually on average. Non-performing loans (NPLs) of credit institutions continued to be handled, controlled and capped at less than 3% (bad debt ratio on the balance sheet was 1.77% by the end of March 2020).

From 2012 to the end of March 2020, credit institutions handled VND1,076.95 trillion of bad debts (particularly, VND159.7 trillion in 2019 and VND26.94 trillion in the first three months of 2020).

On average, in 2016-2019, outstanding loans of BOT and transport sectors increased by 10.82%, accounting for 1.51%. The growth decelerated sharply over the years and the share of outstanding loans also dropped. By the end of March 2020, outstanding loans in these sectors grew by 1.27% and accounted for 1.35%.

According to statistics, most investment funding in BOT projects came from banks, and investors accounted for just 10-20% of the total fund. Therefore, when projects are unable to collect fees or are not allowed to raise fees as per their financial plans, bank loans are at risk of becoming bad debts.

For example, in the Cai Lay BOT Project (Tien Giang province), of the total investment capital of nearly VND1,400 billion, investors held just over VND200 billion and the rest was a loan. The project

could not collect fees due to public protests, therefore heightening risks to the loan.

Similarly, toll revenue at National Road 19 BOT Project (in Binh Dinh and Gia Lai provinces) failed to meet its financial plans (only 87% in 2018 and 79% in the first six months of 2019).

In addition, the Viet Tri - Ba Vi Bridge Investment and Construction Project that links National Road 32 with National Road 32C, invested in the BOT form (Van Lang Bridge), also seriously failed to achieve revenue as compared to its financial plan.

Toll Station T2 on National Road 91 (Can Tho City) has also stopped tolling since May 2019 and its loan repayment to banks was affected. Therefore, the investor asked the Government to purchase it. Many investors proposed handing their projects to the

Government because they could not collect fees as the roadmaps stated in the contracts signed with the Ministry of Transport.

According to the SBV, many BOT projects could not fetch revenue as initially expected. This might turn trillions of Vietnamese dong of outstanding loans into bad debts.

Besides, the bad debt ratio to outstanding loans in BOT and BT projects started to increase rapidly from the beginning of 2019, mainly due to lower-than-expected toll revenue. Recently, the SBV has repeatedly warned commercial banks about lending BOT and BT traffic projects.

In 2019, four credit institutions signed a credit contract to fund VND6,686 billion for Trung Luong - My Thuan Expressway Project. Currently, they are disbursing as per the project progress.

According to the SBV, about VND64,676 billion of outstanding loans incurred by 49 existing BOT transport projects may be restructured and grouped into nonperforming loans. This will affect business performance and bad debt restructuring and handling of credit institutions.

Facing this reality, to boost effective lending to BOT transport projects and facilitate economic development, the central bank asked the Government and the Prime Minister to direct relevant ministries, branches and localities to work closely and actively support banks.

According to the SBV, all solutions need to be taken into consideration to engage all available resources to ensure debt repayment to banks as per credit contracts signed with banks; tackle all matters concerning toll collection and deploy automatic toll collection to ensure transparency and control toll revenue.

In particular, it is necessary to ensure security and order at toll booths and work with the Ministry of Transport to manage toll collection and plan local traffic development. ■



Launchpad for Rural Development



The National Target Program on New Rural Development has become a wide-spread movement and produced many positive results, with the important contribution of rural transport development. With a dense network, the rural transport system has connected remote, rural, mountainous areas with national highways and expressways. Developing rural transport is an important foundation for rural socioeconomic development.

MINH NGOC

To complete rural development objectives, one vital criteria is completing rural transport infrastructure. Referring to the task of infrastructure system construction, including transport infrastructure in rural areas and disadvantaged areas, the 12th National Congress of the Party stated:

Concentrating investment in major, important and essential constructions, especially in localities with high development potential, to deal with congestion and overload; ensuring smooth connectivity of major economic centers, gateway hubs and routes with great transport demand.

To invest in rural traffic routes, huge resources of the government, society and people have been mobilized. With the engagement of the entire political system and the support of the masses, after 10 years of implementing the National Target Program on New Rural Development (2010-2020), the country has obtained many important achievements. Particularly, rural transport development has achieved quite comprehensive results. A lot of rural transport works have been constructed, restored, upgraded and regularly maintained. The number of communes without roads to administrative centers has been reduced sharply and the rate of communes with hardened rural roads has increased. Many waterways have been dredged and maintained. Parking lots and vehicle stations for passenger and freight transportation have been built or upgraded. Transport means have increased rapidly. As of May 2019, the road system in the country had a total length of 630,200 km, an increase of 87% compared to 2010. In addition to national highways and expressways, the local road system





Rural traffic construction is forecast to cost VND388 trillion (US\$16.6 billion) in 2021-2025. To mobilize this huge resource, it is essential to engage private and ODA funds for rural transport. Mechanisms and policies, including credit policies for enterprises, are needed to attract investors into rural traffic development, especially in remote and isolated areas. Reasonably balancing resources and adopting appropriate policies to encourage and stimulate the rural traffic construction movement is one of successful stories in the last period and is expected to be a main driving force to complete the goal of rural transport infrastructure construction.

☞ stretched over 604,000 km. Rural infrastructure across the country has been built, upgraded and completed to create a new face for the countryside, which is a premise to improve the material and spiritual life, develop production and improve income for the residential community.

In addition to investment in upgrading, restoring and building new rural roads, maintenance is one of matters of concern. Particularly in some areas seriously vulnerable to climate change such as the Mekong Delta, many roads broke down. In case of natural disasters and flooding, rural transport infrastructure can be seriously damaged. To ensure road quality, according to the Ministry of Transport, governments at all levels must balance the budget and add maintenance

costs to make sure that the annual maintenance cost for each kilometer of road is at least VND3 million for commune roads, VND10 million for district roads, and VND25 million for provincial roads. They also consider providing financial support for maintenance of village roads and infield trunk roads. Besides, it is necessary to scale up the model of self-managed rural roads in residential blocks, neighborhoods, sociopolitical organizations and social organizations.

In spite of positive achievements, the rural transport system in remote areas, border areas and islands is still inadequate. In the country, 13 communes do not have automobile-supported roads leading to administrative headquarters and 101 communes cannot operate motorbike-

supported roads all time throughout the year. Many communes have not hardened the road surface and travelling is thus very difficult in the rainy season. Therefore, to complete the National Target Program on New Rural Development in the next phase, the construction of rural transport infrastructure must be expanded. Up to now, more than 5,600 out of nearly 9,000 communes in the country, equivalent to 63.2% of total communes, have met rural transport criteria. This rate is expected to increase to 75% by 2025 and 95% by 2030. ■



Tapping Tourism Potential through OCOP Products



Lao Cai is the second province in the country to approve the One Commune One Product (OCOP) Program. After more than two years of deployment, the province has recognized 52 provincial OCOP products, which is a condition for upgrading the product position, expanding the market, and developing the tourism industry. Thus, the province has offered various preference policies for tourism development and adopted long-term development orientations.

MINH NGOC

Upgrading OCOP products

According to the Department of Agriculture and Rural Development, the province has more than 220 advantageous products. Particularly, the food category has 115 products; the beverage category 36 products; the herbal category 28 products; the fabric and apparel category 12 products; the souvenir - interior - decoration category nine products and the rural tourism service category 22 products. Producers have established linkages to boost production, consumption, marketing and branding.

The OCOP Program is considered the largest of its kind ever. At present, localities are drafting resolution goals of Party congresses at all levels and objectives of developing key products into OCOP products at all levels.

Mr. Nguyen Anh Tuan, Director of the Lao Cai Department of Agriculture and Rural Development, said, to unlock local potential and develop processed OCOP products, the province has 52 province-level star-certified OCOP products. At present, Ban Lien



SUSTAINABLE DEVELOPMENT

☞ organic tea is eligible for star-ranking at the national level. The rest is mainly 3-star and 4-star products at provincial level. After products are recognized, product upgrading is taken into account by localities.

These results affirmed the development of key agricultural product chains as an appropriate approach to unlock local strengths, advantages and potential. However, the number of OCOP-certified agricultural products made along the value chain is still modest. The scale and scope of linkages is small. There is no specific and strong policy to encourage and support producers to expand the scale and link up the chain to create products that ensure safety and traceability requirements. Low product quality fails to meet market requirements. Not many businesses and cooperatives have invested in linking chain-based agricultural production to create locomotives and motivations to engage people into the cause, Mr. Tuan said.

Tourism highlights

Bac Ha district of Lao Cai province has diverse and abundant tourism resources, featuring beautiful natural landscapes, cool climate, distinctive cultural identity, and many endemic agricultural products. These are great potential advantages for the district to develop OCOP products to attract tourists. In the coming time, this locality will focus on effectively carrying out the community-based cultural and tourism project in Na Lo village, Ta Chai commune. This is one of 10 pilot villages nationwide to be selected for OCOP Program implementation by the Ministry of Agriculture and Rural Development.

At the same time, Bac Ha will invest in

establishing product-specific farming areas (temperate fruit trees, medicinal herbs, organic tea, hi-tech production, etc.) and building community-based and village-based tourist routes linked to agricultural production areas. In addition, the locality will develop local human resources for agricultural tourism. The interest, investment and participation in the OCOP Program will help improve the product level, promote the image of local tourism, increase income for the people toward the course of sustainable tourism development and sustainable rural development.

Ms. Chu Thi Duong, Vice Chairwoman of the Bac Ha People's Committee, said, identifying the OCOP Program is an important solution for agricultural restructuring, production development, new rural development, and socioeconomic development. Therefore, to develop OCOP products in a sustainable way and promote OCOP product brands and strengths, Bac Ha district has been focusing on effective communications to change public awareness of the OCOP Program. Since then, the district has stimulated the sale of OCOP Program joining products, boosted production, and facilitated producers to invest and develop advantageous products of each commune.

In the period to 2030, Bac Ha will complete and upgrade 27 products, develop 22 new products based on local advantages, identify products scalable to other localities rather within a commune or an enterprise, and create products of high quality in large volume to leverage production and socioeconomic development. ■

Dong Thap Certifies Eight Communes Meeting New Countryside Standards

On May 22, 2020, the Chairman of Dong Thap Provincial People's Committee issued Decision 723/QD-UBND-HC recognizing communes that met new countryside standards in 2019.

Specifically, certified communes include Binh Tan (Thanh Binh district), Binh Hang Tay and Nhi My (Cao Lanh district), Tan My and Dinh An (Lap Vo district), and Tan Phu Trung, Phu Huu and An Nhon (Chau Thanh district).

At the same time, the Dong Thap Provincial People's Committee also assigned the District People's Committees to notify recognized communes to make announcements to this effect in an economical manner in line with the law. To achieve new countryside standards, the province launched the new rural development program to raise the self-management role of the community based on the principle of self-reliance, diligence and cooperation, combined with agricultural restructuring and sustainable poverty reduction.

The province has actively informed and engaged

the Party and people to carry out the new rural development program, with the focus of stimulating public cooperation in agricultural development and new economic cooperation. The province launched emulation movements like "All people unite to build new rural areas and civilized cities", "Dong Thap works together to build new rural areas" and "Perfect family construction" and worked to maximize the effect of these movements. The province stepped up the improvement of its achieved rural criteria. In addition, Dong Thap restructured the agricultural sector linked to developing production and resolving employment by generating jobs and sending workers to work abroad for a definite time. It has effectively implemented the One Commune One Product (OCOP) Program, gradually developed organic agriculture, applied high technology and Technology 4.0 to raise people's incomes. In addition, education, healthcare, culture and environmental protection are also matters of concern for development.

Ngoc Dan

Many Advantages for Business Startup

Quang Nam is known for many typical products, diverse ecosystems (mountains, midland and sea), multiculturalism (Vietnamese, Cham and ethnic minorities). This diversity is a foundation and a distinct advantage to develop agriculture and rural areas and facilitate the formation and development of community-based agricultural tourism.

DUC BINH



Strengths

Agritourism development has been a future tourism type, an open potential space for creative entrepreneurs to form their own products. Locality - a basic feature in starting a business and creating a distinctive value in entrepreneurship - is being used and promoted by the startup community. Recognizing its strengths, in the innovative startup ecosystem support plan to 2025 (issued in response to Decision 4396/QĐ-UBND, dated December 18, 2017), Quang Nam province has focused on supporting innovative startups in priority sectors like tourism, food, catering services, agricultural services, agriculture (including medicinal herbs), information technology - communication, mechanical engineering, and automation. These closely related fields support each other to develop with the Technological Revolution 4.0 and use technology as the foundation for development. But, to maximize advantages for agritourism startups, in addition to general support mechanisms for innovative startups, Quang Nam province needs to pay special attention to specific matters.

Mr. Phan Viet Cuong, Secretary of the Provincial Party Committee, said, "Agritourism products, linked to countryside sightseeing and experience, is a matter of concern in many localities. To realize this content, promoting the development of a new countryside model and carrying out the One Commune One Product (OCOP) Program will be useful for rural tourism development. These contents will interact and promote each other to develop and increase income for rural residents."

Mr. Phan Xuan Thanh, Chairman of the Quang Nam Tourism Association, said that a sustainable tourism industry must be

beneficial to local people, ensure sustainability and avoid abuse or excessive utilization of technology and artificial intelligence and avoid massive development which spoils the natural environment and sustainability. That is the way to create the true value of tourism creativity. Moreover, agritourism and countryside tourism promote cultural exchanges, enhance mutual understanding between locals and tourists, open up opportunities for Quang Nam people to improve their capacity and skills. To start an agricultural business, innovation is vital.

Popularizing local products

Agricultural and countryside tourism, tied to local products, is the foundation for OCOP product development. Quang Nam startup projects know how to create and innovate their own products, such as black sesame oil, cajeput oil, baked coconut cake and Cua Khe fish sauce, but they lack innovation in packaging design, product quality, construction and intellectual property management. Startups, first of all, need to use legal tools to protect intellectual property and ensure quality standards, before expanding and increasing their products. It is necessary to change the traditional concept of "there is no need to have marketing for a good product" in startup products.

Desiring to preserve the flavor of "Ta Vac" wine (a wine made from a local fruit), Mr. Hien Thanh Tam (La Dee commune, Nam Giang district, Quang Nam province) and his two friends researched how to distill Ta Vac liquor and extract the distilled alcohol for the market. He said, there are two types of Ta Vac liquor, including traditional wine and distilled one. The wine is naturally fermented. After being extracted from Ta Vac fruit, the liquid is mixed with the bark of yellow cosmos plants to ferment and become wine. Tam received a lot of comments on the product from the forum for OCOP startups organized by the Quang Nam Youth Union in 2019, he and his friends continued to perfect the packaging design. Recently, the wine was recognized to have 3-star quality under the OCOP Program by the Quang Nam Provincial People's Committee.

Bling Vinh, one of his friends, said the economic potential of Ta Vac wine in Nam Giang is huge. However, at present, it is brewed by only two locations. "In the coming time, we will open more facilities to produce Ta Vac wine in Thanh My town (Nam Giang district). Materials are sourced from nearby communes of Ta Poo, Ta Bhing and Thanh My. Many local people will have their incomes increased with the presence of our production facilities," he said.

Mr. Alang Truop, Secretary of the Nam Giang Youth Union, said that the district youth union has stepped up recommendations and marketing activities through various channels to popularize local products. ■

Quang Tri Gathers Resources for High-tech Agriculture Development

Promoting development of cooperatives

After nearly two years of carrying out the program, the communes have a better appearance, featuring green, clean and beautiful spaces and flowery and tree-shaded roads. The public lighting system is available for all major village roads and alleys. The rural environment has been basically improved, with effective waste collection and treatment models in place and guaranteed rural security and order. Many creative models have been effectively carried out in localities such as roads with flowers and green trees (Vinh Thuy, Vinh Kim and Cam Chinh), model gardens (Cam Hieu and Vinh Thuy), public lighting (Hai Thuong) and national security protection in all localities.

Mr. Cap Kim Thanh, Chairman of the Quang Tri Cooperative Alliance, said, cooperatives in the province have affirmed their role as a bridge for developing and exchanging industrial and agricultural goods between urban and rural areas and accelerating the labor restructuring. They have made an important contribution to the process of new rural development as they are directly or indirectly taking part in 19 criteria on new rural development: raising per capita income, reducing poverty rate, and restructuring the labor force toward stability. In particular, in new rural development, communes are required to have well-performing cooperatives that have contracts to sell agricultural products for farmers.

Therefore, local authorities have seriously supported cooperatives under the Law on Cooperatives 2012, particularly focusing on product consumption, changing public mindset and actions to catch up with actual requirements of local agricultural restructuring.

“In some localities, cooperatives also flexibly cooperate with each other to produce organic agricultural products to ensure consumer health and improve incomes for farmers. The province now has 279 registered agricultural cooperatives with more than 68,800 members under the 2012 Law on Agricultural Cooperatives. This is also a foundation for cooperatives to carry out product consumption criteria for people and give a helping hand to new rural development,” he said.

Quang Tri province has 117 communes in eight districts and towns participating in the National Target Program on New Rural Development. Despite having a low starting point, the province has managed to achieve important results in deploying the program.

DUY ANH

Focusing resources

At present, Quang Tri has not established high-tech agriculture zones. According to leaders of Quang Tri Department of Agriculture and Rural Development, to build and develop high-tech agriculture, Quang Tri has asked the Government, central agencies and ministries to consider supporting the following contents: Adding Quang Tri to the national high-tech agricultural zone plan; supporting, introducing and inviting large enterprises and foreign-invested enterprises to invest in hi-tech agriculture in Quang Tri; funding and prioritizing resources for the province to build and scale up high-tech agriculture models to increase farmers' income; applying investment support and encouragement policies to start up agricultural businesses; issuing specific mechanisms and policies to

create favorable conditions and encourage businesses to invest in local agriculture.

Mr. Ha Sy Dong, Vice Chairman of Quang Tri Provincial People's Committee, said that the province is shifting agricultural production to improve product quality. Although the achievements are still not commensurate with local potential advantages, those initial outcomes are praiseworthy. “High quality agricultural models have positively changed farmers' perceptions and made them understand that the product quality is very important in production. Moreover, organic agricultural production also promotes producer-consumer linkages, thus bringing more benefits to producers, boosting local agricultural product brands, and protecting consumer health,” he said.

According to Vice Chairman Ha Sy Dong, Quang Tri province requires each district/town to build 1-2 organic agricultural production models. This long-term strategy is aimed to attract and call businesses and cooperatives to invest in hi-tech agricultural development. To do this, the Quang Tri Provincial People's Committee has assigned relevant agencies to study and advise on such policies as supporting land lease and land accumulation to invest in hi-tech agriculture; create clean land fund and complete infrastructure; and boost trade promotion and other preferential policies to attract more resources to invest in agricultural production. “Quang Tri is creating a better investment and business environment; businesses, entrepreneurs and investors will be effectively supported most to do business in the province,” he emphasized. ■

HCM City: Agricultural Production Value 5 Times Higher than National Average

Ho Chi Minh City will have all 56 communes meet advanced new countryside standards in 2020, according to the Steering Committee for the National Target Program on New Rural Development of the Ho Chi Minh City Party Committee.

To date, 56 communes in the city already completed and had their new rural development plans ratified. The city invested nearly VND5,200 billion in 9,188 economic, cultural and social works in rural areas, upgraded and built 741 transport projects stretching more than 1,233 km long. Five districts and 56 communes in the city defined their key agricultural product models for focused development, including vegetables, orchids, ornamental plants, ornamental fish, dairy cows, pigs, and aquatic products (eels, meat fish and shrimp). These agricultural products are of high economic value, suitable for urban agriculture.

Their key agricultural products are made and sold through contracts signed between enterprises and households, or pledges on production and sales between households and cooperatives. Main products (largely in Cu Chi district) such as dairy products, maize and ornamental fish are all sold as contracted between cooperatives and enterprises.

For years, scientific and technological application to agricultural production has become increasingly widespread. As a result, labor productivity in rural areas has improved. Per capita income increased from VND29.4 million in 2008 to VND90 million in 2018. Average agricultural land area shrank by about 900 ha a year and the number of farmer households decreased by 6.38% a year. The value of agricultural production per hectare of arable land climbed from VND158.5 million in 2010 to VND502 million in 2018, more than five times higher than the national average, according to the Ministry of Agriculture and Rural Development.

Dinh Bao

Phu Tho Builds New Sustainable Countryside



New rural development has given a facelift to the countryside of Phu Tho province, especially in recognized communes where the socioeconomic infrastructure has been built in a synchronized and sustainable manner.

Believing that "New rural development is a continuous, long-term process, with a starting point but without an end point", relevant agencies and localities have necessarily reviewed and soon completed objectives approved by competent authorities for 2016-2020 period. At the same time, they are essentially formulating specific, practical programs and action plans for the period beyond 2020. Districts, communes and districts that met new countryside

standards have focused on directing and identifying contents and solutions for approaching advanced standards in 2021 - 2025.

Mr. Tran Tu Anh, Deputy Director of the Phu Tho Department of Agriculture and Rural Development, added that currently, new rural development is strongly changing from "quantity" to "quality". Therefore, maintaining the new countryside criteria achieved is the most important task for new rural development. Currently, the province is reviewing achieved new countryside criteria, by commune, in order to have appropriate supports and solutions to maintain and develop the criteria in a sustainable manner and move toward advanced new countryside standards in districts, communes and villages that already met new countryside standards.

In addition to diversifying communication forms to make people better understand their benefits from the new rural development program, localities need to further restructure the agricultural sector and change the growth model associated with organic agricultural development. They need to build cooperation chains and production links for key crops and animal products, together forming modern wholesale markets or centers for agricultural products. They must focus on developing key products under the One Commune One Product (OCOP) Program, as well as paying attention to branding, labeling and traceability of OCOP products. This is the motivational breakthrough content that adds vitality to the new rural development program in the coming time.

Ngoc Dan

Thanh Hoa Has 12 Villages Meeting New Model Countryside Standards

With many creative approaches, Thanh Hoa province has six districts, 367 communes and 937 villages certified to meet new countryside standards, 12 exemplary new countryside villages after nearly 10 years of implementation, according to a report at the conference on development of new model rural villages in 2020.

This is the result of engaging the whole political system. Some branches and unions at the provincial level promoted their advantages and responsibilities in a creative and effective way and made an important contribution to the new rural development program and the new model new countryside program in the province. All districts and communes have policies to support and encourage villages to adopt exemplary and advanced new rural development programs. Up to now, the infrastructure system, built according to new rural development standards, has been gradually improved to meet prescribed standards. People enthusiastically responded and actively renovated mixed gardens, built model gardens, focused on building a civilized and polite lifestyle in daily life and communication. Compared to the time of launching the programs, the income per capita increased significantly and the poverty rate sank significantly.

Building new model countryside villages created new features for residential areas but still retained traditional rural customs. Public awareness of economic development and commodity production has been heightened. Many economic development models in villages have been aligned with the OCOP Program.

According to the report, Thanh Hoa is striving to have two communes and 34 villages to meet new model countryside standards.

Dinh Bao

Businesses Benefit Greatly from National Public Service Portal

The National Public Service Portal started to provide six more public services in support of citizens and businesses affected by the Covid-19 pandemic from May 12, 2020. The six services include: Assisting workers to postpone employment contracts and unpaid leave; supporting employers with loans to pay salaries for layoffs; declaring and applying for corporate income tax extension; declaring and applying for personal income tax extension; suspending payment to retirement and death gratuity funds; receiving and handling feedback and proposals in support of people and businesses affected by the Covid-19 pandemic.

ANH MAI

Effectively supporting businesses

Opened on December 9, 2019, the National Public Service Portal has produced positive results, showing the Government's goals of serving citizens and businesses, who have already registered 140,000 accounts, made over 35 million visits, filed over 7.3 million records, and handled over 68,000 records via the National Public Service Portal, said Minister, Chairman of the Government Office Mai Tien Dung. The system has also received over 11,000 calls and over 5,600 responses and recommendations from people and businesses, and integrated 395 online public services on the National Public Service Portal, including 232 public services for businesses.

The delivery of online public services saved VND6,490 billion of total social costs a year, of which the National Public Service Portal alone contributed VND3,036 billion.

According to a report by the Government Office, after a six months of operation, the National Public Service Portal increased the delivery of online public services from 8 to 389 (160 for citizens and 229 for businesses). The system provides online payment service for citizens and businesses to settle related financial obligations. Enterprises can fulfill many public services such as registering/announcing promotions, electricity supply, tax payment, fee and charge payment, electronic tax

declaration and payment extension.

Some groups of popular administrative procedures were integrated into the portal for businesses, for example registering/announcing promotions, applying for certificates of origin (C/O), paying fines on traffic violations, and working with insurance and tax procedures. In case they need to carry out one procedure in many localities at the same time (for example announcing promotions), they can send it only once to many localities through this system instead of having to do it for each locality.

According to Mr. Ousmane Dione, Country Director of the World Bank in Vietnam, the value of the National Public Service Portal was demonstrated during the Covid-19 pandemic. With social distancing measures in place to prevent infections, service users and government officials can access and provide essential public services online, medically safe to both service users and government officials.

Speeding up digital transformation

To further strengthen the impacts of reform efforts to build a digital government in the coming time, some measures for the business community and for the Government can be taken immediately, he said.

The action suggested for the business community is to accelerate digitization. Covid-19 can also be considered an alarm to business leaders. It is impossible to ensure uninterrupted business in the current age without appropriate technology.

In this crisis, those doing online business are less severely affected than traditional ones. A study conducted in Singapore in 2019 showed that the use of digital technologies such as e-commerce, e-payment, and artificial intelligence/big data analytics can increase productivity and added value at small and medium-sized enterprises (SMEs) by 26% and 17%, respectively. From a macroeconomic perspective, business digitization can also help enhance a country's economic performance.

It is estimated that the digitization of ASEAN SMEs may increase the region's GDP by US\$1.1 trillion by 2025. Vietnam's business leaders can certainly begin digital transformation by using services provided through the National Public Service Portal to ensure that they can be successful in the future.

On the government's side, according to Mr. Ousmane Dione, online public services should start from simplifying administrative processes and procedures. Regardless of how many services are provided online, they will be useless if they cannot reduce time and transaction costs for businesses. Therefore, it is important that the Government understands time and cost-consuming areas across the process, to optimize

(continued on P.34)



Vietnam Promotes Digital Transformation with Cloud Computing Technology

The Covid-19 pandemic has been affecting nearly every corner of the global economy, but the cloud computing and the ecosystem surrounding this technology is a rare bright spot. The pandemic has forced many agencies and businesses to switch to remote working, a factor contributing to the increased demand for data center and cloud computing services.

THU HA

According to experts, driven by the Covid-19 pandemic, digital transformation will take place strongly and comprehensively in all fields. Digital conversion helps Vietnamese businesses to be flexible in changing operating models, reducing costs, maintaining operations to survive and recover strongly after the pandemic has passed. One important pillar of digital transformation is cloud computing. Currently, leading technology enterprises in Vietnam have adopted this trend and the demand for cloud computing is also growing strongly.

It is estimated that the domestic cloud computing market currently reaches about US\$200 million with an

annual growth rate of over 30%. However, Vietnamese enterprises only account for about 20% of the market, while 80% still use cloud computing located abroad, so it is still very modest. Meanwhile, Vietnam now has about 27 data centers invested by 11 domestic enterprises with over 270,000 servers. Cloud computing service is ready to meet the standards, businesses can rent it with very competitive prices.

Recently, the Ministry of Information and Communications has launched a campaign to promote digital transformation with Vietnam's cloud computing technology. Through this campaign, the Ministry has urged the whole society to make faster digital



☞ transformation with Vietnam's digital computing platform.

Speaking at the launching ceremony, Minister Nguyen Manh Hung emphasized that Vietnam must master the infrastructure and digital transformation platforms for each industry and each field. Vietnam is a large market with 100 million people, ranking 12th in the world in population. Various platforms such as distance learning, telemedicine, telework, video conferencing, remote accounting services, e-newspaper, cybersecurity, cloud computing infrastructure cannot let all the data of Vietnam's digital economy be taken and stored abroad by foreign companies.

Also according to Minister Hung, Vietnam is one of the countries that promulgated technical criteria and targets for cloud computing infrastructure early. In the coming time, more Vietnamese enterprises will develop cloud computing infrastructure. This is also the most important component of the digital infrastructure. Digital infrastructure must be invested in advance, promoting digital transformation for digital economy development.

Furthermore, the Vietnamese open source community is growing. In the third quarter of 2020, the Ministry of Information and Communications will hold the Vietnam Open Source Congress for the first time to promote technology development in this direction.

Minister Nguyen Manh Hung said that domestic telecom enterprises have mastered telecommunications infrastructure. They must now try to master the digital infrastructure. Digital infrastructure is also the telecommunications infrastructure plus cloud computing platform. Therefore, mastering the cloud computing platform is very important for Vietnam. Vietnam's providers of cloud computing service will continue to improve technology, focusing on ensuring network information security, with domestically and internationally competitive prices.

According to Mr. Nguyen Trung Chinh, Chairman of the Board of Directors of CMC Group, cloud computing infrastructure is the most important element of digital infrastructure, making an important contribution to successful digital transformation and building a digital

government, digital enterprises and digital life. In early 2019, CMC officially introduced the C.Ope2n open ecosystem platform, in which the main digital infrastructure is C.Cloud. C.Cloud currently leads the market and has an impressive growth rate of 250% / year.

Also from an enterprise perspective, Ms. Nguyen Hien Phuong, Deputy General Director of Hanoi Telecom, said the readiness of a large team of Vietnamese engineers, the training for customers to use on-site applications are outstanding factors of domestic cloud computing enterprises compared with foreign suppliers. With these advantages, cloud computing will spread widely, not only in service providers but also in businesses using the service.

According to the set of criteria for evaluating cloud computing enterprises to meet the standards for businesses and state agencies to use, announced by Mr. Nguyen Khac Lich, Deputy Director of the Department of Information Security (under Ministry of Information and Communications), they include: Enterprises that own the cloud computing technology they are providing; have their own infrastructure for cloud services with a scale of 1,000 servers or more; and ready to provide to the market. This is also the orientation for Vietnamese businesses to master the technology and develop Vietnam's cloud computing platform.

Currently, Viettel CHT Company Limited; Vi Na Data Information Technology - Service Joint Stock Company (VNG Cloud); CMC Telecommunication Infrastructure Corporation; VCCorp Joint Stock Company are four key cloud computing enterprises, leading in technology ownership, infrastructure availability and products and services provision on cloud computing platform in Vietnam. Besides, along with these four businesses, 7 others also committed to participate in the campaign, discounting 20% for all new customers registering for cloud computing service in Vietnam within two months (from May 22 to July 22) to stimulate market demand, contributing to promoting economic development, supporting agencies and businesses to transform operations into the online environment. ■

(from P.34)

processes and minimize administrative procedures to make services delivered more convenient and flexible for businesses. Data and information generated and collected through the National Public Service Portal, such as online transaction records and feedback, will be great inputs for the Government to analyze existing obstacles and solutions to remove barriers for businesses in the current process. Other databases, such as business registration, investment licensing, construction permit and tax payment, will also provide useful reform directions in their respective areas if they are analyzed to optimize the effect of online public services.

In addition, the Government can act as a launch pad to support the private sector to speed up digital transformation. Many governments had encouraged and

supported digital transformation for businesses by establishing partnerships with telecom, financial and technology service providers in countries long before the Covid-19 epidemic broke out. Typical examples include the digital transformation program for Singapore's small and medium-sized businesses in 2017, China's digital transformation program 2020 and Australia's small business digital champions program. These governmental initiatives have enabled businesses to adopt new business models, such as e-commerce and digital products, including software solutions, electronic communications tools (e-mail, social media, mobile phones) and other advanced systems (AI, robotics and 3D printing) to operate all aspects of corporate operations, thereby significantly increasing their productivity and profitability in these countries. ■

Productivity Growth Needs to Play Vital Role in Vietnam's Economic Development



A productivity and innovation model

The “Vibrant Vietnam: Forging the Foundation of a High-Income Economy” report, launched recently by the World Bank (WB), comes as the Government of Vietnam is preparing its 10-year socioeconomic development strategy for 2021-2030 and the 5-year socioeconomic development plan for 2021-2025. A productivity-driven development model - combining innovation with balanced development and allocation of private, public, human and natural capital - will be key for Vietnam to achieve its goal of becoming a high-income economy by 204

According to Mr. Ousmane Dione, World Bank Country Director for Vietnam, Vietnam’s development strategy for next decade must put productivity growth front and center. Based on assessments in the Vietnam 2035 Report, Vietnam’s own development experience and lessons from other countries, Vietnam needs to balance between effective and efficient accumulation and distribution of four capital categories: Private capital, state capital, human capital and natural capital. This balance is highly dependent on the country’s innovation and market and institutional reforms.

“Vietnam is one of the greatest development success stories of our time. The country, however, is now at a turning point where some of its traditional drivers of growth are gradually weakening. To achieve its ambition to become a high-income economy by 2045, Vietnam must put productivity growth front and center of its economic model in the next decade. In other words, it needs to grow not only faster but also better”.

With the GDP per capita of US\$2,566 in 2018, Vietnam only ranked No. 141 in the world. Given the recent pace, Vietnam will need 11 and 28 years to catch up with China

Vietnam is a success story in the last 25 years, the second fastest growing country in the world after China. However, given the current context, Vietnam needs to have a policy to develop not only faster, but also better.

QUYNH ANH

and South Korea (in 2017), respectively.

Some of the forces that have propelled Vietnam’s growth are now slowing. The country’s demographic dividend is fading, and global trade is declining, while other challenges - such as pollution and the rise of automation, are growing. The ongoing Covid-19 crisis could be an accelerator of these trends.

Dynamic business and efficient infrastructure

The growth model is renovated towards improving quality, accumulating more and using effectively all types of capital that are recommended by WB experts to Vietnam. According to the report, to thrive in such a changing environment, Vietnam needs to strengthen its productive assets, with priority given to four areas.

Encouraging competition and easing firm entry and exit ensures the flow of resources to the most innovative and productive firms. Vietnam has built up a large stock of infrastructure. It now needs to improve the efficiency and sustainability of infrastructure services, including financing, and operations and maintenance. Another important priority is skilled workers and opportunities for all. Sustainable development requires more effective management of renewable natural resources such as land, forest and water; stricter pollution controls, including in major urban centers; and mitigation of and adaptation to the inevitable growing impacts of climate change.

“To achieve its ambition to become an upper middle income economy by 2030 and high-income economy by 2045, Vietnam must renovate its economic model it adopted in the past three decades because the world and Vietnam are changing a lot, and will continue to change, even at a faster pace, over the next decade,” said Mr. Ousmane Dione. ■

BIWASE

For a Bright, Green, Clean, Beautiful and Civilized Binh Duong



Binh Duong Water - Environment Joint Stock Company (BIWASE) has made important contributions to environmental protection and created many useful products by adopting circular production approaches.

It has played a significant part in making Binh Duong a bright, green, clean, beautiful and civilized province. Vietnam Business Forum has an interview with Mr. **Nguyen Van Thien**, Chairman of the Board of Directors of BIWASE, to learn more about its business operations. **Van Luong** reports..

In more than 40 years of development, BIWASE has gradually affirmed its position in the market as a leading company in the water industry and waste treatment. Could you please tell us your success story?

Our success partly comes from a very enthusiastic support and assistance of the Binh Duong provincial government, central and local authorities such as capital and land. BIWASE leaders also always uphold the spirit of innovation and dynamism in the market mechanism. We are always fully aware of the goals and tasks assigned by the Provincial People's Committee: Supplying water for all consumers in the assigned scope; completely treating waste in cities, towns and districts and ensuring environmental safety; connecting and collecting municipal wastewater to a maximum to reduce water pollution in rivers, canals and streams so that farmers can have clean, safe water sources for agricultural production. We always invest to expand the capacity of water supply plants and pipeline networks, widen customer access to water sources, including the expansion of water supply to residents in rural areas.

Defining that personnel is a precious capital, in the past years, we have always placed top priority on building and training capable, professional and responsible employees who are paid good, fair salaries and bonuses to encourage them to devote themselves to company development.

Our starting point is very low, the lowest among seven Southeastern provinces and cities. With a limited capital source, we have to ensure

effective operations; pay attention to the interests of the company and the employees first; rationalize immediate and long-term benefits, all costs are reasonably calculated. Therefore, in recent years, although the market was quite volatile, our operations were still stably growing to ensure good jobs for its employees and become an important contributor of the provincial budget.

Over the past time, due to impacts of serious climate change, drought and saltwater intrusion, stretching from the northern region to the Mekong Delta through the central region and the Central Highlands, what solutions have you taken to ensure water supply for production of enterprises and livelihoods of people?

Fortunately, Binh Duong province has rarely encountered water supply incidents in the past years although the Saigon River has seen higher salinity over the years. Understanding thoroughly the salinity cycle on the Saigon River every year, we have taken active measures to take water from the Dong Nai River. Any source of salt is suspended.

Obviously, saline water causes fast pipe corrosion or causes deposits if pipes are made from cast iron or steel. Therefore, to ensure water safety for consumers, we have considered plans to interconnect our major plants to support each other in case of necessity. Regarding plant capacity, the company ensures sufficient supply at all times even in case the demand unexpectedly increases by 15-20%, including input water.



The plant is a key project that Binh Duong province has for many years researched and invested in a bid to “turn waste into resources”. The facility was completed in April 2020; however, due to the impact of Covid-19 pandemic, it has just started official operation in Chanh Phu Hoa ward, Ben Cat town, Binh Duong province. This is also the third bioorganic fertilizer plant in Chanh Phu Hoa Branch, bringing the total daily capacity of three facilities to 1,680 tons and ensuring the recycling rate of over 70%. The third plant with a daily capacity of 840 tons was considered by experts to be the largest

To help people in drought-stricken areas, we have recently supported Ben Tre province with over 10,000 cubic meters of clean water for people’s daily needs.

In the past years, Japan has many programs to support and transfer water technologies for localities in Vietnam. So, how have you approached these technologies?

Over the past years, Vietnam-Japan cooperation relationship has particularly developed in the environmental field through technical cooperation and technology transfer. With top-class environmental technology in Asia, Japan certainly has a lot of optimal solutions and environmentally friendly, economically effective technologies in this field. Therefore, we have always paid special attention to acquiring experience and approaching technology from Japan. The knowledge and experience gained from Japanese experts is very useful for BIWASE and we have applied it very well to business operations which boost the company development and Binh Duong province in general.

Our Thu Dau Mot Wastewater Treatment Plant and Di An Wastewater Treatment Plant, which have a combined investment capital of more than US\$300 million, are powered by modern technology and production equipment. The facilities cause very little odor, ensure environmental factors, and promote local sustainable development. This is a very clear evidence that obtaining experience and technology from Japan and other advanced countries in the world has helped us take further steps in its business operation.

On May 14, 2020, BIWASE started operating a plant that sorts and treats waste to produce an organic fertilizer called compost, with a daily capacity of 840 tons. Could you tell us more about this important event?

in Vietnam and Southeast Asia at the present time.

At present, Binh Duong is leading the country in waste treatment technology at reasonable prices. Officially invested in 2016, the province was funded nearly €7 million by the Government of Finland to produce bio organic compost fertilizers from domestic waste. The facility, with a daily capacity of 420 tons, is being operated by BIWASE.

When it was installed and operated, the company's leaders employed engineers to operate production lines and researched production methods to replace broken equipment to reduce investment costs and quickly restore its operations in case of breakdown. The success of designing, manufacturing, installing and operating a complete waste-to-fertilizer plant has helped the progress of Vietnam's environmental industry and affirmed the maturity of our engineers and workers.

Fulfilling the business principle “Working, learning, improving and perfecting ourselves”, we have completely mastered the technology, manufactured, installed and operated the plants on our own like manufacturing multipurpose robots for composting and sorting waste. The Government of Finland, ADB and WB greatly appreciated the efficient capital use by BIWASE.

Not only being successful in waste collection and treatment and environmental protection and creating various useful products with circular methods, BIWASE also manufactures the bioorganic fertilizer branded Con Voi Binh Duong, certified for national circulation by the Ministry of Agriculture and Rural Development. Farmers in major production areas across the country have trusted Con Voi Binh Duong organic fertilizers for environment-friendly organic farming. This is a great encouragement for us to research and introduce many high-quality fertilizer products to support farmers throughout the country to achieve bumper harvest seasons.

Thank you very much!

Joint Efforts to Stimulate Tourism



According to a research by the Tourism Advisory Board (TAB) and partners, tourism trends of Vietnamese people have changed after the social distancing period. Accordingly, 50% of tourists are ready to travel again. Most of them are concerned about safety and preferences. 67% want to go to the beach. In particular, many people are interested in short tours near their living places and more than 70% want to go with small groups like families and friends. Besides, most tourists want to book a tour directly with suppliers. Specifically, 14% want to book a service with travel companies and 62.1% want to go independently.

"Vietnam's tourism can only recover when the entire industry works together to launch stimulus. All companies, localities and destinations must join hands to introduce attractive product packages of premium service quality and affordable prices to attract tourists in the context of economic downturn and public austerity," Mr. Le Quang Tung, Deputy Minister of Culture, Sports and Tourism emphasized.

Some affiliated programs have been launched in the current period. For example, Sun Group has joined hands with the Sapa Town People's Committee and the Sapa Tourism Association to launch a big promotion with those operating in travel, transport, hotel and restaurant business in Sa Pa Town, pledging to slash service fees by 30-60%. Sun World amusement parks, hotels and resorts have also launched programs to stimulate demand for domestic tourists.

Mr. Nguyen Quoc Ky, General Director of Vietravel, said, "We have persuaded chairpersons of Thua Thien Hue, Da Nang and Quang Nam provinces to sign commitments to reduce service prices in the three provinces."

Sharing the same view on business linkages, Mr. Truong

People are ready to travel again as social distancing measures are eased, and they are very keen on short-term tours to places near their residences. To stimulate tourism, travel businesses need to work together with airlines, hotel owners and destination operators to launch interesting products and preferential packages for tourists.

GIANG TU

Phuong Thanh, Deputy General Director of Bamboo Airways, expressed, "Bamboo Airways wishes to enter into cooperation with other units. In 2019, Bamboo cooperated with Vingroup and Vietravel to create cohesion and bring good prices to customers and stimulate the industry."

Not only reducing costs and increasing service quality, businesses also need to agree on and share activities to build a sustainable domestic tourism market and avoid causing market interference.

Ms. Nguyen Van, Deputy General Director of Hanoitourist, also proposed: "We need to buy and sell together to avoid disturbing the market, avoid causing anxiety and hesitation among customers because our stimulus time is not too long. Besides, we must ensure our business quality and performances."

"80% of airline customers are tourists. We have slashed prices and increased commitments. All must join hands to stay strong because small businesses are very vulnerable and likely to go bankrupt if price cuts are deep and long," said Mr. Le Quang Tung.

For the time being, domestic tourism stimulus is essential and urgent. Given that the spending of domestic visitors is usually much lower than foreigners, many companies advocate reopening the doors to welcome international tourists to increase revenue to restore the tourism industry. To do that, businesses and authorities need measures to ensure safety for tourists and residents, and have very good communications to spread the word that Vietnam is a safe destination for tourists.

Mr. Craig Douglas, Vice Chairman of Lodgis Hospitality Holdings, suggested: "Vietnam is being well positioned as it has successfully controlled the Covid-19. The world needs to

know this message. Vietnam needs to be positioned as a safe haven. We must act quickly. We must launch marketing campaigns as quickly as possible.”

Sharing the same view, Mr. Christophe Lajus, Director of Hotel and Tourism Business, BRG Group, said that the Vietnamese tourism industry should convey the message that Vietnam is a safe destination for domestic and foreign tourists. The Government can offer a strong communication support package, must increase safety and provide solutions to make tourists feel at ease when coming to Vietnam.

More specifically, Mr. Kenneth Atkinson, TAB Vice President, said that Vietnam can attract international visitors quickly and simply by creating a ‘travel bubble’ like some European countries. ‘Travel bubbles’ are tours to nearby places, easily traced or locked down in the event of an epidemic infection. This concept is like localized tourism. We must create safe destinations and waive visas for certain countries.

Meanwhile, Ms. Esther De La Cruize, Chief Editor of TAB's website and social network, said: “We answer thousands of travel-related questions from those who want to travel to Vietnam. I provide a lot of images for tourists to understand Vietnam’s tourism policies such as where to go and how to go. At present, we have launched a communication channel with tour information, video clips and live documents for visitors to reach Vietnam. They may visit Vietnam in the future if they cannot do it now.”

In addition, bilateral long-term visa solutions between Vietnam and some other countries need to be considered. Mr. Luong Hoai Nam, Vice Chairman of the Board of Directors of Gotadi Tourism Technology Joint Stock Company, said that, in the world, the UK reached an agreement with France to reopen international routes. EU member countries are also negotiating with each other. This approach is aimed to reopen international air routes at the earliest. Therefore, it is necessary to supplement bilateral visa solutions with Australia, New Zealand, Japan and other countries. If conditions are met with those countries, that solution can be achievable.

Mr. Nguyen Trung Khanh, General Director of the Vietnam National Administration of Tourism, said that Vietnam has many advantages as it has successfully controlled Covid-19, which is highly appreciated by other countries. So, the country necessarily takes advantage of communication effects and current results to spread the image and improve tourism efficiency. In particular, on May 19, the chief representative of the Tourism Authority of Thailand in Vietnam also discussed bilateral tourism cooperation in the coming time. South Korea also took similar actions on trade, culture, and tourism to recover, as before the epidemic.

Needless to say, with the good control of Covid-19, Vietnam has many opportunities to revive the tourism industry. But, to do that, the country needs joint efforts and consensus of all travel businesses, hotels, airlines, authorities and the whole community. Major travel companies will play a leading role in creating products of good quality and reasonable prices on the one hand, while having effective communications in domestic and international markets. ■

Mr. VO ANH TAI

DEPUTY GENERAL DIRECTOR OF SAIGON TOURIST

We have joined the “Vietnamese people travel Vietnam” program with our own programs. We look forward to deploying the “Love Vietnam, Travel Vietnam” program across the country. We are committed not to selling at high prices or excessively discounting prices; we ensure good quality and have best negotiations. In the near future, our company will also have stimulus programs and commitments to recover and develop the industry.

Mr. LE KHAC HIEP

VICE CHAIRMAN OF THE BOARD OF DIRECTORS OF VINGROUP

We need to restructure tourism. We need to figure out how to make the tourism industry better. We just try to change as much as possible. The outcome may not be as good as last year but it will create momentum for future development.

The government needs support policies like allowing tourism companies to extend tax breaks - not to tax exemption but tax extension. We need to work together to create a better space and better time for family travel by increasing days off in a week but we do not change the total working hours.

Mr. DINH VIET PHUONG

DEPUTY GENERAL DIRECTOR OF VIETJET AVIATION JOINT STOCK COMPANY

Vietjet also hopes to enjoy more development in June as customers have now started to travel. We ask for change in the summer holiday for students because the Tet holiday and the summer holiday are the most important time for the aviation industry. Besides, the aviation industry wants the Government to exempt and reduce taxes, especially import tax and environment tax because fuel price is currently very low. This will give us the opportunity to offer low fares.

Vietjet hopes that the international market will reopen soon because the international market accounts for nearly 50% of tourism revenue.

Ms. DOAN THI THANH MAI

EXECUTIVE VICE PRESIDENT OF BIM GROUP CO., LTD

It is essential for the Government, VNAT and local tourism authorities to have a clear message of a safe destination of Vietnam. We must standardize tourism safety. For example, Singapore introduces safety criteria to tourism businesses and inspectors will check their criteria and certification will be granted if they are qualified.

Second, there is a need to design a national promotion campaign. Localities also need to find a way to make their own distinctive marks and introduce their attractive tourism.

Third, official information portals should be created for tourists to access information about famous landscapes and tourism spots in Vietnam.

Innovative Thinking for Post-Pandemic Tourism



In Vietnam, almost all tourism activities have paused since March. According to data from the General Statistics Office, international visitors to Vietnam fell 18.1% year on year to nearly 3.7 million in the first quarter. Domestic tourists reached 13 million, including 6.8 million visitors staying in hotels. The total tourist revenue was VND143.6 trillion in the quarter, down 18% from a year-ago period. According to experts, although there is uncertainty about the time for full recovery of the tourism industry, the pandemic has changed habits and created innovative thinking about tourism.

Recently, at the seminar on “Innovative Thinking for Post-Covid Tourism” organized by the Scientific Union of Sustainable Tourism Development (STDe), Dr. Nguyen Thu Hanh, President of STDe, affirmed that pandemic consequences on public psyche and the economy will create some new trends in tour planning.

In the post-pandemic era, 4.0 tourism will play a key role in tourism. Resort, convalescence and medical tourism, virtual world travel, wild nature discovery, clean and quiet environment (forest, sea and eco-tourism agriculture) and isolated tourism will develop strongly. This context also forces tour operators and service providers to change their mindsets and working approaches. However, no matter what tourism form is adopted, technology 4.0 or 5.0 will play a key role in operating these types of tourism services.

In addition, given current social distancing measures, traveling in small groups, in families or individually will be also popular. Fearing the pandemic and fearing unsafe environment will also change tourists' shopping, eating and consumption habits. For the time being, tourists use short-day, super-saving and super-promotional tours. At destinations, guaranteed safe and nutritious is a top concern. The STDe president also suggested businesses invest in tours with entirely new experiences that make people feel calm and optimistic

before challenges and hardships caused by the Covid-19 pandemic and of many other natural and social changes.

In addition, after the epidemic, domestic tourism is still focused and stimulated. Recently, the Ministry of Culture, Sports and Tourism also issued Plan 1749 to launch the program “Vietnamese people travel Vietnam”, effective from June 1 to December 31, 2020. This solution aims to stimulate domestic tourism and facilitate people to travel to regions in the new normal context after the Covid-19 pandemic. Currently, local tourism associations are working with partner airlines and businesses to scale up the domestic tourism stimulus program.

In addition, to meet tourists' needs and new thinking, local tourism agencies need to invest more in market research and identify target tourists to promptly capture market trends, and diversify characteristic behaviors of target visitors, thus better boost market expansion, communication and product development in localities in particular and across the country in general.

In fact, many localities and businesses reopened tourist areas, offered discounts, free entrance tickets, and created very good, quality stimulus products. That helps warm up the market and visitors. After the Covid-19 epidemic, Vietnam's tourism is expected to rise to a new level as business resistance has been raised. In addition, the tourism industry has also learned lessons to overcome difficulties, adopt creative thinking, make new investments, and have new perspectives on destinations and businesses. ■

Tourism is one of the industries hardest hit by the Covid-19 pandemic. But, losses during the epidemic period have also established new trends that change the mindset of those working in the hospitality industry.

HA THU

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