

BUSINESS FORUM MAGAZINE

# VIETNAM BusinessForum

THE VIETNAM CHAMBER OF COMMERCE AND INDUSTRY - **VCCI**

VOL. 03, NO. 13 (1364), JUN 28 – JUL 11, 2022

ISSN 1859-0632

**TOP SOLUTIONS TO PROMOTE LOGISTICS  
SERVICES DEVELOPMENT**

## LONG AN

**EFFORTS FOR BETTER INVESTMENT CLIMATE,  
LEADERSHIP IN MEKONG DELTA**





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VCCI Intellectual Property Sole Member Company Limited (VCCI-IP CO., LTD.), belonging to Vietnam Chamber of Commerce and Industry, is specialized in Intellectual Property legal services. VCCI-IP was established in 1984 (right after the establishment of National Office of Intellectual Property of Vietnam (NOIP) in 1982), formerly as the Patent & Trademark Bureau of Vietnam Chamber of Commerce and Industry, to take the task authorized by the Government to exclusively represent for the registration and protection of intellectual property assets of foreign individuals/entities in Vietnam for years.

In the course of the economic renovation and global economic integration during nearly 40 years, VCCI - IP has been continuously developing and enhancing the professional manner with the firmly asserted position as one of the largest and most prestigious IP agencies in Vietnam. VCCI-IP has annually ranked among the Vietnam's best IP agencies by intellectual property magazines such as Managing IP Magazine and Asia IP Magazine.

At present, VCCI-IP has been cooperating with about 500 hundreds of international law firms, representing for more than 1000 domestic and foreign clients among which are leading industrial groups, multinational corporations such as Sony, Sharp, Panasonic, LG, Toshiba, GlaxoSmithKline, NTT Docomo, Sanyo, Hitachi, etc. VCCI - IP is also the membership of International Associations such as the International Association for the Protection of Intellectual Property (AIPPI), the International Trademark Association (INTA) and the Asian Patent Attorney Association (APAA), etc. With a strong team of more than 70 experienced and devoted lawyers, attorneys and technical experts in various fields, VCCI - IP always commits itself to bring the best services based on close and opportune coordination with clients in establishing and protecting effectively intellectual property rights in Vietnam and foreign countries.

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- 6** Providing legal advices and representing for settlement of appeals, disputes of IPRs;
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**VIETNAM BUSINESS FORUM**  
**Published by VCCI**

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Available on **Vietnam Airlines**

Licence No.58/GP-BTTTT dated February 18, 2020  
Printed by the Trade Union Printing Company  
**PRICE: VND25,000**





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ABAC dialogue with APEC Economic Leaders in Vietnam in 2017

## VCCI TO CHAIR THIRD ABAC MEETING IN 2022

As stated in Official Dispatch 3567-CV/VPTW dated April 23, 2022 by the Standing Board of the Secretariat, the Vietnam Chamber of Commerce and Industry will chair the third meeting of the APEC Business Advisory Council (ABAC) in 2022, themed “Embrace. Engage. Enable”. The event is intended to embrace opportunities when the world is reconnected; enable cooperation in innovations and initiatives; and engage in digital transformation, and inclusive and sustainable development.

QUYNH ANH

The meeting was coordinated by the Vietnam Chamber of Commerce and Industry and ABAC Vietnam's members, namely Saigon Invest Group and Sovico Group; supported by ABAC Thailand (ABAC Chairmanship 2022), ABAC International Secretariat and Quang Ninh Provincial People's Committee. The event is scheduled from July 26 to 29, 2022 in Ha Long city, Quang Ninh province.

The third ABAC meeting will be organized both physically and virtually, bringing together about 200 delegates, including official ABAC members, alternate ABAC members, APEC senior officials, ABAC guests, ABAC researchers, and ABAC member assistants, many senior business leaders and officials from prestigious and influential investment and trade promotion agencies in the region. Discussion topics are of special interest to the regional business community, toward regional and global economic recovery and growth. In particular, this gathering is an important event for ABAC to develop a report on business recommendations to be submitted to Finance Ministers, Trade Ministers, Central Bank Governors and prepare contents for the APEC Economic Leaders' Meeting with ABAC at the APEC Economic Leaders' Meeting 2022 in November 2022 in Thailand.

Hosting the third session of ABAC

will help advance Vietnam's priorities to achieve its goals of disease response, economic recovery and sustainable growth. It is an opportunity for Vietnam to show itself as the bright spot of international investment in the "new normal" with safe, open and attractive investment policies, effective containment of the pandemic, and active international integration.

In addition, the meeting will help improve Vietnam's position in ABAC and in APEC as a whole; and effectively support Vietnam's efforts in international advocacy for Vietnam to assume APEC Chairmanship in 2027.

The Organizing Committee planned to coordinate with the Quang Ninh Provincial People's Committee to organize the Quang Ninh Tourism and Investment Promotion Conference on July 26, 2022 on the sidelines of the official meeting, which is expected to be attended by the provincial leaders and host the Eastern Expressway Axis Economic Connection Forum on July 28 to introduce investment potential and business opportunities in four provinces and cities of Hung Yen, Hai Duong, Hai Phong, and Quang Ninh to ABAC delegates.

According to ABAC's working agenda, ABAC will have four meetings in 2022: The first in Singapore from February 15 to 18, 2022; the second in Vancouver, Canada from April 25 to 28, 2022; the third in China at the end of July 2022 (ABAC Vietnam will replace China

*(continued on P.11)*



# Mozambique Seeking More Investment Flows from Vietnam



**VCCI President Pham Tan Cong (R) and President of the Mozambican Assembly Esperanca Laurinda Francisco Nhiane Bias chair a meeting with businesses**

In the framework of the official Vietnam visit, President of the Assembly Esperanca Laurinda Francisco Nhiane Bias with her delegation had a meeting with many businesses at the Head Office of the Vietnam Chamber of Commerce and Industry (VCCI) on June 21. The two sides exchanged a lot of information on market and investment incentives in Mozambique to boost stronger cooperation in the coming time.

Receiving the President of the Mozambique Assembly, VCCI President Pham Tan Cong expressed his belief that the visit of the Mozambican Assembly delegation will further deepen the good traditional relationship between the two countries.

VCCI President Cong said, besides political cooperation, economic and trade cooperation ties between the two countries have been positively expanded in the past time. In 2020-2021, despite being affected by the COVID-19 pandemic, the bilateral trade value still reached over US\$150 million. Vietnam's key exports included rice, electric cables, fertilizers, textiles and garments, and iron and steel. Meanwhile, Vietnam imported bran, cashew nuts, coal, animal feed, timber and ores from Mozambique.

He suggested that Vietnamese businesses should continue to strengthen information exchange, and seek cooperation and trade opportunities. Besides traditional products, they can learn about other strong products like agricultural products, building materials

The first visit to Vietnam by the President of the Assembly of Mozambique is expected to open up opportunities for Vietnamese businesses to make inroads into member countries of the Southern African Development Community.

**HUONG LY**

and medical supplies.

Specially, the military-run Viettel Group has entered a US\$345-million telecommunications investment joint venture with SPI Company of the Frelimo Party in Mozambique. This is Viettel's most successful investment project in Africa.

VCCI President affirmed that Vietnamese businesses can fully study investment opportunities in Mozambique, enhance information exchange, and seek cooperation and trade opportunities, especially in agricultural products, heavy industry, infrastructure development, finance and healthcare.

VCCI will cooperate with relevant agencies of Mozambique, and continue to act as a solid bridge for stronger trade and investment promotion for the joint development of two business communities and joint development and prosperity of the two countries.

President of the Mozambique Assembly Esperanca Laurinda Francisco Nhiane Bias expressed her hope that Vietnamese and Mozambican businesses will have more opportunities to strengthen connectivity toward the celebration of the 50th anniversary of Vietnam - Mozambique diplomatic relations in 2025.

With a 2,700-km coastline, Mozambique has a lot of potential for tourism development. The country also has deep-water ports, and many energy and gas production investment projects. Overcoming many pressures caused by the COVID-19 pandemic and natural disasters, Mozambique's economy recorded a growth of 2% in

2021 and was expected to rise to 2.9% this year.

She affirmed that Mozambique has introduced private investment support policies and applied many tax and land incentives for investors. It ensures collective and individual property ownership for foreign enterprises doing business there. Mozambique set up an e-portal to provide supporting information for private businesses and state-owned enterprises.

Through Mozambique, Vietnamese businesses are having many investment opportunities in Mozambique, including tourism, mining, energy, and agriculture. In particular, Vietnamese goods can penetrate deeper into the member markets of the Southern African Development Community (SADC), she emphasized. ■



# UAE

## POTENTIAL MARKET FOR VIETNAMESE BUSINESSES



The UAE - Vietnam Forum was organized by the Vietnam Chamber of Commerce and Industry in collaboration with the UAE Embassy in Hanoi on June 22 at VCCI headquarters in Hanoi. The event had the participation of Mr. Obaid Saeed Aldhaferi, UAE Ambassador to Vietnam, and the UAE business delegation led by Mr. Abdunasser Alshaali, Assistant Minister of Foreign Affairs of the UAE, and the Vietnamese side included Ms. Tran Thi Lan Anh, General Secretary of Vietnam Chamber of Commerce and Industry, and Vietnamese businesses interested in the UAE market.

LIEN BUI

**M**s. Lan Anh welcomed the visit to Vietnam of the UAE Ministry of Foreign Affairs delegation, especially in the context two countries are preparing to celebrate the 30th anniversary of their

diplomatic relations in 2023.

After nearly 30 years, the Vietnam-UAE cooperation relationship has made remarkable progress and has been further consolidated, through visits by senior leaders between the two countries, coordination and mutual support at international organizations and forums; become each other's leading economic partners in the Middle East and Southeast Asia.

The UAE is Vietnam's largest export market in the Middle East and Africa region. In recent years, the annual two-way trade turnover has always reached over US\$8 billion.

In the last two years, due to the impact of the COVID-19 epidemic, the value of trade exchange between Vietnam and the UAE still reached nearly US\$5 billion. Vietnam mainly exported to the UAE mobile phones, electronic components, some agricultural products and garments. Vietnam imported from the UAE plastic raw materials, liquefied petroleum gas, metals, and other petroleum products.

The UAE is also one of the major investors from the Gulf region in Vietnam, with a total committed investment capital estimated at US\$4 billion.

Labor export is also a promising field of cooperation between the two countries. Currently, there are about 5,000 Vietnamese people working in the UAE in many fields such as construction, mechanics, shipbuilding, and hotel services.

"With the potential, along with the efforts of both sides, I hope that the friendship, economic, trade and investment cooperation between Vietnam and the UAE will develop more dynamically and effectively, for the common interests of the businesses and peoples of the two countries," said Ms. Lan Anh.

Addressing the forum, Mr. Abdunasser Alshaali said he was very pleased to lead a working delegation to visit Vietnam with a view to promoting further the exceptional relationship and cooperation between the UAE and Vietnam. This visit to Vietnam comprised not only representatives from Government entities, but also representatives from major corporations and businesses who play an important role in diversifying a fruitful partnership and cooperation with the Vietnamese business community.

"Our visit here today is, I believe another sign of the importance that we attach to the bilateral relationship with Vietnam. And the fact that we explored opportunities for further cooperation, especially to increase bilateral trade between the two countries." ■



# Joint Efforts for Binh Phuoc Business Climate Improvement



**Delegates at the recent meeting between VCCI-HCM and the Binh Phuoc Investment, Trade and Tourism Promotion Center**

This information came from the recent meeting and signing ceremony between VCCI-HCM and the Binh Phuoc Investment, Trade and Tourism Promotion Center, aiming to stimulate the local business community on the path of integration.

At VCCI-HCM Branch, the two sides exchanged information on the organizational structure, functions and duties of each party in investment and trade promotion, consulting and business support while reviewing outstanding cooperation outcomes between VCCI-HCM and Binh Phuoc province in recent years.

In the first months of 2022, the Binh Phuoc Investment, Trade and Tourism Promotion Center advised the Provincial People's Committee to host investment promotion conferences, welcome delegations of consulates of Singapore and Thailand, the Indian Embassy and Taiwanese enterprises seeking to study the local investment environment, survey Becamex and Minh Hung Sikico industrial parks and exchange directly with representatives of relevant departments and agencies. The center has actively supported local businesses to participate in trade and tourism promotion programs inside and outside the province.

At this meeting, Mr. Tran Quoc Duy, Director of Binh Phuoc Investment, Trade and Tourism Promotion Center, said, Binh Phuoc is currently home to the Young Entrepreneurs Association, the Women Entrepreneurs Association, the Small and Medium Enterprise Association with a large number of members who need to be provided with more knowledge and skills about production and business in the Industry 4.0 Era and need to be more closely connected.

He hoped the two sides cooperate in supporting the local business community to improve their knowledge, practice integration skills, strengthen connectivity with domestic and foreign businesses to reap more successes and sustainable development; and actively promote social responsibility via volunteering activities.

In particular, he hoped that VCCI-HCM will actively help Binh Phuoc connect, invite domestic and foreign investors to the province to learn about the local investment environment and propose establishing VCCI - Binh Phuoc Branch as soon as possible to facilitate direct and maximum support for the business community.

Mr. Tran Ngoc Liem, Director of VCCI-HCM City, affirmed that VCCI's role as representative of the Vietnamese business community will be able to bring every activity of its projects through business networks, and gather business recommendations and provide policy advice to the government on macroeconomic and business issues.

On this occasion, the two sides discussed a series of business support programs to improve environmental management capacity, green transformation and transition to 100% renewable energy, energy efficiency in production business, climate change projects and CO2 emission reduction.

Through its business support activities, VCCI-HCM proposed helping Binh Phuoc implement solutions to improve the business investment environment and raise the Provincial Competitiveness Index (PCI).

At the end of the working session, the two sides signed a memorandum of cooperation on joint efforts to organize conferences and seminars on domestic and international investment, trade and tourism promotion; coordinate in informing, and promoting and introducing the environment, policies, potential and investment opportunities in Binh Phuoc province to domestic and foreign enterprises.

In addition, VCCI-HCM will help the province connect and work with foreign organizations such as the Japan External Trade Organization (JETRO), the Japan International Cooperation Agency (JICA), the Korea Trade-Investment Promotion Agency (KOTRA), and foreign associations to enable Binh Phuoc's investment, trade and tourism promotion.

Last but not least, the two sides will coordinate to deploy training courses, talk shows or forums on business skills, entrepreneurship, business administration and investment promotion. Every year, they will coordinate to organize meetings, exchanges and experiences. ■

**The Vietnam Chamber of Commerce and Industry in Ho Chi Minh City (VCCI-HCM) will support Binh Phuoc to improve the business investment environment and enhance the Provincial Competitiveness Index (PCI).**

**THANG TRAN**

# Developing Public Service Culture to Meet Requirements in New Era

On December 27, 2018, the Prime Minister issued Decision 1847/QĐ-TTg approving the Project on Public Service Culture. After more than three years of implementation, the public service culture in public agencies has been increasingly enhanced. However, according to Ms. **Vu Thi Thu Ha**, Director of VCCI Vung Tau, in order to build and foster the public service culture, there is still a lot of work to be done. **Van Luong** reports.

## **Can you share your view on the need to build and foster the public service culture?**

Public service culture is a system of values, behaviors, symbols, and standards formed in the process of building and developing the public service, capable of transmitting and influencing the psychology and behavior of people performing public service. Public service culture plays a very important role in the organization and operation of state administrative agencies and the process of performing official duties of cadres and civil servants; is an important factor to improve the effectiveness and efficiency of the operations of State administrative agencies. Building and constantly fostering public service culture and ethics for the contingent of cadres, civil servants and public employees play an important and very necessary role in the roadmap toward a modern, professional and integrity public administration serving people and businesses.

## **How do you evaluate the Project on Public Service Culture?**

After more than three years of implementation of the project, the public service culture in public agencies has been increasingly enhanced; the sense of public service discipline and ethics has been increasingly improved. In terms of working spirit and attitude, when performing tasks and official duties, civil servants and public employees are always well aware of their assigned responsibilities and tasks. They always comply with the organization's assignments and are enthusiastic, dedicated, and exemplary when completing duties and tasks. They have a sense of discipline; strictly abide by the internal rules and regulations of agencies and organizations; and actively coordinate in performing tasks and public duties. They are supposed not to cause harassment, or show indifferent, insensitive, irresponsible attitudes.

In dealing with and communicating with people, civil servants and public employees always respect, listen to, and wholeheartedly guide the process of handling work and carefully explain people's questions. Civil servants and public employees always have a spirit of cooperation and assistance in performing tasks and official duties; avoid being sectarian and causing internal disunity of agencies and organizations.

Civil servants and public employees need to constantly

study, cultivate and practice ethics and lifestyle.

The duty of dissemination, propaganda and organization to thoroughly grasp Decision 1847/QĐ-TTg dated December 27, 2018 of the Prime Minister has also been seriously deployed to all civil servants, public employees, thereby making an important contribution to helping civil servants, public employees and employees become more aware of the basic contents of the Public Service Culture Project, making the implementation of the project a voluntary and regular work of civil servants and public employees; step by step building up the image of civil servants and public employees with the standard spirit, working attitude, communication and behavior, ethics and lifestyle, well fulfilling the assigned tasks.

## **Which key solutions should be focused on to improve public service culture?**

In order for the process of building and fostering a public service culture to effectively meet the requirements and tasks in the new period, in my opinion, it is necessary to focus on strengthening the propaganda and dissemination of the contents of the public service culture to raise awareness, create strong changes for cadres, civil servants and public employees in spirit, working attitude, standards of communication, behavior, ethics and lifestyle, in order to continue building the contingent of disciplined, responsible, dedicated and professional cadres, civil servants and public employees. It is important to research and propose to improve the regulations on public service culture in the Law on Cadres and Civil servants, the Law on Public Employees and guiding documents; studying and amending regulations, internal rules and working regulations of agencies and organizations in order to create a legal basis for methodically preventing violations of public service culture; advising, proposing initiatives, efforts on administrative reform, building working style and manners, training public service ethics, contributing to building a service administration, building a government with discipline, integrity, action, creativity, breakthrough, efficiency, building a State of the people, by the people and for the people.

It is necessary to pay attention to the implementation of Directive 05-CT/TW dated May 15, 2016 of the Politburo on "Promoting studying and following Ho Chi Minh's thought, morality and style"; Resolution 04-





☞ NQ/TW dated October 30, 2016, of the Fourth Conference of the 12th Party Central Committee on "Strengthening the construction and rectification of the Party; preventing and repelling the degradation of political ideology, ethics, lifestyle, internal "self-evolution" and "self-transformation" expressions; Regulation 08-QDi/TW dated October 25th, 2018 of the Party Central Committee on "The responsibility to set a good example of cadres and party members, first of all members of the Politburo, members of the Secretariat, members of the Central Committee"; Regulation 205-QD/TW, dated September 23, 2019, of the 12th Politburo on "The control of power in personnel work and prevent illegal lobbying for position and power" in state administrative agencies. It is crucial to actively implement the project of public service culture. It is essential to promote the emulation movements of cadres, civil servants and public employees emulating the implementation of office culture; replicating typical models and good practices in public service performance and building public service culture; creating a favorable environment and conditions for cadres, civil servants and public employees to exchange and share solutions and effective ways in implementing tasks.

It is significant to promote the synchronous implementation of regulations on public service culture in all sectors and fields, and state administrative agencies from Central to local levels. It is important to widely apply information technology in the internal operations of agencies and organizations, aiming to improve labor productivity, reduce meetings, administrative papers and reporting regimes, creating a foundation for e-Government development. It is necessary to provide information and online public services at a high level, on a large scale for people and businesses; listing all administrative procedures at the head office in order to make the activities of agencies and organizations more transparent, serving people and businesses better. It is essential to strengthen inspection and examination of the implementation of public service culture according to annual programs and plans and handle violations in accordance with the law. It is critical to timely praise and reward cadres, civil servants and public employees with achievements and exemplary performance in the public service culture.

In addition, it is also necessary to focus on strengthening training and fostering to improve professional qualifications and professional skills for cadres, civil servants and public employees. It is crucial to actively implement Resolution 18-NQ/TW dated October 25, 2017, of the 6th Conference of the 12th Party Central Committee on "A number of issues on continued renovation and organization of the apparatus towards a streamlined, effective and efficient political system" in order to create a profound change in awareness and action of the whole political system, gradually building up a contingent of cadres sufficient in quantity and quality, effectively meeting the requirements and tasks in the new period.

**Thank you very much!**

# RCEP Helps Vietnam's Businesses Reach Diverse Customers across Asia-Pacific

Opportunities from the Regional Comprehensive Economic Partnership (RCEP) will be foundational and motivational for Vietnam to boost exports to 15 countries.

HUONG GIANG

## Many new points

RCEP, which officially came into force on January 1, 2022, is considered the largest trade agreement in the world.

This is Vietnam's 15th free trade agreement (FTA), a pact toward liberalization and abolition of trade barriers among signing countries. Compared to 14 previously signed FTAs, RCEP is the largest agreement by a scale that Vietnam has ever entered, because the 15 signatories have 2.2 billion consumers in total, accounting for about one-third of the world's population and US\$26.2 trillion of GDP, or about 30% of the world's GDP.

Specially, RCEP partners have uneven levels of development (including developed, developing and underdeveloped countries) but have very strong export growth and they are the main export markets of Vietnam, accounting for 40% of its export share and 70% (even 75% in some years) of its import share.

According to experts, in an as-usual FTA, even with many partners, a country has a common tariff for all signatories and spares only 10-20% of different commitments applied to different countries. However, the RCEP does not have a common commitment for all members but divides into several layers of commitments. Each country will set a different tariff rate for each partner with different roadmaps and methods and the national reservations account for 30-40%. For example, Japan grants Vietnam a different tariff from others in the bloc for each item. This is a notable difference of RCEP, which requires Vietnamese enterprises to carefully study each commitment when carrying out commercial activities with RCEP partners.



**Vietnamese garment and textile industry benefits a lot from RCEP membership**

Furthermore, investment commitment is a notable distinction in RCEP. To date except for new generation FTAs (e.g. CPTPP, EVFTA and UKVFTA), Vietnam has not made any commitment to open investment in the manufacturing sector. But with RCEP, the country has opened up almost all manufacturing sectors for investors. This is an assurance for investors that Vietnam will not change its open-door policy to the fields it has committed and this is one of the reasons to expect that Vietnam will become a magnet to attract foreign direct investment from RCEP countries.

A success of RCEP is that although the 15 member countries have different levels of development in e-commerce and have different e-commerce management mechanisms, they have reached a common framework of commitments to e-commerce.

When RCEP is enacted, the signatories apply minimum floor commitments on non-tariff procedures and non-tariff measures in some fields and simplify customs and e-customs procedures or will help the region with opening initiatives such as paperless trade and leverage to make trade faster, more timely and less expensive.

### **Leveraging export growth**

According to the Ministry of Industry and Trade, RCEP is quite different from other new-generation FTAs that Vietnam has joined and its benefits are also not the same. While the CPTPP or EVFTA is aimed at opening the market, RCEP also aims for the centrality of ASEAN.

Ms. Nguyen Thi Thu Trang, Director of the WTO and Integration Center under the Vietnam Chamber of Commerce and Industry (VCCI), said RCEP is also a dynamic production, import and export region, accounting for 50-55% of total import and export value of Vietnam, enabling the

country to seek input materials and give a strong boost for its participation in production and supply chains.

In a report by Standard Chartered Bank, RCEP will strengthen its trade position, help Vietnam boost exports and gain better access to major consumer markets such as China, Japan, South Korea, and Indonesia. At the same time, RCEP helps manufacturers in Vietnam reduce costs and access supply chains in the Asia-Pacific region.

According to the Ministry of Industry and Trade, RCEP benefits Vietnam's key export industries like textile and garment, seafood, rice, coffee, pepper, footwear, automobile and telecommunications.

Vietnam's seafood exports to China advanced strongly in the first four months of this year, driven by pangasius, and frozen shrimp, reaching more than US\$530 million, up 100% over the same period last year. Vietnam has a borderline with China - a country with a large market size and diverse consumer needs. So, there is plenty of room and advantages for businesses to expand seafood export to this huge market. Australia is also a potential seafood export market. In 2021, Vietnam "overthrew" China to become its No. 1 seafood supplier with a total value of over US\$184.4 million.

Data from the Ministry of Industry and Trade also showed that the 15 RCEP member countries are important importers of Vietnam's cashew, accounting for 17.25% of the share in 2021. Vietnam's cashew nuts currently account for 99% of cashew imports in Australia, 97.8% in China, 97.66% in New Zealand and 78.61% in South Korea.

In particular, RCEP will "resolve" input difficulties and challenges. According to the Vietnam Textile and Apparel Association (VITAS), RCEP terms are bound to open the market for goods, services, investment, rules of value origin in member countries and measures to facilitate trade.

For example, in Japan, garments entering this market were previously required to prove their origin in ASEAN and Japan. Now with RCEP, Vietnamese garments manufactured from Chinese materials and accessories also enjoy preferential tariffs when being exported to Japan.

According to a VITAS representative, RCEP's differences come from a framework to simplify customs procedures, establish rules of origin, facilitate trade and create a common space for production throughout ASEAN. RCEP will solve a number of major problems for companies when China starts to import Vietnamese textile and garment products and provide opportunities to access this huge market. ■



# Likely Trend for Long-term Stock Growth



The rebound in corporate profits will be a key driver of Vietnam's stock market

According to experts, the stock market will continue to witness transformational changes as the world is gradually shifting to a new trend of globalization weighed by more regionality and stronger protectionism. The world will see the biggest restructuring of capital flow allocation order in decades. At that time, countries with stable political backgrounds and great growth potential like Vietnam will have more opportunities for development.

## QUYNH CHI

**M**ost importantly, how will Vietnam seize this opportunity to obtain transformational changes and complete reforms of economic activities? These changes will lead to stock restructuring. And despite many limitations and inadequacies, the long-term stock growth trend is still guaranteed.

### Many positive supporting factors

According to the research of Top 50 Prestigious and

Effective Public Companies in 2022 (VIX50) conducted and announced recently by Vietnam Report Joint Stock Company, the Vietnamese economy is gradually gaining positive recovery momentum amid rising inflation and tighter monetary policy in many countries around the world and ongoing Russia-Ukraine tensions. World market fluctuations are also an opportunity for Vietnam to strengthen its internal force and attract investment in the new post-COVID 19 globalization trend. As an important fundraising channel for the Government and businesses and an attractive investment channel for investors, Vietnam's stock market is currently the cup of tea of the community. A series of solutions for market inspection and stabilization launched by the Ministry of Finance and the State Securities Commission (SSC) are positively appreciated by investors for their effective clearance of many bottlenecks, a move described to help

enhance the sustainability of Vietnam's stock market.

2021 witnessed the spectacular growth of the Vietnamese stock market when the VN-Index set a record high of over 1,500 points and climbed 35.7% in the year, outperforming the average growth of 15.2% in five nearest years. Besides all-time high index scores, the stock market also recorded many positive changes in quality, featured by liquidity boom, market capitalization and investor optimism. The unpredictable development of the COVID-19 pandemic that caused serious consequences has become a strong catalyst to direct idle cash flow into the equity market and prolong growth momentum which has been shaped since 2020.

In 2022, facing many complicated developments at home and abroad, VN-Index slumped deeply in the first six months of the year. From the peak of more than 1,500 points in January, the gauge sank to below 1,200 points before making a fairly strong recovery in the last two weeks of May and early June. The market turned cautious on growth prospects. Only about 31% of experts and publicly traded enterprises in a survey conducted by Vietnam Report in May 2022 thought that the market would continue to be vibrant and look up. Meanwhile, most believed that it would be volatile with new shocks or quiet movements, and moderate liquidity. Thus, the VN-Index is likely to grow below 10% by the end of 2022.

Although it is experiencing a correction amid cautious investor sentiment, the Vietnamese stock market is believed to have positive support from fundamental macroeconomic factors and other internal factors.

In particular, Vietnam's economic recovery prospects are very clear and positive. Vietnam rises 30 places in the COVID-19 recovery rankings launched by Nikkei Asia. Vietnam is also

the only country to be positively assessed by three top credit rating agencies Fitch Ratings, Moody's and S&P amid inflation and tighter monetary policy in many countries around the world and Russia-Ukraine ongoing tensions. Vietnam has the advantage of enticing manufacturing investment as it is an economic bridge between two densely populated and dynamic regions, China and Southeast Asia, along with a series of free trade agreements signed over the years. According to Dragon Capital, if this advantage can be maintained, steady annual GDP growth of 6.5-7% is a positive scenario in the next few years. In addition, abundant foreign exchange reserves (US\$110 billion) will help the State Bank of Vietnam (SBV) with much room to continue exchange rate stabilization policy in the context of likely rising global inflation. These are all decisive factors to draw FDI inflows in a volatile global economy.

The rebound in corporate profits on domestic and international demand recovery is a key driver of Vietnam's stock market. According to Bloomberg, the EPS growth of the VN-Index in 2022 is forecast to rise 25% over 2021. Yuanta Vietnam estimated the EPS growth at 21%. Thus, listed companies may regain growth momentum in 2022 from a low growth base in 2021.

In particular, the Government's efforts to enhance market transparency and upgrade the market status in 2024-2025 are being focused on. In late 2021 and early 2022, the Government issued many directives on strengthening the administration, supervision, inspection and examination of the stock market and the corporate bond market and tuned up the bond market. Such measures as required disclosure of proprietary trading data by securities companies, warning status imposed on stocks that go up or go down too sharply, and a new approach to calculate the final settlement price at maturity of VN30 futures contracts are expected to support the market to increase liquidity and enhance information transparency. Practical market measures are considered to solve many bottlenecks and facilitate the sustainability of Vietnam's stock market.

#### Market upgrade

One of the prioritized goals of Vietnam's stock market is to upgrade its status in the near future. Market upgrading means raising quality to meet given criteria. This new status will draw a large amount of foreign capital to help Vietnam's securities develop quickly, transparently and sustainably. Criteria for upgrading from a frontier market to an emerging market focus on two main factors: Market size and liquidity (quantitative) and market accessibility (qualitative). Vietnam's main matter is qualitative standards. The Government's recent market action measures are also part of an effort to access qualitative standards. In addition, it is necessary to speed up the testing process and soon complete and run the KRX information technology system to help launch new products and services for the stock market in the near future.

According to Bloomberg data, Vietnam's stock market is currently a rare Asian market where foreign investors have been net buyers since the beginning of the year. This has partly reinforced the view that Vietnam's stock market will soon pass through the current volatile period and enter a more stable recovering and growing period in the coming time. According to experts, from now until the end of the year, the cash flow will be channeled more into production than risk-exposed fields like real estate and equity.

According to a survey by Vietnam Report, 92% of experts and businesses think that the retail industry has a much better prospect. The retail industry is benefiting from the economic recovery but is exposed to risks as rising inflation will force consumers to tighten their spending. Most experts and public enterprises agree that global rising inflation and escalating commodity prices will make 2022 less favorable for material-intensive manufacturing industries but this is not a big story to change the underlying value of the business. ■

*(from P.3)*

to host the event as China is pursuing the "Zero Covid" policy, which does not encourage opening to international tourists); and the fourth in Bangkok, Thailand from November 13 to 16, 2022.

ABAC was established in November 1995 by APEC Economic Leaders at the request of the private sector, with the aim of advising APEC leaders on important issues of doing business in the region.

Each member economy appoints three full members and up to three alternate members representing the private economy to join ABAC, including giant corporations and small and medium-sized businesses. ABAC meets four times a year to make recommendations to APEC senior leaders, aiming to foster trade and investment facilitation and liberalization, and build an enabling business climate for the business community in the region.

ABAC Vietnam's members include Mr. Pham Tan Cong, VCCI President and Chairman of ABAC Vietnam, Mr. Nguyen Thanh Hung, President of Sovico Group and Member of ABAC Vietnam, and Mr. Dang Thanh Tam, President of Saigon Invest Group and Member of ABAC Vietnam. ABAC Vietnam's members have actively taken part in ABAC's activities. Especially during Vietnam's APEC Chairmanship Year, ABAC Vietnam members coordinated to organize ABAC's annual meetings to work out a report on recommendations of the regional business community and submit it to Ministers of Trade, Finance, Labor and Health. Notably, it made and submitted the Annual Report to APEC senior leaders and successfully hosted the ABAC - APEC Leaders Dialogue within the framework of the APEC Summit Week.

As ABAC Chairman, VCCI hosted the most important business events within the framework of APEC in 2006 and 2017, including four meetings a year, ABAC-APEC Economic Leaders Dialogue, APEC CEO Summit and Vietnam Business Summit. In 2017, the APEC CEO Summit, hosted by ABAC Vietnam, attracted more than 2,000 international delegates, including U.S. President and Chinese President. In 2009 and 2012, ABAC Vietnam also showed a positive attitude toward the ABAC community as it hosted ABAC Midterm Meetings in Da Nang and Ho Chi Minh City. ■





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# FINANCIAL SERVICES & OPEN BANKING 2022

17<sup>th</sup> JUNE, 2022

LOTTE HOTEL SAIGON

PHÁT TRIỂN HỆ SINH THÁI TÀI CHÍNH SỐ TẠI VIỆT NAM  
THÍCH ỨNG LINH HOẠT, TĂNG TRƯỞNG & BỨT PHÁ

DEVELOPING A DIGITAL FINANCIAL ECOSYSTEM IN VIET NAM  
FLEXIBLE ADAPTATION, GROWTH, AND BREAKTHROUGH INNOVATION



Speakers at the forum on financial services and open banking

## DIGITAL BANKING ECOSYSTEM

# LONG-TERM DEVELOPMENT APPROACH

Currently, digital banking not only includes digitized banking services but also a digital ecosystem including hundreds of linked products and services, bringing maximum benefits to users. Building and developing a diversified, and secure digital ecosystem is the choice of many banks.

THU HA

## Race for digital transformation

Speaking at the Forum "Open Banking & Financial Services" organized by the International Data Group in Vietnam (IDG Vietnam) in collaboration with the Vietnam Securities Business Association and the Vietnam Digital Media Association recently, Mr. Vu Viet Ngoan, former Chairman of the National Financial Supervisory Commission, said that businesses'

perception of digital investment has changed, especially during the past two years of the COVID-19 pandemic.

Accordingly, about 73% of businesses in the ASEAN region said they increased investment last year and this year in technology and digital transformation, compared to only 60% in the same period in 2017. Similarly, up to 80% of businesses perceive data as a valuable asset (previously only 63%).

Regarding securities, Ms. Hoang Hai Anh, Vice President and General Secretary of the Vietnam Securities Business Association assessed that most securities companies now have a digital transformation research department. Thanks to technology products such as eKYC and Blockchain, trading accounts increased rapidly.

In addition, for the insurance industry, according to the Vietnam Association of Insurance in 2021, the total insurance premium revenue of the whole market was estimated at VNĐ217,338 billion, up 16.71% over the same period in 2020, in which non-life insurance premium revenue was estimated at VNĐ57,880 billion, up 3.98% over the same period in 2020; life insurance premium revenue was estimated at VNĐ159,458 billion, up 22% over the same period in 2020. Businesses have also increased the application of technology in business activities, such as using 100% of electronic contracts, and applying technology to enhance customer experience through many contact stages such as consulting and claiming. Or the most common is exploiting modern sales channels through banks and online channels.

Regarding the trend of open banking, over the years, many commercial banks have been implementing Open Banking activities at many levels and in different forms. In 2019, some banks launched API platforms to be able to connect with partners in the same ecosystem.

Ms. Tran Thi Thuy Ngoc, General Director of Deloitte Vietnam, said that the financial services industry is being affected by technological development, specifically digital transformation. In recent years, regulators globally have begun to open up banking processes and data as a means of increasing competition and giving customers more control over personal data. Core competencies that support the open banking ecosystem, such as regulatory framework, are well-established. Liability and dispute management should be clearly established and agreed upon by the parties.

According to Financialbrand.com, with the trend of data sharing becoming stronger in 2022, the Open Banking model will increasingly develop, creating comprehensive changes in the financial and banking industry.



## Toward a comprehensive digital finance

Sharing at the Forum, experts also said that although digital transformation in digital finance has been promoted in recent times, the challenges posed to the financial ecosystem in Vietnam are also quite large. Digital financial services are still a new field, so the legal framework is still incomplete, hindering the development,

management and supervision of the activities of actors in the digital financial ecosystem.

Regarding the reason for the unsuccessful digital transformation of enterprises, Mr. Vu Viet Ngoan, former Chairman of the National Financial Supervisory Commission, said that it comes from incomplete awareness.

"Digital transformation does not mean technology application but it requires a change in mindsets, business models and governance. In addition, the strategy of conducting digital transformation without mobilizing talented human resources also greatly affects the building of a digital ecosystem," said Mr. Vu Viet Ngoan.

Agreeing with this view, Ms. Nguyen Minh Nguyen Thanh, Southeast Asia business director of akaBot (FPT Software), said that the main cause of failure in digital transformation is that the management strategy and the governance model of enterprises have not really kept up with the digital development.

"One important thing that businesses need to change is management strategy. Instead of waiting for changes to come, we must actively anticipate and prepare for all changes," emphasized Ms. Nguyen Minh Thanh.

Making recommendations to the management agencies, Ms. Tran Thi Thuy Ngoc, General Director of Deloitte Vietnam, said that the State Bank needs to study, build, test and gradually improve the legal framework to manage open banking activities, and also promulgate an open data standard toward an open banking system. It needs not only to improve the customer experience for banking products and services on digital platforms, but also create a level playing field in the banking system. ■





## EASIER PROCEDURES FOR IZ ESTABLISHMENT

# A Boost to Investment Attraction

Decree 35/2022/ND-CP issued on May 28, 2022, replacing Decree 82/2018/ND-CP, featured the removal of procedures for the establishment of industrial zones, aiming to reduce administrative procedures for industrial zone developers. At the same time, it further decentralizes state management to the Ministry of Planning and Investment and the Provincial People's Committee in industrial zone operation. This move is highly appreciated by many investors for reducing investment licensing procedures in industrial parks, especially when industrial parks can obtain investment licenses as soon as they are approved.

**ANH MAI**

## More supply of industrial zones

According to the Ministry of Planning and Investment, by the end of 2021, as many as 397 industrial zones were established (including 352 industrial zones outside economic zones, 37 industrial zones in coastal economic zones, eight industrial zones in border economic zones) with a total land area of 122,900 ha. 291 industrial zones are operational with a total land area of 87,100 ha, including 58,700 ha of rentable industrial land and 106 industrial zones are under construction, covering 35,700 ha. The occupancy rate is 70.9%, as much as in late 2020.

In the first six months of 2022, the Deputy Prime Minister signed a decision to establish nine new industrial parks with a total area of 2,472 ha and a total investment capital of VND29,411 billion. Licensed projects are required to be built within 3-4 years and have a lifespan of 50 years from the date of establishment. Thus, these new industrial parks will probably come into operation from the end of 2023

to 2025.

According to SSI Research, currently, the demand for land rental in Vietnam's industrial zones continues to grow positively as flight route reopening and vaccine passport applications help signed MOU contracts complete investment procedures. VND/USD exchange rate is more stable than that of Indonesia, Thailand, India, Malaysia and other countries. Besides, Vietnam's FDI attraction policies such as corporate income tax (CIT) of 0% in the first four years of operation and a 50% reduction in the next five years; preferential policies on social housing for workers in industrial zones in Decree 35/2022 and Decree 82/2018/ND-CP; and the shift of production from China to Vietnam amid China's continued Zero Covid policy are positive factors that make Vietnam attract more investors.

According to Jones Lang LaSalle Group (JLL) - the world's leading provider of real estate and investment management services, two industrial parks went into operation in southern Vietnam in the first quarter of 2022,



VSIP Bac Ninh is a modern and eco-friendly integrated township and industrial park

namely VSIP 3 in Binh Duong (1,000 ha) and Amata Long Thanh Hi-tech Industrial Park (410 ha), bringing the total IP land bank in the South to 25,220 ha. At the same time, in the North, the construction of Thuan Thanh I Industrial Park in Bac Ninh province has brought a positive signal to the market, adding 160 ha of land for lease, expanding the total rentable land in the North to more than 10,024 ha.

FDI inflows into the industrial estate and manufacturing in the North are strongly growing, according to JLL. Notably, VSIP Bac Ninh projects increased investment capital by nearly US\$941 million and Goertek Group's manufacturing plant in Que Vo Industrial Park, Bac Ninh raised its capital by nearly US\$306 million. The occupancy rate of industrial parks in the North in the second quarter stayed at 80%, much higher than 75% a year earlier. The average price of industrial land in the first quarter of 2022 was US\$109 per square meter per renting cycle (+9.2% from a year-ago period).

Meanwhile, industrial zones in southern Binh Duong and Long An continue to catch the fancy of investors. Notably, despite being newly built, VSIP 3 has attracted more than 30 companies who are seeking to hire 175 ha. Long An province also received Coca Cola's factory investment project worth more than US\$136 million in Phu An Thanh Industrial Park. The occupancy rate is 85%. Industrial park rents grew 9% from a year earlier to US\$120 per square meter per cycle.

### Slowing site clearance

Although legal procedures concerning investment licensing of industrial zones have been simplified, the progress of compensation and clearance is still quite slow, likely leading to a delay in investment activity.

In fact, compensation costs have increased sharply. The land price bracket for the period 2020-2024 was issued in most provinces and cities, replacing that applied in 2015-2019, with sharply rising prices in industrial centers. For example, Ho Chi Minh City has an average annual growth of 20%; Hanoi, 15%; Dong Nai, 1.5-3 times; Binh Duong, 20-45%; Ba Ria - Vung Tau, 50%; Binh Phuoc, 84%; Bac Ninh, 40%; Long An, 60%; Bac Giang, 36%; and Hung Yen, 39%.

Specifically, the capital base of projects in Sonadezi Chau Duc increased by 63% in 2022. Particularly, the cost of site clearance expanded by 90% over the same period of 2021. The investment fund in Phu Thuan Industrial Park (Ben Tre) was added by 61% mainly due to an increase in compensation and clearance costs.

In addition, compensation and clearance, especially for existing households, are very difficult. According to SSI Research, compensation and clearance is carried out by the District Land Fund Development Center but, for industrial zone projects, it is approved by the Provincial People's Committee. In reality, it is time-consuming because there are very large differences in compensation and clearance prices year by year. Enforcement against uncooperative land-owners households may take 1-2 years. These reasons cause slowing site clearance. ■

## Promoting Communication on Sea, Islands and Maritime Economy

Deputy Prime Minister Le Van Thanh recently signed Decision 729/QD-TTg approving sea and ocean communication program to 2030.

The program is applied nationwide and involves central and local agencies, with priority given to 28 coastal provinces and cities; some countries with many Vietnamese people; and countries with friendly cooperation traditions with Vietnam.

The program will focus on communications on sea and island policies and laws (including international laws); position, role and importance of seas and oceans; Vietnam's rights and interests in the East Sea; marine resources and environment; and sustainable development of the marine economy.

Communications on contents, goals and solutions for sustainable development of six marine economic sectors are based on Resolution 36-NQ/TW on tourism and marine services, maritime economy, offshore oil and resource production, aquaculture and fishing, coastal industry, renewable energy and new marine economic sectors.

Its objectives and tasks will be integrated with other relevant communication and information programs, projects and plans for effective implementation.

Communication forms will be diversified into mass media, personal communications, basic information systems (public loudspeaker systems, posters and slogans), and educational and training institutions.

Ha Linh

## Chemical Industry Moves toward Green Growth, Circular Economy

According to the strategy, the chemical industry will strive to achieve an average annual growth of 10 - 11% and its contributions to the industry will reach about 4-5% by the end of 2030. In the period to 2040, it will aim for average growth of 7 - 8% a year and its contributions to the industry will be maintained at about 4-5%.

According to the strategy, Vietnam's chemical industry will shift towards a modern pattern that consists of 10 sub-sectors. Existing production facilities will be rearranged to enhance concentration and scale; installed with more advanced technologies. Meanwhile, it will discourage small producers from using outdated technology, having low resource efficiency, poor product quality and causing environmental pollution.

State-owned chemical enterprises will be encouraged to foster innovation, reorganization and operational performance, enhance State budget efficiency, and overcome scattered, ineffective investment.

In addition, the strategy underlines a strong shift to FDI inflows for priority fields and products, projects with advanced, modern and environmentally friendly technologies and with high social and economic efficiency.

Ha Thu



# Status and Potential of Vietnam's Seaport Operations

## Current background

Maritime industry is an economic sector of high specificity and deep international integration. In recent years, the maritime infrastructure, especially the seaport infrastructure, has played a very important role in meeting the country's economic development needs and creating a driving force for stronger foreign economic activities and international integration.

Located in major economic centers, seaports serve freight import and export and create a driving force for regional development, for example Quang Ninh and Hai Phong seaports with the northern key economic region; Thua Thien Hue, Da Nang, Dung Quat and Quy Nhon seaports with the central key economic region; Ho Chi Minh City, Ba Ria - Vung Tau and Dong Nai seaports with the Southeast dynamic economic region; and Can Tho and An Giang seaports with the Mekong Delta key economic region. Some seaports have been built with the modern international class like Ba Ria - Vung Tau and Hai Phong seaports. These ports act as international gateways and transshipment terminals. In 2020, Vietnam's seaport throughput was 692.2 million metric tons (about 8.4 times higher than that in 2000) and 1.7% higher than the forecast for the year

After two decades of planned seaport development, Vietnam has housed 34 seaports and 296 wharves in commercial operation with a total length of 96 km and a throughput capacity of 750 million tons a year.

## NGUYEN DINH VIET

ACTING DIRECTOR OF VIETNAM  
MARITIME ADMINISTRATION

(640-680 million tons according to Decision 1037/QĐ-TTg dated June 24, 2014 of the Prime Minister). Every year, Vietnam's seaports clear all imports and exports by sea, accounting for over 90% of the country's total import and export volume. Ports play an important role in circulating and exchanging goods and creating momentum for economic development.

From its open investment policies, over the past time, Vietnam has attracted many professional port operators and major shipping lines in the world to build and operate seaports in Vietnam. For example, DP World Group of the UAE invests and operates Saigon Premier Container Terminal (SPCT) - Ho Chi Minh City; SSA Marine Corporation of the U.S. with Cai Lan International Container Terminal (CICT) in Quang Ninh and SP-SSA International Terminal (SSIT) in Ba Ria - Vung Tau; PSA Group of Singapore with SP-PSA Terminal in Ba Ria - Vung Tau; APMT Group of Denmark with Cai Mep International Terminal (CMIT) in Ba Ria - Vung Tau; Hutchison Port Holding Group of Hong Kong with SITV Terminal in Ba Ria - Vung Tau; Mitsui O.S.K line of Japan and Wanhai Lines of Taiwan with Tan Cang Cai Mep International Container Terminal; and MOL and NYK with Lach



Huyen Terminal. Global professional port operators, shipping lines and some domestic port operators such as Saigon Newport Corporation have provided the best seaport services and improved the service quality and competitiveness of Vietnam's seaports.

Better seaport services and rising shipping demands have attracted large shipping lines to open routes from Vietnam to other countries in the world. Lach Huyen Wharf is capable of accommodating vessels of up to 132,000 DWT and Cai Mep Thi Vai Wharf, 214,000 DWT or over 18,000 TEUs. Every week, nearly 40 vessels depart from Cai Mep - Thi Vai Terminal, including 18 to Europe and America, and 10 to Asia, gradually making Vietnam an important link in the global maritime chain.

## **Advantages and disadvantages of seaport operation**

Since opening for international economic integration, Vietnam has entered into many international political-economic forums (ASEAN in 1995, ASEM in 1996, APEC in 1998, WTO in 2007, CPTPP in 2018 and EVFTA in 2020) and its position has been increasingly enhanced. In addition to international integration, Vietnam's import and export value has also continuously grown. Its import and export value was only US\$13.6 billion in 1995 but jumped to US\$668.5 billion in 2021. Furthermore, cargo throughput at Vietnamese seaports has also continuously increased, from 34 million tons in 1995 to 706 million tons in 2021, nearly 21 times or an annual growth of 12.4% in the period. Boosted by integration efforts, the maritime industry, including the port economy, has played a huge role in both boosting economic development and creating momentum for investment attraction to grow the sea- and port-linked economy.

As an economic locomotive of very high internationalization, acting as transport infrastructure and as an economic infrastructure and international border gates, seaports have shown their obvious advantages in the process of development and operation.

Firstly, the seaport economy is one of the focuses of the maritime sector and a high concern of the government. Vietnam Maritime Law, enacted for the first time in 2005 and revised in 2015 by the National Assembly, is a very important milestone as a basis for the formulation of specific policies on the development of maritime industry in general and seaports in particular and the expansion of maritime cooperation with countries around the world.

Particularly, being adjacent to the world's leading international maritime routes in the East Sea, Vietnam has a long coastline with many locations favorable for the construction of seaports to serve economic development. Besides, with the open-door policy, Vietnam has strongly attracted a lot of investment funds for economic development, with the export-driven economy being increasingly expanded. At the same time, the accession and signing of transport agreements with countries around the world have boosted trade, resulting in a continuous increase in cargo volume via Vietnam's seaports.

In addition, the government has paid attention to and directed seaport development according to approved plans in the past 20 years. This is the basis for drawing investment resources (mainly non-government budgets) for seaport infrastructure development.

Besides achievements, seaport infrastructure development still has shortcomings and challenges. Being a highly internationalized economic sector, impacts of the international economy and maritime industry also knock Vietnam's seaport operations, especially in the context of wars, epidemics and trade tensions among major economies. Moreover, the plan forecasting capacity

remains weak, leading to frequently revised planning.

In seaport investment, the subdivision of planned port functional areas, based on investors' capacity, has fragmented port development, restricted the working capacity of shore roads and port spaces for development and caused local competition among ports in the same area.

Except for a few newly built ones, most ports are built deep in the mainland where passageways to ports are limited and urban transport systems are facing enormous challenges, thus diminishing the quality of transport services and seaport operations. Traffic connectivity to ports is weak in some locations and major modes of transport such as railways and highways to ports are still inadequate to stimulate investment in port operations.

Notably, the need for investment capital for maritime infrastructure development is huge while the budget is limited, especially for important projects.

The development potential of Vietnam's seaport system is linked to the upcoming seaport system planning to meet international integration requirements

On September 22, 2021, the Prime Minister approved the Master Plan on Vietnam Seaport System Development in 2021-2030, with a vision to 2050, with remarkable contents as follows:

The master plan defines seaports as an important component of maritime infrastructure, socioeconomic infrastructure, and one of three strategic breakthroughs according to the Resolution of the 13th National Party Congress. There is a need for synchronous and modern development investment to support large-volume cargo transportation.

The plan emphasizes applying achievements of the Fourth Industrial Revolution in the construction, management and operation of green seaports, conserving energy, and effectively using natural resources of coastline and water surface.

With the achievements of seaport development in the past 20 years, it is important to give priority to international gateway seaports and large-scale seaports to serve national and inter-regional socioeconomic development; develop international passenger ports with tourism-motivating development regions and large-scale ports to serve economic and industrial zones; and island ports to serve socioeconomic development with national defense, security and territorial sovereignty of the sea and islands.

The seaport capacity is expected to reach 1,140-1,420 million tons by 2030 (1.64-2 times higher than the seaport throughput in 2020), of which container cargo throughput is 38-47 million TEUs (1.7-2 times higher in 2020).

Regarding development priority areas: (1) On public maritime infrastructure: Investing to upgrade Cai Mep - Thi Vai Terminal to accommodate vessels of up to 200,000 tons (18,000 TEUs); dredging channels and passageways for ships of 20,000 tons into Hau River; upgrading channels into Nghi Son Port, installing sea-lights on islands and archipelagos under Vietnam's sovereignty, infrastructure for maritime safety. (2) On port infrastructure: Investing in new berths in Lach Huyen Terminal, Nam Do Son Terminal (Hai Phong), Cai Mep - Thi Vai Terminal (Ba Ria - Vung Tau), main first-class seaports, international passenger terminals, large-scale ports dedicated to serve coal, gas, petroleum, metallurgical and power centers; ports for coastal economic zones, and potential Van Phong and Tran De seaports.

Resources for seaport development are mainly mobilized from the private sector, accounting for 95% of the total VND313 trillion of seaport investment capital needs. State budget capital is concentrated on public infrastructure and key areas to create ripple effects on investment attraction.■



# Seeking Mechanisms to Draw Investment Funds in Seaports

## More socialization of investment funds

In the past years, Vietnam's seaport system has been developed more synchronously and modernly. Basically, the seaport system has served import and export flows and enhanced regional interconnectivity, thus facilitating economic growth and initially meeting integration.

According to the Vietnam Maritime Administration, in the 2011 - 2020 period, as much as VND202 trillion (US\$8.8 billion) went to the maritime sector, of which non-State sources accounted for 86% or VND173 trillion and the State budget was over VND28,000 billion or 14%.

The maritime industry has utilized ODA capital to complete port investments across the nation, such as Cai Lan (Quang Ninh), Tien Sa (Da Nang) and Cai Mep - Thi Vai (Ba Ria - Vung Tau).

Besides domestic private investment and ODA funds, the maritime industry has received foreign investment capital.

Many of the world's leading shipping lines and port operators have arrived in Vietnam to set up investment joint ventures to build and operate seaports, including Hutchison, PSA, DP World, SSA, Maersk A/S and CMA-CGM. This is a very favorable foundation for Vietnam's seaports to develop and become an important link in the global supply chain.

To develop the seaport infrastructure system one step ahead, the Government signed Decision 1579/QD-TTg approving the Master Plan for Vietnam Seaport System Development in the 2021-2030 period, with a vision to 2050.

Seaport development is estimated to cost VND313 trillion (US\$13.6 billion) by 2030, which will be largely raised from non-budget sources, corporate capital and other capital sources. Mobilizing socialized investment capital sources for maritime infrastructure is an urgent task in order to share budget burdens and facilitate socioeconomic development.

The investment funds for seaport development by 2030 is expected to be more than VND300 trillion (US\$13 billion), which will mainly come from private sources, corporate capital and other capital sources. This tough difficulty needs to be carefully solved to have a clear and effective investment attraction policy.

HA LINH

## Removing barriers

Currently, many domestic and foreign-invested enterprises are looking to invest in Vietnamese seaport projects as this is a potential industry.

In the past years, the Government, ministries and central agencies have introduced many investment attraction policies and incentives for seaport investment and operation. Typical regulations include Decree 108/2009/ND-CP on investment in the form of BOT, BTO and BT contracts and Decision 71/2010/QD-TTg on investment pilots in the form of Public-Private Partnership (PPP). These legal documents provide a new approach for socialized investment for transport infrastructure construction, including maritime infrastructure.

Regarding the Master Plan for Vietnam Seaport System Development in 2021-2030, Mr. Hoang Hong Giang, Deputy Director of the Vietnam Maritime Administration, said, to



Overview of the Ca Na general seaport project phase 1, developed and invested by Trung Nam Group



*Some port projects are attracting the special interest of domestic and foreign investors such as Lach Huyen Port - Hai Phong, Tran De Port - Soc Trang, Nghi Son Port - Thanh Hoa, Cai Mep Ha and inland clearance depots.*



attract development resources for seaports, the plan clearly defines the priority of land and water surface for port development, continue to study and perfect policies on prices and fees to enhance the efficiency of seaport investment and increase attractiveness for investors.

In the coming time, localities should continue to coordinate with the Ministry of Transport to build seaports to boost their socioeconomic development breakthroughs and draw investors.

Concurring with this view, Mr. Ho Kim Lan, General Secretary of the Vietnam Seaports Association, added that, when calling for investors, localities should ensure the land fund and traffic connectivity for them to successfully implement their port investment and operation plans. In addition, it is necessary to create a help desk to support them to handle administrative procedures.

Furthermore, it is important to issue specific regulations on investment forms in order to encourage and facilitate enterprises to invest in and develop planned projects. When choosing an investor, localities need to review its financial capacity, experience and regulatory compliance.

Localities should prioritize investment in upgrading existing seaports for more effective operation; enlist the support of international organizations and major partners such as South Korea and Japan in seaport and transport infrastructure development.

For potential projects that require huge capital, competent agencies should be responsible for supporting and ensuring long-term, sustainable benefits and a healthy competitive environment for investors.

In recent years, the shipping and logistics industries have tended to develop rapidly. In the coming time, when the wave of FDI moves more strongly into Vietnam and free trade agreements are enforced, the demand for production, import and export trade will skyrocket as a result. This requires that seaport systems need to be further developed and invested in, including upgrading, expansion and construction.

To catch this wave, Vietnam's maritime industry is preparing to accommodate big potential investors. ■

## SEAPORT INDUSTRY

# Advancing Digital Transformation

The digital ecosystem will help eliminate traditional manual transactions in seaports and digitize processes, in line with the trend of the fourth industrial revolution.

GIANG TU

### Digital transformation is an urgent need

Cai Mep - Thi Vai is the largest port in Vietnam when it can accommodate 200,000 DWT mother ships. In 2021, the throughput at Cai Mep - Thi Vai reached nearly 80 million tons, the growth rate was up to 22%/year.

With an area of 48ha, the port finds it difficult to control all goods entering and leaving the port. Therefore, Cai Mep - Thi Vai has to come to digital transformation to solve the problem of automatic customs management and supervision.

Tan Cang - Cai Mep is the largest terminal in Cai Mep - Thi Vai port cluster, and is also a pioneer in the application of electronic port software (E-port) in support of customs clearance inspection.

According to Mr. Nguyen Hong Phuc, Business Director of Tan Cang-Cai Mep International Terminal (TCIT), the E-port application was first applied by Saigon Newport Corporation in Vietnam at the beginning of 2017. E-port is a program to assist customers in declaring procedures for lifting and lowering containers and handling fee payments in a convenient, time-saving time, cost-cutting manner.

With this application, customers only need a phone with an internet connection, follow the instructions to complete the transaction in just 1-2 hours, and the staff does not have to go to the port. Thus, businesses can also reduce the number of employees on duty at the port for customs clearance.

Ms. Le Thi Thu Thuy, Deputy Director of Phu My Transport Company, said that in the past, the company had to send 4-5 people to the port to coordinate the implementation of procedures, payment, cargo handling and delivery. However, now they only need to scan barcodes, so that employees can operate on computers without having to go to the port. Transaction time has been cut by more than







half, creating convenience, safety and greatly reducing costs for the logistics industry.

For seaports, with many and complicated goods and customs clearance documents, digital transformation is an urgent need to optimize capacity and improve the quality of port operations.

Hai Phong Port, the largest general seaport cluster in the North, since the country's renovation has worked with foreign customers, so the demand for information exchange is high, forcing leaders to apply information technology in order to speed up the exchange.

Hai Phong Port Joint Stock Company has promoted customer service through software such as Eport, TOS, MIS, meeting the rapid information exchange between customers and Hai Phong Port. When applying software, such as Eport, the delivery orders are done through Eport. By the end of the fourth quarter of 2021, the proportions increased to more than 30% of the port's volume and revenue.

Hai Phong port is also one of the first enterprises in Hai Phong city with the support of the customs authority to conduct electronic handling and delivery as well as customs clearance through the current port very quickly.

According to the Vietnam Seaport Association, the management at seaports used to be quite difficult and needed a lot of human resources and costs to control import and export goods. However, with the development of information technology, the introduction of seaport management by intelligent technologies, the operation of seaports is increasingly modern and easy. In particular, the challenges from the COVID-19 pandemic are promoting automation in the fields of seaports and logistics and this will become the main trend in the near future.

## Using digital technology to unleash its potential

The statistics of the Vietnam Maritime Administration show that after two decades of seaport development according to the approved planning, Vietnam's seaports have formed a port system including 34 seaports, 296 wharves with a total length of about 96 km, the approved capacity of about 750 million tons/year.

The port system stretches across the country; however, it has not received proper investment in IT application. According to the assessment of Royal Haskoning DHV, one of the world's leading global technical consulting groups in the fields of industry, seaports, maritime, technical infrastructure, to transform Vietnam's seaports in a greener and smarter direction, the first element is supply chain integration. The improvements in transport links promise to improve efficiency and reduce congestion in the port area. The time-based placement of trucks, the scheduling systems of barge loading, and digitization of processes allow operators to interact with the supply chain in real-time.

On a national scale, sharing data with the port system, incorporating a maritime one-stop shop is expected to improve information transfer between cargo owners, transport service providers, port owners with management agencies. This can reduce the administrative burden on port customers, while effectively improving congestion, payment speed, transparency and cash flow.

Internationally, in 2022, APEC has set out a program to restore the supply chain, focusing on enhancing digital transformation, applying advanced technology, developing smart ports to increase port operation efficiency, smoothly connecting with stakeholders in the supply chain, minimizing direct human contact through methods such as digitization of documents and online payment forms.

Therefore, port businesses need to work toward building a digital ecosystem, which is an intermediary electronic system that helps connect systems of organizations operating in the seaport sector in order to simplify, standardize and speed up the exchange of information between the parties, increasing the efficiency of interaction with government agencies such as customs, maritime and port authorities. Therefore, it can strengthen and optimize management and automate processes, improve service quality and save costs in port operations and logistics. Besides, it helps eliminate the traditional manual transaction practice between parties, and digitize the processes, in line with the trend of sharing economy in the era of the fourth industrial revolution. ■



# Top Solutions to Promote Logistics Services Development

Logistics activities in Vietnam play a key role in import and export growth and are also an important link in the global supply chain. Maintaining stability and becoming a strong link require multiple factors, especially in the context of natural disasters, unpredictable maritime incidents, and the on-going pandemic in Vietnam and many other countries.

## HUYNH VAN CUONG

VICE CHAIRMAN OF HO CHI MINH LOGISTICS ASSOCIATION (HLA)

### **Difficulties and obstacles to logistics activities**

As a link in the global supply chain, activities of enterprises in Vietnam are also heavily affected by reasons including high freight costs which constantly set new records, lack of space on ships, port congestion in the world making the total journey of each ship long, and lack of raw materials for manufacturing.

Difficulties due to the fact that the inability to manufacture will have a negative impact on the whole supply chain in Vietnam: Enterprises cannot guarantee production, thus, there has been a shift of orders to other regions/countries, and if the situation continues for a long time, they will face the risk of losing customers completely due to supply chain changes.

Enterprises face the risk of late order delivery, fine payment for contract

breach, or having to switch from sea to air transport as, even though the cost is high and there may be no profit or even loss, they can thus avoid breaching contracts. Besides, the long shipping journey poses the risk of damage to goods, especially food items.

In addition, there remain difficulties that existed prior to COVID-19 such as the unsynchronized transport system, the limited connectivity between different types of road, rail, and waterway transport leading to high transport costs and the reduction of competitiveness. The road infrastructure connecting to the main ports has not kept pace with the development and growth in the cargo throughput of the ports leading to traffic congestion on the access road to the port.

Difficulties are also due to complicated administrative







procedures. For example, procedures for adjusting MNF to change destination terminals among terminals located in the same area of Ho Chi Minh City remain complicated, raising costs for businesses; Some regulations such as not allowing a customs office to conduct physical inspections of exports on behalf of another customs office also causes difficulties for businesses.

## **Solutions to the development of logistics services**

### *Recommendations to the authorities*

To boost the development of the logistics industry, Vietnam needs to pay attention to several measures. Firstly, it needs to regard procedures and regulations, there should be consistency and adjustment to create flexibility and consistency.

Regarding the attraction of goods in transit or transshipment: With the current charges for seaport infrastructure in Ho Chi Minh City, applied for goods in transit or transshipment, and goods in bonded warehouses (with a charge of VND2.2 million/20' and 4.4 million/40'), shipping lines have to consider services at seaports in Vietnam and the ability to move their cargo to other neighboring ports in the region. It will go against the government's orientation of "Improving the flow of goods at the gateway terminals of Lach Huyen and Cai Mep - Thi Vai, turning these terminals into focal points for domestic and international goods consolidation and transshipment". Therefore, it is necessary to have an appropriate policy to attract such goods given the context that countries in the region - countries that have a large volume of goods in transit and transshipment through Vietnam such as Laos, Cambodia, and Thailand; focus on developing the railway (the route connecting Laos with China and expected to connect with a part of the Thai railway system), developing seaports (the fast growth in throughput and routes through Sihanoukville port over the years) and continue to expand the Sihanoukville Autonomous Port with construction expected to begin in 2022. Thus, if there is no attraction policy, Vietnamese seaports will lose this volume of goods. When shipping lines change the routes and habits of customers, it is difficult to get them back. It is necessary to reduce the charges of seaport infrastructure for goods in transshipment, transit, and bonded warehouses; procedures need to be more open, for example: Allowing 2 times of port transfer for goods in transit, especially goods transited via seaports in the southern region transferred to seaports in central Vietnam and subsequently transported to Laos/ Thailand, etc.

It is necessary to systematize each legal document by fields (road, waterway, Freight Forwarding, international conventions, etc.) from which to identify barriers, limitations, overlaps, etc. to eliminate or gradually open the door to avoid breaching integration commitments, or hindering the participation of small and medium-sized enterprises (for example, regulations on the minimum number of tractors to enter the industry, procedures for M&A remain complicated...)

Ports under the management of Ho Chi Minh City

Customs should be considered a unified entity, thereby facilitating the promotion of flexible movement of goods among ports instead of carrying out complicated procedures when changing customs branches at the border gate on manifest, as being currently applied.

We need to continue to invest in and improve the National Single Window (NSW) for importation and exportation. As of May 2021, more than 3.08 million documents had been processed via the NSW. Since its launch in 2014, about 47,000 businesses and 13 out of 18 line ministries, including the Department of Transport, have joined NSW, and 226 administrative procedures have been linked to the system. However, the NSW remains incomplete and many procedures have not been incorporated into the system. More time spent on such procedures leads to increased costs for businesses, thus reducing cost advantages and competitiveness. (Source: OECD)

Secondly, Vietnam needs to create a special mechanism for Vietnamese enterprises to lead the market, form a network of large logistics enterprises and have a special mechanism for them to promote their leading role in the market, reducing logistics costs to help Vietnam's logistics industry develop, and improving the competitiveness of Vietnamese products and goods, meeting the increasing logistics demands of not only the domestic market, but also attracting the attention and use of FDI enterprises.

It should be frankly acknowledged that logistics companies in Vietnam only provide basic services, in addition to not having enough potential and experience, there is one core problem: 65% and 73% of imports/exports are handled by FDI enterprises, and most of the logistics packages are assigned by international bidding packages and obviously the remaining piece of the cake for Vietnam accounts for a small part of the supply chain. Referral to how Asia's logistics companies have developed, although it is not entirely true, the majority of manufacturers will prioritize their national logistics companies. Thus, the government needs to identify manufacturers that are considered the spearheads of the country, prioritizing cooperation with leading logistics companies in Vietnam with the motto "Vietnamese people give priority to Vietnamese companies". But it does not mean that there are no opportunities for small and medium-sized logistics enterprises (more than 4,000 local enterprises operating in the field of logistics, about 80% having capital from VND1.5 to 2 billion) but each segment of manufacturers will be suitable for a certain segment of logistics companies in the spirit of synergy so that production and logistics can develop together.

Next, Vietnam needs to develop a synchronous infrastructure system, speed up the progress of transport infrastructure connection projects, multi-modal connectivity to facilitate the development of logistics services, and increase investment in logistics and warehouse infrastructure to strengthen the logistics ecosystem, regional interconnection to help increase Vietnam's trade competitiveness globally. Vietnam's road infrastructure lags behind several countries in the region such as Malaysia and Thailand. Vietnam's total

(continued on P.39)

# Embracing Sustainability in Last Mile Delivery

With the rapid growth of e-commerce post-COVID-19 pandemic, now is the time for businesses to adopt sustainable approaches in the last mile delivery in logistics and supply chain management to reduce the environmental burden caused by the process, said RMIT researchers.

**F**eatured in the leading independent publisher of global research with impact in business, society, public policy and education -- Emerald Insights, the research paper 'Last mile delivery in logistics and supply chain management: a bibliometric analysis and future directions' proposes a framework which explores the characteristics and interconnections of last mile delivery and its related components.

"In the context of logistics and supply chain management, last mile delivery can be generally understood as the final step of transiting orders to the right customers," said the research lead author and Bachelor of Business (Logistics and Supply Chain Management) fresh graduate Ha Tuan Nghiep.

Since the beginning of e-commerce, customers have been searching to buy products online rather than traditional brick-and-mortar stores. Consequently, e-commerce is experiencing robust and steady growth globally; amounting to nearly \$3.46 trillion in 2019 and estimated to reach more than US\$6.5 trillion by 2023.

Nghiep said that although last mile delivery has become a must-have consideration for businesses, it is globally considered the most pollutant, inefficient and costly component of the supply chain.

"With the ever-growing trade volumes of e-commerce, the number of delivery vehicles in circulation also increased to bridge the last mile towards the consumers.

"This progress, in turn, exacerbated traffic congestion and traffic accidents, air and noise pollution and greenhouse gas emissions."

"Last mile deliveries have become unsustainable across all three elements of sustainability: economic, environmental and social, and sustainability needs to be the future focus of last mile delivery," Nghiep emphasized.

The research team noted that the idea of sustainability in last mile delivery is not new, however, most of the work in this area is still focusing on economic benefits over the social and environmental advantages.

"It includes five dimensions - delivery, transportation, operations, distribution and logistics," he said. "Each of these dimensions is interrelated and possesses their own characteristics. Last mile operations, transportation and delivery are considered operational, whereas last mile distribution is tactical, and last mile logistics is strategic."

One thing the team noticed is that the practitioners are focusing heavily on the operational level of last mile delivery and paying little attention to the tactical and strategic level of the last mile delivery.

"The fragmentation due to different disciplines and standpoints will be detrimental to the future development of the last mile delivery, particularly during the COVID-19 pandemic and increased e-commerce activities around the world," Nghiep said.

RMIT Vietnam lecturer and co-author Bill Au said that focusing only on the operation level limits the decision-making processes of the e-commerce businesses and obscures the potential to develop new strategies for the e-commerce industry.

"Therefore, extending the planning and considerations to tactical and strategic level allow e-commerce businesses to understand more clearly the needs and demands of stakeholders," Mr. Au said.

Sustainability in the last mile is possible and not a myth, because evidence showed that last mile delivery had become greener during the COVID-19 pandemic, and customers are now expecting convenience, speed and sustainability from their deliveries at the right price.

"Once the benefits of sustainability have been made clear to customers, they are more willing to make economic sacrifices in the name of the greater good: the planet and society," co-author and James Cook University's senior lecturer Dr. Mohammadreza Akbari noted.

"It should be noted that no single entity can enable sustainable last mile delivery - it takes all supply chain players in the ecosystem working together to do so," he said.

The team believed that the holistic approach to all aspects of last mile delivery will be beneficial in the context of Vietnam where the e-commerce industry is booming and consumers are increasingly demanding businesses to be sustainable. ■







Dinh Vu port is one of the most modern deep-water ports in Vietnam

## LOGISTICS HUMAN RESOURCE DEVELOPMENT

# KEY TO SERVICE COMPETITIVENESS IMPROVEMENT

To overcome the inadequacies and create more favorable conditions for logistics human resource development in general and logistics training in particular, the Minister of Home Affairs issued Decision 568/QĐ-BNV dated April 30, 2021 allowing the establishment of the Vietnam Association for Logistics Manpower Development. The association has the task of participating in the implementation of the Government's decisions to develop logistics human resources, improve the competitiveness of logistics enterprises and spur the logistics industry in order to achieve the goals set by the Government.

QUYNH CHI

**A**long with many practical activities to overcome the human resources shortage in the logistics industry, it can be seen that this is a specific step to implement the tasks in the Action Plan to Improve Competitiveness and the Development of Vietnam's Logistics Services by 2025 as stated in Decision 200 and Decision 221 of the Prime Minister, in which Vietnam sets the target that: "By 2025, the contribution of logistics services to GDP will reach 5 - 6%; the growth rate of logistics services will reach 15 - 20%; the rate of outsourcing logistics services will reach 50 - 60%; logistics costs will be reduced to 16 - 20% of GDP; the country will manage to secure the 50th position or higher in the logistics performance index (LPI) in the world".

### Low quantity and weak quality

In recent years, especially under the impacts of the COVID-19 pandemic, logistics services in

Vietnam have made strong developments. The development of logistics services in Vietnam has created a very high demand for human resources in this field, both in quantity and quality. Along with policy institutions, infrastructure, enterprise capacity, and technology, human resource is a fundamental aspect in the development of logistics services. In particular, in the long run, human resources will be a decisive factor to help Vietnamese logistics enterprises quickly catch up with peers in other countries, improve competitiveness, and expand markets both domestically and internationally.

Currently, Vietnam has about 3,000 logistics enterprises and the industry will employ over 200,000 people. However, according to the Vietnam Logistics Business Association (VLA), logistics businesses are facing a shortage of professional staff and well-trained workers, because the country can meet only about 10% of the market's demand.

The statistics show that Vietnam currently has about 6,000 employees working in the logistics field, but the number of trained workers in logistics services only accounts for about 5-7% of the total number of employees and those with experience and knowledge of international law are still lacking.

Main human resources for this industry come from shipping agents, shipping companies and are used according to existing capacity. Meanwhile, this is an area that requires an understanding of the legal system and practices of the host country and the understanding of international law, as well as having wide relationships around the world. This situation leads to a shortage of human resources for businesses.

Moreover, the problem of labor discipline, the sense of law compliance as well as the low labor intensity are also limitations that need to be overcome in the near future for Vietnamese logistics human resources.

For the last three years, the training of human resources for the logistics industry in training institutions has begun to garner attention. At the undergraduate level, as of October 2021, Vietnam had 49 universities out of a total of 286 universities nationwide enrolling and training in logistics with a total enrollment target of 4,100 students. At the college and intermediate level, there are 54 colleges and 11 intermediate schools out of a total of 936 logistics vocational training colleges and intermediate schools with the respective enrollment targets of 3,560 college students and 2,815 intermediate school students.

However, in reality, the scale of long-term formal training and short-term training still has some limitations. Currently, there are only a few universities specializing in logistics training, the rest of the students from other universities have not received intensive training. In addition, the teaching staff is still lacking and not properly trained, the curriculum system has not been standardized, and the connection with businesses is still low, not meeting the logistics human resource needs of enterprises. Therefore, 85.7% of Vietnamese enterprises have to self-train and foster logistics human resources through actual work, a number of large-scale logistics enterprises have invested in their own logistics human resource training centers and supply chain management to ensure development goals.

## **High-quality human resources help improve competitiveness and expand the market**

In the context of globalization and the Fourth Industrial Revolution taking place strongly, the requirements for quality, professional qualifications and skills of logistics human resources increasingly need to be improved. In particular, the workforce with specialized knowledge of the industry, foreign language skills, information technology application, communication and negotiation skills will be a key factor to help improve the capacity of enterprises.

According to Mr. Tran Thanh Hai, Deputy Director of the Import-Export Department, Ministry of Industry and Trade, in the long run, human resources will be a decisive factor to help Vietnamese logistics enterprises quickly catch up with other countries, improve their competitiveness and expand their markets both domestically and internationally.

To develop human resources in logistics, according to Dr. Ho Thi Thu Hoa, Director of the Vietnam Logistics Research and Development Institute (VLI-VLA) - International University, Vietnam National University – Ho Chi Minh City, Vietnam needs to perfect the occupational skill set with the constructive comments from both schools and businesses. A training institution, in general, should pay attention to training and improving the quality of lecturers, especially in the field of logistics through short-term training programs such as FIATA Diploma in International Freight Management or FIATA Higher Diploma in Supply Chain Management or training programs of AFFA. In particular, it is necessary to initiate the cooperation of State management authorities-Schools and Entrepreneurs and focus on training human resources to adapt to volatility and risks.

In addition, according to many experts, the Government needs to review and continue to implement policies to facilitate logistics activities, especially fostering the close coordination between specialized agencies and businesses to accurately identify labor needs and recruitment; the authorities need to develop professional standards for logistics, support schools to invest in facilities and equipment. Localities should work with vocational schools having specialized training in logistics, especially with investors from abroad in training this human resource.

In addition, in order to improve the capacity and quality of training logistics human resources, training institutions need to be consistent in developing human resources of logistics lecturers; attracting domestic and international logistics experts to participate in teaching and training; closely associating with enterprises to build training programs, practice, internship. It is essential to boost cooperation with enterprises to facilitate students to go on field trips, and support them to do scientific research and find jobs after graduation.

Training institutions also need to pay attention to equipping students with additional soft skills such as teamwork, the ability to adapt to the situation, how to identify and face difficulties, and a sense of responsibility. Today, logistics service providers can provide a package service. Therefore, in the process of specialized training in logistics and supply chain services, students need to be equipped with knowledge and skills related to these contents. ■



## VIETNAM LOGISTICS ENTERPRISES

# Weathering the Storm for Rapid and Sustainable Development

The COVID-19 pandemic as well as the tensions of the Russia-Ukraine conflict have caused countless disruptions to the supply chain of raw materials for production and delivery and put pressure on logistics businesses in the context of rapid change with many emerging trends such as sustainable development, automation in production, artificial intelligence or free trade agreements. Vietnamese logistics enterprises are making great efforts to overcome difficulties and seek development opportunities.

## QUYNH ANH

### Great potential

ResearchAndMarkets.com's report shows that the size of the global logistics market is estimated at US\$3.215 billion in 2021, an increase of 17.6% compared to 2020. According to the Center for Industry and Trade Information (Ministry of Industry and Trade), logistics services are evaluated as one field with great potential and made the strongest breakthrough in Vietnam in 2021, especially, in the context of a more deeply integrated economy and the process of shifting and restructuring international supply chains taking place more and more clearly.

Seen as the "blood vessels" of the national economy, with an important role in connecting, supporting and promoting socio-economic development, Vietnam's logistics is recognized by the business community and international organizations as the potential market for strong development, especially as the COVID-19 pandemic has been controlled and production and business activities have recovered rapidly.

According to statistics of the Vietnam Logistics Business Association (VLA), the growth rate of the logistics industry in Vietnam in recent years has reached about 14% - 16%, with a scale of about US\$40 - 42 billion /year. The logistics market in Vietnam is highly appreciated, ranking 64th out of 160 countries in terms of logistics development and 4th among ASEAN countries (after Singapore, Malaysia, and Thailand). Vietnam's logistics services are still better than those of some Eastern European countries such as Bulgaria

(51), Russia (99), Ukraine (73) and most other African countries. According to the Report of Emerging Market Logistics Index 2021 released by the world's leading logistics service provider, Agility, in 2021, Vietnam advanced three places in the rankings, securing 8th place in the top 10 countries. Vietnam's logistics is forecast to have great growth potential, enjoying a fast growth rate of up to 13 - 15%/year.

Statistics show that Vietnam currently has more than 30,000 enterprises operating in the logistics industry, of which 89% are domestic enterprises, 10% are joint venture enterprises and 1% are foreign enterprises. Maersk Line, DHL, Kuehne + Nagel are some among transnational logistics services providers in Vietnam.

According to the Vietnam Logistics Business Association, although domestic enterprises account for a large proportion, they only hold about 30% of the market share. The rest belongs to foreign enterprises because Vietnamese enterprises are mainly small enterprises. They have many limits in both capital and human resources as well as international operation experience. There is no link between



stages in the logistics supply chain and between logistics service enterprises and import-export enterprises. Therefore, in both buying and selling dimensions, domestic logistics enterprises are limited in terms of "playing ground".

In addition, Vietnamese logistics enterprises are also affected by the legal provisions related to logistics service activities which are incomplete and synchronous. Although the logistics infrastructure has been upgraded, it still lacks connectivity and has not met the development requirements. The digital transformation in logistics stages is still limited. The intensive training in logistics at training institutions has not garnered due attention.

In addition, according to the World Bank, logistics costs in Vietnam account for 30% to 40% of total transportation costs, while in other countries this percentage is only about 15%. This creates a barrier to Vietnam's market competitiveness.

### Synchronous solutions needed

The creation of a solid foundation of logistics infrastructure and services is considered one particularly important element to help enterprises to grow into a more proactive, effective and sustainable position. According to the Vietnam Logistics Business Association, 2022 is forecast to be a year that continues to have opportunities, advantages and difficulties, and challenges intertwined, but Vietnam has a very favorable geo-economic strength to promote production, export and logistics services because it is located in a dynamic development area of the world, where the flow of goods is very concentrated. Besides, free trade agreements (FTAs) have

helped the Vietnamese market grow strongly, especially in electronics, machinery and equipment, furniture, plastic, textiles and marine products. This is an opportunity to develop port and logistics services to serve the needs of connecting goods with major markets in the world.

According to Minister of Industry and Trade Nguyen Hong Dien, in order for Vietnam's logistics service industry to continue to develop rapidly and sustainably and catch up with international trends, Vietnam needs to continue to innovate and improve the quality of institutions, especially in the timely institutionalization of the Party's viewpoints and guidelines on the external economy in order to perfect the mechanisms, policies and legal provisions on logistics. At the same time, Vietnam should promote digital transformation and increase the application of the achievements of the fourth Technology Revolution in the logistics field to promote maximum automation of operational processes, helping to reduce risks, and improve the efficiency of supply chain operations in the context of limited human resources and volatile markets.

In addition, it is necessary to implement solutions to synchronously develop the system of transport infrastructure, seaports and warehouses; connect modes of transport; promote the establishment of free trade zones, create favorable conditions for localities to develop into large logistics service centers; focus on developing logistics human resources, especially high-quality, professional human resources according to national, regional and world standards, meeting the increasing requirements of international economic integration.

In particular, Vietnam needs to focus on implementing synchronously and effectively solutions to reduce costs and improve logistics efficiency as set out in Decisions 200/QĐ-TTg and Decision 221/QĐ-TTg of the Prime Minister. It is necessary to continue to promote reform and simplification of administrative procedures related to logistics activities in the direction of minimizing inspection procedures at the import stage, enhancing post-inspection and transparency in customs procedures in order to facilitate favorable conditions for the development of Vietnam's logistics industry.

According to Mr. Truong Tan Loc, Marketing Director, Saigon Newport Corporation, to seize development opportunities, it is necessary to implement a group of solutions for logistics infrastructure development such as continuing to review, supplement and perfect the master plan for Vietnam Inland Container Depot Development (ICD) in the period of 2021-2030. It is necessary to review, supplement and complete the overall and detailed planning of the logistics center system in the whole country; quickly implement road traffic projects, specifically Ring Road 3, Ring Road 4, Bien Hoa - Vung Tau Expressway, upgrade Ho Chi Minh City - Long Thanh Expressway. As for the group of solutions to complete regulations, mechanisms and policies, Mr. Loc recommended that the Government build a mechanism to develop green logistics in the direction of reducing the proportion of fossil fuel of transportation. The Import-Export Department, the Ministry of Industry and Trade is supposed to cooperate with other ministries and sectors to develop tax incentive mechanisms for businesses. ■





# CLEARING BOTTLENECKS IN LOGISTICS

The People's Committee of Thu Duc City, Ho Chi Minh City, in collaboration with the Department of Industry and Trade and the Ho Chi Minh City Logistics Association, recently held the seminar "Development Planning of Logistics Industry in Thu Duc City" at Tan Cang - Cat Lai Terminal. Senior Captain Phung Ngoc Minh, Deputy General Director of Saigon Newport Corporation (SNP), and representatives of functional agencies of the SNP attended the event.

CONG HOAN



**Mr. Do Xuan Minh, Director of Saigon Newport Logistics (SNPL) addresses the seminar**

**L**ocated in the city's dynamic development area in Ho Chi Minh City and the Southeast region, where the flow of goods is highly concentrated, Thu Duc is considered to have advantages in geo-economics, favorable to promoting production, export, and logistics services. Thu Duc identifies logistics as an essential service industry in the economic structure, supporting, connecting, and promoting local socio-economic development, contributing to improving economic competitiveness.

According to the 2030 development orientation, there are four logistics centers in Thu Duc City: Long Binh (50 ha); Cat Lai (200 - 292 ha); Linh Trung (60 - 74 ha); Hi-Tech Park (5 - 6 ha). Thu Duc City is currently developing a logistics system for import and export for the Southeast region, such as a cluster of inland ports (ICD), a gathering place for goods transshipment, connecting road and

waterway transport, and providing support services in the service supply chain logistics between import and export enterprises - seaports - industrial parks of Ho Chi Minh City, Binh Duong and Dong Nai.

Mr. Nguyen Bach Hoang Phung, Vice Chairman of the People's Committee of Thu Duc City, said: "The current problem of connectivity and transport infrastructure has not been sufficiently developed, creating bottlenecks that hinder the development of the logistics service industry in the city. In the general planning of Thu Duc City, and especially in the coming logistics industry planning, the development of connecting roads and transport infrastructure will focus on business activities.

Representative of MP Logistics Corporation, Mr. Nguyen Duy Binh, Head of Marketing Department, said Thu Duc currently does not have adequate logistics centers to handle goods for both export and import

# DEVELOPMENT IN THU DUC CITY



Representatives of enterprises propose many solutions to remove obstacles in logistics activities in the area

enterprises. Meanwhile, many goods were imported through Tan Cang - Cat Lai Terminal but then moved back to neighboring provinces and delivered to Ho Chi Minh City. Therefore, a significant source of logistics revenue has not been brought to Thu Duc City.

Among the ports in Thu Duc city, Tan Cang - Cat Lai terminal is currently one of the 30 largest ports in the world in terms of throughput of goods, accounting for nearly 90% of the market share of output, containers, import, and export through seaports in Ho Chi Minh city. The terminal contributes significantly to state budget revenue through import and export activities. Tan Cang - Cat Lai terminal is responsible for logistics activities, connecting with innovative and potential economic hubs in Thu Duc city, Binh Duong and Dong Nai areas.

Representative of SNP, Commander Do Xuan Minh, Director of Saigon Newport Logistics (SNPL), proposed

to increase the capacity to receive vessels and develop multimodal transport connecting the port. In terms of infrastructure planning, it is necessary to have a dredging plan, regulate the static level according to international transport trends, and develop multimodal connections by waterway, road and railway. Along with that, the city needs to accelerate important traffic projects, such as the My Thuy intersection, Ring road 2, Ring road 3, and expanding Dong Van Cong street.

Chairman of Thu Duc City People's Committee Hoang Tung said the remarks in the seminar are the basis for the city to orient the call for investment and development of four logistics centers. Thu Duc will continue to focus on implementing a logistics development project in Ho Chi Minh City to 2025, orientation to 2030. Thu Duc City will strive to become a high-quality logistics center serving import-export activities and goods trade for the whole region. ■



## DACO LOGISTICS

# Leadership Imprints

In recent years, especially during the two years of the COVID-19 pandemic, Vietnam's logistics industry has always affirmed its vital role as the lifeblood of the economy. Logistics firms have made constant efforts to ensure a smooth flow of goods, minimize disruption impacts of global supply chains, and enhance the competitiveness of Vietnam and its enterprises in the region and the world. One among the prominent players is Daco Logistics which has successfully attained many achievements in the international transportation industry.

VAN LUONG

## A 15-year journey dedicated to customers

In 2022, Daco Logistics is celebrating its 15th anniversary. In that arduous but very proud journey, Daco Logistics has affirmed its brand position in the logistics market and reached new highs as it has become among the Top 100 strong brands and the Top 20 logistics service providers in Vietnam. These noble titles have reaffirmed its position, role and significant contributions in boosting economic flows and elevating the logistics value chain in Vietnam.

As a leader in Vietnam's logistics service industry, Daco Logistics is proudly staffed with top-notch logistics experts who are knowledgeable about international freight forwarding and transportation. Powered by high-quality human resources, modern facilities and advanced technologies, Daco Logistics provides customers with eight professional transportation services, domestically and internationally: sea freight, air freight, container trucking, customs brokering, multimodal transportation, flexitank handling, bulk cargo transport and project handling. Among them, sea freight and air freight are its leading business, especially to the Americas, China, Italy, the Mediterranean, the Middle East and some Asian routes (to South Korea, Japan and India). In addition, Daco also supports customers in domestic transportation and customs clearance





in Hanoi, Hai Phong, Da Nang, Binh Duong, Ho Chi Minh City and other localities.

A great advantage of Daco Logistics comes from Mr. Tran Huy Hien, the founder, with more than 40 years of experience in the logistics industry in Vietnam. He has been one of the pioneers in Vietnam's logistics industry since the early 1980s. He has held many positions and worked with many partners and clients from multinational companies, helping him accumulate a wealth of experience in each operational aspect of the global supply chain.

Staffed with many managers richly experienced in international shipping and forwarding, Daco Logistics has mastered forwarding techniques and gained expertise in warehousing, baling, packing, air freight, sea freight and land transport and shipping agents. Through the global Track&Trace system, Daco Logistics can keep a close eye on transportation processes and promptly inform customers of shipment status. In particular, the firm is also allowed by the customs to act on behalf of goods owners to carry out customs declaration procedures, pay taxes, and deliver and transport import and export goods in a professional manner.

Currently, Daco Logistics' customer chain includes leading domestic firms (like Vingroup, Tan Hiep Phat, Casumina and Petrolimex) and foreign firms (like Coca Cola, Oasis, Zamil Steel and Cargill), showing that its service quality can completely satisfy the most demanding customers, both domestic and foreign. To boost customer trust, in addition to changing mindsets and strategic visions, Daco Logistics also focuses on applying advanced technology, promoting research, improving supply services and optimizing working capacity to cater logistics services of international quality and effectively meet the increasing demands of customers. Besides, Daco Logistics also deploys a comprehensive logistics service consulting solution, supports businesses to reduce logistics costs, and enhance product competitiveness, thus creating more added values for customers.

Mr. Tran Huy Hien, President of Daco Logistics, said economic opening and integration has become a launching platform to boost domestic production and trade growth, demonstrated by the volume of domestic goods, imports and exports. Vibrant production and trade have created an extremely favorable development environment for logistics firms, including Daco Logistics. Seizing this opportunity, Daco Logistics has expanded its network with one head office and four representative offices across major economic centers from North to South to ensure the fastest response to all customer requirements nationwide. In addition, Daco Logistics has a trade representative in the United States, and a wide global network of more than 120 agents in 40 countries, enabling it to

effectively meet diverse customer needs currently catered by major global agents such as JS Hillebranch, Foppiani and Maurice. For the route to the U.S., Daco is one of the first few logistics firms to own FMC License in Vietnam.

## Grasping opportunities

15 years is a long and hard journey for Daco Logistics to become a strong brand and a pioneer in Vietnam's logistics service industry. Daco is now ready to move forward to new highs and enrich its achievements.

Remarking on the firm's future approach, President Hien said that logistics is an important service industry of the national economy. Therefore, by 2025, this sector is expected to contribute 8-10% to GDP and obtain annual growth of 15-20%. The Government has also issued a policy action plan and upgraded infrastructure to enhance competitiveness and develop logistics services in Vietnam.

To catch this opportunity, Daco Logistics will focus on sharpening its competitive edge, upgrading management to the international class, and strengthening cooperation with partners to expand global and national networks to better meet increasing customer requirements by delivering professional and attentive services and diversifying products and services. For a service provider like Daco Logistics, the human factor is decisive. Being well aware of this, the company will focus on recruitment policies to hire high-quality resources, upgrade its workforce, build a professional and scientific working environment, and facilitate managers and employees to foster their creativity and innovations.

In the digital age, Daco Logistics will also strengthen the application of modern information technology, prioritize the most modern specialized management software to enhance business administration, pay attention to upgrading brand values, and shape a friendly corporate culture featured with a fair working environment. "Any strong brand is built on a strong corporate culture. In other words, corporate culture is the soul of the brand, a sustainable differentiator of the business. To establish a strong cultural foundation, a company must build an institutional system from such professional matters as perfection and clarity built on the harmony of rights, responsibility and obligations; knowledge and skills standards; work ethic and attitude; and controlling and analyzing processes. These factors will help leaders to make right decisions and gain the trust and respect of employees and know exactly how effectively they work. This is also what I have pursued to run Daco Logistics in the past 15 years and will continue it in the future as well," he stressed. ■



## LONG AN

# Efforts for Better Investment Climate, Leadership in Mekong Delta



Delegates at the seminar on orientation of Long An hi-tech economic region

Long An province has adopted favorable policies, effective investment strategies and developed synchronous infrastructure, making Long An province an attractive destination for investors. The Department of Planning and Investment, a key advisor on investment matters, has played an active role in local socioeconomic development.

HOANG LAM

## Appealing outlook

Determined to develop Long An into a potential, friendly and equal investment environment, the Department of Planning and Investment, as a lead investment advisory, has actively worked with relevant agencies to appraise and submit investment projects to the Provincial People's Committee for consideration and ratification. The department has actively advised on investment flows for economic fields to reduce pressures on public investment and improve the Provincial Competitiveness Index (PCI).

With its efforts, the province's industrial production index in the first four months of 2022 climbed 5.32% year on year, driven by the processing and manufacturing sector which grew by 5.61%; the electricity production and distribution sector by 0.89%; the water supply and wastewater treatment sector by 0.16%. The province allocated VND6,373.9 billion of public funds for projects in 2022. Long An witnessed 594 new businesses registering VND8,574 billion of capital in the four-month period, up 4% in enterprises from a year earlier. The province also licensed 45 new projects with a combined registered capital of VND12,114.6 billion, down 12 projects but up VND8,664.49 billion in value from a year ago.

To date, Long An province has 22 industrial complexes with 662 projects which hired 783.6 ha of land or 90.5% of the rentable area (calculated on commercial land with completed infrastructure). In the first four months, the total retail sales of goods and services were estimated at VND36,141 billion, fulfilling 33.7% of the plan and rising 6.6% over the same period. The export value climbed 8.6% to US\$2,356.7 million, equal to 36.8% of the full-year plan. The import value was estimated to fall 14.6% year on year to US\$1,529.2 million, reaching 30.5% of the plan.

"The province also drastically carried out Plan 57-KH/TU on implementation of Directive 03-CT/TW of the Party Secretariat on strengthening Party leadership in the 'Buy Vietnamese' campaign in the new context; launched the response plan for the National Brand Week to celebrate '2022 Vietnam Brand Day - April 20'; supported local businesses to participate in the Tu Son Supermarket Weekend in An Giang province, Chau Doc An Giang Fish Sausage Festival - a regional specialty in 2022. Furthermore, the province continued to intensify the fight against smuggling and commercial fraud to have the best trade market management", said Mr. Huynh Van Son, Director of the Department of Planning and Investment of Long An province.

## Tapping the potential

Long An is also known to have relatively diverse and abundant tourism resources (landscape, climate, ecology, rivers, historical and cultural relics, festivals and traditional handcrafts), including Dong Thap Muoi wetland ecosystem,



**Enterprises sign contracts in principle to invest in Nam Thuan industrial park, Duc Hoa district, Long An province**

Vam Co River landscape (Vam Co Dong and Vam Co Tay). Notably, Long An province has become the 130th official member of the Tourism Promotion Organization for Asian-Pacific Cities (TPO) since February 26, 2021. This is an opportunity for the locality to integrate more deeply into the world, especially into Asia - Pacific, one of the most dynamic and innovative economic regions in the world. In Vietnam's tourism development planning, Long An is also defined as one of the important eco-tourism sites in the southern tourist region. In addition to applying tourism development guidelines and policies, Long An has actively carried out promotional activities to attract domestic and international tourists and investors.

To fulfill the 5-year target (2021-2025), secure a high or very high ranking in the Provincial Competitiveness Index (PCI) and maintain investment growth of 10% in 2022, Long An province will continue to effectively implement restructuring solutions and focus on developing supporting industries, processing industry (agricultural and fishery) and energy industry. Especially, it will further call for more development investment in commercial infrastructure and logistics services and create a driving force for the development of modern and civilized trades. "The province's goals are not only to revive the economy in the wake of COVID-19 pandemic but also secure the leadership in the Mekong Delta, maintain its significant contribution to the development of the southern key economic region," said Director Son, adding that "Of course, in this cause, Long An will need many practical solutions, with the most important being the reform of administrative procedures, the improvement of the investment environment, the availability of price-competitive land fund for industrial projects. The province always takes good care of investors and regards them as a resource and driving force for development. The success of the business is an encouragement for Long An province to work better while the difficulty of the business is the difficulty of provincial leaders." ■



## LONG AN ECONOMIC ZONE AUTHORITY

# Stepping Up Administrative Reforms

Economic zones and industrial zones of Long An province have long been considered the “golden key” to unlock the door for investment inflows. More tenants are investing in industrial zones over the years and bringing with them advanced production technologies. Our interview with Mr. **Nguyen Thanh Thanh**, Director of Long An Economic Zone Authority, will partly demonstrate why the province has achieved these admirable results. **Hoang Lam** reports.



Mr. Nguyen Thanh Thanh addresses the workshop on retaining employees after the COVID-19 pandemic organized by the Economic Zone Authority of Long An province

**Long An has obtained outstanding achievements in investment attraction and industrial and urban development. What has made the province successful in the past time, particularly during the COVID-19 pandemic outbreak?**

The COVID-19 pandemic is complicated and unpredictable, and it has severely affected social and economic life in the short, medium and long terms. Defining the pandemic containment and economic recovery as the top priorities, the authority has actively worked out the long-term sustainable roadmap and strategy and achieved four objectives: Ensuring socioeconomic stability, making quick economic recovery in the post-COVID-19 period; supporting economic activity, especially in the business sector to prevent and minimize corporate insolvency, bankruptcy, and

dissolution to facilitate the business sector to accelerate post-Covid 19 rapid recovery; carrying out economic restructuring in line with post-pandemic changes; and ensuring social security.

**You have made strong reforms of administrative procedures toward an electronic administration. Is it a key factor to your success?**

In 2022, the province has endeavored to support investors to obtain investment certificates for projects in industrial zones in just one day after their submitting enough valid documents. Our priority goes to large-scale environment-friendly projects that adopt advanced technology and modern machinery. We support investors closely from the time they arrive in the province to study the investment environment till the time they launch

# to Attract Investment

their projects. Determined to provide favorable conditions, and reduce financial and traveling costs for people and businesses in dealing with administrative procedures, we have actively launched consistent solutions to bring 50% of administrative procedures online and solve all its 37 administrative procedures on the public service gateway. In case individuals or organizations come directly to the Provincial Public Administration Service Center, officers at the service will support them to create accounts to submit application forms on the Online Public Service Gateway and guide them to carry out the next steps of online submission.

## **To further improve the Provincial Competitiveness Index (PCI), what policies will Long An implement?**

Improving the Provincial Competitiveness Index (PCI) is an extremely difficult and challenging journey. In particular, the biggest challenge is to change the mindset and approach of public officials. At the same time, to raise the PCI, Long An province will endeavor to achieve three goals: A good and comprehensive legal environment, good technical infrastructure and good business service. In particular, administrative procedures are considered our key task.

Furthermore, the most difficult task for Long An today is infrastructure construction and site clearance. Therefore, to tackle these weaknesses, we have stepped up communication on the Party and State policies and laws in land management, planning management, construction order, land compensation and site clearance. In this regard, we need the drastic concentration of the whole political system, including the Party leadership at all levels, the administration of the government, the participation of the Vietnam Fatherland Front and



**Mr. Nguyen Thanh Thanh and local authorities receive the Thai Consulate's delegation**

sociopolitical organizations to create favorable conditions for consistent, timely, public and transparent implementation of these activities.

Favorably located adjacent to Ho Chi Minh City and in the southern key economic region, Long An province has made breakthrough development of industrial zones and border gate economic zones and attracted many companies to make a long-term investment. Introducing Long An and its strengths to more investors will require an enormous effort from the entire province. Confidence and real competence will help to elevate the province's value. Driven by the motto "Every step must be effective and firm" and with the high determination of all public employees to accelerate administrative reform, Long An province's industry will grow impressively and help enhance the PCI Index and the PAPI Index in the coming time.

**Thank you very much!**



## INFRASTRUCTURE BREAKTHROUGHS

# Expected to Turn Hau Giang into New Regional Hub

Hau Giang province has become a “new investment destination” in recent years where current hardships may lead to an open prosperous future.

## LE NGOC ANH MINH

INFRASTRUCTURE INVESTMENT OFFICER, PRESIDENT OF PACIFIC GROUP CO., LTD



to support the community, promote investment and directly invest in Hau Giang. The first one is Ito Junichi, Manager of the Ho Chi Minh City Office of Nissho Iwai Group (present-day Sojitz Group, one of the seven largest commercial investment groups in Japan). He first came to Vietnam in 1989 to learn about investment. In 1993, he opened an office in Ho Chi Minh City. Living through many surprises and difficulties right from the early days of economic opening, Sojitz is now managing more than 23 successful businesses and projects in Vietnam. Ito Junichi is currently the President of World Link Japan (WLJ), too. WLJ has invested US\$113 million into two investment funds since 2006. The first

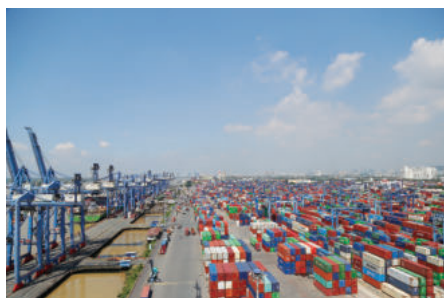
### Arousing inspirations

In 2018, I was invited to attend the Hau Giang Green Economy Forum hosted by the Provincial People's Committee in collaboration with the Manager Magazine and a South Korean investment research delegation. In 2020, I had the opportunity to return to Hau Giang to attend and speak at the Hau Giang Urban Development Forum held by the Provincial People's Committee in collaboration with the Saigon Economic Times. Like many other investors, I feel that Hau Giang has become a “new destination for investment” where we may face a lot of difficulties but a bright future will be opened.

Two Japanese and Vietnamese businessmen inspired me

fund focuses on the Vietnam market and the second is on Southeast Asian countries. At these two funds, WLJ works as an investment bridge for Vietnamese and Southeast Asian companies seeking the market or business partnerships with Japanese companies.

The second is Tran Ba Duong, who turned a desolate white sandy land in Quang Nam province into a leading bustling industrial, seaport and economic center in Vietnam. The success stories of Ito Junichi and Thaco have inspired many Vietnamese entrepreneurs today and motivated us to go to a new land to make an investment and call for investment funds that Hau Giang is focusing on.







## Long-term effort

Hau Giang people have long been known for their hospitality, friendliness and affection. Recently, many investors are very impressed with the strong commitments of provincial leaders. Investment into Hau Giang must be a long-term effort of investors who must endeavor and go with the local government to unlock potential and resources for development, from synchronous transport infrastructure to human resource development.

An infrastructure investment project or a property project lasts 20, 30, or 50 years or longer. From this perspective, we returned to Hau Giang to explore investment opportunities in 2018 and we are currently conducting surveys and feasibility studies for each of the seven projects for which we signed a memorandum of understanding with Vi Thanh City in early 2022.

We will definitely make long-term investments and join community support like joining Vi Thanh Training and Human Resource Development Association (website: [www.vthr.net](http://www.vthr.net)), sponsoring five solar-powered passenger ships to help the locality diversify waterway means for tourism services and combat climate change; supporting Vi Thanh City to sign cooperation agreements with Japanese partners in clean energy (Nippon Solar Corporation) and organic smart fertilizers (Sukaku Rikki Technology Company).

## A vision of a modern center

Hau Giang lies in the heart of the Mekong Delta like Can Tho City. Therefore, the province is endowed with locational strengths and functions as a satellite area of Can Tho City. Hau Giang also easily links with Soc Trang, Bac Lieu and Kien Giang. It is also near Can Tho International Airport and Tran De Port in Soc Trang province.

In the vast Mekong Delta, especially seven provinces in the downstream of the Hau River, the formation and centrality of Can Tho City is clearly defined by the Politburo in Resolution 59-NQ/TW dated August 5, 2020 on the construction and development of Can Tho City to 2030, with a vision to 2045. So, which areas will be directly affected by Can Tho city? Taking geo-economic position into account, Vi Thanh City, the capital of Hau Giang province, will be No. 1.

From that vision, we boldly proposed building a railway from Can Tho to Vi Thanh. Vi Thanh will be a "new Can Tho" with a vast land fund and complete resources for

economic development. Can Tho Airport, which is as large as Tan Son Nhat Airport, can receive the largest aircraft in the world. In the future, it will open many international flights. Residential and industrial areas will be established along the railway. With a large land fund, it will be very convenient for Vi Thanh to develop industrial zones and reasonable towns where the traveling cost will be much cheaper than that of Ho Chi Minh city - Bien Hoa - Vung Tau Railway.

Vi Thanh - Can Tho Railway will also help develop a very strong economy, boosted by tourism, industry and urbanization. After landing at Can Tho Airport, visitors can take a train to Vi Thanh City. During a 40-minute journey, they can visit industrial, tourist, urban and sightseeing areas.

Moreover, it takes less than 60 minutes to travel the 60-km convenient traffic route. Besides, the establishment of Tran De International Central Port and Chau Doc - Can Tho - Tran De Expressway, which was approved for development by the Prime Minister and waits for ratification by the National Assembly, will drive the industrial and commercial growth of Soc Trang and Hau Giang.

Thus, developing this railway together with urban areas and industrial zones will give a strong boost to Can Tho and Vi Thanh to grasp the chance to become a new bustling and modern Tan Tay Do that complements the current Tay Do or Can Tho.

With its cooperation ties with many financially viable, experienced investment partners in Japan, Pacific Group Co., Ltd would like to share development recommendations and take action to realize the above aspiration of turning Hau Giang into a bustling and modern center in the near future.

To attract investment resources for development, investment promotion is very important, regular, long-standing and patient. After an investment conference, a province may or may not attract attending investors. They certainly know local strengths whether they invest or not. Investment conferences need to be diversified and sometimes need to be held in big cities like Hanoi and Ho Chi Minh City or key markets that the province is targeting (the United States, the European Union, Japan, South Korea, Hong Kong or China), not necessarily only in their home country. If the connectivity infrastructure is not synchronized, it takes more than five hours for investors to reach the location, travel time which may deter investors. ■



# Vietnamese NextGens Regard Tech as Key

**T**he survey is a global market survey among next generation (NextGen) members in family businesses across 68 territories including Vietnam. The survey aimed to get an understanding of what NextGens are thinking in regard to the key issues of the day, what roles they are playing and what roles they think they should play. It was conducted online in collaboration with the Family Business Network (FBN).

“This edition of PwC’s NextGen Survey 2022 takes a closer, more insightful look at the motivations, priorities and worries of the NextGens, the coming leaders of Vietnamese family businesses, after what was a formative period for many of them during the COVID-19 pandemic. After over two years, Vietnamese NextGens are now facing a new reality, with new challenges such as a stronger need for growth, transformation and learning, while the prospect of succession becomes ever more present. More than ever, they have the capacity to shape their family businesses and make an impact as they take up responsibilities as stewards of their business,” said Jonathan Ooi, Partner, Entrepreneurial and Private Business Leader, PwC Vietnam

“53% of Vietnamese NextGen members say achieving business growth is a top priority. And they have identified technology as a key enabler to this goal,” said the PwC Global NextGen Survey 2022.

## The pandemic has brought family businesses closer

The survey shows the pandemic has actually brought family business generations closer together. It has strengthened communication between generations and centered NextGens around a common goal: driving growth to secure the stability and sustainability of the business. 71% say that communication about the business between family members increased during the COVID-19 pandemic, much higher than the global and regional averages (56% and 57% respectively).

While communication across all generations has enhanced significantly during the pandemic, there is still room for further improvement in communication between NextGens and the current generation. The survey shows that only 42% of NextGens believe that communication with the current generation is improved.

## Growth is top priority; tech is a key enabler for growth

53% of Vietnamese NextGen members say achieving business growth is a top priority. And they have identified technology as a key enabler to this goal.

Indeed, their engagement in technology and digital-related areas is revealed to be higher than the global average on all four counts: adopting new technology, digital upskilling, investing in research and development (R&D) and focusing on cybersecurity.

They also want to play the role of catalyst for change as they see a significant gap in the current generation’s knowledge when it comes to opportunities and/or risks associated with digital capabilities compared to global and regional peers.

## Transition challenges

The good news is that the pandemic has focused the minds of family businesses on succession planning. 58% of Vietnamese NextGens are aware of a succession



# Growth Driver

(from P.22)

plan. And, of those, the majority were involved in its development.

“Generational transition, albeit a challenging process, should not be done solely by the current generation. While often feared, the process of “managing up”, on the basis of respect and good communication, will be crucial for NextGens by allowing them to proactively affirm their identity, status and carve out fulfilling career aspirations,” said Hoang Viet Cuong, Director, Entrepreneurial & Private Businesses, PwC Vietnam.

However, Vietnamese NextGen also shares the challenge in taking the leading role while the current generation is holding onto control. As such, 61% of NextGens find it difficult to prove themselves as new leaders or board members, which is much higher than the global and regional averages (both 45%).

## ESG action gap

Compared to the current leaders, Vietnamese NextGens differ significantly in terms of their sense of responsibility when it comes to tackling climate change. 68% of Vietnamese NextGen believe they have a responsibility to fight climate change and related consequences, three times as much as the current generation’s result.

Nevertheless, the survey shows they need to step up their actions in the near term. While 77% expect to be involved in increasing their family business focus on investments for sustainability in the future, only 11% are doing this now. Besides, 58% also show a strong interest in reducing their family business environmental impact in the future. However, they also need to step up this commitment and proactively take steps to achieve this (current level: 21%).

“The move to embrace ESG goals is already a seismic shift for businesses, powered by massive expectations from stakeholders, ambitious commitments from government and a tidal wave of capital investment. Put simply, there’s no contradiction between profit and purpose. Family businesses have a golden opportunity to take ESG as a matter of urgency - for the good of the planet, humankind and their own future success,” shared Nguyen Hoang Nam, Partner and ESG leader, Assurance services, PwC Vietnam, when elaborating on the prominence of ESG. ■

road network covers 200,000 km, of which only about 65% are paved, compared to the percentage of more than 77% in neighboring countries. Nearly 93% of national highways have only two lanes (Source: OECD).

Fourth is developing spearhead high-quality industries, attracting foreign investment in the fields where workers will be well-trained and skilled, instead of relying on unskilled, cheap labor to attract investment.

Fifty, we need to develop high-quality humans. Developing a set of necessary skills – with an objective that the trained employees will meet the actual needs of the business, toward the competency transparency in the logistics industry, coordinating with training centers, International Association (FIATA) to develop appropriate curriculum, ensuring training quality.

### *Recommendations for importers/exporters and logistics enterprises*

Vietnam logistics enterprises need to actively choose new delivery solutions/locations/methods instead of the traditional ones; specifically, promoting freight forwarding at river ports close to factories.

Enterprises need to have a common voice (working with industry associations) to work with shipping lines to implement new logistics networks to connect with existing seaport clusters to reduce pressure on the transport system and optimize the transport chain.

It is recommended that the manufacturing companies map out the classification and select suppliers by low, medium or high risk. They need to diversify raw material sources; diversify supply bases and increase inventory to avoid being passive about production plans, and increase warehouses to store goods (build new warehouses, rent warehouses).

In the long term, businesses need to quickly apply automation to reduce dependence on humans, and apply new production technology.

It is necessary to prioritize the selection of Vietnamese logistics enterprises, especially leading ones that have the capacity to design logistics solutions, infrastructure and financial potential to maximize their strength and increase the competitiveness of the manufacturing company towards an objective that manufacturers are not only strong in the country but also expand to foreign countries, subsequently, Logistics enterprises will follow their path. On the other hand, the logistics industry will support the national development of production, import, export and trade; stabilize the economy and raise the value of Vietnam in the international arena.

Vietnam needs to establish a logistics community regionally and then globally, following the model of developed countries.

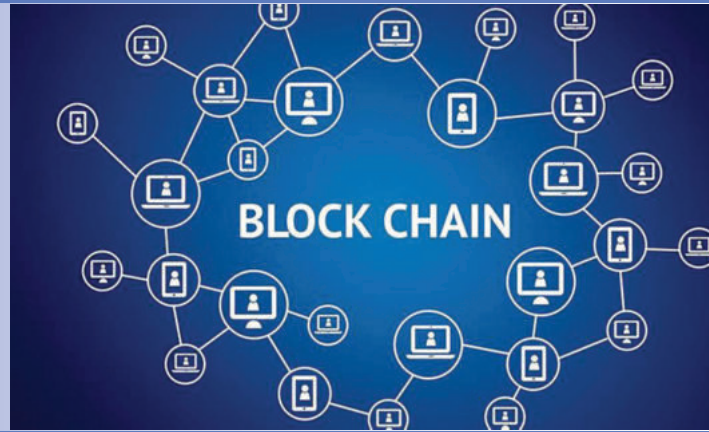
### *Recommendations for port operators*

Vietnam port operators need to develop a shared database for Vietnam’s seaport system, and connect with ports in the region and in the world, thereby, enhancing performance and increasing Vietnam’s competitiveness with port clusters of neighboring countries/territories such as Singapore, Thailand, or Hong Kong. Port operators should be ready to cooperate and share information in order to develop Vietnam’s seaport system to become modern and keep up with those in the region. Port operators cooperate, and invest in developing new ICDs/river ports in upstream of the Dong Nai and Saigon rivers, and terminals in the Mekong Delta region to meet the demand for throughput growth and serve businesses in the Mekong Delta. They need to invest in green ports and green logistics centers towards sustainable development. ■



# BLOCKCHAIN HELPS FACILITATE INFORMAL ECONOMY

“Blockchain would especially benefit those who have had to operate within the informal economy. They have often been subjected to services that come with higher charges or unreasonable conditions,” said Mr. Bhanji, keynote speaker and mentor of the RMIT Fintech Blockchain Competition 2022.



**A**s a senior leader in global marketing, digital innovation and fintech with a career spanning more than two decades in Asia and Europe, Mr. Shehzad Bhanji emphasized how blockchain can provide solutions for three economic security issues in developing countries, namely lack of access to banking facilities, lack of property ownership and issues with the rule of law.

## Access to cheap banking facilities

One of the biggest contributions of fintech has been for financial inclusion. This includes providing microloans, or payday loans, for a fraction of the cost of traditional loans offered by banks.

Mr. Bhanji cited the example of a microloan product launched in Indonesia by QNB Bank Indonesia, local telecommunications company Indosat Ooredoo Hutchison and China's largest digital bank.

By combining their respective strengths, the partners created a platform that allows for microloans to be delivered as quickly as within three minutes.

Eligible borrowers are determined through their “digital profiles” – an alternative to credit scoring that takes into account the customers’ spending habits and their ability to actually pay back the loans.

## Ensuring property ownership

According to Mr. Bhanji, blockchain can be used to

register ownership of property, be it digital or non-digital. It will protect the rights of the owner against theft since blockchain is highly secure.

“Blockchain is a distributed ledger technology. This means if one block in one chain was changed, it would be immediately apparent it had been tampered with,” he said.

“If hackers wanted to corrupt a blockchain system, they would have to change every block in the chain, across all of the distributed versions of the chain.”

Thanks to this advantage, using blockchain for property ownership registration will enable the correct transfer of ownership after a sale, easy resolution of disputes, and prevention of fraud.

## Creating the rule of law

The informal economy has fed on a lack of the rule of law as Mr. Bhanji explained: “Contracts are simply ignored, payments delayed or bluntly refused and disputes need to be resolved in court, costing a lot of time and money.”

But smart contracts can help solve such issues.

A smart contract is a form of computerized protocol that executes the terms specified in an agreement automatically in a blockchain, once certain pre-set conditions have been met.

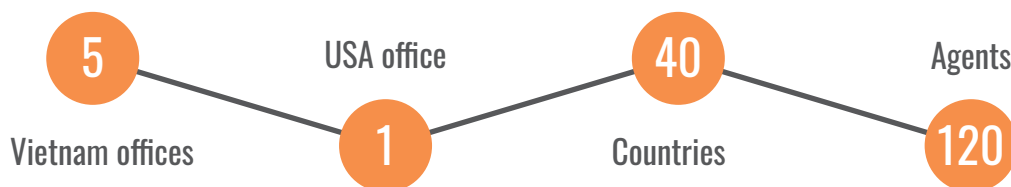
“It will become easier for organizations and citizens to obey the law and the agreements that have been made, making it cheaper to play by the rules and reducing the informal economy,” Mr. Bhanji said. ■

**Top 20 Vietnam Logistics Provider**



Established in 2007, until now, DACO Logistics has more than 15 years of experience in the international transportation industry with more than 120 leading talents in the industry.

With the goal of bringing Vietnamese brand to the international level, DACO Logistics always wants to bring corporate customers the best, most modern and optimal experience possible. We always update the latest and most modern international technology to process customer's shipment quickly - efficiently and economically.



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- |                       |                              |
|-----------------------|------------------------------|
| 1. Sea Freight        | 5. Multimodal transportation |
| 2. Air Freight        | 6. Flexitank handling        |
| 3. Container Trucking | 7. Transport of bulk cargo   |
| 4. Customs Brokering  | 8. Project handling          |

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## SHIPPING & SEA SERVICES

