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## Vietnam Still a Magnet for Foreign Investors



# Resolute to Successfully Create High-Quality Agricultural Brands

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# Many Opportunities Open Up for Korean Enterprises



VCCI Vice President Hoang Quang Phong chairs Vietnam - Korea Business Forum

The Vietnam - Korea Business Forum was recently co-organized by the Vietnam Chamber of Commerce and Industry (VCCI) and the Korea International Trade Association (KITA). The forum focused its discussions on telecommunications, information technology, energy, and educational cooperation, to promote further development of the Vietnam - Korea cooperation relationship.

## GIANG TU

**T**aking place in the context of the COVID-19 pandemic affecting the economy and business community, the forum shows the interest in business and investment cooperation between Vietnam and Korea.

Speaking at the event, Vice President of the Vietnam Chamber of Commerce and Industry (VCCI) Hoang Quang Phong emphasized, Korea has always been the most important partner of Vietnam. In 2020, Korea was Vietnam's third-largest trading partner with two-way trade turnover of US\$66 billion. Specifically, Korea has always been the leader in foreign direct investment in Vietnam with the participation of the major Korean corporations. By the end of 2020, Korea had more than 8,900 valid projects in Vietnam, with a total registered investment capital of about US\$70.65 billion, ranking first among 139 countries and territories investing in Vietnam in terms of both total registered investment capital and total investment projects in Vietnam.

The Vietnamese government has given many incentives

and favorable conditions for foreign enterprises in Vietnam during the past years. Despite the difficulties caused by COVID-19, Vietnam is supporting experts from Korea and other countries (countries that have basically controlled COVID-19) to enter Vietnam to ensure the normal operation of factories and FDI projects in Vietnam.

VCCI Vice President Hoang Quang Phong said Vietnam will work tirelessly to institutionalize the essential movement of people and businesses while enhancing infrastructure development and connectivity in the region and expressed the belief that with the bilateral efforts, the bilateral cooperation will become stronger with many encouraging results.

"We hope that the two sides can further strengthen online business connection activities, contributing to maintaining and promoting the global supply chain; enhancing technology transfer and technical assistance from Korea in general industries in Vietnam, thereby creating competitiveness for Vietnamese enterprises," emphasized Vice President Hoang Quang Phong.

In response, former Korean Minister of Trade Bark Taeho said that many opportunities are opening up for

Korean businesses in Vietnam. In particular, with the possession of many bilateral and multilateral FTAs such as EVFTA, RCEP and CPTPP, and being one of the few economies with positive growth despite being affected by the COVID-19 pandemic, Vietnam promises to continue to be a high potential market for investors in the coming time.

Mr. Bark Taeho also added that many Korean companies are tending to move to Vietnam due to the advantages of labor as well as the impact of U.S.-China tensions. Therefore, the bilateral investment cooperation will have the potential to further expand and develop in many fields.

At the same time, toward the goal of bilateral trade turnover reaching US\$100 billion by 2023, Mr. Bark Taeho said that the two sides need to work together to solve difficulties related to the goods distribution and transportation, build support programs to better connect and cooperate with small and medium enterprises.

"Korea will make efforts to support Vietnamese enterprises to develop human resources, especially in training skilled workers," emphasized Mr. Bark Taeho.



# Regulatory Quality Needs



**Inconsistency of circulars with decrees and laws upsets enterprises**

The quality of framework laws has been raised in the past years, with decree-level documents made more specific and clearer. Circulars are still there to ensure that all provisions of laws and decrees are enforced in practice. Even when circulars are issued for guidance, in some cases, enterprises have to rely on other official dispatches of relevant authorities for the full understanding of the law.

**QUYNH CHI**

Actually, circulars and official dispatches are very familiar and important in law enforcement in the business community. Needless to say, the quality of these documents will significantly affect the investment and business environment of Vietnam.

In recent years, the Government has stepped up institutional reforms by setting performance targets and reducing compliance costs for businesses (annually issued Resolutions 02/NQ-CP, formerly Resolutions 19/NQ-CP; Resolution 35/NQ-CP in 2016 and Resolution 68/NQ-CP in 2020). Policymakers detailed these instructions by amending, supplementing or replacing business-related documents. The business community clearly recognizes regulatory reforms from decree level upwards.

According to a report released by the Vietnam Chamber of Commerce and Industry (VCCI), in the last two terms, the number of new circulars and official documents issued by central authorities has tended to decrease. Specifically, in 2016-2020, the National Assembly promulgated 112 laws, ordinances and resolutions; the Government issued 745 decrees, and the Prime Minister made 232 decisions. Ministries and central authorities issued 2,532 circulars/joint circulars.

☞ Highly appreciating the views of Mr. Bark Taeho, Mr. Phong made some specific proposals to encourage and further promote business cooperation between Vietnam and Korea in the coming time. Specifically, it needs to promote the application of digital technology, focus on cooperation in the development of telecommunications infrastructure including mobile broadband infrastructure in Vietnam, and develop cooperation in e-commerce. In the field of energy, the two countries are requested to enhance information exchange and promote investment of Korean enterprises in the development of power plants and renewable energy. In education, the two countries need to further strengthen cooperation in student exchange, jointly develop teaching methods and advanced educational

technology, applying the achievements of the industrial revolution 4.0 such as artificial intelligence and big data, especially in foreign language training, training high-tech workers according to the needs of Korean businesses in Vietnam. Besides, online business connection activities are hoped to strengthen, contributing to maintaining and promoting the global supply chain; enhancing technology transfer and technical assistance from Korea in general industries in Vietnam, thereby creating competitiveness for Vietnamese enterprises.

VCCI Vice President Hoang Quang Phong pledged that VCCI is ready to cooperate with the Korean business community for the development of bilateral trade and investment cooperation. ■

# Improvement

## Ms. NGUYEN THI MINH THAO

RESEARCH DIRECTOR OF BUSINESS ENVIRONMENT AND COMPETITIVENESS (CIEM)

Many ministries and agencies have achieved positive circular reforms but still face a lot of shortcomings. For example, Circular 40/2021 of the Ministry of Finance, effective from August 1, provides guidance on value-added tax, corporate income tax and tax management for business households.

One inconsistent content with the tax law is requiring e-commerce platforms to declare and pay taxes on behalf of merchants. Given the current pandemic outbreak where e-commerce should be encouraged for stronger development, tax authorities tend to administer and collect more instead of providing a better and more effective playing field for all people and businesses.

Some circulars and official dispatches are issued for specific situations, such as Circular 02/2021/TT-BGTVT of the Ministry of Transport requiring installation of cameras to monitor passengers on vehicles.

The circular shows a small perspective of a ministry but affects a lot of people. So, policymaking should be based on the opinions of many parties. It is not advisable to issue a

circular and then suspend it because this will reduce the effectiveness of the policy.

## Mr. NGUYEN HOAI NAM

DEPUTY GENERAL SECRETARY OF THE VIETNAM ASSOCIATION OF SEAFOOD EXPORTERS AND PRODUCERS (VASEP)

The inconsistency of circulars with decrees and laws upsets enterprises. For example, when a frozen shrimp product for human consumption is exported from Vietnam, the Ministry of Agriculture and Rural Development assigns a unit for food safety inspection as per Circular 48 (that guides the enforcement of Food Safety Law). If this product comes from a foreign country to Vietnam, it is managed and censored by other agencies according to the Law on Veterinary Medicine. As Vietnam is highly integrated, the recognition of equivalent products is a generally applied mechanism. Why there is different management for the same product in Vietnam?

Many regulations in circulars and official documents lack practicality and feasibility. The delayed issuance of official dispatches still occurs. Although official dispatches are not regulatory, other procedures will stop without them.

However, when reviewing circular-level documents, some regulations still go against the above reforms. Contents of some circulars are inconsistent with higher-level documents, non-transparent and unreasonably hinder the operations of enterprises. Circulars stipulate business conditions and administrative procedures that are not assigned by laws or ordinances. Besides, worryingly, the contents of some official documents are problematic in terms of regulatory nature or quality.

According to Mr. Dau Anh Tuan, Director of VCCI Legal Department, law enforcement waits for circulars for detailed instructions on enforcement, while the latter stipulates business conditions even though the former does not grant it the power to this effect. Some circulars even do not agree with higher decrees.

According to some companies, many regulatory documents are placing pressure on enforcement agencies and causing damage to businesses. They also wonder whether official replies from regulatory bodies are the basis for them to execute or not.

Regarding regulatory quality, Mr. Tuan added that many regulatory documents dispatched to localities and enterprises only quote articles of laws rather than more detailed instructions for enforcement and suggest businesses find out laws for themselves.

These bottlenecks reduced the effect of “campaigns” to improve the business investment climate pursued by the Government.

From the business perspective, Mr. Nguyen Hoai Nam, Deputy General Secretary of the Vietnam Association of Seafood Exporters and Producers (VASEP), said that there is a need to have specific sanctions for poor documents that affect business investment and business operations of enterprises.

“We have a lot of sanctions to handle violations of citizens but have too few to handle officials that make poor legal documents,” he said.

Citing VCCI’s research, Mr. Tuan suggested upholding the role of circular quality supervisors. Indeed, enterprises need to have their voices on drafted circulars. It is necessary to monitor circular promulgation, assess policy impacts and promptly collect execution information.

“Now, there are sanctions to handle citizens and businesses for administrative violations. A similar procedure should be imposed on civil servants and officials who draft documents that have a bad impact on people. Therefore, personal responsibility in this process needs to be specified. Besides, legal units of ministries and agencies need to have a stronger voice to prevent bad legal documents from being issued,” he noted.

In the long term, circulars should not be issued in large numbers. The power of a circular is defined within a sector but it affects all people. Decrees of the Government should have broader perspectives, while circulars should provide just sample forms. ■



# “The Deeper the Businesses Are in Crisis, the Better Governance They Need”



**Mr. Nguyen Quang Vinh, General Secretary of VCCI and Executive Vice Chairman of VBCSD-VCCI**

Protecting production chains and worker health is an urgent and vital task in the fight against the COVID-19 pandemic.

However, sustainable governance is a long-term vaccine for business growth, said **Mr. Nguyen Quang Vinh**, General Secretary of VCCI and Executive Vice Chairman of the Vietnam Business Council for Sustainable Development (VBCSD-VCCI).

**Vietnam is trying its best to fight the fourth wave of the COVID-19 pandemic, which has adversely affected the country's socio-economic development. Do you have any comments on the current health of the Vietnamese business community?**

Needless to say, after a year of doing the best to overcome unprecedented challenges and uncertainties caused by the COVID-19 pandemic, entering the year 2021, the business community is, and will be, facing numerous difficulties because the reserved resources of many businesses are running out.

Usually, the second quarter is a favorable time for new businesses to enter the market while existing ones accelerate their operations to achieve their planned revenue and profit targets. However, the fourth wave of the pandemic starting in May till now has turned the tide of many businesses and caused the most negative effects among COVID-19 outbreaks to date.

However, I believe that the effect on business "health" is transitory but the "resilience" is strengthened. Enterprises have actively built adaptive business scenarios and worker safety measures in the context of complicated pandemic developments.

And more than ever, this will be the time when businesses with sustainable development strategies will be able to claim their advantage when they stand firm and grow well in this challenging time.

**Would you tell us how this year's Program on Benchmarking and Announcing Sustainable Companies will be organized and what its new features are?**

As you said, this is one of the key annual programs hosted by VCCI in collaboration with the Ministry of Labor, Invalids and Social Affairs, the Ministry of Natural Resources and Environment, and the Vietnam General Confederation of Labor. It is designed to seek and honor businesses with outstanding achievements in all three categories: economy - society - environment.

In its 6th edition, the Program has also attracted the participation of international organizations in Vietnam and continued to use the Corporate Sustainability Index (CSI) as an assessment tool for sustainable development of candidate enterprises.







Party, Government and VCCI leaders give CSI awards to Top 10 sustainable businesses in 2020

Following the successful Launching Ceremony in May, we are currently accepting entry in both forms: hard copy submission and online filing at the website <http://vbcsd.vn/>. The deadline for receipt of applications is August 15, 2021.

Reviewing records and scoring companies will be strictly implemented as in previous years.

A special feature of this year's Program is that we have two more sub-prizes on Gender Equality at Work and Children's Rights in Business. These contents are also appreciated by the world business community, representing the vision of "leaving no one behind" in a sustainable corporate culture.

I want to reemphasize that the significance of the Program is not confined to awarding the "Sustainable Company" title, but more deeply, we want to strongly inspire the business community to change business mindset, perceptions and corporate governance practices by applying the CSI Index.

We have witnessed many big international corporations collapse when they failed to make timely transformational change, grasp new trends and manage businesses in a sustainable and transparent manner. For Vietnam, more than 90% of companies are small and medium in size, and they even further need to apply corporate governance. In particular, the deeper in crisis they are, the better corporate governance they need.

**You have repeatedly emphasized "Leaving no one behind", and how is it reflected in the CSI 2021?**

The most important content of the 6th edition is the decentralization of the CSI into three different levels for business size. M is designed for micro and small businesses. C (common) is for medium and large enterprises and A for advanced indicators, showing that in addition to complying with the law, companies have also built a sound business ecosystem for sustainable business interests for partners and other stakeholders.

With this decentralization, we want to reemphasize and convey the message that "sustainable development is not a distant issue, a big thing for large enterprises only, but very practical and relevant for all through good legal practices."

Now, instead of spending a lot of effort researching the "matrix" of information on their own, businesses can envision a roadmap toward sustainable development on a small to large scale, thereby building their own appropriate strategies and business plans. This helps them, especially small and medium ones, save a lot of time and resources in corporate governance towards sustainable development.

To help them understand and apply the CSI Index more effectively, we organized online training courses in July for businesses and business associations. A training course on "Effective and transparent corporate governance: Role of Corporate Sustainability Index" was held on July 6. The next training course is scheduled for July 15.

CSI  
2021 program  
receives application  
entries through  
August 15. For  
more information,  
please refer to  
<http://vbcsd.vn/>.

# Vietnam Still a Magnet for Foreign Investors

After 35 years of renovation and opening up, Vietnam has become one of the most successful countries in attracting foreign direct investment (FDI) in the region.

THU HA



Many investors are looking to Vietnam as a new destination in the context of global investment shifting

## More big projects

According to the Foreign Investment Agency, Ministry of Planning and Investment, cumulatively up to now, there are 140 countries and territories investing in Vietnam. They have a total registered capital of US\$349.9 billion in 33,463 projects. South Korea is the leading country pouring FDI into Vietnam, followed by Japan, Singapore, and Taiwan (China).

Notably, in 2020 and the first months of 2021, although still affected by the COVID-19 pandemic, FDI capital has been on the rise with many large projects, especially in the high-tech field. For example, LG Display Hai Phong increased capital by US\$750 million; Jinko Solar PV Vietnam photovoltaic cell technology project added US\$498 million; Intel, US\$480 million; Foxconn, US\$280 million. There are also some notable large projects such as the Long An LNG Power Plant Project I and II (Singapore), with a total registered capital of over US\$3.1 billion; O Mon II Thermal Power Plant Project (Japan), with a total registered capital of over US\$1.31 billion. This is a positive signal, consistent with the orientation of attracting large-scale FDI, focusing on quality rather than quantity.

More encouragingly, in addition to licensed projects, a series of other large FDI projects are set to enter Vietnam.

Many investors are looking to Vietnam as a new destination in the context of global investment shifting.

According to Director of Foreign Investment Agency Do Nhat Hoang, the FDI sector increasingly asserts its role, position and great contributions to the country's socio-economic development, actively contributing to the improvement of the economy and business environment; improve management capacity, corporate governance, support the reform of state-owned enterprises; improve the competitiveness of the economy. Up to now, the FDI sector accounts for about 25% of the total investment capital of the whole society and over 70% of the total export turnover of the country. In addition, the FDI sector has also contributed to increasing budget revenue, creating jobs, and stabilizing the social situation.

However, after more than three decades of attracting FDI, there are still shortcomings and limitations that need to be overcome. The level of connectivity and spillover to the domestic investment sector has not been achieved as expected. Attracting and transferring technology from FDI sectors remains modest. Attracting FDI to a number of priority industries and fields and from multinational corporations is still limited. Some businesses do not seriously comply with regulations on environmental protection.



## Proactive in FDI attraction

Investors are increasingly interested in Vietnam thanks to factors such as good disease control, stable macroeconomics, favorable business investment environment, and abundant human resources. Over the past years, Vietnam has actively attracted much quality investment. Vietnam also reviews the priorities and incentives for foreign enterprises. The Government has also established a Working Group to promote foreign investment cooperation to support multinational corporations and large foreign enterprises to promptly grasp investment cooperation opportunities in Vietnam. A series of important bills for investment and business activities have been promulgated; and special investment incentive mechanisms for large-scale projects added.

However, Director Do Nhat Hoang said that we should continue to promote strengths, potential and opportunities to attract more capital.

Accordingly, localities need to prepare input conditions for investment activities such as infrastructure, land, human resources, energy and institutional improvement. Only when there is an initiative in infrastructure, being quick in solving problems for investors, and actively removing bottlenecks in terms of mechanisms and procedures, will the country be able to convince "big investors". In addition to focusing on meeting the needs of investors, provinces and cities also need to be more proactive in project selection, aiming to support rapid and sustainable growth on the basis of suitability with the potential of the project and local capacity and orientation.

On the other hand, the fact that the supporting industry is weak is the reason why it is difficult for Vietnam to absorb FDI flows, especially linking to develop and participate more deeply in the value chain. According to Dr. Vu Tien Loc, President of Vietnam Chamber of Commerce and Industry (VCCI), Vietnam also needs a long-term policy in developing supporting industries. This is a necessary step to reduce the long-standing outsourcing situation in the manufacturing industry, and at the same time create higher added value.

Besides, according to many experts, in addition to focusing resources on controlling the COVID-19 pandemic, it is also necessary to actively develop a plan to "live with the pandemic". This helps businesses feel secure and ready to operate in all circumstances, without disrupting the supply chain. ■



Minister Tehan witnesses the signing of MOU between VCCI and AusCham for the establishment of Vietnam Australia Business Council

## Vietnam, Australia Look to Enhance Trade, Tourism and Investment Ties

Minister for Trade, Tourism and Investment of Australia Dan Tehan visited Vietnam from July 13 to 14 to seek to improve economic ties between the two countries.

During the visit, Minister Tehan met with State President Nguyen Xuan Phuc, Deputy Prime Minister Pham Binh Minh and Chair of the Central Economic Commission Tran Tuan Anh. Minister Tehan also held talks with his counterparts, Trade and Industry Minister Nguyen Hong Dien, and Planning and Investment Minister Nguyen Chi Dung.

"Australia's trade relationship with Vietnam is one of our fastest growing partnerships, expanding an average 8.6% a year for the last 20 years," Minister Tehan said. "To add further momentum, we're developing a joint Enhanced Economic Engagement Strategy, which together we will make every effort to conclude in early October. The strategy will help exporters on both sides find new markets and customers, assisting our economic recovery from COVID-19."

Minister Tehan also met with leading Australian investors in agribusiness, financial services, mining, manufacturing and education, and a number of Vietnamese companies looking to enter the Australian market or expand business links with Australian firms. He oversaw the signing of an MOU between the Vietnam Chamber of Commerce and Industry (VCCI) and the Australian Chamber of Commerce in Vietnam (AusCham) to establish a new Business Council of leading investors from both sides to promote business cooperation.

Minister Tehan also highlighted Australia's commitment to share 1.5 million COVID-19 vaccine doses with Vietnam by the end of 2021. These doses complement Australia's \$40 million package of support for Vietnam's vaccine rollout and will make an important contribution to Vietnam's recovery from COVID-19.

Giang Tu

# Vietnam Contains COVID-19 Pandemic Very Well

**How are Korean companies in Vietnam affected by the COVID-19 pandemic?**

COVID-19 has caused an all-embracing impact on industrial manufacturing, especially tenants in industrial zones. Recently, we are quite concerned about the guidance on COVID-19 tests for all employees of tenants in industrial zones across Vietnam, including Korean companies, in the fight against COVID-19 contagion.

Industrial parks have had to be closed or locked down to prevent COVID-19 infections, which has caused supply disruptions to their tenants.

As new COVID-19 cases increase, businesses must meet certain conditions to continue their business operations (for example, double PCR tests before being resumed, weekly testing after being resumed, workers residing in separate dormitories, operating private shuttle buses, signing separate contracts with medical facilities). Companies incur heavy costs of PCR testing and operating medical facilities.

The special entry has been suspended since the end of April, making it impossible for key personnel (managers, technicians and experts) to enter Vietnam. As a result, business and production disruptions are inevitable. Early vaccinations will make it easier for Korean companies to work effectively in Vietnam.

Previously, we asked the Government Office of Vietnam to administer vaccination procedures for Korean companies in Vietnam as soon as possible. We also suggested that the Government select and purchase highly effective vaccines and construct an early vaccination schedule for each locality. If employees of Korean companies are vaccinated soon, they will be able to restore operations in the fastest manner, and I think this will help develop Vietnamese industry. Once again, I would like to ask the Vietnamese government to weigh up difficulties faced by Korean companies to minimize business and life disruptions during this difficult time of COVID-19 pandemic. We hope that these difficulties will be resolved as soon as possible.



The COVID-19 pandemic has strongly affected investors, including those from Korea. Vietnam Business Forum's reporter has an interview with Mr. **Kim Han Yong**, Chairman of the Korea Chamber of Commerce in Vietnam (Korcham), to learn about difficulties faced by businesses and economic recovery prospects in Vietnam. **Ha Linh** reports.

**Vietnam has been making great efforts to contain the COVID-19 pandemic. What do you think about Vietnam's economic recovery prospects?**

First of all, we would like to thank the Government of Vietnam as well as local authorities for being very drastic in the fight against the pandemic, with quick tracking measures combined with standard pandemic prevention instructions to help people and the business community stay safe.

We believe that Vietnam has been, and will be, doing a great job in containing the pandemic thanks to the consensus from the Government to the people of Vietnam. On behalf of the Korean business community in Vietnam, we pledge to work closely with the Vietnamese government and people in this fight.

Given the complicated development of the pandemic, the successful organization of the 13th National Party Congress and the congressional election on May 23, 2021 have helped Vietnam gain high credibility in the international arena. This will be leverage for Vietnam to become the next destination after the COVID-19 pandemic crisis.

With a solid foundation inherited from the previous administration, we believe that the new government will offer more preferential policies to woo FDI flows, helping Vietnam achieve positive

growth. In particular, if Vietnam accelerates imports and vaccinations, it will soon recover the domestic economy, and revive and grow export and external economic ties, driven by exports.

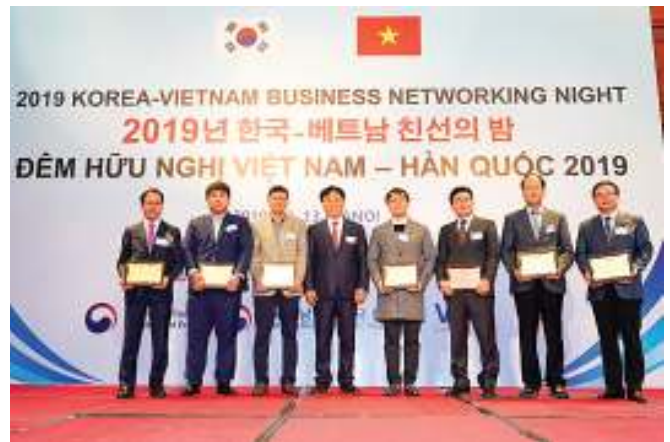
**What factors do you think Vietnam needs to focus on to attract quality FDI flows from other countries, including Korea?**

On December 18, 2020, the Prime Minister issued Official Letter 1804/TTg-CN on selection of border gate economic zones for State-funded development investment in 2021-2025. Particularly, eight key border gate economic zones are selected for State-funded focused development investment in 2021 - 2025.





**Meet Korea 2020 promotes cooperation between Vietnamese businesses and Korean partners**



**Delegates from Vietnam and ROK's public agencies and partners gather at the 2019 Vietnam Korea Friendship Networking Night**

Currently, Vietnam is aiming to selectively attract investment for key sectors such as high technology and smart cities. To do that, as a foreign investor doing long-term business in Vietnam, I think that Vietnam needs to overcome the three following factors to draw more quality investors, including Korean investors.

The first is to improve the quality of well-trained human resources.

Vietnam still lacks well-trained high-quality human resources, so the Government needs to pay more attention to improve this.

Second, it is necessary to effectively apply external factors and opportunities.

It is necessary to actively and creatively catch FDI flows redirected from China to Vietnam due to the COVID-19 pandemic, the U.S.-China trade war, and the Korean Government's New Southern Policy (NSP) to attract foreign investors for priority areas, and upgrade domestic enterprises themselves in value chains.

Third, it is necessary to improve the quality of made-in-Vietnam products.

To increase business connectivity to generate positive impacts for foreign and domestic enterprises, in addition to effective and appropriate support from the government, domestic enterprises need to improve the quality of human resources, governance and business standards to forge cooperation and attract capital from FDI firms.

Especially, they need to improve the quality of domestic products. Then, they will be able to join supply chains and cooperate with FDI firms.

Here, the government plays a very important role in creating business connectivity, limiting market defects, and improving the competitiveness of domestic enterprises.

I think that if Vietnam takes advantage of its unlimited potential and internal resources in combination with various factors learned from the new normalcy of economic development, and if it continues to improve its policies/institutions regarding investment attraction, Korea will continue to choose Vietnam as the most attractive investment destination.

Currently, many Korean businesses are putting their trust in the Vietnamese government and making investments in the country. However, there is a shortcoming: Inconsistency in regulatory documents. Only when there is consistency in investment attraction policies to strengthen the confidence of Korean businesses that have been investing in Vietnam, will enterprises which are investing continue to expand their business investment, and will new investors come to invest in Vietnam.

We will make every effort to promote cooperation development ties between the two countries as well as expand economic exchanges based on the trust that Korean businesses have accumulated over the years.

**Thank you very much!**



## FDI ENTERPRISES

# Remarkable Contributions to Vietnam Economy



**Samsung – the largest foreign investor in Vietnam, is a success story demonstrating the ability of the country to facilitate FDI companies**

FDI enterprises have been playing an important role and contributing to the socio-economic development of the country, especially in manufacturing and export of goods and creating jobs.

### QUYNH CHI

#### **Present in all business fields**

The largest FDI enterprise in Vietnam is Korea's Samsung. Samsung Vietnam has been investing in Vietnam via Samsung Electronics Vietnam (SEV) factory since 2008. Up to now, the company has disbursed 100% of the total

approved capital of US\$17.5 billion with six factories across the country. Each year, the company adds hundreds of millions of dollars of investment in Vietnam. The total export turnover of Samsung Vietnam in 2020 was about US\$57 billion, accounting for a significant proportion of Vietnam's total export turnover. Of the US\$28.79 billion earned from exporting phones in 2020, Samsung contributed over US\$25.9 billion, accounting for over 90% of the total export turnover of this item.

Over the years, Singapore's enterprises have shown a keen interest in the Vietnamese market when investing heavily in many fields. In particular, Vietnam is currently attracting a record number of Singaporean businesses in the context that these companies continue to seek opportunities to expand their operations abroad despite the COVID-19



pandemic. In the first four months of 2021, Singapore has become the largest investor with a total investment of over US\$4.8 billion, accounting for nearly 39.6% of total investment capital in Vietnam. One of the symbols of bilateral economic cooperation between Vietnam and Singapore is the 10 Vietnam-Singapore Industrial Parks (VSIP) across Vietnam, 9 of which have been put into operation with an occupancy rate of about 76.5%. Those projects are always evaluated for high efficiency.

As one of the first foreign-invested enterprises in Vietnam, for over 26 years, Toyota Vietnam (TMV) has continuously improved its techniques, expanded its production scale, and supplied high quality products to Vietnam and the world market, making a significant contribution to the development of Vietnam's automobile industry as well as socio-economic development, becoming one of the most successful FDI enterprises in Vietnam. Not only ensuring production and supply for the domestic market, the company also makes a great contribution to export value, bringing Vietnam into the global value chain of Toyota Japan Corporation. In 2020, Toyota Vietnam contributed more than US\$900 million to the State budget and was one of 30 enterprises honored by the General Department of Taxation at the Taxpayer Honoring Ceremony 2020.

According to a survey by Navigos Search, Japanese manufacturers in electronic components and automobiles are planning to expand their operations in Vietnam in 2021.

In addition, many large corporations such as Apple, Foxconn and Luxshare have plans to increase supplier orders and increase investment activities in Vietnam. Many enterprises from China, Singapore, Korea and Japan are also exploring the market to develop production and business activities in Vietnam, especially the southern market. There have been many high-tech companies choosing Vietnam as their global production base such as Sanyo, Sony, Fujitsu, Toshiba, Panasonic, Nidec, Intel and Microsoft. These corporations have built production factories with modern technology and are continuing to pour more capital and expand the investment scale in Vietnam.

In particular, FDI has made great contributions in leading the process of industrialization, modernization and economic growth in Vietnam. In the period of 2016 - 2020, foreign investors have invested in 19 industries, in which the processing and manufacturing industry attracts many foreign investors, with total newly and additionally registered capital from US\$13 to US\$24 billion, accounting for a high percentage of total registered investment capital (40 - 70%).

In the first six months of this year, foreign investors poured capital into 18 industries in Vietnam. Taking the lead is the processing and manufacturing industry, attracting a total investment of US\$6.98 billion. The second is the electricity production and distribution sector with a total investment of US\$5.34 billion and the third is the real estate business with a total registered capital of US\$1.15 billion.

### **High proportion in import and export**

In the field of import and export of goods, FDI enterprises both account for a high proportion and have a higher growth rate than Vietnamese enterprises. Statistics show that, since 2001, FDI enterprises have exceeded 50% in the proportion of exports. FDI enterprises have continuously played a dominant role in the export of goods and the FDI sector recorded over 72% of the export proportion for the first time in 2017. The export growth rate of FDI enterprises is always higher than that of domestic enterprises, so the FDI sector is increasingly dominant in export.

Notably, in 2020, despite being affected by the COVID-19 pandemic, the total import-export turnover of FDI enterprises reached US\$371.9 billion, accounting for 68.38% (out of the total US\$543.9 billion). In the first five months of 2021, the export proportion of FDI enterprises accounted for nearly 75%. This shows that the resilience of FDI enterprises is quite good. Currently, FDI enterprises contribute about 10% of GDP in the production of domestic consumer goods, creating significant employment.

Notably, through the implementation of FDI projects, the labor structure is shifting from low-skilled labor-intensive industries to higher-quality labor-intensive industries.

In the early stages of attracting foreign investment, labor was often concentrated in a number of labor-intensive manufacturing industries such as textiles, garments and footwear. Up to now, the proportion of employees in several high-tech manufacturing industries is increasing rapidly, and the proportion of employees in electronics has increased continuously in recent years. Labor productivity also has improved thanks to the capital of the foreign-invested sector. Labor productivity of FDI enterprises is 3-5 times higher than the general labor productivity of the whole country, higher than that of the entire enterprise sector in general and of non-state enterprises in particular.

FDI enterprises have had a really important role in promoting economic growth, contributing to the increase in social investment, GDP growth, creating spillover effects on technology, and improving the level and capacity of production-business and management for domestic enterprises. ■



# Upward Trend of FDI Inflows from Singapore to Vietnam

**How do you evaluate the investment outcome between the two countries in recent years, and developments and trends of FDI inflows from Singapore to Vietnam?**

Singapore has been, and continues to be, a leading investor in Vietnam. In fact, Singapore currently accounts for roughly 37.6% of FDI inflows into Vietnam, making it the country's largest investor.

Da Nang is a particularly attractive investment destination, being home to a number of industrial projects spearheaded by Singaporean companies. To name a recent undertaking, a consortium including Sakae Corporate Advisory and Surbana Jurong entered a joint venture with the Da Nang People's Committee to support urban and infrastructure schemes as part of the city's master plan.

Another highlight of Singaporean investment in Vietnam is the establishment of multiple projects across the country by Vietnam-Singapore Industrial Park (VSIP), a long-standing joint venture between Becamex Binh Duong and a consortium of Singaporean companies. Other major investors include well-established property companies like Keppel Land, CapitaLand, and Frasers. These companies have a growing portfolio of residential and commercial properties.

These investments are representative of the upward trend of FDI inflows from Singapore to Vietnam.

**The COVID-19 pandemic has adversely affected investors in general and those from Singapore in particular. Can you tell us what difficulties Singaporean businesses operating in Vietnam face?**

The adverse impact and challenges created by the COVID-19 pandemic on investors and businesses are endured by every country, not just Singapore and Vietnam.

Definitely, certain sectors are more vulnerable to the circumstances of the pandemic - in particular, the travel and hospitality industry. Even in Vietnam, where domestic travel managed to pick up occasionally throughout the pandemic,



Despite the adverse impact of the COVID-19 pandemic, Vietnam and Singapore have maintained steady growth in both trade and investment. "In order to attract quality FDI, it is also important to develop a clear and facilitative legal framework," said Mr. **Seck Yee Chung**, Vice-President of the Singapore Business Group, in an interview with Vietnam Business Forum when asked about how Vietnam can attract quality investment. **Thu Ha** reports.

the country lost approximately US\$23 billion in tourism revenue in 2020.

Amidst the present outbreak, domestic travel has once again come to a halt, adding to the financial stress of companies in the industry.

Another problem posed by the COVID-19 pandemic is the lack of mobility. Due to the travel restrictions and border closures implemented by almost all countries, including Vietnam, it is difficult for foreign managers, experts and investors to enter the country to manage ongoing businesses or look for potential new projects. Overall, this creates a drag effect in terms of bringing in new investments or in monitoring and progressing the implementation of existing projects.

**How do you assess the prospect of Vietnam's economic recovery?**

Certainly, Vietnam's quick response to the COVID-19 pandemic in the form of strict social distancing measures and mask mandates, and the general mindset of compliance among the population, has enabled it to manage the various waves of outbreaks.

Even though Vietnam's economy has suffered through the pandemic, it nonetheless remains one of the fastest-growing economies in Southeast Asia according to an assessment by the Asian Development Bank. This can be credited to Vietnam's participation in free trade agreements, as well as its growing infrastructure development - both of which are factors that encourage a supply chain shift to Vietnam and yield optimistic prospects for economic recovery.

However, it is important to note that the implementation of aggressive pandemic management measures is only the first step in a long path to recovery. Moving forward, economic

recovery will depend on various factors, and a key component is the Government's adoption of a robust and comprehensive vaccination program across the country.

The ability to bring in needed foreign expertise will also



# Vietnam Needs to Improve Supporting Industries for New FDI Wave

Supporting industry enterprises are seeing great opportunities as Vietnam has joined many free trade agreements (FTAs) and investors are tending to move production bases to Vietnam. However, given the current complicated pandemic development, many challenges still cast a long shadow on supporting industries.

HUONG LY

## Vendor race

The stronger wave of foreign direct investment (FDI) inflows to Vietnam has resulted in a more robust demand for supporting industries. According to data from the Foreign Investment Agency under the Ministry of Planning and Investment, as of June 20, foreign investors registered to invest US\$15.27 billion in Vietnam, equal to 97.4% of the value in the same period of 2020.

The prolonged COVID-19 pandemic caused some companies to change their strategic approaches from restricting business operations to prevent the pandemic contagion to “living with it”, stabilizing operations and making reinvestments. Every year, Vietnamese companies have to spend a lot of money to import components, causing domestic production costs to be 10-20% higher than in the region, manufacturing to be passive and localization rate to be low. Therefore, many businesses tend to look for strong suppliers to actively source components and increase domestic production according to governmental policies.

Supporting industry companies are struggling to improve their capabilities in the race to become suppliers for large corporations and seize opportunities from the global redirection of investment capital flows. Many companies have filled major product



**THACO Group has a large-scale supporting industries development strategy**

help with Vietnam’s economic recovery, and the process of obtaining work permits in the country should be made less complicated. Recruiting foreign experts that can positively contribute to Vietnam’s economy will be difficult if work permits remain complicated to obtain.

**In your opinion, what are the challenges for Vietnam to attract quality investment from other countries in general and from Singapore in particular?**

Vietnam should maintain its agenda to develop smart cities across the country. This can be achieved by keeping market access open for both domestic and foreign businesses and investors, and to encourage the development of new

business models that incorporate the latest technologies and innovations into projects.

In order to attract quality FDI, it is also important to develop a clear and facilitative legal framework, that is transparent and consistent in its implementation for both domestic and foreign investors. For example, procedures for assessing land are not always clear and straightforward, and deter or slow down development.

Finally, it is important too to have a workforce that is skilled and cost-efficient. This in turn highlights the importance of human capital development through education, training, and upskilling.

**Thank you very much!**



supply contracts for multinational corporations and FDI firms in Vietnam such as Foxconn, Canon, Samsung, Toyota and Honda and exported their products to partners around the world.

Mr. Vu Ba Phu, Director of the Vietnam Trade Promotion Agency (Vietrade) under the Ministry of Industry and Trade, said that Vietnam's supporting industry enterprises have developed both in number and quality over the years, improved production capacity and become increasingly involved in global production chains. Supporting industry companies account for nearly 4.5% of total processing and manufacturing companies, and employ more than 600,000 workers, equal to 8% of the total labor force in the processing and manufacturing industry. Their combined revenue reached more than VND900 trillion, accounting for nearly 11% of the total revenue of the processing and manufacturing industry.

Some Vietnamese parts manufacturers are successfully making molds, bicycle and motorcycle parts, standard mechanical parts, electric cables and wires, plastic components, technical rubber, and tires. These products have met domestic demand and are exported to countries around the world, including Japan.

For example, Thaco Auto Company is currently successfully bucking headwinds as it exports cars, while many others have shifted to imports. A lot of its products and accessories have been exported to South Korea, Japan, Malaysia, Italy, Russia, Cambodia, Turkey and Kazakhstan. Thaco has built a supporting industry development strategy, invested in Vietnam's largest automotive parts manufacturing facility in Quang Nam province to meet domestic and export needs, and attracted vendors to invest in manufacturing auto parts and other products.

### **Innovation and localization**

The low localization rate has increased pressures on supporting industries. For example, textile - garment and leather - footwear industries import up to 70% of inputs from foreign countries. When the COVID-19 pandemic broke out, many companies fell into difficulty as they could not control input supplies. Similar lessons are also seen in other key industries such as electronics, manufacturing, and automobile assembling.

Mr. Takeo Nakajima, Chief Representative of the Japan External Trade Organization (JETRO) in Hanoi, said that, according to a survey conducted by JETRO, nearly 50% of Japanese companies in Vietnam planned their business expansion in the next 1-2 years. However, the biggest difficulty is the low localization of inputs and components in Vietnam, about 37%. Japanese companies want to further improve the localization rate.

Ms. Do Thi Thuy Huong, Vice President of the Vietnam Association of Supporting Industries (VASI), Member of the Executive Committee of the Vietnam Electronic Industries Association (VEIA), electronic parts manufacturers are currently facing the risk of

falling further behind due to the rapid evolution of Industry 4.0, forcing them to grow innovation and creativity.

She also pointed out difficulties faced by supporting industries such as insufficient skilled workers; insufficient financial capacity and technological capacity to adopt advanced technology from FDI inflows; risk of low and medium technologies transferred into Vietnam; and temporary shortages of inputs and parts.

Currently, cheap labor and available natural resources are no longer advantages for FDI flows in Vietnam. Ms. Huong recommended the Government focus on investing in leading companies to push small and medium enterprises, develop and form supply chains for Vietnamese enterprises. Vietnam must prioritize investment in mid-range and high-end technology and avoid obsolete technologies and machines in the manufacturing sector.

### **Policy support**

Mr. Nguyen Dinh Phong, Director of Tax Consulting Services, Deloitte Vietnam Company, said, the Government currently advocates investment attraction and sustainable development goals to encourage the further development of supporting industries. Typical incentives include full support for consulting costs, land rent within 70 years and 20-year land rent exemption.

Previously, in August 2020, the Government issued Resolution 115/NQ-CP on solutions to accelerate development of supporting industries. Specifically, by 2025, Vietnamese enterprises will capably manufacture highly competitive supporting industrial products to meet 45% of domestic demand. Supporting industries will account for about 11% of the total industrial value. About 1,000 companies are capable of supplying parts to assembling firms and multinational corporations in Vietnam, of which Vietnamese-owned companies account for about 30%.

Resolution 115 sets a target: By 2030, supporting industrial products will meet 70% of the domestic demand for production and consumption, and accounting for 14% of industrial value, and about 2,000 companies will capably supply components to assembling enterprises and multinational corporations in Vietnam.

Mr. Nguyen Dinh Phong added that, according to feedback from businesses, the current support policy on development of supporting industries is better than previous incentives and beneficiaries will be entitled to new business incentives. In particular, Decree 57/2021 on corporate income tax incentives for projects that make industrial components (promulgated on June 4, 2021) features many more favorable incentives than previous regulations. Therefore, supporting industry enterprises will have better investment and development opportunities and reduce financial pressures, thereby boldly investing and developing on a larger and more modern scale. ■



# COVID-19 Rapidly Transforms Traditional Commerce to E-commerce

“The COVID-19 outbreak has created momentum for the shift from traditional retailing to online retailing. Powered by technology development, consumer shopping habits are also gradually changing,” said Mr. Hoang Quang Phong, Vice President of VCCI, on impacts of the pandemic on the current picture of the retail market.

QUYNH ANH

Customers are now accustomed to reviewing and selecting goods online before making an order or buying at a physical store, he said. Moreover, not only buying an item, consumers also uphold shopping experiences.

These factors require retailers to optimize their resources and place customers at the heart. Applying new technologies such as internet of things (IoT), augmented reality (AR), big data, artificial intelligence (AI) and machine learning (ML) helps them provide customer care services with different experiences and values, optimize management strategies and supply chain, thereby increasing operational sales.

“It is certain that the retail market is extremely competitive. Regardless of business size, the speed of digital transformation will also play a decisive role in the existence of retailers in the future,” he added.

Contrary to the gloomy picture of shopping centers because of the COVID-19 pandemic, online shopping has grown well. A report by the Vietnam E-commerce and Digital Economy Agency (iDEA) under the Ministry of Industry and Trade shows that, in 2020, up to 53% of Vietnamese people participated in online shopping. As a result, Vietnam's e-commerce market grew by 18%, equivalent to US\$11.8 billion. Digital transformation is now not only an option but also an inevitable path for businesses, especially retailers, to develop sustainably and improve their competitiveness in the context of the global crisis affected by the COVID-19 pandemic.



**Mr. NGUYEN TIEN HUNG**

DEPARTMENT OF SCIENCE AND TECHNOLOGY, MINISTRY OF INFORMATION AND COMMUNICATIONS

*To conduct successful digital transformation for the retail industry, it is necessary to have drastic changes in perception and actions of company personnel, especially the leadership. In addition, it is important to consider choosing an existing business model from a digital technology lens to pick up and plan digital transformation for the business.*

*Specifically, we must identify specific needs of the business. It is important to pick up an appropriate model for different sizes of business and different products/services to adopt a roadmap of action. In addition, it is necessary to have knowledge of digital transformation to select and effectuate a successful model and adopt KPIs to gauge the performance of digital transformation in 3, 6, 9 or 12 months' time.*

Mr. Le Duc Trung, Senior Partner Development Manager at Microsoft Vietnam, said that, affected by the pandemic, businesses are aware of digital transformation and refresh themselves faster. It once took two years for digital transformation; now it takes only two months. Especially in the retail industry, digital transformation must be faster because the market is increasingly competitive and customers have higher requirements.

In fact, retailers now attach great importance to omni-channel sales and apply new technologies in both sales and payment. According to a survey, up to 79% of consumers are using contactless payment methods to ensure safety during the pandemic.

However, digital transformation for SMEs is not a simple and easy process. Mr. Tran Viet Huan, Chief Technology Officer of Son Kim Retail, said, the first challenge in digital transformation is the role of leaders. After repeated COVID-19 resurgences, it is not doubted that digital transformation is necessary. Many businesses embarked on digital

**(continued on P.44)**



# Vietnam Promoting Agricultural Exports amid New-Generation FTAs

Vietnam is enforcing 15 free trade agreements (FTAs) with nearly 60 partners, including three new-generation FTAs. According to research results, agricultural products, aquatic products and wood products are among the biggest beneficiaries of new-generation FTAs.

## LE HOANG TAI

DEPUTY DIRECTOR OF VIETNAM TRADE PROMOTION AGENCY, MINISTRY OF INDUSTRY AND TRADE

### Opportunities and challenges from new-generation FTAs

According to the EVFTA, the European Union (EU) is committed to protecting 39 geographical indications of Vietnam, of which agricultural and aquatic products account for 62% (specifically, vegetables and fruits: 49%, aquatic and seafood products: 13%) and industrial crops and processed products account for 38%. Agricultural and aquatic products are Vietnam's strengths. Thus, businesses should continue to focus on production, improve product quality, branding and marketing to take advantage of EVFTA incentives to boost exports to the EU.

According to European experts, Vietnamese agricultural products have high potential in Europe. Vietnam is currently a supplier of important agricultural products to the EU market (Vietnam is the 25th largest fruit and vegetable supplier, the 13th largest in rubber supplier and the 2nd largest coffee supplier in the EU). Many Vietnamese companies have proved their product quality meets EU requirements and matches EU consumer tastes. A lot of Vietnamese products are popular in Europe such as cashew nuts, coffee, vegetables, dragon fruit and litchi. Especially, Vietnam's organic products have initially approached this meticulous market as they satisfy specific standards for high-quality agricultural products such as Organic, Rainforest, Fairtrade and other certifications. By 2030, the consumption of organic food in EU countries is forecast to rise by 2-3 times.

In addition, for seafood, Vietnam is the largest ASEAN country, the second largest Asian nation (after China), and the sixth-largest global supplier of seafood for the EU. Export shipments to the EU accounted for 15.11% of Vietnam's total seafood exports (according to statistics released by the General Department of Vietnam Customs in 2019). Besides the above advantages, the EVFTA offers import tax preferences for Vietnam's seafood products (specifically, the duty on raw shrimp is reduced to 0% from 12-20%), meaning that Vietnam will significantly increase advantages for its exported seafood relative

to competitors such as Thailand and Ecuador (12%), India and Indonesia (4.2%). EVFTA's benefits for Vietnamese seafood are numerous but they also pose enormous challenges for businesses. Particularly, it is important to meet high EU standards and requirements when technical barriers are added, consumers demand strict requirements on pure origin, food safety and hygiene, pesticide residue control, genetic modification and product labeling to ensure enforcement of environmental policies and emphasis on value-added design for products.

Within the framework of the CPTPP, member countries commit to eliminating 97 - 100% of import tax lines for Vietnamese-originated goods according to a 10-year roadmap. Notably, most of Vietnam's key export agricultural products are given zero duty right after the pact comes into effect or after 3-5 years. Agricultural products such as rice, coffee, tea, pepper and cashew nuts are entitled to 0% tax as soon as the pact comes into effect. Duty on processed and canned products will be removed in a 3-5-year roadmap. As for sugar-soaked pineapples, Japan will eliminate its duty according to a 10-year tax schedule.

Vietnam has the opportunity to increase seafood exports to 10 markets, which currently account for 25% of the country's total seafood exports because most of them will have zero tax upon the effective date of the CPTPP Agreement like Canada, Japan and Peru. Many seafood products that have not been eliminated tariffs in Vietnam - Japan FTA and ASEAN - Japan FTA will be given 0% tax, including cod, surimi and shrimp. Pangasius catfish, the only major aquatic product exported to Mexico, will have zero tax in the third year from the date of entry into force of the Agreement. Wooden furniture shipments to Canada and Peru will be imposed 0% as soon as the Agreement is effective. Japan will immediately remove tariffs on 97% of export value and 100% of the value after 15 years.

However, when tariff barriers are removed, technical barriers will be stricter, including non-traditional factors such as labor and environment, because the CPTPP is considered the highest, most comprehensive and balanced agreement in the agricultural sector. The conditions of technical barriers, quality standards, and rules of origin are tighter, with many new and more complicated regulations, while our products are less competitive in price than FTA partner countries. To take advantage of export opportunities, Vietnamese goods will have to meet technical, food safety and hygiene standards as well as "strict" standards on rules of origin in the CPTPP, especially for the textile-garment and fishery sectors. Competitive pressures are certainly considerable in the domestic market as well as in export markets because CPTPP-signing countries such as Australia, New Zealand and Peru are major producers of high-quality agricultural products.

For the UK market, according to the Trade Counselor of the Vietnamese Embassy in the UK, the UKVFTA, set to officially take effect on May 1, 2021, will deliver quick and direct trade





**Mr. Le Hoang Tai (R), Deputy Director of Vietnam Trade Promotion Agency, at the conference on trade of agro-fishery and food products between Vietnam and China**

benefits to Vietnam. Specifically, the UK market capacity is huge, with an average import value of US\$700 billion a year. According to UKVFTA's commitments, import tariffs on most products of Vietnamese origin are exempted immediately or according to a fairly rapid reduction schedule (1 year, 3 years, 5 years, 7 years and 8 years). The UKVFTA can create competitive advantages for many Vietnamese products such as agricultural products, seafood, footwear, rubber products and wooden furniture before similar products from very strong trading competitors such as China, Thailand, Malaysia, Indonesia, the Philippines, India and Brazil, because these countries do not have an FTA with the UK. Agricultural products are exempt from import duty immediately without any quota imposed, including coffee, rambutan, mango, longan, dragon fruit and coconut. Shrimp, tuna, minced fish, fragrant rice, tapioca starch, and other agricultural products are exempt from quota-based import duties. Rice, seafood and wood products are potential amid UKVFTA advantages.

However, like many other FTAs that Vietnam joined, the UKVFTA brings many opportunities, but it also comes with many challenges. For agricultural products, technical standards and quality requirements for goods imported from the UK are very high (for example, the UK strictly controls the use of pesticides, fertilizers and other chemicals used in agriculture. Imported agricultural products are only allowed to clear customs if chemical residues are below the maximum allowable threshold for each type of product).

Although the UKVFTA inherits incentives with flexible SPS regulations in the EVFTA, most of Vietnam's agricultural products still face limitations as lack of uniformity in each shipment, poor harvesting and storage results in limited quality. Therefore, to utilize the great effects of the UKVFTA, Vietnamese companies need to immediately invest in improving the value and quality of products to strengthen competitiveness in the market. At the same time, they need to focus on food hygiene and traceability to meet management standards and processes, attach importance to social responsibility, and

transparent information, labor and production environment to have the best preparation for competitive pressures.

### Utilizing new-generation FTAs

To exploit potential and advantages from new-generation free trade agreements, the Ministry of Industry and Trade launched a Trade Promotion Action Plan for the period of 2020-2025, contributing to sustainable export development when EVFTA, CPTPP and FTAs are enforced. Accordingly, the common goal is maintaining the export growth of 5-10% for key product categories by directly improving the quality of trade promotion, coordinating with other sectors to guide, indirectly enhance the quality of promoted products, thus increasing the value of export products, export value and market share, gradually affirming Vietnam's position in the global value chain. Agricultural and food products that are recommended to focus on export promotion in the 2021-2025 period include seafood, fruits, tea and coffee, cashew nuts, pepper, spices, rubber and rice.

To improve the effect of trade promotion into demanding markets, companies need to meet the following criteria: Companies must be prestigious, certified; take part in quality management programs and national brands; potentially become industry leaders; capably invest, actively participate in sharing and contributing activities to the industry. For the fields of agriculture, forestry and fishery, they need to have certified inputs, production systems and quality management processes.

In addition, some solutions need to be carried out in a consistent and timely manner to promote sustainable exports like promoting information technology application and digital transformation into trade promotion; carrying out trade promotion, investment promotion, brand development and export market development; further adding efforts to boost Vietnam's trade in potential markets; and building the trade promotion ecosystem consisting of related partners: product development consultants, market development strategists, manufacturers, investors, exporters and importers; and building a network with international trade promotion organizations. ■



## HCM CITY CUSTOMS

# Supporting Businesses to Ensure 24/7 Customs Clearance



As Ho Chi Minh City is currently applying the Prime Minister's Directive 16 on social distancing, one major difficulty is still carrying out customs clearance procedures. Therefore, the HCM City Customs Department prepared scenarios for many specific situations, including the worst-case scenario of the pandemic. Customs officers residing at the working offices to ensure enough human resources for customs clearance procedures for goods.

## HIEN PHUC

### Well-prepared scenarios

Right after Ho Chi Minh City announced social distancing measures as per the Prime Minister's Directive 16/CT-TTg, to facilitate businesses to clear goods, the HCM City Customs Department chaired an online meeting with leaders of customs offices to strictly apply distancing requirements as guided by the City People's Committee and, at the same time, carry out plans to arrange public officials to work directly and indirectly from home.

Accordingly, to apply social distancing measures and arrange enough employees at service, the HCM City Customs Department has organized its workforce in two different office blocks. For back-office personnel, customs offices actively

arrange employees on their own but the headcount cannot exceed a third of full-time employees at the same time. The rest will work online from home.

Front-office personnel on duty and control teams will be arranged by their leaders based on work requirements, making sure that all customs procedures for exports and imports are processed quickly, with particular attention to means, equipment, chemicals, supplies, biological products, medicines, medicinal ingredients and vaccines used for prevention and control of the Covid-19 pandemic.

### Concerted efforts

To overcome this difficulty, customs offices have changed the way they are working, more quickly handled documents and procedures filed by enterprises via electronic means, telephone, and minimized physical contacts with enterprises. In order to carry out customs clearance procedures for a large number of foreign-invested enterprises, customs offices used information technology applications, such as Zalo and Viber mobile applications and electronic mailboxes, especially the newly launched website.

Mr. Bui Le Hung, Director of Tan Son Nhat International Airport Customs Office, said, in the current context, the office has firmly followed directions on Covid-19 pandemic prevention and processed customs clearance for commodities. However, as airborne imports and exports depend on flights, especially exports, to protect the health and safety of customs officers performing professional duties and facilitate businesses to deal with customs procedures, the office will flexibly arrange personnel to work at the office and work from home so as to ensure the best service of customs clearance for businesses. If they need overtime clearance, they need to notify the office in advance to receive the best support.

At Cat Lai Port where the volume of import-export goods is huge, every day the Saigon Port Area Customs Branch No. 1 carries out 1,000-2,000 customs declaration forms. To clear goods in time, the office adopted specific scenarios to perform its tasks. At procedure divisions, socially distanced seats are installed in inspection houses for applicants. Direct contact is restricted during the course of settling all procedures to adhere to pandemic prevention measures. Working contents are exchanged by phone or email. On the first day of applying social distancing as per Directive 16, the office processed customs clearance procedures for nearly 900 export shipments.

In addition, subordinate agencies under the HCM City Customs Department have coordinated with port operators and warehouses to help importers and exporters quickly settle payment and clearance procedures. At the same time, they have actively worked with specialized inspection agencies at border gates to help enterprises deal with specialized procedures such as animal quarantine, plant quarantine, food safety and hygiene inspection to complete customs clearance procedures at the earliest. ■



## Improving Operation Quality of NSW and ASW

As a standing body of the National Steering Committee on ASEAN Single Window (ASW), National Single Window (NSW) and Trade Facilitation (Committee 1899), in the first six months of 2021, the General Department of Vietnam Customs urged and closely coordinated with relevant bodies to carry out the Master Plan for NSW and ASW Implementation and Trade Facilitation.

Regarding NSW implementation, the General Department worked with concerned agencies and sectors to actively execute the plan. From the beginning of the year to June 15, 19 new administrative procedures were connected, with 319,272 records filed by 3,886 enterprises.

From its launch (piloted in late 2014) to June 15, 2021, as many as 226 administrative procedures administered by 13 ministries and central agencies were officially delivered on the National Single Window, with approximately 3.89 million records submitted by 47,700 registered businesses.

In addition to adding new administrative procedures, the standing body is coordinating with relevant ministries and sectors to develop a master plan on building and developing an information technology system for NSW and ASW implementation.

Regarding the ASW implementation, Vietnam has to date officially exchanged information on electronic Certificate of Origin Form D with all nine ASEAN member countries.

From January 1 to June 15, 2021, Vietnam received from 107,152 C/O from ASEAN countries while granted 622,987 C/O to other countries. From the official operation (January 1, 2018) to June 15, 2021, the respective figures were 366,458 C/O and 939,460 C/O.

## Customs Sector Handles Nearly 7 Mln Documents Online

Currently, 197 customs administrative procedures are provided online at Level 4 - the highest of online public service delivery in Vietnam. According to the General Department of Vietnam Customs, by the end of June, the sector provided 203 out of 237 online public services at Level 3 and Level 4 (equivalent to 85.6% of total customs administrative procedures).

Specifically, 197 administrative procedures are provided online at Level 4 (83%). From January 1 to June 15, up to 6,903,151 records of Level 3 and Level 4 were filed online, of which the HQ36a Online Public Service System served 67,092 records.

Following the Prime Minister's direction on the list of integrated online public services, provided on the National Public Service Portal in 2021, the General Department of Customs conducted a survey on professional processes and technical preparations for the implementation of online public service declaration for 22 new and updated administrative procedures in the

National Database. At the same time, the department prepared for the integration of 26 online public services into the National Public Service Portal in 2021.

## Customs Authorities Bring Modern Equipment into Freight Control

The General Department of Vietnam Customs has further modernized inspection equipment for local customs offices in order to facilitate trade, reduce clearance time and fight smuggling and commercial fraud.

Specifically, the General Department purchased and operated eight baggage scanners, 21 customs surveillance camera systems and 15 drug detectors in the first six months of the year.

In addition, it received four chemical spectrometers handed by the UK Border Agency and planned to use them to inspect goods at airport and seaport customs areas. The customs authority is testing the electronic barrier system at Green Port administered by Hai Phong Port Customs Branch 3.

The General Department has upgraded and added functions to the Electronic Positioning Seal System to supervise containerized goods.

Currently, the agency is purchasing 5,000 additional electronic positioning seals so as to monitor significantly increased goods at provincial and city customs areas. 10,805 positioning seals were used in the first 6 months of 2021.

## Binh Duong Customs Strives for Rapid Clearance of Goods

Binh Duong Customs Department achieved positive results in supporting import and export activities in the first six months of 2021.

The department settled 793,194 import and export procedures filed by more than 5,700 companies. Especially, the agency targeted to collect more than VND10 trillion of budget revenue, 47% more than that in the same period of 2020, equal to more than 62% of the task assigned by the Ministry of Finance and more than 60% of the task assigned by the General Department of Customs in 2021 (VND16.7 trillion).

The Binh Duong Customs Department said that, according to statistics, more than 300 companies are heavily affected by the Covid-19 pandemic because their export orders were canceled or reduced by their customers; many faced difficulty in transporting inputs and outputs; and domestic consumption market contracted. Some reported having Covid-19 infections that resulted in production and business disruptions. However, a majority of exporters and importers continued to work stably and maintain good growth. None faced such difficulties as bankruptcy and closure as happened in 2020. Many responded promptly to personnel shortages.

Le Hien

# Seeking Solutions to Connect Cargo Flow with Cai Mep Area

Saigon Newport Corporation recently held an online customer workshop on “Solutions to Connect Cargo Flow with Cai Mep Area”, which focused on approaches to connect supply chains for imported and exported commodities. The event was attended by speakers from the Ministry of Industry and Trade and Saigon Newport Corporation (SNP), and nearly 1,000 attendees from different online platforms.

The complicated development of the COVID-19 pandemic and maritime incidents exerted adverse impacts on the global supply chain. A series of matters of concern such as volatile freight rates, shortage of empty containers, and temporary supply disruptions that hindered Vietnam’s economic development and logistics development were discussed.

As the largest deep-water ports in Vietnam, TCIT and TCTT in Cai Mep - Thi Vai Area play an important role in freight circulation between Vietnam and major markets in the world such as North America, Europe and Asia. Carrying import and export flows through Cai Mep Area is becoming the trend of the future.

Mr. Truong Tan Loc, Marketing Director of SNP, presented the opening keynote speech: “Export and import development trend through Cai Mep Port Area





and necessary preparations for enterprises". Current shortages of the global supply chain, like insufficient empty spaces on ships, high freight rates, port congestion, and waiting and delayed ships in major ports around the world, have also affected port and ICD operations in the south of Vietnam when ships are late, waiting and overbooked, giving rise to high inventories at ports. This was attributed to three factors at the online workshop: COVID-19 pandemic, maritime incidents and growing global import and export from the third quarter of 2020. Besides, cargo throughput via Cai Mep port area kept rising strongly over the years. What interested attendees was suggestions for businesses in the current context. The speakers focused on three groups of solutions for importers and exporters, shipping lines, and ports and ICDs.

At the seminar, Mr. Tran Thanh Hai, Deputy Director of the Import and Export Department under the Ministry of Industry and Trade, delivered a speech on "Vision on Southeast ICD development to connect with Cai Mep port area", saying that the seaport planning in 2021-2030, with a vision to 2050, is aimed to carry out plans to enhance port development investment outcomes in Vietnam to ensure synchronization and uniformity in seaport investment and operation; synchronize infrastructure development for seaports and traffic routes, port operations with related port services. The vision also targets to strengthen sectoral and regional linkages in seaport development so as to economically use national resources and reduce logistics costs.

He said that Cai Mep Port Complex is always firmly expected by the government to reach the regional class by 2030, compete on par with peers in Singapore and become a world-class seaport hub by 2045. To compete with ports in the region, Cai Mep must become a transshipment terminal complex, he stressed. And to achieve that goal, Cai Mep must perform well its function as a gateway port for the Southern Key Economic Region.

Regarding solutions to connect Tan Cang - Long Binh ICD and Tan Cang - Nhon Trach ICD with Cai Mep Port Area, Ms. Do Thu Huong, Deputy Marketing Director of SNP, analyzed rising market demands: Cai Mep growth, cargo throughput in Cai Mep Port Area in the last five

The poster is for a webinar titled "SOLUTIONS TO CONNECT CARGO FLOW WITH CAI MEP AREA". At the top is the logo of the Saigon Newport Corporation (SNP), with the text "TỔNG CÔNG TY TÂN CẢNG SÀI GÒN" and "SAIGON NEWPORT CORPORATION" below it. The title "WEBINAR SOLUTIONS TO CONNECT CARGO FLOW WITH CAI MEP AREA" is prominently displayed in the center. Below the title are three circular portraits of the speakers: Mr. Tran Thanh Loc (Marketing Director of SNP), Mr. Tran Thanh Hai (Deputy Director of the Import and Export Department of the Ministry of Industry and Trade), and Ms. Do Thu Huong (Deputy Marketing Director of SNP). Below the portraits, it says "Together with other speakers and delegates from shipping lines, importers, exporters and logistics companies". At the bottom, the date and time are listed: "09:00 - 11:30 AM 09.07.2021 ONLINE VIA ZOOM". The background of the poster shows a stylized map of the Cai Mep port area with various shipping and logistics infrastructure.

years and forecast, Dong Nai - Binh Duong market: Export growth of woodwork, apparel, footwear and electronics to the United States and Europe. She thus pointed out the current status of ICDs and introduced solutions for Long Binh ICD/Nhon Trach ICD to upgrade infrastructure, improve working processes to boost throughput capacity of seaports and ICDs in the system. Saigon Newport Corporation developed services of receiving, storing and transporting import and export goods at Long Binh ICD and Nhon Trach ICD. The firm continued to raise service quality and cargo transport capacity in the SNP system. SNP has a long-term development plan for a new port and ICD facilities to meet future import and export growth.

In addition, the workshop helped customers share their experiences after using services and solutions from SNP. The event also answered questions directly from customers and online viewers to gain the trust of viewers and maintain SNP's reputation and foundation of "Top quality, customer-oriented service." ■

# AGRIBANK

## Solid Support of Vietnam Agriculture

With the missions assigned from the very beginning of establishment: Serving the reform and development of agriculture, farmers and rural areas in Vietnam, after 33 years of development (March 26, 1988 - March 26, 2021), Agribank has managed to fulfill the responsibility of a pioneering and leading bank in agriculture and rural development, achieved firm growth and greatly contributed to the development of the banking industry to deserve the trust, responsibility and expectation placed in it by the Government and the people.

HOANG THAM

In its early days, despite facing numerous difficulties and challenges, all employees of Agribank across generations united and endeavored to make Agribank the largest bank by total assets, capital mobilization and outstanding loans to the economy. By the end of 2020, Agribank had total assets of over VND1,570 trillion (US\$68 billion), fund source of over VND1,450 trillion (US\$63 billion), and total outstanding loans to the economy of over VND1,210 trillion (US\$52.5 billion). Outstanding loans to agriculture and rural development accounted for approximately 70% of Agribank's outstanding loans and accounted for a large share of outstanding loans to agriculture and rural development in Vietnam. Agribank has made remarkable and timely contributions to Vietnam's agricultural development and rural development. The bank has also given a helping hand to address employment matters, transform labor structure, improve people's livelihoods, and support agriculture and rural development to perform its role as a core backbone of the economy in difficult times.

Adhering to the direction and leadership of the Party, the Government and the State Bank of Vietnam (SBV) on accelerated implementation of agricultural and rural industrialization and modernization strategy, over the past time, Agribank has quickly brought resolutions on agriculture, farmers and rural areas into life (Resolution 15-NQ/TW dated March 18, 2002, Resolution 26-NQ/TW dated August 5, 2008); taken the lead in effectively carrying out credit

policies on agriculture and rural development (Decree 41/2010/ND-CP, Decree 55/2015/ND-CP, Decree 116/2018/ND-CP that amends Decree 55) and other policy credit programs. Of its VND1,210 trillion lent to the economy, Tam Nong (agriculture, farmers and rural areas) accounted for 70%. Agribank is also the largest lender of agricultural and rural development in Vietnam. Currently, the bank is a pioneer and key force to effectively carry out seven policy credit programs and two national target programs on new rural development and sustainable poverty reduction, thus helping Vietnam fulfill its millennium goals on poverty reduction 10 years ahead of schedule and be globally recognized as an effective poverty reduction model.





Starting with 11 communes that piloted rural development at the end of 2011, after 10 years, Agribank finished the program nearly a year ahead of schedule. The bank provided loans of VND2,868,290 billion, recollected mature loans of VND2,387,151 billion and had an outstanding loan of VND481,138 billion. The lender has 2,620,578 customers in 8,939 communes, who mainly borrowed money for agriculture, forestry, fishery, salt production and rural infrastructure construction. This has affirmed Agribank's leadership in bringing the new rural construction movement to the finish line earlier than the time set by the Resolution of the 12th National Party Congress and the National Plan of the National Assembly. It has helped raise the income of rural people from VND12.8 million in 2010 to VND43 million in 2020 and quickly reduce the rural poverty rate by 1.5% a year to just 4.2% now.

Agribank's credit flows are largely channeled into green production and business, clean energy and high technology application. It has restructured loans to short-term as guided by the State Bank of Vietnam. With a large amount of funding for agriculture and rural areas each year, Agribank has met investment needs of all economic sectors, promoted agricultural and rural development, and created agricultural commodity

*Agribank's fund for agriculture and rural development accounts for 70% of its total loans and the bank is the largest lender of agricultural and rural credit in Vietnam.*

markets with many key products, high export value and brand names in the region and the world. Together with credit investment, Agribank provides over 200 convenient banking products and services and diversified distribution channels to meet payment requirements of customers and the economy. The bank works together with women's unions and farmers' unions at all levels to effectively provide loans, open mobile transaction points using special cars, launch Tam Nong Card scheme, and offer consumer credit programs to facilitate people in rural, remote and isolated areas with the opportunity to access funding and banking services, reduce unauthorized credit and promote noncash payment development in Vietnam.

Agribank is also the first commercial bank to "pave the way" for an investment wave for high-tech organic agriculture development in Vietnam by launching an agricultural credit program of at least VND50 trillion in November 2016 without any restriction on capital sources, which carries an interest rate 0.5-1.5% lower than its preferential lending rates. As of October 31, 2020, the program provided nearly VND30 trillion of loans, with current outstanding loans amounting at over VND5 trillion lent to nearly 4,000 customers. Some of the big Agribank-funded projects included VND4.1 trillion for fruit and vegetable processing plants for export in An Giang and Vinh Long provinces and VND3.7 trillion for shrimp rearing and dairy cow farming projects in Ninh Thuan province. Notably, animal feed production projects in Ha Nam province were lent nearly VND5 trillion. This shows the important role of Agribank in agricultural product chains. The bank aims to help raise product quality and value to meet strict criteria in fastidious markets and seek a strong foothold in regional and world markets.

One of the new points in the country's development approach in 2021-2030 adopted by the Party and Government is coupling rural economic development with new rural development. To give a helping hand for the successful implementation of tasks and solutions for agricultural and rural economic development in association with new countryside development and, at the same time, further maintain its key role in agriculture and rural development, Agribank continues to focus its capital resources and expand loans for effective agricultural and rural development projects and programs, especially those creating added value, promoting agricultural production transformation, expanding the value chain, and building a clean, smart and sustainable agriculture. ■





## DA NANG HI-TECH PARK AND INDUSTRIAL ZONES AUTHORITY

# Joining Forces to Become Silicon Valley of Southeast Asia

Despite being adversely affected by COVID-19 pandemic, Da Nang Hi-Tech Park and Industrial Zones have still achieved a very good result of investment attraction and made Da Nang City one of the most attractive investment destinations in the Central Coast and the Central Highlands. This achievement comes from outstanding efforts of the municipal government and the Da Nang Hi-Tech Park and Industrial Zones Authority to support investors and enterprises operating in Da Nang Hi-Tech Park and Industrial Zones. The following interview with **Mr. Pham Truong Son**, Director of the Da Nang Hi-Tech Park and Industrial Zones Authority, will provide more insight into Da Nang Hi-Tech Park and Industrial Zones. **Thanh Tung** reports.

### Could you please introduce the investment picture of Da Nang Hi-Tech Park and Industrial Zones and its investment attraction prospects?

In the first six months of 2021, Da Nang Hi-Tech Park attracted 24 projects, including 12 domestic projects with a registered investment fund of VND6,291 billion (US\$270 million) and 12 FDI projects with US\$545.1 million. In total, Da Nang Hi-Tech Park and Industrial Zones attracted 499 projects with VND26,696 billion (US\$1.1 billion) and US\$1.74 billion. Large investment projects included the US\$110 million semiconductor materials manufacturing plant of the United States Enterprise (United States) and the US\$35 million Fujikin Da Nang Research, Development and Production Center of Fujikin International Co., Ltd (Japan).

Given that the COVID-19 pandemic is developing very complicatedly in Vietnam and in the world, the continued entry of many FDI hi-tech and information technology projects into Da Nang Hi-Tech Park and Industrial Zones is a good signal, showing the trust of investors in Da Nang City as a destination for their projects. Once in operation, investment projects in Da Nang Hi-Tech Park will produce positive changes in attracting hi-tech investment projects into Da Nang City, make important contributions to local socio-economic development, and nurturing the future development of science - technology. By investing in hi-tech and information technology infrastructure and enticing many large technology corporations, Da Nang City is



working toward being a "Silicon Valley" of Southeast Asia.

In order to realize its goals and boost industrial development where Da Nang Hi-Tech Park is the core, the Da Nang People's Committee issued Decision 2649/QĐ-UBND dated July 24, 2020 approving amendments to the Industrial Zones Development Planning Project to 2020, with a vision to 2025. The city aims to attract at least three projects of over US\$100 million in 2020-2025 to increase the share of Da Nang Hi-Tech Park to the city's GRDP to at least 10% by 2025. By 2030, Da Nang Hi-Tech Park will develop on par with Hoa Lac Hi-Tech Park and Saigon Hi-Tech Park to become the nucleus of socio-economic development of the Central Coast and the Central Highlands.

The city will carry out many solutions like drastically reviewing and using the land fund for inefficient investment projects inside and outside Da Nang Hi-Tech Park and Industrial Zones; clearing obstacles and ensuring the schedule of hi-tech projects; speeding up procedures for establishment and infrastructure completion in second-phase Hoa Cam, Hoa Nhon and Hoa Ninh industrial parks. At the same time, the city will complete and operate the infrastructure in Hoa Khanh Nam, Cam Le, Hoa Nhon and Hoa Hiep Bac industrial complexes; build affordable accommodations and socio-cultural institutions to support workers in industrial zones. The city will also develop logistics infrastructure of national and international class; drastically reform administrative procedures; scale up self-training models of industrial parks that cooperate with vocational schools to serve tenants; and accelerate scientific and technological application and innovation.

**The reason why many investors have chosen Da Nang Hi-Tech Park and Industrial Zones as their destinations partly comes from the accelerated administrative reform, the enabling investment climate and the friendly and responsible leadership of Da Nang City and Da Nang Hi-Tech Park and Industrial Zones Authority. Would you tell us more about this effort?**

To attract investors, in addition to incentives for projects in Da Nang Hi-Tech Park as per Decree 04/2018/ND-CP of the Government dated January 4, 2018, Da Nang City in general and Da Nang Hi-Tech Park and Industrial Zones Authority in particular always provide an open and transparent investment environment; promptly respond to the feedback and recommendations of domestic and foreign investors and other organizations; support and facilitate enterprises to research and expand investment in Da Nang.

To create an open investment environment, Da Nang Hi-Tech Park and Industrial Zones Authority gives top priorities to reform of administrative procedures. In 2019, the authority advised the Municipal People's Committee to issue two decisions on new administrative procedures and revised and improved administrative procedures within the jurisdiction of

the former. It publicly posted regulations on documents, procedures, timeline, fees and charges concerning administrative procedures on the information board at the public relations division, on the website of the city government and on the website of the authority. All administrative procedures are handled under the single-window mechanism with detailed instructions. All processes, procedures and service times are publicly listed on the information board and on the website.

On e-government construction, the Da Nang Hi-Tech Park and Industrial Zones Authority has coordinated with the Department of Information and Communications to upgrade all 42 procedures within its jurisdiction to Level 4 (except for seven procedures classified to be in the labor category undertaken under the system of the Ministry of Labor, Invalids and Social Affairs at Level 3). The authority has launched a plan to manage administrative procedures and continuously review regulations and administrative procedures. Accordingly, the settlement time of 17 administrative procedures has been reduced, with 10 related to investment. Specifically, the granting of new investment registration certificates in an industrial zone is reduced from 25 working days to 22. Seven labor administrative procedures are raised from Level 2 to Level 3. Two procedures are abolished (granting temporary residence permit and extending temporary residence permit for foreign workers in industrial zones).



## **DA NANG HI-TECH PARK AND INDUSTRIAL ZONES AUTHORITY**

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To build a favorable, friendly and responsible environment, the authority has applied many forms of handling feedback and recommendations from tenants (through the website, writing documents or monthly meetings). In addition, every year, the authority organizes a business meeting to receive and solve complaints and recommendations from enterprises, promptly remove emerging difficulties and facilitate business development to contribute to local socio-economic development.

**What industries are expected to create a strong boost to the development of Da Nang City in general and Da Nang Hi-Tech Park and Industrial Zones in particular in the near future?**

Da Nang City has great potential for developing supporting industries, especially manufacturing materials, components and semiconductors. The fact that many foreign companies set up their manufacturing and assembly factories in Vietnam proves their expectations for the city to enter the global supply chain and value chain. And, to develop supporting industries, it is necessary to smoothly coordinate central and local efforts in formulating, promulgating and implementing preferential policies to develop supporting industries.

First, the Government of Vietnam needs to create a complete and favorable legal framework for the industry and attract businesses in supporting industries. It needs to apply technical standards, industry registration regulations, customs incentives and tax policies. It must consider making decrees and circulars on mechanical and electronic development. On that basis, the city will develop programs and projects to offer specific measures for implementation, with specific systems and processes such as technical development, human resource training, and financial support.

Second, the Government should have incentives of finance, land, infrastructure and human resources to participate in supporting industries, issue encouragement policies on the establishment of supporting industries, build



funds for supporting industries, form lead bodies to strengthen State management of supporting industries.

Third, universities and research institutes need to focus on market-demanded training programs, and train skilled engineers capable of making inputs or conducting technological research for the development of supporting industries to meet market demands.

Fourth, it is necessary to pay attention to developing the distribution system to build a strong domestic market. The distribution system can easily and fully meet the market demand of enterprises for components, thus helping promote the development of supporting industries.

On February 4, 2021, the Prime Minister issued Official Letter 158/TTg-CN to ratify the proposal of the Ministry of Planning and Investment on revisions and supplements to add the Da Nang Industrial Zone Development Plan to the Vietnam Industrial Zone Development Plan to 2025. Accordingly, a 58.5-ha Supporting Industrial Zone of Da Nang Hi-Tech Park (Hoa Lien commune, Hoa Vang district) will be added to the Vietnam Industrial Zone Development Plan to 2025. The area, adjacent to the industrial park and Da Nang Hi-Tech Park, Da Nang IT Park and Hoa Ninh Industrial Park, will become a driving force for socio-economic development in the northwest of Da Nang City. Moreover, the addition and formation of the supporting industrial zone of

Da Nang Hi-Tech Park will create a driving force to attract and promote the development of the city's supporting industries as advocated by the Standing Board of the Da Nang Party Committee in Resolution 01-NQ/TU dated October 30, 2020 on the development of supporting industries in Da Nang City to 2030, with a vision to 2045, and at the same time, entice supporting projects for Da Nang Hi-Tech Park and Da Nang IT Park.

**Thank you very much!**





# Vietnam Social Security Aggressively Accelerates Digitalization



**Vietnam Social Security (VSS) actively applies information technology (IT) in modernizing social security management**

The Vietnam Social Security is a leading unit in applying IT to its operation and management. However, if they are subjective and do not take quick steps forward, the industry will fall behind, especially in the current trend of strong digital transformation requirements of ministries, branches and the whole society.

## **Synchronizing and completing the database for digital transformation**

At the conference on digital transformation of the insurance industry recently organized by the Vietnam Social Security, Director of the Information Technology Center Le Nguyen Bong said that the Vietnam Social Security has reviewed and standardized the specialized databases of the insurance industry to provide a national database of insurance. The industry has promoted coordination with relevant ministries and branches to synchronize and complete the database.

Up to now, the Vietnam Social Security has carried out the review and collation of millions of insurance policies holders from the national population database. On May 28, 2021, Vietnam Social Security officially implemented the authentication of citizen information from the national population database when citizens register an electronic transaction account with the social insurance agency on the Online Public Service Portal of Vietnam Social Security and on VssID application.

Currently, the Vietnam Social Security has completed providing 100% of online public services level, and integrated on the National

Service Portal. Social insurance services of Vietnam Social Security are being provided through the public postal service (VNPOST); payment services provided through banks (there are five services of the industry already provided on VssID application).

According to General Director of Vietnam Social Security Nguyen The Manh, over the years, the application of IT in Vietnam's social insurance industry has achieved many positive results, with the right direction, laying an important and solid foundation for the transformation of the industry, contributing to the achievement of the national digital transformation goal. The database of the social insurance industry is increasingly complete, synchronous and ready to be linked with the national database and the ministries, branches and localities. The industry's software and applications are constantly being upgraded, improved, connected and interconnected, bringing many benefits to participants and beneficiaries of social insurance, health insurance and unemployment insurance policies.

## **More efforts needed**

Regarding the implementation plan in the coming time, Vietnam Social Security has determined and improved the service and support for participants of social insurance, health insurance and unemployment insurance through digital transformation with the following objectives: continuing to restructure administrative procedures and information services in line with the trend of digital transformation; implementing online public services on VssID application; optimizing the user experience on the industry's application and Service Portal; fully digitizing the results of administrative procedures; continuing to expand the open data portfolio to develop Digital Government; and continuing to improve the Information Services Portal according to the new e-government architecture.

According to Mr. Nguyen The Manh, digital transformation is a very important task of Vietnam's social insurance industry. In order to do this well, General Director Nguyen The Manh asked the units under the Vietnam Social Security to advance digital transformation; perfect business processes, perfect software, applications and data for connection and communication; and strengthen coordination with ministries and branches to mobilize participation and support in related issues.

The digital transformation of the industry has a huge amount of work, so it is necessary to have a roadmap to clearly assign officers with suitable jobs, regarding human resources as the center, said General Director Nguyen The Manh. In addition to the digital transformation of the entire industry, each unit and officer in the industry also needs to improve their professional skills to meet the requirements of tasks in the new situation, he added. ■

H.T



# Resolute to Successfully Create High-Quality Agricultural Brands



The comprehensively developed agricultural sector has reaffirmed its role as the backbone of the economy. Restructuring has facilitated Vietnam's agricultural growth, made the countryside modern and unique, and improved quality of life among farmers. To have a more holistic view of Vietnam's agriculture in the new period, Vietnam Business Forum's reporter has an interview with Deputy Minister of Agriculture and Rural Development **Tran Thanh Nam**. **Minh Ngoc** reports.

**Could you please tell us about agricultural development in the past time and challenges that the country is facing?**

In 2016 - 2020, the overall goals of the agricultural sector were to further develop the three pillars of economy - society - environment; comprehensively develop agriculture, farmers and rural areas in a sustainable way and increase added value, performance and competitiveness; improve farmers' livelihoods faster, eradicate hunger and reduce poverty, protect the ecological environment and guarantee security and defense. Especially as socio-economic difficulties are caused by the COVID-19 pandemic, agriculture has affirmed the supporting role of the economy, firmly ensured national food security, generated a high export surplus, restored the country's economy to normalcy, brought hard foreign currencies for the country, and created livelihoods, jobs and stable income for people. In 2016-2020, the total export value of agricultural, forest and aquatic products reached more than US\$190 billion, including over US\$41 billion in 2020 alone, higher than the target and well above the result of US\$30 billion in 2015. The average income of a rural resident was VND43 million in 2020. The agricultural product processing industry developed rapidly, powered by high technology, to increase added value for agricultural products. In the past five years, 67 large modern agricultural processors were built and put into operation with a total investment fund of about US\$2.58 billion to create new capacity to accelerate the intensive agricultural restructuring. Currently, Vietnamese agricultural products have been exported to over 196 countries and territories around the globe, including demanding markets such as the United





**Vietnam encourages the development of hi-tech agriculture to make breakthroughs in farming productivity and to improve the competitive edge of agricultural products**

States, Japan and the European Union. Vietnam is the biggest agricultural exporter in Southeast Asia.

However, Vietnam's agriculture is facing enormous challenges, including household-scale, smallholding and segmented production, a bottleneck in international integration that weakens competitiveness and affects the capability of quality, process and cost control. In addition, Vietnam is one of five countries most vulnerable to climate change, estimated to affect all seven socioeconomic regions, with key agricultural production areas expected to suffer most, especially the Mekong Delta, the Red River Delta and the Coast. Other adversities include African swine fever virus, COVID-19 pandemic, rural environmental pollution and unsustainable development elements.

#### **So, what are the solutions?**

Facing this reality, the Ministry of Agriculture and Rural Development advocates clearing bottlenecks to accelerate agricultural development and restructuring: 1) Reorganizing and restructuring agricultural, forest and fishery chains across three key product lines; 2) focusing on developing processing industries and consumption markets; 3) improving the capacity and effectiveness of cross-border epidemic prevention and control and limiting impacts caused by natural disasters; 4) effectively improving and applying mechanisms and policies on land and agricultural investment. Land policy will be perfected towards strict management and better use of

agricultural land, protection of farmer interests.

#### **How will agricultural restructuring be directed when agricultural economic thinking changes?**

Industrial Revolution 4.0 has been moving at an ever-increasing pace. Therefore, the first thing I care about is how Vietnam's agriculture will not miss the opportunity and we will not simply judge the growth of the agricultural industry based on productivity and output, but integrated value and sustainability. We must shift from a production mindset to an agrarian economic mindset. The viewpoint on "Agriculture is an economic sector, not just a production activity" will activate a variety of new approaches, integrate added value, and open up many development opportunities. We must turn new challenges into motivation, seize timely opportunities, mobilize internal and external mindset to bring agriculture and rural areas towards modernity and identity and improve farmers' life quality. Vietnamese agriculture will successfully create clean, safe and quality agricultural brands.

Besides, agriculture must be integrated with multi-values, not single-values anymore because buyers now also care about the value and utility of products, not only about the price. Consumers now prefer nutrition, taste and safety. Therefore, production must also be divided into many streams according to social needs. Besides solving the problem for the majority, we must respond to the personalized needs of different consumers.

**Thank you very much!**





## AGRICULTURAL RESTRUCTURING On Right Track



The complicated development of the COVID-19 pandemic has negatively impacted agricultural production. However, with active solutions to clear difficulties and create new breakthroughs, Vietnam's agricultural exports made impressive growth of 3.84% in the first six months of 2021.

### DO NGOC

#### Many bright spots

According to the General Statistics Office, the production value of agriculture, forestry and fisheries expanded 3.84% in the first six months of the year, of which agriculture (cultivation and husbandry) increased by 3.71% (with livestock expanded by 5.73%), forestry rose by 3.98%, and fishery increased by 4.25%.

Many localities have also flexibly converted inefficient rice production land of 48,100 ha (37,900 ha in the South and 10,200 ha in the North) into growing other crops including vegetables, fruits, perennial industrial crops and culture aquatic species of higher economic results and for non-agricultural purposes. In addition, short-term vegetables, industrial crops and fruit trees all increased in acreage and output over the same period in 2020. Fishery faced numerous difficulties in export; lower pangasius price and saltwater intrusion; however, it enjoyed favorable weather at sea, decreased fuel prices, and incentives of CPTTP and EVFTA trade pacts.

Regarding forestry, Mr. Do Quoc Toan, Director of the Agro Processing and Market Development Authority, Ministry of Agriculture and Rural Development, said that the export value of agricultural, forest and aquatic products reached US\$24.23 billion in the first six months, up 28.2% year on year. Strong exports included woodwork, rubber, tea, pepper, cashew nuts and vegetables.

Wood products recorded a breakthrough growth of 74.8% year on year to US\$8.1 billion in the first half of 2021. Notably, shipments to five key markets - the United States, China, the European Union (EU), Japan and South Korea - increased sharply. Specifically, the United States was the largest export market with a turnover of US\$6.7 billion, up 59.8%, followed by China, US\$4.75 billion, up 32.1% year on year. Besides, entry to Peru, Australia and Thailand also achieved positive results.

Analyzing these impressive growth rates, Deputy Minister of Agriculture and Rural Development Phung Duc Tien said that agricultural export is on the right track, with a focus placed on improved quality and increased exports to key markets. Cooperatives and businesses made good use of market opportunities on high demand for agricultural products in many countries owing to impacts of the COVID-19 pandemic. The Ministry of Agriculture and Rural Development has coordinated with central and local agencies to actively research, forecast and take advantage of new-generation free trade agreements to boost agricultural exports and promptly remove difficulties against businesses in circulation and cross-border trade.

#### Actively capturing the market

To realize the goal of US\$45 billion of agricultural export value 2021 (higher than the government's target of US\$42 billion), the Ministry of Agriculture and Rural Development will coordinate with central and local agencies to actively implement consistent solutions, with a focus on key products to compensate for underperforming products, a representative from the ministry said. Specifically, the ministry targeted to earn US\$21.5 billion from agricultural exports, US\$14 billion from forest products and woodwork, US\$8.5 billion from seafood, and US\$1 billion from other items.

From a business perspective, Mr. Phan Van Toan, Director of TAT Vietnam Wood Import Export Co., Ltd based Thach That district of Hanoi, said, the company has to date received export orders from the EU for enough operation until the end of the year. However, in the long term, the company wants to be provided with adequate and timely information by authorities to effectively take advantage of EU-Vietnam Free Trade Agreement with contents related to plywood products.

Minister of Agriculture and Rural Development Le Minh Hoan said, in the coming time, to create new breakthroughs, the agricultural sector will continue to change the mindset of agricultural production toward increased commerciality, actively control input and output markets. Accordingly, the sector will strengthen trade promotion and develop export markets; reform production and trading forms; prioritize support for business and cooperative development to apply advanced management technology to form production and consumption chains. The ministry will develop responsive scenarios to fluctuations in the international market; readily activate the agricultural product supply and demand data system; and research and recalculate the cultivation calendar to avoid coincidence with cultivation seasons of importing countries. ■



# Working together with Farmers to Professionalize Agriculture



Cooperative development and good market positioning will help increase the scale and quality of Vietnam's agriculture. Farms and agricultural cooperatives have helped develop a modern and smart agricultural economy, said Mr. **Le Duc Thinh**, Director of Cooperative Economy and Rural Development Department under the Ministry of Agriculture and Rural Development. **Bao Dan** reports.

## **What are the solutions to challenges of Vietnam's agriculture?**

In the coming period, Vietnam needs to make the cooperative economy and the collective economy where cooperatives are the core play a proper role in agricultural restructuring. This is a salvation for the country's agriculture to break the curse of fragmented and smallholding production in the past time. We need cooperation and association. To do so, the market must be positioned and it will be adjusted to production, scale and technical standards.

Positively, unlike previously, large corporations have started to invest in agriculture. Not only for profit, but they also want to catalyze changes in Vietnamese agriculture, bring Vietnamese agricultural products abroad and add value to processed products. The agricultural investment of the business community has created breakthroughs because agricultural restructuring needs a leader. But, cooperatives and small and medium enterprises cannot be left behind in this course. The synergy of cooperatives and SMEs will create wide-spread effects. Agricultural innovation or startup programs will also be a priority in the coming time. Startups, young knowledgeable and tech-savvy people from big cities will return to the countryside to take part in specific agricultural fields, from sorting, preservation

and distribution to e-commerce. This will be a spillover factor in the community and make equal contributions to big businesses.

## **When will Vietnamese agriculture do away with unsafe agricultural products?**

Recently, the awareness of some farmers has been raised. However, the abuse of pesticides still exists. It will be difficult for people to change and it will take time to convince and support them to switch from input-abusive agriculture to natural agriculture. At first, productivity may decrease but it does not mean income because the quality of agricultural products will increase at that time, the brand name will be lifted and selling prices will go up.

We determine that growth cannot be exchanged for imbalanced ecosystems, biodiversity and reputation and brand of Vietnamese agricultural products. Soon, there will be a solution to check the shift from inorganic pesticides to biological medicines. The story of "clean from field to fork" is a matter of social awareness. Each person must refuse to use agricultural products that cannot be traced to be organic.

## **How will we attract innovative companies and young people to invest in agricultural production? What will the image of farmers look like in the next period?**

It is technology and agricultural SMEs that will attract young intellectuals to return to their homeland. The important matter in development thinking is not only growth but how many jobs are created by growth for society? Humans must be taken as the goal and the motivation. The agricultural startup ecosystem is also a condition for us to drive resources towards the countryside where value for businesses and value for farmers are created. Then, we will no longer have to complain about the youth who abandon the farm and leave the countryside.

In the future, our agriculture will be clean, green and natural. We must form value chains and support inputs to increase output and expand stable output markets.

Farmers are the first in the process of agricultural restructuring. To have professional and smart agriculture, we must have professional and smart farmers. For farmers to become professional and smart, they need specific decisions, projects and plans. We must change their mindset and awareness first because, if there are no changes in perceptions, they will tend to follow old practices and rely on godsend in farming as in the past. When farmers work together and join cooperatives, they will access basic market knowledge, understand supply/demand, comprehend climate change and food safety. The Ministry of Agriculture and Rural Development will work with farmer associations and related agencies to guide licensed farming, which means that agriculture is a professional career rather than a godsend career. We must intellectualize and professionalize farmers who will be licensed to do farming.

**Thank you very much!**



# Finding Ways to Attract Investment into Agriculture



**TH Group invests heavily in Nghe An province, making it a high-tech dairy farming center of the country**

more than double its export output. The facility helps preserve fresh coconuts for 80 days, 20 days longer than before, enabling the firm to boost its exports to traditional markets like the United States, Australia, Japan and South Korea.

These are exemplarily successful agribusinesses. Many other projects engaged in purchasing agricultural products, processing vegetables and fruits, producing foods and raising livestock across the country have been implemented, helping restructure the agricultural sector, opening up a new direction for smart agricultural development, improving people's livelihoods, accelerating socioeconomic growth, bringing the value and brand of Vietnamese products to meet the needs of domestic and global consumers.

Despite difficulties caused by the COVID-19 pandemic, Vietnam's agriculture is a good performer that manages to maintain its supporting role in the economy. However, agriculture has not received proper investment while Vietnam has a great advantage in agriculture.

## ANH MAI

### **Outstanding businesses**

Vinamilk Corporation has 12 world-class farms across Vietnam and one dairy farm complex in Laos with approximately 150,000 dairy cows, enabling it to supply over one million liters of fresh milk a day. Vinamilk's products are now not only well accepted by domestic consumers but also exported to countries such as Thailand, South Korea, Japan, Turkey, Russia and Canada.

TH Group, another major milk producer, also launched many dairy products. In late 2020, the first batch of TH milk was officially exported to China. This event marked the development of the group and of Vietnam's dairy industry on the world market.

Besides, Moc Chau-based Van Ho fresh fruit and herbal processing factory, invested by TH Group on a 5-ha area in the first phase with VND1,200 billion, is powered by completely natural extraction technology and Italian high-pressure processing (HPP) technology to retain the color, taste and nutritional value of fresh vegetables and fruits. In the first phase, the facility can process 300 tons of vegetables and fruits a day, the largest in the Northwest and one of the leading fruit processors in Vietnam.

Vina T&T Kim Thanh Coconut Factory based in Ben Tre province, operated by Vina T&T Group, enabled the company to

### **Slight increase in agribusiness**

Over the years, the Government has issued many policies to attract businesses to invest in agriculture like Decree 57/2018/ND-CP dated April 17, 2018 on mechanisms and policies to encourage enterprises to invest in agriculture and rural development with outstanding solutions: Agricultural projects are offered special investment incentives of land rent and water surface rent to be carried out, including a 20% subsidy of land rent and water surface rent in the first five years from the year of project operation or a 60% of investment budget (not more than VND15 billion) for agricultural product processing facility and livestock/poultry slaughtering facility to build infrastructure for waste treatment, transportation, electricity, water supply, factory and equipment purchase.

In addition, Resolution 53/NQ-CP dated July 17, 2019 on solutions to encourage and promote effective, safe and sustainable agricultural investment emphasizes continued institutional improvements, administrative reforms, reduced barriers to agricultural business and agricultural investment.

Thanks to the above policies, Vietnam has a growing force of agricultural enterprises. However, compared with available potential, the agricultural sector still needs more investment from enterprises, especially large ones.

According to the Ministry of Agriculture and Rural Development, 1,055 agricultural companies were established in 2020, totaling over 13,280 enterprises to date. Compared with 134,900 founded in 2020, this figure was still very modest.

### **How to entice investors?**

In order to attract businesses to invest in agriculture, the Government needs to understand their legitimate aspirations and build up their confidence in the administration, said former Minister of Agriculture and Rural Development Nguyen Xuan Cuong. This is a very important solution to attract agricultural



# Hanoi Spreading Effective Farming Models

Taking advantage of scientific and technological strengths, many districts of Hanoi have adopted effective production models and initially improved the material and spiritual life of people. Hanoi's agricultural economy maintained steady growth in the first six months of 2021. Based on this result, the city's agriculture is striving to achieve its growth target of 4.2% this year.

**MINH NGOC**

## Adding agricultural value

In rural development, Hanoi districts have actively promoted crop and livestock restructuring. By identifying of potential crops and livestock, many households have boldly invested in farming production and achieved high economic value.

One of the effective economic models in Dan Phuong district is the Ha Den grape growing model initiated by Mr. Nguyen Van Noi (Phuong Dinh commune). Vines have long been cultivated and grown in central coastal provinces, but Noi surprised many people by growing Ha Den grape on his land. Compared with other plants, Ha Den grape is not too difficult to grow while it brings much more income than other crops.

And in Dong Anh district, Ms. Pham Khanh Huong, living in Chau Phong village, Lien Ha commune, uses waste products from handicraft villages such as sawdust and rice straw to grow mushrooms. Her family is producing and supplying three main kinds of mushrooms for the market, including straw mushrooms, oyster mushrooms and button mushrooms. Compared to other products, the market price of mushrooms is stable over the years, with oyster mushrooms sold at VND30,000 - 50,000 per kilogram, straw mushrooms at over VND100,000, and button mushrooms at VND120,000.

"After opening a mushroom factory, my family has a much more

investment because they know best about what needs to be dealt with promote agricultural development.

Besides, it is necessary to direct strong and potential Vietnamese agricultural products, foster trade promotion and boost product consumption to provide valuable information for companies seeking to invest in agriculture.

Typically prone to risks of natural disasters and epidemics that wreck performance and profitability of agricultural enterprises, the Government and the agriculture sector need to have practical support mechanisms for businesses in difficult times to build up their confidence in investment in this sector.

Before the serious impacts of the COVID-19 pandemic, the Ministry of Planning and Investment proposed a budget package worth VND8,600 billion to encourage businesses to invest in agriculture and rural development. The investment fund for

stable income. The factory also provides seasonal jobs for local workers in their leisure time. The hourly wage is VND25,000 - 30,000," she said.

Not only having effective agricultural production models, Hanoi also has 1,350 handicraft villages engaged in 47 handicraft industries (out of a total 52 handicraft industries in the country). This also holds great potential for the city to develop a variety of products, becoming a key supplier and exporter of handicrafts and agricultural products for the country and for the world.

## Consistent solutions

Mr. Chu Phu My, Director of the Hanoi Department of Agriculture and Rural Development, said, to achieve the target growth of 4.2% this year, the city's agriculture sector needs more effort because weather from now to the end of the year is unpredictable, livestock and fowl diseases are potentially risky and the consumer market is still affected by the COVID-19 pandemic. "In the coming time, regarding crops, Hanoi will focus on developing high-quality vegetables and fruits to supply the local market and other provinces and cities, especially toward the end of the year. As for livestock, the city will accelerate herd expansion; apply technical measures to improve production efficiency, ensure food supply and growth targets," he emphasized.

From a local perspective, Nguyen Trong Khien, Vice Chairman of Thanh Oai District People's Committee, said that the district will strengthen high-tech applications, foster production chain development, carry out consistent measures to prevent and control livestock pandemics; expand bio-secure livestock production and improve the operational efficiency of agricultural cooperatives.

To realize the goal of improving production value, the cooperative will expand the high-quality rice area and enlarge the organic vegetable area by 3 ha to increase the supply for the market, said Ms. Vu Thi Huyen, Director of Nam Phuong Tien Organic Agriculture Cooperative (Chuong My district). Besides, the cooperative focuses on taking care of Dien pomelo gardens for better productivity and higher value.

Based on the market demand, Hanoi's agriculture will surely achieve the target growth of 4.2% this year by developing linkage chains and stabilizing output markets for products. ■

agricultural development was estimated at VND107 trillion in the 2021-2025 period, including VND8.6 trillion from the State budget, an equivalent to 8% of the total to carry out 800 projects. Thus, if the State fund accounts for 10%, it will attract about VND9 trillion from agricultural and rural development investors.

The Ministry of Planning and Investment hoped that the support level from the State Budget will bring numerous benefits for the economy, society and environment. Assuming that 100 agricultural enterprises are formed each year and each investment project has VND100 billion of investment capital, they will provide at least 10,000 full-time jobs and 30,000 part-time jobs. At the same time, they help expand stable consumption markets for agricultural products, increase the performance of State-funded agricultural and rural development investment to quicken agricultural restructuring. ■



# OCOP Program Developed Toward Circular Economy



After three years, the One Commune One Product (OCOP) Program has unlocked local potential across the country and gradually transformed smallholding production into closed value chains. To make OCOP a truly effective approach to rural economic development, many obstacles need to be removed. Vietnam Business Forum's reporter has an interview with Mr. **Nguyen Minh Tien**, Director of the Central Coordination Office for New Rural Development.

## How has the OCOP Program been confirmed as a key rural economic development program?

After nearly three years of implementation, the OCOP Program has been deployed in all 63 provinces and cities across the country. 4,469 products are certified with three-star or higher labels. 354 producers are selling their OCOP products in supermarkets. The OCOP program has boosted rural socio-economic development, unlocked local potential and strengths to develop distinctive products and industries based on local production advantages, raw material areas and traditional culture, to increase the value of OCOP products as made by traditional handicraft villages in the Red River Delta. More than 145 OCOP products are made from local inputs and assigned geographical indications such as Shan Tuyet Hoang Su Phi tea of Ha Giang province, Tan Cuong tea of Thai Nguyen province, coffee of Son La province, and rice of Soc Trang and An Giang provinces. Small-scale production has been expanded and upgraded into closed value chains joined by cooperatives and small and medium-sized enterprises. The OCOP Program has generated many jobs and accelerated rural economic development. In particular, the roles of

women and ethnic minorities have been promoted. Typically, OCOP producers in Quang Ninh province have created over 3,800 jobs and OCOP producers in Ha Tinh province are employing 2,196 workers.

However, the program still has certain limitations. As a new program, it relates to many fields, particularly, it is required to arouse local potential and advantages for economic development. Therefore, in the early stages of implementation, some localities were still confused about how to do it. As a result, they just focused on improving existing products rather than developing new ones. Producers lack resources, while policies are not very supportive. Many lack guidelines of the program, especially legal provisions for manufacturing, distribution, quality, packaging and labeling of products.

## What are the effects of OCOP development cooperation?

According to the OCOP Program in 2021-2025, the country will have 10,000 OCOP products qualifying for 3-star rankings or higher, at least 3% of which will achieve the 5-star grade. The total budget for the Program is forecast at VND57 trillion, of which VND11.4 trillion is funded by economic organizations and the rest will come from credit loans and other sources. To develop OCOP products sustainably, it is essential to forge cooperation in OCOP development. OCOP products are locally sourced, featured by cultural identity and advantages. Community tourism products and services and tourist attractions are based on local natural advantages and strengths, landscapes and cultures. It is necessary to link OCOP cooperation, not in the narrow sense that products must be of local origin. For example, OCOP products are made in Hanoi but inputs may be supplied by other provinces.

It is very necessary to accelerate information technology application and digital transformation in the OCOP Program, thus making product records, managing OCOP data, building a traceability system along the value chain, aligning State supervision and certification, standardizing OCOP product development cooperation along the value chain to better meet market requirements.

## What solutions are needed for the effective deployment of the OCOP Program?

In 2021-2025, the OCOP Program must be linked to green products, circular economy and environmental protection. As a result, we need socialized centers to train, design, exchange and learn from experience. We have planned to establish four innovative centers in Hanoi, Quang Ninh, Hue, or the Mekong Delta. Besides, community tourism expected to be assigned 5-star ranking, needs training in homestay and farm stay for stakeholders. Moreover, policies on product quality control should be concerned and promoted. At the central level, seven ministries take part in this purpose. Trade promotion has been accelerated by shops selling OCOP products. Hanoi has pedestrian streets selling OCOP products of Hanoi and other localities in the Red River Delta and Mekong Delta.

**Thank you very much!**





# FAO Supports Vietnam to Promote Climate Resilient, Sustainable Agriculture

The cooperation between the Food and Agriculture Organization of the United Nations (FAO) and the Government of Vietnam in the past 43 years has obtained remarkable success. More importantly, FAO always supports Vietnam to respond to climate change to minimize harmful effects on the agricultural sector and carry out the 2030 Agenda to ensure global food security.

**GIANG TU**

**W**ith its effective agricultural cooperation with FAO, Vietnam changed from a food-short country to a rice exporter. However, increasing natural disasters and climate change adversely affected people's livelihoods and trade performance at both national and global scales.

According to the World Bank, Vietnam is one of five countries in the world that will be severely exposed to climate change and sea-level rise. Climate change poses potential risks to national stability and development and results in migration waves. In the last 10 years, 1.7 million people have migrated out of the Mekong Delta while only 700,000 people have moved in. This migration rate is twice as high as the national average.

In that context, responding to climate change to minimize impacts on agriculture is one of the important cooperation goals between FAO and Vietnam. Mr. Nguyen Song Ha, Assistant Chief Representative of FAO in Vietnam, said, in the past years, FAO has introduced many plant varieties and farming techniques to Vietnamese farmers to meet local people's food needs. Since the mid-1990s, FAO has taken the lead

in the Integrated Pest Management (IPM) Program, which has created sustainable growth in crops and laid the foundation for Vietnam's IPM Project, which was launched in 2015. Since 2012 when the United Nations Secretary-General launched the "Zero Hunger" Initiative, Vietnam immediately joined. Since 2004, FAO has cooperated with Vietnam's agriculture and health sectors to continuously deal with disease risks, including establishing an epidemiological surveillance network, building a management framework to reduce drug resistance in livestock and aquaculture.

Currently, FAO and Vietnam are implementing the "One Health" Program and reviewing the IPM Program in the spirit of the United Nations International Year of Plant Health 2020, aiming to provide radical solutions to ensure long-term national food security. In particular, FAO also worked with the United Nations and Vietnam agencies to develop the Action Program "Zero Hunger by 2025" and joined the United Nations Decade of Nutrition Action (2016 - 2025) with many integrated nutrition and agriculture programs and projects implemented effectively.

Deputy Minister of Agriculture and Rural Development Le Quoc Doanh said that FAO has been committed to jointly promoting a smart food system to adapt to climate change and develop sustainably, not only to ensure food security and nutrition for nearly 100 million Vietnamese people, but also strive to become a transparent, responsible and sustainable food supplier for the world.

Ms. Rana Flowers, Chief Representative of the United Nations Children's Fund (UNICEF) and Chief Representative of FAO in Vietnam, said that stakeholders will work together to find plans to restructure and operate the national food system, plans to solve arising problems; open further dialogues at national and local levels, thereby determining appropriate approaches to national and local realities to make Vietnam's food system more comprehensive, sustainable and resilient.

In the future, FAO is committed to supporting Vietnam to realize the 2030 Agenda, while fully supporting Vietnam's changes, including regional and global issues. ■





## KIEN GIANG PROVINCE

# Striving for Higher PCI Ranking

Despite strong participation and great effort of the whole political system, the ranking of the Provincial Competitiveness Index (PCI) 2020 of Kien Giang province was not as high as expected. To increase the overall ranking to become a good PCI performer in 2021, the province will further accelerate reforms, especially administrative procedure reforms to boost the local business climate.

CONG LUAN

PCI is a very important indicator that illustrates the capacity and effectiveness of public governance in law enforcement, especially the reform, publicity and transparency of administrative procedures to create a fair competitive environment for all people and businesses. Besides, this index is also an effective dialogue channel for the government and private enterprises, a tool to express the perspective of enterprises, and a symbol of the active response of the local government.

Being well aware of this, in recent years, the government of Kien Giang province has always given top priority to improving the PCI Index to increase the satisfaction of businesses and investors. However, in 2020, its PCI Index scored only 60.01 points, ranking No. 62 out of 63 provinces and cities in the country (down 27 places) and No. 12 out of 13 Mekong Delta localities.





Explaining the reason why the PCI Index 2020 dropped, Director of the Kien Giang Investment, Trade and Tourism Promotion Center, Ms. Nguyen Duy Linh Thao said that, compared to other provinces and cities in the Mekong Delta, the task and workload of the province is more difficult to be met. Given overall difficulties, good economic growth, corporate business investment and budget revenue in 2020 were attributed to the enormous efforts of all branches and levels of authority, people and businesses in the province.

Specifically, businesses still complained much about the slow settlement of administrative procedures due to geographical locations. Importantly, in 2020, like other localities in the country, the province faced negative impacts of the COVID-19 pandemic, natural disasters and climate change. The province's infrastructure system was not good enough to serve commodity circulation and logistics demands.

### Resolved for higher PCI ranking

Encouragingly, despite various difficulties and challenges, the entire political system of Kien Giang province continued to make efforts to speed up administrative procedure reform, enhance the business environment and support the local business community.

Director Nguyen Duy Linh Thao said that the province will further support local enterprises and investors to overcome hardships in 2021 and beyond, synchronously carry out PCI improvement solutions, and gradually strengthen the appeal of the business investment environment. In 2021, the province will strive to increase its PCI score and rankings, aiming to enter the good performer group, she added.

To achieve this goal, Kien Giang province will focus on solving three issues: "Administrative reform - Publicity and transparency - Accountability".

At the same time, the province will upgrade the roles of local provincial business associations in disseminating policies and laws and creating a favorable business environment where enterprises can express their thoughts, issues and plans to the provincial government.

For its part, the Kien Giang Investment, Trade and Tourism Promotion Center will fulfill tasks assigned by the Provincial People's Committee, regularly coordinate with local business associations to inform the significance and importance of PCI to the business community.

All of these efforts are aimed at building a democratic, modern, professional, open and transparent administration that better serves businesses and people, forming e-government, improving the public service quality. "Accelerating administrative reform, improving the PCI and increasing the attractiveness of the business investment climate will require all sectors and levels of authority to focus on reviewing and addressing shortcomings, limitations and bottlenecks in social and economic development management to have timely solutions, gradually build a transparent and attractive investment environment, and provide the most favorable conditions for investors and enterprises to do business in the province, thus helping foster economic growth and sustainable development in the coming time," she said. ■



Online conference on solutions for local PCI improvement



Khanh Hoa Provincial Business meeting in 2021

*"Administrative reform - Publicity and transparency - Accountability" are elements of the solution Kien Giang province is focusing on.*



The music show in celebration of the success of the 18th Congress of Khanh Hoa Provincial Party Committee

## Enhancing Cultural and Spiritual Value

Khanh Hoa has made appropriate and timely decisions in building cultured life and developing sports to bring positive values for people and contribute to the province's development.

THIEN HOANG

In 2015-2020, the Department of Culture and Sports actively advised the Provincial People's Committee to submit seven resolutions to the Provincial People's Council for approval, and submitted seven decisions to the Provincial People's Committee for promulgation. The department effectively launched visual communications on cultural and artistic activities to celebrate major holidays and anniversaries of the province and the country. It managed, conserved and promoted heritage and cultural values. Performing arts were professionally organized to serve the spiritual needs of the people.

Particularly, in physical training and sports, the department effectively carried out Resolution 08-NQ/TW, Action Program 09-CTr/TU and Decision 1607/QĐ-UBND; accelerated administrative procedure reform; reviewed and advised the Provincial People's Committee to announce, amend and abolish inappropriate administrative procedures for a better business climate and facilitate enterprises to participate in cultural and sports business.

High-achievement sports are primarily funded by the State Budget and private sources. To date, Khanh Hoa has trained 511 athletes. Every year, the province selects and trains athletes and earns nearly 70 prizes and many achievements. Many coaches and athletes join national teams to compete in the international arena. In addition, the province always pays attention to family work, domestic violence and the "All people unite to build cultural life" movement.

"Material investment has been focused by the department. In addition to rearranging the apparatus as per the Resolution of the 6th Central Committee (12th term) to form a streamlined, professional and effective apparatus, the department upholds the accountability and role of agency leaders in improving capacity and working together for effective performance of the department," said Mr. Nguyen Thanh Ha, Director of the Department of Culture and Sports.

When the COVID-19 pandemic re-emerged, most cultural and sports activities and events in the province had to be suspended or shrank in scale to prevent the COVID-19 pandemic contagion as directed by health authorities. Accordingly, with the spirit of "fighting the pandemic like fighting the enemy", the department determined that the most important task is realizing the dual goal of preventing the COVID-19 pandemic and fostering socio-economic development. The department has actively carried out many flexible solutions to organize cultural and sports activities to stimulate tourism demand, as well as serve the people's cultural and spiritual life in difficult conditions, he said. The department has actively developed programs to respond immediately to new developments, flexibly directed relevant agencies to respond to changes in pandemic prevention; and raised awareness of the pandemic prevention among all civil servants and public employees. ■



# Speeding up IT Application to Facilitate Production



Mr. Chau Ngo Anh Nhan, Director of Khanh Hoa Development Project Management Unit

The Khanh Hoa Development Project Management Unit (KDPM) obtained good achievements in administrative reform in the 2017-2020 period and led public service units in Khanh Hoa province. Mr. Chau Ngo Anh Nhan, Director of KDPM, said, "We have accelerated administrative reforms, with a focus placed on information technology application to project management."

**K**hanh Hoa Development Project Management Unit was established from the upgrade of Nha Trang Environmental Sanitation Improvement Project Management Unit. Since its inception, the unit has actively built good relationships with many partners who are sponsors, consultants, contractors and experts all over the country. In particular, the unit has focused on applying information technology to project management and solving its tasks more quickly. Thanks to IT application, its work has been made smooth amidst the complicated development of the COVID-19 pandemic, he said.

In addition, in the past five years (2016-2020), the unit implemented many key projects and advised the province

to sign a funding agreement on Sustainable Environment Project for Coastal Cities in 2017. The unit completed design and certification and selected contractors for the saltwater dam project along the Cai Nha Trang River, which was kicked off in October 2020. The project is under construction in the river and site clearance is going on at two bridgeheads.

The unit has basically finished proposed contents of an integrated and adaptive development project of Khanh Hoa province. This large-scale project costs VND3,500 billion, funded by the World Bank's loan and the province's reciprocal capital. The project is preparing to be submitted to the Prime Minister for approval and launched a feasibility study report for early signing of an agreement, expected at the end of 2021, deployed in early 2022 and completed in 2026. The project will restore some rivers in the west of Nha Trang City to deal with natural drainage, build a public route for wastewater collection and treatment for the west side of Nha Trang, Ring Road 3 and Cam Ranh City.

Defining that personnel is the core of every work, the unit has

strengthened employee training organized by the province; and facilitated its employees to upgrade their professional knowledge and qualifications. As a result, employees holding master's degree increased from three to 10 out of 30 employees in the past five years.

In 2021, in the context of existing economic challenges, the Khanh Hoa Development Project Management Unit is resolved to implement the "dual goal" of developing business and combating the pandemic. Mr. Nhan said, "In the short term, meetings and paperwork will be carried out online. All active construction work complies with pandemic preventive measures. We are determined that all construction and installation packages will be implemented on schedule even though they are carried out during the pandemic." ■



Conference connecting banks and businesses to support customers affected by COVID-19

## Improving Bank-Business Connection

The State Bank of Vietnam (SBV) - Khanh Hoa Branch has led administrative reform for three consecutive years, which demonstrated its efforts to develop a modern banking system and facilitate people and businesses to access banking products and services. The branch is working closely with Khanh Hoa province to effectively implement the "dual goal" of socio-economic development and epidemic prevention. Vietnam Business Forum's reporter has an interview with Mr. **Do Trong Thao**, Deputy Director of SBV Khanh Hoa Branch. **Kim Oanh** reports.

### Could you please introduce outstanding results of the local banking sector in 2015-2020?

The 2015-2020 period elapsed with proud successes. The sector lowered interest rates as guided by the State Bank. Currently, short-term lending rates in VND for priority sectors are 4.5% per annum (versus 7% in 2016), consistent with operating objectives of the State Bank and the capital absorption capacity of the economy. In 2016 - 2019, credit growth exceeded 14%. Particularly in 2020, credit growth was only 7.53%, but it showed the great efforts of local credit institutions to provide capital for economic recovery and development of the province in the condition that the province's economic growth was negative 10.5% due to the COVID-19 epidemic.

Credit fund was allocated reasonably for production and business fields, especially the priority areas advocated by the Government. The credit structure by the economic sector was consistent with the economic development approach of the province and actively supported economic growth. Outstanding loans for tourism, service and trade accounted for 69.5%; industry and construction for 23.34%; and agriculture - forestry - fishery for 7.24% of the total loan balance of the whole area. The industry also promptly carried out measures to support and remove difficulties for local people and businesses damaged by natural disasters and epidemics.

In 2020, e-payment grew strongly in the province, with 7,715,000



## VACCINE TOURISM

# Key to Revive Phu Quoc Tourism

Phu Quoc (Kien Giang province) is the first city piloted by the Politburo to attract tourists who get vaccinated. This is an opportunity to revive Phu Quoc tourism, contributing to the economic development of the province.

### GIANG TU

**P**hu Quoc is a safe destination, but tourism has been seriously affected for the nearly two years of the pandemic. The number of visitors to Phu Quoc has decreased by over 95%, greatly affecting the economic development of the province. According to statistics of Kien Giang Department of Tourism, in 2020, Kien Giang welcomed 5.2 million visitors, down 40.7% compared to 2019. In which, international customers were nearly 185,000, down 74.1 % from the same period. Total tourism revenue was estimated at VND7,867 billion, down 57.7% from the same period. Attracting vaccinated tourists is an opportunity to revive Phu Quoc tourism.

The Ministry of Culture, Sports and Tourism has proposed the Government to allow the pilot to welcome vaccinated Russian tourists to Phu Quoc. Therefore, Phu Quoc residents, including foreigners and migrant workers, must be vaccinated to reach herd

immunity. Tourists must be vaccinated and have a negative RT-PCR test result for COVID-19 virus.

Mr. Bui Quoc Thai, Director of Kien Giang Tourism Department, said, "Opening the door to international visitors is an important issue, in which the highest priority is to ensure everyone is protected. Therefore, it is necessary to step-by-step pilot the guest market, flight formats, selection points, and qualified services that meet the requirements of pandemic prevention and control."

Phu Quoc city is currently preparing many synchronous solutions to be eligible to open to international vaccinated tourists.

Chairman of the People's Committee of Kien Giang province Lam Minh Thanh said that Kien Giang province is planning to inject all Phu Quoc citizens to achieve herd immunity against COVID-19. The plan of welcoming international guests, domestic guests, organizing isolation, reception, logistics are prepared thoughtfully and specifically.

Appreciating the vaccination policy of the Politburo for selecting Phu Quoc to open its doors to international vaccine tourists, economic expert Do Thanh Nam said that a vaccine passport is a key for not only Phu Quoc, but also Vietnam to welcome international visitors.

As an experienced tour operator of sea and island tours in Phu Quoc, Mr. Luong Duy Ngan, Chairman of the Board of



banking transactions made via the internet and mobile phones and online with a value of VND101,067 billion. The sector also performed well on social security, contributed to stabilizing people's lives and improved the reputation of the banking system. The banking sector supported nearly VND100 billion for Khanh Hoa province to carry out social security work since 2012.

### **Faced with surrounding difficulties, what helped the branch achieve those successes?**

First of all, the banking industry of Khanh Hoa province always closely followed management solutions of the Government and the State Bank on monetary and banking activities to promptly apply them to local credit institutions. It coordinated with relevant departments and agencies to promptly and effectively launch credit programs and economic programs such as the business-bank matching program, market stabilization program, and credit program for fisheries development under Decree 67/2014/ND-CP. It stepped up administrative reform in operations like applying ISO quality management system, carrying out the single-window mechanism for receiving and handling administrative procedures. The core factor for the industry's success is solidarity and consensus across the sector.

### **How have you carried out the bank-business connection program?**

Since the start of the program, banks have held 29 signing ceremonies on concessional loans and cooperation agreements.

Currently, the highest interest rate for short-term VND loans under the Program is 4.5%/year (compared to 6.5% - 9% of ordinary loans) and medium and long-term rates is 8.1% - 9.5%/year (versus normal rates of 9% - 11%).

In the spirit of sharing, understanding and empathy, the branch actively cooperated with departments and agencies to solve difficulties and problems for enterprises as well as actively held dialogues with them.

2021 continued to be a difficult year for the global economy. The COVID-19 pandemic has not yet come to an end, but this will be a great opportunity for businesses to develop if they can seize the right opportunities. Therefore, to revive business operations, the sector has taken practical measures for specific situations: Timely implementing State, Party, Government and SBV guidelines and policies on currency, credit, foreign exchange and banking activities and launching local socioeconomic development support policies. It launched credit growth solutions, improved credit quality, controlled and handled bad debts, concentrated credit for business sectors; and diversified banking credit products. The branch accelerated public administration reform, gave priority to removing difficulties for borrowers and customers affected by the epidemic, natural disasters and climate change. Especially, it effectively carried out the "dual goal" of fostering socio-economic development and preventing the COVID-19 pandemic; and readily supported and motivated enterprises to develop and attract foreign direct investment.

**Thank you very much!**



Directors and General Director of Newstar Group, said this is a very timely policy. Phu Quoc is the number 1 choice that has all the necessary conditions to implement vaccine tourism. However, once the policy has been approved, it is also necessary to ensure tourists are protected, especially ensuring visitors' confidence. Surveys on tourist safety issues are needed to convince vaccinated foreign tourists that Phu Quoc is a really safe destination.

"The pilot of the Vaccine passport in Phu Quoc - a relatively isolated island of sufficient infrastructure for meeting the needs of international tourists - is the key to opening the way for the Kien Giang tourism industry, and also contribute to the state budget," Mr. Ngan emphasized.

The Ministry of Culture, Sports and Tourism, in collaboration with the People's Committee of Kien Giang province and related

units, are developing plans and procedures to welcome vaccine tourists.

Phu Quoc is an island located in the south of Vietnam, with an area of 570 square kilometers. Phu Quoc has invested billions of dollars in tourism infrastructure, building resorts, entertainment, ports and airports. This island has been voted as the most beautiful place on the planet by many prestigious travel magazines.

The vaccination policy of the Politburo to pilot Phu Quoc as a vaccine tourism is an opportunity for Phu Quoc to revive tourism in the near future. The successful vaccine passport pilot will promote Vietnam as a safe destination to international friends and tourists, and also a premise for other provinces and localities to be eligible to receive the international vaccinated tourists. ■

#### **(from P.17)**

transformation but they encountered many difficulties. In the past, information technology was not important in the organizational structure of a company, most IT staff worked in support departments. But when digital transformation came, IT roles changed. So, employees also need a deep understanding of digital transformation. Business leaders themselves also need to be knowledgeable about it in order to choose strategic partners to go with it in this process. How to optimize customer experiences through digital transformation and become the corporate culture, all must understand digital transformation regardless of being information technology, marketing or business.

To have a successful digital transformation, it is necessary to create good experiences for customers by collecting personal data, taking care of loyal customers and applying technologies such as AI and chatbot to customer service, promoting online sales channels and home delivery. In particular, it is necessary to empower employees, provide tools for them to unleash creativity into better services and products and into smart supply chains; optimize business operations

with technology application such as solutions for electronic signatures and e-invoices, and enhance provision of new, more value-added services to increase customer experiences.

"The foundation for successful digital transformation is a reliable technology platform and partners, security and confidentiality and cost transparency," Mr. Trung affirmed.

Mr. Phong recommended that retailers always optimize their resources, place customers at the heart, and improve business competitiveness in the context of the global COVID-19 pandemic.

Reportedly, the Ministry of Planning and Investment has developed a digital transformation support program for the 2021-2025 period by integrating and applying digital technology to improve business performance, capacity competitiveness, and create new values. By 2025, 100% of businesses will have increased awareness of digital transformation; at least 100,000 businesses receive support from the Program; 100 supported businesses are typical successes in digital transformation, targeting manufacturing and processing companies and establishing an expert network of at least 100 consulting organizations and individuals to promote digital transformation. ■





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# MULTIMODEL TRANSPORTATION

(COMBINING TRUCKING & WATERWAY TRANSPORT)  
WELL ADAPTED TO THE COVID 19 PANDEMIC

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## • MULTIMODEL TRANSPORTATION

This solution is implemented in a synchronous combination between Tan Cang Waterway Transportation JSC and overland transport units with a transshipment point at Tan Cang - Que Vo ICD (Bac Ninh). This solution ensures the transportation effectiveness of the Bac Ninh - Hai Phong route, quickly adapt to the production needs during the Covid-19 pandemic.

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