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COHESIVE AND
RESPONSIVE ASEAN

JOINING FORCES
TO SUSTAIN GROWTH



Industrial and Economic Zones

Ready to Accommodate New FDI Wave

DAI AN SAI GON INDUSTRIAL ZONE

UNDER MOC BAI BORDER GATE ECONOMIC ZONE - TAY NINH PROVINCE
SCALE 300 HECTARES & 18.76 HECTARES OF VERDURE FOR ISOLATION
LOCATION AN THANH COMMUNE - BEN CAU DISTRICT - TAY NINH PROVINCE



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Deducting 50% of personal income tax.

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CONTENTS

VCCI

- 03 Overcoming Challenges for Peace, Stability and Prosperity of the Region and the World
- 04 Digital ASEAN: Sustainable and Inclusive
- 07 Cohesive and Responsive ASEAN: Joining Forces to Sustain Growth
- 09 Industrial Production and Digital Transformation Path to Prosperity and Sustainability for Vietnam and ASEAN
- 12 Changes for Stronger, More Responsive Women Entrepreneurs
- 14 EABC Supporting Businesses to Mitigate Covid-19 Pandemic Impact
- 15 Vietnam Becomes Vibrant Renewable Energy Market in Southeast Asia

BUSINESS

- 17 Economic and Industrial Zones Ensuring Economic Benefits and Environmental Protection
- 18 Industrial and Economic Zones Ready to Accommodate New FDI Wave

20 Eco-Industrial Parks: Sustainable Approach to Vietnam Industrial Development

21 Intensifying Business Support to Attract Sustainable Investment

23 Dai An Saigon Industrial Zone Ready to Support Investors

24 Bac Lieu Industrial Parks - Reliable Destinations for Investors

26 Bac Lieu High-tech Agricultural Park for Shrimp Development: Launchpad for Bac Lieu to Become Shrimp Hub of the Country



28 Hung Yen Management Board of Industrial Parks Boosting Business Support

30 Decree 132 Addresses Transfer Pricing More Effectively

31 Customs Proposes Amending Law on Border Protection to Facilitate Business Community

32 Quang Ninh Customs Completing Budget Collection ahead of Schedule

SUSTAINABLE DEVELOPMENT

33 Substantial Development of Rural Areas

34 OCOP Program - A Boost to Rural Economy

37 Promoting Cooperative Role in Business Cooperation

38 Brands Must Be Considered Competitive Weapon



39 Toward Sustainable Agriculture

POTENTIAL - VINH PHUC PROVINCE

40 Vinh Phuc toward Industrially Developed Province by 2025

41 Improving IP Infrastructure to Accommodate Redirected Investment Flows

42 Vinh Phuc Creating Maximum Favorable Conditions for Investors

43 Industry Continues to be Key Economic Sector

44 Breakthrough in Traffic Infrastructure

45 Many Attractive Tax Incentives

46 Enhancing Human Resource Development to Better Serve Businesses

47 Many Positive Signals in FDI Attraction

48 Boosting Cooperation with Businesses in Vocational Training

49 Thang Long Vinh Phuc Industrial Park Creating Breakthroughs in Local Industrial Development

50 Czech Republic Ambassador Pays Working Visit to Vinh Phuc Province

50 65% of Growth Contributed by Industry - Construction Sector

51 Supporting Industries Prioritized for Development



Party General Secretary and State President Nguyen Phu Trong delivers remarks at the Opening Ceremony of the 37th ASEAN Summit

Overcoming Challenges for Peace, Stability and Prosperity of the Region and the World

The 37th ASEAN Summit and Related Summits kicked off virtually in Hanoi on November 12, with the attendance of Party General Secretary and State President Nguyen Phu Trong, Prime Minister Nguyen Xuan Phuc, and National Assembly Chairwoman and Chair of the 41st General Assembly of the ASEAN Inter-Parliamentary Assembly (AIPA 41) Nguyen Thi Kim Ngan.

In his welcome remarks, Party General Secretary and State President Nguyen Phu Trong, said ASEAN member states have manifested resolve and resilience in the face of myriad difficulties and challenges. From political commitments at the highest level to the well-coordinated actions of the entire Community and between member states, we have witnessed the Cohesive and Responsive ASEAN embodied in the fight against the Covid-19 pandemic.

It is Vietnam's consistent policy to engage in diversification and multilateralization of its external relations, to be a reliable friend and partner, and an active and responsible member of the international community, striving for peace, cooperation and development. Guided by that policy line, Vietnam has gone from strength to strength over the past 75 years. Such spirit shall further be the guiding compass for our foreign policy, all the more so as the global landscape is evolving in such complex and unpredictable manner.

Vietnam's ASEAN membership over the past 25 years has served as the cornerstone for its international integration and conducting of foreign affairs. ASEAN has become a common home, and the ASEAN Community is critical to upholding the Southeast Asian identity.

As ASEAN 2020 Chair, Vietnam treasures the solidarity and valuable support of other member countries, ASEAN's partners and friends to help the grouping firmly overcome

challenges, maintain connectivity, build the ASEAN community and consolidate the bloc's centrality, thus building a Southeast Asian region of peace, friendship, cooperation, neutrality and stability.

Delivering the opening speech, Prime Minister Nguyen Xuan Phuc pointed out challenges caused by the Covid-19 pandemic and natural disasters that would "sweep away" social progress and economic achievements built up for tens of decades, and it will take countries many years to overcome these losses.

The Governments of ASEAN member countries have united and acted together since very first days, he said, adding that ASEAN leaders and partners made strong commitments during the Special ASEAN Summit and ASEAN+3 Special Summit on Covid-19 that were held in mid-April when the pandemic began to break out, in the spirit of cohesiveness and responsiveness.

"As 2020 draws to a close, the 37th ASEAN Summit and related ASEAN Summits with its partners shall be instrumental in realizing ASEAN's 2020 key deliverables and priorities and mapping out our future cooperation directions," said Prime Minister Nguyen Xuan Phuc.

Concluding his speech, Prime Minister Nguyen Xuan Phuc believed with its solidarity and self-resilience, ASEAN shall surely rise above its challenges, bringing abundance and prosperity to its 600 million citizens and contributing to thus peace, stability and development in the region and the world. ■



Prime Minister Nguyen Xuan Phuc and VCCI President Vu Tien Loc chair ASEAN Business and Investment Summit 2020

DIGITAL ASEAN

Sustainable and Inclusive

In the framework of the 37th ASEAN Summit and related summits, the ASEAN Business and Investment Summit (ASEAN BIS 2020) themed “Digital ASEAN: Sustainable and Inclusive” was held in Hanoi

T.HUYEN - H.LY

Commitment on joint effort in business support

ASEAN BIS 2020 was organized by the Vietnam Chamber of Commerce and Industry (VCCI) and the ASEAN Business Advisory Council (ASEAN BAC) in collaboration with other agencies. The event was attended by ASEAN leaders, partners and business leaders in the region, demonstrated the spirit of joint cooperation of

governments and the private sector for a developed and prosperous ASEAN region.

Delivering a keynote speech to the summit, Prime Minister Nguyen Xuan Phuc emphasized that the current Covid-19 pandemic is an unprecedented challenge to people all over the world as well as to economies as it has weakened the economy, impeded world trade, disrupted supply chains, prevented mobility of people, and caused business failures. ASEAN is also not immune to these adversities.



Vietnam Business Forum would like to present the welcome remarks by Dr. Vu Tien Loc, Chairman & President of VCCI, Chair of ASEAN BIS, at the ASEAN Business and Investment Summit 2020.

I wish to express that our sincere thoughts and prayers are with the many families and business communities in ASEAN who are being seriously affected by the Covid-19 pandemic, violent storms, floods and landslides. In the Philippines and central Vietnam, at this very moment, thousands of people are mobilizing to fight against yet another terrible storm: Typhoon Vamco.

ASEAN and the global economy are at an historic turning point. The Covid-19 pandemic is one of several occurrences that make this a time of global reckoning. Covid-19, climate change, trade disputes, digital transformation, the 4th industrial revolution, and global integration have presented humankind with unprecedented opportunities and difficult challenges: opportunities for changes and challenges for sustainable development.

Can there be a silver lining in this stormy time? The Covid-19 pandemic continues to wreak havoc, and in many parts of the world the numbers of people infected and dying are increasing rapidly. Most countries are descending into economic depression. This global health and economic crisis requires trans-border solutions. Governments, people, and business communities must come together to deal with a double dilemma: how to manage the worsening public

health threat and at the same time stimulate economic growth. Never before in recent history has partnership between the public and private sectors become such a matter of necessity, if we are to overcome these challenges. And yet, never before in recent history has there been a better opportunity to listen to, contribute to, and learn from important leaders as the world community contemplates the impacts and opportunities before us.

The theme of this ASEAN Business and Investment Summit is 'Digital ASEAN: Sustainable and Inclusive'. We will discuss global investments in the environment, social development, and governance (ESG) in the ASEAN economies. We will share and reaffirm our commitments to promote digital platforms to stimulate sustainable economic and inclusive social growth in these extremely challenging times.

In addition to the social protection response to the Covid-19, we propose that governments focus their economic support packages on micro, small and medium enterprises (MSMEs), youth-led and women-owned businesses, and start-ups. These groups of entrepreneurs suffer the most and yet they generate hundreds of millions of jobs for ASEAN citizens. They are the beacon of hope for our digital economies and the sustainable and inclusive growth model.

Support measures must be immediately executed in the service sectors of aviation, tourism and hospitality. These sectors experience temporary difficulty but promise a quick recovery in the post-pandemic period.

It is our hope that global and regional integration continue to intensify, in the midst of the Covid-19 pandemic, and that ASEAN can be the heart of integration in the regional economy. Earlier this year, the Vietnam Chamber of Commerce and Industry (VCCI) and ASEAN Business Advisory Council established the ASEAN Entrepreneurship Network. This is one concrete example to promote the ASEAN start-up community. We hope the network receives your enthusiastic support from both ASEAN countries and the Dialogue Partner countries. Another example is the Opening of the ASEAN High Tech Logistics Supply at the Vinh Phuc Inland Clearance Depot Logistics Centre, which we will observe tomorrow.

Prime Minister Nguyen Xuan Phuc is with us this morning for the ASEAN-BIS Opening Session. It is a source of support and inspiration for our ASEAN business community who are courageously sailing through these stormy seas to control Covid-19 and to restore the economy of our region.

He added that "Some ASEAN member countries recently suffered from severe natural disasters, successive hurricanes, severe floods and landslides that caused many human deaths, destroyed properties and seriously affected ASEAN businesses."

However, Prime Minister Phuc reaffirmed that, going against headwinds, the enlightened spirit of a self-reliant ASEAN endeavoring for "cohesive and responsive"

cooperation in fighting against the Covid-19 pandemic and effectively recovering and developing the economy, with an overarching goal of ensuring people's health and life while facilitating and serving businesses to promote their active and creative role in economic recovery and development.

He believed that ASEAN BIS 2020 will act as a focal point for leaders and policymakers to meet international organizations and leading businesses in the region. The



☞ summit will be a place to discuss, share experience and best practices to open up opportunities for cooperation and development towards sustainable and inclusive development.

“As the Chair of ASEAN 2020, Vietnam has taken many initiatives, together with other ASEAN countries and partners, to control the Covid-19 pandemic, to carry out the Recovery Plan, which includes facilitating mobility of experts, managers and investors to ensure the uninterrupted operation of supply and distribution chains, production recovery, job creation, income for workers and support of troubled businesses.”

According to the International Monetary Fund (IMF)’s forecast in October 2020, Vietnam is to attain positive growth, which will expand by 2-3% in 2020. Vietnam is working hard to become a destination for many regional and global businesses and investors for cooperate for mutual success,” he emphasized.

Also at the meeting, Prime Minister Phuc affirmed that Vietnam is committed to working together with ASEAN members and ASEAN partners to have practical support programs for businesses in the region, especially in digital transformation, environmental, social and corporate governance (ESG), technology and employment futures in the region, and sustainable and inclusive development; working together to achieve a common goal of placing people and businesses at the heart of development; and at the same time, taking advantage of new opportunities from the shift of global supply chains and investment flows into the ASEAN region.

Actively turning risks into opportunities

Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), said, this ASEAN Business Summit is an opportunity for leaders and the business community in the region to discuss together prospects of ASEAN economies in the coming time, share investment in environmental, social and corporate governance (ESG), foster digitally powered technology development, take care of people’s lives so as to achieve green growth, good governance, sustainable and inclusive

*ASEAN BIS
2020 is
honorably
featured by
keynote
speeches by
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Premier Li
Keqiang;
President of
Indonesia Ir.
H. Joko
Widodo;
Australian
Prime Minister
Scott Morrison;
Prime Minister
of Thailand,
General Prayut
Chan-o-cha
(Ret.),
Malaysian
Prime Minister
Tan Sri
Muhyiddin
Yassin and
many senior
officials from
ASEAN
countries and
partners.*

rapid development and leave no one behind.

In addition to joint relief and reconstruction programs, governments need to focus on measures to support micro, small and medium-sized enterprises (MSMEs), young businesses, women-owned enterprises and innovative startups which are most vulnerable to the Covid-19 pandemic but are also the livelihoods of hundreds of millions of ASEAN people and stars of hope of the digital economy and sustainable and inclusive development models. Necessary support measures for potential but troubled areas such as aviation, tourism, hospitality and restaurant should also be delivered immediately as they may create disruptive development boom after the pandemic.

He expressed his wish that efforts to foster integration and strengthen connectivity between ASEAN and dialogue partners even in the context of pandemic for ASEAN to play the central role of regional economic integration.

“VCCI and ASEAN Business Advisory Council have established the ASEAN Entrepreneurship Network. This is one concrete example to promote the ASEAN startup community. We hope the network receives your enthusiastic support from both ASEAN countries and the Dialogue Partner countries. Another example is the Opening of the ASEAN High Tech Logistics Supply at the Vinh Phuc Inland Clearance Depot Logistics Center,” said Dr. Loc.

Over the past five decades of development, ASEAN has become a dynamic and innovative economic community with more than 630 million people and a total GDP of US\$3,100 billion (2019), becoming the 5th largest economy in the world. This achievement is built on the contributions of the business community, from large entities to MSMEs, young businesses, startups, and women-led businesses.

Along with effective cooperation mechanisms of the business community, such as the ASEAN Business Advisory Council (ASEAN BAC) and the East Asia Business Council (EABC), businesses in the region have cooperated closely to include many important and practical recommendations with many new innovative ideas to ASEAN and ASEAN+3 leaders in order to make ASEAN a bright spot for growth, expand ASEAN’s linkage with Northeast Asian countries in response to new circumstances and work together to overcome difficulties and challenges. ■



Standing Deputy Prime Minister Truong Hoa Binh addresses the Vietnam Business Summit 2020

COHESIVE AND RESPONSIVE ASEAN

Joining Forces to Sustain Growth

Vietnam needs to overcome challenges and seize opportunities to become a destination for the new investment wave in the region. Investment cooperation must be selective, based on mutual benefits and in accordance with international practices.

B.LIEN - H.LY

Commitment to business support

At the Vietnam Business Summit (VBS) 2020 held on November 12 in Hanoi, Standing Deputy Prime Minister Truong Hoa Binh emphasized that “To accelerate economic development, the Government of Vietnam advocates building a development-enabling government of integrity, drastic action and public service and creating a favorable business investment environment. Fostering the digital economy and digital society towards sustainable development, the government will support digital, information technology and communication infrastructure to train high-quality and skilled human resources in order to lift the share of digital economy to 20% of the country's GDP by 2025”.

The Government leader affirmed that the Government has taken aggressive action to support the business community to overcome hardships, turn challenges into opportunities, make good use of Fourth Industrial Revolution (4IR) achievements, attract FDI inflows from restructured global supply chains and production chains, foster trade promotion, digital


transformation and support for new business models, new export, consumption and communication modes among other things. Besides, improving education and training quality, especially higher education and skillful workmanship training for modern economic development, will be focused.

Clearing bottlenecks for integration

According to experts, businesses need to focus on three areas to adapt to global economic fluctuations: Digital transformation, logistics and high-tech agriculture.

Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI) and Chair of the Vietnam Business Summit 2020, said that the last term witnessed a 1.5-fold increase of businesses and three reform waves. We eradicated thousands of sub-licenses, reduced 50-60% of administrative regulations related to business, established a special working group in charge of reviewing shortcomings and overlapped procedures and an investment attraction working group. In the coming time, the Government will



 steadfastly aim at promoting economic development in the new context of Covid-19 pandemic contagion.

Affirming that the digital economy is one of main growth drivers of a sustainable and inclusive economy, Dr. Loc believed that there are many good signals of investment flows into this field. Recently, among 30 Japanese investors asking for relocating their projects out of China to other countries, 15 projects arrived in Vietnam. Specially, Samsung Group of South Korea will put into operation its largest R&D Center in Southeast Asia by 2022. The firm currently contributes 25% to Vietnam's export value.

Regarding cooperation with the United States, VCCI President Loc said that the recent Indo-Pacific Business Forum (IPBF) in Vietnam, attended by more than 2,000 delegates, wrapped up with US\$11 billion of deals signed by Vietnam and the United States.

He believed that the logistics industry is the key for Vietnam to actively join the global value chain. Influenced by the Industrial Revolution 4.0 and the global Covid-19 pandemic, the logistics service industry is changing greatly. Vietnam's logistics industry is a development bottleneck. Logistics costs in Vietnam are highest in the region and the world. Vietnam only needs to tackle this bottleneck to create breakthrough logistics development. There are development opportunities in this field, especially applying information technology and digitization.

As a big exporter of agricultural products in the world, Vietnam's cooperation in high-tech agricultural development will help increase production and quality of agricultural products to better serve rising market demands. Therefore, Vietnam needs to improve the quality and output of agricultural exports, find development directions for agricultural production, and apply science and technology to agricultural production because this is a good opportunity for Vietnam to export agricultural products. ■



Speakers at the Vietnam Business Summit 2020

Mr. DO NHAT HOANG

DIRECTOR OF FOREIGN INVESTMENT AGENCY, MPI

Vietnam has certain advantages such as political stability, rapid and sustainable growth, competitive costs and incentives, abundant human resources, deep integration into the world economy, strong ongoing reforms and lying in the middle place connecting China with ASEAN countries and other countries.

To prepare for foreign investment capital, industrial zone land must be available first of all because capital inflows are mainly channeled into industrial zones. The second is training highly skilled human resources and speeding up training ordered by enterprises.

The third is about energy. The Ministry of Industry and Trade is reviewing the VIII Electricity Scheme. Vietnam is expected to establish billion-dollar investment cooperation in this field. The fourth is promoting supporting industries. In August 2020, the Government issued a resolution to accelerate supporting industries. Fifth, Vietnam has constantly revised its policies in recent years. For example, the revised Investment Law removed many cumbersome policies and procedures and added more incentives.

Foreign investment cooperation must be selective and based on win-win principle. Selection criteria are technology, environment, and specially committed cooperation to bring Vietnamese businesses into global supply chains. Vietnamese companies must be involved in supply chains of foreign investors - This has been institutionalized in the Law on Investment and drafted resolutions.

Ms. DINH THI QUYNH VAN

GENERAL DIRECTOR OF PWC VIETNAM

The PwC Global CEO Survey conducted last July showed that two key trends focused by CEOs in the time of the Covid-19 pandemic outbreak: Prioritizing digitization and building the team for future. Accordingly, 41% of CEOs said growing their business digitally and online is a top priority, followed by 26% of CEOs who planned to build a more flexible workforce with people-center policies.

The Covid-19 pandemic has helped accelerate digital economic growth, enabling companies that are at the forefront of digital transformation to gain certain advantages. Also in PwC's Global CEO Survey, 76% of business leaders believed that automation will be an inevitable trend, meaning significant resources will be needed to facilitate the transition, including the upskill of employees. In the future, businesses will need to focus on finding appropriate options to upskill their employees.

This is the time for them to recognize and reassess their business models and internal capacities, from which they can develop plans for different scenarios that may occur in the future. To stay ahead of current changes, they need to quickly apply new thinking, accelerate digital adoption and proactively bring change in their businesses.

Mr. DO HUY BINH

DIRECTOR OF SMARTLOG SUPPLY CHAIN SOLUTION JSC

In Vietnam, most enterprises are small and medium in size but they have the opportunity to adopt information technology solutions faster than large corporations/global corporations because the latter must change globally. While we work with them, we realize that even small domestic technology companies now have very effective technology solutions. This is an advantage for Vietnamese companies. Vietnam's digital transformation must start from building a database. However, our database is currently very scattered. So, we are working on the database and it will probably take 2-3 years to gather information and convince businesses to cooperate in data sharing.

Path to Prosperity and Sustainability for Vietnam and ASEAN



Dr. DOAN DUY KHUONG
VCCI VICE PRESIDENT, CHAIRMAN OF ASEAN BAC

Despite going on a rough road ahead, ASEAN today has become an important international integration model in the region and the world. In 2020, Vietnam is celebrating the 25th anniversary of ASEAN membership and holding the ASEAN Chairmanship. Vietnam is leading ASEAN in an ever-changing world with intertwined challenges and opportunities. We need to clearly affirm ASEAN's role in comprehensive foreign policy, strengthen ASEAN centrality in multilateral cooperation, and develop business cooperation in the new era toward prosperity and sustainability for the country and for the ASEAN region as well.

1. ASEAN - Vietnam's landmark international economic cooperation strategy

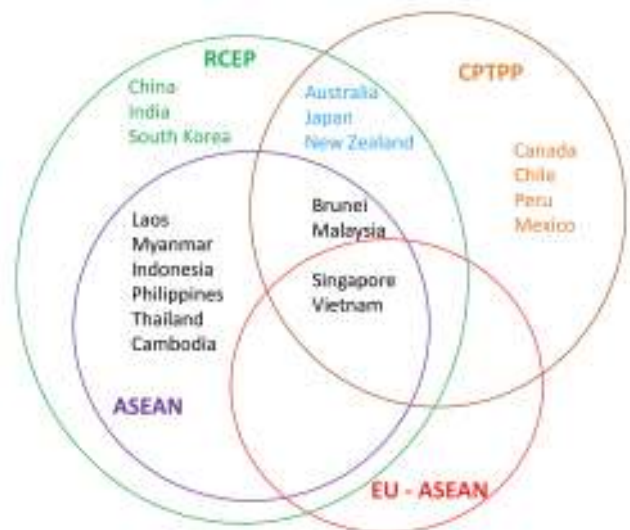


Figure 1: ASEAN centrality

With a population of about 650 million and a total GDP of more than US\$3 trillion, which expanded by 4.7% a year before the Covid-19 pandemic outbreak, the ASEAN market is challenging but attractive to businesspeople and reformers. ASEAN is currently the third largest market in Asia after China and India and its per capita income is increasing. ASEAN's centrality has always been affirmed in strategic cooperation programs in the region and the world (Figure 1).

2020 marks the 70th anniversaries of many traditional relations and 25th special anniversary of relations established in the doi moi era: Normalizing diplomatic relations with the United States on July 11, 1995; joining ASEAN on July 28, 1995 and officially joining the ASEAN Free Trade Area (AFTA) on January 1, 1996. This process has helped us to get rid of obsolete thinking and skeptics in foreign policy and have a more holistic view of a diverse world. These are also considered breakthroughs in action in the bilateral economic integration process (expanding trade relations, exporting goods to over 230 countries and territories) and multilateral integration (Vietnam currently has 16 FTAs with 60 economies). ASEAN is considered a particularly important market for Vietnam and the first market for Vietnamese products to test their competitiveness before entering the



world market. Data from the Ministry of Industry and Trade shows that, in 2019, Vietnam's trade value with ASEAN countries reached US\$57.6 billion, accounting for 12% of its total trade value with the world. In trade relations with ASEAN, Vietnam always takes a deficit, with the import value accounting for 55% of the total trade value.

2. ASEAN cooperation expansion

In a changing world, along with the opportunity for international economic integration and technological development, there are still epidemic challenges, trade tensions and national protectionism trends. In this process, improving competitiveness and cooperation are two parallel solutions. This is also the case for ASEAN, especially to promote ASEAN cooperation development.

ASEAN's importance is always linked to the East Sea when a majority of ASEAN countries are on the East Sea. The East Sea is part of the Pacific Ocean, stretching from the Malacca Strait to the Taiwan Strait, covering 3.5 million square kilometers. The sea lies on artery maritime traffic routes connecting the Pacific Ocean and the Indian Ocean, Europe and Asia, and the Middle East and Asia. This is considered the second busiest international transport route of the world. The East Sea is of great strategic importance: More than 90% of the world's commercial transport is seaborne, 45% of which is carried across the East Sea with a trade value of nearly US\$5.5 trillion a year. Economies of many East Asian countries and territories are heavily dependent on this sea route, including Japan, South Korea, Taiwan, Singapore and even China. This essential traffic route carries oil and commercial resources from the Middle East and Southeast Asia to Japan, South Korea and China. Maritime resources are critical to the food security of hundreds of millions of people in Southeast Asia. Huge oil and gas reserves are believed to be on the seabed (According to China, oil and gas reserves in the East Sea are estimated at 213 billion barrels, of which oil reserves in the Spratly Islands may be up to 105 billion barrels).

ASEAN is in global economic cooperation strategies such as Asia-Pacific and Indo-Pacific, with the focus shifted toward the Indo-Pacific region.

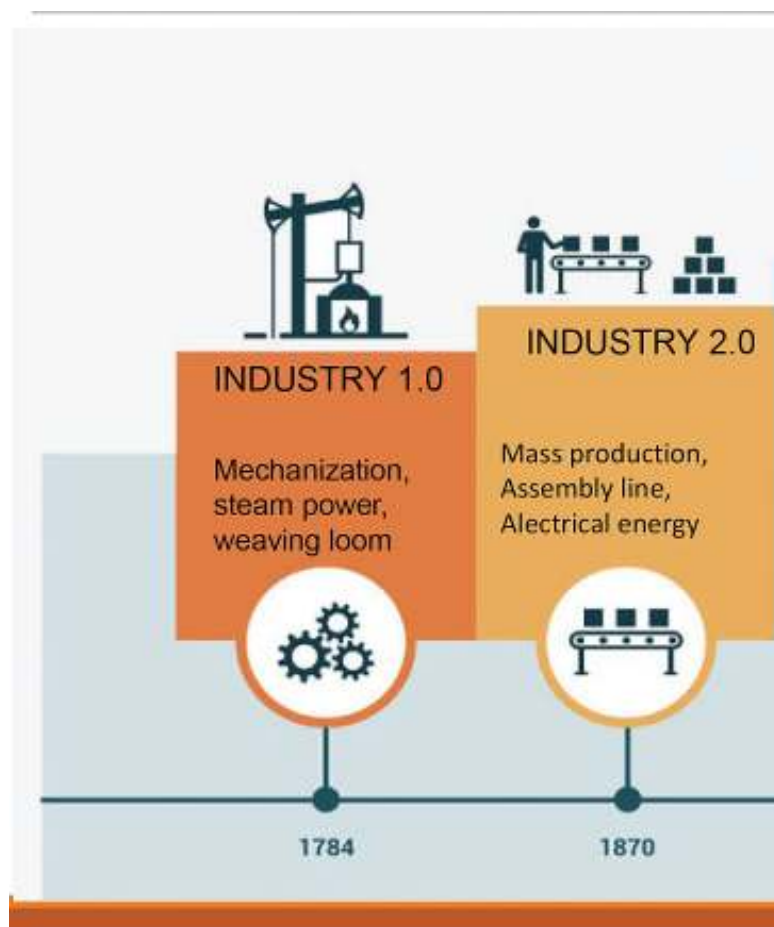
ASEAN always focuses on regional business cooperation, with industrial production considered the engine of the economy and also the subject of industrial revolutions. ASEAN launched cooperation and development programs for 12 priority sectors: 1. Agricultural products; 2. Air travel; 3. Automotive; 4. e-ASEAN; 5. Electronics; 6. Fisheries; 7. Healthcare; 8. Rubber-based products; 9. Textiles and apparels; 10. Tourism; 11. Wood-based products and; 12. Logistics services.

3. Industrial production and digital transformation - The path to prosperity and sustainability for Vietnam and ASEAN

In a world that is both collaborative and competitive, improving internal capacities is prerequisite. Capacity In a world that is both collaborative and competitive, improving internal capacities is prerequisite. Capacity building requires breakthroughs in production, services, and finance. However, it is necessary to select priority industries that can result in

breakthrough development and exert ripple effects on all three factors with a synergized combination of scale, speed and optimization. For example, 40 years ago when doi moi was initiated in Vietnam, Directive 100 dated January 13, 1981 of the Party Central Secretariat on products contracted to groups of workers and workers in agricultural cooperatives, created a great development step in agricultural production and the first step of forming a market economy in our country. The breakthrough and success of the agricultural sector stimulated and spread to other industrial sectors.

The organic relationship between production and industry with industrial revolutions (Figure 2) is aimed for a superior mode of production.



The first Industrial Revolution began in England in the late 18th century, with the mechanization of the textile industry. Laborious manual work done by hundreds of weaving households was replaced in a single cotton mill. The factory was born. The second Industrial Revolution took place in the early 20th century when Henry Ford set up an automatic assembly line, ushering in the era of mass production. The first two industrial revolutions made people richer and accelerated urbanization. In the third Industrial Revolution, production was digitized. This process changed not only business operations but many other things. Production digitization changed the way goods were produced. For example, a quarter of the labor force worked in the

manufacturing sector in the 1950s, compared to just 9% now. This also explains why the Covid-19 pandemic virus, transmitted from human to human, has helped accelerate digital industrial revolution.

The Fourth Industrial Revolution (or Industry 4.0) is about applying automation to traditional industrial and production activities, using modern smart technology. Machine-to-machine (M2M) communication and internet of things (IoT) are integrated to enhance automation, improve communication and self-monitoring, and produce smart machines that can analyze and diagnose problems without human intervention. Industrial revolutions always met three

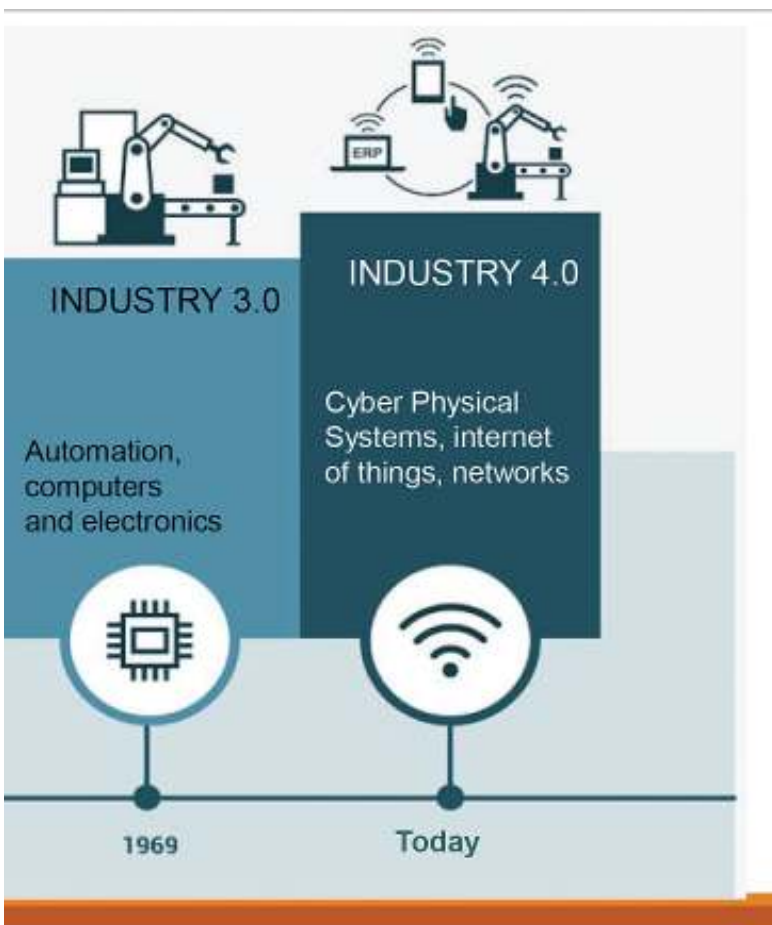


Figure 2: Industrial revolutions

factors of improving manufacturing capacity: speed, scale and optimization.

For the economy, the manufacturing sector is an engine of growth. However, to seize opportunities of the Fourth Industrial Revolution (4IR) and deal with environmental and social emergencies, with increasing trade tensions, supply chain shifts and economic uncertainty, manufacturers must develop new and adaptive capacities. Furthermore, international integration programs, including ASEAN, require domestic production of goods to enjoy preferential tariffs through regulations on processing content and origin of inputs.

Industrial manufacturers can develop strongly and lead a sustainable revolution in the digital world. They are best positioned to successfully navigate this storm by utilizing advanced manufacturing technologies and solutions in their factories and supply chains to create value, improve operations and increase sustainability. To be successful in the rapidly changing 4IR landscape, their factories must operate in a new way. That requires a strong focus on identifying problems and then creating solutions, not just adding tools to existing processes. Factories create new operating systems incorporated with technology in an agile approach and maintain continuity to create new ways to enhance performance and scale up new solutions in business. These businesses can offer valuable lessons for those at risk of lagging behind.

The manufacturing industry needs a clear vision and leadership: Identifying and gathering most advanced domestic and regional firms that are demonstrating leadership in applying advanced manufacturing technologies, including, IoT, big data analysis to drive large-scale operational and financial impact and end-to-end value chain transformation.

Production policymakers need to utilize 4IR to promote structural transformation of industrial production, otherwise it will be difficult to rapidly grow GDP and create jobs. Industrial production development can also ensure better national security and defense.

Digital transformation trends will give ASEAN, with a young population (60% under 35 years old), many opportunities to enhance industrial production capacity in the current wave of supply chain transformation in the world. According to economists, for the time being, ASEAN should focus on cooperation on four programs:

1/ ASEAN common data policy: In engineering technology, standards are No. 1 priority. So, it is necessary to develop a common regional data policy (this is also one of the main activities of ASEAN Manufacturing Network, recently established under the auspices of ASEAN BAC)

2/ ASEAN digital skills training: Any technological solution must take into account impact on workers and place people at the center. A common commitment should be created to provide digital skills training for the ASEAN workforce.

3/ Application in business: Industrial production: Robot, IoT, AI, Big Data; Commerce: E-commerce; Finance and banking: Fintech (ASEAN electronic payment: Building a common ASEAN electronic payment framework)

4/ ASEAN cybersecurity: Strengthening cooperation and capacity building in ASEAN cybersecurity

By 2030, ASEAN will be the fourth largest economy in the world, with a forecasted population of 720 million and an expected GDP of US\$7 trillion. Certainly, digital transformation is one of the best trends for ASEAN and Vietnam to prosper and grow sustainably. The leading role of Vietnam in the ASEAN Chairmanship Year will help realize the ASEAN digital economy, advancing towards a truly cohesive and responsive ASEAN 2020. ■

Changes for Stronger, More Responsive Women Entrepreneurs



Vice President Dang Thi Ngoc Thinh and other distinguished delegates at the ASEAN Women CEO Summit

With four seminars featuring speakers who are famous experts, typical female entrepreneurs in ASEAN on solutions to support women-led businesses to actively adapt to the Covid-19 pandemic; promote digital transformation and comprehensive recovery for women-owned businesses; smart investment through gender lens and promoting effective partnerships through networks, the ASEAN Women CEO Summit: “Making changes for a stronger and more responsive women entrepreneur community”, has enhanced the image and position of the Vietnamese Women entrepreneur community in Vietnam’s 2020 ASEAN Chairmanship.

ANH MAI

The conference is part of activities hosted by the Vietnam Chamber of Commerce and Industry (VCCI) in the year ASEAN - Vietnam 2020 on the sidelines of the ASEAN Summit, while continuing the success of the Vietnam Women Entrepreneurs Council in the initiative to organize the APEC, ASEAN Women Entrepreneurs Forum, as well as the establishment and operation of the ASEAN Women Entrepreneurs Network (AWEN) for the first term 2014 - 2016. The meeting attracted more than 500 delegates who were representatives from all departments, ministries and sectors of the Vietnamese government, ASEAN Secretariat, ASEAN Committee on Women, representatives from Embassies, international organizations, experts, and women business associations and female entrepreneurs from ASEAN member countries.

According to Vice President Dang Thi Ngoc

Thinh, the Covid-19 pandemic has caused heavy losses to the world economy in general and ASEAN countries in particular. The world economy has plunged into a crisis, a severe recession, serious decline in trade, volatile financial market, supply chain breakdown which have potential risks and direct impact on the ASEAN socio-economy, including the ASEAN business community. Therefore, the adaptation in the normal state is necessary for all countries, businesses and citizens.

Assuming the Chairmanship of ASEAN 2020 in the context of the pandemic outbreak, Vietnam has strived to organize many activities in accordance with the theme "Cohesive and responsive ASEAN". From the Chairman's Statement of the 36th ASEAN Summit (in June 2020), women in ASEAN countries in general and business women in particular have been strongly inspired by the affirmation of ASEAN's commitment to promote gender equality and women empowerment in the digital age.

Vice President Thinh hoped that economic experts from Vietnam, ASEAN and the world, policy makers, and ASEAN women entrepreneurs, would discuss actively and frankly on urgent and practical topics of the summit, thereby suggesting solutions and recommendations to the ASEAN Business Advisory Council and relevant ASEAN summits; contributing to building ASEAN for "a vision, an identity, a community of cohesion and prosperity."

"The Vietnam Women Entrepreneurs Council and members of the ASEAN Women Entrepreneurs Network (AWEN) have made efforts to overcome current difficulties and challenges and promote cooperation and development in the region," said Ms. Thinh.

She also believed that AWEN would become the leading forum for female entrepreneurs in the region to lead the business community to economic integration; to unite and proactively respond effectively to the impact of the Covid-19 pandemic and climate change; women entrepreneurs would seize opportunities from the Fourth Industrial Revolution, the support of ASEAN member states for strong and sustainable development, for a strong and more responsive ASEAN women entrepreneur community.

With the message "Making changes for a stronger and more responsive women entrepreneur community", The ASEAN



Dr. VU TIEN LOC

CHAIRMAN & PRESIDENT, VIETNAM CHAMBER OF COMMERCE AND INDUSTRY

The formation of the ASEAN Women Entrepreneurs Network (AWEN) is an initiative of Vietnam and has been implemented by VCCI through the leading role of the Vietnam Women Entrepreneurs Council (VWEC). During the six years since its establishment, AWEN has been considered a common home for businesswomen to contribute a voice in policy making as well as promote gender equality and economic development of ASEAN countries.

In the coming time, I hope that AWEN will continue to expand its arms to connect female entrepreneurs in the region, promote the development of the ASEAN economies toward innovation, tolerance and appropriate responses to unpredictable business environments.

Mr. LE TAN DUNG

DEPUTY MINISTER OF LABOR, INVALIDS AND SOCIAL AFFAIRS

According to the UNESCAP report, the proportion of women business owners is increasing significantly, with 61.3 million female entrepreneurs. Thus, enhancing women's entrepreneurship not only helps them to strengthen their economic power, but also contributes to the prosperity and inclusive development of the society. However, women have to face some business issues related to marketing capacity, capital resources, and business management skills. In the context of the strong digital transformation, women are in a more difficult position than men, so it is necessary to strengthen the development of skills in techniques, technology and information to take advantage and to better promote their corporate governance and career potential.

"I am confident that the ASEAN Women Entrepreneurs Network will continue to play a leading role in implementing ASEAN initiatives to promote women-owned businesses; strengthening economic power and gender equality in the region. These efforts will contribute significantly to building an ASEAN community that is actively adaptive and flexible in the context of digitalization and emerging global challenges."

Women CEO Summit 2020 unanimously adopted five recommendations for ASEAN economic leaders to move forward to ASEAN ABAC and relevant ASEAN senior leader's meetings.

It is to improve access to opportunities and supporting resources, especially financial resources from government, credit institutions, and social institutions for women-owned enterprises to increase their resilient capacity and promptly and effectively respond to the immediate challenges caused by the Covid-19 pandemic and quickly make a comprehensive recovery from the pandemic.

It is important to promote human resource development, strengthen capacity and access new technologies, and equip female entrepreneurs with digital knowledge and tools. It is necessary to facilitate gradual digital transformation for businesses, including women-owned micro, small and medium enterprises (MSMEs) in business activities.

Besides, it recommended building a gender responsive ecosystem for business development; strengthening national financial policies, legal frameworks, infrastructure and institutional reforms to encourage capital market creation and promote smart investment through gender lens for business and production activities and services.

The summit supported AWEN's recommendations released in August, 2020: Integrating the Economic Empowerment Program of Women in the ASEAN Economic Community. This is a landmark initiative to increase women's economic empowerment through innovation, inclusive business and human resource development.

The meeting also called for strengthening cooperation among organizations in ASEAN such as the ASEAN Secretariat, the ASEAN Committee on Women (ACW), ASEAN ABAC with AWEN to support and guide AWEN's activities, helping AWEN generate more opportunities for women to participate in business activities within and outside ASEAN. ■

EABC Supporting Businesses to Mitigate Covid-19 Pandemic Impact

Business leaders representing 13 East Asian countries, including 10 ASEAN countries and three ASEAN partners - China, Japan and South Korea, attended the 49th Online Meeting of the East Asia Business Council (EABC).

EABC 2020 Chairman Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), presided over this online conference, stating that the Covid-19 pandemic is still very dangerous, troubling the world economy longer than expected and causing the next wave of infections in many countries. Therefore, this meeting could not be held physically in Hanoi as expected.

He said, the EABC Meetings with ASEAN + 3 senior economic officials on July 26, 2020, with the ASEAN + 3 Economic Ministers on August 28, 2020 and ASEAN + 3 senior officials and Economic Ministers highly appreciated EABC contributions and emphasized its recommendations to respond to the Covid-19 pandemic and support businesses to keep operations and development, thus contributing to the common prosperity of the region.

The East Asian business community supports and hopes the Regional Comprehensive Economic Partnership (RCEP) will be soon signed and approved to ensure a high-quality valuable agreement to all parties in this necessary moment.

In addition, other agricultural products should be included in the ASEAN Plus Three Emergency Rice Reserve (APTERR).

EABC and JETRO conducted a survey on business outlook and digitization strategy in the new normal. The survey recommended fostering public-private partnership in the region to carry out activities that support and encourage

micro, small and medium-sized enterprises (MSMEs) to join digital transformation and build the code of conduct for this sector to facilitate digital application (e.g. digital signature and secured and harmonized digital rules in the RCEP).

EABC also proposed integrating the East Asian Business Exchange (EABEX) on the ASEAN + 3 website to promote public-private partnerships and strengthen regional economic integration.

In addition, EABC launched the East Asian Customs Practices e-book in December 2019 and planned to release the second East Asian Investment Practices in 2021, including information on investment legislation in the region such as procedures, tax regulations, infrastructure, incentives and risk management measures.

The above contents will be included in EABC's Recommendation Report, to be submitted to the ASEAN + 3 Leaders at the next meeting between EABC and ASEAN + 3 Leaders.

The East Asia Business Council (EABC) was inaugurated in 2004 by 10 ASEAN countries, and China, Japan and South Korea (ASEAN + 3), to provide private sector perspective and feedback to deepen economic cooperation and to promote the region's economic growth.

EABC members are leaders of large businesses from ASEAN + 3 countries and each country has a maximum of three representatives appointed by their governments. The incumbent EABC Chairman is Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry.

Since its inception, every year, EABC holds many internal meetings and consultation meetings with ASEAN + 3 economic officials and economic ministers to make recommendations on promoting trade and investment and fostering regional integration to ASEAN + 3 Leaders.

The 50th EABC Meeting is expected to be held in January 2021. ■

L.A



Up to now, Vietnam has

Vietnam Becomes

“Resolution 55 of the Politburo not only charts a path for the renewable energy industry in Vietnam, but also captures development trends of the region’s energy demand. If it follows a right track, there will be a potential advent of big renewable energy investors. This will be a real driving force for Vietnam's economic development,” said Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), at the Forum on “Resolution 55-NQ/TW and solutions for renewable energy development in Vietnam.”



The forum was recently organized by the Business Forum Magazine in cooperation with the Advisory Council for Science, Education and Environment (affiliated to the Central Committee of the Vietnam Fatherland Front) in Hanoi.

ANH MAI

102 solar power projects in operation with a total installed capacity of 5,245 MW

Vibrant Renewable Energy Market in Southeast Asia

A sharp rise in size and scale

Energy is an important and complicated problem that all countries face in social and economic development. This is even more accurate and practically meaningful for developing countries. In Vietnam, a fast-growing economy demands much energy. This poses great challenges to the country when primary energy sources such as coal, oil and gas are exhausted and insufficient for domestic demand.

Data show that the country may face severe power shortage in 2021 - 2025, which may amount 13 billion kWh of electricity by 2023 while oil-fueled power generation accounts for nearly 11 billion kWh. By the end of 2023, Vietnam will fall short of 12,690 MW. Power shortages will be improved in 2024 and 2025 as some thermal power plants start commissioning. The shortfall is forecast at 7,250 MW in 2025.

To deal with this nuisance, according to Dr. Loc, the Politburo issued Resolution 55-NQ/TW dated February 11, 2020 on Vietnam's national energy development strategy to 2030, with a vision to 2045.

The resolution emphasizes and prioritizes the construction of breakthrough mechanisms and policies to encourage and promote the strong development of renewable energy sources in order to completely replace fossil energy sources, quickly build a synchronous, competitive and transparent energy market, and diversify ownership forms and business modes. Market pricing will be applied to all types of energy.

All economic sectors, particularly the private sector, are encouraged and facilitated to take part in development, resolutely eliminate all manifestations of subsidy, monopoly, unfair competition and lack transparency in the energy industry.

According to Mr. Nguyen Van Vy, Vice Chairman of the Vietnam Energy Association, as the economy continues to expand, Vietnam's demand for primary energy sources is expected to increase by 4.6% a year on average, from 105 MTOE (million tons of oil equivalent) in 2020 to 321 MTOE

by 2045. The main sources will be coal and gas used for power generation and transportation.

Given Government-backed incentive policies for renewable energy source development, many investors have actively conducted research and investment in renewable energy power projects. As of the end of August 2020, the total capacity of wind and solar power sources approved is nearly 23,000 MW, including 11,200 MW of solar power capacity and 11,800 MW of wind power capacity.

According to the Electricity and Renewable Energy Department under the Ministry of Industry and Trade, over the past two years, Vietnam has made strong strides in renewable energy projects. Up to now, the country has 102 solar power projects in operation with a total installed capacity of 5,245 MW.

In the second quarter of 2019 alone, nearly 90 solar power projects with a total capacity of about 4,000 MWp were put into operation. This was a record workload in Vietnam's electricity development and a record number of plants put into operation.

With a record installed capacity of new solar farms brought into operation, Vietnam has become one of the most vibrant and attractive renewable energy markets in Southeast Asia.

Challenges for synchronous development

VCCI President Loc said, this speedy development pace is posing new challenges to synchronous development of the grid system, land use, electricity pricing, technology, human resources/employment and finance.

Dr. Loc said, there are still many bottlenecks that slow down project progress; some even lose their direction and risk cancellation. The management and coordination of central and local agencies on policy enforcement in some cases is not clear or tight. Supply and demand planning and forecast remains weak.

According to Mr. Nguyen Van Vy, although the



The Organizing Committee awarded the title “Vietnam Renewable Energy Project” to 11 projects which are beneficial to the community and the economy and have qualified for strict selection criteria concerning environment, design and engineering.

Mr. NGUYEN QUANG HUAN

MEMBER OF THE ADVISORY COUNCIL FOR SCIENCE, EDUCATION AND ENVIRONMENT, CENTRAL COMMITTEE OF THE VIETNAM FATHERLAND FRONT

The waste-to-energy potential has not been properly tapped. There are many shortcomings in investment selection. Besides, there is no consistent guideline or policy on investment selection of different technologies, depending on the capacity and potential of each locality. The insufficient understanding of technology across local levels risks investor or technology selection.

Given the current amount of waste, estimated at 46,000 tons a day (according to GIZ), if it is not burned to produce electricity, we are wasting $46,000 \times 0.7 = 32,600$ MW a day or nearly 1,400MW an hour, equivalent to 20% of the total current capacity of wind and solar power generation, let alone the negative impacts of improper waste treatment on society and the environment.

On future renewable energy development trends, PPP and private investment should be encouraged in renewable energy development.

Mr. DO DUC QUAN

DEPUTY DIRECTOR OF THE DEPARTMENT OF ELECTRICITY AND RENEWABLE ENERGY, MINISTRY OF INDUSTRY AND TRADE

In the coming time, to develop a strong and sustainable renewable energy, it is necessary to focus on main contents: policy, transmission infrastructure and power system operation.

On the policy, large-scale renewable energy projects will shift to bidding. Qualified developers will be the investors that offer the lowest selling price for solar-terrestrial and floating solar power projects. Although it takes more time to enforce this mechanism, it will be fairer and more transparent for investors, and ensure harmony and balance between the development status of renewable energy power projects with transmission grids.

In addition, it is necessary to promote the development of distributed renewable energy systems to serve local consumer needs such as industrial parks, commercial and service consumers and residents by installing rooftop solar power panels to feed their own needs in addition to purchasing electricity from the grid.

Furthermore, it is necessary to build and perfect Vietnamese standards and regulations to ensure the more sustainable development of renewable energy.

Prof. Dr. DANG THI KIM CHI

MEMBER OF ADVISORY COUNCIL FOR SCIENCE, CENTRAL COMMITTEE OF VIETNAM FATHERLAND FRONT

Each type of renewable energy has its own advantages and disadvantages. For example, to absorb solar energy, we need a large area of land for solar cells. In addition, solar panels are manufactured from silicon and some metals that will result in extracting minerals and other natural resources.

Although wind power development does not occupy as much area, the effect of energy production is also higher than that of solar energy. However, not all places have enough wind for power generation, although it is very safe and environmentally sound.

Each type of potential renewable energy is encouraged for development in Vietnam because it helps to reduce greenhouse gas waste, avoids further climate change effects, and reduces pollutant emissions. Using renewable energy is inevitable in the future. But, we need to take into consideration the terrain and local socioeconomic conditions when we choose a type of renewable energy.

Mr. NGUYEN HOAI BAC

CHAIRMAN OF IQLINKS, DIRECTOR OF SUNSEAP LINK VIETNAM SOLAR POWER COMPANY

Proposing the Ministry of Industry and Trade to submit the scheme on socialized investment of electricity transmission lines to the Prime Minister, many investors explained that if we allow private investment in power transmission, the state budget burden will be much “eased.”

The biggest benefit of private investment is the common interests of the society, businesses and consumers. When the so-called monopoly does not exist, investors will have to balance their interests and consumers’ needs. At this point, consumers will be respected and encouraged to use different power sources in a more rational and optimal way.

☞ government has also issued policies and mechanisms to promote renewable energy development such as the Renewable Energy Development Strategy, biomass, solar and wind power purchase price support mechanism, increased solar and wind power projects to the electricity development planning; and planned policies on solar and wind power auctioning for the coming time, the renewable energy sector is yet to be developed rapidly and widely in Vietnam because investors are still facing various barriers such as institutional

barriers, legal barriers, investment barriers, technical barriers, trade barriers, market entry barriers and barriers to technical human resources.

Therefore, Mr. Vy said that the Ministry of Industry and Trade should soon complete the Action Program for implementation of the Renewable Energy Development Strategy and submit it to the Prime Minister for approval. In this program, it is necessary to include necessary legal documents and regulations. ■

ECONOMIC AND INDUSTRIAL ZONES

Ensuring Economic Benefits and Environmental Protection

In the context of intensive integration and vibrant Industrial Revolution 4.0, Vietnam is supposed to innovate and restructure its industrial park model to catch up with global trends. Developing industrial parks must ensure harmonization of long-term interests, socioeconomic effect, environmental protection and sustainable development.

QUYNH CHI



38 industrial parks with a total area of about 16,600 ha, including the rented area of nearly 10,000 ha. Among them, 20 industrial parks are operational, covering about 8,500 ha.

According to CBRE, the average occupancy rates of industrial parks in the major cities of the north and the south were more than 92% and 80% by the end of 2019, respectively.

In addition, over the past two years, the supply of ready-built factories has increased significantly in Vietnam's major industrial parks. As of 2019, the southern region of Vietnam (including Ho Chi Minh City, Binh Duong, Dong Nai and Long An) had about 380,500 square meters of ready-built factories, up 18.9% year on year. Meanwhile, the supply of the northern region (including Hanoi, Hai Phong, Bac Ninh, Hai Duong and Hung Yen) was 321,420 square meters, up 25.2% over 2018.

The above figures show the great magnetism of industrial parks and economic zones. However, the average

The auto assembly line of Thaco Group in Chu Lai Open Economic Zone in Quang Nam province

High occupancy rate but low investment rate

After more than 30 years of development, economic zones and industrial parks in Vietnam have become increasingly favored models to attract both domestic and foreign investment funds. According to statistics, by the end of June 2020, industrial parks and economic zones in the country attracted 9,835 foreign investment projects with a total registered capital of about US\$197.8 billion, and 9,650 domestic investment projects with VND2,310 trillion (US\$100 billion) of investment capital. The disbursed rate is about 46.3%.

According to the Ministry of Planning and Investment, as of the end of June 2020, Vietnam had 336 industrial parks covering 97,800 ha. They had good industrial infrastructure, warehousing and logistics services to meet investment and manufacturing needs of domestic and foreign investors. In addition, the country had 17 coastal economic zones with a total land and water surface area of more than 845,000 ha, with over 40,000 ha leased to tenants. Inside economic zones, there are

investment rate of projects in industrial parks is only US\$4.61 million per hectare of rentable industrial land. This rate already increased but it remained relatively low. In addition, the slow implementation of projects, slow land allocation or excess land lease area are quite common and harmful to investment efficiency.

According to the Ministry of Planning and Investment, the quality and effect of investment attraction in industrial parks and economic zones is still below development requirements; connectivity and cooperation of tenants inside and among industrial zones and economic zones is still weak. Localities and infrastructure investors still focus on “extensive” development: Attracting secondary investors, rather than focus on “intensive” development: Attracting investors by the sector that makes high added value, uses modern technology and ensures environmental protection. At present, there are only a few separate production cooperation models in industrial parks and

(continued on P.27)



INDUSTRIAL AND ECONOMIC ZONES

Ready to Accommodate New FDI Wave

What do you think about the roles of economic zones, industrial parks and export processing zones in attracting foreign direct investment (FDI)?

The roles of economic zones, industrial parks and high-tech parks have been vividly illustrated by their important contributions to the country's development, reflected in economic, environmental and social aspects.

The remarkable prosperity of the nation's socioeconomic development in the doi moi (renovation) era has been deeply marked by industrial parks and economic zones. Throughout more than 30 years of development, industrial parks and economic zones have successfully attracted a large amount of domestic and foreign investment capital, improved the effect of land use, increased export value, created jobs and increased budget revenue.

According to a report by the Ministry of Planning and Investment, Vietnam had 369 industrial parks with a total area of 113,300 ha by the end of October 2020 (including industrial parks inside coastal economic zones and border economic zones), of which 73,600 ha is rentable industrial land (accounting for about 65% of the total land area). Industrial parks and economic zones across the country attracted 591 foreign investment projects with about US\$8.3 billion of investment capital in the first 10 months of 2020. Industrial parks and economic zones are still considered the best approach to lure investment, and play an important role in the country's industrial development process and socioeconomic development strategy.

In addition, tenants in industrial parks and economic zones continue to grow and develop, thus making greater contributions to socioeconomic development. Accumulatively, by the end of September 2020, they reported revenues of US\$135.7 billion, the export value of US\$10.1 billion (up 0.7% over the same period in 2019), and tax and fee payment of VND79.8 trillion (US\$3.3 billion) to the State Budget (up 1% year on year). They employed 3.83 million workers.

Besides, with the formation of industrial parks and economic zones, industrial production in Vietnam has increased substantially. Industrial parks and economic zones have also helped promote infrastructure modernization, functioned as a



Foreign investors are clearly moving their supply chains into Vietnam. In many localities, industrial parks, export processing zones and high-tech zones have prepared necessary conditions to accommodate this investment flow. Our reporter has an interview with Dr. Vo Tri Thanh, Director of the Institute for Brand and Competition Strategy. Thu Ha reports.

nucleus to form new urban areas and helped environmental protection and sustainable ecosystems.

How has the infrastructure of industrial parks and economic zones improved to attract foreign investors and accommodate investment flows?

In addition to incentive policies, the infrastructure of industrial parks and economic zones is key to attract investment. Thus, the infrastructure system in industrial parks and economic zones across the country has been heavily invested. Centralized power supply, traffic, water supply, waste treatment and warehouse systems have been built to readily serve investors.

According to the Ministry of Planning and Investment, among 369 established industrial parks, 280 are in operation, covering 82,800 ha, of which rentable industrial land is 56,600 ha. They rented 39,800 ha (occupancy rate of 70.1%). 89 industrial parks are under construction, covering 30,500 ha of land, including 16,300 ha of rentable industrial area. Currently, 247 out of 280 operational industrial parks (88.2%) have centralized wastewater treatment facilities with a daily maximum capacity of over 1.1 million cubic meters of wastewater.

From 2020 onwards, as the investment flow shift is geared up, industrial parks should boost investment in building prefabricated factories with integrated services and new technologies for lease. Besides, this is expected to change industrial parks from the traditional model to service-based high-tech parks

associated with modern urban areas, and prioritize eco-industrial parks and renewable energy industrial parks.

In addition to infrastructure development, human resource training policies for economic zones have been consistently applied among localities to ensure the supply of high-quality human resources for investors.

Industrial parks and economic zones have fostered the formation and development of peer clusters to develop production networks and value chains, enhance the capacity of supporting industries and the competitiveness of Vietnamese enterprises, especially in the context of the country's deep international integration and a strategic shift of quality FDI flows. What do you think about this?

To draw quality FDI flows and leading companies, industrial parks and economic zones not only need to prepare clean land,

good human resources and highly internationally competitive incentives, but also need good approaches and policies on development of industry-related clusters. The most essential nature of an industry-specific cluster is the effective linkage of all stakeholders involved in production and business activities, value chains and supply chains, as well as the role of leading companies and small and medium-sized enterprises (SMEs).

In Vietnam, from the perspective of industry-specific industrial parks, many handicraft villages, industrial parks and economic zones are gathering similar and associated business fields into one place which is established and developed logically, without intentional intervention by the Government and local authorities. Tourism and oil and gas associated parks are formed and situated in areas with favorable natural conditions like Central Tourism Cluster, Southeast Oil and Gas Cluster or Mekong Delta Agricultural Product Cluster. Export processing zones are primarily concentrated in the south, especially areas around Ho Chi Minh City (for example, textile and garment, leather and footwear and electronics) while clusters of heavy industries, which tend to use much capital, tend to be in the north, particularly areas around Hanoi and neighboring provinces (for example, automobile and motorbike mechanical clusters, electronics and refrigeration clusters).

However, associated clusters still lack sustainability and cohesion, giving rise to limited impacts on tenants and outside companies. In addition, they lack specific long-term sustainable programs that have a truly useful impact on businesses.

What do you think about the development of eco-industrial parks?

Eco-industrial parks are increasingly recognized as an effective tool for sustainable development. This concept seems to be new but it is, in fact, a popular trend in many countries around the world such as China, South Korea, Japan, the United States, Australia and many European countries.

In essence, an eco-industrial park is a “colony” of closely-linked manufacturing and service companies that share the same interests, work toward high-quality social, economic and environmental activities, and advance cooperation in managing environmental and resource issues. With their close cooperation,

the “colony” will achieve an overall effect much greater than the total combined effect of individual enterprises. Decree 82/2018/ND-CP of the Government on management of industrial parks and economic zones clearly states incentives for the development of eco-industrial parks and criteria for eco-industrial parks in Vietnam. Directing industrial parks toward eco-industrial parks is an expanding trend and helpful to Vietnam's green growth strategy.

The Ministry of Planning and Investment carried out a pilot project on three eco-industrial parks in Ninh Binh, Da Nang and Can Tho. After four years, 72 companies joining this project have applied resource efficient and cleaner production (RECP) solutions to enhance resource efficiency. These are the first steps to modern and sustainable development of eco-industrial parks.

Could you please tell us how to scale up this eco-industrial park model? In the coming time, what will economic zones, industrial parks, export processing zones and high-tech industrial parks need to prepare to capture redirected investment flows?

Applying eco-industrial parks in Vietnam is one solution toward green growth and sustainable development. However, to develop and replicate this model, the policy system plays a very important role. There must be multi-stakeholder cooperation of government, business, community, researchers and consumers.

For State administration, competent agencies from central to local levels, especially managers of this model, need to have a clear awareness of the concept, benefits and conditions to transform them into eco-industrial parks. Besides, there must be a legal basis for relevant agencies to implement this model.

From a business perspective, it is necessary to understand benefits of this model and understand strategic directions of the Government.

Another important factor is the need for a preferential loan mechanism, enabling businesses to easily access capital to have more opportunities to apply technology and solutions for efficient use of resources and cleaner production.

While promoting and scaling up eco-industrial parks, given that redirected investment flows are increasingly clear, industrial parks and economic zones need to prepare sufficient clean ground and build new industrial parks and export processing zones with full technical and social infrastructure.

In particular, they may consider reducing administrative procedures for displaced FDI factories to save time, quickly go into operation after being relocated and reduce costs for businesses. They need to assign priority to developing logistics systems and simplifying import and export procedures to minimize logistics costs in Vietnam. Currently, the Ministry of Planning and Investment proposed four groups of solutions, including: Investment promotion; quality investment attraction; investment climate improvement and ready preparations to welcome investors, and investment supports and incentives. The revised Investment Law and other related laws have added competitive incentives to create more favorable conditions for investors.

Thank you very much!



Industrial parks and economic zones are aggressively upgrading infrastructure to accommodate companies moving their supply chains into the country



ECO-INDUSTRIAL PARKS

Sustainable Approach to Vietnam Industrial Development

Eco-industrial parks in Vietnam are one solution for green growth and sustainable development. Developing an eco-industrial park helps improve economic performance while minimizing environmental impacts, improving resource efficiency, reducing waste, and fostering green industry development.

GIANG TU

Rapid industrial development and mushrooming industrial zones are generating waste with negative impacts on the environment and human health. According to statistics, 13% of current operational industrial parks have no wastewater treatment plants and 18% of industrial waste is hazardous. Dirty emissions have a great impact on the living environment of communities surrounding industrial parks and export processing zones.

In that context, developing eco-industrial parks is a right approach for environment- friendly and society-conscious sustainable production. Accordingly, the amount of resources consumed will be decreased while economic growth and business performance in eco-industrial parks are not affected.

Three basic elements of an eco-industrial park are environmental management and resource efficiency, cleaner production in each tenant in the industrial park, and industrial interdependent networks of tenants and green infrastructure in the industrial park. Eco-industrial parks have been successful in many countries such as China, South Korea, Japan, the United States, Australia and many European countries.

The Government's Decree 82/2018/ND-CP dated 22 May 2018 on management of industrial parks and economic zones, effective from July 2018, is the first legal document in Vietnam to lay the foundation for the transition from conventional

industrial parks to eco-industrial parks.

Ms. Tuong Anh, representative to the authors of the Technical Guidance Report on Vietnam Eco-Industrial Park, said, if an industrial park recycles and reuses wastewater for production, it can reduce by 40% wastewater discharged into the environment and reduce input clean water costs. Similarly, the opportunity to recover heat from waste to produce hot water and steam for factories in the industrial park will help cut combusting fuel by 20-40%. The symbiotic industrial solution in the eco-industrial park is also one of practical tools for the circular economy for sustainable development.

Currently, the Ministry of Planning and Investment and the United Nations Industrial Development Organization (UNIDO) are deploying the project on "Implementation of eco-industrial park initiatives for a sustainable industrial park model in Vietnam". The project was launched in 2014 with a total non-refundable funding of more than US\$5 million, financed by the Global Environment Facility (GEF) and the Swiss Government through the State Secretariat for Economic Affairs (SECO) in the Global Program for Resource Efficient and Cleaner Production (RECP).

After five years of pilot phase in Khanh Phu Industrial Park (Ninh Binh Province), Hoa Khanh Industrial Park (Da Nang City) and Tra Noc Industrial Parks 1 and 2 (Can Tho City), the project offered more than 900 solutions for effective



Intensifying Business Support to Attract Sustainable Investment

After 30 years of developing industrial and economic zones, Vietnam has attained many remarkable achievements in attracting investment and promoting industrial production development, trade growth, import-export development and employment generation.

HUONG GIANG

Key industrial parks and economic zones

Industrial parks and economic zones have increasingly affirmed their backbone role in the economy and helped improve the business environment and enhance competitiveness. According to the Ministry of Planning and Investment, by the end of September 2020, Vietnam had 366 industrial parks (including those in coastal and border economic zones), covering a total land area of nearly 113,000 ha, of which about 73,500 ha (accounting for about 65% of total land area), is rentable industrial land. Industrial parks are available in 61 provinces and cities, mainly concentrated in key economic regions to tap local geographic advantages and economic development potential.

The largest industrial parks and economic zones include Phu Nghia (Hanoi), Binh Xuyen (Vinh Phuc), Nam Son - Hap Linh (Quang Ninh), Long Hau (Long An), Becamex Binh Duong, and Saigon - Nhon Hoi.

Phu Nghia Industrial Park, 670 ha, has a synchronous and modern social infrastructure. It is not difficult to understand why this is always considered a leading industrial park in the north. After just a short time of operation, with a synchronous modern technical and social infrastructure system, it attracted dozens of domestic and foreign enterprises. Currently, Phu Nghia provides free procedures for applying for investment licenses and land-use rights certificates, offers full information on legal advice, investment advice, business establishment, partner

recommendation and cooperation.

Long Hau Industrial Park is always a top industrial park in Vietnam. Many domestic and foreign manufacturers have chosen it as an investment destination. Not only possessing a convenient location for reaching key economic zones in the south, Long Hau also helps tenants recruit good human resources.

Nam Son - Hap Linh Industrial Park, 800 ha, lies near to Que Vo Industrial Park, Bac Ninh province. Successfully invested by KBC and endowed with easy access to Hanoi City, Noi Bai Airport, Hai Phong Port (Hai Phong City), Cai Lan Port (Quang Ninh province), Huu Nghi Border Gate, it is very attractive to foreign investors, especially vendors of world-leading corporations.

Invested by Saigon - Nhon Hoi Industrial Park Joint Stock Company (SNP), the 630-ha Saigon - Nhon Hoi Industrial Park is located in Nhon Hoi Economic Zone, Binh Dinh province. Lying in the central key economic region with a lot of potential and advantages for development investment, Binh Dinh province in general and KCNA in particular is an important exchange hub for the South Central Coast, the Central Highlands, Northeast Cambodia, Southern Laos and Central Thailand.

Viet Hoa - Duc Hoa 3 Industrial Park lies in the hub of industrial parks of Long An province, adjacent to Ho Chi Minh City, where the traffic system is conveniently and smoothly accessible to provinces in the region to form



resource efficient and clean production. These solutions helped businesses save more than VND76 billion (US\$3.3 million) a year as a result of reduced consumption of resources and materials. Specifically, they saved more than 22,000 MWh of electricity, 600,000 cubic meters of clean water and more than 140TJ (Terajoule) of fossil fuels, and avoided nearly 3,600 tons of chemicals and wastes. Environmentally, these cuts helped reduce 32 kilotons of carbon dioxide annually.

Particularly, according to a preliminary pilot assessment, all eight joining companies in Hoa Khanh Industrial Park saved 5-10% of electrical energy and 3 -5% of water, reduced carbon dioxide emission by 510.1 tons a year, COD by 95 kilogram a year and Teq PCDD/F by 51.1 µg a year. These companies implemented symbiotic industrial models with six symbiotic solutions (heat, water and solid waste); started to use waste from other companies as inputs for their production or utilize excess heat and energy in production to share with

nearby companies. The above results show great potential in saving resources in industrial zones in Vietnam and gradually forming ecological industrial parks.

Following positive results of the first phase and scaling up the application when the legal corridor for eco-industrial parks is established, the Ministry of Planning and Investment proposed building and implementing the second-phase project for at least three years, including six components on strengthening policies and guidelines on eco-industrial parks, building capacity and institutions, conducting feasibility studies on eco-industrial park development tools, improving access to finance and investment for eco-industrial parks, building eco-industrial parks and sharing knowledge.

Needless to say, applying the eco-industrial park model in Vietnam is one solution towards sustainable development. To develop and scale up this model in Vietnam, the policy system plays an extremely important role. ■



The Government is working to enhance supply and linkage capability of Vietnamese SMEs and strengthen their business linkages with lead firms

development momentum for this place. This industrial park has many supportive policies for investors.

My Phuoc 3 Industrial Park, covering nearly 1,000 ha, is home to investors engaged in industrial park infrastructure investment and construction, residence construction, transport infrastructure construction, securities, finance, insurance, banking, construction, commerce, real estate, services, and telecom - information technology.

Lying in the northwest of Ho Chi Minh City and facing National Highway 22, Tan Phu Trung Industrial Park has a convenient traffic system easily accessible to major economic regions. The 542-ha general industrial park provides free procedures for investment certification and other legal procedures.

Becamex Binh Phuoc Industrial Park, 1,993 ha, lies on an important traffic route linked to many large industrial parks in Binh Phuoc province and neighboring provinces. Investing in Becamex Binh Phuoc, businesses will enjoy many incentives and advantages such as strategic location for industrial development, convenient transportation and circulation of goods. Lying adjacent to national highways 13 and 14 and having well-built infrastructure, this facility offers many incentives for tenants.

Sustainable investment attraction

In fact, over the past 30 years, economic zones and export processing zones are still drawing investment flows. Industrial parks and economic zones across the country attracted about 517 foreign-invested projects with US\$8.5 billion in the first nine months of 2020, bringing total projects to 10,009 and gross registered funding to US\$197.8 billion. Of the sum, the

disbursed funds accounted for 70%.

Accumulatively, tenants in industrial parks and economic zones reported revenue of about US\$135.7 billion in the first nine months of 2020, down about 3.5% year on year. They earned US\$10.1 billion from exports, up about 0.7% year on year. They paid VND79.8 trillion in the period, up 1% year on year. They employ about 3.83 million workers.

To achieve the goal of accommodating sustainable high-quality FDI, industrial parks and economic zones are reserving clean land, supporting investment procedures and offering many incentives to businesses. For example, Saigon High-Tech Park (SHTP) has abundant high-quality human resources, especially research and development (R&D) engineers and skilled workers. Ho Chi Minh City also prioritizes attracting investment from innovative businesses with advanced governance capacity; and encourages investment into growth-driven industries with strong competitiveness such as high tech and sci-tech fields. The city intensified direct dialogues between businesses and the city government, launched solutions to deal with problems for businesses, and hosted investment promotion conferences to lure investors.

According to the development strategy, industrial parks and economic zones will selectively attract investment and woo investors into four key industries using advanced technologies and registering capital-intensive fields like mechanical engineering, electronics, chemicals, rubber - plastics, and food processing. Besides, many industrial parks and economic zones will restructure and adapt to new models to woo more quality investors, give priority to investors employing modern technology and generating high added value, increase export capacity, and generate foreign currency income. ■

DAI AN SAIGON INDUSTRIAL ZONE

Ready to Support Investors

Besides the prime location and excellent traffic connectivity, tenants in Dai An Saigon Industrial Zone can enjoy complete infrastructure, synchronous services, a standard investment environment and attractive preferential and investment support policies.



Mr. Duong Dien Thuan, General Director of Dai An Saigon Joint Stock Company, the investor and developer of Dai An Saigon Industrial Zone, said that one cutting-edge advantage of Dai An Saigon Industrial Zone lies in the modern and complete infrastructure system. Realizing the goal of becoming an industrial park with a world-class infrastructure system to meet expectations of investors and bring development opportunities to them, Dai An Saigon Industrial Zone always focuses on infrastructure quality. In particular, power supply, water supply and drainage, wastewater treatment, technical infrastructure, internal traffic and connected technical works have been developed synchronously. The working environment meets green, clean and environmental criteria. “We have been developing technical infrastructure of guaranteed quality as per approved plans to meet functions of the industrial park, complying with natural ecological rules to limit impacts on the existing environment when there is no need for change. In addition, the industrial park has taken advantage of existing local values such as landscape, human resources and natural resources and promoted these values positively, controllably to ensure a relative balance of resources. To become a green industrial park model, we also focus on thoroughly treating wastewater and industrial waste to shape an ecological balance for the region and ensure a healthy environment for people,” he emphasized.

Not only having ready technical infrastructure, utility services delivered well inside and outside the park, enabling investors to deploy their projects immediately to considerably reduce time for investment preparation, Dai An Saigon Industrial Zone also has available land for utility support services like accommodations for workers and experts, bonded warehouses, healthcare, banking,

post, telecommunication and river port transit services to support local people’s life on the one hand and create motivations for the industrial park to attract more investment projects.

With a favorable position for freight circulation, a good technical infrastructure system, a professional support service network and a good marketing policy, Dai An Saigon Industrial Zone has been chosen for their projects by many investors. Most investors said the reason they chose Dai An Saigon Industrial Zone as a reliable investment address is its good technical infrastructure system and fast licensing time. Moreover, utilities for investors have also made Dai An Saigon Industrial Zone different from its peers. Specifically, all investors are provided with maximum support to quickly start investment, production and business activities, offered competitive land rents and flexible payment methods, incentive taxes, investment and construction procedures, and worker recruitment. They can construct factories at more reasonable costs. Outstanding utilities plus diversified support services also make investors more secure in long-term production and development investment. “Doing business in Dai An Saigon Industrial Zone, tenants not only receive support from Dai An Saigon Joint Stock Company - the investor - to execute investment procedures and many other services when they carry out their projects, but also have active assistance from local authorities who are ready to tackle emerging hardships faced by tenants in business operations,” Mr. Thuan affirmed.

To promote its available strengths, in the coming time, Dai An Saigon Industrial Zone will further complete its infrastructure to shape a clean, green, sustainable and environment-friendly destination; constantly improve service quality and provide maximum support to customers and investors; and further promote promotion investment promotion to attract domestic and foreign investors. “The goal of Dai An Saigon Joint Stock Company is not only effectively attracting FDI but also balancing business investment with sustainable environmental protection. Therefore, we always consider and select projects, give priority to environmentally friendly hi-tech projects that strictly comply with environmental regulations and uphold responsibility to the community and the whole society,” he noted.■

Dai An Saigon Joint Stock Company always gives priority to environmentally friendly hi-tech projects that strictly comply with environmental regulations and uphold responsibility to the community and the whole society.

BAC LIEU INDUSTRIAL PARKS

Reliable Destinations for Investors

Could you please briefly introduce operations of the Bac Lieu Industrial Parks Authority as well as the overall development and investment attraction in the province?

The Bac Lieu Industrial Parks Authority, established under the Prime Minister's Decision 548/QĐ-TTg dated May 7, 2007, manages industrial parks and economic zones, and provides public administrative services and other support services related to investment, production and business activities of tenants in industrial parks and economic zones in Bac Lieu province.

Currently, Bac Lieu province has two industrial parks (Tra Kha and Lang Tram) in the National Industrial Park Development Plan to 2020. Tra Kha Industrial Park, covering 65 ha (49.38 ha of rentable industrial land), mainly attracts garment, leather footwear, electrics and electronics, beverage, agricultural processing, construction materials and other environment-friendly industries. To date, the infrastructure system in industrial parks has basically been completely invested. Construction is being carried out on the centralized wastewater treatment system. As of October 2020, Tra Kha Industrial Park granted investment licenses to 23 projects which registered to invest VND1,679.33 billion and leased 45.895 ha out of 49.38 ha of rentable area, reaching the occupancy rate of 92.94%. Among licensed projects, 16 have been put into operation, five are installing equipment, and two are under construction.

Lang Tram Industrial Park, covering 94.19 ha (63.33 ha of leasable industrial land), mainly



Possessing abundant and diverse economic development advantages, Bac Lieu province has become increasingly attractive investors and its industrial parks are trusted and chosen by many domestic and foreign investors as their business destinations. The following is the interview with Mr. **Vuong Tuan Tai**, Director of the Bac Lieu Industrial Parks Authority. **Thanh Tung** reports.

attracts seafood processing industry and supporting services for aquaculture and commercial fishing. Currently, the industrial park is calling for infrastructure developers to build infrastructure for secondary investors.

In addition to Tra Kha and Lang Tram, Bac Lieu planned to build 257-ha Ninh Quoi Industrial Park to attract more investors.

Would you tell us investment support and incentives the province offers to businesses and investors to further improve the effect of investment attraction in industrial parks?

According to investment laws, Bac Lieu province-based industrial parks are located in socially and economically difficult areas. Thus, tenants in industrial parks are entitled to best investment incentives and support under the law. Specifically, they will be entitled to support and preferences of land rent, corporate income tax, import and export tax applied to companies doing business in socially and economically difficult areas.

In addition, the Bac Lieu Industrial Parks Authority and other competent agencies also support investors and enterprises to fulfil administrative procedures (concerning investment, land, construction, environment, labor and other aspects) under the single-window mechanism at the Provincial Public Administrative Service Center. The authority has also seriously reformed administrative procedures to facilitate businesses and investors when they carry out administrative procedures in order to further enhance local competitiveness and

investment and business climate. At the same time, it has focused on supporting businesses, regularly meeting them to learn about their feedback and recommendations and promptly solving matters within its jurisdiction and forwarding matters beyond its competence to relevant authorities.

With the motto "We are ready to serve you", the Bac Lieu Industrial Parks Authority always facilitates and supports businesses and investors from the time they prepare investment projects to the time they run their business.

What is the development direction of industrial parks in Bac Lieu in the coming time?

We will complete cooperation construction investment project in Tra Kha Industrial Park in 2020. At the same time, we will accelerate the construction and operation of the centralized wastewater treatment system in this industrial park in

2021. In addition to calling for more investors to lease out the rentable land in Tra Kha Industrial Park, the Bac Lieu Industrial Parks Authority will invite developers to construct and operate the infrastructure system in Lang Tram Industrial Park to provide the business space for secondary investors. This industrial park will selectively attract investors with projects that match the province's development conditions and plans. It will give priority to projects using modern advanced green technologies. Industrial park development is in line with environmental protection and accommodation development for workers.

At the same time, the Bac Lieu Industrial Parks Authority will ask competent authorities to add Ninh Quoi Industrial Park to the National Industrial Park Development Plan; continue to speed up administrative reforms by simplifying procedures and reducing the time needed to complete administrative procedures; actively adopt solutions to improve the business and investment environment; and provide the most favorable conditions for businesses in the spirit of the Government's Resolution 35/NQ-CP dated May 16, 2016 and Directive 26/CT-TTg dated June 6, 2017 of the Prime Minister. The authority will carry out the Regulation on coordination in managing local industrial parks according to Decision 03/2018/QĐ-UBND dated January 17, 2018 of the Provincial People's Committee. The decision says, "The Bac Lieu Industrial Parks Authority is an agency that performs direct State administration of industrial parks, a lead contact agency that is responsible for coordinating with related departments, agencies and District People's Committees to work under the single-window mechanism with relevant agencies".

Thank you very much!





BAC LIEU HI-TECH AGRICULTURAL PARK FOR SHRIMP DEVELOPMENT

Launchpad for Bac Lieu to Become Shrimp Hub of the Country

As a coastal province, Bac Lieu is endowed with favorable conditions for aquaculture development, especially hi-tech shrimp farming with many effective models. To bring this strength into full play, the province is carrying out Bac Lieu Hi-tech Agricultural Park for Shrimp Development. Once completed and operated, this facility will leverage Bac Lieu into a center of shrimp breeding, farming and processing of the region and the whole country.

With its aquaculture area accounting for nearly 50% of the total natural area, Bac Lieu is one of the biggest shrimp farming localities in Vietnam, harvesting about 110,000 tons of shrimp a year and earning nearly VND11,500 billion from this creature. With this strength, the province has adopted many hi-tech shrimp farming models in the country and in Southeast Asia as well. Typical examples include super-intensive shrimp farming model in the greenhouse of Viet Uc Corp. and Biofloc super-intensive shrimp farming of Truc Anh Production and Trading Co., Ltd. In addition, Bac Lieu is also a major shrimp hatchery in the Mekong Delta and in the country, producing about 25 billion broodstock a year, accounting for 50% of the Mekong Delta and 19.23% of the country. The province



aims to become a shrimp center of the Mekong Delta and the country, gradually raise its shrimp brand names and affirm Vietnamese shrimp quality on the international market, constantly adding the value to the shrimp, and thus increasing income and livelihoods of shrimp farmers. The establishment of Bac Lieu Hi-tech Agricultural Park for Shrimp Development is also a strategic step of the province to realize this goal.

Bac Lieu Hi-tech Agricultural Park for Shrimp Development, set up under the Prime Minister's Decision 694/QĐ-TTg dated May 24, 2017 and Decision 869/QĐ-TTg dated July 16, 2018, is responsible for applying hi-tech research and development achievements to the shrimp industry; producing broodstock and hatching baby shrimps, researching shrimp farming and processing processes supporting industries, bio-product production and preservation, and processing, training, receiving and transferring scientific and technical progress of shrimp industry in Bac Lieu

province, Ca Mau Peninsula, Mekong Delta and the whole country.

Bac Lieu Hi-tech Agricultural Park for Shrimp Development Project is divided into two phases. Phase 1 is invested by the Management Board of Agricultural and Rural Development Investment and Construction Project, launched in Hiep Thanh commune (Bac Lieu City) on an area of 103.31 ha of land, costing VND175 billion of investment capital, funded by the provincial budget according to the medium-term public investment plan for the 2016-2020 period. Up to now, more than 90% of the first-phase work has been completed and put into operation by the end of December 2020.

Phase 2 is invested by the Management Board of the Bac Lieu Hi-tech Agricultural Park for Shrimp Development, costing VND194,874 billion. The investor signed a contract to fully entrust the Management Board of Agricultural and Rural Development Investment and Construction Project to invest in construction of agricultural and rural development items. Preparations have been completed and ready for construction commencement.

Once operational, Bac Lieu Hi-tech Agricultural Park for Shrimp Development will focus on research, application, experiment and demonstration of hi-tech shrimp production models to serve the development of the shrimp industry of Bac Lieu province, the Ca Mau Peninsula, the Mekong Delta and Vietnam as a whole; connect research, application and production of hi-tech products in the shrimp industry; organize events, trade fairs, exhibitions and demonstrations of hi-tech shrimp technology and application; training hi-tech human resources in the shrimp industry; and attract domestic and foreign

investment and human resources for hi-tech application in the Bac Lieu Hi-tech Agricultural Park for Shrimp Development. With that significance, the Bac Lieu People's Committee recently set up a council for choosing projects for the Bac Lieu Hi-tech Agricultural Park for Shrimp Development. Nine companies were chosen in the first phase (farming demonstration, bio-products, breed production and feed).

Mr. Pham Hoang Minh, Director of the Bac Lieu Hi-tech Agricultural Park for Shrimp Development, said, the Management Board is currently carrying out necessary procedures to allocate land to selected enterprises for investment demonstration. In the coming time, the board will continue to advise the Provincial People's Committee to deploy the second phase of selecting enterprises for the Bac Lieu Hi-tech Agricultural Park for Shrimp Development. At the same time, it will complete procedures for the launch of the second phase of infrastructure construction, as well as complete conditions for the Bac Lieu Hi-tech Agricultural Park for Shrimp Development to come into operation. "The Bac Lieu Hi-tech Agricultural Park for Shrimp Development is a key project, lying adjacent to the Bac Lieu wind power plant, which is already operational. Therefore, when completed, this project not only creates important resources for the province's economic development and growth, but also combines with the wind power plant to form a fresh tourist destination in the future. Being aware of this, in the coming time, the Management Board of Bac Lieu Hi-tech Agricultural Park for Shrimp Development and construction contractors will focus on human and material resources to accelerate the progress of items to soon complete and put the project into operation as planned," Mr. Minh emphasized. ■

(from P.17)

economic zones, but they have little impact on local industrial production. Domestic companies find it hard to join the value chain led by FDI enterprises.

There are many reasons for this reality, one of which is Vietnam's investment incentives and investment support policies in general, and those in industrial parks and economic zones in particular, are not effective enough to woo investment flows. Meanwhile, attracting investment flows in the new context is completely different. Vietnam is also looking to direct quality investment capital flows into Vietnam and catch those flows for its socioeconomic development goals.

Ready for a new investment wave

Many international investors are shifting their production chains to Vietnam, which have been heavily affected by the Covid-19 pandemic and world geopolitical factors.

Data from the Ministry of Planning and Investment shows that foreign investment attraction in the first 10 months of 2020 in Vietnam is still relatively positive, reaching US\$23.4 billion, down 19.4% year on year. The realized capital was US\$15.8 billion, down only 2.5% from the same period of 2019. This decline was much lower than in other countries in the region and in the world. Additionally, the newly registered capital decreased slightly by 9.1% year on year, while the investment fund added to existing projects reached US\$5.7 billion, up 4.4%.

These positive signals are showing the confidence of foreign investors in Vietnam's investment environment. The good containment of the Covid-19 epidemic, together with efforts for a better investment environment and streamlined administrative procedures, have convinced foreign investors to see Vietnam as an attractive destination.

With advantages of abundant human resources, potential markets, competitive costs, attractive incentive policies, increasingly

integrated economy and a favorable geographical position, Vietnam has become a potential destination for leading manufacturers in the world to place their production facilities, and those advantages have been actively promoted.

The preparation of industrial parks with full infrastructure, or with a competitive and stable rent rate for new investment waves is a matter of concern. Not merely preparing a clean land fund, Vietnam also needs to expand its specialized industrial parks and eco-industrial parks to meet investors' needs.

Fully aware of this, the Ministry of Planning and Investment has been reviewing the land fund, training human resources, building action programs, promoting supporting industries, and connecting with major foreign investment projects.

The ministry is also summarizing 30 years of industrial and economic zone development in Vietnam to give strategic directions for upcoming development. It has proposed many contents related to new industrial park models to the Prime Minister, like planning industrial parks together with urban and service areas, eco-industrial parks in some localities.

In addition, Vietnam will build supporting industrial parks and specialized industrial parks for certain industries such as fundamental, strategic, competitive industries; prioritized supporting industries; Industrial Revolution 4.0; research and development (R&D); industrial zones/subdivisions for small and medium enterprises and innovative startups. It will pilot some industry clusters to form production networks and supply chains to join deeper into global value chains in some localities.

These contents will be put forth to the Prime Minister at the conference on 30 years of development of industrial parks and economic zones, scheduled for late 2020, and will be specified in the Government's Resolution on implementation of innovative solutions to improve the performance of industrial zones and economic zones in the coming period. ■



HUNG YEN MANAGEMENT BOARD OF INDUSTRIAL PARKS

Boosting Business Support

The Management Board of the Industrial Parks of Hung Yen province has managed to intensively support businesses to deal with emerging and existing obstacles in carrying out investment and doing business, thus gaining the trust of domestic and international investors.

NGUYET THAM

Mr. Pham Truong Tam, Director of the Hung Yen Management Board of Industrial Parks, said, “Hung Yen province-based industrial parks are now home to 446 valid investment projects which registered investment of US\$5,464 million, including 251 foreign direct investment (FDI) projects and 195 domestic direct investment (DDI) projects. Some large-scale projects that contribute remarkably to the State Budget are invested by Toto Vietnam, Nippon Mektron, Daikin Airconditioning Vietnam JSC, Hoa Phat Steel Company, and Nutifood Vietnam. Tenants in industrial parks are employing about 60,000 workers, significantly contributing to local socioeconomic development. To help tenants stabilize operations and develop sustainably and build the trust of investors in the friendly and attractive investment destination, the Management Board of Industrial Parks has launched many business supports and improved the investment environment. It offers effective legal support and easy administrative procedures.”

The board has actively reviewed administrative procedures, proposed amendments to legal provisions and

administrative procedures to streamline the process, documents and contents and reduce the service time. Specifically, the Chairman of the Provincial People’s Committee approved the simplification of eight administrative procedures related to international trade, investment in Vietnam and construction planning recommended by the board, which significantly reduced the administrative cost by 55% on average. The board has also updated, created and submitted 58 standardized administrative procedures to the Provincial People’s Committee for approval and application. It has amended and supplemented one administrative procedure and abolished 11 administrative procedures concerning investment in Vietnam, entry and exit, environmental protection, labor, international trade under its jurisdiction. It has also reviewed and reduced the processing time of 17 out of 58 administrative procedures under its jurisdiction by over 60% as compared to the regulatory time frame.

In addition, to foster business support, the board has advised the Provincial People’s Committee on the establishment and operation of the Japan Business Help Desk in the province; jointly worked with the Business Registration Office under the Department of Planning and Investment in handling investment registration

and business registration procedures for foreign investors, ensuring the time for investment registration and business registration within three days (15 working days sooner than the regulatory time). During the reporting period, over 99% of records are handled in time or ahead of regulatory time, of which over 50% of administrative procedures are settled with 60% less time as compared to the regulations. The board regularly updates new legal regulations related to business and tenants’ rights and interests, supports startups, and improves the business investment environment.

The board has also enhanced interaction, contact and dialogue with businesses in many forms to learn about their feedback and promptly handle problems faced by tenants when carrying out investment and doing business. It has coordinated with relevant agencies to support industrial park infrastructure investors to speed up site clearance to have the land for infrastructure construction in industrial parks and remove problems for them when they fulfil procedures for land-use right certificates.

Furthermore, effectively applying the Party policy on business service and investment facilitation, the board has coordinated with relevant agencies to develop and launch

information support and business matching programs to enhance cooperation and connectivity of domestic and foreign enterprises in manufacturing and business activities. The agency has actively assisted them to recruit workers by cooperating with relevant units to open job fairs and allowing them to post recruitment information on its website.

In the coming time, the Management Board of Industrial Parks will further improve administrative settlement, accelerate administrative procedure reform, reduce the settlement time of administrative procedures; regularly review the progress of projects, and promptly assist enterprises to tackle difficulties and problems. The agency will further promote investment attraction, with focus placed on developing industries that use cutting-edge technology, generate high added value, employ environment-friendly technology, pay much tax to the provincial budget, and support economic growth and economic restructuring towards industrialization and modernization. ■



Thang Long Industrial Park II in Hung Yen province

Disbursement Reaches 60.37% of Full-year Plan in 10 Months

As of October 23, 2020, the Ministry of Finance received reports on allocation of State investment funds from 52 out of 53 ministries and central agencies and all 63 provinces and cities and received 54 reports on budget allocation for national target programs. The total disbursed value was VND523,650.83 billion, reaching 109.53% of the full-year plan assigned by the National Assembly and the Prime Minister (VND478,105.73 billion).

According to the Ministry of Finance, the budget payment reached 53.36% of the full-year plan as of September 30 and 60.37% as of late October. As for capital plan in 2020, the disbursement rate was 60.14% in nine months and 68.26% in 10 months compared to the plans assigned by the Prime Minister at the beginning of the year (higher than the same period in 2019: 54.69%).

The report also stated that 13 ministries and central agencies and 21 localities were estimated to spend over 70% of the disbursement value as October 31, 2020, with eight ministries and central agencies and seven localities disbursing over 80%: Vietnam Cooperative Alliance, Vietnam Bank for Social Policies, Management Board of Ho Chi Minh Mausoleum, Vietnam News Agency, Vietnam Writers Association, Ministry of Home Affairs, State Audit of Vietnam, State Bank of Vietnam, Hung Yen, Quang Ninh, Thai Binh, Thai Nguyen, Ninh Binh, Ben Tre and Tay Ninh.

Eighteen ministries and central agencies and six localities disbursed below 45% of the full-year plan,

with eight ministries and central agencies and one locality (Dong Nai province) spending below 20%.

Q.C

ADB Approves US\$2.5 Mln Grant to Support Vietnam's Disaster Response

The Asian Development Bank (ADB) approved a US\$2.5 million grant to assist the Government of Vietnam in providing emergency and humanitarian services to residents affected by the recent floods in the country's central region.

The grant is funded by the Asia Pacific Disaster Response Fund, which was designed to provide support to ADB's developing members affected by major natural disasters.

ADB has been working with other development partners to support the government's disaster relief efforts, including assessing the impact of the disaster and the needs for assistance in the central provinces. ADB's assistance aims to help ensure that people living in the disaster areas have access to basic medical and social services and resources to rebuild their lives and livelihoods.

In line with the United Nations Resident Coordinator Flood Response Plan, ADB will work closely with the government and coordinate with other development partners to deliver humanitarian assistance in a manner that minimizes the risk of Covid-19 for affected people in the most severely affected provinces in the central region of Vietnam.

L.A



Decree 132 Addresses Transfer Pricing More Effectively



The General Department of Taxation recently held a press conference to introduce the new content of Decree 132/2020/ND-CP dated November 5, 2020 on tax administration for enterprises with affiliated transactions. Our reporter has an interview with Mr. **Dang Ngoc Minh**, Deputy General Director of the General Department of Taxation under the Ministry of Finance. **Le Hien** reports.

What are the new contents of Decree 132?

The decree consists of four chapters and 23 articles, inheriting contents of Decree 20/2017/ND-CP of the Government. The new ruling amends and supplements contents, and makes definitions clearer and more transparent.

One of the new contents is the regulation on controlling borrowing interest cost, the first of its kind to be applied in Vietnam. Therefore, there will certainly be difficulties in execution because Vietnamese enterprises are thinly capitalized - The level of debt is greater than its equity capital.

Total deductible interest expense, after deducting deposit interest and loan interest incurred by the taxpayer in the taxing period when taxable income is determined, cannot exceed 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA) in the period.

The new regulation on the cap on the tax deductibility of interest has basically addressed shortcomings of the old regulation, with a retroactive regulation in 2017 and 2018. The cap on the tax deductibility of interest increases from 20% to 30% of EBITDA. The refunded or deducted value is estimated at VND4,785 billion.

The new decree also expands the scope of application of subjects excluded from the regulation on the cap of tax deductibility.

The subjects include official development assistance (ODA) loans, preferential loans of the Government sourced from foreign loans; loans for implementation of national target programs (new rural development program and sustainable poverty reduction program);

loans for government-funded social security programs and projects (resettlement housing, housing for workers and students, affordable social housing and other public welfare projects).

Is Decree 132 designed for strict and transparent tax administration for businesses?

This policy not only prevents transfer pricing but also demonstrates the general direction and tax administration to restructure the market and reduce thinly capitalized businesses, which excessively rely on loans for investment expansion and cause risks to the system in the long term. The Politburo's Resolution 50-NQ/TW dated August 20, 2019 clearly stated "Studying and making regulations to deal with thin capitalization and transfer pricing" and "Completing and supplementing strict provisions in tax laws to control, manage and prevent transfer pricing."

It is to ensure the uniformity of legal documents, including Law on Tax Administration 38/2019/QH14 dated June 13, 2019, Law on Corporate Income Tax 14/2008/QH12 and the Law amending and supplementing a number of articles of the Law on Corporate Income Tax; access international principles and practices in tax administration for affiliated transactions, including Vietnam's entry commitments on base erosion and profit shifting (BEPS) to the Organization for Economic Cooperation and Development (OECD) and Vietnam's contextual conditions.

On November 5, the Government signed Decree 132/2020/ND-CP on tax administration for enterprises with affiliated transactions (replacing Decree 20/2017/ND-CP dated February 24, 2017).

How do FDI enterprises respond to this policy?

When the decree was being drafted, FDI enterprises actively raised their well-prepared opinions through their representatives such as EuroCham (Europe), VJBA (Japan), KORCHAM (South Korea) and AmCham (the United States).

This regulation complies with the BEPS Action Program. During workshops between tax authorities and the World Bank (WB), international experts actively gave comments on the draft from the perspective of foreign enterprises.

FDI enterprises said that provisions in the draft decree of Vietnam are not new, but actually good practices that countries often apply to combat transfer pricing. All companies are obliged to comply with it.

Thank you very much!

Customs Proposes Amending Law on Border Protection to Facilitate Business Community



The General Department of Customs (GDC) recently made recommendations on the draft Law on Border Protection at a meeting hosted by the National Defense and Security Committee, attended by the Judicial Committee and the Law Committee of the National Assembly and the law-compiling body. Based on the scope of the meeting, GDC proposed some contents for the draft that are expected to provide more favorable conditions for businesses.

LE HIEN

Specifically, in Clause 5 of Article 14 and Clause 2 of Article 15, the latest draft illustrates duties of the Border Guard of controlling entry and exit and controlling cross-border mobility. This regulation does not limit the scope and entities subject to entry and exit control. This can be interpreted that the Border Guard can inspect, control and handle means of transport even in the border gate area (the customs territory). According to the General Department of Customs, this leads to overlapping functions and duties of customs authorities that are specified in the Law on Customs 2014.

The Law on Customs stipulates that, in the customs authority, customs authorities shall be primarily responsible for inspecting, supervising and controlling all means of transport on entry/exit, imports and exports to prevent smuggling and illegal transportation of drugs, weapons, toxins, explosives and

reactionary documents to ensure economic security and national defense and security within their jurisdiction specified in export and import laws.

Customs authorities said, if the draft Law on Border Protection with the above provisions is passed, there will be two agencies (customs authorities and border guard) jointly inspecting, supervising and controlling one vehicle on entry/exit.

This is not consistent with the Party policy, international commitments and current legal regulations and troubles importing and exporting activity and transport means in transit. It is not consistent with Vietnam's commitments to international treaties. Chapter 6 of the 1999 International Convention on the Simplification and Harmonization of Customs (Vietnam is a party to the Convention) states "All goods, including means of transport, which enter or leave the customs territory, regardless of whether they are liable to duties and taxes, shall be subject to customs control."

Appendix 8 of the Agreement between Cambodia, China, Laos, Myanmar, Thailand and Vietnam on cross-border transport facilitation states "when a vehicle in transit enters the host country it must submit the vehicle temporary import document to customs authorities to carry out procedures for vehicle inspection and control" and does not state the competence of the Border Guard.

Practically, in all countries in the world, customs authorities inspect, supervise and control means of transport, baggage on entry and exit, and imported and exported goods.

The Politburo's Resolution 18-NQ/TW dated October 25, 2017 on continued renovation and rearrangement of streamlined and effective organizational apparatus of the political system emphasizes the solution of "Reviewing, supplementing and completing functions, duties, powers and working relations among political organizations and addressing overlapping duplications and replications for an organization or a person to handle many things but a job is led and held responsibility by only one organization or one person". Accordingly, the overlapping inspection will result in more administrative procedures, longer service time, troubles and more cost for businesses. ■

QUANG NINH CUSTOMS

Completing Budget Collection ahead of Schedule



Quang Ninh Customs is working aggressively to fulfil the target of collecting VND11,500 billion for the State Budget this year

Efforts for administrative reform and business facilitation

The Hon Gai Port Border Gate Customs Office, the best performer among units under the Quang Ninh Customs Department this year, settled 15,125 declaration forms for imports and exports worth US\$4.028 billion in the year to the end of October, an increase of 9.8% in declaration forms and 11.74% in value compared to the same period of 2019. The number of companies conducting customs procedures also grew by 9.15% year on year, from 306 to 334.

By the end of October 31, the office expected to collect VND4,976 billion for State coffers, up 4.18% year on year, and complete the target of VND5,500 billion set for 2020 by the end of November. Biggest budget incomes came from petroleum, inputs for animal feed production, inputs for vegetable oil production, scrap iron and steel, and wood chips.

According to the leader of the Hon Gai Port Border Gate Customs Office, to increase all four targets: Declarations, importers and exporters, trade value and budget takings, the office has fostered support and established partnership with

While the customs sector is facing difficulty in collecting budget revenue due to the epidemic outbreak and trade disruptions, Quang Ninh Customs has emerged as a bright spot, ready to fulfil the target of collecting VND11,500 billion for the State Budget this year.

LE HIEN

enterprises; raised public service quality by training knowledge and improving expertise, spirit and service attitude of all employees; and effectively applied information technology systems and customs software to reduce customs clearance time. The office has strictly adopted epidemic control measures and not allowed vehicle or commodity congestion at the port.

Mong Cai Border Gate Customs Office manages the most active importing and exporting area in Quang Ninh province. Attracting enterprises is one of bright spots of this office in the first three quarters of 2020. By applying consistent solutions and creating an open, transparent and safe environment, the office served 605 importers and exporters, including 228 in Quang Ninh province and 377 in other provinces. Notably, it attracted 212 more companies to conduct customs procedures than in 2019, which declared US\$70 million of trade turnover and paid VND103 billion to the State Budget. As of October 31, Mong Cai Border Gate Customs Office collected VND955 billion for the State coffers, fulfilling 81% of the target of VND1,180 billion assigned by the Quang Ninh Customs Department.

Striving for VND11,500 billion

A top official of the Quang Ninh Customs Department said, compared with the target budget revenue of VND10,500 billion assigned by the Ministry of Finance and the General Department of Customs in 2020, the department has to date completed its task. It expected to collect VND10,661 billion for the State Budget by the end of November, exceeding the target by VND161 billion.

“In the last months of this year, the department will carry out consistent solutions to increase budget revenue and exceed the initial target.”

The Quang Ninh Customs Department will strive to collect VND11,500 billion for the State Budget in the year, exceeding the target by VND1,000 billion.

To achieve the above goal, the Quang Ninh Customs Department is fostering staff training and adopting innovations in human resources management to improve their performance; strengthen customs control operations to prevent smuggling, trade fraudulence, origin counterfeiting, illegal cross-border trafficking of goods and drugs. The agency will also synchronously and effectively implement risk management measures and techniques and improved information quality collected for enterprises and key commodities. ■

Business Dialogue 2020 Scheduled for Late November

The Ministry of Finance (MoF) will coordinate with the Vietnam Chamber of Commerce and Industry (VCCI) to open a business dialogue on tax and customs policies and administrative procedures at the end of November 2020.

As planned, the dialogue will be held in Hanoi and Ho Chi Minh City. The gathering in Hanoi City is scheduled to take place on November 24 at ICC International Convention Center, 11 Le Hong Phong Street, Ba Dinh District. The meeting in Ho Chi Minh City will be opened on November 27 at Sheraton Hotel, 88 Dong Khoi, District 1.

The dialogue will focus on two main contents: General information on changes in policies and new administrative procedures in connection with tax and customs and Q&As about hardships of enterprises in executing tax and customs policies and policy recommendations to policymakers.

In 2020, the Covid-19 pandemic has affected the global economy in general and the Vietnamese economy in particular. Therefore, authorities want to further improve the legal basis for the deployment of the National Single Window (NSW) to reduce the time and cost to complete customs clearance for enterprises to match with global trade development and further reform customs procedures to enhance openness and transparency, facilitate importers and exporters.

Vietnam Takes Trade Surplus of US\$18.72 Bln in Jan-Oct

Vietnam's trade value was estimated to top US\$439.82 billion in the first 10 months of 2020, a slight increase of 2.6% over the same period in 2019, according to the General Department of Vietnam Customs. Particularly, the export value was estimated at US\$229.27 billion, up 4.7%, and the total import value was projected at US\$210.55 billion, up by 0.4%.

In the reporting period, Vietnam enjoyed a trade surplus of US\$18.72 billion, twice the US\$9.3 billion in the same period of 2019.

Key exports included computers, electronic products and components (up US\$7.1 billion); machinery, equipment, tools and spare parts (up US\$6.2 billion); wood products (up US\$1.1 billion); iron and steel (up US\$648 million); and gemstone and precious metals (up US\$599 million).

The biggest export market was the United States with US\$62.34 billion, up 24% or US\$12 billion over the same period in 2019.

China was the second biggest market with US\$37.6 billion, a sharp increase of 14% or US\$4.6 billion.

The customs sector accumulated revenue in the year to October 26, 2020. The export value was US\$247,219 billion, equaling 73.1% of the estimate, down 13.59% compared to the same period in 2019.

Tough Fight against Smuggling and Trade Fraud in Late 2020

Smuggling, trade fraud, origin fraud, counterfeiting and illegal cross-border transport of goods is complicated, according to the General Department of Vietnam Customs. The customs forces unearthed and arrested many cases of illegal tobacco transportation at Dinh Vu Port - Hai Phong City, Bac Luan Estuary in Mong Cai City - Quang Ninh province; and the Cargo Warehouse of Noi Bai Cargo Services Joint Stock Company.

Drugs are found to be transported by air. Along land border

routes in Dien Bien, Nghe An, Tay Ninh and other provinces, illegal cross-border transport of narcotics into Vietnam is still very hot and traffickers' tricks are very sophisticated.

The customs sector discovered and arrested a total of 1,194 violation cases with a confiscated value of VND251.256 billion from September 16, 2020 to October 15, 2020. The State Budget collected VND55.54 billion from these cases. Customs authorities prosecuted one case and transferred 10 cases to competent authorities for further settlement.

Typical cases include the seizure of 52 tons of medicinal herbs in Quang Ninh province, the confiscation of four plastic bags containing white crystals weighing 882.61 grams, suspected to be meth, in Hanoi.

Guidance on Value Limits in EVFTA

The General Department of Vietnam Customs recently sent an official dispatch to provincial/municipal customs departments on the value limit of goods in the EU - Vietnam Free Trade Agreement (EVFTA).

Specifically, the value limit of goods in Article 28 of the Protocol 1 of the EVFTA Agreement is legislated in Article 33 of Circular 11/2020/TT-BCT of the Ministry of Industry and Trade on EVFTA.

Specifically, Article 33 provides for currency unit conversion as follows:

In case the value limit of goods specified at Point b, Clause 1, Article 19 and Point a, Clause 3, Article 29 of this Circular are denominated in a currency other than EUR, the equivalent value limit shall be calculated according to the national currency of EU member states or of Vietnam.

A consignment with an invoice in a currency other than EUR will have a value limit specified at Point b, Clause 1, Article 19 and Point a, Clause 3, Article 29 of this Circular, according to the limit set by member states.

Customs Steps Up Fight against Animal Trafficking

GDC recently requested the Anti-smuggling Investigation Bureau and local customs departments to step up the fight against smuggling and illegal transport of animals and animal products across the border.

GDC told relevant units to thoroughly and effectively execute the Prime Minister's Decision 1632/QĐ-TTg dated October 22, 2020 approving the "National Program for prevention of foot-and-mouth disease in the 2021 - 2025 period".

Agency leaders are responsible for directing and urging their affiliated units to base on their tasks, powers and actual situations to strengthen professional measures to determine methods, tricks, rings, hideaways and people illegally trading and transporting livestock and animal products; actively formulate a strategic, effective and determined combat plans to prevent serious smuggling cases in their areas.

At the same time, they need to coordinate with competent agencies and local authorities to exchange information, detect and handle violations.

In Decision 1632/QĐ-TTg above, the Prime Minister assigned the Ministry of Finance to direct customs forces to lead and closely coordinate with central and local competent agencies to prevent smuggling of cattle and animal products across the border gates.

Huong Hau



Substantial Development of Rural Areas

Substantial development of rural areas is the goal of the National Target Program on Rural Development for the period 2021 - 2025. Currently, the National Target Program is accomplishing goals of the program in the period 2016 - 2020 and preparing for a long term journey.

MINH NGOC



The National Target Program on Rural Development is becoming more productive and sustainable

At the meeting of the Central Steering Committee for National Target Program on Rural Development, Deputy Prime Minister Trinh Dinh Dung assessed that the program has boosted rural economic development, significantly changed the face of rural areas and improved the lives of rural people. However, the implementation still has some limitations that need to be fixed soon. The new countryside program is not only the inauguration of roads, the completion of village and commune works, but also improving the quality of life and increasing income for farmers. Meanwhile, many places have yet to pay attention to the development of industry, handicrafts and rural tourism. The

control of security and order as well as environmental pollution in some areas are still negligible.

According to Mr. Nguyen Minh Tien, Chief of Central Coordination Office on New Rural Development, 2020 is considered as a banner year, the time to re-evaluate what has been done in the period 2016 - 2020 and set new standards for the phase 2021 - 2025. The Central Steering Committee has identified two key tasks, including: Focusing on accomplishing goals of the program in the period 2016 - 2020; preparing necessary conditions for the program in the period of 2021 - 2025. Accordingly, projects must be developed to complete the legal framework, mechanisms and policies to support the implementation of the program in the next stage.

The basic goal of the next period is to have at least 80% of the communes qualifying the new rural standards. The current figure is 60%; however, the remaining 40% of communes are in very difficult conditions. Among the solutions to implement the program in the period of 2021 - 2025, the first priority is to increase resources so that all communes must meet the criteria of essential infrastructure having direct impact on people such as traffic, irrigation, environment, information technology. Besides, in addition to strengthening propaganda, we must restructure agricultural production. For example, many localities have large land funds, we can change from planting inefficient forests, low-value trees to planting high-value hardwood trees or converting them to orchards (pomelo, oranges, guava, jackfruit, mango). It is necessary to invest in raw material areas, roads and irrigation systems. We have to promote agriculture and handicrafts production activities as well, with a focus on rural products, aiming to promote traditional specialty products of each region and increasing people's income and promoting rural tourism potential areas in difficult conditions. There must be an increased rotation of qualified staff, for example, selecting capable officers at the department or sector level to be the key leaders at district level in disadvantaged areas; choosing officers with enthusiasm and capacity in district departments and agencies to become key leaders at commune level. By doing that, it is possible to turn principles and solutions into specific actions at the commune and district levels. "With overall solutions on increasing investment resources and transforming the rural economic model as well as staff solutions, the Program on Rural Development in disadvantaged regions and ethnic minority areas will be productive, step by step keeping up with other regions in the whole country in the coming time," said Mr. Tien said.

In order for the National Target Program on Rural Development to be more productive and sustainable, Mr. Nguyen Minh Tien said that the most important solution is continuing to propagate and raise awareness of people in building new rural areas. It is important to formulate projects to complete the legal framework, mechanisms and policies to support the implementation of the program in the next stage, such as building the investment policy of the the program for the period of 2021 - 2025; building a national set of criteria on rural development for the period 2021 - 2025; and consolidating the coordination office system at all levels. The basic goal of the next period is to have at least 80% of the communes meeting the new rural standards (currently this figure is 60%); in which, at least 40% will qualify for advanced standards, 10% will become models new style rural communes. It is expected that the total mobilized capital to implement the program in the period 2021 - 2025 is over VND2,000 trillion. ■

OCOP Program - A Boost to Rural Economy

After two years of implementation, 'One Commune, One Product' (OCOP) Program has created a strong start-up movement, formed many clean agricultural production areas, and high- tech agriculture associated with product value chains; thereby contributing to economic restructuring in rural areas and is an important solution to the implementation of the criteria of production, income, poor households in promoting the rural economy and national agriculture modernization.

MINH NGOC



OCOP products displayed at a trade fair

Strong effects

The report by the Ministry of Agriculture and Rural Development states that, despite its short time of operation, the OCOP program has obtained important achievements. According to the Central Coordination Office on New Rural Development, as of October 12th, 2020, the country had 47 provinces and cities recognizing a total of 2,088 OCOP products which are given 3 stars or more, including 1,366 three-star products, 674 four-star products and 48 products proposed for rating as five stars.

Production and consumption of OCOP products have been promoted in many forms, such as organizing conferences to seek consultation of scientists, managers, businesses and farmers; organizing conferences to

connect distributors and producers; participating in trade promotion activities; building, completing and putting into operation 'OCOP product introduction and sale points' in provinces and cities such as Lao Cai, Son La, Bac Kan, Hai Duong, Nghe An, Quang Binh, Thua Thien Hue, Quang Nam, Quang Ngai, Ben Tre, Can Tho and Dong Thap.

Promoting modern, smart connection

According to Mr. Nguyen Minh Tien, Chief of Central Coordination Office on New Rural Development, after two years of implementation, the OCOP program has been very productive, drawing the participation of the entire political system, especially rural people. Currently, all the 63 provinces and cities have





Solution for Featured OCOP Products

Nghe An province has rich potential for agricultural production and has a solid foundation to achieve sustainable development goals. Therefore, carrying out the One Commune One Product (OCOP) Program together with the new rural development program is consistent with sectoral restructuring. Being aware of the particular importance of OCOP Program, the Nghe An Provincial People's Committee issued Plan 740/KH-UBND on product evaluation, classification and accreditation. The Nghe An OCOP Council is responsible for announcing, assessing and classifying products based on criteria stated in the Prime Minister's Decision 1048/QĐ-TTg dated August 21, 2019. At the same time, the province settled questions and complaints and ensured fairness and transparency.

In 2020, Nghe An actively carried out many cooperation programs with other localities in the country to restart the economy after being seriously affected by the Covid-19 pandemic. In this difficult context, with the OCOP Program, businesses have the opportunity to make reinvestment and raise the knowledge of production and business. Through trade promotion events, OCOP products and local specialties such as herbal chicken eggs in Quynh Bang, elderberry products in Quynh Ba, guava and dragon fruit in Quynh Tam, fish sauce made by Tan An Cooperative in An Hoa commune, Yen Thanh dragon sticky rice and Long Thanh eel, are increasingly strengthening consumer confidence.

Dinh Bao

OCOP Program Creates Driving Force for Rural Economy

Dak Nong has now begun to assess and rate OCOP products. The program attracted many enterprises and

cooperatives. Rated OCOP products belong to different categories.

Mr. Pham Tuan Anh, Director of the Dak Nong Department of Agriculture and Rural Development, said, products recognized as OCOP in the first phase of 2020 met OCOP rating requirements and criteria. Among 22 province-level OCOP-certified products, two products of Dak Mil district were rated 4 stars: sachi oil made by Sachi Tay Nguyen Joint Stock Company and Dak Dam coffee powder made by Cong Bang Thuan An Agriculture Cooperative. The remaining 20 products are all 3 stars.

These products already passed assessment and rating rounds at the district/city level. Based on their potential and advantages, districts and cities are determined to bring unique and advantageous products to the OCOP Program. Agricultural enterprises and cooperatives are supported to make packages, labels and traceability stamps if their products are deeply processed. This is the basis for achieving the OCOP product certification criteria.

OCOP certification helps enhance product competitiveness, increase income and employment for the community, restore and develop traditional products, build the appeal of rural areas, and attract workers and capital sources. According to participating companies, OCOP-certified products will help enhance reputation, brand and innovation of producers and improve product quality to meet domestic and international standards. Based on OCOP experience seen in other provinces and cities nationwide, Dak Nong province will determine existing potential and strengths in agricultural production to launch the OCOP Program.

In the coming time, Dak Nong will focus on economic development goals in rural areas, increase incomes for local people, and adopt new national rural development criteria.

Ngoc Dan



simultaneously approved the project. Each product participating in the program will be evaluated and rated from 1 star to 5 stars. In the agricultural development orientation, we divide them into three groups of products. The first is the key product group at the national level. The second is the main product group of each province and city such as: Bac Giang lychee, Hung Yen longan, or Dong Thap mango. The third is the group of specialty products, which we now start using the concept of OCOP products. The third group has the greatest potential, because Vietnam has many different climatic and geographic regions and each region has a place to develop its own traditional key specialty products. For example, Ha Tinh - a land often affected by harsh climate - has started to develop local specialties such as Phuc Trach pomelo, Khe May oranges, and Huong Son deer velvet. Although these products are small in scale, they have high added value and are suitable to meet consumer preferences.

However, many OCOP products have high quality but have not been widely sold across the country or

attracted the attention of foreign tourists. They are not widely available in major distribution channels. The quantity and types of OCOP products for export are limited. Many OCOP products have a very short life span when entering the market. Many consumers currently lack information about OCOP programs and products, and a group of consumers prefer low-priced products. The reason is due to limited communication of consumer-oriented products.

Currently, the Central Coordination Office on New Rural Development is boosting the OCOP Program project for the period of 2021 - 2025. In this period, the application of digital technologies becomes a central solution to State management and product quality improvement. Besides, it will continue to support opening consumption channels, connecting supply - demand, and further promoting modern consumption channels, through e-commerce systems. It will promote communication so that more consumers become aware of the OCOP program. ■

Promoting Cooperative Role in Business Cooperation

Promoting production and business connectivity along the value chain is gradually becoming the optimal method for sustainable business development. Fostering the cooperative role will be the center of connectivity between producers and businesses, especially in the agricultural sector.

THU HA



Linking cooperatives in business will help ensure production stability for all stakeholders, including farmers, cooperatives and enterprises

Cooperatives are an important model that contributes 10% to the world's gross domestic product (GDP), affect half of the global population, serve as the hub of production and consumption connectivity and promote value chains. In Vietnam, they are defined as an instrument for poverty reduction and a solution to achieve sustainable development. This model is also a tool to formalize and transform informal economy and employment into formal ones. In addition, they mitigate adverse effects of climate change due to its characteristics and principles of care and action for the community.

According to Ms. Nguyen Thi Luyen, Deputy Director of the Business Reform and Development Research Department under the Central Institute for Economic Management (CIEM), linking cooperatives in business will help ensure

production stability for all stakeholders, including farmers, cooperatives and enterprises. Farmers only produce and sell raw products to the market. When they are united, their products will be processed to a certain extent, depending on market demands. The role of business association and cooperatives is illustrated by increasing the added value and raising product quality in each stage of connectivity. In addition, it will ensure shared risks and interests among stakeholders when there is a change.

At the recent workshop on "Promoting cooperative role in business cooperation for sustainable development" organized by CIEM, Mr. Nguyen Tien Dinh, Deputy Director of Cooperative Economy Board under the Cooperative Economy and Rural Department, the Ministry of Agriculture and Rural Development, said the cooperative model not only helps economic growth but, more importantly, increases the income for 30% of the country's population.

The role of cooperatives is expressed more clearly when the country faces economic crisis, natural disasters, epidemics, he added. Cooperatives are playing its role in sustainable business development cooperation. Vietnam has 17,462 agricultural cooperatives and 57 agricultural cooperative associations with 3.78 million members. They contribute 4% of the nation's GDP. The average revenue and profit of a cooperative is VND2.44 billion and VND383 million, respectively.

Emphasizing policies on cooperative economic development in recent years, Dr. Pham Minh Dien, Deputy Director of the Cooperative Policy and Development Department under the Vietnam Cooperatives Alliance, said, to promote cooperative development, the government issued many support policies illustrated in decrees and circulars. Cooperatives are supported with finance, human resource training, trade promotion, market expansion and new technology. However, existing policies have many shortcomings.

Therefore, to promote the cooperative role in business cooperation, policies need to be further reformed and perfected for collective and cooperative economic sectors to develop in the new context.

Accordingly, it is necessary to further raise awareness about the nature, position and role of cooperatives in socioeconomic development; allocate budget resources to meet practical needs of collective and cooperative economic sectors in line with national target programs on new rural development and on sustainable poverty reduction. In particular, building laws and policies on collective and cooperative economic support must be consistent with the market mechanism, ensure consistency and feasibility, foster activeness and self-responsibility of collective economic organizations.■



Brands Must Be Considered Competitive Weapon

Mr. Vu Xuan Truong from the Institute for Brand and Competitiveness Strategy said that Vietnam currently has about 500,000 small and medium-sized enterprises (SMEs), of which 90% are small. Previously, smallholding businesses did not pay attention to strategic vision because they just managed to live from hand to mouth. However, this thinking has changed in the past 3-5 years.

Businesses therefore must use brands as a competitive weapon and change their approach to this matter, he said. They also need to change leadership outlooks on corporate governance and see each employee as an expression of brand.

Notably, the Covid-19 pandemic broke out in early 2020 and infections quickly reached more than 200 countries, leaving a heavy impact on the economy and society around the world, including Vietnam. The Covid-19 pandemic has disrupted input supply chains and output consumption markets. It seriously wrecked the tourism industry and even triggered a global economic crisis.

Therefore, branding strategies for businesses in an open market context, especially at the back of changed consumer behaviors due to Covid-19, should be very focused. Accordingly, products related to health, associated with environmental protection and sustainable development, are expected to prevail in the future.

In addition, before the above impacts, adopting digital transformation and promoting strengths of the digital economy and e-commerce are inevitable trends. According to Ms. Nguyen Thi Minh Huyen, Deputy Director of the Department of E-Commerce and Digital Economy under the Ministry of Industry and Trade, Vietnam has great potential for developing the digital economy. The size of Vietnam's digital economy ranks second in Southeast Asia, just after Indonesia. E-commerce - an important component of the digital economy - grew by over 25% in the past time and will continue to grow in the next five years. Vietnam's digital economy in 2019 was valued at US\$10.8 billion, expanding by 38%, as 66% of the people have access to the internet. In 2019, online shoppers reached 44.8 million, with each spending US\$225 on average. Besides, online travel, online media and online vehicle booking are consumer technology trends. This is an opportunity for digital economic development, especially in the context of the Covid-19 pandemic. This is the best

The economies of Vietnam and the world will be affected by political trends, population aging trends, Industry 4.0, and increased regional connectivity in the coming years. In addition, climate change and environmental pollution are increasingly serious. Therefore, it is extremely important for small businesses to use brands as a competitive weapon and to change the approach to this matter.

QUYNH CHI

direction for businesses in Vietnam.

However, the biggest challenge for businesses today is human resources equipped with digital skills, she said. According to statistics, Vietnam has 53.1 million workers, of which 76% have no professional qualifications, 5% have been trained for three months or more, 4% complete intermediate education, 4% have college degrees, and 11% have university degrees or higher.

In 2020, Vietnam lacks about 500,000 data scientists; rural students lack job opportunities and have lower life quality due to limited access to digital skills education; the mismatch of theory training and practical skills, teamwork skills and innovations of Vietnam's workforce need to be enhanced; and unskilled workforce also faces a high risk of being replaced by automation.

Mr. Tran Nguyen Phuc, representative of Intage Vietnam Project, said that Vietnam's economy has been changing strongly with great breakthroughs in the past 10 years. Together with market expansion, domestic consumers have also become more sophisticated, demanding and complicated. That has posed great challenges to businesses

in grasping consumer trends and innovating product development to stay ahead of the market.

However, current methods of getting to know consumers are mostly like solving the visible tip of an iceberg, he said. Therefore, a disruptive business is able to get rid of inherent notions and deepen customers' perceptions to understand them comprehensively when competitive advantages of quality and prices are at equilibrium. Consumers' minds are becoming more and more modern and following globalization trends. To meet customers' needs, applying technology solutions is the best solution.

Ms. Nguyen Thi Bich Chung from Kantar Market Research Company said, Vietnam is currently one of the most optimistic countries about the economy after the Covid-19 pandemic in Asia. This comes from a change in thinking, lifestyle and financial management of Vietnamese people, as well as efforts of all stakeholders to rebuild the economy after a tough period. "The values that Vietnamese brands and products should aim for are promoting product development solutions, focusing on product values, convincing consumers to believe in the product values they spend money for," she added. ■

Toward Sustainable Agriculture

After five years of carrying out the agricultural restructuring and new rural development project, the agricultural sector of Thua Thien Hue province has achieved positive results. Crops are restructured to match the new development approach that focuses on enlarging the acreage of high-quality rice and advancing agricultural production cooperation. The area of high-quality rice is estimated at over 17,200 ha in 2020, accounting for 31.5% of the province's total paddy rice area, an increase of 6,780 ha over 2015. The area of commercial rice, cultivated in large fields, is forecast at 5,437 ha by the end of 2020, an increase of 1,583 ha over 2015, including 2,776 ha of contractually bound farming area. High-tech agricultural production, organic agriculture and VietGAP-based production are also gradually being deployed and applied.

The livestock sector is focused for development. Breeding facilities are located far from residential areas to ensure environment requirements and high-tech, biosafety application at scale. Farming accounts for about 30% of the total herd of pigs and poultry. At present, farms in Quang Vinh and Quang Loi communes in Quang Dien district, and Vinh Thai commune in Phu Vang district, are applying semi-automatic technologies and organic farming models based on Que Lam Group's technology.

The fisheries sector focuses on sustainable development, improving economic outcome and protecting aquatic resources and ecological environment. The total area of aquaculture in the province is estimated at 7,615 ha, an increase of 5.3% over 2015, expected to harvest 17,300 tons

Together with general central policies, Thua Thien Hue province issued many localized policies to support agricultural and rural development, to sustain and modernize inclusive agriculture, and increase agricultural added value.

NGUYEN BACH

of aquatic products, up 14.6% against 2015. Aquaculture is transformed to stabilize the area, reduce farming density, enhance high-tech application and scale up environmentally friendly farming.

Forestry development is also sustained. Commercial forests are expanded to supply timber for processing and manufacturing industries. Currently, the province has 7,768 ha of FSC-certified forests. Expectedly, by the end of 2020, an additional 1,000 - 1,500 ha of forest will be FSC-certified, bringing the total certified area to over 9,000 ha to meet the planned target and add value to forest products.

With achievements in the past term, the agricultural sector of Thua Thien Hue province has made stable and comprehensive development steps towards commercial production, increased productivity, quality and performance and given a facelift to rural areas, especially in communes that meet new rural development standards.

In the coming time, to build a comprehensive modern agricultural development and sustainable rural development, the agricultural sector of Thua Thien Hue province will set a number of key tasks to further accelerate agricultural restructuring, increase incomes and reduce poverty sustainably. Accordingly, the province will further apply technical, scientific and technological advances to high-tech, organic and biosafe agricultural development, enhance value chain-based production, expand demand-based production, and effectively carry out the One Commune One Product (OCOP) Program.

The province will complete and improve the quality of basic infrastructure systems in rural areas; give priority to upgrading and completing infrastructure for production and people to meet new standard requirements; engage social resources for infrastructure development; and mainstream resources for program implementation.

Thua Thien Hue province will focus on strongly developing key commercial agricultural products at three certified levels: Key national products; key provincial products and local products based on OCOP Program.

The province will give priority to attracting investors in high-tech agriculture, organic agriculture and clean agriculture in large-scale specialized farming areas; organize value chain-based production; develop agricultural preserving and processing facilities; build brands for agricultural, forest and aquatic products in the national value chain and towards the global value chain, especially for key products of distinct advantages and high competitiveness. ■





Vinh Phuc toward Industrially Developed Province by 2025

In the draft political report submitted to the 17th Provincial Party Congress, Vinh Phuc still sets the goal of becoming an industrialized province by 2025, one of industrial, service and tourism centers of the region and the whole country.

THANH LOAN

Vinh Phuc province's economic growth is showing signs of slowdown and lower growth than other provinces in the Red River Delta. People's real income is lower than the national average. The investment and business environment has been improved too slowly to capture many investment opportunities. The Provincial Competitiveness Index (PCI) ranking declined in recent years. In particular, the technological level and capacity of the economy remains low. The province's main industrial activity is still outsourcing and assembling. The main manufacturing sector (automobile and motorbike) failed to maintain the same growth rate as earlier. Most firms use medium technology, use a lot of labor and consume much energy. The capacity of competition and engagement in the global value chain of local industrial products remains weak. Technical infrastructure of some industrial zones has not met investors' requirements.

To overcome difficulties and create breakthroughs industrial development, Vinh Phuc has introduced a number of specific solutions: Developing plans for amending, supplementing and removing policies hindering the development of provincial resources, with the focus placed on land, investment procedures and public investment; applying science and technology; introducing socialization mechanisms and policies; training human resources, attracting and employing talents and experts; attracting large-scale projects that make high added value, high-tech content; and increasing PPP-style investment projects. Other solutions include

proposing mechanisms for land compensation and acquisition; mobilizing and using investment capital; constructing technical infrastructure to meet economic development requirements; reorganizing promotion agencies and renovating methods, objects and participants in investment, trade and tourism promotion; and calling for investment on the effect-based principle through foreign and domestic enterprises and diplomatic agencies.

At the same time, the province will perfect single-window administrative procedures relating to business development, monitoring mechanisms, organizational and individual responsibility to facilitate business development; further reviewing, eliminating or proposing competent authorities to remove administrative procedures and regulations hindering investors; use budget-funded capital for technical infrastructure investment, proactively building land fund for industrial development, selecting advantageous industrial zones, applying central and provincial mechanisms and policies on land compensation and clearance to create a clean land fund for investors; flexibly using reserve fund and State salary funds for infrastructure investment, land compensation and site clearance.

Vinh Phuc will also encourage the development of supporting industries; maintain and develop automobile, automotive and electronics manufacturing and assembling into spearhead industries; attract investors into existing industrial zones; and formulate priority policies to attract large-scale investment projects with high added value and technological content. ■



Toyota's factory in Vinh Phuc province

Improving IP Infrastructure to Accommodate Redirected Investment Flows



At present, Vinh Phuc has 18 industrial parks with a total area of 5,228 ha, including nine with 1,838.75 ha established and granted permission to invest VND7,914.82 billion and US\$117.42 million for infrastructure development. The occupancy rate is nearly 64%. Some industrial parks in operation such as Khai Quang, Binh Xuyen, Binh Xuyen 2, Ba Thien, Ba Thien 2 and Thang Long Vinh Phuc have completed basic infrastructure and obtained high occupancy rate.

In addition, the technical infrastructure inside and outside industrial parks has been increasingly improved to meet investors' requirements. Some industrial parks are active to offer a clean land fund with reasonable infrastructure rental rates and create a competitive advantage over industrial zones in neighboring provinces and cities. They are very attractive to foreign investors. For industrial zones where land has not yet

In order to catch the wave of investment capital flow, in addition to constantly improving the investment environment and enhancing public service quality, Vinh Phuc province has made great efforts to upgrade infrastructure in industrial parks.

HOANG THAM

been compensated for site clearance, the province is urging developers to focus on compensation for site clearance and offer a clean land fund for tenants.

Currently, many large domestic and foreign companies, especially those from Japan, South Korea and Europe, such as Piaggio, Toyota, Honda, Daewoo and Sumitomo, have selected Vinh Phuc as their investment stop destination. Recently, Vinh Phuc officially granted an investment certificate to US\$100-million Toto Vietnam Co., Ltd, a 100% foreign-owned manufacturer of high-class sanitary equipment in Thang Long Vinh Phuc Industrial Park. This event is not only a promising start of the 2020-2025 term but also an assertion that, with a synchronous and modern infrastructure system, Vinh Phuc is always an attractive investment destination.

In the coming time, in order to accelerate sustainable industrial development, prepare a clean land fund and catch new investment flows, the province will further encourage the development of supporting industries, and develop automobile, motorbike and electronics and high-tech industries. At the same time, the province will attract investment funds into existing industrial parks; establish new industrial parks in advantageous areas like Dong Soc and Son Loi; introduce specific policies to attract large-scale investment projects that make high value-added and high-tech products; and conduct a study on construction of an innovation center. ■



Vinh Phuc Creating Maximum Favorable Conditions for Investors

Japanese Prime Minister Suga Yoshihide has chosen Vietnam as the first destination in his overseas trip. At this time, Vinh Phuc province has also officially completed procedures for granting an investment certificate worth US\$100 million to TOTO Vietnam Co., Ltd (under TOTO Japan Group) at Thang Long Industrial Park, Vinh Phuc.

QUYNH NGOC

Sharing about this important event, Standing Vice Chairman of the Provincial People's Committee Le Duy Thanh, emphasized: "It is our honor and pride that, on the first overseas trip by the new Prime Minister of Japan Suga Yoshihide, with Vietnam as the destination, Vinh Phuc was selected as the opening locality in the relationship between the two countries by implementing a large project worth up to US\$100 million by a Japanese enterprise. This is the first project in the new term 2020-2025 of the Party Executive Committee of Vinh Phuc province. The event is even more meaningful because the Resolution of this Congress clearly states that the province's goal in the coming period is to build Vinh Phuc into an industrial province. Therefore, attracting investment and promoting industrial development is an important direction to sustain its socio-economic development".

Sharing about the selection of Vinh Phuc as an investment destination, Mr. Hiroyoki Suzuki, General Director of Toto

Vietnam Co., Ltd, said: "After consulting many sources, we learnt that Vinh Phuc is an attractive investment destination in Vietnam for many investors, including those from Japan, so the company decided to apply for investment in the province. We are pleased to receive the profound attention of the provincial authorities. Thus, within a short time, the investment licensing procedures were completed, creating maximum favorable conditions for us to take the next steps to quickly put the project into operation".

In the coming time, Vinh Phuc will continue to promote and attract investment projects with priorities given to large investors and projects of large-scale, quality, efficiency, creating good effects for the investment environment. At the same time, it is important to strengthen coordination between functional agencies to implement investment promotion activities in a comprehensive and effective manner; attracting resources to well exploit the potentials and strengths of the province, rationally using, saving maximum natural resources, protecting the environment, and ensuring sustainable development. ■

Industry Continues to be Key Economic Sector

In recent years, the industry of Vinh Phuc province has always maintained a high growth rate. This result is attributed to joint effort of authorities at all levels and enterprises to overcome difficulties.

HOANG THAM

In the 2016-2020 period, Vinh Phuc has attracted US\$2.86 billion in FDI capital and VND56.27 trillion in DDI capital, exceeding the set targets and plans. The active contribution of leading enterprises in the world such as Piaggio Vietnam, VPIC1, Partron Vina, Jahwa Vina, Haesung Vina, Exedy, Strong Way and Prime Group has formed the industries creating the province's key products which are competitive and have high added value.

Specifically: in the 2016-2020 period, the industry and construction sector has continued to grow at an average rate of 10.61%/year, higher than the 10.15%/year in the previous period 2011-2015, far exceeding the target of 7-7.5% set by the Resolution of the 16th Provincial Party Congress; and contributing over 65% of the province's overall growth point.

Despite a decline in car and motorcycle products, they still accounted for a high proportion in the province's industrial production value. In contrast, the electronic component manufacturing industry developed quite rapidly. If in 2015, it only accounted for 10.68% of the industrial value, by 2019, it accounted for nearly 40% of the industrial value and made a great contribution to the overall growth of the province; the value added processing and manufacturing industry accounted for a high proportion in the industrial structure and made a great contribution to the manufacturing and processing industry of the country. Supporting industries were formed and have gradually developed, contributing to promoting the key industries to continue to develop, contributing significantly to export growth and improving the localization rate.

To achieve these results, in the recent time, many resolutions, programs, mechanisms and policies of the Provincial Party Committee, Provincial People's Council and Provincial People's Committee have been issued. The focus is on helping businesses access preferential loans with low interest rates to invest and bring new and modern technologies into production; promptly solving problems and difficulties in the process of production and business.

With the target that by 2025, the growth rate of industry – construction sector will reach 11.5-12%/year, making Vinh Phuc one of the industrial, service and tourist centers of the region and of the country; The industry will have a new development step, contributing to promoting development and economic restructuring in the area, Vinh Phuc will encourage the development of supporting industries; continuing to maintain and develop the industries of manufacturing and assembling auto parts, motorbikes and electronic components into key industries; giving priority to the development of a high-tech and environmentally friendly industry.

At the same time, the province will continue to enhance investment promotion activities; administrative reform, solving difficulties for businesses; improving the quality of human resources; attracting, calling for investment, completing and strengthening the effective management and operation of industrial parks and clusters according to planning ... It is expected that in the period of 2021-2025, the relocation of investment locations of major economic groups will be an opportunity for Vinh Phuc to attract foreign investors. ■



PM Nguyen Xuan Phuc and Japanese PM Suga Yoshihide witness the handover ceremony

Vinh Phuc Grants Investment Licence to TOTO Vietnam

On the occasion that Japanese Prime Minister Suga Yoshihide and his wife paid an official visit to Vietnam at the invitation of Prime Minister Nguyen Xuan Phuc, in the framework for document exchange between Vietnamese and Japanese agencies and localities, Mr. Le Duy Thanh, Chairman of the Vinh Phuc Provincial People's Committee, awarded the investment certificate to Mr. Hiroyuki Suzuki, General Director of TOTO Vietnam Co., Ltd.

Welcoming TOTO Vietnam Co., Ltd to make an official investment in Vinh Phuc, Mr. Thanh emphasized that Vinh Phuc is one of four localities with best infrastructure and conditions for industrial development in Vietnam and always stands among the top performers of investment attraction and industrial development. At present, the province has over 400 FDI investment projects, with US\$3 billion of foreign direct investment (FDI) capital licensed in 2015-2020.

Affirming that Vinh Phuc will provide the most favorable conditions for investors in general and investors from Japan in particular to deploy their investment projects in the province, he hoped TOTO Vietnam Co., Ltd would complete necessary legal procedures to start construction of the plant as soon as possible.

TOTO Vietnam Co., Ltd is subordinated to TOTO Group of Japan, which manufactures building materials. The company started investing in Vietnam in 2002 with two factories in Dong Anh, Hanoi and two factories in Hung Yen, and employed 5,000 workers. Vinh Phuc is the third destination and one of the most promising factories of TOTO Group in Asia.

Nguyet Tham

Breakthrough in Traffic Infrastructure

Vinh Phuc province has made breakthroughs in the transport infrastructure system in recent years, with synchronous modern investment in traffic infrastructure to ensure smooth connectivity to meet local transportation needs.

QUYNH NGOC

The transportation sector has mapped out the Transportation Master Plan to 2020, and vision to 2030. The province has built and upgraded many important traffic works to foster local socioeconomic development. Ring Road 3, Hop Chau - Dong Tinh Road, Hop Thinh - Dao Tu Road, roads to administrative centers of districts and communes; rural roads and infield roads, to name a few.

These traffic works have made Vinh Phuc one of the leading provinces in rural transport construction in the country.

Currently, Dam Vac Bridge, costing VND612.5 billion, is one of ongoing traffic projects in Vinh Phuc province. The project is expected to be completed and put into use 15 months from the date of commencement. The project will help promote urban infrastructure development of Vinh Yen City and connect with the North-South traffic axis of Vinh Phuc urban center according to the plan approved by the Prime Minister; connect urban areas, facilitate trade, services and tourism development, improve people's livelihood quality and support the synchronous development of other economic sectors.

In addition, many key traffic works serving socioeconomic

development and people's livelihoods have been upgraded and constructed, including a road from Bi La Bridge to Lap Thach Town, Hop Thinh - Dao Tu Road, Hop Chau - Dong Tinh Road, a road from Van Quan to the Lo River, Tay Thien - Tam Son Road, and a road from Hop Chau - Dong Tinh Road to Tay Thien scenic landscape.

In the coming time, to make breakthroughs in development investment of synchronous and modern transport infrastructure, match with sustainable urban development goals, and upgrade urban infrastructure to meet the first-class urban criteria to lay the premise for Vinh Phuc to become a centrally-run city, the province is determined to quickly develop the transport infrastructure to meet its quick development requirements and match its long-term development vision.

At the same time, the province will focus investment resources on urban infrastructure construction in Vinh Phuc, build and upgrade traffic routes and bridges linking Vinh Phuc with neighboring provinces and cities, and meeting development and regional connectivity requirements. Key projects include Ring Road 5 along the foot of Tam Dao Mountain, North - South and East - West trunk roads, Van Phuc Bridge and intersections along Noi Bai - Lao Cai Expressway. ■



Many Attractive Tax Incentives



A motorbike assembly line at Honda Vietnam company in Vinh Phuc province

To woo investors and boost business development in industrial parks, Vinh Phuc province has applied tax incentives and financial solutions within its jurisdiction and in line with local conditions.

NGUYET THAM

Specifically, Vinh Phuc applies a corporate income tax of 10% for 15 years for high-tech firms and corporate income taxes subject to new investment projects engaged in scientific and technological research and development; software manufacturing; composite material manufacturing; light construction material manufacturing; rare and precious material production; renewable energy production, waste-to-energy production; biotechnology development; manufacturing of environmental treatment equipment, environmental monitoring and analysis equipment; pollution treatment and environmental protection; collection and treatment of solid waste, wastewater and gas emissions; recycling and reuse of waste for new manufacturing investment projects with the minimum registered value of VND6,000 billion, disbursed within three years since the year of licensing and minimum total revenue of VND10,000 billion in three years from the first year with revenue; or projects with a minimum investment fund of VND6,000 billion, disbursed within three years of the date of investment licensing and hiring more than 3,000 employees within three years from the year with revenue.

Besides, Vinh Phuc levies a corporate income tax of 20% over 10 years, applicable to corporate income tax from new investment projects that make high-grade steel; manufacture energy-saving products; manufacture machinery and equipment for agriculture, forestry and fishery; manufacture irrigation equipment; manufacture and refine animal feeds; and develop cottage industries. Other companies will be subject to a corporate income

tax of 22%, with an exemption/reduction in 2-4 years, a 50% reduction in the next 4-9 years, depending on their investment projects.

To boost importing and exporting activity of tenants in industrial parks, Vinh Phuc exempts import duty on goods used to create fixed assets of investment projects like equipment, machinery and special-use transport means that cannot be made locally; components, detachable parts, spare parts, fittings, molds and accessories for synchronous assembly of equipment, machinery, inputs and supplies that cannot be made locally and used to manufacture equipment and machinery of technological lines or to manufacture components, detachable parts, spare parts, fittings, molds and accessories for synchronous assembly of equipment, machinery and construction materials that cannot be produced locally.

Furthermore, Vinh Phuc also offers other incentives such as exemption or reduction of land rent and water surface rent. Investors are exempt from land rent and water surface rent for their whole leasing term of land commonly used for infrastructure construction in

industrial parks according to the plan approved by competent authorities. They are free from land rent or water surface rent when the basic infrastructure is built according to projects approved by competent authorities (no more than three years from the date of issuing the decision on land lease or water surface lease). They are exempt from land rent and water surface rent in 11 years after the time they get exempted for building the basic infrastructure as mentioned above. The province provides support for site clearance but the value does not exceed 15% of the land compensation fund or 100% of the fund in case of coercive imposition.

If FDI projects invest in social sectors like education, health and culture, Vinh Phuc will use the budget to support land compensation and site clearance for them. After domestic investment projects obtain approval from the Prime Minister, the province will fund the cost of preparing documents for direct investment projects subject to investment priorities like supporting industries for automobile, motorcycle, electronics and telecommunications industries; high-tech agriculture; and ecotourism. The province has also set aside the support budget for some items in industrial parks, especially site clearance for industrial park construction and worker housing.

In addition to the above incentives, Vinh Phuc assists industrial parks to train workers and provides labor information for industrial parks; and helps farmers to get training for factory jobs. Every year, the province invests a lot of money to train workers for industrial parks both in the short term and in the long term. ■



Enhancing Human Resource Development to Better Serve Businesses

Defining human resources, especially high-quality human resources, as one of breakthrough stages and prerequisites for sustainable socioeconomic development, Vinh Phuc attaches special importance to training and developing skilled human resources and vocational training.

H.LANG



Vinh Phuc province promotes cooperation with vocational schools and businesses to improve the quality of human resources toward regional and world standards

Supporting the development of vocational education

Currently, Vinh Phuc has 49 vocational training schools. The province has issued policies on vocational training and employment support: Resolution of the Provincial People's Council on support policies on vocational education and employment in the province in the 2016-2020 period; Resolution on specific measures on investment attraction and business development support; and Decision of the Provincial People's Committee on promulgating regulations and policies on support for high-quality personnel training and recruitment.

In 2014-2018, vocational training schools in Vinh Phuc province received nearly VND194 billion for purchasing vocational training equipment. At present, Vinh Phuc has seven colleges and secondary schools selected for key occupations, including Vinh Phuc Vocational College, Vinh Phuc Agricultural Engineering College, Viet Xo Vocational College No. 1, Vocational College No. 2 - Ministry of Defense, Vocational College No. 11 - Ministry of Defense, Vinh Phuc Economics and Technique College, and Phuc Yen Industry College (now

Industry and Trade College) with 10 majors/occupations of national level, six majors/occupations of ASEAN level and 11 majors/occupations at international level. These are key majors/occupations in the province for the time being. Besides, Vinh Phuc Vocational College and Agricultural Engineering College are selected for investment according to the Prime Minister's Decision on "High-quality vocational school development project to 2020". Vinh Phuc Vocational College, Agricultural Engineering College, Viet Xo Vocational College No. 1 and Industry and Trade College received training support from Australia, Germany and France and launched pilot training according to international standards for college-level occupations: Automotive technology, Metalworking, Industrial electricity, Industrial electronics and Welding

Business cooperation and association

Vocational training programs and textbooks are recompiled according to the framework program announced by the Ministry of Labor, Invalids and Social Affairs, with 70- 80% of training time used for practice. Schools have shifted from a theory-practice separated training model to module-based training which integrates professional knowledge, practical skills and professional attitudes; adopted student-centered teaching and learning methodologies; invited enterprises to join book compiling stages to create near-to-reality textbooks. They have actively cooperated with businesses to offer best internships for students.

Enterprises have adopted various cooperation forms and activities with vocational training schools like receiving students and teachers to learn about enterprises, offering internships to students, and providing recruitment information and graduate quality feedback. This is an important basis for building and developing high-quality vocational training schools, improving the quality of human resource training, and meeting international labor integration requirements.

To have highly skilled human resources, from 2021, Vinh Phuc province will step up communications, and effectively flow and guide career development for secondary students. The province will review, adjust and

Many Positive Signals in FDI Attraction

With its ongoing effort to improve the investment environment, Vinh Phuc province has achieved positive results in foreign direct investment (FDI) attraction. In the first six months of 2020, the province welcomed many business delegations and foreign ambassadors to visit and study the local investment environment.

THANH LOAN

During her visit to Vinh Phuc in June, Ambassador of Bulgaria to Vietnam Marinela Petkova affirmed that there is room for Vietnam and Bulgaria to cooperate in different fields, especially industry, high-tech agriculture and information technology. In the coming time, she will personally have specific activities to strengthen diplomatic relations between Vietnam and Bulgaria, and between the Embassy of Bulgaria in Vietnam and Vinh Phuc province.

She emphasized that the two sides will continue to organize meetings and exchanges on the fields that Vinh Phuc and Bulgaria are keen on, including automobile, high-tech agriculture and tourism and coordinate in training high-quality human resources. The ambassador said that she will ask the Bulgarian Government to choose Vinh Phuc for cooperation and friendship ties in the near future.

Having visited Vinh Phuc several times, Indonesian Ambassador to Vietnam Ibnu Hadi said, every time he comes to Vinh Phuc, he witnesses positive progress and rapid development. The province's development potential is huge, but only two Indonesian companies are currently doing business here. He affirmed that, during his tenure in Vietnam, he will call on more Indonesian investors to come to Vinh Phuc.

Also in June, a Japanese delegation led by Mr. Tsutomu Uchiyama, General Director of VCC Co., Ltd, came to study the business investment environment in the province. He

expressed his desire to seek cooperation in education and training in the province (from kindergarten to university system). Besides, he eyed cooperation in banking, medicine, mechanical engineering and technology.

On June 26, Mr. Sushil Prasad, First Secretary of the Indian Embassy in Vietnam, led an Indian business delegation to visit Vinh Phuc province. He affirmed that India wants to build a comprehensive cooperation relationship in all fields with Vietnam in general and Vinh Phuc in particular. He will propose that the Government of India introduce a locality with many similarities with Vinh Phuc to build a friendly relationship and sign development cooperation agreement. At the same time, he will recommend Indian businesses to invest in industry, agriculture, information technology and education in the province.

Paying a recent working visit to Vinh Phuc, Ambassador of Thailand to Vietnam Tanee Sangrat highly appreciated the province's support and assistance to Thai businesses in the province. He wished that, with the 40 years of close cooperation between the two countries, in the coming time, the two will work together to study their economic and cultural strengths to further deepen the bilateral relationship of the two countries in general and between Thai localities with Vinh Phuc province in particular. He pledged that, in his capacity, he will introduce Vinh Phuc's investment incentive policies and send business and official delegations to study investment opportunities in the province. ■

develop training programs and contents for highly skilled human resources, meet quality requirements for labor resources on the market; reform vocational training and strengthen quality management of vocational education schools to make sure that student quality meets labor market requirements; and develop enough vocational training managers and teachers to meet requirements for ethical qualities, professional qualifications and expertise.

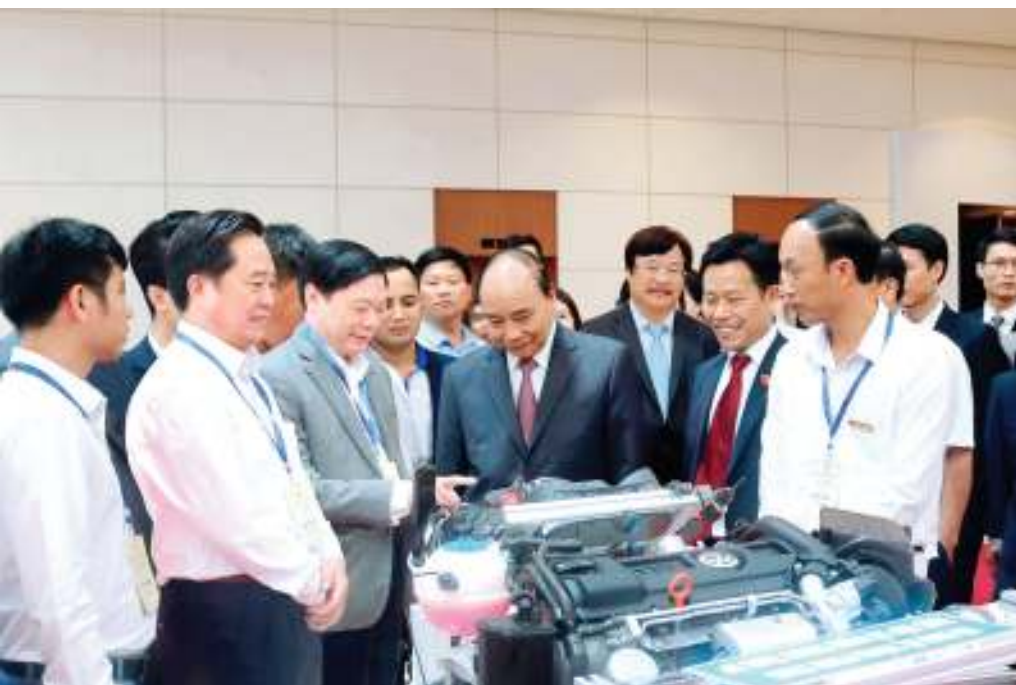
With over 24,000 vocational training employees, the province regularly sends them to domestic and overseas training courses to raise their qualifications and expertise. Up to now, 100% of vocational training

officials and employees at provincial and district levels have met required qualifications.

Leaders of Vinh Phuc province said: Workers in Vinh Phuc province have not met requirements from businesses. At present, companies in Vinh Phuc province are now employing more than 150,000 workers, including 81,000 in industrial parks. Women workers account for more than 70%. 52% just completed universal education and only 12% graduated from university and college. In addition, local workers are weak at foreign language capabilities and computer skills. Therefore, the province will make further investment to have high quality human resources in the coming time. ■



Boosting Cooperation with Businesses in Vocational Training



To meet the increasing employment demand, besides investing in facilities, actively renovating vocational training and standardizing teachers, Vinh Phuc Vocational College has promoted cooperation with businesses and international partners, and improved the quality of vocational training toward regional and world standards. Our reporter has an interview with Mr. **Nguyen Trung Thien**, Vice Rector of Vinh Phuc Vocational College, about this issue. **Hoang Tham** reports.

How have you enhanced domestic and international cooperation in vocational training?

Since its inception, we have received much support and assistance in vocational training from international organizations through international cooperation programs and projects such as the Vietnam Vocational Technical Assistance Project (TVET). We have established close relationships with German organizations like German Development Cooperation Agency (GTZ) in Vietnam, German Reconstruction Bank (KfW), DED and CIM technical consultation and expert support organizations, and InWent Technical Training Agency.

We also have regular contacts with other international agencies like the Korea International Cooperation Agency

(KOICA), the British Council and the Embassy of Japan. We have signed a training cooperation agreement with Seoul University (South Korea) and planned a training cooperation plan with Portland State University. In particular, the school is being selected as one of 13 schools entitled to the ODA loan of US\$11 million funded by the Government of Japan, coordinated by the Japan International Cooperation Agency (JICA).

International training cooperation has helped us access new advanced training forms and modern facilities, enabling us to raise training quality and upgrade training methodologies. Hundreds of our teachers have been sent for training in Australia, Germany, Malaysia, Japan and others.

How have you boosted cooperation with businesses in human resource training?

Our relationships with businesses have become more substantial and productive.

Currently, we deploy many cooperation methods with businesses like inviting them to join appraisal boards and graduation boards to assess curricula and training programs. Therefore, all students have practical experience with enterprises as expected. We have a close relationship with more than 50 enterprises in the province and in the region such as Samsung,

Toyota Vietnam, Piaggio Vietnam, Vietnam Precision Mechanical Company 1 (VPIC1), Viettel, Primer Vinh Phuc and COSMOS.

Our training cooperation is being expanded intensively and extensively for long-term interests. To date, more than 95% of graduates are recommended employment opportunities or businesses directly contact us to recruit our students, who are usually paid a good salary. In the coming time, we will actively seize opportunities, strengthen international cooperation, and improve training quality to become a high-quality vocational school in the national and regional education system.

Thank you very much!

THANG LONG VINH PHUC INDUSTRIAL PARK

Creating Breakthroughs in Local Industrial Development

After conducting many surveys on the Vinh Phuc investment environment, Sumitomo Corporation of Japan decided to invest over US\$135 million in infrastructure construction in the 123-ha Thang Long Vinh Phuc Industrial Park in Binh Xuyen District, Vinh Phuc Province. The industrial park has to date become a model of infrastructure quality, environment and behavioral culture and created breakthroughs in local industrial development. Our reporter has an inclusive interview with Mr. **Satoru Wachi**, Deputy General Director of Thang Long Vinh Phuc Industrial Park Co., Ltd, on this issue. **Ngo San** reports.



Could you tell us about impressive investment attraction achievements in Thang Long Vinh Phuc Industrial Park?

Thang Long Vinh Phuc Industrial Park was established at the end of 2015. The construction was kicked off on September 21, 2017 and the first phase was completed on November 8, 2018. Soon after that, 11 investors from Japan came to invest US\$200 million in it. This was very meaningful because Sumitomo had more than 10 customers in a short time for the first time. By the end of September 2020, Thang Long Vinh Phuc Industrial Park attracted 15 projects, including three DDI projects (VND506.16 billion) and 12 FDI projects (US\$372.37 million). Eight projects have gone into operation. The occupancy rate is 74.6%.

We realize that there are many Japanese enterprises that want to invest in Vietnam but they are still concerned about the legal system, administrative procedures, and labor recruitment. We speak the same Japanese language with them and have stayed in Vietnam for a long time. So, we can provide best support for Japanese investors. Therefore, we focus on these potential partners. Our industrial parks always have many Japanese investors, but we affirm that Thang Long Industrial Parks in general and Thang Long Vinh Phuc Industrial Park in particular are always ready to welcome investors from all countries and territories.

Could you please share about the province's investment environment? What are your recommendations for a better investment environment and business support?

The government of Vinh Phuc has enthusiastically helped us since it launched our project. Sumitomo Corporation started Thang Long 1 Industrial Park in Hanoi in 1997, Thang Long 2 in Hung Yen province in 2006 and received great help from the local governments. All procedures are very convenient. Support commitments are being enforced quickly. At present, Ton Duc Thang Street and Nguyen Tat Thanh Street, invested by the provincial budget, have been completed to connect Thang Long Vinh Phuc Industrial Park with a convenient traffic system. Power grid and transformer stations were also built for the park. The Secretary of the Provincial Party Committee, Chairman of the Provincial People's Committee, leaders of provincial departments and Binh Xuyen district always actively encourage and facilitate all investors. Local people understand and support us a lot as we carry out our project. We believe that customers at Thang Long Industrial Park Vinh Phuc will also receive the same care and help.

Recently, Vinh Phuc has given priority to investors with environment-friendly industries, technologies and products. We also know that the province has rejected some projects bearing pollution risks. At the moment, chemical production, textile dyeing and paper production will not be welcome here.

Therefore, Thang Long Vinh Phuc Industrial Park always targets investors using advanced technology and operating in information technology, automobile and alike.

So, what are the company's goals and approach in the coming time?

In the next 3-5 years, we will focus on leasing the remaining area. At the same time, we will provide maximum support for our customers to enter stable operation by 2030. At that time, Thang Long Vinh Phuc Industrial Park will create 40,000-50,000 jobs, pay taxes, transfer technology and boost local economic development.

Thank you very much!



Provincial Party Secretary Hoang Thi Thuy Lan receives Mr. Vítězslav Grepl, Ambassador of Czech in Vietnam

Czech Republic Ambassador Pays Working Visit to Vinh Phuc Province

On the occasion of attending the meeting and exchange program with the Vietnam-Czech-Slovakia Friendship Association in Vinh Phuc province, Ambassador Extraordinary and Plenipotentiary of the Czech Republic to Vietnam Vítězslav Grepl paid a courtesy visit to leaders of Vinh Phuc province. At the meeting, Ms. Hoang Thi Thuy Lan, Secretary of the Vinh Phuc Provincial Party Committee, informed the visiting delegation of the province's socioeconomic development achievements over the past time. She affirmed that Vinh Phuc is currently a dynamic economy, an industry and tourism center of the country, and a center of electronics, automobile and motorcycle industries. Projects from many countries and territories around the world are successfully investing in Vinh Phuc. She hoped that, in the coming time, Ambassador Vitezslav Grepl will help to connect Vinh Phuc with provinces and cities of the Czech Republic; introduce the province's potential to Czech investors; actively support cooperation ties between the Czech Republic and Vietnam. In his capacity, the guest asserted that he will promote relations of the Czech Republic and Vietnam in general, and, at the same time, support Vinh Phuc in training high quality human resources, attracting investment fund, and boosting socioeconomic development and cooperation with localities in the Czech Republic. The Czech Government and businesses are expected to visit and promote investment in Vietnam, including Vinh Phuc, in early 2021.

Thanh Loan

MK High Technology JSC Invests in VND100 Bln in Thang Long IP

The Vinh Phuc Industrial Parks Authority recently granted an investment certificate to MK High Technology Joint Stock Company to invest VND100 billion in a high-tech product research, development, production and trading project in Thang Long Industrial Park, Vinh Phuc province.

MK High Technology Joint Stock Company is headquartered at Lot C-1A, Thang Long Vinh Phuc Industrial Park (Thien Ke Commune, Binh Xuyen District, Vinh Phuc Province).

The project is designed to manufacture, install, distribute, package, research and develop high-tech products such as smart cards, smart card readers, security tokens, fingerprint scanners and readers, connection accessories for

electronic circuits such as ACP and ACF, and thermal sensors; develop solutions, integrate systems and transfer technology relating to security, payment, traffic fee collection, image processing and biometrics.

The project is expected to have the Factory 1 in operation in June 2021 and the Factory 2 in operation in June 2022. Other items will be completed and operated from July 2022.

Thanh Loan

65% of Growth Contributed by Industry - Construction Sector



Vinh Phuc currently has over 10,500 businesses and nine out of 20 industrial parks approved by the Prime Minister are in operation. With its ongoing efforts to overcome difficulties and develop the business community, Vinh Phuc's industry has constantly grown and clearly affirmed its leadership in economic development. The sector also makes a big share of the province's Gross regional domestic product (GRDP). According to the report by the Provincial People's Committee, in the 2015-2020 period, the sector's output value was estimated to expand by 12.1% a year, nearly twice the target of the Resolution of the 16th Provincial Party Congress and contribute over 65% of the province's overall growth. The added value of the processing and manufacturing industry accounted for 4.5% of the combined added value of Vietnam's manufacturing industry. Electronic components led its export shipments, accounting for 40% of the province's industrial production value. Automobiles and motorcycles continued to be key industrial products and made Vinh Phuc the largest automobile and motorcycle manufacturing hub in the north of Vietnam. Its supporting industries also developed rapidly, especially for mechanical engineering and electronics.

Industrial development has helped promote economic growth in the province, increase budget revenue, and create jobs for workers. In the 2016-2020 period, the economic growth grew by 8% a year and the budget revenue soared by 30.3% a year. Its domestic budget revenue ranked among the top in the country, second in the north. In particular, in 2020, the province's economy is estimated at over VND128 trillion (US\$5.6 billion), 1.63 times that of 2015. GRDP per capita was estimated at VND110.4 million (US\$4,780). Labor productivity of a person reached nearly VND200 million a year, an average growth of 9.43% a year, higher than the national median.

Thanh Nga

Supporting Industries Prioritized for Development



Supporting industry is always defined as one of disruptive economic sectors to increase added value and create a foundation for sustainable industrial development. By 2025, the supporting industry of Vinh Phuc will become a supply chain of high-value products in a complete product production cycle of giant domestic and foreign corporations. Nearly 200 companies in Vinh Phuc province are engaged in supporting industries, focusing on five pillar sectors: Mechanical engineering; automobile and motorcycle; electronics; apparel and footwear; and construction materials. The development of supporting industries not only creates many jobs and increases the State budget income but also boosts the development of key industries. Supporting industries contributed to the 16.2% to industrial growth in 2016 - 2019. The province's supporting industries are aimed to become an important link in the complete product production line of large domestic and international corporations by 2025. Vinh Phuc supports 100% of the fund for companies to apply management systems that meet corporate governance requirements of global production chains; 70% of training cost of improving human resource quality; 50 - 100% of the fund for research and development, technology transfer and innovation application in manufacturing and testing components, spare parts, and inputs. These attractive preferential policies will give a strong boost to the rapid and strong development of supporting industries of Vinh Phuc province.

Lap Thach to Have At least Two Operational IPs by 2025

The Resolution of the 21th Lap Thach District Party Congress (the 2020 - 2025 term) states that Lap Thanh district will have at least two industrial zones in operation by 2025, aiming to become one of the largest industrial producers in Vinh Phuc province after that.

To achieve this goal, the district will focus on developing human resources, attract investment capital, boost socioeconomic development. In 2017, the district issued Resolution 06-NQ/HU on "Improving the quality of labor resources to attract investment and develop industry, handicraft, service and tourism in 2017-2020 period, with a vision to 2030." Every year, Lap Thach builds vocational training plans for rural workers, plan to create jobs and send workers to work abroad. It directs relevant professional agencies to actively coordinate with vocational training schools to spread information on vocational training, support policies and employment demands. Currently, trained workers account for nearly 60% of total

workers in the district. Vocational training programs have been renovated to match market demand and employers' requirements. Improving the quality of human resources has helped Lap Thach made breakthroughs in investment attraction and industrial development. Many large companies like Loi Tin Shoe Company, A My Industry Joint Stock Company and FWKK Garment Company are present in the district. The industrial output value was estimated at VND4,556 billion in 2020, an increase of VND3,280 billion over 2015. They are employing more than 14,000 local workers.

Nguyet Tham

VPIC 1 Starts Construction on Factory 6 in Ba Thien 2 IP



VPIC 1 launches groundbreaking ceremony to build factory No. 6 in Ba Thien 2 Industrial Park

Vietnam Precision Industry Co., Ltd No. 1 (VPIC 1) recently hosted a groundbreaking ceremony to commence the construction of Factory 6 in Ba Thien 2 Industrial Park.

Speaking at the ceremony, Chairman of Vinh Phuc Provincial People's Committee Le Duy Thanh praised the company's production expansion in Ba Thien 2 Industrial Park and started construction of Factory 6. This demonstrated Vinh Phuc's efforts to improve business investment environment and focus on business-centered investment attraction.

Mr. Wu Tsong Wu, General Director of VPIC 1, said, "With the valuable support and help of Vinh Phuc province plus the company's determination to overcome difficulties, VPIC 1 has to date had five production factories which cost US\$100 million of investment capital and employ more than 4,000 workers, who are paid an average monthly salary of nearly VND12 million each. To meet the market demand, the company decided to invest in Factory 6, covering 15.5 ha, in Ba Thien 2 Industrial Park. The construction is divided into two phases. The first phase will cost US\$40 million to build facilities on 7.7ha of land, including 5 ha for production facilities. After being completed in January 2021, it will employ over 2,000 workers and make products for export to the United States and Europe.

VPIC 1, with the initial investment capital of US\$5 million, was established nearly 20 years ago in Khai Quang Industrial Park. The 100% Taiwanese-owned company manufactures components and spare parts for automobiles, motorcycles, sleds and medical equipment for domestic and export markets.

Nguyet Tham



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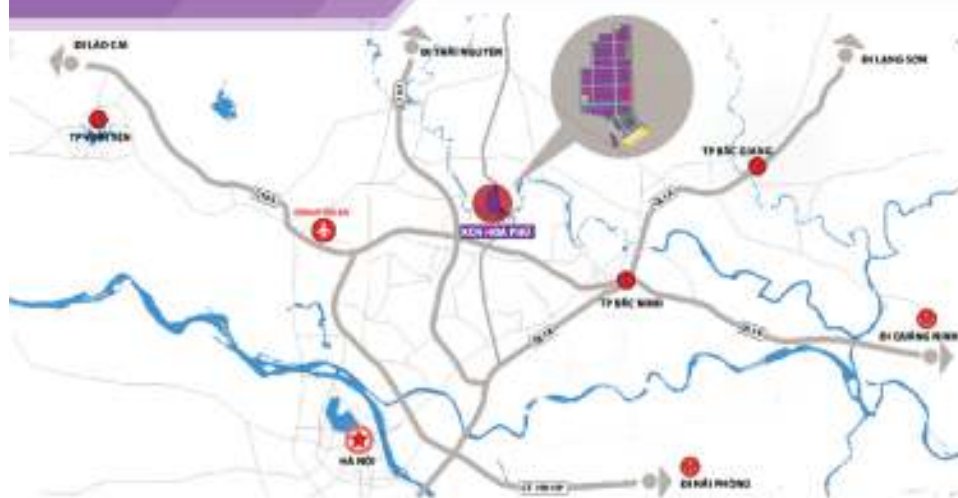
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