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**Cover photo:** In October 2019, Deputy Prime Minister Vuong Dinh Hue (now Secretary of Hanoi Party Committee) and delegates visited booths displaying agricultural products on the sidelines of the conference reviewing the 10-year implementation of the National Target Program on New Rural Development in Thai Nguyen province



# Business Integrity Toolkit for Investors and Startups Launched



Delegates at the launching ceremony of the Business Integrity Toolkit for Investors and Startups

**A**t the toolkit launching ceremony organized recently by the Business Forum Magazine in Ho Chi Minh City, Mr. Vo Tan Thanh, Vice President of the Vietnam Chamber of Commerce and Industry (VCCI), highly appreciated the supportive cooperation of the United Nations Development Program (UNDP) Vietnam with VCCI to create a ripple effect of business integrity in the startup community.

The toolkit is designed for all active investors or those seeking to invest in startups and SMEs established in Vietnam. The toolkit is also a reliable reference for foreign investors who are not familiar with the business environment in Vietnam. Incubators, startup acceleration centers, startup support agencies that are training and preparing for startups to call for fund also need to refer and use this toolkit.

Ms. Nguyen Phi Van, President of the Vietnam Angel Investors Association, Innovation Advisor for Project 844 (Ministry of Science and Technology), Vice Chair of the Advisory Council for Innovations and Startups - author of the toolkit, emphasized, "For investors, one of the prerequisites for equity investment is business integrity, because only it can

**The Business Integrity Toolkit for Investors and Startups helps investors pick up enterprises to invest in and shares business integrity conditions to appraise investment projects for startups.**

create transparency for partners, shareholders, investors and customers, paving the way for sustainable development."

There are three key platforms to assess the degree of business integrity: Personal ethics, management system quality, and law knowledge and compliance.

Mr. Sam Wood, Deputy Consul General cum Head of Trade & Investment, British Consulate General Ho Chi Minh City, said Vietnam's thriving startup scene continues to grow strongly. The estimated number of startups in Vietnam is almost 3,000, making the country the third largest

startup ecosystem in Southeast Asia. New companies, including startups, have to deal with a significant amount of red tape when they want to run their business. I hope that the Business Integrity Toolkit will help new businesses to assess, understand and take action on business integrity.

The Business Integrity Toolkit Investors and Startups is an important part of a series of integrity-related activities in project "Enhancing a fair business environment for new businesses in Vietnam" funded by the UK Prosperity Fund. The project is developed by the Business Forum Magazine in collaboration with UNDP Vietnam. ■



# FDI and Local Businesses Need to Set up Reciprocal Relationships

The weak connectivity of business sectors has hindered sustainable development of businesses, including foreign-invested ones. Accelerated development of sustainable value chains is considered a decisive factor to recover business sector and spur economic growth.

HA LINH



**Vietnamese SMEs need to upgrade themselves to enter global value chains**

## Many opportunities are lost on weak connectivity

Minister of Planning and Investment Nguyen Chi Dung said, Vietnam has recently achieved remarkable results in foreign direct investment (FDI) attraction and domestic private business development. However, there are still some shortcomings: The connectivity of Vietnamese businesses is still loose and uncoordinated, especially between small companies and larger ones, and between Vietnamese companies and FDI firms. In addition, their connection and interaction with other economic areas are not tight; spillover effects on productivity and technology are not high; and localization rate is still low.

FDI firms and large corporations often have their own ecosystems, ready supply chains or self-developed closed chains, he explained. Therefore, the opportunity for other Vietnamese companies to join value chains led by such businesses is very

difficult. Moreover, a vast majority of Vietnamese businesses are SMEs which have a very low management level, limited human resources and low technology to meet increasingly stringent requirements imposed by major domestic and international customers.

In fact, many economists have long warned of two independent economic sectors that are unlikely to help each other. The chicken or the egg causality dilemma in the past years has caused Vietnamese companies to lose a lot of opportunities and hurt their operations and troubled FDI enterprises as well, Minister Dung said. And, we cannot continue to let FDI firms go on a different way from Vietnamese firms.

“This is a puzzle that the Government always wants to solve to draw and harness FDI funds and to strengthen the linkage between the FDI sector and the domestic private business sector, further supporting Vietnamese SMEs to grow to enter

global value chains; the country can’t have two separate business sectors,” he emphasized.

## Close coordination of stakeholders needed

In order to truly develop a sustainable value chain and help economic growth, foreign and Vietnamese enterprises need interconnectivity, mutual support and joint development. And, to do so, there is a need for the close coordination of stakeholders like governmental agencies, businesses and associations.

The Government has encouraged FDI firms to link with Vietnamese partners in the value chain. The Politburo's Resolution 50-NQ/TW is aimed to enhance the quality and effectiveness of foreign investment cooperation, create ripple effects of cooperation with Vietnamese enterprises and connect global production and supply chains. The Law on SME Support features support for small



## Lead Agencies Appointed to Enforce EVFTA

The Prime Minister recently enacted a decision on designation of lead agencies to carry out the EU - Vietnam Free Trade Agreement (EVFTA).

The decision lists designated lead agencies responsible for EVFTA chapters. Accordingly, the Ministry of Industry and Trade is responsible for Chapter 1 - Objectives and general definitions; Chapter 3 - Trade remedies; Chapter 7 - Non-tariff barriers to trade and investment in renewable energy generation; Chapter 10 - Competition policy; and others.

For Chapter 2 - National treatment and market access for goods, the Ministry of Industry and Trade is responsible for general provisions, and import and export management; the Ministry of Finance is in charge of contents of tariffs; and the Ministry of Agriculture and Rural Development is liable for agriculture-related issues.

The Ministry of Finance (General Department of Customs) is in charge of Chapter 4 - Customs and trade facilitation. The Ministry of Science and Technology presides over Chapter 5 - Technical barriers to trade. The Ministry of Agriculture and Rural Development leads Chapter 6 - Sanitary and phytosanitary measures.

Regarding the list of designated agencies responsible for receiving and exchanging information and communications, the Ministry of Finance (the General Department of Customs) is answerable for Chapter 4 - Customs and trade facilitation; the Ministry of Science and Technology (Vietnam TBT Office) is in charge of Chapter 5 - Technical barriers to trade. For Chapter 12 - Intellectual property, lead agencies include the Ministry of Science and Technology (for contents concerning industrial property); the Ministry of Culture, Sports and Tourism (for contents with respect to copyright and related rights); and the Ministry of Agriculture and Rural Development (concerns regarding plant varieties).

In addition, the decision has a list of designated agencies in the EVFTA Committees and Working Groups.

In the course of executing the agreement, in case of adjustments to match the actual reality, the Ministry of Industry and Trade is responsible to lead and work with general agencies and report such issues to the Prime Minister for consideration and decision.

PV

## Linking Industrial Manufacturers

The Vietnam Association for Supporting Industries (VASI) and the United States Agency for International Development (USAID) recently jointly organized the “Manufacturing Matchmaking Event 2020” in Hanoi.

The event was supported by the USAID-funded Linkages for SMEs Project (USAID LinkSME).

Ms. Duong Thi Kim Lien, Deputy Director of USAID LinkSME Project, said Vietnam has actively improved the business environment to match enterprises in global supply chains. LinkSME Project provides technical support for businesses and joins hands with them to analyze weaknesses and obstacles to connect SMEs together.

After the matching event, VASI supported 50 attending Vietnamese companies to pay working visits to two Vietnamese metal and electronic businesses to learn about their experiences and lessons in global supply chains.

Q.C

## First Special Flight from Frankfurt, Connecting Vietnam and Europe

A special flight from Frankfurt carried 220 diplomats, investors, entrepreneurs and experts from 15 European Union (EU) countries back to Vietnam on July 30, 2020.

This is the first special flight conducted by AHK Vietnam, GBA Vietnam and the Embassy of Germany, in association with Bamboo Airways of Vietnam.

Carrying diplomats, entrepreneurs, experts of development cooperation agencies, specialists of companies and their relatives from Europe to Vietnam, the flight is expected to help promote investment, production and business activities and help achieve the dual goal of promoting socioeconomic development and effectively preventing Covid-19 epidemic in the new normal conditions of Vietnam.

Mr. Marko Walde, Chief Representative of AHK Vietnam, said, this first flight is a milestone in Europe - Vietnam relations as well as Germany - Vietnam relations, a perfect start for the EU - Vietnam Free Trade Agreement (EVFTA), which took effect on August 1, 2020.

Thu Ha

and medium-sized enterprises (SMEs) to enter deeply into domestic and international networks and value chains - one of three key contents of the law.

In addition, right in working tasks of a newly established special working group on foreign investment cooperation, this element is also placed on the negotiating table when it contacts big enterprises. The working group asked these enterprises to figure out their plans to transfer technology to Vietnam and engage Vietnamese businesses in their value chains. For their part, FDI firms will get higher preferences.

Besides the support of the Government and stakeholders, efforts of businesses themselves are the main solution to this problem. According to experts, private enterprises, especially SMEs, should further increase their creativity and flexibility to adapt to new circumstances, quickly capture market opportunities, dare to take risks; upgrade investment to meet requirements of

partner businesses and more deeply enter domestic and international value chains.

Large corporations need to strengthen internal resources, make more innovations, promote the leading roles, and help domestic SMEs to join production networks and value chains. There is a need to build greater strategies and visions to establish a new position of Vietnamese brands in domestic and foreign markets.

In addition, FDI firms must be considered an inseparable component of Vietnam's economy. The Government has introduced policies on investment attraction but also required FDI investors to build reciprocal relationships with domestic partners to spur growth and development; strengthen connectivity with domestic companies, transfer knowledge and technology to domestic companies to create an effective and sustainable business ecosystem.■



# Customs Sector Launches Various Measures to Support Exporters, Importers



provincial/municipal customs departments to coordinate with local relevant agencies to conduct bilateral talks with competent authorities of partner countries to facilitate trade while controlling and limiting the disease spread, closely coordinate with relevant agencies, especially on the Chinese side, to relieve congestion in border areas, increase Vietnamese agricultural products to China, and facilitate import of components, raw materials, machinery and equipment for production.

The General Department of Vietnam Customs (GDC) recently held online meetings with many trade associations, priority enterprises and foreign-invested enterprises and directed provincial/municipal customs departments to make daily reports on situations and emerging matters to the GDC to have prompt solutions to ensure best export and import activities for enterprises.

## HIEN LE

**T**he GDC has requested airport customs agencies to facilitate exit and entry procedures for travelers and work with local disease control and prevention agencies to quickly clear passengers, on the condition that disease prevention and control requirements are met and customs laws are respected. International airport border gates are requested to quickly clear goods, especially foreign aid to Vietnam for epidemic prevention and control, and Vietnam's aid to other countries.

As for border provinces, which have been severely affected by border-gate and trail closures, restrictions on customs clearance at international border gates, and congested goods at border gates, the GDC has instructed

Hence, some provincial/municipal customs departments have actively implemented many solutions to facilitate businesses based on actual situations and GDC instructions.

In Lao Cai province, to ensure the rapid clearance of goods, local customs agencies have adopted support solutions to control passing vehicles by establishing vehicle fleets to transship commodities from border gate areas to given locations to help drivers avoid 14-day mandatory isolation applied to people on exit or entry, or allow oversized goods carried by transport means to go deep into the mainland for delivery.

In Lang Son province where exported goods, especially agricultural products, and imported materials were congested due to immigration restrictions that the two countries applied during the epidemic time, Lang Son Customs Department has directed local customs agencies to increase working hours, speed up clearance and regulate trucks passing border gates to reduce their loading and unloading time to avoid staying long in given Chinese yards; and collaborated with local forces to talk with Chinese authorities to reopen border gates, ensure safety against the pandemic, extend clearance time, and increase communications with border gate customs offices.

In addition, during March and April 2020 when enterprises had to submit final settlement reports on imported inputs and supplies for export-oriented production, the GDC instructed provincial/municipal customs departments to only check final settlement reports with signs of law violation. ■



## Troubleshooting for Importers and Exporters

The General Department of Vietnam Customs recently released a directive document guiding exporters and importers to deal with difficulties in submitting the original certificate of origin (C/O) due to the impact of the Covid-19 pandemic.

The GDC submitted Circular 47/2020/TT-BTC dated May 27, 2020, to the Ministry of Finance for promulgation. Troubleshooting solutions include extending the time limit for submitting C/O of goods. Specifically, exporters and importers are allowed to submit C/O during one-year validity since the date of issue (30 days previously). C/O with electronic signatures and seals or

photocopied/scanned C/O to submit to customs offices (original copies previously) are accepted. Besides, this content is applied to import customs declarations registered from January 23, 2020 until the Prime Minister of Vietnam or the World Health Organization (WHO) declares the end of the pandemic.

This circular solves problems and recommendations of the business community relating to business support and access to special incentives when enterprises do not have original C/O and extend the time of submitting C/O to customs offices to get special preferences amid complicatedly developing Covid-19 pandemic in some countries.

Le Hien

## Vietnam's Trade Surplus at US\$6.46 Bln in Jan-Jul 2020

Vietnam's import and export value totaled US\$285.1 billion in the first seven months of 2020, down 1.3% over the same period of 2019, according to the latest information from the General Department of Vietnam Customs. Of the sum, the export value was estimated at US\$145.78 billion, up 0.2%, and the import value was projected at US\$139.32 billion, down 2.9%.

Vietnam's trade surplus was US\$6.46 billion from January to July 2020. Its key exports included crude oil and ores.

Budget revenue grossed US\$174.603 trillion (US\$7.5 billion) in the year to July 31, 2020, equal to 51.7% of the estimate and down 15.48% from the same period of last year (VND206,586 billion).

L.H

## Facilitating Import-Export of Face Masks and Medical Equipment

The General Department of Vietnam Customs has sent an official dispatch to guide local customs authorities to implement directions of the Government, the Prime Minister and the Ministry of Health relating to import and export of face masks and medical equipment for disease prevention (for example, applying export licenses of medical masks for Covid-19 pandemic prevention as per the Government's Resolution 20/NQ-CP; granting export licenses of medical masks as per the Government's Resolution 60/NQ-CP; facilitating customs procedures and records for reliefs granted by foreign governments

to Vietnam as well as Vietnam's aid to foreign countries in the fight against the pandemic.

H.H

## Serious Drug Cases Seized in Seven Months of 2020

The illegal trade and trafficking of narcotics tended to increase. In July, many cases of drug trafficking were uncovered on airway. Drug trafficking across the land border was complicated with many serious cases uncovered.

From June 16, 2020, to July 15, 2020, customs authorities seized 1,081 violation cases with the commodity value of VND111.88 billion and collected VND67.11 billion for the State Budget. Customs authorities prosecuted four cases and transferred 10 cases to other agencies for prosecution.

Remarkable seizures included 150 bags of synthetic drugs (30,000 pills), five heroin cakes (1,750 grams) in Son La, and 54 heroin cakes in Dien Bien.

On July 2 and July 14, 2020, the Drug Control Team under the Hanoi Customs Department coordinated with the Customs Office of Noi Bai International Airport, police and Air Cargo Services Joint Stock Company of Vietnam (ACSV) to inspect three batches of functional foods sent from Germany to Vietnam, found 96 bottles of functional foods suspected of containing 16,544.9 grams of MDMA ecstasy and three bottles containing 298.91 grams of ketamine.

On July 18, 2020, the Southern Drug Control Team coordinated with police and border guard in Ho Chi Minh City to capture 40 kg of methamphetamine hidden in exported granite stones.

L.H



# Catfish Firms See Profit Slump

Low export prices and weak new orders have resulted in a sharp drop in profit or even losses for many pangasius exporters in Vietnam. Some have started to shift to the domestic market to offset losses in foreign markets.

**A**ccording to the Vietnam Association of Seafood Exporters and Producers (VASEP), the Covid-19 pandemic has strongly affected the world seafood industry, resulting in a reduction in consumption and changing consumption trends. Orders dropped by 35-50%. Social distancing in April delayed international trade, causing enterprises to fall short of inputs for processing. Transportation and payment became more difficult.

Companies lacked capital to maintain and restore operations.

Particularly, pangasius is the most affected aquatic product as its export value dived over 31% in the first half of 2020. Given weak new orders, high inventories and low export prices, their profit plummeted.

Industry leader Vinh Hoan Corporation (HoSE: VHC) announced that second-quarter profit fell by half from a year ago to VND215 billion when its holding corporation's business operations shrank due to lower selling prices and the effect of the Covid-19 pandemic. The six-month profit halved to nearly VND368 billion, thus fulfilling 46% of the yearly plan in the low scenario and nearly 35% in the high scenario.

Vinh Hoan Corporation is carrying out an investment strategy to increase profits through the value chain. In addition to traditional pangasius export, it is aiming to boost sales of fish fat and fishmeal by 20% this year and increase sales of collagen and gelatin products by 60% thanks to the new factories in operation.

Nam Viet Corporation (Navico, HoSE: ANV) is also heavily affected by the Covid-19 pandemic because selling prices declined. Second-quarter profit sank by 79% year on year to VND32 billion, lowest since early 2017.

In the first six months, its net revenue dropped by 14% while earnings after tax dropped by nearly 79% to VND75.5 billion. Although it planned the 2020 profit to fall by 72% to VND200 billion, it achieved only 38% of the plan in the first half of the year.

Its export value plunged 52% year on year to VND399 billion in the second quarter. However, Navico's bright spot came from the domestic market where its sales soared 113% from a year ago to VND485 billion. For the first time, its domestic revenue surpassed its exports.

Domestic pangasius market is not very large and enterprises have not strongly exploited it. However, due to weak exporting, many businesses are boosting domestic consumption. Navico has recently cooperated in selling products in the VinEco distribution chain managed by Masan Group. IDI Company has joined hands with BigC. Go



**Pangasius is the most affected aquatic product as its export value dived over 31% in the first half of 2020**

Dang Company and Hung Ca Company has cooperated with Hapro.

I.D.I International Development and Investment Corporation (HoSE: IDI) saw a drop of 61% to VND26 billion in the second-quarter profit. The firm said that the Covid-19 pandemic caused a heavy impact on frozen pangasius fillets when the market was disrupted and export prices plummeted.

The six-month profit dropped by 82% year on year to over VND40 billion. In 2020, the company planned to expand the export market and joined hands with farmers to ensure 90-95% of inputs. Nevertheless, its annual profit was expected to fall by 39% to VND160 billion. Its six-month outcome fulfilled just 25% of the yearly target.

Cuu Long Fish Joint Stock Company (HoSE: ACL) earned only VND4 billion in the second quarter, down 93% from a year-ago period. After half a year, the company achieved a profit of over VND5 billion, down 95% and equal to only 7% of the yearly plan.

Even, Mekong Fisheries Joint Stock Company (HoSE: AAM) lost nearly VND600 million in the second quarter (compared to VND3.7 billion a year ago) as export revenue tumbled by half. The six-month profit was only VND71 million, far from the target of VND8 billion of profit before tax this year. ■



# Vietnam Woodworks Confronts Trade Remedy Risks

After seafood and steel, wood products are within the target of global trade lawsuits.

HUONG LY



“ Processed wood products account for over 70% of the total wood export value and Vietnam’s woodworks are exported to 120 countries and territories around the world. ”

## Recommendations to businesses

According to the Trade Remedies Authority of Vietnam (TRAV) under the Ministry of Industry and Trade, the United States Department of Commerce (DOC) recently initiated an anti-dumping and anti-subsidy probe into Chinese-alleged plywood products imported from Vietnam. These are hardwood plywood, decorative plywood and some veneer-coated plywood.

In the event that the DOC concludes that Vietnam's plywood circumvents trade remedy duty imposed on similar products from China, the United States will issue a tax imposition order on this Vietnamese product from the time of probe initiation. The duty will be the same as the highest rate imposed on Chinese products (anti-dumping tax: 183.36% and anti-subsidy tax: 22.98 - 194.9%).

As of June 2020, the Ministry of Industry and Trade dealt with 176 trade remedy cases against Vietnam's exports. In the first six months of 2020 alone, the ministry handled 13 investigation cases against Vietnamese goods and six likely cases (more cases than in 2019).

According to the TRAV, investigated products are currently diverse, with seven cases involving wood products, or 4% of the total. Despite accounting for a small proportion of total trade defense cases, the level of investigation into wood

*Vietnam's largest wood export markets include the United States, Japan, China, South Korea and the European Union (EU), accounting for 88.84% of the country's total wood export value. By market share, the U.S. accounts for about 50.09%, followed by Japan (12.46%) and China (10.92%).*

products is on the rise.

On the other hand, the export value of recently litigated cases is much higher than those in the 2007-2017 period (the anti-dumping case of MDF, investigated by India in 2015, had an export value about US\$3.1 million, while South Korean lawsuit against Vietnamese plywood had an export turnover of about US\$170 million in 2019).

## Business support solutions

According to DOC, the imposition of anti-circumvention duty is not targeted at Vietnamese products but to ensure the enforcement of trade remedies, currently applied to exports of other countries.

Vietnamese products made from Vietnamese materials or materials imported from non-Chinese sources may be allowed to use declaration mechanism to enjoy immunity from tax evasion measures.

Therefore, to date, in anti-circumvention investigations cases,





# Banks Face Challenges in Declining Profits, Increasing Bad Debt

At this time, the influence of the Covid-19 pandemic has really made banks feel the “hit”. Many banks posted a drop in their second-quarter profit report partly due to slow credit growth, their increasing provisions for bad debts and potential debts from the loans of customers affected by the disease.

## QUYNH ANH

### Profit plummeted

Ordinary businesses suffered the impact of the Covid-19 pandemic right from the beginning, while the impact came to banks a bit later. According to LienVietPostBank's financial report, the operating profit in the second quarter of 2020 decreased by more than 33.8% over the same period of 2019, to only VND400.6 billion, thus reducing the operating profit in the first two quarters to VND1,004.2 billion.

At KienLongBank, the operating and net profits in the first six months decreased by 31% over the same period last year, to only VND103 billion and VND82 billion, respectively. The main reason for the sharp decline in profits was that the bank's credit increased by only 1.99% in the first half, while the provision for credit losses was 3.2 times that of the same period last year.

The operating and net profits in the second quarter of 2020 of VietBank also decreased by 61% over the same period, reaching only nearly VND58 billion and more than VND46 billion, respectively, while provision for credit losses in six months nearly doubled.

For Nam A Bank, the net interest income increased by 3% in the first half of this year and net interest income from services increased by 22% to over VND1,053 billion and nearly VND49 billion respectively.

Nam A Bank's foreign exchange business in the first half of the year also brought in profits of nearly VND37 billion; the profit from trading securities increased by 28% and profit from other activities up 42%. The operating expenses of Nam A Bank in the first six months of this year increased by 14%. However, Nam A Bank's credit risk provisioning expense increased by 6.2 times in the first six months of this year to over VND276 billion. Therefore, the operating and net profits in the first six months of 2020 of Nam A Bank decreased by 55% and 54% from the same period to VND201 billion and VND160 billion, respectively.

At the National Citizen Bank - NCB, although the profit increased over the same period last year, the provision for credit risk increased to 57%. Meanwhile, at Sacombank, the provision expense in the first six months increased by more than 86%. Bac A Bank's provision expense also increased sharply to 45.6% in the first half of this year, to VND166 billion. Thus, the bank recorded a sharp drop in pretax profit in the first six months (-19%) compared to the same period last year.

### Bad debts likely to increase further

Not only has the credit provision expense increased sharply, but also the banking system is facing the risk of strong increase in bad



anti-circumvention measures have not caused considerable impact on Vietnam's export value because Vietnamese companies actively use local inputs or import them from other countries rather than China to make exports.

In order to effectively deal with trade defense cases in general and cases against wood products and plywood in particular, according to the Ministry of Industry and Trade, besides the Government's efforts, the wood industry and manufacturers play a decisive, important role in building value chains, modernizing the management system and developing lawful input sources to prove to investigating authorities that they are not dumping or evading tax.

For that reason, the ministry recommended that Vietnam's plywood exporters need to understand investigation mechanisms, regulations and procedures in the United States. Recently, the U.S. frequently changed probe regulations and procedures to make it easier to initiate investigation and imposition.

In many cases, investigators (such as the U.S. Customs and Border Protection) can probe on the sly. Regulations on “significant transformation” or requirements for

“cooperation” and “provision of information” may be also changed from case to case. So, businesses need to find out to have a timely response to related conditions.

In addition, woodwork exporters need to actively improve their management system and data to make sure that they meet information requirements and proof of input origin, and, at the same time, necessarily cooperate with relevant authorities in importing countries in investigation cases.

They should formulate strategies to diversify products and export markets to disperse risks rather than focus on a single market as this can offer a reason for other countries to sue or impose trade remedies in case exports from Vietnam suddenly surge.

Last but not least, producers and traders of wood products essentially have domestic input development strategies to increase the added value of products, and this is also a long-term solution to cope with investigations into anti-circumvention and work closely with the Ministry of Industry and Trade to handle the case. ■





**VPBank is among very few banks that record a drop in the bad debt rate**

debts due to customers' inability to pay debts due to the Covid-19 pandemic.

Reality shows that the sale of banks' bad debts is increasingly difficult despite strong price cuts, as buyers are not truly interested. This fact leads to the situation that many assets still cannot be sold although they have been auctioned many times by the banks.

According to the financial statements of the second quarter of 2020 just released by some commercial banks, one worry is the growth rate of bad debt groups and the money sources that banks must use to make provisions for credit losses.

At LienVietPostBank, the first six months of the year recorded a total increase of nearly VND500 billion of bad debts, equivalent to 23.4% to over VND2,506 billion, with the increase in all three bad debt groups with most in potentially irrecoverable debt. Specifically, while subprime and doubtful debt groups had a total increase of only VND164 billion, the loan group likely to lose capital at LienVietPostBank increased by more than VND312 billion after only a few months and brought the total outstanding debt potentially losing capital at this bank to over VND1,738 billion.

At Joint Stock Commercial Bank for Foreign Trade of Vietnam (Vietcombank), as of the end of June, the bank's bad debt was VND6,433 billion, up VND630 billion compared to the beginning of the year. The ratio of bad debts to total outstanding loans increased from 0.79% to 0.83%. At VietinBank, by the end of June, the bad debt was VND15,968 billion, up 47% compared to the beginning of this year. In particular, the debt of the third group increased 2.5 times to VND7,155 billion.

The number of bad debts at the end of the second quarter at Saigon Thuong Tin Commercial Joint Stock Bank (Sacombank) was VND6,682 billion, an increase of nearly 17% compared to the beginning of this year, of which, the subprime debt increased by 1.8 times to VND850.8 billion.

At Tien Phong Commercial Joint Stock Bank (TPBank), the financial report shows that the total balance of bad debt groups as of June 30, 2020, increased to VND1,476.7 billion, an increase of nearly

19.6% compared to VND1,234.9 billion at the end of 2019. Among these, bad debts in the subprime loan group had the largest increase of over 47.2% after only the first six months.

Vietnam International Commercial Joint Stock Bank (VIB) also witnessed a very strong increase in a series of bad debt groups after the first six months of operation. The total balance of bad debt groups increased 27.6% compared to the end of 2019, to VND3,267.2 billion with all three bad debt groups having shock increases. Most notably, bad debts in the subprime group increased by 79.6% and doubtful debts increased by more than 49.2%, while despite having the lowest increase of 12.6%, the absolute bad debt balance in the group of potentially losing capital was VND1,979 billion, accounting for the majority of VIB's total bad debts.

However, there are some banks that have reversed the trend. At Vietnam Technology and Commercial Joint Stock Bank (Techcombank), the bad debts at the end of June was VND2,100 billion, down 32% compared to the beginning of the year; at Vietnam Prosperity Joint Stock Commercial Bank (VPBank), the bad debt rate as of the end of June dropped by 2.1% compared to the end of last year, to over VND8,613 trillion.

The volatility of bad debts and the signs of profit declines due to the consequences of bad debts in many banks have shown that the difficulties that the business community is suffering have begun to spread and badly influence the operation of the banking sector.

According to many experts, the bad debt movement is expected to increase and is forecast to become even more dramatic in the coming time, although in recent years, banks have been allowed to apply numerous measures such as debt restructuring, debt group retention, adjusting debt repayment period.

In the bad debt scenarios developed by the State Bank of Vietnam (SBV), the bad debt ratio may increase from 3% by the end of 2020 to 3.7% depending on the development of the disease and possibly even higher. This will significantly affect the progress of restructuring plans associated with dealing with bad debts of credit institutions and the resilience of weak credit institutions. ■



## TNR STARS BICH DONG

# Highlight of Bac Giang Property Market

Located in the administrative - economic - social center of Viet Yen district, Bac Giang province, TNR Stars Bich Dong affirms its role as a destination of “prosperity and fortune” thanks to advantages in trade and connectivity.

### Advantages of the key economic region

TNR Stars Bich Dong is located in Bac Giang province, which is in a strategic position in the greater space of Hanoi (a general economic development hub, a national political - administrative center, a national center of culture, education, science - technology and international transactions). Since the development plan for the Capital Region was approved, the transport infrastructure in this region has been much upgraded. Featured projects include ring roads (Ring Road 4 and Ring Road 5), economic corridor axes (Lao Cai - Hanoi - Quang Ninh, Hanoi - Bac Giang - Lang Son), bridges spanning the Red River and the Duong River, railways and waterways.

More specially, TNR Stars Bich Dong is located in Viet Yen district - a magnet to development capital inflows into the province, especially into industrial parks, economic zones and key real estate that supports local socioeconomic development.

By June 2020, Bac Giang had six industrial parks covering nearly 1,500 ha, mainly concentrated in Viet Yen district such as Van Trung Industrial Park, Dinh Tram Industrial Park, Quang Chau Industrial Park, and Vietnam - Korea Industrial Park. Foreign investors invested US\$6.27 billion and domestic investors invested even more in the province.

In 2020, Viet Yen district together with Bac Giang province aims to attract US\$1 billion of investment capital.

*46 shophouses - facing two main traffic routes: National Highway 37 and Provincial Highway 298 - are the most quintessential products of TNR Stars Bich Dong project, not only giving a classy living space but also bringing high business investment value.*

### The highlight of life value

Anticipating the demand for housing property in Viet Yen as FDI flows are rolling in, TNR Stars Bich Dong Residence was kicked off. This project is invested by AAC Vietnam Joint Stock Company. It is developed by TNR Holdings Vietnam in the style of TNR Stars product line featured with the philosophy of “A dream place for a prosperous life.” This is also the first project in Bac Giang to be built and developed under the “all-in-one” model of TNR Holdings Vietnam (a member of TNG Holdings Vietnam) on landscape utilities and living

values together with local socioeconomic development items.

TNR Stars Bich Dong shophouses stand out with a lot of advantages such as wide frontage, unique location, proximity to major roads, flexibly advanced design and green space to generate “double benefits” of easy business and comfortable living for owners.

In addition, for the first time, only at TNR Stars Bich Dong, customers can own classy “townhouses” with two frontages to the “business street and park garden” to create a life that cannot not be seen anywhere else: “Both profitable utility and relaxing enjoyment”.

In particular, the project covers a total planned area of more than 11.64 ha, with 8.72 ha for commercial infrastructure, including 342 lots with areas ranging from 55 square meters to 98 square meters, 52 lots for shophouses with the façade facing National Road 37 & 298B and 290 remaining lots for potential buyers. The investor, AAC Vietnam, has cooperated with TNR Holdings Vietnam to develop 22 luxurious landscapes at high-class facilities such as the trade center and the central market. Besides, TNR Stars Bich Dong is located next to the 6.5-ha central park of Viet Yen district.

With a specialized development model, TNR Holdings Vietnam built two luxury sub-areas: Phu Quy and Thinh Vuong. Phu Quy features the most valuable utilities like financial and banking neighborhoods and high-class shophouses. Thinh Vuong - with upper-class commercial walking streets connected to the landscapes - will be a lucrative opportunity for residents. In addition, Thinh Vuong sub-area - directly connected with Provincial Highway 298 - will increase the commercial value for customers.

TNR Stars Bich Dong is truly a model ecological urban area imbued with the philosophy of sustainable development of high-class residences, closed utilities, top-notch design, unique landscape architecture and special features. This property investment is profitable to customers.■

### PROJECT INFORMATION CONTACTS:

**Sunrise:** 0919 362 332

**CLand:** 0899 788 585



# Hard to Maintain Economic Growth Pace

Vietnam's economic growth rate is likely to be negative in the last five months of 2020 due to effects of the second outbreak of the Covid-19 pandemic seen in recent days.

HUONG LY

## Poor prospects

Vietnam is among very few countries in the world to make positive economic growth in the second quarter of 2020, reaching 0.36%. Its GDP growth was 1.81% in the first half of the year.

On July 21, the Vietnam Institute of Economic and Policy Research (VEPR) forecast that the Vietnamese economy is highly likely to grow by 3.8% in 2020. At a lower scenario, the economy may expand by only 2.2%. VEPR experts said that Vietnam's economic prospects in 2020 depend on how the Covid-19 pandemic is controlled, domestically and globally.

However, this forecast did not account for the outbreak of Covid-19 in some localities such as Da Nang and Quang Ngai at the end of July. Mr. Nguyen Duc Thanh, former Director of VEPR, forecast that, if some major economic centers are locked down to contain the pandemic, it will be a success if the country can flatten the curve; otherwise, the economy is likely to experience negative growth.

Besides negative impacts of the pandemic, Vietnam is also facing many risks and challenges in an unpredictable world economic environment. Many countries continue to adopt lockdown measures and prolong supply chain disruptions. Geopolitical tensions and conflicts among large countries may cause an open economy like Vietnam to confront unexpected risks.

According to VEPR, Vietnam's economic weaknesses also come from internal risks such as high fiscal imbalance, slowing development investment, especially infrastructure investment, an improved but vulnerable banking - financial system, heavy dependence on the FDI sector and foreign technological and input supplies, low labor quality, ineffective and bureaucratic public administration, stalled equitization of State-owned enterprises (SOEs), and low-quality business environment and institutions.

"Life buoys" such as domestic consumption stimulus and tourism stimulus are unlikely to produce effective outcomes in the coming time. The prospect of GDP recovery in the third quarter is significantly reduced. Besides, the northern region is about to enter autumn and winter when the pandemic is more difficult to control than in summer, Mr. Thanh said.

Currently, the consumer price index (CPI) growth is tending to slide to 4%. However, Mr. Nguyen Ba Minh, Director of the Institute of Economics and Finance, said that there are two main factors that drive CPI in the last months of 2020: The rebound of global input prices amid the Covid-19 pandemic and the complicated development of natural disasters and epidemics in Vietnam (especially African swine fever, drought, saltwater intrusion, extreme temperature and storms) that are likely to greatly affect agricultural production, supply and demand of goods in the market.



## Narrow wayout

Mr. Can Van Luc, Chief Economist at Joint Stock Commercial Bank for Investment and Development of Vietnam (BIDV), said that key drivers of Vietnamese economy in the first six months of 2020 amid the pandemic outbreak were agriculture and industrial manufacturing. Accordingly, this sector contributed about 5% to the overall growth, partly because public investment and construction continued during social distancing time.

According to VEPR, during this tough time, agriculture became a key driver of growth in the first half as it expanded by 1.81%, contributing 12% to the overall growth, doubling its contributions from a year earlier.

According to experts, major momentum for Vietnam's economic prospects in the remaining time of 2020 include the EU - Vietnam Free Trade Agreement (EVFTA) and the EU - Vietnam Investment Protection Agreement (EVIPA) and public investment. Besides, input costs will stay low due to the decline in demand for consumption and production; the redirected investment wave aimed to disperse risks from U.S.-China trade tensions and take advantage of investment preferences in Vietnam, macro stability and controlled inflation.

VEPR experts recommended accelerated disbursement of public investment to spur economic growth. Therefore, public investment is the key solution, not consumer demand.

In the most difficult time - the nationwide social distancing in the second quarter, GDP still grew 0.36%. Mr. Tran Tho Dat from the National Economics University is optimistic that, as Vietnam had experience in controlling the pandemic during the social distancing in April, the economic impact of current social distancing measures will be less severe than the first time.

Dr. Dinh Trong Thinh, senior lecturer of the Academy of Finance, said, it is necessary to maintain macroeconomic stability, control inflation, ensure major balances, and create a foundation for sustainable economic recovery and development. At the same time, it is important to strengthen price and market inspection and supervision, especially into essential goods and services, to ensure price stability. For commodities scheduled to have price hikes, it is essential to clearly determine the rate and time of application to avoid negative impacts caused by improper timing of application. ■



## NIGHTTIME ECONOMY

## New Driver of Growth

**Huge potential**

The Nighttime Economic Development Project in Vietnam, recently approved by Prime Minister Nguyen Xuan Phuc, is a big step in changing the mindset about this activity. The nighttime economy is also gradually being considered a new engine of economic growth by developing many new businesses and creating jobs for society.

In fact, the evening economy is quite popular in the world and a key contributor to the overall economy. In many tourism powers, this form of economy brings great value, promotes socioeconomic development, creates employment, generates surplus value and brings home foreign currencies. In Vietnam, the Government advocates actively developing nighttime economy in line with international trends to make the most of time and create new opportunities for economic growth, diversify economic activities, and better serve the material and spiritual life of the people and foreigners, especially tourists.

According to the Central Institute for Economic Management (CIEM), Vietnam has great potential for developing the nighttime economy as it has young population in big cities, abundant tourism resources, unique cultural, artistic and culinary values, broad integration, and pleasant night weather.

Currently, big cities in Vietnam like Ho Chi Minh City and Hanoi have gradually formed evening economic activities. Ho Chi Minh City is the busiest with many activities such as pedestrian streets, food streets, night markets and most recently the boom of convenience stores. Major tourist cities also have plans to develop culinary night streets.

In addition, the increasing number of international tourists to Vietnam shows that there is vast room to attract tourists and develop the nighttime economy.

**Appropriate solution**

According to the newly approved Nighttime Economic Development Project, the nighttime economy is not a separate part of the economy. In the near term, nighttime economic development aims to promote domestic consumption and tourism development by focusing on development of cultural,

Development of the Nighttime economy is expected to effectively tap tourism and service potential, and promote Vietnamese cuisine and culture to the world, thus strongly boosting economic growth of the country.

LINH HA

recreational, catering, shopping and traveling services. The nighttime economy is typically operated from 06:00 pm to 06:00 am. However, to develop this special economic model, appropriate solutions and steps are needed.

The Government should not encourage massive development of nighttime economy, but select major cities and major tourist centers. Piloted localities must carefully invest in long-term well-made development plans.

"To develop the nighttime economy, we must give up the approach that if we cannot manage it, we will prohibit it. We need to take into full consideration but we should not overestimate risks and challenges concerning order and security to miss opportunities of evening economic development. It is admitted that a well-managed nighttime economy will importantly help economic growth, unlock tourism, service and shopping potential, and introduce Vietnamese culture and cuisine to the world," said the project.

In addition, there is a need to further improve policies and legal frameworks to facilitate evening economic development and risk control; study and assess interaction between policies on nighttime economic development and other new/modern economic models and activities (such as sharing economy and e-commerce) to have inclusive and consistent solutions.

Dr. Tran Thi Hong Minh, CIEM President, who drafted the project, said, in fact, the Covid-19 pandemic does not reduce interest in developing and consulting on directions for nighttime economic development. The introduction of the project showed the resolve to grasp any opportunity for economic growth. Therefore, the piloted nighttime economy will soon be launched and scaled up.

The Nighttime Economic Development Project was approved on July 27, 2020 - the time when the country is aggressively fighting the renewed Covid-19 epidemic. There may be certain concerns and doubts about the current feasibility of the project. However, given breakthroughs in perception and innovation, the nighttime economy is more likely to develop Vietnam's trade and tourism services, increase employment and income for workers, and increase tax revenue for the State budget. ■



# How Can Business Restructure to Survive Pandemic?

“Previously, our company manufactured and exported products to partners in France and Sweden, but after the Covid-19 pandemic outbreak, our export was disrupted. To utilize facilities and manpower, our company started to produce face masks and protective equipment for the domestic market and for export. As a result, our business results only decreased slightly from a year ago,” said Mr. Duong Viet Linh from Sales Department, 176 Limited Company.

## ANH MAI



### **Adjusting the business strategy**

Like 716 Company Limited, many Vietnamese businesses are struggling to find ways to restructure for survival and growth. Mr. Hoang Duc Hung, Deputy General Director of PwC Vietnam, said, the Covid-19 pandemic caused businesses to reconsider their strategies and visions, for example digital strategy, technology and innovation to strengthen their capacity and optimize internal processes; identify and link transactions and deals with their long-term visions; and maintain a strong financial base while considering other capital sources.

According to Ms. Dang Thuy Ha, Northern Director of Nielsen Vietnam, consumers are currently changing their shopping channels and products. A Nielsen survey showed that 65% of consumers are willing to spend more on good quality and health-enhanced products and 59% want to buy domestic goods. Therefore, producers need to adjust their distribution channels, penetrate right target markets, determine appropriate prices, and offer effective promotions.

Restructuring business and competition models is always an important issue, a constant concern of every company. Experiencing the devastating Covid-19 pandemic, repositioning and adjusting business strategies, solutions and competition models is posing many urgent requirements, both in short term and long term, on both national and corporate levels. Solving this matter not only requires

efforts of authorities, entrepreneurs and businesses, but also efforts of the entire political system and the whole society.

According to Dr. Can Van Luc, Chief Economist of the Bank for Investment and Development of Vietnam (BIDV), the Covid-19 pandemic opened up many new investment and business trends: Investing in safer assets such as gold which grew by 20% in value in the world, government bonds in the United States which also tended to rise and mergers and acquisitions (M&As) which also tended to increase because the Covid-19 pandemic is causing many companies to go bankrupt or sink stock prices while some are still operating well and they are ready to buy other companies.

In addition, other new trends include drastic reduction of costs and personnel, supply and investment chain restructuring and investment flow restructuring. On the other hand, the contagion is also forcing agencies and businesses to rethink the way they work to become a driving force for digital transformation. Changing sentiment and behaviors of consumers and investors require them to reshape the way products and services are provided.

### **Strategic breakthroughs: Personnel and technology**

Dr. Vo Tri Thanh, Director of the Institute for Brand and Competitiveness Strategy (BCSI), said, the Covid-19 pandemic has impacted all aspects of human life and affected almost all production and business sectors. According to surveys into 126,000 enterprises, 86% are affected significantly.

In this context, the Government responded quite quickly with many proposed solutions, including a VND62 trillion package for social security solutions, lowering interest rates and debt rescheduling in monetary solutions, and extended tax and land-rent payment. In addition, it has sought solutions to accelerate public investment, with a total fund VND700 trillion (US\$30 billion).

“However, the policy is fast but the pace of execution is generally slow. The access to this support package is difficult, resulting in limited practical impacts,” he said.

Before this reality, in the coming time, Vietnam needs to continue to effectively implement consistent and comprehensive support solutions proposed by the Government, especially measures related to





# Covid-19 Substantially Reduces Incomes of Households, Businesses



The purposive sampling of more than 900 vulnerable households and 900 vulnerable household businesses (including micro, small and medium-sized enterprises) in 58 out of 63 provinces across Vietnam shows that the Covid-19 pandemic had a disproportionate impact on vulnerable households and businesses, especially households of ethnic minority people, migrant and informal workers. As a result, there has been a surge in transient income poverty, especially among ethnic minority households.

## QUYNH ANH

According to the “Covid-19 Socioeconomic Impact on Vulnerable Households and Enterprises: A Gender Sensitive Assessment” jointly conducted by the United Nations Development Program (UNDP), the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) and the Center for Analysis and Forecast (CAF) under the Vietnam Academy of Social Sciences (VASS), the average income of surveyed households in April 2020 was only around 29.7% that of the December 2019. In May 2020, this number increased to 51.1%. The assessment confirmed that Covid-19 substantially reduced revenue for both household businesses and micro, small and medium enterprises (MSMEs), forcing most MSMEs to cut back business operations and reduce numbers of workers, due to the serious decrease in their output demand and supply disruptions.

According to the National Center for Information and Forecast under the Ministry of Planning and Investment (NCIF), the Covid-19 pandemic had immediate, strong and negative impact on the global and Vietnam’s economy, with the worst economic recession in many decades. Economic growth declined faster than during the 2008-2009 financial crisis period. Economic activities were suddenly disrupted, trade and investment reduced. The world’s financial market is unstable. Many new geographical, political and economic trends were formed and forecast to become the essential trends in the coming time, especially the supply chain reestablishing trend. It is difficult to control the pandemic around the world, while many countries are facing the risk of outbreaks due to early reopening of the economy.

NCIF President Luu Quang Khanh informed that the room for economic growth in the second half of the year would be considerably narrowed. As Covid-19 has affected many social and economic aspects and groups, “expanding the market”, “promoting investment”, and

*(continued on P.29)*



postponement, relaxation, exemption or reduction of taxes and fees for enterprises. It also needs to consider new economic stimulus packages till 2021, based on actual conditions. Besides, it needs to strengthen solutions to improve enterprises’ management capacity and resilience to economic fluctuations; effectively implement solutions on administrative procedure reform, facilitate business performances and increase market transparency.

“Entrepreneurs and businesses must bear in mind: Opportunity - Connectivity - Innovation - Management. Specifically, they need to seek business opportunities from their comparative advantages, market advantages and Vietnam’s advantages and opportunities from international commitments, the movement of investment capital flows, the emergence of new industries and new trades. They

should connect with partners, join the value chain and enter the market with high standards. At the same time, they need innovations and movement with Industry 4.0 and new business models and fields. Particular attention should be paid to improving governance, including risk management,” Dr. Thanh said.

Besides, according to Dr. Can Van Luc, the 3R model (respond, recover and reinvent) is a solution for businesses in the new context in addition to the 2R model (Restructure and resilience). At the same time, they need to focus on four important goals: No personnel loss, good financial management, maintaining customer and keeping partners. They should be prepared to grasp new opportunities in the new phase. People and technology are always two strategic breakthroughs. ■



# Enterprises Entitled to 30% Corporate Income Tax Cut

Resolution 116/2020 of the National Assembly on 30% reduction of corporate income tax (CIT) in 2020 officially took effect from August 3, 2020.



**30% corporate income tax cut is expected to help businesses overcome difficulties caused by the Covid-19 pandemic**

Previously, at a National Assembly gathering on June 19, the resolution was adopted with 442 votes of aye on a total of 446 votes.

Beneficiaries include enterprises established under the law of Vietnam; entities established under the Law on Cooperatives; non-business entities established under the law of Vietnam; and other entities engaged in production and trade of commodities and services established under the law of Vietnam.

The 30% CIT reduction is applied to all incomes that meet tax cut conditions specified in the resolution, not excluding incomes ineligible for incentives under the Law on Corporate Income Tax such as income from real estate transfer, capital transfer, mining income and income from services subject to special consumption tax.

The CIT reduction is only applied to income generated in 2020 and the total revenue value does not exceed VND200 billion in the year. Entities within this scope are considered to be vulnerable to the negative impacts of Covid-19.

In case they are established in 2020 (the tax period in 2020 is less than 12 months), it is necessary to base on actual revenue value in 2020.

The Ministry of Finance is also urgently gathering comments on the draft decree of the Government detailing the implementation of the National Assembly's Resolution on CIT reduction in 2020 for enterprises, cooperatives and non-business entities.

The draft decree specifies some contents like a 30% reduction of payable income tax on revenue of not more than VND200 billion in 2020 or tax authorities are not required to notify the business of accepting tax reduction unless they are ineligible. ■

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*According to the Ministry of Finance, as of the end of 2019, Vietnam had about 760,000 active enterprises.*

*Structurally, micro, small and medium-sized enterprises accounted for about 97% of total enterprises and they play an important role in economic development and social stability as well.*

*The 30% CIT reduction will help businesses overcome difficulties caused by the Covid-19 pandemic, facilitate businesses to accumulate capital to expand business operations and enhance corporate competitiveness, enabling them to grow bigger and pay more tax to the State Budget in the future.*

*According to the Ministry of Finance, the resolution will result in a reduction of VND23 trillion (US\$1 billion) of budget revenue in 2020.*

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# Mission of Upgrading Vietnamese Businesses

New contents in Law on Enterprises 2020 will help improve business quality through a good governance framework, vigorously reform market entry, completely abolish administrative procedures related to corporate seals, and allow businesses to use digital seals. The following interview with Mr. **Phan Duc Hieu**, Vice Chairman of the Central Institute for Economic Management (CIEM), will make clear these contents. **Thu Ha** reports.



**Could you tell us some new points in the new edition of Law on Enterprises 2020 recently adopted by the National Assembly?**

The Law on Enterprises 2020 has 10 chapters and 218 articles with many breakthrough contents aiming to create favorable conditions for business growth. There are five important changes:

One, reducing administrative procedures and facilitating business registration and market entry.

Two, improving the legal framework on corporate governance and investor and shareholder protection in line with good international standards and practices.

Three, improving the governance and performance of State-owned enterprises.

Four, developing the capital market to diversify capital sources for production and business investment.

Five, facilitating mergers and acquisitions, ensuring compatibility with the Law on Competition 2018 in corporate mergers and consolidations; adding regulations on transformation of private enterprises into joint stock companies (instead of only being converted into limited liability companies as under current regulations).

By continuing and promoting good results and impacts of reforms in the Laws on Enterprises of 2000, 2005 and 2014, the 2020 edition will greatly improve governance quality in particular and enterprises in general, helping improve corporate competitiveness and national competitiveness

**What does this edition focus on?**

The mission of the Law on Enterprises 2020 is very different from the previous editions, especially the editions in 2000 and 2005 where reforms and impacts focused on market entry and business establishment facilitation to increase the number of businesses. This edition, in addition to further facilitating market

entry and making business establishment easier than other countries in the region, strongly focuses on improving the legal framework on corporate governance towards best governance principles in the region and the world.

Regarding market entry, this law completely reforms the seal: allowing companies to make seals and manage their seals. They can make physical seals, make electronic seals or use the methods they want to ease business operations and reduce internal disputes. Catching the digitalization trend, administrative procedures are fully conducted in an electronic environment. The Law on Enterprises 2020 establishes the fastest and most convenient mechanism to carry out administrative procedures in the electronic environment.

The focused change in the Law on Enterprises 2020 is to enhance corporate governance, an important underlying factor for long-term sustainable business and operational expansion, which is still weak in awareness and enforcement in our country. Only good governance will promote sustainable business development. It is not only financial indicators, but also aims for much higher values: Employee value, customer value, consumer value and sustainability value. This law upgrades the governance framework rather than wait for inadequacies that will be fixed in later revisions as previously. This is also a change in lawmaker mindset, expected to have an important impact on improving business quality and boosting investment attraction. The principles of good corporate governance in this law are based on the 2015 OECD good governance principles, including preventing majority shareholders from pressing minority shareholders, appropriating interests of minority shareholders, promoting governance models in accordance with good international practices, controlling insider trading, and improving responsibilities of the Board of Directors.

**In your opinion, how will these changes affect business?**

Similar to the previous versions, the Law on Enterprises 2020, which will come into effect on January 1, 2021, is expected to positively impact the business community, reduce barriers to market entry, and help quickly improve Vietnam's business environment. New changes are expected to strongly improve the quality of the business environment by raising business startup index and investor protection.

Moreover, applying good and high governance standards in the region and in the world will improve business quality and competitiveness in Vietnam. The mission of this law has shifted from market opening and freedom of business to upgrading corporate governance and company quality. When companies are well aware of corporate governance, they will solve inherent difficulties: Hard to grow up and easy to slow down.

**Thank you very much!**



# Vietnam Needs New Growth Drivers for Economic Recovery



Despite suffering a big shock, Vietnam is still among the most dynamic countries in the world, said the World Bank's latest Taking Stock report, titled "What will be the new normal for Vietnam? The economic impact of Covid-19" released recently.

## ANH MAI

If the world situation gradually improves, economic activity should rebound in the second semester of 2020 so that the economy will grow at around 2.8% for the entire year, and by 6.8% in 2021. With less favorable external conditions, the economy will expand by only 1.5% in 2020 and 4.5% in 2021. This forecast Vietnam to be the fifth fastest-growing economy in the world in 2020.

Ms. Stefanie Stallmeister, World Bank Acting Country Director for Vietnam, said, while most countries were hesitant in their pandemic responses, Vietnam took quick and bold actions. Early responses - targeted monitoring and testing, transparent disclosure, combined with creative communication campaigns - proved to be highly effective up to this point of time. Despite lying near to the starting point of the pandemic and having a relatively large population, Vietnam determined its fate with a low rate of community infections and very few deaths because of Covid-19 since the beginning of the crisis in early 2020.

Like any other country in the world, Vietnam is vulnerable to the pandemic in the absence of vaccines that help protect human life. The recent outbreak of community infections in Da Nang City, as it happened in Beijing or Melbourne earlier, once again reminded us of the fragility and risks of a potentially renewed wave of Covid-19.

According to the World Bank, the main challenge for Vietnam will be finding new drivers of growth to consolidate the expected recovery. The country's traditional sources of growth - foreign demand and private consumption - are unlikely to return to their pre-crisis levels soon, amid continued uncertainties both at home and abroad. Covid-19 has also caused a surge in inequality as the pandemic affects businesses and people differently as, for example, workers in the service sector have seen a bigger decline in their income than farmers.

Ms. Stefanie Stallmeister said, Vietnam should not envision a return to the old normal, but rather should define what will be the new normal, as the pandemic has changed in so many ways how people live, work, and communicate. Vietnam will have to move in

an uncertain world both domestically and internationally in the coming time.

"To adapt to the new normal, policymakers must find new ways to compensate for the weakening of the traditional drivers of growth, while managing rising inequality. However, by being ahead of the curve of the Covid-19 crisis, Vietnam has the unique opportunity to increase its footprint on the global economy and become a leader in tomorrow's digital world," she added.

The report suggests three complementary measures for the government to take today so that the country can avoid the Covid-19 economic trap and return to its historical trajectory of rapid and inclusive growth. First, it should consider removing mobility restrictions on international travel, gradually and carefully to balance with safety concerns, as Vietnam's economy is dependent on foreign visitors and investments. The second measure is to accelerate the execution of the existing public investment program to enhance domestic demand. However, the effective implementation of this action will require significant improvements in the allocation of resources and financial management, while minimizing technical and financial losses during implementation. Third, it should provide targeted support to the private sector, particularly to the hardest-hit industries such as tourism and manufacturing exports, through a combination of financial assistance and smart incentives.

Vietnam can also exploit several global trends, which have been accelerated by Covid-19, to push ahead its domestic agenda. For example, in a new global trading system, Vietnam can consolidate its existing footprint by developing strategic alliances with countries that have also low rate of Covid-19-infections and boosting promotion efforts to attract companies planning to diversify their supply chains. Similarly, Covid-19 presents a unique opportunity to move toward a more "contact-free" economy by promoting digital payments, e-learning, telemedicine and digital data sharing and, by so doing, help respond to the fast-expanding demand for quality services by the middle-class in the country. ■



# Digital Transformation Facilitates Cross-Border Trade



The Covid-19 pandemic has made businesses realize the superiority of digital economy and the urgent need for digital transformation. Digital transformation will help Vietnamese businesses, especially small and medium-sized enterprises (SMEs), find flexible business models, reduce costs and optimize resources to access global supply chains and sell goods across the border.

**HUONG LY**

## Opportunity for digital transformation

According to Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), digital transformation helps us have a transparent, effective trade while leaving no one behind in cross-border trade.

“The direct interaction between producers and consumers, especially consumers making direct orders to producers and leading production under the C2B method rather than the B2C method, and consumers choosing to buy products marketed by producers will become a global trend,” he said.

In a new trade, not only do consumers choose products and services for themselves but they can also interact with producers, turning the modern global market into a place for buying and selling goods and a space for social interaction of people as well, he said.

According to the Vietnam White Paper and Vietnam E-Business Index Report, many Vietnamese businesses have launched e-commerce to boost import and export under both business-to-business (B2B) model and business-to-consumer (B2C) model. Globally, cross-border e-commerce has grown rapidly and has become a key trend of e-commerce in recent years.

As the EU - Vietnam Free Trade Agreement (EVFTA) officially came into effect on August 1, 2020, digital transformation has increased accessibility to the enormous European Union (EU) market where the information technology system is highly developed. Mr. Cao

Quoc Hung, Deputy Minister of Industry and Trade, assessed that digital transformation in import and export has helped reduce workload and paper records at companies and agencies. As a result, it has helped raise the quality of public services and reduce the time of handling administrative procedures. The great benefit of digital transformation in import and export is facilitating importers and exporters to participate in international trade and reduce time, costs and effort to improve import and export performance of Vietnam.

In addition, businesses can accelerate digital transformation to enter new supply chains to replace traditional supply chains that have been disrupted or stalled by the Covid-19 pandemic while expanding and diversifying import and export markets and reducing dependence on certain markets, Deputy Minister Hung confirmed.

## Supporting cross-border e-commerce

Cross-border e-commerce is quickly becoming a core and inevitable trend of the global economy and digital transformation is a necessary launchpad for businesses to join the game.

Mr. Hoang Long, Business Development Director of Alibaba Vietnam, said that the Covid-19 pandemic is evolving complicatedly but Alibaba.com is still achieving good growth, with an increase of more than 100% of new shoppers and more than 15% of new sellers, showing that the online market is still growing very strongly while the traditional market is affected.

“By 2022, e-commerce revenue will reach about US\$3,300 billion. Given the current e-commerce growth, this value is expected to be reached in 2020. Cross-border e-commerce growth will outpace point of sale growth,” said Mr. Tran Xuan



“ On July 28, the Vietnam Export Support Platform (ECVN) was launched in Hanoi. This is a digital transformation solution on the B2B e-commerce platform integrated with the importer-exporter community with the goal of enabling direct connection of Vietnamese exporters to foreign importers, quickly transferring trade and market information from Vietnamese trade offices in foreign countries to the Vietnamese business community. The ECVN 2020 is expected to further support Vietnamese enterprises in providing guided access to foreign markets under such agreements as EVFTA and CPTPP in a rapid and accurate manner and raise the success rate of trade contracts. ”

Thuy, Country Director of Amazon Global Selling Vietnam.

With the magnificent advancement of information technology, all businesses, especially SMEs, can directly access foreign consumers. Moreover, thanks to big data technology, they can easily analyze in detail consumer behavior in all markets, right customer care and audience-targeted marketing.

Import-export activity is also related to many other issues closely associated with IT applications and communications with product data collection and processing procedures in digital transformation. For example, the traceability of exported agricultural and seafood products accounts for a high share in Vietnam's export value. Some Vietnamese enterprises have also applied blockchain technology to traceability of agricultural products.

According to the representative of the Multilateral Trade Department under the Ministry of Industry and Trade, between physical and online trade promotion, the latter can be organized continuously with low cost on different platforms.

This form eliminates three main limitations of physical promotion form: Location, attendance and costs.

For instance, the obvious advantage of exporters in applying digital transformation is creating a system of geographical indications. By leveraging digital transformation, these geographical indications can reach global consumers more quickly and effectively through online forms like online word of mouth, viral or trending.

To support enterprises, authorities have also been gradually building a legal corridor to enable e-commerce and promote a digital economy, including the Master Plan for National E-commerce Development in 2021-2025 approved by the Prime Minister in Decision 645/QĐ-TTg dated May 15, 2020, and the National Digital Transformation Program to 2025 and further to 2030, ratified under Decision 749/QĐ-TTg dated June 3, 2020. The above-mentioned policy platform shows the interest of the Government and regulators in digital economic development strategy and their focus on exporter support. ■

### **ASEAN+3 Expects Gradual U-Shaped Recovery amidst Renewed Pandemic Outbreaks**

The Covid-19 pandemic continues to cast a long, dark-and uncertain-shadow over the outlook for growth, having wreaked havoc on the global economy since February 2020. ASEAN+3 governments have taken unprecedented measures to contain the transmission of the virus and keep their economies afloat. This challenging situation is highlighted in the August Update of the 2020 ASEAN+3 Regional Economic Outlook released by the ASEAN+3 Macroeconomic Research Office (AMRO).

In the ASEAN+3 region, strict containment measures to prevent the virus from spreading have caused economies to come to a standstill, leading to massive increases in unemployment, disruptions to businesses, and widespread collapse in domestic demand. Bans on international travel have decimated the region's all-important tourism sector.

Encouragingly, the pandemic has been relatively well contained in the region and authorities have begun to gradually open up their economies. Recent indicators show significant improvements in production and trade for some, while high-frequency indicators of people movement suggest that activity within the region has been gradually recovering in recent weeks as containment measures are eased. However, the opening-up has also led to renewed outbreaks

in several places and authorities have had to re-tighten restrictions.

“We expect a gradual U-shaped recovery in the ASEAN+3 region, led by China,” said Dr. Hoe Ee Khor, AMRO Chief Economist. “Regional growth is expected to slow sharply this year, to 0.1%, from 4.8% in 2019, before rebounding strongly to 6.0% in 2021.”

He added that nine of the 14 ASEAN+3 members are expected to contract this year. Economies projected to record positive growth rates are China and the smaller ASEAN economies – Brunei Darussalam, Lao PDR, Myanmar, and Vietnam.

AMRO's growth trajectory is predicated on the effective containment of the Covid-19 virus, both regionally and globally. The resurgence in infections in some parts of the region and elsewhere have heightened caution about another spate of lockdowns, which the ASEAN+3 economies can ill afford, even though most still have some fiscal and monetary space to provide support if needed.

“The biggest challenge facing ASEAN+3 policymakers in the second half of 2020 will be balancing the trade-off between easing restrictions to revive their economies and risking another wave of infections,” said Dr. Li Lian Ong, Group Head and Lead Specialist for Financial Surveillance and Acting Group Head for Regional Surveillance at AMRO. “Managing the exit from the raft of pandemic policies will be key to regional financial stability.”

L.A



# Vietnamese Businesses Find It Hard to Join Global Supply Chains



Only about 20% of Vietnamese businesses can join the global value chain, lower than 30% in Thailand and 46% in Malaysia, according to the Ministry of Planning and Investment of Vietnam.

**HA THU**

## Not sufficiently qualified

According to Minister of Planning and Investment Nguyen Chi Dung, despite growing in number, Vietnamese enterprises still have many shortcomings. Currently, they are weak in management capacity, lack competitiveness and competency to conquer the market or join major global supply chains and value chains. Besides, the degree of involvement of Vietnamese businesses in the global value chain is very modest. Many businesses are still afraid of the risks of upgrading standards.

Ms. Duong Lien, Deputy Director of USAID-funded LinkSME Project, asserted that Vietnamese businesses still have a lot to do to be qualified for global value chains. An important factor is their inadequate capacity. Vietnam still primarily depends on input materials from China for production. For example, imports account for 70-80% of inputs in the textile and garment industry, 77% in the electronics industry, 85-90% in the pharmaceutical industry, and 70-80% in the plastics industry.

Concurring with this viewpoint, Mr. Nguyen Anh Tuan, Head of Strategic Support Department, Samsung Vietnam, said, Samsung Vietnam has about 59 categories of domestic components. Suppliers in Vietnam can just handle some plastic and printing work, while Samsung needs more than 400 categories of components. Therefore, domestic businesses need to work harder, for example in research and development. In Vietnam, this

investment is very low, accounting for only 0.2-0.3% of revenue, while Samsung products need innovation.

Like Samsung, Canon Vietnam has 147 direct suppliers of printer components in Vietnam, but only 20 are Vietnamese and this figure has been unchanged for years, said Ms. Dao Thi Thu Huyen, Senior Manager of Canon Vietnam. The localization rate of Canon is as high as 65%, mostly supplied by FDI enterprises and by Canon itself. Vietnamese suppliers can take on the easiest work, supplying plastic components, while Canon has many components of different types.

Therefore, without added efforts, Vietnamese businesses could completely lose their home market and lose export markets from FTA agreements that Vietnam has tried

to sign. "Businesses need to think bigger to grab very lucrative foreign markets and bring home hard foreign currencies," Minister of Planning and Investment Nguyen Chi Dung emphasized.

## Looking for opportunities in a new normal

The Covid-19 pandemic has produced new perceptions, new consumer trends and new business models and brought market opportunities to form new value chains and links. Minister Dung said this is really an opportunity for Vietnamese businesses to recognize and test their true competence, resilience and adaptability to market events and restructure their businesses toward sustainability and efficiency.

In addition to changes adapted to market movements, new generation free trade agreements such as CPTPP and EVFTA will create great advantages for Vietnamese businesses to participate in global value chains, and upgrade equipment and technology in a more cost-effective manner.

To help businesses join value chains, the Ministry of Planning and Investment has been, and will be, working with localities to devise business support programs. Regarding specific policies in the coming time, Ms. Bui Thu Thuy, Deputy Director of the Enterprise Development Department under the Ministry of Planning and Investment, emphasized that ministries and branches will focus on helping businesses with technical bases, advanced machinery and equipment, test production and standardized training for enterprises.

Besides, the Ministry of Planning and Investment, as a lead agency, has cooperated with ministries, sectors, localities and business associations to further boost the effective enforcement of the SME Support Law, with a focus placed on a program that supports SMEs to join the value chain. At the same time, together with the USAID-funded LinkSME Project, the ministry has assisted businesses in digital transformation, competitiveness improvement and involvement in global



# Equitizing SOEs to Boost Growth amidst Covid-19



**It is time to accelerate the divestment of enterprises where the State does not need to hold a stake**

The decision to propel divestment of Vietnamese State-owned enterprises in the second half of 2020 is welcome news to investors, according to Dr. Burkhard Schrage from RMIT University.

## NGOC HOANG

The Vietnamese Prime Minister recently issued Decision 908/QĐ-TTg, which approved a list of State-owned enterprises (SOEs) for divestment this year.

The decision aims to accelerate the divestment of enterprises where the State does not need to hold a stake, and thus restructure the State holdings of SOEs. It will also help to ensure enough capital is collected for the 2016-2020 public investment plans.

RMIT's Management Senior Program Manager Dr. Burkhard Schrage said the push for SOE divestment in the second half of 2020 will create "exciting opportunities for both foreign and local investors".

"While the timing may appear difficult due to Covid-19 and

other global uncertainties, it makes a lot of sense to accelerate the SOE equitization program right now. It will also address the issue that the equitization program is behind schedule," he said, adding that the slow pace of implementing the plan has been a point of criticism from international investors.

The acceleration will take advantage of high foreign investor interest in Vietnam, and the current historical high of the world's stock markets, which, according to Dr. Schrage, indicates a continued appetite for equities globally.

It will also make the most of recent structural reforms of the corporate governance codes and implementation of modern governance mechanisms across Vietnamese firms.

"These developments have helped to increase transparency and reduce investment risks related to minority shareholdings, which has subsequently raised investor confidence in Vietnam," he said.

While Dr. Schrage believes that the surging foreign investment interest in Vietnam will bode well for continued economic growth, he said it will also require strong commitments by the authorities.

"The Government should provide transparent and predictable regulatory frameworks for industries in which the SOEs operate," Dr. Schrage added.

He also suggested several measures for the State to implement in order to optimize the selling price of SOEs (divestment revenues), including increasing the transparency of the overall process, implementing world-class corporate governance mechanisms, and appointing internationally reputed institutions for the equitization.

"The authorities should consider carving out problematic assets of any of the companies being equitized," he stressed. "Take banks for example, the Government can take over their non-performing loan portfolio before divestment and equitize only the performing assets."■

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production networks and value chains.

According to Ms. Duong Lien, to increase the capacity to grasp FDI inflows and enhance the sustainability of connection chains, Vietnam needs to immediately prepare available land for investors in industrial parks and economic zones; quickly hand over land for investment projects at ease, provide available technical infrastructure, electricity, water, sewage treatment, solid waste treatment, and human resources training.

Last but not least, to promote the development of domestic supporting industries, it is necessary to reduce the cost of freight loading and unloading, warehousing and transportation; and ensure convenient and easy administrative procedures. The business environment should continue to be improved in a way that is transparent, clear, consistent, stable and predictable. Besides, Vietnam also needs to prevent foreign goods from being labelled with Vietnamese origin to get export preferences.■



## FDI Inflow Reaches US\$18.82 Bln in Seven Months

Foreign investors spent US\$18.82 billion to invest in fresh and existing projects and purchase equity in the first seven months of 2020, down 6.9% year on year, according to the Ministry of Planning and Investment.

Foreign investors invested in 18 industries, led by the processing and manufacturing industry which accounted for over US\$8.96 billion or 47.6% of the total registered value. The power production and distribution sector ranked second with US\$3.95 billion (21%), followed by the real estate sector with US\$2.8 billion and the wholesaling and retailing sector with nearly US\$1.1 billion.

As many as 104 countries and territories invested in Vietnam in this period. Singapore took the lead with US\$6.44 billion, accounting for 34.1% of the total. South Korea ranked second with US\$2.8 billion or 15% of the total, followed by China (US\$1.7 billion), Japan, Thailand and Taiwan.

By locality, foreign investors invested in 59 provinces and cities. Bac Lieu province continued to lead the country with a US\$4 billion project, accounting for 21.3% of the total. Hanoi was the second biggest recipient of registered capital of US\$2.82 billion, followed by Ho Chi Minh City (nearly US\$2.4 billion), Ba Ria - Vung Tau, Binh Duong and Hai Phong.

**Thu Ha**

## FDI CAPITAL INTO VIETNAM (January 1- July 20, 2020)

### By Industry

Order	Industry	Number of new projects	New registered capital (mln USD)	Number of project adjustments	Adjusted capital (mln USD)	Number of installments of share purchase	Capital contribution, share purchase (mln USD)	Total registered capital (mln USD)
1	Manufacturing, processing industry	520	4,323.36	390	3,391.03	1,075	1,248.05	8,962.44
2	Electricity, gas and water production and supply	4	4,003.22	3	(152.76)	27	102.03	3,952.48
3	Real estate trading	42	497.30	19	1,123.73	157	1,199.13	2,820.16
4	Wholesaling, retailing, repairing motors, automobiles	472	308.34	77	124.32	1,493	662.55	1,095.20
5	Professional activities, science and technology	209	76.80	44	29.57	548	510.35	616.72
6	Finance, banking and insurance	4	0.17	2	0.38	21	267.03	267.58
7	Construction	56	46.67	18	45.18	194	160.23	252.07
8	Accommodation and restaurant	43	63.73	8	26.77	310	160.90	251.40
9	Information and Telecommunications	141	25.90	23	27.41	254	140.81	194.12
10	Transporting and warehousing	39	43.42	8	25.84	110	76.52	145.79
11	Agriculture, forestry and fishery	6	42.92	6	55.82	23	27.20	125.94
12	Education and training	33	11.73	10	10.47	84	42.06	64.26
13	Administrative and supporting services	36	12.34	5	2.52	107	13.02	27.88
14	Health and social aids	7	4.09	1	2.75	21	10.73	17.57
15	Water, waste treatment	2	0.63	-	-	8	9.59	10.22
16	Mineral extraction	1	0.41	-	-	8	4.63	5.04
17	Other services	3	0.42	4	1.14	15	3.42	4.99
18	Arts and entertainment	2	0.91	1	1.60	4	1.07	3.58
	<b>Grand total</b>	<b>1,620</b>	<b>9,462.34</b>	<b>619</b>	<b>4,715.78</b>	<b>4,459</b>	<b>4,639.33</b>	<b>18,817.44</b>



### By Country/Territory

Order	Country/territory	Number of new projects	New registered capital (mln USD)	Number of project adjustments	Adjusted capital (mln USD)	Number of installments of share purchase	Capital contribution, share purchase (mln USD)	Total registered capital (mln USD)
1	Singapore	139	4,571.60	44	527.69	306	1,318.80	6,418.09
2	South Korea	421	983.94	184	1,226.25	1,349	616.44	2,826.62
3	China	237	990.36	78	378.03	700	335.41	1,703.79
4	Japan	175	423.44	84	340.48	394	839.44	1,603.36
5	Thailand	19	136.77	8	1,366.31	76	84.24	1,587.32
6	Taiwan	77	809.22	51	152.58	344	249.92	1,211.73
7	Hong Kong	148	783.57	57	162.36	61	90.56	1,036.50
8	British Virgin Islands	17	220.97	18	75.60	19	111.66	408.23
9	Cayman Islands	2	100.14	-	-	20	273.87	374.01
10	Netherlands	18	69.09	9	124.02	34	167.43	360.54
11	United States	61	49.07	7	6.60	170	105.26	160.93
12	Samoa	24	89.43	10	36.25	12	16.37	142.05
13	Malaysia	18	57.11	7	55.07	93	22.10	134.28
14	United Kingdom	23	10.14	4	22.25	46	82.73	115.12
15	France	32	27.58	8	16.91	118	58.48	102.97
16	Poland	1	0.40	3	73.22	5	1.51	75.13
17	Seychelles	22	52.02	4	3.00	12	10.68	65.71
18	Australia	32	4.26	1	0.07	100	55.99	60.31
19	Canada	14	0.57	3	4.90	61	51.30	56.77
20	Switzerland	9	15.07	4	34.52	18	4.32	53.91
21	Germany	18	22.56	6	6.74	45	16.76	46.06
22	Luxembourg	1	1.50	2	38.26	4	0.97	40.73
23	Anguilla	1	3.00	4	16.17	1	9.74	28.91
24	British West Indies	1	11.57	2	9.60	-	-	21.17
25	Cambodia	3	4.45	-	-	4	14.63	19.08
26	India	32	5.66	-	-	73	7.42	13.08
27	Brunei Darussalam			1	12.65	-	-	12.65
28	Belize	1	0.50	3	3.47	2	8.21	12.18
29	Spain	4	0.10	2	10.12	6	0.33	10.55
30	Marshall Islands	1	3.50	1	0.47	2	6.24	10.21
31	Iceland	2	8.30	-	-	-	-	8.30
32	Ukraine	1	0.09	-	-	9	7.92	8.00
33	Indonesia	4	0.89	1	0.25	9	6.77	7.92
34	Philippines	2	0.12	-	-	22	7.26	7.37
35	Afghanistan	1	0.06	1	0.00	34	7.29	7.35
36	Israel	1	0.03	2	3.25	14	3.86	7.14
37	United Arab Emirates	2	0.32	1	(0.06)	2	6.83	7.10



## BUSINESS

38	Mauritius			1	7.00	1	0.05	7.05
39	Russia	5	0.10	2	0.64	65	5.81	6.56
40	Pakistan	-	-	-	-	15	6.02	6.02
41	Nigeria	1	0.04	2	0.05	40	2.53	2.62
42	Portugal	-	-	-	-	4	2.42	2.42
43	Denmark	3	1.73	-	-	9	0.61	2.34
44	Laos	-	-	-	-	3	2.26	2.26
45	Cyprus Republic	2	0.08	-	-	4	2.09	2.17
46	Brazil	-	-	-	-	4	2.16	2.16
47	Ireland	2	0.06	-	-	4	2.05	2.11
48	Italy	8	0.34	1	0.51	13	0.88	1.73
49	Turkey	2	0.03	-	-	6	1.67	1.70
50	Austria	1	0.04	-	-	5	1.07	1.11
51	Panama			-	-	1	0.90	0.90
52	Sweden	2	0.55	-	-	8	0.28	0.82
53	Finland	2	0.11	1	0.35	5	0.34	0.80
54	Ethiopia	-	-	-	-	1	0.78	0.78
55	Saudi Arabia	1	0.06	-	-	3	0.71	0.76
56	Belgium	3	0.23	-	-	9	0.45	0.68
57	Syrian Arab Republic	-	-	-	-	4	0.65	0.65
58	Saint Kitts and Nevis	1	0.02	-	-	1	0.60	0.62
59	Sri Lanka	1	0.11	-	-	5	0.50	0.61
60	Republic of South Africa	3	0.10	-	-	4	0.50	0.60
61	Malta Greece	1	0.60	-	-	-	-	0.60
62	Czech Republic	1	0.10	1	0.19	6	0.29	0.58
63	Kazakhstan	-	-	-	-	4	0.48	0.48
64	Egypt	5	0.32	-	-	6	0.15	0.47
65	New Zealand	2	0.09	-	-	8	0.23	0.32
66	Greece	-	-	-	-	3	0.26	0.26
67	Latvia Mali			-	-	3	0.16	0.16
68	Macau	1	0.05	-	-	2	0.10	0.15
69	Trinidad and Tobago	-	-	-	-	1	0.13	0.13
70	Albania	-	-	-	-	2	0.13	0.13
71	Bangladesh	-	-	-	-	6	0.13	0.13
72	Dominica	1	0.04	-	-	2	0.06	0.11
73	Vanuatu	-	-	-	-	2	0.10	0.10
74	Nepal Algeria			-	-	2	0.10	0.10
75	Iran	1	0.02	-	-	3	0.07	0.09
76	Sudan			-	-	1	0.09	0.09
77	Lithuania	-	-	-	-	2	0.09	0.09
78	Palestine			-	-	1	0.09	0.09
79	Jordan			-	-	1	0.09	0.09



80	Slovakia	-	-	-	-	2	0.08	0.08
81	Norway	1	0.06	-	-	1	0.00	0.06
82	Guinea	1	0.01	-	-	1	0.04	0.05
83	Iraq	1	0.01	-	-	1	0.04	0.05
84	Republic of Moldova	-	-	-	-	2	0.05	0.05
85	Mali	-	-	-	-	1	0.04	0.04
86	Ukraine			-	-	1	0.04	0.04
87	Chile	1	0.01	-	-	2	0.01	0.02
88	Algeria	-	-	-	-	1	0.02	0.02
89	Romania			-	-	1	0.02	0.02
90	Libya	-	-	-	-	1	0.02	0.02
91	Bulgaria			-	-	1	0.02	0.02
92	Lebanon	1	0.02	-	-	-	-	0.02
93	Liberia			-	-	2	0.02	0.02
94	Serbia			-	-	1	0.02	0.02
95	Hungary	-	-	-	-	1	0.01	0.01
96	Kenya			-	-	1	0.01	0.01
97	Belarus	-	-	1	0.01	-	-	0.01
98	Latvia	-	-	-	-	1	0.01	0.01
99	Bahamas	1	0.01	-	-	-	-	0.01
100	Yemen	1	0.01	-	-	-	-	0.01
101	Democratic Republic of the Congo	-	-	-	-	1	0.01	0.01
102	Argentina			-	-	1	0.004	0.004
103	Mexico	-	-	-	-	1	0.002	0.002
104	Kyrgyzstan	-	-	-	-	1	0.00003	0.00003
	<b>Grand total</b>	<b>1,620</b>	<b>9,462.34</b>	<b>619</b>	<b>4,715.78</b>	<b>4,459</b>	<b>4,639.33</b>	<b>18,817.44</b>

#### By Locality

<i>Order</i>	<i>Provinces/cities</i>	<i>Number of new projects</i>	<i>New registered capital (mln USD)</i>	<i>Number of project adjustments</i>	<i>Adjusted capital (mln USD)</i>	<i>Number of installments of share purchase</i>	<i>Capital contribution, share purchase (mln USD)</i>	<i>Total registered capital (mln USD)</i>
1	Bac Lieu	1	4,000.00	-	-	-	-	4,000.00
2	Hanoi	336	430.70	90	1,199.27	587	1,187.01	2,816.98
3	Ho Chi Minh City	598	355.85	113	209.22	2,448	1,813.49	2,378.55
4	Ba Ria - Vung Tau	16	238.49	6	1,483.11	31	370.11	2,091.70
5	Binh Duong	81	426.63	65	230.75	331	426.39	1,083.77
6	Hai Phong	46	435.18	15	314.08	48	53.95	803.21
7	Bac Ninh	102	316.86	57	250.86	131	56.78	624.50
8	Ha Nam	23	462.66	16	113.30	28	10.24	586.20
9	Long An	92	248.90	56	165.00	119	142.50	556.39
10	Tay Ninh	12	348.41	10	152.58	30	35.31	536.30



## BUSINESS

11	Dong Nai	45	191.43	32	153.84	103	160.82	506.09
12	Bac Giang	22	296.09	28	172.92	27	32.18	501.19
13	Thanh Hoa	12	233.30	7	100.95	17	7.20	341.45
14	Quang Ninh	8	312.84	2	14.88	14	11.18	338.90
15	Hung Yen	14	48.94	19	152.74	27	17.87	219.54
16	Phu Tho	14	189.20	8	7.26	9	7.03	203.49
17	Vinh Phuc	16	106.57	10	19.60	29	16.38	142.55
18	Vinh Long	4	95.72	7	37.67	-	-	133.39
19	Hai Duong	17	61.38	14	44.87	29	27.00	133.24
20	Da Nang	60	119.52	7	0.32	84	7.21	127.05
21	Tien Giang	6	87.30	6	22.08	6	3.69	113.07
22	Quang Ngai	2	64.00	5	44.30	3	4.25	112.55
23	Binh Phuoc	21	55.10	10	15.41	18	20.57	91.08
24	Nam Dinh	11	30.65	4	15.12	17	23.40	69.16
25	Thai Binh	5	48.82	-	-	9	7.78	56.60
26	Nghe An	5	48.90	-	-	6	4.75	53.65
27	Thai Nguyen	10	30.37	7	16.47	14	2.44	49.27
28	Binh Thuan	3	21.56	1	(0.25)	23	20.72	42.03
29	Can Tho	3	31.57	1	0.47	7	3.28	35.33
30	Ninh Binh	5	22.41	1	10.00	3	0.91	33.32
31	Thua Thien Hue	5	18.38	-	-	18	6.43	24.81
32	Tra Vinh	1	0.29	3	(2.35)	10	25.44	23.39
33	Hoa Binh	1	0.40	3	8.86	9	11.84	21.10
34	Binh Dinh	2	1.93	2	0.44	10	15.02	17.40
35	Dong Thao	-	-	1	1.73	6	14.48	16.21
36	Ben Tre	2	9.55	-	-	4	5.99	15.54
37	Lam Dong	2	7.80	-	-	34	7.36	15.16
38	Khanh Hoa	-	-	1	11.10	94	3.66	14.77
39	Tuyen Quang	1	12.00	-	-	4	2.30	14.30
40	Kien Giang	1	5.00	-	-	16	3.05	8.05
41	Lao Cai	1	2.26	-	-	1	5.40	7.65
42	Hà Tĩnh	1	1.50	-	-	8	5.29	6.79
43	An Giang	1	1.83	1	1.50	1	2.36	5.70
44	Soc Trang	-	-	1	5.00	1	0.52	5.52
45	Yen Bai	1	2.02	-	-	5	2.29	4.31
46	Dak Lak	1	4.05	-	-	-	-	4.05
47	Hau Giang	1	2.70	-	-	1	0.08	2.78
48	Son La	-	-	-	-	1	0.88	0.88
49	Gia Lai	-	-	-	-	2	0.86	0.86
50	Phu Yen	1	0.22	-	-	3	0.20	0.42
51	Kon Tum	-	-	-	-	3	0.31	0.31
52	Dak Nong	1	0.00	-	-	1	0.14	0.14
53	Quang Binh	-	-	-	-	2	0.12	0.12
54	Dien Bien	-	-	-	-	1	0.12	0.12
55	Cao Bang	-	-	-	-	1	0.08	0.08
56	Ca Mau	-	-	-	-	1	0.04	0.04
57	Quang Tri	-	-	-	-	1	0.03	0.03
58	Quang Nam	7	33.10	8	(98.81)	15	27.36	(38.35)
59	Ninh Thuan	-	-	2	(158.51)	8	23.22	(135.29)
	<b>Grand total</b>	<b>1,620</b>	<b>9,462.34</b>	<b>619</b>	<b>4,715.78</b>	<b>4,459</b>	<b>4,639.33</b>	<b>18,817.44</b>

(Source: Ministry of Planning and Investment)



**(from P.16)**

“stimulating consumption” are the motivation for growth. It is crucial that in the long term, breakthrough solutions are found to bring back the economy to the new normal. In the short term, it is important to speed up policy implementation in order to stabilize the economy for further development.

UNDP Resident Representative in Vietnam Caitlin Wiesen stressed the importance of early, anticipatory, adaptive and agile actions of the Government, combined with innovation of the people as key to the country’s initial success in containing the Covid-19 pandemic and limiting its negative socioeconomic impacts. Anticipatory governance responses and innovations will also play a critical role in helping Vietnamese enterprises and people achieve a bold, sustainable, resilient and gender sensitive recovery.

Ms. Elisa Fernandez Saenz, UN Women Representative in Vietnam, noted: “The consequences of the health and socioeconomic crisis caused by Covid-19, if not addressed adequately, are likely to result in serious setbacks in gender equality and put the gains achieved on women’s empowerment in recent decades at risk.”

The NCIF joint assessment makes recommendations for the Government to refine the response actions to protect livelihoods of vulnerable households, support MSMEs in recovering their operations and ensuring continued employment for workers.

Remarking on socioeconomic trends in the last six months, Dr. Tran Toan Thang, Head of Economic Sector and Enterprise

Forecast, NCIF, said, macroeconomic background is basically stable and inflation is in a downtrend. Meanwhile, low credit growth is ground for expansionary fiscal and monetary policies, and a broad room for fiscal and monetary policies is an opportunity for increasing aggregate demand.

Besides, it is necessary to boost domestic consumption and investment, he said. To do so, it is important to consider reducing VAT rates in 2020-2022 as it will promote consumption which has been contracted due to Covid-19. Furthermore, we need to lower ceiling interest rates on short-term deposits; extend the roadmap of lowering the rate of short-term loans to medium and long-term loans; and accelerate the salary reform roadmap for public employees in the fourth quarter of 2020 and early 2021.

At the same time, Vietnam needs to allocate capital to fast-disbursed projects. According to the disbursement scenario for 2020 (VND470.6 trillion), if 80% of public investment is spent, it could generate 0.6% of GDP in the fourth quarter. If this scenario plus VND225.2 trillion transferred from 2019 is counted, it can create 1% of GDP.

Reportedly, the Ministry of Planning and Investment has been assigned to prepare economic stimulus-like programs in 2021 with the purpose of further counterattacking bad impacts and preparing for economic recovery and structural reforms to follow on the world’s shift in investment consumption and digital transformation. ■

## **WB Aids Vietnam to Enhance Capacities to Cope with Covid-19**

The World Bank (WB) and the State Bank of Vietnam (SBV) recently signed a US\$6.2 million grant agreement to strengthen Vietnam’s Covid-19 surveillance and testing capacities, research capacity for Covid-19 vaccines and test kits, and communications about the pandemic.

The project will strengthen the capacity of laboratory systems at the National Institute of Hygiene and Epidemiology (NIHE) and other lab systems nationwide by helping to improve the ability to evaluate community immunity to Covid-19. The grant will also fund the provision of equipment to improve the capacity of the Center for Research and Production of Vaccines and Biologicals (POLYVAC) for research and development of new vaccines and quick diagnostic tests.

The project is expected to support 200 laboratories involved in Covid-19 surveillance and testing in hospitals and Provincial Centers for Disease Control nationwide. Support to NIHE and POLYVAC, Vietnam’s leading public health and vaccine research and production institutions, will directly contribute to improving the country’s capacities to detect and respond to Covid-19.

The project is financed by the Pandemic Emergency Financing Facility (PEF) through its insurance window allocation to Vietnam.

Q.C

## **National Payment Support Portal Launched**

The Ministry of Information and Communications recently launched the National Payment Support Portal (PayGov).

PayGov was developed as a supporting platform for public service portals and electronic single-window information systems of ministries, branches and localities to get connected to intermediary payment systems. The system was designed to address key issues such

as connectivity; trace, cross-check and settlement; and one billing address for all.

PayGov has cooperated with nine payment intermediaries: Vietnam National Payment Corporation (NAPAS), Viettel Digital Services Corporation (VIETTEL DIGITAL), Vietnam Payment Solutions Joint Stock Company (VNPAY), Online Mobile Service Joint Stock Company (M\_SERVICE JSC), Vietunion Online Services Corporation (VIETUNION), Multimedia Corporation - ITV Company Limited (VTC), Ngan Luong Joint Stock Company (NGANLUONG JSC), Vietnam Mobile Platform Services Joint Stock Company (VIMASS JSC), and FPT Telecom Joint Stock Company (FPT TELECOM).

Ha Thu

## **Over VND58 Trn of Bonds Raised via HNX in July**

The State Treasury raised more than VND58.67 trillion (over US\$2.5 billion) through 21 Government bond auctions on the Hanoi Stock Exchange (HNX) in July, up 80% against June. Up to 78.7% of the G-bonds offered were sold.

Coupon rates in July were down 0.08-0.21% compared to June, with the highest fall seen in five-year bonds (down 0.21% over June).

On the secondary G-bond market, trading volumes averaged more than VND10.26 trillion per session, up 25% month on month. The value of G-bonds traded via repurchasing agreements (repos) accounted for 32.5% of the total market value.

Foreign investors made outright purchases of VND4.32 trillion and outright sales of over VND4.27 trillion. They did not make any repos transactions. So, in July, they net bought VND43 billion.

Total listed G-bonds were valued at more than VND1,210 trillion as of July 31, 2020.

Q.C



# Social Security Sector Accelerates Non-Cash Payment



Contactless payment gives beneficiaries peace of mind amid renewed pandemic outbreaks

The payment of pensions, social insurance allowances and unemployment insurance benefits will be made into personal bank accounts (ATM cards) to better serve beneficiaries and increase their satisfaction with greater convenience. With strategic solutions, the social security sector has not only realized the goal of expanding modern payment methods, but also contributed positively to the effective deployment of the national financial strategy to 2025, with a vision to 2030.

Following the directions of the Government and the Prime Minister in Decision 241/QĐ-TTg dated February 23, 2018; Decision 149/QĐ-TTg dated January 22, and Directive 22/CT-TTg dated May 26, 2020, the social security sector has paid special attention to accelerating payment of pensions, social insurance allowances and unemployment insurance benefits through personal bank accounts (ATM card) to better serve beneficiaries.

## Ensuring safety, reducing time and costs

In addition to payment in cash, all 63 provinces and cities across the country are paying monthly pensions, social insurance allowances and unemployment insurance benefits into ATM card accounts of many beneficiaries. With this method, pensioners, social insurance and unemployment insurance beneficiaries do not need to go to given locations to get their benefits and sign onto payment documents. Especially in the current context of complicated development of the Covid-19 pandemic, bank payment has helped beneficiaries reduce travel and direct contact, and guarantee safety and social distancing as directed by the Prime Minister.

For workers entitled to benefits of sickness, maternity, health convalescence and rehabilitation, one-off social insurance and unemployment benefits, non-cash payment method also prevents employers from using or delaying such benefits for them, thus ensuring that beneficiaries get their benefits in full and in time. For payment agencies, this method ensures cash safety in transit and keeping, avoids omissions and errors, reduces pressure and time as compared to the payment conducted via employers.

Currently, benefit payment via ATM bank accounts is uniformly implemented in all localities as follows:

- Monthly pensioners and social security beneficiaries have their benefits transferred by the Post Office to their personal bank accounts within the same day or no later than the next working day after it gets the payment list from the social security agency.
- Workers and their relatives immediately get their benefits of sickness, maternity or health rehabilitation via bank accounts after the social security agency and banks at the service compare account information and numbers.
- Workers get their unemployment allowances of the first month from the social security agency right after it has the payment list. The payment will be transferred to their bank accounts within five days from the given date in the payment list from the second month.

## Beneficiaries encouraged to get insurance benefits through personal bank accounts

In the past time, the social security sector has made efforts to apply various solutions to increase the number of beneficiaries receiving benefits of social insurance, health insurance and unemployment insurance via personal bank accounts for better service. In addition to assigning targets to local social security





## VSS Pays Covid-19 Tests for Insurance Policyholders

On July 30, 2020, right after receiving Official Letter 4051/BYT-KHTC on payment of Covid-19 testing fees from the Ministry of Health, the Vietnam Social Security (VSS) sent the Official Dispatch 2418/BHXH-CSYT on the implementation of this content to social security agencies.

According to Official Letter 4051/BYT-KHTC, the Ministry of Health has requested the VSS to direct local social security agencies to temporarily pay Covid-19 testing costs for insurance policyholders in the following cases: People subject to medical isolation measures and mandatory health quarantine; Covid-19 patients seeking medical

treatment at medical facilities; people subject to Covid-19 tests.

The Official Letter from the Ministry of Health also clearly states applicable price rates specified in the Appendix of Circular 13/2019/TT-BYT dated July 5, 2019 of the Ministry of Health on amendments and supplements to a number of articles of Circular 39/2018/TT-BYT dated November 30, 2018 of the Ministry of Health on unified prices of insured medical services among same-class hospitals nationwide. It also instructs pricing and payment of medical services in some specific cases: VND734,000 for Service 1735: Real-time PCR test; and VND238,000 for Service 1736: Quick test for bacteria, viruses, fungi and parasites.

The VSS has requested local social security agencies to coordinate with local hospitals to promptly pay Covid-19 testing fees for insured people under the Ministry of Health's Official Letter 4051/BYT-KHTC. It has also requested local social security agencies to comply with contents in Official Dispatch 2146/BYT-BH dated April 17, 2020 and Official Dispatch 2276/BYT-BH dated April 24, 2020 of Ministry of Health on payment of medical care costs related to the Covid-19 disease. Local social security agencies are recommended to contact VSS for guidance and settlement of emerging issues and problems.

Given the continued complicated development of the Covid-19 pandemic, the VSS is determined to raise the morale and political duties of the sector, ensure close coordination with relevant ministries and agencies to have prompt directions on specific practical solutions to health insurance policies to better ensure the rights and interests of the insured and join forces with other entities to prevent and control Covid-19 in the most effective way.

H.T

agencies, the Vietnam Social Security (VSS) has actively expanded communications and information on the Government's and Prime Minister's instructions on payment of social security benefits through the banking system on the mass media, with the focus placed on good points of this payment mode. The Vietnam Social Security has requested the Vietnam Post Corporation to direct its Post Offices at all levels to coordinate with social security agencies and issue directive documents to inform beneficiaries of bank payment utilities to encourage more to use this method.

To encourage beneficiaries to receive pensions and social insurance and unemployment insurance benefits through their ATM card accounts, social security agencies will support them with the cost of opening personal bank accounts for the first time and the cost of transferring money to their personal bank account (if any). The Vietnam Social Security has proposed the State Bank of Vietnam direct the banking system to have preferential treatments for pensioners, social insurance and unemployment insurance beneficiaries to receive money through their personal bank accounts (like reducing fees of ATM card opening, bill payment, cash withdrawal and transactions); install more ATMs, especially in remote areas, for workers and social security beneficiaries to easily access and use banking services anytime, anywhere; provide enough money; and regularly maintain ATMs.

With the efforts of the social security sector, the number of social insurance and unemployment insurance beneficiaries receiving benefits through personal bank accounts has increased significantly: In 2019, 33.8% beneficiaries in urban areas used this method, an increase of 9.76% over 2018,

fulfilling 67.6% of the target set for 2021 (reaching 50% as per Resolution 02/NQ-CP) and 34% of benefit value was paid into personal bank accounts (higher than the target of 20% by 2020 as assigned by the Prime Minister in Decision 241/QD-TTg).

According to the Vietnam Social Security, to expand non-cash payment, the most important goal of the social security sector in the coming time is to assign tasks and introduce solutions to increase the rate of pensions, social insurance and unemployment insurance benefits paid via the banking system; speed up payment of pensions, social insurance and unemployment insurance benefits with simple, convenient and low-cost services to better serve beneficiaries in rural areas and remote areas. VSS will strive to accomplish its targets of social security payment services specified in the Government's Decision 241/QD-TTg and the Government's Resolution 02/NQ-CP dated January 1, 2019. Accordingly, to successfully achieve the above objectives, the Vietnam Social Security will further coordinate with relevant bodies, especially the Vietnam Post Corporation, the State Bank of Vietnam and authorities at all levels to pay social insurance and unemployment insurance benefits through the banking system to better serve beneficiaries.

Hopefully, with appropriate solutions, the social security sector will not only successfully expand modern payment methods, but also help realize the National Comprehensive Financial Strategy to 2025, with a vision to 2030, and the Prime Minister's Directive 22/CT-TTg dated May 26, 2020 on promoting non-cash payment solutions in Vietnam to bring practical benefits to beneficiaries and facilitate socioeconomic modernization. ■





# Rural Urbanization

Currently, many localities in Vietnam are experiencing rapid urbanization, so the new rural development associated with the process of urbanization is an indispensable trend. This is also a new requirement for the National Target Program on New Rural Development.



## Strong new rural development

After nearly 10 years of implementation, the National Target Program on New Rural Development has achieved positive and comprehensive results. By June 2020, the whole country has 5,177 communes (58.2%) recognized as new-style rural areas, an increase of 371 communes compared to the end of 2019. There are nine provinces and cities with 100% of communes recognized as reaching new rural area standards. 127 out of 664 district units in 45 provinces and cities have been qualified for new rural area standards, accounting for about 19.1%.

Many essential infrastructures in transportation, irrigation, culture, health care and education have been upgraded and newly built. There is great improvement in farmers' lives. Cultural, spiritual life, social order and environmental safety are guaranteed. The political system at the grassroots level has been strengthened, which is a decisive factor for the successful implementation of new rural area construction.

At the meeting of the Central Steering Committee for the implementation of the new style rural area building program, Deputy Prime Minister Trinh Dinh Dung emphasized: "New rural area building has really been a new wind, becoming a

strong and widespread movement throughout the country, supported by the political system and the people."

Rural development must be in close connection with the process of urbanization, industrialization and modernization. These issues are inseparable. Urban development plays a role of supporting rural areas and supporting industries for agriculture and farmers. Urban and industrial development help create more jobs and change labor structure. Industrial development helps to increase revenue quickly, thereby enabling investment in agriculture and rural areas. In the opposite direction, the development of agricultural and production areas will support the development of industries and services in urban areas.

"We should not let building new rural areas become formalistic, focusing only on the criteria of electricity, roads, schools, stations. It is crucial to take economic development as a driver to change rural life. In which, we should promote the motive role of cooperatives and enterprises, develop the labor force, production and consumption markets," said Deputy Prime Minister Trinh Dinh Dung.

## Large-scale and sustainable agriculture

Building new rural areas is associated with urbanization, so in agricultural production, localities are oriented to develop agricultural production in the direction of large and sustainable commodity scale. Accordingly, localities are interested in attracting investment in large field projects, a chain of links from production to consumption.

Hanoi has many high-tech agricultural production models. According to the Hanoi Department of Agriculture and Rural Development, the city has 164 high-tech agricultural application models (up 29 models compared to 2019) in Me Linh, Gia Lam, Thuong Tin and Ung Hoa districts. These models are small, but very efficient, accounting for 25% of the





total value of agricultural production.

In addition, land accumulation has facilitated the formation of large-scale concentrated agricultural production areas. Notably, the city has converted more than 40,227 hectares of land into production models, including higher quality rice cultivation area of 15,600 ha, fruit trees area of nearly 7,400 ha, safe vegetables area of nearly 3,000 ha, breeding area far from residence areas of over 700 ha, and aquaculture area of 6,900 ha. These are important results to create momentum for Hanoi to form six efficient concentrated agricultural production areas.

In addition to encouraging the production of high-tech applications, Hanoi City is also promoting the implementation of linkage models in agricultural production. Up to now, Hanoi has 139 linked models in agricultural production, of which Ung Hoa district has 24 models, Gia Lam 22 models, and Dong Anh 14 models. Those models have created positive changes, helping people develop sustainable production, ensuring output for agricultural products and creating branded agricultural products.

In the 2020-2025 period, the city strives to build a comprehensive and sustainable agriculture towards modernization, sustainability, large-scale commodity production model with high quality, efficiency and competitiveness, ensuring food security. Accordingly, Hanoi will continue to support businesses and people to accumulate land, invest in production, thereby forming concentrated, specialized agricultural production areas to meet the needs of processing.

Mr. Chu Phu My, Director of the Hanoi Department of Agriculture and Rural Development, said that in the coming time, the Department will continue to review mechanisms and policies, thereby developing, supplementing and completing policies for the concentrated agricultural production area, especially policies to support investment in infrastructure, production linkages along the value chain, mechanization and automation applications in production. Hanoi will strengthen market forecasting and proactively respond to climate change, preventing natural disasters and epidemics to protect agricultural production. ■

## Gia Lam District: New Rural Development Aligned with Environmental Protection

Gia Lam district (Hanoi) has promoted propaganda and mobilized people to voluntarily participate in maintaining the criteria for new rural standards and developing the criteria for an advanced rural commune associated with regular maintenance and implementation of urban order and civilization year, promoting the application of scientific and technical advances, and bringing mechanization into concentrated production areas.

In 2020, Gia Lam strives to have two more communes, Bat Trang and Duong Xa, to be recognized as meeting advanced rural standards. Gia Lam district always pursues the ultimate goal of improving the quality of material and spiritual life for people.

According to the plan, by the end of 2020, the average income per capita in the district will reach VND62.5 million/person/year; 10/20 communes will complete income criteria, reaching VND60 million/person/year or more, including: Da Ton, Yen Vien, Bat Trang, Dinh Xuyen, Kim Lan, Duong Xa, Kieu Ky, Dang Xa, Phu Dong and Ninh Hiep.

Mr. Le Anh Quan, Secretary of Gia Lam District Party Committee, said the district's goal was to build a new rural district in the direction of synchronizing infrastructure framework, building a new countryside in the direction of urban development and environmental protection. At the same time, it will implement measures to achieve the indices of urban infrastructure development in order to meet the standards of district administrative units according to the roadmap for construction investment project of Gia Lam to establish a district by 2020 when it is approved by the city.

Ngoc Dan





# Promoting OCOP Products Consumption

Expanding markets for products of the One Commune One Product (OCOP) program will create motivation for stakeholders to extend investment scale and diversify products.

**MINH NGOC**

**T**he OCOP program has been implemented in most localities in Vietnam, creating thousands of diversified products with many high quality ones meeting the strictest standards and criteria of consumers. However, overall, it can be seen that many OCOP products are mainly popular in their localities and the reason why they have difficulties reaching out to other markets is the lack of connection.

Currently, there are more than 5,000 craft villages operating nationwide, of which the number of craft villages recognized under the current criteria of the Vietnamese Government is nearly 2,000. In fact, according to economic experts, the potential for product development in craft villages is huge and unique. However, to tap that potential, it is necessary to have long-term and sustainable development plans and directions.

There have been many activities to enhance trade promotion, market expansion, and demand stimulation for OCOP products. In trade promotion programs, the stimulation of OCOP product consumption has appeared in many different activities such as activities in campaign "Vietnamese use made-in-Vietnam goods"; trade fairs and exhibitions; conferences connecting regional and national supply and demand; programs bringing Vietnamese products to rural areas; and programs bringing Vietnamese goods into foreign distribution systems. The OCOP program has been implemented in most localities across the country, creating thousands of diverse products and goods. The total number of products expected to be standardized in the OCOP program by the end of 2020 is over 3,800.

As one of the major political and economic centers of the country, Hanoi has the largest number of craft villages with 1,350 craft villages (accounting for one third of traditional craft villages nationwide). In order to create favorable conditions for craft villages to develop, Hanoi has strongly promoted the OCOP program in its localities and strengthened the organization of trade promotion programs and product introduction to stimulate consumption for OCOP products.

At the shelves in big supermarkets and trade centers in Hanoi, OCOP products appear rarely compared to the huge volume of imported products. According to economic experts, OCOP products (including agricultural products and foods) have difficulty entering





supermarkets due to lack of product quality and specification documents; therefore, in the face of great opportunities to bring products into the modern distribution system, the localities also promote propaganda, advertising, building images and brands to consume and promote agriculture production, seizing the opportunity to bring products closer to consumers through modern distribution channels.

Ms. Vu Thi Hau, Chairwoman of Vietnam Retailers Association, said, "In order for OCOP products to be able to enter modern supermarkets and distribution channels, it is necessary to ensure adequate documents. However, although the units have been granted OCOP certificates, when supermarkets ask for OCOP product certificates and testing papers, most of them don't have them or they are expired." Retailers want to diversify their products on shelves and they do not make it difficult for OCOP entities. Therefore, the relevant parties must work together to maintain the reputation of businesses, retailers and manufacturers.

Mr. Nguyen Minh Tien, Chief of the Central Coordinating Office for New Rural Development, assessed that Hanoi was a center with many craft villages and had plenty of room to develop OCOP products. At the same time, it is a huge consumption market, a place to connect and stimulate consumption of OCOP products of good quality, promoting the potential and strengths of localities. "In terms of building OCOP product brand, not only of localities, but also Hanoi must guarantee the standardization of processes to ensure food safety, closed production, environmental protection," Mr. Tien emphasized.

Mr. Do Hoang Thach, Director of Vietnam Agricultural Trade Promotion Joint Stock Company, said that after the seminars, fairs, trade connection programs, information was disrupted. Many businesses have difficulties looking for products to enter the distribution system. "There should be a showroom and introduction for OCOP subjects. Not all products can enter the supermarket system, for example, egg and dairy products should be put into the school system and collective kitchens, consumption will be very good, and for products having characters of craft villages and handicrafts, it is necessary to promote them in tourist areas," said Mr. Thach. ■

## 222 Extremely Difficult Communes Qualify for New Rural Standards

Recently, in Hanoi, at a working session between the Ministry of Agriculture and Rural Development and the National Assembly's Ethnic Council, 222 extremely difficult communes were announced to meet new rural standards.

According to Mr. Le Duc Thinh, Director of the Department of Cooperative Economics (under Ministry of Agriculture and Rural Development), the Ministry of Agriculture and Rural Development has synchronously and drastically implemented Resolution 100/2019/QH14 of 2019 and Resolution 113/2015/NQ13 of 2015 of the National Assembly on building new rural areas and resettling people in the revolutionary, mountainous, difficult and ethnic minority areas. In the period of 2016 - 2020, the total mobilized resources for new rural construction is estimated at over VND2,100 billion, 2.5 times that of the period of 2011-2015. By the end of July, 2020, the country had 5,312 communes (59.8%) recognized to meet new rural standards, up 42.7% compared to the end of 2015 and exceeding 9.8% compared to the 5-year target in the period 2016-2020. In which, 222 extremely difficult communes were recognized to meet the new rural standards.

Also according to the Department of Cooperative Economics, there are currently nine provinces and cities having 100% of communes recognized to meet the new rural standards. In the whole country, there are 142 district units (21.4%) of 46 provinces and cities recognized by the Prime Minister as meeting the new rural standards.

**Dinh Bao**



## VIETNAM TOURISM

# Hard Hit by Second Wave of Covid-19

As domestic tourism was just coming back, expected to be the silver bullet for Vietnam's tourism industry post Covid-19, the resurgence of the pandemic in Da Nang has dealt a heavy blow to the industry.



**GIANG TU**

According to statistics of the Vietnam National Administration of Tourism (VNAT), Ministry of Culture, Sports and Tourism, the program to stimulate domestic tourism "Vietnamese people travel Vietnam" has strongly revived the tourism industry for the last three months. In the whole country, the number of domestic tourists in June was about seven million, twice that of May. Da Nang city recorded more than 450,000 visitors in June, up 85% from May.

Vietravel representative said that the tourism market quickly recovered on the stimulated demand. In Ho Chi Minh City Tourism Festival 2020, Vietravel sold 5,300 tours, and Flamingo Redtours sold about 200-300 tours per day.

However, after July 20 when the second wave of Covid-19 reappeared in Da Nang, the tourism situation has fallen back into a state of turmoil. Travel companies face mass delays and cancellation of tours.

Those who have booked tours to Da Nang have begun to cancel or delay their tours, forcing travel companies to devise appropriate responses.

Many other customers are also worried about their upcoming trips, though the pandemic has not spread to their destinations. The stress and anxiety among potential travellers is clearly manifested on social networking sites such as Facebook and Zalo.

Director of travel company A Travel Mate Luong Thanh Tinh said, "Within 10 days after Covid-19

appeared in Da Nang, we have not received new bookings to Da Nang, even the number of bookings to other destinations has seriously declined. That really causes great damage to tour operators."

The delay or cancellation of tours has put businesses in a difficult situation. The initial estimate of Vietravel showed that in July, nearly 21,000 guests canceled or rescheduled their tours for fear of the disease, leaving the company to suffer an VND88 billion loss.

Mr. Nguyen Van Hung, Director of Litchee Travel Company, admitted that as with many other travel companies, the company is facing many difficulties due to the pandemic. Currently, hundreds of delegations have just left Da Nang or are leaving to cancel, so settlement has not been completed.

Despite the unexpected situation, however, due to the previous preparation, the travel companies have coping plans. In addition, service providers, and airlines such as Vietnam Airline, VietJet Air and Bamboo, have sent official dispatches to support tourists in refunding, canceling, changing schedules with amounts up to VND1 billion.

It is not yet known how serious the recent wave of Covid-19 in Vietnam will be, but its implications for the tourism industry are enormous. Many companies, having struggled to overcome the first wave of the disease, must now cope with a new, stronger and more complex wave. It remains to be seen how many companies can survive and overcome; it will be very difficult without the State's support policy. ■



#PROUDLY MADE IN VIETNAM



CẢM HỨNG TỪ NHỮNG

**THỜI CỤC  
VĂN HOA  
HÀ NỘI**



OLD WALL YELLOW  
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