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## Challenges & Opportunities in New Normal



Delegates at the Vietnam Business Forum (VBF) 2020

“Challenges and opportunities in the new normal” is the theme of the annual Vietnam Business Forum 2020 organized in Hanoi by the Vietnam Business Forum Consortium (VBF).

The Vietnam Business Forum Consortium (VBF) is an ongoing policy dialogue channel between the government of Vietnam and domestic and international businesses, designed to create favorable conditions for the development of the private sector, facilitate the investment climate and contribute to sustainable economic growth in Vietnam.

### New approaches in policymaking to attract development investment

According to Deputy Prime Minister Pham Binh Minh, amid global economic crisis, Vietnam is still assessed to achieve an impressive growth rate, forecast at 2.5-3% in 2020, by many international organizations. A series of measures to support business, boost public investment and stimulate consumer demand have been launched by the Government. The Prime Minister also set up a special working group responsible for enticing foreign investors in the new context.

In 2020, with the determination of the Government, a series of multilateral trade promotion activities have been launched, including the signing of the Regional Comprehensive Economic Partnership (RCEP), the enforcement of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and

many bilateral and multilateral trade agreements which are being enforced for a common goal of creating an enabling business environment, said the Deputy Prime Minister.

To support the business community in the coming time, the Government will adopt drastic solutions for macroeconomic stability that facilitates growth, flexibly regulate monetary, fiscal and other policies, boost consumer demand and foster digital transformation, he added.

Besides, Vietnam will motivate private investment and foreign investment in infrastructure and facilities, effectively enforce bilateral and multilateral trade and investment agreements to take advantage of international investment opportunities, actively build scenarios to respond to changes in trade and investment policies in other countries.

In addition, the country will create the appeal of the economy to help businesses expand their markets and attract high-quality

investment.

“The new normal requires new ways of making policies on development investment attraction. To achieve rapid and sustainable development, the business community is the core force of that strategy,” Deputy Prime Minister Pham Binh Minh affirmed.

### Many new opportunities in integration

Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), said, 2020 is the year the business community has faced many tough difficulties and challenges. However, Vietnam has still emerged as one of the bright spots on the world economic picture. According to many domestic and foreign organizations, Vietnam's GDP will expand by 2-3% in 2020 and Vietnam is one of a few growing countries in the world.

Many new opportunities have opened for the Vietnamese business community, such as the adoption of the EU - Vietnam Free Trade Agreement (EVFTA) and the EU - Vietnam Investment Protection Agreement (EVIPA) in June 2020, the signing of the Regional Comprehensive Economic Partnership (RCEP) on November 15, 2020, the conclusion of the Vietnam - UK Free Trade Agreement on December 11, 2020 and the Vietnam-Korea Textile Origin Aggregation Agreement on December 13, 2020. The National Assembly has also passed a number of important laws, including the revised Enterprise Law, the revised Investment Law, the revised Construction Law, and the Public-Private Partnership Investment Law.

The economy of Vietnam and the world is expected to face numerous difficulties in 2021, he said. The business community hopes the Government will take concrete and quick measures to immediately clear bottlenecks that hinder businesses from taking advantage of integration

### Ms. VIRGINIA B. FOOTE

CHAIR OF THE AMERICAN CHAMBER OF COMMERCE IN VIETNAM – AMCHAM

The Government of Vietnam has prioritized administrative reform. We continue to work with the Prime Minister's Advisory Council on Administrative Procedure Reform and we are grateful to the Government for these efforts. It is important that all companies and investors have a fair, transparent, predictable and rationalized regulatory environment that values innovations - not just to attract new and growing investment, but also facilitate imported goods.

For example, the development of a healthcare system and the import of drugs have been hampered by regulations and the access of patients to life-saving drugs and vaccines has been thus difficult. This lateness also reduces the predictability and sustainability of companies and discourages continued investment in public-private partnerships. We look forward to working on finding long-term solutions and consulting for policy reforms for building an advanced healthcare system.

Another example is difficulties resulting from restricted foreign ownership rate that seems to hinder investment in innovation and growth. Additionally, streamlining approval processes for major infrastructure projects like LNG can help facilitate investments for those projects and provide critical infrastructure needed to attract other FDI sources.

The tax system still has many burdens on administrative procedures while the 20% tax rate of Vietnam is competitive. Statistics show that the tax payment process in Vietnam still has many burdens as compared to neighboring countries. Many companies appear to be suffering from unfair and non-transparent audits and penalties and interest rates. We expect real improvements to the advance pricing agreement (APA), create necessary stability and predictability to integrate into global supply chains.

### Mr. KIM HANYONG

PRESIDENT OF THE KOREA CHAMBER OF COMMERCE IN VIETNAM (KOCHAM)

Due to Covid-19 outbreak, the Government of Vietnam has adopted many enabling policies to support businesses to cope with the pandemic. However, the licensing of several large-scale South Korean projects in Hanoi and Ho Chi Minh City is slower than expected due to the lack of clear legal guidance, and this creates numerous difficulties in investment. Therefore, we hope that the

Government of Vietnam understands this reality and has clear guidance on implementation of regulations for local authorities. This will help local authorities to promptly grant permits for projects that are behind schedule.

Besides, we suggest that the Government of Vietnam consider building nuclear power plants. To support sustainable growth, a stable supply of electricity is an important issue for the Government of Vietnam to consider.

I understand that the Ministry of Industry and Trade of Vietnam is currently preparing to develop the National Power Development Plan (Power Planning 8) for the 2021 - 2030 period, which is a medium and long-term power supply plan. The expansion of new renewable energy sources, including solar energy, will be a top priority for the Vietnamese government to pursue, and we all agree on this agenda. I understand that power plants mainly bear the loading in the grid, with stable and uninterrupted power generation being essential to this plan.

Towards this end, now is a very appropriate time for Vietnam to consider nuclear power development, which was previously suspended in the medium-long-term planning. I strongly believe that we will be able to cooperate with the Government of Vietnam to provide stable electricity in the future as Korea has a lot of experience and know-how with nuclear power plants.

### Mr. KENNETH ATKINSON

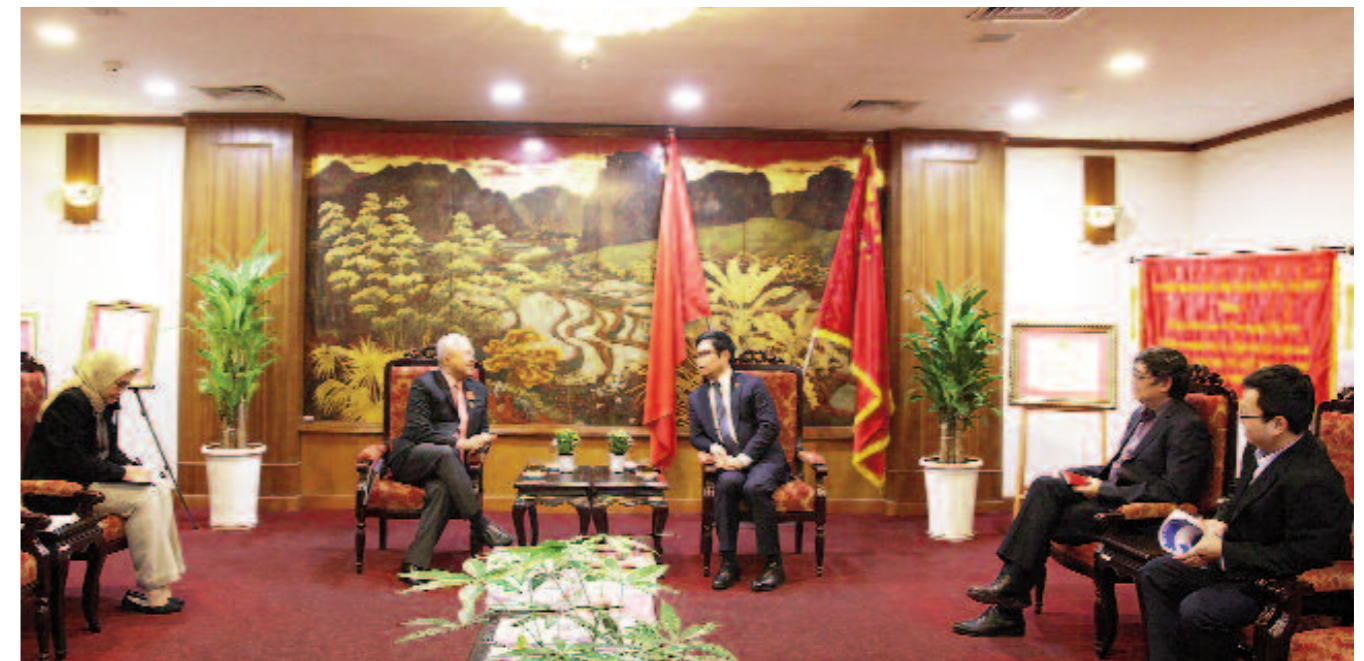
PRESIDENT OF BRITISH CHAMBER OF COMMERCE IN VIETNAM - BRITCHAM

The current FIT pricing mechanism for wind energy will expire on November 1, 2021, leaving wind power developers not enough time to bring their projects into operation before that deadline - 91 wind power projects approved in July 2020 will be added into the Power Development Plan 7 (PDP7) and are still waiting for the approval of the Ministry of Industry and Trade.

This deadline does not allow them enough time for preparation and completion of new projects, especially offshore wind power. We recommend extending the time to apply the FIT pricing mechanism by at least 2 years to December 31, 2023.

Besides, according to solar energy developers, extending the time to apply the FIT pricing mechanism from June 30, 2020 to December 30, 2020 was not enough. FIT should have a longer application period to allow businesses to develop solar power projects, especially rooftop solar power. Therefore, we recommend announcing the new FIT application for solar energy on time and with a longer application period.

The business community expects the Government can assist businesses to enhance product competitiveness although this is the work of the latter, particularly building the capacity and quality of trade promotion through a diplomatic mission network or spending resources for trade promotion organizations such as the Vietnam Chamber of Commerce and Industry (VCCI). Domestically, for agricultural products that partner countries have specific requirements on technical standards, food hygiene and safety (e.g. irradiation and preloading inspection), the Government supports establishing technical centers to guide producers and



VCCI President Vu Tien Loc receives Indonesian Ambassador Ibnu Hadi

## VCCI President Receives Indonesian Ambassador to Vietnam

On December 23 in Hanoi, Dr. Vu Tien Loc, President of the Vietnam Chamber of Commerce and Industry (VCCI), received Mr. Ibnu Hadi, Ambassador of Indonesia to Vietnam, before he leaves office in Vietnam.

The host highly appreciated and thanked the ambassador for his contributions to strengthening Vietnam - Indonesia cooperation during his term in Vietnam.

The Vietnam - Indonesia Strategic Partnership has developed well in many aspects over the past years. Ambassador Ibnu Hadi

emphasized that Vietnam is Indonesia's only strategic partner in Southeast Asia, demonstrating Indonesia's great respect for Vietnam.

The guest also highly appreciated Vietnam's socioeconomic development in the past five years. In particular, in the context of Covid-19 pandemic outbreak, Vietnam is one of a few countries managing to hold positive growth. He expected to see the bilateral trade value rise.

The ambassador said, in its role, VCCI has actively matched businesses of Indonesia and Vietnam and boosted bilateral trade and investment relations.

Currently, many Indonesian digital companies are operating very well in Vietnam such as Gojek (vehicle booking app), Sociolla (online commerce platform), Traveloka (Online hotel room registration application). Ambassador Ibnu Hadi hoped that VCCI will continue to support Indonesian businesses in business startup, trade and investment in the coming time.

VCCI President Loc hoped Ambassador Ibnu Hadi will continue to further tighten good diplomatic relations between the two countries in the coming time as he returns home, no matter what position he holds.■

H.Ly

exporters to fulfil requirements; conduct free or preferential commodity inspection based on given standards of importing countries, work with designated technical units to quickly achieve technical requirements.

Besides, to catalyze business recovery and development in the coming time, the business community expects the Government to further improve the business environment and enhancing national competitiveness, with a focus on reforming administrative procedures and business conditions, reducing costs for businesses, Dr. Loc added. The Government needs to substantially build e-government so as to widely apply information

technology to resolve administrative procedures and increase online public services of Category 3 and Category 4. The Government is expected to continue to ease burdens on businesses, apply risk management principles in inspection; work out and execute effective and substantial business support programs, with focus placed on micro, small and medium enterprises, actively research and provide information on market, credit and labor market; and facilitate access to business support programs for companies facing hardships caused by the Covid-19 pandemic.■



The recovery of world demand also leads to rising export prices of most agricultural and aquatic products with the export coffee price growing by 12.2%, rubber price by 15% and rice price by 13% over the same period in 2019



Vietnam expects to earn about US\$37-38 billion from apparel export in 2021

# Impressive Export Growth amid Tough Challenges

## Positive outcome

According to the Ministry of Industry and Trade, the commodity export value was forecast at US\$267 billion in 2020, up about 1% from a year earlier and the import value was estimated at US\$260 billion, up 2.6%.

Up to 33 exports earned more than over US\$1 billion each in the first 11 months of 2020 and they accounted for 92% of the total export value. Six of them brought home over US\$10 billion each, accounting for 64.3%.

By sector, except for fuels and minerals whose value slumped nearly 36% from the previous year, other sectors achieved positive growth. Notably, the recovery of world demand also led to rising export prices of most agricultural and aquatic products over the same period, with the average export coffee price growing by 12.2%, rubber price by 15% and rice price by 13% over the same period in 2019. On the world market, the asking price of 5% broken white rice from Vietnam is higher than that of other regional suppliers such as Thailand and India.

By market, the United States continued to be Vietnam's largest export market, followed by China, the European Union and ASEAN.

Vietnamese commodities continued to expand their presence in traditional markets and make inroads into new ones to take advantage of existing and blueprint FTAs. On November 15, the Regional Comprehensive Economic Partnership (RCEP) to which Vietnam is a signatory was officially signed, offering great opportunities to Vietnam when the market size of signing countries account for more than 32% of

global GDP with more than 2.2 billion people. This will become the largest free trade region in the world.

The business community's better use of FTA opportunities will be a positive factor to boost exports. In particular, coupled with continuous reforms of administrative procedures, creating an open corridor for business operations has been a great driving force to develop domestic exporters and inspire them to expand product investment and export.

## Many challenges in 2021

The Covid-19 pandemic, the United States' designation of Vietnam as currency manipulator, and challenging changes of trade promotion and marketing will affect exporters' performance in 2021.

Recently, the United States labelled Vietnam a currency manipulator. Economic experts predict this move will most likely be a stepping stone for the U.S. to impose trade sanctions such as tariffs on exports. Some exports such as seafood, apparel and furniture are forecast to be heavily affected. In the short term, to remove the currency manipulation label, Vietnam must adjust the trade structure with many countries and increase the import of high-tech goods, energy, and scientific and technical equipment.

Mr. Vu Duc Giang, Chairman of the Vietnam Textile and

Apparel Association (Vitas), said that, in 2020, the textile and garment industry is heavily affected by the Covid-19 pandemic. The adverse impact of the pandemic may last for 1-2 years. In 2021, textile and garment exports are forecast to continue to face difficulties. In that context, it is very difficult for textile and garment enterprises to come up with stable solutions. Apparel exports may reach about US\$37-38 billion in 2021.

In addition, sustainability criteria on exports are tended to be applied by many more countries. Mr. Nguyen Chanh Phuong, Vice President and General Secretary of the Handicraft and Wood Industry Association of Ho Chi Minh City (HAWA), said, the wood industry is applying sustainable factors in raw materials, production and export to achieve the target export value of US\$20 billion next year.

Mr. Vo Hoang An, Vice Chairman and General Secretary of the Vietnam Rubber Association, acknowledged that sustainable consumption of rubber products has appeared to be a trend on the world market in recent years. The market has given clear signals of prioritizing environmentally friendly products, which cause no harm to the community. Vietnam exported a lot of natural rubber but its export value was not high because there is no sustainable rubber certification for this item.

Regarding challenges in trade promotion, Mr. Vu Ba Phu, Director of

the Vietnam Trade Promotion Agency (Vietrade) under the Ministry of Industry and Trade, said, given the import and export value of more than US\$500 billion, export promotion needs to be further boosted to better match its export value on the global market. In fact, State budget resources for trade promotion are still spread across the central, ministerial and local levels, resulting in overlapped activities.

Moreover, the application of information technology and modern innovative marketing media is still limited, so it is necessary to elevate the image and brand of Vietnamese products to international friends, he affirmed.

Agreeing that there is a need for modern innovative marketing communications, Ms. To Tuong Lan, Deputy General Secretary of the Vietnam Association of Seafood Exporters and Producers (VASEP), emphasized the importance of changing the way of marketing products, from conventional form of B2B communication to B2C communication. For example, VASEP launched many communication programs from 2019 in the UK, Spain, the Netherlands, and Germany by various forms of connection and promotion like the website, Google, Facebook, Pinterest, Instagram and YouTube. These methods are very effective in promoting products to direct consumers. ■

Vietnam's trade value was expected to reach nearly US\$530 billion in 2020, with exports exceeding imports by US\$7 billion. In the difficult context of the Covid-19 pandemic, exports became a bright spot and had an important contribution to the economy's stability in 2021.

HUONG LY

# Seafood Exports to Rise 10% in 2021?

Vietnam’s seafood exports are likely to grow by 10% to US\$9.4 billion in 2021, driven by free trade agreements (FTAs) that the country has joined.



Shrimp export is forecast to increase 15% in 2021

## Overcoming challenges to maintain exports in 2020

In 2020, the Covid-19 pandemic rocked the world, especially in key export markets of Vietnam such as the EU, the U.S., China, South Korea and Japan. Their demand for Vietnamese seafood contracted.

Mr. Truong Dinh Hoe, General Secretary of the Vietnam Association of Seafood Exporters and Producers (VASEP), said, Vietnam's seafood exports in the first quarter and second quarter of this year shrank 10% and 7% from the same period of 2019, respectively, due to Covid-19 pandemic adversity. The shipments dropped most in March and May (down 48% and 16%, respectively, from the same period in 2019). However, since July, exports have started to recover and increase in the last three months (with 10% to 13% growth). This showed that seafood companies in Vietnam are adapting and outperforming challenges and seizing opportunities in the context of the Covid-19 pandemic.

In 2020, seafood exports were boosted by the steady growth of shrimp and positive signs of seafood products from August 2020. Accordingly, the seafood export value reached US\$7.8 billion as of November, similar to the value in 2019.

VASEP’s data also showed that, among Top six seafood markets, only shipments to the United States and China increased over 2019. Specifically, the stateside shipments were estimated at US\$1.66 billion, up 13%, while the exports to

China rose nearly 5% to US\$1.48 billion. Other markets shrank due to the impact of Covid-19 pandemic.

As for the EU market, despite the decline, a boom appeared after the adoption of the EU - Vietnam Free Trade Agreement (EVFTA) in August 2020. The shipments to the EU revived strongly from September, expanding by 19-30%. In the first 11 months of 2020, seafood exports to the EU dipped 3.8% year on year to US\$900 million. In 2020, the EU market (excluding the UK) was estimated to spend US\$991 million on seafood imports from Vietnam, down 2.5% over 2019.

"The EVFTA has boosted Vietnam's seafood exports to the EU market. In the first seven months of 2020, Vietnam's seafood shipments to the EU sank 26% on Covid-19 pandemic impacts. However, from August 2020, exports tended to rise significantly over the same period of 2019. In addition to the adaptation to market demand changes, the tax cut is a catalyst to the export surge, said Mr. Hoe.

## Intertwined opportunities and challenges in 2021

With respect to seafood opportunities of the fisheries sector in 2021, VASEP said, in 2020, the world experienced the worst economic recession since World War II, with the global gross domestic product (GDP) estimated to slide 3.8%. According to international experts, the world economy is likely to recover about 3.1% in 2021. However, if the adversity of the Covid-19 pandemic on the world economy remains, GDP growth may face a bleak outlook in 2022-2023.

The fisheries sector still has opportunities from new-generation FTAs such as the Regional Comprehensive Economic Partnership (RCEP), the EU - Vietnam Free Trade Agreement (EVFTA), and most recently the UK - Vietnam FTA (UKVFTA). These FTAs are producing a good impact on Vietnam's seafood exports and helping enhance seafood competitiveness in the coming time.

Given the likelihood of opportunities that Vietnam can grasp, Vietnam’s seafood export is forecast to increase by 10% to over US\$9.4 billion in 2021. Specifically, shrimp will increase most, 15%, to US\$4.4 billion; pangasius will expand 5% to reach about US\$1.6 billion; and seafood exports will expand by 6% to US\$3.4 billion.

Mr. Ho Quoc Luc, Chairman of the Board of Directors of Sao Ta Food Joint Stock Company, affirmed that shrimp export is likely to achieve a good outcome in 2020 because

## ADB Revises up Vietnam’s GDP Growth at 2.3%

According to Asian Development Outlook (ADO) 2020 report by Asian Development Bank (ADB), Vietnam's economy grew rapidly from 0.4% in the second quarter of 2020 to 2.6% in the third quarter, raising the average growth in the period from January to September to 2.1%. The growth forecast for 2020 is adjusted to increase from 1.8% to 2.3%, due to boosting public investment, recovery in domestic consumption, and increased trade.

Economic growth in Southeast Asia remains under pressure as Covid-19 outbreaks and containment measures continue, especially in Indonesia, Malaysia and the Philippines. The sub region's growth outlook for 2020 has been revised downward from negative (-) 3.8% in September to negative (-) 4.4%. The sub region's outlook for 2021 has also been revised downward, with Southeast Asia now expected to grow by 5.2% next year, compared to a forecast of 5.5% in September.

The inflation in the region is expected to drop slightly to 2.8% in 2020, compared to a forecast of 2.9% in September, due to curbed demand and lower oil prices. The inflation for 2021 is projected at 1.9%, down from the forecast of 2.3% in September. Oil prices will remain at US\$ 42.5/barrel in 2020, before increasing to US\$50/barrel in 2021.

L.A

## ADB, Imexpharm Sign Agreement on Generic Medicine Production in Vietnam

The Asian Development Bank (ADB) signed an US\$8 million loan with Imexpharm Corporation to help the company sustain its production of generic medicines despite global supply disruptions caused by the Covid-19 pandemic.

The financing will support the company’s working capital needs to ensure ample supply of active pharmaceutical ingredients for essential generic medicine production. Imexpharm’s operations and continued production of generic pharmaceuticals and their ensured availability in the market is integral in safeguarding the country’s health during the pandemic.

This debt financing is part of ADB’s US\$20 billion assistance announced on April 13 to help its developing

good farming and processing practices ensure quality.

As for the pangasius industry, analysts from BIDV Securities Joint Stock Company (BSC) said that demand could grow again. According to BSC, service channels (e.g. restaurants and hotels) will recover to the level before the pandemic crisis. Moreover, positive influences from the EVFTA will create a large tax difference between Vietnamese pangasius and rival countries.

In addition to advantages, the fisheries sector will face barriers, Hoe said. For example, anti-dumping tax on shrimp and pangasius in the U.S. market showed no signs of ending in the next five years. Additionally, the IUU

members manage the pandemic.

L.A

## Thu Duc City to Be Established on December 31, 2020

Mr. Nguyen Thanh Phong, Chairman of Ho Chi Minh City People’s Committee, said the city was preparing the conditions and programs for the establishment of Thu Duc City scheduled for December 31, 2020.

Thu Duc City will be established on the basis of merging three eastern districts of Thu Duc, 2 and 9. It will have more than 4 deputy chairmen, 13 functional departments with the number of heads and deputies averaging 3 people each department.

Thu Duc City will be developed into a center for creative renewal, science and technology, and high-tech application. Therefore, it is necessary to establish the Department of Science and Technology, said Mr. Nguyen Thanh Phong.

Previously, the Standing Committee of the National Assembly passed a resolution on the arrangement of administrative units of Thu Duc City, which has a natural area of 211.56 km2, population of 1,013,795, and 34 wards.

My Chau

## EAEU Gives Vietnam Tariff Quota of 10,000 Tons of Rice in 2021

In the framework of the Vietnam - Eurasian Economic Union (EAEU) Free Trade Agreement, the countries of this bloc pledged to give Vietnam a tariff quota of 10,000 tons of rice in 2021.

According to the Ministry of Industry and Trade, to implement the allocation of tariff quota on rice products as committed in the Free Trade Agreement between Vietnam and EAEU; on September 8, 2020, the Council of the Eurasian Economic Commission (EEC) issued Decision 110 on the allocation of Vietnam's rice import quotas to each member country of EAEU in 2021. Specifically, the rice products under the HS codes 1006 30 6701 and 1006 30 9801 will be exported to the Republic of Armenia at 400 tons and the Republic of Belarus at 9,600 tons.

Kim Ngoc

Yellow Card, which has not been removed, also affects seafood exports. At present, although the Government, authorities, enterprises and the fishing community are making great efforts to overcome them, it is difficult to solve it overnight. Furthermore, the Chinese market is forecast to import more seafood.

Therefore, the seafood business community will have to try its best to enhance seafood quality, control the origin and sustainable production process, ensure labor and environmental standards and social security to achieve the goals set in 2021.■



## DEVELOPING LOGISTICS TO DRIVE EXPORTS

New generation free trade agreements such as CPTPP, EVFTA and RCEP coming into effect pose a strong development requirement for the logistics industry in Vietnam. This is an important service sector that plays a role in enhancing the economy's competitiveness, especially in supporting exports.

HUONG LY

### Lots of room for growth

According to the World Bank Report 2018, Vietnam's logistics performance index (LPI) ranked 39 out of 60 countries participating in the study, an increase of 25 places compared to 2016, and ranked third among the ASEAN countries.

According to Deputy Prime Minister Trinh Dinh Dung, despite the adverse impact of the Covid-19 pandemic, Vietnam has succeeded in preventing and controlling the pandemic, recovering and gaining the appreciation of the international community. This result is contributed to by all industries, levels, and the business community in all economic sectors. In which, the logistics industry has made an important contribution.

Deputy Prime Minister Dung assessed that, over the past time, the system of policies and legislation on logistics has been increasingly completed. Major changes have been made in logistics infrastructure in recent years. Many large and modern projects have been invested and put into operation.

Vietnam's logistics services

have a relatively high growth rate of 12-14%. The rate of businesses outsourcing logistics services is about 60-70%, contributing about 4-5% of GDP.

Regarding the advantages of the logistics industry, Mr. Le Duy Hiep, Chairman of the Vietnam Association of Logistics Services (VLA), said that Vietnam has a geopolitical advantage, lying on an important maritime route of the world where about 85% of goods from East and West are transported, connecting mainland China with ASEAN countries. Import and export goods of Vietnam are transported mainly by sea, over 90%. Vietnam has a road, air and rail network connecting countries in the GMS, ASEAN and Europe. The economy developed at a high growth rate of GDP before the Covid-19 pandemic. Along with that, Vietnam is the destination for the transformation of the commodity supply chain due to the Covid-19 pandemic. Therefore, Vietnam can become a logistics hub of the ASEAN region in the 2030s and will move further in the future.

Sharing about the relationship between Free Trade Agreements (FTAs) and the logistics industry, Mr. Tran Tuan

Anh, Minister of Industry and Trade, said that, in general, commitments to open the market for logistics services in New-generation free trade agreements such as CPTPP and EVFTA are not too far from Vietnam's commitments in the WTO and are basically consistent with current laws and policies.

Particularly for logistics services, these agreements can affect development prospects from two angles: commitment to open markets in the transport sector; and commitments in areas that affect the capacity of the logistics service market from a scale perspective due to increased service demand, service quality, the need to expand capacity, investment and service delivery.

### Challenges and solutions

Besides the results achieved in recent years, Vietnam's logistics industry still has shortcomings and limitations. Logistics services costs in Vietnam are still high, increasing costs and reducing the competitiveness of Vietnamese goods. The basic reason is that the planning work between sectors and fields still have not been closely connected.

"More than 95% of the enterprises providing logistics services are SMEs. The application of new technology remains low. There is no effective cooperation between logistics service providers and shippers, especially agricultural products," said Mr. Le Duy Hiep.

Mr. Hardy Diec, Managing Director of FedEx Express Indochina, offered a solution to make Vietnam stand out in the global supply chain context. In his opinion, the main objectives are to improve connectivity through national highways, railways and airways, while also allowing logistics companies to reduce transportation and service costs; further simplify tax and customs procedures, and expand the team of talent including professionals specially trained in logistics to serve future needs.

"We see that smart sourcing and moving to digital will be key to building stronger, smarter supply chains and ensuring long-term recovery. Vietnam will certainly benefit from this change, as countries look beyond China in goods and services and explore new trade routes within the AMEA. Intra-regional trade now accounts for more than half of Asian trade," said Mr. Hardy Diec.

Mr. Nguyen Duy Hong, Deputy General Director of Smartlog Company, said that currently applying 4.0 technology in logistics is the needs of users and suppliers. The application of 4.0 technology for shippers and vehicle owners is a great need. It can be seen that IT application is an important activity contributing to improving the efficiency of logistics services, reducing costs and improving the competitiveness of businesses. In the context of the current industrial revolution 4.0, the application of information technology is a necessary step to catch up with the trend.

Clearly defining the opportunities and challenges in the coming time, the Government has issued six groups of key tasks for ministries and agencies, including focusing on completing the system of regulations, mechanisms and policies related to logistics; and reviewing plans to ensure the synchronous connection of the infrastructure system with the goal of developing the logistics service industry and mobilizing resources to complete infrastructure.■

# Strong Punishment Needed to Stop Smuggling

A company was prosecuted by the Customs Office of Saigon Port 1 - Ho Chi Minh City Customs Department and transferred to the police for investigation of illegally importing dozens of used video gaming machines.

According to the Customs Office of Saigon Port 1, on June 19, 2019, Sun World Logistics Co., Ltd. (based in District 4, Ho Chi Minh City) registered customs declaration at the Customs Office of Saigon Port 1, importing MDF working desks levied preferential import duty of 25%. The declared value of over US\$48 million.

On physical inspection, the Customs Office of Saigon Port 1 in coordination with the Southern Anti-Smuggling Control Team (Anti-Smuggling Investigation Department - General Department of Customs) discovered that the shipment contained 37 used video game machines with preferential import tax rate of 20%.

Customs authorities determined that the value of the shipment was nearly VND3 billion (62 times higher than the declared value) and the tax difference was over VND931 million.

The Customs Office of Saigon Port 1 determined that Sun World Logistics Co., Ltd falsified product name and type, prohibited from import. As stipulated in Section 4, Part II, Appendix I of the Banned Import and Export List, issued together with Decree 69/2018/ND-CP dated May 15, 2018 of the Government, the company was imposed an administrative fine, a step for further investigation.

Working with customs authorities, Mr. Phan Van Thao, Director and legal representative of Sun World Logistics Co., Ltd, said that the company did not negotiate and sign the contract directly with foreign companies, but only accepted the order to import this shipment for a logistics service company in Australia. However, he said that he did not know the address of this company because he only contacted it via email and phone!

He added that, according to the initial notice of the logistics service company in Australia, the shipment was MDF working

desks, not used arcade machines as the inspection result showed. This shipment was recommended by the Australian logistics service company to Sun World Logistics Company Limited to ship to Vietnam for delivery to a customer in Vietnam.

However, Sun World Logistics Co., Ltd had no idea of the name and address of that customer. After the shipment arrived in Vietnam, the foreign side gave specific notice of the recipient's name and address. The company is only responsible for the charter shipping to take service charges. The shipment payment was arranged by the Vietnamese buyer and the Australian counterpart themselves.

According to the Customs Office of Saigon Port 1, the shipment was declared for customs procedures and assigned the yellow flow system - exempted from physical inspection. But, when detecting signs of suspicion, the shipment was changed to the red channel where goods are inspected and violations were found. Sun World Logistics Co., Ltd failed to show the goods for inspection, avoided liability and dodged customs inspection.

The Customs Office of Saigon Port 1 sent an invitation letter, but only more than two months after the opening of the customs declaration did Sun World Logistics Co., Ltd send a representative to inspect the goods.

Based on the verification results, collecting evidence and initial investigation results, the Customs Office of Saigon Port 1 believed that the behavior of Sun World Logistics Co., Ltd showed signs of criminal violation: Smuggling as specified in Article 188 of the 2015 Penal Code.

Sun World Logistics Co., Ltd intentionally traded and transported goods prohibited from import into Vietnam; found ways to falsify declarations, bypassed customs offices to bring goods into the domestic market for illegal consumption and took a hugely defrauded tax difference. ■

*On December 11, 2020, the Customs Office of Saigon Port 1 decided to prosecute a criminal case of smuggling by Sun World Logistics Co., Ltd at Cat Lai Port and transferred the case file for further investigation to Ho Chi Minh City Police.*

## Bao Nguyen Prosecuted for Smuggling 44,000 Tons of Ores



The Anti-Smuggling Investigation Department under the General Department of Vietnam Customs recently decided to prosecute Bao Nguyen Trading Joint Stock Company for smuggling more than 44,000 tons of raw bauxite ores. The prosecution

decision was approved by the Supreme People's Procuracy.

On October 17, 2019, Bao Nguyen Company filled in the export registration declaration 302816355501/B11 at the Customs Office of Cam Pha Port, the Quang Ninh Customs Department. The commodity was 42,000 tons "refined bauxite ore". Customs procedures included Invoice, contract and test sheet 19V02KK4551 dated October 18, 2019 made by Vinacontrol Group, Official Letter 8228/BCT-CNNg dated August 25, 2014 of the Ministry of Industry and Trade, and Decision 270/QD-UBND dated January 31, 2019 of the Lang Son Provincial People's Committee.

The shipment completed mandatory customs procedures (the customs office completed procedures for document inspection and physical inspection, the company paid export duty).

However, based on the test by customs authorities and the Institute of Geosciences and Minerals, the Ministry of Natural Resources and Environment (in coordination with the Center for Geological Experiment Analysis (CGEA) of the General Department of Geology and Minerals of Vietnam, which has VILAS032 machine to conduct the test), the commodity is "virgin bauxite ore" which is not allowed to be exported under the Prime Minister's Directive 03/CT-TTg dated March 30, 2015, not a "refined bauxite ore" as declared in the customs form by the company.

According to Appendix I - Export Tariff applied to taxable goods issued together with the Government's Decree 125/2017/ND-CP dated November 16, 2017 on amendments and supplements to some articles of the Government's Decree 122/2016/ND-CP dated September 1, 2016, virgin ore, carrying HS code 2606.00.00.10, is subject to an export duty of 30% and refined ore, carrying HS code 2606.00.00.90, is levied 20% of export duty.

According to the inspection result, the actual weight of the commodity was 44,123.02 tons (2,123.02 tons more than the declared volume) valued VND10,814,052,800 and the payable tax amount was VND3,244,215,840 (illegally avoiding VND1,203,267,840 of tax).

Test sheet 19V02kk4551 was filed by Bao Nguyen Company after it sent the sample to the inspection agency for testing and there was no witness of customs officers. This action violated Clause 1, Article 5 of Circular 41/2012/TT-BCT dated December 21, 2012 of the Ministry of Industry and Trade (as amended and supplemented in Clause 3, Article 1 of Circular 12/2016/TT-BCT) and the sheet was not valid for customs procedures for the above-exported commodity.

## Guidance on Origin Declaration after EVFTA Enforcement

Regarding origin declaration, based on the statement of origin, the General Department of Vietnam Customs guided provincial/municipal customs departments to uniformly implement some contents.

Accordingly, the General Department required local customs agencies to comply with instructions in Official Dispatch 6464/TCHQ-GSQL dated October 5, 2020.

In case the proof of EU/European Union origin declaration, added with the specific name of a European country, does not affect the validity of the proof of origin of goods.

In case the proof of origin only states the European country of origin, the proof of origin shall be rejected in accordance with regulations and send a report to the General Department of Customs for notification to European competent authorities.

## SHB Bank Officially Launches E-Tax Collection Program



Saigon-Hanoi Commercial Joint Stock Bank (SHB) has officially launched the electronic tax collection program for enterprises.

Accordingly, to effectively carry out the electronic tax collection program, the General Department of Vietnam Customs required taxpayers to arrange staff to support them in dealing with their emerging problems. In case of any information technology problems, the General Department requested banks to promptly contact the Customs Information Technology and Statistics Department. In case of any professional problems, they need to contact the Import-Export Tax Department under the General Department for assistance.

SHB became the 7th bank to join the electronic tax collection program for enterprises after VietinBank, TPBank, BIDV, VPBank, Vietcombank and MBBank.

As of December 2020, 44 banks coordinated with the General Department of Customs to collect tax via the electronic medium. Among them, 37 banks joined 24/7 electronic tax payment and customs clearance and seven took part in the electronic tax collection program.

According to the General Department of Customs, the electronic tax collection program for enterprises is a progressive step in upgrading the 24/7 electronic tax payment expansion program, launched by customs authorities from the end of 2017.

To take part in the electronic tax collection program, taxpayers only need to conduct a one-time registration and authorize debt deduction to the bank in service and do not need to take any other action on the system of customs authorities or on the banking system. Tax payment is made automatically.

Hien Le



Vietnam seeks to attract greater private sector participation in infrastructure development to reduce the pressure on public funds

## PUBLIC INVESTMENT Plan for the Long Run Needed

Seen as one of five growth drivers that need to be strengthened in order to spur the post-Covid-19 economic recovery, public investment is being aggressively disbursed by central and local agencies to reach the finish line on time.

THU HA

### Strongest growth in a decade

Public investment disbursement has never been as important as in 2020, as this is a growth driver. Right from the beginning of 2020, disbursing all public investment as planned is a major and important goal as expressed in resolutions and directives of the Government and the Prime Minister. In addition, with the firm and close direction of the Government and the Prime Minister during online cabinet meetings and the pressing actions required by working delegations led by the Prime Minister, the Deputy Prime Ministers and the Ministers, the disbursement from the end of July to the end of November made considerable progress.

According to the report by the Ministry of Planning and Investment, the disbursed public investment fund reached VND406.8 trillion (US\$17.7 billion) in the first 11 months of 2020, equal to 79.3% of the full-year plan and 34% higher than a year-ago period (compared to 79.2% and 7% in the same period of 2019, respectively). Specifically, disbursed central funding was VND73.1

trillion (US\$3.2 billion), equal 79.5% of the yearly plan and up 64.9% year on year, and disbursed local funding was VND333.7 trillion (US\$14.5 billion), equaling 79.3% and increasing by 28.7%. By the end of November 2020, 15 central agencies and 18 localities reportedly disbursed over 75% of the planned spending, with nine central agencies and seven localities spent over 85%.

Regarding the disbursement of some major national projects, a total of VND7,864,712 billion out of VND10,828,276 billion planned for 2020 was disbursed for 11 component projects of the Eastern North-South Expressway, reaching 72.6% of the plan. My Thuan - Can Tho City Expressway Project got VND634 billion or 68% of the yearly plan.

Speaking at the regular cabinet meeting in early December, Prime Minister Nguyen Xuan Phuc said public investment disbursement continued to be strongly improved in November and the first 11 months of the year, reportedly the highest in value in many years. This is an extremely important driving force to achieve the GDP growth target in 2020. However important promoting good disbursement is, ensuring project quality must be serious, not superficial and wasteful," he said.

### Clearing obstacles

Despite impressively rapid growth, the disbursement speed was even among ministries, branches and localities. Specifically, up to 18 central agencies six localities disbursed less than 45%, with eight central agencies and one locality using less than 20% of their planned budget.

This was attributed to bad investment budget planning made by central authorities, weak response of central and local authorities and

slow selection of contractors by investors.

Besides, site clearance is always the thorniest "bottleneck" in public investment disbursement. As one of slowest-moving spenders of public investment, the Dong Nai Provincial People's Committee said that the province is facing some difficulties carrying out projects. Specifically, as the shape of the land plot is different from the description in the application file for the land-use right certification and the current status has changed, the actual area of the land plot increased or decreased when measured. In some cases, the boundaries of the land in use cannot be defined, measurement agencies lack proof to issue technical records of the land. Besides, many land parcels lack ownership information or address.

In addition, bad weather, rains and floods significantly affected construction progress, especially traffic or irrigation projects.

To achieve the public investment disbursement goals in 2020, bottlenecks from project preparation, investment capital allocation, site clearance, contractor capacity building must be quickly removed.

Currently, central and local agencies are making efforts to "speed up" to reach the destination on time. They are focusing on careful review of investment project portfolio, grasping project situations in order to take specific measures to speed up project progress or transfer the fund to projects. Other quickly disbursed projects need additional capital.

Contractors focused on construction, prepared documents and procedures for payment, settlement and disbursement of the remaining planned funding. Payment-related agencies are ready to ensure the swift, timely and accurate implementation progress, enabling investors to settle payment. As the biggest recipient of investment funds, the transport sector committed to disburse 100% for transport projects. Chairman of Hanoi People's Committee Chu Ngoc Anh also pledged to disburse nearly 100% for the transport sector. Some slow-disbursing localities also pledged to complete their land compensation, resettlement and disbursement plans in 2020.

However, according to economic experts, public investment disbursement is not only a story on how to disburse all planned capital this year, but also on continuing efforts in the following years so as to spend the investment budget rather than let it be idle in coffers, thus wasting resources and wasting opportunities for economic growth and development. For that reason, there is a need for longer budget allocation plans and public investment plans for 2021-2025. ■

## Free Trade Agreement Portal Launched

To enable the business community and Vietnamese people to effectively leverage free trade agreements (FTAs), especially new-generation FTAs, the Government assigned the Ministry of Industry and Trade to work with relevant agencies to build a Free Trade Agreement Portal - FTAP (<https://fta.moit.gov.vn/>), funded and supported by the Government of Australia and the World Bank (WB).

FTAP provides a smart online lookup tool for the business community and partners interested in FTA commitments that Vietnam is a signatory, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and EU - Vietnam Free Trade Agreement (EVFTA), focusing on tax commitments, rules of origin, services and investment, as well as other information on market, import, export and sustainable development.

Q.C

## US\$5 Mln Support for Women-led SMEs

The Asian Development Bank (ADB) and the Government of Vietnam recently signed a US\$5 million grant agreement, funded by the Women Entrepreneurs Finance Initiative (We-Fi), to support Vietnamese women-led small and medium-sized enterprises whose access to finance has been weakened because of Covid-19.

The grant will finance the Covid-19 Relief for Women-led SMEs Project, aiming to incentivize participating banks in Vietnam to restructure existing loans or extend new loans to at least 500 women-led SMEs. Funds will be disbursed on a first-come, first-served basis, thus the banks will be competing for the funds and are incentivized to proactively find eligible women-led SMEs. Five banks have volunteered to participate in the grant, including the Asia Commercial Bank (ACB), Bank for Investment and Development of Vietnam (BIDV), Saigon-Hanoi Bank (SHB), Tien Phong Bank (TPB) and Vietnam Prosperity Bank (VPB).

L.A

## FDI ATTRACTION

# In Spotlight amidst Pandemic

Despite the severe impacts of the Covid-19 pandemic, Vietnam still managed to gain remarkable achievements in FDI attraction. This is one of bright spots that has helped drive economic growth.

HA LINH

### Encouraging outcome in FDI attraction

The Covid-19 pandemic resulted in mobility restrictions but Vietnam still obtained many positive outcomes in foreign investment attraction. According to the report released by the Ministry of Planning and Investment, foreign investors registered to invest US\$26.43 billion in the year to November 20, equal to 83.1% of the same period in 2019. They disbursed US\$17.2 billion to invest in fresh projects, expand their operations and buy equity in the period, equal to 97.6% of a year-ago value.

By sector, investors registered to invest in 19 industries, led by the processing and manufacturing sector with over US\$12.7 billion, or for 48.2. % of the total registered FDI value. By partner, 109 countries and territories invested in Vietnam, led by Singapore with nearly US\$8.1 billion, accounting for 30.6% of total FDI value in Vietnam, followed by South Korea, China, Japan, Taiwan and Thailand.

In addition, another good signal is the shift of investment flows of large multinational corporations toward Vietnam. For example, Hanwha Group of South Korea, among the Top 500 largest corporations in the world, inaugurated an aircraft parts manufacturing factory in Hanoi. Japan's Yokowo Group, which manufactures equipment for motor vehicles, has moved to Ha Nam province. Foxconn is also building a production line for iPad tablets and MacBook computers in Bac Giang province, planned to go into operation in 2021. These moves came after much optimistic information about the shift of investment flows to Vietnam. Mr. Do Nhat Hoang, Director of the Foreign Investment Agency (FIA), Ministry of Planning and Investment, said this move will bring many opportunities for Vietnam.

In addition, by joining many new-generation free trade agreements (FTAs) such as the EU - Vietnam Free Trade Agreement (EVFTA), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP), Vietnam has a great opportunity to integrate more deeply into the world production network and select quality FDI projects to move forward in global value chains.

### Improving investment environment

Vietnam has a great opportunity to accommodate foreign investment, especially as investment flows moved out of China due to the Covid-19 pandemic and the U.S. - China trade war. However, to catch this investment wave, Vietnam must further improve the business investment environment, prepare necessary conditions and strengthen effective investment promotions. This is considered a key to attracting long-term and sustainable FDI inflows.

Mr. Hoang said, to catch the investment wave as expected requires the coordination and participation of many ministries, branches and localities. Vietnam is reviewing the industrial park land fund, training human resources, building action programs, promoting supporting industries, and connecting with major FDI projects to solve existing difficulties and accelerating the process of creating an open corridor for investors. In addition, the Government has amended the Law on Enterprises and the Law on Investment to simplify procedures and create a clear open corridor for foreign investors to come to Vietnam for investment and business cooperation. The Government has also established an investment promotion workgroup led by Deputy Prime Minister Pham Binh Minh, assisted by Minister of Planning and Investment Nguyen Chi Dung, to remove investment bottlenecks and attract large-scale quality high-tech projects.

In particular, Prime Minister Nguyen Xuan Phuc hosted a private meeting with business associations to learn about difficulties and problems facing businesses and investors in this challenging year. At the meeting, the Prime Minister affirmed that he would request joint efforts for the best investment environment. In particular, he would check whether local commitments to investors are properly implemented. PM Phuc also pledged that Vietnam's policy system in the coming time would focus on investor facilitation.

In addition to improving the investment environment, in order to promote FDI inflows into Vietnam, the Ministry of Planning and Investment has made great efforts in the past time to implement measures to extend an arm to foreign investors, like organizing online seminars with Japanese enterprises and with investment funds, signing cooperation agreements with JETRO (Japan) and with UOB Bank (Singapore). Through investment promotion, many big enterprises expressed their interests in Vietnam. According to experts, this FDI inflow will positively help Vietnam's growth this year and beyond. ■

### Policy Website Launched to Support Businesses to Overcome Covid-19

The Vietnam Chamber of Commerce and Industry (VCCI) recently officially launched a website on government policies and solutions to help businesses respond to the Covid-19 epidemic at <https://hotro.vibonline.com.vn/>.

This is an effective information channel for micro and small agricultural businesses, companies in poor areas, and disadvantaged businesses to have quick access to business support programs and policies of central and local governments in the fight against the Covid-19 pandemic. Accordingly, they can easily find information about support policies and procedures to be entitled to support programs by industry, size and location.

The website is also an effective channel of dialogue for businesses with central and local authorities on business support policies in the fight against the Covid-19 epidemic; a forum for sharing good experiences and good practices for enterprises to overcome the impact of Covid-19.

While the economy in general and businesses in particular are struggling with difficulties caused by the pandemic, the business support website (<https://hotro.vibonline.com.vn/>) will help businesses with updated information on current government support packages for businesses to overcome the Covid-19 epidemic; support policies and information by sector, and support policy documents by promulgator.

This website, administered by VCCI, is part of the project on supporting micro and small private enterprises to access and utilize support policies to respond promptly to the impact of the Covid-19 epidemic. This project is under the Program "Australia supports Vietnam economic reform" (Aus4Reform) is implemented under the funding agreement between the Australian Government and the Government of Vietnam.

This website, administered by VCCI, is part of the project on supporting micro and small private enterprises to access and utilize support policies to respond promptly to the impact of Covid-19. This project is under the Aus4Reform Program, Australia supports for Vietnam economic reform, executed under the financing agreement between the Government of Australia and the Government of Vietnam.

L.A



Business environment improvement is key to attracting long-term and sustainable FDI inflows

# Seeking Grounds for Overheating Stock Growth in 2020

From the 650-point bottom when the Covid-19 pandemic broke out in Vietnam at the end of March 2020, the VN-Index increased sharply and surpassed 1,000 points in the last month of 2020, bringing life-changing opportunities for many investors, especially new ones.



**T**he question is why stocks are advancing while the economy and business performance are declining due to the pandemic.

## To be a losing stock investor in 2020 is almost out of the question!

According to MB Securities Company (MBS), foreign investors have net sold VND33,173 billion (US\$1.4 billion) on the stock exchange since the beginning of the year. The Covid-19 pandemic has produced strong pressure on foreign outflows in many markets, including emerging and frontier markets. Vietnam's stock market also witnessed net outflows through order-matching trading, the biggest outflow since 2018.

Previously, foreign investors were an important trend setter on the local stock market, even many domestic investors were accustomed to seeing foreign movements to predict the market trend and take action. In 2020, Covid-19 overturned what was old. The stock market is the game of domestic investors in 2020 and many stocks have risen sharply, even adding 100% of the value from their yearly lows, driven by ample cash inflows from domestic investors.

Resources, chemical, construction, building materials and industrial real estate were best performers on the local bourse. These industries benefit, or expected to benefit, from public investment policies, from the shift in supply chains, and from low input prices.

According to stock specialist Dao Phuc Tuong, it is very difficult to be a loser on the Vietnamese stock market in 2020. At the beginning of the year, when the pandemic started to wreck the economy, the caution embraced both professional and individual investors. However, Tuong also had to change his careful stance. The lesson learned after the stock market performance in 2020 was shared by him: "We should not argue with the market."

## Cash flows are catalyst to the stock rally

Corporate performance and liquid cash are important factors to stock market prices. In 2020, according to FinnPro's forecasts, the after-tax profit of 742 listed non-financial companies will contract by 21.5%. In the fourth quarter of 2020, the profit after tax is estimated to shrink 6.4%, unchanged from the previous quarter. The decline in the two last quarters was weaker than their profit forecast for 2020, but the overall business picture of non-financial businesses is still recession, and no bright prospect is on the horizon.

In fact, there are no changes in fundamental factors and business performances of listed companies, he noted. Except for financial sectors, other sectors underperformed last year while many stocks have reached their highs in 2019. "The stock price goes faster than fundamental indicators because of cash inflows," he added. "You should not insist that a profit-making company has a stock price growth," he advised. The portfolio structure should be flexible to market signals because stock prices and corporate fundamentals often go in the same direction but they sometimes do not. The year 2020 is a testament to this.

MBS's statistics shared by Mr. Tran Hoang Son, Research Director, told that the global stock market has overcome adverse effects of the Covid-19 pandemic, with the MSCI All - Country World Index rebounding to a higher level than before the pandemic outbreak.

In addition to lowering interest rates, central banks pumped trillions of US dollars into the financial system and launched many loan and bond purchase programs (both government and corporate). According to the law of supply and demand, money is always in balance with goods. When liquid money is pumped out too much, in excess and

interest rates drop to a record low, investment channel prices will increase as a result. "In our opinion, the driving force for the stock price growth in 2020 is the cash flow," said Hoang Cong Tuan, chief economist of MBS.

In 2019, the capital flow through the ETF channel accounted for more than two-thirds of foreign net buying (about US\$250 million). In nearly the first half of 2020, foreigners withdrew more than US\$64.64 million, focusing on the ETF VanEck, VFMVN30 and FTSE Vietnam. After the Covid-19 pandemic outbreak, cash flows continued to be channeled into newly established domestic ETFs such as VFMVN Diamond (+US\$64 million), Finlead (+US\$22.50 million). This is one positive signal. Since the beginning of the year, ETFs have returned to buy net US\$60.8 million. In the long term, the cash flow trend in Vietnam's stock market is still attractive and Vietnam attracted US\$513.58 million net in the last three years.

## In 2021, will the stock market extend the rally?

As many as 49% of respondents in an MBS survey on the VN-Index outlook believed that the VN-Index will end the year 2021 at 1,100 - 1,200 points. This development showed that many investors are placing their trust in the stock market, which is expected to grow higher.

The investor optimism is supported by many factors. It is noteworthy that the impact of the Covid-19 pandemic on the global stock market is decreasing. Many countries are vaccinating against the pandemic, fostering expectations that the pandemic will be pushed back. The focus of the global stock market is still the United States market. Following the global financial crisis in 2008, the US stock market has recovered strongly in the wake of strong economic stimulus packages. In 2020, hit by the Covid-19 pandemic, the Fed continued to maintain its easing program, unprecedented in history.

MBS gave two optimistic market scenarios in 2021. In the first scenario, EPS growth was forecasted to rise 16.7% from 2020. The VN-Index will move in the range of 965 - 1,165 points (equivalent to the weighted P/E ratio of 14.94). In a more

*In general, Vietnam's stock market is one of the rapidly recovering markets under the impact of the Covid-19 pandemic. The forward P/E ratio is currently 16.5, lower than that of ASEAN 6 countries and lower than the weighted ratio of emerging markets. Meanwhile, Vietnam's return on equity (ROE) is much higher than that of emerging markets, showing that the market is still attractive to investment fund flows.*

optimistic scenario, EPS growth is forecast at 19.4%. The index will go in the range of 995-1,230 points.

Beside corporate performance and liquid cash flows as in the global financial market, Vietnam's stock market has its own story: Market upgrade prospects. In fact, the Vietnamese stock market has achieved many criteria for the upgrade, the remaining barrier is just foreign ownership and some factors in market operations. The enforcement of the new Law on Securities in early 2021 and the operation of the central clearing partner settlement system, implemented by the Vietnam Securities Depository (VSD) from 2021, will allow intraday trading clearing payment (T+0) and lower the margin ratio from 100% to 10-20%, helping improve market operations and relieve problems for foreign investors.

Despite being optimistic about the market prospect in 2021, experts also sent some alarming signals. US stocks are among the dearest for the past 100 years while the Vietnamese market valuation is slowly becoming expensive. The forward P/E ratio of 742 listed non-financial companies is 19.9, higher than the trailing ratio of 17.7, showing that investors must be more prudent to have another winning year of 2021.■

## Eight Key Border Gate EZs Selected for Development Investment

The Prime Minister decided to select eight border gate economic zones for further development in the 2021-2025 period, using the State budget.

These economic zones include Mong Cai (Quang Ninh province), Dong Dang - Lang Son (Lang Son province), Lao Cai (Lao Cai province), Cao Bang (Cao Bang province), Cau Treo (Ha Tinh province), Lao Bao (Quang Tri province), Moc Bai (Tay Ninh province), and An Giang (An Giang province).

The Prime Minister assigned the Ministry of Planning and Investment to direct and guide relevant localities to mobilize other legal capital sources to invest in the construction of technical and social infrastructure systems serving the sustainable development of the border gate economic zones.

Local authorities must prepare and assess the dossiers of projects to develop infrastructure for the border gate economic zones in line with the objectives, principles, criteria and quotas of the State budget allocation for the 2021-2025 period.

The provinces which accommodate these eight border gate economic zones shall be responsible for balancing the fund for eight border gate economic zones in 2021 - 2025.

Thu Ha

# Promoting Conversion of Magnetic Cards to Chip Cards

According to the draft amending and supplementing a number of articles of Circular 19/2016 regulating bank card operations, recently announced by the State Bank of Vietnam, this agency has set a specific timeline of March 31, 2021 for card issuers to issue new local cards which are chip cards, instead of magnetic cards as currently.

ANH MAI



The conversion from magnetic cards to chip cards is one of the key solutions of the banking industry approved by the Prime Minister under the Non-Cash Payment Development Scheme for the period 2016-2020 (Decision 2545/QĐ-TTg).

Nowadays, with the attention and direction of the Government, the State Bank and the response of customers, non-cash payment increasingly shows its superiority and gradually becomes popular in Vietnam.

According to data provided by Digital 2019 Vietnam and Digital 2020 Vietnam, the number of Internet users has increased rapidly year by year. In 2019, there were 64 million Internet users, an increase of 28% compared to 2017. By February 2020, the number of Internet users reached 67 million (accounting for nearly 70% of the country's population). In addition, solid telecommunications infrastructure and smartphone penetration are key to non-cash payments.

Besides, the forms of non-cash payment in Vietnam are increasingly diversified, from payment by bank cards to online forms of payment via electronic channels such as Internet Banking, Mobile Banking, SMS Banking, and e-wallet.

In the card payment field, the transition from magnetic cards to chip cards is happening at a rapid speed. A magnetic card is a card with a magnetic strip behind the card, the data on the magnetic card is permanently stored on the magnetic strip (on the back of the card). So it easily leads to the risk of card information theft and transaction fraud. The chip card - also known as a "smart card" has a microchip attached to the card surface, the transaction data is stored on the chip

(on the front of the card) and the cryptogram changes with each transaction. This is the basic difference between chip cards and magnetic cards, ensuring safety and security for chip cards.

The conversion of magnetic cards to chip cards is a common trend in many markets around the world, with the aim of enhancing safety and security for customers. Applying chip card technology standards will limit the theft of card information as well as other safety risks. In addition, the chip card technology also brings many convenient features in payment, making an important contribution to promoting non-cash payments. Specifically, with contactless technology for chip cards, customers will experience quick - convenient - safe payments, suitable for small transactions customers previously used cash for such as supermarkets, convenience stores, fast food restaurants, cafes.

In Vietnam, in 2019, the State Bank issued a set of basic standards on domestic chip cards and issued a roadmap for converting from magnetic cards to chip cards. As of September 30, 2020 - according to the report of National Payment Corporation of Vietnam (Napas), more than 20 commercial banks had converted from magnetic cards to chip cards, the whole market had 7.4 million domestic chip cards, 199,000 POS and 12,000 ATM were upgraded to accept chip card payment.

Vietcombank is among the first banks to converse domestic debit cards from magnetic technology to contactless chip technology, upgrading the system of electronic data capture (EDC) as well as ATMs throughout the system to ensure the acceptance of chip cards according to the basic standards, meeting the requirements of the conversion roadmap under Circular 41 of the State Bank. As of October 31, 2020, Vietcombank had issued and converted 2.5 million domestic chip cards, upgraded over 43,000 POS (approximately 80% of Vietcombank's POS) and over 2,000 ATMs (reaching 82% ATMs of Vietcombank) to accept chip cards according to the basic standards throughout the system.

Some other banks such as Vietinbank, Techcombank, ABBank, BIDV and Lienvietpostbank are also actively implementing this conversion. These banks are taking advantage of digital economic development to promote electronic payments and aim for the goal that most Vietnamese people use chip cards in making payments for essentials of life.

Notably, according to the draft amending and supplementing a number of articles of Circular 19/2016 regulating bank card operations recently announced by the State Bank, this agency has set a specific timeline of March 31, 2021 for card issuers to issue new domestic cards as chip cards, instead of magnetic cards as currently. Previously, the State Bank had required 100% domestic debit cards (ATMs) circulating in the market to comply with the basic standard for domestic chip cards as of December 31, 2021. Thus, the State Bank has accelerated the issuance of new chip cards of commercial banks.

According to the roadmap for converting ATM cards from magnetic cards to domestic chip cards of the State Bank, tens of millions of cards will have to be converted into chip cards.

However, not many magnetic card-holders have come to convert to chip cards. Some banks even continue to issue new magnetic ATM cards. This has a certain impact on the progress of issuing Chip cards of the whole banking system.

By the end of the third quarter of 2020, the whole country had more than 93.78 million domestic cards in circulation, mainly domestic debit cards (ATMs).■

# Bad Debt Trading to Go on Exchange in 2026

Based on its functions and duties, VAMC is allowed to buy and sell bad debts. Based on the proposal submitted by VAMC, the State Bank will consider and approve, if all conditions are met, the formation of this exchange. This agency also assigned VAMC to complete the establishment and commissioning of the Debt Exchange before 2026.

## VAMC will administer debt exchange

Assessing VAMC's current debt trading, Deputy Governor Dao Minh Tu said that VAMC's debt trading is currently very positive. However, until the technology is ready, the SBV will license trading on this exchange.

Recently, the State Bank issued a decision approving the VAMC Development Strategy to 2025, with a vision to 2030. Among them, there is remarkable information that the SBV will require VAMC to complete the establishment and operation of the Debt Exchange before 2026. Specifically, in the past 2019 - 2020 period, VAMC performed well in its central role on the debt trading market. However, in order to ensure the transparency of debt trading as well as allow credit institutions to advertise their debts, the debt exchange establishment is necessary.

Since Decree 42/2017/QH14 on piloting the settlement of bad debts of credit institutions was enacted, the debt exchange establishment was mentioned. However, without technology and a legal corridor, the initiative of setting up a debt exchange has not been implemented. Since then, the debt purchase and sale with credit institutions has been assigned to only VAMC, initially forming a debt trading market in Vietnam. After Resolution 42 took effect until the end of the third quarter of 2020, VAMC handled about VND313 trillion (US\$13.6 billion) of bad debts, of which, on-balance sheet bad debt settlement was over VND167.9 trillion, accounting for 53.8 % and off-balance sheet debt handling was VND74.9 trillion. The bad debts sold to VAMC in the form of special bonds handled more than VND69.5 trillion.

Mr. Do Giang Nam, Deputy Director of VAMC, said, VAMC previously proposed setting up the debt exchange and this approval will inspire us to embark on the project as soon as possible to submit to competent authorities for approval. VAMC will be the founder and operator of the debt exchange. I believe that in the 2020-2025 period, VAMC will complete establishing and operating the debt exchange. In the 2026 - 2030 period, VAMC will expand its operations to buy and sell debts and assets of all economic sectors. The company will foster asset investment and exploitation, asset trading brokerage consulting and asset valuation.

**"In the 2020-2025 period, the Vietnam Asset Management Company (VAMC) must complete the establishment and operation of the debt exchange and complete the market price-based debt purchase target as approved. Annual plans are set 5-10% higher than the targets," said Deputy Governor of the State Bank of Vietnam Dao Minh Tu.**

In order to fulfill the responsibility of administering the debt exchange, from now until the launch of the exchange, VAMC must advise on building a legal framework for debt trading on a concentrated market in Vietnam.

## Completing the legal framework

While building the debt exchange, authorities must complete the legal corridor for the development of the debt trading market and build and issue debt valuation standards to create a legal basis for the operation, he said.

In the VAMC Development Strategy to 2025, with a vision to 2030, the State Bank of Vietnam stated that, while completing the establishment and operation of the debt exchange, VAMC must build a debt/asset data center at VAMC. The center must be connected with the National Credit Information Center (CIC) and credit institutions for information sharing and for choice of debt/asset handling.

In addition, VAMC will necessarily form and operate an online auction exchange to foster asset auction at VAMC; boost financial investment to build the path to become an intermediary institution of financial consulting services and strategic partnership development services for investors, basing on VAMC's knowledge of goals, economic sectors and industries. The State Bank also requested VAMC to cooperate with domestic and foreign investors to participate in corporate restructuring and corporate debt trading in accordance with laws on bad debt settlement.

In order to increase VAMC's resilience in the debt trading market, the State Bank decided to submit the plan for raising VAMC's registered capital to VND10 trillion in 2020-2021 to competent authorities for approval. The SBV will strictly supervise VAMC's use of more added capital to ensure operational safety and performance, such as promoting debt collection and market priced debt purchasing.

In particular, the State Bank also asked for permission allowing VAMC to mobilize capital from domestic and international organizations and individuals under the law. This is a new point for VAMC to have enough financial health to operate the concentrated debt trading market in the future.

"Debt trading is already active but we do not have a truly official market. Therefore, the establishment of the debt exchange, a stepping stone for the form a centralized debt trading market where other economic entities will join, thus helping increase the liquidity of the debt trading market, and attract more investors as well as capital flows. The establishment of a debt exchange will promote and develop the bad debt trading market in Vietnam," said SBV Deputy Governor Dao Minh Tu.■



Residential and industrial real estate are the two brightest segments in 2020

If 2020 is a sad song for the economy and the whole society in general, real estate is considered to be composed with low notes and high notes.

NGUYEN MAI

Signs of recovery

Like other sectors ravaged by the strong impact of the Covid-19 pandemic, real estate was overshadowed by a lackluster outlook. Many investors became cautious and businesses were fraught with difficulties. Real estate projects delayed their launch schedules and many property exchanges suspended or stopped working. But, this was also a test in the transitional period. Short-term investors will have to give way to long-term financially viable investors. Property brokerage floors that adapted to new changes and made investment for sustainable development and resources will survive.

Remarking on Vietnam's real estate market in 2020, Mr. David Jackson, CEO of Colliers International, said, “In 2020, the real estate market of Vietnam has undergone a correction and returned to 'more stable development' than a few years ago when land prices grew 'hot', especially office and residence segments in Ho Chi Minh City and surrounding areas. The Covid-19 pandemic had strong influence and triggered a global health crisis, mobility

restrictions and social distancing reduced investor enthusiasm and caused investors to be more cautious with new investment decisions. However, in the third and fourth quarters of 2020, the retail market has shown signs of recovery and resilience.

According to integrated data made from reports of 56 out of 63 provinces and cities by the Ministry of Construction, successful property deals in the third quarter increased by 10-25% from the second quarter of 2020, evidenced by regularly transacted condos and good absorption of well-progressed projects. Ministry of Construction data also showed that apartment prices rose by 0.24% in the third quarter in Hanoi from the previous quarter (high-class condo prices slipped 0.07%, mid-end apartments prices increased by 0.44%, and affordable apartment prices gained 1.02%). Separate housing prices edged up 0.03% from the second quarter of 2020. Affordable property projects, typically located in suburban districts of Dong Anh, Gia Lam and Ha Dong, reported an adoption rate as high as 70%.

In Ho Chi Minh City, apartment prices in the third quarter looked up 0.35% from the previous quarter (high-end, mid-end and low-end apartment segments rose by 0.16%, 0.72% and 0.85%, respectively). Separate housing prices grew by 0.26% from the second quarter of 2020.

Residential land and industrial real estate: In the limelight

For nearly a year, despite numerous difficulties, the real estate market still fared well. Residential land and industrial

real estate are the two brightest segments on the market. For industrial real estate, this segment attracted a huge amount of foreign investment capital and stimulated vibrant market development. Mr. David Jackson said, “The U.S. - China trade war together with the Covid-19 pandemic prompted many manufacturers to divert investment and development to Vietnam. Vietnam's entry to many trade agreements such as the EU - Vietnam Free Trade Agreement (EVFTA) or the Regional Comprehensive Economic Partnership (RCEP) is a huge advantage for the industrial real estate segment to thrive and become the hot pick for the time being and expectedly throughout 2021.”

According to CBRE, as of the third quarter of 2020, the average occupancy rate in industrial parks was positive, at 79%. Industrial zones in Hanoi, Hai Duong and Bac Ninh reported the average occupancy rate of 90%. For the southern market, the total industrial land area doubled that in the north, totaling 38,000 ha, of which 24,000 ha was leased. The occupancy rate in Ho Chi Minh City, Binh Duong, Long An, Dong Nai and Ba Ria-Vung Tau was nearly 77%. Notably, the pandemic did not affect residential land prices in Hanoi and Ho Chi Minh City, which even rose slightly.

**New stimulation**

Later in the year, real estate transactions are becoming more active thanks to the Government's timely and close support policy for businesses after the social distancing

period, thus adding growth momentum for the market. In addition, some other factors have stimulated the market rebound. For example, excess deposit funds at banks caused interest rates to drop sharply and forced banks to launch many incentives concerning interest rates and debt grace period. Investors gradually adapted and quickly responded. Many investors focused on investing in increasing services, offering professional incentive programs to lure customers such as giving vouchers, extending payment schedules and offering high discounts. At the same time, they diversified market supply sources aimed to stimulate and meet diverse customer needs after the pandemic ends.

Therefore, investors are positively responding to the reintroduction and opening of sales from affordable to high-end apartment segments. Typically BCG Land Joint Stock Company, a member of Bamboo Capital Group, with King Crown Infinity Project covering nearly 1.3 ha with 30-storey twin trade and residence towers (Apollo and Artemis) was expected to add a new vitality to the luxury real estate segment of Thu Duc City, become a blockbuster on the real estate market in late 2020 and early 2021.

Besides, the Government's policy of upgrading and expanding transport infrastructure has supported the real estate market development. In 2020, 10 major traffic projects were kicked off, including Noi Bai Airport terminal upgrade, Vinh Hao - Phan Thiet Expressway, My Thuan 2 Bridge and Tan Son Nhat Airport. This large transport project will strongly impact the domestic real estate market in 2021.■

# Vietnam Becomes Fastest Growing National Brand in the World

The effort to prevent the Covid-19 pandemic helped Vietnam's national brand value to expand 29% to US\$319 billion this year, according to Brand Finance.

Vietnam has become the fastest growing nation brand, with its value skyrocketing 29% to US\$319 billion in the latest global Nation Brands 2020 rankings. It climbed nine places from last year to No. 33 in the list of the 100 most valuable brands in the world from No. 42 a year earlier, compiled by Brand Finance, a U.K. consultancy firm.

Vietnam, which has recorded staggeringly low Covid-19 cases and deaths, has emerged as one of the top locations within the Southeast Asian region for manufacturing, and has become an increasingly attractive destination for investors, particularly from the U.S., that are looking to relocate their China operations. Its recent trade agreements with the EU and the UK will also support growth.

Brand Finance said 2020 is a test for all countries in the world due to the adverse impact of Covid-19 pandemic on the forecasts of GDP, inflation and economic instability. In total, the 100 most valuable brands in the world this year lost US\$13.1

trillion due to Covid-19.

There was no change in the Top 10 list but their positions slightly reshuffled. The U.S. and China still secured the two top names on the list, with the brand value of more than US\$23 trillion and US\$18.7 trillion, respectively. Japan increased from the 4th place last year to the 3rd this year. In contrast, Germany fell from No. 3 to No. 4.

All Top 10 brand values declined. Germany contracted most, by 21.5%. Meanwhile, Ireland was the only advancer in the Top 20, rising 11% to US\$670 billion.

Brand Finance calculates the national brand value similar to that of businesses. It used brand strength, projected GDP and net present value (NPV) method to produce the final results.

In addition to valuing the national brand, Brand Finance also scores the national brand strength. Germany is the strongest national brand in the world, scoring 84.9 on a 100 scale and an AAA rating.

Brand Finance is an independent brand valuation and strategy consulting firm based in London, the United Kingdom. Established in 1996, Brand Finance is currently operating in more than 20 countries. Every year, Brand Finance publishes many reports and rankings from real estate, telecommunications, toy and football clubs to individual brands of each country.■

# Corporate Positions Uplifted by Vietnam National Brand

The Vietnam Value Program is the Government-backed long-term sole trade promotion program designed to build and develop the National Brand through product branding. Joining the program is an opportunity for Vietnamese businesses to improve their competitiveness and build their brands methodically and effectively.

**HUONG LY**



Prime Minister Nguyen Xuan Phuc at a meeting with Vietnam Value Award winners 2020

## What benefits will businesses get?

Enterprises that have products certified Vietnamese National Brand are allowed to use the Vietnam Value Logo and the Vietnamese national brand identity system according to the Regulation on management and use of the Vietnam Value Logo issued by the Ministry of Industry and Trade. Vietnam Value products are selected every two years, with very strict processes as specified in the Regulation to ensure legality, fairness, publicity and transparency for businesses.

In nearly 17 years, the number of companies with National Brand-labeled products has continuously increased, from 30 in 2008 to 124 in 2020. These figures confirm the increasingly improved quality of Vietnamese goods and services. Vietnam Value-certified companies have increasingly asserted their position in the domestic and international markets although they face numerous difficulties and challenges.

In 2020, the National Value Program

certified 124 companies with a total of 283 Vietnam National Brand products, 27 companies more than in 2018. In particular, 124 Vietnam Value-certified businesses in 2020 had impressive business performance. In 2019, their revenue totaled VND1,430 trillion (US\$62 billion) and their export value was VND137 trillion (US\$6 billion). They contributed greatly to social security.

This year's program brought together some popular brands such as PAN, VnPay, MobiFone, Richy, Saigon Newport, BRG, TH True Milk and Cholimex. It also attracted a number of corporations and their subsidiaries to join, including Hoa Phat, GELEX and BRG.

Mr. Vu Ba Phu, Director of the Vietnam Trade Promotion Agency (Vietrade) under the Ministry of Industry and Trade, affirmed that the Vietnam Value certification is not an award but it is a beginning. The Government does not act for businesses but will stand for them to guarantee quality and reputable brands to help them build a strong foothold in



Deputy PM Trương Hòa Bình and Minister of Information and Communications Nguyễn Mạnh Hùng present Vietnam Value Award to Saigon Newport Corporation

the domestic market and boost their brand development to the world.

Not only enhancing the value of businesses in particular, the Vietnam Value Brand Program also raises the national brand of Vietnam as a whole. According to Brand Finance, the Vietnam brand value rose 29% to US\$319 billion in 2020 from US\$247 billion in 2019. Its standing climbed nine places to No. 33 from No. 42 in 2019. Vietnam had the fastest-growing national value in the world.

Coupled with the growth of the Vietnam Value Program, the brand value of Vietnamese businesses has also picked up dramatically. According to Forbes Vietnam, the total value of Top 50 Vietnamese brands was about US\$9.4 billion.

## New journey of Vietnam Value

From 2020 to 2030, the Vietnam Value Program will have many changes in its goals and approaches to match new domestic and international developments. According to Deputy Minister of Industry and Trade Do Thang Hai, the program aims to build an image of Vietnam as a creditworthy country with high quality goods and services, increase the pride and appeal of Vietnam and its people, promote foreign trade development and enhance national competitiveness.

To carry out the Program in the new phase, the Prime Minister signed Decision 30/2019/QĐ-TTg on the Regulation on development, management and implementation of the Vietnam Value Program and Decision 1320/QĐ-TTg approving the Vietnam Value Program in the 2020 - 2030 period. Accordingly, the program has set the goal of building an image of Vietnam as a creditworthy country with high quality goods and services, increase the pride and appeal of Vietnam and its people, promote foreign trade development and enhance national competitiveness.

Mr. Hai said, the program will focus on consistently implementing product and service export and import strategies and keeping the growth of National Brand-certified products higher than the country's average. The specific goal is increasing the value of the Vietnam National Brand by an average of 20% a year, rated by prestigious rating agencies in the world. Over 1,000 products will be certified Vietnam Value.

In the next 10 years, the Vietnam Value Program will also aim to have 10% more companies listed as the most valuable brands. 90% of companies nationwide are aware of the role of branding in production, trading and investment. In terms of promotion support, 100% of National Brand-labeled products are promoted in domestic and key export markets. ■

## Spreading Vietnam Value



PetroVietnam Fertilizer and Chemicals Corp. is honored with Vietnam Value Award

A series of well-known brand names in the Vietnamese market were honored at the announcement ceremony of companies with Vietnam Value-certified products in 2020, including Saigon Newport Corp., Cholimex Food, Vietinbank, Vietcombank, Sunhouse, Traphaco, Viet Tien Garment, Vinacafe, Viglacera, Vinamilk, BRG, TH True Milk, PVFCCo and Tran Phu M&E.

### QUYNH ANH

The event of honoring the Vietnam Value is always expected to become a driving force for enterprises to foster their strengths, continue with innovations and research to improve product quality and advance development. In this way, businesses continue to bring their brands closer to customers and build their images of better products and services.

The Vietnam Value Program has helped raise the awareness of the business community about the importance of brands in increasing product value as well as corporate value. Then, it will help improve competitiveness and affirm the position of companies in the market through three criteria: Quality, Innovation and innovative competency.

Standing Deputy Prime Minister Truong Hoa Binh said the increasing number of Vietnam Value-certified products is clearly showing the rising confidence of businesses in government policies as well as affirming the rising quality of goods and services in Vietnam. National Brand-certified companies need to continue pursuing the program's criteria of "Quality - Innovation, Creativity - Leadership", strive

more aggressively to uplift the National Brand and effectively support the development of the business community in Vietnam.

Over the past years, the Vietnam Value-certified companies have maintained high profit and revenue growth, expanded the domestic market and fostered exports. Overcoming difficulties and challenges, National Value-recognized companies in Vietnam have shown that they not only excel in their business and economic development tasks, but also successfully fulfill their social and community responsibility.

"The achievements that Vietnamese enterprises have obtained reflect their humanistic values and corporate culture, as well as increase national competitiveness in the international arena," the Deputy Prime Minister affirmed.

He also believed that more and more Vietnamese enterprises will take part in and fulfil National Brand criteria in the coming time and Vietnam will have more than 1,000 National Brand-certified products by 2030 as expected, to affirm that Vietnam is a country with quality and competitive products and services in the world market.

To achieve that goal, National Brand-certified businesses need to further employ their potential and advantages to promote exports through brand value, combine product branding and corporate branding with the National Brand; and foster the spirit of innovation and integration, especially in the digital age and the Industry 4.0 era.

Minister of Industry and Trade Tran Tuan Anh, Chairman of the Vietnam Value Program Council, added that Vietnam Value-certified companies have affirmed their leading positions in their fields of operations, maintained high profit and revenue growth, and developed the domestic market and the export market despite facing numerous difficulties and challenges in the way in recent years, especially amid unpredictable Covid-19 pandemic developments around the world.

The effective support, communication and promotion of the Vietnam Value Program and the Vietnam Value-certified products have helped increase the awareness of domestic and foreign distributors and consumers in Vietnamese branded products.

Reportedly, the Ministry of Industry and Trade is, and will be, actively coordinating with other ministries and agencies, especially the Ministry of Foreign Affairs, the Ministry of Information and Communications and the Ministry of Culture, Sports and Tourism, to carry out communication and advertisement programs for the Vietnam Value Program and Vietnam Value-certified enterprises and products at diplomatic, cultural and tourism activities, especially key export markets of Vietnam. ■

## Building National Brand for Banking and Financial Technology

Financial technology (Fintech) will enable businesses to access new markets and provide equal opportunities for competitors, forcing them to continuously innovate products and service skills to compete successfully.

### HA THU



### Much room for development

Digital transformation is an indispensable trend of businesses and fintech is the focus that needs to be included in their branding strategy. The advent of fintech has resulted in numerous changes and dramatically changed behaviors of financial consumers. Customers enjoy more benefits from financial services, including consulting, and becoming less loyal to financial service providers because of more available choices. In addition, fintech offers business cooperation opportunities with commercial banks and fosters multichannel development and financial products and services for customers.

According to data from Fulbright University, Vietnam currently has 166 fintech companies. According to experts, Fintech companies in Vietnam are currently operating in electronic payment, digital banking, peer-to-peer (P2P) lending, blockchain, crowdfunding and credit rating.

Particularly, the payment sector accounts for the largest share, 47% of fintech companies, and 98% of the fund invested in fintech in Vietnam in 2019 and P2P lending is the second largest with 20 companies, typically Tima and Vaymuon.vn, according to UOB.

A recent survey by United Overseas Bank Limited (UOB) also showed that the fintech sector in Vietnam achieved impressive growth, from 74 companies in 2017 to nearly 140 companies by the end of 2019.

Dr. Can Van Luc, an economic specialist, said Vietnam has many advantages for fintech development, such as a large domestic market, relatively young population, high rate of smartphone users, and e-commerce growth of 25-30% annually in the next five years. Investors have begun to pay more attention to Vietnam. In 2019, the country ranked second in fintech investment in ASEAN, only after Singapore.

Although there is much potential for development, fintech still faces numerous risks and challenges, first of all legal, policy and cultural issues, he said. Mechanisms and policies are changeable and inconsistent. Moreover, regulations on Fintech (sandbox form) have not been enacted, and lack common standards. Data have not been shared and paper-preference culture and cash usage are still heavy.

Furthermore, the national identity database and business data are insufficient, fragmented, outdated, inconsistent and unsynchronized, while challenges of safety, security and cybersecurity also threaten fintech development in Vietnam.

### Quick completion of legal framework

Information Technology 4.0 opens a new era for the banking and finance industry. To develop in the future, it is vital to integrate Fintech into the branding strategy of any company, but one of the first things to do is to urgently complete the legal corridor for this domain.

To develop Fintech and accelerate a robust development of the banking and financial technology industry, catch up with world development, according to experts, it is first of all necessary to quickly complete the legal framework for fintech management in the following approach: Open but risk-controlled (sandbox style), institutional improvement, and fintech management bodies.

Besides, it is necessary to create confidence, build an ecosystem and an environment for innovation, introduce common standards and regulations on the ecosystem of banks, fintech, chain stores and e-commerce sites. Fintech must meet capital, technology, performance standards and risk management requirements.

Regarding national fintech branding, Dr. Nguyen Tri Hieu, a banking and finance expert, said that the banking industry must first of all take advantage of Information Technology 4.0 to transact and connect with customers and build high-tech products and services, both convenient and with lower costs for customers, while keeping information confidential.

Sharing this point of view, Dr. Pham Xuan Hoe affirmed that commercial banks will have to re-study their vision strategy and governance in the digital age. They have to make a huge technology investment to change core banking to integrate multi-channel supply to customers. They must make investments and change their operating processes and internal processes. To digitize processes, banks must rewrite their processes.

Giving advice to Vietnamese businesses, Dr. Vo Tri Thanh, Director of the Institute of Brand and Competition Strategy, affirmed that businesses need to seriously invest in technology if they want to have development advantages in the future. Fintech is a focus that should be included in the branding strategy of the business.

"Doing that will help businesses develop their brands faster, stronger and more sustainably," he emphasized. ■



# Driving Force for Vietnam's Digital Economy

## For a prosperous Vietnam

Speaking at the National Forum on Developing Vietnam Technology Companies 2020 held in Hanoi on December 23, Minister of Information and Communications Nguyen Manh Hung affirmed, without “Make in Vietnam”, Vietnam cannot become a developed country; Vietnam cannot go to the world; Vietnam cannot be strong and prosperous. This is an action slogan, inspiring the design spirit in Vietnam and innovations in Vietnam, making in Vietnam instead of outsourcing and assembling. Vietnamese people use their hands and brains to create products.

Emphasizing the remarkable progress made by Vietnamese tech firms since the official introduction of “Make in Vietnam” strategy, Minister Nguyen Manh Hung said, the first Directive of 2020 (Directive 01) of the Prime Minister is about Vietnam Digital Enterprise Development. After one year of implementation, more than 13,000 new businesses were established, up 28%, bringing the number of information technology enterprises to over 58,000. The target of having 100,000 digital technology companies by 2030 may be achieved by 2025.

Not only that, the mission to protect Vietnam's prosperity on cyberspace is also a focus of Make in Vietnam.

The recent struggle against Covid-19 pandemic has affirmed the importance of technology. From Ncovi, Bluezone and CoMeet applications to online learning platforms, remote medical consultation, remote accounting and SME administration all show irreplaceable roles of technology, he said. Swift reaction is vital in this very unpredictable era.

In addition, one of the steps emphasized by Minister Hung is that Vietnam is the fifth country in the world to own 5G infrastructure and produce 5G equipment. This comes from creative work and persistent determination to overcome all difficulties and obstacles.

“The year 2021 will be a strong year of Vietnamese technology development. Therefore, Make in Vietnam will solve the problem of Vietnam and help our country develop,” he affirmed.

## Businesses need to actively create competitive position

Speaking at the Forum, Deputy Prime Minister Vu Duc Dam said that if Vietnamese firms do not actively embrace

With nearly 60,000 companies and their revenue estimated at US\$120 billion, the digital business community has become an important driving force for developing the Vietnamese business community and the Vietnamese economy in general.

HA THU

technology and do not actively and confidently create and make their own products, solutions and way of doing, they will find it hard to win in competition on the home market.

According to Minister Nguyen Manh Hung, to have Make in Vietnam, Vietnam must master the technology. The key to Vietnam's technology mastery is open technology. The Vietnam Open Summit in November 2020 announced this technology strategy. “Open to develop and master Vietnamese technology, to Make in Vietnam. Open technology is the way that every company, regardless of its business sector, can become a technology company. Every company needs to become a technology company!” Minister Hung affirmed.

With this same point of view, President of FPT Corporation Truong Gia Binh said Vietnam is on the right

track. It cannot become an advanced country if it cannot master and innovate technology. Companies such as Viettel, VNPT, CMC and FPT act as leading wings to entice the startup and SME community together to make services for the government, enterprises and people.

Emphasizing the importance of the digital business community, in his letter to the Vietnamese digital business community, Prime Minister Nguyen Xuan Phuc also affirmed that the digital business community should take the lead in research, development and innovation, master technology, make important contributions to the national digital transformation and transform the digital economy to fulfill aspirations for a strong and prosperous Vietnam.

However, according to the Prime Minister, amidst international integration trends and strong impacts of the Fourth Industrial Revolution, besides many opportunities for development, Vietnamese tech firms have to face numerous difficulties and challenges in competition, research and development of new products and services; carry out the Politburo's Resolution 52-NQ/TW in 2019 and have 100,000 Vietnamese digital technology enterprises according to the Prime Minister's Directive 01/CT-TTg by 2020, there is a need for joint action and effort of the Government, people and the business community. The Prime Minister pledged that the Government will actively improve institutions and laws and develop and implement appropriate strategies, open mechanisms and policies, improve the business investment environment, and create favorable conditions for businesses to develop, especially digital technology businesses.■

According to Deputy Prime Minister Vu Duc Dam, if Vietnamese enterprises are not proactive and confident in creating and making their own products, it will be difficult to compete in their own home market.



## Vietnamese Businesses Need to Be Proactive to Create Competitive Advantage

According to Deputy Prime Minister Vu Duc Dam, if Vietnamese enterprises are not proactive and confident in creating and making their own products, it will be difficult to compete in their own home market.

At a national forum aimed at fostering the development of local digital enterprises kicked off on December 23, Deputy Prime Minister Vu Duc Dam said: “If Vietnamese enterprises do not actively grasp technology, do not take initiative in making products and giving solutions, they will find it very difficult to compete on home market.”

To tackle inequality, there are two approaches. The first is to prevent factors that cause inequality. The second is making our own businesses “grow fast” to gradually gain equality.

The first approach is very difficult to follow because today's world is so small; just by one movement, Vietnam's agricultural products will penetrate a market, which will bring jobs to hundreds of Vietnamese farming families.

So we have to mobilize all resources at home and abroad and Vietnamese people, including those who do not hold Vietnamese nationality but work in Vietnam, to join hands and find solutions so that we can regain a very equal competitive advantage, first of all right in Vietnam.

Deputy Prime Minister Dam emphasized that Vietnam has a right to be confident in developing and implementing a technology strategy. “We are not over-optimistic, but if we are confident and unanimous we can do it,” he said. He added that one of the points that Vietnam can be confident is the strong development in the education and innovation index.

“Although we are not satisfied with the quality of the country's education, in the eyes of the world, Vietnam's education is still very good, general education is close to the OECD's education standards and higher education has gradually been upgraded. Although we rank 70-80th over the world on indicators such as average income and GDP, we have a quite high education index, especially innovation index is always in the top 50. This year, Vietnam ranked 42nd among 131 economies for the second consecutive year in the 2020 Global Innovation Index (GII),” said Deputy Prime Minister Vu Duc Dam. It is evidence that Vietnam can be confident in education and innovation to serve the technological development.

This year, Vietnam ranks 49th in the global Sustainable Development Goal (SDG) Index. “The sustainable development index demonstrates the superiority of our political system and policy,” said Deputy Prime Minister Dam. From the above factors, the digital technology team can confidently develop faster.

Technology is one of the heavily-invested fields for Vietnam to create breakthrough development, to realize its goal of becoming a developed country with high income on the occasion of the country's 100th anniversary. Deputy Prime Minister said that almost all products honored in the event today are aimed at essential needs such as health, study, transportation and entertainment. If they are developed well, they will contribute to the sustainable development of the country.■

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## Vietnam Enters UN High Human Development Group

Vietnam has joined the ranks of countries in the world with high human development, but this remarkable progress has been accompanied with relatively high pressures on the planet.

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These are among the key findings of the 2020 Human Development Report “The next frontier – Human Development and the Anthropocene,” released in Vietnam by the United Nations Development Program (UNDP) in cooperation with the Ministry of Planning and Investment.

Deputy Minister of Planning and Investment Tran Quoc Phuong said, Vietnam’s loss of income due to inequality is 19.1% and its GINI coefficient at 35.7% are among the lowest among compared countries in 2019. This is not an achievement any low middle income country can reach.

According to the new report, the Covid-19 pandemic is the latest crisis facing the world, but unless humans release their grip on nature, it won’t be the last. Therefore, the report introduces a new experimental index on human progress that takes into account countries’ carbon dioxide emissions and material footprint - planetary-pressures adjusted HDI (PHDI).

He said Vietnam is one of the countries most affected by climate change. With the additional use of this PHDI indicator, the country will have a basis in promulgating and implementing appropriate policies to promptly respond to the issue of environmental pollution and climate change.

Vietnam’s HDI value for 2019 is 0.704, putting the country in the high human development category and positioning it at 117 out of 189 countries and territories. Between 1990 and 2019 the country’s HDI value increased by almost 46%, which is among the highest HDI growth rates in the world. During the same period, Vietnam’s GNI per capita increased by more than 370%.

Notably, Vietnam’s human development progress has been achieved with moderate and stable levels of inequality. The country’s loss of HDI value due to inequality in 2019 is 16.5%, its loss of income due to

inequality is 19.1% and, its GINI coefficient at 35.7 are among the lowest in the East Asia and Pacific region. In fact, when considering Vietnam’s Inequality Adjusted HDI, the country is 10 places higher than its HDI ranking in 2019.

Vietnam has also been performing well in terms of gender equality. With the Gender Development Index value of 0.997, the country ranks 65th out of 162 countries and is the highest among five country groups. Particularly commendable is the share of seats in parliament which places Vietnam among the top third of countries globally. However, the nation still faces gender inequality challenges: the country ranks in the bottom third globally in terms of sex ratio at birth (1.12), violence against women by intimate partners (34.4%) and women with

accounts in financial institutions or with a mobile money service provider (30.4%). Disaggregated data show larger disparities within geographical locations and ethnic minority groups.

On the quality of Human development, Vietnam performs well on health, education, employment and rural development indicators. The nation is among the top third of countries in terms of lost healthy years as a percentage of expectancy (11.7%), and number of hospital beds (32 beds/100,000 people). All primary school teachers are trained, rural electrification covers 100% of the population and the unemployment rate is low.

However, Vietnam is within the bottom third in terms of vulnerable employment (54.1%) because of the large share of the labor force dependent on self-employment in household businesses.

The country’s remarkable human development has been accompanied with high pressure on the planet. In 2019, Vietnam’s HDI value falls from 0.704 to 0.664 or a loss of 5.7% due to carbon dioxide emissions and material consumption per capita.

Vietnam performs well in terms of forest coverage and response to disasters, but is among the bottom third of countries in terms of carbon emissions per unit of GDP (0.33Kg/\$2010PPP GDP), land degradation (31% of the total land area), red list index (a measure of animal extinction), and use of fertilizer nutrients per hectare of cropland (136.5kg nitrogen & 65.1kg phosphorus).

The next frontier for human development will require working with and not against nature, while transforming social norms, values, and government and financial incentives, the report argues. Easing planetary pressures in a way that enables all people to flourish in this new age requires dismantling the gross imbalances of power and opportunity that stand in the way of transformation.■

## Omnichannel to Drive Retail Growth

That is the comment of most experts at the Seminar of Omnichannel Playbook - Conquering the Future of Unified Commerce co-organized by the Purpose Group and SmartOSC. The seminar is part of the Forum "The Future of Commerce" - an annual activity initiated by the Purpose Group and SmartOSC to provide practical and effective solutions to help brands identify challenges, promote growth, and access effective solutions in the journey to win customers.

MY CHAU

At the seminar, Ms. Nguyen Thanh Giang, CEO of the Purpose Group, said that the e-commerce market in Vietnam was experiencing rapid growth and had a lot of room for development in the coming years, attracting the participation of a large number of businesses, especially in the retail industry. In that context, omnichannel becomes a necessary and effective strategy for many retailers capable of meeting the diverse and dynamic shopping behaviors and habits of consumers.

Sharing the same point of view, Mr. Tran Xuan Thuy, Director of Amazon Global Selling Vietnam, said that the trend of online and direct commerce to consumers helped businesses expand their development and growth orientations with a global market perspective, as well as digital trade trends. Although Vietnamese businesses are now more interested in investing in e-commerce, the shortcomings are that businesses have not clearly seen the role and importance of a specialized team in this field. To save costs, many businesses use direct sales staff to carry out the online sales channel, leading to unsatisfactory business performance. "Direct and online sales channels are completely different, requiring businesses to have proper investment in e-commerce personnel. That is the secret to help businesses achieve success," Mr. Thuy recommended.

From another perspective, Mr. Nicholas Kontopoulos, APAC E-commerce Marketing Director of Adobe, shared the issue of brand differentiation through experience on digital platforms. He specifically emphasized that brands must boldly invest in designing this experience, from media to commercial perspective, so that at each point and each moment of contact, consumers would feel the attention and care for their wishes.

Around the power of Omnichannel, Ms. Kaelyn Trinh, Agency Development Manager at Google in Vietnam, said that the current time was a golden period for retailers and brands to explore

and conquer Omnichannel. The key trends in Omnichannel in Vietnam deployed by the brand's creativity and inspiration will be the factors that lead consumers to decide to buy goods through Social commerce, D2C (Direct to Customer).

A successful example for Omnichannel application in business is the Coffee House chain. From practical experience, Mr. Vo Duy Phu, Co-founder of the Coffee House, said that the combination of brand experience, from media to commerce, through business model on Omnichannel platform would help attract potential customers from online channels to stores (Online To Offline - O2O) step by step. "O2O is a business model that is very appropriate for Vietnamese people, making it easy for customers to refer to product information, order products and pay in advance. Thanks to the Coffee House’s harmonious combination between the models of the traditional sales channel and the online channel, our business activities are growing strongly, becoming one of the largest coffee chains in Vietnam," Mr. Phu emphasized.

Along with the Coffee House, the success in Omnichannel application of brands such as Bibomart, Robinson, VAS was also shared by the speakers at the seminar. This is also a typical demonstration of the effectiveness of consolidated customer data, helping brands increase sales through the O2O business model.■

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*At the seminar, the Organizing Committee also released the first Omnichannel Playbook in Vietnam, drafted and published by leading organizations including the Purpose Group, SmartOSC, ANTS Digital and Brandmaker that have had many years researching as well as implementing projects in practice.*

*These organizations play an important role in the omnichannel ecosystem; thereby helping Vietnamese businesses have a more comprehensive view of the roadmap, resources and roles, as well as how to deploy omnichannel in business activities to achieve the highest efficiency.*



## CHOLIMEX FOOD For a More Delicious Vietnamese Meal

Last November, the leadership and the staff of Cholimex Food Joint Stock Company had the great honor of receiving the "Labor Hero in the renovation era" award by the President of Vietnam for its outstanding achievements in production from 2009 to 2019 and contributions to the cause of socialism construction and national defense. With nearly 40 years of persistent dedication to Vietnamese family meals, Cholimex Food has been rewarded with the trust of consumers and the recognition of the Party and the State.

THANH TUNG

### Keeping Vietnamese identity in modern cuisine

After nearly four decades of development, Cholimex Food products have become an indispensable part of Vietnamese kitchens and provided consumers with unforgettable culinary experiences. In addition to retail outlets nationwide, Cholimex Food products are also exported to more than 30 countries and territories all over the world and shelved on famous supermarket chains such as Marks and Spencer (M&S) of the United Kingdom (UK), and Coop and Migros of Switzerland. Besides, Metro and Real of Germany, Auchan, Carrefour and Carrefour of France also accepted Cholimex Food as an official supplier.

Being aware that spices and foods have direct effects on human health, food quality and safety is especially focused by Cholimex Food

in the whole production process. Accordingly, the company focused on building a closed supply chain, from raw inputs to processing to provide safe, high-quality foods to consumers while constantly upholding the spirit of innovation and creativity, making heavy investment in machinery and equipment modernization and technological innovation to improve product quality, and standardizing human resources and management systems and measure product quality. Since 2002, Cholimex Food has been certified to meet ISO 9001: 2015 and ISO 22000 quality management standards and meet DL 062 and BRC food safety requirements for export to the European Union (EU). In addition, the company has developed HALAL standards for Muslim countries and Kosher standards for Jewish people to diversify export markets.

Needless to say, economic development and better human life quality lead to significant changes in consumption trends. Instead of eating simply to be full as before, modern consumers are always looking for delicious, nutritious and healthy products. That is also a driving force for Cholimex Food to study, create and launch new products with traditional flavors, convenient and suitable with modern consumer lifestyle. Its popular products include grilled meat marinade, chili fish sauce, fish sauce, oyster sauce, naturally fermented soybean sauce, spring rolls, dumplings and shrimp curry.

Each product of Cholimex Food, before being put on the market,

is carefully ensured flavor to enrich the taste of the meal and retain the essence and identity of Vietnamese cuisine. Especially since 2012, the company has made constant innovations to expand and diversify the lineup of indispensable seasonings and foodstuffs on the food tray of every Vietnamese family. Besides key products such as chili sauce, ketchup and oyster, Huong Viet fish sauce and soy sauce are also favored by consumers because of their good quality, produced with rigorous standards. The taste is pure, natural and healthy.

### Shining Vietnam value 2020

With continuous efforts for better product quality and more professional business ethics and social responsibility, Cholimex Food always controls production processes well to ensure the products' quality, safety and hygiene, thus strengthening the brand value of Cholimex Food in both domestic and international markets. Not only being satisfied with what it has achieved, Cholimex Food is constantly striving to go forward and uphold its mission of connecting every kitchen and disseminating the quintessence of Vietnamese cuisine to the world and popularizing "made in Vietnam" products in the international arena.

Coupled with the "Labor Hero in the renovation era" title conferred by the President of Vietnam in late November, Cholimex Food was happier to have its products such as chili sauce, ketchup, sauces, spices and frozen foods honored at the award ceremony of Vietnam Value



2020. The award was a combination of the values of brand reputation, product quality, production scale-technology, human resources and contributions to the community and the entire society that Cholimex Food has been diligently building and fostering for nearly four decades of development.

Honored to be one of 124 companies with named products at the Vietnam Value 2020, Cholimex Food will be more confident to reach the world market and become an ambassador for Vietnamese brands in the eyes of international consumers. This is also a worthy reward for Cholimex Food in its journey of relentless efforts to bring Vietnamese food and seasoning products to the world. "For nearly 40 years, Cholimex Food has persistently upheld the mission of making Vietnamese meals more and more delicious and nutritious, we will continue to strive in the journey ahead in the role of a Vietnam National Brand," said Mr. Diep Nam Hai, General Director of Cholimex Food.

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CHOLIMEX FOOD

## Strong Will and Strong Faith Drive SCTV Forward



VCCI President Vu Tien Loc awards the CSI Certificate to SCTV Deputy General Director Luong Quoc Huy

The Covid-19 pandemic has seriously damaged economies of many countries, not just Vietnam. To strengthen resilience, improve competitiveness and grasp business opportunities, enterprises have only one approach: That is to go sustainable.

### NGUYEN BAO

Vietnam has actively joined the global path to sustainable development by adopting the Vietnam Sustainable Development Orientation (Vietnam's Agenda 21), the Vietnam Sustainable Development Strategy for the 2011-2020 period, and most recently, the National Action Plan for implementation of the 2030 Agenda for Sustainable Development. Joining this work, the Vietnam Business Council for Sustainable Development (VBCSD - VCCI) has diligently developed the Corporate Sustainability Index (CSI) to provide businesses with a scientific, systematic governance tool for achieving sustainable development.

After four years of implementation, the program has attracted as many as 1,500 businesses active in different industries nationwide to apply for participation. Saigontourist

Cable Television Company Limited (SCTV) is one of the CSI award winners for the commerce - services Category at the 2020 announcement ceremony held on December 10 in Hanoi.

As a media and telecommunications service provider, in addition to informing Party and State policies, SCTV also carries on a lofty mission: Bringing television cultural products of humanity to all classes of audience.

With a right strategic direction, SCTV has focused on building special and unique contents, investing in technology, expanding the cable network infrastructure, developing many value-added services and enhancing customer care.

To date, SCTV has become the leading provider of communications and telecommunications services in Vietnam. Since its inception, SCTV has always determined that development goals must be sustainable, business growth must be coupled with better life for workers and responsibility to the social community. For many years, SCTV has been among top taxpayers in Vietnam, with growing annual revenue. Employees are guaranteed to have a stable life. In addition, SCTV has actively joined social activities such as blood donation, funding the poor and supporting flood victims.

In 2020, when the Covid-19 pandemic broke out, many businesses were struggling with salary and reward cut. Some even had to halt their operations or went bankrupt. SCTV has managed to guarantee stable income for employees and pay nearly VND500 billion of taxes to the State Budget. Furthermore, SCTV also organized two humanitarian blood donations in Ho Chi Minh City and Can Tho City, sent VND600 million to the Central Committee of the Vietnam Fatherland Front to curb the Covid-19 pandemic. Recently, when the central region was hard hit by hurricanes and floods, SCTV also raised more than VND700 million and sent a relief team to severely damaged areas to support local people.

SCTV General Director Tran Van Uy said, "At the end of 2020, SCTV continuously received good news. On November 25, SCTV was honored with Vietnam Value award by the National Brand Council for having a National Branded product in 2020, and right after that we were recognized as one of the most sustainable businesses by the Vietnam Business Council for Sustainable Development (VBCSD - VCCI). This achievement of SCTV came after many years of steadfastly pursuing the strategic goal: CONTENT - COVERAGE - TECHNOLOGY - VALUE-ADDED VALUE - AFTER SALE SERVICES. We understand that, in order to hold a leading position in communications and telecommunications, we must develop sustainably. To be sustainable, we must have "STRONG FAITH" and "STRONG WILL." ■

## TRAN NAM AND ASSOCIATES LAW FIRM

# Helping Businesses Enhance Legal Capacity

Tran Nam and Associates Law Firm, a member of the Vinh Long Bar Association, was formerly Tran Nam Law Firm. With the operating principle of dedicated service for customers and dedicated work to complete all services on schedule and as required, Tran Nam Law Firm is becoming an increasingly reliable address for customers.



Mr. Tran Ho Nam, Director of Tran Nam and Associates Law Firm

Tran Nam's lawyers are fully aware of their responsibility, professional conscience and service excellence in all legal proceedings to defend lawful rights and interests of customers at courts of all levels. Besides, the company continuously improves its activities beyond law affairs such as drafting documents, commercial contracts - civil transactions, law counsel, negotiations on commercial contracts, intellectual property and foreign investment.

As a law mentor for large corporations, lawyer Tran Ho Nam, Director of Tran Nam and Associates Law Firm, also regularly organizes legal counsel events for big companies in Vinh Long province on trade, investment, business, contract, intellectual property, real estate and dispute resolution. This activity has helped customer businesses to build and protect their trademarks and copyrights; focus on accounting operations, especially financial reporting; professionalize and improve corporate governance efficiency.

Notably, legal advice delivered by Tran Nam Law Firm is completely free of charge. Law advice varies in forms, for example integrated through seminars, telephone and social networks. In 2019, the company

provided about 300 legal consultation sessions for more than 60 enterprises, helping them minimize risks and enhance legal soundness in domestic and foreign investment and meet integration requirements.

Currently, the Covid-19 pandemic has had a negative impact on the economy and enterprises. Many investment and business sectors were delayed or even stopped operation. With its mission, Tran Nam Law Firm has always been trusted by customer companies and chosen to use legal services, especially consulting and support for cases involved in Covid-19 epidemic, helping them overcome difficulties and capture new opportunities.

Lawyer Tran Ho Nam said, clients increasingly require higher service quality and work schedule, so the firm always improves professional skills and expertise to meet their requirements. Besides, over the past time, with the openness of favorable policies, administrative procedures and business environment, Vinh Long is a desirable destination for many investors.

Taking this opportunity, we will promote research and training on legal aid services in a more comprehensive way, helping businesses and investors avoid both hidden and explicit risks in business.

"Besides, authorities at all levels and the judiciary sector as well should promote communications to raise perception of legal advice, associate law offices and law firms to show professionalism, prestige and trust of local businesses. Currently, the Department of Justice of Vinh Long province is promoting the establishment of the Vinh Long Bar Club, which is a very necessary solution to tackle the above matter," he expressed. ■

*Based on its strength of investment and commercial business consultation and litigation; negotiations on intellectual property and contractual disputes; real estate investment; business establishment; and investment with foreign elements, the objectives of Tran Nam Law Firm are to change the perception of investment, management and business of companies; minimize legal risks; help businesses improve operational efficiency and enhance competitiveness in domestic and international markets by providing specialized legal consulting solutions, and the most professional, comprehensive and effective management and investment options.*

# Vinh Phuc Endeavors to Achieve New-Phase Goals



Vinh Phuc province targets attracting about US\$400-500 million of FDI each year

In the socioeconomic development plan for the 2021-2025 period, Vinh Phuc has set the objectives of becoming one of the industrial, service and tourist centers of the region and the country by 2025; promoting local advantages for economic and business development; and ensuring sustainable, comprehensive and continuous economic growth.

## THANH LOAN

The province also targets attracting about US\$400-500 million of FDI funding each year and VND5,000-6,000 billion (US\$215 - 260 million) of domestic investment funding. The average GRDP growth will be 8.5-9% a year. The economic structure will be: 61.5-62% industry and construction sector, 32-32.5% services, and 6.0-6.5% agriculture, forestry and fishery, by 2025.

To achieve the above objectives, Vinh Phuc will create all favorable conditions for economic and business development; further renovate investment attraction activities, harmonize interests of the government, investors and people; improve the quality of new projects by adding technological content and technical labor; give priority to sectors moving ahead of the Fourth Industrial Revolution such as ICT industry, digital, nano-engineering, biotechnology and environmentally friendly

new materials; projects likely to reach global value chains; projects engaged in electronics, telecommunications, mechanical engineering, construction materials, automobile and motorbike parts manufacturing, electronics manufacturing; infrastructure development projects for industrial parks; tourism and service projects; world-class universities, and service projects involved in finance, banking, insurance, health care, and education - training.

Besides, Vinh Phuc province will focus on luring investment projects into existing industrial parks in Phuc Yen City, Tam Duong, Vinh Tuong and Yen Lac districts; form industrial axes along key traffic routes like National Highway 2, Provincial Road 310, National Highway 2C and Trans-Asia Highway (Hanoi - Lao Cai); and call for investment projects for mining, mineral processing, building materials manufacturing, textile and garment, footwear, and export packaging industries in Song Lo and Lap Thach districts.

In the 2020-2025 period, Vinh Phuc will build and complete a policy on selective investment attraction; continue to maintain markets in traditional countries such as Japan and South Korea; and expand investment promotion in industrialized countries such as the United States, Canada, France, Germany, Italy and the United Kingdom. To inspire existing investors to recommend the province to new investors, the Provincial People's Committee has directed relevant agencies and localities to support business development, improve business investment environment, and enhance provincial competitiveness in the spirit of Resolution 19 of the Government on main tasks and solutions for better business investment environment and stronger competitiveness; Resolution 01 of the Provincial Party Committee and the Provincial People's Committee Project on better investment environment and stronger provincial competitiveness index.

Besides, the province periodically organizes investment promotion conferences in the province or other provinces and cities; maintains regular dialogues with local businesses and investors; and continues to reform administrative procedures, create transparent and fair investing administrative procedures of which investment procedures will be simplified, compact and cause no cost increase for investors. ■

# Innovations in Investment Attraction



Vinh Phuc is also home to about 800 domestic direct investment (DDI) projects with a total registered capital of over VND98.2 trillion (about US\$4.2 billion) and 406 foreign direct investment (FDI) projects with over US\$6,065 billion of investment capital. The province is expected to have 1,215 investment projects, including 803 DDI projects and 414 FDI projects by the end of 2020.

To achieve the above results, over the past years, Vinh Phuc province has constantly improved the investment and business environment and created favorable conditions for businesses to expand investment and business operations. Although the Covid-19 pandemic is still evolving complicatedly in the world and in Vietnam, right

Vinh Phuc is one of the biggest recipients of FDI funding in the north of Vietnam. The province has to date attracted 1,206 investment projects with a total registered capital of over US\$10 billion.

## HOANG THAM

after the 17th Provincial Party Congress, a new administrative apparatus was formed, Vinh Phuc organized many big events to attract domestic and international investors. Specifically, on October 19, 2020, in the presence of Prime Minister Nguyen Xuan Phuc and Japanese Prime Minister Yoshihide Suga, Vinh Phuc was honored to be selected as the only province to grant investment certificates to Japanese-invested projects with a total value of US\$100 million.

Recently, at the launch ceremony of ASEAN Smart Logistics Network, witnessed by Prime Minister Nguyen Xuan Phuc and Singapore Prime Minister Lee Hsien Loong, Secretary of Vinh Phuc Provincial Party Committee Hoang Thi Thuy Lan handed over the investment certificate of Vinh Phuc ICD Logistics Center project to Mr. Do Quang Hien, representative of T&T Group and YCH-YCH Holdings Group (Singapore). Vinh Phuc ICD Logistics Center, built on 83 ha in Huong Canh town and Son Loi commune, Binh Xuyen district, cost more than VND3,800 billion investment. The facility will provide logistics services for manufacturers in Vinh Phuc and other provinces.

Despite positive outcomes, the investment attraction result of Vinh Phuc province is not on par with local potential advantages, or the province's expectations on resources for development investment to achieve long-term goals.

With the goal of becoming a developed industrial province by 2025, one of industrial, service and tourism centers of the region and the country, Vinh Phuc urgently needs to attract domestic and foreign investment projects of advanced environment-friendly technology and great socioeconomic effect. ■

## Much Progress in Administrative Reform



Determining that administrative reform is a breakthrough in the socioeconomic development strategy, Vinh Phuc province has adopted consistent solutions to build a modern, open, professional, dynamic, effective and efficient administration. Up to now, its administrative reform has made remarkable progress in all fields. Regulations on business conditions are simplified.

TRAN NGOC

**T**he cause of building e-government and renovating the operating apparatus of the administrative system is in line with the process of applying information technology to public administration. Currently, the province is running document management software at 176 agencies and localities, including 40 provincial departments and district People's Committees and 136 communes, wards and towns. The Vinh Phuc Public Service Portal has integrated 378 online public services, including 249 services of Level 3 and 129 services of Level 4. Since the beginning of the year, the province has received 7,395 records online of Level 3 and Level 4 out of a total of 25,546 records (accounting for 29%); and provided five public services to support businesses and people hurt by the Covid-19 pandemic. Two of them were launched by the Government Office on the National Public Service Portal and the remainder are deployed on the electronic single-window information portal to receive and process documents through software.

Besides, Vinh Phuc has made many initiatives and solutions on administrative procedure reform. The Department of Information and Communications has coordinated with the Authority of Information Technology Application, Ministry of Information and Communications, to send and receive electronic documents through the local government service platform (LGSP). In addition to sending and receiving electronic documents across the province, districts and communes, the shared document management software can also link and receive electronic documents on the National Document Axis with central authorities.

In the context of the complicated Covid-19 pandemic development, Vinh Phuc has stepped up administrative procedure reforms, focused on simplifying and reducing time and costs for businesses, and enhanced the delivery of online public services of Level 3 and Level 4. The time for enterprise establishment is three working days as specified in the Law on Enterprises. The time for issuing a tentative investment decision does not exceed 25 days and the issuing an investment registration certificate does not exceed 15 days. The software system for taxpayers to declare and pay tax electronically has been regularly upgraded to help taxpayers spend less time with tax affairs. The delivery of online public services to taxpayers by tax authorities is being done at Level 3 and Level 4. All taxpayers - businesses, cooperatives and economic organizations - file electronic tax declarations and 98% of them pay tax electronically. All taxpayers will get tax refunds electronically.

In construction, the time for processing administrative procedures concerning design assessment and construction permission issued by the Department of Construction has been reduced by at least 20% from the regulatory time. The granting of construction permits needs 73.3% less time. The time for conducting procedures concerning project appraisal, basic design, technical design, construction drawing and construction permit takes at most just 56 days (compared to the requirement of the Directive: Down to at most 63 days).

The banking industry has also stepped up administrative reform such as cutting and improving loan procedures and service processes. The time and turns of paper provided declined by 10-20%. Some processes/products and services reduced application forms by 25%, signatures of customers by 45%, signatures of bank staff by 48%, and online application submission time by 70% -75%. All commercial banks publicize information about processes and procedures of delivering services to customers on their websites.

Inspection plans are strictly carried out, avoiding overlapped inspections, ensuring no inspection and examination of each enterprise of more than once a year according to Directive 20/CT-TTg, in order to minimize troubles and obstructions to normal operation of enterprises. ■



## Strengthening Connectivity between Local and Foreign Businesses

In addition to introducing mechanisms and policies and creating a fair business environment for enterprises, Vinh Phuc province also supports business connectivity by industry and by value chain; connects with large enterprises and FDI enterprises to improve technology and labor productivity of domestic enterprises in the locality.

NGUYET THAM

**C**urrently, Vinh Phuc has attracted 402 FDI projects with a total registered capital of US\$5.76 billion, mainly engaged in industrial manufacturing, assembling and supporting industries. In particular, many investors from advanced countries and territories such as Japan, Italy and South Korea have gradually formed key industries and they need many vendors.

With better governance, technology, capital and market connection than domestic enterprises, FDI firms have always been a dynamic driving force of development and increasingly affirmed their leading role in the province's economic growth. However, in addition to economic goals, when calling for foreign investment, Vinh Phuc expects foreign investors to gradually transfer technology to their domestic partners. At the same time, it is expected that FDI enterprises will be the nucleus of connecting local domestic enterprises with global

supply chains, enhancing the commodity value of Vietnam in general and Vinh Phuc in particular.

Initially, the province has supported and matched local businesses that have cooperation ties with some FDI enterprises in the province with FDI firms seeking suppliers of industrial components. However, this activity is still very limited. Reportedly, some domestic enterprises are cooperating with FDI firms, typically Cosmos Technology Co., Ltd, Vietnam Precision Industry Company Limited 1 (VPIC1) and Khai Quang Industrial Park. However, only a few companies can do this because FDI firms tend to import materials and inputs from their home countries or countries with lower prices. Moreover, local enterprises are still mainly small and medium in scale, limited in productivity, technology, experience, human resources and management are still weak.

In the coming time, Vinh Phuc will continue to support connecting local industrial vendors with large foreign-invested enterprises to facilitate the former to join the supply chains; gradually form regional industrial centers, encourage investment for automobile and motorbike parts manufacturing projects; attract FDI projects from multinational corporations and small and medium parts manufacturers from Japan, South Korea, Taiwan, Europe and the United States.

Last but not least, local enterprises need to reweigh their capabilities, identify their strengths and weaknesses, gather resources to meet customer requirements, especially in technology innovation, personnel improvement, and management capacity building. When local enterprises develop on par with FDI enterprises, the connectivity will be more favorable. ■

## Gradually Raising Environmental Quality in Industrial Parks



To ensure environmental quality in industrial parks, in addition to further guiding and training officials at all levels in State management of environment and business leaders in processes, procedures and responsibilities of implementing environmental policies, the Vinh Phuc Provincial People's Committee has decentralized tasks, specified responsibility of each agency; enhanced the quality of environmental inspections, strictly handled violators of environmental laws; and rejected applications for projects with threat of environmental pollution. At the same time, the province has provided favorable conditions for site clearance and arranged locations for construction of waste treatment plants.

Currently, all of the industrial parks in Vinh Phuc province have centralized wastewater treatment systems with a design daily capacity of 18,800 cubic meters. Industrial parks have also set up environmental divisions responsible for operating wastewater treatment systems and closely monitoring waste discharge of tenants. Along with the internal control force, the Vinh Phuc Industrial Parks Authority

Never exchanging environment for economy and following the firm direction of the provincial government, industrial parks in Vinh Phuc province have gradually improved environmental quality. The province has increasingly attracted big domestic and international investors with green projects.

**HOANG THAM**

regularly coordinates with relevant bodies to review regulations on environmental protection in enterprises and promptly and strictly handles violators and has planted trees on internal roads in industrial parks and required tenants to use at least 10% of the area for trees, water surface and roads.

Based in Binh Xuyen Industrial Park, since its factory construction, Vietnam Germany Steel Pipe Joint Stock Company used certain spaces to plant trees; constantly invested in advanced technologies and modern techniques, and applied Japanese 5S production management program. Currently, the company owns 38 modern production lines powered by advanced European and Japanese automation technologies, especially the most modern hot-dip galvanized steel pipe lines in Vietnam with a pre-plated pipe treatment system and ensured environmental safety in production processes.

To minimize environmental pollution and protect employees' health, Prime Group Joint Stock Company, based in Binh Xuyen Industrial Park, also actively invested in new modern production technology and reformed operating processes toward cleaner production. Prime Group's factories all strictly adhere to the international management system for product quality, as well as occupational health and safety management. Mr. Chaiyaporn Supanya, HR Director of Prime Group Joint Stock Company, said, environmental safety is our first factor. Therefore, all machines meet international standards such as ISO and OHSAS. In the coming time, the company will further invest in modern machines to create environmentally friendly products.

To realize the goal of "green industry" and sustainable development, it is very important to have the participation of the whole community to end violations and launch practical actions to create green areas in industrial parks. ■



The MoU signed by the Korea Chamber of Commerce and Industry and the Vinh Phuc Department of Planning and Investment

## Ready to Hand Over 500 Hectares of Clean Land to Investors

That was shared by Mr. Le Duy Thanh, Chairman of Vinh Phuc Provincial People's Committee, at the seminar on investment promotion of Korean businesses.

**NGUYET THAM**

Mr. Le Duy Thanh said: "Vinh Phuc still has about 500 hectares of clean land for industry. Vinh Phuc develops not only industrial parks, but also industrial ecosystems, with synchronous transport infrastructure and services. We have strongly deployed even soft infrastructure such as social housing for workers, ground clearance compensation, support for people to access services and changing careers, cultural, sports and health care infrastructure, training and improving professional skills. In fact, these factors plus clean infrastructure, convenient transportation, and reasonable land rent are among the factors that attract the attention of FDI enterprises, as well as domestic enterprises."

To support enterprises in the province, especially those from Korea who are interested in learning about investment opportunities in Vinh Phuc province, in the coming time, Vinh Phuc province will apply investment incentive policies for businesses and investors in accordance with the law, and the province's own investment support mechanisms and policies. It will continue to develop policies to diversify investment areas, increase access to investment support for

businesses and investors in the province; support businesses to access land in the fastest time according to the law. The province will accelerate ground clearance to create a land fund for investment projects. It will solve labor problems for businesses, such as training and recruiting workers.

The province will provide infrastructure to the fences of industrial parks and clusters, tourist areas and support essential input conditions for enterprises. It will quickly resolve investment administrative procedures in accordance with the law. It will also continue to review and simplify administrative procedures, make public and transparent investment procedures, construction and land planning, and planning for sectors and fields on the electronic information system. The province will settle administrative procedures according to the one-stop mechanism, the inter-connected one-door mechanism; promptly remove difficulties for business.

"With high determination, innovation, compliance with the law, unanimous solidarity of leaders at all levels and sectors in the province; the active support of ministries, sectors, central agencies and international organizations, along with the constantly improved investment environment, it is certain that the province will have a breakthrough in attracting investment in the coming time," Chairman of Vinh Phuc Provincial People's Committee emphasized.

Mr. Le Duy Thanh also expressed his desire to have more cooperation projects between Korean and domestic enterprises in the province, which will make great contributions to the province's economic growth, create jobs, and fulfill commitments to environmental protection. ■



# Toward E-Government and Digital Government



Deputy Prime Minister Truong Hoa Binh on a working visit to the Vinh Phuc Provincial Public Administration Service Center, July 2020

Over the past years, Vinh Phuc province has stepped up the application of information technology, aiming to build an e-government and a digital government by 2025.

## QUYNH NGOC

Currently, all the district-level agencies have Local Area Networks (LANs) and fiber-optic Internet connection; nearly 100% of provincial and district cadres, and about 80% of communal cadres, are equipped with computers. In particular, the province is supported by the Ministry of Information and Communications to deploy the Local Government Service Platform (LGSP) and pilot the connection of some information technology application systems through LGSP. The specialized data transmission network infrastructure has been built with optical cable lines and installed with terminal equipment at 55 agencies and units. Since 2014, the province's broad network system has been synchronously connecting 169 units and communes.

The province has increasingly promoted the application of information technology to settle administrative procedures and provide online public services in the operation of state agencies. Up to now, the Electronic Communication Portal and the Online Public Service Portal of the province have posted 1,981 administrative procedures, connected and integrated with the national public service portal. In the

province, there are 369 entries of online public services at levels 3 and 4; of which 325 at the provincial level, 39 at the district level, 5 at the commune level, and 6 level-four services of the province have connected and integrated with the national public service portal.

In 2019, the Provincial Public Administration Service Center received over 36,000 administrative dossiers, more than 95% of which were handled. In November 2019, the center officially implemented administrative procedure settlement on the Zalo application combined with digital signatures, electronic signing desks to exchange information with applicants. Document management and administration software was deployed synchronously to departments at all levels and linked with the Government Office, ministries,

ensuring the integration of special Government digital signatures, meeting the process of sending and receiving electronic documents.

In the coming time, the Steering Committee for Provincial E-Government Construction will continue to review and implement the Government's guiding documents on e-government development; advise the Provincial Party Committee and Provincial People's Committee to issue a resolution on promoting the development of e-government of the province, aiming for a digital government by 2025, with a vision to 2030. ■



The Department of Information and Communications ranks first in the IT application and e-government development among the provincial departments in 2019

## Vinh Phuc Regards Japanese Localities, Businesses as Top Partners



Prime Minister Nguyen Xuan Phuc and his Japanese counterpart Suga Yoshihide witness the awarding of the Investment Certificate of Vinh Phuc Provincial People's Committee to Toto Vietnam Co., Ltd

At the Japan Meeting in 2020, held at the end of November, Mr. Le Duy Thanh, Chairman of the Vinh Phuc Provincial People's Committee, emphasized Vinh Phuc's views and policies on investment cooperation with Japan. He said, Vinh Phuc always sees Japanese localities and enterprises as the most important partners and one of pillars in the development strategy and international integration of the province.

Vinh Phuc currently has 48 Japanese investment projects registering to invest nearly US\$1.2 billion. These projects hire 22,000 workers and are powered by cutting-edge technology to manufacture automobiles, motorbikes, auto parts, and mechanics. In particular, within the framework of cooperation document exchange ceremony between Japanese and Vietnamese ministries, branches, localities and enterprises, under the witness of Japanese Prime Minister Suga Yoshihide and Vietnamese Prime Minister of Vietnam Nguyen Xuan Phuc, Vinh Phuc awarded the investment certificate to TOTO Vietnam Co., Ltd. Accordingly, the company will invest US\$100 million in Thang Long Vinh Phuc Industrial Park.

Chairman Le Duy Thanh emphasized that, seeing investors in Vinh Phuc as its citizens, the province will always be a safe and effective investment destination. Vinh Phuc not only has a good investment environment but also a good living environment for investors.

He expected that after the 2020 meeting with Japan, more Japanese investors expressed their interests in Vinh Phuc and decided to invest in environmentally friendly hi-tech investment projects. At the same time, the province will connect Vietnamese and Japanese companies in many cooperation projects in the locality.

## Facilitating Projects in Industrial Parks



As of November 15, 2020, Vinh Phuc province-based industrial parks were home to 377 valid investment projects, including 66 DDI projects with a total registered value of VND13,766.1 billion and 311 FDI projects with US\$4.45 million.

The Vinh Phuc Industrial Parks Authority, among 377 valid projects, 319 projects are in operation, accounting for 84.6% of total projects; 20 are under construction; 33 are carrying out investment procedures; and five are preparing for termination procedures (accounting for 1.3%). In November 2020, investors disbursed US\$31.3 million and VND19 billion.

With active policy support of the province and actions of enterprises to overcome difficulties, most investment projects have been carried out on schedule. Many well-performing FDI firms have invested in expanding their operations, output and investment value, thus generating many jobs and increasing local budget revenue.

In the coming time, the province will request relevant agencies to inspect and review business operations of tenants and have better knowledge of imported inputs, exports and worker recruitment to propose effective and practical policies and help enterprises to stabilize and develop business operations.

Nguyet Tham



# Ha Nam Steps up Investment Attraction

Over the past years, with the right investment attraction policies and best support for investors, industrial parks in Ha Nam province have become reliable destinations for investors.

### CAM LY

With its efforts to focus resources and prepare favorable conditions to entice investors (like improving infrastructure, reforming and modernizing the administration, applying incentive and support policies for businesses), Ha Nam province has obtained optimistic investment achievements over the past years and stood among the best performers in the country. In the first nine months of 2020, Ha Nam attracted 58 investment projects (24 FDI projects and 34 domestic projects) with a total registered capital of US\$466.2 million and VND16,775.1 billion (US\$729 million), bringing its total valid investment projects to 1,011 (319 FDI projects and 692 domestic projects) and the total registered capital to US\$4.22 billion and VND134,228.3 billion (US\$5.84 billion).

### Rich potential and advantage

Ha Nam has many advantages to draw investment flows, as it is the southern gateway to Hanoi and is adjacent to the northern key economic region. Ha Nam has a very convenient road, railway and waterway transportation system, constituted by National Highway 1A, Hanoi - Ninh Binh Expressway, National Road 38, National Highway 21 and North - South Railway. Favorable traffic connectivity gives Ha Nam the

advantage of being a traffic hub connecting northeastern provinces to Hai Phong Seaport, Noi Bai International Airport and northern border gates.

The number of people at working age accounts for 55% of the population and 13,000 - 14,500 people join the workforce every year. Ha Nam's workers are young and well-trained.

In Ha Nam province, universities, colleges and vocational training schools provide various occupation training. Nam Cao University Complex, covering 754 ha, was approved by the Prime Minister. Some branded universities are active in the complex and provide a majority of highly qualified workers for local businesses.

With its potential and advantages, Ha Nam always considers investment cooperation a very important task to boost local social and economic development. The province has issued many incentive and support policies to attract investment funds for locally advantageous industries and fields such as mechanical engineering, manufacturing, assembling, supporting industries, component manufacturing, electronic equipment assembling, consumer goods manufacturing, processing industry and hi-tech agriculture.

### Synchronously invested industrial parks

Currently, the province has planned eight industrial parks with a total area of 2,553 ha with synchronous technical infrastructure. The occupancy rate of all industrial parks is over 75%. Thai Ha Industrial Park is being built and over 25ha is ready for lease with adequate infrastructure.

Dong Van I Industrial Park (221 ha): With a completed infrastructure, the park is housing 94 investment projects with a total registered capital of US\$868 million, including 46 FDI projects with US\$669 billion of investment capital (investors from South Korea, Japan, Singapore and other countries). The



Hoa Mac Industrial Park

occupancy rate is 100%. By 2022, it will be expanded by 150 ha in the east of Cau Gie - Ninh Binh Expressway to 371 ha.

Dong Van II Industrial Park (320 ha): With a completed infrastructure, the facility has attracted 95 investment projects with US\$1,398 million, including 74 FDI projects with US\$1,287 million (investors from South Korea, Japan, the United States and other countries).

Dong Van III Supporting Industrial Park (300 ha) is adjacent to Dong Van I and II, next to the North-South Expressway and ICD Port. It offers special preferential policies approved by the Government of Vietnam. The park has completed infrastructure investment for 169 ha in the west of the expressway and attracted 43 investment projects with US\$665.8 million of registered capital. Currently, it is expanding about 223ha to the east of the expressway, bringing the total area to 523 ha.

Dong Van IV Industrial Park (300 ha) has attracted 37 investment projects with a total registered fund of US\$788 million, including 25 FDI projects with US\$635.6 million (investors are mainly from South Korea and Taiwan). About 50 ha of land is available for lease.

Chau Son Industrial Park (377 ha) has licensed 119 projects with US\$781 million of investment capital, including 56 FDI projects with US\$358 million (investors largely from South Korea, Japan, Taiwan, the Netherlands and Australia). About 28 ha of industrial land is available for lease.

Hoa Mac Industrial Park (203 ha) has attracted 33 projects with US\$257 million of registered investment, including 26 FDI projects with US\$201 million.

Thanh Liem Industrial Park (293 ha) has licensed eight domestic investment projects with US\$311 million of registered investment funding. Currently, about 60 ha of land is available for tenants to lease.

Thai Ha Industrial Park covers 200ha, located next to the highway connecting Hanoi - Ninh Binh and Hanoi - Hai Phong, has basically invested in infrastructure and is ready to allocate land to investors.

Investors in the province are operating very effectively. Indeed, corporate investment capital, especially FDI funding, is an important element for economic restructuring and economic development of Ha Nam province.

### New approach to investment attraction

On January 12, 2016, the Ha Nam Provincial People's Committee issued Decision 48/QD-UBND on approving the revised project on development investment approach in 2016 - 2020, with a vision to 2030, which defines priority for developing supporting industries, high-tech industries, and products of high added value and strong competitiveness. The province focuses on attracting FDI, mainly small and medium businesses in developed industrial countries and territories like Japan, South Korea and Europe. With consistent solutions, Ha Nam aims to draw US\$2.5 -3.5 billion of FDI capital in 2021 - 2025 (US\$500 - 700 million a year) and US\$2 - 2.5 billion of disbursed FDI fund (US\$400 - 500 million a year) in the period. Over 50% of companies will use advanced environmentally friendly technologies.■





# Accelerating Digital Transformation for Tourism Development in New Normal

Due to the adverse impacts of Covid-19 on the economy and society, tourism authorities and travel businesses have increasingly recognized the importance of digital transformation. This is considered an inevitable trend, not only an effective recovery solution but also a helper for sustainable tourism development.

## GIANG TU

### Pandemic-hit tourism industry

In 2019, Vietnam ranked one of 10 fastest growing tourism countries in the world and 4th in the ASEAN region in attracting international visitors. The growth of the last three consecutive years was 22% annually. The number of international visitors to Vietnam increased from just 5 million in 2010 to 18 million in 2019 and tourism revenue was estimated at VND720 trillion (US\$31 billion) in 2019. In particular, only in January and early 2020, for the first time, Vietnam welcomed two million international visitors. But

shortly after this, the Covid-19 pandemic broke out all over the world in February 2020, and all social and economic areas were severely affected. Rated as one of the hardest-hit industries, tourism faced unprecedented difficulties, even sometimes completely inactive. Accordingly, about 40-60% of tourism workers lost their jobs or had working days cut, 95% of international travel businesses stopped operations, air flights were canceled, hotels and catering services closed their operations. As of November 2020, international visitors to Vietnam reached 3.82 million, down 76.6% over the same period of 2019 and the number of domestic visitors was 49 million. Tourism revenue was estimated at VND280 trillion (US\$12 billion), down 56.8% year on year.

At the National Tourism Conference in 2020, Minister of Culture, Sports and Tourism Nguyen Ngoc Thien said, "Since the beginning of 2020, the Covid-19 pandemic has adversely affected the tourism industry of Vietnam and the world. Tourism slump resulted in steep decline of many related industries. In 2020, international visitor arrivals to Vietnam were forecast to fall by over 80% and domestic tourist arrivals were projected to drop by 45%. The total loss was estimated at US\$23 billion."

Although the Covid-19 pandemic in Vietnam has been controlled for the time being, inbound and outbound tourism is still restricted due to pandemic infections in countries, however,



"Domestic tourism started to recover but it is only a temporary solution to help the tourism industry to wait for the end of the pandemic. It is very difficult to offset the fall in international visitors as well as the slump of domestic tourism earlier in the year. This is the time when the entire tourism industry needs to restructure and conduct digital transformation to prepare for a longer, more sustainable development," said Mr. Pham Tien Dung, Vice Chairman of Unesco Hanoi Travel Club.

### Digital transformation for more sustainable development

Deputy Minister of Culture, Sports and Tourism Nguyen Van Hung said that digital transformation is an inevitable trend that needs to be strengthened in the wake of negative impacts of the Covid-19 pandemic. The application of digital technology helps localities develop smart tourism and increase tourist

experiences.

In fact, digital transformation in the tourism industry has been underlined in the past few years. Some localities and businesses started to approach this trend but they lacked focus. Faced with negative effects of the Covid-19 pandemic, tourism businesses are clearly seeing the importance of digital transformation. Digital technology not only helps businesses operate neatly and quickly but online tools also help find and share information, order services, and settlement payment efficiently. Many virtual tourism models have emerged through the application of virtual reality and augmented reality, helping visitors to have unprecedented experiences.

Mr. Le Tuan Anh, Director of the Tourism Information Center under the Vietnam National Administration of Tourism (VNAT) said, "Currently, most tourism activities take place in a digital environment, from booking tickets, booking tours and buying services to simpler behaviors like check-ins in destinations. This allows us to collect visitor behaviors for analysis in the face of modern technology."

In fact, digital transformation in the tourism industry is not necessarily a monumental solution such as big data, blockchain and artificial intelligence, it is often simply reaching out to customers through social networking applications such as Zalo, Facebook and Google, building a customer management system, destination data information, and special promotions.

Deputy Minister Nguyen Van Hung said, the Ministry of Culture, Sports and Tourism asked the Vietnam National Administration of Tourism to foster tourism advertising, transaction and management by applying information technology; calling businesses to quickly catch up with this new trend and actively apply new technologies to tourism activities.

Basic contents of the digital transformation program for the entire tourism industry must be built on a travel data platform and a digital technology system to automate processes of

providing products and services to tourists, marketing, administration and monitoring to ensure service security and safety, improve quality, increase labor productivity and bring high value to businesses.

In addition, the tourism industry needs to promote e-commerce application, make online tourism a key channel to provide products and services to tourists, expand tourism scope, create product distribution channels and link service providers to form a complete, fast supply chain.

In addition, the tourism information system and tourism input database system must be synthesized and developed to create interaction and compatibility with other organizations. Big data must be big for everyone to use. The ministry also assigned the Vietnam National Administration of Tourism to call on businesses to jointly launch, respond and create great innovations in information technology application for tourism development. ■



High-class Sao Mai Hotel has the honor to welcome the State delegation led by General Secretary and President Nguyen Phu Trong during his working visit to Mekong Delta provinces

## Tourist Stimulus to Leverage Dong Thap Province's Development

The Covid-19 pandemic has “landed painful blows” on most economic activities and hurt many businesses. At present, the pandemic has been well placed under control, its consequences are still “threatening the existence” of many businesses. To overcome this hardship, they need a boost to transform themselves and return to the most powerful business race. Dong Thap Tourist Joint Stock Company has boldly invested in growth factors to, together with the local tourism industry, solve accommodation quizzes and add new bright colors to the picture of Dong Thap tourism to catch the fancy of tourists far and wide. In particular, the hospitality industry promises to bring many tangible and intangible values to change the face of the Pink Lotus land.

### Tourist stimulus - New actions in old fashion

Many Mekong Delta localities have restarted the second phase of the tourism stimulus program when all activities are gradually returning to their trajectory. However, Dong Thap Tourist opted for “new actions in the old fashion” rather than follow the path of the first stimulus. More than anyone else, the company understands that domestic customers are a source of revenue and they must enjoy worthy treatment. This approach will create a strong boost to the development of local tourism.

Minister Nguyen Ngoc Thien affirmed, “Under the leadership of the Prime Minister, the tourism industry is determined to achieve the dual goal of preventing the pandemic and developing effective and sustainable tourism” to realize the objective of developing tourism into a spearhead economic sector”. Responding to the above decision, a series of discount programs with a higher class of service quality has been launched.

The company focuses on tapping the domestic customer market and regards this as backing support for fast business recovery. The company has introduced affordable new products and services such as sunlight tour, western discovery, and river tour and ensure absolute safety for visitors. In addition, Dong Thap Tourist Company also offered affiliated tours, cooperated with key tourist sites to create unique tour chains with brilliant team building activities for tourist groups. Countryside ecotourism and green tourism trends promise to create a new impetus in the coming New Year holidays.

In the second response scenario - the pandemic is completely controlled, tourist companies will speed up approach to key potential international tourist markets as Vietnam has been recently listed as a world-top destination after the Covid-19 pandemic by the famous travel magazine, Travel + Leisure. Many newspapers from the United States, Australia, Germany, France, and other countries described Vietnam as a good example of Covid-19 pandemic prevention, thereby leaving a good impression on international visitors. Great experiences in the safe tourism paradise of Vietnam will be a great choice for foreign tourists. However, promoting “outbound” tours will be the next goal because customers are willing to reward themselves with luxury tours like Mount Fuji - Tokyo - Narita, Zhangjiajie - Fenghuang Ancient Town, and Singapore - Malaysia - Indonesia.

### Growing in scale and quality

An extraordinary leap always comes only after an uncontrolled slide. Indeed, the success of a business is weighed and measured by how it is led and managed to survive and become stronger in the marketplace. 2020 marked a six-year effort to grow in scale and quality after Sao Mai Group, a professional tourism investor with a sharp vision on potential development, successfully restructured and spent more than VND200 billion developing high-quality human resources. With solid support from Sao Mai Group - the parent company, Dong Thap Tourist has made a big leap in tourism infrastructure development. Typically, the company renovated and upgraded 3-star Bong Hong Hotel and 4-star Sao Mai Hotel to meet tourist needs for upscale accommodations.

Sao Mai Hotel and Bong Hong Hotel are leading accommodation facilities to launch tourism stimulus in Dong Thap province. The two hotels offer direct discounts of 15-20% of room service and dining for customers until the end of 2020. Mr. Tong Duy Minh, Director of Bong Hong Hotel, said, "Despite giving a high level of stimulus, the service quality of the hotel is still maintained high for customers". Located in the most beautiful center of Dong Thap province, both hotels - the most prominent in the class - are chosen by the majority of tourists because of their luxurious, modern design, airy view, preferential leisure services, and local specialties. Restaurants and hotels run by Dong Thap Tourist Company are really the ideal destinations for tourists when visiting the Mekong Delta.

Dong Thap is beautiful throughout the year. Surrounded by vast lotus fields, peaceful countryside landscape and green tourist attractions promise to satisfy all visitors. Dong Thap Tourist is moving quickly to finish the full-year target. Its steady steps have brought values, not only economically but also socially, gradually made the company a leader of Dong Thap tourism. ■



Time-honored Huynh Thuy Le Mansion - a harmonious combination of Vietnamese - French - Chinese architectural styles - attracts visitors to Dong Thap province